

U.S. Data Review

- Factory orders: little momentum in the manufacturing sector

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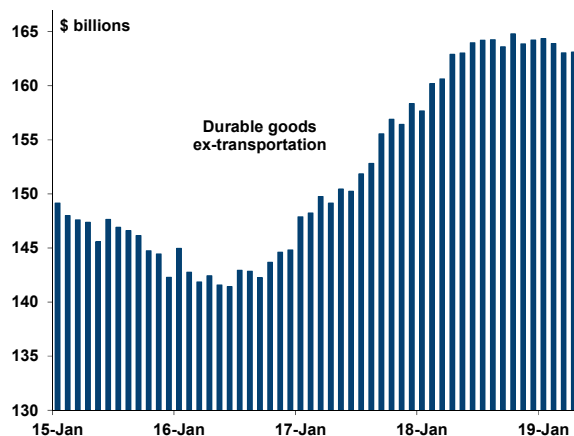
Factory Orders

New orders for manufactured goods fell 0.8 percent in April, close to the expected drop of 1.0 percent. Much of the decline reflected the already reported drop of 2.1 percent in the durable area. That change, in turn, reflected a sharp decline in the transportation category (bookings for both aircraft and motor vehicles fell). Although the volatile transportation category accounted for the retreat in the durable area, orders ex-transportation also were soft, showing no change and continuing the slow flow that began in the middle of last year (chart, left).

New orders for nondurable goods rose 0.5 percent, but much of this advance occurred in the petroleum and coal category (up 2.0 percent), which was probably driven by higher prices rather than firmer volumes. Nondurable orders ex-petroleum rose 0.1 percent (rounding up to this total: 0.065 percent). In addition, results for March were revised downward, with growth of both headline and ex-petroleum 0.2 percentage point slower than previously believed (0.9 percent versus 1.1 percent for the headline and -0.4 percent versus -0.2 percent for ex-petroleum). The recent trend for nondurable orders ex-petroleum has been sideways, with the series showing little net change since August (chart, right).

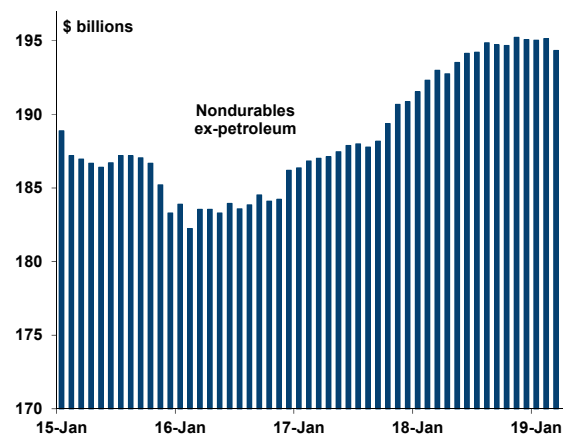
Slow order flows in recent months have been in accord with other figures showing a lack of momentum in the manufacturing sector. Employment gains have been modest in the past three months, and the manufacturing component of industrial production has been flat or down in the past four months. The ISM index, although still above 50 percent, has lost considerable ground in the past few months.

Manufacturers' New Orders



Source: U.S. Census Bureau via Haver Analytics

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