News from
COMPTROLLER KEVIN LEMBO

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COMPTROLLER LEMBO PROJECTS $131.4 MILLION SURPLUS, CONTINUES CALL FOR FEDERAL ASSISTANCE

Comptroller Kevin Lembo today, in his monthly financial and economic update, projected a General Fund surplus of $131.4 million for FY 2021, noting the continuation of an uneven recovery and urging more federal aid to help those struggling the most.

Due to the unbalanced nature of the recovery from the ongoing COVID-19 pandemic, Connecticut's economy continues to show signs of improvement but persistent joblessness in low-wage sectors is preventing everyone from benefiting. Revenue collections are on-pace to meet budget targets, resulting in a small projected surplus. The state's housing market continues to thrive as residential home sales and prices are up. The stock market, while enduring volatile trading days at the end of February, remains at or near a record high. Yet as jobs continue to slowly return, workers in lower-income sectors like leisure and hospitality remain in peril.

"Unlike in past downturns, this recession is impacting jobs more than revenue," said Comptroller Lembo. "On a large scale, Connecticut has avoided the economic worst-case scenario. Yet, individual families and workers continue to struggle and face tremendous uncertainty. It's imperative that the federal government continue to provide support for those that need it most and include aid to states and local governments in new relief efforts to protect critical safety net programs."

Nationally, around 19 million people are receiving some form of unemployment assistance according to the U.S. Bureau of Labor Statistics, up from 2.1 million a year ago. Since the beginning of the pandemic, Moody's Analytics reports over ten million jobs have disappeared, with 5.5 million coming from low wage industries compared to less than one million from high-wage industries. That trend is contrary to The Great Recession where a higher concentration of high-income job losses was accompanied by a sharp decrease in tax revenue.

Upcoming Connecticut jobs and income data is due to be released in the coming weeks and will offer additional detail.

Lembo noted the positive effects of prior federal stimulus packages including increased personal savings rates and overall economic growth. During the month of January, there was an increase in spending throughout every major category including retail sales and restaurants and bars, which have continually struggled throughout the pandemic.

Consumer confidence is slowly rising nationally, as testing has become more readily available, and more people receive vaccinations.

"Positive economic signs, both nationally and here in Connecticut, are cause for optimism," said Lembo. "Yet there are still many unknowns, including the adequacy of the federal response and the long-term effects of prolonged joblessness, that will shape what the coming months and years look like economically. The top priorities must remain protecting public health and getting people back to work — especially those that work for our small businesses."

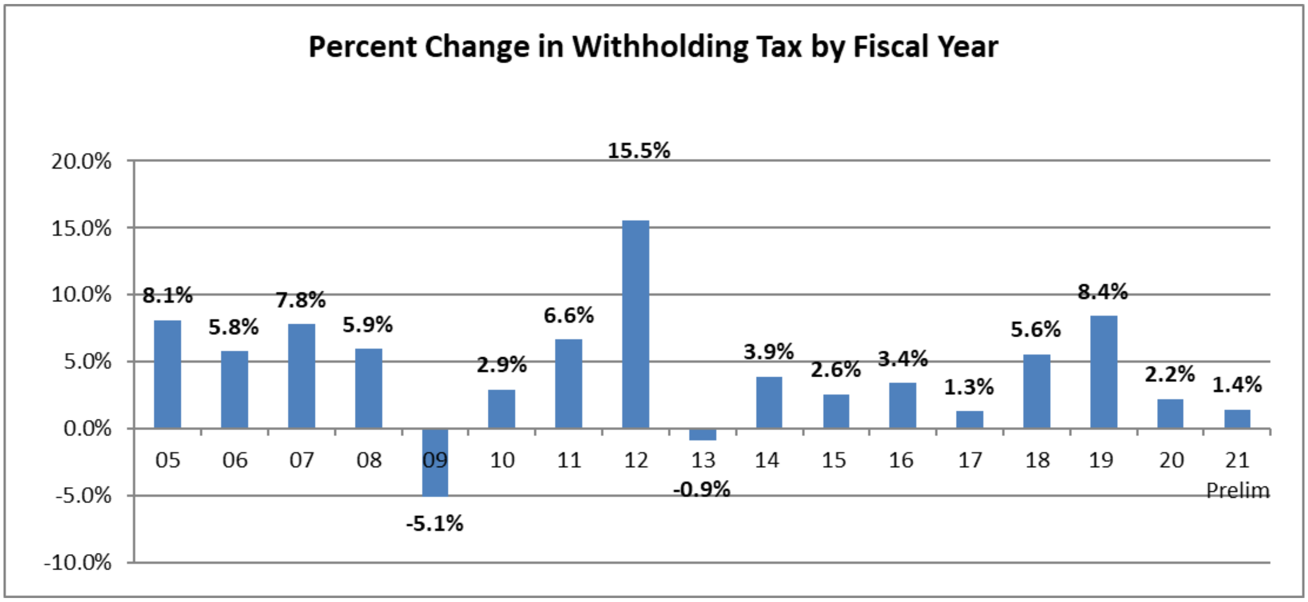
In a letter to Gov. Ned Lamont, Lembo noted that April income tax receipts will be a key indicator in Connecticut's continued recovery and will add more clarity to the state's revenue picture.

