



NEWS RELEASE

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Tenth District Manufacturing Fell Modestly 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 Megan Williams, associate economist and survey manager, the survey revealed that Tenth District manufacturing activity fell modestly, and expectations for future activity cooled but remained expansionary.

“Regional factory activity decreased modestly in March, driven by declines in nondurable manufacturing,” said Williams. “Production was flat, but employment continued to decline, and nearly half of firms reported tighter profit margins in the past 12 months.”

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 fell modestly, and expectations for future activity cooled but remained expansionary (Chart 1, Tables 1 & 2). Prices paid for raw materials increased this month while finished product prices ticked down, further constraining profit margins.

Factory Activity Fell Modestly

The month-over-month composite index was -2 in March, up from -5 in February and January (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The nondurable manufacturing sector continued to drive the declines, particularly food, paper, and printing manufacturing. Most month-over-month indexes were negative, but many improved from last month's readings. Production was flat this month following moderate declines recently, and the number of employees and volume of shipments declined at a milder pace in March, while the average employee workweek increased at its highest rate in at least a year. The volume of new orders and new orders for exports declined further this month. All year-over-year indexes were negative, except the price indexes and capital expenditures index. However, the pace of declines eased. The composite index increased from -18 to -7 in March. Production, shipments, new orders, and employment all fell moderately from this time last year but improved from last month's readings. Capital expenditures edged up modestly from last year. The future composite index fell from 14 to 10 in March as expectations for production, new orders, and employment lowered somewhat.

Special Questions

This month contacts were asked special questions about profit margins and strategy changes. Nearly half of firms reported decreased profit margins in the past 12 months. 27% (3%) of firms reported that their profit margins increased slightly (increased significantly) in the past 12 months, while 23% reported they did not change, and another 34% (13%) reported a slight decrease (significant decrease). Similarly, 31% (2%) of firms reported that they expect profit margins to increase slightly (increase significantly) in the next 12 months, while 25% expect no change, and another 33% (9%) expect a slight decrease (significant decrease) (Chart 2). Additionally, 66% of manufacturing firms surveyed reported that they were considering changes in strategy, management, sourcing of materials, or pricing to adapt to economic conditions this year (Chart 3).

Selected Manufacturing Comments

“Tariff increases have not fully hit our sector yet. We are using less expensive inventory, but will eventually have to restock at higher prices.”

“The uncertainty of the tariffs is having a direct impact on our business as well as the overall economy. We will be raising prices significantly for our imported products and seeking more domestic suppliers for our base raw material that we manufacture our products from (currently sourcing from Canda).”

“Increased metals prices have not hit inventory yet. They will this summer.”

“Will monitor cost of materials to finish work, which will lead to pricing decisions. Tariffs may cause problems with the ability for suppliers to deliver product at competitive prices.”

Table 1. Summary of Tenth District Manufacturing Conditions, March 2025

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				5	-2				-7				12	10	
Production	33	49	18	15	1	32	27	41	-9	44	36	20	25	24	
Volume of shipments	31	44	25	6	-4	31	21	48	-18	43	37	20	24	20	
Volume of new orders	31	39	30	1	-12	30	28	42	-12	43	35	22	22	20	
Backlog of orders	29	43	28	1	-6	22	33	45	-24	24	47	29	-5	-7	
Number of employees	15	67	18	-2	-4	29	33	38	-9	21	60	20	1	0	
Average employee workweek	20	67	13	6	6	19	53	29	-10	21	60	20	1	-3	
Prices received for finished product	23	72	5	18	15	58	31	11	46	49	46	4	45	39	
Prices paid for raw materials	51	47	2	49	42	75	16	8	67	65	32	3	62	57	
Capital expenditures						27	49	24	3	26	58	16	9	13	
New orders for exports	7	78	15	-7	-9	7	68	24	-17	12	70	18	-6	-5	
Supplier delivery time	8	85	6	2	-1	17	65	19	-2	16	77	7	8	7	
Inventories: Materials	23	63	15	8	4	31	35	34	-3	26	51	24	2	0	
Inventories: Finished goods	19	63	19	0	-8	22	51	27	-5	17	61	22	-5	-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 March survey was open for a six-day period from March 19-24, 2025 and included 97 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Chart 1. Manufacturing Composite Indexes

