FURNITURE INSIGHTS®

Smith Leonard PLLC's Industry Newsletter

March 2025

HIGHLIGHTS – EXECUTIVE SUMMARY

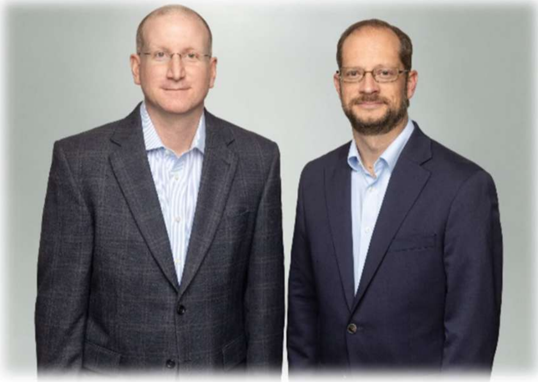
New orders were down 3% in January 2025 compared to January 2024. However, new orders were up 2% compared to the prior month of December 2024, which would seem to include some seasonality due to the December holiday break.

January 2025 shipments were up 4% compared to January 2024, and also up 8% compared to December 2024.

January 2025 backlogs were down 5% compared to January 2024, and also down 4% from December 2024 as current shipments outpaced new orders during the last month.

Receivable levels were up 6% from December 2024, but flat with January 2024, both of which are materially in line with the respective shipment trends.

Inventories and employee/payroll levels are again materially in line with recent months (factoring in the holiday breaks), but down from 2024, indicating that companies have aligned levels to match current operations.



Mark Laferriere (left) with Ben Duckett, Tax Partner

EXECUTIVE SUMMARY, CONT.

National

Consumer Confidence

The Conference Board ***Consumer Confidence Index®*** fell by 7.2 points in March to 92.9 (1985=100).

The ***Present Situation Index***—based on consumers' assessment of current business and labor market conditions—decreased 3.6 points to 134.5.

The ***Expectations Index***—based on consumers' short-term outlook for income, business, and labor market conditions—dropped 9.6 points to 65.2, the lowest level in 12 years and well below the threshold of 80 that usually signals a recession ahead.

"Consumer confidence declined for a fourth consecutive month in March, falling below the relatively narrow range that had prevailed since 2022," said Stephanie Guichard, Senior Economist, Global Indicators at The Conference Board. "Of the Index's five components, only consumers' assessment of present labor market conditions improved, albeit slightly. Views of current business conditions weakened to close to neutral. Consumers' expectations were especially gloomy, with pessimism about future business conditions deepening and confidence about future employment prospects falling to a 12-year low. Meanwhile, consumers' optimism about future income—which had held up quite strongly in the past few months—largely vanished, suggesting worries about the economy and labor market have started to spread into consumers' assessments of their personal situations."

On a six-month moving average basis, purchasing plans for both homes and cars declined. Surprisingly, given the anxiety about the future, intentions to buy big-ticket items—including appliances and electronics—ticked up, which may reflect plans to buy before impending tariffs lead to price increases. Consumers' overall intentions to purchase additional services in the months ahead were little changed, but their priorities shifted. Fewer consumers planned to spend more on movies and live entertainment or sports, and more planned to spend on outdoor activities and travel. Vacation plans also increased.

EXECUTIVE SUMMARY, CONT.

Thoughts

Another month, another round of looming tariff activity potentially being announced today, so I'll stick to what we do know, which is that consumer confidence declined for a fourth consecutive month as concerns grew about labor market conditions and stock market volatility (seemingly hitting consumers in both the low-end and high-end of the market), among other things, which as a leading economic indicator could be a signal of trouble ahead at least until some of the current uncertainty is resolved.

However, with the 2-month reporting lag reflected in our monthly stats, the full impact of these recent trends doesn't appear to have filtered their way down to our participants' operations and financial results, so we're hoping the furniture industry can maintain its recent modest gains against these potential headwinds.

