



Tenth District Manufacturing Activity Expanded At a Slower Pace in May 2017

by:

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Manufacturing activity expanded at a slower pace but expectations remain solid.

Tenth District manufacturing activity continued to expand at a moderate pace in May, and expectations for future activity increased strongly. Price indexes were mixed, but recorded little change overall.

The month-over-month composite index was 8 in May, up from 7 in April but down from 20 in March (Tables 1 & 2, Chart). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Activity at durable manufacturing plants eased slightly but remained positive, while nondurable activity improved, particularly for plastics and chemicals. Month-over-month indexes were mixed with little change overall. The production and shipments indexes edged slightly lower, while the employment and order backlog indexes inched higher. The new orders and new orders for exports indexes were both basically unchanged. The finished goods inventory index fell from 8 to 0, while the raw materials inventory index was stable.

Most year-over-year factory indexes were up slightly from the previous month. The composite year-over-year index rose from 13 to 18, and the production, new orders, and order backlog indexes also edged up. The employment index increased from 14 to 18, its highest level since December 2014, and the capital expenditures index jumped from 5 to 16. The raw materials inventory index increased from 3 to 8, and the finished goods inventory index grew markedly.

Expectations for future factory activity rebounded to strong levels. The future composite index increased from 17 to 30, and the future production, shipments, new orders, and order backlog indexes also rose considerably. The future capital spending index climbed from 11 to 23, while the future employment index eased slightly. Both inventory indexes increased modestly.

Price indexes were mixed in May. The month-over-month finished goods price index inched higher from 5 to 8, while the raw materials price index decreased moderately. The year-over-year finished goods price index fell from 29 to 16, and the raw materials price index also eased. The future raw materials price index edged down from 45 to 37, while the future finished goods price index was basically unchanged.

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