



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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**Tenth District Manufacturing Activity Stayed Flat in March**  
*Federal Reserve Bank of Kansas City Releases March Manufacturing Survey*

**KANSAS CITY, Mo.** – The Federal Reserve Bank of Kansas City released the March 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 stayed flat, and expectations for future activity increased slightly.

“Regional factory activity stayed flat in March,” said Wilkerson. “Given current price pressures, around half of firms reported lower profit margins from the beginning of the year and changing prices more frequently than last year.”

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](http://www.kansascityfed.org).

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## **TENTH DISTRICT MANUFACTURING SUMMARY**

Tenth District manufacturing activity remained essentially flat for the third month in a row, and expectations for future activity increased slightly (Chart 1, Tables 1 & 2). Monthly price indexes were mixed with an increase in materials prices but a slight decrease in finished goods prices. Expectations for future raw materials and finished goods prices remained similar to last month.

### **Factory Activity Remained Flat**

The month-over-month composite index was 0 in March, unchanged from 0 in February, and up slightly from - 1 in January (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 plants reported decreased activity in March, especially printing, plastics, and chemical manufacturing, while food manufacturing increased. Month-over-month indexes continued to remain flat. Indexes for new orders, supplier delivery time, and materials inventories declined, while production, volume of shipments and finished goods inventories increased slightly. Year-over-year factory indexes increased slightly, from a composite index of 5 to 6. The future composite index increased from 1 to 3 in March, with volume of new orders and capital expenditures indexes moving into positive territory.

### **Special Questions**

This month contacts were asked special questions about profit margins and changing prices. In March, given current price pressures, 56% of firms reported a decrease in profit margins since the beginning of the year, while 26% of firms reported no change, and 18% of firms reported an increase (Chart 2). Compared to last year, 47% of firms reported changing prices more often, 28% of firms reported no change, and 24% reported changing prices less often (Chart 3).

## **Selected Manufacturing Comments**

“For us in our little corner of the world inflation is still a huge issue. Some commodities are leveling off - but some are still very high and projected to go higher. Freight seems better. Access to labor is a little better. We will have to continue to appropriately raise prices throughout the year to try and build back profit margins.”

“Salaries and benefits have increased significantly over the past two years. Price increases have offset that. We need demand to stay strong, so prices stay in place. Increased capacity is being built internationally, which will impact demand in the long term.”

“Supply chain and labor costs are our biggest concerns.”

“Material and equipment availability is not getting better. I thought it would by now, but it's not. Not sure when that will change...if ever.”

“The two most common issues are related to supply chains from importing from China, delays, or supply and tightness of labor.”

“We are beginning to see some relief in the base commodity inputs - soybean oil, eggs, cardboard, etc. are starting to come down.”

**Table 1. Summary of Tenth District Manufacturing Conditions, March 2023**

Plant Level Indicators	March vs. February (percent)*					March 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	0				6				5	3	
Production	31	47	22	9	3	38	24	38	0	41	31	28	14	14	13
Volume of shipments	36	38	26	11	6	43	21	36	7	41	32	27	14	14	11
Volume of new orders	32	38	30	2	-13	38	20	42	-4	34	38	28	6	6	3
Backlog of orders	22	46	32	-10	-18	35	26	39	-4	21	43	36	-15	-15	-22
Number of employees	28	61	12	16	18	45	34	21	24	39	40	20	19	19	15
Average employee workweek	10	73	17	-7	-10	20	58	22	-2	20	64	16	4	4	-1
Prices received for finished product	22	68	10	13	13	81	9	9	72	52	37	11	41	41	41
Prices paid for raw materials	38	54	7	31	30	74	9	17	57	53	36	11	43	43	40
Capital expenditures						31	44	26	5	25	53	22	3	3	5
New orders for exports	11	79	10	1	3	12	72	16	-3	12	76	12	0	0	1
Supplier delivery time	14	71	15	-1	-6	28	40	32	-3	17	60	23	-6	-6	-11
Inventories: Materials	23	58	19	3	-1	37	39	23	14	23	48	29	-6	-6	-7
Inventories: Finished goods	23	59	18	5	2	28	43	28	0	20	53	27	-8	-8	-11

\*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.