There does seem to be some reason for optimism with recent housing reports, though it would appear the Fed is going to take a wait and see approach to how current policies will impact the overall economy and inflation before implementing any further cuts.

On a lighter note, we look forward to seeing many of you in High Point in a few weeks for what I'm told will be some beautiful Spring weather.

Housing

Existing-home sales ascended in February, according to the National Association of REALTORS®. For both monthly and year-over-year sales, two major U.S. regions experienced growth, one region remained stable and the other registered a decline.

Total existing-home sales – completed transactions that include single-family homes, townhomes, condominiums and co-ops – progressed 4.2% from January to a seasonally adjusted annual rate of 4.26 million in February. Year-over-year, sales slid 1.2% (down from 4.31 million in February 2024).

Single-family home sales scaled 5.7% to a seasonally adjusted annual rate of 3.89 million in February, down 0.3% from the prior year. The median existing single-family home price was $402,500 in February, up 3.7% from February 2024.

Existing condominium and co-op sales waned 9.8% in February to a seasonally adjusted annual rate of 370,000 units, also down 9.8% from one year ago. The median existing condo price was $355,100 in February, up 3.5% from the previous year ($343,000).

According to Freddie Mac, the 30-year fixed-rate mortgage averaged 6.65% as of March 13. That's up from 6.63% one week ago but down from 6.74% one year ago.

Sales of new single-family houses in February 2025 were at a seasonally adjusted annual rate of 676,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 1.8% above the revised January rate of 664,000 and is 5.1% above the February 2024 estimate of 643,000.

Compared to February 2024 on a seasonally-adjusted basis, sales were up 5.1% overall with sales also up 19.0% in the South, up 2.7% in the Midwest, but down 48.8% in the Northeast and down 11.4% in the West.

EXECUTIVE SUMMARY, CONT.

National, Cont.

Other

Real gross domestic product (GDP) increased at an annual rate of 2.4% in the fourth quarter of 2024 (October, November, and December), according to the third estimate released by the U.S. Bureau of Economic Analysis. In the third quarter, real GDP increased 3.1%.

Real GDP increased 2.8% in 2024 (from the 2023 annual level to the 2024 annual level), the same as previously estimated. The increase in real GDP in 2024 reflected increases in consumer spending, investment, government spending, and exports. Imports increased.

From an industry perspective in 2024, private goods-producing industries increased 3.4%, private services-producing industries increased 2.8%, and government increased 1.9%.

The price index for gross domestic purchases increased 2.4% in 2024, the same as previously estimated. The PCE price index increased 2.5% and the PCE price index excluding food and energy prices increased 2.8%, both the same as previously estimated.

Real gross domestic income (GDI) increased 3.0% in 2024, compared with an increase of 1.7% in 2023.

Sales at furniture and home furnishings stores in February 2025 were flat with January 2025 on a seasonally-adjusted basis, but up 5.5% from February 2024. Year to date on a non-adjusted basis, sales were up 3.8%.

HIGHLIGHTS – MONTHLY RESULTS

New Orders

According to our latest survey of residential furniture manufacturers and distributors, new orders were down 3% in January 2025 compared to January 2024. However, despite the overall decrease, approximately two-thirds of participants reported increases versus decreases in January 2025 compared to a year ago. New orders were up 2% compared to the prior month of December 2024, which would seem to include some seasonality due to the December holiday break.

Shipments and Backlogs

January 2025 shipments were up 4% compared to January 2024, and also up 8% compared to December 2024. Consistent with new orders, shipments in January 2025 were also up for approximately two-thirds of the participants compared to January 2024.

January 2025 backlogs were down 5% compared to January 2024, and also down 4% from December 2024 as current shipments outpaced new orders during the last month.

Receivables and Inventories

Receivable levels were up 6% from December 2024, but flat with January 2024, both of which are materially in line with the respective shipment trends, given normal timing differences with collections.

