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June 20, 2010

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Texas Manufacturing Outlook Survey

August 25, 2008

Texas Manufacturing Still Sluggish

Texas manufacturing continues to show signs of softness, according to the business executives who responded to the Texas Manufacturing Outlook Survey in August. Nearly all indicators of current conditions declined from their July readings, and the index for general business activity remained weak.

The [production](#) index was unchanged at zero—an equal number of companies reporting increases and decreases in output. Indicators for [volume of new orders](#) and [growth rate of orders](#) remained negative and weakened further, continuing a slowing trend that began earlier in the year. Indexes for [volume of shipments](#), [number of employees](#) and [average employee workweek](#) turned negative as a larger share of respondents reported a decrease in these indicators from the previous month.

Both current and future price indexes receded in August; nevertheless, price pressures were still prevalent. More than 50 percent of the respondents reported increases in current and future [raw materials prices](#), and about 30 percent indicated that [prices of finished goods](#) were rising.

The [wages and benefits](#) index drifted lower as well; 19.4 percent of respondents cited an increase in August, compared with 24.3 percent last month.

Texas manufacturers are still cautious in their assessments of current conditions. The [company outlook](#) index fell from -11.7 to -14.6. The index for the current level of [general business activity](#) improved modestly but remained negative.

Respondents remained optimistic about future business activity, and some of those indexes rose slightly. Nearly a third of responding firms expect increases in [production](#), [capacity utilization](#) and [volume of new orders](#) six months from now.

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 August 12–20, and 103 Texas manufacturers responded to the survey. 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: September 29

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.

	August vs. July					Six months from now				
	August Index	% Increase	No Change	% Decrease	July Index	August Index	% Increase	No Change	% Decrease	July Index
Production	0.0	23.3	53.4	23.3	0.0	14.8	32.4	50.0	17.6	12.6
Capacity utilization	0.9	22.3	56.3	21.4	3.9	10.8	31.4	48.0	20.6	14.5
Volume of new orders	-14.6	18.4	48.5	33.0	-7.7	10.8	32.4	46.1	21.6	11.6
Growth rate of orders	-18.4	13.6	54.4	32.0	-14.4	7.8	28.4	51.0	20.6	2.9

**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
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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)

