



News Release

Federal Reserve Bank of Kansas City

Kansas City, Missouri 64198

Phone (816) 881-2683

News Release
Federal Reserve Bank of Kansas City
Kansas City, Missouri 64198
Phone (816) 881-2683
Fax (816) 881-2569

FOR RELEASE Thursday, July 29, 2010
EMBARGOED FOR 11:00 A.M. EST

EMBARGOED FOR 11:00 A.M. EST

Tenth District manufacturing activity rebounded moderately in July, and expectations for future production remained positive. However, plans for future hiring and capital spending were essentially flat. Price indexes were mostly unchanged.

A summary of the July survey is attached to this press release. Results from past surveys and release dates for future surveys can be found at: <http://www.kc.frb.org/mfgsurv/mfgmain.htm>. For further information about the survey, contact Tim Todd, Public Affairs Department, (816) 881-2308.

The Tenth Federal Reserve District encompasses Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Survey of Tenth District Manufacturing

Tenth District manufacturing activity rebounded moderately in July, and expectations for future production remained positive. However, plans for future hiring and capital spending were essentially flat. Price indexes were mostly unchanged.

The net percentage of firms reporting month-over-month increases in production in July was 14, up from 3 in June and 5 in May (Tables 1 & 2, Chart). The increase in production occurred among both durable and nondurable goods producing plants, with the exception of aircraft producers, who reported a slight downturn. Other month-over-month indicators generally increased as well. The shipments, new orders, and order backlog indexes continued to climb higher, and the employment index moved back into positive territory. In contrast, the new orders for exports index decreased from 3 to 0, and the supplier delivery time index also fell for the second straight month. The raw materials inventory index inched up from -4 to -1, while the finished goods inventory index edged down.

Year-over-year factory indexes rebounded strongly after slowing a bit last month. The production index increased from 9 to 25, its highest level in almost three years. The shipments, new orders, and order backlog indexes also recorded levels not seen since late 2007. The employment index edged higher from -12 to -10, and the capital expenditures index moved into positive territory for the first time in almost two years. In addition, the new orders for export index doubled from 7 to 14. The raw materials inventory index rose from -14 to -9, but the finished goods inventory index fell slightly.

Future factory activity indexes were mixed in July. The future production index edged up from 21 to 23, and the future new orders index remained unchanged. The future shipments and order backlog indexes eased somewhat, and the future employment index decreased from 9 to 1. The future capital expenditures index inched higher from -4 to -3, and the future new orders for exports index was stable at 5. Both inventory indexes increased slightly.

Most price indexes were largely unchanged. The month-over-month finished goods price index rose from -14 to -9, while the raw materials price index remained fixed at 14. The year-over-year raw materials price index fell from 53 to 50, and the finished goods price index also eased slightly. The future raw materials price index dropped from 40 to 26, and the future finished goods price index slowed slightly from 11 to 9, as only a modest number of firms continue to plan on passing recent cost increases through to customers.

Table1

Summary of Tenth District Manufacturing Conditions, July 2010

Plant Level Indicators	July vs. June (percent) ¹					July vs. Year Ago (percent) ¹				Expected in Six Months (percent) ¹				
	No		Diff	SA	Index ²	Index ³	No		Diff	Index ²	No		Diff	SA
	Increase	Change	Decrease	Index ²			Increase	Change	Decrease		Index ²	Increase	Change	Decrease
Production	37	39	21	15	14	50	24	24	25	44	35	17	26	23
Volume of shipments	37	37	25	12	12	53	18	28	25	43	35	18	25	22
Volume of new orders	34	39	25	9	9	48	24	25	23	43	35	19	24	23
Backlog of orders	26	49	22	4	-2	35	34	28	6	30	45	19	11	11
Number of employees	23	61	15	8	5	26	35	37	-10	29	45	24	5	1
Average employee workweek	20	64	15	5	1	28	48	22	5	23	54	21	1	0
Prices received for finished product	6	81	11	-4	-9	30	45	23	7	24	60	13	10	9
Prices paid for raw materials	35	54	9	25	14	62	24	11	50	45	40	10	34	26
Capital expenditures						31	39	27	4	21	55	22	0	-3
New orders for exports	12	67	7	5	0	22	55	8	14	15	66	5	9	5
Supplier delivery time	7	85	5	1	0	14	74	10	3	11	82	4	7	8
Inventories:														
Materials	20	52	25	-5	-1	26	37	35	-9	20	54	25	-5	-8
Finished goods	17	60	18	0	0	23	40	28	-5	18	53	22	-4	-4

¹Percentage may not add to 100 due to rounding.

²Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

³Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-12.

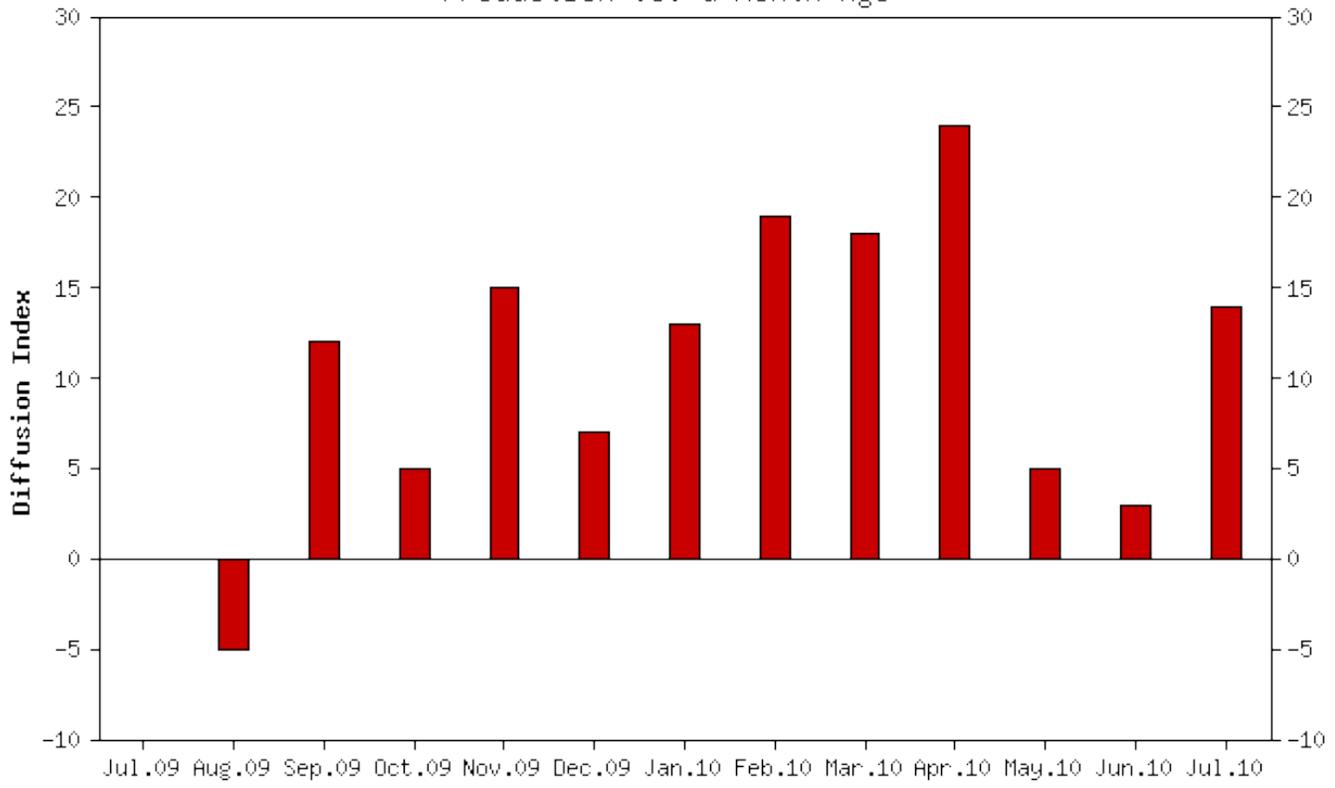
Note: The July survey included 120 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb'10	Mar'10	Apr'10	May'10	Jun'10	Jul'10
Versus a Month Ago (seasonally adjusted)													
Production	0	-5	12	5	15	7	13	19	18	24	5	3	14
Volume of shipments	4	-13	8	0	8	3	9	14	17	27	-3	1	12
Volume of new orders	6	-8	7	7	10	0	9	11	12	15	-2	0	9
Backlog of orders	-11	-17	-10	-1	0	-4	0	-5	7	11	-3	-9	-2
Number of employees	-15	-10	-3	-4	0	-1	2	-4	3	5	1	-1	5
Average employee workweek	-13	-9	8	-3	4	0	4	-3	1	6	9	-2	1
Prices received for finished product	-16	-12	-6	-6	1	-1	0	0	5	5	-1	-14	-9
Prices paid for raw materials	-7	0	9	12	21	22	42	45	42	53	37	14	14
Capital expenditures	n/a												
New orders for exports	0	0	2	3	2	5	6	0	4	5	0	3	0
Supplier delivery time	-4	0	3	3	11	8	8	12	11	10	15	5	0
Inventories: Materials	-23	-20	-15	-4	-6	-12	-7	-1	3	-7	6	-4	-1
Inventories: Finished goods	-14	-10	-7	2	-6	-1	0	0	-7	-9	6	1	0
Versus a Year Ago (not seasonally adjusted)													
Production	-50	-60	-46	-40	-31	-30	-10	-9	-1	14	16	9	25
Volume of shipments	-50	-57	-43	-40	-28	-31	-10	-11	-5	15	13	6	25
Volume of new orders	-48	-57	-43	-37	-16	-25	-11	-8	-3	19	23	6	23
Backlog of orders	-50	-52	-48	-44	-24	-32	-14	-19	-13	-3	0	-5	6
Number of employees	-57	-66	-56	-47	-49	-48	-39	-29	-31	-18	-18	-12	-10