Inventories were up 3% from December 2024 and down 3% from January 2024, which are in line with prior periods and current operational levels including the December holiday break.

Factory and Warehouse Employees and Payroll

The number of factory and warehouse employees were down 3% from January a year ago, but again relatively even with the prior month (up 1%).

Payroll expense was up 15% in January 2025 compared to December 2024, presumably due to the December holiday break (was down 10% last month). However, January 2025 payroll expense is up 9% compared to January 2024, though some of this fluctuation may relate to the timing of new year holiday shutdowns as payroll expense was down 7% in the prior year compared to January 2023.

ESTIMATED BUSINESS ACTIVITY (MILLIONS)

	2025	2024
	JAN	DEC
New Orders	2,050	2,004
Shipments	2,227	2,056
Backlog	2,324	2,402
	2024	**2023**
	JAN	DEC
New Orders	2,113	1,974
Shipments	2,152	2,120
Backlog	2,459 (R)	2,611

A DEEPER DIVE – NATIONAL

Consumer Confidence

The Conference Board ***Consumer Confidence Index***® fell by 7.2 points in March to 92.9 (1985=100).

The ***Present Situation Index***—based on consumers' assessment of current business and labor market conditions—decreased 3.6 points to 134.5.

The ***Expectations Index***—based on consumers' short-term outlook for income, business, and labor market conditions—dropped 9.6 points to 65.2, the lowest level in 12 years and well below the threshold of 80 that usually signals a recession ahead.

"Consumer confidence declined for a fourth consecutive month in March, falling below the relatively narrow range that had prevailed since 2022," said Stephanie Guichard, Senior Economist, Global Indicators at The Conference Board. "Of the Index's five components, only consumers' assessment of present labor market conditions improved, albeit slightly. Views of current business conditions weakened to close to neutral. Consumers' expectations were especially gloomy, with pessimism about future business conditions deepening and confidence about future employment prospects falling to a 12-year low. Meanwhile, consumers' optimism about future income—which had held up quite strongly in the past few months—largely vanished, suggesting worries about the economy and labor market have started to spread into consumers' assessments of their personal situations."

March's fall in confidence was driven by consumers over 55 years old and, to a lesser extent, those between 35 and 55 years old. By contrast, confidence rose slightly among consumers under 35, as an uptick in their assessments of the present situation more than offset gloomier expectations. The decline was also broad-based across income groups, with the only exception being households earning more than $125,000 a year.

Guichard added: "Likely in response to recent market volatility, consumers turned negative about the stock market for the first time since the end of 2023. In March, only 37.4% expected stock prices to rise over the year ahead—down nearly 10 percentage points from February and 20 percentage points from the high reached in November 2024. On the flip side, 44.5% expected stock prices to decline (up 11 ppts from February and over 22 ppts more than November 2024). Meanwhile, average 12-month inflation expectations rose again—from 5.8% in February to 6.2% in March—as consumers remained concerned about high prices for key household staples like eggs and the impact of tariffs."

Consumers' views of their Family's Current Financial Situation improved slightly but their expectations for future finances declined to the lowest level since July 2022. The proportion of consumers anticipating a recession over the next 12 months remained steady at a nine-month high. (These measures are not included in calculating the Consumer Confidence Index®). The share of consumers expecting higher interest rates over the next 12 months increased to 54.6% from 52.6% in February, while the share of consumers expecting lower interest rates dropped further to 22.4% from 24.1%.

NATIONAL UPDATE

Leading Economic Indicators

The Conference Board Leading Economic Index® (LEI) for the US declined by 0.3% in February 2025 to 101.1 (2016=100), after a 0.2% decline (revised from –0.3%) in January. Overall, the LEI fell by 1.0% in the six-month period ending February 2025, less than half of its rate of decline of –2.1% over the previous six months (February–August 2024).

