



News Release

Federal Reserve Bank of Kansas City

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Tenth District manufacturing activity rebounded in September, and producers' expectations for future activity also improved. Most price indexes in the survey edged higher, but finished goods price indexes remain at fairly low levels.

A summary of the September 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

Tenth District manufacturing activity rebounded in September, and producers' expectations for future activity also improved. Most price indexes in the survey edged higher, but finished goods price indexes remain at fairly low levels.

The net percentage of firms reporting month-over-month increases in production in September was 14, up from 0 in August and equal to 14 in July (Tables 1 & 2, Chart). The increase in production occurred among both durable and nondurable goods producing plants, with the exception of machinery and equipment producers, who reported some further slowdown. The majority of other month-over-month indicators also improved. The shipments, new orders, and order backlog indexes jumped back into positive territory, and the new orders for exports index climbed from -1 to 10, its highest level in nearly three years. The employment index was unchanged and the supplier delivery time index was also stable. The raw materials inventory index fell from 6 to -1, while the finished goods inventory index inched higher.

Year-over-year factory indexes increased after last month's slight drop. The production index rose from 18 to 22, and the shipments, new orders, and order backlog indexes also edged up. The employment index improved from -8 to -2, and the capital expenditures and supplier delivery time indexes also climbed higher. The new orders for exports index remained unchanged at 12. Both inventory indexes increased slightly.

Future factory activity indexes rebounded in September, as more producers were optimistic about future growth. The future production index rose from 10 to 23, and the future shipments, new orders, and new orders for exports indexes also improved over last month. The future employment index increased for the second straight month and the future order backlog index reached its highest level since early 2006. The future capital expenditures index rose from -4 to 8, after three months in negative territory. The future raw materials inventory index increased slightly, while the future finished goods inventory index fell from 0 to -3.

Most price indexes edged higher from the previous survey. The month-over-month finished goods price index rose modestly from -4 to -1, and the raw materials price index increased after three months of no change. The year-over-year finished goods price index inched up, while the raw materials price index eased somewhat from 51 to 48. The future raw materials price index climbed from 30 to 40, and the future finished goods price index rose from 7 to 10, as slightly more firms plan to pass recent cost increases through to customers.

Table1

Summary of Tenth District Manufacturing Conditions, September 2010

	September vs. August (percent) ¹					September vs. Year Ago (percent) ¹				Expected in Six Months (percent) ¹				
	No 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														
Production	36	44	20	16	14	52	16	30	22	44	33	20	24	23
Volume of shipments	38	38	21	16	15	52	16	27	25	44	27	23	21	19
Volume of new orders	33	38	25	8	9	49	18	28	20	47	28	19	27	28
Backlog of orders	28	43	24	4	4	34	32	29	4	37	40	16	20	23
Number of employees	16	65	16	0	-2	30	34	32	-2	32	44	21	10	7
Average employee workweek	22	59	16	5	2	32	38	26	6	26	52	18	8	6
Prices received for finished product	9	80	7	2	-1	34	39	23	11	24	60	13	10	10
Prices paid for raw materials	32	64	2	29	25	58	29	10	48	49	43	5	44	40
Capital expenditures						24	47	24	0	32	44	20	12	8
New orders for exports	18	64	4	13	10	21	55	9	12	16	65	4	12	12
Supplier delivery time	11	80	4	7	4	19	65	12	7	12	76	7	4	3
Inventories:														
Materials	19	60	20	-1	-1	32	30	36	-3	24	50	24	0	-2
Finished goods	19	60	16	2	5	29	33	32	-2	19	54	20	-1	-3

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.