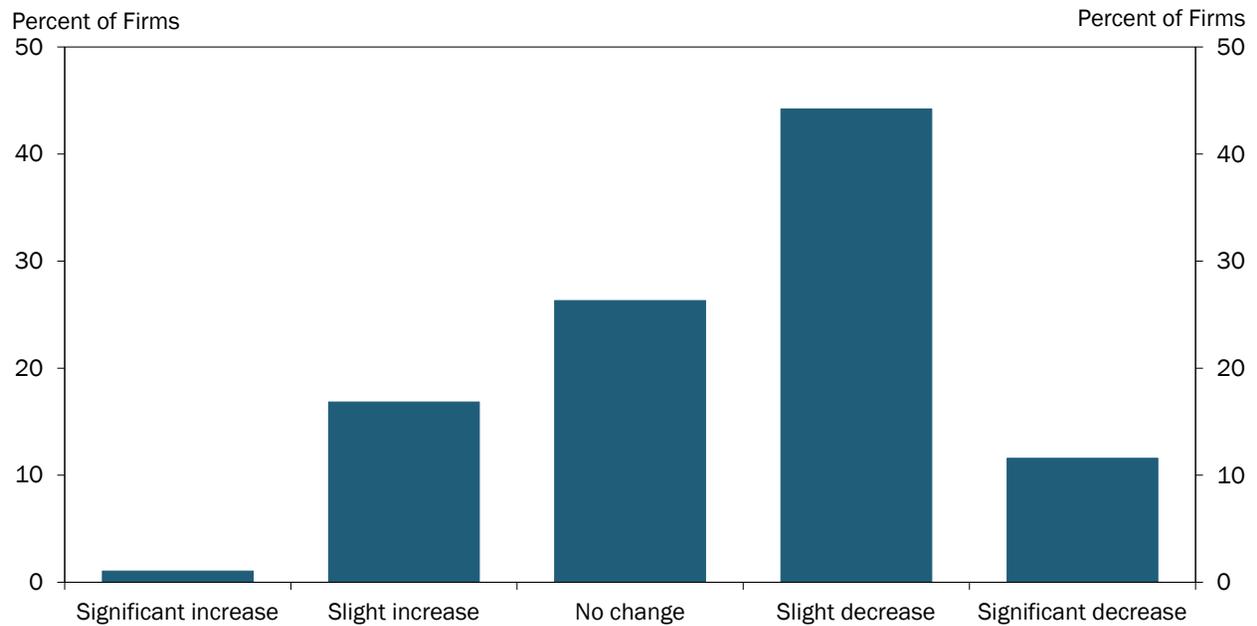
^^Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-13.

Note: The March survey was open for a five-day period from March 15-20, 2023 and included 95 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

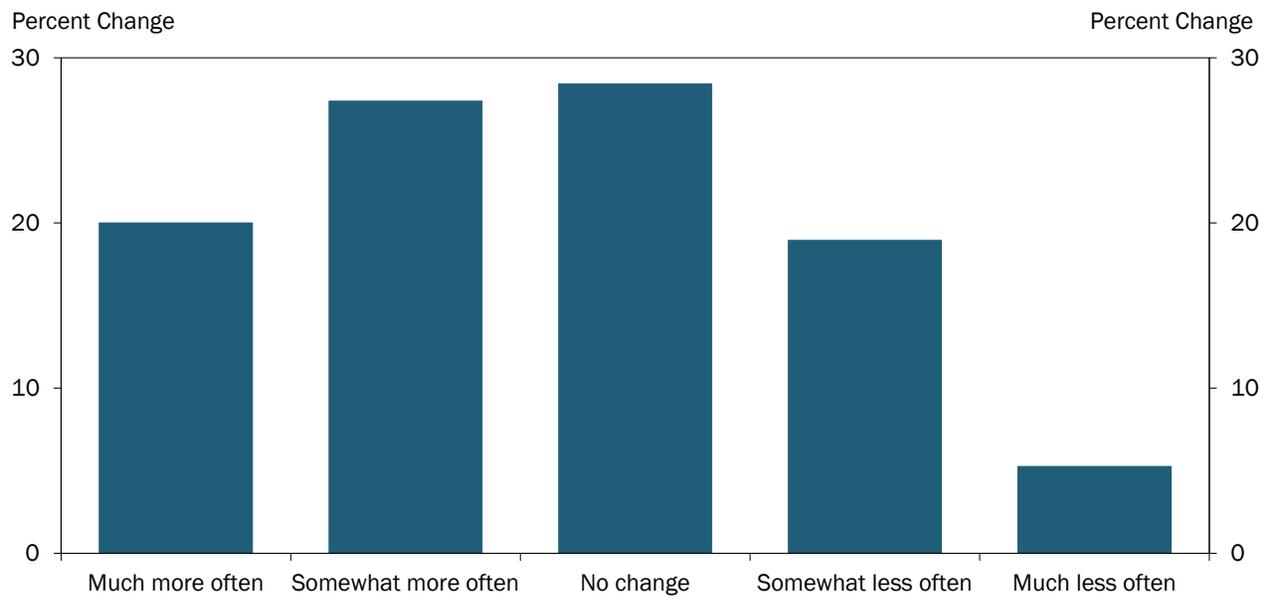
**Chart 1. Manufacturing Composite Indexes**



