



Tenth District Manufacturing Activity Decreased Further in April 2020

by:

April 23, 2020

Tenth District manufacturing activity decreased further to the lowest reading in survey history (since 1994), while expectations for future activity improved but remained slightly negative.

Factory Activity Decreased Further in April

Tenth District manufacturing activity decreased further to the lowest reading in survey history (since 1994), while expectations for future activity improved but remained slightly negative (Chart 1, Tables 1 & 2). Month-over-month price indexes declined again in April, but District firms expected prices to rise slightly in the next six months.

The month-over-month composite index was -30 in April, the lowest composite reading in survey history, and down considerably from -17 in March and 5 in February (Table 1). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The decrease in district manufacturing activity was steepest at durable goods factories such as primary and fabricated metals, and activity at non-durable goods plants including food and beverage manufacturing declined as well. All month-over-month indexes dropped further in April except for supplier delivery time which continued to increase. Year-over-year factory indexes also decreased again in April, and the composite index fell from -14 to -30. The future composite index improved from -19 April, but remained slightly negative at -6.

Special questions

This month contacts were asked special questions about measures taken to cover shortfalls in revenues and changes in employment as a result of Coronavirus (COVID-19). Approximately 67 percent of factory contacts reported applying for the SBA PPP program, more than 37 percent reported having drawn down cash reserves, and 28 percent made increased use of a credit line or took out a new loan (Chart 2). A number of firms reported applying for emergency governmental funding, but had not received funds yet. Regarding employment changes in response to coronavirus, a third of firms reported using PTO, 23 percent of firms used part-time or reduced staffing levels, and around 20 percent of manufacturers had layoffs (Chart 3).

Additionally, 57 percent of firms reported taking other measures regarding employment in response to coronavirus, such as

remaining fully staffed, increasing work from home, cutting overtime, and implementing more hygiene and social distancing measures at plants.

Selected comments

“Until we begin to see slackening demand, we are operating as best as we can. We are monitoring our backlog as a barometer of when to slow down.”

“We have not lowered wages; however, overtime has been eliminated. Employment has been maintained where necessary and layoffs based on productivity. Revenues are diminished considerably due to the price of oil on top of COVID-19.”

“If the situation doesn't improve in the next 4-6 weeks we will be instituting large scale layoffs.”

“We have seen a good bit of projects put on hold until this crisis is over. I think sales will rebound strongly once there is a light at the end of the tunnel.”

“March's numbers were comparable to last year; April numbers will be down 30% to 40% compared to last year... reduced work schedules not really showing up until April.”

“We have furloughed around 17% of our workforce, while maintaining their benefits. Business is off considerably and bookings are way down... the instability and low price of oil is also going to have a devastating impact on business.”

“PPP rollout and first come first served was extremely stressful.”

“We reduced hours in manufacturing until PPP came along. Now we're back to full strength.”

“Business levels for us have been increasing for low ticket priced products. Higher priced products have seen lower order activity, but more active than 2008-09.”

“Our business is currently considered essential... business has been good in the first quarter but I have to believe there will be a drop in the coming months.”

“We are in the midst of examining some conversion to PPE production.”

“We are critical infrastructure, are open for business, and hiring.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[Historical Quarterly Data](#)

[About Manufacturing Survey](#)
