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June 19, 2010

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Texas Manufacturing Outlook Survey**Note**

Beginning with the August 2009 release, the Dallas Fed will be reporting its Texas Manufacturing Outlook Survey on a seasonally adjusted basis. The change enhances the survey's value by making it easier to discern underlying economic trends. [Read more»](#)

August 31, 2009**Declines in Texas Factory Activity Continue to Moderate, Six-Month Outlook Positive**

Results of the Texas Manufacturing Outlook Survey suggest that factory activity continued to contract at a slower pace in August.

The [production](#) index dipped slightly. Indexes for [capacity utilization](#), [new orders](#) and [growth rate of orders](#) ticked upward, but they remained negative. For the most part, the changes reflect fewer companies seeing declines in these measures.

The August survey echoes the broad signal from the previous five months that Texas factory output and employment is still receding but at a slower pace. The signal for a recovery will be positive readings in key current indexes.

Although still negative, the [business activity](#) index saw significant improvement as the share of companies reporting better market conditions rose and the share reporting weaker conditions declined from July to August. The [company outlook](#) index also strengthened, recovering ground lost since May 2008.

The indexes for [employment](#) and [average work week](#) were negative but ticked upward in August, as a larger share of manufacturers than last month reported increases in these measures. Wage pressures were nonexistent, with 88 percent of producers noting no changes in compensation.

Manufacturers continued to draw down inventories. The index for [materials inventories](#) plunged to its lowest reading in five months, and 30 percent of manufacturers noted declines in their [finished goods inventories](#).

Price pressures were mixed. The index for [finished goods prices](#) remained negative, and producers receiving lower prices for their products outstripped those receiving higher prices by 8-to-1. In contrast, the [raw materials price](#) index turned positive for the first time in 11 months, and producers paying higher prices for raw materials outnumbered those paying lower prices by nearly 2-to-1. Expectations for future raw material price increases were elevated as well, and the six-month raw materials price index rose to its highest reading since last September.

Most indexes of future activity were positive and rose in August, suggesting more manufacturers now expect better conditions over the next six months. The future [general business activity](#) index climbed to its highest reading since May 2007. The share of firms foreseeing an improvement in their firm's six-month outlook exceeded those expecting deterioration by more than 2-to-1. Forty-seven percent of manufacturing executives expect increases in [production](#), [capacity utilization](#) and [new orders](#) six months from now.

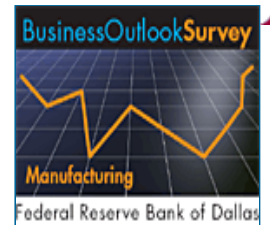
The Dallas Fed conducts the Texas Manufacturing Outlook Survey monthly to obtain a timely assessment of the state's factory activity. Data were collected August 18-26, and 99 Texas manufacturers responded to the survey. Firms are asked whether output, employment, orders, prices and other indicators increased, 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. Where appropriate, the indexes are seasonally adjusted.

Next release: Sept. 28, 2009

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.

Company Business Indicators Relating to Facilities and Products in Texas**Current Report Links**

- Current report
- Summary of results/links to indexes
- Downloadable Production Index Charts

E-mail Alert

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

Texas Manufacturing Outlook Survey

- Release dates
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- Report archive
- About the index
- Glossary
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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