Lembo pointed to recent economic indicators and trends from national and state sources that show:

NOTE: *Economic indicators largely look back to past periods. Therefore, some of the information presented this month may appear inconsistent with more recent developments in the rapidly changing response to the COVID-19 pandemic.*

Employment & Withholding Receipts

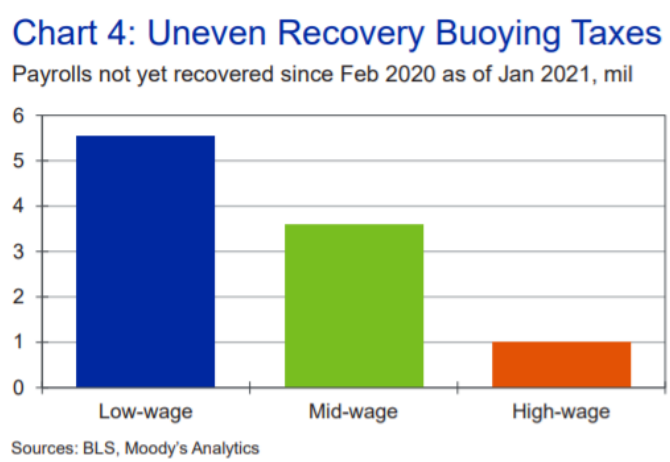
The withholding portion of the income tax is the largest single General Fund revenue source. Final results for FY 2020 showed withholding receipts came in 2.2 percent above FY 2019 levels, but somewhat below the growth rate built into the FY 2020 budget plan. Current collection trends for FY 2021 through January show withholding receipts growing by 1.4 percent above FY 2020 levels. These results are in line with growth rates needed to meet the current revenue projection for withholding included in the January 15 consensus revenue forecast reached by the Office of Policy and Management (OPM) and the Office of Fiscal Analysis (OFA).



Pandemic Recession: Differential Impact on Jobs Versus Income and Revenue

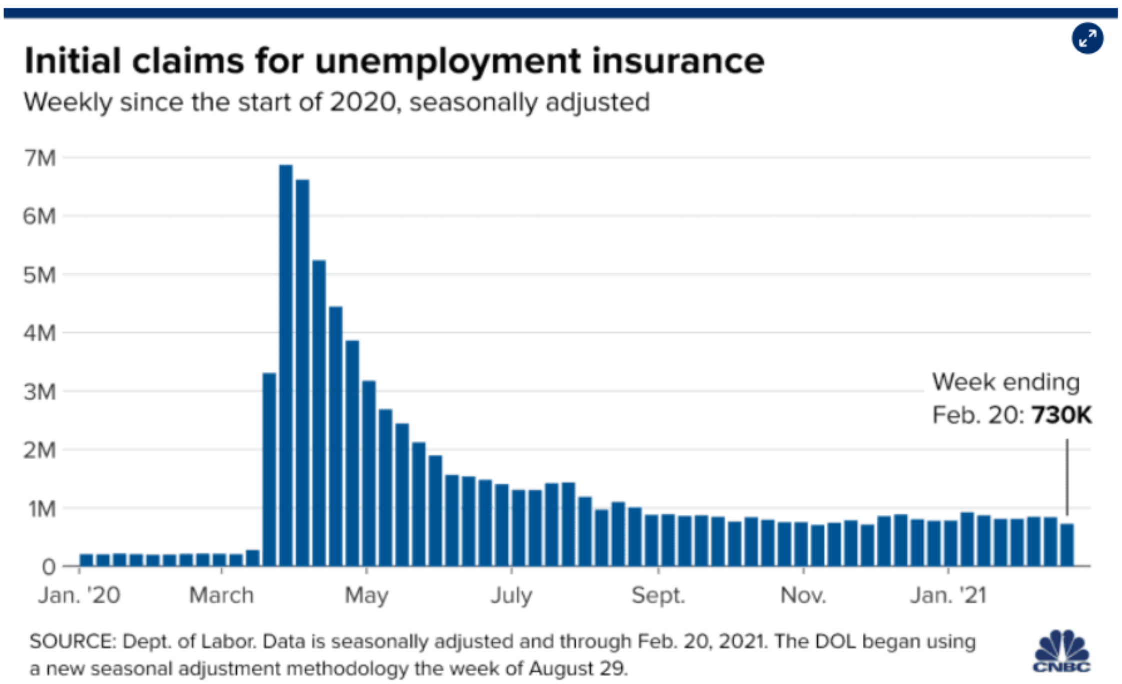
Moody's Analytics recently discussed this trend – the differential impact of the pandemic on jobs versus overall income in a report titled *"Stress-Testing States: COVID-19—A Year Later."* Job losses have been concentrated in lower wage sectors, with middle and higher-income jobs much less affected. As a result, the report notes, nominal salary and wage income has already recovered close to its pre-pandemic level, despite having more than 10 million jobs that have yet to be recovered. In turn, since most taxes are paid by mid- and high-wage earners, this has had a much smaller impact on state revenue collections. However, the households that have experienced job losses continue to bear the brunt of these harmful outcomes.

Moody's Analytics reports of the approximately 10 million jobs still missing from before the pandemic, less than a million are missing from what are considered high-wage industries (see chart below). By comparison, during the Great Recession, more than 20 percent of the jobs lost were in high-wage industries.



COVID-19 Job Losses

Throughout January and February, the nation continued seeing high levels of initial unemployment insurance (UI) claims. For the week ending February 20th, the U.S. Bureau of Labor Statistics (BLS) reported that seasonally adjusted initial claims totaled 730,000. This represented a sharp decrease of 111,000 from the previous week's revised level of 841,000 and was lower than economists predicted. However, analysts noted the labor market continues to face significant challenges, including a possible increase in claims related to the recent storms that hit Texas and the surrounding region. In addition, the current level of initial UI claims is nearly three and half times higher than totals seen before the coronavirus hit. Prior to the pandemic, initial UI claims averaged closer to 210,000 per week.



In the same release, BLS reported the total receiving unemployment benefits was approximately 19.0 million for the week ending February 6th, up from 18.3 million the previous week. The corresponding figure for the prior year was 2.1 million. As the chart below notes – the total reported does not represent unique individuals, rather the number collecting from all programs.

CONTINUED WEEKS CLAIMED FILED FOR UI BENEFITS IN ALL PROGRAMS (UNADJUSTED)

WEEK ENDING	February 6	January 30	Change	Prior Year[1]
Regular State	4,934,288	5,003,178	-68,890	2,095,032
Federal Employees	18,820	19,429	-609	10,898
Newly Discharged Veterans	9,071	8,329	+742	5,663
Pandemic Unemployment Assistance[3]	7,518,951	7,685,857	-166,906	NA
Pandemic Emergency UC[4]	5,065,890	4,062,189	+1,003,701	NA
Extended Benefits[5]	1,388,194	1,456,461	-68,267	0
State Additional Benefits[6]	1,885	1,799	+86	5,571
STC / Workshare [7]	105,587	104,342	+1,245	13,509
TOTAL[8]	19,042,686	18,341,584	+701,102	2,130,673

FOOTNOTES
SA - Seasonally Adjusted Data, NSA - Not Seasonally Adjusted Data Continued weeks claimed represent all weeks of benefits claimed during the week being reported, and do not represent weeks claimed by unique individuals.