**Chart 2. Special Question: Given current price pressures, how have profit margins changed for your firm since the beginning of the year?**



**Chart 3. Special Question: How much more or less frequently is your firm changing prices compared to last year?**



**Table 2**  
**Historical Manufacturing Survey Indexes**

	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23
<b>Versus a Month Ago</b> (seasonally adjusted)													
Composite Index	32	22	21	11	13	5	4	-2	-2	-4	-1	0	0
Production	42	22	15	0	6	-6	4	-14	-4	-6	-4	-9	3
Volume of shipments	43	21	13	-1	7	-8	3	-11	0	2	1	-13	6
Volume of new orders	22	9	12	-5	0	-11	-6	-10	-10	-15	-8	-6	-13
Backlog of orders	20	8	16	-3	1	-5	-2	-12	-16	-16	-17	-22	-18
Number of employees	18	18	32	17	16	11	10	5	6	4	4	11	18
Average employee workweek	12	9	11	7	5	-7	17	1	7	0	-8	-13	-10
Prices received for finished product	48	50	43	49	35	28	27	18	19	15	16	17	13
Prices paid for raw materials	75	77	67	66	42	40	42	29	25	18	20	26	30
Capital expenditures	n/a												
New orders for exports	6	3	6	2	0	-2	-1	-3	-7	-2	-15	-5	3
Supplier delivery time	50	37	30	24	22	21	3	2	-8	-3	-1	2	-6
Inventories: Materials	29	23	18	21	20	10	8	5	6	-2	4	1	-1
Inventories: Finished goods	16	5	1	7	-3	-2	-6	2	12	-2	-6	-11	2
<b>Versus a Year Ago</b> (not seasonally adjusted)													
Composite Index	57	54	54	35	46	36	30	24	19	15	4	5	6
Production	63	63	52	25	43	23	28	23	16	14	2	1	0
Volume of shipments	53	65	51	29	40	23	34	27	21	17	1	0	7
Volume of new orders	58	53	53	30	37	25	24	16	5	4	-1	-1	-4
Backlog of orders	60	52	44	20	33	39	39	16	5	2	-4	1	-4
Number of employees	38	48	44	39	44	37	30	23	20	20	9	4	24
Average employee workweek	28	23	19	22	19	3	23	12	15	7	9	-3	-2
Prices received for finished product	87	92	90	87	78	79	78	71	75	73	58	70	72
Prices paid for raw materials	98	98	95	93	87	79	88	78	73	74	53	59	57
Capital expenditures	16	28	30	21	27	23	24	10	11	12	10	0	5
New orders for exports	16	12	9	10	4	3	5	4	4	3	-14	3	-3
Supplier delivery time	71	57	67	44	53	46	28	22	19	12	-6	0	-3
Inventories: Materials	56	52	53	38	53	51	39	35	37	27	16	19	14
Inventories: Finished goods	28	21	28	19	10	13	10	14	18	15	5	1	0
<b>Expected in Six Months</b> (seasonally adjusted)													
Composite Index	38	31	28	9	26	12	11	3	4	6	3	1	3
Production	55	44	36	11	28	23	17	6	13	22	10	13	13
Volume of shipments	51	45	31	12	35	30	19	9	14	16	7	3	11
Volume of new orders	36	28	26	10	23	12	11	-11	2	4	4	-2	3
Backlog of orders	19	10	16	-3	12	0	12	-12	-10	-12	-10	-19	-22
Number of employees	42	40	37	26	44	21	20	16	14	11	28	14	15
Average employee workweek	21	16	19	7	11	2	11	1	6	-3	-4	0	-1
Prices received for finished product	72	71	65	65	44	53	51	46	40	37	29	40	41
Prices paid for raw materials	78	74	66	64	59	49	60	40	33	34	27	42	40
Capital expenditures	27	26	23	14	19	29	12	8	5	10	10	-3	5
New orders for exports	18	10	12	11	6	7	1	1	-2	0	-8	4	1
Supplier delivery time	45	28	35	7	20	10	11	0	-13	-2	-8	-11	-11
Inventories: Materials	10	13	7	-9	15	-5	-6	6	3	-6	-19	-8	-7
Inventories: Finished goods	8	7	5	-3	-6	-7	-6	-2	5	0	-7	-5	-11