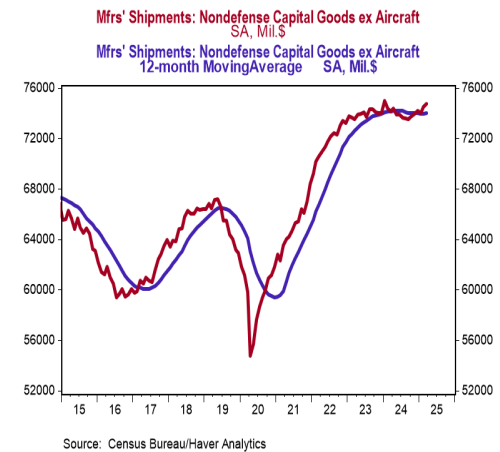
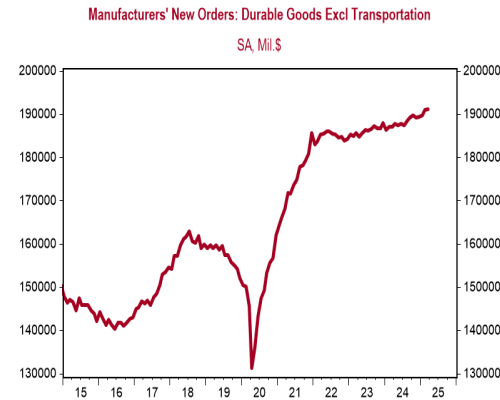


March Durable Goods

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- New orders for durable goods jumped 9.2% in March (+9.1% including revisions to prior months) easily beating the consensus expected rise of 2.0%. Orders excluding transportation were unchanged in March, versus a consensus expected +0.3%. Orders are up 11.9% from a year ago, while orders excluding transportation have risen 2.2%.
- Almost all the increase in March was due to commercial aircraft. Orders for autos and primary metals also rose, while orders declined for defense aircraft and computers & electronic products.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.3% in March and was up at a 2.5% annualized rate in Q1 versus the Q4 average.
- Unfilled orders rose 2.0% in March and are up 2.3% in the past year.

Implications: New orders for durable goods surged in March, but beneath the headline lay a much more subdued picture. The 9.2% jump in new orders was almost entirely due to the very volatile category of commercial aircraft, so expect a big drop in total orders reported next month. After reporting a modest 13 planes ordered in February, Boeing reported 192 planes ordered in March. Through the first three months of the year, Boeing has also reported that deliveries are up 56.6% year-to-date versus 2024. But, tariff concerns certainly affect these numbers. Expect these numbers to slow (and cancellations to increase; for example, China) in the months ahead as companies and countries navigate the tariff environment. Excluding the transportation sector, orders for durable goods were unchanged in March. Orders rose for primary metals (+0.7%), fabricated metal products (+0.2%), and machinery (+0.1%), but those gains were fully offset by declining orders for computers & electronic products (-1.2%) and electrical equipment (-0.5%). The most important number in the release, core shipments – a key input for business investment in the calculation of GDP – rose 0.3% in March. These shipments rose at a 2.5% annualized rate in Q1 versus the Q4 average. But, adjusting for inflation, little growth will be reported, and while core shipments grew at a healthy pace in March, orders for these items rose a tepid 0.1% after declining 0.3% in February, signaling deliveries will be impacted in future quarters. The current environment in Washington has elevated uncertainty. We expect volatility in the data to be the rule rather than the exception for the foreseeable future, as businesses navigate the new policy environment and how it may change the outlook for investment and growth. In turn, the Federal Reserve will navigate what these changes mean for the path of inflation. While we don't expect any movement from the Fed at the meeting in May, we do believe that cuts are on the table for later in the year as economic weaknesses brings the employment side of the Fed's mandate into more central focus. In other news this morning, initial jobless claims rose 6,000 last week to 222,000, while continuing claims declined 37,000 to 1.841 million. These figures suggest moderate job growth in April.



Durable Goods <i>All Data Seasonally Adjusted</i>	Mar-25	Feb-25	Jan-25	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	9.2%	0.9%	3.4%	67.9%	21.9%	11.9%
<i>Ex Defense</i>	10.4%	0.8%	3.7%	78.0%	27.7%	12.0%
<i>Ex Transportation</i>	0.0%	0.7%	0.2%	3.6%	2.0%	2.2%
<i>Primary Metals</i>	0.7%	1.3%	1.9%	16.9%	7.1%	4.6%
<i>Industrial Machinery</i>	0.1%	0.8%	0.0%	3.4%	3.2%	1.1%
<i>Computers and Electronic Products</i>	-1.2%	-0.1%	1.8%	1.7%	0.9%	2.7%
<i>Transportation Equipment</i>	27.0%	1.2%	10.2%	303.8%	66.3%	31.2%
Capital Goods Orders	24.3%	-2.4%	10.5%	223.0%	52.2%	28.9%
Capital Goods Shipments	-1.6%	0.0%	2.7%	4.0%	3.6%	7.2%
<i>Defense Shipments</i>	-0.2%	0.5%	-0.7%	-1.9%	3.6%	3.4%
<i>Non-Defense, Ex Aircraft</i>	0.3%	0.7%	-0.2%	3.0%	3.3%	0.2%
Unfilled Orders for Durable Goods	2.0%	0.1%	0.2%	9.4%	5.4%	2.3%

Source: Bureau of the Census