



News Release

Federal Reserve Bank of Kansas City

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FOR RELEASE Wednesday, December 30, 2009
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Growth in Tenth District manufacturing activity moderated somewhat in December, and producers were slightly less optimistic about the months ahead, with few planning major capital expenditures. Price indexes remained mostly stable.

A summary of the December 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

Growth in Tenth District manufacturing activity moderated somewhat in December, and producers were slightly less optimistic about the months ahead, with few planning major capital expenditures. Price indexes remained mostly stable.

The net percentage of firms reporting month-over-month increases in production in December was 10, down from 17 in November, but up from 6 in October (Tables 1 & 2, Chart). Production growth slowed at both durable and non-durable goods plants. Most other month-over-month indicators also decreased somewhat. The shipments index dipped from 11 to 6, and the new orders, order backlog, and employment indexes also fell. In contrast, the new orders for exports index rose slightly from 2 to 4. The raw materials inventory index dropped from -1 to -10, while the finished goods inventory index ticked up into positive territory.

Year-over-year factory indexes were mixed in December. The production index edged up from -31 to -30, but the shipments, new orders, and order backlog indexes decreased slightly. In addition, the capital expenditures index fell from -26 to -31. The employment index inched higher, and the new orders for exports index recorded its highest level in over a year. The raw materials inventory index remained basically unchanged, while the finished goods inventory index rebounded after falling last month.

Most future factory activity indexes eased somewhat after several months of strong results. The future production index decreased from 36 to 19, and the future shipments, new orders, and order backlog indexes also fell. The future employment index dropped from 12 to 2 and the future capital expenditures index also decreased, with respondents expecting sluggish sales and underutilized capacity heading forward. However, the future new orders for exports edged up somewhat from 10 to 11. The future raw materials inventory index fell from -2 to -6, while the future finished goods inventory index moved into positive territory.

The majority of price indexes recorded little change from the previous month, with levels still fairly low historically. The month-over-month raw materials price index dipped from 29 to 27, and the finished goods price index also declined slightly. The year-over-year finished goods price index crept higher, and the raw materials price index jumped from -12 to 6. The future finished goods price index rose from 8 to 13, while the future raw materials price index remained unchanged.

Table1

Summary of Tenth District Manufacturing Conditions, December 2009

Plant Level Indicators	December vs. November (percent) ¹					December 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	27	41	30	-3	10	25	19	55	-30	44	27	27	17	19
Volume of shipments	29	31	38	-9	6	24	18	56	-31	45	24	27	18	15
Volume of new orders	23	38	38	-14	0	24	25	50	-25	43	30	24	19	20
Backlog of orders	19	46	33	-14	-4	15	35	48	-32	32	41	22	10	9
Number of employees	16	60	23	-7	-3	15	20	63	-48	28	44	26	1	2
Average employee workweek	15	62	20	-5	-1	11	43	44	-32	29	49	20	8	10
Prices received for finished product	5	79	14	-9	0	25	37	36	-10	25	54	18	7	13
Prices paid for raw materials	21	66	11	9	27	38	29	31	6	42	38	14	28	39
Capital expenditures						16	33	48	-31	22	50	22	0	-2
New orders for exports	10	70	9	1	4	15	60	15	0	19	63	6	12	11
Supplier delivery time	9	88	1	7	11	15	69	15	0	14	79	4	10	13
Inventories:														
Materials	14	51	31	-17	-10	15	32	50	-35	24	41	30	-6	-6
Finished goods	17	55	20	-3	2	22	35	35	-12	25	46	23	1	3

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.

