



## Tenth District Manufacturing Activity Continued to Expand Rapidly in May 2018

by:

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Tenth District manufacturing activity continued to expand at a rapid pace, and optimism remained high for future activity.

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Tenth District manufacturing activity continued to expand rapidly, with the composite index at its highest level in survey history for the second consecutive month. In addition, contacts remained optimistic about future activity. Price indexes were little changed, but generally remained at high levels.

The month-over-month composite index was 29 in May, up from readings of 26 in April and 17 in March (Tables 1 & 2, Chart 1). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Factory activity increased at both durable and nondurable goods plants, particularly at nondurable plants producing chemicals and food. Most month-over-month indexes continued to rise. The production index jumped from 33 to 41, and the shipments, new orders, and new orders for exports indexes also moved higher. In contrast, the order backlog and employment indexes eased somewhat. The raw materials inventory index edged up from 17 to 19, and the finished goods inventory index also increased.

Year-over-year factory indexes increased considerably over the previous month. The composite index rose from 36 to 45, and the production, shipments, order backlog, and new orders indexes also moved higher. The capital expenditures index jumped from 26 to 33, and the employment index reached its highest level in survey history. The raw materials inventory index inched lower from 32 to 28, while the finished goods inventory index increased.

Future factory activity expectations moderated slightly but remained solid overall. The future composite index slipped from 31 to 26, and the future production, shipments, new orders and order backlog indexes also fell somewhat. The future capital expenditures index eased from 37 to 33, while the future employment index was unchanged. The future raw materials inventory index decreased from 19 to 7, and the future finished goods inventory index also edged lower.

Most price indexes were little changed in May but remained at high levels. The month-over-month finished goods price index eased from 29 to 22, while the raw materials price index was basically unchanged. The year-over-year finished goods price index slipped from 60 to 56, while the year-over-year raw materials price index inched higher. The future finished goods price

index fell from 53 to 44, and the future raw materials price index moderated slightly.

## Survey Data

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