

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY

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FOR RELEASE Thursday, April 26, 2012
EMBARGOED FOR 11:00 A.M. EST

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GROWTH IN TENTH DISTRICT MANUFACTURING EASED FURTHER BUT ACTIVITY REMAINED EXPANSIONARY Federal Reserve Bank of Kansas City Releases April Manufacturing Survey

KANSAS CITY, Mo. The Federal Reserve Bank of Kansas City released the April Manufacturing Survey today. According to Chad Wilkerson, vice president and economist at the Federal Reserve Bank of Kansas City, the survey revealed that growth in Tenth District manufacturing eased further in April, but activity remained expansionary and well above year-ago levels.

Factories in our region report continued growth, especially in employment, but at somewhat slower rates than in previous months, when unseasonably warm weather may have helped boost activity said Wilkerson. Expectations for the rest of the year notched down a bit as well, but remained positive.

A summary of the April survey is attached. Results from past surveys and release dates for future surveys can be found at www.kansascityfed.org/research/indicatorsdata/mfg.

The Federal Reserve Bank of Kansas City serves the Tenth Federal Reserve District, encompassing the western third of Missouri; all of Kansas, Colorado, Nebraska, Oklahoma and Wyoming; and the northern half of New Mexico. As part of the nation's central bank, the Bank participates in setting national monetary policy, supervising and regulating numerous commercial banks and bank holding companies, and providing financial services to depository institutions. More information is available online at www.kansascityfed.org.

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Survey of Tenth District Manufacturing

Growth in Tenth District manufacturing eased further in April, but activity remained expansionary and well above year-ago levels. The majority of producers reported some negative effects from elevated gasoline prices, and nearly half of all respondents noted difficulties finding workers. Price indexes were mixed, with slight easing in some materials price indexes and fewer producers planning to raise selling prices.

The month-over-month composite index was 3 in April, down from 9 in March and 13 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. Manufacturing growth eased in most durable and nondurable goods-producing plants, with the exception of fabricated metal, plastics, and rubber products. Other month-over-month indexes also slowed in April. The production index dropped from 13 to 0, and the shipments, new orders, and order backlog indexes also fell. In contrast, the employment index remained unchanged, and the new orders for exports index edged up slightly. The raw materials inventory index increased from 0 to 5, while the finished goods inventory index fell after rising the past two months.

Year-over-year factory indexes were generally stable in April. The composite year-over-year index was unchanged at 24, and the order backlog index also remained flat. The production, shipments, and new orders indexes eased slightly, and the new orders for exports index fell into negative territory. However, the employment index jumped from 23 to 31 its highest level since early 2007 and the capital expenditures index increased for the third straight month. Both inventory indexes edged higher.

The majority of future factory indexes eased slightly, but remained close to levels in late 2011. The future composite index decreased from 18 to 12, and the future production, new orders, shipments, and order backlog indexes also fell. The future employment index moderated after posting solid gains the last few months, and the future capital spending index dropped to its lowest level since late 2010. The future raw materials inventory index decreased from -5 to -8, and the future finished goods inventory index dropped into negative territory.

Price indexes were mixed. The month-over-month raw materials price index decreased to its lowest level in nearly two years, while the finished goods price index edged higher from 3 to 7. The year-over-year raw materials price index inched higher from 71 to 74, and the finished goods price index also rose. The future raw materials price index eased from 65 to 54, and the future finished goods price index fell to an 18-month low, indicating fewer firms plan to pass recent cost increases through to customers.

