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, March 26, 2009
EMBARGOED FOR 11:00 A.M. EST

EMBARGOED FOR 11:00 A.M. EST

Tenth District manufacturing activity declined at a slightly slower pace in March, and firms' expectations for future activity improved somewhat over last month. Price indexes in the survey remained mostly negative.

A summary of the March 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 declined at a slightly slower pace in March, and firms' expectations for future activity improved somewhat over last month. Price indexes in the survey remained mostly negative.

The net percentage of firms reporting month-over-month increases in production in March was -21, up from -24 in February and -25 in January (Tables 1 & 2, Chart). Production indexes improved slightly at both durable and non-durable-goods producing plants. Most other month-over-month indexes showed slight upturns but still remained quite negative. The shipments index edged up slightly from -20 to -15, and the order backlog and new orders for exports indexes also rose marginally. In contrast, the employment index fell to another historical low and the new orders for exports index also eased down. The raw materials inventory index continued its downward slide, while the finished goods inventory index was basically unchanged.

The year-over-year factory indexes all decreased or remained unchanged from February's all-time survey lows. While the production index stayed constant, the shipments, new orders, order backlog, and employment indexes all dropped to new survey lows. Also, the capital expenditures index weakened further from -33 to -45, its lowest level in survey history. The new orders for exports index was basically unchanged at an all-time low level. The raw materials inventory index decreased from -32 to -44, while the finished goods inventory index did not change.

The majority of future factory activity indexes posted some improvements in March, but still remained in negative territory. The future production index climbed from -30 to -13, and the future shipments and new orders indexes also rose markedly. The future employment and order backlog indexes remained basically unchanged, and the new orders for exports index edged up slightly. The future capital expenditures index increased from -33 to -24, but most producers still reported few plans for capital spending in the near-term. Both future inventory indexes improved somewhat but were still quite sluggish.

Price indexes were mixed, with most indexes declining further from last month. The month-over month raw materials price index fell from -27 to -29, while the finished goods index edged up slightly. The year-over-year finished goods price index decreased to its lowest level in over six years, and the raw materials index dropped from -4 to -12. The future finished good price index rose marginally from -11 to -7, while the future raw materials index fell for the second straight month.

