

DAILY GLOBAL
COMMENTARY

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Durable Goods Orders – Decline in Airline and Defense Masks Improvement

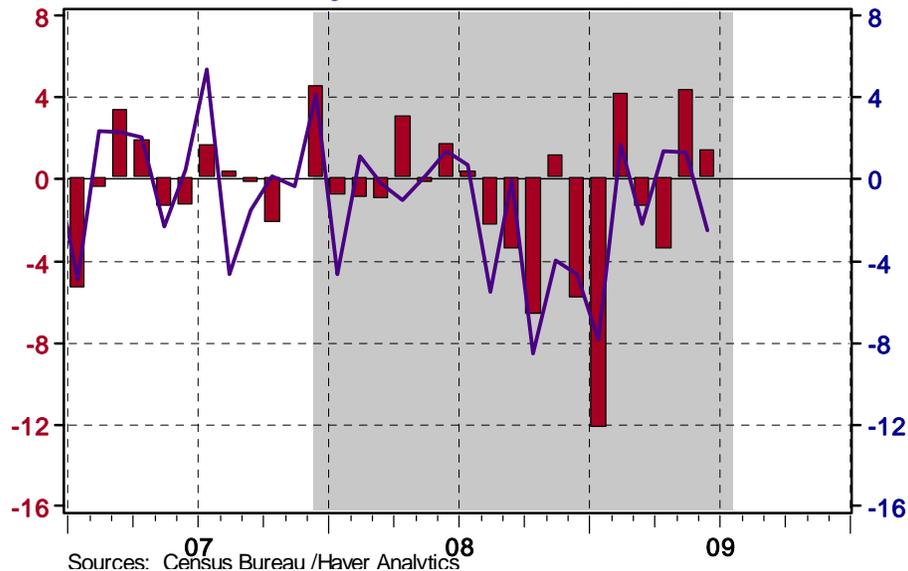
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Orders of durable goods fell 2.5% in June after a 1.3% increase in May. The 38.5% drop in orders of aircraft and a 28.3% decline in bookings of defense equipment resulted in the overall plunge in orders of durable goods. Orders of non-defense capital goods excluding aircraft increased 1.4% following a 4.3% gain in the prior month.

Chart 1

Mfrs' New Orders: Nondefense Capital Goods ex Aircraft
% Change - Period to Period SA, Mil.\$

Manufacturers' New Orders: Durable Goods
% Change - Period to Period SA, Mil.\$



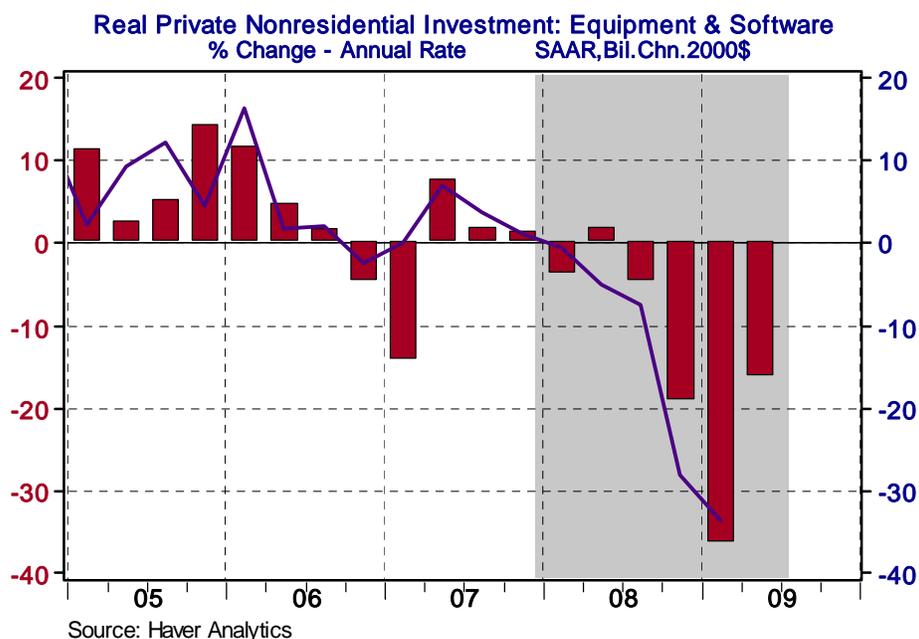
Orders of machinery (+4.4%), primary metals (+8.9%), and electrical equipment and appliances advanced (+0.9%) in June.

DURABLE GOODS ORDERS - % CHANGE M-M					
DATE	TOTAL	DEFENSE	NON-DEFENSE CAPITAL GOODS	NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT	COMPUTERS AND ELECTRONIC PRODUCTS
Jan-09	-7.8	-40.5	-9.9	-12.3	-7.3
Feb-09	1.6	33.1	4.7	4.1	7.3
Mar-09	-2.2	-11.1	-1.0	-1.4	1.5
Apr-09	1.4	28.8	-3.5	-3.5	-3.5
May-09	1.3	7.1	9.1	4.3	2.2
Jun-09	-2.5	-28.3	-3.4	1.4	-2.5

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Inflation adjusted shipments of non-defense capital goods excluding aircraft fell at an annual rate of 16.1% in the second quarter vs. a 36.3% drop in the first quarter. Shipments of non-defense capital goods are the input used to compute equipment and software spending in the GDP report. Based on the information from this report, capital spending is most likely to decline in the second quarter, albeit at a noticeably smaller pace than the first quarter.

Chart 2
Shipments of Non-defense Capital Goods Ex-Aircraft
 Inflation Adjusted, % Change - Annual Rate



DURABLE GOODS SHIPMENTS- % CHANGE M-M				
DATE	TOTAL	NON-DEFENSE CAPITAL CAPITAL GOODS	NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT	COMPUTERS AND ELECTRONIC PRODUCTS
Jan-09	-5.5	-6.6	-9.4	-4.6
Feb-09	-0.9	-3.3	-0.2	-2.2
Mar-09	-1.9	-0.9	-1.7	-1.0
Apr-09	-0.7	-2.8	-2.9	3.0
May-09	-2.6	-1.1	-0.5	-2.3
Jun-09	-0.2	-0.1	0.1	-1.6

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