

# U.S. Data Review

- Durable goods orders: brisk advance led by motor vehicles

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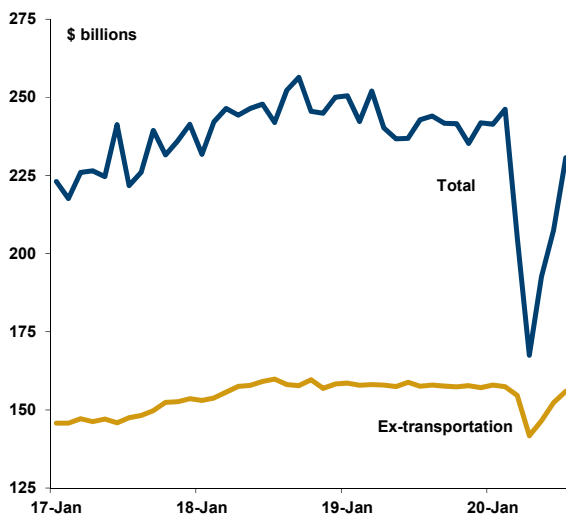
## Durable Goods Orders

New orders for durable goods surged 11.2 percent in July, easily beating the expected increase of 4.7 percent. The increase marked the third consecutive gain and the cumulative change has recouped 80 percent of the ground lost during March and April. The level of new orders in July was 6.3 percent below the pre-virus peak in February (chart, left).

The increase in July was broadly based, but the motor vehicle sector stood out with a jump of 21.9 percent. After brisk increases in May and June, the latest change in the vehicle sector pushed bookings above the pre-virus peak. The increase in orders for motor vehicles was joined by strong flows for defense aircraft and miscellaneous transportation items (often influenced by ships and boats). The strength in these areas more than offset another dismal performance in the commercial aircraft sector, which has registered negative order flows (i.e. net cancellations) in four of the past five months. The transportation sector in total advanced 35.6 percent in July despite the weakness in bookings for commercial aircraft. Outside the transportation category, orders rose 2.4 percent and have now retraced 90 percent of the ground lost from February through April (chart, left).

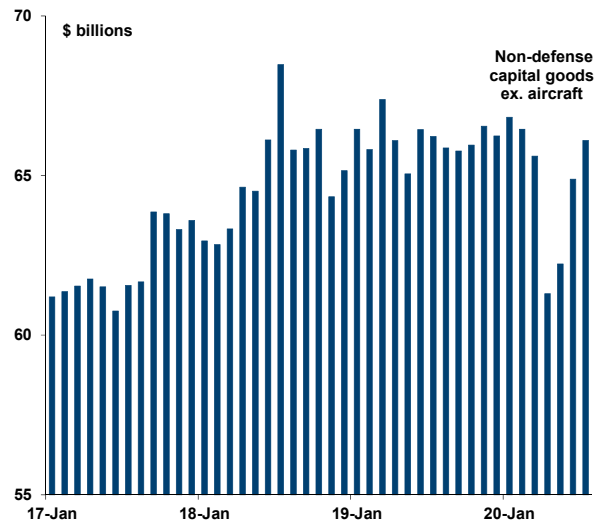
Orders for nondefense capital goods other than aircraft rose 1.9 percent, slightly better than the expected gain of 1.7 percent. This series is now within the range evident before the onset of the pandemic and only 0.8 percent below the average in January/February (chart, right). Shipments of capital goods other than aircraft rose 2.4 percent and also moved into their pre-virus range. The July reading for shipments was well above the average in the second quarter, raising the prospect of a jump in capital spending in the GDP accounts during the third quarter.

### Durable Goods Orders



Source: U.S. Census Bureau via Haver Analytics

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