

March 2019 Durable Goods, April UI Claims

New Orders Strengthen in March, but Q1 Looks Soft

- New Orders for Durable Goods increased by 2.7 percent in March.
- Initial Claims for Unemployment Insurance gained 37,000, to hit 230,000 for the week ending April 20.

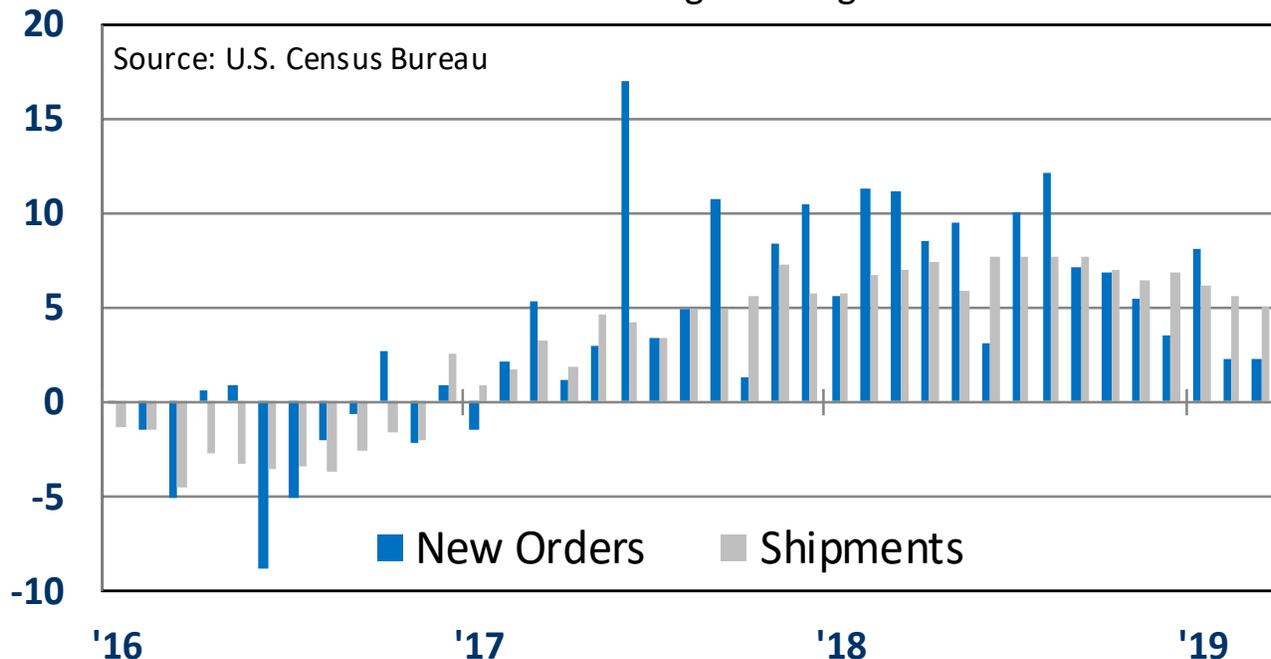
New orders for durable goods increased by 2.7 percent in March after falling by 1.1 percent in February. This leading indicator for the manufacturing sector is notoriously volatile, often swung by very lumpy defense and commercial aircraft orders. Canceled orders at Boeing will likely add to the volatility of commercial aircraft orders this spring. The core measure of new orders, nondefense capital goods excluding aircraft, also increased in March, gaining 1.3 percent. Over the 12 months ending in March, core new orders are up 5.3 percent. The associated shipments data has a more direct impact on GDP. Shipments of durable goods were fairly soft in the first quarter, gaining 0.3 percent in March and 0.3 percent in February, after declining by 0.5 percent in January. The soft shipments data for Q1 adds to our concern about a weak Q1 GDP print.

After showing a declining trend through late March and into early April, initial claims for unemployment insurance jumped by 37,000 for the week ending April 20. This brought initial claims up to a still-low 230,000 for the week. The seasonal adjustment factors for initial claims are volatile this time of year because of the variable timing of the Easter holiday, so we will discount the one-week surge. Continuing claims for the week ending April 13 inched up by just 1,000 to hit 1,655,000, a very low number for that series.

Market Reaction: U.S. equity markets opened with losses. The 10-Year T-bond yield is little changed at 2.52 percent. NYMEX crude oil is down to \$65.73/barrel. Natural gas futures are down to \$2.48/mmbtu.

Orders and Shipments Cycling Down

Percent Change Year Ago



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