



News Release

Federal Reserve Bank of Kansas City

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Tenth District manufacturing activity continued to grow solidly, with production almost back to year-ago levels. Producers' expectations for future factory activity rebounded after moderating slightly in February. Price indexes were mixed, with some moderation in raw materials price increases, but more producers planned to pass-through cost increases than in previous months.

A summary of the March 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 continued to grow solidly, with production almost back to year-ago levels. Producers' expectations for future factory activity rebounded after moderating slightly in February. Price indexes were mixed, with some moderation in raw materials price increases, but more producers planned to pass-through cost increases than in previous months.

The net percentage of firms reporting month-over-month increases in production in March was 18, similar to the reading of 19 in February, and up from 13 in January (Tables 1 & 2, Chart). Production growth eased at non-durable goods plants but increased slightly among durable goods producers, particularly for fabricated metals. Most other month-over-month indicators edged higher in March. The shipments, new orders, and order backlog indexes all increased modestly, and the employment index moved into positive territory, recording its highest level in two years. Meanwhile, the new orders for exports index rebounded after falling somewhat last month. The raw materials inventory index rose from -1 to 3, while the finished goods inventory index dropped from 0 to -7.

Year-over-year factory indexes showed further improvement in March, with several indexes recording their highest levels in over a year. The production index jumped from -9 to -1, and the shipments, new orders, and order backlog indexes also rose moderately. The capital expenditures index climbed from -15 to -8, its highest level since late 2008. However, the employment index eased slightly, and the new orders for export index also fell after 3 months of increase. Both inventory indexes edged up marginally.

Most future factory activity indexes rebounded after falling somewhat last month. The future production index jumped from 24 to 33, and the future shipments, new orders, and order backlog indexes also rose modestly. The future employment index inched higher, and the future capital expenditures index increased from 3 to 5. In contrast, the future new orders for exports index fell for the second straight month to its lowest level since June. The future raw materials inventory index eased slightly, and the future finished goods inventory index dropped from 1 to -4.

Price indexes were mixed in March, with some easing in raw materials price increases but a slight uptick in selling prices. The month-over-month raw materials price index edged down from 45 to 42, while the finished goods price index increased into positive territory. The year-over-year raw materials price index jumped from 38 to 55, and the finished goods price index was positive for the first time since early 2009. The future raw materials price index fell slightly but remained high, while the future finished goods price index rose for the fifth straight month, indicating more firms planning to pass through cost increases in the months ahead.

Table1

Summary of Tenth District Manufacturing Conditions, March 2010

Plant Level Indicators	March vs. February (percent) ¹					March vs. Year Ago (percent) ¹				Expected in Six Months (percent) ¹				
	No		Diff		SA	No		Diff		No		Diff		SA
	Increase	Change	Decrease	Index ²	Index ³	Increase	Change	Decrease	Index ²	Increase	Change	Decrease	Index ²	Index ³
Production	35	45	17	18	18	35	25	36	-1	47	32	17	29	33
Volume of shipments	41	36	22	18	17	36	20	41	-5	49	29	18	30	36
Volume of new orders	38	35	23	14	12	34	25	37	-3	44	32	19	24	27
Backlog of orders	23	54	19	4	7	25	32	39	-13	33	42	18	14	16
Number of employees	14	67	17	-3	3	20	26	52	-31	33	48	13	19	20
Average employee workweek	15	66	17	-2	1	21	46	31	-10	25	54	17	7	10
Prices received for finished product	15	73	11	4	5	31	43	23	7	27	61	9	17	19
Prices paid for raw materials	43	52	3	40	42	66	21	11	55	58	35	5	52	55
Capital expenditures						26	37	35	-8	25	47	24	0	5
New orders for exports	9	71	5	4	4	18	52	16	2	11	68	7	4	5
Supplier delivery time	15	79	4	11	11	22	64	11	10	14	76	5	8	9
Inventories:														
Materials	22	57	18	3	3	25	29	43	-17	25	50	23	2	4
Finished goods	17	55	22	-4	-7	23	35	35	-11	19	52	23	-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.

