

U.S. Data Review

- Durable goods orders: surprising increase; noise in transportation category

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Durable Goods Orders

New orders for durable goods rose 1.2 percent in February, notably firmer than the expected decline of 0.9 percent. In addition, results in the prior month were revised slightly higher, with the January level 0.2 percent firmer than previously believed. However, the upside surprises were not especially encouraging, as they occurred in the volatile transportation category and seemed to involve a heavy dose of random volatility.

An increase of 1.8 percent in new bookings for autos and parts contributed to the jump of 4.6 percent in the transportation category, but most of the advance occurred in items other than autos and aircraft. Orders for miscellaneous transportation items surged 32.0 percent in February, continuing a pattern of sharp swings that has emerged in recent months (up 71.6 percent in December and down 35.5 percent in January). Often, bookings for ships and boats drive large changes in this miscellaneous area.

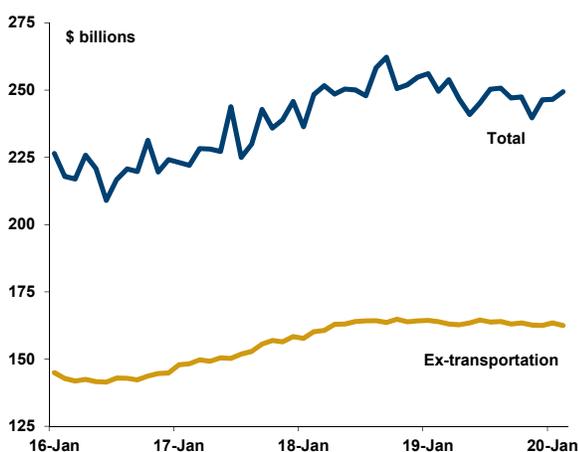
Results excluding transportation items were soft in February, dropping 0.6 percent. Most categories contributed to the decline, with several giving back much or all of the surprising increase of 0.6 percent in January (revised from 0.8 percent). The ups and downs of new orders ex-transportation have traced a downward drift in the past year (off 0.9 percent from February 2019).

The increase in total new orders was nearly matched by a gain in shipments, which left a modest advance in unfilled orders (0.1 percent). Excluding transportation, unfilled order fell 0.2 percent in February and were off 0.6 percent on a year-over-year basis.

New orders for nondefense capital goods excluding aircraft, a series that provides insight into capital spending by businesses, fell 0.8 percent in February, offsetting nearly all of the increase in the prior month and reinforcing the downward drift of the past year (off 0.6 percent from February 2019). Unfilled orders for nondefense capital goods ex-aircraft dipped 0.1 percent in February and are off 1.6 percent in the past year.

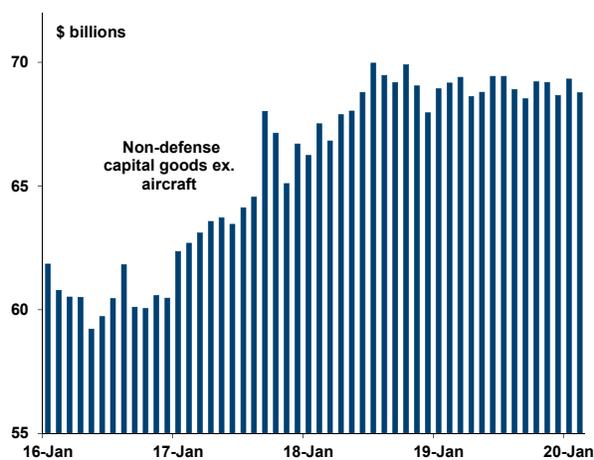
All told, a soft report. The jump in the headline figure obscures a lethargic underlying trend.

New Orders for Durable Goods



Source: U.S. Census Bureau via Haver Analytics

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