

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY

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Growth in Tenth District manufacturing activity moderated somewhat in April, but remained solid. Most producers continued to report healthy expectations. Raw materials prices continued to rise, and more producers raised selling prices.

A summary of the April survey is attached to this press release. Results from past surveys and release dates for future surveys can be found at: <http://www.kansascityfed.org/research/indicatorsdata/mfg/>. For further information about the survey, contact Tim Todd, Public Affairs Department, (816) 881-2308.

The Tenth Federal Reserve District encompasses Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Survey of Tenth District Manufacturing

Growth in Tenth District manufacturing activity moderated somewhat in April, but remained solid. Most producers continued to report healthy expectations. Raw materials prices continued to rise, and more producers raised selling prices.

The month-over-month composite index was 14 in April, down from 27 in March and 19 in February (Tables 1 & 2, Chart). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Growth in factory activity eased at both durable and non-durable goods producing plants. Most other month-over-month indicators also fell slightly in April but remained solid. The production index decreased from 39 to 17, and the shipments, new orders, and order backlog indexes also moved lower. The employment index dropped from 25 to 17, and the new orders for exports index eased for the second straight month. The raw materials inventory index fell from 20 to 7, while the finished goods inventory index was unchanged.

Growth in most year-over-year factory indexes increased from the previous survey. The composite year-over-year index inched higher from 30 to 31, and the production, new orders, shipments, and order backlog indexes also rose in April. The employment index eased from 28 to 25, but still remains at its second-highest level since early 2007. The new orders for exports index edged higher, while the capital expenditures index dropped from 14 to 4. Both inventory indexes declined only slightly.

Future factory indexes were mixed, but continued to show solid readings. The future composite index edged down from 23 to 20, and the future production and capital spending indexes also fell marginally. In contrast, the future shipments, new orders, and order backlog indexes increased after falling the previous month. The future employment index moved higher from 19 to 21, while the future new orders for exports index eased a bit. The future raw materials inventory index decreased from 15 to 3, and the future finished goods index also fell.

Price indexes were varied in April, with more firms raising selling prices and materials prices continuing to rise. The month-over-month raw materials price index eased slightly, while the finished goods price index increased from 21 to 28. The year-over-year finished goods price index edged lower, but the raw materials price index was unchanged. The future raw materials price index dropped somewhat from a record high level, but the future finished goods price index rose for the third straight month, indicating more firms plan to pass recent cost increases through to customers.

Table1

Summary of Tenth District Manufacturing Conditions, April 2011

	April vs. March (percent) ¹					April vs. Year Ago (percent) ¹				Expected in Six Months (percent) ¹				
	Increase	No Change	Decrease	Diff Index ²	SA Index ³	Increase	No Change	Decrease	Diff Index ²	Increase	No Change	Decrease	Diff Index ²	SA Index ³
Plant Level Indicators														
Composite Index				20	14				31				21	20
Production	45	37	16	28	17	58	25	15	43	49	29	18	31	30
Volume of shipments	47	35	17	29	21	57	23	16	41	52	30	15	37	37
Volume of new orders	40	40	18	22	11	55	26	16	40	49	34	15	34	32
Backlog of orders	31	47	19	12	9	43	35	16	28	31	50	16	16	14
Number of employees	30	59	9	21	17	44	34	19	25	35	51	12	23	21
Average employee workweek	22	62	13	9	1	37	48	11	26	24	58	13	11	10
Prices received for finished product	31	65	3	28	28	54	33	9	46	46	47	3	43	42
Prices paid for raw materials	71	25	0	71	70	90	7	1	89	74	23	0	74	73
Capital expenditures						22	52	18	4	31	53	10	21	20
New orders for exports	10	72	7	3	5	22	58	9	14	17	65	7	10	12
Supplier delivery time	20	78	1	19	18	29	58	6	23	19	72	5	14	13
Inventories:														
Materials	25	59	16	9	7	37	45	15	22	23	53	20	3	3
Finished goods	20	63	12	8	5	31	46	17	14	22	53	19	3	2

¹Percentage may not add to 100 due to rounding.

²Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

³Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-12.

