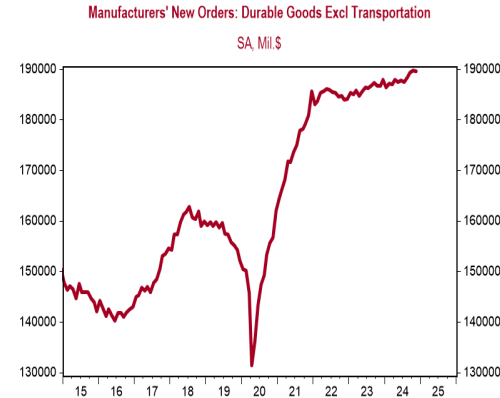


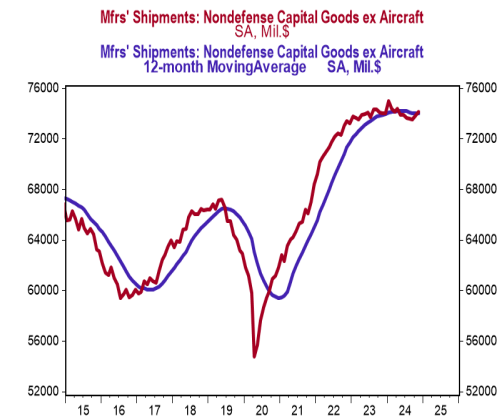
November Durable Goods

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- New orders for durable goods declined 1.1% in November (-0.6% including revisions to prior months) versus a consensus expected -0.3%. Orders excluding transportation declined 0.1% (unchanged including revisions), falling short of the consensus expected rise of 0.3%. Orders are down 5.2% from a year ago, while orders excluding transportation have risen 1.5%.
- Declines in orders for commercial aircraft and fabricated metal products were partially offset by rising orders for machinery and primary metals.
- The government calculates business investment for GDP purposes by using shipments of non-defense capital goods excluding aircraft. That measure rose 0.5% in November. If unchanged in December, these orders would be up at a 2.5% annualized rate in Q4 versus the Q3 average.
- Unfilled orders rose 0.3% in November and are up 2.0% in the past year.



Source: Census Bureau/Haver Analytics



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Implications: Ho Ho No! New orders for durable goods fell for the third time in four months in November, and are down 5.2% in the past year. Transportation drove orders lower in November, but can swing wildly from month to month as aircraft orders tend to come in chunks rather than steadily over time. That was the case once again in November, as commercial aircraft orders fell 7.0% and defense aircraft orders declined 2.6% after both showed double-digit increases in October. Excluding the transportation sector, orders for durable goods fell a more modest 0.1%. Fabricated metal products led non-transportation orders lower, falling 1.6% in November, while computers and electronic products (-0.7%) also declined. This weakness was largely offset by rising orders for machinery (+1.0%), primary metals (+0.7%) and electrical equipment (+0.4%). The most important number in the release, core shipments – a key input for business investment in the calculation of GDP – rose 0.5% in November following a healthy 0.4% increase in October. If unchanged in December, these shipments would rise at a 2.5% annualized rate in Q4 versus the Q3 average. That would be a welcome return to positive movement following declines in shipments in both the second and third quarter of the year, a clear sign that all is not well on the economic front. Meanwhile, overall orders for durable goods – both including and excluding transportation – haven’t kept pace with inflation over the past twelve months, with headline orders down in the past year. Change is on the horizon, with the Trump Administration heading back to Washington with a mandate to cut taxes, cut regulations, and trim the size of government. This will likely continue the volatility in the data over the months ahead as businesses figure out how the new policy environment changes the outlook for investment and growth. In turn, the Federal Reserve will navigate what these changes mean for the path of inflation. The lagged effects of the Fed’s tightening of monetary policy are still working their way through the system, and the country hasn’t fully weaned off the government’s morphine-like stimulus response to COVID.

Durable Goods <i>All Data Seasonally Adjusted</i>	Nov-24	Oct-24	Sep-24	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % Change
New Orders for Durable Goods	-1.1%	0.8%	-0.4%	-2.6%	1.5%	-5.2%
<i>Ex Defense</i>	-0.3%	1.0%	-0.9%	-0.7%	0.9%	-6.1%
<i>Ex Transportation</i>	-0.1%	0.2%	0.4%	2.4%	2.2%	1.5%
<i>Primary Metals</i>	0.7%	-0.4%	0.5%	3.3%	0.9%	1.8%
<i>Industrial Machinery</i>	1.0%	0.5%	-0.9%	2.1%	2.6%	1.7%
<i>Computers and Electronic Products</i>	-0.7%	-0.4%	0.6%	-1.9%	0.2%	1.4%
<i>Transportation Equipment</i>	-2.9%	1.8%	-1.9%	-11.6%	0.1%	-16.1%
Capital Goods Orders	-2.6%	2.1%	-1.4%	-7.7%	9.6%	-15.4%
Capital Goods Shipments	-0.8%	-1.2%	-3.4%	-19.5%	3.9%	1.4%
<i>Defense Shipments</i>	-0.8%	3.9%	-1.0%	8.3%	3.7%	6.9%
<i>Non-Defense, Ex Aircraft</i>	0.5%	0.4%	-0.1%	3.2%	0.7%	-0.4%
Unfilled Orders for Durable Goods	0.3%	0.5%	0.3%	4.7%	0.3%	2.0%

Source: Bureau of the Census