News Release

Federal Reserve Bank of Kansas City

Kansas City, Missouri 64198 Phone (816) 881-2683

News Release
Federal Reserve Bank of Kansas City
Kansas City, Missouri 64198
Phone (816) 881-2683
Fax (816) 881-2569

FOR RELEASE Thursday, June 24, 2010
EMBARGOED FOR 11:00 A.M. EST

EMBARGOED FOR 11:00 A.M. EST

Growth in Tenth District manufacturing activity eased slightly in June, and producers were somewhat less optimistic than in previous months. Price indexes fell from the previous month, with considerable easement in current materials prices and some slowing in finished goods price increases.

A summary of the June 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 eased slightly in June, and producers were somewhat less optimistic than in previous months. Price indexes fell from the previous month, with considerable easement in current materials prices and some slowing in finished goods price increases.

The net percentage of firms reporting month-over-month increases in production in June was 3, down from 5 in May and 24 in April (Tables 1 & 2, Chart). The slowdown in production growth was highest among food, chemicals, and metals producers, while many plants that produce heavy equipment and machinery reported a rise in activity. Other month-over-month indicators were mixed. The shipments and new orders indexes climbed back into positive territory, and the new orders for exports index increased from 0 to 3. In contrast, the employment index dropped from 1 to -1, and the order backlog index recorded its lowest level in almost a year. The supplier delivery time index fell back down after reaching a six-year high last month. Both inventory indexes decreased back into negative territory.

Growth in year-over-year factory indexes slowed after considerable gains the past several months. The production index eased from 16 to 9, and the shipments, new orders, order backlog, and new orders for exports indexes also fell. In contrast, the employment index inched higher from -18 to -12, and the capital expenditures index has remained unchanged for the last three months. The finished goods inventory index rose from -8 to -4, while the raw materials inventory index was unchanged.

Future factory activity indexes also decreased in June. The future production index fell from 32 to 21, and growth in the future shipments, new orders, and order backlog indexes also slowed. The future employment index eased from 14 to 9, and the future capital expenditures decreased to its lowest level since late 2009. The future finished goods inventory index fell from -6 to -11, while the future raw materials inventory index remained unchanged.

Price indexes edged down from the previous month. The month-over-month raw materials price index decreased from 37 to 14, and the finished goods price index fell to its lowest level in a year. The year-over-year raw materials price index eased from 63 to 53, while the finished goods price index was unchanged. The future raw materials price index decreased from 45 to 40, and the future finished goods price index slowed from 17 to 11, as a modest number of firms continue to plan on passing recent cost increases through to customers.

