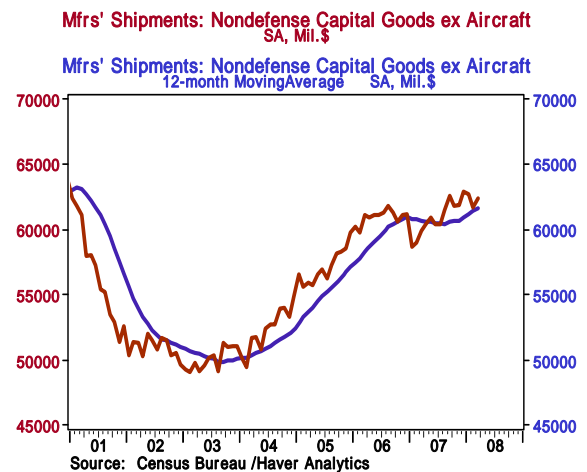
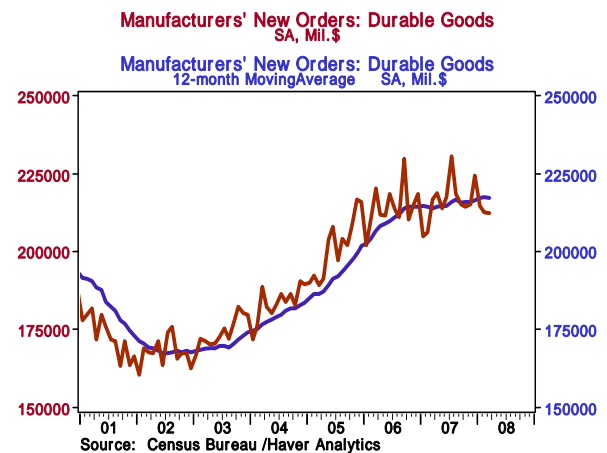


MARCH DURABLE GOODS

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- New orders for durable goods declined 0.3% in March versus a consensus expected increase of 0.1%. Excluding transportation, orders increased 1.5%, easily beating the consensus expected rise of 0.5%. Orders are down 2.1% versus a year ago but up 2.2% excluding transportation.
- A decline in orders for motor vehicles and parts, which is strike-related, accounted for all the drop in total orders. Orders for electrical equipment and appliances were also weak. Strong sectors included industrial machinery (a partial rebound from last month's drop), computers/electronics, and fabricated metals.
- When calculating business investment for the GDP accounts, the government uses non-defense capital goods shipments excluding aircraft. That measure increased 1.2% in March and is up 4.1% versus last year.
- Unfilled orders rose 0.9% in March and are up 17.6% versus last year.

Implications: Today's report on durable goods adds to the case that the US is not in recession. Although overall orders fell slightly in March, the decline was due to a strike at auto suppliers. Orders excluding transportation increased 1.5%. Despite a solid increase in core capital shipments (excluding defense and aircraft), these shipments were roughly flat in Q1 as a whole, versus the Q4 average. However, the March increase sets us up for a gain in business investment in Q2. In other news, new claims for jobless benefits declined 33,000 last week to 342,000, the lowest level in two months. If the US were in recession this figure should be consistently above 400,000. Meanwhile, continuing claims for jobless benefits declined 65,000 to 2.934 million.



Durable Goods <i>All Data Seasonally Adjusted</i>	Mar-08	Feb-08	Jan-08	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	-0.3%	-0.9%	-4.4%	-20.4%	-2.9%	-2.1%
<i>Ex Defense</i>	0.3%	-1.3%	-4.0%	-18.6%	-4.1%	-3.2%
<i>Ex Transportation</i>	1.5%	-2.1%	-0.8%	-5.5%	-2.0%	2.2%
<i>Primary Metals</i>	0.2%	1.2%	0.8%	9.5%	14.4%	6.3%
<i>Industrial Machinery</i>	6.2%	-12.6%	0.0%	-25.8%	-8.1%	1.9%
<i>Computers and Electronic Products</i>	1.9%	1.8%	-2.7%	3.8%	-8.2%	7.6%
<i>Transportation Equipment</i>	-4.6%	2.1%	-12.3%	-46.8%	-5.0%	-11.5%
Capital Goods Orders	-0.9%	-0.4%	-8.6%	-33.9%	1.6%	-2.9%
<i>Capital Goods Shipments</i>	1.7%	-3.8%	2.5%	1.2%	1.2%	5.0%
<i>Defense Shipments</i>	8.3%	-2.5%	10.6%	86.3%	37.0%	17.6%
<i>Non-Defense, Ex Aircraft</i>	1.2%	-1.6%	-0.4%	-3.1%	-0.5%	4.1%
Unfilled Orders for Durable Goods	0.9%	1.0%	0.8%	11.4%	15.7%	17.6%

Source: Bureau of the Census