

U.S. Data Review

- Durable goods: increase in aircraft orders boosts headline; bookings ex. transportation also solid; shipments data suggest a strong capex performance in Q3
- Consumer confidence: increase in headline fueled by improvement in both present situation and expectations; year-ahead inflation views ease; assessments of the labor market tick up

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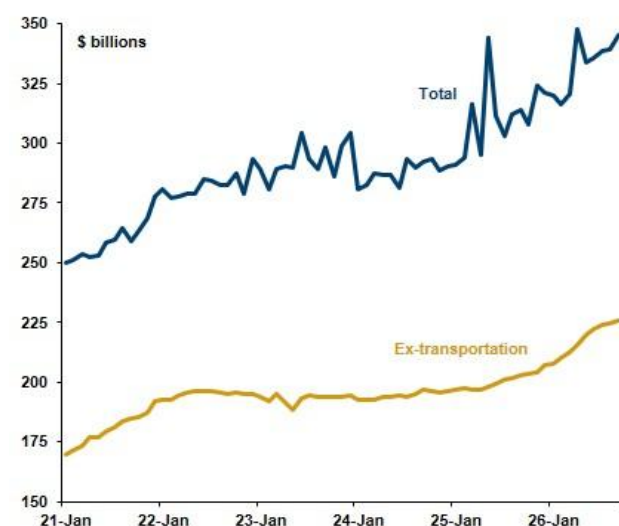
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Durable Goods Orders

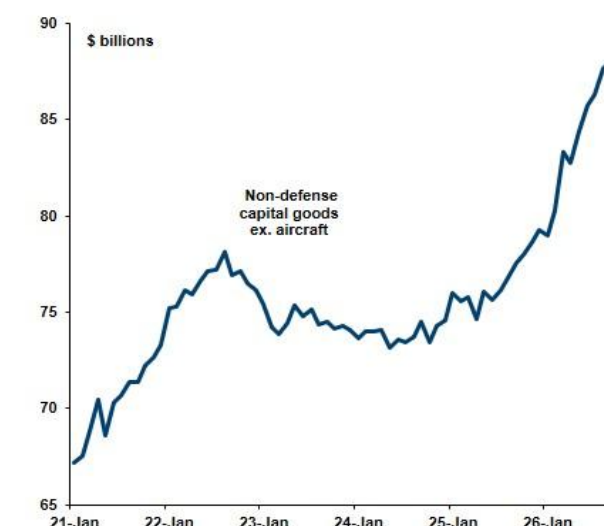
- New orders for durable goods jumped 1.8 percent in September – a touch softer than the median expectation of a 1.9-percent advance from the Bloomberg economist survey. As is often the case, much of the improvement was driven by firm order flows in the transportation category (+4.6 percent), primarily reflecting a 23.2-percent surge in aircraft bookings. Meanwhile, orders excluding transportation came in a bit softer than anticipated with a (still respectable) 0.5-percent advance (versus +0.6 percent expected), though results in the prior month were revised higher (+0.3 percent in August versus +0.2 percent previously reported). Taking a broader view, orders have accelerated since early 2025, with headline bookings up 9.9 percent year-over-year while orders ex. transportation rising 11.1 percent (chart, below left).
- New orders for non-defense capital goods excluding aircraft, which provide insight into firms' capital spending plans, rose 0.5 percent (versus +0.7 percent expected; +13.5 percent year-over-year). Factoring into the latest shift were increases of 1.2 and 0.5 percent, respectively, in machinery and primary metals. At the same time, bookings for computers and electronic products rose 0.8 percent while electronic equipment, appliances and components eased 0.3 percent. Overall, bookings in this subset have stirred since early 2025, with the artificial intelligence buildout a key driver (chart, below right).
- Shipments for non-defense capital goods excluding aircraft, which correlate with capital expenditures in the national accounts, firmed up 1.2 percent (stronger than the expectation of a 0.8-percent pickup). Thus, recent monthly results suggest that Q3 equipment spending in GDP could be on track for another brisk performance -- +22.0 percent, annual rate, by our calculations -- after increases of 13.4 and 15.5 percent in Q2 and Q1, respectively.

New Orders for Durable Goods



Source: U.S. Census Bureau via Haver Analytics

New Orders for Durable Goods



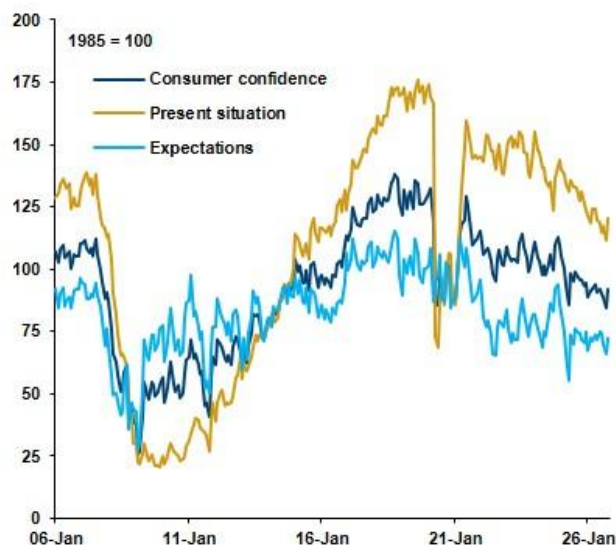
Source: U.S. Census Bureau via Haver Analytics

