



NEWS RELEASE

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Tenth District Manufacturing Activity Declined Moderately in April
Federal Reserve Bank of Kansas City Releases April Manufacturing Survey

KANSAS CITY, Mo. – The Federal Reserve Bank of Kansas City released the April 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 declined moderately, and expectations for future activity remained steady.

“Regional factory activity declined moderately in April,” said Wilkerson. “However, District firms’ expectations for activity over the next six months continued to stay positive.”

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.

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TENTH DISTRICT MANUFACTURING SUMMARY

Tenth District manufacturing activity declined moderately in April, while expectations for future activity remained positive (Chart 1, Tables 1 & 2). Price indexes increased versus last month but decreased from the previous year and are not expected to change significantly over the next six months.

Factory Activity Declined Moderately

The month-over-month composite index was -10 in April, down from 0 in March and February (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The decline was driven more by nondurable goods plants, especially printing, plastics, paper, and food manufacturing. All month-over-month indexes declined, except for the raw materials prices, finished product prices, average employee workweek, and supplier delivery time indexes. Materials inventory and capital expenditures indexes increased on a year-over-year basis, while all other annual indexes fell, with the composite index declining from 6 to -2. The future composite index stayed at 3 in April. Expectations for activity in six months remained similar to last month, except for a decrease in materials inventory and an uptick in supplier delivery time, which turned positive for the first time since October 2022.

Special Questions

This month contacts were asked special questions about job openings and financing. In April, a majority of firms reported the number of job openings has stayed the same or changed only slightly from the beginning of the year (Chart 2). Additionally, most firms that have sought financing for desired short-term uses have reported no difficulty obtaining credit (Chart 3).

Selected Manufacturing Comments

“We need an incentive for people to work. We have 10% increases or more in the cost of materials. We have 7% increases in cost of labor when available. We have raised prices 5% - can't do more. Hard to make money this way.”

“Inflation still a big problem in our little corner of the world. Some commodities are better and some are still a problem. We likely are looking at another round of significant price increases in the short to medium term.”

“We are seeing a little slow down of sales on certain types of consumer products, so have become a little conservative in our production plans for 2023 and the first quarter of 2024.”

“Labor availability is the biggest challenge we are facing.”

“Inflation is killing my business - everything is up and hard to get my price increases passed along to customers. Employees are very hard to find.”

“Continued focus on improving operations in effort to grow without increasing number of employees.”

“We are starting to see relief with supply chain availability. Labor market continues to be tight for unskilled and skilled workers. Wages had somewhat stabilized and younger employees are more apt to move than older ones.”

“We are seeing some softening in our industry. The size and frequency of new orders from current customers seems lower and new business orders are definitely smaller based on the scale of the new customer's operations and typical requirements.”

Table 1. Summary of Tenth District Manufacturing Conditions, April 2023

Plant Level Indicators	April vs. March (percent)*					April 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				-4	-10				-2				1	3	
Production	22	49	28	-6	-21	36	27	37	-1	36	38	26	10	14	
Volume of shipments	28	43	29	-1	-13	39	22	39	0	34	39	27	7	9	
Volume of new orders	23	39	38	-15	-21	35	19	46	-11	33	35	32	1	3	
Backlog of orders	18	43	39	-22	-26	28	31	41	-13	21	41	38	-18	-19	
Number of employees	19	63	19	0	-1	37	34	29	8	31	49	20	11	13	
Average employee workweek	18	68	14	3	1	19	58	24	-5	20	61	20	0	-1	
Prices received for finished product	31	64	5	26	21	74	14	11	63	44	46	9	35	37	
Prices paid for raw materials	42	52	6	36	32	71	9	20	52	54	34	12	41	40	
Capital expenditures						34	47	19	15	24	57	20	4	4	
New orders for exports	1	85	14	-13	-13	11	71	18	-8	11	76	13	-2	0	
Supplier delivery time	13	74	14	-1	-3	19	39	42	-24	19	65	16	2	2	
Inventories: Materials	21	59	20	1	-3	43	33	24	19	19	45	36	-18	-17	
Inventories: Finished goods	13	61	27	-14	-13	27	48	26	1	16	60	24	-9	-9	

*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 April survey was open for a five-day period from April 19-24, 2023 and included 97 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 have the number of job openings changed for your firm since the beginning of the year?

