



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, December 27, 2007
EMBARGOED FOR 11:00 A.M. EST

EMBARGOED FOR 11:00 A.M. EST

Tenth District manufacturing output increased moderately in December, and firms generally remained upbeat about future factory activity. Prices rose less from a month ago than in previous surveys, but future price expectations were still somewhat elevated.

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

Tenth District manufacturing output increased moderately in December, and firms generally remained upbeat about future factory activity. Prices rose less from a month ago than in previous surveys, but future price expectations were still somewhat elevated.

The net percentage of firms reporting month-over-month increases in production in December was 12, up from 7 in November and October (Tables 1 & 2, Chart). Production accelerated at both durable- and non-durable-goods-producing plants, particularly among producers of chemicals and plastics. The majority of other month-over-month indexes were lower than in November. The shipments and new orders indexes both edged down but remained in positive territory, and the order backlog index also fell from 7 to 2. On the other hand, the employment index moved into expansion territory after 6 months of decline. Inventory indexes rebounded slightly but remained in negative territory following several months of larger reductions due to lower sales and improved efficiencies.

The year-over-year production index rebounded strongly, climbing from 8 to 20. Other year-over-year indexes showed mixed results. The shipments index rose from 18 to 22, and the employment and new export orders indexes both increased as well. The capital spending index remained unchanged at 18. In contrast, the new order index hit a four-year low and the order backlog and supplier delivery time indexes also eased. Both inventory indexes were higher than last month.

The future production index remained unchanged from last month at 27, while most other future factory activity indexes increased in December. The future shipments, new orders, and order backlog indexes all edged up, and the employment index rose strongly from 8 to 20. The new export orders index climbed from 17 to 21, its highest level in almost seven years. The future capital expenditures index also remained solid, with no change from the previous survey. The future raw materials inventory index rebounded from -5 to 4, and the future finished goods inventory index rose somewhat from -2 to 0.

Price indexes were varied in December. The month-over-month finished goods price index declined from 11 to 6, and the raw materials price index fell from 40 to 33. The year-over-year finished goods price index edged up slightly, but the raw materials index dropped from 75 to 70. Both future price indexes edged higher, with the future raw materials index rising slightly and the future finished goods index increasing from 26 to 28.

Table1

Summary of Tenth District Manufacturing Conditions, December 2007

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	43	28	-1	12	50	18	29	20	46	33	17	29	27
Volume of shipments	26	38	34	-8	5	52	16	29	22	51	29	16	34	32
Volume of new orders	28	40	29	-1	9	43	17	35	8	46	31	19	27	25
Backlog of orders	25	41	30	-5	2	32	31	31	1	34	40	20	13	11
Number of employees	16	65	17	-1	1	38	29	29	9	37	43	16	20	20
Average employee workweek	19	59	20	-1	4	32	47	17	14	21	53	21	0	-3
Prices received for finished product	14	76	8	6	6	60	27	10	50	40	50	6	34	28
Prices paid for raw materials	36	58	5	31	33	80	8	9	70	67	25	4	63	59
Capital expenditures						35	43	16	18	35	48	12	22	19
New orders for exports	10	68	7	3	2	22	56	10	12	27	56	5	21	21
Supplier delivery time	8	85	3	5	7	15	71	9	6	11	78	7	4	4
Inventories:														
Materials	15	61	22	-7	-3	30	40	28	2	23	56	18	5	5
Finished goods	15	57	23	-8	-4	21	48	25	-3	17	57	20	-3	0

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.

