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June 20, 2010

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**Texas Manufacturing Outlook Survey****December 31, 2007****Texas Manufacturing Weakens**

Texas manufacturing activity continued to soften in December, according to the 115 business executives who responded to the Texas Manufacturing Outlook Survey.

Nearly all current indicators fell further into negative territory, continuing a decline that began in early spring. However, the indexes aren't seasonally adjusted, and the latest readings may—in part at least—reflect a pattern of December weakness evident in the past two years.

Despite the deteriorating current conditions, most indexes for activity six months from now strengthened. Upward wage and price pressures persist, with producers continuing to report more price pressures on raw materials than finished goods.

Several indexes that were already negative fell to their lowest levels since the survey began in May 2004, including production, capacity utilization, volume of shipments and materials inventories.

The [company outlook](#) and [general business conditions](#) indexes also fell to their lowest levels on record. The general business activity index dipped from -17.0 in November to -23.9 in December. The company outlook index fell from -1.7 to -8.9.

The index for [volume of new orders](#) remained negative but improved somewhat, rising from -10.6 in November to -7.9. Producers continued to report decreases in finished goods inventories. The index for [capital expenditures](#) was lower but remained positive.

The labor market continued to weaken. The [number of employees](#) and [average workweek](#) indexes both fell further into negative territory.

Over a third of responding producers again report increases in [raw materials prices](#), with the index increasing from 28.3 to 30.4. The [finished goods price index](#) also increased, rising from 8.7 to 11.3. The [wages and benefits index](#) weakened but remained positive.

This month, respondents answered supplemental questions about credit conditions. (The collection period for the supplemental questions was between December 3 and December 6, 2007.) One quarter of them indicated that credit availability has affected their firms' outlook or operations. Among these firms, 15 percent had decreased and 6 percent had increased capital spending and hiring. Asked whether recent market conditions had affected their firms' ability to obtain credit, 14 percent said "somewhat" but none reported a "significant" effect. Twenty-nine percent hadn't sought credit.

The Dallas Fed conducts the Texas Manufacturing Outlook Survey monthly to obtain a timely assessment of the state's factory activity. Data for the latest survey were collected between December 17 and 26. Firms are asked whether output, employment, orders, prices and other indicators increased, decreased or remained unchanged over the previous month.

Next release: January 28, 2008

For additional perspective on the survey, see ["The Texas Manufacturing Outlook Survey: A Tool for Understanding the Economy"](#) and ["Made in Texas: The Natural Selection of Manufacturing."](#)

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

	December vs. November					Six months from now				
	Dec Index	% Increase	No Change	% Decrease	Nov Index	Dec Index	% Increase	No Change	% Decrease	Nov Index
<a href="#">Production</a>	-19.1	11.3	58.3	30.4	-3.5	34.2	48.2	37.7	14.0	26.6
<a href="#">Capacity utilization</a>	-17.4	10.4	61.7	27.8	-1.7	33.3	44.7	43.9	11.4	18.6

**Current Report Links**

- Current report
- Summary of results/links to indexes

**E-mail Alert**

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**Texas Manufacturing Outlook Survey**

