News Release

Federal Reserve Bank of Kansas City

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FOR RELEASE Thursday, July 30, 2009
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Tenth District manufacturing activity was largely flat in July as firms continued to trim inventories, and expectations remained fairly stable following last month's increase. Price indexes in the survey eased after rising marginally last month.

A summary of the July 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 was largely flat in July as firms continued to trim inventories, and expectations remained fairly stable following last month's increase. Price indexes in the survey eased after rising marginally last month.

The net percentage of firms reporting month-over-month increases in production in July was 2, down from 9 in June, but up from -3 in May (Tables 1 & 2, Chart). Production edged higher among durable goods producers, but decreased in non-durable goods plants, particularly for food and chemicals. Other month-over-month indexes were mixed. The new orders index was solidly positive for the second straight month, but the order backlog and employment indexes fell after increasing last month. The shipments index edged up slightly, and the new orders for export index moved into positive territory for the first time in 10 months. Both inventory indexes fell for the second straight month and remained highly negative.

The majority of year-over-year factory indexes decreased marginally after some slight improvements last month. The production index dropped from -44 to -50, and the shipments, order backlog and employment indexes also fell. On the other hand, the new orders index increased slightly, and the new orders for export and capital expenditures indexes also showed some improvement for the second straight month. The raw materials inventory index declined from -38 to -43, while the finished goods inventory index remained unchanged.

Most future factory activity indexes eased slightly, but several remained in positive territory. The future production index fell from 13 to 10, and the future shipments and employment indexes also decreased after rising last month. The future new orders index was largely unchanged at 16. The future order backlog index reached its highest level since March, and the future capital expenditures and new orders for export indexes also rose. The future finished goods inventory index declined after improving noticeably in June, while the future raw materials inventory index was unchanged.

The majority of price indexes eased after an increase last month. The month-over-month finished goods price index edged down from -14 to -17, while the raw materials index had a slight uptick. Both year-over-year price indexes dropped further, posting their lowest level in survey history. The future finished goods price index fell back into negative territory, and the future raw materials price index decreased from 12 to 0.