Table1

Summary of Tenth District Manufacturing Conditions, April 2012

	April vs. March (percent) ¹					April vs. Year Ago (percent) ¹				Expected in Six Months (percent) ¹				
	No Increase	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				9	3				24				14	12
Production	35	44	21	13	0	54	22	24	30	49	29	22	27	26
Volume of shipments	38	39	21	16	3	56	19	21	35	47	29	22	25	22
Volume of new orders	32	40	28	4	-8	50	27	22	28	48	31	20	28	23
Backlog of orders	31	38	28	3	-5	40	38	20	20	34	40	23	11	8
Number of employees	28	61	11	17	12	50	31	19	31	36	46	17	18	15
Average employee workweek	14	68	17	-3	-10	29	51	19	10	18	59	21	-3	-6
Prices received for finished product	18	73	8	11	7	53	34	12	41	31	56	11	20	16
Prices paid for raw materials	35	58	7	28	19	81	12	7	74	62	30	4	59	54
Capital expenditures						39	37	21	18	24	58	15	9	6
New orders for exports	10	68	10	0	1	13	60	15	-2	14	63	11	4	5
Supplier delivery time	11	84	4	7	4	18	68	12	7	11	80	8	3	1
Inventories:														
Materials	24	57	18	6	5	42	40	17	25	21	50	28	-7	-8
Finished goods	19	56	19	0	-3	34	45	16	17	22	52	24	-2	-4

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.