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**Other Fed Indexes**

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

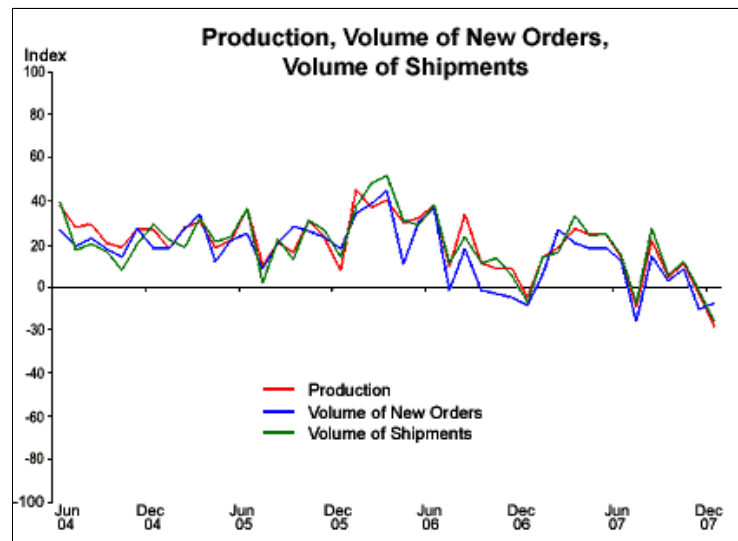
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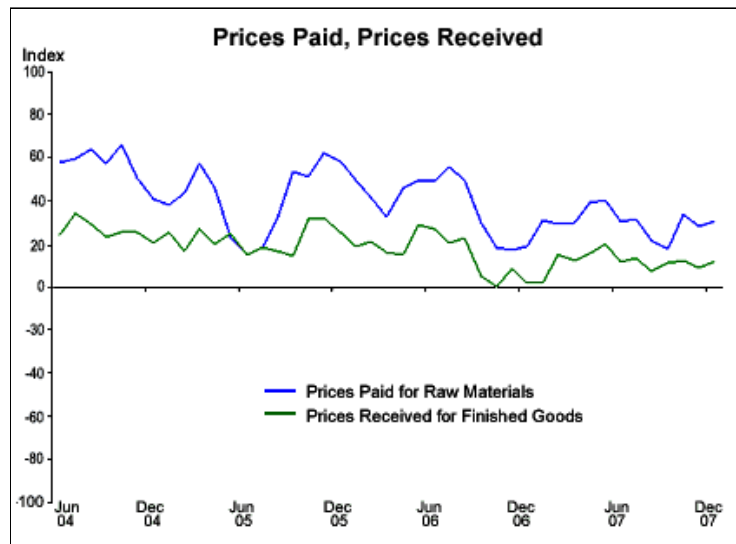
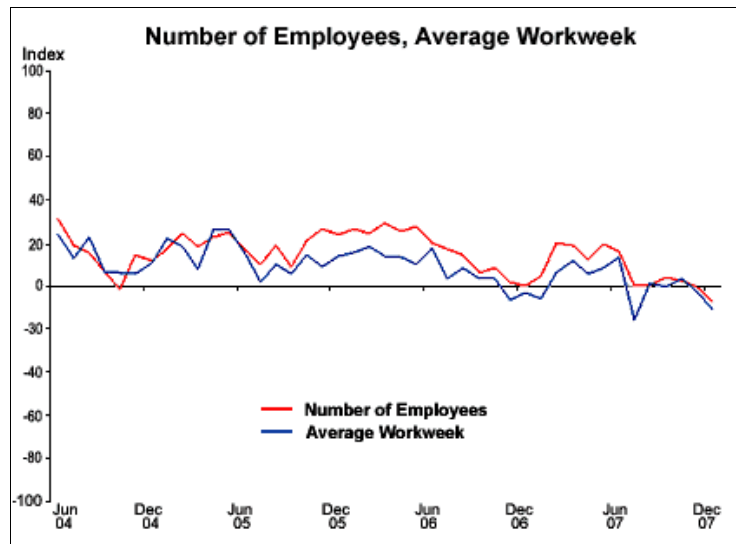
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<a href="#">Volume of new orders</a>	-7.9	19.1	53.9	27.0	-10.6	31.6	45.6	40.4	14.0	28.4
<a href="#">Growth rate of orders</a>	-15.8	12.3	59.6	28.1	-11.4	21.2	35.4	50.4	14.2	13.3
<a href="#">Unfilled orders</a>	-6.1	12.3	69.3	18.4	-9.9	6.3	17.9	70.5	11.6	0.0
<a href="#">Volume of shipments</a>	-16.5	15.7	52.2	32.2	-1.7	36.8	48.2	40.4	11.4	28.6
<a href="#">Delivery time</a>	-4.3	6.1	83.5	10.4	-7.9	-1.8	10.7	76.8	12.5	-7.3
<a href="#">Materials inventories</a>	-12.1	12.2	63.5	24.3	-6.2	0.9	20.2	60.5	19.3	-7.2
<a href="#">Finished goods inventories</a>	-9.6	12.3	65.8	21.9	-3.6	3.5	16.8	69.9	13.3	0.0
<a href="#">Prices paid for raw materials</a>	30.4	36.5	57.4	6.1	28.3	45.6	52.6	40.4	7.0	45.6
<a href="#">Prices received for finished goods</a>	11.3	16.5	78.3	5.2	8.7	26.3	38.6	49.1	12.3	25.7
<a href="#">Wages and benefits</a>	15.8	19.3	77.2	3.5	25.4	45.6	50.0	45.6	4.4	51.3
<a href="#">Number of employees</a>	-7.0	11.3	70.4	18.3	-0.9	26.6	38.1	50.4	11.5	16.8
<a href="#">Average employee workweek</a>	-11.3	7.8	73.0	19.1	-2.6	11.4	18.4	74.6	7.0	0.9
<a href="#">Capital expenditures</a>	4.4	16.7	71.1	12.3	11.5	10.6	24.8	61.1	14.2	16.1

## General Business Conditions:

	Dec Index	% Improved	Remained the Same	% Worsened	Nov Index	Dec Index	% Improved	Remained the Same	% Worsened	Nov Index
<a href="#">How has the outlook for your company changed?</a>	-8.9	9.7	71.7	18.6	-1.7	5.3	21.4	62.5	16.1	5.3
<a href="#">What is your evaluation of the level of general business activity?</a>	-23.9	8.0	60.2	31.9	-17.0	-7.2	16.2	60.4	23.4	-6.2





Questions regarding the Texas Manufacturing Outlook Survey can be addressed to Fiona Sigalla at [Fiona.Sigalla@dal.frb.org](mailto:Fiona.Sigalla@dal.frb.org).

#### Note

The Texas Manufacturing Outlook Survey has not been produced for a long enough time period to assess the appropriateness of seasonal adjustment. 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 if appropriate.

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