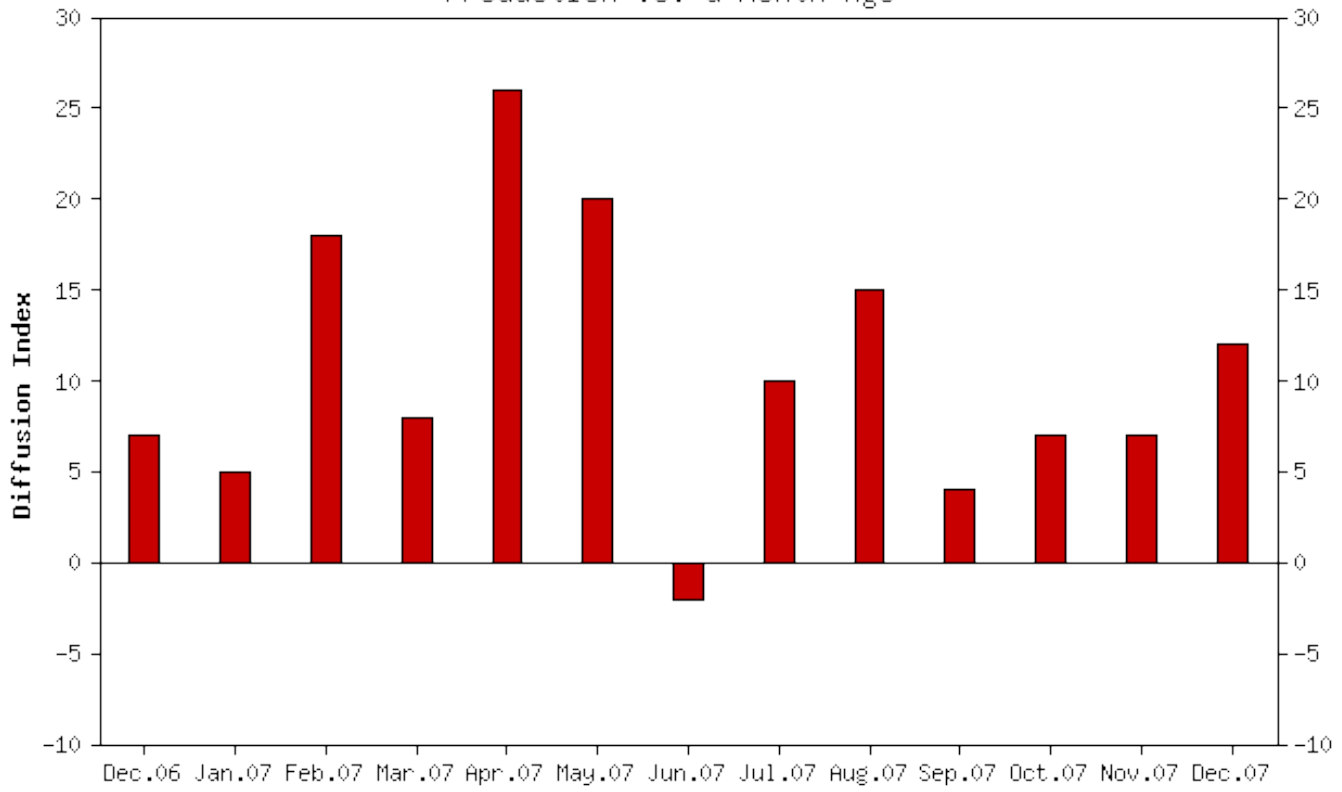
Note: The December survey included 96 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Dec'06	Jan'07	Feb'07	Mar'07	Apr'07	May'07	Jun'07	Jul'07	Aug'07	Sep'07	Oct'07	Nov'07	Dec'07
Versus a Month Ago (seasonally adjusted)													
Production	7	5	18	8	26	20	-2	10	15	4	7	7	12
Volume of shipments	8	16	20	0	25	18	-1	13	16	4	13	14	5
Volume of new orders	13	9	20	11	23	18	7	1	20	3	-2	16	9
Backlog of orders	-4	-4	9	1	10	0	13	-1	5	0	-6	7	2
Number of employees	15	8	13	2	11	14	9	1	1	0	-2	-5	1
Average employee workweek	4	-4	7	-6	3	12	-6	-1	4	0	-4	-1	4
Prices received for finished product	7	11	15	3	6	17	17	13	9	6	11	11	6
Prices paid for raw materials	30	35	37	38	36	43	39	47	21	28	35	40	33
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	9	-1	7	-2	6	2	1	5	6	5	2	4	2
Supplier delivery time	1	3	11	7	5	1	6	5	4	5	6	7	7
Inventories: Materials	4	8	13	9	3	7	12	11	-5	-4	-8	-7	-3
Inventories: Finished goods	-3	-7	-7	7	-1	2	7	0	-3	-13	-8	-8	-4
Versus a Year Ago (not seasonally adjusted)													
Production	25	19	31	20	28	33	23	16	27	25	22	8	20
Volume of shipments	34	23	32	12	33	32	17	16	22	27	23	18	22
Volume of new orders	35	26	36	18	33	27	29	15	25	24	19	18	8
Backlog of orders	19	7	23	4	16	8	17	2	7	0	6	4	1
Number of employees	27	25	35	20	27	23	23	22	10	14	4	8	9
Average employee workweek	9	10	13	4	14	7	6	1	0	4	5	-4	14
Prices received for finished product	56	57	52	47	60	66	53	52	51	51	48	48	50
Prices paid for raw materials	67	71	67	82	81	83	76	79	62	67	71	75	70
Capital expenditures	28	13	17	24	27	20	16	16	16	11	16	18	18
New orders for exports	16	11	12	3	13	6	3	13	13	7	12	9	12
Supplier delivery time	4	8	9	7	5	6	14	9	9	10	12	7	6
Inventories: Materials	23	31	27	16	4	31	25	17	10	10	6	-1	2
Inventories: Finished goods	7	11	25	27	0	15	16	6	8	7	0	-5	-3
Expected in Six Months (seasonally adjusted)													
Production	29	25	25	41	41	30	25	27	23	26	29	27	27
Volume of shipments	31	20	21	44	42	25	27	32	21	29	30	25	32
Volume of new orders	21	21	23	36	40	19	22	21	18	21	24	19	25
Backlog of orders	14	8	13	16	19	11	12	11	1	9	12	2	11
Number of employees	19	18	25	27	22	13	18	17	11	9	7	8	20
Average employee workweek	2	9	12	17	13	2	9	4	0	3	7	-4	-3
Prices received for finished product	17	32	36	33	33	44	41	38	35	29	37	26	28
Prices paid for raw materials	31	50	52	66	54	70	57	67	54	52	51	57	59
Capital expenditures	24	20	30	23	22	18	22	18	15	17	14	19	19
New orders for exports	15	10	4	2	7	14	6	19	15	11	10	17	21
Supplier delivery time	11	11	8	4	2	8	14	5	7	2	8	7	4
Inventories: Materials	2	-4	-5	1	-15	2	3	12	8	-11	-7	-4	5
Inventories: Finished goods	1	-2	-5	10	-5	6	1	7	0	-16	-1	-2	0

Production vs. a Month Ago



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