News Release
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FOR RELEASE Thursday, May 28, 2009
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Tenth District manufacturing activity declined only slightly in May, and firms generally expect steady conditions heading forward. Price indexes in the survey indicated continued declines in both materials and finished goods prices.

A summary of the May 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 declined only slightly in May, and firms generally expect steady conditions heading forward. Price indexes in the survey indicated continued declines in both materials and finished goods prices.

The net percentage of firms reporting month-over-month increases in production in May was -3, up from -6 in April and -21 in March (Tables 1 & 2, Chart). Production indexes increased at non-durable-goods producing plants, but eased a bit at durable-goods plants, particularly machinery and furniture manufacturers. Most other month-over-month indexes showed some improvements but generally still remained in negative territory. An exception was the new order index, which was positive for the first time in nine months. The shipments index rose from -6 to -1, and the order backlog index also climbed higher. The employment index increased from -23 to -13, and the new orders for exports index reached its highest level in over six months. Both inventory indexes edged up for the second straight month but were still indicative of firms trimming their stock levels.

The year-over-year factory indexes showed mixed results, but generally improved over April’s numbers. The production index increased from -62 to -52, and the shipments, new orders, and order backlog indexes also rose marginally. On the other hand, the employment index fell to its lowest level in survey history after rebounding slightly last month, and the capital expenditures, new orders for exports, and supplier delivery time indexes also posted new all-time survey lows. The raw materials inventory index eased from -34 to -38, while the finished goods inventory index remained unchanged.

The future factory activity indexes also posted varied results in May but generally point towards stable conditions in coming months. The future production index moved into positive territory for the first time in eight months, and the future shipments and employment indexes also improved markedly. The future capital expenditures index increased from -15 to -10, its highest level in seven months. On the other hand, the future new orders index fell from 4 to 0, and the future order backlog, new orders for exports, and supplier delivery time indexes also decreased marginally. The future raw materials inventory index increased somewhat, while the future finished goods inventory index declined after two months of improvement.

Price indexes were mixed, but most indexes still posted extremely low levels, indicating continued declines. The month-over-month finished goods price index remained unchanged at its lowest level in survey history, while the raw materials index rose from -28 to -20. The year-over-year finished goods price index was stable at -8, and the raw materials index fell further to a new all-time survey low. The future finished goods price index decreased from -9 to -16, its lowest level in eight years, but the future raw materials index climbed higher.