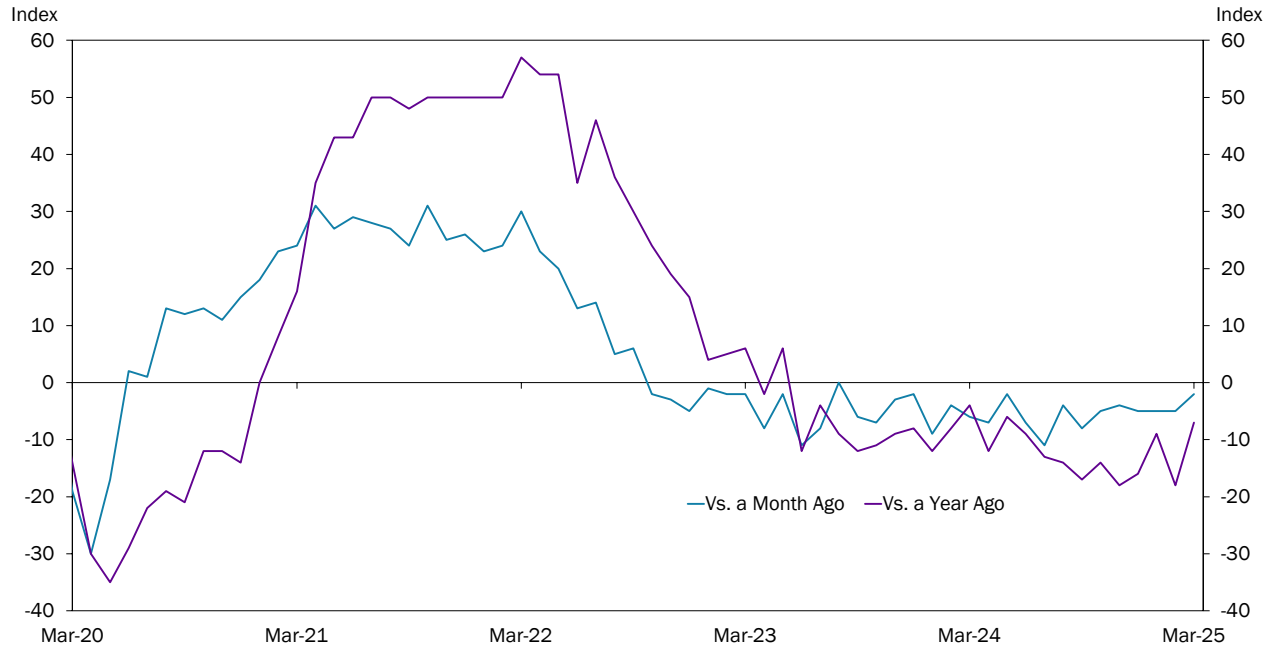


Chart 2. Special Question: How did profit margins change for your firm over the last 12 months, and how do you expect them to change over the next 12 months?