Table1

Summary of Tenth District Manufacturing Conditions, July 2009

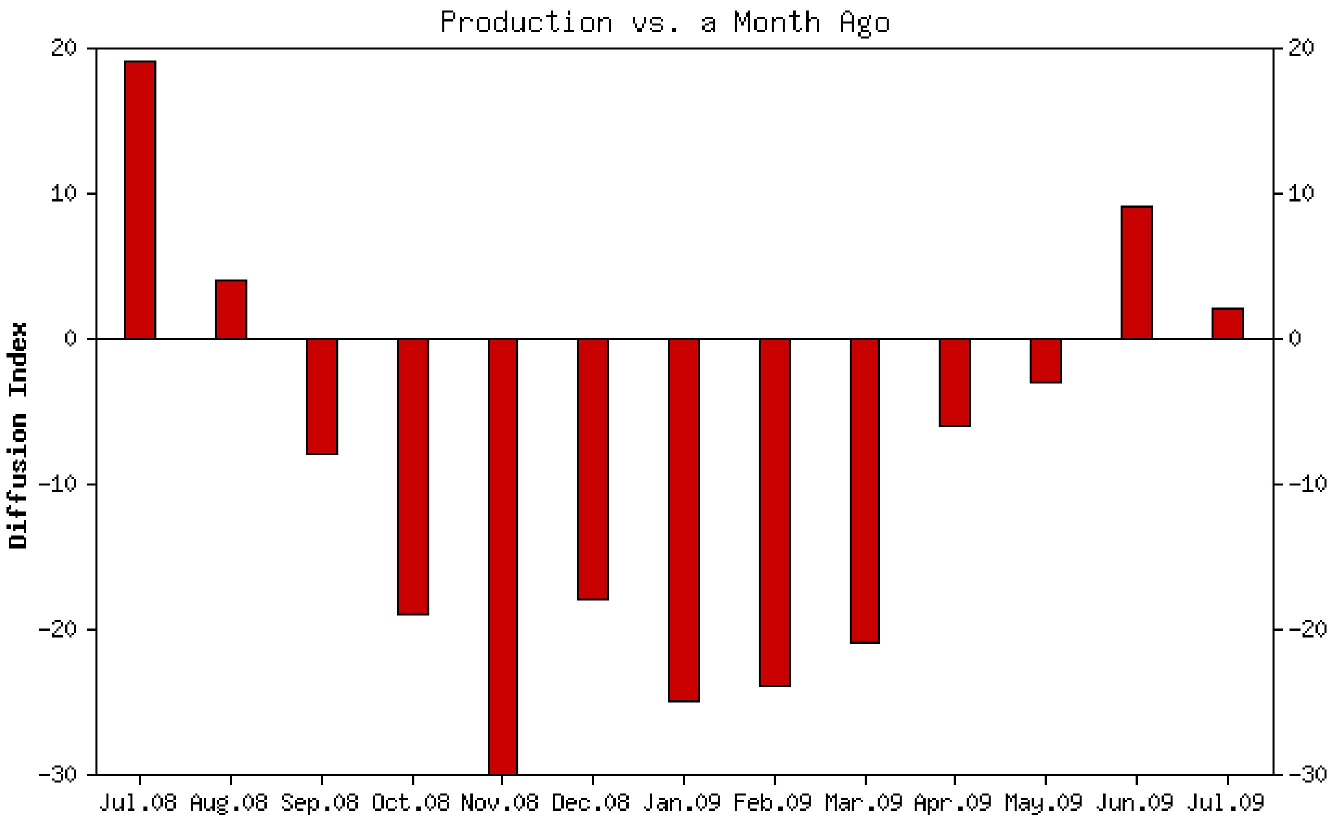
Plant Level Indicators	July vs. June (percent)[1]					July vs. Year Ago (percent)[1]				Expected in Six Months (percent)[1]				
	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	Increase	No Change	Decrease	Diff Index[2]	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	28	43	27	1	2	18	9	69	-50	38	34	25	13	10
Volume of shipments	31	39	28	3	7	18	11	68	-50	36	35	27	9	7
Volume of new orders	31	40	27	4	10	18	13	67	-48	40	33	25	14	16
Backlog of orders	22	48	27	-4	-8	11	25	61	-50	29	45	22	6	8
Number of employees	13	59	26	-13	-13	8	23	65	-57	21	46	29	-8	-10
Average employee workweek	15	58	25	-9	-13	6	43	48	-41	21	53	23	-2	-3
Prices received for finished product	4	79	16	-12	-17	23	26	48	-24	16	56	25	-9	-11
Prices paid for raw materials	17	68	13	3	-6	27	16	54	-27	31	45	21	9	0
Capital expenditures						18	34	43	-24	19	47	30	-10	-12
New orders for exports	12	70	7	4	4	11	50	26	-14	18	61	9	9	8
Supplier delivery time	5	84	9	-3	-5	13	58	27	-13	8	74	16	-8	-9
Inventories:														
Materials	10	50	37	-27	-25	13	29	56	-43	18	46	33	-15	-16
Finished goods	16	49	31	-15	-16	18	34	42	-23	15	53	27	-11	-12