Table1

Summary of Tenth District Manufacturing Conditions, May 2009

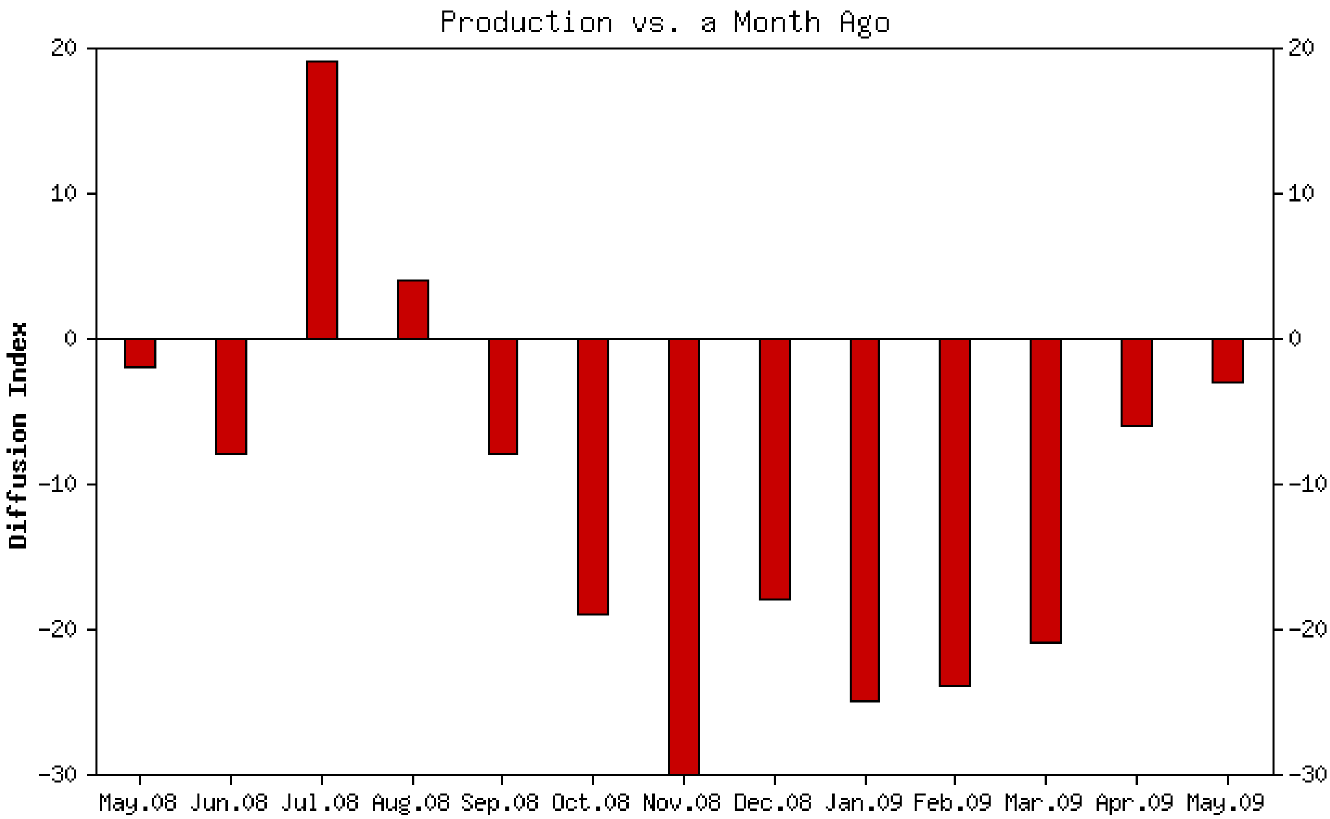
Plant Level Indicators	May vs. April (percent)[1]					May vs. Year Ago (percent)[1]				Expected in Six Months (percent)[1]				
	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	Increase	No Change	Decrease	Diff Index[2]	Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	32	40	26	5	-3	15	15	68	-52	33	33	33	0	1
Volume of shipments	36	34	29	7	-1	14	17	68	-53	33	31	34	-1	0
Volume of new orders	36	34	25	11	3	16	15	64	-47	35	29	32	3	0
Backlog of orders	18	46	30	-12	-18	9	24	62	-53	21	45	30	-8	-10
Number of employees	16	57	25	-8	-13	7	18	73	-65	19	46	34	-15	-14
Average employee workweek	15	57	26	-10	-14	5	33	60	-54	20	46	31	-11	-13
Prices received for finished product	5	72	21	-15	-19	30	29	38	-8	14	59	25	-11	-16
Prices paid for raw materials	12	61	23	-11	-20	29	14	54	-25	27	46	25	2	-7
Capital expenditures						8	33	57	-48	19	47	33	-14	-10
New orders for exports	8	63	15	-7	-7	6	48	33	-26	10	65	11	-1	-5
Supplier delivery time	2	86	9	-7	-7	9	57	29	-19	9	73	13	-3	-6
Inventories:														
Materials	16	50	31	-15	-20	18	23	57	-38	14	47	38	-23	-25
Finished goods	15	56	25	-9	-11	20	36	41	-20	14	47	35	-21	-23

