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June 20, 2010

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Texas Manufacturing Outlook Survey

December 2006

Factory Activity Declines

Manufacturing activity contracted in December, according to the Texas Manufacturing Outlook Survey. Most indexes were negative, including production, capacity utilization, volume of new orders and shipments. At the same time, manufacturers continued to be optimistic about future business. Nearly two-thirds of responding firms expect increases in production and volume of new orders six months from now.

The production index fell from 8.5 in November to -5.2 in December, the lowest reading since the series began in 2004. The percent of business leaders indicating increases in production was roughly unchanged from last month, but a larger percentage of firms reported a production decline than reported an increase. About 10 percent of firms switched from reporting no change in activity in November to reporting production declines in December.

Sentiment on general business activity was negative in November and declined further this month. The percentage of firms reporting conditions had worsened was essentially unchanged from last month, but a smaller percentage of firms said their evaluation of the level of general business activity had improved.

In the December survey, the indexes for [production](#), [capacity utilization](#) and [volume of shipments](#) fell negative. Indexes for [new orders](#) and [unfilled orders](#) remained negative and fell further. The index for [materials inventories](#) remained positive and increased. The index for [finished goods inventories](#) was still positive but eased slightly. The index for [number of employees](#) dropped to zero. The [raw materials price index](#) was positive and increased. The [finished goods price index](#) was positive but declined from last month.

The Dallas Fed conducts the Texas Manufacturing Outlook Survey monthly to obtain a quick assessment of the state's factory activity. Firms are asked whether output, employment, orders, prices and other indicators increased, decreased or remained unchanged over the previous month. Readings above zero point to expansion, while negative levels indicate contraction.

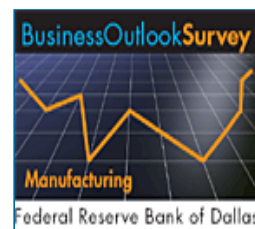
Click on links in the table for greater details, including historical data .

	Dec. vs. Nov.					Six months from now				
	Dec Index	% Increase	No Change	% Decrease	Nov Index	Dec Index	% Increase	No Change	% Decrease	Nov Index
Production	-5.2	27.6	39.7	32.8	8.5	58.6	65.5	27.6	6.9	50.8
Capacity utilization	-8.6	22.4	46.6	31.0	1.7	56.9	62.1	32.8	5.2	52.5
Volume of new orders	-8.8	22.8	45.6	31.6	-5.1	60.3	67.2	25.9	6.9	45.7
Growth rate of orders	-6.9	20.7	51.7	27.6	-10.2	50.0	57.1	35.7	7.1	31.1
Unfilled orders	-13.8	10.3	65.5	24.1	-5.0	3.4	15.5	72.4	12.1	1.7
Volume of shipments	-7.0	28.1	36.8	35.1	5.1	57.9	63.2	31.6	5.3	49.1
Delivery time	-5.1	12.1	70.7	17.2	-13.5	-8.7	10.3	70.7	19.0	-6.7
Materials inventories	17.6	35.1	47.4	17.5	13.6	8.8	26.3	56.1	17.5	5.1
Finished goods inventories	8.6	29.3	50.0	20.7	16.9	3.4	24.1	55.2	20.7	8.7
Prices paid for raw materials	19.0	27.6	63.8	8.6	17.2	44.9	48.3	48.3	3.4	35.6

Texas Manufacturing: A Primer

The Texas Manufacturing Outlook Survey takes the pulse of an important segment of the nation's industrial sector. The state produced \$126.8 billion worth of manufactured goods in 2005, 8.3 percent of the U.S. total. Texas ranks second behind California in factory production and first as an exporter of manufactured products.

Texas turns out 29 percent of U.S. production of petroleum and coal products. The state also has nearly 10 percent of the nation's output of computer and electronics products and nonmetallic mineral products, such as brick, glass and cement.

**Current Report Links**

- Current report
- Summary of results/links to indexes

E-mail Alert

- Subscribe to the Texas Manufacturing Outlook Survey e-mail list

Texas Manufacturing Outlook Survey

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Other Fed Indexes

- Business Outlook Survey (FRB Philadelphia)
- Manufacturing Conditions Survey (FRB Richmond)
- Empire State Manufacturing Survey (FRB New York)
- Survey of Tenth District Manufacturers (FRB Kansas City)

Regional Data Resources

- Economic Updates
- Dallas Beige Book
- Metro Business-Cycle Indexes
- Texas Manufacturing Outlook Survey
- Quick Slide Show on the Regional Economy
- FRB Adjusted-Texas Employment
- DataBasics
- Regional Economic Indicators

[Prices received for finished goods](#)

1.7 8.6 84.5 6.9 8.4 13.8 22.4 69.0 8.6 20.3

[Wages and benefits](#)

24.2 25.9 72.4 1.7 25.9 53.5 55.2 43.1 1.7 55.9

[Number of employees](#)

