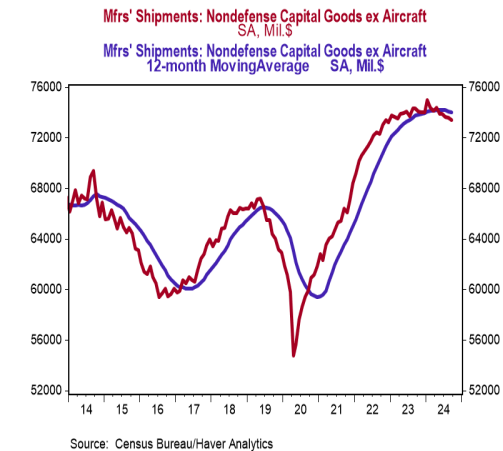
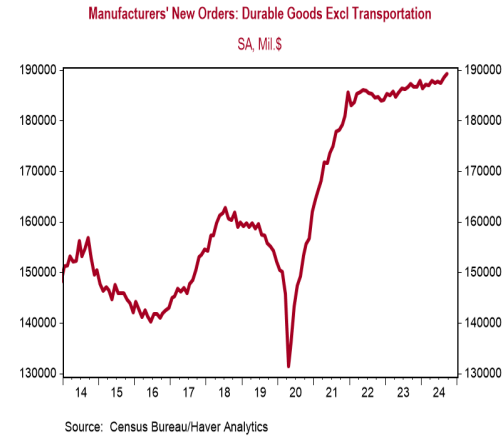


September Durable Goods

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- New orders for durable goods declined 0.8% in September (-1.7% including revisions to prior months), versus a consensus expected decline of 1.0%. Orders excluding transportation rose 0.4% (+0.5% including revisions), easily beating the consensus expected -0.1%. Orders are down 2.1% from a year ago, while orders excluding transportation have risen 1.1%.
- Falling orders for commercial and defense aircraft were partially offset by rising orders for fabricated metal products and primary metals.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure declined 0.3% in September and fell at a 2.8% annualized rate in Q3 versus the Q2 average.
- Unfilled orders rose 0.2% in September and are up 3.1% in the past year.

Implications: New orders for durable goods declined 0.8% in September – the third drop in four months – as transportation led orders lower, while prior months data were revised down as well. Transportation orders can swing wildly from month to month as big aircraft orders tend to come in chunks rather than steadily over time. That was the case once again in September, as commercial aircraft orders fell 15.1% and defense aircraft orders declined 2.5%. Excluding the transportation sector, orders for durable goods rose 0.4% versus a consensus expected decline of 0.1%. Fabricated metal products led non-transportation orders higher, rising 2.1% in September, and, along with primary metals (+0.5%), more than offset declines in orders for computers and electronic products (-0.3%) and machinery (-0.2%). The most important number in the release, core shipments – a key input for business investment in the calculation of GDP – fell 0.3% in September following a 0.1% decline in August and a 0.4% drop in July. As a result, these shipments declined at a 2.8% annualized rate in Q3 versus the Q2 average. This represents the largest quarterly decline since the second quarter of 2020, and the third quarter in the last four where core shipments were down, a clear sign that all is not well on the economic front. Meanwhile, overall orders for durable goods – both including and excluding transportation – are failing to keep pace with inflation. Add in potential volatility in the data due to labor strikes, hurricane impacts, and businesses potentially pausing investment decisions as they await the results of the elections and the resulting policy changes that could follow, and the Fed’s already hazy view into the future gets even harder to parse. While GDP readings continue to run positive ([click here](#) for our breakdown of what to expect from next week’s first look at Q3 GDP), we expect a rocky path forward as the economy feels the lagged effects of the Federal Reserve’s tightening of monetary policy.



Durable Goods <i>All Data Seasonally Adjusted</i>	Sep-24	Aug-24	Jul-24	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	-0.8%	-0.8%	9.8%	36.3%	1.9%	-2.1%
<i>Ex Defense</i>	-1.1%	-1.3%	10.2%	33.8%	-2.2%	-4.3%
<i>Ex Transportation</i>	0.4%	0.6%	-0.2%	3.4%	2.4%	1.1%
<i>Primary Metals</i>	0.5%	0.8%	-0.8%	2.4%	2.1%	0.9%
<i>Industrial Machinery</i>	-0.2%	-0.1%	-0.1%	-1.4%	0.8%	-0.7%
<i>Computers and Electronic Products</i>	-0.3%	0.7%	-0.4%	-0.1%	2.7%	1.4%
<i>Transportation Equipment</i>	-3.1%	-3.4%	34.6%	151.5%	0.9%	-7.9%
Capital Goods Orders	-2.8%	-2.6%	34.7%	164.3%	6.1%	-6.3%
Capital Goods Shipments	-3.2%	-2.0%	4.8%	-2.1%	10.7%	5.4%
<i>Defense Shipments</i>	-0.8%	-1.7%	4.6%	8.5%	4.0%	6.8%
<i>Non-Defense, Ex Aircraft</i>	-0.3%	-0.1%	-0.4%	-2.8%	-2.0%	-1.0%
Unfilled Orders for Durable Goods	0.2%	0.2%	0.2%	2.3%	-0.9%	3.1%

Source: Bureau of the Census