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News Release

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Tenth District Manufacturing Activity Increased Moderately 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 Cortney Cowley, assistant vice president and Oklahoma City Branch executive, the survey revealed that Tenth District manufacturing increased moderately, while expectations for future activity remained expansionary.

“Regional manufacturing activity rose moderately from last month, posting its highest reading since July 2022,” said Cowley. “Most firms still expect higher demand this year relative to 2025. However, while some firms expected higher profit margins in coming months, a slightly larger share expected lower profit margins due to cost pressures."

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.

The views expressed are those of the authors and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

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TENTH DISTRICT MANUFACTURING SUMMARY

Tenth District manufacturing activity increased moderately, and expectations for future activity remained expansionary (Chart 1, Tables 1 & 2). Raw materials price growth cooled slightly but continued to outpace finished product price growth.

Factory Activity Increased Moderately

The month-over-month composite index was 11 in March, up from 5 in February and 0 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. Both durable and nondurable manufacturing activity increased in March. Growth in the durable manufacturing sector was driven primarily by wood product manufacturing, while growth in the nondurable manufacturing sector was driven by paper and plastics and rubber product manufacturing. The month-over-month indexes were all positive except for new orders for exports. The volume of shipments and new orders indexes increased, with readings of 20 and 15, respectively. The employment index rebounded into positive territory from -7 to 6. Most year-over-year indexes were positive except for new orders for exports, number of employees, and finished goods inventory. The capital expenditures index cooled from 8 to 5. Expectations for future activity grew further with the composite index increasing from 15 to 16, as expectations for production ticked up.

Special Questions

This month, contacts were asked special questions about expected changes in profit margins and product demand. Approximately a quarter (24%) of firms reported that they expect their profit margins to remain unchanged over the next 12 months, 1% of firms expect their profit margins to significantly increase, 31% expect a slight increase, 35% expect a slight decrease, and 9% expect a significant decrease (Chart 2). Firms were also asked about product demand compared with last year. Half of firms expect their product demand to be slightly higher in 2026 than in 2025, 10% expect their product demand to be significantly higher, 20% expect no change in product demand, 16% expect their product demand to be slightly lower, and 4% of firms expect product demand to be significantly lower (Chart 3).

Selected Manufacturing Comments

“We are hiring as fast as possible and turning work down.”

“Business is good.”

“Our core customers have not ramped production as much as anticipated.”

“Going to see a bump in costs due to increasing fuel costs.”

“Continued uncertainty in transportation costs, regulatory exposure, and unsteady demand continue to make long-term planning almost impossible. Due to this, as a company, we are more reactionary than typical. This hurts short-term profits and cashflows.”

“Seeing growth in quotes and orders albeit fairly small.”

“We are starting to raise prices now because of higher energy costs.”

“Must see a Q2 volume increase or assurance thereof to remain viable.”

Table 1. Summary of Tenth District Manufacturing Conditions, March 2026

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				16	11				8				16	16
Production	39	46	16	23	11	37	33	30	8	45	37	18	27	26
Volume of shipments	42	44	14	28	20	42	33	25	17	46	39	15	30	27
Volume of new orders	39	45	16	23	15	42	32	26	16	43	40	17	26	23
Backlog of orders	33	54	12	21	13	30	48	22	9	25	58	17	8	6
Number of employees	17	74	9	9	7	29	36	35	-7	30	51	18	12	15
Average employee workweek	18	70	11	7	7	22	58	20	2	20	70	10	10	8
Prices received for finished product	25	71	4	21	19	64	25	11	52	50	44	7	43	40
Prices paid for raw materials	46	52	2	44	37	81	10	9	72	66	31	3	63	61
Capital expenditures						27	51	22	5	28	51	21	7	8
New orders for exports	6	86	8	-2	-4	11	70	20	-9	12	76	12	0	1
Supplier delivery time	23	73	4	19	18	27	61	12	14	21	73	6	15	13
Inventories: Materials	25	59	16	9	3	33	40	27	7	28	46	27	1	0
Inventories: Finished goods	20	65	14	6	4	23	51	26	-3	23	58	18	5	3

