ECONOMIC CONDITIONS IN MANUFACTURING

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DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.
Today’s Presentation

- Manufacturing sector
- Survey results
  - Activity declined in 2023
  - Outlook for rebound in 2024
- Credit conditions constraining activity
TODAY’S PRESENTATION

● Manufacturing sector

● Survey results
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OUTPUT BY INDUSTRY, 2022, U.S. & NINTH DISTRICT

Source: Bureau of Economic Analysis
EMPLOYMENT BY INDUSTRY, DEC. 2023, U.S. & DISTRICT

**U.S.**
- Construction: 15%
- Trade, Transportation and Utilities: 19%
- Professional and Business Services: 33%
- Financial Services: 5%
- Government: 8%

**Ninth District**
- Manufacturing: 12%
- Other Services: 4%
- Professional and Business Services: 15%
- Financial Services: 11%
- Government: 19%

Source: Bureau of Labor Statistics
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MANUFACTURING DOWN, REBOUNDING

• Ninth District survey
  • Conducted November and December, looking backward and forward one year
  • Random sample of manufacturers, polled via mail
  • Stratified by state and firm size
  • All states, 426 respondents
• Conducted in partnership with Minnesota DEED
SURVEY RESULTS

- Minnesota: 59%
- Wisconsin: 14%
- South Dakota: 9%
- Montana: 8%
- North Dakota: 6%
- Michigan: 4%
SURVEY RESULTS

ACTIVITY DECREASED IN 2023

2023 Performance

- Number of orders
- Production level
- Employment level
- Labor availability
- Investment in plant/equipment
- Selling Prices
- Profits
- Productivity
- Exports

Diffusion index*

*Index number above 50 indicates expansion. Index number below 50 indicates contraction.

FEDERAL RESERVE BANK OF MINNEAPOLIS
CONTRACTION AFTER TWO YEARS OF GROWTH

SURVEY RESULTS

*Index number above 50 indicates expansion. Index number below 50 indicates contraction.
2024 Expectations Call for Rebound

SURVEY RESULTS

- Number of orders
- Production level
- Employment level
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*Index number above 50 indicates expansion. Index number below 50 indicates contraction.*
OVERALL OPTIMISM, BUT DOWN FROM LAST YEAR

*Index number above 50 indicates expansion.
Index number below 50 indicates contraction.
STATE ECONOMIC OUTLOOKS MORE PESSIMISTIC

**SURVEY RESULTS**

*Index number above 50 indicates expansion. Index number below 50 indicates contraction.*
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WHAT IMPACT DO YOU EXPECT CURRENT INTEREST RATES TO HAVE ON THE FOLLOWING ASPECTS OF YOUR BUSINESS IN 2024?

- Pricing to customers
- Inventory
- Savings
- Hiring
- Capital investment

Options:
- Up
- Same
- Down
DOES YOUR COMPANY USE OR PLAN TO USE A.I.?

- Yes, for warehouse and logistics
- Yes, to improve product development
- Yes, for testing
- No, there are no systems or tools in place
- No, it cannot be trusted
- No, it is too expensive
- Other

(Percentage distribution shown on the graph.)
THANK YOU!

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