

# U.S. Data Review

- Durable goods orders: downside volatility in aircraft orders; flat bookings ex. transportation
- Shipments of nondefense capital goods ex. aircraft suggest a soft quarter for capital spending

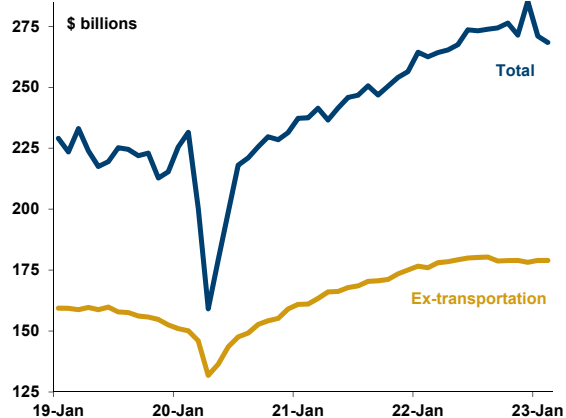
**Lawrence Werther**  
**Michael Moran**

Daiwa Capital Markets America  
 lawrence.werther@us.daiwacm.com  
 michael.moran@us.daiwacm.com

## Durable Goods Orders

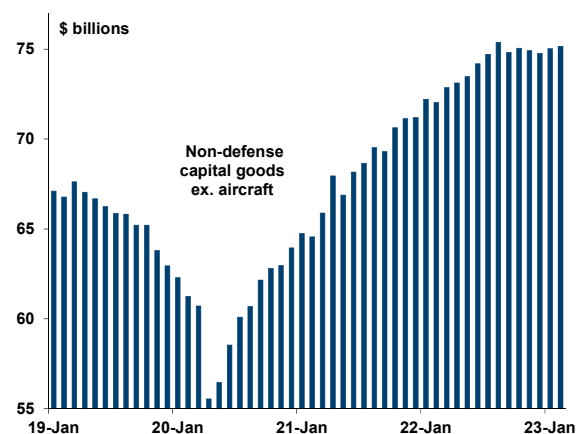
- New orders for durable goods fell 1.0 percent in February, softer than the expected increase of 0.2 percent. Although headline bookings were off sharply for the second consecutive month – the decline in February followed a drop of 5.0 percent in January – much of the weakness in early 2023 reflected downside volatility in the aircraft component. Aircraft orders fell 8.1 percent in the latest month after a drop of 45.9 percent in January (civilian and defense combined), but bookings had previously jumped above underlying trends, including a burst of 105.7 percent in nondefense aircraft orders in December. Orders excluding transportation were softer than anticipated (unchanged versus an expected pickup of 0.2 percent), and activity in the prior month was revised lower, suggesting unimpressive underlying order flows (chart, left).
- Excluding the transportation component, results were mixed in February. Orders for computers fell 2.7 percent, but the change followed a jump of 6.3 percent in the prior month and orders since last summer remained well above previous levels. Machinery orders also slipped (off 0.5 percent), continuing a downward drift since last fall. Other areas registered moderate increases. The PPI for manufacturing rose modestly in February (0.1 percent), suggesting that real bookings were slightly softer than the nominal results.
- New orders for nondefense capital goods excluding aircraft, which give good insight into capital spending plans by businesses, rose 0.2 percent in February from downwardly revised results in the prior month (growth of 0.3 percent versus 0.8 percent previously reported; chart, right). Prices likely played a role in the meager February gain, as data on producer prices suggest little change in capital goods orders after adjusting for inflation. Real bookings for nondefense capital goods have drifted lower since last summer.
- Nominal shipments for nondefense capital goods excluding aircraft for the first two months of 2023 exceeded the average in 22-Q4, but they eased after adjusting by the PPI. The results imply that real capital spending could be a drag on GDP growth for the second consecutive quarter.

### New Orders for Durable Goods



Source: U.S. Census Bureau via Haver Analytics

### New Orders for Durable Goods



Source: U.S. Census Bureau via Haver Analytics

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo ("Daiwa Securities") and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. brokerdealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.