News Release
Federal Reserve Bank of Kansas City
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FOR RELEASE Thursday, April 26, 2007
EMBARGOED FOR 11:00 A.M. EST

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Tenth District manufacturing activity rebounded strongly in April, and expectations for future factory activity remained high following a strong increase last month. The price indexes in the survey were largely unchanged, with raw materials price indexes easing somewhat and finished goods price indexes rising only slightly.

A summary of the April 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 rebounded strongly in April, and expectations for future factory activity remained high following a strong increase last month. The price indexes in the survey were largely unchanged, with raw materials price indexes easing somewhat and finished goods price indexes rising only slightly.

The net percentage of firms reporting month-over-month increases in production in April was 26, up from 8 in March and 18 in February (Tables 1 & 2, Chart). Production accelerated especially among durable-goods-producing plants. The overall year-over-year production index also increased from 20 to 28, while the future production index remained unchanged after posting a strong gain last month.

The majority of other month-over-month indexes also increased solidly in April. The shipments index jumped from 0 to 25, and the new orders, order backlog, and employment indexes also increased after dropping in March. The new orders for exports index rebounded after reaching a two-year low last month. In contrast, the supplier delivery time index edged down slightly. The raw materials inventory index decreased from 9 to 3, and the finished goods inventory index also fell after rising in March.

Most other year-over-year indexes rebounded in April. The shipments index increased from 12 to 33, and the new orders, order backlog, and employment indexes all posted solid gains after a sharp decline last month. The capital expenditures index edged up from 24 to 27, and the supplier delivery time index rose after reaching a two-year low in March. The raw materials inventory index declined for the third straight month, and the finished goods inventory index also fell from an all-time high last month.

Other future factory activity indexes remained strong or eased only slightly. The future shipments index edged down from 44 to 42 after a sharp increase in March. The future capital expenditures index was generally unchanged, and the future employment and supplier delivery time indexes dropped marginally. The future new orders index increased for the third straight month, and the future order backlog and new orders for exports indexes also climbed higher. In contrast, both future inventory indexes decreased sharply, with the materials inventory index at a four-year low.

Price indexes in the survey were mixed but largely unchanged, with raw materials and finished goods prices mostly moving in different directions. The month-over-month raw materials price index edged down from 38 to 36, but the finished goods price index rose slightly after posting a two-year low. The future raw materials price index declined from 66 to 54, while the future finished goods price index was unchanged. The year-over-year raw materials price index remained stable, while the finished goods price index increased from 47 to 60.

Table1

Summary of Tenth District Manufacturing Conditions, April 2007

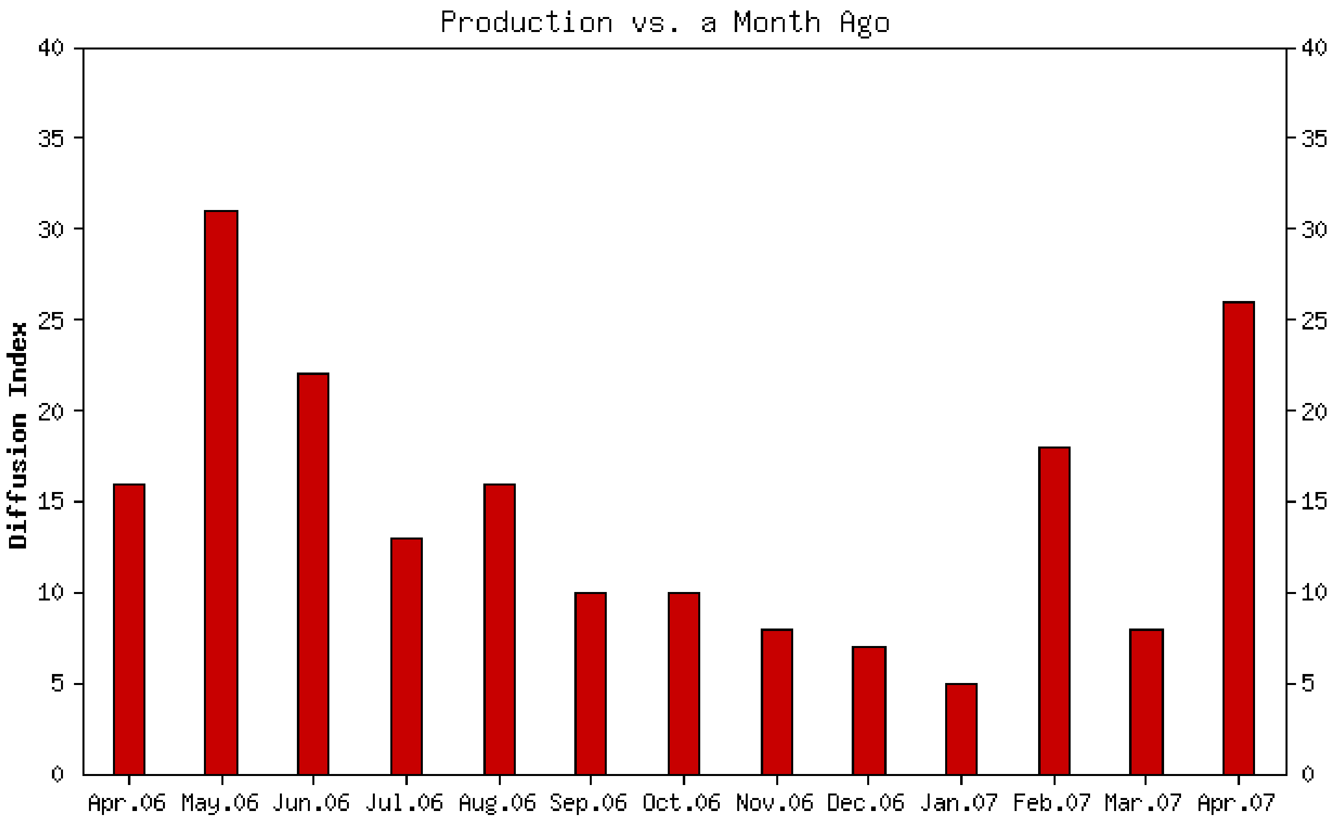
Plant Level Indicators	April vs. March (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	April vs. Year Ago (percent)[1] Increase	No Change	Decrease	Diff Index[2]	Expected in Six Months (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	45	42	13	32	26	49	28	21	28	55	33	11	44	41
Volume of shipments	46	40	14	32	25	51	30	18	33	55	33	11	44	42
Volume of new orders	47	37	14	33	23	50	31	17	33	55	31	11	44	40
Backlog of orders	34	41	19	15	10	36	40	20	16	36	47	13	23	19
Number of employees	24	64	11	13	11	47	32	20	27	37	47	15	22	22
Average employee workweek	19	67	12	7	3	27	59	13	14	24	65	10	14	13
Prices received for finished product	15	80	4	11	6	67	25	7	60	41	53	5	36	33
Prices paid for raw materials	39	57	2	37	36	86	8	5	81	63	28	7	56	54
Capital expenditures						44	38	17	27	33	52	12	21	22
New orders for exports	14	69	7	7	6	24	55	11	13	13	72	6	7	7
Supplier delivery time	8	87	2	6	5	16	69	11	5	9	81	6	3	2
Inventories:														
Materials	30	47	23	7	3	33	37	28	4	17	49	31	-14	-15
Finished goods	21	54	21	0	-1	22	52	22	0	13	64	20	-7	-5

