News Release

Federal Reserve Bank of Kansas City

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Tenth District manufacturing activity rebounded somewhat in April, and firms' expectations for future factory activity improved slightly after falling last month. Price indexes remained elevated, however, with raw materials prices climbing higher.

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 somewhat in April, and firms' expectations for future factory activity improved slightly after falling last month. Price indexes remained elevated, however, with raw materials prices climbing higher.

The net percentage of firms reporting month-over-month increases in production in April was 7, up from -5 in both March and February (Tables 1 & 2, Chart). Production improved the most at non-durable-goods producing plants. Like production, the majority of other month-over-month indexes increased from the previous month. The shipments index jumped from -5 to 10, and the new orders index also increased considerably. The order backlog index rose, and the employment index climbed from -10 to 1. In contrast, the new export orders index fell slightly after rising considerably in March. Both inventory indexes increased markedly over last month.

The year-over-year indexes were somewhat mixed in April. The production index fell further from 0 to -5, and the shipments index remained unchanged at 0. The employment index decreased for the third month in a row, and the capital expenditures index eased from 14 to 10. In contrast, the new orders index rose from -9 to 0 and the order backlog index also improved slightly. The raw materials inventory index edged higher, while the finished goods inventory index remained relatively unchanged.

After falling last month, most future factory activity indexes rebounded somewhat in April. The future production index jumped from 6 to 18, and the shipments and new order indexes also increased. The employment and capital expenditures indexes remained relatively unchanged from the previous month. In contrast, the future order backlog index fell from 9 to -1, and the future new export orders index eased from 22 to 19. Both inventory indexes increased slightly from March.

Price indexes remained elevated, as raw materials prices continued to climb. Both month-over-month indexes were relatively unchanged from March, but remained at high levels historically. The year-over-year raw materials index edged higher from 84 to 87, an all-time high, while the finished goods index eased slightly. The future finished goods index decreased from 49 to 44, but the future raw materials index jumped to its highest level in survey history. Producers of machinery and aircraft reported particularly high raw material increases, and most firms continued to cite higher commodity prices, especially for oil and metals.

Table1

Summary of Tenth District Manufacturing Conditions, April 2008

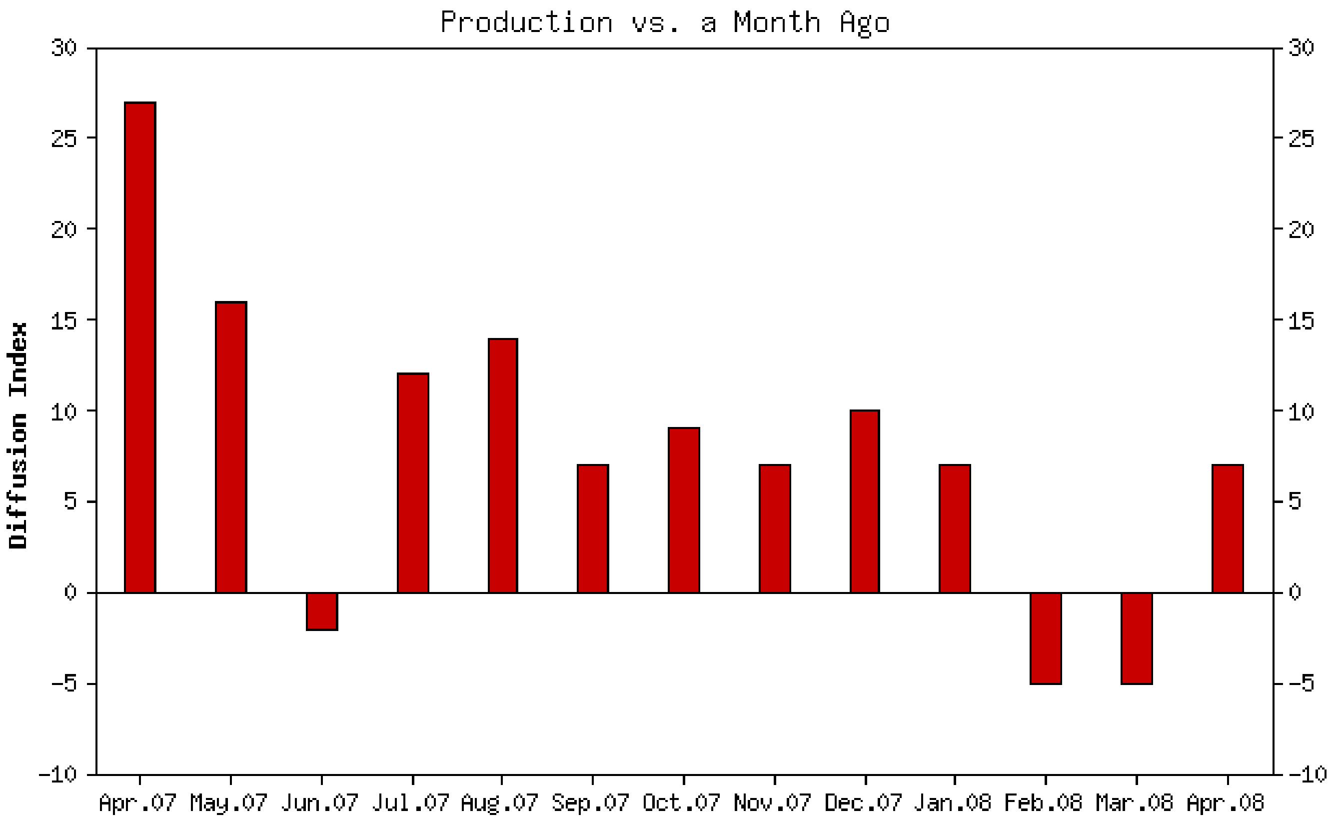
Plant Level Indicators	April vs. March (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]	April vs. Year Ago (percent)[1] Increase	No Change	Decrease	Diff Index[2]	Expected in Six Months (percent)[1] Increase	No Change	Decrease	Diff Index[2]	SA Index[3]
Production	31	48	20	11	7	34	24	39	-5	42	36	19	22	18
Volume of shipments	35	42	21	14	10	37	22	37	0	42	33	22	19	15
Volume of new orders	35	40	22	12	0	34	27	34	0	36	40	18	18	14
Backlog of orders	27	46	23	3	-3	22	40	31	-8	26	47	21	4	-1
Number of employees	21	62	16	4	1	33	30	34	0	29	50	16	13	11
Average employee workweek	19	70	10	8	4	13	60	24	-11	17	64	15	1	0
Prices received for finished product	31	58	7	24	22	65	20	9	56	50	39	6	44	44
Prices paid for raw materials	64	32	1	63	63	90	6	2	87	83	14	0	82	82
Capital expenditures						31	43	21	10	25	54	16	8	10
New orders for exports	15	67	7	7	7	17	65	7	10	20	67	2	17	19
Supplier delivery time	11	85	2	8	7	26	66	4	21	12	81	3	8	10
Inventories:														
Materials	20	67	12	7	4	28	49	21	7	17	60	20	-2	-3
Finished goods	25	59	11	14	12	24	52	19	5	18	59	18	0	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 114 responses from plants in Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

