



Manufacturing Survey

Tenth District Manufacturing Activity Expanded Further in February 2017

by:

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Month-over-month composite index reaches highest level since 2011.

Tenth District manufacturing activity expanded further in February to its highest composite reading since June 2011, and producers' expectations for future activity remained very strong. Most price indexes recorded little change, with the exception of expected input prices which increased markedly.

The month-over-month composite index was 14 in February, its highest reading since June 2011, up from 9 in both January and December (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 in both durable and nondurable goods plants increased, particularly for metals, machinery, computer, and electronic products. Most month-over-month indexes improved moderately in February. The new orders, order backlog, and employment indexes all edged higher, and the new orders for exports index moved into positive territory for the first time in over a year. On the other hand, the production and shipments indexes eased slightly but remained at solid levels. The finished goods inventory index rose from -4 to 5, and the raw materials inventory index also moved into positive territory.

Most year-over-year factory indexes remained stable after rising in recent months. The composite year-over-year index was largely unchanged at 6, and the shipments and new orders for exports indexes also recorded little change. The production index fell from 11 to 3, and the new orders and employment index also edged lower. In contrast, the order backlog index rose modestly, and the capital expenditures index jumped from -2 to 14. The raw materials inventory index increased from -3 to 3, while the finished goods inventory index remained unchanged.

Expectations for future factory activity remained at very strong levels. The future composite index moved higher from 27 to 29, its highest reading since the survey moved to a monthly frequency in 2001. The future production, shipments, and new orders indexes eased slightly from the twelve-year highs recorded last month. The future employment index was basically unchanged at 30, while the future capital expenditures index increased from 19 to 27, its highest level in eleven years. The

future raw materials inventory index increased from 7 to 20, and the future finished goods index also rose.

Price indexes were mostly unchanged in February. The month-over-month finished goods price index moved slightly higher from 0 to 1, and the raw materials price index also edged up. The year-over-year raw materials price index eased from 31 to 28, while the finished goods price index was unchanged. The future raw materials price index jumped from 38 to 53, while the future finished goods price index remained the same.

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