

21.Jul.2022

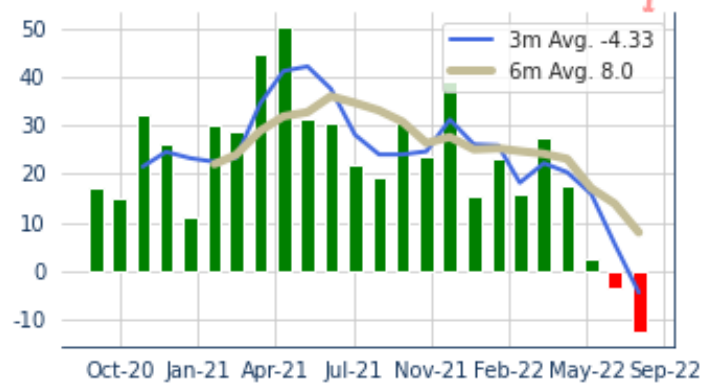
Philly Fed: Sharp Decline in Manufacturing

Bottom Line: The Philadelphia Fed's index of manufacturing activity fell sharply, dashing hopes that last month's deceleration was just normal volatility. Nearly every major subcomponent showed slowing activity, with the index in negative territory when recalculated on an ISM-weighted basis. New and unfilled orders contracted, as the index of expectations for future orders dropped deeper into negative territory. On the plus side, the significant backlog of orders meant shipments of goods held close to recent averages. Prices paid also eased notably as supply chain bottlenecks appear to be easing. **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. More regional surveys in the coming weeks will give us a better sense of just how much slowdown (and possible contraction) we can expect at the national level.**

Philly Fed Current Activity Index July: -12.3, consensus: +0.8



monthly levels



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

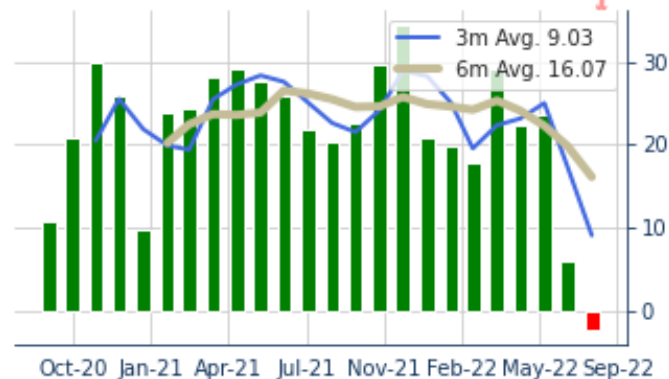
The Philadelphia Fed Manufacturing Index FELL -9 points to -12.3, BELOW the 3-Month average of -4.33, BELOW the 6-Month average of 8 and -34.2 BELOW the year-ago level. **On an ISM-weighted basis** the index FELL -8.2 points to -2.3, BELOW the 3-Month average of 9.03, BELOW the 6-Month average of 16.07 and -24 BELOW the year-ago level.

- New Orders FELL -12.4 points to -24.8, BELOW the 3-Month average of -5.03, BELOW the 6-Month average of 7.12 and -41.8 BELOW the year-ago level.
- Shipments ROSE 4 points to 14.8, BELOW the 3-Month average of 20.3, BELOW the 6-Month average of 20.6 and -9.8 BELOW the year-ago level.
- Unfilled Orders FELL -3.4 points to -10.4, BELOW the 3-Month average of 0.17, BELOW the 6-Month average of 7.17 and -29.4 BELOW the year-ago level.
- Delivery Time FELL -20.1 points to -10.2, BELOW the 3-Month average of 5.73, BELOW the 6-Month average of 16.3 and -43.5 BELOW the year-ago level.

