

19.May.2022

## **Philly Fed: Sharp Drop, Lowest In 2 Years, Details Better**

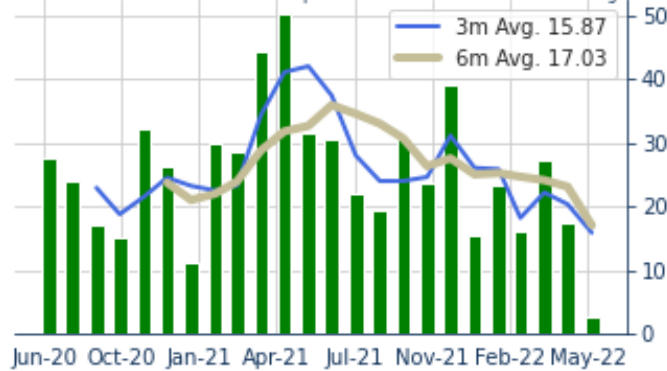
**Bottom Line:** The Philadelphia Fed's index of manufacturing activity fell more than expected in May, hitting its lowest level in two years. The details, though, were much better than the headline. The decline was led by a sharp drop in expectations for future activity. Current levels of new order growth and shipments accelerated modestly and remained at historically robust levels. Prices paid and received continued to rise but decelerated slightly. Overall, the report highlighted tremendous uncertainty in outlooks for manufacturing amid supply chain and price pressures but continued robust activity.

## Philly Fed Current Activity Index May: +2.6, consensus: +16.7



### monthly levels

Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP



**The Philadelphia Fed Manufacturing Index** FELL 15 points to 2.6, BELOW the 3-Month average of 15.87, BELOW the 6-Month average of 17.03 and 28.9 BELOW the year-ago level.

- **New Orders** ROSE 4.3 points to 22.1, ABOVE the 3-Month average of 21.9, ABOVE the 6-Month average of 18.58 but 10.4 BELOW the year-ago level.
- **Shipments** ROSE 16.2 points to 35.3, ABOVE the 3-Month average of 28.2, ABOVE the 6-Month average of 22.35 and 14.3 ABOVE the year-ago level.
- **Unfilled Orders** ROSE 12.2 points to 17.9, ABOVE the 3-Month average of 14.87, ABOVE the 6-Month average of 15.88 but 22.5 BELOW the year-ago level.
- **Delivery Times** were nearly unchanged, up 0.4 points to 17.5, BELOW the 3-Month average of 25.03, BELOW the 6-Month average of 25.78 and 24 BELOW the year-ago level.
- **Inventories** FELL 8.7 points to 3.2, BELOW the 3-Month average of 5.2,

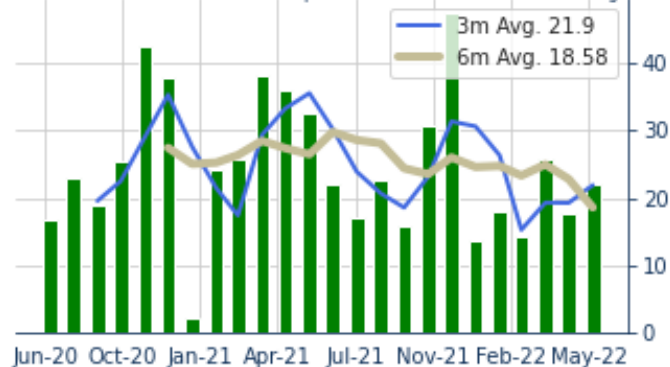
BELOW the 6-Month average of 5.98, and 22.4 BELOW the year-ago level.

- **Prices Paid** FELL 5.7 points to 78.9, BELOW the 3-Month average of 81.5, ABOVE the 6-Month average of 75.4 but 2.1 ABOVE the year-ago level.
- **Employment** FELL 15.9 points to 25.5, BELOW the 3-Month average of 35.27, BELOW the 6-Month average of 33.02 but 6.2 ABOVE the year-ago level.
- **The Future Activity Index** FELL 5.7 points to 2.5, BELOW the 3-Month average of 11.13, BELOW the 6-Month average of 18.2, and 50.2 BELOW the year-ago level.
- **Future Capital Expenditures** FELL 10.3 points to 9.6, BELOW the 3-Month average of 18.1, BELOW the 6-Month average of 20.33, and 27.8 BELOW the year-ago level.

