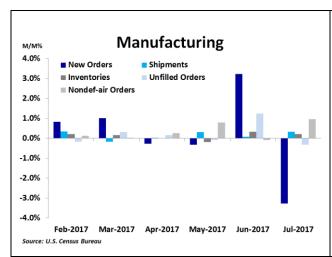
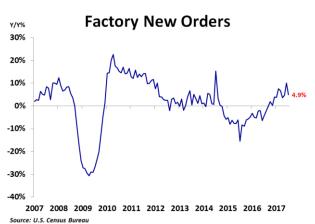
Ed's Eye on the Economy

July Factory Orders

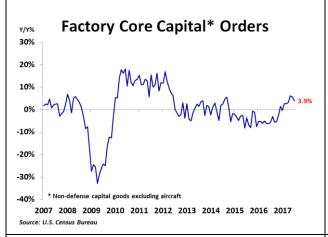
Orders plunge but core orders rise as aircraft orders drive volatility





Factory orders plunged 3.3% in July from June. Shipments rose 0.3% while inventories rose 0.2%. Core orders rose 1.0%, but unfilled orders slid 0.3%. Aircraft orders drove the big recent swings.

The year-ago rate of growth in new orders fell from 10.0% to 4.9%. A big spike in aircraft orders powered this measure higher in June, and a big subsequent decline in July pushed it lower.



1.5 1.4 1.3 1.2 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

When defense and aircraft orders are excluded, growth in core orders slowed slightly to 3.9% from 5.7% from a year ago. This is down by almost half from May's 6.1% rate of growth.

The inventory-to-shipments ratio ticked down to 1.37 in July as inventories rose 0.2% while shipments rose 0.3%. This ratio has been steady for eight months, suggesting a decent balance.