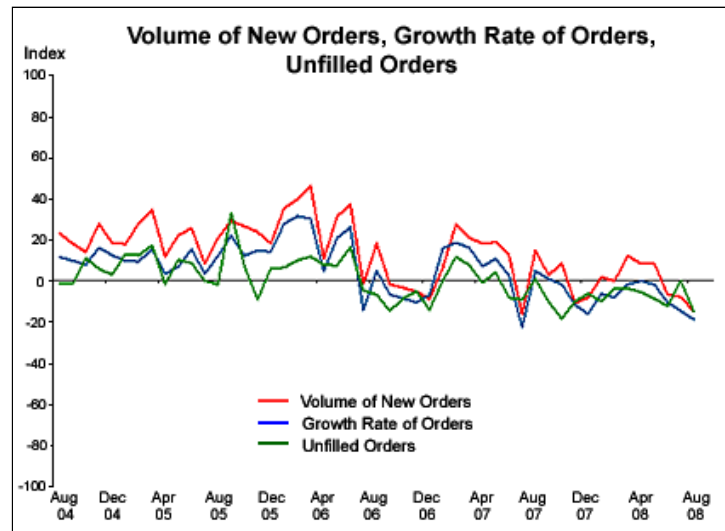
Regional Data Resources

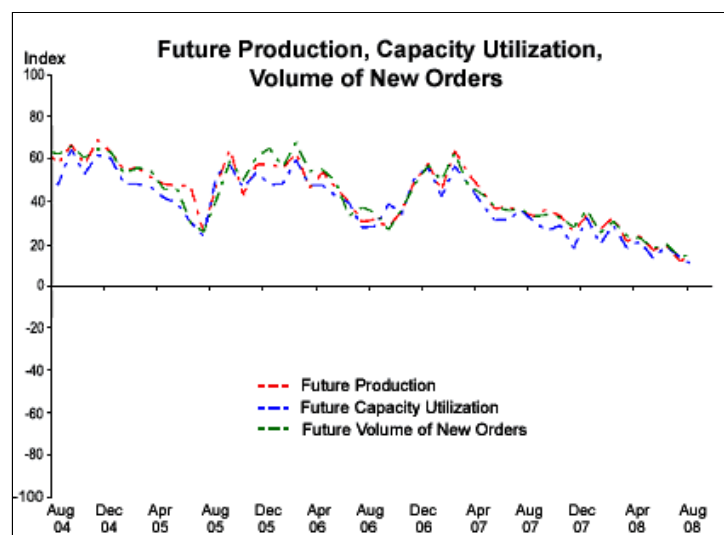
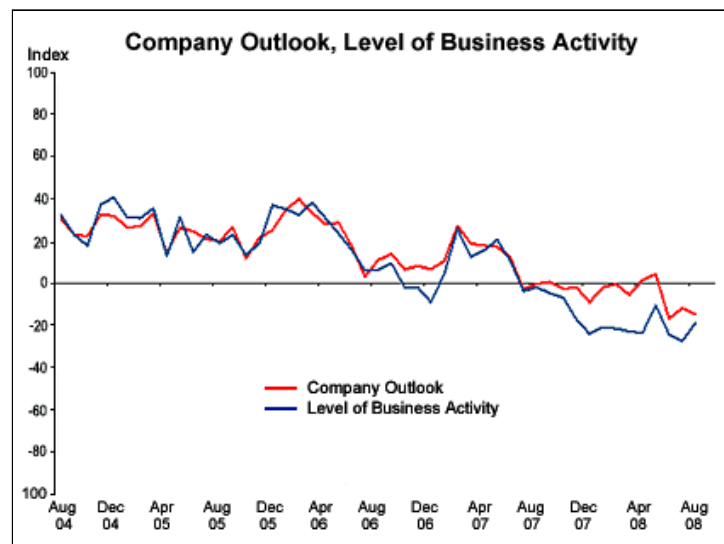
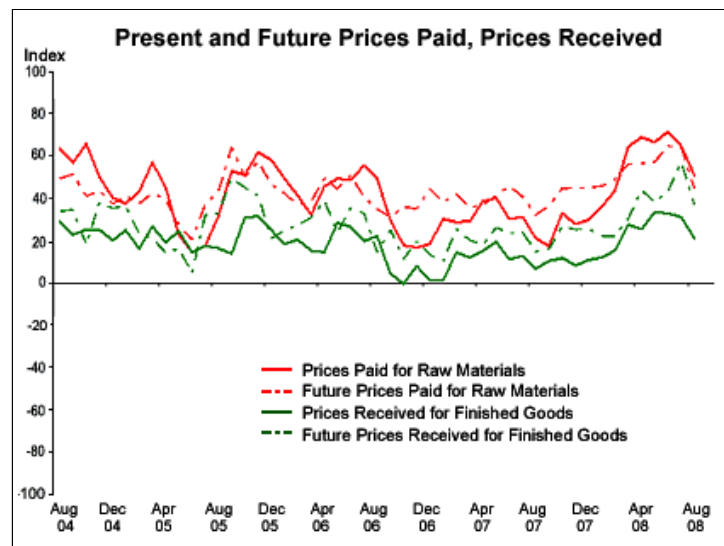
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Unfilled orders	-14.7	8.8	67.6	23.5	0.0	-7.8	10.8	70.6	18.6	-7.8
Volume of shipments	-3.9	19.6	56.9	23.5	5.8	15.7	35.3	45.1	19.6	14.6
Delivery time	-16.5	1.9	79.6	18.4	2.8	-12.8	3.9	79.4	16.7	1.0
Materials inventories	1.0	18.6	63.7	17.6	-7.7	3.0	21.6	59.8	18.6	-12.6
Finished goods inventories	-3.9	13.6	68.9	17.5	-10.5	-3.9	16.7	62.7	20.6	-7.7
Prices paid for raw materials	51.5	58.3	35.0	6.8	65.4	45.1	54.9	35.3	9.8	64.7
Prices received for finished goods	21.6	30.4	60.8	8.8	31.7	37.6	49.5	38.6	11.9	57.8
Wages and benefits	17.5	19.4	78.6	1.9	21.4	35.3	38.2	58.8	2.9	47.6
Number of employees	-6.9	12.9	67.3	19.8	3.8	2.9	24.5	53.9	21.6	0.0
Average employee workweek	-6.9	12.7	67.6	19.6	1.0	-11.8	7.8	72.5	19.6	-6.7
Capital expenditures	-0.9	11.7	75.7	12.6	-7.7	3.9	15.7	72.5	11.8	-1.0

General Business Conditions:

	August Index	% Improved	Remained the Same	% Worsened	July Index	August Index	% Improved	Remained the Same	% Worsened	July Index
How has the outlook for your company changed?	-14.6	12.6	60.2	27.2	-11.7	-1.0	22.5	53.9	23.5	-8.9
What is your evaluation of the level of general business activity?	-18.8	12.9	55.4	31.7	-27.4	-6.1	19.2	55.6	25.3	-20.2





Questions regarding the Texas Manufacturing Outlook Survey can be addressed to Laila Assanie at laila.assanie@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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