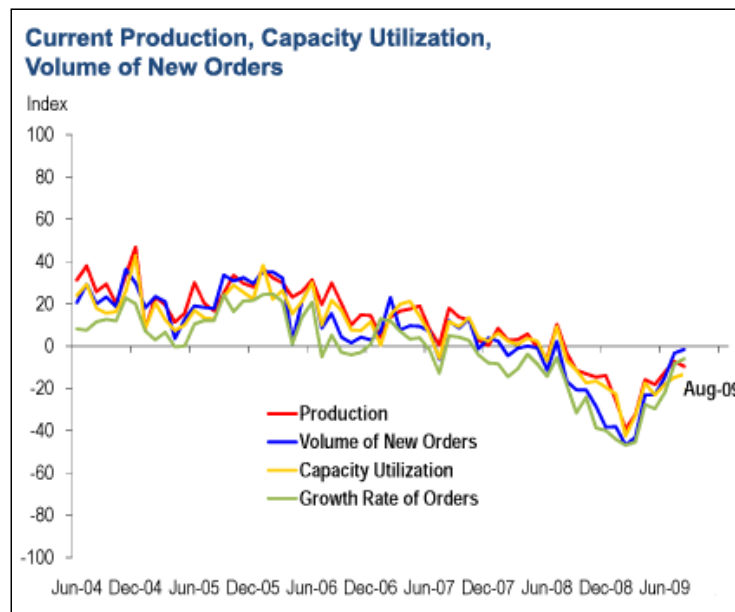
- Economic Updates
- Dallas Beige Book
- Metro Business-Cycle Indexes
- **Texas Manufacturing Outlook Survey**
- Quick Slide Show on the Regional Economy
- FRB Adjusted-Texas Employment
- DataBasics