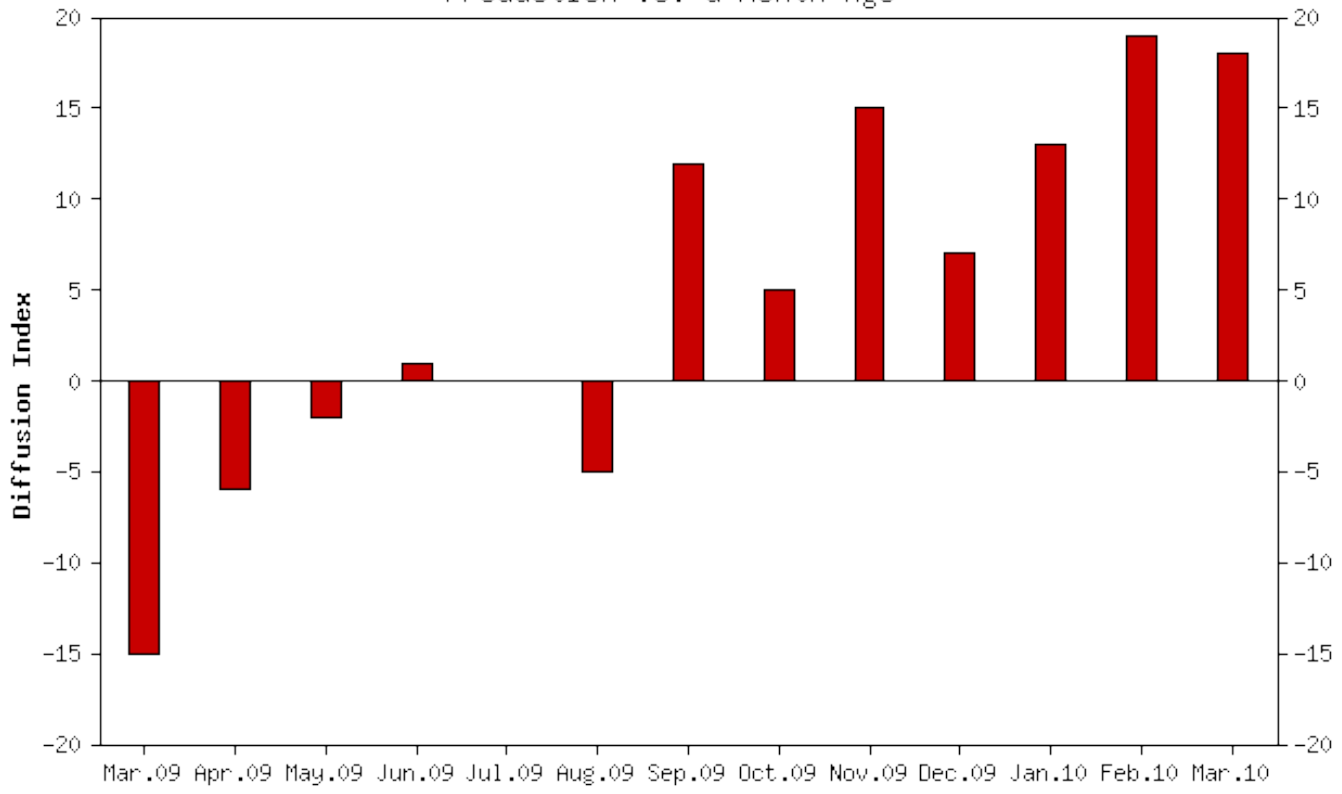
Note: The March survey included 117 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Mar'09	Apr'09	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb'10	Mar'10
Versus a Month Ago (seasonally adjusted)													
Production	-15	-6	-2	1	0	-5	12	5	15	7	13	19	18
Volume of shipments	-11	-5	-1	4	4	-13	8	0	8	3	9	14	17
Volume of new orders	-11	-7	2	8	6	-8	7	7	10	0	9	11	12
Backlog of orders	-29	-26	-18	-1	-11	-17	-10	-1	0	-4	0	-5	7
Number of employees	-33	-22	-15	-14	-15	-10	-3	-4	0	-1	2	-4	3
Average employee workweek	-21	-15	-14	2	-13	-9	8	-3	4	0	4	-3	1
Prices received for finished product	-14	-17	-17	-14	-16	-12	-6	-6	1	-1	0	0	5
Prices paid for raw materials	-23	-23	-17	-9	-7	0	9	12	21	22	42	45	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	-12	-11	-7	-2	0	0	2	3	2	5	6	0	4
Supplier delivery time	-4	-4	-6	-3	-4	0	3	3	11	8	8	12	11
Inventories: Materials	-27	-25	-19	-22	-23	-20	-15	-4	-6	-12	-7	-1	3
Inventories: Finished goods	-17	-15	-11	-12	-14	-10	-7	2	-6	-1	0	0	-7
Versus a Year Ago (not seasonally adjusted)													
Production	-62	-62	-52	-44	-50	-60	-46	-40	-31	-30	-10	-9	-1
Volume of shipments	-63	-60	-53	-45	-50	-57	-43	-40	-28	-31	-10	-11	-5
Volume of new orders	-68	-53	-47	-49	-48	-57	-43	-37	-16	-25	-11	-8	-3
Backlog of orders	-62	-56	-53	-47	-50	-52	-48	-44	-24	-32	-14	-19	-13
Number of employees	-64	-60	-65	-54	-57	-66	-56	-47	-49	-48	-39	-29	-31
Average employee workweek	-55	-49	-54	-44	-41	-50	-40	-33	-28	-32	-20	-11	-10
