News Release
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Growth in Tenth District manufacturing activity moderated somewhat in January, but activity was stronger than a year ago and optimism remained fairly high. Price indexes in the survey were still elevated, particularly for raw materials.

A new headline composite index was added beginning with the January survey. This index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The January survey also incorporates new seasonal adjustment factors, so historical indexes differ slightly from previously-released numbers. The new seasonal factors will be used throughout 2011.

A summary of the January survey is attached to this press release. Results from past surveys and release dates for future surveys can be found at: http://www.kc.frb.org/mfgsurv/mfgmain.htm. 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 January, but activity was stronger than a year ago and optimism remained fairly high. Price indexes in the survey were still elevated, particularly for raw materials.

The month-over-month composite index was 7 in January, down from 14 in December and 11 in November (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 activity eased at both durable and non-durable goods producing plants. Most other month-over-month indicators also declined slightly in January but remained positive. The production index dropped from 21 to 11, and the shipments, new orders, and order backlog indexes also fell. The employment index edged down from 11 to 8, while the supplier delivery time index increased and the new orders for exports index remained unchanged. Both inventory indexes fell slightly this month, but were still in positive territory.

Factory activity remained well above year-ago levels. The composite year-over-year index inched higher from 20 to 23, and the new orders and order backlog indexes also improved. The employment index recorded a four-year high, while the production and shipments indexes softened slightly. The capital expenditures index dropped from 19 to 2, after three straight months of increases. Both inventory indexes rose to their highest levels in nearly three years.

Future factory indexes fell modestly, but remained at solid levels. The future composite index eased from 21 to 20, and the future production, shipments, new orders, and order backlog indexes also decreased. The future employment index edged down slightly after reaching a five-year high in December. The future capital expenditures index eased from 21 to 17, and the future new orders for exports index also fell somewhat. The future raw materials inventory index reached its highest level in over five years, and the future finished goods inventory index moved into positive territory.

Price indexes were mixed in January. The month-over-month raw materials price index continued to climb, while the finished goods price index eased slightly from 16 to 11. The year-over-year raw materials price index increased from 68 to 73, while the finished goods price index was basically unchanged. The future raw materials price index edged down from 76 to 71, and the future finished goods price index also fell, as slightly fewer firms plan to pass recent cost increases through to customers.

Table1

Summary of Tenth District Manufacturing Conditions, January 2011

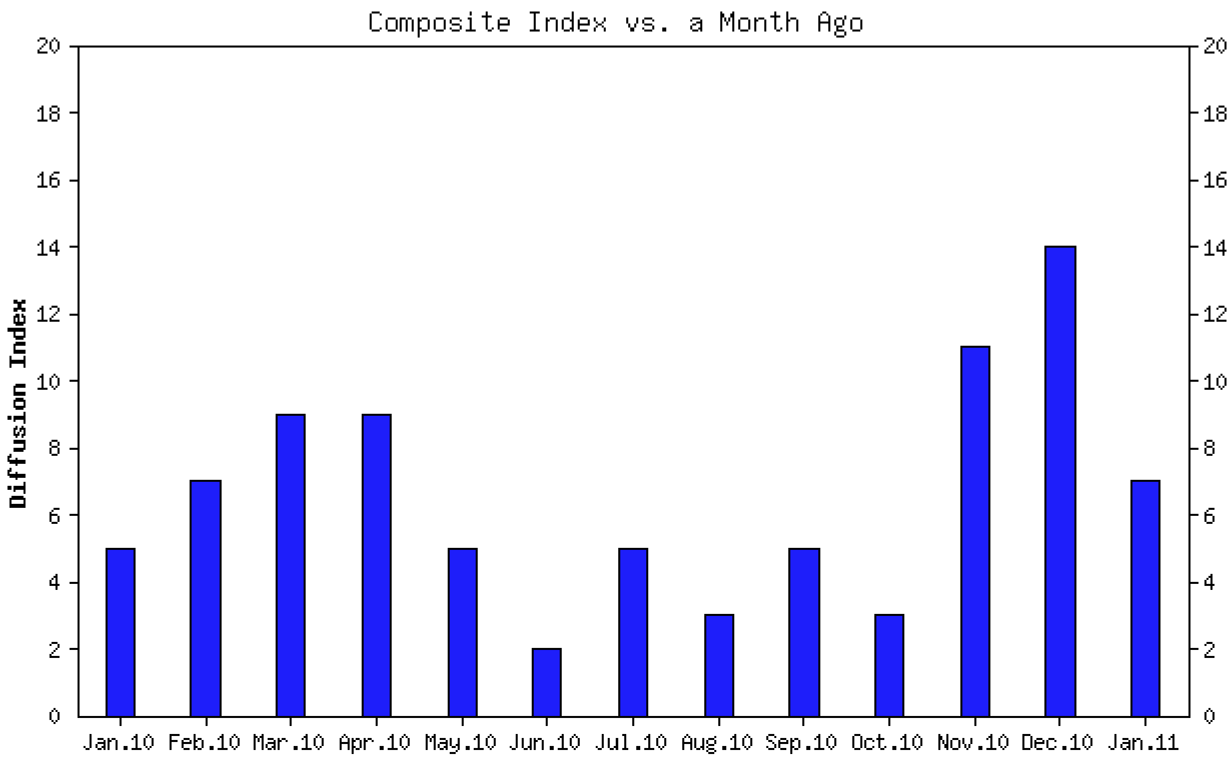
Plant Level Indicators	January vs. December (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	January vs. Year Ago (percent)[1] Increase	No Change	Decrease	Diff Index[2]	Expected in Six Months (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Composite Index				4	7				23				16	20
Production	34	37	28	7	11	52	23	24	29	42	35	20	22	24
Volume of shipments	32	36	32	0	5	50	25	23	28	46	28	24	22	23
Volume of new orders	29	39	31	-2	0	51	29	18	34	49	25	24	25	28
Backlog of orders	24	45	27	-3	2	42	34	17	25	29	41	24	5	8
Number of employees	20	61	19	1	8	40	34	24	17	33	50	16	17	21
Average employee workweek	18	61	19	-1	6	36	47	14	22	20	60	17	3	5
Prices received for finished product	17	74	8	9	11	38	44	14	24	34	52	10	24	28
Prices paid for raw materials	60	38	0	60	70	76	18	3	73	65	30	1	64	71
Capital expenditures						24	51	22	2	26	56	14	12	17
New orders for exports	8	71	6	3	5	22	55	8	13	16	64	5	11	11
Supplier delivery time	10	86	2	8	11	20	71	2	18	13	81	2	12	15
Inventories:														
Materials	25	55	19	6	7	39	37	22	18	26	52	19	7	13
Finished goods	21	57	15	6	3	30	44	18	12	20	55	18	3	2

