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Chris Savage or Patrick Kent Manufacturing and Construction Division (301) 763-4832

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## Advance Report on Durable Goods Manufacturers' Shipments, Inventories and Orders August 2006

#### **New Orders**

New orders for manufactured durable goods in August decreased \$1.0 billion or 0.5 percent to \$209.7 billion, the U.S. Census Bureau announced today. This was the second consecutive monthly decrease and followed a 2.7 percent July decrease. Excluding transportation, new orders decreased 2.0 percent. Excluding defense, new orders decreased 0.8 percent.

Computers and electronic products, down following two consecutive monthly increases, had the largest decrease, \$1.5 billion or 4.7 percent to \$29.5 billion.

### **Shipments**

Shipments of manufactured durable goods in August, up three of the last four months, increased \$4.0 billion or 1.9 percent to \$214.2 billion. This was at the highest level since the series was first stated on a NAICS basis in 1992 and followed a 1.3 percent July decrease.

Transportation equipment, up following two consecutive monthly decreases, had the largest increase, \$3.1 billion or 5.9 percent to \$56.9 billion.

#### **Unfilled Orders**

Unfilled orders for manufactured durable goods in August, up fifteen of the last sixteen months, increased \$2.4 billion or 0.4 percent to \$631.9 billion. This was at the highest level since the series began and followed a 1.2 percent July increase.

Transportation equipment, up fifteen of the last sixteen months, had the largest increase, \$1.9 billion or 0.6 percent to \$331.2 billion. This was at the highest level since the series began.

#### **Inventories**

Inventories of manufactured durable goods in August, up seven of the last eight months, increased \$0.7 billion or 0.2 percent to \$287.1 billion. This followed a 1.1 percent July increase.

Primary metals, up nine consecutive months, had the largest increase, \$0.4 billion or 1.4 percent to \$28.4 billion. This was at the highest level since the series began.

## **Capital Goods**

Nondefense new orders for capital goods in August decreased \$2.5 billion or 3.5 percent to \$68.7 billion. Shipments increased \$0.6 billion or 0.9 percent to \$67.5 billion. Unfilled orders increased \$1.2 billion or 0.4 percent to \$325.3 billion. Inventories decreased \$0.6 billion or 0.5 percent to \$110.3 billion.

Defense new orders for capital goods in August increased \$0.5 billion or 6.1 percent to \$9.5 billion. Shipments increased \$0.4 billion or 5.4 percent to \$8.2 billion. Unfilled orders increased \$1.3 billion or 1.0 percent to \$130.2 billion. Inventories decreased slightly or 0.3 percent to \$14.4 billion.

## **Revised July Data**

Revised seasonally adjusted July figures for all manufacturing industries were: new orders, \$403.9 billion (revised from \$405.1 billion); shipments, \$403.4 billion (revised from \$403.9 billion); unfilled orders, \$629.4 billion (revised from \$630.2 billion); and total inventories, \$473.8 billion (revised from \$473.0 billion).

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. For data, call (301) 763-4673 or go to <a href="http://www.census.gov/m3">http://www.census.gov/m3</a>.

Revised and more detailed estimates, plus nondurable goods data, will be published on October 4, 2006, at 10:00 a.m. EDT. The advance report on durable goods for September is scheduled for release on October 26, 2006, at 8:30 a.m. EDT. See back page for survey description.

