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U.S. Census Bureau For Data - (301) 763-4673 For Questions - Dan Sansbury or Derrick Roy (301) 763-4832 M3-1(03)-12

ADVANCE REPORT ON DURABLE GOODS MANUFACTURERS' SHIPMENTS, INVENTORIES, AND ORDERS December 2003

(Figures in text, other than year-to-date, are in seasonally adjusted current dollars. Figures on new and unfilled orders exclude data for semiconductor manufacturing.)

• **NEW ORDERS** for manufactured durable goods in December decreased \$0.1 billion to \$181.4 billion, the Department of Commerce, U.S. Census Bureau reported today. This followed a 2.3 percent November decrease. Excluding transportation, new orders decreased 0.7 percent. Excluding defense, new orders increased 0.2 percent. New orders for 2003 were 2.8 percent above the prior year.

Computers and electronic products had the largest decrease, \$0.8 billion or 2.7 percent to \$28.8 billion, due to communications equipment, which decreased by \$0.9 billion. Communications equipment was at the lowest level since December 1996.

• **SHIPMENTS** of manufactured durable goods in December, up four consecutive months, increased \$1.2 billion or 0.6 percent to \$185.4 billion. This followed a 0.3 percent November increase. Shipments for 2003 were 0.8 percent above the prior year.

Machinery, up three of the last four months, had the largest increase, \$0.7 billion or 3.1 percent to \$22.0 billion.

• **UNFILLED ORDERS** for manufactured durable goods in December, up five consecutive months, increased \$2.0 billion or 0.4 percent to \$505.8 billion. This followed a 0.7 percent November increase.

Transportation equipment, up nine of the past eleven months, had the largest increase, \$2.0 billion or 0.8 percent to \$251.6 billion.

• **INVENTORIES** of manufactured durable goods in December increased \$0.5 billion or 0.2 percent to \$262.0 billion. This followed a 0.3 percent November decrease.

Transportation equipment had the largest increase, \$0.3 billion or 0.5 percent to \$67.3 billion.

- CAPITAL GOODS INDUSTRIES, DEFENSE New orders in December increased 0.1 percent to \$9.2 billion. Shipments increased \$0.2 billion or 2.9 percent to \$7.7 billion. Unfilled orders increased \$1.5 billion or 1.1 percent to \$138.2 billion. Inventories increased \$0.3 billion or 1.7 percent to \$19.5 billion.
- CAPITAL GOODS INDUSTRIES, NONDEFENSE New orders in December increased \$0.1 billion or 0.2 percent to \$58.1 billion. Shipments decreased \$0.1 billion or 0.2 percent to \$58.7 billion. Unfilled orders decreased \$0.6 billion or 0.3 percent to \$220.6 billion. Inventories decreased \$0.2 billion or 0.2 percent to \$105.2 billion.
- **REVISED November DATA** Revised seasonally adjusted November figures for all manufacturing industries are: new orders, \$336.9 billion (unrevised); shipments, \$339.7 billion (revised from \$339.9 billion); unfilled orders, \$503.8 billion (revised from \$503.6 billion); and total inventories, \$437.8 billion (revised from \$437.9 billion).

SEE BACK PAGE FOR SURVEY DESCRIPTION

Our internet site address is: http://www.census.gov/m3

Table 1. Durable Goods Manufacturers' Shipments and New Orders [Millions of Dollars]

