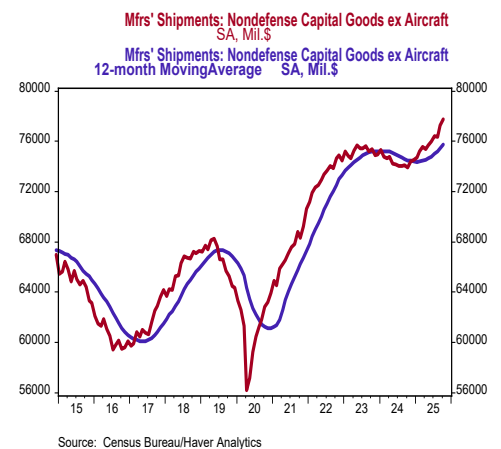
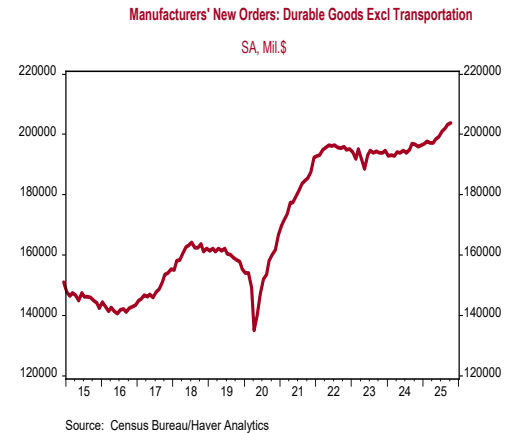


October Durable Goods

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- New orders for durable goods declined 2.2% in October (-2.0% including revisions to prior months), coming in below the consensus expected -1.5%. Orders excluding transportation rose 0.2% in October (+0.3% including revisions), versus a consensus expected +0.3%. Orders are up 4.8% from a year ago, while orders excluding transportation have risen 3.6%.
- The decline in October orders was led by aircraft, electrical equipment, and primary metals.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.7% in October. If unchanged in November and December, these orders would be up at a 5.9% annualized rate in Q4 versus the Q3 average.
- Unfilled orders rose 0.2% in October and are up 7.9% in the past year.

Implications: Durable goods orders paired back in October after strong reports in August and September, but a look at the details shows promising signs of activity for the fourth quarter. Once again, transportation orders dominated the headline reading, falling 6.5% in October as defense aircraft orders plunged 32.4% and commercial aircraft orders dropped 20.1%. Transportation is a notoriously volatile category month-to-month, so we prefer to focus on orders excluding transportation for a better check on the broader economy. Those orders rose 0.2% in October, led by computers & electronic products (+1.0%), machinery (+0.8%), and fabricated metal products (+0.5%), while electrical equipment (-1.5%), and primary metals (-0.7%) declined. Note that the declines for both electrical equipment and primary metals follow strings of unusually strong readings over the prior six months, while machinery (where orders are up at an 11.6% annualized rate in the past six months) and computers & electronic products (9.7% annualized) continue to show strong performance, which should feed into shipments in the months ahead. Speaking of shipments, the most important number in today's release, core shipments – a key input for business investment in the calculation of GDP – rose 0.7% in October, following a 1.2% jump in September. If unchanged in November and December, these shipments would be up at a 5.9% annualized rate in Q4 versus the Q3 average. In other news today, the M2 measure of the money supply rose 0.1% in November and is up 4.3% over the past twelve months – below the historical growth rate of ~6% – suggesting lower inflation in the year ahead.



Durable Goods <i>All Data Seasonally Adjusted</i>	Oct-25	Sep-25	Aug-25	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	-2.2%	0.7%	3.0%	5.9%	8.4%	4.8%
<i>Ex Defense</i>	-1.5%	0.1%	1.9%	2.0%	5.6%	4.8%
<i>Ex Transportation</i>	0.2%	0.7%	0.5%	5.3%	6.6%	3.6%
<i>Primary Metals</i>	-0.7%	1.0%	0.5%	3.4%	8.2%	5.5%
<i>Industrial Machinery</i>	0.8%	0.3%	2.1%	14.0%	11.6%	9.9%
<i>Computers and Electronic Products</i>	1.0%	1.2%	-1.1%	4.4%	9.7%	5.3%
<i>Transportation Equipment</i>	-6.5%	0.6%	8.0%	6.9%	12.1%	7.3%
Capital Goods Orders	-5.6%	2.7%	5.0%	7.4%	13.4%	6.7%
Capital Goods Shipments	2.1%	-0.6%	-0.6%	3.6%	10.1%	11.7%
<i>Defense Shipments</i>	1.4%	1.7%	-0.3%	12.0%	30.2%	13.2%
<i>Non-Defense, Ex Aircraft</i>	0.7%	1.2%	-0.1%	7.3%	6.4%	5.2%
Unfilled Orders for Durable Goods	0.2%	0.8%	0.7%	6.6%	12.5%	7.9%

Source: U.S. Census Bureau