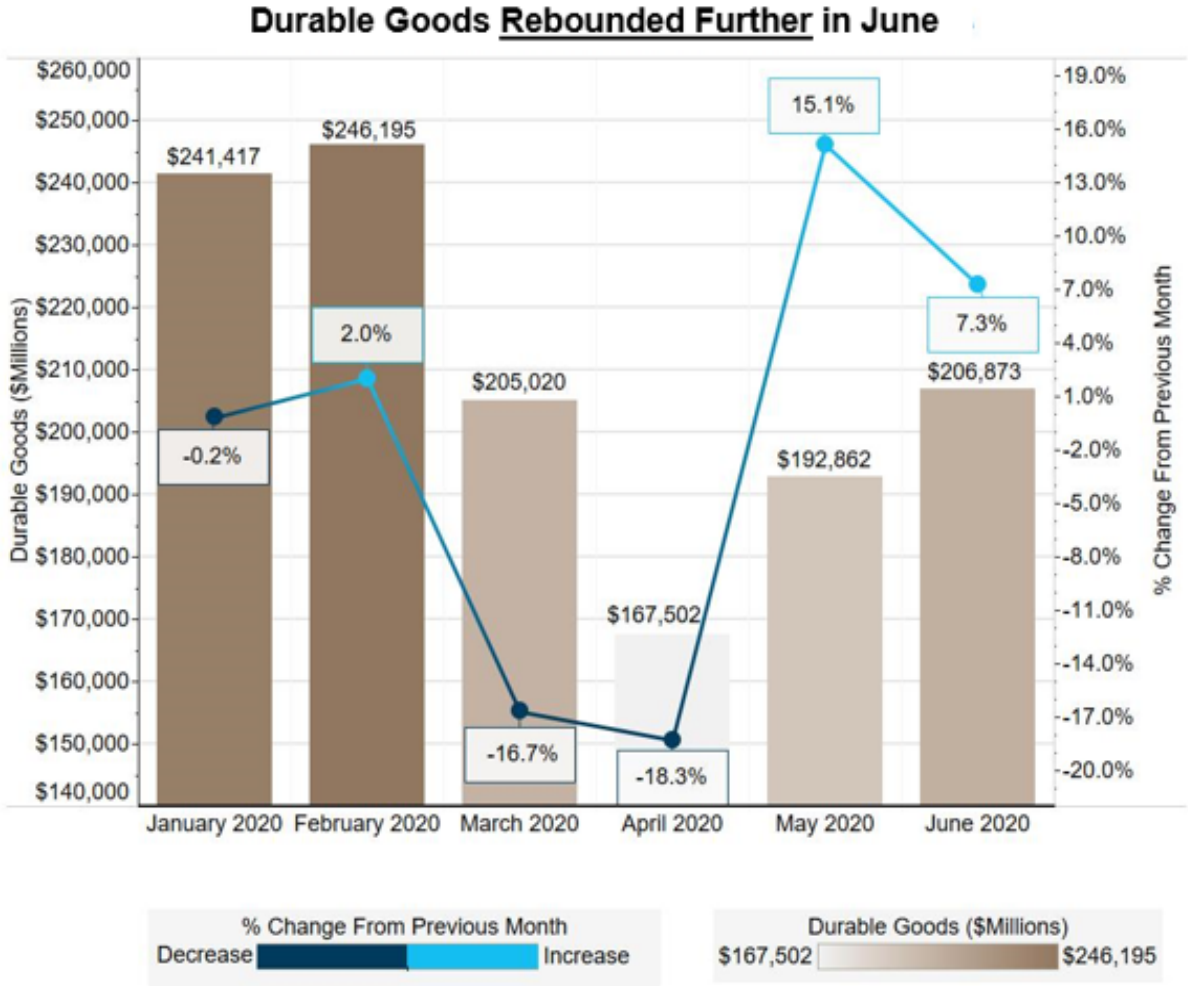


Durable Goods Spending Rose in June

Today brings more news that consumers were spending in June. [According to the Census Bureau](#), spending on durable goods (things like cars, computers, and appliances) grew 7.3%. That is after a 15.1% surge in May.



This is good news. It shows not only that consumers were spending, but that they were spending on big ticket items. These more expensive items oftentimes require financing. Consumers buy these products when they both have money and are confident that they will be able to make payments in the future. Increased spending on durable goods suggests a positive outlook for the future.

Like with all data, it is important to look at the growth rate *and* the level of spending on durable goods. The growth rate is impressive, but the level remains 16% below where durable goods sales were in February. We are on the right track, but there is a way to go for full recovery.

It is also important to remember that this data largely comes before the recent resurgence in COVID-19 cases. That resurgence has caused economic activity to slow according to many real-time measures. It is likely that durable goods sales will retreat some when we get data for July.

Further tempering the strong headline gain is orders for capital goods by businesses. They declined more than 16% in June after a strong 26% increase in May. This suggests business investment is falling off some.

–Curtis Dubay, Senior Economist, U.S. Chamber of Commerce