	Seasonally Adjusted							Not Seasonally Adjusted ¹					
ltem	Monthly			Pe	rcent Chan	ge	Monthly			Year to Date		e Percent	
item	Dec 2003 ²	Nov 2003 ^r	Oct 2003	Nov - Dec ²	Oct - Nov ^r	Sep - Oct	Dec 2003 ²	Nov 2003 ^r	Dec 2002	2003	2002	Change 03/02	
DURABLE GOODS													
Total: Shipments New Orders ⁴	185,413 181,356	184,230 181,444	183,740 185,771	0.6 0.0	0.3 -2.3	0.7 3.9	186,480 186,766	179,084 176,101		2,147,870 2,098,277		0.8 2.8	
Excluding transportation: Shipments New Orders ⁴	132,210 126,136	130,985 126,996	131,348 131,147	0.9 -0.7	-0.3 -3.2	1.6 2.9	135,805 129,470	127,054 123,731		1,529,309 1,473,391		1.5 3.5	
Excluding defense: Shipments New Orders ⁴	176,290 170,916	175,424 170,562	174,673 174,478	0.5 0.2	0.4 -2.2	1.0 2.8	176,028 170,516	169,971 165,832		2,040,215 1,977,362		0.2 1.8	
Manufacturing with unfilled orders: Shipments New Orders ⁴	123,935 125,890	124,247 127,743	123,619 131,920	-0.3 -1.5	0.5 -3.2	0.5 5.5	126,695 133,332	121,378 124,994		1,453,584 1,474,835		-0.8 2.9	
Primary metals: Shipments New Orders	11,254 11,410	11,032 11,734	10,968 11,948	2.0 -2.8	0.6 -1.8	1.7 9.8	10,030 10,545	10,350 10,988	9,722 9,706			-3.6 -1.1	
Fabricated metal products: Shipments New Orders	20,698 20,960	20,422 21,131	20,532 21,191	1.4 -0.8	-0.5 -0.3	0.5 2.1	19,215 19,214	19,765 20,478	19,139 18,292		252,232 249,408	-2.8 -1.3	
Machinery: Shipments New Orders	22,007 22,690	21,352 22,316	21,492 21,705	3.1 1.7	-0.7 2.8	0.5 1.4	21,855 21,943	19,839 20,866	20,615 19,538		255,651 244,559	-1.1 3.4	
Computers and electronic products: Shipments New Orders ⁴	36,123 28,771	36,391 29,559	36,529 33,685	-0.7 -2.7	-0.4 -12.2	2.6 2.5	43,492 36,884	36,218 29,952	37,948 33,999		392,026 325,378	6.4 9.6	
Computers and related products: Shipments New Orders	8,144 8,376	8,248 8,215	8,450 8,209	-1.3 2.0	-2.4 0.1	4.6 -0.8	10,794 10,728	7,481 7,788	8,586 9,274		81,449 82,398	14.4 13.9	
Communications equipment: Shipments New Orders	6,594 4,194	6,667 5,122	6,770 9,552	-1.1 -18.1	-1.5 -46.4	3.1 18.8	8,944 6,426	6,836 5,991	7,817 7,140	76,798 82,041	79,407 74,195	-3.3 10.6	
Semiconductors: Shipments New Orders ⁴	6,012 (NA)	6,282 (NA)	6,270 (NA)	-4.3 (NA)	0.2 (NA)	11.7 (NA)	6,351 (NA)	6,599 (NA)	5,656 (NA)	70,844 (NA)	58,982 (NA)	20.1 (NA)	
Electrical equipment, appliances, and components: Shipments New Orders	8,654 8,428	8,630 8,473	8,562 8,665	0.3 -0.5	0.8 -2.2	1.2 0.8	9,093 8,705	8,547 8,391	8,777 8,661	101,453 101,211	103,673 103,013	-2.1 -1.7	
Transportation equipment: Shipments New Orders	53,203 55,220	53,245 54,448	52,392 54,624	-0.1 1.4	1.6 -0.3	-1.3 6.4	50,675 57,296	52,030 52,370	45,685 49,450		624,129 617,098	-0.9 1.3	
Motor vehicles and parts: Shipments New Orders	38,580 38,579	37,585 37,834	37,835 38,336	2.6 2.0	-0.7 -1.3	-0.6 -0.5	33,873 34,247	35,528 36,069	29,167 29,620	442,703 443,892	450,136 450,183	-1.7 -1.4	
Nondefense aircraft and parts: Shipments New Orders	5,333 6,158	5,859 4,905	5,486 5,625	-9.0 25.5	6.8 -12.8	-2.7 20.6	6,494 8,417	6,330 5,111	7,493 8,275	67,265 60,697	76,599 65,295	-12.2 -7.0	
Defense aircraft and parts: Shipments New Orders	3,449 3,952	3,016 3,721	3,380 3,931	14.4 6.2	-10.8 -5.3	-3.8 7.2	4,137 5,725	3,257 3,126	3,212 4,665		35,127 40,087	13.4 11.1	
All other durable goods: Shipments New Orders	33,474 33,877	33,158 33,783	33,265 33,953	1.0 0.3	-0.3 -0.5	1.9 3.3	32,120 32,179	32,335 33,056	29,242 28,879		367,763 367,036	3.8 4.6	
Capital goods: ³ Shipments New Orders	66,456 67,322	66,352 67,210	66,523 71,007	0.2 0.2	-0.3 -5.3	0.1 4.7	74,965 80,036	64,200 65,110	67,947 72,397	773,161 791,531	753,048 727,158	2.7 8.9	
Nondefense capital goods: Shipments New Orders	58,736 58,105	58,846 58,001	58,607 61,672	-0.2 0.2	0.4 -6.0	0.3 2.4	66,293 65,589	56,460 56,340	60,553 60,328		673,223 647,894	1.2 6.1	
Excluding aircraft: Shipments New Orders	56,255 55,508	55,987 55,717	56,200 59,002	0.5 -0.4	-0.4 -5.6	0.8 1.4	62,919 61,001	53,328 54,048	56,798 55,116			2.6 7.0	
Defense capital goods: Shipments New Orders	7,720 9,217	7,506 9,209	7,916 9,335	2.9 0.1	-5.2 -1.3	-1.0 23.2	8,672 14,447	7,740 8,770	7,394 12,069			14.7 31.7	

