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June 19, 2010

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**Texas Manufacturing Outlook Survey****February 25, 2008****Texas Manufacturing Remains Sluggish**

Texas manufacturing activity was still soft in February, according to the 113 business executives who responded to the Texas Manufacturing Outlook Survey. Most indicators for current conditions remained positive but weakened. There was some optimism, however, with improvement in the [capital expenditures](#) and [company outlook](#) indexes.

Current indicators for [production](#) and [capacity utilization](#) remained positive but were slightly lower than last month. The [volume of new orders](#) index deteriorated slightly, but the [volume of shipments](#) index was virtually unchanged.

Respondents remain pessimistic about [general business conditions](#), pushing the index down from -20.7 to -21.4. It has been negative for 8 months.

Still, there were signs of improving conditions. The [capital expenditures](#) index rebounded from a negative in January to positive territory in February. The [company outlook](#) index improved slightly. Most indexes for activity six months from now were up, suggesting expectations of improvement.

Producers continue to pare down inventories. The [finished goods](#) index has been negative for four months and dipped to -5.4 in February. Only 9 percent of responding firms report increasing finished goods inventories this month. The [materials inventories](#) index has been negative for seven of the past nine months. That index remained negative but improved slightly in February.

Price pressures on raw materials intensified. Nearly half of responding producers reported increases in [raw materials prices](#), causing that index to strengthen from 36.6 last month to 44.3 in February—the highest level since the summer of 2006. Over half the business leaders expect raw materials prices to increase in the next six months. The [finished goods price](#) index continued to rise as well, but fewer firms are seeing finished goods prices rise than raw materials prices.

The labor market was mixed. The number of employees index rose from 7.1 in January to 9.7 in February, but the average workweek index deteriorated, falling from -3.6 to -7.0. The workweek index has been negative for four months.

Respondents remain pessimistic about [general business conditions](#), pushing that index down from -20.7 to -21.4. The general business conditions index has been negative for 8 months.

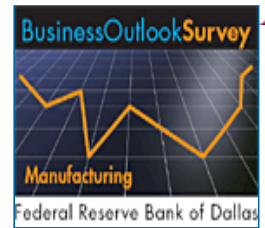
The Dallas Fed conducts the Texas Manufacturing Outlook Survey monthly to obtain a timely assessment of the state's factory activity. Data for the latest survey were collected between February 12–20. Firms are asked whether output, employment, orders, prices and other indicators increased, decreased or remained unchanged over the previous month.

Survey responses are used to calculate an index for each question. Each index is calculated by subtracting the percentage reporting a decrease from the percentage reporting an increase. When all firms report that activity has increased, an index will register 100. An index will register -100 when all firms report a decrease. An index will be zero when the number of firms reporting an increase or decrease is equal.

Next release: March 31, 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.

