



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, August 27, 2009
EMBARGOED FOR 11:00 A.M. EST

EMBARGOED FOR 11:00 A.M. EST

Tenth District manufacturing activity eased slightly in August as firms continued to trim inventories, but expectations for future factory activity rebounded to levels not seen since last year. Most price indexes in the survey began to level out after falling sharply through most of the year.

A summary of the August 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 eased slightly in August as firms continued to trim inventories, but expectations for future factory activity rebounded to levels not seen since last year. Most price indexes in the survey began to level out after falling sharply through most of the year.

The net percentage of firms reporting month-over-month increases in production in August was -7, down from 2 in July, and 9 in June (Tables 1 & 2, Chart). Production was down slightly among non-durable goods producers, while durable goods manufacturers recorded a more pronounced downturn. Other month-over-month indexes were mixed. The shipments index plunged from 7 to -12, and the new orders index eased after three straight months of positive readings. In contrast, the employment index rose to its highest level in nearly a year, though it was still negative, and the supplier delivery time index also inched higher. Both inventory indexes remained mired in negative territory.

The majority of year-over-year factory indexes decreased for the second straight month. The production index dropped from -50 to -60, and the shipments, new orders, and order backlog indexes also fell. The employment index decreased from -57 to -66, an all-time low, and the new orders for exports index also eased slightly. The capital expenditures index increased marginally for the third straight month, from -24 to -23. The raw materials inventory index rose from -43 to -37, while the finished goods inventory index declined somewhat.

Most future factory activity indexes showed notable improvements after easing slightly last month. The future production index jumped from 10 to 24, its highest level since last August, and the future shipments, new orders, and order backlog indexes also rose. The future employment index edged higher from -10 to -5, and the future capital expenditures index moved out of negative territory for the first time in almost a year. The future finished goods inventory index declined further, while the future raw materials inventory index increased from -16 to -11.

The majority of price indexes increased marginally in August, though most remained in negative territory. The month-over-month finished goods price index climbed from -17 to -11, and the raw materials price index rose to 0 for the first time since September 2008. The year-over-year finished goods price index recorded its lowest level in survey history, while the raw materials price index rose from -27 to -17. The future finished goods price index increased somewhat, and the future raw materials price index jumped from 0 to 29, its highest level in almost a year.

Table1

Summary of Tenth District Manufacturing Conditions, August 2009

Plant Level Indicators	August vs. July (percent) ¹					August 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	43	28	-1	-7	13	11	74	-60	43	31	24	19	24
Volume of shipments	25	42	31	-5	-12	15	10	72	-57	40	28	28	12	16
Volume of new orders	26	42	29	-3	-8	13	12	71	-57	39	36	21	17	21
Backlog of orders	17	50	31	-13	-17	12	20	64	-52	32	40	24	8	10
Number of employees	13	64	20	-7	-6	9	12	76	-66	24	43	28	-3	-5
Average employee workweek	14	66	18	-4	-8	7	34	57	-50	26	48	23	3	1
Prices received for finished product	4	81	14	-10	-11	21	28	48	-27	18	60	19	0	-2
Prices paid for raw materials	17	68	11	6	0	32	15	49	-17	43	41	11	32	29
Capital expenditures						23	26	47	-23	22	52	23	0	0
New orders for exports	11	71	8	3	2	9	53	26	-16	19	60	9	9	8
Supplier delivery time	8	81	6	2	1	12	64	20	-8	9	77	10	0	-2
Inventories:														
Materials	10	58	31	-20	-20	16	28	54	-37	19	52	26	-7	-11
Finished goods	12	56	26	-13	-11	18	32	44	-25	11	56	28	-16	-16

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.

