Durable Goods Orders Up 2.0% in June, Will it Last?

*For the first time in three months durable goods orders rose in June, helped along by an unexpected bump from aircraft orders. This report is a welcome reprieve but the downtrend in durables spending is firmly negative.*

### Aircraft Orders Up 75%, Where Did That Come From?
- Civilian aircraft orders rose $2.7 billion, which comprised more than half of the overall increase in durables this month. Given the ongoing challenges at Boeing, the surge in aircraft orders is a curious development and not likely repeatable.
- Still, even after backing out aircraft orders, non-defense capital goods rose 1.9% in June—the best monthly increase in over a year and a welcome improvement in an otherwise soft area.

### Not Out of the Woods Yet
- A better than expected outturn for shipments of core capital goods signals the expected decline in equipment spending in tomorrow’s GDP report may not be as bad as feared.
- This is a better than expected report, to be sure, but the trend in durable goods orders remains decidedly weak with the three-month annualized growth rate off 13.0%. Worries about a global growth slowdown and trade tensions have not abated.

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**Transportation Equipment Orders**

Series are 3-Month Moving Averages

| 3-Month Annual Rate: Jun @ -33.9% |
| Year-over-Year Percent Change: Jun @ -6.6% |

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**Nondefense Capital Goods Orders vs. Shipments Ex-Aircraft** Series are 3-Month Moving Averages in Billions

- Orders ex-aircraft: Jun @ $69.2B
- Shipments ex-aircraft: Jun @ $70.0B

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**Nondefense Capital Goods Orders, Ex-Aircraft**

Series are 3-Month Moving Averages

| 3-Month Annual Rate: Jun @ 0.3% |
| Year-over-Year Percent Change: Jun @ 1.4% |

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**Durable Goods New Orders**

Series are 3-Month Moving Averages

| 3-Month Annual Rate: Jun @ -13.0% |
| Year-over-Year Percent Change: Jun @ -2.1% |

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Source: U.S. Department of Commerce and Wells Fargo Securities