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

ltem	Seasonally Adjusted							Not Seasonally Adjusted <sup>1</sup>					
	Monthly		Percent Change			Monthly			Year to Date		Percent		
	Aug 2006 <sup>2</sup>	Jul 2006 <sup>r</sup>	Jun 2006	Jul - Aug <sup>2</sup>	Jun - Jul <sup>r</sup>	May - Jun	Aug 2006 <sup>2</sup>	Jul 2006 <sup>r</sup>	Aug 2005	2006	2005	Change 06/05	
DURABLE GOODS													
Total: Shipments	214,247	210,255	212,998	1.9	-1.3	0.2	218,586	182,767		1,670,071	1,552,066	7.6	
New Orders <sup>4</sup> Excluding transportation:	209,746	210,773	216,667	-0.5	-2.7	3.3	209,974	182,738	202,704	1,671,756	1,541,309	8.5	
Shipments New Orders <sup>4</sup>	157,348 150,985	156,503 154,134	155,955 154,112	0.5 -2.0	0.4 0.0	0.6 1.8		144,299 142,313	146,379 142,674		1,120,821 1,090,704	9.2 9.8	
Excluding defense: Shipments New Orders <sup>4</sup>	204,415 198,666	200,938 200,278	203,555 204,695	1.7 -0.8	-1.3 -2.2	0.2 1.5	208,836 200,707	174,223 175,035	195,850 197,083	1,596,512 1,598,230	1,483,107 1,482,585	7.6 7.8	
Manufacturing with unfilled orders: Shipments New Orders <sup>4</sup>	150,270 152,703	147,647 155,040	147,049 157,353	1.8 -1.5	0.4 -1.5	0.5 4.6	152,632 150,856	130,350 136,410	137,623 142,391		1,052,100 1,090,342	9.6 10.8	
Primary metals: Shipments New Orders	20,109 19,627	19,978 20,052	19,532 19,725	0.7 -2.1	2.3 1.7	2.3 0.1	20,710 20,375	18,184 18,169	16,433 17,476	150,922 152,556	129,809 129,188	16.3 18.1	
Fabricated metal products: Shipments New Orders	25,040 25,488	24,692 24,844	24,888 26,639	1.4 2.6	-0.8 -6.7	0.6 5.3	26,520 26,336	23,101 23,399	24,416 24,814	197,315 203,772	182,058 187,709	8.4 8.6	
Machinery: Shipments New Orders	27,769 28,285	27,661 28,878	27,429 28,737	0.4 -2.1	0.8 0.5	1.8 0.4	27,111 26,926	25,904 26,706	24,371 24,743	216,366 224,920	193,869 199,370	11.6 12.8	
Computers and electronic products:  Shipments  New Orders <sup>4</sup>	35,722 29,541	35,492 30,992	34,949 29,479	0.6 -4.7	1.6 5.1	-0.4 5.7	34,296 27,157	31,321 27,049	32,329 26,031	272,545 225,577	250,471 207,465	8.8 8.7	
Computers and related products: Shipments New Orders	6,762 6,406	6,929 7,060	6,019 6,128	-2.4 -9.3	15.1 15.2	-3.9 -1.7	6,062 5,706	6,612 6,743	6,140 6,404	50,663 50,045	49,525 49,205	2.3 1.7	
Communications equipment: Shipments New Orders	5,597 6,389	5,346 5,971	6,072 6,580	4.7 7.0	-12.0 -9.3	3.5 15.0	5,344 5,285	4,395 4,808	5,017 4,480	44,915 46,738	38,776 41,055	15.8 13.8	
Semiconductors: Shipments New Orders <sup>4</sup>	6,934 (NA)	6,875 (NA)	6,635 (NA)	0.9 (NA)	3.6 (NA)	-5.7 (NA)	6,836 (NA)	6,089 (NA)	6,634 (NA)	53,793 (NA)	48,999 (NA)	9.8 (NA)	
Electrical equipment, appliances, and components: Shipments New Orders	10,396 9,844	10,291 10,843	10,238 10,817	1.0 -9.2	0.5 0.2	-1.7 -2.2	10,651 9,909	9,362 10,213	9,807 10,299	79,811 83,636	72,211 74,247	10.5 12.6	
Transportation equipment: Shipments New Orders	56,899 58,761	53,752 56,639	57,043 62,555	5.9 3.7	-5.8 -9.5	-1.0 7.0	59,513 59,876	38,468 40,425	58,191 60,030	445,858 473,898	431,245 450,605	3.4 5.2	
Motor vehicles and parts: Shipments New Orders	39,665 39,569	37,513 37,904	40,459 40,703	5.7 4.4	-7.3 -6.9	-0.8 -0.3	42,669 42,214	24,968 25,837	43,655 43,559	317,125 318,758	317,098 317,242	0.0 0.5	
Nondefense aircraft and parts: Shipments New Orders	8,081 7,706	7,467 9,872	7,986 11,282	8.2 -21.9	-6.5 -12.5	0.5 7.2	7,691 7,319	5,800 8,360	5,933 11,152	60,071 87,530	45,998 72,334	30.6 21.0	
Defense aircraft and parts: Shipments New Orders	3,602 3,351	3,396 3,051	3,231 2,999	6.1 9.8	5.1 1.7	-8.1 9.0	3,579 2,513	3,025 2,102	3,273 1,841	26,387 24,452	25,428 18,445	3.8 32.6	
All other durable goods: Shipments New Orders	38,312 38,200	38,389 38,525	38,919 38,715	-0.2 -0.8	-1.4 -0.5	0.4 -0.3	39,785 39,395	36,427 36,777	39,023 39,311	307,254 307,397	292,403 292,725	5.1 5.0	
Capital goods: <sup>3</sup> Shipments New Orders	75,697 78,195	74,656 80,122	74,452 82,081	1.4 -2.4	0.3 -2.4	-0.1 6.2	73,910 73,115	67,413 70,573	67,476 70,107	583,793 620,404	525,829 556,418	11.0 11.5	
Nondefense capital goods: Shipments New Orders	67,494 68,738	66,874 71,211	66,434 71,652	0.9 -3.5	0.7 -0.6	-0.2 1.7	65,760 65,214	60,190 64,069	60,076 65,364	521,969 558,392	467,242 506,066	11.7 10.3	
Excluding aircraft: Shipments New Orders	62,315 63,954	62,156 64,123	61,200 63,523	0.3 -0.3	1.6 0.9	-0.2 0.9	60,776 60,548	56,754 58,291	56,426 56,818		443,518 454,469	9.0 9.7	
Defense capital goods: Shipments New Orders	8,203 9,457	7,782 8,911	8,018 10,429	5.4 6.1	-2.9 -14.6	1.2 51.7	8,150 7,901	7,223 6,504	7,400 4,743		58,587 50,352	5.5 23.2	

