Manufacturing In Philly, New York Regions Shrinks

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WASHINGTON (AP) — Manufacturing shrank in the Philadelphia and New York regions this month, reflecting damage from Superstorm Sandy that disrupted area factories.

The Federal Reserve Bank of Philadelphia said Thursday that its index of regional manufacturing activity declined to -10.7, a five-month low. That's down from a reading of 5.7 in October, the first month of growth since April. The region includes New Jersey, which like New York was hit hardest by the storm.

A survey of conditions in the New York region was also negative. The Federal Reserve Bank of New York says its Empire State Manufacturing Index was -5.2, only slightly better than October.

Negative readings signal contraction. Positive readings show growth.

"Sandy hit the Mid-Atlantic hard," said Joel Naroff, chief economist at Naroff Economic Advisors. "In Philadelphia, over 85 percent of the firms indicated they saw their activity drop and two-thirds of the firms were either severely crippled or shut down for one or two days."

Naroff said the Empire State survey showed that every respondent in New York City had suffered a decline in activity although upstate New York showed a less significant hit from the storm.

Naroff said the impact from Sandy should be temporary and the economy should get a boost in coming months from reconstruction activity.

National manufacturing has slowed sharply since spring. Companies have scaled back purchases that signal investment plans, while slower global growth has hurt U.S. exports.

The Institute for Supply Management's national survey showed manufacturing grew slightly in October for the second straight month after contracting from June through August. The October survey was completed before Sandy had disrupted business activity along the East Coast.

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