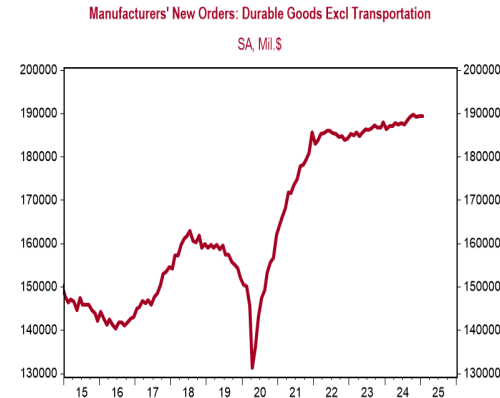


January Durable Goods

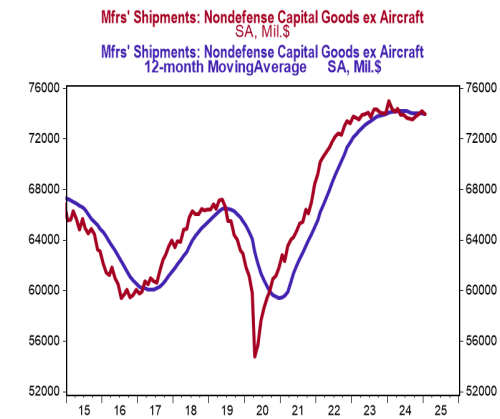
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- New orders for durable goods rose 3.1% in January (+3.6% including revisions to prior months) beating the consensus expected +2.0%. Orders excluding transportation were unchanged in January (-0.3% including revisions) versus a consensus expected +0.3%. Orders are up 3.4% from a year ago, while orders excluding transportation have risen 1.6%.
- Rising orders for commercial aircraft and computers & electronic products were partially offset by declining orders for autos and fabricated metal products.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure declined 0.3% in January. If unchanged in February and March, these shipments would be down at a 0.1% annualized rate in Q1 versus the Q4 average.
- Unfilled orders rose 0.2% in January and are up 0.7% in the past year.

Implications: New orders for durable goods jumped 3.1% in January following declines in the prior two months. That said, the details of today’s report were not quite as strong as the headline suggests. Transportation drove orders higher in January but can swing wildly from month to month as aircraft orders tend to come in chunks rather than steadily over time. That was the case once again in January, as commercial aircraft orders surged 93.9%. Excluding the transportation sector, orders for durable goods were unchanged in January (and down 0.3% when including revisions to prior months). Rising orders for computer and electronic products (+1.7), machinery (+0.2%), and electrical equipment (+0.1%) were fully offset by a 1.2% decline in fabricated metal products. The most important number in the release, core shipments – a key input for business investment in the calculation of GDP – declined 0.3% in January. If unchanged in February and March, these orders would be down at a 0.1% annualized rate in Q1 versus the Q4 average, which would represent a third quarterly decline in four quarters. Durable goods – both including and excluding transportation – have struggled to keep pace with inflation over recent years. And now that the Trump Administration is back in Washington with a mandate to cut taxes, regulations, and the size of government, we expect volatility in the data to continue in the months ahead as businesses 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. There is plenty of potential for both progress and payback in 2025, as the US works to wean itself off outsized deficit spending and on to a more sustainable growth path. There may be pain before the gain. In other news this morning, initial jobless claims rose 22,000 last week to 242,000, while continuing claims declined 5,000 to 1.862 million. These figures are consistent with continued job growth in February, but at a slower pace than seen in recent years.



Source: Census Bureau/Haver Analytics



Source: Census Bureau/Haver Analytics

Durable Goods <i>All Data Seasonally Adjusted</i>	Jan-25	Dec-24	Nov-24	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	3.1%	-1.8%	-2.0%	-2.8%	-2.3%	3.4%
Ex Defense	3.5%	-1.8%	-1.3%	1.1%	-2.0%	3.2%
Ex Transportation	0.0%	0.1%	-0.2%	-0.5%	2.2%	1.6%
Primary Metals	1.0%	-0.7%	0.5%	3.2%	3.7%	2.1%
Industrial Machinery	0.2%	0.2%	0.1%	1.8%	-0.5%	1.6%
Computers and Electronic Products	1.7%	0.4%	-0.1%	8.5%	6.2%	3.2%
Transportation Equipment	9.8%	-5.5%	-5.4%	-7.2%	-10.4%	7.2%
Capital Goods Orders	10.7%	-5.2%	-4.9%	-0.8%	-4.3%	8.7%
Capital Goods Shipments	2.6%	3.0%	-0.9%	20.2%	-4.0%	4.3%
Defense Shipments	-0.8%	-1.1%	-0.5%	-9.4%	-2.6%	6.1%
Non-Defense, Ex Aircraft	-0.3%	0.3%	0.2%	0.9%	0.9%	0.2%
Unfilled Orders for Durable Goods	0.2%	-0.3%	0.2%	0.1%	2.1%	0.7%

Source: Bureau of the Census