

U.S. Data Review

- Durable goods orders: downside volatility in aircraft orders; others areas solid in January

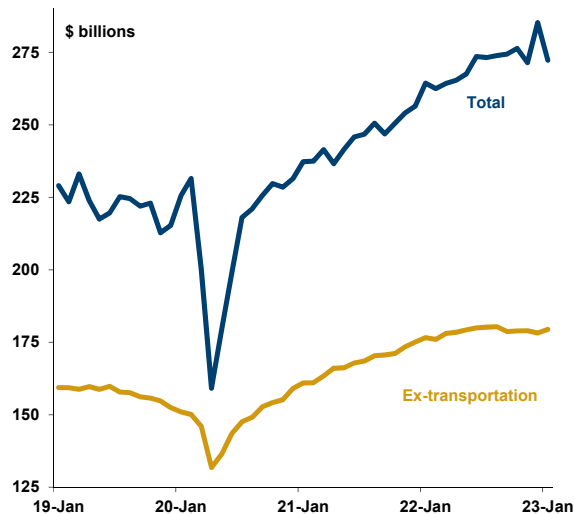
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Durable Goods Orders

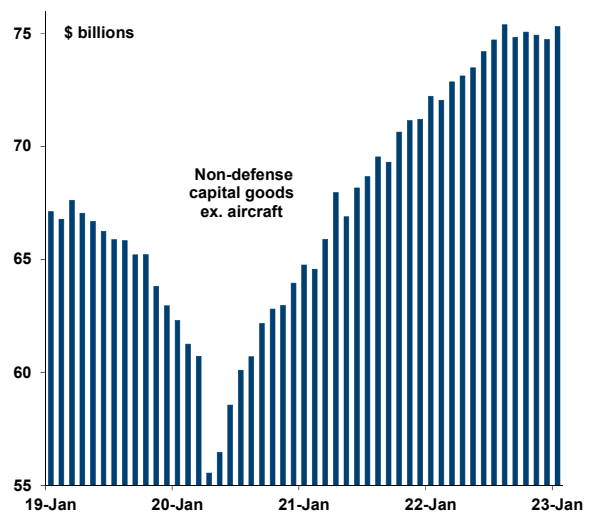
- New orders for durable goods fell 4.5 percent in January, close to the consensus expectation of a drop of 4.0 percent. While the magnitude of change was striking, it reflected primarily downside volatility in nondefense aircraft bookings after a surge of 105.6 percent in December. The correction in civilian aircraft bookings was largely anticipated by analysts, but orders excluding transportation were firmer than expected (+0.7 percent versus +0.1 percent projected).
- Excluding orders for civilian aircraft, most areas registered gains in January (chart, left). For example, defense-related aircraft booking advanced 5.5 percent after a jump of 20.1 percent in December, and orders for computers and related products jumped 7.0 percent. New orders for communication equipment (off 2.2 percent) was the only area outside of nondefense aircraft that posted a decline in January. Despite nominal increases in January, assessments should be guarded, as inflation also jumped. An increase of 1.7 percent in the PPI for manufacturing suggests that price adjustments rather than increases in real heavily influenced several areas.
- New orders for nondefense capital goods excluding aircraft, which give good insight into capital spending plans by businesses, rose 0.8 percent in January (versus an expected contraction of 0.1 percent; chart, right). The results exceeded expectations, but price increases likely played a role here as well. Data on producer prices suggest little change in capital goods orders after adjusting for inflation.

Durable Goods Orders



Source: U.S. Census Bureau via Haver Analytics

Durable Goods Orders



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