News Release

Federal Reserve Bank of Kansas City

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Tenth District manufacturing activity showed signs of a rebound in June, and firms' expectations for future factory activity were generally positive. Price indexes in the survey edged up slightly after months of decline.

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

Tenth District manufacturing activity showed signs of a rebound in June, and firms' expectations for future factory activity were generally positive. Price indexes in the survey edged up slightly after months of decline.

The net percentage of firms reporting month-over-month increases in production in June was 9, up from -3 in May and -6 in April (Tables 1 & 2, Chart). Production indexes, positive for the first time in 10 months, increased at both durable and non-durable-goods producing plants. Most other month-over-month indexes climbed higher and several also moved into positive territory. The shipments, new orders, and order backlog indexes all increased for the second straight month. The employment index edged up from -13 to -10, and the employee workweek index also improved considerably. Both inventory indexes dropped after increasing last month, though over half of all firms indicated general satisfaction with their inventory levels.

The majority of year-over-year factory indexes showed marked improvements in June but still remained quite negative. The production index increased from -52 to -44, and the shipments, order backlog, and employment indexes also rose marginally. The capital spending index jumped from -48 to -28, and the new orders for exports index also increased. On the other hand, the new orders index fell slightly after rising last month. The finished goods inventory index decreased from -20 to -23, while the raw materials inventory index remained unchanged.

Most future factory activity indexes also increased considerably from the previous month. The future production index jumped from 1 to 13, and the future shipments, new orders, and order backlog indexes also climbed higher. The future employment index rose from -14 to 0, and the new orders for exports and employee workweek indexes also edged up. On the other hand, the future capital expenditures index fell slightly from -10 to -13, as most firms indicated some lingering hesitancy on major investments due to the only recent pickup in activity. Both future inventory indexes increased but still remained in negative territory.

The majority of price indexes rose marginally, with a few moving into positive territory. The month-over-month finished goods price index edged up from -19 to -14, and the raw materials index also increased. The year-over-year finished goods price index fell from -8 to -11, while the raw materials index rebounded from an all-time survey low. The future finished goods price index jumped from -16 to 2 and the future raw materials index also climbed markedly.

