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Durable Goods: Reassuringly solid

December durable goods orders rise a more-than expected 3.0% (Consensus and Decision Economics: +2.0%), with ex-defense orders up 3.5%.

As expected, there was a large jump in commercial aircraft orders (+21.3%), but, not-so-confidently foreseen, there was also a solid jump (+2.3%) in overall ex-defense orders, ex aircraft.

That gain, in turn, incorporated a reassuring jump (+2.9%) in nondefense capital goods orders, ex-aircraft. Other ex-defense, ex-aircraft orders rose 1.9%, following on a 1.6% rise last month.

The rise in orders for nondefense capital goods, ex-aircraft, after a couple of months of sag, is a reassuring indication that business willingness to invest continues solid.

The message is amplified by a 2.9% jump in shipments of those capital goods--more than reversing three months of declines there. Companies are evidently not hesitating in their willingness to take delivery of equipment.

Mathematically, the new jump in shipments will lift Q4 GDP business investment a bit--though there will likely still be the appearance of some hesitation there. Counteracting that suggestion is where the new jump in nondefense capital goods orders is important.

Orders outside the investment area are uneven--downweighting consumer-driven categories a bit--but that is not a serious problem, as long as business confidence remains solid enough to support the grinding revival of hiring that seems to be underway.

These results do not argue in favor of the clear shift towards a new easing bias by the FOMC yesterday--but durables orders are so fickle that doves will have no serious second doubts today. Railroaded hawks will feel a bit vindicated.

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