



Manufacturing Survey

Tenth District Manufacturing Activity Expanded Moderately in August 2017

by:

August 24, 2017

Firms overall seem confident that moderate growth will continue.

Tenth District manufacturing activity expanded at a faster pace in August, and expectations for future activity also remained solid. Price indexes rose across the board, especially the expectations index for finished goods prices. The month-over-month composite index was 16 in July, up from 10 in July and 11 in June (Tables 1 & 2, Chart).

The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Factory activity increased solidly at durable goods plants, particularly for electronics, metals, and aircraft products, while nondurable goods activity rose more modestly. Most month-over-month indexes increased over the previous month. The production index jumped from 4 to 22, and shipments, new orders, and order backlog indexes rebounded strongly after falling last month. The employment index has remained basically unchanged for the past three months, while the new orders for exports index edged higher.

The finished goods inventory index fell from 7 to 2, while the raw materials inventory index was unchanged. The year-over-year factory indexes were mixed in August. The composite index was unchanged at 23, while the production, shipments, new orders, and order backlog indexes eased slightly but remained well above zero.

However, the employment index was stable at 22, and the capital expenditures index rose from 15 to 21. The raw materials inventory index increased from 10 to 18, while the finished goods inventory index was basically unchanged. Expectations for future factory activity edged higher after easing slightly last month, and remained solid overall.

The future composite index rose from 19 to 23, and the future production, shipments, new orders, and order backlog indexes all increased slightly. The future employment index was unchanged at 26, while the future capital expenditures index inched higher from 16 to 18.

The future raw materials inventory index decreased from 4 to -2, and the future finished goods inventory index also fell into negative territory. Price indexes increased in August. The month-over-month finished goods price index edged up from 5 to 8, and the raw materials price index also inched higher. The year-over-year finished goods price index rose from 20 to 29, and the year-over-year raw materials price index also increased slightly. The future finished goods price index jumped from 13 to 34, and the future raw materials price index moved slightly higher.

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