

# U.S. Data Review

- Durable goods orders: off in Feb, but minimal damage to firm trend

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## Durable Goods Orders

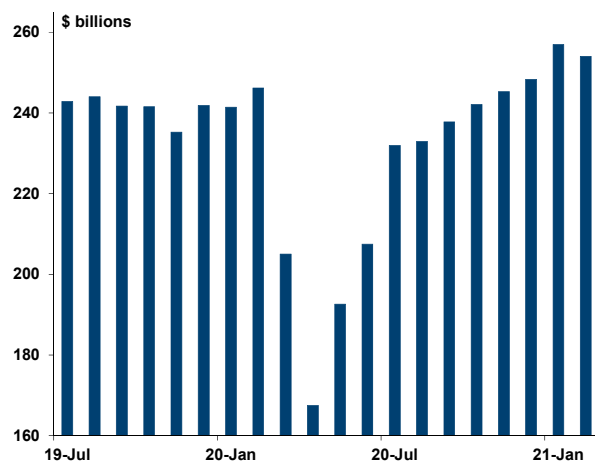
New orders for durable goods fell 1.1 percent in February, softer than the consensus estimate of +0.5 percent. However, we would not consider the drop a notable surprise. Adverse weather during February has affected several economic reports, and the challenging conditions had the potential to interrupt supply chains and dampen order flows. The pool of projections that yielded the consensus included numerous forecasts of a decline.

The report also was not deeply troubling because the drop was modest relative to the string of gains in the preceding nine months. The underlying trend remained firm, and the new level of bookings remained above the pre-pandemic high in February (3.2 percent above the year-ago level; chart, left).

The decline in the headline measure was broadly based, with most categories losing ground. However, no area registered a troubling retreat. One sector stood out on the firm side: nondefense aircraft and parts. This industry suffered badly during the spring and summer, registering negative order flows (i.e. net cancellations) in five of the six months from March through August. However, bookings have returned to positive territory since September, with February showing the best results over this span.

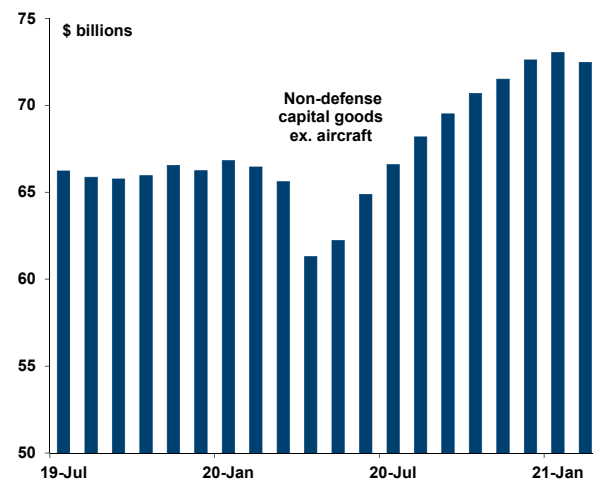
The increase in aircraft orders led to a gain in orders for nondefense capital goods, but excluding the aircraft component, bookings for nondefense capital goods fell 0.8 percent, ending a string of nine consecutive gains. This dip, after a small gain in January, suggests an easing in momentum, but the trend is still best described as upward. Despite the drop in February, orders for nondefense capital goods excluding aircraft were 7.1 percent above the pre-pandemic high in January (chart, right).

### Durable Goods Orders



Source: U.S. Census Bureau via Haver Analytics

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