

U.S. Data Review

- Durable goods orders: aircraft suffers; most other areas improve further

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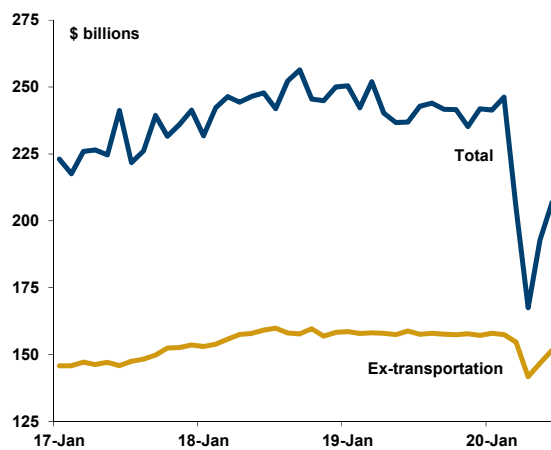
Durable Goods Orders

New orders for durable goods rose 7.3 percent in June, close to the expected advance of 7.0 percent. The change occurred from a downward revised level in May, but the adjustment was small (15.1 percent versus the original estimate of 15.7 percent). Changes in the past two months have retraced about half of the swoon in March and April. An advance of 15 percent in the months ahead would push orders back to the January/February average.

The increase in June was broadly based, with orders for motor vehicles leading the advance (up 85.7 percent after a gain of 28.8 percent in May). Order flows for vehicles slowed dramatically in March and April as the industry largely closed at the onset of the pandemic, but gains in the past two months have retraced approximately 83 percent of the ground lost. The strength in the auto sector was partly offset by another poor showing in the commercial aircraft component, which has registered net cancelations for the third time in the past four months (and only a modest inflow in the other month). Excluding the pronounced noise in the transportation category (upside for autos, downside for aircraft), orders rose 3.3 percent in June and have retraced slightly more than 60 percent of the ground lost in March and April (chart, left).

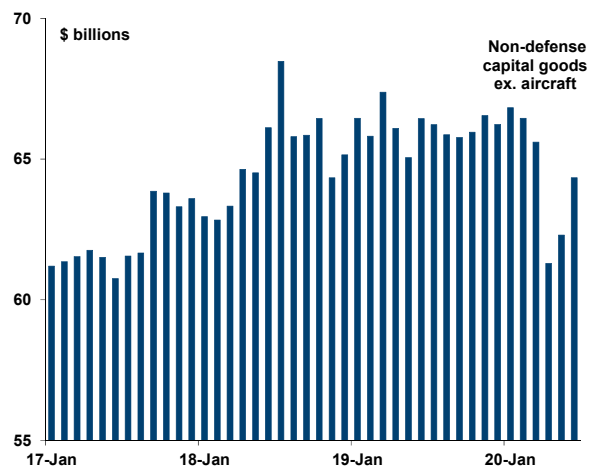
Orders for nondefense capital goods other than aircraft rose 3.3 percent after a gain of 1.6 percent in May. This series, which provides good insight into the outlook for capital spending by businesses, has retraced approximately 57 percent of the drop in March and April (chart, right).

Durable Goods Orders



Source: U.S. Census Bureau via Haver Analytics

Durable Goods Orders



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