

# U.S. Flash

## Demand for Durable Goods Surge on Aircraft Orders

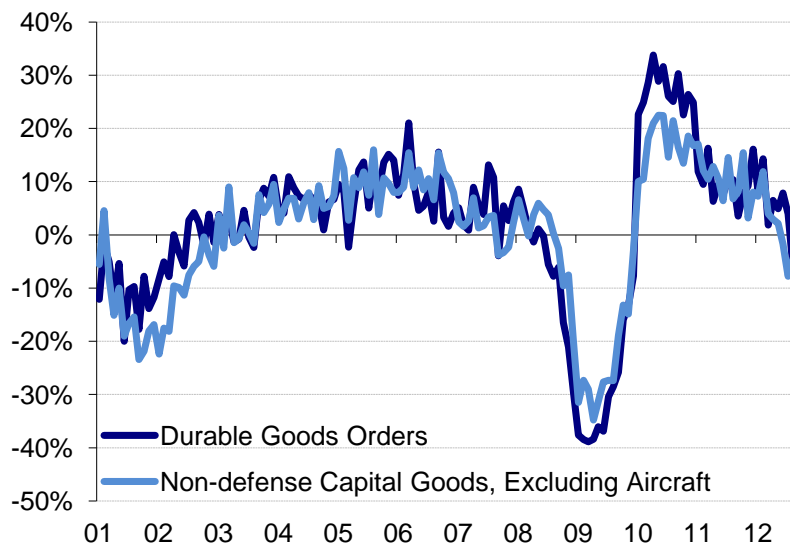
- **Durable goods orders increased 9.9% MoM in September, but a modest 2.0% excluding transportation**
- **Aircrafts amounted for the jump in new orders after a drop in August**

After a steep drop of -13.2%, durable goods rebounded 9.9% from August on much higher transportation figures. Aircraft lead the charge as non-defense aircraft orders rose a staggering 2641% on a slew of orders from companies like Boeing, yet again dragging durable goods orders in whichever direction it leans due to its volume and volatility. Subtract the injection of transportation and the figures are more subtle: 2.0% MoM rise for durable goods orders on strong fabricated metals and machinery orders. Coinciding with the raw materials and capital goods orders, manufacturing with unfilled orders rose 14% in September although its overall trend seems to be even more volatile than durable goods as it recovers from a dismal August. Non-defense capital goods orders are muted, rising only 0.3% excluding aircraft which might point to lower investment from businesses on concerns about future conditions or an overall sedentary investment outlook. It will take business investment to hold durable goods positive as aircraft and defense spending remain volatile, but with lending rates low that is a possibility.

Up 2.5% YoY, new orders are still low for the year but with stronger retail sales and ISM data for September, there still remains a positive outlook and with Q3 outperforming Q2, there might be some room for improvement if businesses come back into the market.

Chart 1

### Durable Goods Orders



Source: US Census Bureau

Source: US Census Bureau

Kim Fraser  
kim.fraser@bbvacompass.com  
+1 713 831 7342

Alejandro Vargas  
alejandro.vargas@bbvacompass.com  
+1 713 831 7348

#### DISCLAIMER

This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) BBVA Research U.S. on behalf of itself and its affiliated companies (each BBVA Group Company) for distribution in the United States and the rest of the world and is provided for information purposes only. Within the US, BBVA operates primarily through its subsidiary Compass Bank. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources, believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.