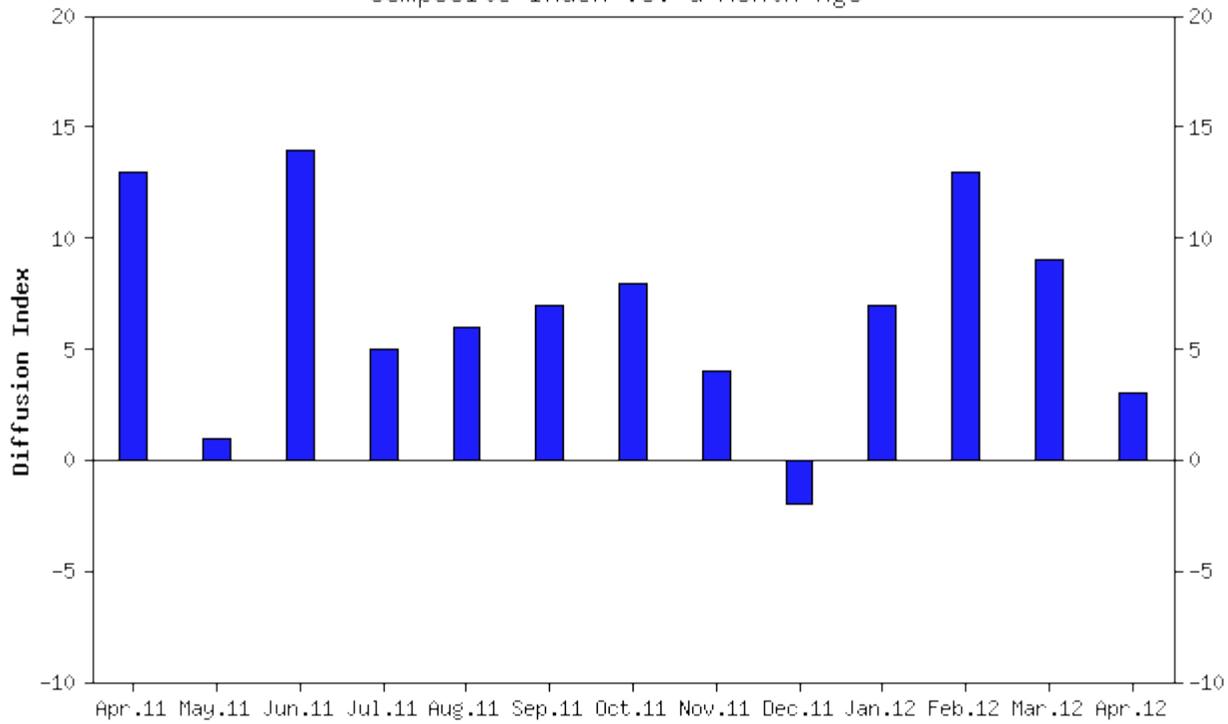
Note: The April survey included 104 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Apr'11	May'11	Jun'11	Jul'11	Aug'11	Sep'11	Oct'11	Nov'11	Dec'11	Jan'12	Feb'12	Mar'12	Apr'12
Versus a Month Ago (seasonally adjusted)													
Composite Index	13	1	14	5	6	7	8	4	-2	7	13	9	3
Production	15	-2	23	4	1	5	6	2	-6	13	20	13	0
Volume of shipments	16	-4	23	2	2	4	7	2	-7	13	8	17	3
Volume of new orders	10	-14	10	-2	4	6	3	-3	-2	9	8	17	-8
Backlog of orders	4	-19	4	-15	-5	-5	-3	-7	-11	8	13	3	-5
Number of employees	15	10	16	6	10	13	13	5	-5	9	11	12	12
Average employee workweek	2	-1	7	0	-3	5	4	-4	-9	-0	-3	2	-10
Prices received for finished product	26	14	12	15	5	12	6	4	4	13	11	3	7
Prices paid for raw materials	63	51	36	43	36	36	30	20	27	42	36	33	19
Capital expenditures	n/a												
New orders for exports	5	5	7	-6	2	-1	0	-2	-1	10	-7	-0	1
Supplier delivery time	16	11	8	10	6	0	10	8	8	8	10	4	4
Inventories: Materials	9	2	15	7	7	11	7	8	-7	-4	14	-0	5
Inventories: Finished goods	5	7	7	4	2	6	7	18	0	0	6	15	-3
Versus a Year Ago (not seasonally adjusted)													
Composite Index	31	30	31	24	21	15	23	22	11	15	21	24	24
Production	43	41	40	28	19	19	27	23	19	16	28	31	30
Volume of shipments	41	39	42	32	19	22	31	21	18	13	30	37	35
Volume of new orders	40	37	39	30	22	18	31	21	10	17	28	33	28
Backlog of orders	28	25	23	17	5	6	5	8	0	13	24	20	20
Number of employees	25	25	29	24	23	18	27	22	16	11	17	23	31
Average employee workweek	26	30	29	20	10	21	13	7	11	2	6	4	10
Prices received for finished product	46	45	45	50	46	52	42	37	34	38	35	35	41
Prices paid for raw materials	89	87	85	84	77	78	82	70	64	67	57	71	74
Capital expenditures	4	14	13	8	13	16	18	23	17	8	12	15	18
New orders for exports	14	13	8	7	8	9	4	6	11	12	5	6	-2
Supplier delivery time	23	21	19	20	13	6	14	16	10	10	13	9	7
Inventories: Materials	22	25	28	20	26	16	18	27	0	19	19	22	25
Inventories: Finished goods	14	17	12	4	17	3	10	23	10	11	20	13	17
Expected in Six Months (seasonally adjusted)													
Composite Index	19	13	15	15	12	8	14	12	12	12	20	18	12
Production	30	28	26	23	19	15	24	22	15	28	35	31	26
Volume of shipments	34	25	24	27	21	18	24	20	25	23	37	31	22
Volume of new orders	30	16	20	21	20	16	23	20	25	18	34	34	23
Backlog of orders	13	12	6	9	3	3	2	10	4	9	24	13	8
Number of employees	20	20	17	18	15	12	16	12	10	18	23	23	15
Average employee workweek	8	0	4	-0	0	-8	-1	-3	2	1	3	7	-6
Prices received for finished product	39	30	34	27	23	28	27	25	19	28	32	28	16
Prices paid for raw materials	70	60	60	63	58	57	56	57	47	64	54	65	54
Capital expenditures	19	18	13	18	18	8	15	17	13	22	18	20	6
New orders for exports	11	16	15	9	8	2	9	5	8	15	10	8	5
Supplier delivery time	12	1	10	9	7	3	11	7	5	8	11	7	1
Inventories: Materials	2	2	3	4	-3	-5	-5	1	6	-10	-0	-5	-8
Inventories: Finished goods	2	4	2	-2	-2	-3	3	5	2	-10	4	6	-4

Composite Index vs. a Month Ago



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