

# United States

## Producers report weakening growth of durable goods orders in August

- **Durable goods up sharply on a year ago in August, but up just 0.1% on July**
- **Data add to signs of a slowing economy**

A meager 0.1% rise in orders for durable goods in August provides further evidence that the US manufacturing economy is slowing. With Fed policymakers watching the economic data carefully to gauge whether to taper its asset purchases, the weak orders numbers reduce the likelihood of stimulus being scaled back any time soon.

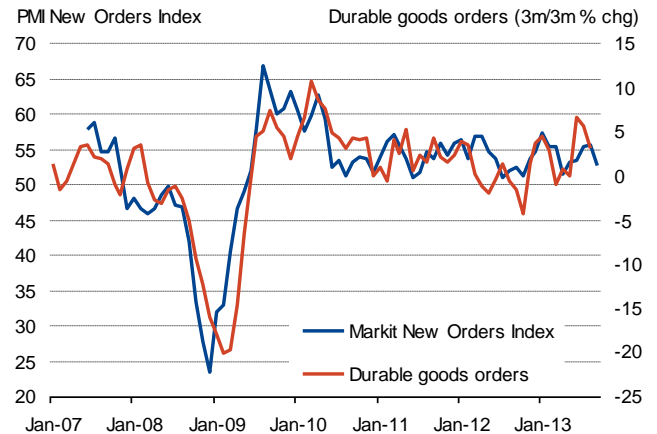
Orders for US-made durable goods rose 13.7% on a year ago in August, the largest annual increase since December 2011. However, orders were up just 0.1% compared with July; a month in which orders slumped 8.1%. The quarterly rate of growth has consequently weakened, registering an increase of just 3.0% in the three months to August, down from 5.6% in the three months to July and 6.6% in the second quarter.

Excluding volatile transportation goods, the picture is somewhat bleaker. Orders fell for a second month running in August, down 0.1% after a 0.5% fall in July. Over the latest three months, orders for durables other than transport goods were up just 1.2%. By comparison, these orders were rising at a quarterly rate of 3.2% at the start of the year.

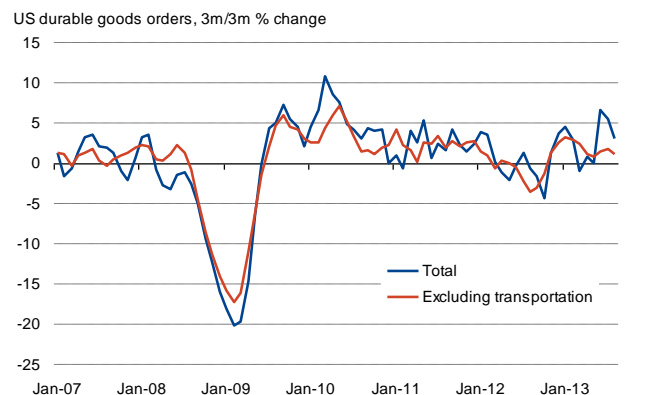
Growth is likely to have weakened again in September. [Markit's manufacturing PMI survey](#) showed growth of new orders slowing sharply to a five-month low in September. The lack of demand also hit job creation, which slumped to one of the lowest seen since the height of the financial crisis four years ago.

Both the official data and the survey evidence therefore point to a renewed slowing of growth in the manufacturing economy after a brief pick-up earlier in the summer. Fed policymakers will be further worried that the pace of recovery for the US economy has taken a step back since earlier in the year, when robust growth made a strong case for policy to start being tapered.

### Manufacturing order books



### Excluding transportation goods



Source: Markit, Ecowin.

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