

The Missouri Manufacturing Indicators is a bi-monthly brief that uses several surveys to highlight recent manufacturing economic activity. Highlights for the September-October 2022 brief include:

- In October 2022, the Missouri manufacturing sector employed 274,500 people. This is 1,800 jobs less than the pre-pandemic employment levels of early 2020.
- The October 2022 Missouri purchasing management index indicates that manufacturers expect slightly improving output over the next few months. Elevated supplier delivery lead times have been decreasing over the past 6 months and are now at relatively normal levels.
- The Mid-America price index, for Missouri and several surrounding states, show that wholesale prices are still elevated for companies in this region. However, the index has been trending downward over the past five months, a positive sign that inflation pressures are easing.
- Missouri manufacturing hourly earnings increased by 8.7% from a year earlier, a higher growth rate than total private sector and manufacturing earnings in both Missouri and the U.S. over this period.

Missouri Manufacturers Employ 274,500 Workers

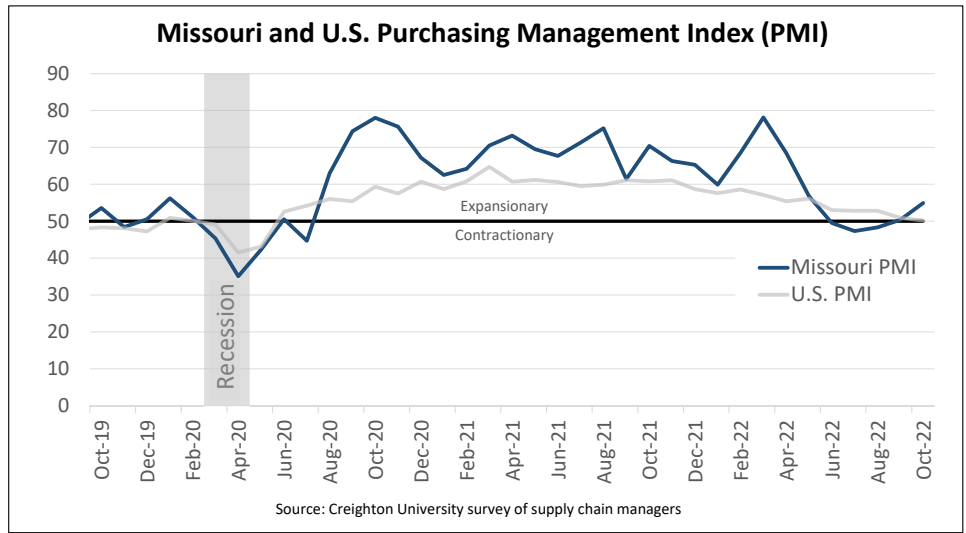
Missouri manufacturers employed 274,500 workers in October 2022, according to preliminary estimates from the U.S. Bureau of Labor Statistics (BLS). Over the year, manufacturing employment has increased by 0.7%, or 1,900 jobs, on a seasonally adjusted basis.



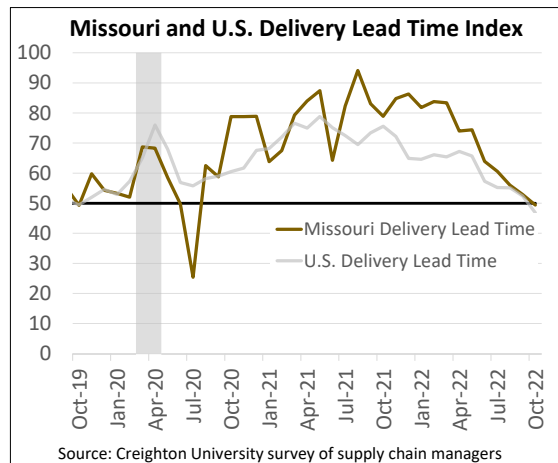
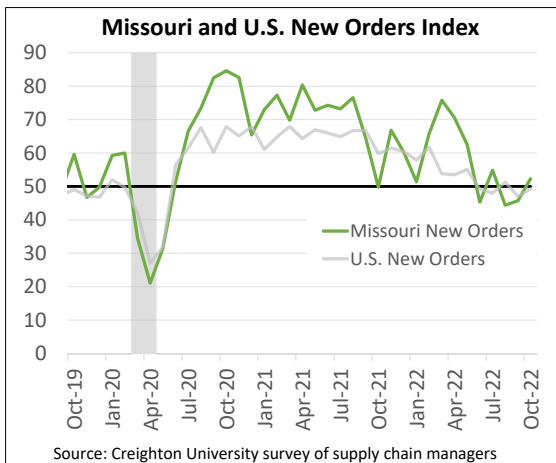
Missouri Purchasing Management Index (PMI) moves into Expansionary Territory

Creighton University produces a monthly purchasing management index that averages several indices to track trends such as new orders, production, and inventories. The index ranges between 0 and 100 with values over 50 indicating an expansionary outlook for manufacturing over the next three to six months and values below 50 pointing toward a contractionary period. The methodology mirrors the national Institute of Supply Management (ISM) survey and is considered a leading indicator of manufacturing activity.

