

ECONOMIC DATA ANALYSIS

Philadelphia Fed Survey (August)

- The Philadelphia Fed index was in line with expectations in August, as the headline index rose to -12.7 from -16.3 in July. The details of the report also suggest some slowing in the pace of decline in manufacturing activity (unlike the ISM manufacturing index, the Philly Fed index is a general sentiment indicator, and not a weighted average of the subindexes on orders, shipments, employment, etc.).
- The new orders index edged higher to -11.9 in August from -12.1 in July, while the employment index rose to -1.1 from -7.3. In addition, the shipments index rose to -3.3 from -8.0.
- The prices paid index dropped to 57.5 in August from July's 28-year high of 75.6, while the prices received index fell to 27.0 from 28.8.
- The six-month outlook index improved to 27.6 in August from 18.0 in July.

Philadelphia Fed Business Outlook Survey

	<i>Six-month outlook</i>					
	<u>Aug</u>	<u>Jul</u>	<u>Jun</u>	<u>Aug</u>	<u>Jul</u>	<u>Jun</u>
Gen. bus. conditions	-12.7	-16.3	-17.1	27.6	18.0	21.3
<i>ISM Terms*</i>	46.7	45.4	45.3	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
New orders	-11.9	-12.1	-12.4	39.4	24.9	24.2
Shipments	-3.3	-8.0	-6.7	36.3	25.5	23.5
Unfilled orders	-8.7	-18.3	-12.5	7.4	1.4	14.6
Delivery time	-9.9	-10.7	-8.0	3.5	-5.8	6.4
Inventories	-6.6	-7.5	-12.6	-5.0	-2.3	-14.6
Prices paid	57.5	75.6	69.3	51.9	67.1	69.9
Prices received	27.0	28.8	29.7	28.1	49.6	35.4
Num. of empl.	-1.1	-7.3	-6.9	13.5	17.5	7.3
Ave. workweek	-11.8	-12.5	-8.9	13.5	8.5	2.2
Capital expenditures	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	9.1	9.2	3.8

*average of orders, shipments, employment, delivery time, and inventories

BOTTOM LINE: This report suggests that the pace of decline in manufacturing activity in the Philadelphia region moderated in August, although the survey still points to significantly weaker growth than either the national ISM manufacturing report or some of the regional surveys (such as the Chicago PMI and Empire State reports). The drop in prices paid is likely accounted for by lower oil prices, but both prices paid and prices received remain elevated.

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