"The US LEI fell again in February and continues to point to headwinds ahead," said Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board. "Consumers' expectations of future business conditions turned more pessimistic. That was the component that weighed down most heavily on the Index in February. Manufacturing new orders, which improved in January, retreated and were the second largest negative contributor to the Index's monthly decline. On a positive note, the LEI's six-month and annual growth rates, while still negative, have remained on an upward trend since the end of 2023, suggesting that headwinds in the economy as of February may have moderated compared to last year. However, given substantial policy uncertainty and the notable pullback in consumer sentiment and spending since the beginning of the year, we currently forecast that real GDP growth in the US will slow to around 2.0% in 2025."

The Conference Board Coincident Economic Index® (CEI) for the US increased by 0.3% in February 2025 to 114.7 (2016=100), after a 0.2% increase in January. As a result, the CEI rose by 1.2% over the six-month period between August 2024 and February 2025, twice its 0.6% growth over the previous six months. The CEI's four component indicators—payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production—are included among the data used to determine recessions in the US. They all improved in February, with the largest positive contribution coming from industrial production, followed by personal income less transfer payments, manufacturing and trade sales, and payroll employment.

The Conference Board Lagging Economic Index® (LAG) for the US increased by 0.4% to 119.1 (2016=100) in February 2025, after a 0.3% increase in January. As a result, the LAG's six-month change turned positive, rising 0.2% between August 2024 and February 2025—a reversal of its 0.2% decline from over the previous six months.

A DEEPER DIVE – NATIONAL, CONT.

Consumer Confidence, Cont.

A special question about how easy it is for consumers to form expectations about the future found considerable self-confidence among consumers in assessing their own future income prospects and family financial situation, with over 45% finding it easy and only about 20% finding it difficult. However, forming expectations about broader economic trends appeared more challenging: over one-third found it difficult to assess future employment and business conditions while 38.8% found it difficult to predict inflation.

On a six-month moving average basis, purchasing plans for both homes and cars declined. Surprisingly, given the anxiety about the future, intentions to buy big-ticket items—including appliances and electronics—ticked up, which may reflect plans to buy before impending tariffs lead to price increases. Consumers' overall intentions to purchase additional services in the months ahead were little changed, but their priorities shifted. Fewer consumers planned to spend more on movies and live entertainment or sports, and more planned to spend on outdoor activities and travel. Vacation plans also increased.

Comments on the current Administration and its policies, both positive and negative, dominated consumers' write-in responses on what is affecting their views of the economy. Write-in responses also showed that inflation is still a major concern for consumers and that worries about the impact of trade policies and tariffs in particular are on the rise. There were also more references than usual to economic and policy uncertainty.

Present Situation

Consumers' assessments of **current business conditions** were significantly less positive in March.

- 17.7% of consumers said business conditions were "good," down from 19.1% in February.
- 16.6% said business conditions were "bad," up from 14.8%.

Consumers' views of the **labor market** improved slightly in March.

- 33.6% of consumers said jobs were "plentiful," unchanged from February.
- 15.7% of consumers said jobs were "hard to get," down from 16.0%.

Expectations Six Months Hence

Consumers' outlook for **business conditions** worsened in March.

- 17.1% of consumers expected business conditions to improve, down from 20.8% in February.
- 27.3% expected business conditions to worsen, up from 25.5%.

Consumers' outlook for the **labor market** outlook also deteriorated.

- 16.7% of consumers expected more jobs to be available, down from 18.8% in February.
- 28.5% anticipated fewer jobs, up from 26.6% in February.

Consumers were more pessimistic about their **income prospects** in March.

- 16.3% of consumers expected their incomes to increase, down from 18.8% in February.
- 15.5% expected their income to decrease, up from 12.8%.

Assessment of Family Finances and Recession Risk

- Consumers' assessments of their Family's Current Financial Situation improved slightly in March.
- Consumers' assessments of their Family's Expected Financial Situation weakened to a 2½-year low.
- Consumers' Perceived Likelihood of a US Recession over the Next 12 Months held steady in March.

