News Release

Federal Reserve Bank of Kansas City

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Tenth District manufacturing activity continued to decline sharply in February, and firms' expectations for future activity weakened considerably. Price indexes in the survey continued to fall, with most now in negative territory.

A summary of the February 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 continued to decline sharply in February, and firms' expectations for future activity weakened considerably. Price indexes in the survey continued to fall, with most now in negative territory.

The net percentage of firms reporting month-over-month increases in production in February was -24, similar to the -25 reading in January, but down slightly from -18 in December (Tables 1 & 2, Chart). Production fell less at durable-goods producing plants than in recent months, but took a slight downturn at non-durable-goods producing plants, particularly among food manufacturers. All other month-over-month indexes showed mixed results from January but remained generally quite negative. The shipments index edged up slightly from -22 to -20, and the order backlog and new orders for exports indexes also rose marginally. The employment index remained unchanged at -40, the lowest level in survey history. Both inventory indexes experienced additional declines, particularly for finished goods.

The year-over-year factory indexes all decreased from January. The production, shipments, new orders, order backlog, and employment indexes all posted new record lows. Also, the capital expenditures index weakened further from -25 to -33, its lowest level since March 2002. The new orders for exports index declined for the seventh straight month and also reached an all-time low. Both inventory indexes fell deeper into negative territory

The majority of future factory activity indexes declined to more negative levels, after some steadying the last two months. The future production index plunged from -10 to -30, its lowest level in survey history. Several other indexes also recorded all-time lows, which include the future shipments, new orders, employment, and capital expenditures indexes. Both future inventory indexes continued to contract.

Most price indexes decreased in February, with several inching further into negative territory. The month-over month raw materials price index fell from -12 to -17, and the finished goods index remained basically unchanged, with both recording new survey historical lows. The year-over-year finished goods price index moved down from 18 to 8, and the raw materials index dropped from 9 to -4. The future finished good price index declined for the second straight month, from -7 to -11, while the future raw materials index edged up slightly from January's record survey low.

Table1

Summary of Tenth District Manufacturing Conditions, February 2009

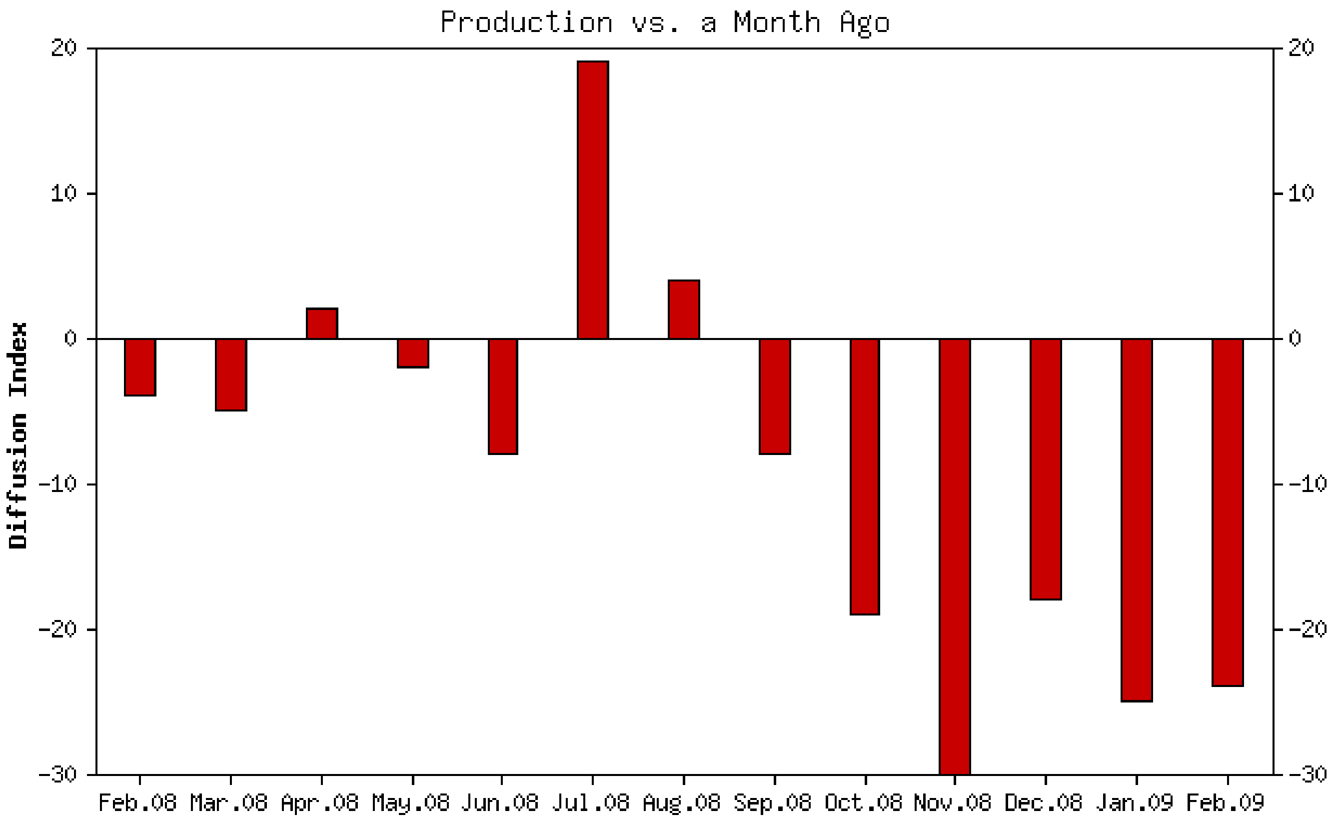
Plant Level Indicators	February vs. January (percent)[1]					February vs. Year Ago (percent)[1]				Expected in Six Months (percent)[1]				
	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	Increase	No Change	Decrease	Diff Index[2]	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	24	27	46	-22	-24	11	13	73	-62	26	23	48	-22	-30
Volume of shipments	26	28	44	-18	-20	11	14	72	-60	27	23	47	-19	-27
Volume of new orders	23	28	46	-23	-28	11	14	73	-61	28	26	42	-13	-18
Backlog of orders	13	41	42	-29	-35	10	23	63	-53	21	33	39	-18	-21
Number of employees	7	46	46	-38	-40	10	23	64	-53	14	33	48	-34	-38
Average employee workweek	11	50	37	-26	-27	5	37	56	-50	14	46	38	-23	-28
Prices received for finished product	5	70	23	-18	-17	40	26	31	8	17	52	29	-11	-11
Prices paid for raw materials	7	52	38	-30	-27	38	15	43	-4	23	39	34	-10	-4
Capital expenditures						10	42	43	-33	9	46	41	-31	-33
New orders for exports	7	59	20	-12	-11	7	49	31	-24	9	59	19	-9	-8
Supplier delivery time	5	80	12	-7	-4	11	65	21	-10	5	77	13	-7	-5
Inventories:														
Materials	16	46	36	-19	-24	18	30	50	-32	9	42	46	-37	-38
Finished goods	15	50	30	-15	-20	18	35	43	-25	7	43	44	-36	-38

[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 February survey included 126 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

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



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