

16.Jun.2022

Philly Fed: Another Sharp Drop, New Orders Decline

Bottom Line: The Philadelphia Fed's index of manufacturing activity fell more than expected in June. This follows a sharp decline in May and a decline in the neighboring Empire manufacturing survey reported earlier this week. The index fell into negative territory, suggesting contracting activity. New Orders saw a record decline. That said, the survey was still in positive territory on an ISM-weighted basis. Still, the shift in trend is remarkable and concerning, especially as it confirms the relatively weak Empire survey. Shipments continued to grow but decelerated sharply. On the plus side, prices paid fell sharply. **Overall, the tremendous uncertainty that manufacturers have managed for over a year is finally taking its toll as higher interest rates and inflation sap demand. The future activity index hit its lowest level since the 2008/9 crisis.**

Philly Fed Current Activity Index June: -3.3, consensus: +5.0



monthly levels



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,

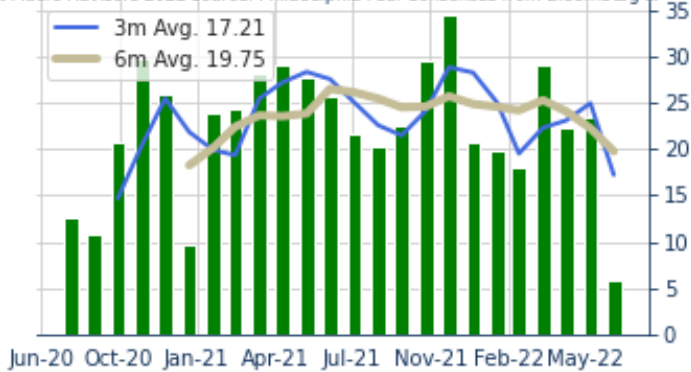
- BELOW the 6-Month average of 5.98, and 22.4 BELOW the year-ago level.
- **Prices Paid** FELL 5.7 points to 78.9, BELOW the 3-Month average of 81.5, ABOVE the 6-Month average of 75.4 but 2.1 ABOVE the year-ago level.
- **Employment** FELL 15.9 points to 25.5, BELOW the 3-Month average of 35.27, BELOW 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.

Philly Fed recalculated by ISM Weightings



monthly levels

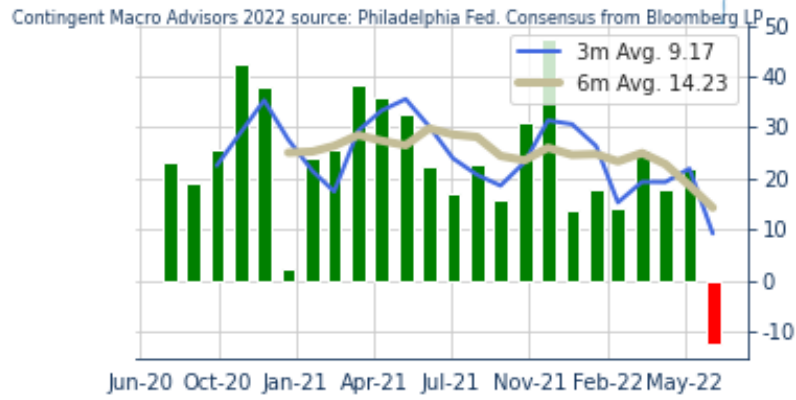
Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP



