# U.S. Data Review

- Durable goods orders: sideways trend in orders ex-transportation; shipments data suggests drag from equipment spending on GDP growth in Q1
- Consumer confidence: little changed from downward-revised reading

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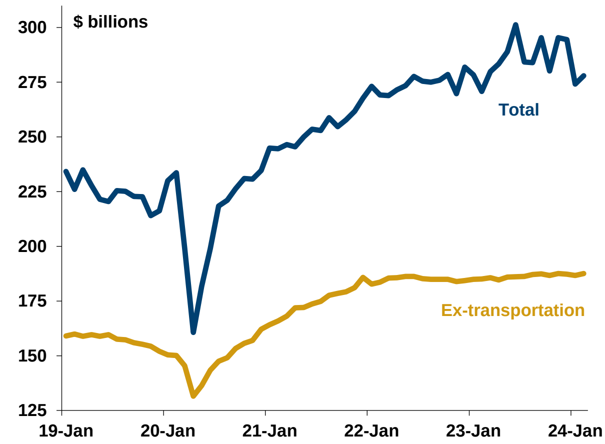
## Durable Goods Orders

- New orders for durable goods rose 1.4 percent in February from a downwardly revised reading in the prior month (activity in January fell 6.9 percent versus 6.2 percent first reported). Despite the latest pickup in bookings, orders have tilted lower since last summer amid large month-to-month shifts (chart, right).

- Much of the recent volatility in headline booking reflected wide swings in the transportation category (+3.3 percent after a drop of 18.3 percent in January), which in turn was driven by dramatic shifts in the civilian aircraft component (+24.6 percent in February following a swoon of 63.5 percent in the prior month; chart, below left). The pattern may continue for some time as air carriers adjust order plans in response to quality control issues at Boeing. Other transportation-related orders recorded increases in February, with bookings for defense aircraft and motor vehicles advancing 9.8 percent and 1.8 percent, respectively. That said, bookings for defense-related aircraft are well below recent highs, while orders for motor vehicles have moved sideways after softening last fall.

**New Orders for Durable Goods**

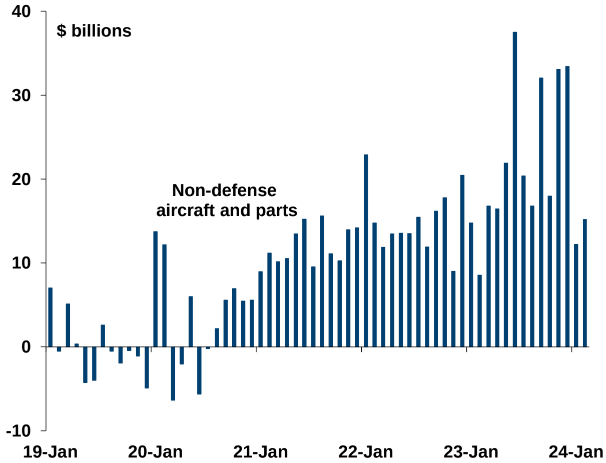



*Source: U.S. Census Bureau via Haver Analytics*

- Durable goods orders excluding transportation, which give a better sense of underlying demand, rose 0.5 percent after back-to-back declines. Even with the latest improvement, bookings ex-transportation remain little changed since last fall (chart, right).

- Core capital goods orders (non-defense capital goods excluding aircraft), which provide insight into capital spending plans by businesses, advanced 0.7 percent in February. However declines in the prior two months left activity below the recent high in November 2023. Moreover, elevated interest rates and an uncertain demand outlook have constrained activity since the fall of 2022 after a firm performance earlier in the expansion (chart, below right).

**New Orders for Durable Goods**

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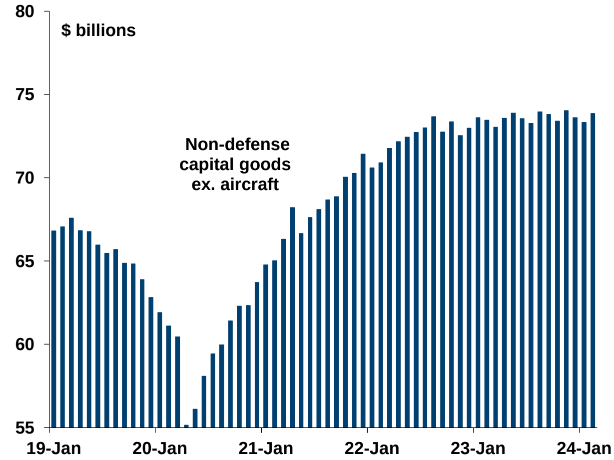
**New Orders for Durable Goods**

