



July Factory Orders

Orders plunge but core orders rise as aircraft orders drive volatility

<p>Manufacturing</p> <p>M/M%</p> <p>Legend: New Orders (dark blue), Shipments (light blue), Inventories (grey), Unfilled Orders (light grey), Nondef-air Orders (white)</p> <p>Feb-2017 Mar-2017 Apr-2017 May-2017 Jun-2017 Jul-2017</p> <p>Source: U.S. Census Bureau</p>	<p>Factory New Orders</p> <p>Y/Y%</p> <p>2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017</p> <p>Source: U.S. Census Bureau</p>
<p>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.</p>	<p>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.</p>
<p>Factory Core Capital* Orders</p> <p>Y/Y%</p> <p>* Non-defense capital goods excluding aircraft</p> <p>2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017</p> <p>Source: U.S. Census Bureau</p>	<p>Inventory/Shipments Ratio</p> <p>2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017</p> <p>Source: U.S. Census Bureau</p>
<p>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.</p>	<p>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.</p>