¹ Shipments and new orders are the totals for the period and are adjusted for trading-day and calendar-month variations; unfilled orders and total inventories are as of the end of the period and are not adjusted for trading-day or calendar-month variations.

Based on advance sample. Estimates of manufacturers' shipments, inventories, and orders are subject to survey error and revision. One major component of survey error is nonsampling error, which includes errors of coverage, response and nonreporting. Since the survey panel is not a probability sample, estimates of sampling error cannot be calculated. Further details on survey design, methodology, and data limitations are contained in our most recent annual benchmark publication, Current Industrial Reports: M3-1(02), "Manufacturers' Shipments, Inventories, and Orders: 1992-2002."

³ The Capital Goods Industries include Nondefense: small arms and ordnance; farm machinery, and equipment; construction machinery; mining, oil, and gas field machinery; industrial machinery; vending, laundry, and other machinery; photographic equipment; metalworking machinery; turbines and generators; other power transmission equipment; pumps and compressors; material handling equipment; all other machinery; electronic computer storage devices; other computer power in machinery; electronic computer storage devices; other computer power and generators; other power transmission equipment; pumps and compressors; material handling equipment; all other power transmission equipment; pumps and compressors; material handling equipment; all other power transmission equipment; pumps and compressors; material handling equipment; and control instruments; electrical equipment; other electrical equipment, appliances, and components; heavy duty trucks; aircraft; railroad rolling stock; ships and boats; office and institutional furniture; and medical equipment and supplies.

Defense Capital Goods include: small arms and ordnance, communications equipment, aircraft; missiles, space vehicles, and parts, ships and boats, and search and navigation equipment.

⁴ Data on new and unfilled orders are not available for the semiconductor industry. Estimates and percent changes for new orders and unfilled orders exclude semiconductor industry data. Inventories for semiconductor industry data are included in computers and electronic products and total durable goods industries, but are not shown separately.

