



NEWS RELEASE

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Tenth District Manufacturing Fell at a Steady Pace
Federal Reserve Bank of Kansas City Releases January Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the January Manufacturing Survey today. According to Megan Williams, associate economist and survey manager, the survey revealed that Tenth District manufacturing activity fell at a steady pace, but expectations for future activity remained positive.

“Regional factory activity contracted modestly in January,” said Williams. “However, capital expenditures remain unchanged from this time last year, and firms expect increases in activity in the next six months.”

A summary of the January survey is below. The January survey incorporates new seasonal adjustment factors using Census X-13 ARIMA-SEATS, so historical indexes differ slightly from previously released numbers. The new seasonal factors will be used throughout 2025. 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 at a steady pace, but expectations for future activity remained positive (Chart 1, Tables 1 & 2). Price indexes picked up slightly this month, but raw materials price growth cooled somewhat from this time last year.

Factory Activity Fell at a Steady Pace

The month-over-month composite index was -5 in January, unchanged from -5 in December and down slightly from -4 in November (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Both durable and nondurable manufacturing activity declined slightly, with paper manufacturing marking increases and printing manufacturing marking decreases. All month-over-month indexes were negative, except for the employment, prices, and finished goods inventories indexes. Production ticked down from -6 to -9 while new orders increased from -16 to -6. Most year-over-year indexes were negative, but many picked up from last month, as the composite index increased from -16 to -9. Other than the prices indexes, capital expenditures is the only index with a positive reading, cooling from 5 to 1. The future composite index ticked down from 17 to 15 in January as expectations for future production and new orders growth cooled.

Special Questions

This month contacts were asked special questions about their firms' imports and exports. A majority of firms (55%) sell 1% to 25% of their products or services outside of the U.S., and two-thirds (67%) source 1% to 25% of their inputs from outside the U.S. Additionally, over one-third (36%) of firms do not sell any of their products or services outside the U.S., while only 16% of firms do not source any of their inputs from outside the U.S. (Chart 2). Further, a majority of contacts do not anticipate the share of their inputs or products sourced from outside of the U.S. to change in the next year (57%) or in the next 3 years (53%). Nearly a quarter (23%) of firms expect the share to decrease slightly in the next year and next 3 years, 16% of firms expect the share to increase slightly in the next year, and 18% of firms expect it to increase slightly in the next 3 years (Chart 3).

Selected Manufacturing Comments

“We are anticipating business improving into the next year and it needs to get better. Foreign imports and dumping, along with lower demand over the last 6 months has created a challenging business environment.”

“Excess capacity - struggling to find new business.”

“During the past month, employee productivity was impacted by illness.”

“Still optimistic for manufacturing turnaround in 2025.”

“Generally, business is very good so far in January - haven't seen the annual Q1 slowdown at all so far. Labor is relatively accessible at the moment.”

“The overall cost of doing business remains high, and looks like it will increase faster than our customers' budgets.”

“We are excited about the future, realizing that the past few years have been great, and probably hard to match or beat.”

Table 1. Summary of Tenth District Manufacturing Conditions, January 2025

Plant Level Indicators	January vs. December (percent)*					January 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				-6	-5				-9				18	15	
Production	21	47	32	-11	-9	29	32	39	-9	50	33	17	33	28	
Volume of shipments	27	38	35	-7	-6	33	25	42	-9	49	33	18	32	23	
Volume of new orders	25	45	29	-4	-6	28	28	43	-15	49	32	19	31	30	
Backlog of orders	15	57	28	-13	-19	19	43	38	-19	29	44	28	1	-5	
Number of employees	11	73	16	-5	1	28	38	34	-6	33	52	15	18	10	
Average employee workweek	15	63	22	-7	1	11	55	34	-23	27	60	14	13	11	
Prices received for finished product	19	74	6	13	14	57	27	16	41	36	57	7	28	30	
Prices paid for raw materials	24	68	7	17	18	56	22	22	34	48	43	8	40	48	
Capital expenditures						24	53	23	1	33	53	15	18	20	
New orders for exports	8	84	9	-1	-3	13	73	14	-1	13	75	12	1	0	
Supplier delivery time	6	87	6	0	-1	13	68	19	-6	13	80	7	5	4	
Inventories: Materials	14	62	24	-10	-11	24	43	33	-9	26	53	21	5	2	
Inventories: Finished goods	18	67	15	2	2	16	56	27	-11	20	60	20	0	-2	