Current New Orders



monthly levels

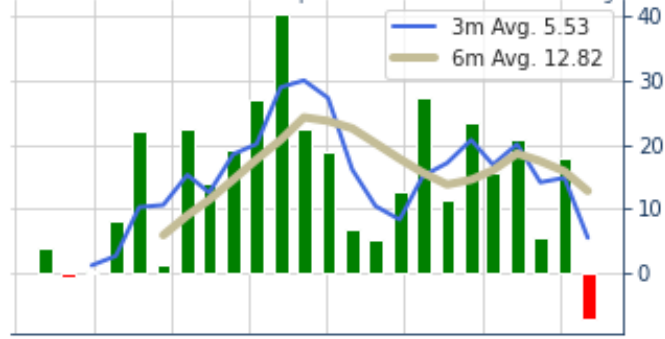


Current Unfilled Orders



monthly levels

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

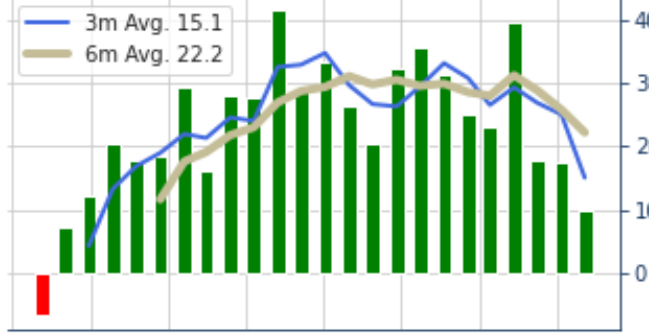


Current Delivery Time



monthly levels

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

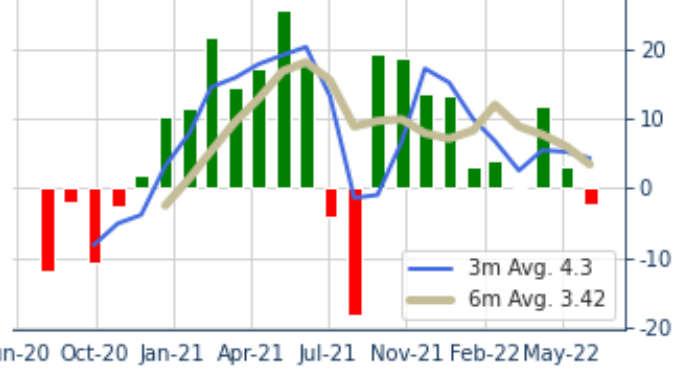


Current Inventories



monthly levels

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

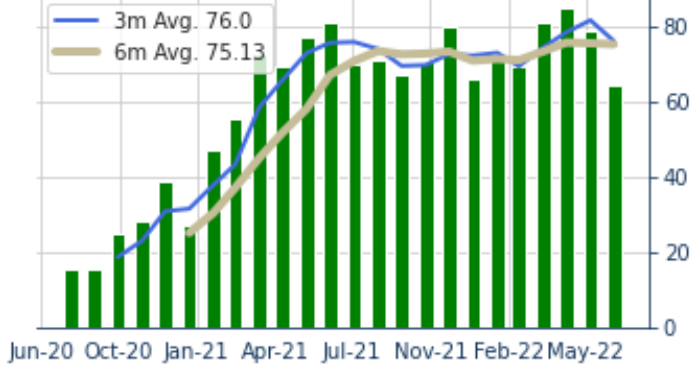


Current Prices Paid



monthly levels

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

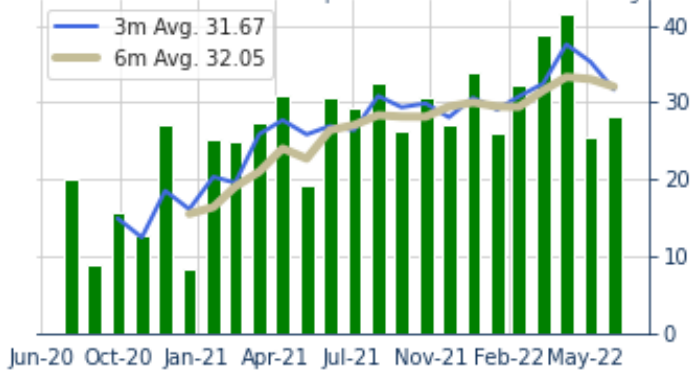


Current Employment



monthly levels

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

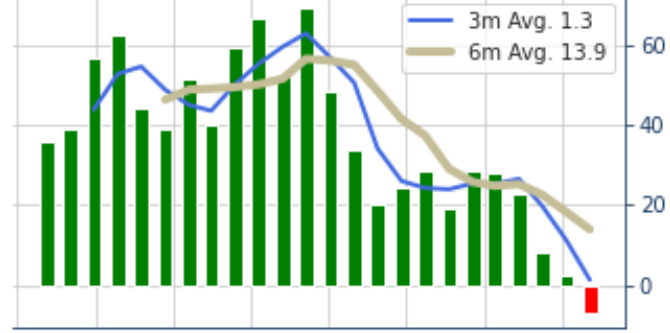


Future Activity Index



monthly levels

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



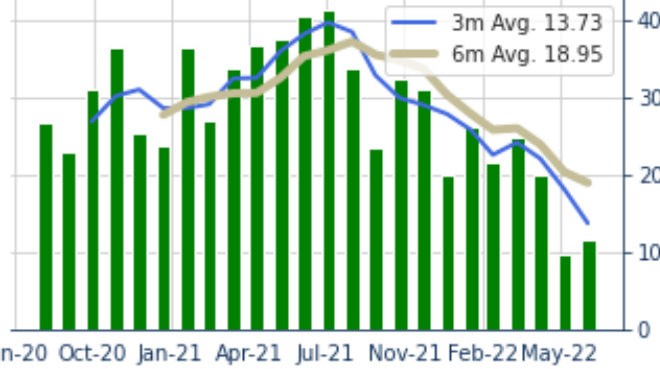
Jun-20 Oct-20 Jan-21 Apr-21 Jul-21 Nov-21 Feb-22 May-22



Future Capital Expenditures



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



Philly Fed Manufacturing Current Indicators	Jun-22	May-22	Apr-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
Current Activity Index	-3.3	2.6	17.6	5.6	13.9	19.5	30.5	17.6
Current ISM-Weighted	5.9	23.5	22.3	17.2	19.8	22.3	25.7	16.8
Current New Orders	-12.4	22.1	17.8	9.2	14.2	19.4	27.2	17.9