Congress enacted legislation in December that that contained nearly $900 billion in additional COVID-19 relief provisions, including approximately $120 billion for extensions to unemployment insurance programs and $300 per week in supplemental unemployment benefits through March 14, 2021.

Connecticut Jobs Picture – Two Months of Declines After Six Months of Growth

The Connecticut Department of Labor's next Connecticut Labor Situation report is scheduled for release on Friday, March 12, 2021, which will include preliminary January 2021 and revised 2020 data on the new benchmark. The information below shows results from December 2020.

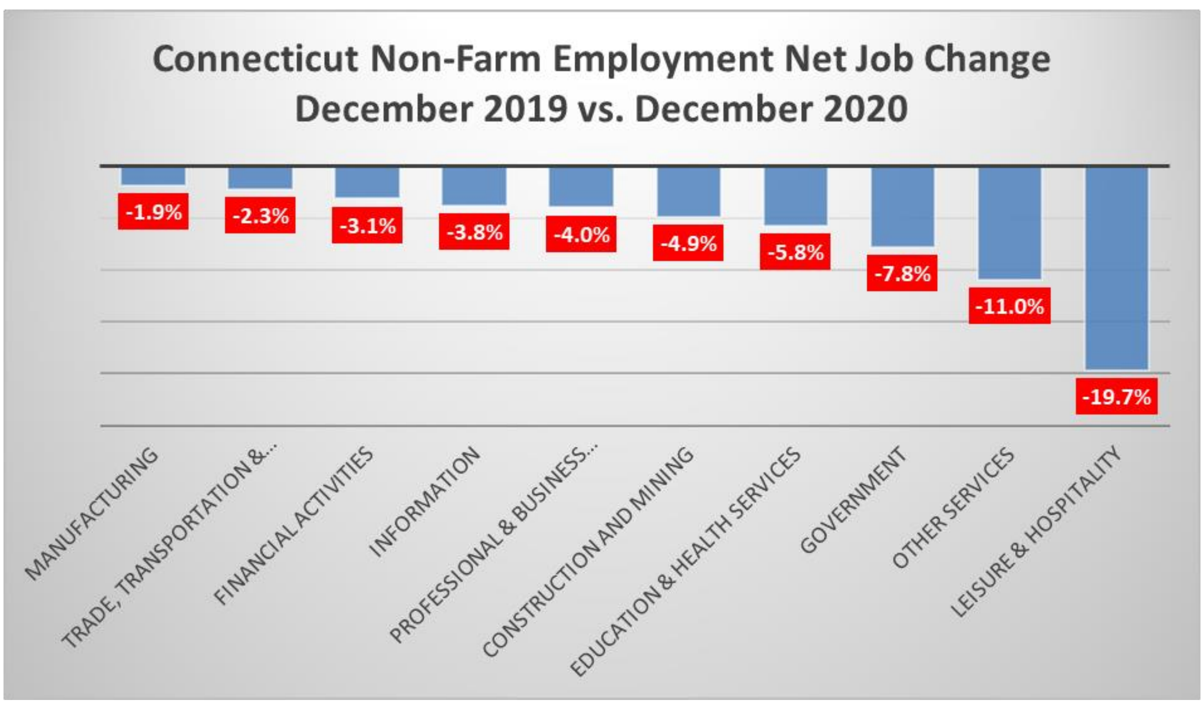
After Connecticut experienced historic levels of employment losses this March and April, the state began regaining jobs over the following six months. Unfortunately, over the last two months, this the employment recovery appears to have stalled.

On January 25th, Connecticut Department of Labor (DOL) reported the preliminary Connecticut nonfarm job estimates for December 2020 from the business payroll survey administered by the U.S. Bureau of Labor Statistics (BLS). DOL's Labor Situation report showed the state lost 3,400 net jobs (0.2%) to a level of 1,590,800 jobs seasonally adjusted. At the same time, the preliminary November 2020 job loss of 1,600 was revised downward by an additional 1,800 jobs. As part of its analysis, DOL pointed out a noteworthy distinction in the December job numbers: The goods producing sector made up of manufacturing and construction gained 3,000 jobs while the service producing sector lost 6,400 jobs. The largest losses in December were in accommodation & food service and the government sector.
Despite overall gains since March and April, Connecticut's employment level is still significantly down on a year-over-year basis. Compared with December 2019, nonagricultural

jobs in the state fell by a net 102,700 positions (-6.1 percent) below one year ago seasonally adjusted. Connecticut's official unemployment rate stood at 8.0 percent in December 2020, down from 8.2 percent a month ago, but significantly higher than the 3.8 percent rate a year ago. The U.S. jobless rate in December 2020 was 6.7 percent, unchanged from the previous month, but up from the unemployment rate of 3.6 percent in December 2019.

Among the major job sectors listed below, all ten experienced significant losses in December 2020 versus December 2019 levels. The leisure & hospitality sector remains particularly hard hit, losing nearly one-fifth of its jobs for the period, followed by the other services and the government sectors.