*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 January survey was open for a seven-day period from January 15-21, 2025 and included 95 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

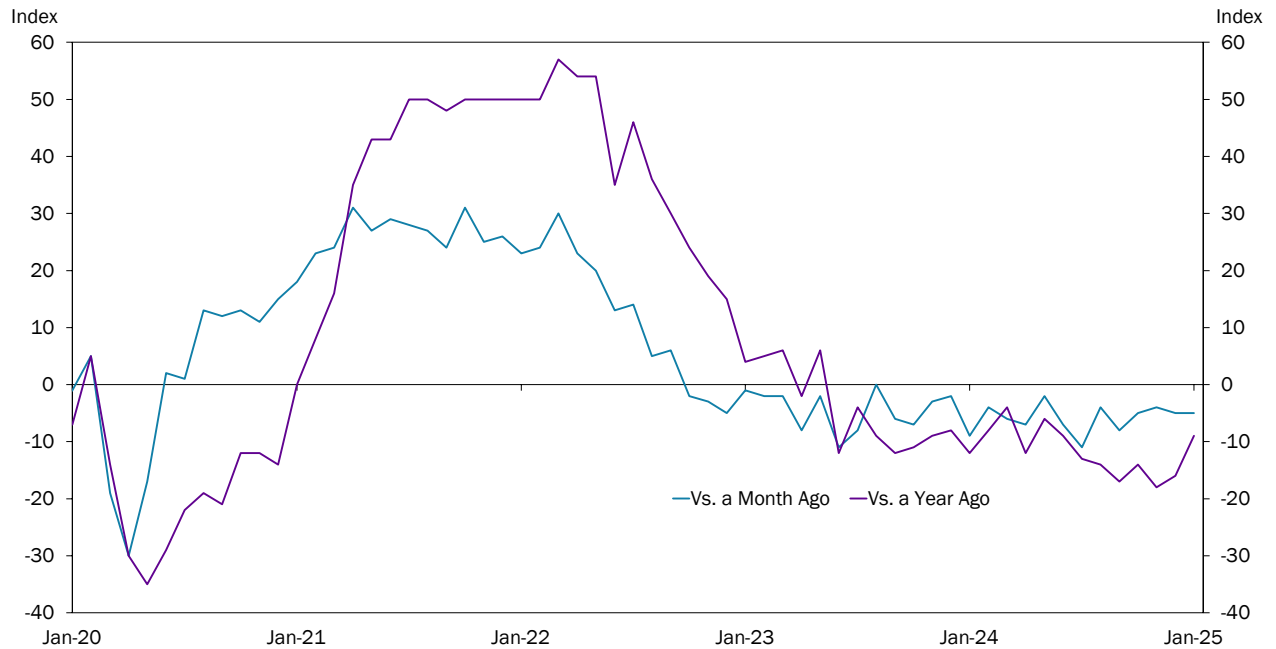


Chart 2. Special Question: About what share of your firm's products or services do you sell outside the United States, and about what share of inputs into your products or services do you source from outside the United States?

