

# Economics Group

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## New York Fed Survey: Buckle Up for Slower Factory Output

*In another disconcerting development for business spending, the Empire Manufacturing Index plunged to -10.4, its lowest level since 2009 as the orders component fell to -14.0.*

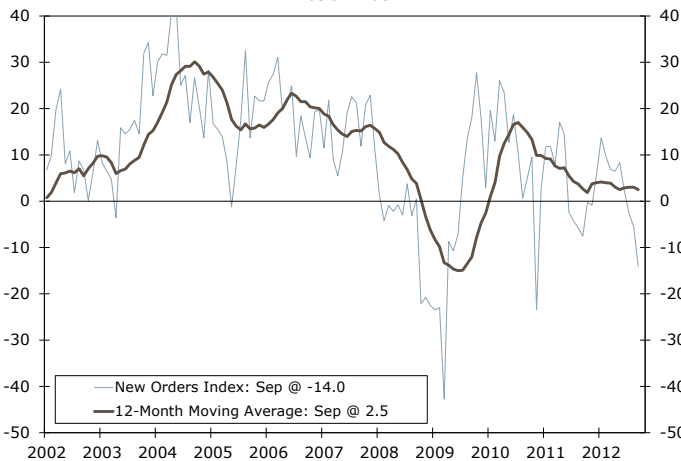
### Orders Getting Off Track

- The Empire Index covers manufacturers and industrial firms in the greater New York metro area and is not necessarily a predictor of national trends. However, in the context of deterioration in other regional surveys, the weakness here is further confirmation of contraction in economic activity in the U.S. factory sector. The bottom graph below shows the sharp drop in the orders components of other regional surveys.

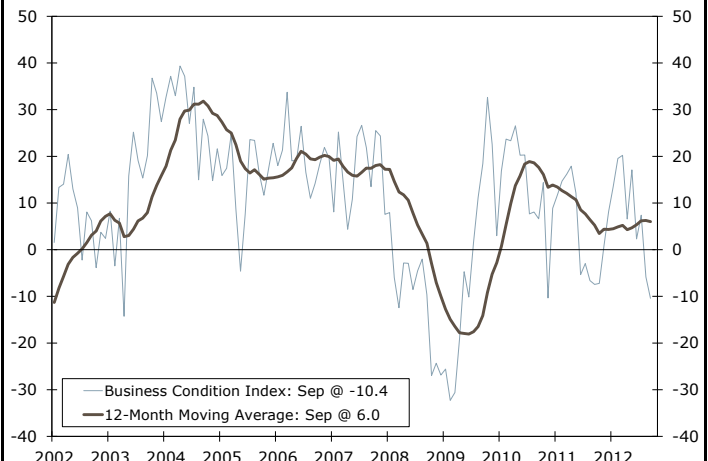
### Downside Risk for Business Spending

- This -10.4 reading for September may prove to be a temporary waning in business sentiment, but where there's smoke...
- Earlier on in this expansion, business fixed investment spending was a major driver of economic growth, but as the bottom chart shows, the pace of growth has been slowing for three consecutive quarters. The weakness in today's survey presents downside risk to business spending and the economy.

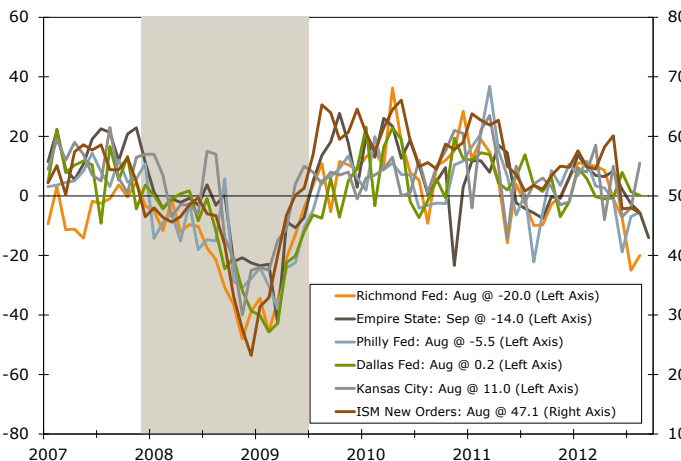
**New York Mfg. New Orders Index**  
Diffusion Index



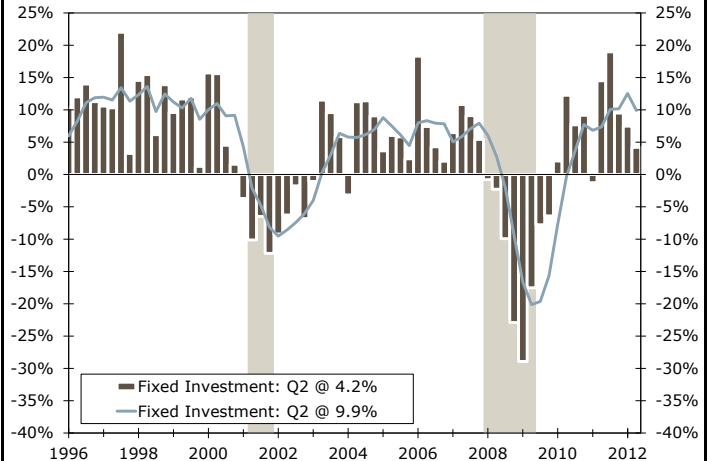
**New York Mfg. General Business Conditions**  
Diffusion Index



**U.S. Manufacturing Indices**  
New Orders



**Real NonRes Business Fixed Investment**  
Bars = CAGR Line = Yr/Yr % Change



Source: FRB: Richmond, New York, Philadelphia, Dallas, Kansas City, ISM and Wells Fargo Securities, LLC

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