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, October 29, 2009
EMBARGOED FOR 11:00 A.M. EST

EMBARGOED FOR 11:00 A.M. EST

Growth in Tenth District manufacturing activity moderated somewhat in October, but producers were more optimistic about future activity. Price indexes increased somewhat for raw materials, while finished goods price indexes were generally stable.

A summary of the October 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 October, but producers were more optimistic about future activity. Price indexes increased somewhat for raw materials, while finished goods price indexes were generally stable.

The net percentage of firms reporting month-over-month increases in production in October was 6, down from 16 in September but up from -7 in August (Tables 1 & 2, Chart). Production increased at durable goods plants, but fell for most non-durable goods producers, particularly food and chemicals. Other month-over-month indexes were mixed. The shipments index dropped from 12 to 1, and the employment index was slightly lower than last month. The new orders index edged up from 10 to 11, and the order backlog index moved into positive territory for the first time in over a year. The new orders for exports index remained basically unchanged, and both inventory indexes increased markedly.

The majority of year-over-year factory indexes continued to rise in October, though from highly negative levels. The production index climbed from -46 to -40, and the shipments, new orders, and order backlog indexes also increased. The employment index rose from -56 to -47, while the capital expenditures index ticked down slightly. The finished goods inventory index edged up from -17 to -14 and the raw materials inventory index was stable.

Most future factory activity indexes improved over the previous month, with producers becoming increasingly optimistic. The future production index climbed from 20 to 29, and the future shipments and order backlog indexes also increased. The future employment index inched higher, and the future new orders index posted its highest level in almost two years. The future capital expenditures index rose from -7 to -2, and the future new orders for exports index also edged up slightly. Both inventory indexes increased for the second straight month.

The majority of price indexes were either unchanged or rose somewhat in October. The month-over-month raw materials price index rose from 15 to 18, and the finished goods price index remained unchanged. The year-over-year raw materials price index crept up from -9 to -5, and the finished goods price index was unmoved. The future finished goods price index was basically stable, while the future raw materials price index climbed from 23 to 34.