- The October 2022 PMI index shows Missouri continuing modestly into expansionary territory (54.9). The U.S. level was 50.2 for the same month. This suggests that Missouri manufacturers expect slightly growing output over the next few months.



- The Missouri new orders index (same 0 to 100 scale) was at 52.3 in October, rebounding after a couple of months in contractionary territory. This suggests that sales, while still modest, were expanding in October.
- Delivery lead times had been elevated since late 2020 for Missouri and U.S. manufacturers, but supplier delivery times have improved over the past several months as seen in the declining lead time index.

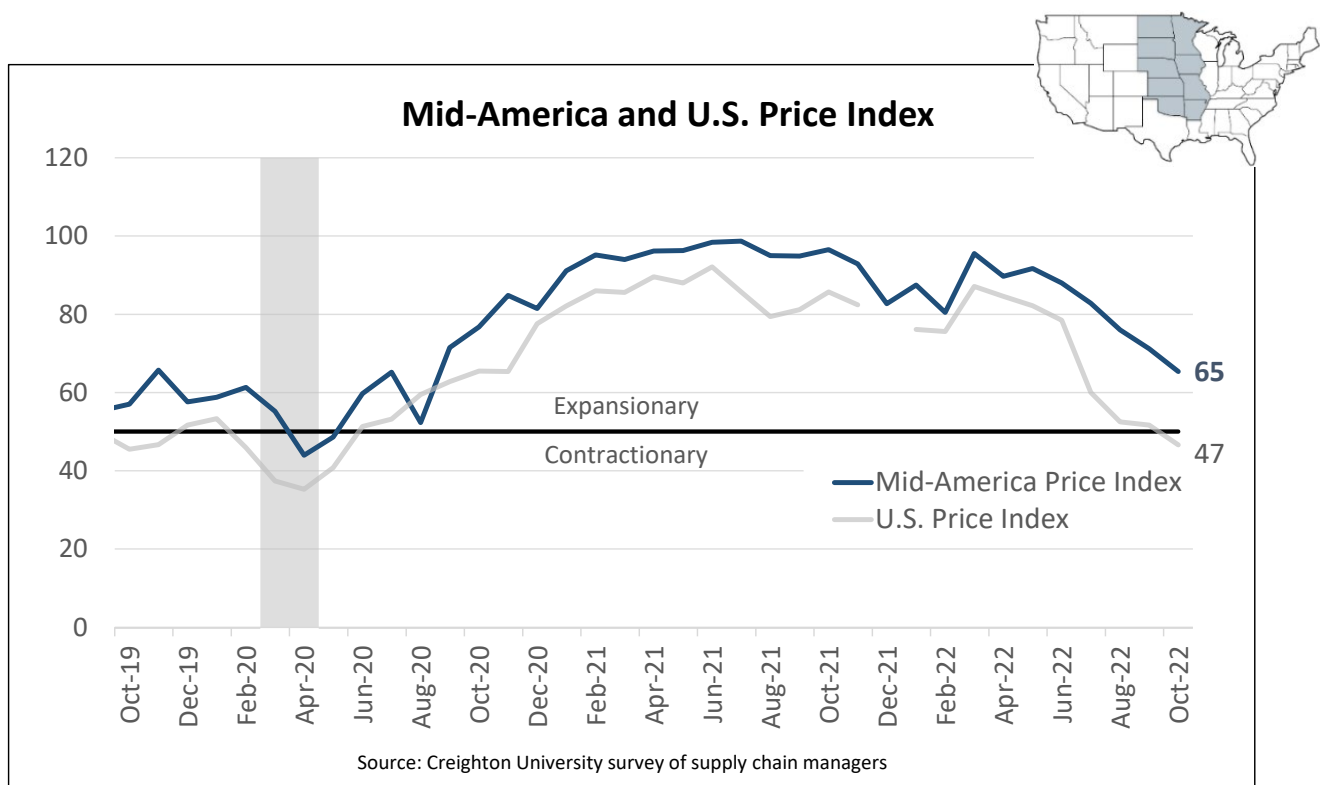


Mid-America Prices Continue to Decline from Elevated Levels

Wholesale prices in the Mid-America states (see map) remain elevated but are on a downward trend, according to the Creighton University October survey. State-level price indices are not available.

