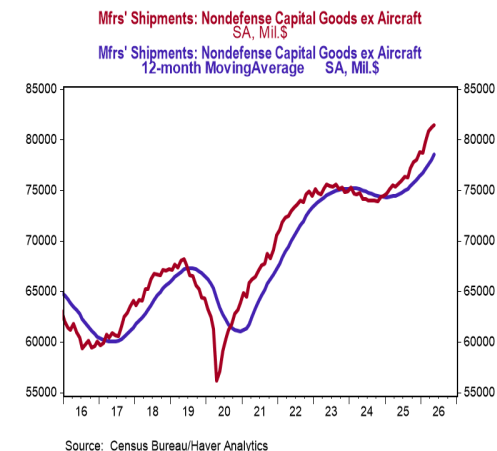
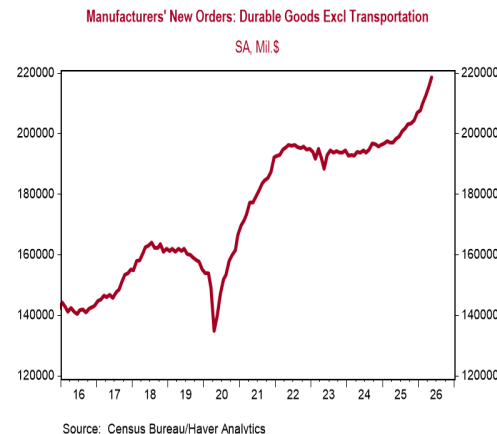


May Durable Goods

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- New orders for durable goods declined 4.5% in May (-4.1% including revisions to prior months), beating the consensus expected -5.0%. Orders excluding transportation increased 1.3% in May (+1.6% including revisions), beating the consensus expected +0.6%. Orders are down 3.5% from a year ago, while orders excluding transportation have risen 10.2%.
- The decline in May orders was led by commercial aircraft, while all major non-transportation categories increased.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.3% in May. If unchanged in June, these orders would be up at an 8.2% annualized rate in Q2 versus the Q1 average.
- Unfilled orders rose 0.6% in May and are up 8.5% in the past year.

Implications: New orders for durable goods declined 4.5% in May, but the details are much better than the headline suggests. The decline in new orders was entirely due to the volatile commercial aircraft category, which was also the reason overall orders rose 8.5% in April. Wild swings like this are why orders excluding transportation provide a much better check on the broader economy. Orders excluding transportation continue to rise, up 1.3% in May, and 10.2% in the past year, the largest annual gain in four years. All major categories outside transportation rose in May, led by primary metals (+3.0%), industrial machinery (+1.9%), and fabricated metal products (+1.5%). 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. Particularly, orders for computers & electronic products are up at a 22.5% annualized rate in the past six months, close to the largest gain for any six-month period in twenty years. As a result, factories are having a hard time keeping up, with unfilled orders up 8.5% in the past year. 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 0.3% in May. If unchanged in June, core shipments would rise at an 8.2% 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 Kansas City Fed Manufacturing Index, a measure of factory sentiment in that region, rose to 11 in June from 8 in May.



Durable Goods <i>All Data Seasonally Adjusted</i>	May-26	Apr-26	Mar-26	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	-4.5%	8.5%	1.3%	21.6%	4.8%	-3.5%
Ex Defense	-4.6%	8.4%	-0.3%	13.1%	0.3%	-5.0%
Ex Transportation	1.3%	1.4%	1.1%	16.6%	14.3%	10.2%
Primary Metals	3.0%	2.6%	0.8%	28.5%	27.6%	15.9%
Industrial Machinery	1.9%	1.3%	1.2%	19.4%	16.4%	14.0%
Computers and Electronic Products	0.3%	-0.4%	4.8%	20.2%	22.5%	13.3%
Transportation Equipment	-14.0%	22.4%	1.8%	31.8%	-10.4%	-22.1%
Capital Goods Orders	-13.6%	22.2%	2.9%	39.3%	-9.1%	-21.1%
Capital Goods Shipments	0.9%	1.3%	1.1%	14.1%	14.6%	9.8%
Defense Shipments	0.9%	1.4%	4.2%	29.4%	29.4%	32.7%
Non-Defense, Ex Aircraft	0.3%	0.5%	1.3%	8.7%	9.0%	7.8%
Unfilled Orders for Durable Goods	0.6%	1.8%	0.2%	10.9%	8.8%	8.5%

Source: U.S. Census Bureau