Table2

Historical Manufacturing Survey Indexes

	Apr'07	May'07	Jun'07	Jul'07	Aug'07	Sep'07	Oct'07	Nov'07	Dec'07	Jan'08	Feb'08	Mar'08	Apr'08
Versus a Month Ago (seasonally adjusted)													
Production	27	16	-2	12	14	7	9	7	10	7	-5	-5	7
Volume of shipments	26	15	-2	14	15	7	13	12	5	2	-5	-5	10
Volume of new orders	20	16	8	8	20	5	0	12	8	15	6	-8	0
Backlog of orders	8	0	9	0	4	1	-3	5	2	2	0	-5	-3
Number of employees	10	13	9	2	2	1	-1	-3	1	8	-5	-10	1
Average employee workweek	2	12	-4	0	3	1	-3	0	2	-3	-3	-5	4
Prices received for finished product	8	16	14	12	9	8	11	11	8	15	13	23	22
Prices paid for raw materials	36	41	37	43	21	29	35	43	32	47	58	64	63
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	5	2	2	5	5	4	3	4	2	8	4	13	7
Supplier delivery time	5	2	6	5	4	4	6	7	6	10	7	6	7
Inventories: Materials	3	5	9	11	-3	-2	-5	-5	-1	-4	-2	-3	4
Inventories: Finished goods	-1	1	2	0	-3	-12	-6	-6	-3	3	7	6	12
Versus a Year Ago (not seasonally adjusted)													
Production	28	33	23	16	27	25	22	8	20	5	10	0	-5
Volume of shipments	33	32	17	16	22	27	23	18	22	11	13	0	0
Volume of new orders	33	27	29	15	25	24	19	18	8	18	13	-9	0
Backlog of orders	16	8	17	2	7	0	6	4	1	2	-3	-11	-8
Number of employees	27	23	23	22	10	14	4	8	9	10	8	5	0
Average employee workweek	14	7	6	1	0	4	5	-4	14	0	-3	-11	-11
Prices received for finished product	60	66	53	52	51	51	48	48	50	51	53	60	56
Prices paid for raw materials	81	83	76	79	62	67	71	75	70	75	84	84	87
Capital expenditures	27	20	16	16	16	11	16	18	18	12	15	14	10
New orders for exports	13	6	3	13	13	7	12	9	12	18	8	11	10
Supplier delivery time	5	6	14	9	9	10	12	7	6	5	10	11	21
Inventories: Materials	4	31	25	17	10	10	6	-1	2	0	4	0	7
Inventories: Finished goods	0	15	16	6	8	7	0	-5	-3	0	10	6	5
Expected in Six Months (seasonally adjusted)													
Production	39	29	29	27	25	27	28	27	26	18	26	6	18
Volume of shipments	39	26	28	28	22	27	29	25	30	17	30	11	15
Volume of new orders	40	20	22	21	19	21	23	19	25	23	21	12	14
Backlog of orders	17	11	11	11	3	10	12	5	8	13	12	9	-1
Number of employees	20	13	17	17	13	12	10	11	20	18	11	10	11
Average employee workweek	12	3	8	5	1	3	7	-2	-1	0	0	-7	0
Prices received for finished product	34	42	39	37	35	30	35	27	32	40	41	49	44
Prices paid for raw materials	55	67	56	63	55	53	51	58	62	61	73	74	82
Capital expenditures	22	20	22	19	16	17	15	19	17	9	19	11	10
New orders for exports	8	14	7	18	14	12	10	13	18	15	21	22	19
Supplier delivery time	4	8	11	6	7	3	8	6	3	4	8	10	10
Inventories: Materials	-14	2	2	11	7	-11	-5	-3	4	-8	5	-6	-3
Inventories: Finished goods	-4	4	1	5	0	-15	-1	-2	0	-10	1	-1	2



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