

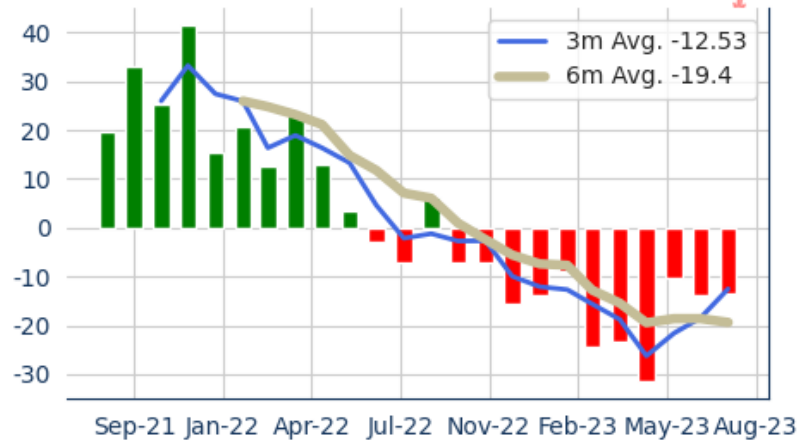
20.Jul.2023

Philly Fed: Contraction But Hints of Bottoming

Bottom Line: The Philadelphia Fed's Manufacturing survey was lower than expected, firmly in contraction territory for the 13th month in the last 14. The details, including current new orders and shipments, were as weak as the headline. Input price pressures decelerated slightly, but prices received rose. Employment was slightly lower. On the plus side, the index of expected future activity jumped sharply, led by expectations for stronger new orders. Overall, manufacturing in the mid-Atlantic region remained in contraction, but there were signs of hope. While not offering the clear signs of a bottoming as we saw in the New York Fed manufacturing report, there were still hints that activity in the Philly region could be bottoming.

Philly Fed - Current Activity Index

July: -13.5, consensus: -10



Contingent Macro Advisors 2023 source: Philadelphia Fed. Consensus from Bloomberg LP

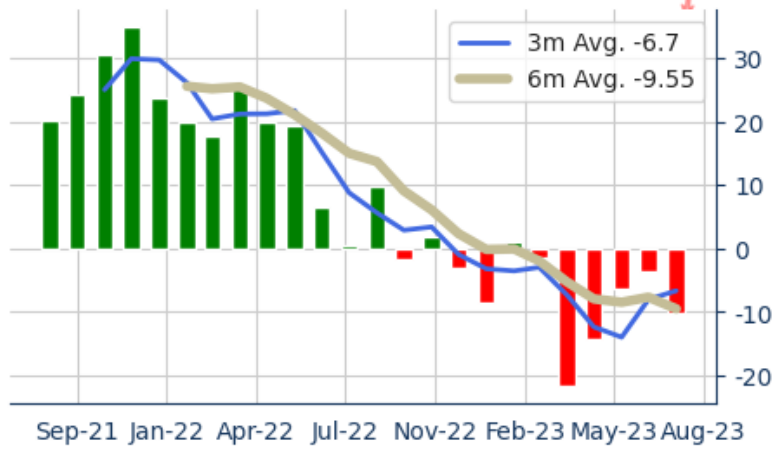
The Philadelphia Fed Manufacturing Index was nearly unchanged, 0.2 points to -13.5, BELOW the 3-Month average of -12.53, ABOVE the 6-Month average of -19.4 but -6.3 ABOVE the year-ago level. On an ISM-weighted basis the index FELL -6.4 points to -10.1, BELOW the 3-Month average of -6.7, BELOW the 6-Month average of -9.55 and -10.5 BELOW the year-ago level.

- New Orders FELL -4.9 points to -15.9, BELOW the 3-Month average of -11.93, ABOVE the 6-Month average of -16.72 and 3.5 BELOW the year-ago level.
- Shipments FELL -22.4 points to -12.5, BELOW the 3-Month average of -2.43, BELOW the 6-Month average of -5.22 and -28.2 BELOW the year-ago level.
- Unfilled Orders ROSE 3.4 points to -15.1, BELOW the 3-Month average of -10.93, BELOW the 6-Month average of -13.7 but -5.9 ABOVE the year-ago

level.