Table1

Summary of Tenth District Manufacturing Conditions, March 2009

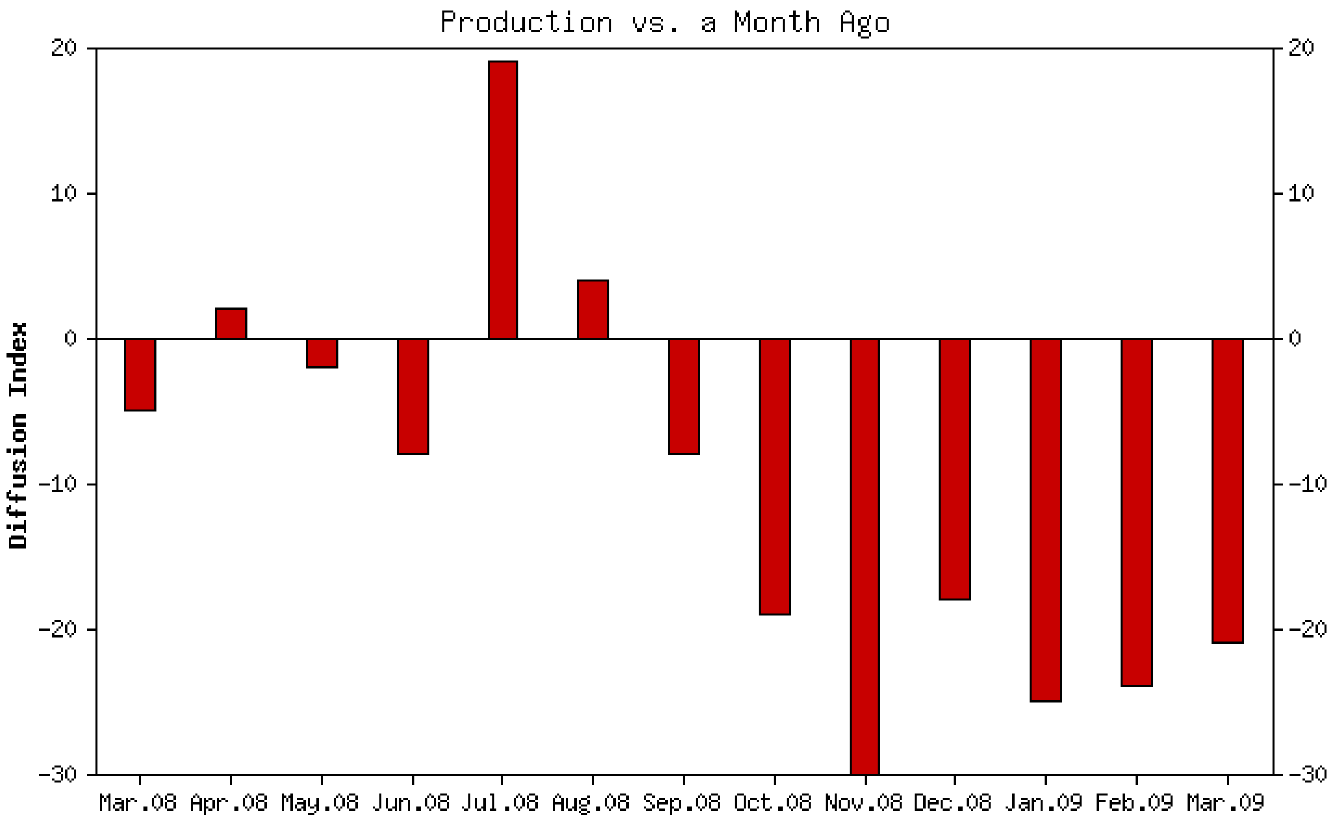
Plant Level Indicators	March vs. February (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	March vs. Year Ago (percent)[1] Increase	No Change	Decrease	Diff Index[2]	Expected in Six Months (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	25	32	40	-14	-21	11	12	73	-62	29	30	37	-8	-13
Volume of shipments	28	31	38	-9	-15	12	10	76	-63	27	31	39	-11	-9
Volume of new orders	29	31	38	-9	-16	8	12	77	-68	30	29	37	-7	-8
Backlog of orders	14	35	46	-31	-32	5	21	68	-62	20	36	38	-18	-20
Number of employees	6	45	46	-40	-41	8	18	72	-64	13	40	45	-32	-37
Average employee workweek	10	53	36	-25	-23	3	36	59	-55	18	45	34	-16	-17
Prices received for finished product	4	76	19	-15	-15	32	35	31	1	13	63	21	-7	-7
Prices paid for raw materials	4	63	31	-26	-29	34	18	46	-12	19	53	25	-5	-8
Capital expenditures						8	33	54	-45	11	47	36	-25	-24
New orders for exports	6	61	18	-12	-15	6	46	31	-25	11	59	14	-3	-3
Supplier delivery time	6	81	10	-4	-5	9	63	24	-14	4	77	15	-10	-11
Inventories:														
Materials	12	48	39	-27	-29	13	27	57	-44	13	43	42	-29	-31
Finished goods	16	48	30	-13	-19	20	28	45	-25	17	40	39	-22	-24