### Current New Orders



Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

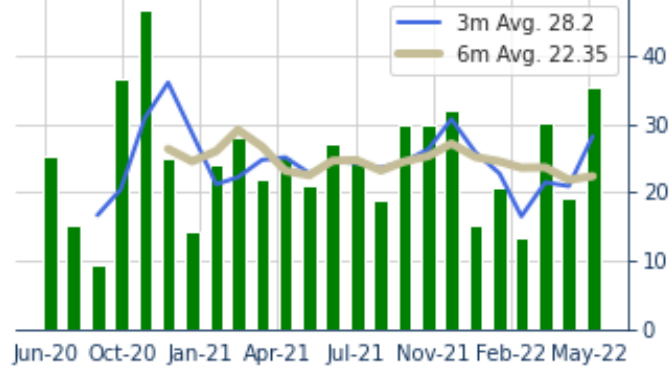


# Current Shipments



## monthly levels

Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

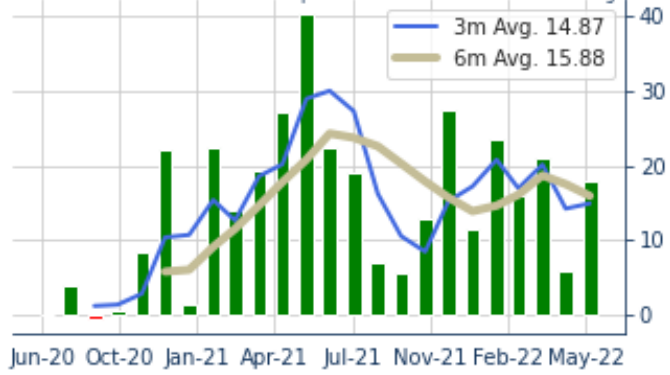


# Current Unfilled Orders



## monthly levels

Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

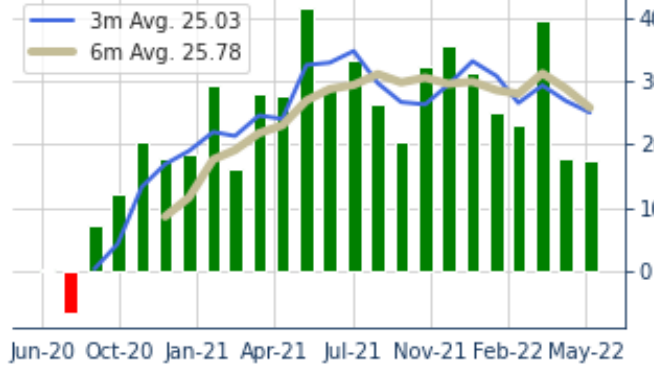


# Current Delivery Time



## monthly levels

Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

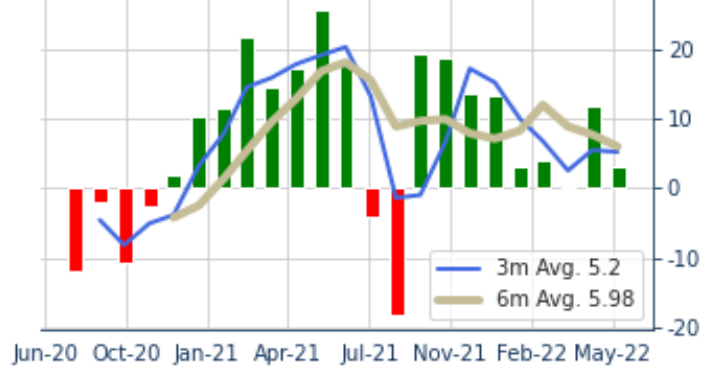


# Current Inventories



## monthly levels

Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

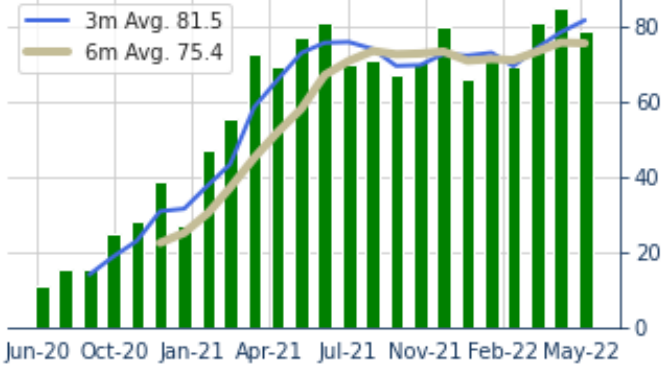


# Current Prices Paid



## monthly levels

Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP



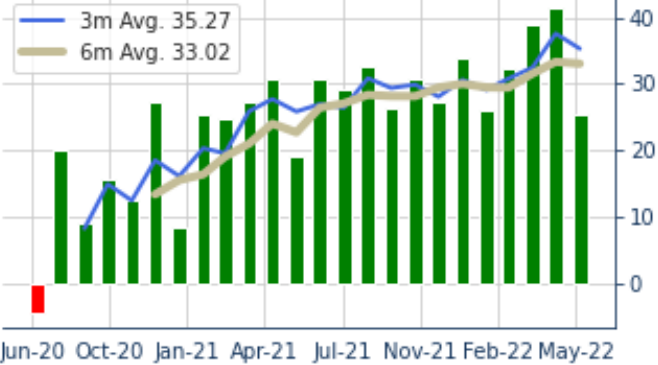


# Current Employment



## monthly levels

Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

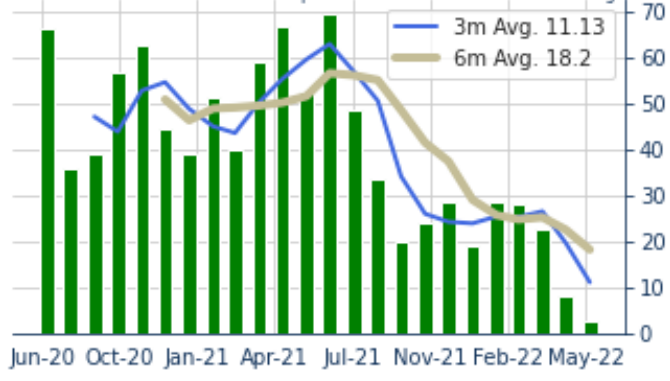


# Future Activity Index



## monthly levels

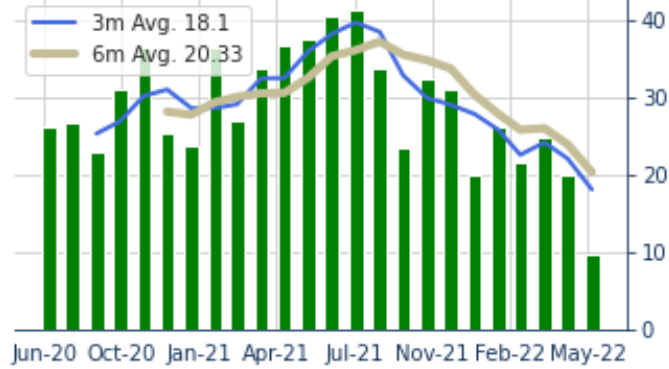
Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP



## Future Capital Expenditures



Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP



Philly Fed Manufacturing Current Indicators	May-22	Apr-22	Mar-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
<b>Current Activity Index</b>	<b>2.6</b>	<b>17.6</b>	<b>27.4</b>	<b>15.9</b>	<b>17.0</b>	<b>22.3</b>	<b>30.5</b>	<b>18.2</b>
Current New Orders	22.1	17.8	25.8	21.9	18.6	22.3	27.2	18.5