Table 2. Durable Goods Manufacturers' Unfilled Orders and Total Inventories [Millions of Dollars]

			Seasonally	y Adjusted			No			
Item	_	Monthly			rcent Chan		_	Monthly	_	Percent Change
	Dec	Nov	Oct	Nov -	Oct -	Sep -	Dec	Nov	Dec	2003/
	2003 ²	2003 ^r	2003	Dec ²	Nov ^r	Oct	2003 ²	2003 ^r	2002	2002
DURABLE GOODS										
Total: Unfilled Orders ⁴ Total Inventories	505,758 262,002	503,803 261,493	500,307 262,351	0.4 0.2	0.7 -0.3	1.7 0.3	501,930 255,149	495,293 262,261	480,679 264,446	
Excluding transportation: Unfilled Orders ⁴ Total Inventories	254,122	254,184	251,891	0.0	0.9	2.5	251,189	251,173	236,263	6.3
	194,682	194,481	194,796	0.1	-0.2	0.2	190,031	194,704	198,677	-4.4
Excluding defense: Unfilled Orders ⁴ Total Inventories	347,125	346,487	345,067	0.2	0.4	1.8	344,125	343,286	336,134	2.4
	237,778	237,936	238,915	-0.1	-0.4	0.1	231,617	238,722	243,379	-4.8
Manufacturing with unfilled orders: Unfilled Orders ⁴ Total Inventories	505,758	503,803	500,307	0.4	0.7	1.7	501,930	495,293	480,679	4.4
	204,895	204,821	205,379	0.0	-0.3	0.3	199,873	205,624	209,343	-4.5
Primary metals: Unfilled Orders Total Inventories	16,500	16,344	15,642	1.0	4.5	6.7	16,048	15,533	14,459	11.0
	17,252	17,260	17,162	0.0	0.6	-1.3	17,422	17,346	19,144	-9.0
Fabricated metal products: Unfilled Orders Total Inventories	38,444 30,770	38,182 30,984	37,473 31,038	0.7 -0.7	1.9 -0.2	1.8 0.4	37,882 30,236	37,883 30,779	36,900 31,227	2.7 -3.2
Machinery: Unfilled Orders Total Inventories	43,301 41,466	42,618 41,208	41,654 41,465	1.6 0.6	2.3 -0.6	0.5 0.2	42,297 40,403	42,209 41,566	42,420 42,296	-0.3 -4.5
Computers and electronic products: Unfilled Orders ⁴ Total Inventories	129,699	131,039	131,589	-1.0	-0.4	2.7	129,231	129,488	118,817	8.8
	47,478	47,256	47,174	0.5	0.2	0.5	45,697	47,616	49,287	-7.3
Computers and related products: Unfilled Orders Total Inventories	8,883 6,092	8,651 6,019	8,684 6,068	2.7 1.2	-0.4 -0.8	-2.7 -1.6	8,805 5,630	8,871 6,278	8,124 5,975	8.4 -5.8
Communications equipment: Unfilled Orders Total Inventories	50,460	52,860	54,405	-4.5	-2.8	5.4	49,990	52,508	44,747	11.7
	10,850	11,208	11,003	-3.2	1.9	-0.4	10,455	11,342	12,457	-16.1
Semiconductors: Unfilled Orders ⁴ Total Inventories ⁴	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Electrical equipment, appliances, and components: Unfilled Orders Total Inventories	13,777 12,374	14,003 12,375	14,160 12,290	-1.6 0.0	-1.1 0.7	0.7 0.0	13,550 11,947	13,938 12,253	13,792 12,234	-1.8 -2.3
Transportation equipment: Unfilled Orders Total Inventories	251,636	249,619	248,416	0.8	0.5	0.9	250,741	244,120	244,416	2.6
	67,320	67,012	67,555	0.5	-0.8	0.5	65,118	67,557	65,769	-1.0
Motor vehicles and parts: Unfilled Orders Total Inventories	13,275	13,276	13,027	0.0	1.9	4.0	13,322	12,948	12,133	9.8
	20,092	20,053	20,024	0.2	0.1	0.1	19,607	20,138	20,256	-3.2
Nondefense Aircraft and parts: Unfilled Orders. Total Inventories.	104,702 24,011	103,877 24,180	104,831 24,822	0.8 -0.7	-0.9 -2.6	0.1 -0.9	104,926 23,032	103,003 24,652	111,494 25,368	
Defense Aircraft and parts: Unfilled Orders	62,331	61,828	61,123	0.8	1.2	0.9	60,673	59,085	55,964	8.4
	11,649	11,164	11,029	4.3	1.2	1.7	11,253	11,135	9,610	17.1
All other durable goods: Unfilled Orders Total Inventories	12,401	11,998	11,373	3.4	5.5	6.4	12,181	12,122	9,875	23.4
	45,342	45,398	45,667	-0.1	-0.6	0.2	44,326	45,144	44,489	-0.4
Capital goods: 3 Unfilled Orders Total Inventories	358,802	357,936	357,078	0.2	0.2	1.3	357,081	352,010	338,711	5.4
	124,735	124,562	124,708	0.1	-0.1	0.2	121,025	125,817	126,811	-4.6
Nondefense capital goods: Unfilled Orders Total Inventories Excluding aircraft:	220,635 105,205	221,266 105,364	222,111 105,724	-0.3 -0.2	-0.4 -0.3	1.4 -0.2	218,958 101,838	219,662 106,680	213,402 109,106	
Unfilled Orders	140,752	141,499	141,769	-0.5	-0.2	2.0	138,851	140,769	128,271	8.2
Total Inventories	88,228	88,315	88,141	-0.1	0.2	0.0	85,554	89,132	90,539	-5.5
Defense capital goods: Unfilled Orders Total Inventories	138,167	136,670	134,967	1.1	1.3	1.1	138,123	132,348	125,309	10.2
	19,530	19,198	18,984	1.7	1.1	2.3	19,187	19,137	17,705	8.4

