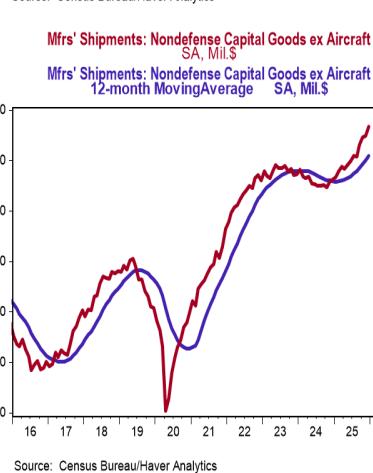


December Durable Goods

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- New orders for durable goods fell 1.4% in December (-1.3% including revisions to prior months), beating the consensus expected -2.0%. Orders excluding transportation rose 0.9% in December, versus a consensus expected +0.3%. Orders are up 10.0% from a year ago, while orders excluding transportation have risen 5.1%.
- The rise in December orders was led by computers and electronic products, autos, and defense aircraft.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.9% in December and was up at an 8.2% annualized rate in Q4 versus the Q3 average.
- Unfilled orders rose 0.9% in December and are up 10.2% in the past year.

Implications: New orders for durable goods closed out a volatile 2025 by falling for the second time in the past three months. That said, the details of today's report were much better than the headline. The decline in new orders was driven by a 24.9% drop in commercial aircraft orders, following a 98.2% increase in November. Transportation is a notoriously volatile category month-to-month, so we prefer to focus on orders excluding transportation for a better check on the broader economy. Orders excluding transportation continue to climb, rising 0.9% in December and finishing the year with the ninth consecutive monthly gain. All major categories outside transportation rose in December, led by computers and electronic products (+3.0%), primary metals (+1.7%), and fabricated metal products (+0.9%). Note that both computers and electronic products and machinery had strong growth in 2025, with each rising in at least ten months of the year. Particularly, machinery is up at a 11.2% annualized rate in the past six months. These elevated new orders should translate into shipments in the months ahead. Speaking of shipments, the most important number in today's release, core shipments – a key input for business investment in the calculation of GDP – rose 0.9% in December and were up at an 8.2% annualized rate in Q4 versus the Q3 average. Core shipments consistently rose in the back half of 2025, which could be evidence of Trump Administration's push for manufacturing reshoring beginning to take hold. However, for the Administration's goals to fully materialize, it will have to translate into a much-needed resurgence in payrolls in that sector in the year ahead.



| Durable Goods All Data Seasonally Adjusted | Dec-25 | Nov-25 | Oct-25 | 3-mo % ch. annualized | 6-mo % ch. annualized | Yr to Yr % Change |
|---|--------------|--------|--------|--------------------------|--------------------------|----------------------|
| New Orders for Durable Goods | | | | | | |
| Ex Defense | -1.4% | 5.4% | -2.1% | 7.2% | 5.1% | 10.0% |
| Ex Transportation | -2.5% | 6.6% | -1.3% | 10.9% | 4.4% | 9.5% |
| Primary Metals | 0.9% | 0.4% | 0.2% | 6.2% | 7.2% | 5.1% |
| Industrial Machinery | 1.7% | -0.4% | -1.1% | 0.7% | 6.4% | 8.5% |
| Computers and Electronic Products | 3.0% | 0.7% | 0.2% | 16.7% | 9.4% | 7.4% |
| Transportation Equipment | -5.3% | 15.2% | -6.3% | 9.0% | 1.5% | 20.3% |
| Capital Goods Orders | -3.9% | 15.3% | -5.5% | 20.5% | 5.5% | 21.4% |
| Capital Goods Shipments | 1.9% | -1.3% | 2.0% | 10.7% | 8.8% | 10.1% |
| Defense Shipments | 2.7% | 3.7% | 0.9% | 33.4% | 18.0% | 21.7% |
| Non-Defense, Ex Aircraft | 0.9% | 0.2% | 0.8% | 7.8% | 7.3% | 5.6% |
| Unfilled Orders for Durable Goods | 0.9% | 1.4% | 0.2% | 10.3% | 8.1% | 10.2% |

Source: U.S. Census Bureau