



NEWS RELEASE

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CONTACT: Sarah Dickson

(405) 827-7294

Sarah.Dickson@kc.frb.org

Tenth District Manufacturing Activity Continued to Fall in July
Federal Reserve Bank of Kansas City Releases July Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the July 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 continued to fall in July but expectations for future activity stayed positive.

“Our regional factory index was at its lowest level in four years in July,” said Wilkerson. “The volume of shipments and new orders fell substantially while production and employment levels decreased at a moderate pace, but a majority of firms expect to maintain or increase current levels 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 continued to fall in July, while expectations for future activity stayed positive. Price growth for raw materials increased this month while cooling slightly for finished products, further constraining profits margins. (Chart 1, Tables 1 & 2)

Factory Activity Continued to Fall

The month-over-month composite index was -13 in July, down from -8 in June and -2 in May (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 durable manufacturing, particularly transportation equipment, fabricated metal, and machinery. All month-over-month indexes were negative and fell from last month, except the price indexes. The volume of shipments, new orders, and backlogs all decreased substantially from last month, while production and employment fell at a moderate pace. The year-over-year composite index for factory activity ticked down from -9 to -13 as employment was flat but new orders fell sharply once again. Despite this, capital expenditures grew modestly and are expected to increase more in coming months. The future composite index ticked down from 7 to 5 in July, as firms continue to expect increases in production, new orders, and employment.

Special Questions

This month contacts were asked special questions about employee turnover. Responses concerning the change in turnover were mixed. 31% of firms reported an increase in employee turnover in the past year, while 45% reported no change in turnover, and 24% reported a decrease (Chart 2). Additionally, 79% of the firms that reported an increase in turnover said that it has primarily increased for production workers and 3% said it has primarily increased for managerial workers, while 18% said it has primarily increased for both production and managerial workers (Chart 3).

Selected Manufacturing Comments

“Soft market demand is impacting labor hours. Normally very busy during the summer season, but this year average hours per week are approximately 36 - 40. Finding growth has been slower than normal.”

“We continue to see increased demand for our machining services. Some is definitely attributable to our ability to take work from our domestic competitors. Maintaining dedicated sales staff has been beneficial.”

“The past 2 years we have been using temporary employees, only way we could get enough people. With the demand for our products dropping, we have let most of the temps go and reduced our production to get back in line to where we need to be.”

“Business has picked up slightly. We are anxious to see what the second half of this year looks like.”

“Certain raw material prices have continued to climb in pockets of our business. Many suppliers and customers are struggling to transact business as smoothly as pre-covid due to new employees/retirements of senior employees. Employee wage expectations continue to be extremely high.”

“Orders have slowed as we enter middle of summer. This will ramp back up in the fall. Steel prices are down, and we feel it is probably close to the bottom. We are ordering more to capture lower prices going forward in case they start going up.”

“Customer demand has decreased significantly and last six months of year is very soft.”

“Record amount of work in process and orders on the books. On pace for record year in sales and profit.”

“Additional employees required to take care of filling orders.”

“Existing sales and backlogs are slowing. Employment will probably need to be reduced next month faster than the turnover.”

“Very difficult to get entry-level workers and maintenance workers.”

“Orders are down significantly from the prior year.”

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

Plant Level Indicators	July vs. June (percent)*					July 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				-12	-13				-13				3	5
Production	25	40	35	-10	-12	31	26	43	-12	37	39	24	12	13
Volume of shipments	22	40	38	-16	-18	30	28	42	-12	34	41	24	10	14
Volume of new orders	20	37	43	-24	-21	22	31	47	-24	33	41	26	8	8
Backlog of orders	23	35	42	-19	-24	20	31	49	-29	21	49	30	-9	-8
Number of employees	19	55	26	-8	-12	34	30	36	-2	29	54	17	12	13
Average employee workweek	10	68	22	-12	-17	18	57	26	-8	14	71	14	0	1
Prices received for finished product	11	78	11	0	0	51	30	20	31	29	62	10	19	23
Prices paid for raw materials	26	60	13	13	17	58	19	23	35	42	48	10	32	36
Capital expenditures						25	55	20	5	29	55	16	12	10
New orders for exports	7	82	11	-4	-5	10	76	13	-3	10	83	7	3	6
Supplier delivery time	5	88	7	-1	-3	15	59	25	-10	7	81	12	-5	-4
Inventories: Materials	11	63	26	-15	-17	20	46	34	-14	15	58	26	-11	-5
Inventories: Finished goods	15	69	17	-2	-1	19	56	25	-6	9	70	21	-12	-5