Gross Domestic Product

Real gross domestic product (GDP) increased at an annual rate of 2.4% in the fourth quarter of 2024 (October, November, and December), according to the third estimate released by the U.S. Bureau of Economic Analysis. In the third quarter, real GDP increased 3.1%.

The increase in real GDP in the fourth quarter primarily reflected increases in consumer spending and government spending that were partly offset by a decrease in investment. Imports, which are a subtraction in the calculation of GDP, decreased.

Real GDP was revised up 0.1 percentage point from the second estimate, primarily reflecting a downward revision to imports.

Compared to the third quarter, the deceleration in real GDP in the fourth quarter primarily reflected downturns in investment and exports that were partly offset by an acceleration in consumer spending. Imports turned down.

From an industry perspective, the increase in real GDP reflected an increase of 2.3% in real value added for private goods-producing industries, an increase of 2.4% for private services-producing industries, and an increase of 2.7% for government.

Real gross output increased 1.7% in the fourth quarter, reflecting an increase of 0.3% for private goods-producing industries, an increase of 2.0% for private services-producing industries, and an increase of 3.1% for government.

A DEEPER DIVE – NATIONAL, CONT.

Gross Domestic Product, Cont.

The price index for gross domestic purchases increased 2.2% in the fourth quarter, revised down 0.1 percentage point from the previous estimate. The personal consumption expenditures (PCE) price index increased 2.4%, the same as previously estimated. Excluding food and energy prices, the PCE price index increased 2.6%, revised down 0.1 percentage point from the previous estimate.

Real gross domestic income (GDI) increased 4.5% in the fourth quarter compared with an increase of 1.4% in the third quarter.

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased $204.7 billion in the fourth quarter, in contrast to a decrease of $15.0 billion in the third quarter.

Real GDP increased 2.8% in 2024 (from the 2023 annual level to the 2024 annual level), the same as previously estimated. The increase in real GDP in 2024 reflected increases in consumer spending, investment, government spending, and exports. Imports increased.

From an industry perspective in 2024, private goods-producing industries increased 3.4%, private services-producing industries increased 2.8%, and government increased 1.9%.

The price index for gross domestic purchases increased 2.4% in 2024, the same as previously estimated. The PCE price index increased 2.5% and the PCE price index excluding food and energy prices increased 2.8%, both the same as previously estimated.

Real gross domestic income (GDI) increased 3.0% in 2024, compared with an increase of 1.7% in 2023.

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased $281.3 billion in 2024, compared with an increase of $229.8 billion in 2023.

A DEEPER DIVE – HOUSING

Existing-Home Sales

Existing-home sales ascended in February, according to the National Association of REALTORS®. For both monthly and year-over-year sales, two major U.S. regions experienced growth, one region remained stable and the other registered a decline.

Total existing-home sales – completed transactions that include single-family homes, townhomes, condominiums and co-ops – progressed 4.2% from January to a seasonally adjusted annual rate of 4.26 million in February. Year-over-year, sales slid 1.2% (down from 4.31 million in February 2024).

"Home buyers are slowly entering the market," said NAR Chief Economist Lawrence Yun. "Mortgage rates have not changed much, but more inventory and choices are releasing pent-up housing demand."

"On a technical note, raw sales in February were down 5.2% from last year, which was a leap year with one extra day of business," Yun added. "However, after adjusting for this effect, combined with the winter seasonal factors, the momentum for home sales is flashing encouraging signs."

"Each one percentage point gain in home price translates into an approximately $350 billion increase in housing equity for American property owners," Yun said. "That means a gain of nearly $1.3 trillion in home value appreciation at a time when the current stock market is undergoing a correction. Moreover, the ongoing housing shortage, coupled with historically low mortgage default rates, implies a solid foundation for home values."

