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.
### Summary of Tenth District Manufacturing Conditions, May 2009

Table 1

<table>
<thead>
<tr>
<th>Plant Level Indicators</th>
<th>May vs. April (percent)¹</th>
<th>May vs. Year Ago (percent)¹</th>
<th>Expected in Six Months (percent)¹</th>
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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 May survey included 126 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.
Table 2
Historical Manufacturing Survey Indexes

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