

## Philly Fed Softens Again

### Philadelphia Fed Business Outlook Survey, Index Level, April:

Actual: 22.0

Consensus: 25.5

Scotia: 27.0

Prior: 32.8

- This is the second consecutive monthly deceleration in manufacturing conditions surrounding the Philly Fed's district as the headline fell roughly in line with expectations. Over the past two months, the headline reading has dropped by about half from a peak of 43.3 in February. Given that the Philly Fed and Richmond Fed regional surveys are the best correlated with ISM-manufacturing, this softening portends a weaker ISM print on May 1<sup>st</sup> which, if that happens, would also be the second consecutive monthly softening. Growth signals remain positive, just materially less so than a couple of months ago as manufacturing momentum is softening.
- The underlying details broadly reinforce the headline. New orders are still growing at a solid clip but 38 readings in February and March cooled to 27.4 in March. Growth in shipments is also cooling with that reading having accelerated to 28.6 in February, 32.9 in March and now 23.4 in April.

### CONTACTS

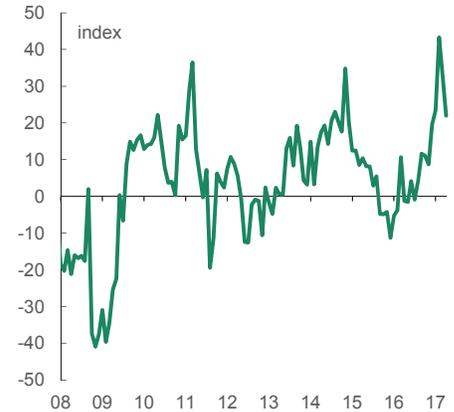
**Derek Holt, VP & Head of Capital Markets Economics**

416.863.7707

Scotiabank Economics

[derek.holt@scotiabank.com](mailto:derek.holt@scotiabank.com)

**Philadelphia Fed Survey**



Source: Federal Reserve Bank of Philadelphia, Scotiabank Economics.

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