Single-family home sales scaled 5.7% to a seasonally adjusted annual rate of 3.89 million in February, down 0.3% from the prior year. The median existing single-family home price was $402,500 in February, up 3.7% from February 2024.

Existing condominium and co-op sales waned 9.8% in February to a seasonally adjusted annual rate of 370,000 units, also down 9.8% from one year ago. The median existing condo price was $355,100 in February, up 3.5% from the previous year ($343,000).

According to Freddie Mac, the 30-year fixed-rate mortgage averaged 6.65% as of March 13. That's up from 6.63% one week ago but down from 6.74% one year ago.

A DEEPER DIVE – HOUSING, CONT.

Existing-Home Sales, Cont.

Total housing inventory registered at the end of February was 1.24 million units, up 5.1% from January and 17% from one year ago (1.06 million). Unsold inventory sits at a 3.5-month supply at the current sales pace, identical to January and up from 3.0 months in February 2024.

The median existing-home price for all housing types in February was $398,400, up 3.8% from one year ago ($383,800). All four U.S. regions registered price increases.

According to the monthly REALTORS® Confidence Index, properties typically remained on the market for 42 days in February, up from 41 days in January and 38 days in February 2024.

First-time buyers were responsible for 31% of sales in February, up from 28% in January 2025 and 26% in February 2024. NAR's 2024 *Profile of Home Buyers and Sellers* – released November 2024 – found that the annual share of first-time buyers was 24%, the lowest ever recorded.

Regional

In February, existing-home sales in the Northeast decreased 2.0% from January to an annual rate of 500,000, up 4.2% from February 2024. The median price in the Northeast was $464,300, up 10.4% from one year earlier.

In the Midwest, existing-home sales were unchanged in February at an annual rate of 1 million, up 1.0% from the prior year. The median price in the Midwest was $295,500, up 5.8% from February 2024.

Existing-home sales in the South bounced 4.4% from January to an annual rate of 1.91 million in February, down 4.0% from one year before. The median price in the South was $358,800, up 1.9% from last year.

In the West, existing-home sales jumped 13.3% in February to an annual rate of 850,000, identical to a year ago. The median price in the West was $614,600, up 3.6% from February 2024.

New Residential Sales

Sales of new single-family houses in February 2025 were at a seasonally adjusted annual rate of 676,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 1.8% above the revised January rate of 664,000 and is 5.1% above the February 2024 estimate of 643,000.

The median sales price of new houses sold in February 2025 was $414,500 ($446,300 in January 2025). The average sales price was $487,100 ($510,000 in January 2025).

The seasonally-adjusted estimate of new houses for sale at the end of February was 500,000 (495,000 in January). This represents a supply of 8.9 months at the current sales rate (9.0 months in January).

Compared to February 2024 on a seasonally-adjusted basis, sales were up 5.1% overall with sales also up 19.0% in the South, up 2.7% in the Midwest, but down 48.8% in the Northeast and down 11.4% in the West.

Housing Starts

Privately-owned housing starts in February were at a seasonally adjusted annual rate of 1,501,000. This is 11.2% above the revised January estimate of 1,350,000, but is 2.9% below the February 2024 rate of 1,546,000.

Single-family housing starts in February were at a rate of 1,108,000; this is 11.4% above the revised January figure of 995,000.

The February rate for units in buildings with five units or more was 370,000 (355,000 in January).

Single-family starts compared to February 2024, on a seasonally-adjusted basis, were down 2.3% in total, as well as down 3.3% in the South and down 34.9% in the Midwest, but up 20.3% in the West and up 2.4% in the Northeast.

A DEEPER DIVE – HOUSING, CONT.

Housing Completions

Privately-owned housing completions in February were at a seasonally adjusted annual rate of 1,592,000. This is 4.0% below the revised January estimate of 1,659,000 and is 6.2% below the February 2024 rate of 1,698,000.