[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 March survey included 122 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Mar'08	Apr'08	May'08	Jun'08	Jul'08	Aug'08	Sep'08	Oct'08	Nov'08	Dec'08	Jan'09	Feb'09	Mar'09
Versus a Month Ago (seasonally adjusted)													
Production	-5	2	-2	-8	19	4	-8	-19	-30	-18	-25	-24	-21
Volume of shipments	-2	5	2	-10	20	1	-7	-16	-37	-14	-22	-20	-15
Volume of new orders	-8	-1	-1	-4	16	3	-12	-17	-34	-25	-23	-28	-16
Backlog of orders	-6	-4	-1	-11	-1	-6	-15	-20	-35	-27	-38	-35	-32
Number of employees	-8	0	0	-9	2	0	-7	-10	-18	-31	-40	-40	-41
Average employee workweek	-4	1	-1	-3	4	4	-7	-18	-24	-21	-34	-27	-23
Prices received for finished product	22	22	28	31	28	27	20	5	0	-4	-12	-17	-15
Prices paid for raw materials	60	59	63	63	60	51	40	6	-11	-12	-26	-27	-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	12	6	16	7	15	3	4	-4	-11	-14	-16	-11	-15
Supplier delivery time	6	7	5	13	7	7	3	0	-6	-4	-6	-4	-5
Inventories: Materials	-3	2	0	-2	-3	1	-3	-6	-8	-17	-23	-24	-29
Inventories: Finished goods	5	10	0	-1	4	-4	0	-7	1	-1	-9	-20	-19
Versus a Year Ago (not seasonally adjusted)													
Production	0	-5	-7	-10	7	1	-1	-22	-35	-40	-51	-62	-62
Volume of shipments	0	0	-4	-10	5	4	-3	-14	-31	-30	-45	-60	-63
Volume of new orders	-9	0	-5	-7	0	5	-5	-22	-45	-44	-50	-61	-68
Backlog of orders	-11	-8	-6	-8	-7	-4	-8	-26	-40	-34	-49	-53	-62
Number of employees	5	0	-4	-6	-6	-10	-7	-22	-29	-38	-44	-53	-64
Average employee workweek	-11	-11	-9	-11	-6	-5	-13	-24	-36	-31	-44	-50	-55
Prices received for finished product	60	56	61	69	61	68	64	60	37	37	18	8	1
Prices paid for raw materials	84	87	95	88	91	90	86	72	39	20	9	-4	-12
Capital expenditures	14	10	11	11	17	10	10	6	-10	-8	-25	-33	-45
New orders for exports	11	10	22	22	22	10	8	-3	-8	-12	-19	-24	-25
Supplier delivery time	11	21	10	19	11	12	4	0	-10	-3	-10	-10	-14
Inventories: Materials	0	7	3	-6	14	5	8	-1	-5	-11	-22	-32	-44
Inventories: Finished goods	6	5	0	-5	8	-1	0	-6	0	-3	-14	-25	-25
Expected in Six Months (seasonally adjusted)													
Production	5	17	11	17	12	29	3	-1	-21	-14	-10	-30	-13
Volume of shipments	12	15	15	16	11	26	0	0	-18	-20	-10	-27	-9
Volume of new orders	14	14	18	14	9	28	5	-3	-17	-13	-13	-18	-8
Backlog of orders	8	0	3	4	0	13	0	0	-20	-16	-28	-21	-20
Number of employees	8	9	6	3	7	5	0	-5	-23	-23	-26	-38	-37
Average employee workweek	-6	-1	-2	-5	-2	-3	-4	-6	-9	-17	-30	-28	-17
Prices received for finished product	46	42	45	44	54	50	26	21	5	10	-7	-11	-7
Prices paid for raw materials	71	76	75	76	68	72	51	27	-4	0	-6	-4	-8
Capital expenditures	10	10	12	13	16	6	13	-1	-18	-21	-21	-33	-24
New orders for exports	19	17	19	23	15	10	8	-1	-1	-7	-11	-8	-3
Supplier delivery time	8	9	8	6	2	5	2	-3	-4	-5	-9	-5	-11
Inventories: Materials	-6	-4	-3	2	-2	-6	-7	-12	-17	-30	-26	-38	-31
Inventories: Finished goods	-2	0	-9	-5	-10	-9	-6	-8	-12	-20	-13	-38	-24



Federal Reserve Bank of Kansas City
Manufacturing Survey Home Page