*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 July survey was open for a six-day period from July 17-22, 2024 and included 92 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

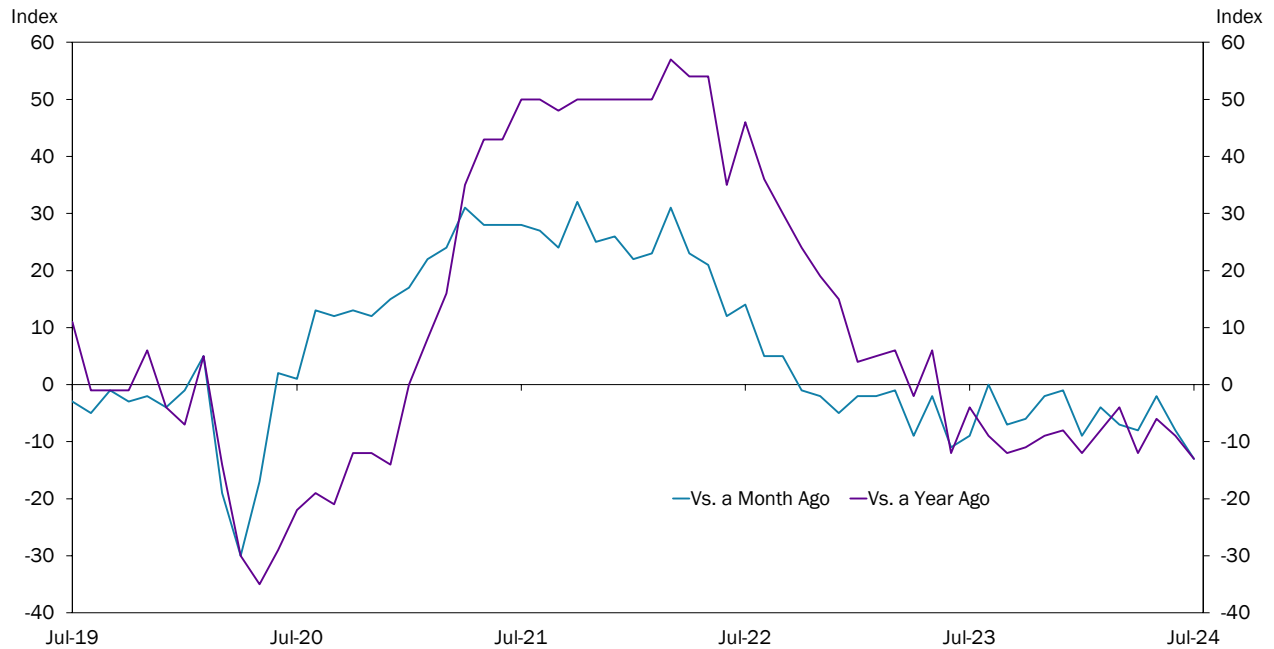


Chart 2. Special Question: How has employee turnover changed at your firm over the past year?