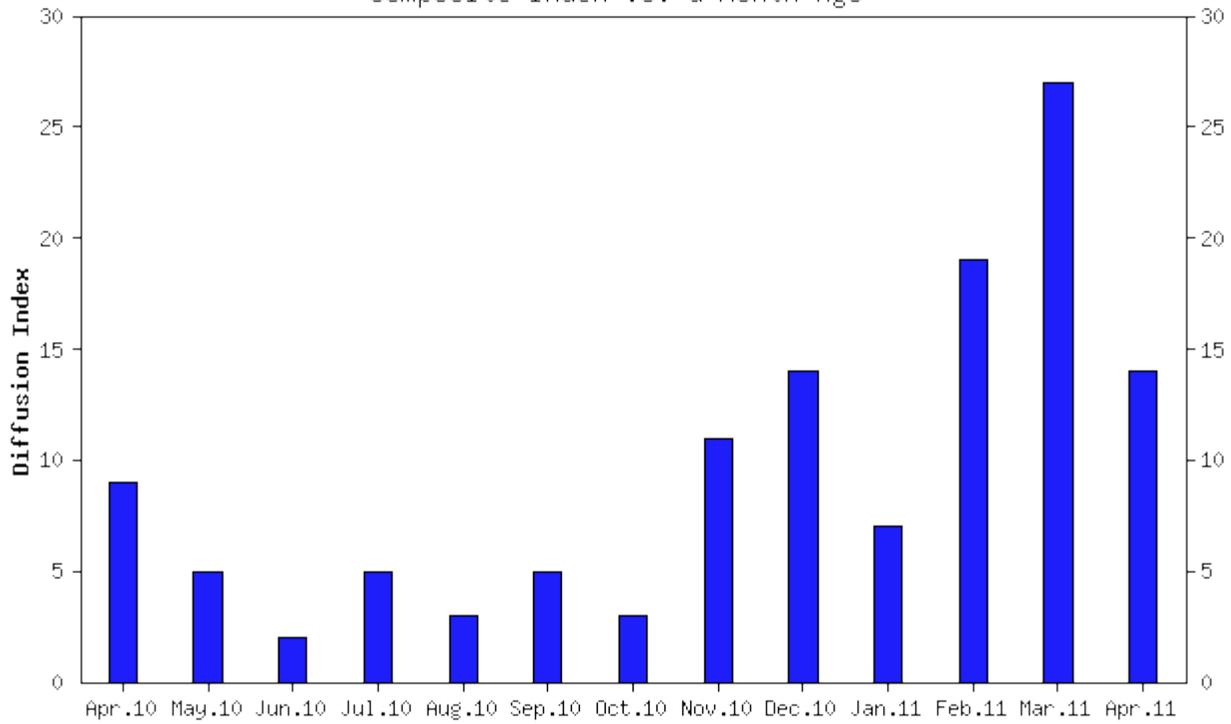
Note: The April survey included 116 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Apr'10	May'10	Jun'10	Jul'10	Aug'10	Sep'10	Oct'10	Nov'10	Dec'10	Jan'11	Feb'11	Mar'11	Apr'11
Versus a Month Ago (seasonally adjusted)													
Composite Index	9	5	2	5	3	5	3	11	14	7	19	27	14
Production	21	7	7	14	6	14	11	17	21	11	23	39	17
Volume of shipments	27	-4	4	11	0	13	8	11	20	5	13	37	21
Volume of new orders	14	0	2	9	-2	9	14	21	16	0	28	31	11
Backlog of orders	12	-3	-4	-2	-14	3	3	5	9	2	8	25	9
Number of employees	5	2	-0	5	-1	-2	-0	8	11	8	23	25	17
Average employee workweek	5	8	-1	2	-3	2	3	4	10	6	8	25	1
Prices received for finished product	4	-1	-12	-6	-3	-1	2	2	16	11	20	21	28
Prices paid for raw materials	51	37	17	20	18	25	26	34	55	70	66	72	70
Capital expenditures	n/a												
New orders for exports	5	0	3	1	0	10	-0	11	5	5	14	9	5
Supplier delivery time	10	15	6	1	4	5	3	12	7	11	15	22	18
Inventories: Materials	-7	2	-3	-1	6	-1	-11	-1	13	7	6	20	7
Inventories: Finished goods	-9	5	1	1	2	4	-12	1	4	3	1	5	5
Versus a Year Ago (not seasonally adjusted)													
Composite Index	2	4	-2	6	5	9	3	15	20	23	21	30	31
Production	14	17	10	26	18	22	7	27	32	29	34	35	43
Volume of shipments	16	13	7	25	19	26	13	29	33	28	29	38	41
Volume of new orders	19	23	7	23	17	21	9	28	31	34	35	35	40
Backlog of orders	-3	-1	-6	7	4	5	0	10	20	25	16	26	28
Number of employees	-18	-18	-12	-11	-8	-2	-8	6	13	17	13	28	25
Average employee workweek	-2	8	-4	6	10	6	-2	10	19	22	21	27	26
Prices received for finished product	7	9	9	8	8	11	18	15	23	24	30	48	46
Prices paid for raw materials	59	64	54	51	52	48	58	62	68	73	80	89	89
Capital expenditures	-6	-6	-6	4	-10	-1	0	10	19	2	10	14	4
New orders for exports	7	8	7	14	13	12	7	19	10	13	22	12	14
Supplier delivery time	8	11	1	3	5	7	8	16	18	18	17	25	23
Inventories: Materials	-12	-14	-14	-9	-5	-3	-3	-1	6	18	7	26	22
Inventories: Finished goods	-10	-8	-4	-5	-8	-2	-7	0	6	12	5	19	14
Expected in Six Months (seasonally adjusted)													
Composite Index	17	15	10	11	8	13	13	12	21	20	30	23	20
Production	24	31	22	25	11	24	28	20	39	24	50	32	30
Volume of shipments	23	33	26	24	11	22	29	21	33	23	53	33	37
Volume of new orders	28	31	24	23	18	27	26	22	31	28	42	31	32
Backlog of orders	11	15	12	11	5	23	8	11	17	8	20	12	14
Number of employees	17	14	11	5	6	9	8	12	24	21	27	19	21
Average employee workweek	5	13	3	1	-1	6	2	1	12	5	8	1	10
Prices received for finished product	17	17	13	12	10	11	17	27	34	28	39	40	42
Prices paid for raw materials	59	47	41	34	34	41	46	63	76	71	76	81	73
Capital expenditures	9	5	-2	-2	-2	8	5	11	21	17	23	24	20
New orders for exports	12	10	7	7	8	12	13	13	16	11	25	17	12
Supplier delivery time	14	10	0	9	8	6	8	9	8	15	17	17	13
Inventories: Materials	2	-9	-9	-6	-4	-2	-4	-2	5	13	14	15	3
Inventories: Finished goods	-0	-6	-8	-4	-1	-3	-16	-5	-2	2	5	11	2

Composite Index vs. a Month Ago



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