



Economics Group

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July Factory Orders Rebound

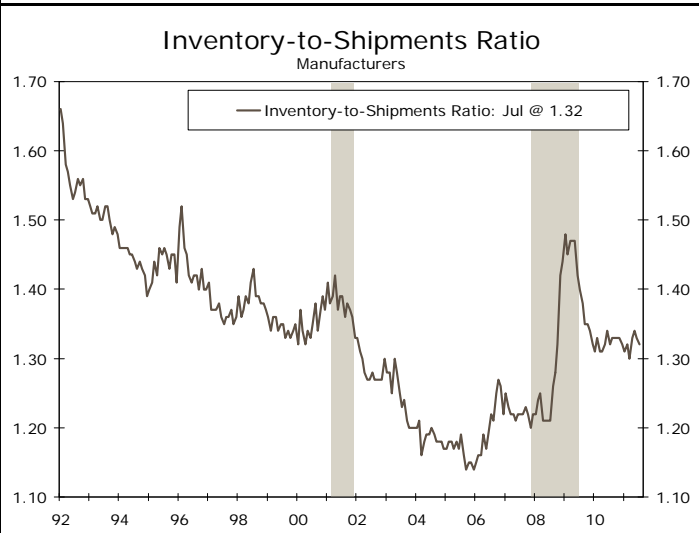
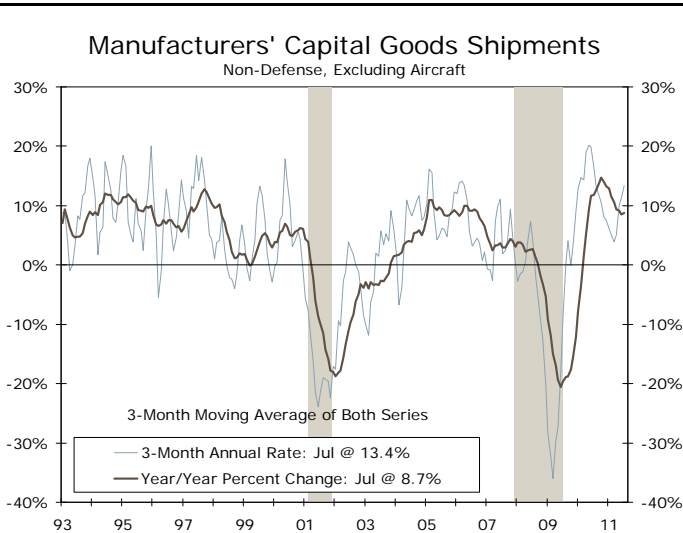
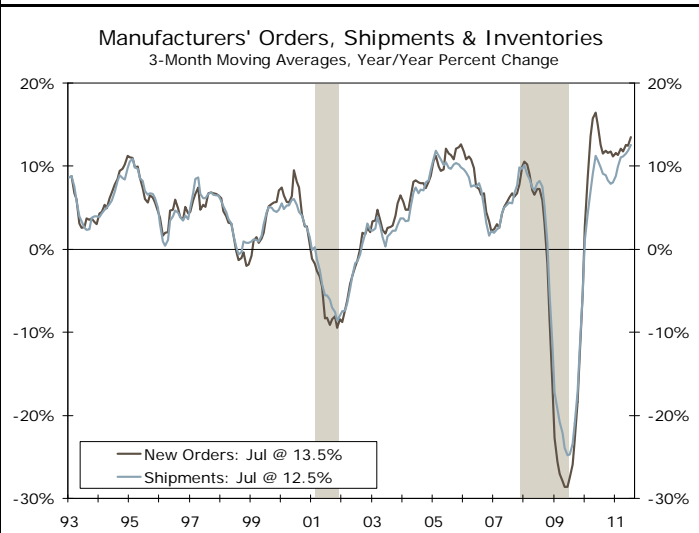
After declining 0.4 percent in June, factory orders bounced back in July, increasing 2.4 percent. Shipments of capital goods fell for the month, signaling some weakness in third quarter business fixed investment.

Non-Defense Capital Goods Shipments Fall

- Factory orders rose 2.4 percent in July on news that both durable (4.1 percent) and non-durable (1.0 percent) goods orders increased for the month.
- Non-defense capital goods shipments excluding aircraft, a good predictor of business fixed investment, fell 0.2 percent for the month signaling that contributions from this sector of the economy are off to a weak start in the third quarter.

Manufacturing Slowdown Looks Temporary

- Inventories of durable goods increased 0.9 percent, while non-durable goods inventories declined 0.1 percent.
- This report provides some hope that the downshift in manufacturing output being picked up in the regional manufacturing indicators may be temporary. We continue to expect slower growth in manufacturing output over the next few months, but we do not expect declines in manufacturing output.



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