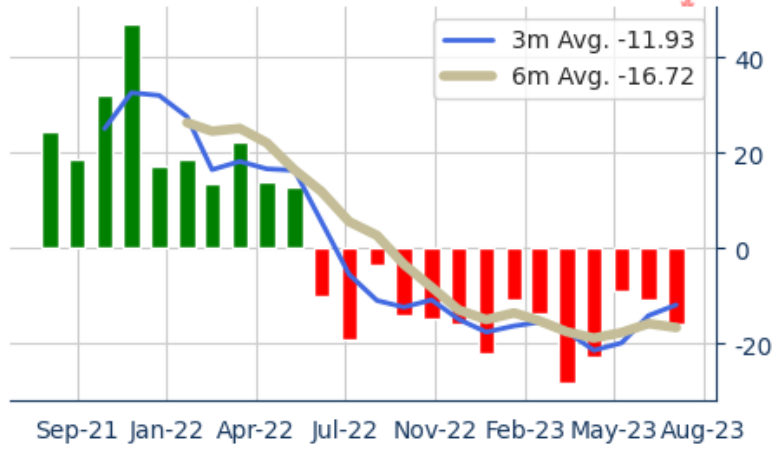
- Delivery Time ROSE 3.2 points to -12.9, BELOW the 3-Month average of -12.77, ABOVE the 6-Month average of -16.87 but -3.2 ABOVE the year-ago level.
- Inventories ROSE 2.5 points to -1, BELOW the 3-Month average of 0.63, ABOVE the 6-Month average of -1.98 and 7.2 BELOW the year-ago level.
- Prices Paid FELL -1 points to 9.5, BELOW the 3-Month average of 10.3, BELOW the 6-Month average of 14.85 and -42.1 BELOW the year-ago level.
- Employment was nearly unchanged, -0.6 points to -1, ABOVE the 3-Month average of -3.33, ABOVE the 6-Month average of -2.57 but -23.8 BELOW the year-ago level.
- Future Activity Index ROSE 16.4 points to 29.1, ABOVE the 3-Month average of 10.5, ABOVE the 6-Month average of 3.95 but 38.9 BELOW the year-ago level.
- Future Capital Expenditures FELL -1.3 points to 8.6, ABOVE the 3-Month average of 7, ABOVE the 6-Month average of 3.22 and 3 ABOVE the year-ago level.

Philly Fed recalculated by ISM Weightings



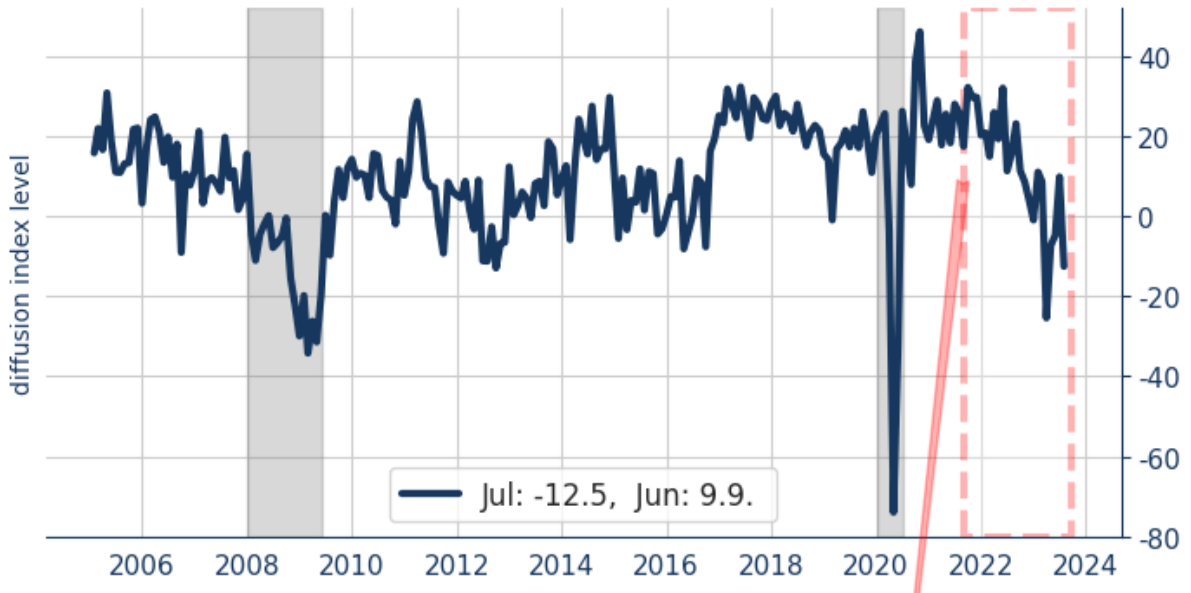
Contingent Macro Advisors 2023 source: Philadelphia Fed. Consensus from Bloomberg LP

