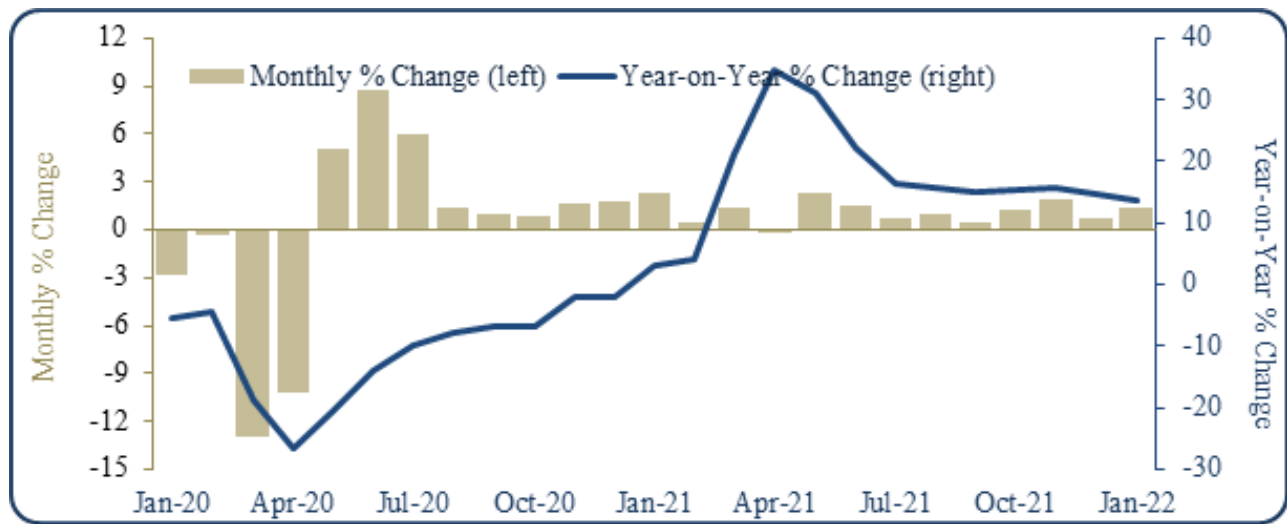


03.Mar.2022

Factory Orders: Improvement To Start '22

Bottom Line: Factory orders rebounded sharply in January, as various more timely indicators have suggested. Moreover, the Census Bureau revised December's contraction to show a modest expansion. Non-defense capital goods orders drove the gains as airlines preparing for more travel initiate new orders. Aerospace and motor vehicle production remained critical as capital goods shipments with and without aircraft expanded. Overall, manufacturing growth remains strong, having weathered supply-chain disruptions and even shutdowns in auto manufacturing well.





Factory Orders ROSE by 1.4% in January, compared with market expectations for a decline of 0.4%. The prior month's loss was revised higher from -0.4% to 0.7%.

Durable goods orders climbed by 1.6%, as previously reported, while nondurable goods orders jumped by 1.2%. Excluding orders for defense goods, civilian aircraft and petroleum products, (so called) **core factory orders** ROSE by 0.7%. Factory orders are now 13.6% ABOVE their year ago level and the year-over-year growth rate has risen moderately over the past year (from 3.2% a year ago to the current 13.6%).

The January level is moderately above its Q4 average, after a slight increase in equipment spending in the Q4 GDP report.



Inventory/Shipment Ratio



	Percent Change										
	Monthly % Change				Annual Rate of Change (%)						
	Jan-22	Dec-21	Nov-21	Oct-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
Factory New Orders	1.4	0.7	1.8	1.2	16.9	14.1	13.6	-2.0	-0.7	1.3	0.9
<i>previous estimate</i>		-0.4	1.8	1.2							
ex-Transportation	1.0	0.5	0.8	1.5	9.4	11.3	12.2	1.6	-1.2	2.0	0.5
ex-Defense	1.4	1.4	1.6	1.8	19.0	15.4	14.8	-0.2	-2.6	1.3	0.9
Durable Goods	1.6	1.2	3.2	0.1	26.5	15.0	14.2	-1.2	-0.8	1.5	2.1
Nondurable Goods	1.2	0.1	0.5	2.3	7.8	13.2	13.0	-2.9	-0.5	1.1	-0.2
Capital Goods New Orders	5.3	-1.0	6.1	-2.5	49.8	28.2	26.8	-10.4	3.6	2.2	1.2
Nondefense	4.3	4.0	5.1	0.4	69.2	38.5	37.2	-2.9	-5.0	2.4	1.7
ex-aircraft	1.0	0.4	0.2	0.8	6.9	9.1	10.7	10.1	0.2	3.4	1.5
Defense	15.7	-34.0	13.2	-18.7	-44.0	-29.8	-25.8	-43.8	75.3	0.5	-1.7
Inventories	0.7	0.4	0.8	0.9	8.0	9.5	9.8	-0.5	5.3	2.1	2.5
Durable Goods	0.4	0.8	0.8	0.7	8.5	9.9	10.3	0.5	5.9	2.0	3.0
Nondurable Goods	1.2	-0.2	0.8	1.2	7.3	8.8	9.0	-2.0	4.3	2.4	1.8
Inventory-to-Shipments Ratio	1.45	1.46	1.46	1.46	1.46	1.47	1.47	1.49	1.51	1.43	1.37
Shipments	1.2	0.7	0.7	2.0	10.7	11.7	10.8	0.5	-2.9	1.4	0.9
Nondefense Capital Good	2.0	1.6	0.4	-0.2	17.0	12.6	10.2	2.5	-5.8	1.4	1.6
ex-aircraft	1.9	1.7	0.4	0.3	17.1	13.0	10.7	7.4	-1.3	2.1	1.7

Source: Bureau of the Census, Department of Commerce via Bloomberg. Our calculations.

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