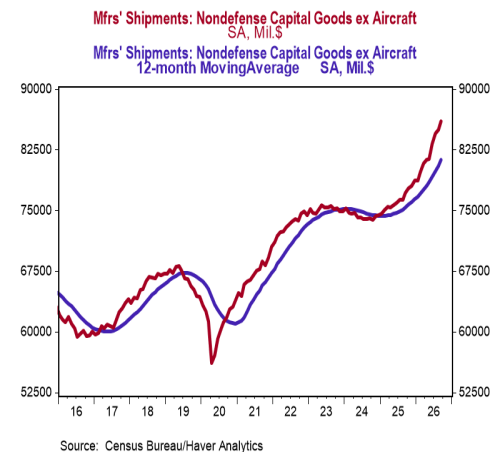
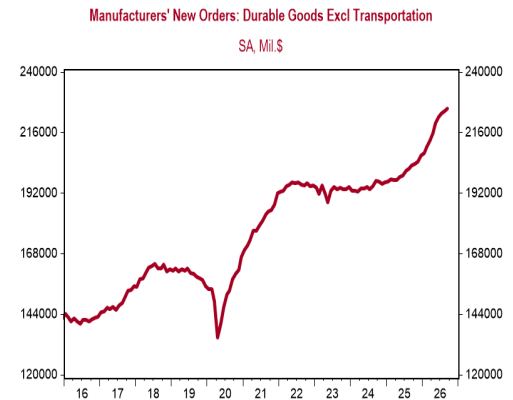


September Durable Goods

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- New orders for durable goods rose 1.8% in September (+2.0% including revisions), almost exactly the consensus expected +1.9%. Orders excluding transportation increased 0.5% in September, versus a consensus expected +0.6%. Orders are up 9.9% from a year ago, while orders excluding transportation have risen 11.1%.
- The increase in new orders was led by aircraft and industrial machinery.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 1.2% in September and was up at a 16.5% annualized rate in Q3 versus the Q2 average.
- Unfilled orders rose 0.8% in September and are up 9.0% in the past year.

Implications: New orders for durable goods surged in September, rising 1.8%, the second fastest monthly gain this year. While the headline was boosted by a large increase in commercial aircraft orders, underlying activity remains robust due to a resurgence in capital investment. Aircraft are often ordered in bulk, which is why orders excluding transportation provide a much better check on the broader economy. These orders continue to rise, up 0.5% in September, though growth has slowed slightly from earlier this year when monthly gains were consistently above 1.0%. That said, these orders are still up 11.1% in the past year. The increase in September was led by industrial machinery (+1.2%), computers & electronic products (+0.8%), and primary metals (+0.5%). Electrical equipment was the only major category to decline in September but is still up 4.8% in the past year. All other categories have experienced a surge in growth in the past year – primary metals, industrial machinery, and computers & electronic products have each experienced double-digit growth in the last twelve months. The most important number in today's release is core shipments – a key input for business investment in the calculation of GDP – which surged 1.2% in September, marking the eighth consecutive month of growth. Core shipments were up at a 16.5% annualized rate in Q3 versus the Q2 average, an acceleration from the 11.6% pace in Q2. These shipments are up 11.5% over the past year, the largest annual gain outside the COVID years since 2012, as capital spending from the hyperscalers, the reshoring of production, and a more favorable tax environment for investment have helped drive a strong increase. In other manufacturing news, the Kansas City Fed Manufacturing Index, a measure of factory sentiment in that region, declined to +11 in October from +14 in September. The Richmond Fed index, a measure of mid-Atlantic factory activity, remained at -2 in October. On the employment front, initial claims fell 6,000 two weeks ago to 194,000 while continuing claims rose 25,000 to 1.728 million. These figures suggest continued job growth in October.



Durable Goods <i>All Data Seasonally Adjusted</i>	Sep-26	Aug-26	Jul-26	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	1.8%	0.1%	0.9%	11.9%	16.1%	9.9%
<i>Ex Defense</i>	2.2%	0.3%	1.4%	16.8%	17.4%	10.4%
<i>Ex Transportation</i>	0.5%	0.3%	0.7%	6.1%	12.4%	11.1%
<i>Primary Metals</i>	0.5%	1.9%	2.1%	19.9%	30.2%	20.4%
<i>Industrial Machinery</i>	1.2%	1.0%	1.5%	16.0%	20.0%	16.1%
<i>Computers and Electronic Products</i>	0.8%	0.5%	-0.6%	2.4%	9.1%	16.6%
<i>Transportation Equipment</i>	4.6%	-0.3%	1.2%	23.9%	23.6%	7.9%
Capital Goods Orders	4.8%	1.2%	0.6%	29.5%	31.7%	13.0%
Capital Goods Shipments	1.9%	-1.0%	1.2%	8.6%	14.3%	12.7%
<i>Defense Shipments</i>	2.5%	0.9%	0.2%	15.3%	24.1%	29.5%
<i>Non-Defense, Ex Aircraft</i>	1.2%	0.6%	1.4%	13.8%	13.3%	11.5%
Unfilled Orders for Durable Goods	0.8%	0.6%	0.6%	8.6%	10.8%	9.0%

Source: U.S. Census Bureau