Table1

Summary of Tenth District Manufacturing Conditions, June 2010

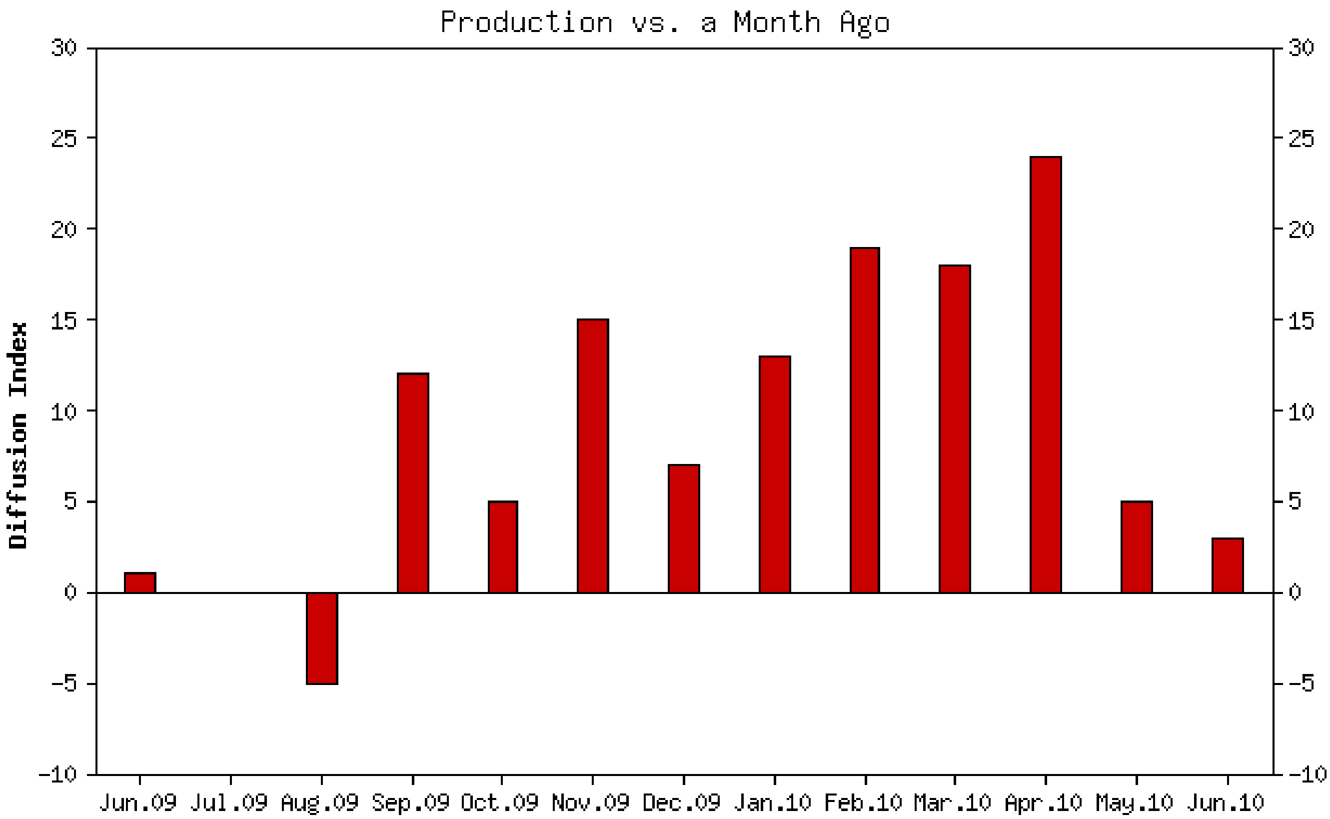
Plant Level Indicators	June vs. May (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	June vs. Year Ago (percent)[1] Increase	No Change	Decrease	Diff Index[2]	Expected in Six Months (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	33	45	20	12	3	44	19	34	9	42	37	19	23	21
Volume of shipments	34	36	28	6	1	43	17	37	6	46	33	19	27	24
Volume of new orders	33	36	28	4	0	42	18	36	6	42	38	17	25	23
Backlog of orders	22	47	28	-5	-9	30	29	36	-5	28	50	16	12	12
Number of employees	23	59	16	6	-1	25	35	38	-12	28	48	19	9	9
Average employee workweek	18	63	17	0	-2	21	50	25	-4	18	63	16	1	2
Prices received for finished product	7	77	14	-6	-14	32	42	23	9	23	65	9	14	11
Prices paid for raw materials	36	52	9	26	14	63	23	9	53	52	40	4	47	40
Capital expenditures						23	44	28	-5	19	54	20	-1	-4
New orders for exports	9	72	4	4	3	19	54	11	7	14	63	9	5	5
Supplier delivery time	12	80	4	8	5	14	67	14	0	10	75	9	1	0
Inventories:														
Materials	22	52	24	-2	-4	24	34	38	-14	16	58	22	-5	-10
Finished goods	20	56	19	0	1	23	44	28	-4	14	58	23	-9	-11