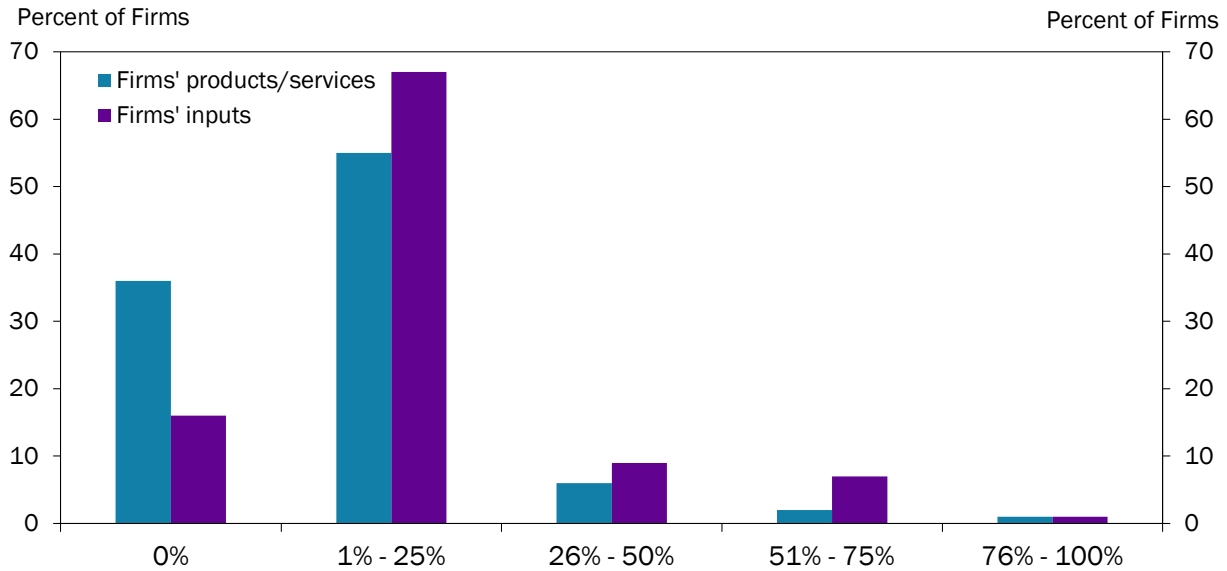


Chart 3. Special Question: Do you anticipate the share of inputs/products that you source from outside of the United States to increase, decrease, or stay the same in the future (one year from now and three years from now)?

