

BBVA Research Flash

U.S.

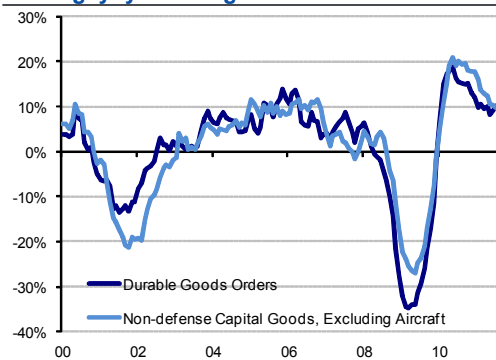
Durable goods fall slightly in August, YoY growth still robust

- **New orders for manufactured durable goods fell 0.1% MoM in August, mostly due to a 8.5% decline in motor vehicles**
- **Excluding transportation, durable goods fell 0.1%, with nondefense capital goods excluding aircraft up 1.1%**

Durable goods orders fell 0.1% MoM in August following a 4.1% jump in July. The transportation sector weighed on new orders, with motor vehicles down 8.5% marking the largest decline in 12 months. Nondefense aircraft orders also slowed, down to 23.5% in August compared to 49.9% in July, while defense aircraft orders jumped 22.5%. On the upside, nondefense capital goods excluding aircraft increased 1.1%, indicating that business confidence may be improving as investment in equipment expands. Excluding transportation, durable goods also declined 0.1% for the month.

Inventories for durable goods increased for the 20th consecutive month, up 0.9% in August. The increase brought manufactured inventories to historical highs, furthering existing concerns of slowdowns in the manufacturing sector. Recent macroeconomic indicators have pointed to continued weakness in the manufacturing sector, however YoY growth remains strong at 12.3%. Despite the monthly volatility of durable goods orders, today's data provides a better-than-expected outlook for modest growth in the manufacturing sector.

Chart 1
Durable Goods Orders
3m avg. yoy % change



Source: US Census Bureau

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