

U.S. Data Review

- Durable goods orders: nominal bookings advance
- Equipment spending likely drag on GDP growth in Q2

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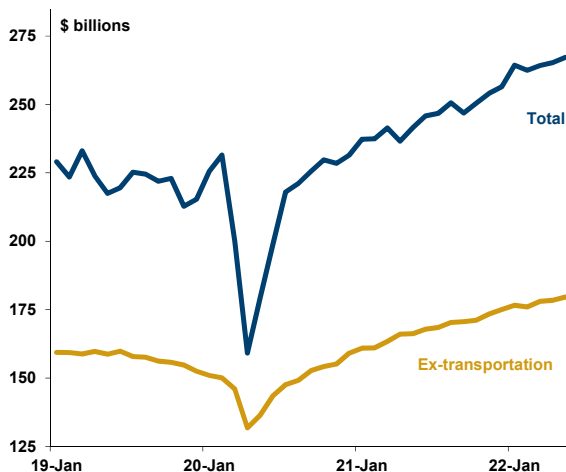
Durable Goods Orders

New orders for durable goods rose 0.7 percent in May, firmer than the consensus estimate of 0.1 percent. Orders excluding transportation matched the gain in total bookings (versus a consensus expectation of 0.3 percent). April results for total orders and bookings excluding transportation were both revised slightly lower (0.4 percent versus 0.5 percent for total orders; 0.2 percent versus 0.4 percent ex. transportation). The results in total preserved the upward drift of orders in recent months.

Total transportation orders rose 0.8 percent in May. Bookings for commercial aircraft slipped 1.1 percent, but orders for defense aircraft rose 8.1 percent and motor vehicle bookings increased for the third consecutive month (modestly in April and May, but a surge of 4.9 percent in March). Orders excluding transportation rose for the 24th time in the past 25 months, although the pace of advance has eased from that earlier in the expansion. Machinery orders (up 1.1 percent) posted their fourth brisk advance in the past five months, adding to a firm upward trend. In contrast, bookings for electrical equipment and computers both eased for the second consecutive month.

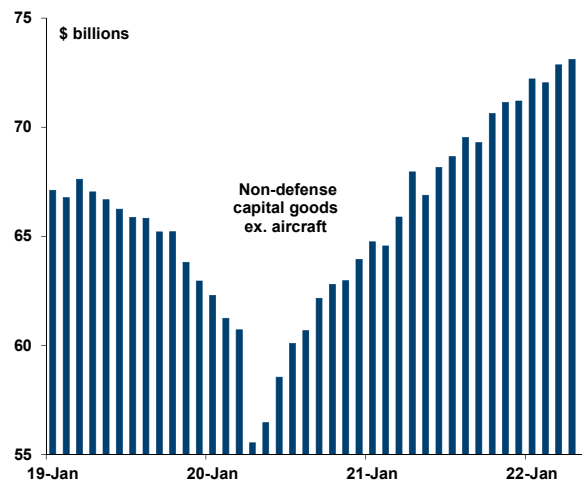
Orders for nondefense capital goods excluding aircraft, which provide insight into capital spending plans by businesses, rose for the 21st time in the past 25 months. However, the advance of 0.5 percent most likely translated to a dip in real terms (the capital equipment component of the PPI rose 0.7 percent in May). Shipments of nondefense capital goods ex. aircraft rose 0.8 percent, but the increase was likely miniscule after adjusting for inflation, and shipments thus far in Q2 suggest a negative contribution from equipment spending to GDP growth.

New Orders for Durable Goods



Source: U.S. Census Bureau via Haver Analytics

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