

## **Datanote: US Philly Fed Manufacturing Survey, September**

**In one line: Little to suggest manufacturing is turning a corner.**

- The Philly Fed manufacturing index rose to 1.7 in September, from -7.0, a bit above the consensus, 0.0.

The 8.7-point increase in the headline Philly Fed manufacturing index reversed less than half of the 20.9-point plunge in August.

Moreover, several of the survey's main components were very weak. The shipments index dropped by 22.8 points to -14.3, an 18-month low, while the new orders component also plunged, to -1.5, from 14.6. The inventories and employment components both improved significantly, but the average of the ISM-relevant components of the survey still fell back quite sharply this month.

## The individual regional Fed

manufacturing surveys are volatile and limited in geographical scope, so tell us little by themselves. Even so, we see little in this report to suggest that manufacturing is starting to turn a corner. Admittedly, the Empire State manufacturing index also surged this month, but that seems to have mostly reflected strong residual seasonality in the survey.

Activity aside, both the prices paid and received components of the Philly Fed rose this month, with prices paid

jumping to the highest level since late 2022, despite the recent dip in oil prices. For the time being, however, we see few other signs that price pressures for manufactured goods are building again. We think that core goods prices will remain flat to falling for the foreseeable future given weak demand and few obvious supply-side disruptions.