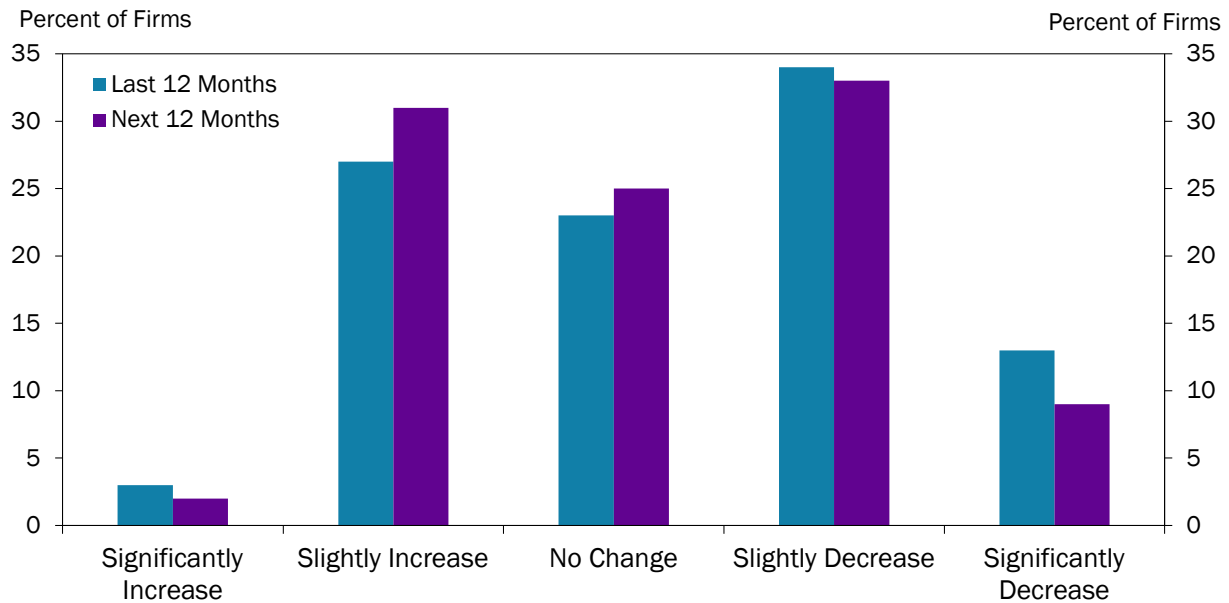


Chart 3. Special Question: Is your firm considering any changes in strategy, management, sourcing of materials, or pricing to adapt to economic conditions this year?

