



# Economics Group

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## Factory Orders Slip in August, But Details Remain Solid

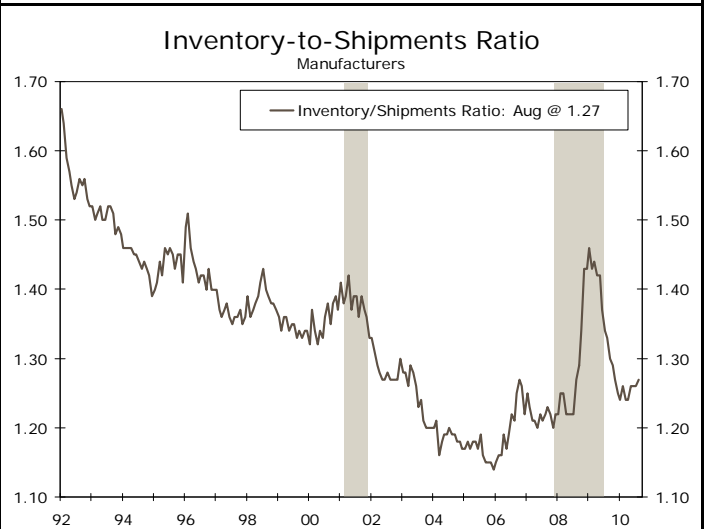
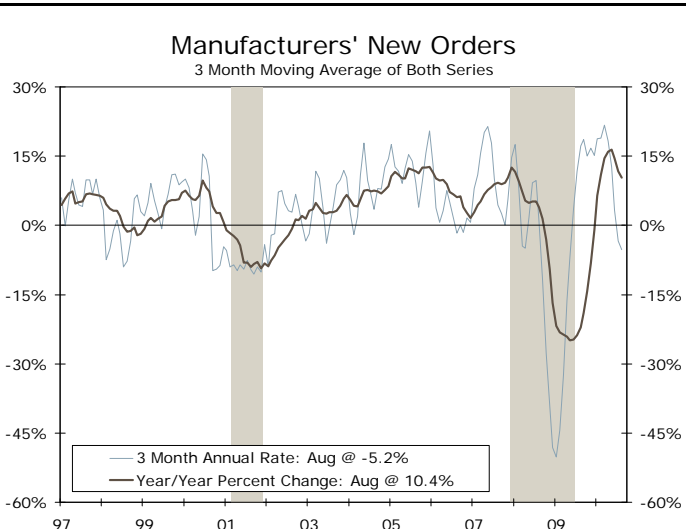
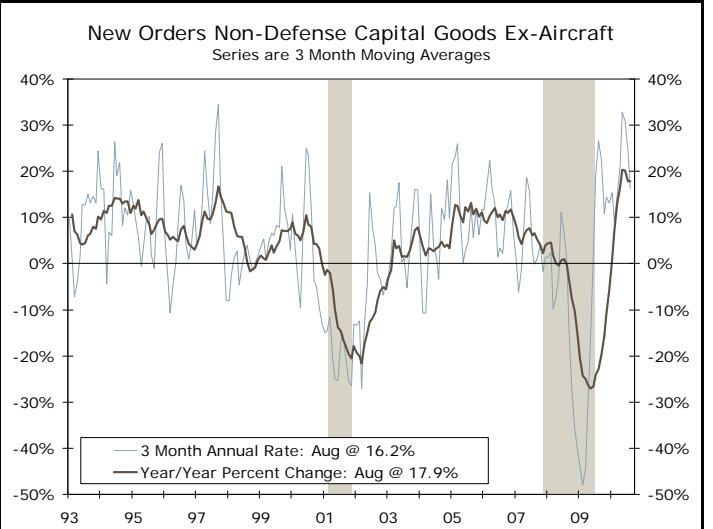
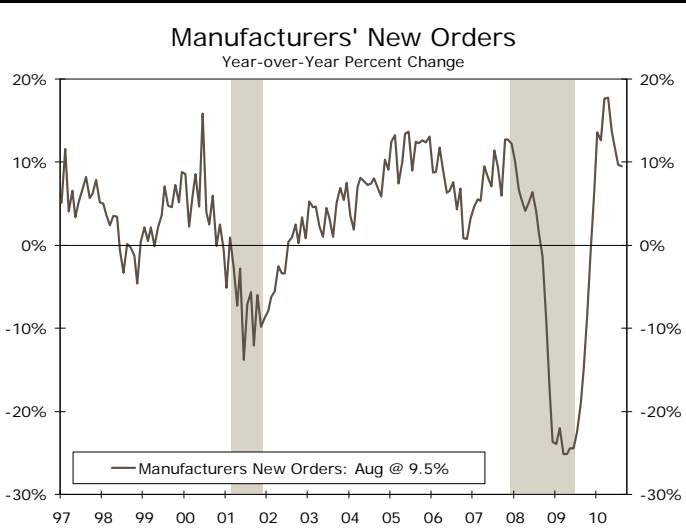
**Factory orders fell 0.5 percent in August, which was slightly more than expected. The report's details show non-defense capital goods orders excluding transportation are holding up somewhat better than anticipated.**

### Factory Orders Point to Slowdown, Not Contraction

- August factory orders fell 0.5 percent, but July factory orders were revised higher to a positive 0.5 percent gain from an originally reported 0.1 percent increase. The upward revision leaves the growth trend a little better-than-expected.
- The decline in factory orders was led by a 10.2 percent drop in transportation orders as new aircraft orders evaporated in August.

### Capital Goods Orders: Business Investment Solid

- Non-defense capital goods orders excluding transportation rose 5.1 percent in August and remains 20.2 percent higher than a year ago as businesses use profits to replace and upgrade equipment.
- Inventories rose a modest 0.1 percent in August, pushing the inventory-to-shipments ratio up to 1.27 months from 1.26 months in July. This is still a low level by historical standards.



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

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