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Consumer Confidence

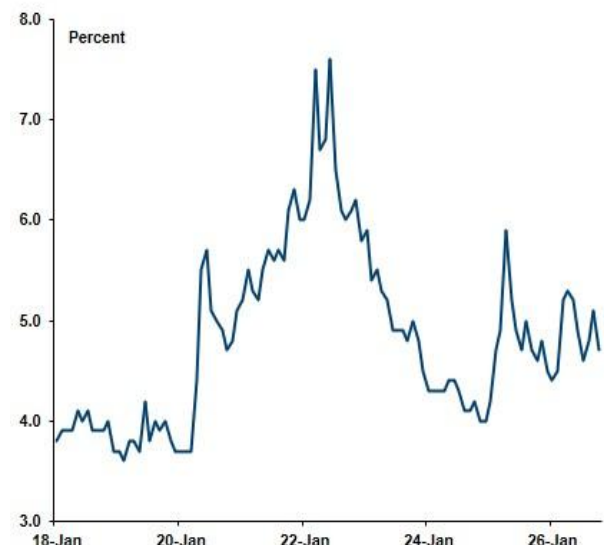
- After three consecutive months of deterioration, the Conference Board's Consumer Confidence Index surprised to the upside in October with an increase of 7.5 points (+8.9 percent) to 91.7 – surpassing all estimates submitted to the Bloomberg economist survey. That said, while the metric recovered close to its June 2026 level (92.2), the latest observation is still among the lowest seen in the post-pandemic period, highlighting households' downbeat attitudes regarding both prevailing economic conditions and the uncertain outlook. In that regard, the present situation subindex rose by 8.6 points (+7.7 percent) to a six-month high of 120.4, reflecting better appraisals of business and employment conditions but still markedly off the post-COVID high of 159.6 in June 2021. Concurrently, consumer expectations advanced by 6.9 points (+10.5 percent) to 72.6, driven by improved expectations for income, business, and labor market conditions but nevertheless an observation near the bottom of the range displayed over the past decade (chart, below left).
- Similar to other market measures of sentiment, discontent surrounding the elevated cost of living was evident in today's report. "Among write-in responses in October, consumers continued to express frustration with rising costs. References to prices, the high cost of food and groceries, and oil and diesel prices rose," noted Fergus McCormick, Senior Economist at the Conference Board, in the official release. However, the recent modest easing in fuel prices seemed to provide some reprieve for consumers in the first month of Q4 (e.g., the average price of regular-grade gasoline declined from \$4.40 on October 1 to \$4.27 on October 21, the cutoff date for the preliminary results). As such, the median expectation for inflation 12 months hence eased 0.4 percentage point to a still-elevated 4.7 percent (chart, below right).

Consumer Confidence



Source: The Conference Board via Haver Analytics

Consumer Inflation Expectations*

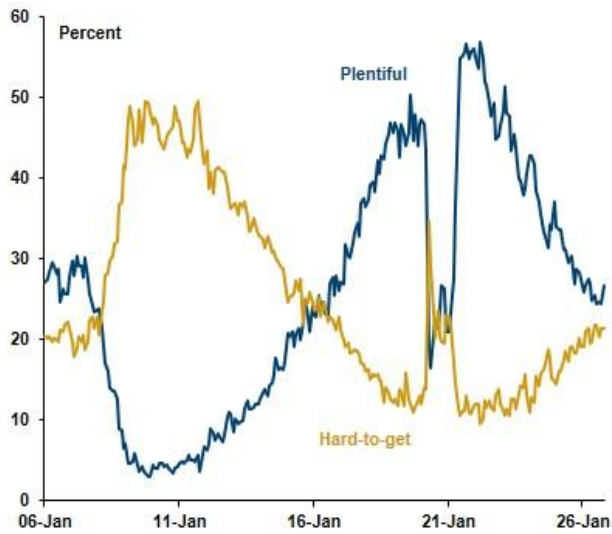


*Median estimate, 12 months hence

Source: The Conference Board via Haver Analytics

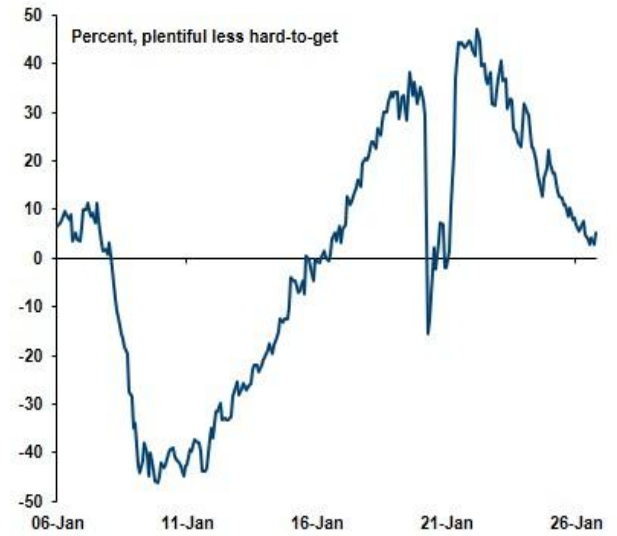
- Factoring importantly into the latest jump in confidence was improved views on job market conditions. Specifically, the share of survey respondents who reported that jobs were "plentiful" rose 2.4 percentage points to 26.7 percent while those who indicated they were "hard to get" stood pat at 21.4 percent. Correspondingly, the labor market differential ("plentiful" less "hard to get") increased 2.4 percentage points to 5.3 percent – an observation only modestly above the 65-month low of 2.7 percent recorded last July (charts, next page). In essence, assessments of employment conditions by survey participants appear consistent with the narrative of a stagnant labor market that has prevailed for much of the past year (i.e., the low hire, low fire paradigm).

Consumers' Views on Jobs



Source: The Conference Board via Haver Analytics

Labor Market Differential*



* The share of survey respondents who reported that jobs were "plentiful" less those who said they were "hard to get."

Source: The Conference Board via Haver Analytics