0.0 12.3 75.4 12.3 1.6 14.3 30.4 53.6 16.1 27.1

[Average employee workweek](#)

-3.5 14.0 68.4 17.5 -6.9 8.8 19.3 70.2 10.5 18.9

[Capital expenditures](#)

3.5 17.5 68.4 14.0 11.8 29.3 41.4 46.6 12.1 35.6

General Business Conditions:

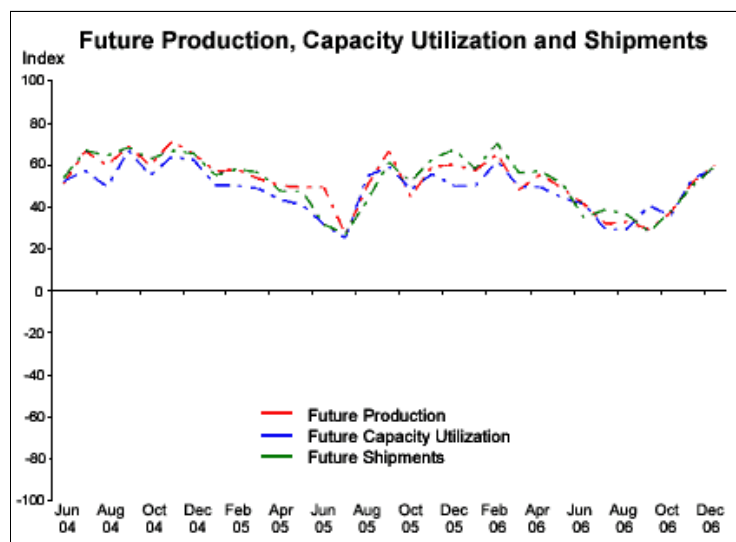
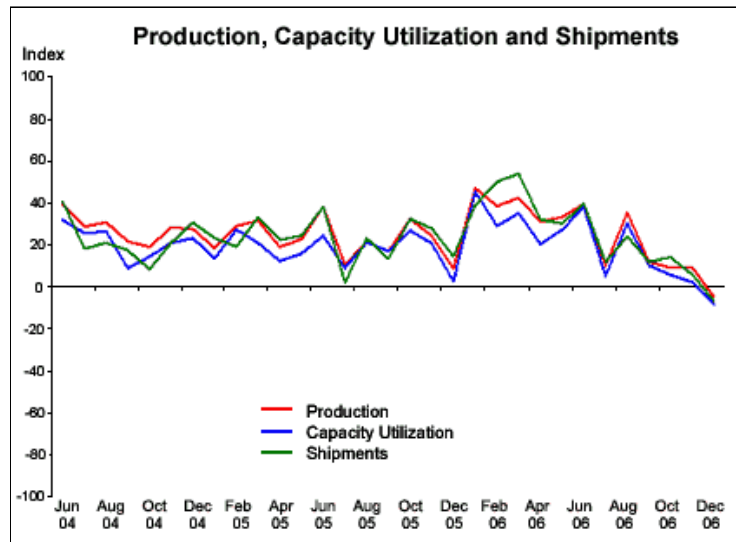
	Dec Index	% Improved	Remained the Same	% Worsened	Nov Index	Dec Index	% Improved	Remained the Same	% Worsened	Nov Index
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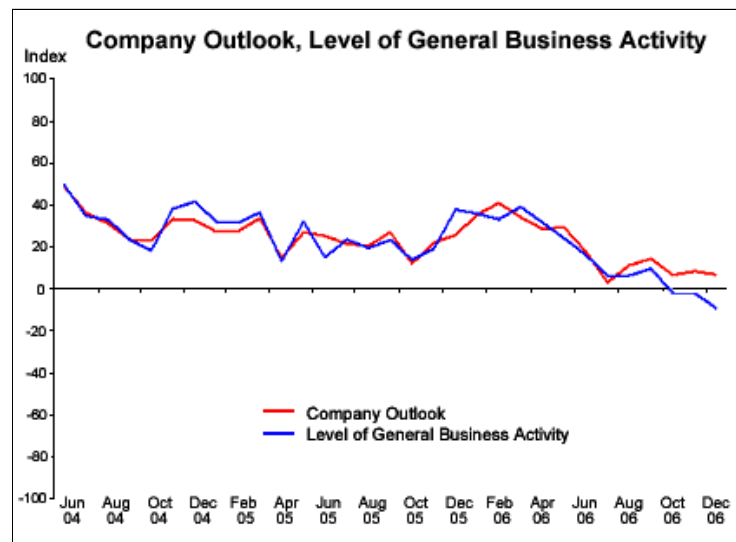
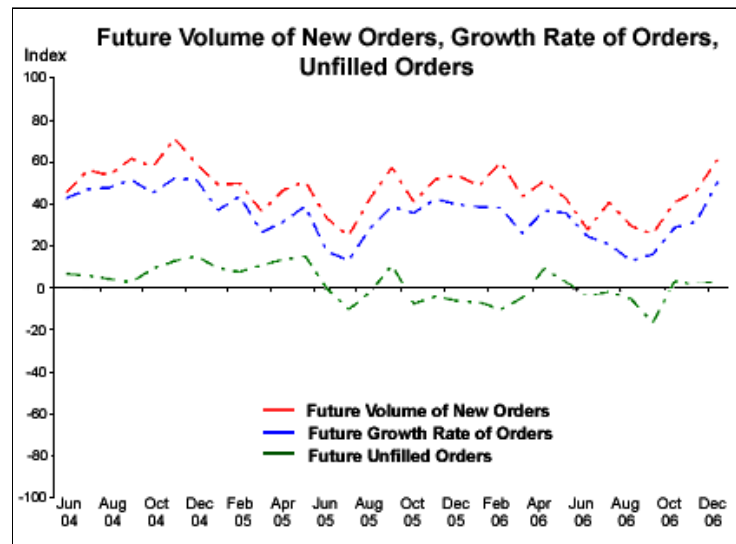
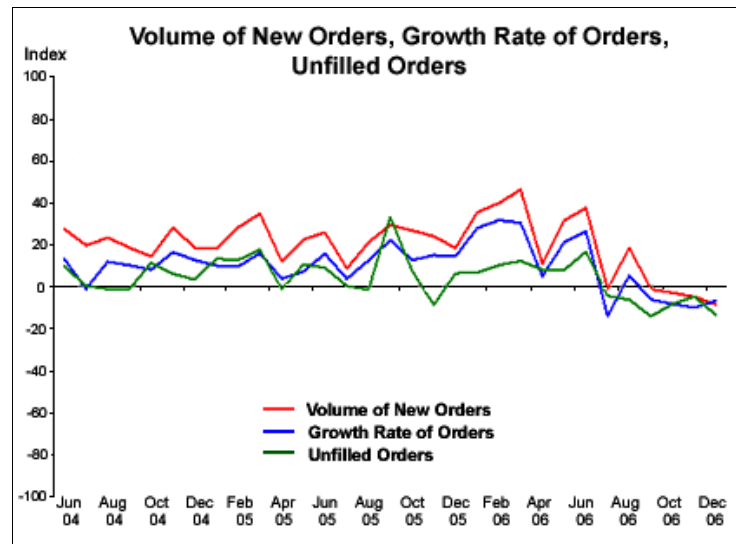
[How has the outlook for your company changed?](#)

