

U.S. Data Review

- Durable goods orders: transportation-led decline; soft elsewhere as well

Michael Moran

Daiwa Capital Markets America
 212-612-6392
michael.moran@us.daiwacm.com

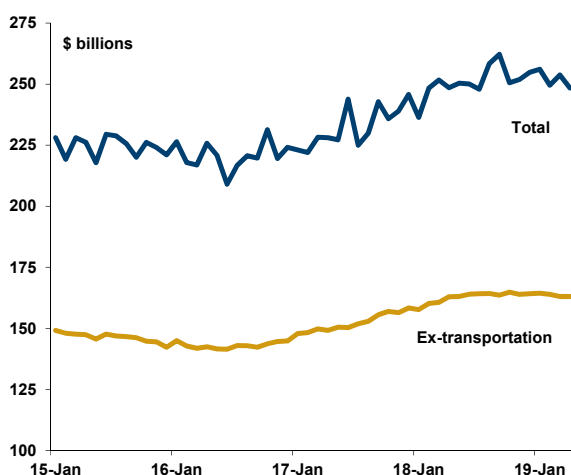
Durable Goods Orders

New orders for durable goods fell 2.1 percent in April, almost identical to the expected drop of 2.0 percent. Orders excluding the volatile transportation category also were close to expectations (flat versus the expected increase of 0.1 percent). While April was in line with expectations, the report was not surprise-free, as results in the prior two months showed noticeable downward revisions. The adjustments left the headline figure in March 1.6 percent lighter than previously believed, while the level excluding transportation was 0.8 percent below the initial estimate.

The transportation sector led the decline in April, as bookings fell 5.9 percent. The volatile aircraft industry accounted for much of this decline, but the auto industry also recorded soft order flows. Bookings for motor vehicles and parts were quite strong during most of last year, and they essentially held their elevated level in early 2019, but they gave back some ground with a drop of 3.4 percent in April. Only one industry posted a notable increase in April (computers, up 4.0 percent), but this jump merely reversed a similar-sized decline in the prior month and had little influence on a lethargic trend. Trends in most sectors were disappointing, showing either sideways movement or downward drifts.

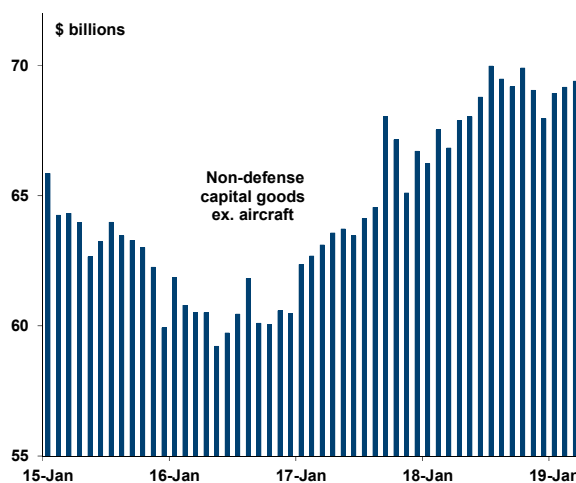
New orders for nondefense capital goods other than aircraft, a series that provides valuable insight in capital spending plans, fell 0.9 percent in April, and results in the prior two months were revised lower (March level was 0.8 percent lower than previously believed). The combined changes reinforced a downward drift in this series (chart, right). Unfilled orders for this component also fell, marking the fourth decline in the past five months (up less than 0.1 percent in the other month). Thus, disappointing results in investment-related orders.

Durable Goods Orders



Source: U.S. Census Bureau via Haver Analytics

Durable Goods Orders



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