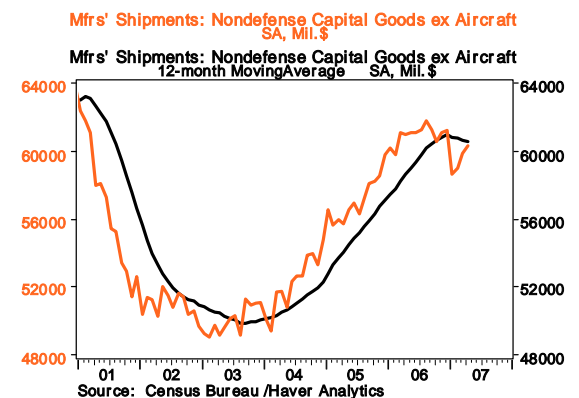
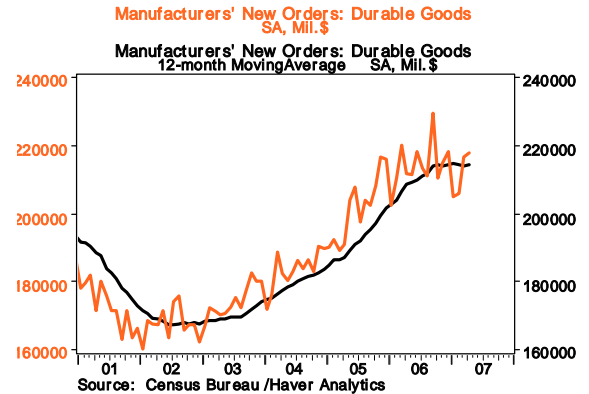


APRIL DURABLE GOODS

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- New orders for durable goods increased 0.6% in April, less than the consensus expected increase of 1.0%. However, the March gain was revised up to 5.0% from 4.3%, putting the April level of orders above expectations. New orders excluding transportation gained 1.5% versus a consensus expected gain of 0.6%.
- The strength in new orders was spread among fabricated metals, primary metals, and electrical equipment/appliances/parts. After large gains last month, orders for industrial machinery and transportation equipment (particularly aircraft) pulled back some.
- When calculating business investment for the GDP accounts, the Commerce Department uses non-defense capital goods shipments excluding aircraft. That indicator increased 0.7% in April while the figure for March was revised up to 1.5% from a previous estimate of 0.8%.
- Unfilled orders increased 1.8% in April and are up 19.8% versus a year ago, larger than any year-to-year increase from 1980 to 2005. Unfilled orders for non-defense capital goods excluding aircraft increased for the 30th straight month and are up 17.0% versus a year ago.



Implications: It looks like the lull in corporate investment is over. In the past two months new orders for non-defense capital goods ex-aircraft are up at a 39.5% annual rate, the fastest in more than two years. At the same time, shipments of these goods are up at a 13.9% annual rate, the best in more than a year. Today's figures for April and revisions for March suggest second quarter business investment will be strong, adding about one percentage point to real GDP growth. In other news today, the 4-week moving average of initial unemployment claims fell to 302,750, the lowest in more than a year, signaling continued strength in the labor market.

Durable Goods <i>All Data Seasonally Adjusted</i>	Apr-07	Mar-07	Feb-07	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	0.6%	5.0%	0.5%	27.4%	7.2%	2.8%
<i>Ex Defense</i>	0.6%	5.2%	1.3%	32.4%	7.7%	2.9%
<i>Ex Transportation</i>	1.5%	1.5%	-0.6%	9.8%	1.4%	0.2%
<i>Primary Metals</i>	4.3%	5.2%	-3.8%	24.1%	12.9%	7.9%
<i>Industrial Machinery</i>	-1.7%	5.3%	0.6%	17.7%	-15.0%	-0.1%
<i>Computers and Electronic Products</i>	-0.1%	-1.4%	4.6%	12.8%	3.4%	-3.3%
<i>Transportation Equipment</i>	-1.3%	13.6%	3.5%	81.7%	22.1%	9.2%
Capital Goods Orders	-0.7%	12.4%	3.6%	78.8%	12.7%	8.0%
Capital Goods Shipments	0.9%	1.1%	-0.2%	7.3%	-0.2%	1.0%
<i>Defense Shipments</i>	0.8%	-2.9%	1.7%	-2.1%	0.0%	1.0%
<i>Non-Defense, Ex Aircraft</i>	0.7%	1.5%	0.6%	11.6%	-1.0%	-1.1%
Unfilled Orders for Durable Goods	1.8%	1.8%	0.8%	19.2%	18.2%	19.8%

Source: Bureau of the Census