



Economics Group

Michael A. Brown, Economist
michael.a.brown@wellsfargo.com • (704) 410-3278

Factory Orders Continued to Rise in August

After posting a sizable 1.4 percent rise in July, factory orders rose 0.2 percent in August. While the headline reading was better than expected, the details continued to signal soft business investment in Q3.

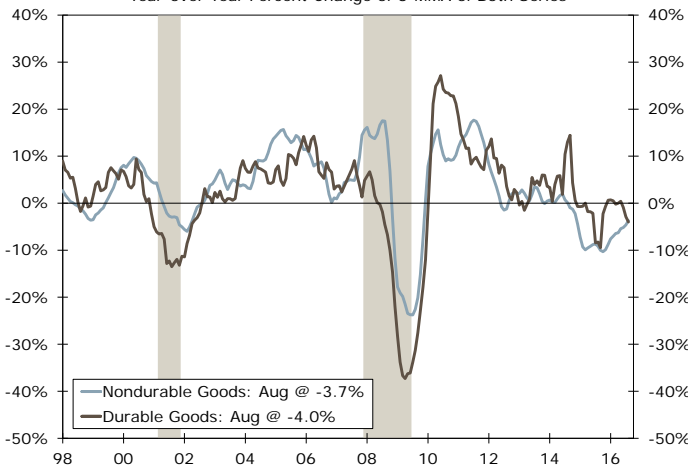
Factory Sector Still Showing Signs of Life

- New factory orders rose 0.2 percent with both durable and nondurable goods orders rising in August. Excluding the volatile transportation goods, orders were flat for the month.
- Orders for core capital goods rose 0.9 percent after a large 0.8 percent jump in July. In addition, core capital expenditure orders are now back in positive territory at 2.3 percent on a three-month annualized basis.

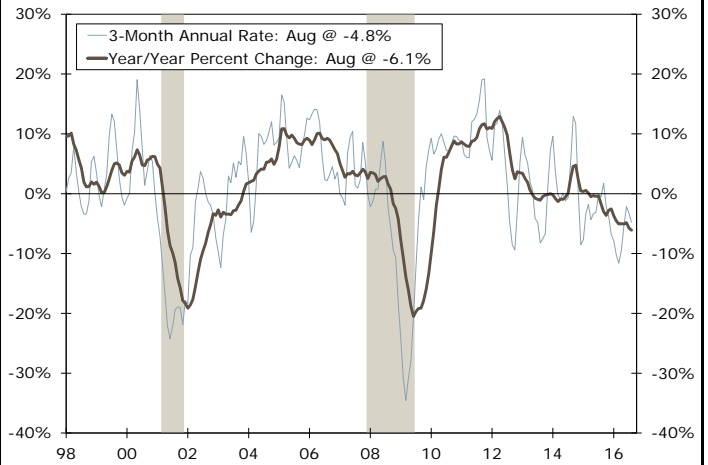
Business Investment Still Looks Soft in Q3

- Core capital goods shipments fell 0.1 percent in August, taking the three-month annualized rate of core shipments to a decline of 4.8 percent. Based on today's report business investment may be a disappointment again in the third quarter.
- Inventory building, which has subtracted from GDP growth for five consecutive quarters, rose for the second month in a row, rising 0.2 percent in August after a 0.2 percent rise in July.

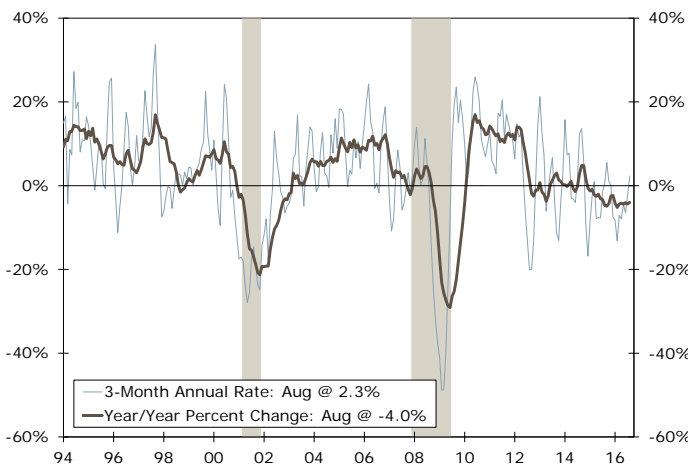
New Orders - Durable vs. Nondurable Goods
 Year-over-Year Percent Change of 3-MMA of Both Series



