



NEWS RELEASE

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Tenth District Manufacturing Activity Fell Moderately in June
Federal Reserve Bank of Kansas City Releases June Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the June Manufacturing Survey today. According to Chad Wilkerson, senior vice president at the Federal Reserve Bank of Kansas City, the survey revealed that Tenth District manufacturing activity fell moderately in June but expectations for future activity remained expansionary.

“Regional factory activity continued to decline in June,” said Wilkerson. “Employment levels dropped, but only about 10 percent of firms have laid off workers or plan to in the next six months.”

A summary of the survey is attached. Historical data, results from past surveys, and release dates for future surveys can be found at <https://kansascityfed.org/surveys/manufacturing-survey/>.

The Federal Reserve Bank of Kansas City serves the Tenth Federal Reserve District, encompassing the western third of Missouri; all of Kansas, Colorado, Nebraska, Oklahoma and Wyoming; and the northern half of New Mexico. As part of the nation’s central bank, the Bank participates in setting national monetary policy, supervising and regulating numerous commercial banks and bank holding companies, and providing financial services to depository institutions. More information is available online at www.kansascityfed.org.

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TENTH DISTRICT MANUFACTURING SUMMARY

Tenth District manufacturing activity fell moderately in June, while expectations for future remained expansionary. Price growth for both raw materials and finished products cooled somewhat this month. (Chart 1, Tables 1 & 2)

Factory Activity Fell Moderately

The month-over-month composite index was -8 in June, down from -2 in May and unchanged from -8 in April (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The decline was primarily driven by paper, plastics, machinery, and transportation equipment manufacturing. All month-over-month indexes were negative and fell from last month, except supplier delivery time and the price indexes. Production and employment fell moderately, both at -11, and new orders and employees' average workweek declined further. The year-over-year composite index for factory activity decreased from -6 to -9, as production declined moderately and new orders fell substantially. However, employment remained expansionary from this time last year and capital expenditures were essentially flat. The future composite index ticked up from 6 to 7 in June, as firms continue to expect increases in production and employment in future months.

Special Questions

This month contacts were asked special questions about their hiring. Around a quarter of District firms each stopped posting new positions for workers and/or reduced hours for their hired workers in the last 3 months, but only 11 percent of firms plan to reduce hours in the next 6 months (Chart 2). Additionally, only 9 percent of firms have/plan to lay off workers, and 64 percent (72 percent) of firms reported having done none of the above in the last 3 months (in the next 6 months). Firms were also asked what factors have made it difficult to hire or retain workers. 79 percent reported they cannot find workers with the requisite skills, while 40 percent reported their workers wanting more flexible hours, 23 percent each cited the availability/cost of childcare and the immigration status of their workers as a difficulty, and 17 percent cited the availability/cost of housing (Chart 3).

Selected Manufacturing Comments

“It is clear inflation has forced the customer to make ‘either/or’ decisions on how they spend their money. We see value added items in the food sector being affected strongly. Our business is not bad per se, but not as robust as we would like to see. This is both on the restaurant side as well as retail grocery.”

“Hiring qualified hourly employees continues to be a challenge.”

“Access to unskilled labor is better than it has been since the start of the pandemic. Still not great quality wise, but the number of people looking for work is robust. Still challenges on hiring and retaining office/administrative staff. Salary/wage expectations from candidates is extremely high.”

“We believe that our customers are delaying orders to us due to the high cost of capital.”

“Saw a quick slowdown in activity in the last few weeks. Projects put on hold, delays in permitting, etc.”

Table 1. Summary of Tenth District Manufacturing Conditions, June 2024

Plant Level Indicators	June vs. May (percent)*					June vs. Year Ago (percent)*				Expected in Six Months (percent)*				
	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^^}	Increase	No Change	Decrease	Diff Index [^]	Increase	No Change	Decrease	Diff Index [^]	SA Index ^{^^}
Composite Index				-7	-8				-9				5	7
Production	25	39	36	-10	-11	34	18	47	-13	39	41	20	18	18
Volume of shipments	28	43	30	-2	-1	33	18	48	-15	34	43	23	11	12
Volume of new orders	22	38	40	-18	-13	31	17	52	-21	32	43	25	7	8
Backlog of orders	18	41	40	-22	-23	24	30	46	-22	24	50	26	-2	-3
Number of employees	20	55	25	-6	-11	36	34	30	6	32	49	19	13	17
Average employee workweek	13	64	23	-10	-12	18	53	29	-10	15	73	13	2	6
Prices received for finished product	14	76	10	3	3	51	32	17	33	33	55	13	20	21
Prices paid for raw materials	21	68	11	9	9	56	20	24	32	43	48	9	34	38
Capital expenditures						29	39	32	-3	27	50	23	5	5
New orders for exports	8	81	11	-2	-2	15	70	14	1	16	74	9	7	8
Supplier delivery time	9	82	9	0	1	16	53	31	-15	11	74	15	-3	-1
Inventories: Materials	21	60	20	1	-4	30	37	33	-3	20	51	28	-8	-6
Inventories: Finished goods	16	68	15	1	-1	26	46	28	-2	13	65	22	-9	-6

