

October 1, 2024

## Manufacturing Sector Deep Dive

### Takeaway:

September Manufacturing data point to a continued contraction within the sector. FED surveys, the ISM and the S&P Global PMI's all highlight the fact that elevated borrowing costs and election uncertainty have stood in the way of a recovery in consumption from the sector.

### S&P Global US (dotted) & ISM Manufacturing PMI (solid)



**ISM Manufacturing PMI** held steady at 47.2 in September, slightly below the market expected 47.5, marking the sixth consecutive month of contraction, with 22 of the last 23 months below that threshold. Subdued demand continues as companies hesitate to invest in capital and inventory amid Fed policy and election uncertainty.

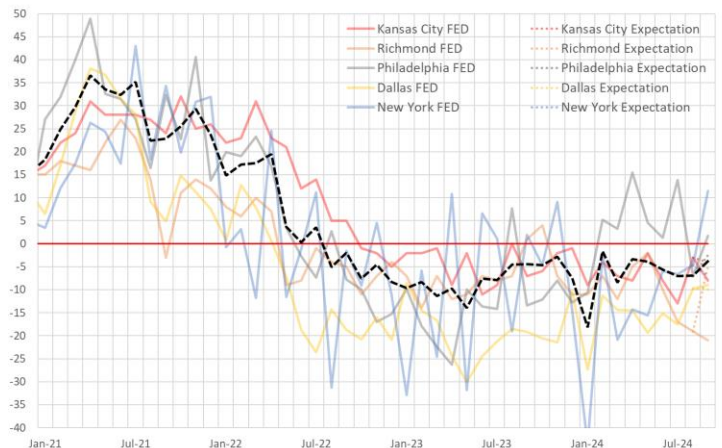
- Declines were seen in new orders (46.1 vs 44.6), inventories (43.9 vs 50.3), and backlogs (44.1 vs 43.6).
- Production nearly stalled (49.8 vs 44.8), prices eased (48.3 vs 54) and supplier deliveries indicated slowing (52.2 vs 50.5).

### Fed Manufacturing Surveys in September:

- **NY Empire:** unexpectedly surged to 11.5 vs -3.9, from -4.7 in August, marking the first expansion since November 2023.
- **Philadelphia:** rose to 1.7, beating expectations of -1 and recovering from August's -7.
- **Kansas City:** dropped to -8 from -3 in August, below the forecasted -5.
- **Richmond:** fell to -21, down from -19, missing the anticipated -17 and marking the steepest contraction since May 2020.
- **Dallas:** ticked up to -9 from -9.7, the highest reading since January 2023 and above the expected -10.6.

**S&P Global US Manufacturing PMI** was revised up to 47.3 from a preliminary reading of 47. Even after the revision higher, September printed at the lowest level since June 2023, and it remains in contraction for the third consecutive month.

- Both output and new orders fell sharply, driven by weakened demand and political uncertainty.
- Employment dropped at the fastest pace since 2010 (excluding the pandemic).
- However, business confidence improved slightly, with hopes for a demand recovery post-election.



# FLACK | CAPITAL MARKETS

## PROGRAMS AND SERVICES



### PREFER A FIXED OR FLOATING PRICE?

FCM can provide the pricing terms you want no matter who sources the material. The details of the contract are not disclosed, existing supply chains are not interrupted, and it can be as simple as issuing a purchase order.

### NEED TO ACCESS FUTURES AND OPTIONS MARKETS?

FCM offers a variety of methods for accessing the derivatives market and can help choose which is the best fit for your business. If you're already utilizing futures and options, FCM can provide the liquidity you need to manage your price risk efficiently and cost-effectively.



### WANT TO CAP YOUR PURCHASE PRICE, OR LIMIT YOUR DOWNSIDE?

Partnering with FCM can enable you to reap the benefits if the market moves favorably but protect you if the market moves unfavorably. FCM will give you the option to buy or sell at a price only if it's better for you in the future.



### HOLDING EXCESS INVENTORY IN A FALLING MARKET?

If your company is holding material that is at risk of declining in value, FCM can protect the value of your material while enabling you to have readily available inventory. Additionally, this solution helps raise capital on your balance sheet.



### NEED HELP PROTECTING VALUE WHILE IMPORTING MATERIAL?

FCM can help manage price risk while your material is in transit, ensuring that you are not holding mispriced material by the time the material arrives at its destination.



### BIDDING ON A PROJECT AND NEED TO HOLD A FIRM PRICE?

FCM can hold a fixed price while you wait to hear back about a contract tender, ensuring that cost estimates remain unchanged in the meantime.



### NEED TO MEET ESG MANDATES?

FCM can supply and retire voluntary carbon offset credits on your behalf, as well as consult, advise, and execute carbon neutrality strategies. FCM is a member of all the major registries and sources offsets directly from project developers all over the world.



WHERE THE **PHYSICAL** MEETS THE **FINANCIAL**

[flackglobalmetals.com](http://flackglobalmetals.com) | 480.575.3221 | [capitalmarkets@flackglobalmetals.com](mailto:capitalmarkets@flackglobalmetals.com)