Average employee workweek	-41	-50	-40	-33	-28	-32	-20	-11	-10	-1	8	-4	5
Prices received for finished product	-24	-27	-14	-14	-12	-10	-1	-4	7	7	9	9	7
Prices paid for raw materials	-27	-17	-9	-5	-12	6	25	38	55	58	63	53	50
Capital expenditures	-24	-23	-24	-25	-26	-31	-14	-15	-8	-5	-5	-5	4
New orders for exports	-14	-16	-7	-6	-8	0	6	7	2	7	8	7	14
Supplier delivery time	-13	-8	1	-2	-3	0	-1	2	10	8	10	0	3
Inventories: Materials	-43	-37	-37	-37	-34	-35	-18	-20	-17	-12	-14	-14	-9
Inventories: Finished goods	-23	-25	-17	-14	-24	-12	-14	-14	-11	-9	-8	-4	-5
Expected in Six Months (seasonally adjusted)													
Production	9	19	17	24	32	17	35	24	33	22	32	21	23
Volume of shipments	6	12	12	18	31	15	35	32	36	21	33	24	22
Volume of new orders	14	19	17	26	23	17	25	25	27	28	31	23	23
Backlog of orders	6	7	0	13	16	7	12	5	16	9	16	12	11
Number of employees	-11	-7	1	4	8	2	9	18	20	18	14	9	1
Average employee workweek	-4	0	5	5	16	8	7	13	10	4	13	2	0
Prices received for finished product	-10	-3	1	0	5	8	12	15	19	17	17	11	9
Prices paid for raw materials	1	23	20	28	32	31	60	59	55	61	45	40	26
Capital expenditures	-12	-2	-8	-5	-1	0	14	3	5	11	5	-4	-3
New orders for exports	6	6	7	10	9	11	13	12	5	11	7	5	5
Supplier delivery time	-7	-2	4	-1	6	10	6	6	9	15	9	0	8
Inventories: Materials	-18	-13	-12	-6	-3	-2	3	6	4	3	-10	-10	-8
Inventories: Finished goods	-12	-15	-11	-7	-5	2	2	1	-4	0	-6	-11	-4

Production vs. a Month Ago



[Federal Reserve Bank of Kansas City](#)
[Manufacturing Survey Home Page](#)