NEWS RELEASE

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Tenth District Manufacturing Activity Declined Modestly in December
Federal Reserve Bank of Kansas City Releases December Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the December Manufacturing Survey today. According to Megan Williams, associate economist and survey manager, the survey revealed that Tenth District manufacturing activity declined modestly this month, while expectations for future activity accelerated.

“Regional factory activity fell slightly this month, although it is down substantially again from this time last year,” said Williams. “However, employment grew modestly, and firms’ outlook for production and new orders is optimistic.”

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 declined modestly in December, while expectations for future activity accelerated. Price increases accelerated from last month, and raw materials prices continue to increase at a faster pace than finished product prices. (Chart 1, Tables 1 & 2)

Factory Activity Declined Modestly

The month-over-month composite index was -4 in December, down from -2 in November and unchanged from -4 in October (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Nondurable goods manufacturing was basically flat while durable goods declined somewhat, driven by wood, mineral, and primary metal manufacturing. Most month-over-month indexes were negative. The production index ticked down from -4 to -5 while new orders fell from -9 to -17. Employment rose slightly with a reading of 3, while backlogs continued to sink to -22. The year-over-year composite index for factory activity ticked up from -18 to -16. The employment index drove the increase, rising from -12 to -1, and capital expenditures remained expansionary. Most other indexes declined with production, volume of shipments, new orders, and backlogs all below -20. The future composite index increased from 11 to 18, driven by high expectations for future production, shipments and new orders. Employment and capital expenditures are also expected to grow in the next six months.

Special Questions

This month contacts were asked about worker productivity. 57% of firms reported the productivity of their average workers has not changed in the past year, while 19% reported less productive workers and 25% reported more productive workers (Chart 2). Contacts were also asked how reliant their firms are on immigrant workers. 69% of firms said they are not reliant on immigrant workers, while 12% reported they are slightly reliant, 13% reported they are somewhat reliant, and 6% reported they are very reliant (Chart 3).

Selected Manufacturing Comments

“Business levels are still tough through the end of the year. Hoping for improvement, some of which is limited to our circumstances, but overall improvement is wanted.”

“Comparing May 2024 to what we think May 2025 will be like, May 2025 will have less volume, and margins will likely be challenged.”

“Strong dollar has slowed exports.”

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

	December vs. November (percent)*					December vs. Year Ago (percent)*				Expected in Six Months (percent)*				
Plant Level Indicators	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	-4				-16				19	18
Production	18	44	38	-19	-5	30	20	51	-21	54	34	12	42	39
Volume of shipments	22	32	45	-23	-13	28	21	52	-24	53	30	17	36	35
Volume of new orders	23	25	52	-28	-17	25	21	55	-30	53	32	15	38	35
Backlog of orders	14	35	51	-36	-22	19	34	47	-29	31	43	27	4	4
Number of employees	19	61	20	-1	3	35	30	36	-1	34	53	13	20	20
Average employee workweek	8	70	22	-14	-10	14	53	33	-18	24	60	15	9	10
Prices received for finished product	13	78	9	4	10	53	31	16	37	39	54	7	32	35
Prices paid for raw materials	22	69	9	13	16	59	22	18	41	48	43	9	39	40
Capital expenditures						28	48	23	5	30	51	19	10	8
New orders for exports	5	83	11	-6	-7	13	72	16	-3	12	79	10	2	0
Supplier delivery time	3	88	9	-6	-3	8	66	26	-17	7	83	10	-3	-4
Inventories: Materials	18	60	22	-4	4	20	46	34	-13	20	58	21	-1	-1
Inventories: Finished goods	20	65	14	6	7	23	55	23	0	24	64	12	11	9

*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 December survey was open for a six-day period from December 11-16, 2024 and included 99 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