[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 April survey included 100 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Apr'06	May'06	Jun'06	Jul'06	Aug'06	Sep'06	Oct'06	Nov'06	Dec'06	Jan'07	Feb'07	Mar'07	Apr'07
Versus a Month Ago (seasonally adjusted)													
Production	16	31	22	13	16	10	10	8	7	5	18	8	26
Volume of shipments	8	27	19	9	15	6	10	10	8	16	20	0	25
Volume of new orders	23	27	20	8	20	14	12	2	13	9	20	11	23
Backlog of orders	8	8	10	7	3	10	-5	-13	-4	-4	9	1	10
Number of employees	17	15	20	10	-1	13	8	16	15	8	13	2	11
Average employee workweek	12	10	6	3	6	3	5	4	4	-4	7	-6	3
Prices received for finished product	17	17	24	20	17	15	12	10	7	11	15	3	6
Prices paid for raw materials	48	53	54	49	45	38	27	27	30	35	37	38	36
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	6	7	5	4	4	2	4	0	9	-1	7	-2	6
Supplier delivery time	14	12	15	16	8	0	7	2	1	3	11	7	5
Inventories: Materials	12	14	18	9	8	14	8	9	4	8	13	9	3
Inventories: Finished goods	10	5	16	3	1	6	-1	-3	-3	-7	-7	7	-1
Versus a Year Ago (not seasonally adjusted)													
Production	39	54	47	35	33	33	35	35	25	19	31	20	28
Volume of shipments	33	43	42	37	32	37	34	38	34	23	32	12	33
Volume of new orders	43	46	40	34	34	33	39	28	35	26	36	18	33
Backlog of orders	28	24	29	27	22	22	19	15	19	7	23	4	16
Number of employees	24	25	28	27	17	14	25	29	27	25	35	20	27
Average employee workweek	15	17	14	20	10	2	14	13	9	10	13	4	14
Prices received for finished product	58	57	60	58	52	66	65	57	56	57	52	47	60
Prices paid for raw materials	83	80	83	82	74	79	80	76	67	71	67	82	81
Capital expenditures	25	35	25	20	23	21	20	22	28	13	17	24	27
New orders for exports	16	14	14	16	16	7	15	11	16	11	12	3	13
Supplier delivery time	16	15	29	26	14	11	11	9	4	8	9	7	5
Inventories: Materials	24	27	35	17	21	22	14	22	23	31	27	16	4
Inventories: Finished goods	14	21	25	4	15	14	10	0	7	11	25	27	0
Expected in Six Months (seasonally adjusted)													
Production	36	34	24	35	28	26	23	18	29	25	25	41	41
Volume of shipments	31	36	17	44	30	30	23	24	31	20	21	44	42
Volume of new orders	31	40	9	34	23	26	14	20	21	21	23	36	40
Backlog of orders	14	16	0	22	13	9	4	6	14	8	13	16	19
Number of employees	23	19	18	29	12	13	6	7	19	18	25	27	22
Average employee workweek	3	5	0	4	9	1	0	4	2	9	12	17	13
Prices received for finished product	34	35	38	36	24	31	33	27	17	32	36	33	33
Prices paid for raw materials	66	64	69	61	57	49	48	46	31	50	52	66	54
Capital expenditures	16	11	10	22	22	24	23	16	24	20	30	23	22
New orders for exports	12	11	11	13	10	10	8	15	15	10	4	2	7
Supplier delivery time	3	0	19	10	8	2	4	9	11	11	8	4	2
Inventories: Materials	3	5	10	8	2	2	-1	-2	2	-4	-5	1	-15
Inventories: Finished goods	2	5	6	3	-2	3	-2	-11	1	-2	-5	10	-5



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