Current Shipments	35.3	19.1	30.2	28.2	22.4	24.7	24.9	19.8
Current Unfilled Orders	17.9	5.7	21.0	14.9	15.9	15.8	19.1	9.8
Current Delivery Time	17.5	17.9	39.7	25.0	25.8	27.7	29.3	14.3
Current Inventories	3.2	11.9	0.5	5.2	6.0	6.9	12.6	5.3
Current Prices	78.9	84.6	81.0	81.5	75.4	74.3	68.9	40.1

Paid								
Current Prices Received	51.7	55.0	54.4	53.7	51.3	52.1	44.0	26.0
Current Employment	25.5	41.4	38.9	35.3	33.0	31.2	28.2	19.1
Current Average Workweek	16.1	20.8	21.4	19.4	18.2	21.7	27.8	14.7

Source: Federal Reserve Bank of Philadelphia - Manufacturing Business Outlook Survey

<b>Philly Fed Manufacturing Future Indicators</b>	<b>May-22</b>	<b>Apr-22</b>	<b>Mar-22</b>	<b>3m. avg.</b>	<b>6m. avg.</b>	<b>12m. avg.</b>	<b>2021</b>	<b>5y</b>
<b>Future Activity Index</b>	<b>2.5</b>	<b>8.2</b>	<b>22.7</b>	<b>11.1</b>	<b>18.2</b>	<b>27.8</b>	<b>42.7</b>	<b>37.7</b>
Future New Orders	16.1	3.7	22.0	13.9	20.0	29.9	41.9	40.5
Future Shipments	32.1	29.9	30.6	30.9	35.8	42.1	47.9	43.2
Future Unfilled Orders	-24.5	-13.4	-15.9	-17.9	-14.2	-7.0	3.7	8.1
Future Delivery Time	-29.1	-19.1	-6.2	-18.1	-12.0	-4.6	3.8	2.4
Future Inventories	4.6	17.3	30.8	17.6	13.5	14.6	16.2	11.7
Future Prices Paid	59.4	70.1	71.3	66.9	65.2	63.4	60.1	51.0
Future Prices Received	58.9	62.4	68.5	63.3	60.1	61.3	56.4	43.1
Future Employment	29.2	38.7	40.7	36.2	40.0	43.2	46.8	34.7
Future Average Workweek	11.7	-2.6	14.5	7.9	6.9	13.6	17.3	15.1
Future Capital Expenditures	9.6	19.9	24.8	18.1	20.3	27.0	32.8	29.5

Source: Federal Reserve Bank of Philadelphia - Manufacturing Business Outlook Survey