Current New Orders

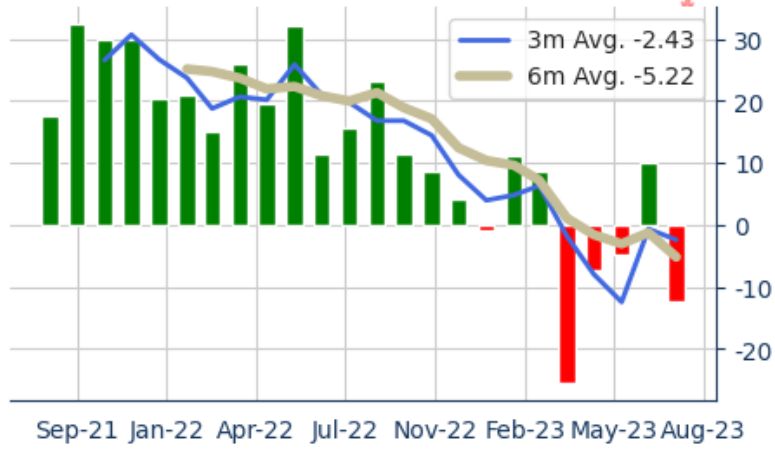


Contingent Macro Advisors 2023 source: Philadelphia Fed. Consensus from Bloomberg LP

Current Shipments

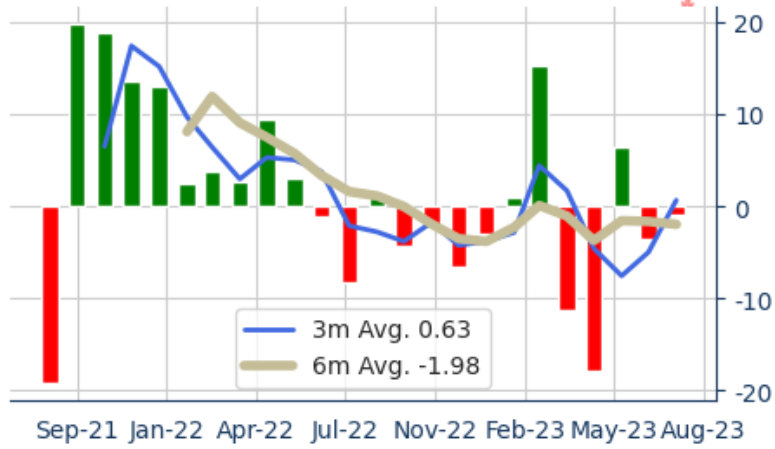
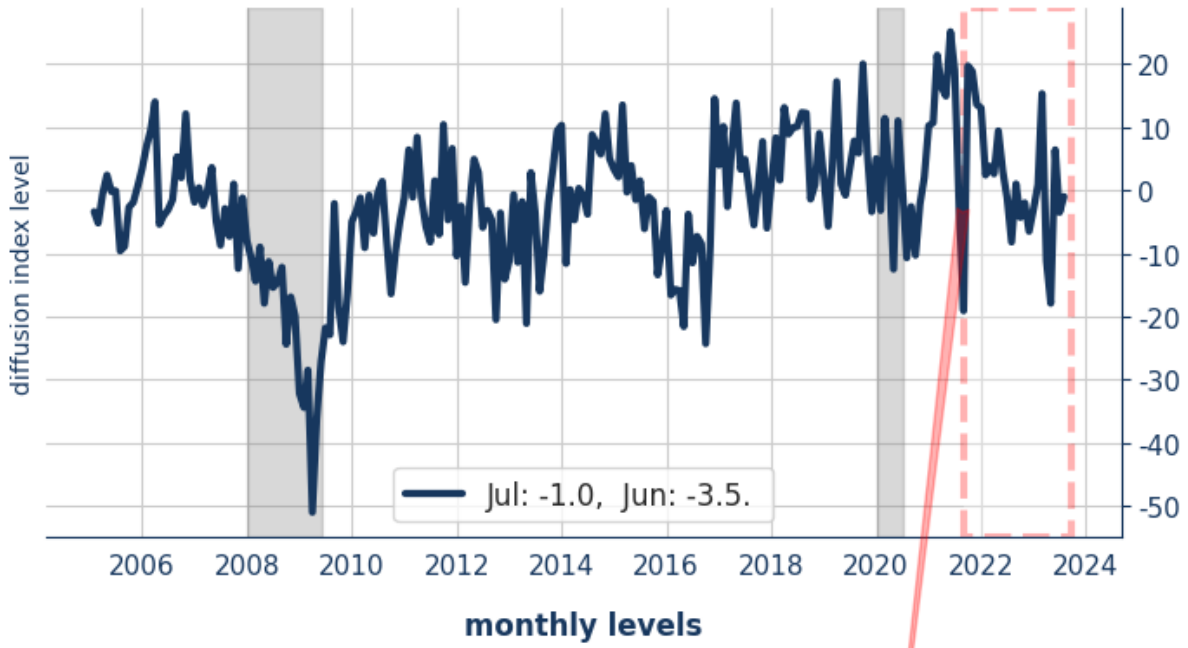


