Manufacturing In Philly Area Shrinks For Fifth Month

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WASHINGTON (AP) — Manufacturing in the Philadelphia region shrank for a fifth straight month in September, suggesting demand for American-made goods has weakened.

The Federal Reserve Bank of Philadelphia says its index of regional manufacturing activity had a reading of -1.9 in September. That was slightly better than the August reading of -7.1 and a July reading of -12.9. Still, any reading below zero indicates contraction.

Nearly 23 percent of firms in the region reported declines in activity in September. That's down from 30 percent in August. The region includes firms in Pennsylvania, Delaware and New Jersey.

Manufacturing, which helped lift the country out of the Great Recession, has slowed since spring. A weak job market and meager pay raises have hurt U.S. consumer spending. Businesses are investing less in machinery. And slower global growth has cut demand for U.S. exports.

U.S. manufacturing activity shrank in August for the third straight month, according to the closely watched national survey from the Institute for Supply Management. The contraction in the Philadelphia region suggests the broader picture hasn't improved.

Paul Dales, senior U.S. economist at Capital Economics, said that the string of declines in the Philadelphia manufacturing survey was consistent with his forecast for continued manufacturing troubles.

"Our forecast that the euro-zone recession will only deepen from here and that growth in China will slow further suggests that the outlook for U.S. manufacturers isn't very rosy," Dales said.

Last week, the Federal Reserve reported that manufacturing output fell 0.7 percent in August, led by a 4 percent drop in output at auto plants.

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