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

Table2

Historical Manufacturing Survey Indexes

	Jul'08	Aug'08	Sep'08	Oct'08	Nov'08	Dec'08	Jan'09	Feb'09	Mar'09	Apr'09	May'09	Jun'09	Jul'09
Versus a Month Ago (seasonally adjusted)													
Production	19	4	-8	-19	-30	-18	-25	-24	-21	-6	-3	9	2
Volume of shipments	20	1	-7	-16	-37	-14	-22	-20	-15	-6	-1	6	7
Volume of new orders	16	3	-12	-17	-34	-25	-23	-28	-16	-10	3	11	10
Backlog of orders	-1	-6	-15	-20	-35	-27	-38	-35	-32	-30	-18	0	-8
Number of employees	2	0	-7	-10	-18	-31	-40	-40	-41	-23	-13	-10	-13
Average employee workweek	4	4	-7	-18	-24	-21	-34	-27	-23	-16	-14	3	-13
Prices received for finished product	28	27	20	5	0	-4	-12	-17	-15	-19	-19	-14	-17
Prices paid for raw materials	60	51	40	6	-11	-12	-26	-27	-29	-28	-20	-8	-6
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	15	3	4	-4	-11	-14	-16	-11	-15	-15	-7	-1	4
Supplier delivery time	7	7	3	0	-6	-4	-6	-4	-5	-5	-7	-4	-5
Inventories: Materials	-3	1	-3	-6	-8	-17	-23	-24	-29	-27	-20	-23	-25
Inventories: Finished goods	4	-4	0	-7	1	-1	-9	-20	-19	-15	-11	-14	-16
Versus a Year Ago (not seasonally adjusted)													
Production	7	1	-1	-22	-35	-40	-51	-62	-62	-62	-52	-44	-50
Volume of shipments	5	4	-3	-14	-31	-30	-45	-60	-63	-60	-53	-45	-50
Volume of new orders	0	5	-5	-22	-45	-44	-50	-61	-68	-53	-47	-49	-48
Backlog of orders	-7	-4	-8	-26	-40	-34	-49	-53	-62	-56	-53	-47	-50
Number of employees	-6	-10	-7	-22	-29	-38	-44	-53	-64	-60	-65	-54	-57
Average employee workweek	-6	-5	-13	-24	-36	-31	-44	-50	-55	-49	-54	-44	-41
Prices received for finished product	61	68	64	60	37	37	18	8	1	-8	-8	-11	-24
Prices paid for raw materials	91	90	86	72	39	20	9	-4	-12	-16	-25	-20	-27
Capital expenditures	17	10	10	6	-10	-8	-25	-33	-45	-42	-48	-28	-24
New orders for exports	22	10	8	-3	-8	-12	-19	-24	-25	-22	-26	-17	-14
Supplier delivery time	11	12	4	0	-10	-3	-10	-10	-14	-13	-19	-17	-13
Inventories: Materials	14	5	8	-1	-5	-11	-22	-32	-44	-34	-38	-38	-43
Inventories: Finished goods	8	-1	0	-6	0	-3	-14	-25	-25	-20	-20	-23	-23
Expected in Six Months (seasonally adjusted)													
Production	12	29	3	-1	-21	-14	-10	-30	-13	-1	1	13	10
Volume of shipments	11	26	0	0	-18	-20	-10	-27	-9	-1	0	11	7
Volume of new orders	9	28	5	-3	-17	-13	-13	-18	-8	4	0	17	16
Backlog of orders	0	13	0	0	-20	-16	-28	-21	-20	-9	-10	1	8
Number of employees	7	5	0	-5	-23	-23	-26	-38	-37	-22	-14	0	-10
Average employee workweek	-2	-3	-4	-6	-9	-17	-30	-28	-17	-12	-13	3	-3
Prices received for finished product	54	50	26	21	5	10	-7	-11	-7	-9	-16	2	-11
Prices paid for raw materials	68	72	51	27	-4	0	-6	-4	-8	-12	-7	12	0
Capital expenditures	16	6	13	-1	-18	-21	-21	-33	-24	-15	-10	-13	-12
New orders for exports	15	10	8	-1	-1	-7	-11	-8	-3	-4	-5	3	8
Supplier delivery time	2	5	2	-3	-4	-5	-9	-5	-11	-5	-6	-8	-9
Inventories: Materials	-2	-6	-7	-12	-17	-30	-26	-38	-31	-27	-25	-16	-16
Inventories: Finished goods	-10	-9	-6	-8	-12	-20	-13	-38	-24	-19	-23	-9	-12



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