



## Economics Group

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# Factory Orders Fall; Downward Revisions to Prior Data

*Despite expectations for a modest gain, factory orders fell 0.5 percent in June even as the previous month's gain was revised to a smaller increase. This is another warning shot for business spending.*

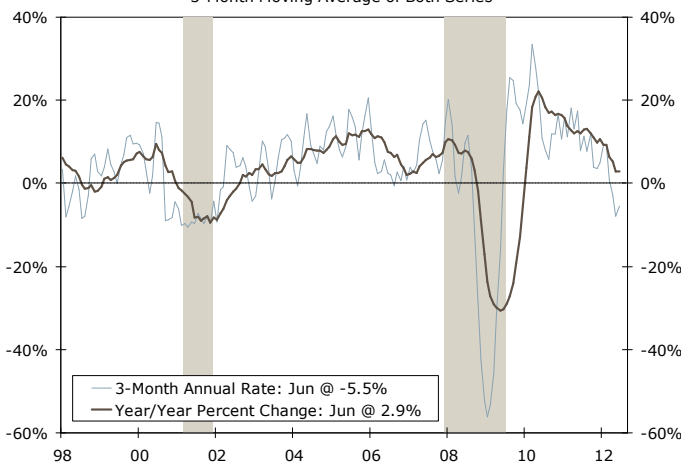
### Third Decline in Four Months

- After the third monthly decline in four months, orders at U.S. factories are now off 2.7 percent from where they were in February. Combined with this week's ISM report, the message is that businesses are losing confidence in the recovery and scaling back orders. One small consolation in this morning's otherwise mediocre report is that unfilled orders increased 0.3 percent following two previously reported declines.

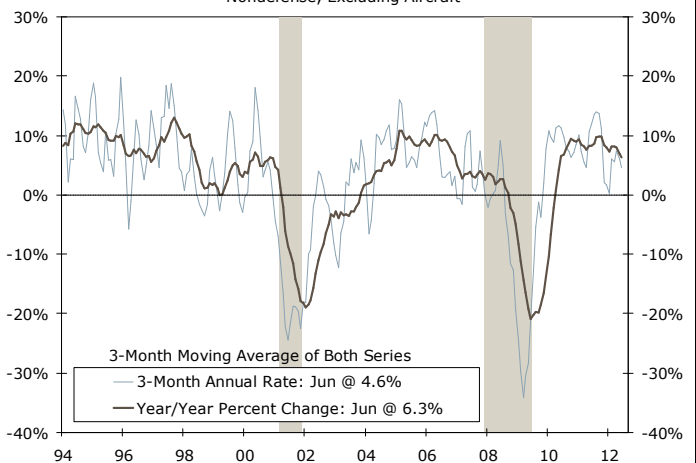
### Weaker Business Spending

- Shipments of nondefense capital goods ex-aircraft increased 1.0 percent, as business spending supported Q2 GDP growth.
- However, a slip in orders for this series may mean a slower pace of shipments in Q3, as bookings fell 1.7 percent, a downward revision from the initially reported 1.4 percent decline in last week's durable goods report. On a three-month annualized basis, this series is now declining at a 4.6 percent rate.

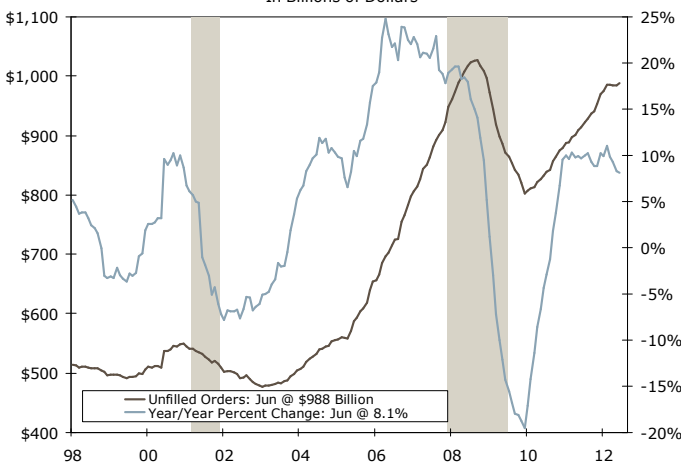
**Manufacturers' New Orders**  
 3-Month Moving Average of Both Series



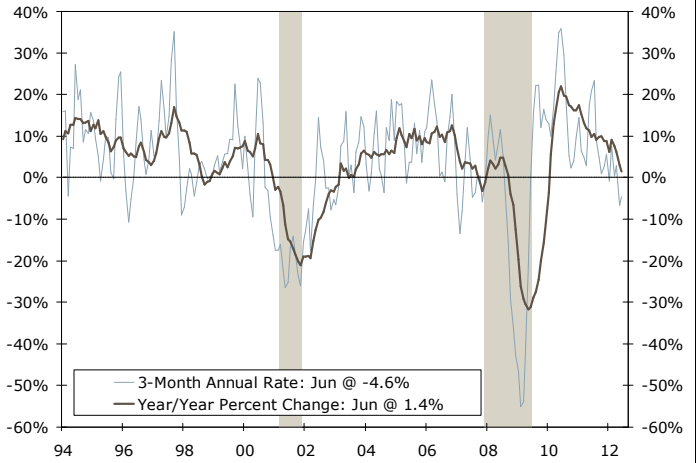
**Manufacturers' Capital Goods Shipments**  
 Nondefense, Excluding Aircraft



**Manufacturers' Unfilled Orders**  
 In Billions of Dollars



**NonDefense Capital Goods Orders, Ex-Aircraft**  
 Series are 3-Month Moving Averages



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

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