



NEWS RELEASE

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Tenth District Manufacturing Activity Declined Further 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 declined further in March and expectations for future activity remained steady.

“Regional factory activity fell further in March, and expectations for future activity were again steady,” said Wilkerson. “Employment levels expanded modestly even as production and new orders contracted, and over half of firms have given mid-year wage increases recently but fewer plan to this 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.

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TENTH DISTRICT MANUFACTURING SUMMARY

Tenth District manufacturing activity declined further in March, and expectations for future activity were again steady. Prices continued to grow at a similar rate to previous months, with a continued spread between raw materials and finished goods growth. (Chart 1, Tables 1 & 2)

Factory Activity Declined Further

The month-over-month composite index was -7 in March, down from -4 in February and up from -9 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. Activity for declined modestly for both durable and nondurable goods, with primary metal, electrical equipment, and paper manufacturing driving the decreases. Production and volume of shipments decreased somewhat, while both new orders and backlogs fell sharply. Employment levels continued to climb, but the average employee workweek declined from 2 to -11. The year-over-year index for factory activity ticked up to -4 from -8. The pace of decline slowed in the supplier delivery time and raw materials inventory indexes, while volume of shipments and number of employees grew. The production and capital expenditures indexes both had similar readings to last month. The future composite index ticked down to 1 from 2 in March, with the production index boosting the composite at a reading of 18 and the raw materials inventory index dragging at -16.

Special Questions

This month contacts were asked special questions about labor-saving technology and mid-year wage increases. 42% of firms reported they have or plan to invest in labor-saving/productivity-enhancing technology at a similar pace to the past, 27% have invested at a faster pace, 9% have invested at a slower pace, and 22% have not invested in this technology (Chart 2). Firms were also asked about plans to give mid-year wage increases. While 55% of firms gave employees a mid-year increase within the past year, only 40% plan to do so this year (Chart 3).

Selected Manufacturing Comments

“Continue to train new hires heavily using internal training program. Best solution for us given our rural location.”

“The supply chain, especially in truck chassis, continues to be a bottleneck.

“The available labor pool appears to be growing. However, the quality of the candidates is still not as strong as we would like it to be.”

“2023 finished with much higher bookings and shipments than 2022, but orders in Q1 of 2024 have slowed substantially.”

“Labor availability and growing labor costs are our biggest concerns for curtailing growth.”

“High interest costs continue to hinder our performance. Margins are very low as we are not able to raise prices as much as costs have increased.”

“Hiring people is our greatest and most critical challenge. Educated employees want much more money than our range allows and want to work less. It all depends on the employee's willingness to learn and adapt.”

“Product inputs, labor and general cost of doing business is going significantly up.”

Table 1. Summary of Tenth District Manufacturing Conditions, March 2024

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				1	-7				-4				4	1	
Production	24	56	20	4	-9	35	27	38	-3	41	38	22	19	18	
Volume of shipments	27	51	22	5	-5	38	29	33	5	43	33	24	19	15	
Volume of new orders	27	45	28	-1	-17	31	27	42	-10	35	37	28	8	4	
Backlog of orders	18	47	35	-18	-27	19	34	47	-28	22	43	35	-14	-19	
Number of employees	18	69	14	4	6	38	38	24	14	29	53	18	11	7	
Average employee workweek	7	76	17	-9	-11	13	61	26	-14	11	69	20	-10	-15	
Prices received for finished product	14	79	7	6	5	53	27	20	33	38	55	7	31	26	
Prices paid for raw materials	27	69	4	23	17	58	22	20	39	45	48	6	39	34	
Capital expenditures						23	52	25	-2	23	57	20	3	6	
New orders for exports	7	87	5	2	3	10	74	16	-6	11	78	11	0	0	
Supplier delivery time	8	84	7	1	-3	20	49	31	-11	11	74	15	-4	-8	
Inventories: Materials	20	56	24	-4	-10	32	29	39	-6	21	46	33	-12	-16	
Inventories: Finished goods	18	66	16	2	-7	30	43	27	3	22	54	23	-1	-5	

*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 six-day period from March 20-25, 2024 and included 96 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes



Chart 2. Special Question: Has your firm invested or do you plan to invest in labor-saving or productivity-enhancing technology?