*Percentage may not add to 100 due to rounding.

[^]Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

^{^^}Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The June survey was open for a seven-day period from June 18-24, 2024 and included 88 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

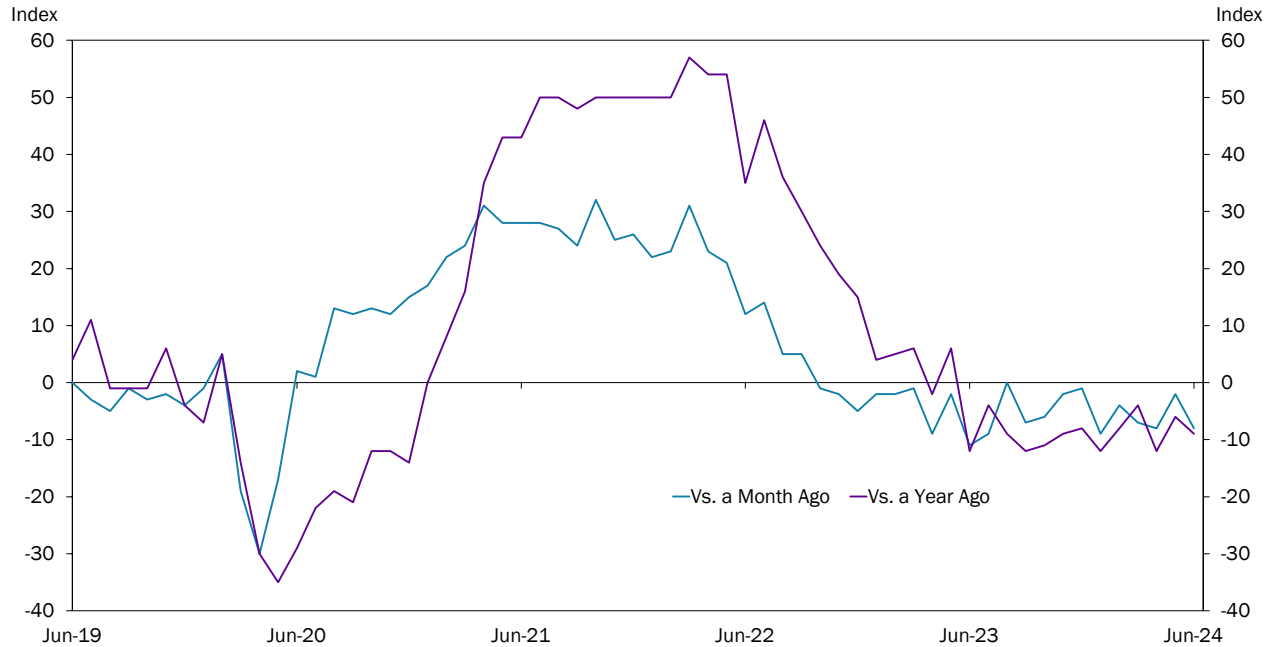


Chart 2. Special Question: Has/will your firm do any of the following? (check all that apply)