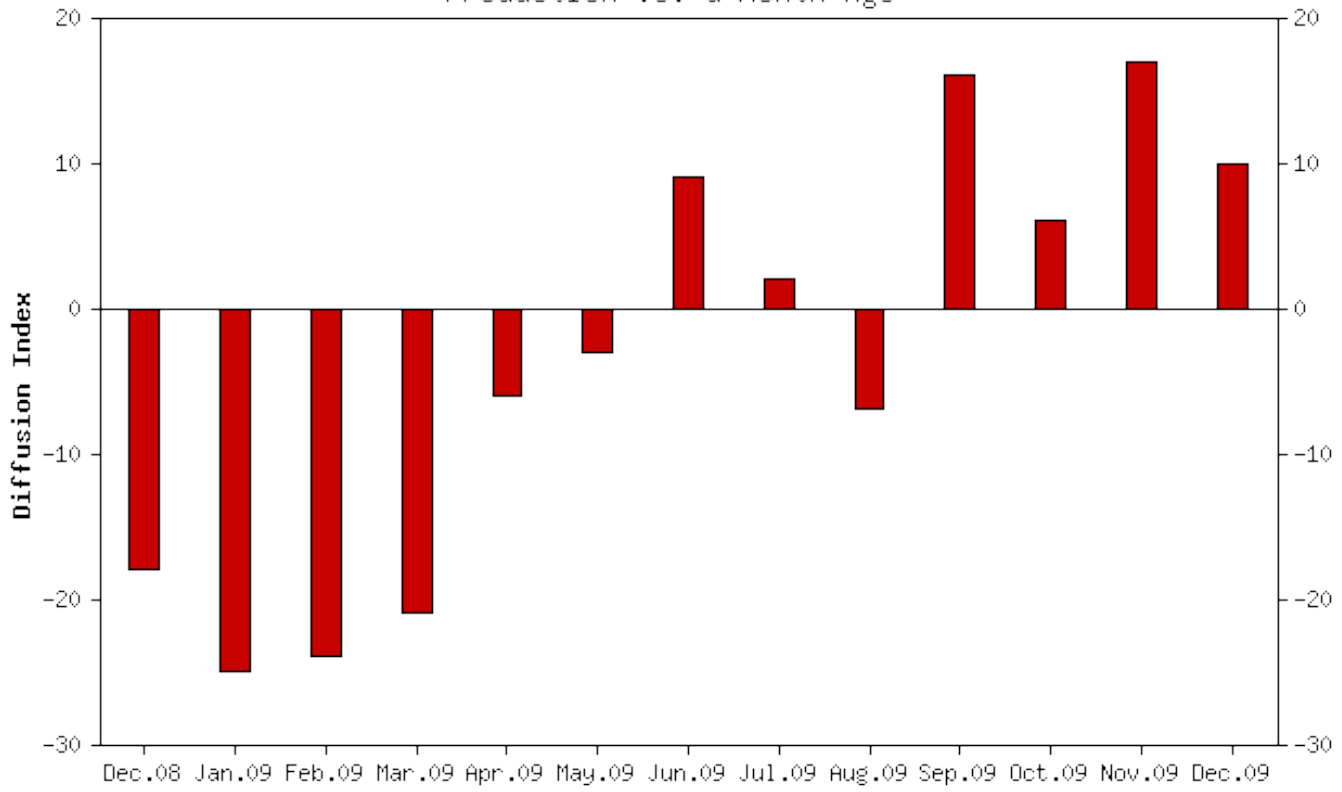
Note: The December survey included 110 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Dec'08	Jan'09	Feb'09	Mar'09	Apr'09	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09
Versus a Month Ago (seasonally adjusted)													
Production	-18	-25	-24	-21	-6	-3	9	2	-7	16	6	17	10
Volume of shipments	-14	-22	-20	-15	-6	-1	6	7	-12	12	1	11	6
Volume of new orders	-25	-23	-28	-16	-10	3	11	10	-8	10	11	14	0
Backlog of orders	-27	-38	-35	-32	-30	-18	0	-8	-17	-8	3	2	-4
Number of employees	-31	-40	-40	-41	-23	-13	-10	-13	-6	1	0	2	-3
Average employee workweek	-21	-34	-27	-23	-16	-14	3	-13	-8	11	-2	5	-1
Prices received for finished product	-4	-12	-17	-15	-19	-19	-14	-17	-11	-4	-4	4	0
Prices paid for raw materials	-12	-26	-27	-29	-28	-20	-8	-6	0	15	18	29	27
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	-14	-16	-11	-15	-15	-7	-1	4	2	5	4	2	4
Supplier delivery time	-4	-6	-4	-5	-5	-7	-4	-5	1	4	4	13	11
Inventories: Materials	-17	-23	-24	-29	-27	-20	-23	-25	-20	-14	-1	-1	-10
Inventories: Finished goods	-1	-9	-20	-19	-15	-11	-14	-16	-11	-7	4	-4	2
Versus a Year Ago (not seasonally adjusted)													
Production	-40	-51	-62	-62	-62	-52	-44	-50	-60	-46	-40	-31	-30
Volume of shipments	-30	-45	-60	-63	-60	-53	-45	-50	-57	-43	-40	-28	-31
Volume of new orders	-44	-50	-61	-68	-53	-47	-49	-48	-57	-43	-37	-16	-25
Backlog of orders	-34	-49	-53	-62	-56	-53	-47	-50	-52	-48	-44	-24	-32
Number of employees	-38	-44	-53	-64	-60	-65	-54	-57	-66	-56	-47	-49	-48
Average employee workweek	-31	-44	-50	-55	-49	-54	-44	-41	-50	-40	-33	-28	-32
Prices received for finished product	37	18	8	1	-8	-8	-11	-24	-27	-14	-14	-12	-10
Prices paid for raw materials	20	9	-4	-12	-16	-25	-20	-27	-17	-9	-5	-12	6
Capital expenditures	-8	-25	-33	-45	-42	-48	-28	-24	-23	-24	-25	-26	-31
New orders for exports	-12	-19	-24	-25	-22	-26	-17	-14	-16	-7	-6	-8	0
Supplier delivery time	-3	-10	-10	-14	-13	-19	-17	-13	-8	1	-2	-3	0
Inventories: Materials	-11	-22	-32	-44	-34	-38	-38	-43	-37	-37	-37	-34	-35
Inventories: Finished goods	-3	-14	-25	-25	-20	-20	-23	-23	-25	-17	-14	-24	-12
Expected in Six Months (seasonally adjusted)													
Production	-14	-10	-30	-13	-1	1	13	10	24	20	29	36	19
Volume of shipments	-20	-10	-27	-9	-1	0	11	7	16	16	25	33	15
Volume of new orders	-13	-13	-18	-8	4	0	17	16	21	20	31	25	20
Backlog of orders	-16	-28	-21	-20	-9	-10	1	8	10	2	18	17	9
Number of employees	-23	-26	-38	-37	-22	-14	0	-10	-5	6	10	12	2
Average employee workweek	-17	-30	-28	-17	-12	-13	3	-3	1	9	12	21	10
Prices received for finished product	10	-7	-11	-7	-9	-16	2	-11	-2	3	2	8	13
Prices paid for raw materials	0	-6	-4	-8	-12	-7	12	0	29	23	34	39	39
Capital expenditures	-21	-21	-33	-24	-15	-10	-13	-12	0	-7	-2	0	-2
New orders for exports	-7	-11	-8	-3	-4	-5	3	8	8	9	12	10	11
Supplier delivery time	-5	-9	-5	-11	-5	-6	-8	-9	-2	6	0	9	13
Inventories: Materials	-30	-26	-38	-31	-27	-25	-16	-16	-11	-9	-3	-2	-6
Inventories: Finished goods	-20	-13	-38	-24	-19	-23	-9	-12	-16	-11	-5	-2	3

Production vs. a Month Ago



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