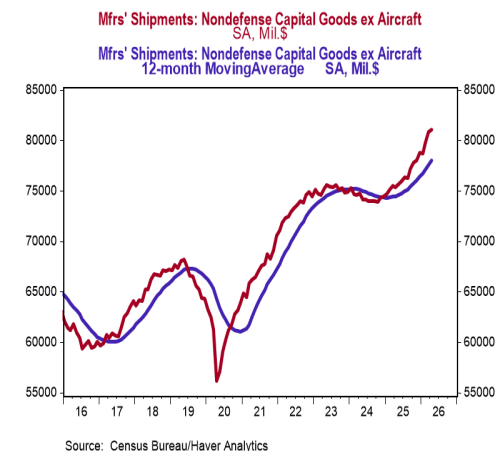
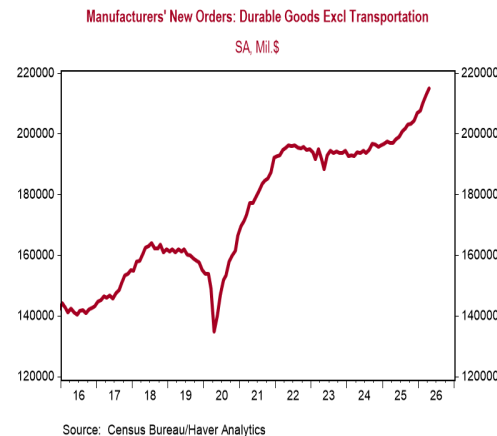


April Durable Goods

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- New orders for durable goods rose 7.9% in April (+8.5% including revisions to prior months), widely beating the consensus expected 4.0%. Orders excluding transportation increased 1.1% in April (+1.4% including revisions), beating the consensus expected +0.4%. Orders are up 17.2% from a year ago, while orders excluding transportation have risen 9.1%.
- The rise in April orders was led by commercial aircraft, fabricated metal products, and primary metals.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.4% in April. If unchanged in May and June, these orders would be up at a 6.8% annualized rate in Q2 versus the Q1 average.
- Unfilled orders rose 1.7% in April and are up 11.5% in the past year.

Implications: New orders for durable goods showed strength once again in April, rising 7.9% and continuing a trend that started in mid-2025. Not only did the headline come in well above consensus expectations, but underlying activity remained healthy. 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 1.1% in April and 9.1% in the past year, the largest annual gain since June 2022. The only major category outside transportation to decline in April was computers & electronic products, dropping 0.7%. However these orders are up 14.9% in the past year, the second largest annual increase for the category in about twenty years (only last month was higher at 16.3%). Other categories to rise in the month were fabricated metal products (+3.5%), primary metals (+1.9%), and electrical equipment (+0.6%). Note that orders for most of the major categories have picked up steam recently: primary metals, fabricated metal products, machinery, and computers & electronic products have each experienced double-digit growth in the past year. As a result, factories are having a hard time keeping up, with unfilled orders up 11.5% in the past year, the most for any 12-month period in more than four years. 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 0.4% in April. If unchanged in May and June, core shipments would rise at a 6.8% annualized rate in Q2 versus the Q1 average. Business investment has shown strength recently as core shipments have consistently risen since mid-2025, driven by a more favorable tax environment and artificial intelligence spending. In other recent news, the Philadelphia Fed Manufacturing Index, a measure of factory sentiment in that region, dropped to -0.4 in May from 26.7 in April. The Kansas City Fed Manufacturing Index, a measure of factory sentiment in that region, slipped to 8 in May from 10 in April. Finally, the Richmond Fed index, a measure of mid-Atlantic factory activity, jumped to 13 in May from 3 in April.



Durable Goods <i>All Data Seasonally Adjusted</i>	Apr-26	Mar-26	Feb-26	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	7.9%	1.3%	-1.2%	36.7%	26.5%	17.2%
<i>Ex Defense</i>	8.1%	-0.3%	-1.2%	28.5%	24.5%	14.9%
<i>Ex Transportation</i>	1.1%	1.1%	1.2%	14.9%	11.7%	9.1%
<i>Primary Metals</i>	1.9%	0.8%	2.5%	22.5%	18.0%	12.5%
<i>Industrial Machinery</i>	0.5%	1.3%	2.4%	17.9%	12.0%	11.5%
<i>Computers and Electronic Products</i>	-0.7%	4.8%	1.4%	23.9%	22.3%	14.9%
<i>Transportation Equipment</i>	21.5%	1.7%	-5.6%	84.9%	58.1%	33.4%
Capital Goods Orders	21.0%	2.9%	-6.5%	84.0%	59.3%	34.5%
Capital Goods Shipments	1.1%	1.1%	0.3%	10.4%	9.2%	9.6%
<i>Defense Shipments</i>	1.0%	4.2%	3.1%	38.5%	35.3%	32.1%
<i>Non-Defense, Ex Aircraft</i>	0.4%	1.3%	1.3%	12.5%	8.6%	7.6%
Unfilled Orders for Durable Goods	1.7%	0.2%	0.1%	8.3%	10.4%	11.5%

Source: U.S. Census Bureau