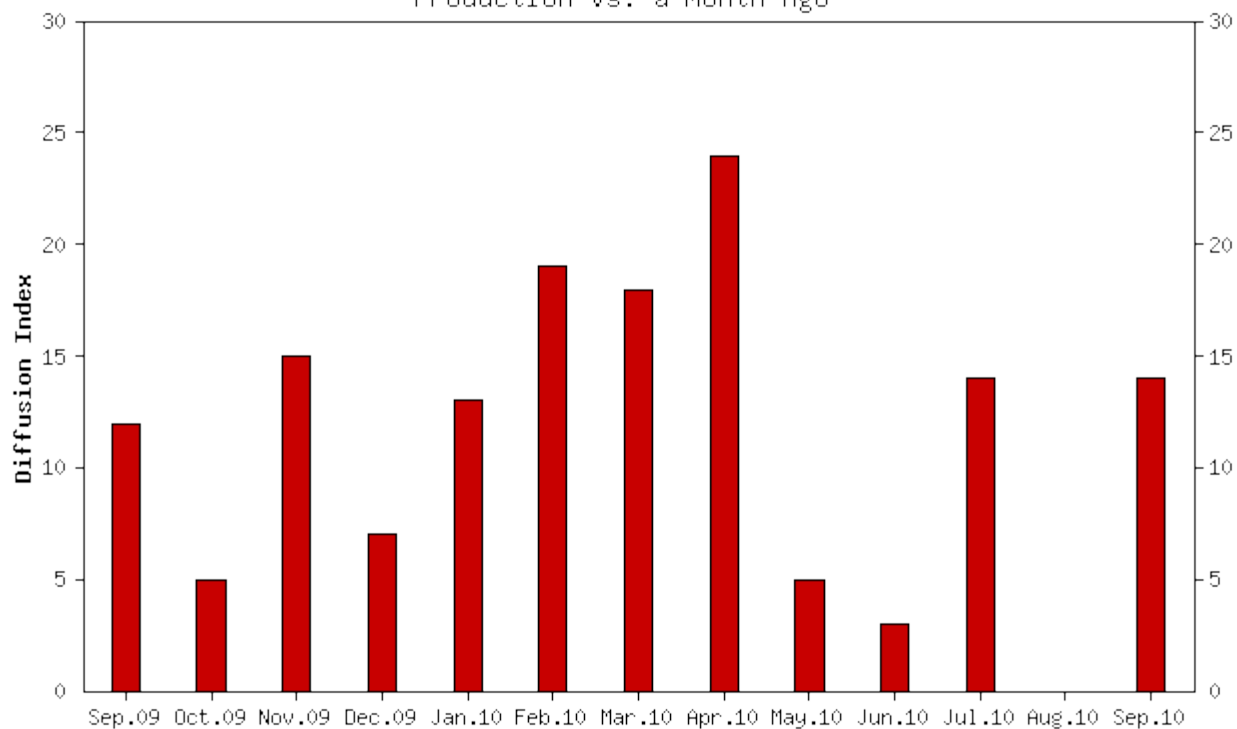
Note: The September survey included 125 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb'10	Mar'10	Apr'10	May'10	Jun'10	Jul'10	Aug'10	Sep'10
Versus a Month Ago (seasonally adjusted)													
Production	12	5	15	7	13	19	18	24	5	3	14	0	14
Volume of shipments	8	0	8	3	9	14	17	27	-3	1	12	-6	15
Volume of new orders	7	7	10	0	9	11	12	15	-2	0	9	-13	9
Backlog of orders	-10	-1	0	-4	0	-5	7	11	-3	-9	-2	-16	4
Number of employees	-3	-4	0	-1	2	-4	3	5	1	-1	5	-2	-2
Average employee workweek	8	-3	4	0	4	-3	1	6	9	-2	1	-6	2
Prices received for finished product	-6	-6	1	-1	0	0	5	5	-1	-14	-9	-4	-1
Prices paid for raw materials	9	12	21	22	42	45	42	53	37	14	14	14	25
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	2	3	2	5	6	0	4	5	0	3	0	-1	10
Supplier delivery time	3	3	11	8	8	12	11	10	15	5	0	3	4
Inventories: Materials	-15	-4	-6	-12	-7	-1	3	-7	6	-4	-1	6	-1
Inventories: Finished goods	-7	2	-6	-1	0	0	-7	-9	6	1	0	2	5
Versus a Year Ago (not seasonally adjusted)													
Production	-46	-40	-31	-30	-10	-9	-1	14	16	9	25	18	22
Volume of shipments	-43	-40	-28	-31	-10	-11	-5	15	13	6	25	18	25
Volume of new orders	-43	-37	-16	-25	-11	-8	-3	19	23	6	23	16	20
Backlog of orders	-48	-44	-24	-32	-14	-19	-13	-3	0	-5	6	3	4
Number of employees	-56	-47	-49	-48	-39	-29	-31	-18	-18	-12	-10	-8	-2
Average employee workweek	-40	-33	-28	-32	-20	-11	-10	-1	8	-4	5	9	6
Prices received for finished product	-14	-14	-12	-10	-1	-4	7	7	9	9	7	7	11
Prices paid for raw materials	-9	-5	-12	6	25	38	55	58	63	53	50	51	48
Capital expenditures	-24	-25	-26	-31	-14	-15	-8	-5	-5	-5	4	-9	0
New orders for exports	-7	-6	-8	0	6	7	2	7	8	7	14	12	12
Supplier delivery time	1	-2	-3	0	-1	2	10	8	10	0	3	4	7
Inventories: Materials	-37	-37	-34	-35	-18	-20	-17	-12	-14	-14	-9	-5	-3
Inventories: Finished goods	-17	-14	-24	-12	-14	-14	-11	-9	-8	-4	-5	-8	-2
Expected in Six Months (seasonally adjusted)													
Production	17	24	32	17	35	24	33	22	32	21	23	10	23
Volume of shipments	12	18	31	15	35	32	36	21	33	24	22	9	19
Volume of new orders	17	26	23	17	25	25	27	28	31	23	23	16	28
Backlog of orders	0	13	16	7	12	5	16	9	16	12	11	4	23
Number of employees	1	4	8	2	9	18	20	18	14	9	1	2	7
Average employee workweek	5	5	16	8	7	13	10	4	13	2	0	-2	6
Prices received for finished product	1	0	5	8	12	15	19	17	17	11	9	7	10
Prices paid for raw materials	20	28	32	31	60	59	55	61	45	40	26	30	40
Capital expenditures	-8	-5	-1	0	14	3	5	11	5	-4	-3	-4	8
New orders for exports	7	10	9	11	13	12	5	11	7	5	5	7	12
Supplier delivery time	4	-1	6	10	6	6	9	15	9	0	8	6	3
Inventories: Materials	-12	-6	-3	-2	3	6	4	3	-10	-10	-8	-6	-2
Inventories: Finished goods	-11	-7	-5	2	2	1	-4	0	-6	-11	-4	0	-3

Production vs. a Month Ago



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