



News Release

Federal Reserve Bank of Kansas City

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Tenth District manufacturing activity rebounded in September as firms' orders picked up slightly, and expectations mostly held steady with last month's positive outlook. Most price indexes in the survey inched higher, but still remained at fairly low levels.

A summary of the September 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 in September as firms' orders picked up slightly, and expectations mostly held steady with last month's positive outlook. Most price indexes in the survey inched higher, but still remained at fairly low levels.

The net percentage of firms reporting month-over-month increases in production in September was 16, up from -7 in August and 2 in July (Tables 1 & 2, Chart). Production was up at both durable and non-durable goods producing plants, with the notable exception of aircraft manufacturing. All other month-over-month indexes were also higher than in August. The shipments index jumped from -12 to 12, and the new orders, order backlog, and new orders for exports indexes also rose. The employment index moved into positive territory for the first time in over a year, and the employee workweek index also increased considerably. Both inventory indexes edged up slightly, but continued to be in negative territory.

The majority of year-over-year factory indexes rebounded after several months of decrease. The production index climbed from -60 to -46, and the shipments, new orders, and order backlog indexes also increased. The employment index rose from -66 to -56, and the capital expenditures index was basically unchanged. The finished goods inventory index increased from -25 to -17 and the raw materials inventory index was stable.

Future factory activity indexes were mixed, but producers still remained mostly optimistic. The future production index eased somewhat from 24 to 20, and the future new orders and order backlog indexes also fell slightly. The future employment index moved into positive territory for the first time in a year, and the future new orders for exports and shipment indexes were basically unchanged. Meanwhile, the future capital expenditures index fell from 0 to -7. Both inventory indexes moved up slightly.

The majority of price indexes increased in September, with some moving into positive territory. The month-over-month raw materials price index jumped from 0 to 15, and the finished goods price index inched higher. The year-over-year finished goods price index rose from -27 to -14, and the raw materials price index also increased. The future finished goods price index moved into positive territory for the first time in nine months, while the future raw materials price index eased slightly from 29 to 23.

Table1

Summary of Tenth District Manufacturing Conditions, September 2009

Plant Level Indicators	September vs. August (percent) ¹					September vs. Year Ago (percent) ¹				Expected in Six Months (percent) ¹				
	No		Diff		SA	No		Diff		No		Diff		SA
	Increase	Change	Decrease	Index ²	Index ³	Increase	Change	Decrease	Index ²	Increase	Change	Decrease	Index ²	Index ³
Production	34	43	21	13	16	18	16	64	-46	44	29	25	18	20
Volume of shipments	30	48	21	9	12	20	14	63	-43	40	33	25	14	16
Volume of new orders	32	40	25	6	10	18	19	61	-43	40	31	24	16	20
Backlog of orders	22	44	31	-9	-8	9	30	58	-48	25	43	28	-2	2
Number of employees	18	63	18	0	1	11	19	68	-56	28	44	25	3	6
Average employee workweek	23	64	11	11	11	6	46	47	-40	22	58	17	5	9
Prices received for finished product	7	81	10	-3	-4	25	33	40	-14	18	63	16	1	3
Prices paid for raw materials	20	69	7	13	15	31	24	40	-9	34	50	11	22	23
Capital expenditures						19	33	44	-24	21	50	26	-5	-7
New orders for exports	12	67	7	4	5	12	56	20	-7	16	61	9	7	9
Supplier delivery time	11	82	4	6	4	17	62	15	1	13	74	8	4	6
Inventories:														
Materials	14	54	30	-15	-14	18	25	55	-37	22	44	31	-9	-9
Finished goods	14	59	24	-10	-7	22	34	39	-17	17	51	26	-9	-11

¹Percentage may not add to 100 due to rounding.

²Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

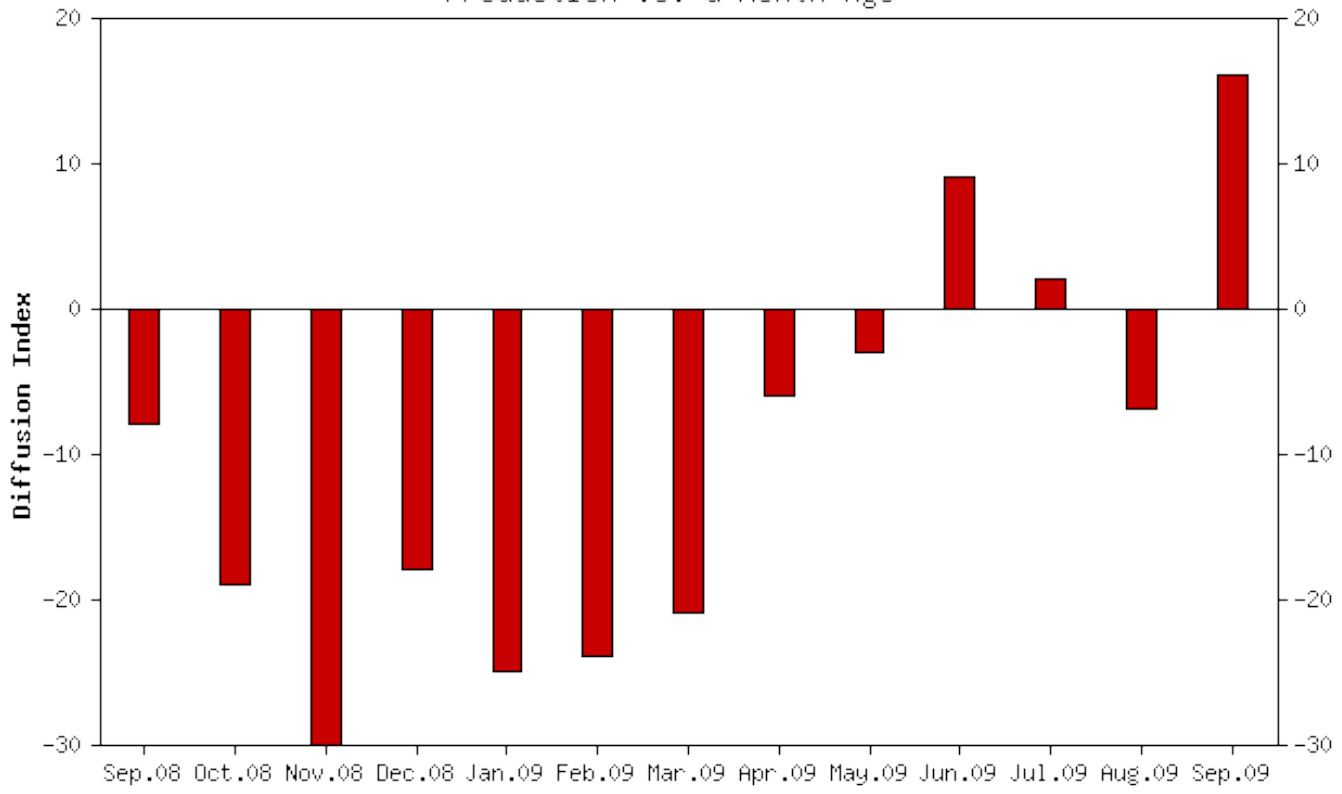
³Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-12.

Note: The September survey included 127 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2
Historical Manufacturing Survey Indexes