NA Not Available r Revised

<sup>1</sup> 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 no adjusted for trading-day or calendar-month variations

<sup>&</sup>lt;sup>2</sup> 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, whic 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: M3-3(05), "Manufacturers' Shipments, Inventories, and Orders: 1992-2005

The Capital Goods Industries include Nondefense: small arms and ordnance; farm machinery and equipment; construction machinery; mining, oil, and gas field machinery; industrial machinery; vendir laundry, and other machinery; photographic equipment; metalworking machinery; turbines and generators; other power transmission equipment; pumps and compressors; material handling equipment; other machinery; electronic computer storage devices; other computer peripheral equipment; communications equipment; search and navigation equipment; electromedical, measuring, an control instruments; electrical equipment, and compose the computer peripheral equipment, and the compose the co

<sup>&</sup>lt;sup>4</sup> 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 separatel

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

		Monthly	Seasonally		rcent Chan	ne e	No	Percent		
ltem	Aug 2006 <sup>2</sup>	Jul 2006 <sup>r</sup>	Jun 2006	Jul - Aug <sup>2</sup>	Jun - Jul <sup>r</sup>	May - Jun	Aug 2006 <sup>2</sup>	Jul 2006 <sup>r</sup>	Aug 2005	Change 2006/ 2005
DURABLE GOODS										
Total:  Unfilled Orders <sup>4</sup> Total Inventories	631,866	629,433	622,040	0.4	1.2	1.7	627,906	629,682	529,479	18.6
	287,082	286,384	283,293	0.2	1.1	0.9	290,171	289,179	272,836	6.4
Excluding transportation: Unfilled Orders <sup>4</sup> Total Inventories	300,631	300,060	295,554	0.2	1.5	1.6	298,726	300,865	262,272	13.9
	220,645	219,244	216,864	0.6	1.1	0.7	222,869	221,073	208,322	7.0
Excluding defense: Unfilled Orders <sup>4</sup> Total Inventories	488,923	487,738	481,523	0.2	1.3	1.6	487,394	488,687	390,369	24.9
	268,001	267,293	264,501	0.3	1.1	1.1	270,920	269,927	253,669	6.8
Manufacturing with unfilled orders:  Unfilled Orders <sup>4</sup> Total Inventories	631,866	629,433	622,040	0.4	1.2	1.7	627,906	629,682	529,479	18.6
	222,649	222,467	220,283	0.1	1.0	0.8	224,794	224,616	210,534	6.8
Primary metals: Unfilled Orders Total Inventories	27,000	27,482	27,408	-1.8	0.3	0. <i>7</i>	26,908	27,243	21,161	27.2
	28,419	28,024	27,475	1.4	2.0	1.1	28,459	28,205	25,486	11.7
Fabricated metal products: Unfilled Orders Total Inventories	53,211	52,763	52,611	0.8	0.3	3.4	53,562	53,746	46,374	15.5
	36,757	36,445	36,040	0.9	1.1	1.5	36,910	36,903	34,413	7.3
Machinery: Unfilled Orders Total Inventories	71,332	70,816	69,599	0.7	1.7	1.9	70,259	70,444	57,566	22.0
	45,317	45,155	44,860	0.4	0.7	-0.1	45,775	45,186	43,705	4.7
Computers and electronic products:  Unfilled Orders <sup>4</sup> Total Inventories	115,577	114,824	112,449	0.7	2.1	1.0	114,400	114,703	107,313	6.6
	45,041	45,064	44,627	-0.1	1.0	0.4	46,227	45,902	42,712	8.2
