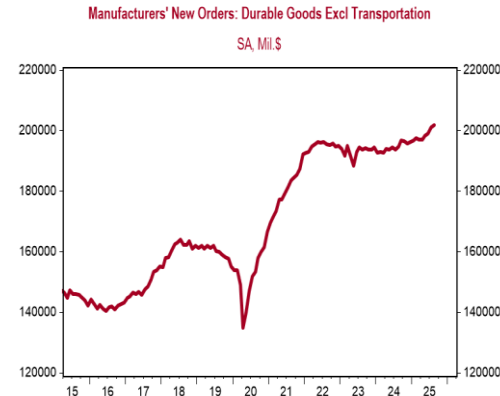


August Durable Goods

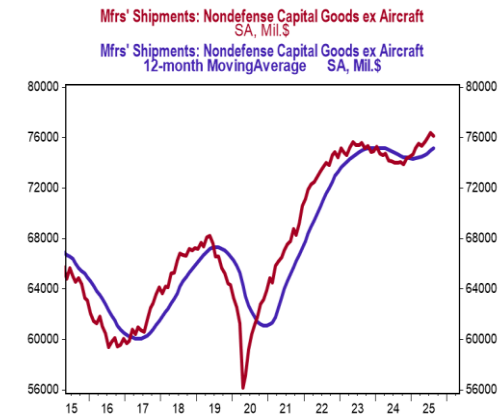
Andrew Opdyke, CFA – Senior Economist
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist

- New orders for durable goods rose 2.9% in August, coming in well above the consensus expected decline of 0.3%. Orders excluding transportation rose 0.4% in August (+0.3% including revisions to prior months), beating consensus expectations for no change. Orders are up 7.6% from a year ago, while orders excluding transportation have risen 3.6%.
- The rise in August orders was led by aircraft, machinery, 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 August. If unchanged in September, these orders would be up at a 3.1% annualized rate in Q3 versus the Q2 average.
- Unfilled orders rose 0.7% in August and are up 7.7% in the past year.

Implications: New orders for durable goods rose 2.9% in August, but the details are a bit softer than the headline number would suggest. The rise in new orders was largely due to the very volatile categories of commercial and defense aircraft, where August orders rose 21.6% and 50.1%, respectively. These wild swings are why ex-transportation orders provide a much better read on the health of activity and those were more mixed in August. The 0.4% rise in non-transportation orders was led by machinery (+1.3%), fabricated metal products (+0.7%), and primary metals (+0.1%), while electrical equipment (-0.2%) and computers & electronic products (-0.1%) declined. The most important number in today’s release, core shipments – a key input for business investment in the calculation of GDP – fell 0.3% in August after a robust 0.6% increase in July. If unchanged in September, these orders would be up at a 3.1% annualized rate in Q3 versus the Q2 average. While employment and inflation remain under the spotlight as the Federal Reserve looks very likely to continue the rate cut process at the next meeting in October, 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 other news this morning, initial jobless claims fell 14,000 to 218,000 while continuing claims slipped 2,000 to 1.926 million. Pairing these figures with other recent data on employment suggests modest continued job growth in September.



Source: Census Bureau/Haver Analytics



Source: Census Bureau/Haver Analytics

| Durable Goods <i>All Data Seasonally Adjusted</i> | Aug-25 | Jul-25 | Jun-25 | 3-mo % ch. annualized | 6-mo % ch. annualized | Yr to Yr % Change |
|--|--------------|--------|--------|--------------------------|--------------------------|----------------------|
| New Orders for Durable Goods | 2.9% | -2.7% | -9.4% | -32.3% | 12.7% | 7.6% |
| <i>Ex Defense</i> | 1.9% | -2.3% | -9.4% | -34.0% | 10.1% | 6.7% |
| <i>Ex Transportation</i> | 0.4% | 1.0% | 0.4% | 7.2% | 4.4% | 3.6% |
| <i>Primary Metals</i> | 0.1% | 1.5% | 1.0% | 10.7% | 8.5% | 4.1% |
| <i>Industrial Machinery</i> | 1.3% | 1.4% | 0.4% | 13.5% | 8.7% | 6.2% |
| <i>Computers and Electronic Products</i> | -0.1% | 0.5% | 0.9% | 5.4% | 4.3% | 4.6% |
| <i>Transportation Equipment</i> | 7.9% | -9.4% | -22.7% | -67.3% | 30.6% | 15.9% |
| Capital Goods Orders | 4.8% | -9.0% | -22.6% | -70.3% | 28.8% | 12.7% |
| Capital Goods Shipments | -0.6% | 2.9% | 0.7% | 12.5% | 11.5% | 4.4% |
| <i>Defense Shipments</i> | 0.3% | -0.4% | 7.9% | 35.2% | 26.7% | 12.5% |
| <i>Non-Defense, Ex Aircraft</i> | -0.3% | 0.6% | 0.4% | 2.6% | 2.7% | 3.3% |
| Unfilled Orders for Durable Goods | 0.7% | 0.0% | 0.9% | 6.6% | 13.9% | 7.7% |

Source: U.S. Census Bureau