



What durable goods orders measure, and why the headline number almost always misleads

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May 2026 durable goods orders fell -4.5% on a collapse in transportation equipment, but core business investment (nondefense capital goods ex-aircraft) beat forecasts at +1.6% vs +0.6% expected, the sub-series that feeds directly into GDP estimates.



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May 2026 durable goods orders landed June 25 with a headline that looked grim: orders off **-4.5%** month-over-month. Financial wires ran with the miss. Two lines lower in the same report, core business investment beat expectations by more than 2.5 times. Not a contradiction. That is how this release works almost every time.

What are durable goods orders

Published around the 25th of each month and covering the prior month, the U.S. Census Bureau's Advance Report on Durable Goods Manufacturers' Shipments, Inventories, and Orders measures new orders received by domestic manufacturers for goods expected to last at least three years: machinery, computers, electrical equipment, vehicles, and aircraft. Because it lands earlier than most other manufacturing indicators, it gets outsized attention.

The Census Bureau revises the estimate twice as more complete data come in. The first print is always provisional.

Why it matters

Durable goods orders are a leading indicator of capital expenditure plans. When businesses order new machinery or equipment, production and hiring typically follow within a few quarters. Because most of these items are large-ticket purchases, the series also reflects management confidence and access to credit.

One subcomponent carries particular weight: nondefense capital goods excluding aircraft feeds almost directly into the Bureau of Economic Analysis (BEA) private nonresidential equipment investment line in the GDP accounts. A sustained run of gains there lifts GDP tracking estimates in real time, well before the BEA's quarterly release.

How to interpret it

The headline figure includes transportation equipment, one of the most volatile line items in U.S. economic statistics. A single batch of Boeing wide-body aircraft orders can add \$15bn to \$20bn to total orders in one month and vanish the next, with no meaningful signal about underlying industrial health. That Boeing effect has distorted the headline series for decades, most visibly in 2014-2015 when total orders swung violently while the ex-transportation series told a far steadier story.

Most economists treat the release as two separate reports: total orders as a rough placeholder and nondefense capital goods excluding aircraft as the actual signal. In May 2026, transportation equipment orders fell -14.0%, dragging the headline to -4.5%. Core capex rose +1.6% against a consensus of +0.6%, resolving a soft April when the same measure had printed -1.1%.

Total revenue at a restaurant that landed one stadium catering contract looks great that month and terrible the next. The table-service business grows steadily throughout. Ex-transportation is the table-service number.

Monthly Advance Report on Durable Goods Manufacturers' Shipments Inventories and Orders

Headline print dragged sharply lower by volatile aircraft orders. Underlying demand (ex-transport) held up with a small gain. Core business investment signal was mildly constructive.

New... pic.twitter.com/tBBk70Fkky

— Puget Point Capital (@PugetPointCap) June 25, 2026

Month-to-month readings are inherently noisy. Three-month moving averages and year-over-year comparisons on the core measure give a cleaner read on trend. A rising inventory-to-sales ratio alongside weakening orders is a secondary warning sign: it suggests manufacturers are building stock into softening demand, which tends to precede production cuts by one to two quarters.

Key takeaways

- Ignore the headline when transportation is the driver. On big-swing months, it almost always is.
- Core capex (nondefense capital goods ex-aircraft) is the number that feeds into GDP estimates and guides capex-sensitive equity analysis for industrial names.
- The May 2026 release was a beat on the measure that matters, not the miss that the wires reported.
- Single-month readings are noise. Confirm with the Institute for Supply Management (ISM) Manufacturing index and the subsequent industrial production release for a triangulated view.

Main sources

- U.S. Census Bureau, Advance Report on Durable Goods Manufacturers' Shipments, Inventories, and Orders

- FRED (Federal Reserve Economic Data), Manufacturers' New Orders: Durable Goods (DGORDER)
- FRED, Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft (NEWORDER)
- U.S. Bureau of Economic Analysis, Gross Domestic Product

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