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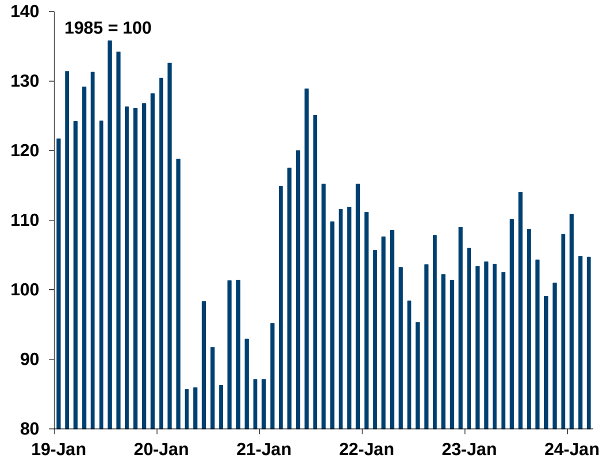
- For insights into near-term growth prospects, shipments of capital goods factor into the calculation of GDP. Shipments of nondefense capital goods rose 2.7 percent, while bookings excluding aircraft dipped 0.4 percent. Averages of $80.8 billion for total nondefense capital goods shipments and $74.6 billion for shipments excluding aircraft for Q1 thus far lag (or are little changed from) 23-Q4 averages of $82.7 billion and $74.2 billion, respectively. The results imply a soft performance for real capital expenditures in the GDP accounts in the latest quarter.

## Consumer Confidence

- Consumer confidence dipped 0.1 index point (-0.1 percent) in March to 104.7 (chart, right). Although the March change was miniscule, the February reading was revised sharply lower from the preliminary tally (104.8 versus 106.7; chart, right).

- Consumer views on current conditions remained favorable, while outlooks deteriorated (chart, below left). The present situation component increased to 151.0 from 147.6 (+3.4 index points or 2.3 percent). The latest reading remained in the upper end of the range of the past few years. The expectations component, in contrast, fell 2.5 index points (3.3 percent) to 73.8. The measure has eased for three consecutive months and signals a good bit of unease about the economic outlook.

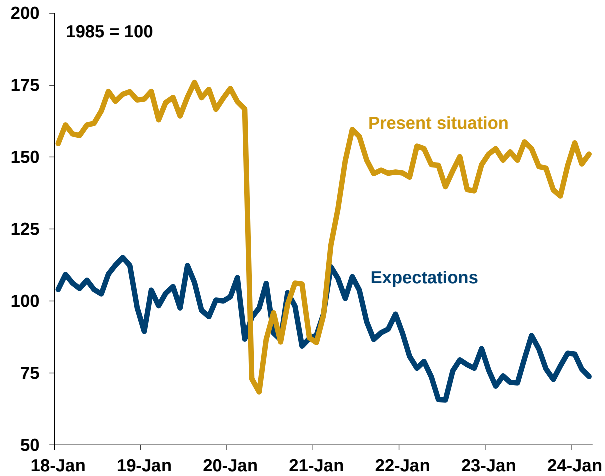
### Consumer Confidence




*Source: The Conference Board via Haver Analytics*

- Views on the labor market play an important role in consumers' confidence and correlate with consumption patterns. The labor market differential (share of survey respondents indicating that jobs were plentiful less those indicating that jobs were hard to get) has eased consistently since hitting a record 47.1 percent in March 2022, although the level is still elevated from a long-term perspective (chart, below right). In the latest month the differential rose to 32.2 percent from 30.1 in February. The share of survey respondents indicating that jobs were plentiful increased to 43.1 percent from 42.8 percent, while the share reporting that they were hard to get contracted to 10.9 percent from 12.7 percent. Although job gains have moderated in recent months and quits have declined, perceptions of underlying labor market conditions remain favorable.

### Consumer Confidence

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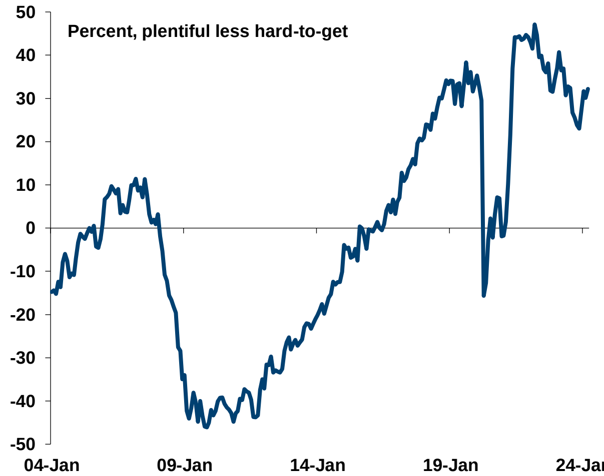
### Labor-Market Differential*




** Share of respondents who indicated that jobs were plentiful less those who said they were hard to get.*

*Source: The Conference Board via Haver Analytics*