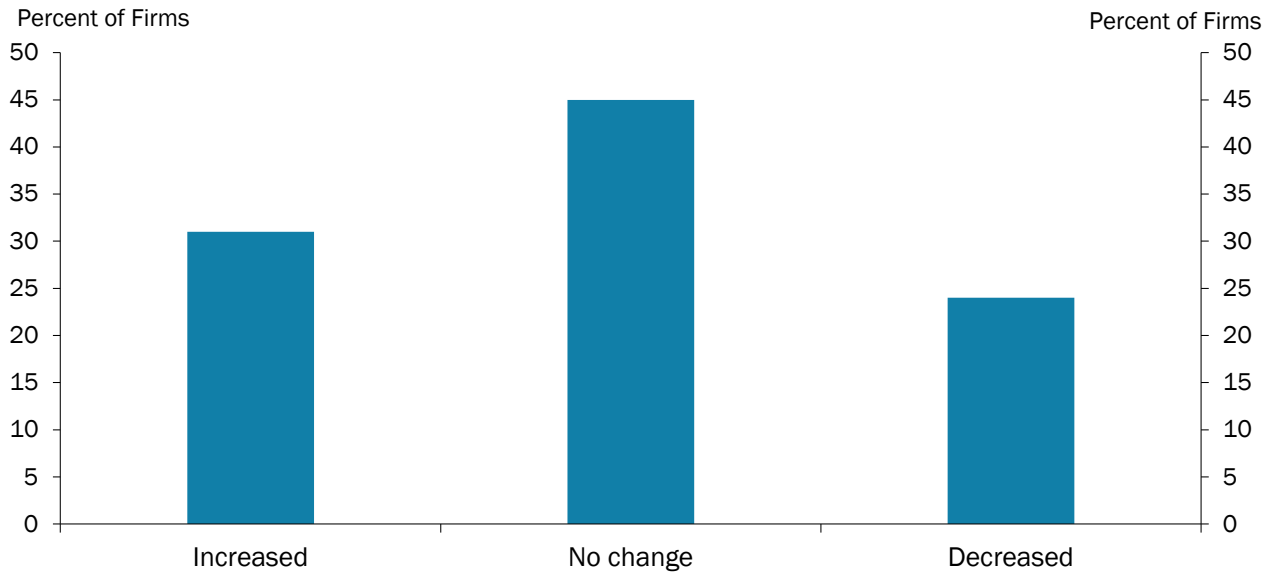


Chart 3. Special Question: If turnover has increased for your firm, what has been the primary job type in which it has increased?