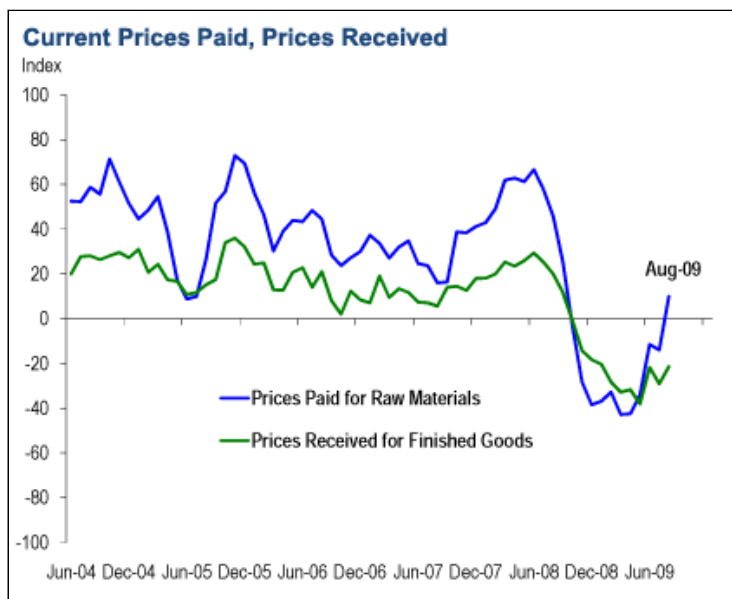
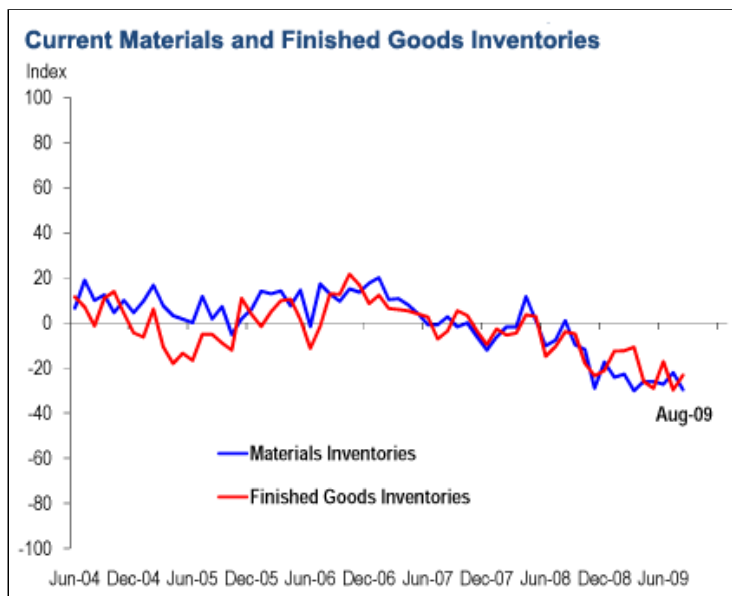
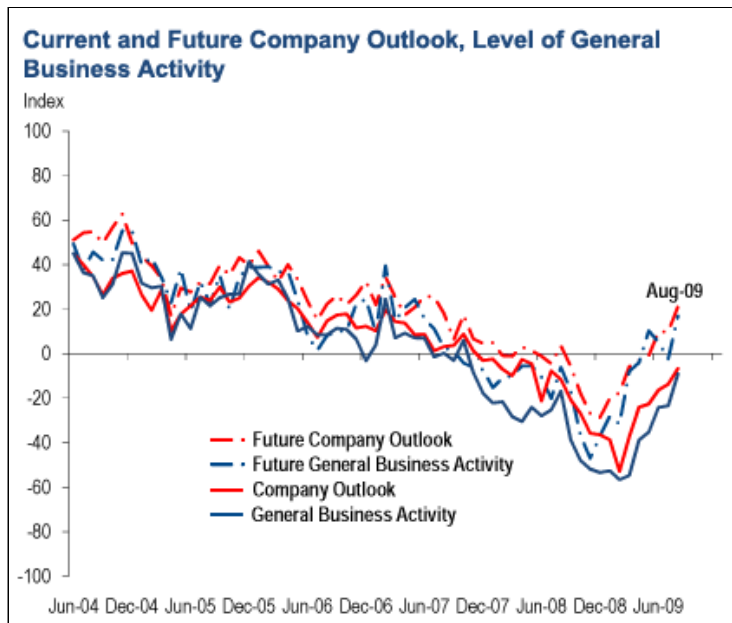
	August vs. July					Six months from now					Regional Economic Indicators
	Aug Index	% Increase	No Change	% Decrease	July Index	Aug Index	% Increase	No Change	% Decrease	July Index	
Production	-9.7	23.5	43.3	33.2	-7.3	31.2	46.6	38.1	15.4	28.7	
Capacity utilization	-13.3	18.4	49.9	31.7	-14.9	34.4	46.7	40.9	12.3	26.2	
Volume of new orders	-1.7	29.3	39.6	31.0	-3.4	33.4	46.9	39.6	13.5	21.1	
Growth rate of orders	-6.0	18.6	56.8	24.6	-8.4	23.5	35.4	52.7	11.9	22.4	
Unfilled orders	-10.0	10.9	68.2	20.9	-25.3	5.1	16.3	72.4	11.2	8.9	
Volume of shipments	-11.2	23.8	41.1	35.0	-11.2	32.2	43.6	45.1	11.4	20.7	
Delivery time	-7.2	7.1	78.6	14.3	-19.8	-6.3	6.3	81.1	12.6	-7.7	
Materials inventories	-29.6	8.2	54.1	37.8	-22.0	-6.1	19.4	55.1	25.5	-7.7	
Finished goods inventories	-23.2	7.1	62.6	30.3	-29.7	-9.2	12.2	66.3	21.4	-8.9	
Prices paid for raw materials	9.9	20.4	69.1	10.5	-14.0	29.9	37.1	55.7	7.2	12.2	
Prices received for finished goods	-21.4	2.9	72.8	24.3	-29.0	3.1	15.3	72.4	12.2	2.3	
Wages and benefits	0.0	6.1	87.9	6.1	2.2	19.7	27.1	65.5	7.4	8.9	
Number of employees	-15.7	7.9	68.5	23.6	-23.0	0.0	17.5	64.9	17.5	2.2	
Average employee workweek	-11.2	14.1	60.6	25.3	-16.5	12.2	22.4	67.3	10.2	7.8	
Capital expenditures	-15.3	6.1	72.4	21.4	-24.5	-1.0	13.4	72.2	14.4	-4.5	

General Business Conditions

	Aug Index	% Improved	Remained the Same	% Worsened	July Index	Aug Index	% Improved	Remained the Same	% Worsened	July Index
How has the outlook for your company changed?	-6.7	18.0	57.3	24.7	-13.7	21.2	34.6	52.0	13.4	9.8
What is your evaluation of the level of general business activity?	-9.1	17.0	56.9	26.1	-23.4	16.8	30.5	55.8	13.7	-2.3

Data have been seasonally adjusted as necessary. See information on [seasonal adjustment](#).





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