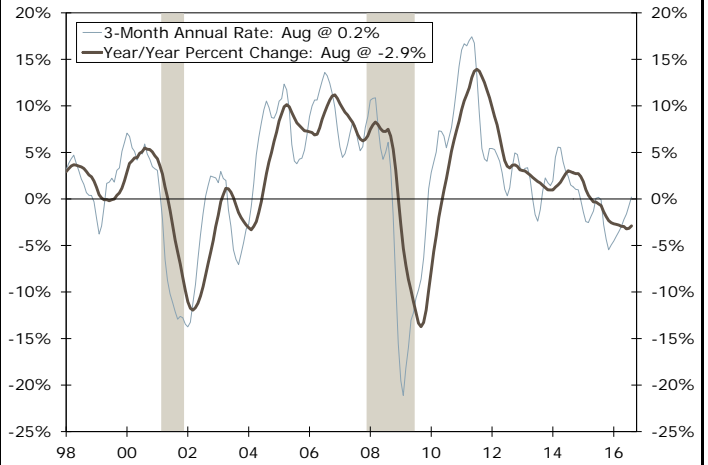
Core Capital Goods Shipments
 SA, Nondefense, Excluding Aircraft, 3-Month Moving Averages



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



Manufacturers' Inventories
 Seasonally Adjusted, 3-Month Moving Averages



Wells Fargo Securities Economics Group

| | | | |
|--------------------------|--|----------------------------------|-------------------------------------|
| Diane Schumaker-Krieg | Global Head of Research, Economics & Strategy | (704) 410-1801 (212) 214-5070 | diane.schumaker@wellsfargo.com |
| John E. Silvia, Ph.D. | Chief Economist | (704) 410-3275 | john.silvia@wellsfargo.com |
| Mark Vitner | Senior Economist | (704) 410-3277 | mark.vitner@wellsfargo.com |
| Jay H. Bryson, Ph.D. | Global Economist | (704) 410-3274 | jay.bryson@wellsfargo.com |
| Sam Bullard | Senior Economist | (704) 410-3280 | sam.bullard@wellsfargo.com |
| Nick Bennenbroek | Currency Strategist | (212) 214-5636 | nicholas.bennenbroek@wellsfargo.com |
| Anika R. Khan | Senior Economist | (212) 214-8543 | anika.khan@wellsfargo.com |
| Eugenio J. Alemán, Ph.D. | Senior Economist | (704) 410-3273 | eugenio.j.aleman@wellsfargo.com |
| Azhar Iqbal | Econometrician | (704) 410-3270 | azhar.iqbal@wellsfargo.com |
| Tim Quinlan | Senior Economist | (704) 410-3283 | tim.quinlan@wellsfargo.com |
| Eric Viloría, CFA | Currency Strategist | (212) 214-5637 | eric.viloría@wellsfargo.com |
| Sarah House | Economist | (704) 410-3282 | sarah.house@wellsfargo.com |
| Michael A. Brown | Economist | (704) 410-3278 | michael.a.brown@wellsfargo.com |
| Jamie Feik | Economist | (704) 410-3291 | jamie.feik@wellsfargo.com |
| Erik Nelson | Currency Analyst | (212) 214-5652 | erik.f.nelson@wellsfargo.com |
| Misa Batcheller | Economic Analyst | (704) 410-3060 | misa.n.batcheller@wellsfargo.com |
| Michael Pugliese | Economic Analyst | (704) 410-3156 | michael.d.pugliese@wellsfargo.com |
| Julianne Causey | Economic Analyst | (704) 410-3281 | julianne.causey@wellsfargo.com |
| E. Harry Pershing | Economic Analyst | (704) 410-3034 | edward.h.pershing@wellsfargo.com |
| May Tysinger | Economic Analyst | (704) 410-3059 | may.tysinger@wellsfargo.com |
| Donna LaFleur | Executive Assistant | (704) 410-3279 | donna.lafleur@wellsfargo.com |
| Dawne Howes | Administrative Assistant | (704) 410-3272 | dawne.howes@wellsfargo.com |

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