



# News Release

## Federal Reserve Bank of Kansas City

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Tenth District manufacturing activity grew moderately in November, and producers were increasingly optimistic about the months ahead. Price indexes continued to rise for raw materials, and finished goods price indexes also began to edge higher.

A summary of the November 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 grew moderately in November, and producers were increasingly optimistic about the months ahead. Price indexes continued to rise for raw materials, and finished goods price indexes also began to edge higher.

The net percentage of firms reporting month-over-month increases in production in November was 17, up from 6 in October and 16 in September (Tables 1 & 2, Chart). Production increased at non-durable goods plants, and was mostly flat for durable goods producers. Other month-over-month indexes also increased. The shipments index jumped from 1 to 11, and the employment index reached its highest level in over a year, though it was still only slightly positive. The new orders for exports and order backlog indexes were largely unchanged. The raw materials inventory index remained the same, while the finished goods inventory index declined slightly after three months of increase.

The majority of year-over-year factory indexes continued to rise in November, but still remain highly negative. The production index climbed from -40 to -31, and the shipments, new orders, and order backlog indexes increased by larger amounts. However, the employment index remained quite negative, and the capital expenditures index was unchanged. The finished goods inventory index decreased from -14 to -24, while the raw materials inventory index edged up.

Most future factory activity indexes continued to improve over last month's optimistic results. The future production index increased from 29 to 36, and the future shipments, employment, and employee workweek indexes also rose. The future new orders index dipped slightly from 31 to 25, while the future order backlog index was basically unchanged. The future capital expenditures index inched closer to positive territory, while the future new orders for exports index remained in double digits. Both future inventory indexes increased for the third straight month.

The majority of price indexes edged higher in November, though levels still remain fairly low historically. The month-over-month raw materials price index climbed from 18 to 29, and the finished goods price index moved into positive territory for the first time in a year. The year-over-year raw materials price index fell from -5 to -12, while the finished goods price index crept higher. The future finished goods price index rose from 2 to 8, and the future raw materials price index also increased.

Table1

## Summary of Tenth District Manufacturing Conditions, November 2009

| Plant Level Indicators               | November vs. October (percent) <sup>1</sup> |        |          |                    |                    | November vs. Year Ago (percent) <sup>1</sup> |        |          |                    | Expected in Six Months (percent) <sup>1</sup> |        |          |                    |                    |
|--------------------------------------|---|--------|----------|--------------------|--------------------|--|--------|----------|--------------------|---|--------|----------|--------------------|--------------------|
|                                      | No  |        | Diff     |                    | SA                 | No   |        | Diff     |                    | No  |        | Diff     |                    | SA                 |
|                                      | Increase                                    | Change | Decrease | Index <sup>2</sup> | Index <sup>3</sup> | Increase                                     | Change | Decrease | Index <sup>2</sup> | Increase                                      | Change | Decrease | Index <sup>2</sup> | Index <sup>3</sup> |
| Production                           | 31  | 42     | 25       | 6                  | 17                 | 24   | 17     | 56       | -31                | 51  | 28     | 19       | 32                 | 36                 |
| Volume of shipments                  | 29  | 42     | 28       | 1                  | 11                 | 28   | 14     | 56       | -28                | 52  | 27     | 19       | 33                 | 33                 |
| Volume of new orders                 | 33  | 36     | 29       | 3                  | 14                 | 32   | 15     | 49       | -16                | 49  | 26     | 22       | 26                 | 25                 |
| Backlog of orders                    | 22  | 47     | 27       | -4                 | 2                  | 21   | 28     | 45       | -24                | 36  | 36     | 22       | 14                 | 17                 |
| Number of employees                  | 17  | 61     | 21       | -3                 | 2                  | 14   | 19     | 64       | -49                | 32  | 40     | 25       | 7                  | 12                 |
| Average employee workweek            | 16  | 64     | 17       | 0                  | 5                  | 11   | 45     | 40       | -28                | 29  | 52     | 15       | 14                 | 21                 |
| Prices received for finished product | 8   | 78     | 11       | -2                 | 4                  | 25   | 33     | 37       | -12                | 20  | 60     | 15       | 4                  | 8                  |
| Prices paid for raw materials        | 27  | 65     | 7        | 20                 | 29                 | 32   | 21     | 44       | -12                | 44  | 42     | 11       | 33                 | 39                 |
| Capital expenditures                 |   |        |          |                    |                    | 16   | 35     | 42       | -26                | 21  | 53     | 21       | 0                  | 0                  |
| New orders for exports               | 9   | 67     | 9        | 0                  | 2                  | 12   | 52     | 21       | -8                 | 14  | 63     | 6        | 8                  | 10                 |
| Supplier delivery time               | 12  | 85     | 1        | 10                 | 13                 | 14   | 65     | 17       | -3                 | 15  | 75     | 7        | 8                  | 9                  |
| <b>Inventories:</b>                  |   |        |          |                    |                    |  |        |          |                    |   |        |          |                    |                    |
| Materials                            | 18  | 55     | 26       | -7                 | -1                 | 18   | 28     | 52       | -34                | 16  | 60     | 21       | -5                 | -2                 |
| Finished goods                       | 14  | 57     | 23       | -9                 | -4                 | 16   | 37     | 41       | -24                | 11  | 66     | 17       | -6                 | -2                 |