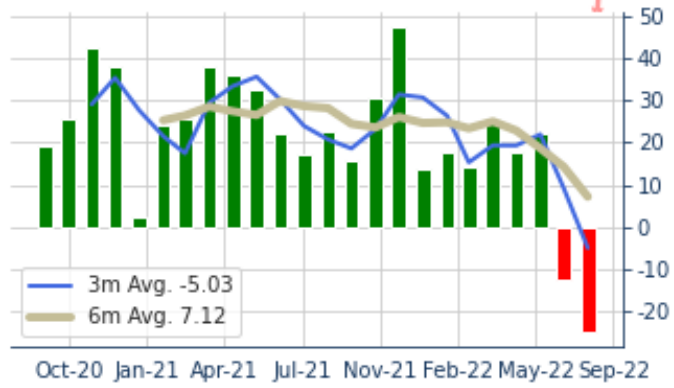
level.

- Inventories FELL -7.1 points to -9.3, BELOW the 3-Month average of -2.77, BELOW the 6-Month average of 1.35 but -5.3 ABOVE the year-ago level.
- Prices Paid FELL -12.3 points to 52.2, BELOW the 3-Month average of 65.2, BELOW the 6-Month average of 71.75 and -17.5 BELOW the year-ago level.
- Employment FELL -8.7 points to 19.4, BELOW the 3-Month average of 24.33, BELOW the 6-Month average of 30.93 and -9.8 BELOW the year-ago level.
- Future Activity Index FELL -11.8 points to -18.6, BELOW the 3-Month average of -7.63, BELOW the 6-Month average of 6.02 and -67.2 BELOW the year-ago level.
- Future Capital Expenditures FELL -7.3 points to 4.4, BELOW the 3-Month average of 8.57, BELOW the 6-Month average of 15.32 and -36.8 BELOW the year-ago level.

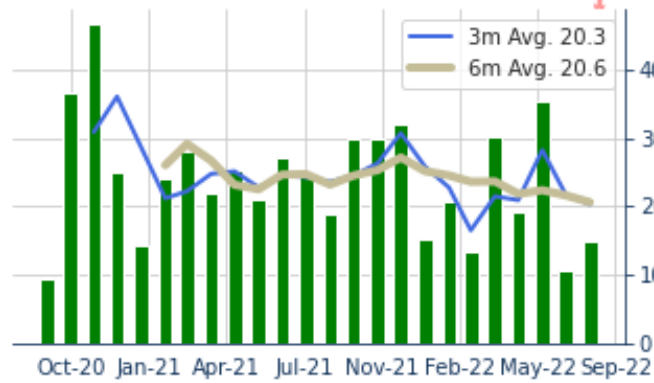
Philly Fed recalculated by ISM Weightings