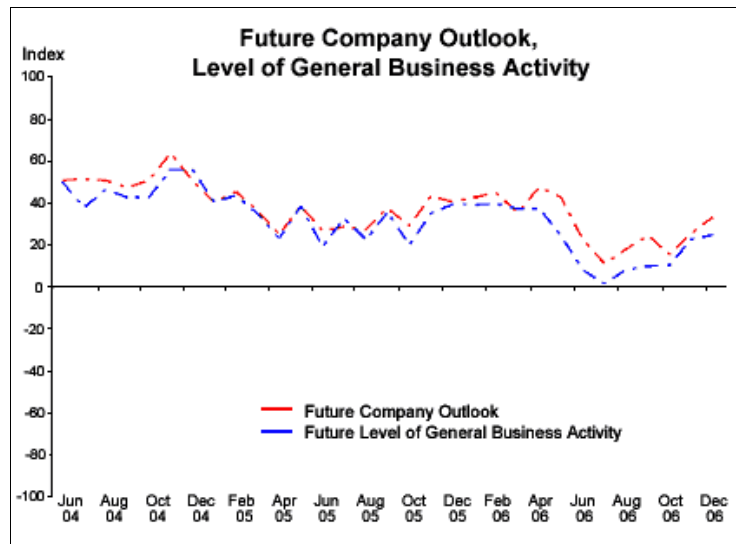
6.9 22.4 62.1 15.5 8.5 32.8 39.7 53.4 6.9 25.4

[What is your evaluation of the level of general business activity?](#)

-8.8 15.8 59.6 24.6 -1.7 24.5 36.8 50.9 12.3 22.4







Questions regarding the Texas Manufacturing Outlook Survey can be addressed to Fiona Sigalla at Fiona.Sigalla@dal.frb.org or 214-922-5166.

Note

The Texas Manufacturing Outlook Survey does not yet have a sufficiently large sample size to permit seasonal adjustment of the indexes. Thus, while respondents are asked to adjust for normal seasonal variation, the month-to-month values of these indexes may include some normal seasonal variation that is not indicative of changes in the business cycle. Other Federal Reserve Bank business outlook indexes benefit from seasonal adjustment, and the Texas indexes will be seasonally adjusted when a sufficient series are available.

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