	Sep'08	Oct'08	Nov'08	Dec'08	Jan'09	Feb'09	Mar'09	Apr'09	May'09	Jun'09	Jul'09	Aug'09	Sep'09
Versus a Month Ago (seasonally adjusted)													
Production	-8	-19	-30	-18	-25	-24	-21	-6	-3	9	2	-7	16
Volume of shipments	-7	-16	-37	-14	-22	-20	-15	-6	-1	6	7	-12	12
Volume of new orders	-12	-17	-34	-25	-23	-28	-16	-10	3	11	10	-8	10
Backlog of orders	-15	-20	-35	-27	-38	-35	-32	-30	-18	0	-8	-17	-8
Number of employees	-7	-10	-18	-31	-40	-40	-41	-23	-13	-10	-13	-6	1
Average employee workweek	-7	-18	-24	-21	-34	-27	-23	-16	-14	3	-13	-8	11
Prices received for finished product	20	5	0	-4	-12	-17	-15	-19	-19	-14	-17	-11	-4
Prices paid for raw materials	40	6	-11	-12	-26	-27	-29	-28	-20	-8	-6	0	15
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	-4	-11	-14	-16	-11	-15	-15	-7	-1	4	2	5
Supplier delivery time	3	0	-6	-4	-6	-4	-5	-5	-7	-4	-5	1	4
Inventories: Materials	-3	-6	-8	-17	-23	-24	-29	-27	-20	-23	-25	-20	-14
Inventories: Finished goods	0	-7	1	-1	-9	-20	-19	-15	-11	-14	-16	-11	-7
Versus a Year Ago (not seasonally adjusted)													
Production	-1	-22	-35	-40	-51	-62	-62	-62	-52	-44	-50	-60	-46
Volume of shipments	-3	-14	-31	-30	-45	-60	-63	-60	-53	-45	-50	-57	-43
Volume of new orders	-5	-22	-45	-44	-50	-61	-68	-53	-47	-49	-48	-57	-43
Backlog of orders	-8	-26	-40	-34	-49	-53	-62	-56	-53	-47	-50	-52	-48
Number of employees	-7	-22	-29	-38	-44	-53	-64	-60	-65	-54	-57	-66	-56
Average employee workweek	-13	-24	-36	-31	-44	-50	-55	-49	-54	-44	-41	-50	-40
Prices received for finished product	64	60	37	37	18	8	1	-8	-8	-11	-24	-27	-14
Prices paid for raw materials	86	72	39	20	9	-4	-12	-16	-25	-20	-27	-17	-9
Capital expenditures	10	6	-10	-8	-25	-33	-45	-42	-48	-28	-24	-23	-24
New orders for exports	8	-3	-8	-12	-19	-24	-25	-22	-26	-17	-14	-16	-7
Supplier delivery time	4	0	-10	-3	-10	-10	-14	-13	-19	-17	-13	-8	1
Inventories: Materials	8	-1	-5	-11	-22	-32	-44	-34	-38	-38	-43	-37	-37
Inventories: Finished goods	0	-6	0	-3	-14	-25	-25	-20	-20	-23	-23	-25	-17
Expected in Six Months (seasonally adjusted)													
Production	3	-1	-21	-14	-10	-30	-13	-1	1	13	10	24	20
Volume of shipments	0	0	-18	-20	-10	-27	-9	-1	0	11	7	16	16
Volume of new orders	5	-3	-17	-13	-13	-18	-8	4	0	17	16	21	20
Backlog of orders	0	0	-20	-16	-28	-21	-20	-9	-10	1	8	10	2
Number of employees	0	-5	-23	-23	-26	-38	-37	-22	-14	0	-10	-5	6
Average employee workweek	-4	-6	-9	-17	-30	-28	-17	-12	-13	3	-3	1	9
Prices received for finished product	26	21	5	10	-7	-11	-7	-9	-16	2	-11	-2	3
Prices paid for raw materials	51	27	-4	0	-6	-4	-8	-12	-7	12	0	29	23
Capital expenditures	13	-1	-18	-21	-21	-33	-24	-15	-10	-13	-12	0	-7
New orders for exports	8	-1	-1	-7	-11	-8	-3	-4	-5	3	8	8	9
Supplier delivery time	2	-3	-4	-5	-9	-5	-11	-5	-6	-8	-9	-2	6
Inventories: Materials	-7	-12	-17	-30	-26	-38	-31	-27	-25	-16	-16	-11	-9
Inventories: Finished goods	-6	-8	-12	-20	-13	-38	-24	-19	-23	-9	-12	-16	-11

Production vs. a Month Ago



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