Current Shipments	10.8	35.3	19.1	21.7	21.6	23.4	24.9	19.5
Current Unfilled Orders	-7.0	17.9	5.7	5.5	12.8	13.3	19.1	9.4
Current Delivery Time	9.9	17.5	17.9	15.1	22.2	26.0	29.3	14.3

Current Inventories	-2.2	3.2	11.9	4.3	3.4	5.3	12.6	5.2
Current Prices Paid	64.5	78.9	84.6	76.0	75.1	73.0	68.9	40.8
Current Prices Received	49.2	51.7	55.0	52.0	51.1	52.0	44.0	26.5
Current Employment	28.1	25.5	41.4	31.7	32.0	31.0	28.2	19.3
Current Average Workweek	11.8	16.1	20.8	16.2	15.1	21.0	27.8	14.6

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

Philly Fed Manufacturing Future Indicators	Jun-22	May-22	Apr-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
Future Activity Index	-6.8	2.5	8.2	1.3	13.9	21.4	42.7	36.9
Future New Orders	-7.4	16.1	3.7	4.1	14.8	23.5	41.9	39.7
Future Shipments	3.6	32.1	29.9	21.9	31.1	36.4	47.9	42.6
Future Unfilled Orders	-32.0	-24.5	-13.4	-23.3	-18.5	-11.2	3.7	7.4
Future Delivery Time	-36.3	-29.1	-19.1	-28.2	-19.2	-9.4	3.8	1.8
Future Inventories	-1.7	4.6	17.3	6.7	11.2	13.7	16.2	11.4
Future Prices Paid	58.5	59.4	70.1	62.7	66.0	62.4	60.1	51.2
Future Prices Received	46.7	58.9	62.4	56.0	58.7	59.5	56.4	43.4
Future Employment	10.5	29.2	38.7	26.1	32.4	39.6	46.8	34.4
Future Average Workweek	6.4	11.7	-2.6	5.2	6.9	12.3	17.3	15.0
Future Capital Expenditures	11.7	9.6	19.9	13.7	19.0	24.6	32.8	29.2

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