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June Durable Goods

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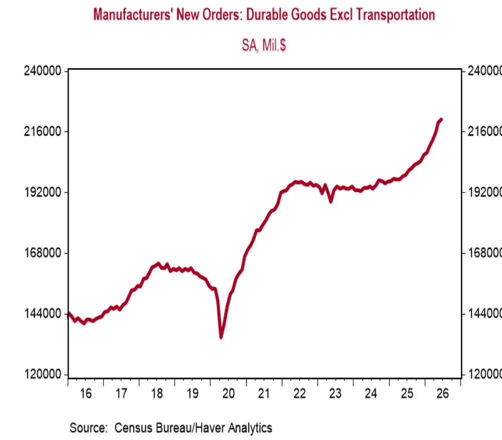
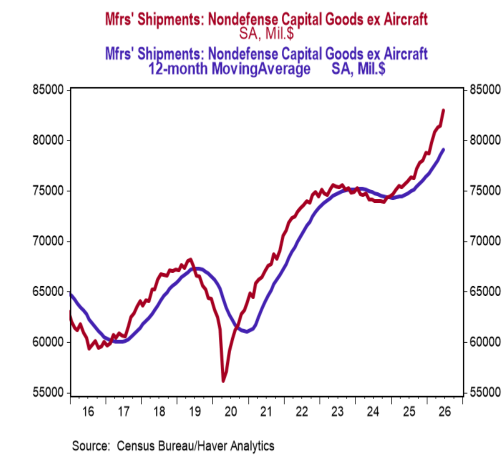
- New orders for durable goods rose 0.3% in June (+0.8% including revisions to prior months), lagging the consensus expected 1.8%. Orders excluding transportation increased 0.6% in June (+1.0% including revisions), versus a consensus expected +0.8%. Orders are up 7.4% from a year ago, while orders excluding transportation have risen 11.0%.
- The rise in June orders was led by computers & electronic products, commercial aircraft, and primary metals.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 1.9% in June and was up at an 11.1% annualized rate in Q2 versus the Q1 average.
- Unfilled orders rose 0.6% in June and are up 8.2% in the past year.





Implications: New orders for durable goods rose a modest 0.3% in June versus the consensus expected 1.8%. The shortfall comes in the midst of a resurgence in capital investment for data centers, which has been a tailwind for economic growth in the first half of the year. Beneath the modest headline, activity continues at a solid pace. 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 0.6% in June and 11.0% in the past year, the largest annual gain in more than four years. The increase in these orders was led by computers & electronic products (+3.1%), primary metals (+1.1%), and electrical equipment (+0.9%). Notably, orders for computers & electronic products are up at a 23.8% annualized pace through the first half of 2026, second only to primary metals, which are up 28.0% over that same period. Orders for fabricated metal products and industrial machinery declined last month. However, in the past year these categories are up 10.6% and 14.4%, respectively. 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 1.9% in June and were up at an 11.1% annualized rate in Q2 versus the Q1 average. Business investment has shown strength recently as core shipments have consistently risen for the past year, driven by a more favorable tax environment and the data center buildout. The massive capital spending from the hyperscalers – projected to reach almost $700 billion this year – has been a tailwind for GDP for the past two quarters, and should continue to prop up growth if these companies can sustain the spending pace.

Durable Goods *All Data Seasonally Adjusted*	Jun-26	May-26	Apr-26	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	**0.3%**	-4.0%	8.5%	19.1%	8.5%	7.4%
Ex Defense	**0.3%**	-4.3%	8.5%	17.5%	5.7%	5.7%
Ex Transportation	**0.6%**	1.8%	1.5%	16.4%	14.0%	11.0%
Primary Metals	**1.1%**	4.2%	2.7%	37.3%	28.0%	17.6%
Industrial Machinery	**-0.1%**	2.8%	1.3%	17.5%	17.8%	14.4%
Computers and Electronic Products	**3.1%**	1.2%	-0.4%	16.6%	23.8%	16.7%
Transportation Equipment	**-0.2%**	-13.5%	22.4%	24.5%	-0.9%	1.1%
Capital Goods Orders	**1.1%**	-13.0%	22.3%	33.5%	0.6%	3.8%
Capital Goods Shipments	**1.9%**	1.0%	1.3%	18.2%	14.6%	10.6%
Defense Shipments	**4.0%**	1.3%	1.4%	30.8%	33.9%	30.3%
Non-Defense, Ex Aircraft	**1.9%**	0.2%	0.6%	11.1%	11.0%	7.6%
Unfilled Orders for Durable Goods	**0.6%**	0.7%	1.8%	13.0%	8.3%	8.2%

Source: U.S. Census Bureau