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

Table2

Historical Manufacturing Survey Indexes

	May'08	Jun'08	Jul'08	Aug'08	Sep'08	Oct'08	Nov'08	Dec'08	Jan'09	Feb'09	Mar'09	Apr'09	May'09
Versus a Month Ago (seasonally adjusted)													
Production	-2	-8	19	4	-8	-19	-30	-18	-25	-24	-21	-6	-3
Volume of shipments	2	-10	20	1	-7	-16	-37	-14	-22	-20	-15	-6	-1
Volume of new orders	-1	-4	16	3	-12	-17	-34	-25	-23	-28	-16	-10	3
Backlog of orders	-1	-11	-1	-6	-15	-20	-35	-27	-38	-35	-32	-30	-18
Number of employees	0	-9	2	0	-7	-10	-18	-31	-40	-40	-41	-23	-13
Average employee workweek	-1	-3	4	4	-7	-18	-24	-21	-34	-27	-23	-16	-14
Prices received for finished product	28	31	28	27	20	5	0	-4	-12	-17	-15	-19	-19
Prices paid for raw materials	63	63	60	51	40	6	-11	-12	-26	-27	-29	-28	-20
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	16	7	15	3	4	-4	-11	-14	-16	-11	-15	-15	-7
Supplier delivery time	5	13	7	7	3	0	-6	-4	-6	-4	-5	-5	-7
Inventories: Materials	0	-2	-3	1	-3	-6	-8	-17	-23	-24	-29	-27	-20
Inventories: Finished goods	0	-1	4	-4	0	-7	1	-1	-9	-20	-19	-15	-11
Versus a Year Ago (not seasonally adjusted)													
Production	-7	-10	7	1	-1	-22	-35	-40	-51	-62	-62	-62	-52
Volume of shipments	-4	-10	5	4	-3	-14	-31	-30	-45	-60	-63	-60	-53
Volume of new orders	-5	-7	0	5	-5	-22	-45	-44	-50	-61	-68	-53	-47
Backlog of orders	-6	-8	-7	-4	-8	-26	-40	-34	-49	-53	-62	-56	-53
Number of employees	-4	-6	-6	-10	-7	-22	-29	-38	-44	-53	-64	-60	-65
Average employee workweek	-9	-11	-6	-5	-13	-24	-36	-31	-44	-50	-55	-49	-54
Prices received for finished product	61	69	61	68	64	60	37	37	18	8	1	-8	-8
Prices paid for raw materials	95	88	91	90	86	72	39	20	9	-4	-12	-16	-25
Capital expenditures	11	11	17	10	10	6	-10	-8	-25	-33	-45	-42	-48
New orders for exports	22	22	22	10	8	-3	-8	-12	-19	-24	-25	-22	-26
Supplier delivery time	10	19	11	12	4	0	-10	-3	-10	-10	-14	-13	-19
Inventories: Materials	3	-6	14	5	8	-1	-5	-11	-22	-32	-44	-34	-38
Inventories: Finished goods	0	-5	8	-1	0	-6	0	-3	-14	-25	-25	-20	-20
Expected in Six Months (seasonally adjusted)													
Production	11	17	12	29	3	-1	-21	-14	-10	-30	-13	-1	1
Volume of shipments	15	16	11	26	0	0	-18	-20	-10	-27	-9	-1	0
Volume of new orders	18	14	9	28	5	-3	-17	-13	-13	-18	-8	4	0
Backlog of orders	3	4	0	13	0	0	-20	-16	-28	-21	-20	-9	-10
Number of employees	6	3	7	5	0	-5	-23	-23	-26	-38	-37	-22	-14
Average employee workweek	-2	-5	-2	-3	-4	-6	-9	-17	-30	-28	-17	-12	-13
Prices received for finished product	45	44	54	50	26	21	5	10	-7	-11	-7	-9	-16
Prices paid for raw materials	75	76	68	72	51	27	-4	0	-6	-4	-8	-12	-7
Capital expenditures	12	13	16	6	13	-1	-18	-21	-21	-33	-24	-15	-10
New orders for exports	19	23	15	10	8	-1	-1	-7	-11	-8	-3	-4	-5
Supplier delivery time	8	6	2	5	2	-3	-4	-5	-9	-5	-11	-5	-6
Inventories: Materials	-3	2	-2	-6	-7	-12	-17	-30	-26	-38	-31	-27	-25
Inventories: Finished goods	-9	-5	-10	-9	-6	-8	-12	-20	-13	-38	-24	-19	-23



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