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June 20, 2010

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**Texas Manufacturing Outlook Survey**

April 28, 2008

**Texas Manufacturing Remains Sluggish**

Texas manufacturing activity remained sluggish in April, according to the 112 business executives who responded to the Texas Manufacturing Outlook Survey. Indicators for current conditions were little changed from last month. The company outlook index improved, but the index for general business conditions moved slightly lower.

Indicators for [production](#), [capacity utilization](#) and [volume of shipments](#) were slightly lower but positive in April. The index for [volume of new orders](#) slipped slightly from 11.8 to 8.1. The [capital expenditures](#) index remained positive and increased slightly.

Inventories increased, with indexes for [materials](#) and [finished goods](#) rising from negative to positive. Thirty percent of factories report increased materials inventories, and 20 percent said finished goods inventories were up.

Respondents continued to be pessimistic in their evaluations of [general business activity](#). Thirty-six percent said conditions had worsened since March, pushing that index down from -22.7 to -23.4. The index has been negative for 10 months.

The perception of [company outlook](#) continued to be better than for general business activity. While very weak, the company outlook index pulled into positive territory in April, rising to 1.8 from -5.4 in March.

Price pressures on [raw materials](#) are still intensifying, pushing the index to the highest level since the Dallas Fed began collecting data in 2004. Seventy-one percent of responding producers reported increases in raw materials prices compared with last month, causing that index to climb from 65.2 to 69.6. Sixty-five percent of responding factories expect raw materials prices to be higher six months from now. Thirty percent of firms reported higher finished goods prices, and that index edged down from 28.2 to 25.9.

During the week of April 15-18, manufacturers were asked special questions about the impact of credit conditions on their firms. Sixteen percent said they reduced capital spending in response to recent financial market developments; this figure is down from last month and just slightly above the figures for December and January. While the percentage of firms reporting a reduction in capital spending has been somewhat volatile, there has been a slow increase in the share of firms increasing capital spending in response to recent financial market developments. That figure rose to 7 percent in April. A smaller share of firms sought credit in April than in March. Of those firms seeking credit, 14 percent reported difficulties in April, compared with 24 percent in March.

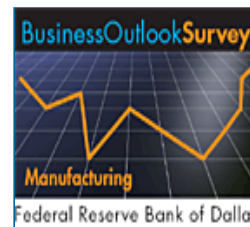
The Dallas Fed conducts the Texas Manufacturing Outlook Survey monthly to obtain a timely assessment of the state's factory activity. Data for the latest survey were collected between April 15-23. Firms are asked whether output, employment, orders, prices and other indicators increased, decreased or 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: May 27, 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.

**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**

- Release dates
- Historical data
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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

