

# U.S. Data Review

- Durable goods orders: modest advance overall; better in the capital goods sector

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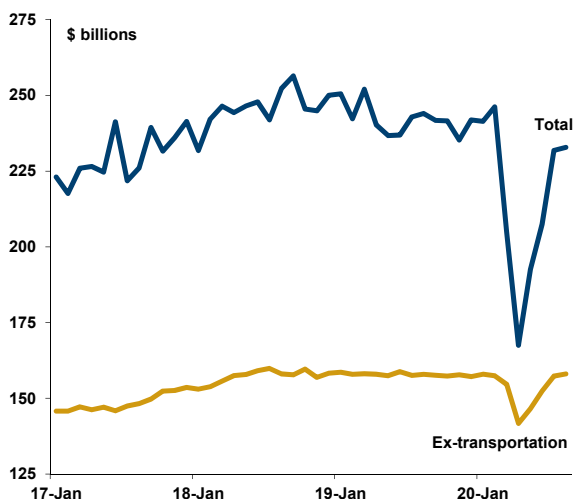
## Durable Goods Orders

New orders for durable goods rose 0.4 percent in August, lighter than the expected advance of 1.3 percent. The increase occurred from an upward revised level in July (0.3 percent firmer than previously believed), but the combination of the revision and the latest increase still left the level of bookings shy of expectations and suggested noticeable slowing in the pace of recovery (chart, left). As of July, orders had retraced 80 percent of the ground lost in the spring; that share moved to 83 percent after the revision and August increase. Orders in recent months have been restrained by the transportation category, which has been influenced by poor results for commercial aircraft. Excluding transportation, durable orders rose 0.4 percent but the increase was enough to push bookings above the pre-virus level (chart, left).

Results by industry were mixed in August, with computers, communication equipment, and miscellaneous items (no detail) showing strong results. Fabricated metals and electrical equipment lagged. We viewed results in the transportation category as mildly encouraging, as the increase of 0.5 percent involved a hint of improvement in the aircraft sector. Orders for commercial aircraft remained in negative territory (i.e. net cancellations, the fifth negative reading in the past six months), but the volume of cancellations was lighter than the previous four. Bookings for motor vehicles dipped, but the easing followed strong results in the prior month and the level of orders can still be described as firm.

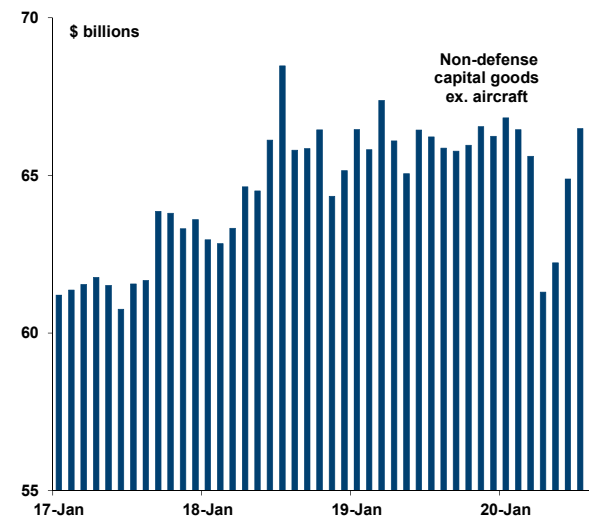
Orders for nondefense capital goods other than aircraft posted firm results with an increase of 1.8 percent. The gain, along with an upward revision of 0.6 percent in July, pushed bookings above their pre-virus peak in January (chart, right), boding well for capital spending in the months ahead. Shipments of nondefense capital goods other than aircraft, which provides insight into capital spending in the current quarter, rose 1.5 percent, and they too moved above their pre-virus peak.

### New Orders for Durable Goods



Source: U.S. Census Bureau via Haver Analytics

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Source: U.S. Census Bureau via Haver Analytics

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