

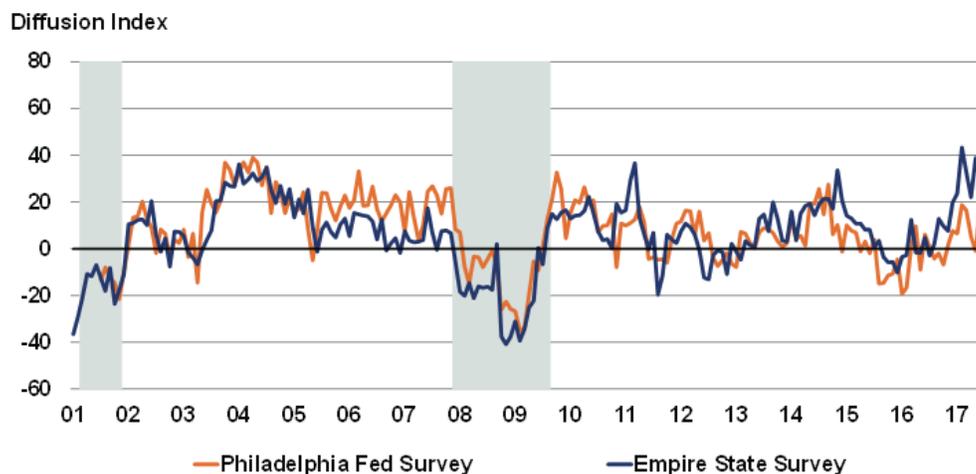
July 21, 2017



Conference Board's **index of leading economic indicators (LEI)** rose 0.6% in June, ahead of expectations. It was the largest monthly gain since January. Led by a large contribution from higher building permits, eight of the 10 components of the LEI improved. The gain points to continued growth in the U.S. economy and perhaps even a moderate improvement in GDP growth in the second half of the year. Compared to a year ago, the index was ahead 4.0%, an accelerating comparison.

The Empire State Manufacturing Survey prepared by the New York Federal Reserve, is sort of a bellwether of manufacturing activity in the rest of the nation because it is the first index of manufacturing activity that is released every month and the latest (for July) indicates that business activity grew modestly in New York State. The headline general business conditions index fell 10.0 points to +9.8. Both new orders and shipments eased suggesting that both continued to grow, albeit at a somewhat slower pace than in June. Delivery times continued to lengthen, and inventory levels were fairly steady. Labor market indicators pointed to a small increase in employment and no change in hours worked. Input prices and selling prices rose at about the same pace as last month. Indexes assessing the six-month outlook suggested that firms remained positive about future conditions, though they were less optimistic than in June. **The Business Outlook Survey** prepared by the Philadelphia Federal Reserve indicated that activity in the region's manufacturing sector continues to grow but at a slower pace. The diffusion indexes for general activity, new orders, shipments, employment, and work hours remained positive but fell from their readings in June. Respondents also reported a moderation of price pressures this month. Firms remained generally optimistic about future growth. Both surveys cover regions where chemicals production and customer activity occurs.

Regional Manufacturing Surveys



Source: Federal Reserve Banks of New York and Philadelphia

Note: An index of 0 or over indicates that manufacturing is expanding, while an index below 0 indicates that it is declining.