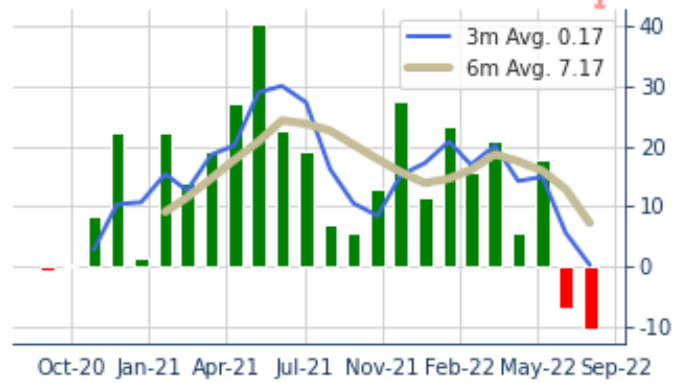
Current New Orders



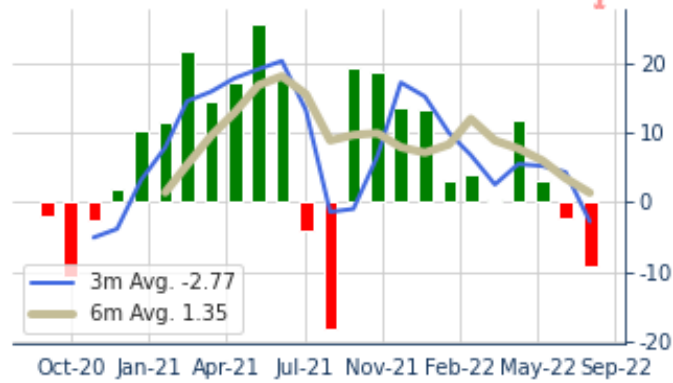
Current Shipments



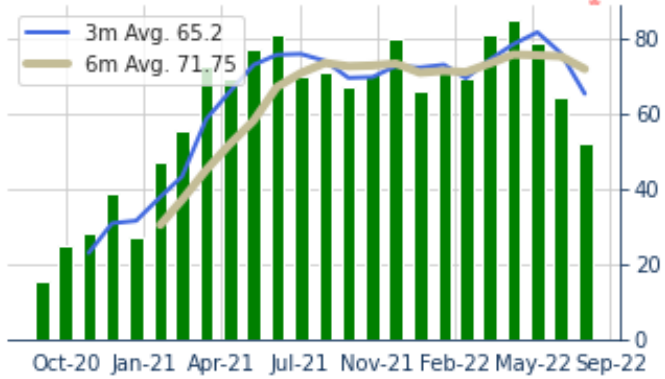
Current Unfilled Orders



Current Inventories

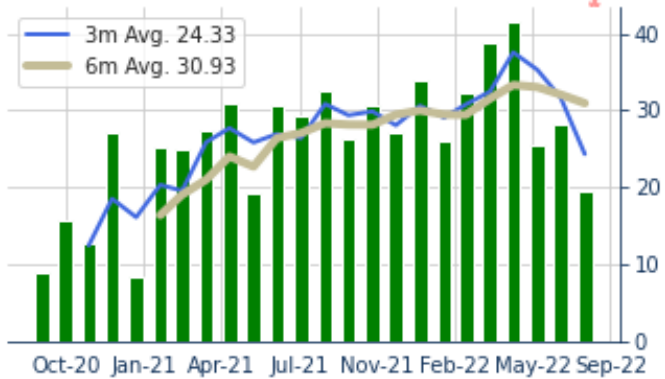


Current Prices Paid



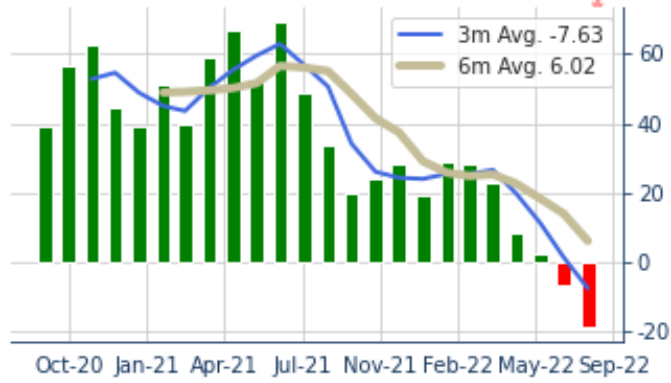
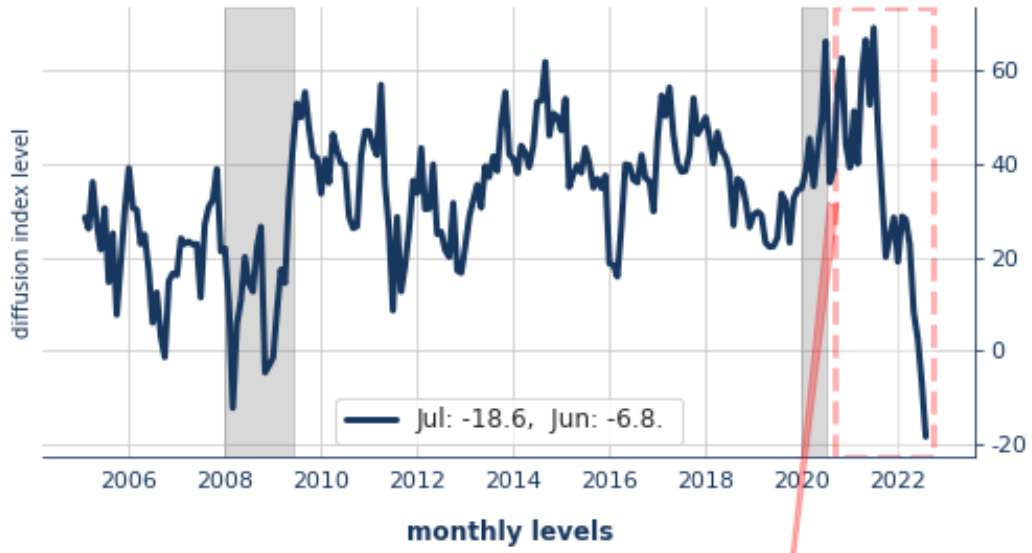
Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

