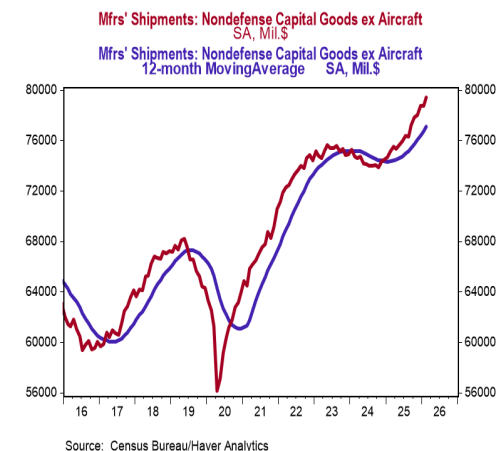
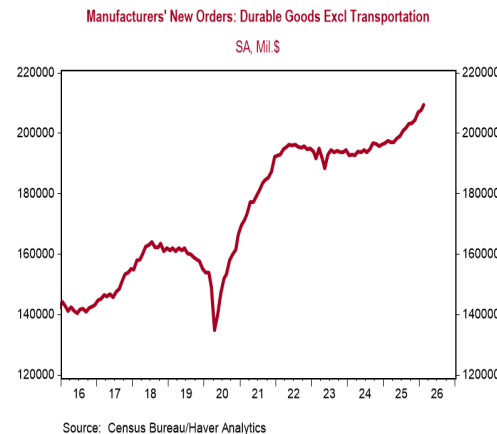


## February Durable Goods

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- New orders for durable goods declined 1.4% in February (-1.8% including revisions to prior months), narrowly lagging the consensus expected -1.2%. Orders excluding transportation rose 0.8% in February (+0.7% including revisions), narrowly beating the consensus expected +0.5%. Orders are up 7.3% from a year ago, while orders excluding transportation have risen 6.0%.
- The decline in new orders was led by aircraft and electrical equipment. Orders for primary metals and machinery rose in February.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.9% in February. If unchanged in March, these orders would be up at a 5.3% annualized rate in Q1 versus the Q4 average.
- Unfilled orders rose 0.1% in February and are up 11.1% in the past year.

**Implications:** New orders for durable goods declined for the third consecutive month in February, falling 1.4%. However, the details reveal more promising underlying currents than the headline suggests. The drop in new orders was mainly due to a 5.4% drop in transportation equipment – particularly a 28.6% drop in commercial 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 continue to rise, up 0.8% in February and 6.0% in the past year, the largest annual gain since 2022. The increase in these orders was led by primary metals (+2.2%), industrial machinery (+1.5%), and fabricated metal products (+0.5%). The only category outside transportation to decline in February was once again electrical equipment. However, orders for electrical equipment are still up a healthy 5.0% in the past year. Note that both primary metals and computers & electronic products have had strong growth recently, with each experiencing double-digit annualized growth in the past three months. Particularly, primary metals are up at a 25.4% rate in that time frame. Arguably the most important number in today’s release is core shipments – a key input for business investment in the calculation of GDP – which rose 0.9% in February. If unchanged in March, core shipments would rise at a 5.3% annualized rate in Q1 versus the Q4 average. Business investment has shown strength recently as core shipments have consistently risen since mid-2025, which is a good sign for manufacturing headed into the economic shake-up of the Iran War. The investment momentum could also 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.



<b>Durable Goods</b> <i>All Data Seasonally Adjusted</i>	<b>Feb-26</b>	<b>Jan-26</b>	<b>Dec-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>-1.4%</b>	<b>-0.5%</b>	<b>-0.9%</b>	<b>-10.4%</b>	<b>2.2%</b>	<b>7.3%</b>
<i>Ex Defense</i>	<b>-1.2%</b>	<b>0.2%</b>	<b>-1.9%</b>	<b>-11.1%</b>	<b>4.6%</b>	<b>7.3%</b>
<i>Ex Transportation</i>	<b>0.8%</b>	<b>0.3%</b>	<b>1.2%</b>	<b>10.0%</b>	<b>7.6%</b>	<b>6.0%</b>
<i>Primary Metals</i>	<b>2.2%</b>	<b>1.1%</b>	<b>2.3%</b>	<b>25.4%</b>	<b>11.1%</b>	<b>10.2%</b>
<i>Industrial Machinery</i>	<b>1.5%</b>	<b>0.6%</b>	<b>0.2%</b>	<b>9.6%</b>	<b>8.1%</b>	<b>9.2%</b>
<i>Computers and Electronic Products</i>	<b>0.0%</b>	<b>0.8%</b>	<b>3.4%</b>	<b>18.1%</b>	<b>13.1%</b>	<b>7.5%</b>
<i>Transportation Equipment</i>	<b>-5.4%</b>	<b>-1.9%</b>	<b>-4.6%</b>	<b>-38.5%</b>	<b>-7.5%</b>	<b>10.1%</b>
<b>Capital Goods Orders</b>	<b>-6.6%</b>	<b>-3.0%</b>	<b>-3.2%</b>	<b>-40.8%</b>	<b>-3.6%</b>	<b>11.5%</b>
<b>Capital Goods Shipments</b>	<b>-0.1%</b>	<b>1.2%</b>	<b>2.0%</b>	<b>13.4%</b>	<b>6.7%</b>	<b>9.2%</b>
<i>Defense Shipments</i>	<b>2.4%</b>	<b>0.7%</b>	<b>2.7%</b>	<b>25.5%</b>	<b>26.9%</b>	<b>26.1%</b>
<i>Non-Defense, Ex Aircraft</i>	<b>0.9%</b>	<b>0.0%</b>	<b>1.0%</b>	<b>7.6%</b>	<b>8.4%</b>	<b>5.7%</b>
<b>Unfilled Orders for Durable Goods</b>	<b>0.1%</b>	<b>0.6%</b>	<b>0.9%</b>	<b>6.8%</b>	<b>8.3%</b>	<b>11.1%</b>

Source: U.S. Census Bureau