



# Economics Group

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## Factory Orders Fall Roughly as Expected

*Reflecting weakness in durable goods orders following a drop off in aircraft and autos, factory orders fell 5.2 percent in August. The outlook for business spending remains soft as shipments and unfilled orders both fell.*

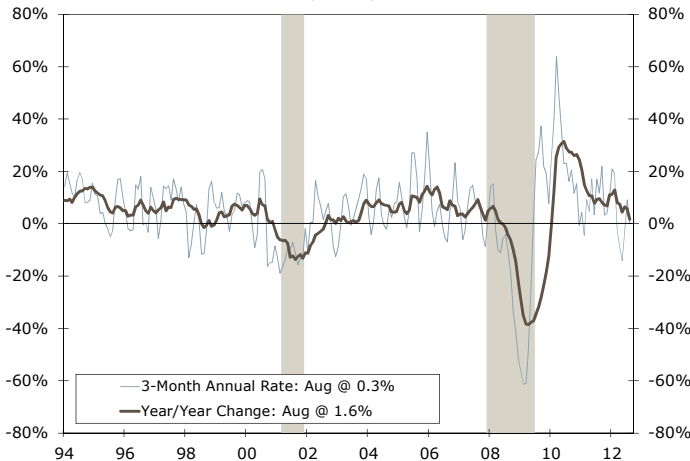
### Durable Goods Orders Skewed by Transportation

- Durable goods orders plummeted 13.2 percent in August, unrevised from last week's advanced report. The volatile transportation sector accounted for the bulk of the decline, although ex-transport orders still fell 1.6 percent. Nondefense capital goods orders ex-aircraft looked slightly better, increasing 1.1 percent. The rebound in September's ISM new orders index, gives some hope that orders may firm.

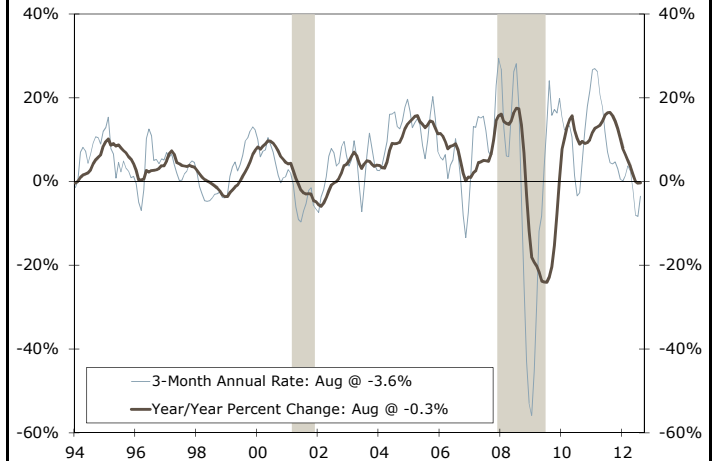
### Shipments and Unfilled Orders Worsen in August

- The immediate outlook for business spending remains soft. Shipments fell 0.3 percent in August due to weakness in the durables sector. Nondurable shipments rose 2.2 percent, but the gain was driven largely by higher petroleum prices.
- Unfilled orders fell 1.7 percent in August, led by a decline in construction materials and capital goods. The pipeline for consumer goods looked slightly better, increasing 0.6 percent.

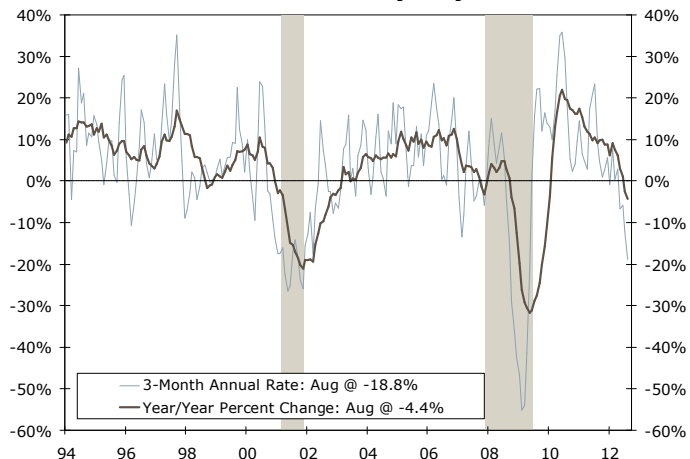
**Manufacturers' New Orders - Durable Goods**  
 3-Month Moving Average of Both Series



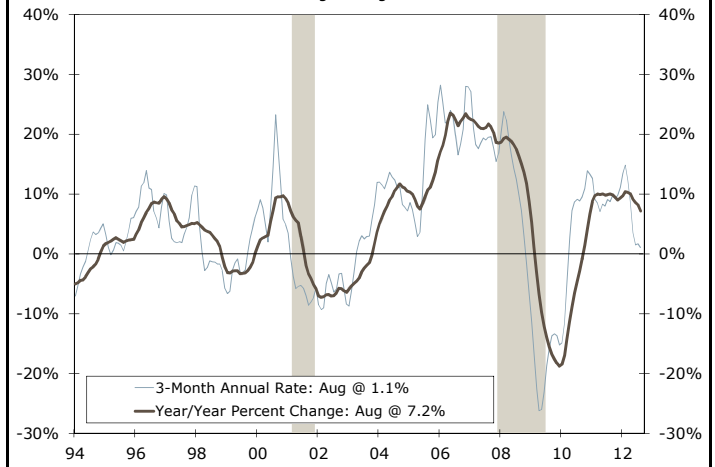
**Manufacturers' Shipments - Nondurable Goods**  
 3-Month Moving Average of Both Series



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



**Unfilled Manufacturing Orders**  
 3-Month Moving Average of Both Series



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