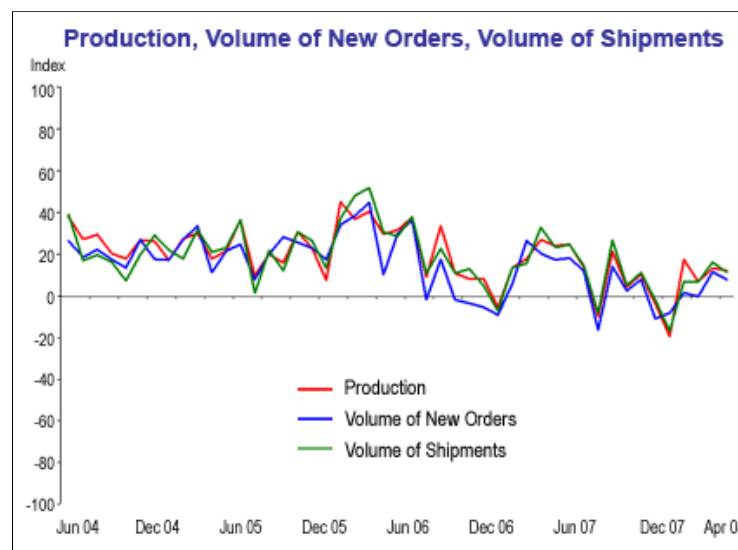
April vs. March

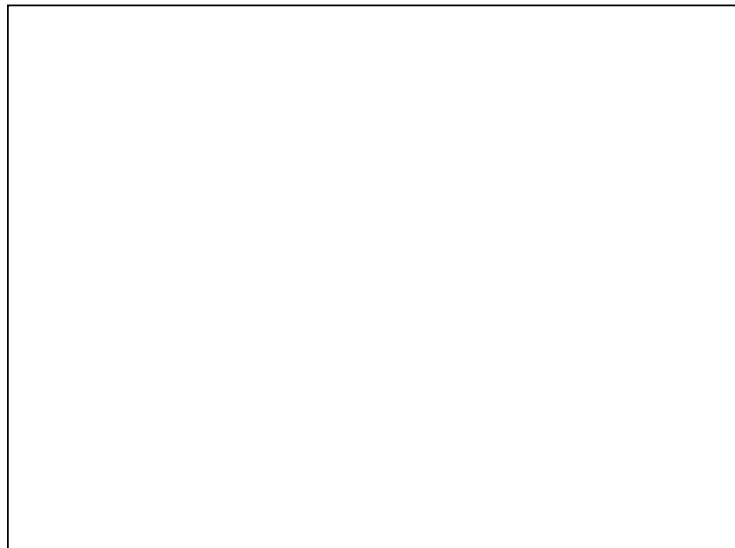
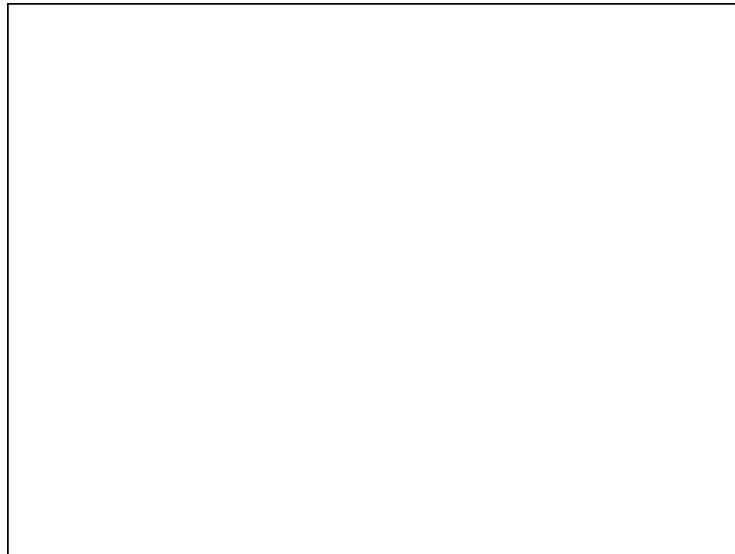
Six months from now

	Apr Index	% Increase	No Change	% Decrease	Mar Index	Apr Index	% Increase	No Change	% Decrease	Mar Index
<a href="#">Production</a>	12.5	26.8	58.9	14.3	13.6	24.5	41.8	40.9	17.3	21.8
<a href="#">Capacity utilization</a>	8.0	25.0	58.0	17.0	8.2	21.8	37.3	47.3	15.5	19.0
<a href="#">Volume of new orders</a>	8.1	27.9	52.3	19.8	11.8	20.0	37.3	45.5	17.3	20.9
<a href="#">Growth rate of orders</a>	0.0	20.7	58.6	20.7	-1.8	13.6	30.0	53.6	16.4	14.6
<a href="#">Unfilled orders</a>	-5.4	9.8	75.0	15.2	-3.7	-4.5	10.0	75.5	14.5	-0.9
<a href="#">Volume of shipments</a>	11.6	30.4	50.9	18.8	16.4	23.6	41.8	40.0	18.2	24.5
<a href="#">Delivery time</a>	-2.7	8.0	81.3	10.7	-4.5	-4.6	10.9	73.6	15.5	-3.6
<a href="#">Materials inventories</a>	11.6	29.5	52.7	17.9	-1.8	-3.6	20.0	56.4	23.6	-2.7
<a href="#">Finished goods inventories</a>	3.6	20.0	63.6	16.4	-4.5	-8.5	12.1	67.3	20.6	-7.3
<a href="#">Prices paid for raw materials</a>	69.6	71.4	26.8	1.8	65.2	57.2	64.5	28.2	7.3	56.9
<a href="#">Prices received for finished goods</a>	25.9	29.5	67.0	3.6	28.2	44.5	50.0	44.5	5.5	30.9
<a href="#">Wages and benefits</a>	19.1	20.9	77.3	1.8	24.6	34.9	40.4	54.1	5.5	40.9
<a href="#">Number of employees</a>	4.5	20.7	63.1	16.2	9.1	9.1	25.5	58.2	16.4	5.4
<a href="#">Average employee workweek</a>	1.8	13.5	74.8	11.7	4.6	0.9	12.8	75.2	11.9	0.9
<a href="#">Capital expenditures</a>	4.5	17.9	68.8	13.4	2.7	2.7	18.3	66.1	15.6	7.3

## General Business Conditions:

	Apr Index	% Improved	Remained the Same	% Worsened	Mar Index	Apr Index	% Improved	Remained the Same	% Worsened	Mar Index
<a href="#">How has the outlook for your company changed?</a>	1.8	18.8	64.3	17.0	-5.4	10.9	28.2	54.5	17.3	0.9
<a href="#">What is your evaluation of the level of general business activity?</a>	-23.4	12.6	51.4	36.0	-22.7	-5.5	22.0	50.5	27.5	-10.0





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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