News Release

Federal Reserve Bank of Kansas City

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Manufacturing activity in the Tenth Federal Reserve District expanded at a somewhat slower pace in April than in the previous month, although growth still remains high by historical standards. Expectations for future activity declined somewhat but remained solid. Most price indexes in the survey increased modestly.

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

Manufacturing activity in the Tenth Federal Reserve District expanded at a somewhat slower pace in April than in the previous month, although growth still remains high by historical standards. Expectations for future activity declined somewhat but remained solid. Most price indexes in the survey increased modestly.

The net percentage of firms reporting month-over-month increases in production in April was 17, down from 26 in March and up from 9 in February (Tables 1 & 2, Chart). Expansion among both durable-goods and nondurable-goods-producing plants slowed during the month. The year-over-year production index remained unchanged at 39. Although sample sizes make it difficult to draw firm conclusions about individual states, the data available suggest that production remained well above year-ago levels in all district states.

Most other month-over-month indexes of factory activity improved or remained relatively unchanged from March to April. The new orders index increased from 21 to 25 and the employment index edged up from 16 to 18, with both indexes recording the highest readings in a year. The index for supplier delivery time also increased, while the index for shipments was slightly lower than a month ago. The new order export and inventory indexes were similar to last month's readings.

Like production, most year-over-year indexes rose or remained unchanged in April, and overall, district factory activity was considerably stronger than a year ago. The new orders index increased for the second straight month. The employment index held steady at its highest level since late 2004, and the inventory indexes remained similar to readings in previous months. The capital spending index edged down after rising solidly in March.

Plant managers' expectations for future factory activity declined somewhat but were still solid. The future production index eased from 46 to 37, which is still high by historical standards. The future capital spending index dropped from 20 to 14, while the future employment index held steady at 23.

Most price indexes in the survey increased somewhat in April. The month-over-month finished goods price index rose from 13 to 18 after decreasing slightly in the previous two months. The month-over-month raw materials price index increased from 35 to 47 following a slight decrease in March. The year-over-year raw materials price index climbed 5 points to 83, its highest level since December. The year-over-year finished goods price index edged up to 58, also the highest level since December. The future raw materials price index rose from 59 to 67, while the future finished goods price index declined slightly from 36 to 33.

Table1

Summary of Tenth District Manufacturing Conditions, April 2006

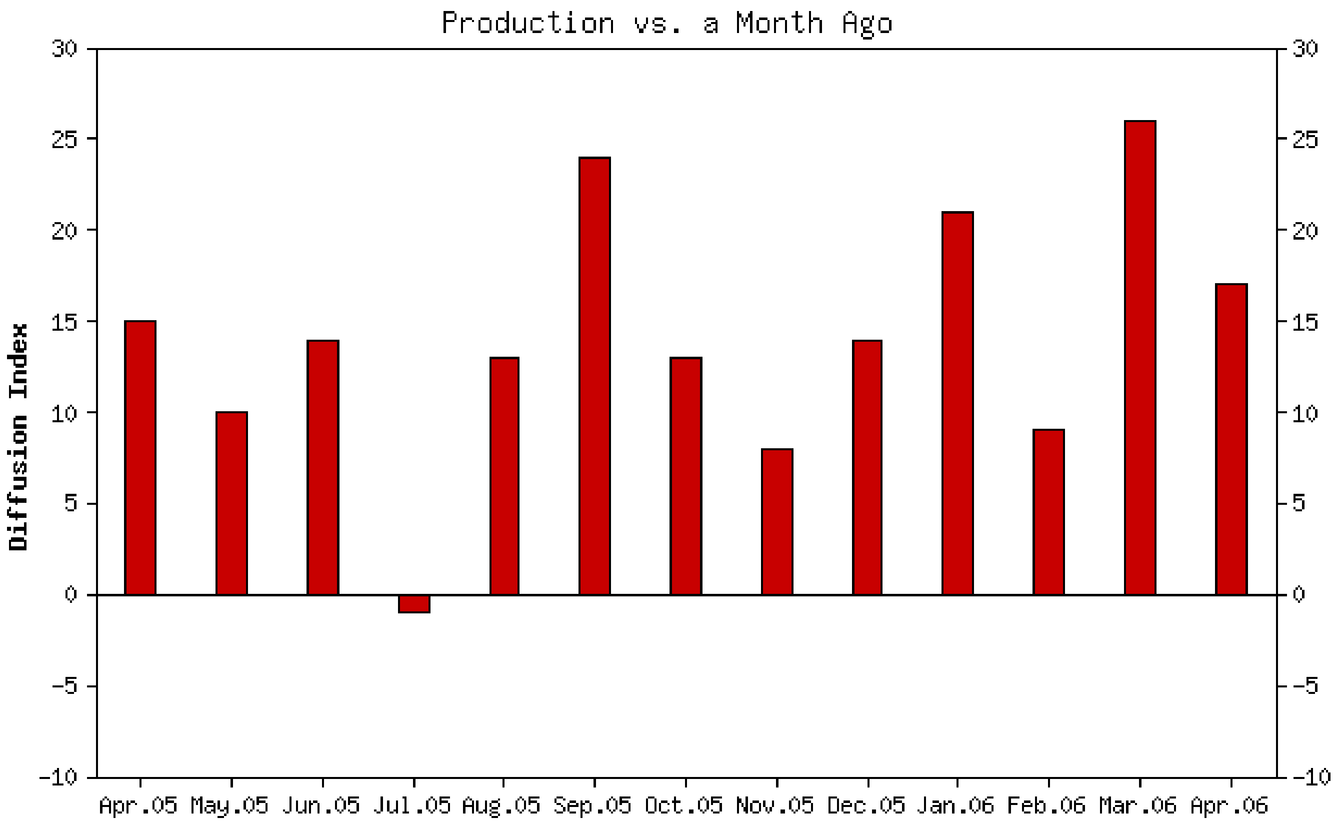
Plant Level Indicators	April vs. March (percent)[1]					April vs. Year Ago (percent)[1]				Expected in Six Months (percent)[1]				
	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	Increase	No Change	Decrease	Diff Index[2]	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	39	42	16	22	17	56	24	16	39	51	32	13	38	37
Volume of shipments	35	43	19	16	9	55	22	21	33	49	33	15	33	30
Volume of new orders	48	33	15	32	25	57	25	13	43	49	33	14	34	32
Backlog of orders	28	52	15	12	9	43	34	15	28	31	49	13	17	15
Number of employees	29	59	10	19	18	42	37	17	24	37	44	14	22	23
Average employee workweek	25	61	10	15	15	26	59	11	15	22	58	17	4	3
Prices received for finished product	28	65	5	22	18	68	20	10	58	41	53	3	38	33
Prices paid for raw materials	52	41	3	49	47	86	7	3	83	73	21	4	68	67
Capital expenditures						41	39	15	25	26	58	11	15	14
New orders for exports	11	75	4	6	5	20	67	3	16	15	70	3	12	12
Supplier delivery time	17	74	3	14	14	24	62	7	16	10	80	5	4	2
Inventories:														
Materials	30	55	13	16	10	39	44	14	24	23	56	19	4	2
Finished goods	26	53	15	11	10	33	43	19	14	22	52	21	1	2

