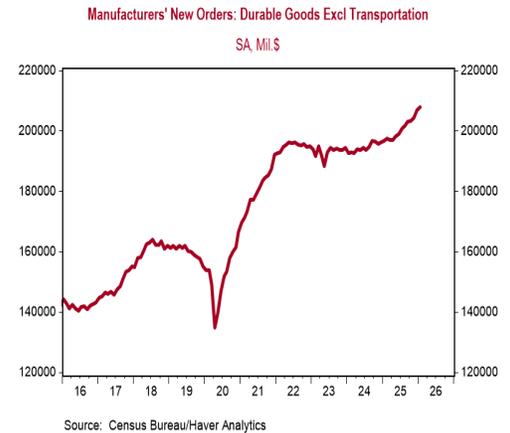


January Durable Goods

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- New orders for durable goods were unchanged in January (+0.4% including revisions to prior months), lagging the consensus expected +1.1%. Orders excluding transportation rose 0.4% in January (+0.7% including revisions), versus a consensus expected +0.5%. Orders are up 10.3% from a year ago, while orders excluding transportation have risen 5.7%.
- Orders for commercial aircraft and fabricated metal products rose in January, while orders for defense aircraft and autos declined.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure declined 0.1% in January. If unchanged in February and March, these orders would be up at a 2.4% annualized rate in Q1 versus the Q4 average.
- Unfilled orders rose 0.8% in January and are up 11.1% in the past year.

Implications: New orders for durable goods treaded water to start off the year, remaining unchanged from December. That said, the details of today’s report were much better than the headline. The tepid reading was driven by a 0.9% decline in transportation equipment – particularly a 23.7% drop in defense aircraft. 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 rose 0.4% in January, led by primary metals (+0.8%), computers and electronic products (+0.8%), and fabricated metal products (+0.6%). The only major category which did not increase was electrical equipment (-0.6%), which follows two straight months of unusually strong readings. Note that computers and electronic products, primary metals, and electrical equipment have had strong growth recently, with each experiencing double-digit annualized growth in the past three months. Particularly, computers and electronic products are up at a 20.8% annualized rate in that time frame. 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 – declined 0.1% in January following strong gains in the past few months. If unchanged in February and March, these shipments would be up at a moderate 2.4% annualized rate in Q1 versus the Q4 average. Finally, unfilled orders rose 0.8% in January and are up 11.1% in the past year, the most for any 12-month period in almost four years.



Durable Goods <i>All Data Seasonally Adjusted</i>	Jan-26	Dec-25	Nov-25	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	0.0%	-0.9%	5.4%	18.9%	12.3%	10.3%
<i>Ex Defense</i>	0.5%	-1.9%	6.6%	21.7%	11.9%	9.5%
<i>Ex Transportation</i>	0.4%	1.3%	0.5%	9.0%	7.1%	5.7%
<i>Primary Metals</i>	0.8%	2.4%	-0.3%	12.3%	6.8%	8.8%
<i>Industrial Machinery</i>	0.2%	0.3%	0.7%	5.0%	8.7%	6.2%
<i>Computers and Electronic Products</i>	0.8%	3.4%	0.6%	20.8%	10.6%	7.8%
<i>Transportation Equipment</i>	-0.9%	-4.6%	15.2%	40.3%	23.1%	20.0%
Capital Goods Orders	-1.1%	-3.2%	15.4%	49.0%	26.6%	18.9%
Capital Goods Shipments	1.3%	2.0%	-1.3%	8.4%	5.8%	9.0%
<i>Defense Shipments</i>	0.9%	2.7%	3.7%	33.0%	21.0%	24.4%
<i>Non-Defense, Ex Aircraft</i>	-0.1%	1.0%	0.3%	4.5%	6.1%	5.4%
Unfilled Orders for Durable Goods	0.8%	0.9%	1.4%	13.2%	9.9%	11.1%

Source: U.S. Census Bureau