

# U.S. Data Review

- Factory orders: soft headline figure, but also hints of resilience

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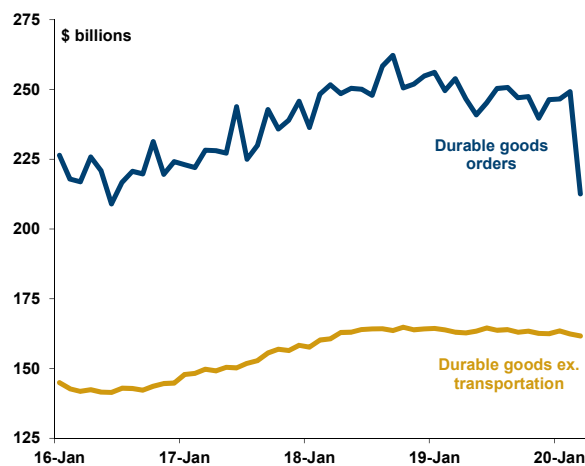
## Factory Orders

New orders for manufactured goods fell 10.3 percent in March, a bit softer than the expected decline of 9.7 percent. Part of the surprise was the result of a downward revision to the preliminary estimate of durable goods (down 14.7 percent versus the preliminary estimate of -14.4 percent published on April 24). Bookings for nondurable goods accounted for most of the surprise, dropping 5.8 percent versus the expected decline of 4.5 percent.

Although nondurable orders fell more than expected, we viewed the results as favorable considering the weak, virus-related environment. The drop was concentrated in the petroleum and coal category (-30.3 percent), where lower prices most likely accounted for much of the decline. Orders for nondurable goods excluding petroleum and coal rose 0.6 percent, offsetting most of the drop in the prior month and preserving a flat trend (chart, right). Given the sideways movement, orders for nondurable goods ex-petroleum cannot be considered firm, but in the current soft overall environment because of the coronavirus, the results are surprisingly favorable.

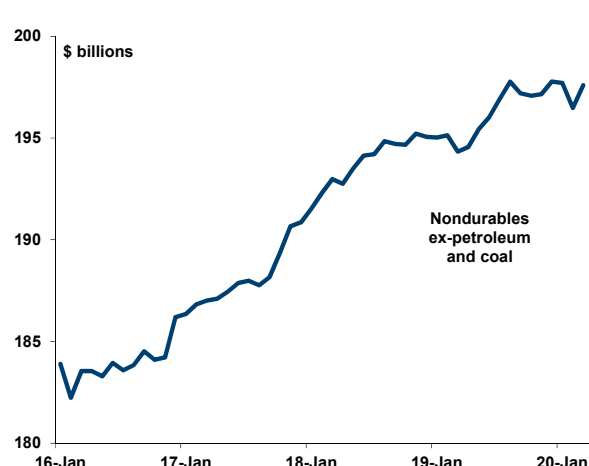
We would also give a positive spin to the durable component of factory orders. The headline drop of 14.7 percent was sizeable, but the decline was concentrated in the transportation category, where problems in the commercial aircraft sector led to a stunning decline of 296.2 percent, driven by a negative reading on new orders (i.e. net cancellations). Orders for ships and boats (big ticket items that can shift widely) also contributed importantly with a decline of 65.3 percent. Excluding transportation items, orders for durable goods fell 0.4 percent (revised from -0.2 percent; chart, left). Again, orders for durable goods cannot be viewed as strong, but given the environment, they were respectable.

Manufacturers' New Orders



Source: U.S. Census Bureau via Haver Analytics

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