



Economics Group

Mark Vitner, Senior Economist
mark.vitner@wellsfargo.com • (704) 383-5635

Factory Orders Rise Less Than Expected In November

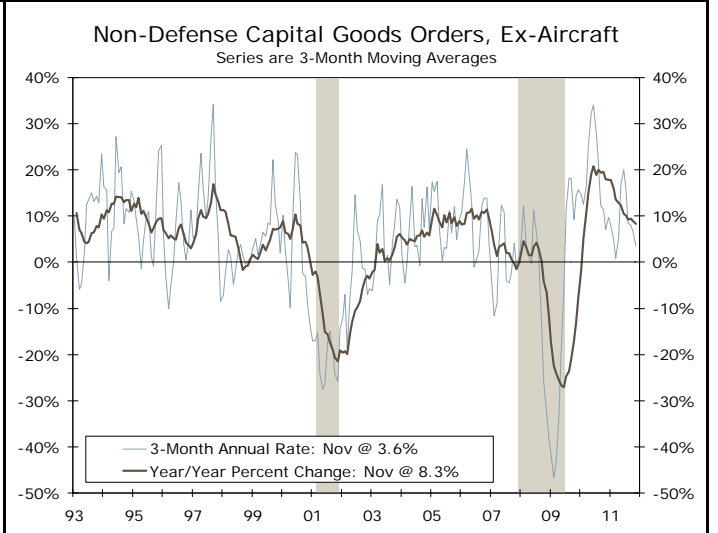
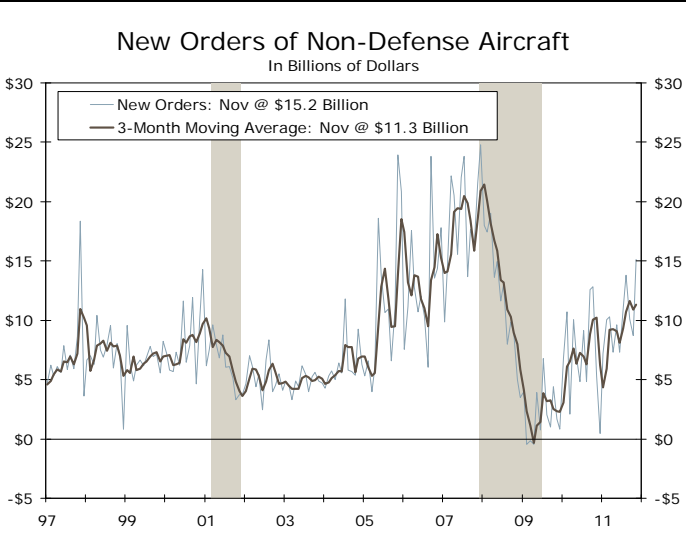
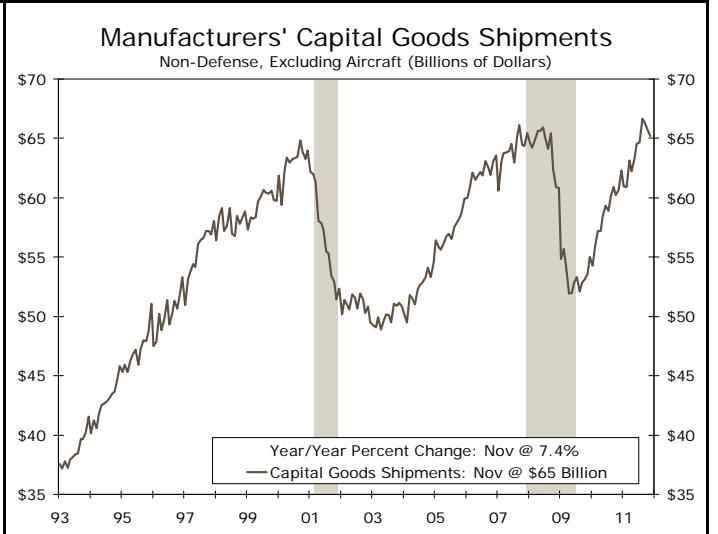
Factory orders rose slightly less than expected in November, and declines in the closely watched data on nondefense capital goods orders and shipments suggest capital spending plans remain extremely tentative.

Overall Orders Rose Close To Expectations

- New orders for manufactured goods rose 1.8 percent in November, reflecting strong demand for commercial aircraft, as well as modest gains in orders for motor vehicles and military aircraft. Excluding transportation equipment, orders rose 0.3 percent in November, following a 0.4 rise in October.
- Orders for steel and other primary metals remain strong, rising 4.6 percent in November and 26.1 percent over the past year.

Capital Spending Remains Sluggish

- Both orders (-1.2 percent) and shipments (-0.8 percent) of nondefense capital goods fell in November, continuing a recent trend that began last summer when businesses grew cautious in the wake of the U.S. credit-rating downgrade and intensification of the sovereign debt issues in Europe.
- The weakness in nondefense capital shipments points to an unusually weak gain in equipment and software purchases in Q4.



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

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Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wellsfargo.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wellsfargo.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(704) 715-0314	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Senior Economist	(704) 383-7372	sam.bullard@wellsfargo.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wellsfargo.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economist	(704) 374-4407	tim.quinlan@wellsfargo.com
Michael A. Brown	Economist	(704) 715-0569	michael.a.brown@wellsfargo.com
Joe Seydl	Economic Analyst	(704) 715-1488	joseph.seydl@wellsfargo.com
Sarah Watt	Economic Analyst	(704) 374-7142	sarah.watt@wellsfargo.com
Kaylyn Swankoski	Economic Analyst	(704) 715-0526	kaylyn.swankoski@wellsfargo.com

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