monthly levels



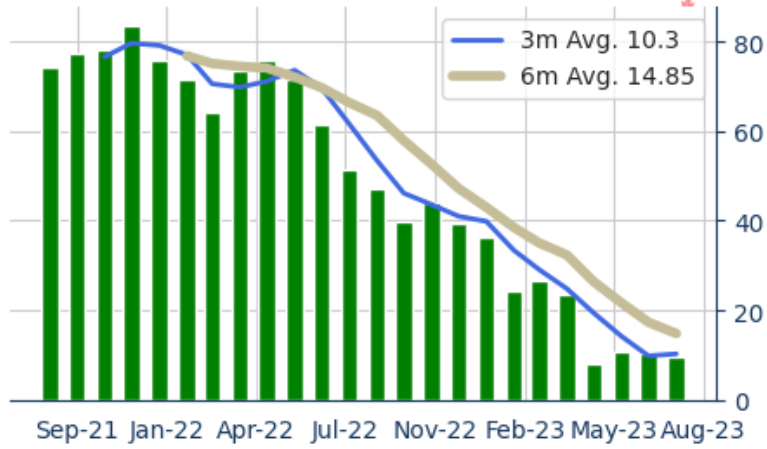
Contingent Macro Advisors 2023 source: Philadelphia Fed. Consensus from Bloomberg LP

Current Inventories



Contingent Macro Advisors 2023 source: Philadelphia Fed. Consensus from Bloomberg LP

Current Prices Paid

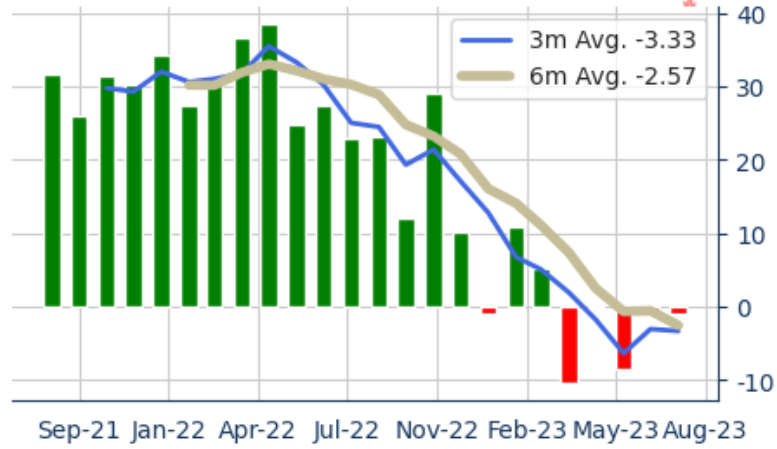


Contingent Macro Advisors 2023 source: Philadelphia Fed. Consensus from Bloomberg LP

