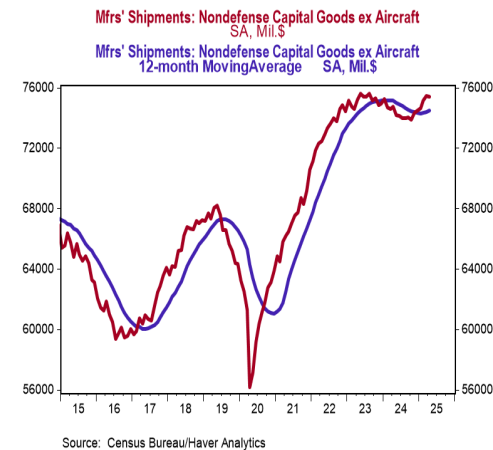
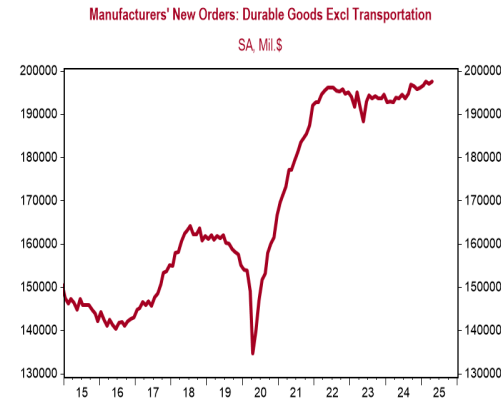


April Durable Goods

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- New orders for durable goods fell 6.3% in April (-6.2% including revisions to prior months) beating the consensus expected decline of 7.8%. Orders excluding transportation rose 0.2% in April, versus a consensus expectation for no change. Orders are up 3.2% from a year ago, while orders excluding transportation have risen 1.9%.
- Almost all the drop in April was due to commercial aircraft. Orders for autos and electrical equipment also declined, while orders rose for machinery, fabricated products, and computer & electronic products.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure declined 0.1% in April. If unchanged in May and June, these orders would be up at a 1.8% annualized rate in Q2 versus the Q1 average.
- Unfilled orders were unchanged in April and are up 2.1% in the past year.

Implications: New orders for durable goods plummeted in April, but beneath the headline lay a much more subdued picture. The 6.3% decline in new orders was almost entirely due to the very volatile category of commercial aircraft, which came back down to earth after surging in March. Tariffs certainly played a role here, as airlines front-ran orders before anticipated tariff increases, while President Trump's recent tour through the Middle East resulted in the announcement of more than 200 Boeing aircraft ordered (so expect major revisions with next month's report). We anticipate these numbers to slow (and cancellations to increase) in the months ahead as companies and countries navigate the ever-shifting trade environment. Excluding the transportation sector, orders for durable goods rose 0.2% in April. Orders rose for computers & electronic products (+1.0%), machinery (+0.8%), and fabricated metal products (+0.8%), but were partially offset by declines in orders for electrical equipment (-0.2%), and primary metals (-0.1%). The most important number in the release, core shipments – a key input for business investment in the calculation of GDP – declined 0.1% in April. If unchanged in May and June, these shipments would be up at a 1.8% annualized rate in Q2 versus the Q1 average. But, adjusting for inflation, little growth will be reported, and while core shipments fell at a modest pace in April, orders for these items declined a more notable 1.3% and are down at a 6.1% annualized rate in the past three months, signaling deliveries will be impacted in the future. The current environment in Washington remains uncertain, and 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 must navigate what these changes mean for the path of inflation. While we don't expect any movement from the Fed at the meeting in June, 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, home prices declined in March but are up moderately versus a year ago. The national Case-Shiller index declined 0.3% in March but is up 3.4% from a year ago; the FHFA index declined 0.1% in March but is up 3.8% from a year ago. The decline in both indexes in March was the first time that's happened since 2022. Look for modest gains in national average home prices in the year ahead.



Durable Goods <i>All Data Seasonally Adjusted</i>	Apr-25	Mar-25	Feb-25	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	-6.3%	7.6%	1.0%	7.2%	2.1%	3.2%
<i>Ex Defense</i>	-7.5%	9.0%	0.6%	5.9%	4.4%	2.8%
<i>Ex Transportation</i>	0.2%	-0.2%	0.4%	1.6%	1.1%	1.9%
<i>Primary Metals</i>	-0.1%	0.7%	1.2%	7.5%	2.3%	-0.3%
<i>Industrial Machinery</i>	0.8%	0.5%	-0.9%	1.3%	9.7%	2.8%
<i>Computers and Electronic Products</i>	1.0%	-1.8%	0.2%	-2.5%	2.0%	2.9%
<i>Transportation Equipment</i>	-17.1%	23.5%	2.1%	19.5%	4.2%	6.1%
Capital Goods Orders	-14.6%	21.7%	-2.3%	6.4%	1.4%	8.3%
Capital Goods Shipments	3.2%	-1.0%	-0.3%	7.7%	13.3%	5.6%
<i>Defense Shipments</i>	1.0%	-0.2%	0.8%	6.6%	-2.4%	5.3%
<i>Non-Defense, Ex Aircraft</i>	-0.1%	0.5%	0.6%	4.1%	4.2%	1.2%
Unfilled Orders for Durable Goods	0.0%	1.6%	0.0%	6.6%	3.7%	2.1%

Source: Bureau of the Census