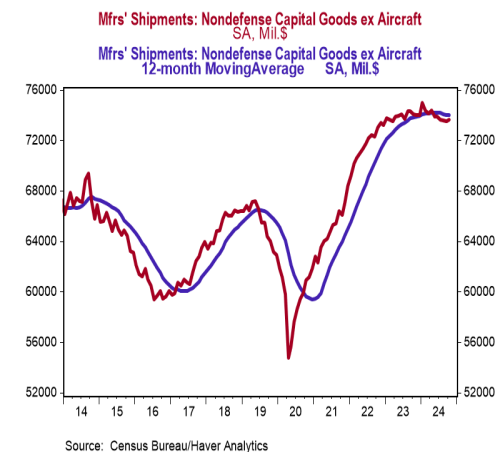
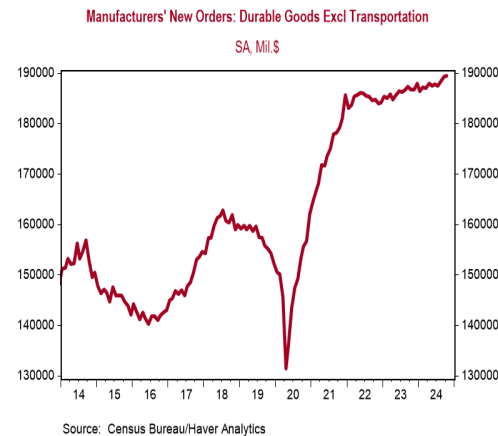


October Durable Goods

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- New orders for durable goods rose 0.2% in October (+0.6% including revisions to prior months), versus a consensus expected gain of 0.5%. Orders excluding transportation rose 0.1% (unchanged including revisions), matching consensus expectations. Orders are up 2.7% from a year ago, while orders excluding transportation have risen 1.5%.
- Higher orders for commercial and defense aircraft were partially offset by declining orders for autos and primary metals.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.2% in October. If unchanged in November and December, these orders would be up at a 0.5% annualized rate in Q4 versus the Q3 average.
- Unfilled orders rose 0.4% in October and are up 3.3% in the past year.



Implications: New orders for durable goods bounced back slightly in October following declines in three of the prior four months. Transportation orders drove the movement higher but 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 October, as commercial aircraft orders jumped 8.3% and defense aircraft orders rose 16.6% after double-digit declines in September. Excluding the transportation sector, orders for durable goods rose a tepid 0.1%, matching consensus expectations. Electrical equipment led non-transportation orders higher, rising 1.3% in October, and – along with machinery (+0.3%) and fabricated metal products (+0.1%) – more than offset declines in orders for primary metals (-0.7%) and computers and electronic products (-0.1%). The most important number in the release, core shipments – a key input for business investment in the calculation of GDP – rose 0.2% in October following declines in each of the last three months. If unchanged in November and December, these shipments would rise at a 0.5% annualized rate in Q4 versus the Q3 average. That’s not much, but it beats the declines in orders in both the second and third quarter this year, a clear sign that all is not well on the economic front. Meanwhile, overall orders for durable goods – both including and excluding transportation – are barely keeping pace with inflation. Change is on the horizon, with the Trump Administration heading back to Washington with a mandate to cut taxes, cut regulations, and trim the size of government. This will likely bring volatility to the data in the months ahead as business figure out how the new policy environment changes the outlook for investment and growth. In turn, the Federal Reserve will navigate what these changes mean for the path of inflation. The lagged effects of the Fed’s tightening of monetary policy are still working their way through the system, and the country hasn’t fully weaned off the government’s morphine-like stimulus response to COVID. Only time will tell how these opposing forces and ongoing geopolitical conflicts will play out in the year ahead. In employment news this morning, initial jobless claims fell 2,000 last week to 213,000. Meanwhile, continuing claims rose 9,000 to 1.907 million. These figures are consistent with continued job growth in November, but at a slower pace than earlier this year.

Durable Goods <i>All Data Seasonally Adjusted</i>	Oct-24	Sep-24	Aug-24	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	0.2%	-0.4%	-0.9%	-3.9%	2.7%	2.7%
<i>Ex Defense</i>	0.4%	-0.9%	-1.3%	-7.0%	0.1%	2.0%
<i>Ex Transportation</i>	0.1%	0.4%	0.6%	4.5%	1.7%	1.5%
<i>Primary Metals</i>	-0.7%	0.5%	0.9%	2.6%	-1.7%	0.7%
<i>Industrial Machinery</i>	0.3%	-1.0%	-0.2%	-3.4%	-1.3%	0.3%
<i>Computers and Electronic Products</i>	-0.1%	0.6%	0.7%	4.8%	3.2%	2.4%
<i>Transportation Equipment</i>	0.5%	-1.9%	-3.4%	-18.0%	4.7%	5.2%
Capital Goods Orders	0.5%	-1.4%	-2.6%	-13.4%	11.9%	1.8%
<i>Capital Goods Shipments</i>	-1.1%	-3.4%	-2.0%	-22.9%	3.4%	2.6%
<i>Defense Shipments</i>	3.8%	-1.1%	-1.7%	4.1%	5.9%	4.9%
<i>Non-Defense, Ex Aircraft</i>	0.2%	-0.1%	-0.1%	0.1%	-1.9%	-1.1%
Unfilled Orders for Durable Goods	0.4%	0.3%	0.2%	3.6%	-0.1%	3.3%

Source: Bureau of the Census