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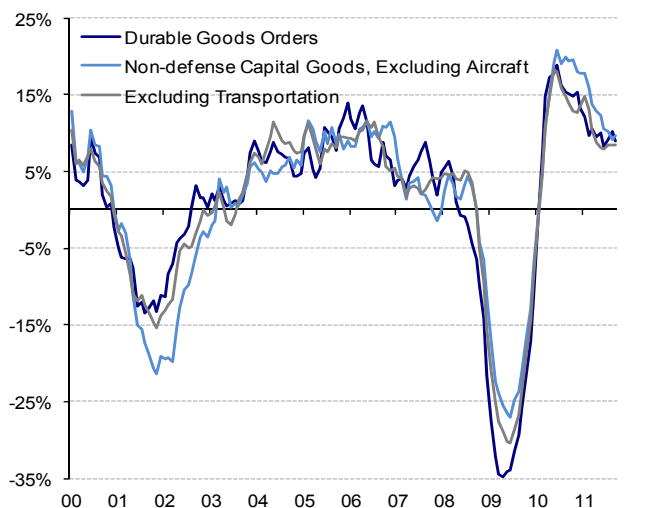
Transportation Drags Down Durable Goods for September

- **Durable goods orders declined 0.8% MoM due to a 7.5% decrease in transportation**
- **Excluding transportation, orders increased 1.7%, with small gains in most sectors**

Durable goods orders declined for the second consecutive month in September, down 0.8% MoM following a 0.1% dip in August. Transportation accounted for much of the weakness, falling 7.5%, due in large part to a 27.8% decline in aircraft orders. Despite a surge in motor vehicle sales for September, orders fell 2.7%. On the upside, durable goods orders excluding transportation increased 1.7%, marking the largest gain since March 2011. Primary metals led the increase at 2.6%, followed by smaller gains in fabricated metal products, machinery, and electronics. Defense capital goods jumped 8.6% while nondefense capital goods excluding aircraft increased 2.4% for the month. Although aircraft dragged down total capital goods orders, the underlying positive data suggest modest improvements in business investment.

Overall, durable goods orders are up 4.9% YoY and have rebounded since the end of the recession to about half of the historical peak. Manufacturing data suggested continued weakness in September, however, October appears to be a better month for the sector. While we continue to expect only modest growth for the next few quarters, improvements in demand conditions could be a good sign for durable goods orders in the coming months.

Chart 1
Durable Goods Orders
3MMA YoY % Change



Source: US Census Bureau

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