Single-family housing completions in February were at a rate of 1,066,000; this is 7.1% above the revised January rate of 995,000.

The February rate for units in buildings with five units or more was 512,000 (652,000 in January).

Single-family completions compared to February 2024, on a seasonally-adjusted basis, were down 1.0% in total, as well as down 10.0% in the South and down 19.7% in the Midwest, but up 23.6% in the West and up 45.6% in the Northeast.

A DEEPER DIVE – OTHER NATIONAL

Retail Sales

Advance estimates of U.S. retail and food services sales for February 2025, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $722.7 billion, up 0.2% from the previous month, and up 3.1% from February 2024. Total sales for the December 2024 through February 2025 period were up 3.8% from the same period a year ago. The December 2024 to January 2025 percent change was revised from down 0.9% to down 1.2%.

Retail trade sales were up 0.5% from January 2025, and up 3.4% from last year. Food and beverage stores were up 3.9% from last year, while nonstore retailers were up 6.5% from February 2024.

Sales at furniture and home furnishings stores in February 2025 were flat with January 2025 on a seasonally-adjusted basis, but up 5.5% from February 2024. Year to date on a non-adjusted basis, sales were up 3.8%.

Consumer Prices

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2% on a seasonally adjusted basis in February, after rising 0.5% in January, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 2.8% before seasonal adjustment.

The index for shelter rose 0.3% in February, accounting for nearly half of the monthly all items increase. The shelter increase was partially offset by a 4.0% decrease in the index for airline fares and a 1.0-percent decline in the index for gasoline. Despite the decrease in the gasoline index, the energy index rose 0.2% in February, rising 0.2% as the index for food away from home increased 0.4%. The food at home index was unchanged over the month.

The index for all-items less food and energy rose 0.2% in February, following a 0.4-percent increase in January. Indexes that increased over the month include medical care, used cars and trucks, household furnishings and operations, recreation, apparel, and personal care. The indexes for airline fares and new vehicles were among the few major indexes that decreased in February.

The all-items index rose 2.8% for the 12 months ending February, after rising 3.0% over the 12 months ending January. The all-items less food and energy index rose 3.1% over the last 12 months. The energy index decreased 0.2% for the 12 months ending February. The food index increased 2.6% over the last year.

Employment

Total nonfarm payroll employment rose by 151,000 in February, and the unemployment rate changed little at 4.1%, the U.S. Bureau of Labor Statistics reported. Employment trended up in health care, financial activities, transportation and warehousing, and social assistance. Federal government employment declined. The unemployment rate edged down to 4.0% in January, after accounting for the annual adjustments to the population controls. The number of unemployed people, at 6.8 million, changed little over the month.

Both the unemployment rate, at 4.1%, and the number of unemployed people, at 7.1 million, changed little in February. The unemployment rate has remained in a narrow range of 4.0% to 4.2% since May 2024.

A DEEPER DIVE – OTHER NATIONAL, CONT.

Durable Goods Orders and Factory Shipments

New orders for manufactured durable goods in February, up two consecutive months, increased $2.7 billion or 0.9% to $289.3 billion, the U.S. Census Bureau announced. This followed a 3.3% January increase. Excluding transportation, new orders increased 0.7%. Excluding defense, new orders increased 0.8%. Transportation equipment, also up two consecutive months, led the increase, $1.4 billion or 1.5% to $98.3 billion.

Shipments of manufactured durable goods in February, up three consecutive months, increased $3.4 billion or 1.2% to $292.3 billion. This followed a 0.7% January increase. Transportation equipment, also up three consecutive months, led the increase, $1.9 billion or 2.0% to $96.6 billion.

On a seasonally-adjusted basis, shipments for furniture and related products were up 1.6% compared to the prior month, while new orders were also up 0.1%. On a non-adjusted basis, year to date shipments for furniture and related products were up 1.0% compared to the prior year, while year to date new orders were down 0.7%.