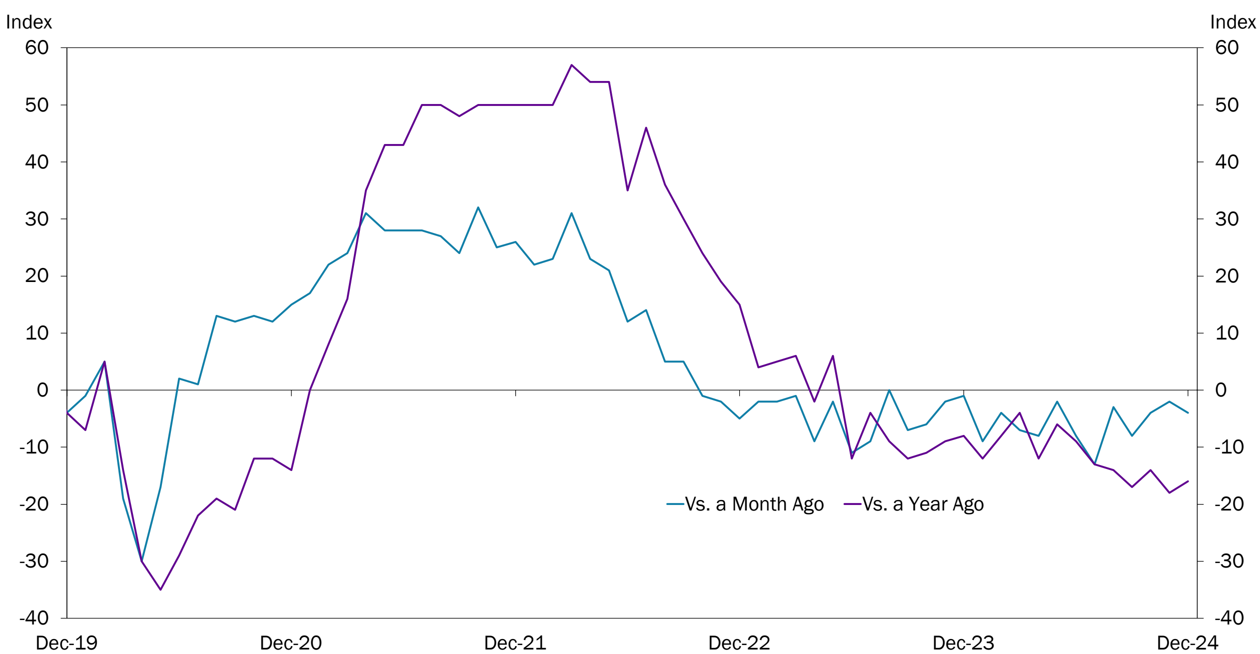

Chart 2. Special Question: Compared to last year, how has the average productivity of your workers changed?

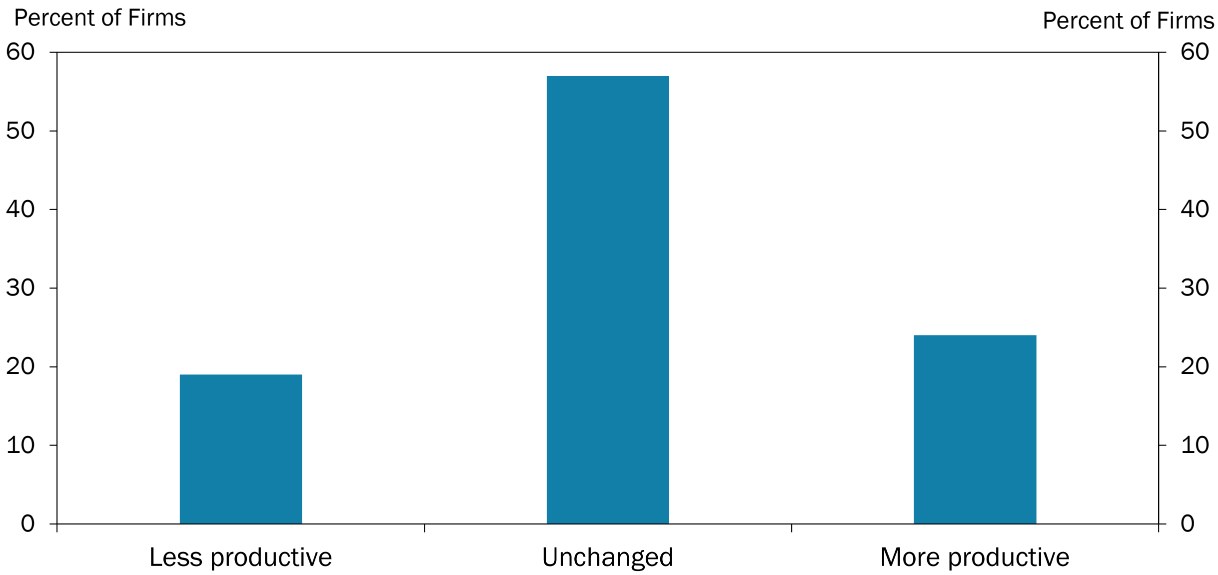

Chart 3. Special Question: How reliant is your firm on immigrant workers?

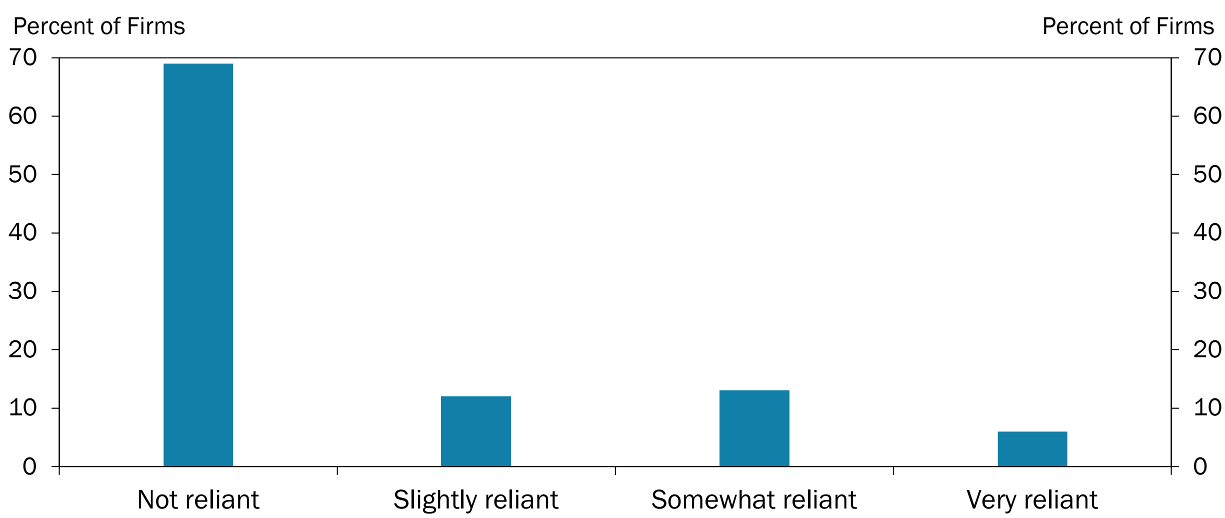

Table 2
Historical Manufacturing Survey Indexes

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