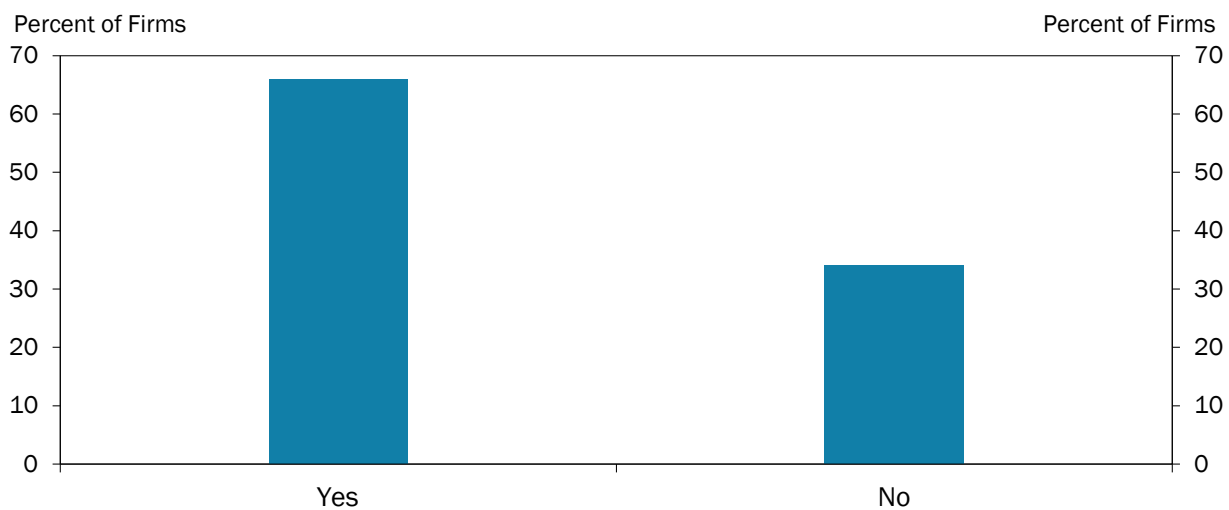


Table 2
Historical Manufacturing Survey Indexes

	Mar'24	Apr'24	May'24	Jun'24	Jul'24	Aug'24	Sep'24	Oct'24	Nov'24	Dec'24	Jan'25	Feb'25	Mar'25
Versus a Month Ago (seasonally adjusted)													
Composite Index	-6	-7	-2	-7	-11	-4	-8	-5	-4	-5	-5	-5	-2
Production	-9	-10	-2	-10	-10	2	-14	-2	-5	-6	-9	-13	1
Volume of shipments	-5	-9	5	-3	-13	-3	-10	5	-2	-12	-6	-11	-4
Volume of new orders	-14	-7	-12	-13	-18	-12	-14	-9	-10	-16	-6	-7	-12
Backlog of orders	-25	-19	-20	-21	-23	-20	-30	-15	-16	-22	-19	-12	-6
Number of employees	3	-2	9	-9	-10	-6	-9	-2	0	1	1	-14	-4
Average employee workweek	-10	-5	-6	-11	-14	-9	-13	-8	-9	-10	1	-9	6
Prices received for finished product	4	2	6	3	2	6	-5	9	6	8	14	17	15
Prices paid for raw materials	16	17	19	13	17	17	14	16	8	18	18	38	42
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	1	0	5	-2	-4	2	-2	-1	-6	-6	-3	-6	-9
Supplier delivery time	-3	-5	-4	0	-3	-2	-3	-1	1	-3	-1	5	-1
Inventories: Materials	-9	-12	-3	-4	-17	-1	2	-10	-4	0	-11	2	4
Inventories: Finished goods	-6	-2	2	1	0	4	5	-2	6	5	2	2	-8
Versus a Year Ago (not seasonally adjusted)													
Composite Index	-4	-12	-6	-9	-13	-14	-17	-14	-18	-16	-9	-18	-7
Production	-3	-8	-7	-13	-12	-18	-24	-14	-14	-21	-9	-28	-9
Volume of shipments	5	-5	-5	-15	-12	-18	-22	-6	-10	-24	-9	-22	-18
Volume of new orders	-10	-12	-7	-21	-24	-21	-30	-18	-10	-30	-15	-22	-12
Backlog of orders	-28	-13	-14	-22	-29	-29	-36	-32	-27	-29	-19	-30	-24
Number of employees	14	-7	9	6	-2	-9	-7	-5	-12	-1	-6	-18	-9
Average employee workweek	-14	-12	-8	-10	-8	-16	-17	-17	-16	-18	-23	-27	-10
Prices received for finished product	33	45	34	33	31	34	30	37	44	37	41	46	46
Prices paid for raw materials	39	46	37	32	35	37	41	30	27	41	34	52	67
Capital expenditures	-2	-6	-1	-3	5	1	-1	1	7	5	1	-1	3
New orders for exports	-6	-4	0	1	-3	-6	-8	-8	-9	-3	-1	-7	-17
Supplier delivery time	-11	-24	-24	-15	-10	-13	-13	-16	-30	-17	-6	-6	-2
Inventories: Materials	-6	-12	1	-3	-14	-9	-10	-17	-24	-13	-9	-16	-3
Inventories: Finished goods	3	-4	2	-2	-6	-1	-5	-2	-8	0	-11	-3	-5
Expected in Six Months (seasonally adjusted)													
Composite Index	3	3	6	7	5	8	8	6	10	17	15	14	10
Production	19	17	21	19	16	20	20	25	22	40	28	30	24
Volume of shipments	16	7	16	14	16	13	13	20	22	31	23	28	20
Volume of new orders	6	3	17	9	8	12	12	13	16	35	30	27	20
Backlog of orders	-17	-10	-3	-3	-8	-6	-9	-7	2	2	-5	-2	-7
Number of employees	9	9	15	16	13	16	17	14	14	19	10	12	0
Average employee workweek	-14	0	2	5	1	4	-3	0	-2	7	11	2	-3
Prices received for finished product	24	26	27	23	25	24	32	33	30	32	30	47	39
Prices paid for raw materials	34	33	40	38	36	38	33	37	33	35	48	60	57
Capital expenditures	7	5	15	5	9	-5	10	3	15	8	20	9	13
New orders for exports	1	5	5	7	5	0	4	6	-7	0	0	-5	-5
Supplier delivery time	-6	-3	-7	-3	-5	-3	-2	-6	-1	-4	4	6	7
Inventories: Materials	-14	-13	-14	-6	-6	-4	-5	-14	-3	-4	2	-5	0
Inventories: Finished goods	-5	0	-10	-6	-6	-1	-8	-5	-6	8	-2	-6	-9