Computers and related products: Unfilled Orders Total Inventories	4,084 4,199	4,440 4,204	4,309 4,179	-8.0 -0.1	3.0 0.6	2.6 2.5	4,084 4,491	4,440 4,286	4,614 4,741	-11.5 -5.3
Communications equipment: Unfilled Orders Total Inventories	35,631	34,839	34,214	2.3	1.8	1.5	34,835	34,894	33,982	2.5
	9,821	9,931	9,896	-1.1	0.4	-2.8	9,951	9,975	10,031	-0.8
Semiconductors: Unfilled Orders <sup>4</sup> Total Inventories <sup>4</sup>	(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	21,581 14,051	22,133 13,862	21,581 13,602	-2.5 1.4	2.6 1.9	2.8 2.1	21,659 14,090	22,401 13,880	17,015 12,431	27.3 13.3
Transportation equipment: Unfilled Orders Total Inventories	331,235	329,373	326,486	0.6	0.9	1.7	329,180	328,817	267,207	23.2
	66,437	67,140	66,429	-1.0	1.1	1.3	67,302	68,106	64,514	4.3
Motor vehicles and parts: Unfilled Orders Total Inventories	19,031 24,205	19,127 24,025	18,736 23,715	-0.5 0.7	2.1 1.3	1.3 0.4	18,725 24,484	19,180 24,337	15,604 23,872	20.0 2.6
Nondefense Aircraft and parts: Unfilled Orders Total Inventories	195,006 22,757	195,381 23,665	192,976 23,490	-0.2 -3.8	1.2 0.7	1.7 3.4	194,893 23,144	195,265 24,126	134,610 21,150	44.8 9.4
Defense Aircraft and parts: Unfilled Orders Total Inventories	44,181 11,760	44,432 11,837	44,777 11,714	-0.6 -0.7	-0.8 1.1	-0.5 0.0	43,573 11,847	44,639 11,970	41,847 11,348	4.1 4.4
All other durable goods: Unfilled Orders Total Inventories	11,930	12,042	11,906	-0.9	1.1	-1.7	11,938	12,328	12,843	-7.0
	51,060	50,694	50,260	0.7	0.9	0.7	51,408	50,997	49,575	3.7
Capital goods: <sup>3</sup> Unfilled Orders Total Inventories	455,459 124,676	452,961 125,328	447,495 124,088	0.6 -0.5	1.2 1.0	1.7 0.8	451,306 126,459	452,101 126,230	378,459 121,010	
Nondefense capital goods: Unfilled Orders Total Inventories	325,255 110,316	324,011 110,923	319,674 109,976	0.4 -0.5	1.4 0.9	1. <i>7</i> 1.1	323,337 112,016	323,883 111,797	250,796 106,457	28.9 5.2
Excluding aircraft: Unfilled Orders Total Inventories	155,857	154,218	152,251	1.1	1.3	1.5	154,257	154,485	135,973	13.4
	93,282	92,880	92,022	0.4	0.9	0.6	94,700	93,375	90,222	5.0
Defense capital goods: Unfilled Orders Total Inventories	130,204 14,360	128,950 14,405	127,821 14,112	1.0 -0.3	0.9 2.1	1.9 -1.4	127,969 14,443	128,218 14,433	127,663 14,553	0.2 -0.8

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), end-of-month total inventory (at current cost or market value), and inventories by stage of fabrication (materials and supplies, work-in-process, and finished goods). The M3 includes approximately 4,200 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 62 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 4,200 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 4,200 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. Any corrections will be published in the full report. Corrections received after the full report will be released in the next month's advance report. Any revisions made later than two months will be reflected in the annual benchmark publication.

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