See footnotes at end of Table 1

Survey Description

This report is compiled from results of the U.S. Census Bureau's Manufacturers' Shipments, Inventories, and Orders (M3) survey. This survey provides statistics on manufacturers' value of shipments, new orders (net of cancellations), end-of-month order backlog (unfilled orders), and end-of-month total inventory (at current cost or market value). The M3 includes approximately 4,000 reporting units. Units may be divisions of diversified large companies, large homogenous companies, or single-unit manufacturers in 89 industry categories. Due to the small monthly sample, these 89 categories have been combined into 59 publication levels. The survey methodology assumes that the month-to-month changes of the total operations of those companies in the monthly survey effectively represent the month-to-month movements of all establishments that make up the category. The current coverage levels in the survey show that reported data in the monthly survey represent approximately 60 percent of the shipments estimates at the total manufacturing level. Data published represent manufacturing in a calendar month. The data collection is based on a voluntary survey authorized by Title 13 of the United States Code.

The data presented in this release are based on data obtained from a panel of 4,000 reporting units and provide an indication of the activity within the manufacturing sector. The results differ from what would be obtained from a complete enumeration of all manufacturing companies. In addition, a different panel of 4,000 companies would yield different results. The M3 panel is comprised of companies with \$500 million or more in shipments and a limited number of smaller companies. From a statistical perspective, the panel is not a probability sample; therefore, the sampling errors that are normally provided with sample surveys cannot be measured. Nonsampling errors are attributable to many sources. The use of company or divisional reports to estimate the monthly change for establishments is one source of nonsampling error. The use of primarily large companies to represent the month-to-month movement of all companies is another potential source.

Additional survey documentation can be found on our web site: http://www.census.gov/m3/.

2004 Release Dates for M3 Survey

Survey Month	Advance 8:30 A.M.	Preliminary 10:00 A.M.
Dec 2003	1/28/04	2/4/04
Jan 2004	2/26/04	3/4/04
Feb 2004	3/24/04	3/31/04
Mar 2004	4/23/04	5/4/04
Apr 2004	5/26/04	6/3/04
May 2004	6/24/04	7/2/04
Jun 2004	7/28/04	8/4/04
Jul 2004	8/25/04	9/2/04
Aug 2004	9/24/04	10/4/04
Sep 2004	10/27/04	11/3/04
Oct 2004	11/24/04	12/2/04
Nov 2004	12/23/04	