

Durable Goods Orders Declined Significantly in August

Durable goods orders fell 4.5 percent in August, more than offsetting the combined 2.2 percent gain registered in June and July. Nondefense capital goods orders ex-aircraft declined 2.0 percent, suggesting equipment and software spending is on pace to contract in the second half of the year.

Orders Fall More than Expected

- Driven by significant declines in the production of aircraft and motor vehicles, total durable goods orders decreased 4.5 percent in August. Excluding transportation, orders were still down 3.0 percent, marking the first decline in three months.
- Durable goods shipments were off 3.5 percent, marking the largest monthly decrease in shipments since December 2002.

Prospects Appear Dim in the Second Half of the Year

- Primary and fabricated metals decreased 9.3 percent and 0.6 percent respectively, as commodity prices, in general, declined from elevated highs in July.
- This was a very weak report. Domestic and global economic activity has slowed and given the uncertain credit environment should continue to decelerate for the remainder of the year.

