



Economics Group

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Factory Orders Fall, But Improvement in Nondurables

Factory orders fell 2.0 percent in January, which was roughly in line with market expectations. Durable goods orders fell slightly less than previously reported, while orders for nondurables rose 0.6 percent.

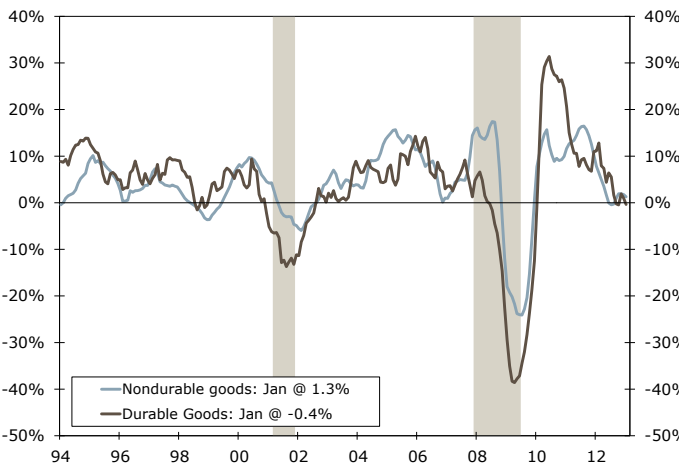
Nondurables Reverse Two-Month Slide

- Factory orders fell in January, following a transportation-driven 4.9 percent drop in durables. Nondurable goods orders broke a two-month string of declines and rose 0.6 percent.
- Factory shipments slipped 0.2 percent as transportation and computer electronics fell on the month. Nondurable shipments, however, rose for the first time since October. The pickup was largely driven by a rebound in petroleum and coal products.

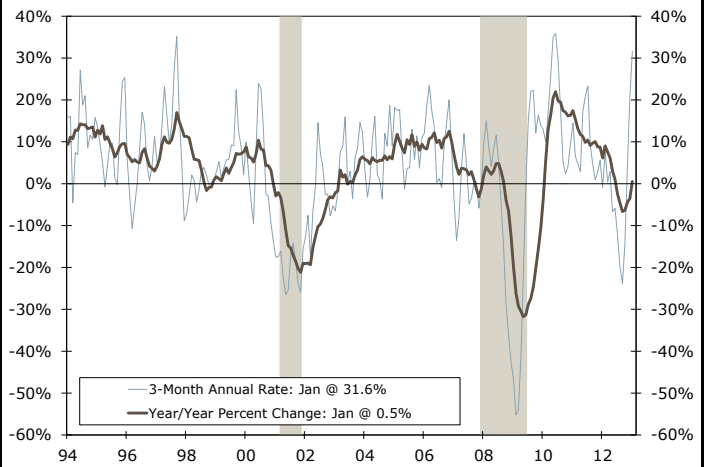
Don't Get Too Excited About Core Capex Orders Yet

- Nondefense capital goods orders ex-aircraft rose 7.2 percent in January. Overcompensating seasonal adjustment factors likely exaggerated the extent of the gain. Orders typically decline at the start of the year, as they did this January on a non-seasonally adjusted basis. Since orders had already weakened in the second half of last year, they likely fell less than is typical for January, resulting in today's somewhat overstated rise.

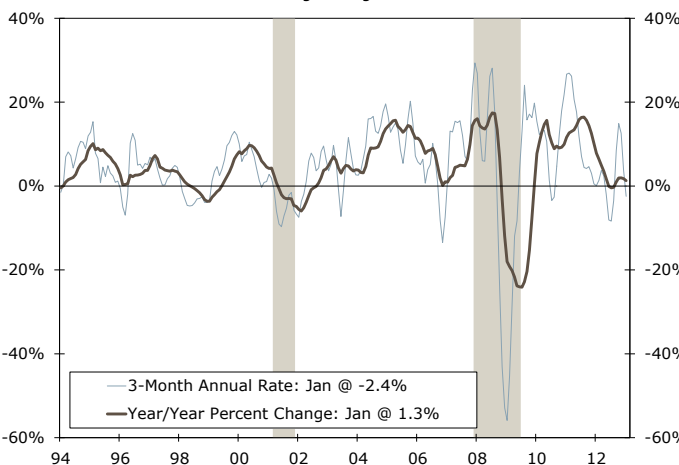
New Orders - Durable vs. Nondurable Goods
 Year-over-Year Percent Change of 3-MMA of Both Series



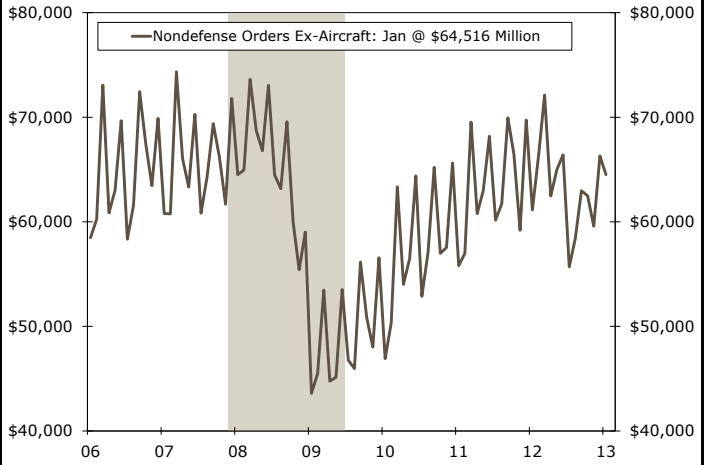
Nondefense Capital Goods Orders, Ex-Aircraft
 Seasonally Adjusted, 3-Month Moving Averages



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



Nondefense Capital Goods Orders, Ex-Aircraft
 Not Seasonally Adjusted, Millions of Dollars



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