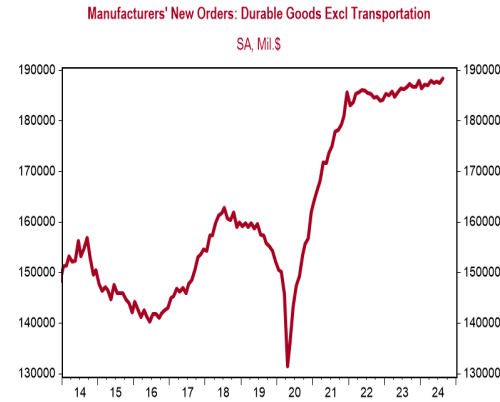


August Durable Goods

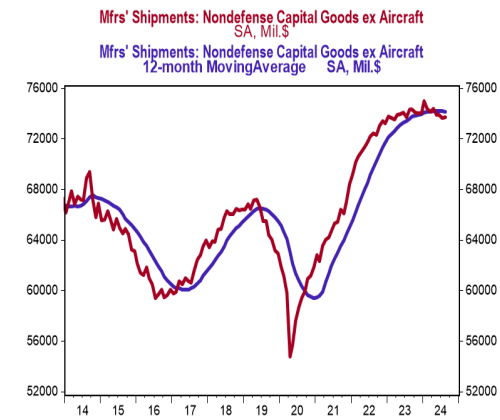
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- New orders for durable goods were unchanged in August (+0.1% including revisions to prior months), easily beating the consensus expected decline of 2.6%. Orders excluding transportation rose 0.5% (+0.6% including revisions), beating the consensus expected +0.1%. Orders are up 1.5% from a year ago, while orders excluding transportation have risen 1.0%.
- Falling orders for commercial aircraft were offset by rising orders across most other categories.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.1% in August. If unchanged in September, these orders would decline at a 1.8% annualized rate in Q3 versus the Q2 average.
- Unfilled orders rose 0.4% in August and are up 4.1% in the past year.

Implications: The unchanged reading on new orders for durable goods in August beat even the most optimistic forecast from any economics group on Bloomberg, as a concentrated decline in aircraft orders was offset by broad-based growth elsewhere. Transportation orders can swing wildly from month to month as aircraft orders tend to come in chunks rather than steadily over time. That was the case again in August, as commercial aircraft orders fell 7.5% after soaring in July. Excluding the transportation sector, orders for durable goods rose 0.5% versus a consensus expected +0.1%. Electrical equipment led non-transportation orders higher, rising 1.9% in August, while fabricated metal products (+0.6%) and machinery (+0.5%) also increased. Although orders activity came in solid for the month, other data in the report point to dark clouds on the horizon. The most important number in the release, core shipments – a key input for business investment in the calculation of GDP – inched up only 0.1% in August following a 0.4% decline in July. If unchanged in September, this measure would decline at a 1.8% annualized rate in Q3 versus the Q2 average. That would be the third quarter in the last four where core shipments have declined, a clear sign that all is not well on the economic front. Meanwhile, overall orders for durable goods are failing to keep pace with inflation, up 1.5% in the last twelve months and, excluding transportation, up just 1.0%. While GDP readings continue to run positive, we expect a rocky path forward as the economy feels the lagged effects of the Federal Reserve’s tightening of monetary policy. In employment news this morning, initial jobless claims inched 1,000 lower last week to 218,000. Meanwhile, continuing claims rose 13,000 to 1.834 million. These figures are consistent with continued job growth in September.



Source: Census Bureau/Haver Analytics



Source: Census Bureau/Haver Analytics

Durable Goods <i>All Data Seasonally Adjusted</i>	Aug-24	Jul-24	Jun-24	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	0.0%	9.9%	-6.9%	9.9%	7.2%	1.5%
<i>Ex Defense</i>	-0.2%	10.3%	-7.5%	7.3%	4.7%	0.7%
<i>Ex Transportation</i>	0.5%	-0.1%	0.1%	2.0%	1.4%	1.0%
<i>Primary Metals</i>	0.2%	-0.8%	-0.5%	-4.3%	0.6%	0.0%
<i>Industrial Machinery</i>	0.5%	-0.1%	1.1%	6.1%	1.5%	0.3%
<i>Computers and Electronic Products</i>	0.4%	-0.4%	0.3%	1.5%	3.6%	2.8%
<i>Transportation Equipment</i>	-0.8%	34.6%	-20.6%	26.6%	19.4%	2.6%
Capital Goods Orders	-0.4%	34.7%	-18.5%	43.0%	18.0%	4.7%
Capital Goods Shipments	-1.6%	4.8%	4.8%	36.1%	15.6%	8.8%
<i>Defense Shipments</i>	-1.5%	4.6%	-2.9%	0.0%	5.1%	9.8%
<i>Non-Defense, Ex Aircraft</i>	0.1%	-0.4%	0.0%	-0.8%	-1.7%	-0.1%
Unfilled Orders for Durable Goods	0.4%	0.2%	-1.4%	-3.2%	-0.3%	4.1%

Source: Bureau of the Census