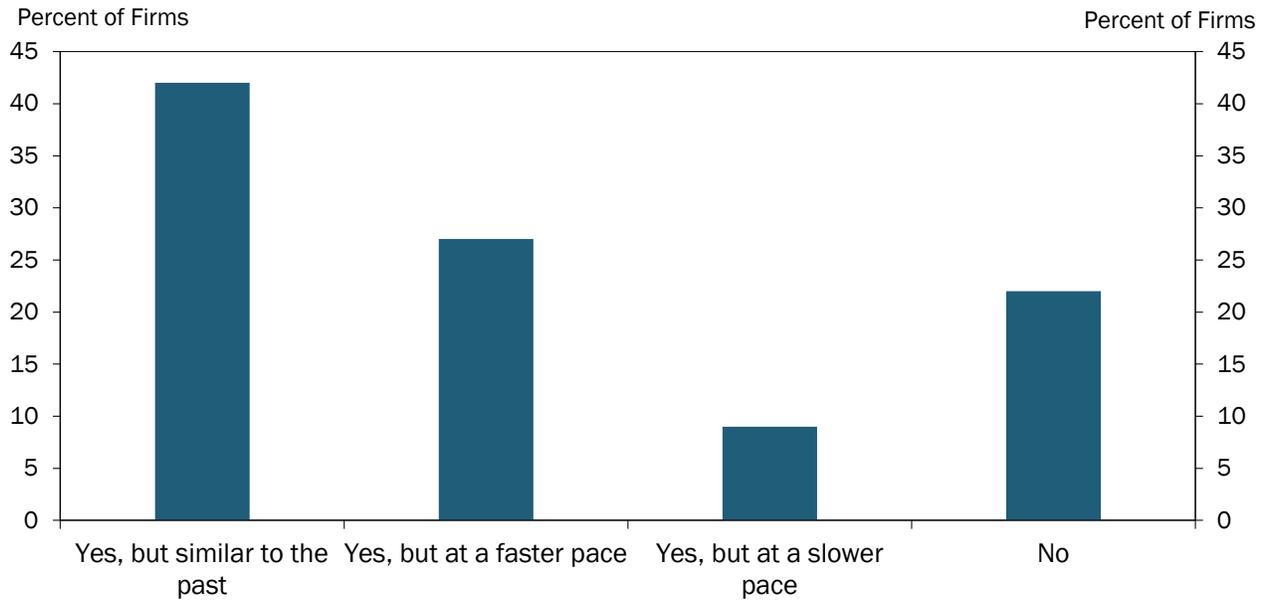


Chart 3. Special Question: Have you given out mid-year wage increases in the past year, and do you expect to give out mid-year wage increases this year?