[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 June survey included 121 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09	Nov'09	Dec'09	Jan'10	Feb'10	Mar'10	Apr'10	May'10	Jun'10
Versus a Month Ago (seasonally adjusted)													
Production	1	0	-5	12	5	15	7	13	19	18	24	5	3
Volume of shipments	4	4	-13	8	0	8	3	9	14	17	27	-3	1
Volume of new orders	8	6	-8	7	7	10	0	9	11	12	15	-2	0
Backlog of orders	-1	-11	-17	-10	-1	0	-4	0	-5	7	11	-3	-9
Number of employees	-14	-15	-10	-3	-4	0	-1	2	-4	3	5	1	-1
Average employee workweek	2	-13	-9	8	-3	4	0	4	-3	1	6	9	-2
Prices received for finished product	-14	-16	-12	-6	-6	1	-1	0	0	5	5	-1	-14
Prices paid for raw materials	-9	-7	0	9	12	21	22	42	45	42	53	37	14
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	0	0	2	3	2	5	6	0	4	5	0	3
Supplier delivery time	-3	-4	0	3	3	11	8	8	12	11	10	15	5
Inventories: Materials	-22	-23	-20	-15	-4	-6	-12	-7	-1	3	-7	6	-4
Inventories: Finished goods	-12	-14	-10	-7	2	-6	-1	0	0	-7	-9	6	1
Versus a Year Ago (not seasonally adjusted)													
Production	-44	-50	-60	-46	-40	-31	-30	-10	-9	-1	14	16	9
Volume of shipments	-45	-50	-57	-43	-40	-28	-31	-10	-11	-5	15	13	6
Volume of new orders	-49	-48	-57	-43	-37	-16	-25	-11	-8	-3	19	23	6
Backlog of orders	-47	-50	-52	-48	-44	-24	-32	-14	-19	-13	-3	0	-5
Number of employees	-54	-57	-66	-56	-47	-49	-48	-39	-29	-31	-18	-18	-12
Average employee workweek	-44	-41	-50	-40	-33	-28	-32	-20	-11	-10	-1	8	-4
Prices received for finished product	-11	-24	-27	-14	-14	-12	-10	-1	-4	7	7	9	9
Prices paid for raw materials	-20	-27	-17	-9	-5	-12	6	25	38	55	58	63	53
Capital expenditures	-28	-24	-23	-24	-25	-26	-31	-14	-15	-8	-5	-5	-5
New orders for exports	-17	-14	-16	-7	-6	-8	0	6	7	2	7	8	7
Supplier delivery time	-17	-13	-8	1	-2	-3	0	-1	2	10	8	10	0
Inventories: Materials	-38	-43	-37	-37	-37	-34	-35	-18	-20	-17	-12	-14	-14
Inventories: Finished goods	-23	-23	-25	-17	-14	-24	-12	-14	-14	-11	-9	-8	-4
Expected in Six Months (seasonally adjusted)													
Production	11	9	19	17	24	32	17	35	24	33	22	32	21
Volume of shipments	8	6	12	12	18	31	15	35	32	36	21	33	24
Volume of new orders	15	14	19	17	26	23	17	25	25	27	28	31	23
Backlog of orders	0	6	7	0	13	16	7	12	5	16	9	16	12
Number of employees	0	-11	-7	1	4	8	2	9	18	20	18	14	9
Average employee workweek	3	-4	0	5	5	16	8	7	13	10	4	13	2
Prices received for finished product	4	-10	-3	1	0	5	8	12	15	19	17	17	11
Prices paid for raw materials	13	1	23	20	28	32	31	60	59	55	61	45	40
Capital expenditures	-13	-12	-2	-8	-5	-1	0	14	3	5	11	5	-4
New orders for exports	2	6	6	7	10	9	11	13	12	5	11	7	5
Supplier delivery time	-7	-7	-2	4	-1	6	10	6	6	9	15	9	0
Inventories: Materials	-18	-18	-13	-12	-6	-3	-2	3	6	4	3	-10	-10
Inventories: Finished goods	-9	-12	-15	-11	-7	-5	2	2	1	-4	0	-6	-11



[**Federal Reserve Bank of Kansas City**](#)
[**Manufacturing Survey Home Page**](#)