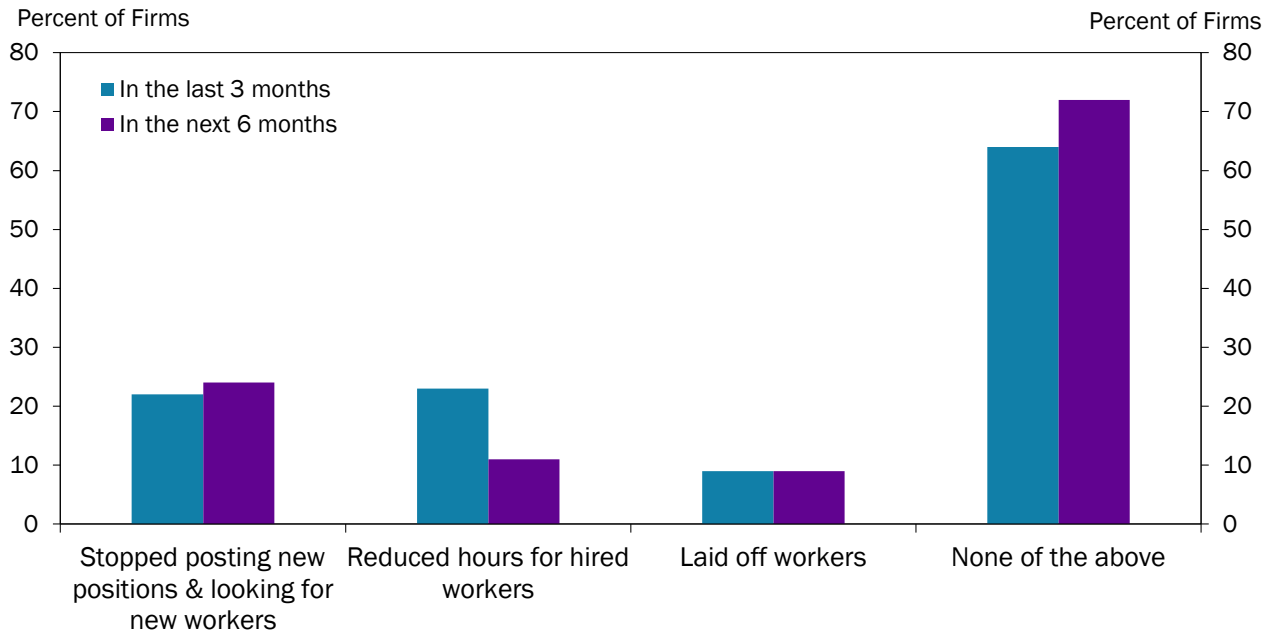


Chart 3. Special Question: Over the last year, have any of the following factors made it difficult to hire or retain workers?