Table1

Summary of Tenth District Manufacturing Conditions, October 2009

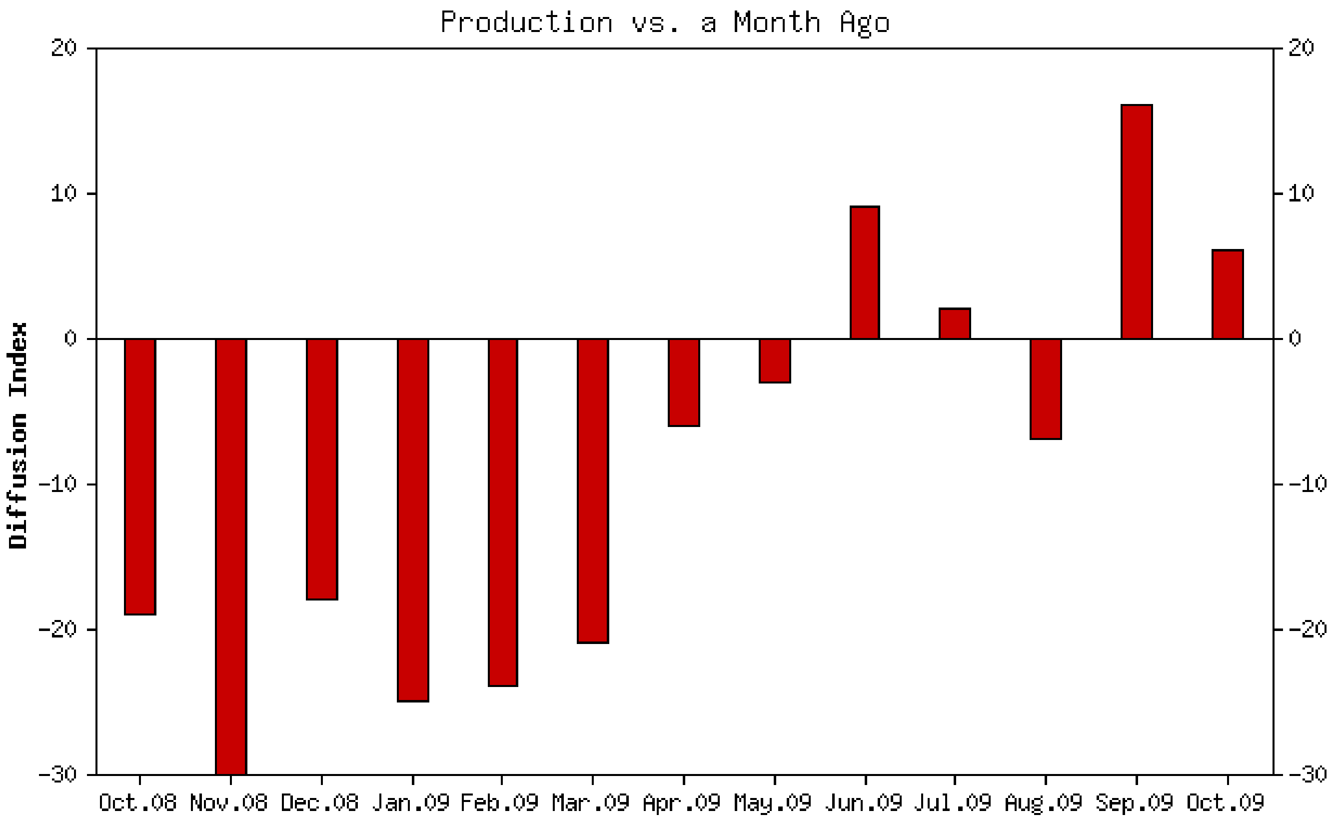
Plant Level Indicators	October vs. September (percent)[1]					October vs. Year Ago (percent)[1]				Expected in Six Months (percent)[1]				
	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	Increase	No Change	Decrease	Diff Index[2]	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	27	44	26	0	6	21	14	62	-40	45	31	19	25	29
Volume of shipments	27	40	30	-3	1	22	14	62	-40	44	31	22	22	25
Volume of new orders	31	37	29	2	11	20	19	57	-37	46	30	19	26	31
Backlog of orders	22	45	29	-6	3	11	29	55	-44	33	46	17	15	18
Number of employees	16	61	22	-5	0	16	18	63	-47	27	47	22	5	10
Average employee workweek	16	60	22	-5	-2	11	42	44	-33	25	53	18	7	12
Prices received for finished product	5	81	12	-7	-4	23	37	38	-14	19	60	18	1	2
Prices paid for raw materials	20	69	7	12	18	35	20	40	-5	40	46	11	29	34
Capital expenditures						21	29	47	-25	25	44	27	-2	-2
New orders for exports	10	70	7	3	4	14	54	20	-6	17	62	8	8	12
Supplier delivery time	10	81	6	3	4	14	65	17	-2	7	80	9	-1	0
Inventories:														
Materials	17	58	24	-7	-1	18	25	55	-37	22	46	29	-7	-3
Finished goods	18	55	19	0	4	21	34	36	-14	18	48	25	-6	-5