Payroll Employment Trend				
December 2020 Versus December 2019				
Sector	**December 2020 (P)**	**December 2019 (R)**	**Gain/Loss**	**% Change**
Construction and Mining	58,000	61,000	-3,000	-4.9%
Manufacturing	158,200	161,200	-3,000	-1.9%
Trade, Transportation & Utilities	286,300	292,900	-6,600	-2.3%
Information	30,400	31,600	-1,200	-3.8%
Financial Activities	120,300	124,200	-3,900	-3.1%
Professional & Business Services	214,200	223,100	-8,900	-4.0%
Education & Health Services	322,800	342,600	-19,800	-5.8%
Leisure & Hospitality	125,200	155,900	-30,700	-19.7%
Other Services	57,500	64,600	-7,100	-11.0%
Government	217,900	236,400	-18,500	-7.8%
Total Connecticut Non-Farm Employment	**1,590,800**	**1,693,500**	**-102,700**	**-6.1%**
Source: Connecticut Department of Labor				



Income and Salary

December 2020 average hourly earnings at $34.39, not seasonally adjusted, were up $0.57 (1.7%) from the December 2019 estimate ($33.82). The resultant average private sector weekly pay came in at $1,176.14, up $22.88 from a year ago (2.0 percent). However, DOL warns that due to fluctuating sample responses, private sector earnings and hours estimates can be volatile from month-to-month. In addition, the data may reflect that Connecticut's pandemic-related job losses are concentrated in the lower paying service sector, thus raising average earnings.

The 12-month percent change in the Consumer Price Index for All Urban Consumers (CPI-U, U.S. City Average, not seasonally adjusted) in December was a modest 1.4 percent.

Housing

Continuing a trend from recent months, Berkshire Hathaway HomeServices reported another month of strong results for the Connecticut housing market in January 2021 compared with January 2020. Sales of single-family homes grew 24.83 percent, with the median sale price increasing by 24.42 percent. New listings were down 23.44 percent this January versus last year, but the median list price up 21.31 percent. At the same time, average days on the market decreased 34.83 percent in January 2021 compared to the same month in the previous year (58 days on average compared with 89 in January 2020). Finally, on average sales prices continue to approach the asking price for single family homes with the sales to list price ratio of 99.4 percent.

The table below contains more detailed data for the Connecticut housing market.

MARKET SUMMARY

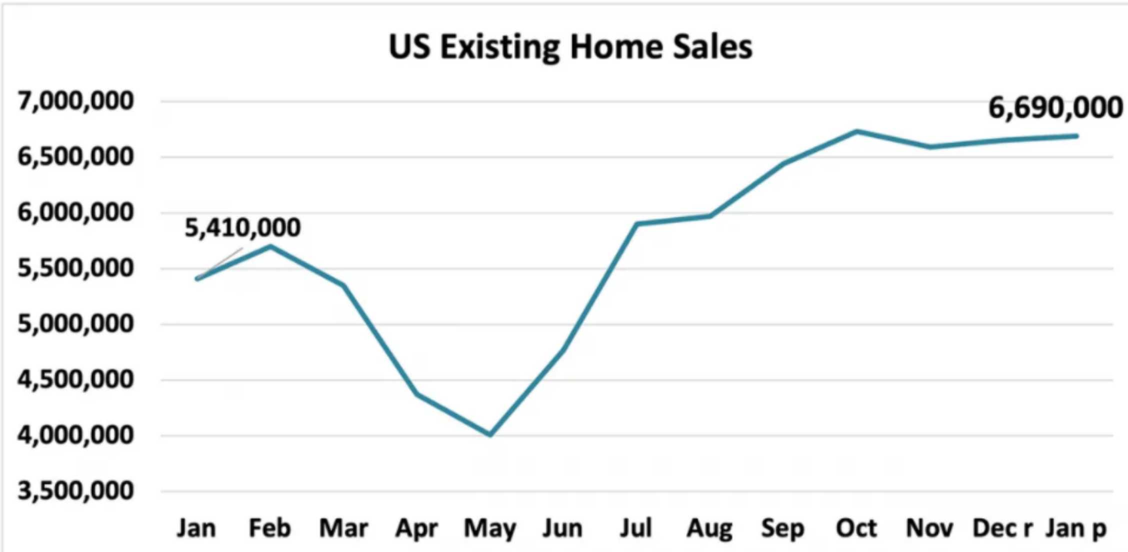
JANUARY 2021 | SINGLE FAMILY HOMES

Market	Month to Date			Year to Date		
Summary	January 2021	January 2020	Percent Change	Year-To-Date 2021	Year-To-Date 2020	Percent Change
New Listings	2695	3520	-23.44% ▼	2695	3520	-23.44% ▼
Sold Listings	2775	2223	24.83% ▲	2775	2223	24.83% ▲
Median Listing Price	$325,000	$267,900	21.31% ▲	$325,000	$267,900	21.31% ▲
Median Selling Price	$323,500	$260,000	24.42% ▲	$323,500	$260,000	24.42% ▲
Median Days on Market	40	69	-42.03% ▼	40	69	-42.03% ▼
Average Listing Price	$519,682	$409,292	26.97% ▲	$519,682	$409,292	26.97% ▲
Average Selling Price	$509,379	$389,858	30.66% ▲	$509,379	$389,858	30.66% ▲
Average Days on Market	58	89	-34.83% ▼	58	89	-34.83% ▼
List/Sell Price Ratio	99.4%	97%	2.55% ▲	99.4%	97%	2.55% ▲

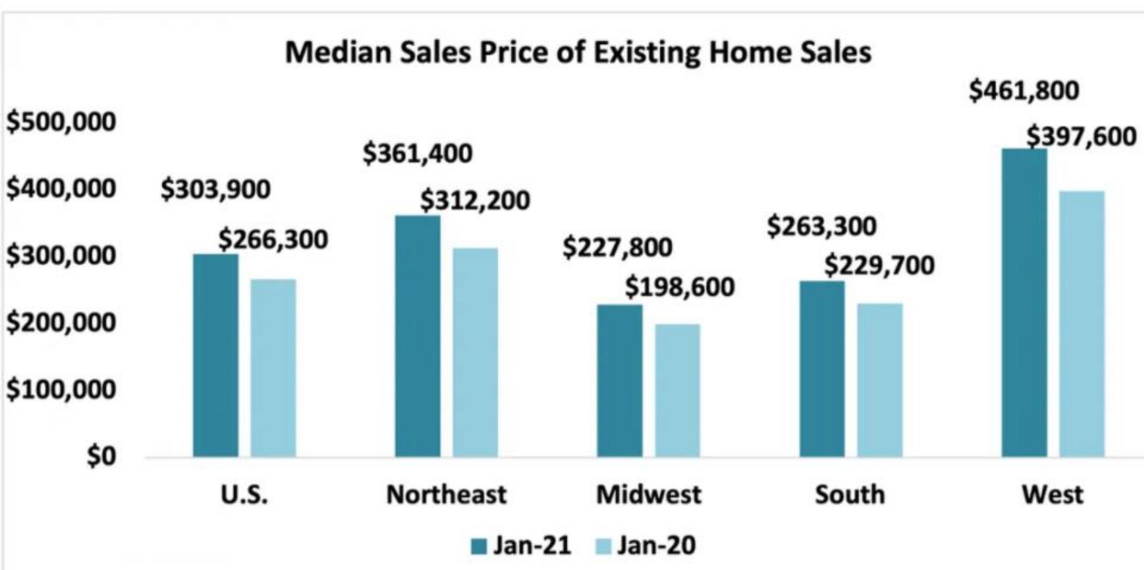
For the U.S. housing market, the National Association of Realtors (NAR) reported existing-home sales rose in January 2021, the second consecutive month of growth. The four major