Prices received for finished product	1	-8	-8	-11	-24	-27	-14	-14	-12	-10	-1	-4	7
Prices paid for raw materials	-12	-16	-25	-20	-27	-17	-9	-5	-12	6	25	38	55
Capital expenditures	-45	-42	-48	-28	-24	-23	-24	-25	-26	-31	-14	-15	-8
New orders for exports	-25	-22	-26	-17	-14	-16	-7	-6	-8	0	6	7	2
Supplier delivery time	-14	-13	-19	-17	-13	-8	1	-2	-3	0	-1	2	10
Inventories: Materials	-44	-34	-38	-38	-43	-37	-37	-37	-34	-35	-18	-20	-17
Inventories: Finished goods	-25	-20	-20	-23	-23	-25	-17	-14	-24	-12	-14	-14	-11
Expected in Six Months (seasonally adjusted)													
Production	-5	0	3	11	9	19	17	24	32	17	35	24	33
Volume of shipments	-6	0	0	8	6	12	12	18	31	15	35	32	36
Volume of new orders	-5	5	2	15	14	19	17	26	23	17	25	25	27
Backlog of orders	-16	-9	-9	0	6	7	0	13	16	7	12	5	16
Number of employees	-32	-19	-13	0	-11	-7	1	4	8	2	9	18	20
Average employee workweek	-14	-10	-11	3	-4	0	5	5	16	8	7	13	10
Prices received for finished product	-6	-7	-13	4	-10	-3	1	0	5	8	12	15	19
Prices paid for raw materials	-3	-6	-2	13	1	23	20	28	32	31	60	59	55
Capital expenditures	-21	-15	-11	-13	-12	-2	-8	-5	-1	0	14	3	5
New orders for exports	-2	-3	-3	2	6	6	7	10	9	11	13	12	5
Supplier delivery time	-9	-5	-5	-7	-7	-2	4	-1	6	10	6	6	9
Inventories: Materials	-27	-25	-24	-18	-18	-13	-12	-6	-3	-2	3	6	4
Inventories: Finished goods	-22	-19	-20	-9	-12	-15	-11	-7	-5	2	2	1	-4

Production vs. a Month Ago



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