*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 seven-day period from March 18-23, 2026 and included 105 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

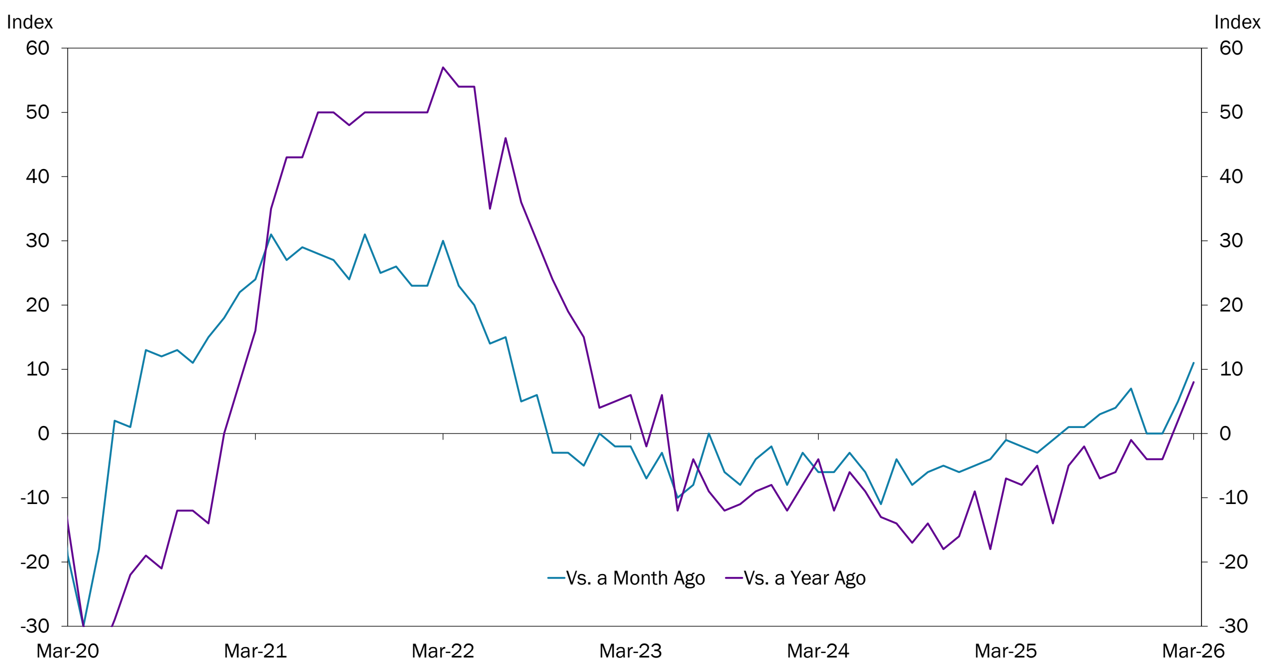

Chart 2. Special Question: How do you expect profit margins will change for your firm over the next 12 months?

