



Tenth District Manufacturing Activity Continued to Expand at a Rapid Pace in June 2018

by:

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Tenth District manufacturing activity continued to expand at a rapid pace, and expectations for future growth increased moderately.

Tenth District manufacturing activity continued to expand at a rapid pace in June, with the composite index similar to May's record-high reading. Expectations for future growth increased moderately, and many firms reported difficulties finding qualified workers. Price indexes remained at high levels.

The month-over-month composite index was 28 in June, similar to the reading of 29 in May and higher than 26 in April (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 durable and nondurable goods plants, particularly for computer, electronics, and food products. Most month-over-month indexes were slightly lower than the previous month, but all indexes remained at high levels. The production index edged down from 41 to 38, and the volume of shipments and new orders for exports indexes eased slightly. The employment index was unchanged, while the new orders and order backlog indexes saw a modest decline. The raw materials inventory index improved from 19 to 27, and the finished goods inventory index also increased.

Most year-over-year factory indexes decreased slightly, but remained favorable. The composite index edged lower from 45 to 43, and the production, shipments, and order backlog indexes declined modestly. In contrast, the new orders, employment, and capital expenditures indexes were little changed. The raw materials inventory index increased from 28 to 36, and the finished goods inventory index also moved slightly higher.

Most future factory activity indexes increased moderately. The future composite index rose from 26 to 36, and the future production, shipments, and new orders indexes jumped considerably. The future capital expenditures index edged up from 33 to 36, and the order backlog and employment indexes also inched higher. The future raw materials inventory index increased substantially from 7 to 30, and the future finished goods inventory index jumped from 3 to 23.

Price indexes remained at high levels in June. The month-over-month finished goods price index was unchanged, while the raw materials price index slipped from 53 to 47. The year-over-year finished goods price index increased from 56 to 60, while the year-over-year raw materials price index inched higher for the second consecutive month. The future finished goods price index fell from 44 to 40, but the future raw materials price index grew slightly.

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