Mid-America region prices have followed U.S. trends but are typically higher than the national average. The easing of supply-chain disruptions, coupled with a slowing in production output, has driven the wholesale price index down substantially since the summer.

Around one in three supply managers indicated that supply chain disruptions were their greatest challenge in the fourth quarter of 2022, but that was down from over half just a couple of months earlier.

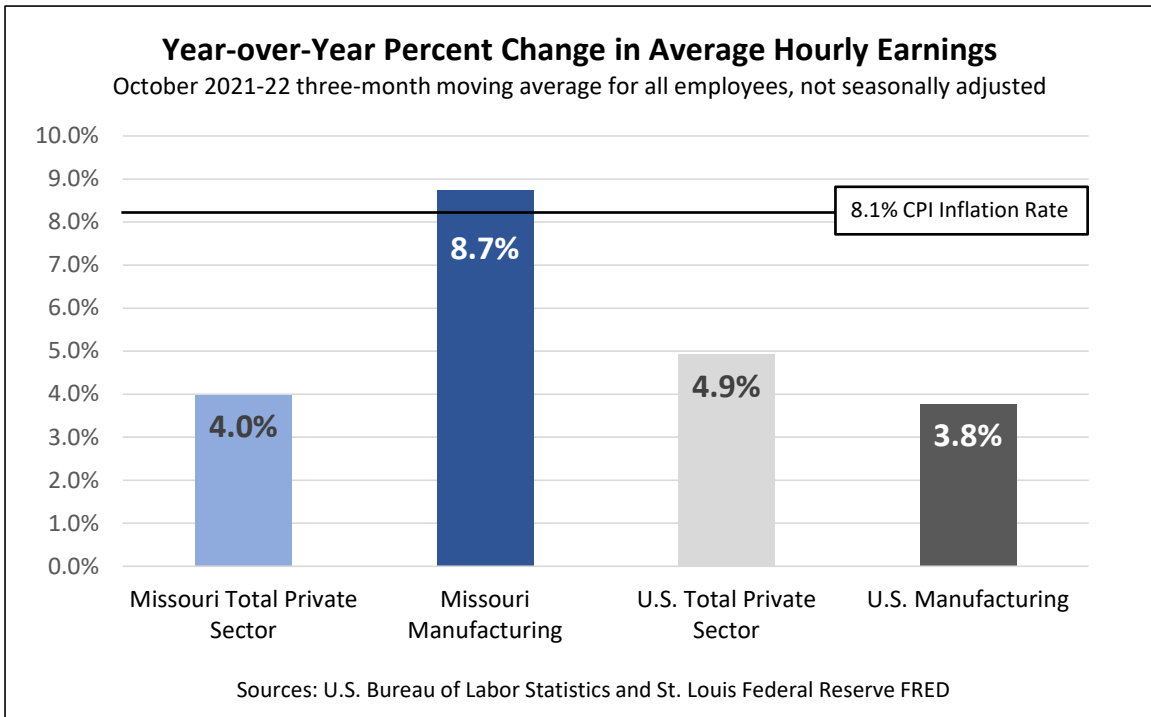


Missouri Manufacturing Earnings Rise Significantly

The 3-month average of hourly earnings – gross payrolls divided by total hours worked – for a Missouri manufacturing employee was \$30.93 in October 2022, up 8.7% from a year earlier and more than double the growth rate of U.S. manufacturing earnings (3.8%) over the same period – see chart on next page. However, with average hourly earnings of \$31.12, U.S. producers still have a slightly higher pay level.

Missouri manufacturing earnings growth compares to a 4.0% year-over-year increase in Missouri's total private sector hourly earnings. Private sector earnings in the U.S. increased by 4.9% year-over-year.

With an inflation rate of 8.1% over the same period, however, total private sector earnings gains, in Missouri and the U.S., are not keeping up with consumer price increases. Missouri manufacturing earnings growth has accelerated this year, surpassing private sector growth rates since February 2022. In 2021 manufacturing earnings grew at only half the annual rate of private sector earnings. This higher level of manufacturing earnings growth in recent months tracks more closely with elevated inflation levels.



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