

U.S. Data Review

- Durable Goods Orders: signs of life in manufacturing
- Revised GDP: modest, offsetting adjustments in Q4

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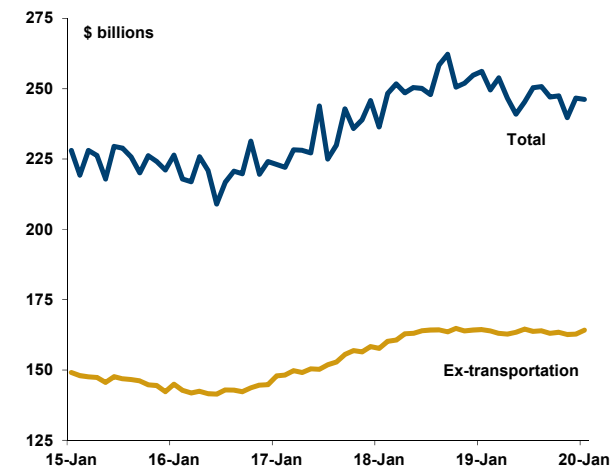
Durable Goods Orders

New orders for durable goods fell 0.2 percent in January, better than the expected decline of 1.4 percent. The volatile transportation sector accounted for the overall drop; bookings for durable goods ex-transportation rose 0.9 percent. Results in the prior month were revised upward, now showing growth of 2.9 percent rather than 2.4 percent overall and an increase of 0.1 percent ex-transportation rather than a dip of 0.1 percent. From a longer-term perspective, total orders continued to drift lower, but the pickup ex-transportation kept order flows on a sideways trend (chart, left). This sector cannot be viewed as strong, but it is not in retreat.

The drop in transportation orders reflected softness in both motor vehicles and defense-related aircraft (off 0.8 percent and 19.6 percent, respectively). Orders for commercial aircraft posted a striking change in percentage terms (346.2 percent), but the surge was more the result of a low base than a robust performance; the level of orders for commercial aircraft was still quite low by historical standards. Orders ex-transportation reflected gains in several areas. None showed an impressive upward trend, but in light of headwinds now in place (slow growth abroad, trade-policy uncertainties, risks associated with coronavirus) a steady performance is encouraging.

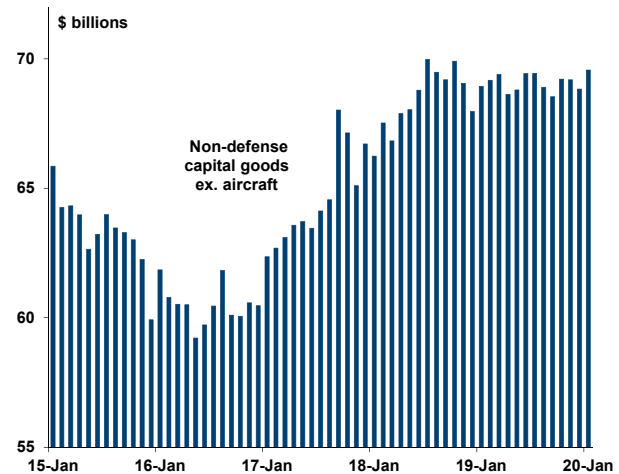
Orders for nondefense capital goods excluding aircraft jumped 1.1 percent, one of the better performances of the past year or so (chart, right). This series, which provides valuable insight into capital spending, is trending sideways, but in light of recent softness in business investment, sideways is good.

Durable Goods Orders



Source: U.S. Census Bureau via Haver Analytics

Durable Goods Orders



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Revised Q4 GDP

Revised data showed GDP growth of 2.1 percent in Q4, exactly equal to the advance estimate and the consensus in the market. Changes among the components were generally modest. Consumer spending was a touch lighter than initially estimated, as was government spending (at the state and local levels). Residential construction was a bit stronger than previously believed, while net exports showed a marginally larger positive contribution to growth and inventory investment was less of a drag.

The most notable revision occurred in business fixed investment, which showed a larger decline than initially estimated (-2.3 percent rather than -1.5 percent). Business-related construction was better than initially estimated -- that is, the decline was smaller (-8.1 percent rather than -10.1 percent) -- but outlays for equipment and intellectual property were revised lower.

The results did not carry strong implications for growth in the first quarter, where early figures are suggesting growth in the neighborhood of 2.0 percent.

GDP and Related Items*

	19-Q3	19-Q4(a)	19-Q4(p)
1. Gross Domestic Product	2.1	2.1	2.1
2. Personal Consumption Expenditures	3.2	1.8	1.7
3. Nonresidential Fixed Investment	-2.3	-1.5	-2.3
3a. Nonresidential Structures	-9.9	-10.1	-8.1
3b. Nonresidential Equipment	-3.8	-2.9	-4.4
3c. Intellectual Property Products	4.7	5.9	4.0
4. Change in Business Inventories (Contribution to GDP Growth)	0.0	-1.1	-1.0
5. Residential Construction	4.6	5.8	6.2
6. Total Government Purchases	1.7	2.7	2.6
6a. Federal Government Purchases	3.3	3.6	3.8
6b. State and Local Govt. Purchases	0.7	2.2	1.9
7. Net Exports (Contribution to GDP Growth)	-0.1	1.5	1.5
7a. Exports	1.0	1.4	2.0
7b. Imports	1.8	-8.7	-8.6
Additional Items			
8. Final Sales	2.1	3.2	3.1
9. Final Sales to Domestic Purchasers	2.2	1.6	1.5
10. Gross Domestic Income	1.2	--	--
11. Average of GDP & GDI	1.7	--	--
12. GDP Chained Price Index	1.8	1.4	1.3
13. Core PCE Price Index	2.1	1.3	1.2

* Percent change SAAR, except as noted

(a) = advanced (1st estimate of GDP); (p) = preliminary (2nd estimate of GDP)

Source: Bureau of Economic Analysis via Haver Analytics