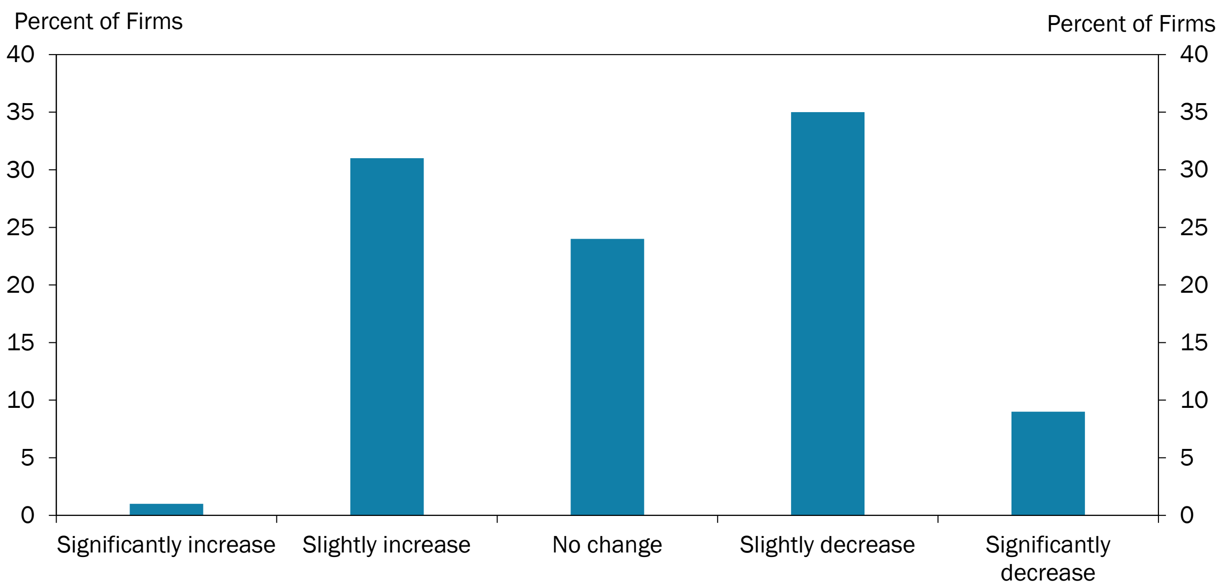

Chart 3. Special Question: What are your expectations for demand for your firm's products in 2026 compared to 2025?