Current Employment

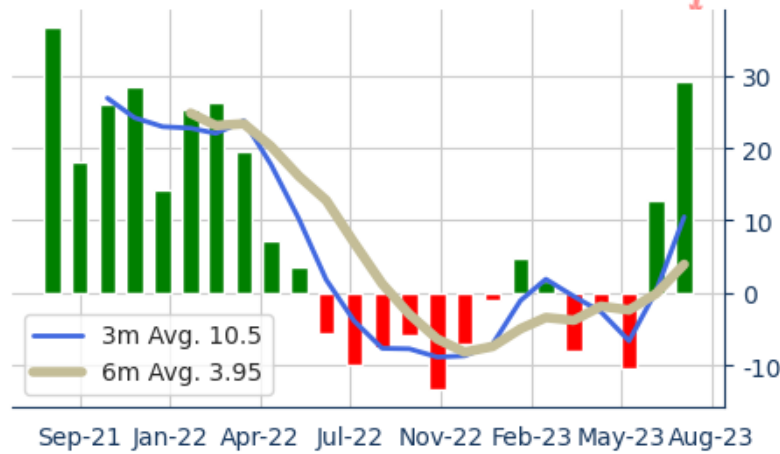


monthly levels



Contingent Macro Advisors 2023 source: Philadelphia Fed. Consensus from Bloomberg LP

Future Activity Index



Contingent Macro Advisors 2023 source: Philadelphia Fed. Consensus from Bloomberg LP

Philly Fed Manufacturing Current Indicators	Jul-23	Jun-23	May-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
Current Activity Index	-13.50	-13.70	-10.40	-12.50	-19.40	-13.50	2.17	9.30
Current ISM-Weighted	-10.10	-3.70	-6.30	-6.70	-9.60	-4.80	9.03	11.40
Current New Orders	-15.90	-11.00	-8.90	-11.90	-16.70	-15.20	-1.58	9.30
Current Shipments	-12.50	9.90	-4.70	-2.40	-5.20	2.20	15.58	14.70
Current Unfilled Orders	-15.10	-18.50	0.80	-10.90	-13.70	-15.00	-1.88	3.80

Current Delivery Time	-12.90	-16.10	-9.30	-12.80	-16.90	-11.60	6.30	9.10
Current Inventories	-1.00	-3.50	6.40	0.60	-2.00	-2.20	-0.25	3.60
Current Prices Paid	9.50	10.50	10.90	10.30	14.80	26.70	56.35	38.30
Current Prices Received	23.00	0.10	-7.00	5.40	5.90	19.00	40.02	26.10
Current Employment	-1.00	-0.40	-8.60	-3.30	-2.60	5.70	23.50	16.20
Current Average Workweek	-3.00	-8.20	-7.70	-6.30	-8.80	-3.30	8.61	10.30

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

Philly Fed Manufacturing Future Indicators	Jul-23	Jun-23	May-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
Future Activity Index	29.10	12.70	-10.30	10.50	4.00	-0.50	2.70	27.20
Future New Orders	38.20	14.10	-2.30	16.70	12.30	5.20	5.47	30.50
Future Shipments	37.30	28.30	4.50	23.40	16.00	14.80	22.43	35.80
Future Unfilled Orders	9.20	-9.80	-10.10	-3.60	-8.70	-14.20	-20.71	1.10
Future Delivery Time	-2.90	-10.60	-31.00	-14.80	-20.10	-19.40	-20.12	-3.70
Future Inventories	-5.50	-19.50	-2.20	-9.10	-8.50	-6.40	2.92	5.80
Future Prices Paid	33.80	23.50	28.30	28.50	25.00	31.10	51.59	45.90
Future Prices Received	20.80	17.40	24.10	20.80	16.80	24.50	45.40	39.60
Future Employment	21.30	13.10	12.60	15.70	11.00	13.50	25.08	29.60
Future Average Workweek	16.50	0.60	-0.20	5.60	3.80	1.30	3.68	12.00
Future Capital Expenditures	8.60	9.90	2.50	7.00	3.20	7.10	14.14	23.00

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