U.S. regions had mixed results in terms of month-over-month sales, but each region experienced significant year-over-year growth.

Total existing-home sales, (completed transactions that include single-family homes, townhomes, condominiums, and co-ops) increased 0.6 percent from December to a seasonally adjusted annual rate of 6.69 million in January. Sales in total rose year-over-year, up 23.7 percent from a year ago (5.41 million in January 2020).



Nationally, home prices have remained strong during the pandemic. NAR reported the median existing-home price for all housing types in January was $303,900, up 14.1 percent from January 2020 ($266,300), as prices increased in every region. January's national price jump marks 107 straight months of year-over-year gains.



A historically low level of housing inventory continues to drive housing prices. NAR notes total housing inventory at the end of January totaled 1.04 million units, down 1.9 percent from December and down 25.7% from one year ago (1.40 million).

Commercial Real Estate – Lower Delinquency Rates in January

While many analysts focus on the residential housing market, it is also worthwhile to monitor trends in the commercial real estate market, especially for the impact of COVID-19 on the health of the sector. One source that conducts a monthly commercial real estate loan performance survey is the Mortgage Bankers Association (MBA).

MBA's February 2nd report found delinquency rates for mortgages backed by commercial and multifamily properties decreased in January, driven by fewer loans becoming newly delinquent. MBA reported 94.3 percent of outstanding loan balances were current, up from 94.0 percent in December.

Loans backed by lodging and retail properties, the sectors most directly affected by the pandemic, continue to see the greatest stress. However, there were slight improvements in January. The overall share of retail, industrial and lodging loan balances that are delinquent decreased.

Other key findings by MBA for January 2021 include:

	Percent of Balance Not Current	
Commercial Loan Type	**January 2021**	**December 2020**
Lodging Loans	21.5%	22.5%
Retail Loans	11.8%	11.9%
Industry Property Loans	4.0%	4.2%
Office Property Loans	3.0%	2.7%
Multifamily Property Loans	1.8%	1.7%

Source: Mortgage Bankers Association CREF Loan Performance Survey for January 2021

Connecticut Population Estimates

Based on U.S. Census Bureau estimates as of July 1, 2020, Connecticut's population was 3,557,006 last year. This represented a small decline of 9,016 or 0.25 percent from the previous year's estimate. Connecticut was one of sixteen states that lost population in 2020.

Looking at longer term trends, Connecticut was one of six states that lost population over the past decade. The chart below shows the states and changes since 2010:

State	Change from 2010	Percent Change
West Virginia	-69,478	-3.75%
Illinois	-253,015	-1.97%
Connecticut	-22,167	-0.62%
Vermont	-2,539	-0.41%
New York	-63,180	-0.33%
Mississippi	-3,829	-0.13%

Stock Market – Inflation Fears at the End of February

As calendar 2020 came to end, the overall economy has not recovered to its pre-pandemic levels, but the stock market ended the year at or near record highs. The DOW gained 7.25 percent and ended the year at an all-time high. The NASDAQ, heavily composed of tech stocks, continued to be the strongest performer and was up 43.64 percent. The S&P 500 rose to record levels as 2020 ended, rising 16.26 percent for the year.

January 2021 was a volatile month for stocks and the last week of the month ended on a down note. The markets generally recovered for most of February before hitting some turbulence in the last two trading days of the month. Rising bond yields and inflation fears weighed on investors as U.S. Treasury yields rose to new one-year highs. The yield on the 10-year U.S. Treasury note rose above 1.5 percent for the first time since February 2020 on Thursday, February 25th. However, Federal Reserve Chairman Jerome Powell in testimony before Congress earlier in the week indicated rising yields are a sign of an improving economy and that the Federal Reserve has the tools to deal with inflation if it becomes a problem. He noted "The economy is a long way from our employment and inflation goals, and it is likely to take some time for substantial further progress to be achieved."

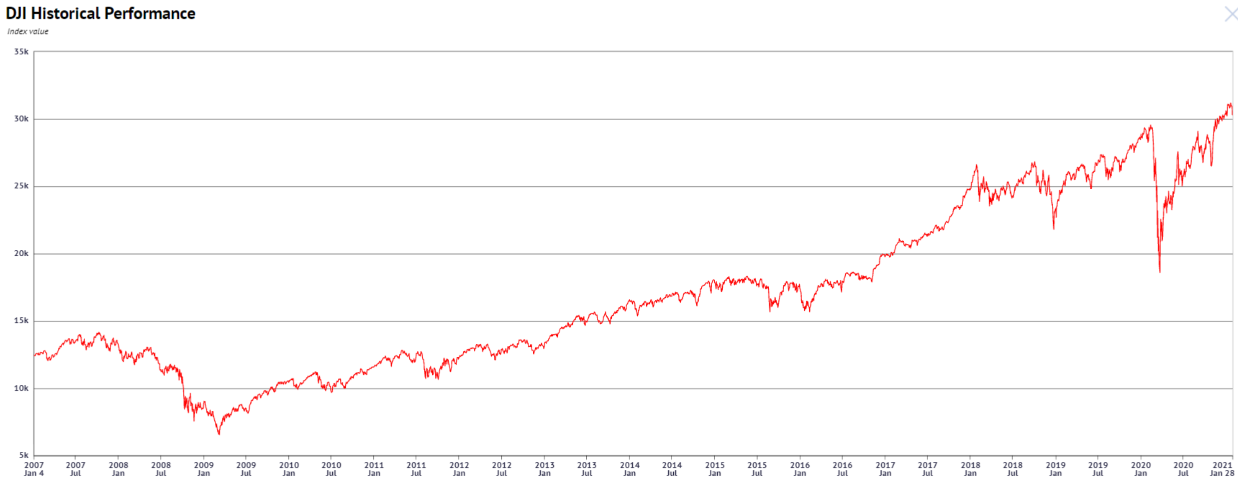
Year-to-date, the DOW has increased just over 1.0 percent, the NASDAQ has gained 2.3 percent and the S&P is up 1.4 percent as of this writing. All three indices have double-digit one-year gains as shown on the charts below.

