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July Durable Goods

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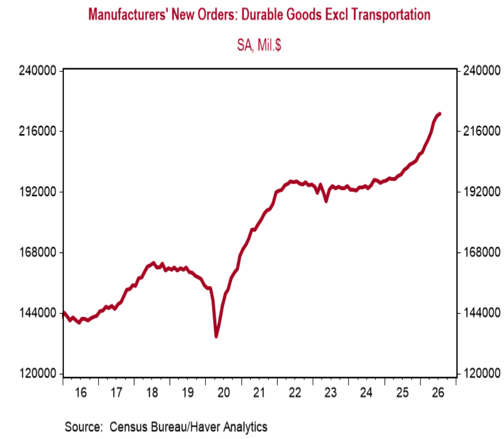
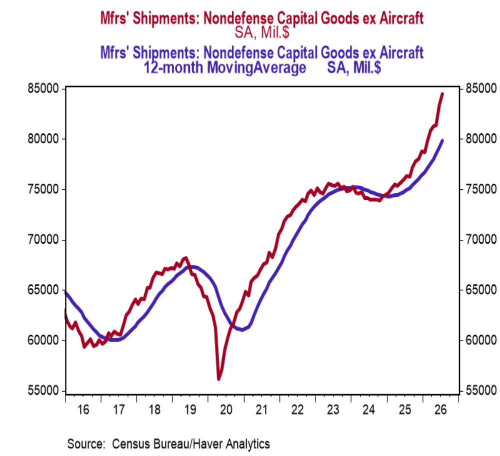
- New orders for durable goods rose 1.1% in July, beating the consensus expected 0.5%. Orders excluding transportation increased 0.4% in July (+0.8% including revisions), versus a consensus expected +0.6%. Orders are up 12.0% from a year ago, while orders excluding transportation have risen 11.0%.
- The rise in July orders was led by commercial aircraft, autos, and industrial machinery.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 1.4% in July. If unchanged in August and September, these orders would be up at a 12.6% annualized rate in Q3 versus the Q2 average.
- Unfilled orders rose 0.6% in July and are up 8.9% in the past year.





Implications: New orders for durable goods surprised to the upside in July, rising 1.1% versus the consensus expected 0.5%. The surprise comes in the midst of a resurgence in capital investment for data centers, which has been a tailwind for economic growth this year. That said, the July headline was boosted by a 2.3% rise in transportation equipment, particularly a 12.7% rise in commercial aircraft orders. 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 at a solid pace, up 0.4% in July and 11.0% in the past year, just shy of June's 11.5% year-ago comparison gain, which was the largest in more than four years. The increase in these new orders was led by primary metals (+1.5%), industrial machinery (+1.2%), and fabricated metals products (+0.4%). Orders for computers and electronic products declined in July (-1.1%) but are still up 14.8% in the past year – close to the largest annual gain in about 20 years. In fact, electrical equipment is the only major category outside transportation to fall short of double-digit growth over the past year, though it's still up a healthy 6.8% year-over-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 1.4% in July. If unchanged in August and September, core shipments would rise at a 12.6% annualized rate in Q3 versus the Q2 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*	Jul-26	Jun-26	May-26	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	**1.1%**	0.5%	-4.0%	-9.4%	12.4%	12.0%
Ex Defense	**1.3%**	0.3%	-4.3%	-10.5%	8.1%	9.7%
Ex Transportation	**0.4%**	1.1%	1.8%	14.1%	15.3%	11.0%
Primary Metals	**1.5%**	1.6%	4.3%	34.0%	30.2%	18.3%
Industrial Machinery	**1.2%**	1.2%	2.9%	23.2%	22.3%	15.7%
Computers and Electronic Products	**-1.1%**	3.1%	1.1%	13.0%	19.1%	14.8%
Transportation Equipment	**2.3%**	-0.5%	-13.5%	-39.8%	7.2%	13.8%
Capital Goods Orders	**1.3%**	1.2%	-13.0%	-36.8%	9.9%	15.7%
Capital Goods Shipments	**1.3%**	2.4%	0.9%	20.2%	15.8%	12.3%
Defense Shipments	**0.0%**	4.5%	1.4%	26.1%	33.3%	26.2%
Non-Defense, Ex Aircraft	**1.4%**	2.4%	0.1%	16.7%	15.1%	9.7%
Unfilled Orders for Durable Goods	**0.6%**	0.6%	0.7%	7.7%	8.2%	8.9%

Source: U.S. Census Bureau