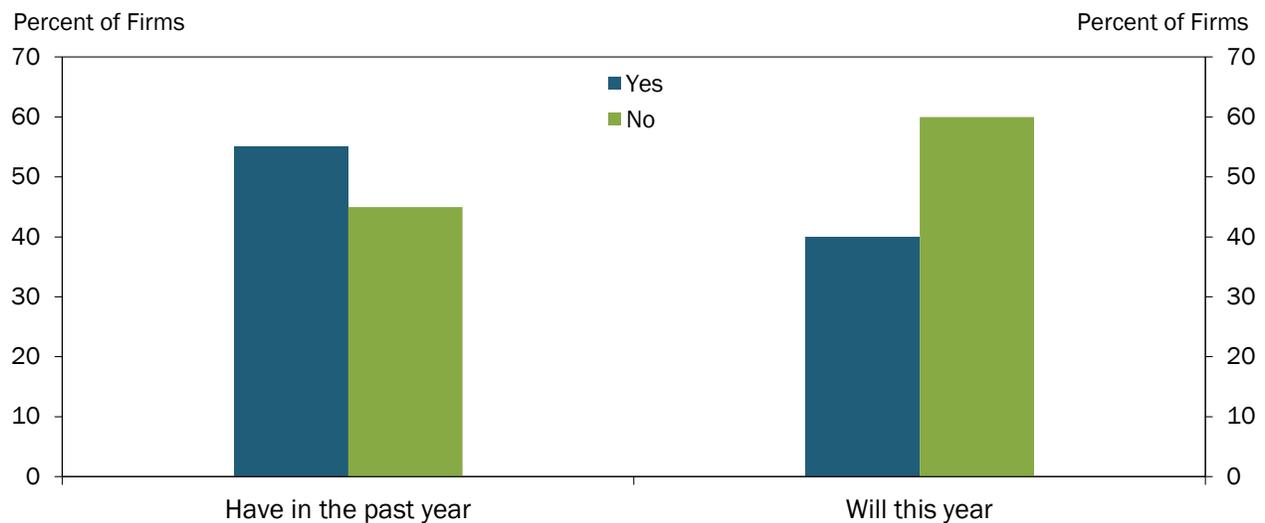


Table 2
Historical Manufacturing Survey Indexes

	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24	Feb'24	Mar'24
Versus a Month Ago (seasonally adjusted)													
Composite Index	-1	-9	-2	-11	-9	0	-7	-6	-2	-1	-9	-4	-7
Production	-4	-18	-4	-8	-18	13	-10	-5	-3	-5	-17	3	-9
Volume of shipments	2	-12	-3	-3	-20	1	-11	-8	2	-5	-20	6	-5
Volume of new orders	-13	-19	-14	-13	-17	-4	-13	-19	-3	-9	-19	-2	-17
Backlog of orders	-18	-24	-23	-16	-36	-13	-22	-14	-13	-8	-24	-13	-27
Number of employees	17	1	5	-12	4	2	3	-2	-1	7	-2	8	6
Average employee workweek	-9	3	-5	-9	-19	-6	-3	-1	-5	-2	-6	2	-11
Prices received for finished product	11	19	11	4	-4	-3	3	2	0	3	7	-2	5
Prices paid for raw materials	25	27	15	7	10	13	8	2	9	11	24	15	17
Capital expenditures	n/a												
New orders for exports	3	-12	-13	-9	-6	-8	-8	-8	-5	-1	-8	-7	3
Supplier delivery time	-5	-4	-1	-7	-6	-1	-1	-3	-2	1	-1	-12	-3
Inventories: Materials	-2	-4	5	-17	-9	-9	-13	-1	-1	0	-7	-15	-10
Inventories: Finished goods	-3	-11	0	-7	-3	4	-7	-2	-1	2	-2	-8	-7
Versus a Year Ago (not seasonally adjusted)													
Composite Index	6	-2	6	-12	-4	-9	-12	-11	-9	-8	-12	-8	-4
Production	0	-1	0	-7	3	0	-10	-8	-10	-4	-12	-4	-3
Volume of shipments	7	0	-2	-6	2	-3	-14	-3	0	-5	-14	-8	5
Volume of new orders	-4	-11	3	-20	-9	-13	-11	-24	-8	-6	-19	-6	-10
Backlog of orders	-4	-13	-5	-19	-15	-12	-22	-31	-26	-21	-28	-13	-28
Number of employees	24	8	13	2	13	-2	1	7	5	6	-2	6	14
Average employee workweek	-2	-5	-2	-8	-5	-10	-10	-9	-17	-4	-20	0	-14
Prices received for finished product	72	63	54	55	39	40	39	44	42	37	39	37	33
Prices paid for raw materials	57	52	40	33	40	22	17	20	20	18	36	36	39
Capital expenditures	5	15	14	2	14	7	16	6	11	13	1	-4	-2
New orders for exports	-3	-8	1	-5	-1	-15	-13	-13	1	-11	-11	-5	-6
Supplier delivery time	-3	-24	-8	-20	-24	-18	-26	-24	-30	-20	-17	-23	-11
Inventories: Materials	14	19	22	-14	-4	-10	-13	-6	0	-16	-10	-13	-6
Inventories: Finished goods	0	1	13	-2	-2	1	-5	-2	-12	-2	-8	-5	3
Expected in Six Months (seasonally adjusted)													
Composite Index	2	2	1	-1	-1	2	2	2	0	5	11	2	1
Production	13	12	12	14	3	12	6	10	15	13	32	18	18
Volume of shipments	10	8	8	10	0	5	5	13	9	23	30	18	15
Volume of new orders	3	3	3	1	2	7	6	2	9	6	22	1	4
Backlog of orders	-20	-17	-11	-13	-17	2	-4	-9	-7	0	-2	-4	-19
Number of employees	15	14	11	11	16	16	15	13	3	13	5	16	7
Average employee workweek	-1	-1	-2	-5	2	2	0	4	-9	8	7	-3	-15
Prices received for finished product	37	33	18	21	18	25	20	16	22	26	25	21	26
Prices paid for raw materials	37	37	23	13	24	28	28	20	29	41	34	26	34
Capital expenditures	6	5	9	13	14	14	9	4	-1	5	2	16	6
New orders for exports	0	0	5	-4	-1	-13	4	0	2	-1	6	-2	0
Supplier delivery time	-10	0	-3	-11	-6	-2	-5	-8	-11	-1	-3	-10	-8
Inventories: Materials	-11	-17	-16	-21	-21	-22	-14	-9	-15	-7	-3	-15	-16
Inventories: Finished goods	-12	-10	-11	-15	-14	-13	-13	-12	-9	-12	-6	-18	-5