DOW

NASDAQ

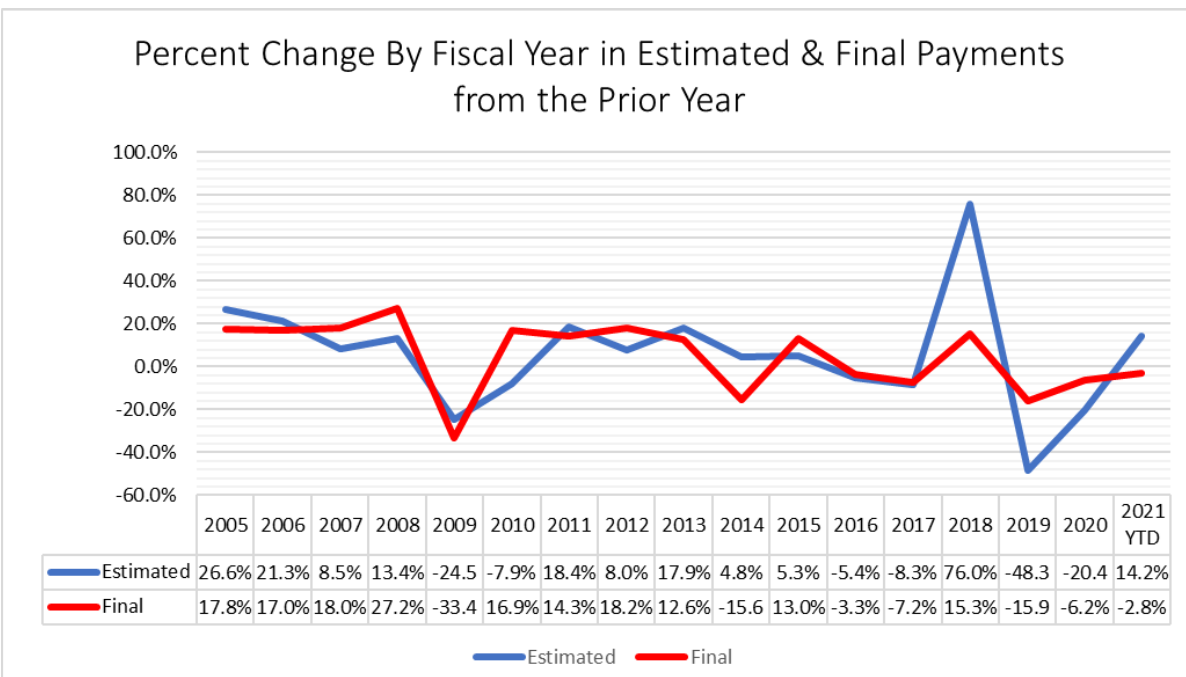
S&P 500 INDEX

To give more perspective on the performance of the stock market over the longer term, the chart below shows the level of the DOW from 2007 to the present:



The performance of the stock market has a significant impact on the State of Connecticut's revenues. In a typical year, estimated and final income tax payments account for approximately 25-30 percent of total state income tax receipts, but can be an extremely volatile revenue source.

FY 2020 results showed estimated and final payments were down a combined 13.2 percent compared with the previous year. Preliminary estimates for the first seven months of FY 2021 indicate better than expected results for estimated payments through January 2021. To estimated payments are up 14.2 percent above FY 2020's level, while final payments are lower by 2.8 percent.



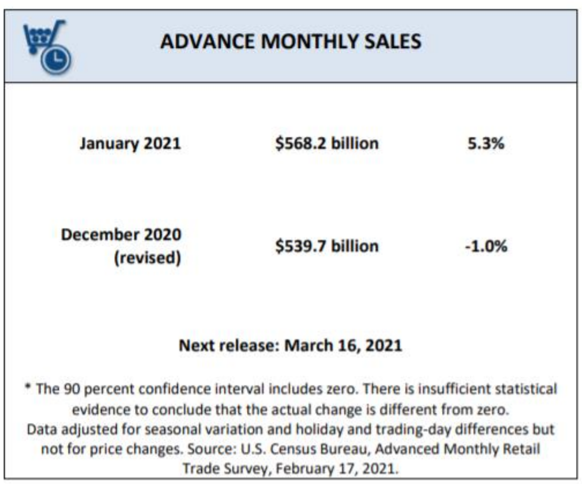
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
Estimated	26.6%	21.3%	8.5%	13.4%	-24.5	-7.9%	18.4%	8.0%	17.9%	4.8%	5.3%	-5.4%	-8.3%	76.0%	-48.3	-20.4	14.2%
Final	17.8%	17.0%	18.0%	27.2%	-33.4	16.9%	14.3%	18.2%	12.6%	-15.6	13.0%	-3.3%	-7.2%	15.3%	-15.9	-6.2%	-2.8%