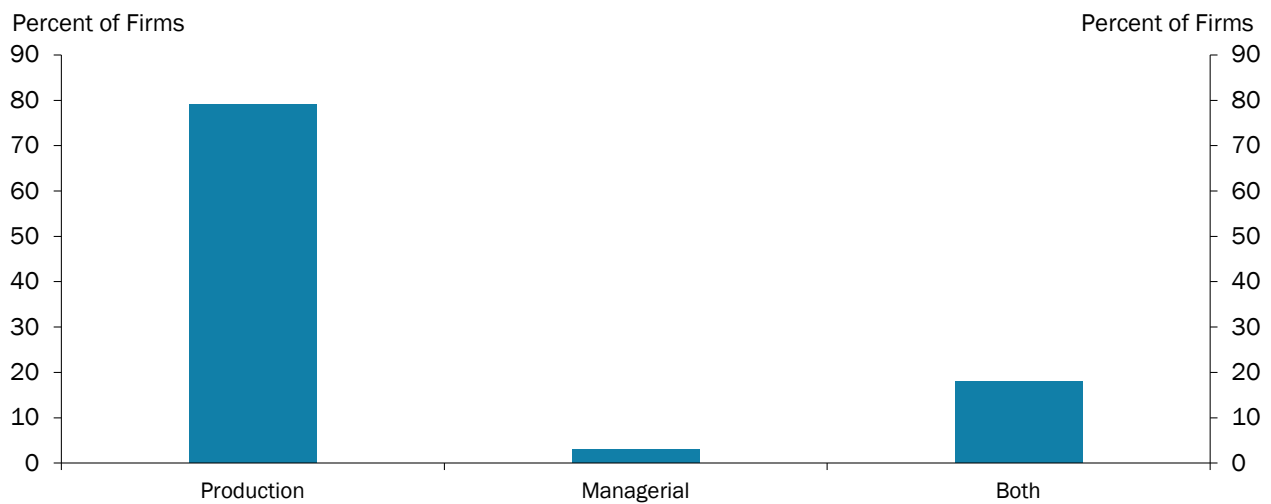


Table 2
Historical Manufacturing Survey Indexes

	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24
Versus a Month Ago (seasonally adjusted)													
Composite Index	-9	0	-7	-6	-2	-1	-9	-4	-7	-8	-2	-8	-13
Production	-18	13	-10	-5	-3	-5	-17	3	-9	-13	-1	-11	-12
Volume of shipments	-20	1	-11	-8	2	-5	-20	6	-5	-11	8	-1	-18
Volume of new orders	-17	-4	-13	-19	-3	-9	-19	-2	-17	-6	-13	-13	-21
Backlog of orders	-36	-13	-22	-14	-13	-8	-24	-13	-27	-18	-19	-23	-24
Number of employees	4	2	3	-2	-1	7	-2	8	6	-2	9	-11	-12
Average employee workweek	-19	-6	-3	-1	-5	-2	-6	2	-11	-3	-5	-12	-17
Prices received for finished product	-4	-3	3	2	0	3	7	-2	5	0	7	3	0
Prices paid for raw materials	10	13	8	2	9	11	24	15	17	18	19	9	17
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	-6	-8	-8	-8	-5	-1	-8	-7	3	0	7	-2	-5
Supplier delivery time	-6	-1	-1	-3	-2	1	-1	-12	-3	-5	-3	1	-3
Inventories: Materials	-9	-9	-13	-1	-1	0	-7	-15	-10	-15	-3	-4	-17
Inventories: Finished goods	-3	4	-7	-2	-1	2	-2	-8	-7	-3	2	-1	-1
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-4	-9	-12	-11	-9	-8	-12	-8	-4	-12	-6	-9	-13
Production	3	0	-10	-8	-10	-4	-12	-4	-3	-8	-7	-13	-12
Volume of shipments	2	-3	-14	-3	0	-5	-14	-8	5	-5	-5	-15	-12
Volume of new orders	-9	-13	-11	-24	-8	-6	-19	-6	-10	-12	-7	-21	-24
Backlog of orders	-15	-12	-22	-31	-26	-21	-28	-13	-28	-13	-14	-22	-29
Number of employees	13	-2	1	7	5	6	-2	6	14	-7	9	6	-2
Average employee workweek	-5	-10	-10	-9	-17	-4	-20	0	-14	-12	-8	-10	-8
Prices received for finished product	39	40	39	44	42	37	39	37	33	45	34	33	31
Prices paid for raw materials	40	22	17	20	20	18	36	36	39	46	37	32	35
Capital expenditures	14	7	16	6	11	13	1	-4	-2	-6	-1	-3	5
New orders for exports	-1	-15	-13	-13	1	-11	-11	-5	-6	-4	0	1	-3
Supplier delivery time	-24	-18	-26	-24	-30	-20	-17	-23	-11	-24	-24	-15	-10
Inventories: Materials	-4	-10	-13	-6	0	-16	-10	-13	-6	-12	1	-3	-14
Inventories: Finished goods	-2	1	-5	-2	-12	-2	-8	-5	3	-4	2	-2	-6
Expected in Six Months (seasonally adjusted)													
Composite Index	-1	2	2	2	0	5	11	2	1	2	6	7	5
Production	3	12	6	10	15	13	32	18	18	16	21	18	13
Volume of shipments	0	5	5	13	9	23	30	18	15	5	15	12	14
Volume of new orders	2	7	6	2	9	6	22	1	4	1	18	8	8
Backlog of orders	-17	2	-4	-9	-7	0	-2	-4	-19	-12	-3	-3	-8
Number of employees	16	16	15	13	3	13	5	16	7	7	14	17	13
Average employee workweek	2	2	0	4	-9	8	7	-3	-15	-1	2	6	1
Prices received for finished product	18	25	20	16	22	26	25	21	26	26	26	21	23
Prices paid for raw materials	24	28	28	20	29	41	34	26	34	30	40	38	36
Capital expenditures	14	14	9	4	-1	5	2	16	6	3	17	5	10
New orders for exports	-1	-13	4	0	2	-1	6	-2	0	5	5	8	6
Supplier delivery time	-6	-2	-5	-8	-11	-1	-3	-10	-8	-2	-7	-1	-4
Inventories: Materials	-21	-22	-14	-9	-15	-7	-3	-15	-16	-15	-17	-6	-5
Inventories: Finished goods	-14	-13	-13	-12	-9	-12	-6	-18	-5	0	-11	-6	-5