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February vs. January

Six months from now

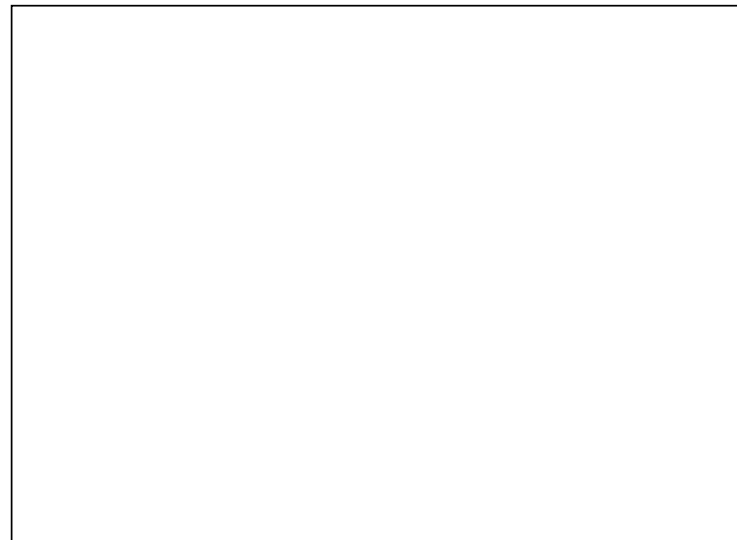
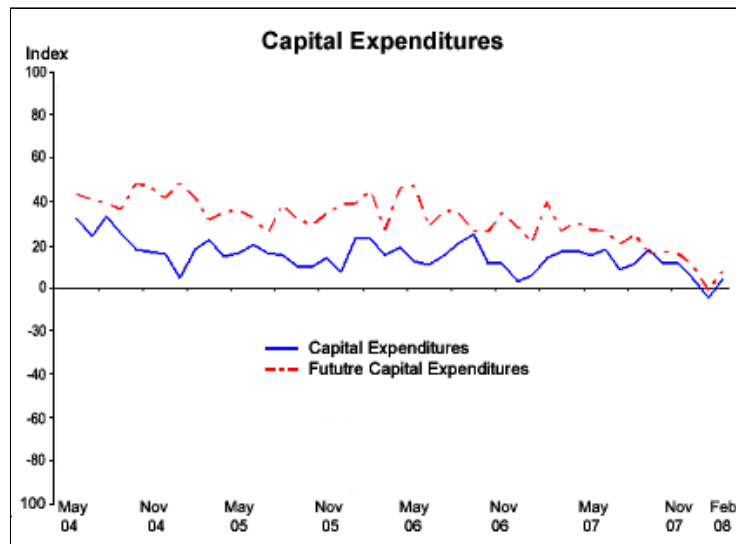
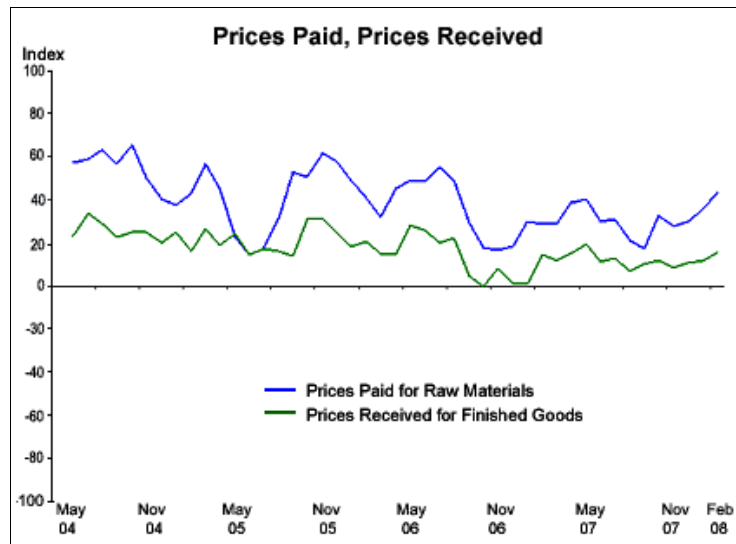
Feb Index	% Increase	No Change	% Decrease	Jan Index	Feb Index	% Increase	No Change	% Decrease	Jan Index

<a href="#">Production</a>	7.1	23.9	59.3	16.8	17.7	33.3	49.5	34.2	16.2	27.7
<a href="#">Capacity utilization</a>	7.9	22.1	63.7	14.2	10.6	29.7	45.9	37.8	16.2	20.5
<a href="#">Volume of new orders</a>	0.0	24.8	50.4	24.8	1.7	28.1	44.5	39.1	16.4	24.1
<a href="#">Growth rate of orders</a>	-8.0	14.3	63.4	22.3	-6.2	15.3	30.6	54.1	15.3	13.3
<a href="#">Unfilled orders</a>	-3.6	10.6	75.2	14.2	-9.8	-5.4	11.7	71.2	17.1	-2.7
<a href="#">Volume of shipments</a>	7.1	23.9	59.3	16.8	7.2	31.5	44.1	43.2	12.6	26.1
<a href="#">Delivery time</a>	-5.3	6.2	82.3	11.5	-2.7	-2.7	9.9	77.5	12.6	-2.7
<a href="#">Materials inventories</a>	-1.8	15.9	66.4	17.7	-6.2	-7.2	18.9	55.0	26.1	-9.8
<a href="#">Finished goods inventories</a>	-5.4	8.8	77.0	14.2	-2.7	-9.0	11.7	67.6	20.7	-8.0
<a href="#">Prices paid for raw materials</a>	44.3	47.8	48.7	3.5	36.6	49.6	56.8	36.0	7.2	46.4
<a href="#">Prices received for finished goods</a>	15.9	23.0	69.9	7.1	12.5	22.5	31.5	59.5	9.0	22.5
<a href="#">Wages and benefits</a>	20.3	22.1	76.1	1.8	30.9	36.0	39.6	56.8	3.6	33.9
<a href="#">Number of employees</a>	9.7	23.9	61.9	14.2	7.1	15.3	29.7	55.9	14.4	15.2
<a href="#">Average employee workweek</a>	-7.0	8.0	77.0	15.0	-3.6	5.5	20.0	65.5	14.5	1.8
<a href="#">Capital expenditures</a>	4.5	13.3	77.9	8.8	-4.4	8.2	22.7	62.7	14.5	-0.9

## General Business Conditions:

	Feb Index	% Improved	Remained the Same	% Worsened	Jan Index	Feb Index	% Improved	Remained the Same	% Worsened	Jan Index
<a href="#">How has the outlook for your company changed?</a>	0.0	18.8	62.5	18.8	-1.8	2.7	20.9	60.9	18.2	1.8
<a href="#">What is your evaluation of the level of general business activity?</a>	-21.4	10.7	57.1	32.1	-20.7	-11.0	17.4	54.1	28.4	-15.3





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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