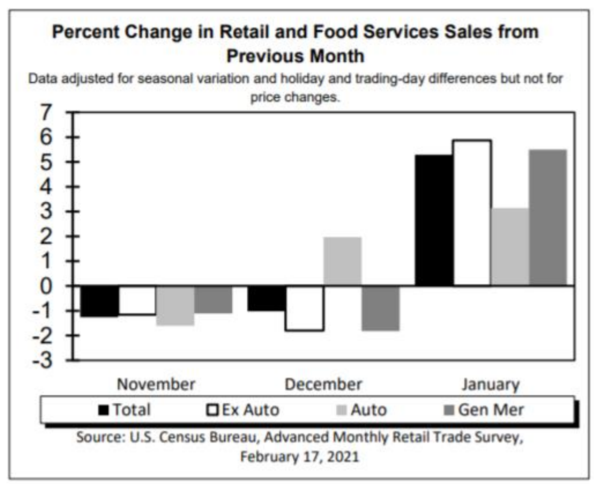
Reflecting this trend, the January 15th consensus revenue forecast reached by the Office of Policy and Management (OPM) and the Office of Fiscal Analysis (OFA) increased the projection for estimated and final income taxes by $294.4 million compared with the prior month. However, this category is still running behind the original targets in the FY 2021 budget plan by $298.2 million.

Consumer Spending – a Broad-Based Surge in January

Consumer spending is the main engine of the U.S. economy, accounting for more than two-thirds of total economic output.

On February 17th, the Commerce Department reported that U.S. advance retail sales were $568.2 billion in January 2021, a jump of 5.3 percent from the previous month. Analysts attributed much of the growth to $600 stimulus checks that were sent out as part of the December Federal relief bill. The December 2020 percent change in retail sales was revised further downward from -0.7 percent to -1.0 percent.





Gains in retail sales were broad-based in January, with every major category showing increases. Electronics & appliance stores were up 14.7 percent, while furniture stores gained 12 percent. Non-store retailers (online sales) increased by 11.0 percent over December. Other strong performers included sporting goods & hobby shops (+8.0%), clothing stores (+5.0%) and building materials & garden suppliers (+4.6%). Even restaurants and bars, which have struggled during the pandemic, were up by 6.9 percent.

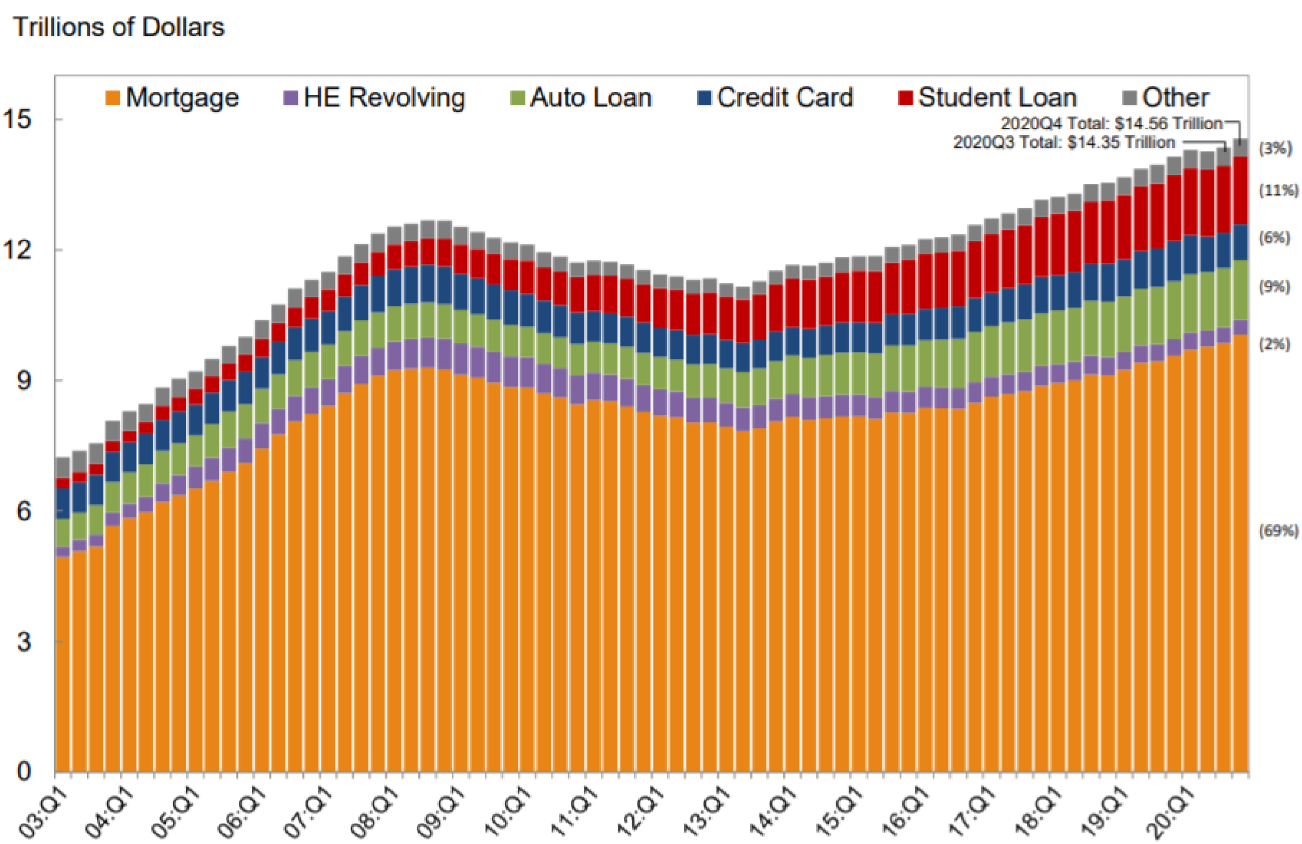
So-called core retail sales surged 6.0 percent in January, after declining a 2.4 percent in December. This category excludes automobiles, gasoline, building materials and food services.

Consumer Debt and Savings Rates

According to the Federal Reserve Bank of New York, aggregate household debt balances increased in the fourth quarter of 2020, driven in part by a sharp increase in mortgage originations. Total household debt increased by $206 billion (1.4 percent) to $14.56 trillion in the quarter ending December 31, 2020. The total debt balance is now $414 billion higher than it was at the end of 2019.