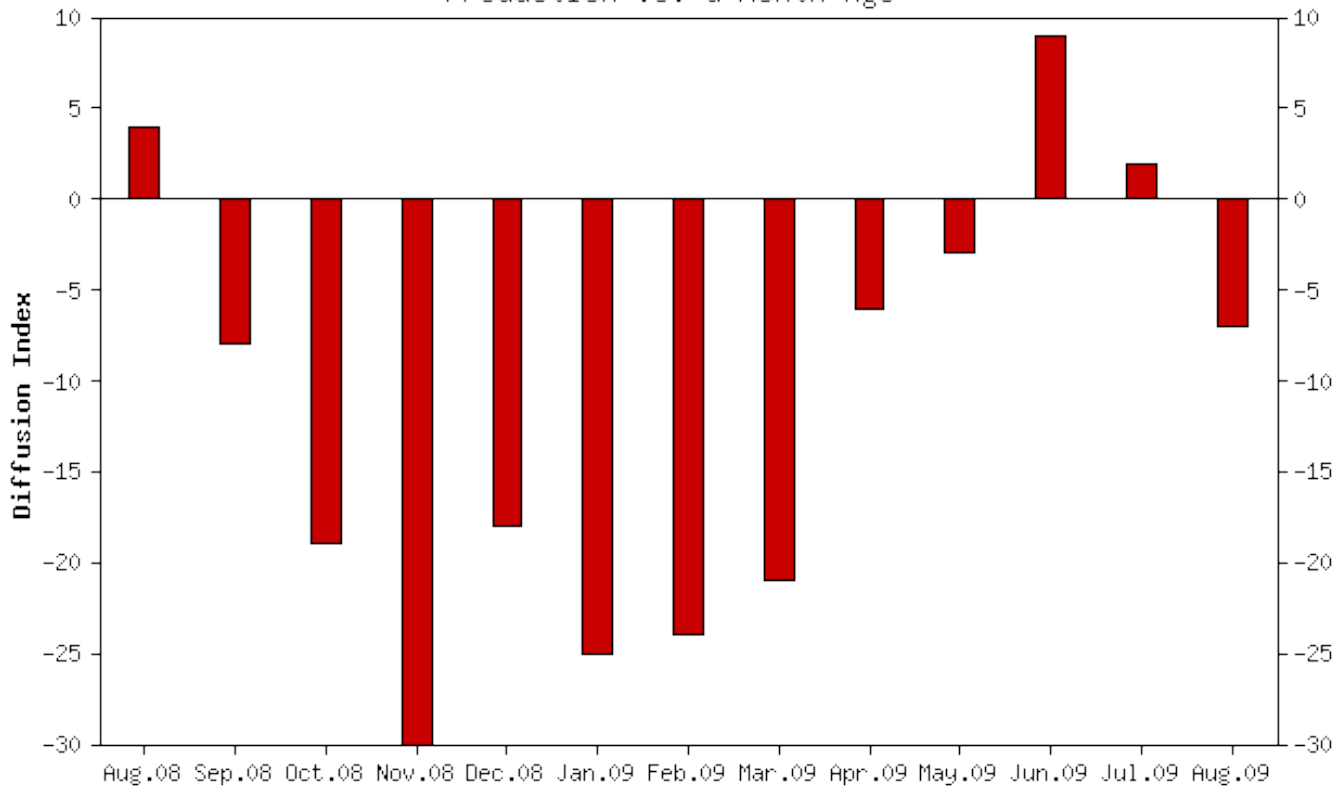
Note: The August survey included 125 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Aug'08	Sep'08	Oct'08	Nov'08	Dec'08	Jan'09	Feb'09	Mar'09	Apr'09	May'09	Jun'09	Jul'09	Aug'09
Versus a Month Ago (seasonally adjusted)													
Production	4	-8	-19	-30	-18	-25	-24	-21	-6	-3	9	2	-7
Volume of shipments	1	-7	-16	-37	-14	-22	-20	-15	-6	-1	6	7	-12
Volume of new orders	3	-12	-17	-34	-25	-23	-28	-16	-10	3	11	10	-8
Backlog of orders	-6	-15	-20	-35	-27	-38	-35	-32	-30	-18	0	-8	-17
Number of employees	0	-7	-10	-18	-31	-40	-40	-41	-23	-13	-10	-13	-6
Average employee workweek	4	-7	-18	-24	-21	-34	-27	-23	-16	-14	3	-13	-8
Prices received for finished product	27	20	5	0	-4	-12	-17	-15	-19	-19	-14	-17	-11
Prices paid for raw materials	51	40	6	-11	-12	-26	-27	-29	-28	-20	-8	-6	0
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	3	4	-4	-11	-14	-16	-11	-15	-15	-7	-1	4	2
Supplier delivery time	7	3	0	-6	-4	-6	-4	-5	-5	-7	-4	-5	1
Inventories: Materials	1	-3	-6	-8	-17	-23	-24	-29	-27	-20	-23	-25	-20
Inventories: Finished goods	-4	0	-7	1	-1	-9	-20	-19	-15	-11	-14	-16	-11
Versus a Year Ago (not seasonally adjusted)													
Production	1	-1	-22	-35	-40	-51	-62	-62	-62	-52	-44	-50	-60
Volume of shipments	4	-3	-14	-31	-30	-45	-60	-63	-60	-53	-45	-50	-57
Volume of new orders	5	-5	-22	-45	-44	-50	-61	-68	-53	-47	-49	-48	-57
Backlog of orders	-4	-8	-26	-40	-34	-49	-53	-62	-56	-53	-47	-50	-52
Number of employees	-10	-7	-22	-29	-38	-44	-53	-64	-60	-65	-54	-57	-66
