



Growth in Tenth District Manufacturing Activity Continued at a Modest Pace in May 2019

by:

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Factories Report Continued Modest Growth

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The month-over-month composite index was 4 in May, similar to a reading of 5 in April but down from 10 in March (Table 1). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Growth continued to grow modestly at most durable and nondurable production plants, with stronger growth for food, plastics, and metals products. Most month-over-month indexes slowed slightly in May but remained positive, with production, shipments, and new orders indexes all decreasing. In contrast, the employment index rebounded from 2 to 5, and both inventory indexes also increased. Most year-over-year factory indexes showed little change, with the composite index inching higher from 22 to 23. The future composite index also edged up, moving from 11 to 12, and most future factory activity indexes remained stable or moved slightly higher.

Selected Comments

“The increased costs of steel and plastic are crippling us.”

“April was a down month but May will be worse. Tariffs will force us to reduce our workforce and increase costs to the consumer.”

“We believe we are seeing a temporary slowdown in business activity and expect levels to pick back up over the summer months.”

“Labor is still our biggest challenge. With the warm weather we have lost employees due to construction jobs and we are having a very difficult time finding replacements.”

“We are being more aggressive about increasing our entry-level wages to be attractive within the tightening labor market. Overall, this is balancing reasonably well so far and we are pleased with the general direction of the economy and our ability to operate within these shifting conditions.”

“The southern half of the US is growing well for us at this time.”

“The 25 percent tariffs from China will hurt profitability in the short term. We are shifting some supplier volume from China to other global sources to reduce the China tariff impact where it makes sense.”

“Weather has adversely effected our ability to complete jobs as we work mostly outside in the elements.”

“February and March were readjustment times but April was the second largest sales month in the last 18 months and May is set to surpass the April numbers.”

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