[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 October survey included 127 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Oct'08	Nov'08	Dec'08	Jan'09	Feb'09	Mar'09	Apr'09	May'09	Jun'09	Jul'09	Aug'09	Sep'09	Oct'09
Versus a Month Ago (seasonally adjusted)													
Production	-19	-30	-18	-25	-24	-21	-6	-3	9	2	-7	16	6
Volume of shipments	-16	-37	-14	-22	-20	-15	-6	-1	6	7	-12	12	1
Volume of new orders	-17	-34	-25	-23	-28	-16	-10	3	11	10	-8	10	11
Backlog of orders	-20	-35	-27	-38	-35	-32	-30	-18	0	-8	-17	-8	3
Number of employees	-10	-18	-31	-40	-40	-41	-23	-13	-10	-13	-6	1	0
Average employee workweek	-18	-24	-21	-34	-27	-23	-16	-14	3	-13	-8	11	-2
Prices received for finished product	5	0	-4	-12	-17	-15	-19	-19	-14	-17	-11	-4	-4
Prices paid for raw materials	6	-11	-12	-26	-27	-29	-28	-20	-8	-6	0	15	18
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	-4	-11	-14	-16	-11	-15	-15	-7	-1	4	2	5	4
Supplier delivery time	0	-6	-4	-6	-4	-5	-5	-7	-4	-5	1	4	4
Inventories: Materials	-6	-8	-17	-23	-24	-29	-27	-20	-23	-25	-20	-14	-1
Inventories: Finished goods	-7	1	-1	-9	-20	-19	-15	-11	-14	-16	-11	-7	4
Versus a Year Ago (not seasonally adjusted)													
Production	-22	-35	-40	-51	-62	-62	-62	-52	-44	-50	-60	-46	-40
Volume of shipments	-14	-31	-30	-45	-60	-63	-60	-53	-45	-50	-57	-43	-40
Volume of new orders	-22	-45	-44	-50	-61	-68	-53	-47	-49	-48	-57	-43	-37
Backlog of orders	-26	-40	-34	-49	-53	-62	-56	-53	-47	-50	-52	-48	-44
Number of employees	-22	-29	-38	-44	-53	-64	-60	-65	-54	-57	-66	-56	-47
Average employee workweek	-24	-36	-31	-44	-50	-55	-49	-54	-44	-41	-50	-40	-33
Prices received for finished product	60	37	37	18	8	1	-8	-8	-11	-24	-27	-14	-14
Prices paid for raw materials	72	39	20	9	-4	-12	-16	-25	-20	-27	-17	-9	-5
Capital expenditures	6	-10	-8	-25	-33	-45	-42	-48	-28	-24	-23	-24	-25
New orders for exports	-3	-8	-12	-19	-24	-25	-22	-26	-17	-14	-16	-7	-6
Supplier delivery time	0	-10	-3	-10	-10	-14	-13	-19	-17	-13	-8	1	-2
Inventories: Materials	-1	-5	-11	-22	-32	-44	-34	-38	-38	-43	-37	-37	-37
Inventories: Finished goods	-6	0	-3	-14	-25	-25	-20	-20	-23	-23	-25	-17	-14
Expected in Six Months (seasonally adjusted)													
Production	-1	-21	-14	-10	-30	-13	-1	1	13	10	24	20	29
Volume of shipments	0	-18	-20	-10	-27	-9	-1	0	11	7	16	16	25
Volume of new orders	-3	-17	-13	-13	-18	-8	4	0	17	16	21	20	31
Backlog of orders	0	-20	-16	-28	-21	-20	-9	-10	1	8	10	2	18
Number of employees	-5	-23	-23	-26	-38	-37	-22	-14	0	-10	-5	6	10
Average employee workweek	-6	-9	-17	-30	-28	-17	-12	-13	3	-3	1	9	12
Prices received for finished product	21	5	10	-7	-11	-7	-9	-16	2	-11	-2	3	2
Prices paid for raw materials	27	-4	0	-6	-4	-8	-12	-7	12	0	29	23	34
Capital expenditures	-1	-18	-21	-21	-33	-24	-15	-10	-13	-12	0	-7	-2
New orders for exports	-1	-1	-7	-11	-8	-3	-4	-5	3	8	8	9	12
Supplier delivery time	-3	-4	-5	-9	-5	-11	-5	-6	-8	-9	-2	6	0
Inventories: Materials	-12	-17	-30	-26	-38	-31	-27	-25	-16	-16	-11	-9	-3
Inventories: Finished goods	-8	-12	-20	-13	-38	-24	-19	-23	-9	-12	-16	-11	-5



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