Current Employment

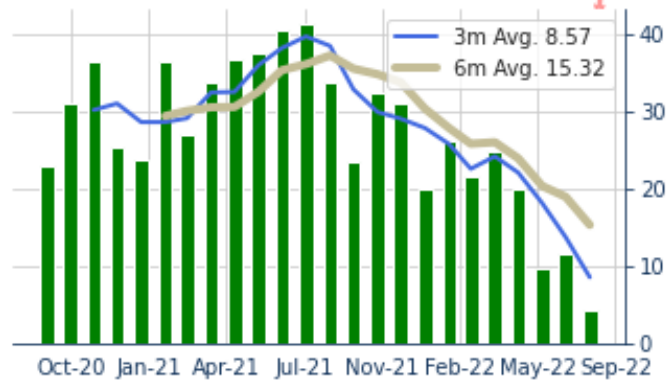


Contingent Macro Advisors 2022 source: Philadelphia Fed. Consensus from Bloomberg LP

Future Activity Index



Future Capital Expenditures



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

Philly Fed Manufacturing Current Indicators	Jul-22	Jun-22	May-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
Current Activity Index	-12.3	-3.3	2.6	-4.3	8.0	16.6	30.5	17.1
Current ISM-Weighted	-2.3	5.9	23.5	9.0	16.1	20.3	25.7	16.6
Current New Orders	-24.8	-12.4	22.1	-5.0	7.1	15.9	27.2	17.4
Current Shipments	14.8	10.8	35.3	20.3	20.6	22.6	24.9	19.5
Current Unfilled Orders	-10.4	-7.0	17.9	0.2	7.2	10.9	19.1	9.1
Current Delivery Time	-10.2	9.9	17.5	5.7	16.3	22.4	29.3	14.0

Current Inventories	-9.3	-2.2	3.2	-2.8	1.3	4.8	12.6	5.1
Current Prices Paid	52.2	64.5	78.9	65.2	71.8	71.5	68.9	41.4
Current Prices Received	30.3	49.2	51.7	43.7	48.4	50.7	44.0	26.9
Current Employment	19.4	28.1	25.5	24.3	30.9	30.2	28.2	19.4
Current Average Workweek	6.4	11.8	16.1	11.4	14.6	20.0	27.8	14.6

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

Philly Fed Manufacturing Future Indicators	Jul-22	Jun-22	May-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
Future Activity Index	-18.6	-6.8	2.5	-7.6	6.0	15.8	42.7	35.9
Future New Orders	-12.4	-7.4	16.1	-1.2	7.8	18.7	41.9	38.7
Future Shipments	12.8	3.6	32.1	16.2	25.6	32.0	47.9	42.2
Future Unfilled Orders	-29.6	-32.0	-24.5	-28.7	-22.3	-14.3	3.7	6.6
Future Delivery Time	-32.9	-36.3	-29.1	-32.8	-24.3	-11.3	3.8	1.2
Future Inventories	-6.8	-1.7	4.6	-1.3	8.1	12.0	16.2	10.8
Future Prices Paid	45.0	58.5	59.4	54.3	60.8	60.9	60.1	51.2
Future Prices Received	34.6	46.7	58.9	46.7	54.1	57.7	56.4	43.5
Future Employment	16.5	10.5	29.2	18.7	28.7	36.3	46.8	34.1
Future Average Workweek	3.4	6.4	11.7	7.2	6.0	10.4	17.3	14.9
Future Capital Expenditures	4.4	11.7	9.6	8.6	15.3	21.6	32.8	28.6

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