Table1

Summary of Tenth District Manufacturing Conditions, June 2009

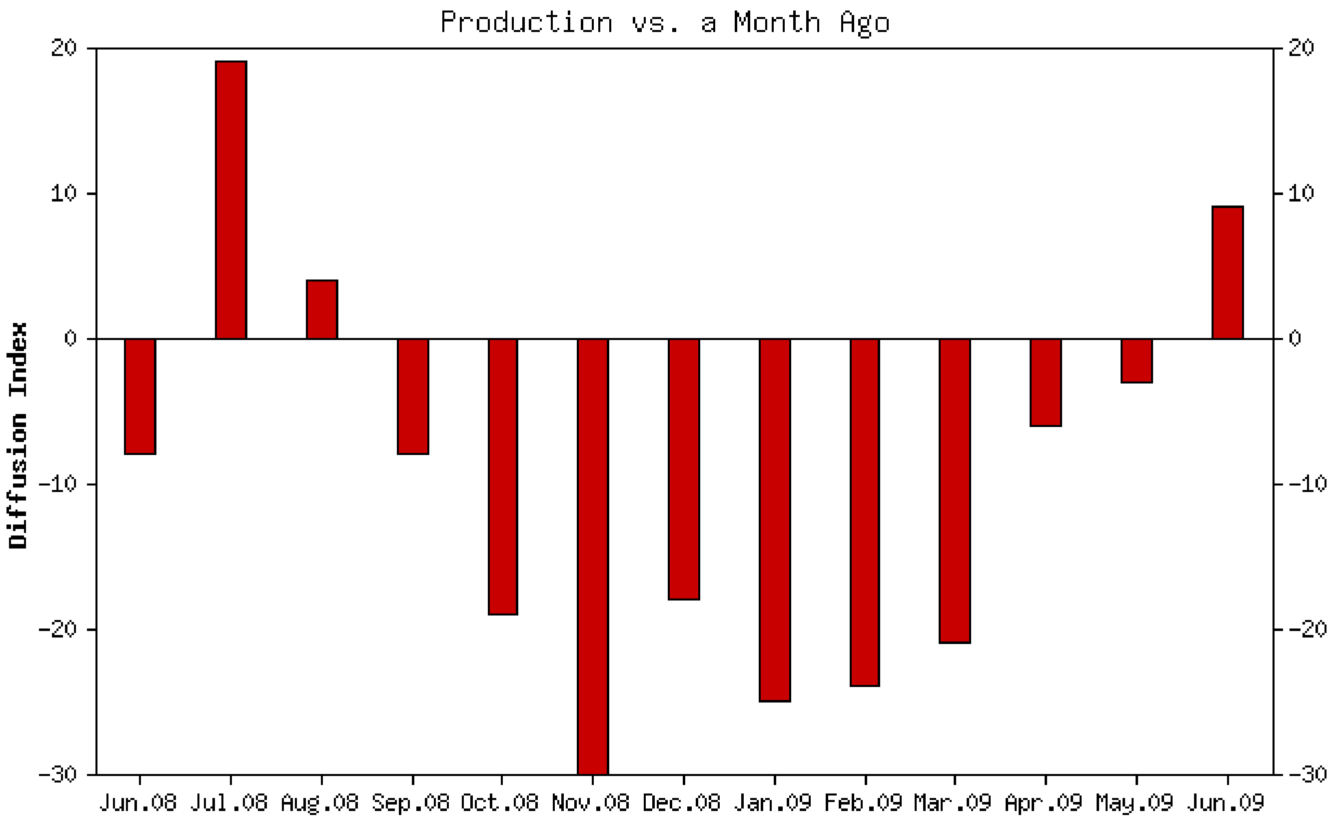
Plant Level Indicators	June vs. May (percent)[1]					June vs. Year Ago (percent)[1]				Expected in Six Months (percent)[1]				
	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	Increase	No Change	Decrease	Diff Index[2]	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	33	42	22	10	9	19	14	63	-44	39	29	26	12	13
Volume of shipments	35	39	25	10	6	21	10	66	-45	40	28	30	10	11
Volume of new orders	38	34	24	14	11	16	14	65	-49	40	31	23	17	17
Backlog of orders	25	48	23	1	0	11	22	59	-47	28	40	27	0	1
Number of employees	18	57	24	-5	-10	12	18	67	-54	31	34	31	0	0
Average employee workweek	20	64	14	5	3	8	36	53	-44	26	45	24	2	3
Prices received for finished product	8	73	16	-7	-14	28	28	40	-11	25	54	17	7	2
Prices paid for raw materials	18	65	16	2	-8	30	17	51	-20	36	45	17	19	12
Capital expenditures						17	34	45	-28	21	43	32	-11	-13
New orders for exports	10	66	11	-1	-1	8	56	25	-17	15	62	12	2	3
Supplier delivery time	5	84	6	0	-4	10	59	27	-17	7	76	12	-5	-8
Inventories:														
Materials	11	55	31	-20	-23	14	30	53	-38	18	48	31	-13	-16
Finished goods	11	59	24	-12	-14	20	33	43	-23	20	49	27	-7	-9