<sup>1</sup>Percentage may not add to 100 due to rounding.

<sup>2</sup>Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

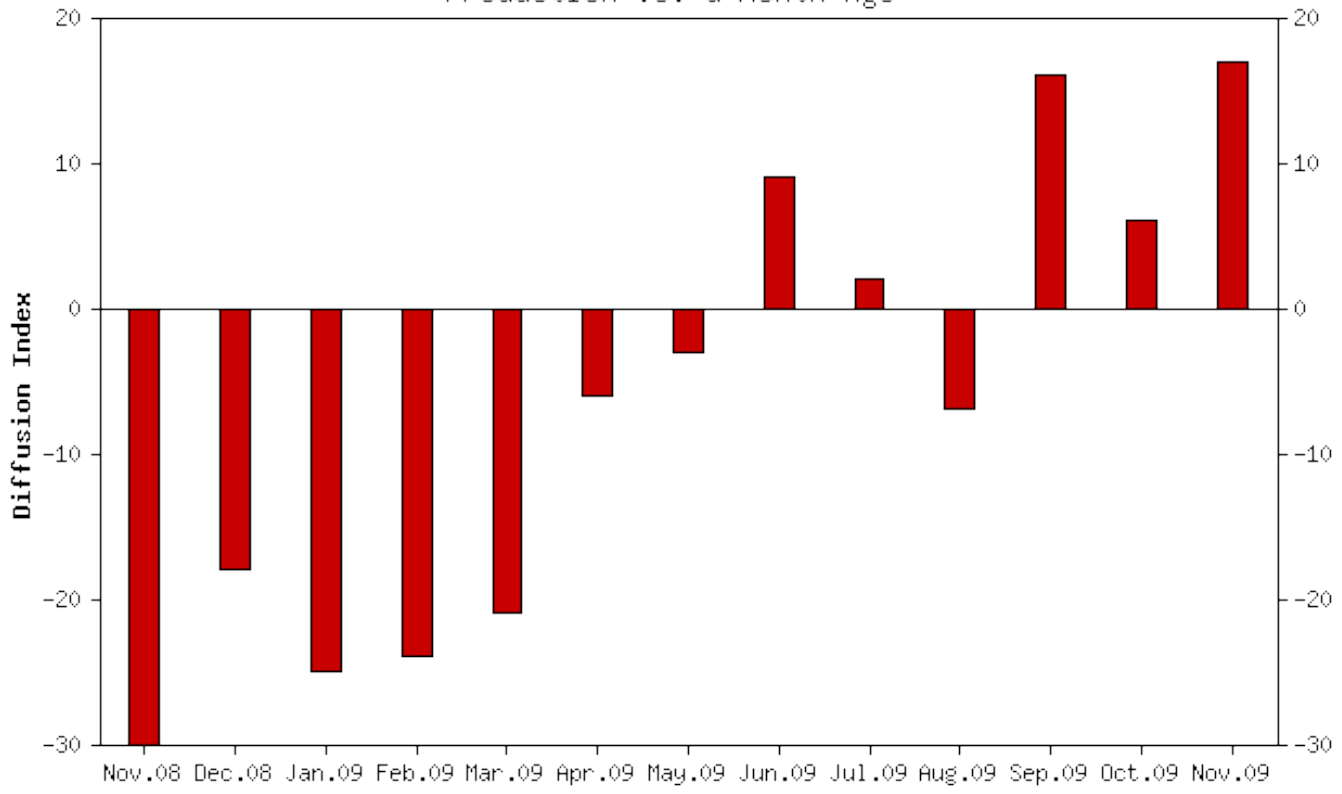
<sup>3</sup>Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-12.

Note: The November survey included 114 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

**Table2**  
**Historical Manufacturing Survey Indexes**

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

Production vs. a Month Ago



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