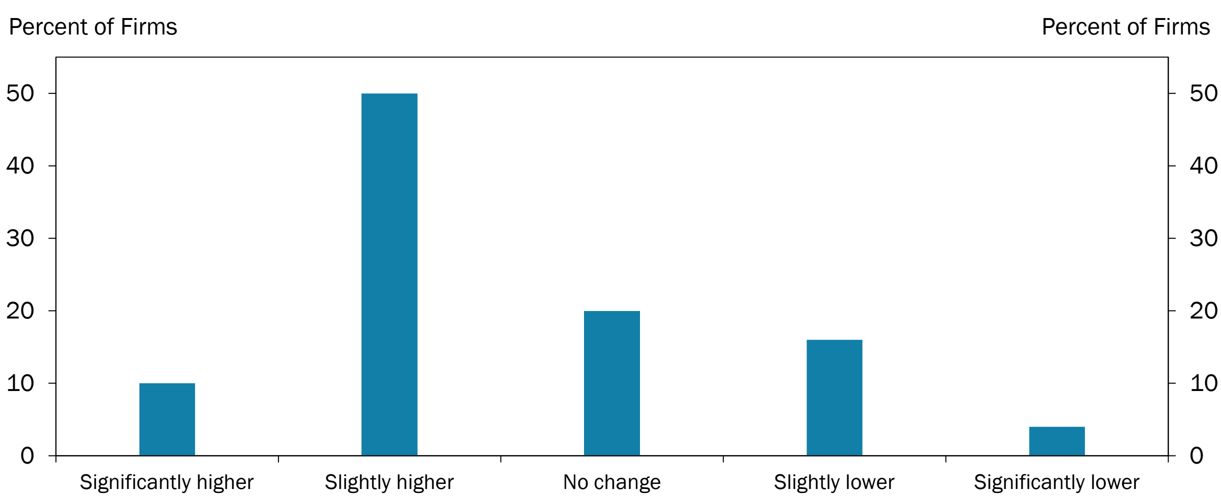

Table 2
Historical Manufacturing Survey Indexes

	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26
Versus a Month Ago													
(seasonally adjusted)													
Composite Index	-1	-2	-3	-1	1	1	3	4	7	0	0	5	11
Production	1	-3	-8	3	-1	-1	3	10	14	-3	-2	10	11
Volume of shipments	-2	0	-6	6	3	5	6	11	16	0	-2	11	20
Volume of new orders	-8	-9	-7	-2	2	4	1	0	-2	-2	0	7	15
Backlog of orders	-8	-19	-20	-12	-28	-14	-11	-2	-7	-5	-11	8	13
Number of employees	-3	-9	-3	-4	-9	0	6	0	10	-4	0	-6	7
Average employee workweek	6	-6	-7	-4	-6	2	2	-3	1	3	4	6	7
Prices received for finished product	15	28	17	20	18	20	16	18	14	24	19	18	19
Prices paid for raw materials	41	42	35	48	45	42	40	40	36	41	44	42	37
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	-9	-10	-18	-10	-14	-14	-9	-5	-4	-5	-6	0	-4
Supplier delivery time	1	14	2	5	7	7	4	9	13	7	8	7	18
Inventories: Materials	3	-4	1	-5	8	-6	-1	-1	-1	1	-4	6	3
Inventories: Finished goods	-3	3	0	1	5	-2	1	1	2	2	4	10	4
Versus a Year Ago													
(not seasonally adjusted)													
Composite Index	-7	-8	-5	-14	-5	-2	-7	-6	-1	-4	-4	2	8
Production	-9	-13	-15	-19	-17	-1	-7	-3	-3	-8	-5	4	8
Volume of shipments	-18	-19	-16	-22	-10	0	-7	-7	-1	-5	-9	4	17
Volume of new orders	-12	-19	-8	-24	-10	-3	-11	-14	-3	2	-7	3	16
Backlog of orders	-24	-28	-29	-25	-19	-13	-14	-26	-12	-21	-18	-2	9
Number of employees	-9	-14	-6	-16	-14	-6	-11	-12	5	-7	-11	-6	-7
Average employee workweek	-10	-12	-18	-23	-11	-2	-12	-10	-6	-10	-8	-4	2
Prices received for finished product	46	66	63	62	58	61	55	52	50	58	54	58	52
Prices paid for raw materials	67	76	67	75	67	69	74	71	64	68	67	81	72
Capital expenditures	3	-2	2	-4	-3	4	5	4	9	14	4	8	5
New orders for exports	-17	-17	-12	-15	-13	-21	-19	-14	-11	-12	-9	5	-9
Supplier delivery time	-2	5	-2	-6	1	1	-3	6	5	3	9	8	14
Inventories: Materials	-3	3	6	-4	16	-1	-2	-6	-9	-10	-6	4	7
Inventories: Finished goods	-5	-2	-3	-2	4	-5	-4	-1	2	4	4	-1	-3
Expected in Six Months													
(seasonally adjusted)													
Composite Index	11	5	7	9	9	11	8	14	9	10	7	15	16
Production	24	5	10	20	17	21	19	33	17	13	16	24	26
Volume of shipments	19	12	11	16	13	16	14	28	15	9	16	30	27
Volume of new orders	19	3	11	17	10	14	11	11	13	12	17	14	23
Backlog of orders	-7	-17	-10	-2	-5	1	-4	3	-1	-2	-9	-1	6
Number of employees	3	3	1	7	5	9	11	10	11	17	3	22	15
Average employee workweek	-2	-14	-7	-8	0	3	4	10	5	5	2	7	8
Prices received for finished product	42	58	46	46	45	42	36	38	32	39	47	37	40
Prices paid for raw materials	59	67	50	63	63	61	59	61	61	59	62	56	61
Capital expenditures	11	-11	17	8	-2	1	4	5	1	9	5	13	8
New orders for exports	-5	-12	-8	-7	-8	-8	-9	-8	-6	-4	-9	7	1
Supplier delivery time	6	7	-1	3	5	1	2	16	5	5	6	11	13
Inventories: Materials	1	10	14	0	6	8	-2	0	-3	2	-9	3	0
Inventories: Finished goods	-7	-1	-1	-4	8	3	3	3	0	7	6	3	3