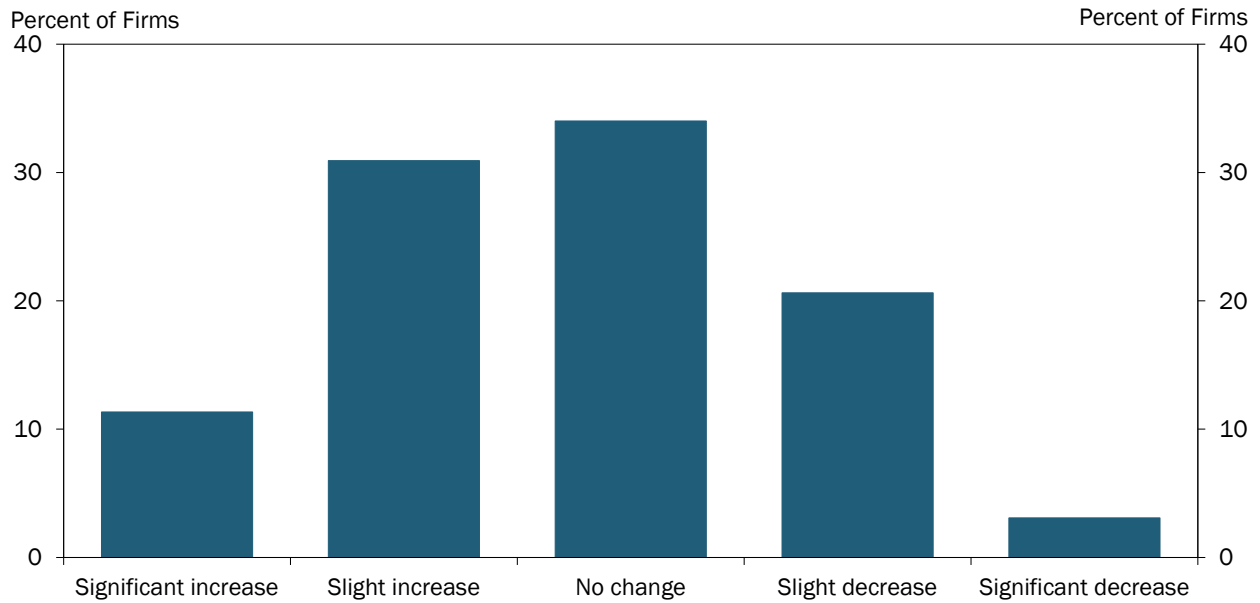


Chart 3. Special Question: To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?

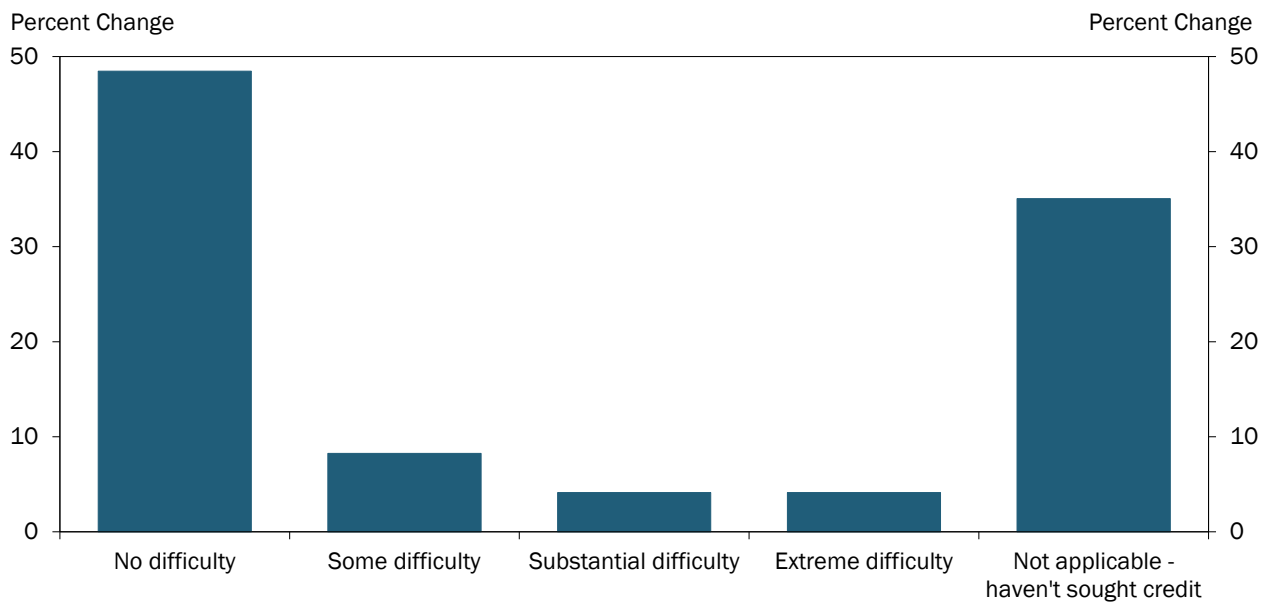


Table 2
Historical Manufacturing Survey Indexes

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