



Manufacturing Survey

Tenth District Manufacturing Activity Stayed Flat in March

by: Chad Wilkerson and Jannety Mosley

March 23, 2023

Regional factory activity stayed flat in March. 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.

Factory Activity Remained Flat

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.

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.”

Survey Data

[Current Release](#)

[Historical Monthly Data](#)

[About Manufacturing Survey](#)

Authors



Chad Wilkerson

Senior Vice President and Oklahoma City Branch Executive

Chad Wilkerson serves as Oklahoma City Branch Executive and Senior Vice President of Community Development for the Federal Reserve Bank of Kansas City. Wilkerson has been with the Federal Reserve since 1998, starting in Kansas City's research department. Appointed in 2006 as Oklahoma City Branch Executive, Wilkerson is the Bank's lead officer and regional economist in Oklahoma. He recruits and works closely with the Oklahoma City Branch Board of Directors and is responsible for briefing the Kansas City Fed president, a member of the Federal Open Market Committee, on economic trends in the state. His team conducts research and surveys on key regional issues such as energy, manufacturing and migration. Wilkerson was appointed Senior Vice President in 2022, and supports a Community Development team located across the Kansas City Fed's seven-state region. This group works to understand and address issues affecting the ability of underserved communities and small businesses to access credit. Community development focus areas include financial resiliency, affordable housing, community investments, workforce development, rural development and digital inclusion. Wilkerson holds a master's degree in public policy from the University of Chicago, as well as a master's degree from Southwestern Seminary and bachelor's degree from William Jewell College. He serves on the boards of the Economic Club of Oklahoma, the United Way of Central Oklahoma and City Rescue Mission. He lives in Edmond, Oklahoma, with his wife and children.



Jannety Mosley

Senior Survey Analyst

Jannety Mosley is a Senior Survey Analyst in the Regional Affairs Department at the Oklahoma City Branch of the Federal Reserve Bank of Kansas City. In this role, she primarily supports the district economic surveys and reports. She also supports the recruitment and retention efforts of business participants in the economic surveys. She holds a B.S. degree in Agricultural Economics (Agribusiness) from North Carolina A&T State University and a M.S. degree in Rural Sociology from Pennsylvania State University.