[1] Percentage may not add to 100 due to rounding.
[2] Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.
[3] Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-12.
Note: The January survey included 119 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

		Jan'10	Feb'10	Mar'10	Apr'10	May'10	Jun'10	Jul'10	Aug'10	Sep'10	Oct'10	Nov'10	Dec'10	Jan'11
Versus a Month Ago (seasonally adjusted)														
Composite Index		5	7	9	9	5	2	5	3	5	3	11	14	7
Production		14	18	17	21	7	7	14	6	14	11	17	21	11
Volume of shipments		9	14	16	27	-4	4	11	0	13	8	11	20	5
Volume of new orders		9	11	12	14	0	2	9	-2	9	14	21	16	0
Backlog of orders		-0	-4	5	12	-3	-4	-2	-14	3	3	5	9	2
Number of employees		2	-2	2	5	2	-0	5	-1	-2	-0	8	11	8
Average employee workweek		4	-1	2	5	8	-1	2	-3	2	3	4	10	6
Prices received for finished product		0	0	4	4	-1	-12	-6	-3	-1	2	2	16	11
Prices paid for raw materials		39	42	40	51	37	17	20	18	25	26	34	55	70
Capital expenditures		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New orders for exports		6	3	4	5	0	3	1	0	10	-0	11	5	5
Supplier delivery time		8	11	10	10	15	6	1	4	5	3	12	7	11
Inventories:	**Materials**	-6	-2	2	-7	2	-3	-1	6	-1	-11	-1	13	7
Inventories:	**Finished goods**	-1	1	-5	-9	5	1	1	2	4	-12	1	4	3
Versus a Year Ago (not seasonally adjusted)														
Composite Index		-16	-13	-9	2	4	-2	6	5	9	3	15	20	23
Production		-10	-10	-2	14	17	10	26	18	22	7	27	32	29
Volume of shipments		-11	-12	-5	16	13	7	25	19	26	13	29	33	28
Volume of new orders		-12	-9	-3	19	23	7	23	17	21	9	28	31	34
Backlog of orders		-14	-19	-14	-3	-1	-6	7	4	5	0	10	20	25
Number of employees		-39	-29	-32	-18	-18	-12	-11	-8	-2	-8	6	13	17
Average employee workweek		-20	-11	-10	-2	8	-4	6	10	6	-2	10	19	22
Prices received for finished product		-2	-5	8	7	9	9	8	8	11	18	15	23	24
Prices paid for raw materials		26	38	56	59	64	54	51	52	48	58	62	68	73
Capital expenditures		-14	-16	-9	-6	-6	-6	4	-10	-1	0	10	19	2
New orders for exports		6	7	3	7	8	7	14	13	12	7	19	10	13
Supplier delivery time		-2	2	10	8	11	1	3	5	7	8	16	18	18
Inventories:	**Materials**	-19	-21	-18	-12	-14	-14	-9	-5	-3	-3	-1	6	18
Inventories:	**Finished goods**	-15	-14	-12	-10	-8	-4	-5	-8	-2	-7	0	6	12
Expected in Six Months (seasonally adjusted)														
Composite Index		15	17	18	17	15	10	11	8	13	13	12	21	20
Production		31	31	33	24	31	22	25	11	24	28	20	39	24
Volume of shipments		31	32	35	23	33	26	24	11	22	29	21	33	23
Volume of new orders		24	26	27	28	31	24	23	18	27	26	22	31	28
Backlog of orders		13	7	15	11	15	12	11	5	23	8	11	17	8
Number of employees		10	18	18	17	14	11	5	6	9	8	12	24	21
Average employee workweek		8	11	9	5	13	3	1	-1	6	2	1	12	5
Prices received for finished product		12	16	17	17	17	13	12	10	11	17	27	34	28
Prices paid for raw materials		54	54	55	59	47	41	34	34	41	46	63	76	71
Capital expenditures		15	4	5	9	5	-2	-2	-2	8	5	11	21	17
New orders for exports		13	12	7	12	10	7	7	8	12	13	13	16	11
Supplier delivery time		7	7	10	14	10	0	9	8	6	8	9	8	15
Inventories:	**Materials**	2	4	3	2	-9	-9	-6	-4	-2	-4	-2	5	13
Inventories:	**Finished goods**	0	-0	-4	-0	-6	-8	-4	-1	-3	-16	-5	-2	2



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