[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 135 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Jun'08	Jul'08	Aug'08	Sep'08	Oct'08	Nov'08	Dec'08	Jan'09	Feb'09	Mar'09	Apr'09	May'09	Jun'09
Versus a Month Ago (seasonally adjusted)													
Production	-8	19	4	-8	-19	-30	-18	-25	-24	-21	-6	-3	9
Volume of shipments	-10	20	1	-7	-16	-37	-14	-22	-20	-15	-6	-1	6
Volume of new orders	-4	16	3	-12	-17	-34	-25	-23	-28	-16	-10	3	11
Backlog of orders	-11	-1	-6	-15	-20	-35	-27	-38	-35	-32	-30	-18	0
Number of employees	-9	2	0	-7	-10	-18	-31	-40	-40	-41	-23	-13	-10
Average employee workweek	-3	4	4	-7	-18	-24	-21	-34	-27	-23	-16	-14	3
Prices received for finished product	31	28	27	20	5	0	-4	-12	-17	-15	-19	-19	-14
Prices paid for raw materials	63	60	51	40	6	-11	-12	-26	-27	-29	-28	-20	-8
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	7	15	3	4	-4	-11	-14	-16	-11	-15	-15	-7	-1
Supplier delivery time	13	7	7	3	0	-6	-4	-6	-4	-5	-5	-7	-4
Inventories: Materials	-2	-3	1	-3	-6	-8	-17	-23	-24	-29	-27	-20	-23
Inventories: Finished goods	-1	4	-4	0	-7	1	-1	-9	-20	-19	-15	-11	-14
Versus a Year Ago (not seasonally adjusted)													
Production	-10	7	1	-1	-22	-35	-40	-51	-62	-62	-62	-52	-44
Volume of shipments	-10	5	4	-3	-14	-31	-30	-45	-60	-63	-60	-53	-45
Volume of new orders	-7	0	5	-5	-22	-45	-44	-50	-61	-68	-53	-47	-49
Backlog of orders	-8	-7	-4	-8	-26	-40	-34	-49	-53	-62	-56	-53	-47
Number of employees	-6	-6	-10	-7	-22	-29	-38	-44	-53	-64	-60	-65	-54
Average employee workweek	-11	-6	-5	-13	-24	-36	-31	-44	-50	-55	-49	-54	-44
Prices received for finished product	69	61	68	64	60	37	37	18	8	1	-8	-8	-11
Prices paid for raw materials	88	91	90	86	72	39	20	9	-4	-12	-16	-25	-20
Capital expenditures	11	17	10	10	6	-10	-8	-25	-33	-45	-42	-48	-28
New orders for exports	22	22	10	8	-3	-8	-12	-19	-24	-25	-22	-26	-17
Supplier delivery time	19	11	12	4	0	-10	-3	-10	-10	-14	-13	-19	-17
Inventories: Materials	-6	14	5	8	-1	-5	-11	-22	-32	-44	-34	-38	-38
Inventories: Finished goods	-5	8	-1	0	-6	0	-3	-14	-25	-25	-20	-20	-23
Expected in Six Months (seasonally adjusted)													
Production	17	12	29	3	-1	-21	-14	-10	-30	-13	-1	1	13
Volume of shipments	16	11	26	0	0	-18	-20	-10	-27	-9	-1	0	11
Volume of new orders	14	9	28	5	-3	-17	-13	-13	-18	-8	4	0	17
Backlog of orders	4	0	13	0	0	-20	-16	-28	-21	-20	-9	-10	1
Number of employees	3	7	5	0	-5	-23	-23	-26	-38	-37	-22	-14	0
Average employee workweek	-5	-2	-3	-4	-6	-9	-17	-30	-28	-17	-12	-13	3
Prices received for finished product	44	54	50	26	21	5	10	-7	-11	-7	-9	-16	2
Prices paid for raw materials	76	68	72	51	27	-4	0	-6	-4	-8	-12	-7	12
Capital expenditures	13	16	6	13	-1	-18	-21	-21	-33	-24	-15	-10	-13
New orders for exports	23	15	10	8	-1	-1	-7	-11	-8	-3	-4	-5	3
Supplier delivery time	6	2	5	2	-3	-4	-5	-9	-5	-11	-5	-6	-8
Inventories: Materials	2	-2	-6	-7	-12	-17	-30	-26	-38	-31	-27	-25	-16
Inventories: Finished goods	-5	-10	-9	-6	-8	-12	-20	-13	-38	-24	-19	-23	-9



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