Average employee workweek	-5	-13	-24	-36	-31	-44	-50	-55	-49	-54	-44	-41	-50
Prices received for finished product	68	64	60	37	37	18	8	1	-8	-8	-11	-24	-27
Prices paid for raw materials	90	86	72	39	20	9	-4	-12	-16	-25	-20	-27	-17
Capital expenditures	10	10	6	-10	-8	-25	-33	-45	-42	-48	-28	-24	-23
New orders for exports	10	8	-3	-8	-12	-19	-24	-25	-22	-26	-17	-14	-16
Supplier delivery time	12	4	0	-10	-3	-10	-10	-14	-13	-19	-17	-13	-8
Inventories: Materials	5	8	-1	-5	-11	-22	-32	-44	-34	-38	-38	-43	-37
Inventories: Finished goods	-1	0	-6	0	-3	-14	-25	-25	-20	-20	-23	-23	-25
Expected in Six Months (seasonally adjusted)													
Production	29	3	-1	-21	-14	-10	-30	-13	-1	1	13	10	24
Volume of shipments	26	0	0	-18	-20	-10	-27	-9	-1	0	11	7	16
Volume of new orders	28	5	-3	-17	-13	-13	-18	-8	4	0	17	16	21
Backlog of orders	13	0	0	-20	-16	-28	-21	-20	-9	-10	1	8	10
Number of employees	5	0	-5	-23	-23	-26	-38	-37	-22	-14	0	-10	-5
Average employee workweek	-3	-4	-6	-9	-17	-30	-28	-17	-12	-13	3	-3	1
Prices received for finished product	50	26	21	5	10	-7	-11	-7	-9	-16	2	-11	-2
Prices paid for raw materials	72	51	27	-4	0	-6	-4	-8	-12	-7	12	0	29
Capital expenditures	6	13	-1	-18	-21	-21	-33	-24	-15	-10	-13	-12	0
New orders for exports	10	8	-1	-1	-7	-11	-8	-3	-4	-5	3	8	8
Supplier delivery time	5	2	-3	-4	-5	-9	-5	-11	-5	-6	-8	-9	-2
Inventories: Materials	-6	-7	-12	-17	-30	-26	-38	-31	-27	-25	-16	-16	-11
Inventories: Finished goods	-9	-6	-8	-12	-20	-13	-38	-24	-19	-23	-9	-12	-16

Production vs. a Month Ago



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