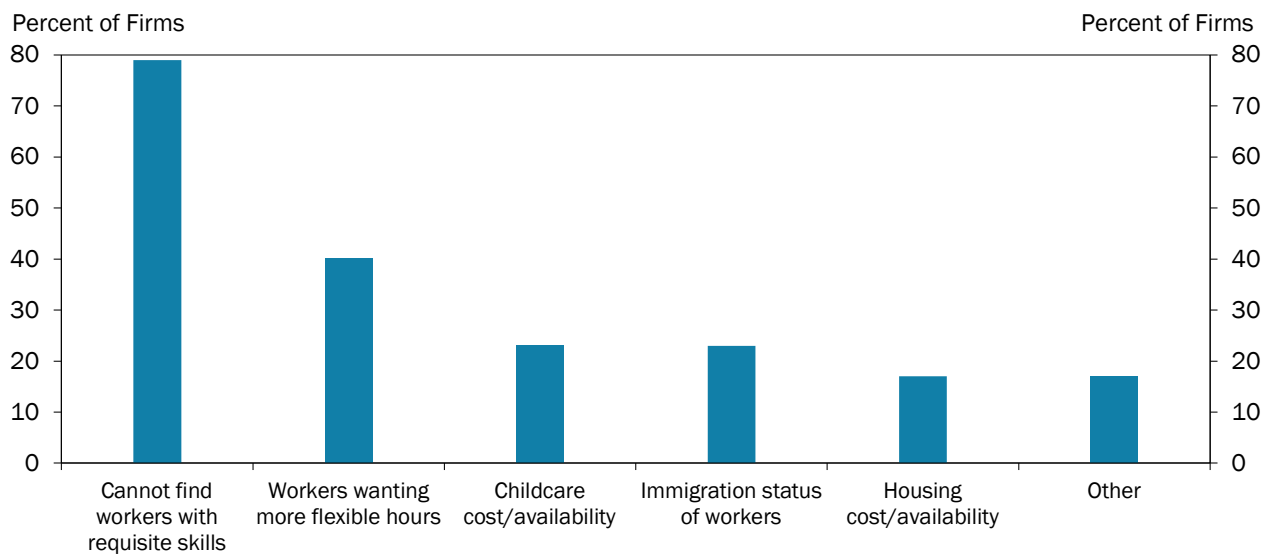


Table 2
Historical Manufacturing Survey Indexes

	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24
Versus a Month Ago (seasonally adjusted)													
Composite Index	-11	-9	0	-7	-6	-2	-1	-9	-4	-7	-8	-2	-8
Production	-8	-18	13	-10	-5	-3	-5	-17	3	-9	-13	-1	-11
Volume of shipments	-3	-20	1	-11	-8	2	-5	-20	6	-5	-11	8	-1
Volume of new orders	-13	-17	-4	-13	-19	-3	-9	-19	-2	-17	-6	-13	-13
Backlog of orders	-16	-36	-13	-22	-14	-13	-8	-24	-13	-27	-18	-19	-23
Number of employees	-12	4	2	3	-2	-1	7	-2	8	6	-2	9	-11
Average employee workweek	-9	-19	-6	-3	-1	-5	-2	-6	2	-11	-3	-5	-12
Prices received for finished product	4	-4	-3	3	2	0	3	7	-2	5	0	7	3
Prices paid for raw materials	7	10	13	8	2	9	11	24	15	17	18	19	9
Capital expenditures	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New orders for exports	-9	-6	-8	-8	-8	-5	-1	-8	-7	3	0	7	-2
Supplier delivery time	-7	-6	-1	-1	-3	-2	1	-1	-12	-3	-5	-3	1
Inventories: Materials	-17	-9	-9	-13	-1	-1	0	-7	-15	-10	-15	-3	-4
Inventories: Finished goods	-7	-3	4	-7	-2	-1	2	-2	-8	-7	-3	2	-1
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-12	-4	-9	-12	-11	-9	-8	-12	-8	-4	-12	-6	-9
Production	-7	3	0	-10	-8	-10	-4	-12	-4	-3	-8	-7	-13
Volume of shipments	-6	2	-3	-14	-3	0	-5	-14	-8	5	-5	-5	-15
Volume of new orders	-20	-9	-13	-11	-24	-8	-6	-19	-6	-10	-12	-7	-21
Backlog of orders	-19	-15	-12	-22	-31	-26	-21	-28	-13	-28	-13	-14	-22
Number of employees	2	13	-2	1	7	5	6	-2	6	14	-7	9	6
Average employee workweek	-8	-5	-10	-10	-9	-17	-4	-20	0	-14	-12	-8	-10
Prices received for finished product	55	39	40	39	44	42	37	39	37	33	45	34	33
Prices paid for raw materials	33	40	22	17	20	20	18	36	36	39	46	37	32
Capital expenditures	2	14	7	16	6	11	13	1	-4	-2	-6	-1	-3
New orders for exports	-5	-1	-15	-13	-13	1	-11	-11	-5	-6	-4	0	1
Supplier delivery time	-20	-24	-18	-26	-24	-30	-20	-17	-23	-11	-24	-24	-15
Inventories: Materials	-14	-4	-10	-13	-6	0	-16	-10	-13	-6	-12	1	-3
Inventories: Finished goods	-2	-2	1	-5	-2	-12	-2	-8	-5	3	-4	2	-2
Expected in Six Months (seasonally adjusted)													
Composite Index	-1	-1	2	2	2	0	5	11	2	1	2	6	7
Production	14	3	12	6	10	15	13	32	18	18	16	21	18
Volume of shipments	10	0	5	5	13	9	23	30	18	15	5	15	12
Volume of new orders	1	2	7	6	2	9	6	22	1	4	1	18	8
Backlog of orders	-13	-17	2	-4	-9	-7	0	-2	-4	-19	-12	-3	-3
Number of employees	11	16	16	15	13	3	13	5	16	7	7	14	17
Average employee workweek	-5	2	2	0	4	-9	8	7	-3	-15	-1	2	6
Prices received for finished product	21	18	25	20	16	22	26	25	21	26	26	26	21
Prices paid for raw materials	13	24	28	28	20	29	41	34	26	34	30	40	38
Capital expenditures	13	14	14	9	4	-1	5	2	16	6	3	17	5
New orders for exports	-4	-1	-13	4	0	2	-1	6	-2	0	5	5	8
Supplier delivery time	-11	-6	-2	-5	-8	-11	-1	-3	-10	-8	-2	-7	-1
Inventories: Materials	-21	-21	-22	-14	-9	-15	-7	-3	-15	-16	-15	-17	-6
Inventories: Finished goods	-15	-14	-13	-13	-12	-9	-12	-6	-18	-5	0	-11	-6