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

Table2

Historical Manufacturing Survey Indexes

	Apr'05	May'05	Jun'05	Jul'05	Aug'05	Sep'05	Oct'05	Nov'05	Dec'05	Jan'06	Feb'06	Mar'06	Apr'06
Versus a Month Ago (seasonally adjusted)													
Production	15	10	14	-1	13	24	13	8	14	21	9	26	17
Volume of shipments	14	19	20	6	12	13	12	1	5	16	-4	12	9
Volume of new orders	22	19	20	9	9	18	16	13	13	19	10	21	25
Backlog of orders	10	6	3	-2	6	14	16	10	12	9	13	2	9
Number of employees	10	4	9	15	3	3	11	9	7	14	15	16	18
Average employee workweek	1	11	13	9	6	9	8	2	15	6	1	8	15
Prices received for finished product	18	9	9	9	11	19	17	16	18	19	17	13	18
Prices paid for raw materials	37	29	23	24	38	56	51	45	45	36	38	35	47
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	3	2	5	4	7	6	6	10	5	10	4	6	5
Supplier delivery time	8	12	9	8	9	13	11	11	8	7	8	9	14
Inventories: Materials	16	1	8	7	7	2	1	6	16	13	14	11	10
Inventories: Finished goods	10	-8	-2	4	7	0	2	7	13	17	17	14	10
Versus a Year Ago (not seasonally adjusted)													
Production	31	34	38	42	33	55	36	38	26	48	37	39	39
Volume of shipments	23	39	50	46	33	49	38	40	26	43	31	33	33
Volume of new orders	30	45	43	44	33	49	41	40	32	54	30	35	43
Backlog of orders	28	29	23	26	27	29	25	32	31	29	16	24	28
Number of employees	20	20	23	21	18	21	20	19	20	22	24	24	24
Average employee workweek	12	10	23	23	26	17	20	16	21	20	13	19	15
Prices received for finished product	59	45	48	48	48	55	50	45	58	47	52	54	58
Prices paid for raw materials	79	69	70	71	70	82	83	70	85	69	70	78	83
Capital expenditures	29	20	27	20	33	15	31	29	33	31	22	30	25
New orders for exports	14	5	7	13	14	12	16	14	16	13	9	17	16
Supplier delivery time	23	27	17	15	25	25	19	15	14	18	10	13	16
Inventories: Materials	32	17	16	23	31	21	15	22	19	11	27	24	24
Inventories: Finished goods	25	12	9	19	24	19	10	14	15	16	22	19	14
Expected in Six Months (seasonally adjusted)													
Production	39	35	34	36	25	32	23	29	33	29	47	46	37
Volume of shipments	38	34	33	37	30	31	25	31	31	28	51	31	30
Volume of new orders	37	32	31	29	25	21	24	29	26	45	41	30	32
Backlog of orders	20	17	0	13	15	7	10	10	9	22	17	8	15
Number of employees	12	18	17	20	16	14	19	1	15	31	14	23	23
Average employee workweek	7	9	4	8	6	0	3	0	3	6	17	7	3
Prices received for finished product	34	30	28	27	31	37	34	37	44	38	29	36	33
Prices paid for raw materials	54	49	47	36	54	65	69	58	63	58	55	59	67
Capital expenditures	24	20	21	20	26	17	21	21	30	26	17	20	14
New orders for exports	13	12	9	11	9	9	11	7	14	8	9	12	12
Supplier delivery time	10	5	9	-2	5	9	10	8	10	12	4	8	2
Inventories: Materials	5	3	4	0	4	3	3	9	3	5	16	3	2
Inventories: Finished goods	-1	0	-1	-3	2	4	4	4	4	4	12	2	2



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