

U.S. Data Review

- Durable goods orders: aircraft-related advance

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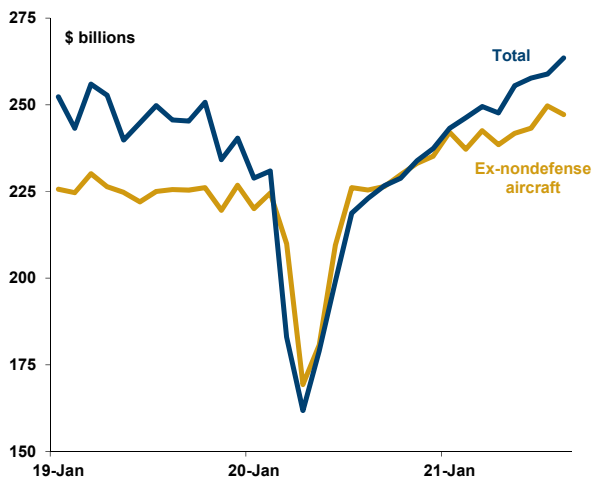
Durable Goods Orders

New orders for durable goods rose 1.8 percent in August, noticeably stronger than the expected increase of 0.6 percent. In addition, the jump occurred from an upwardly revised reading in July, with July now showing an increase of 0.5 percent rather than a dip of 0.1 percent. The August increase, while brisk, was heavily influenced by a jump of 77.1 percent in the volatile commercial aircraft category. Excluding this component, orders fell 1.0 percent (chart, left). Similarly, the revision to July would have been slightly downward if not for the upward adjustment of 12.5 percent in bookings for commercial aircraft.

The decline in orders excluding commercial aircraft reflected softness in other transportation items. Orders for defense-related aircraft fell 17.8 percent and bookings for motor vehicles dropped 3.1 percent. Elsewhere, the report was mediocre, as orders excluding all the noise from transportation rose 0.2 percent. Orders for computers and electronic products were brisk, increasing 1.4 percent and adding substantially to their upward trend. Electronic equipment also posted a good gain (up 1.3 percent), but this advance followed a drop of 1.0 percent in July leaving the new level only slightly ahead of the June reading. Orders for primary metals and machinery stood out on the soft side (off 1.5 percent and 1.2 percent, respectively), but their declines followed solid gains in the prior five months.

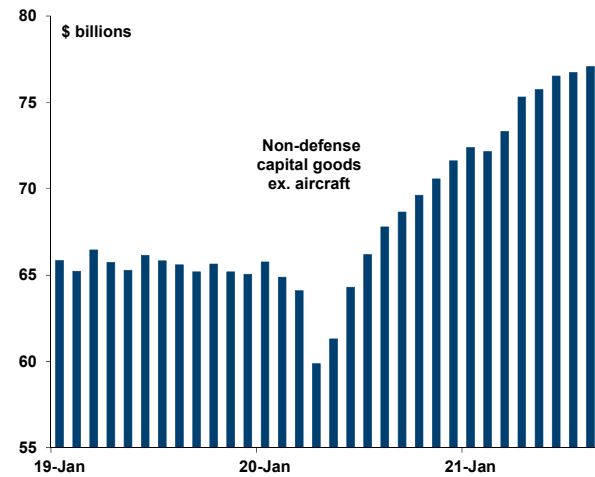
New orders for nondefense capital goods excluding aircraft rose 0.5 percent, adding to a strong upward trend (up in 15 of the past 16 months to a level well above all observations in the previous expansion; chart, right). Shipments and unfilled orders of nondefense capital goods ex-aircraft also advanced in August (up 0.7 percent and 1.0 percent, respectively) and are tracing strong upward trends.

New Orders for Durable Goods



Source: U.S. Census Bureau via Haver Analytics

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