

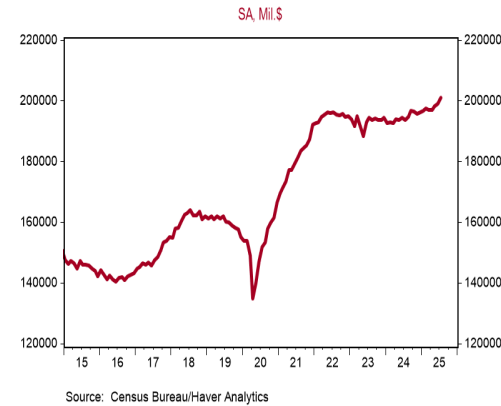
## July Durable Goods

**Andrew Opdyke, CFA** – Senior Economist  
**Brian S. Wesbury** – Chief Economist  
**Robert Stein, CFA** – Dep. Chief Economist

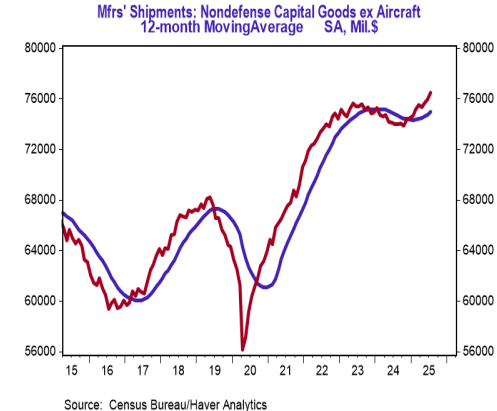
- New orders for durable goods declined 2.8% in July (-2.9% including revisions to prior months) versus a consensus expected -3.8%. Orders excluding transportation rose 1.1% in July (+1.2% including revisions), beating a consensus expected +0.2%. Orders are up 3.3% from a year ago, while orders excluding transportation have risen 3.8%.
- The decline in July orders was led by commercial aircraft, while all major non-transportation categories increased.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.7% in July. If unchanged in August and September, these orders would be up at a 4.4% annualized rate in Q3 versus the Q2 average.
- Unfilled orders were unchanged in July but are up 7.0% in the past year.

**Implications:** New orders for durable goods declined 2.8% in July – following on the heels of a massive 9.4% drop in June – but the details are much better than the headline number would suggest. The decline in new orders was entirely due to the very volatile category of commercial aircraft, where orders continue to come back down to earth following the massive Boeing order from Qatar Airways during President's Trump's tour through the Middle East. With the full expectation that airline orders would slow (and cancellations increase) as companies and countries navigate the ever-shifting trade and economic environments, ex-transportation orders provide a much better read on the health of activity and those improved in July. Orders rose across all major categories, led by electrical equipment (+2.0%), machinery (+1.8%), and primary metals (+1.5%), while fabricated metal products (+0.7%) and computers & electronic products (+0.6%) also grew at a healthy pace. The most important number in today's release, core shipments – a key input for business investment in the calculation of GDP – rose a robust 0.7% in July. If unchanged in August and September, these orders would be up at a 4.4% annualized rate in Q3 versus the Q2 average. While employment and inflation remain under the spotlight as the Federal Reserve looks very likely to restart the rate cut process at the meeting next month, we will also be paying close attention to how businesses – and consumers – are responding to the certainty now in place from the passage of the tax bill, which should enhance the competitiveness of US companies. In housing news this morning, the national Case-Shiller index declined 0.3% in June but is up 1.9% in the past year, while the FHFA index declined 0.2% and is up 2.6% from a year ago. We expect very modest home price gains in the year ahead.

Manufacturers' New Orders: Durable Goods Excl Transportation



Mfrs' Shipments: Nondefense Capital Goods ex Aircraft  
 SA, Mil.\$



<b>Durable Goods</b> <i>All Data Seasonally Adjusted</i>	<b>Jul-25</b>	<b>Jun-25</b>	<b>May-25</b>	<b>3-mo % ch. annualized</b>	<b>6-mo % ch. annualized</b>	<b>Yr to Yr % Change</b>
<b>New Orders for Durable Goods</b>	<b>-2.8%</b>	<b>-9.4%</b>	<b>16.5%</b>	<b>10.7%</b>	<b>8.1%</b>	<b>3.3%</b>
<b>Ex Defense</b>	<b>-2.5%</b>	<b>-9.5%</b>	<b>15.7%</b>	<b>8.6%</b>	<b>6.8%</b>	<b>3.1%</b>
<b>Ex Transportation</b>	<b>1.1%</b>	<b>0.3%</b>	<b>0.6%</b>	<b>8.3%</b>	<b>4.5%</b>	<b>3.8%</b>
<b>Primary Metals</b>	<b>1.5%</b>	<b>0.9%</b>	<b>0.7%</b>	<b>12.8%</b>	<b>10.7%</b>	<b>4.1%</b>
<b>Industrial Machinery</b>	<b>1.8%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>11.0%</b>	<b>4.6%</b>	<b>5.6%</b>
<b>Computers and Electronic Products</b>	<b>0.6%</b>	<b>0.5%</b>	<b>2.1%</b>	<b>13.4%</b>	<b>4.2%</b>	<b>4.4%</b>
<b>Transportation Equipment</b>	<b>-9.7%</b>	<b>-22.7%</b>	<b>48.5%</b>	<b>15.6%</b>	<b>16.0%</b>	<b>2.2%</b>
<b>Capital Goods Orders</b>	<b>-8.8%</b>	<b>-22.6%</b>	<b>48.7%</b>	<b>21.0%</b>	<b>12.3%</b>	<b>4.1%</b>
<b>Capital Goods Shipments</b>	<b>2.8%</b>	<b>0.7%</b>	<b>0.4%</b>	<b>16.6%</b>	<b>12.0%</b>	<b>6.0%</b>
<b>Defense Shipments</b>	<b>-0.3%</b>	<b>7.9%</b>	<b>3.2%</b>	<b>52.2%</b>	<b>28.4%</b>	<b>17.4%</b>
<b>Non-Defense, Ex Aircraft</b>	<b>0.7%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>6.1%</b>	<b>4.9%</b>	<b>2.5%</b>
<b>Unfilled Orders for Durable Goods</b>	<b>0.0%</b>	<b>0.9%</b>	<b>3.4%</b>	<b>18.7%</b>	<b>12.4%</b>	<b>7.0%</b>

Source: U.S. Census Bureau