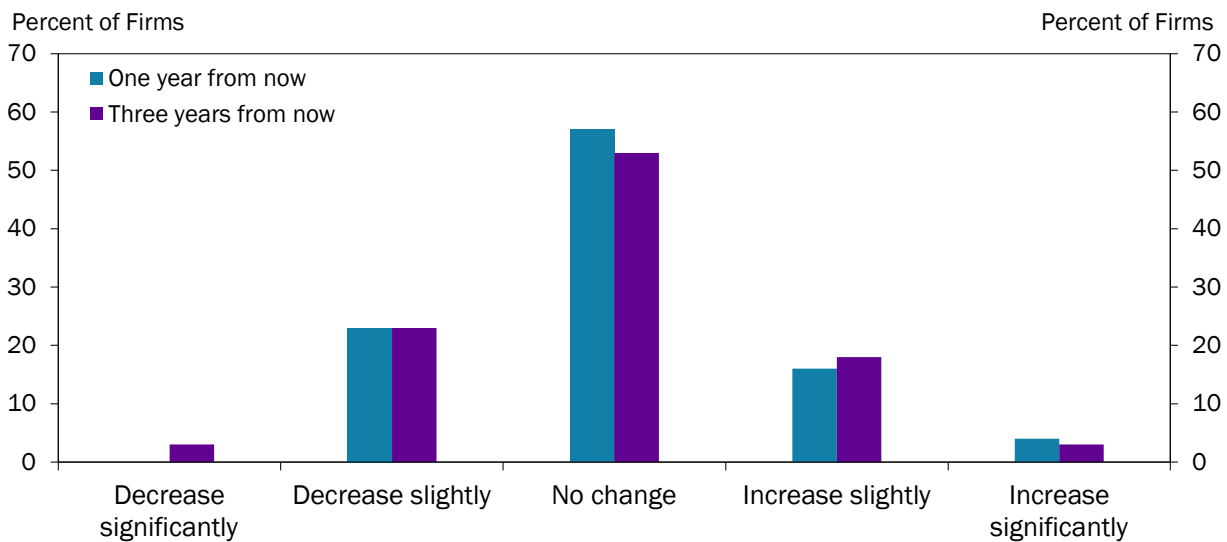


Table 2
Historical Manufacturing Survey Indexes

	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24	Oct'24	Nov'24	Dec'24	Jan'25
Versus a Month Ago (seasonally adjusted)													
Composite Index	-9	-4	-6	-7	-2	-7	-11	-4	-8	-5	-4	-5	-5
Production	-15	2	-9	-10	-2	-10	-10	2	-14	-2	-5	-6	-9
Volume of shipments	-16	3	-5	-9	5	-3	-13	-3	-10	5	-2	-12	-6
Volume of new orders	-18	-5	-14	-7	-12	-13	-18	-12	-14	-9	-10	-16	-6
Backlog of orders	-24	-15	-25	-19	-20	-21	-23	-20	-30	-15	-16	-22	-19
Number of employees	-1	5	3	-2	9	-9	-10	-6	-9	-2	0	1	1
Average employee workweek	-4	-2	-10	-5	-6	-11	-14	-9	-13	-8	-9	-10	1
Prices received for finished product	6	-1	4	2	6	3	2	6	-5	9	6	8	14
Prices paid for raw materials	22	14	16	17	19	13	17	17	14	16	8	18	18
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	-5	1	0	5	-2	-4	2	-2	-1	-6	-6	-3
Supplier delivery time	-2	-7	-3	-5	-4	0	-3	-2	-3	-1	1	-3	-1
Inventories: Materials	-7	-12	-9	-12	-3	-4	-17	-1	2	-10	-4	0	-11
Inventories: Finished goods	-1	-6	-6	-2	2	1	0	4	5	-2	6	5	2
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-12	-8	-4	-12	-6	-9	-13	-14	-17	-14	-18	-16	-9
Production	-12	-4	-3	-8	-7	-13	-12	-18	-24	-14	-14	-21	-9
Volume of shipments	-14	-8	5	-5	-5	-15	-12	-18	-22	-6	-10	-24	-9
Volume of new orders	-19	-6	-10	-12	-7	-21	-24	-21	-30	-18	-10	-30	-15
Backlog of orders	-28	-13	-28	-13	-14	-22	-29	-29	-36	-32	-27	-29	-19
Number of employees	-2	6	14	-7	9	6	-2	-9	-7	-5	-12	-1	-6
Average employee workweek	-20	0	-14	-12	-8	-10	-8	-16	-17	-17	-16	-18	-23
Prices received for finished product	39	37	33	45	34	33	31	34	30	37	44	37	41
Prices paid for raw materials	36	36	39	46	37	32	35	37	41	30	27	41	34
Capital expenditures	1	-4	-2	-6	-1	-3	5	1	-1	1	7	5	1
New orders for exports	-11	-5	-6	-4	0	1	-3	-6	-8	-8	-9	-3	-1
Supplier delivery time	-17	-23	-11	-24	-24	-15	-10	-13	-13	-16	-30	-17	-6
Inventories: Materials	-10	-13	-6	-12	1	-3	-14	-9	-10	-17	-24	-13	-9
Inventories: Finished goods	-8	-5	3	-4	2	-2	-6	-1	-5	-2	-8	0	-11
Expected in Six Months (seasonally adjusted)													
Composite Index	10	3	3	3	6	7	5	8	8	6	10	17	15
Production	29	18	19	17	21	19	16	20	20	25	22	40	28
Volume of shipments	24	18	16	7	16	14	16	13	13	20	22	31	23
Volume of new orders	22	3	6	3	17	9	8	12	12	13	16	35	30
Backlog of orders	-3	-4	-17	-10	-3	-3	-8	-6	-9	-7	2	2	-5
Number of employees	7	16	9	9	15	16	13	16	17	14	14	19	10
Average employee workweek	6	-2	-14	0	2	5	1	4	-3	0	-2	7	11
Prices received for finished product	24	23	24	26	27	23	25	24	32	33	30	32	30
Prices paid for raw materials	35	28	34	33	40	38	36	38	33	37	33	35	48
Capital expenditures	4	15	7	5	15	5	9	-5	10	3	15	8	20
New orders for exports	4	-1	1	5	5	7	5	0	4	6	-7	0	0
Supplier delivery time	-3	-8	-6	-3	-7	-3	-5	-3	-2	-6	-1	-4	4
Inventories: Materials	-5	-14	-14	-13	-14	-6	-6	-4	-5	-14	-3	-4	2
Inventories: Finished goods	-8	-14	-5	0	-10	-6	-6	-1	-8	-5	-6	8	-2