The report titled "Quarterly Report on Household Debt and Credit" noted mortgage balances—the largest component of household debt—surpassed $10 trillion in the fourth quarter, increasing by $182 billion to $10.04 trillion at the end of December. Outstanding student loans, the second largest category of household debt, totaled $1.56 trillion in the fourth quarter, a $9 billion increase from the third quarter. Auto loan balances increased by $14 billion in the fourth quarter, reaching $1.37 trillion. Balances on home equity lines of credit (HELOC) saw a $13 billion decline, the 16th consecutive decrease since the fourth quarter of 2016, bringing the outstanding balance to $349 billion.

Total Debt Balance and its Composition



Source: New York Fed Consumer Credit Panel/Equifax

Credit card balances increased by $12 billion over the quarter, but they were still $108 billion lower than they had been at the end of 2019. The Federal Reserve reported this represents the largest year over year decline since the series began in 1999 and is consistent with continued weakness in consumer spending and revolving balance paydowns by card holders during the fourth quarter.

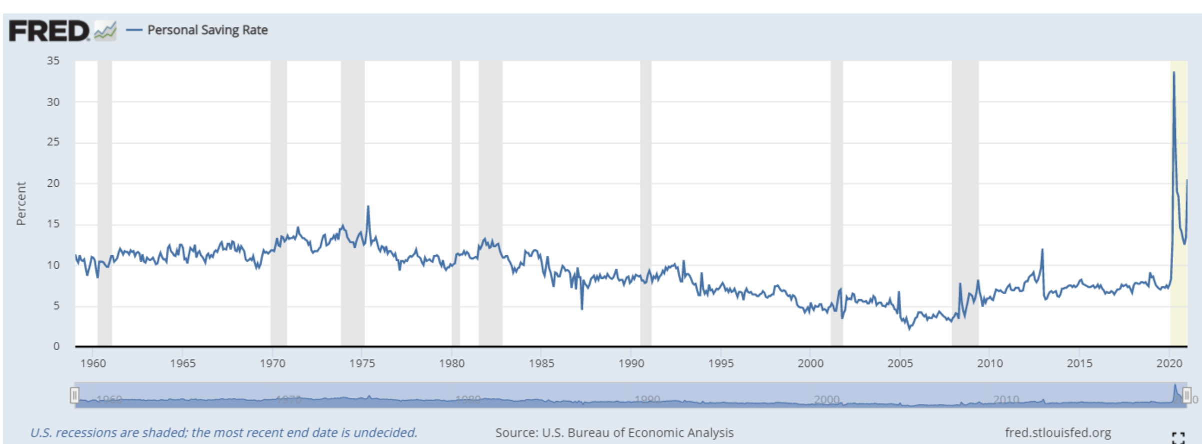
According to the report, aggregate delinquency rates have continued to decline in the fourth quarter, reflecting an uptake in forbearances (provided by both the CARES Act and voluntarily offered by lenders), which was also seen in the two previous quarters. The Federal Reserve noted that forbearances protect borrowers' credit records from the reporting of skipped or deferred payments. As of late December, 3.2 percent of outstanding debt was in some stage of delinquency, a 0.2 percentage point decrease from the third quarter, and 1.6 percentage points lower than the rate observed in the fourth quarter of 2019 and before the COVID pandemic hit the United States.

The full report can be found here:
https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2020Q4.pdf

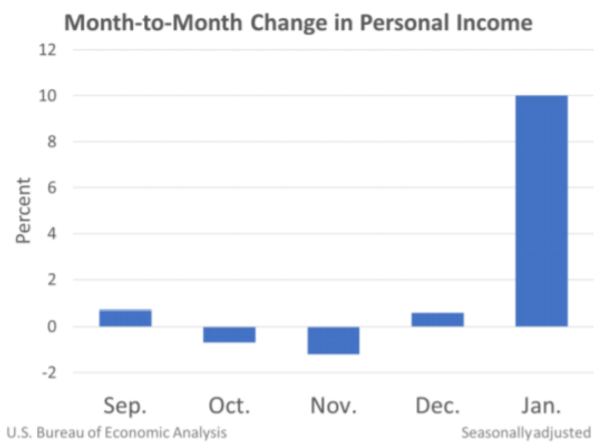
Personal Savings Rate

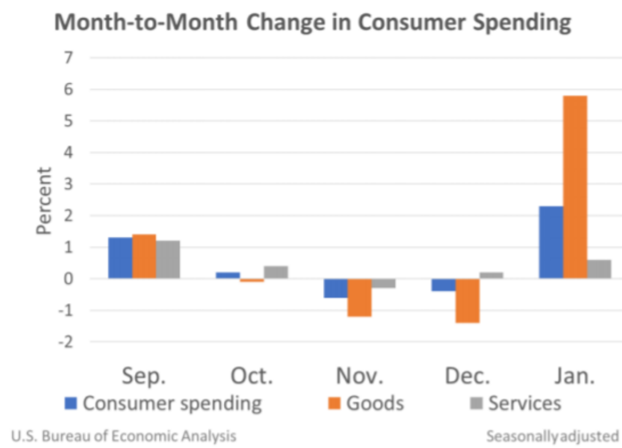
In its February 26th release, the Bureau of Economic Analysis (BEA) reported the personal-saving rate was 20.5 percent in January 2021, significantly up from a revised 13.4 percent in December. BEA noted the increase was due to economic impact payments and enhanced unemployment benefits included in the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act enacted on December 27, 2020.

The personal savings rate is defined as personal saving as a percentage of disposable personal income. As seen in the chart below, the savings rate tends to increase during recessionary periods as consumers cut back on discretionary spending.



BEA reported that personal income increased $1,954.7 billion (10.0 percent) in January and disposable personal income (DPI) increased $1,963.2 billion (11.4 percent). Personal consumption expenditures (PCE) increased $340.9 billion (2.4 percent). Growth in consumer spending was fueled by the $600 stimulus payments that were sent out in January.





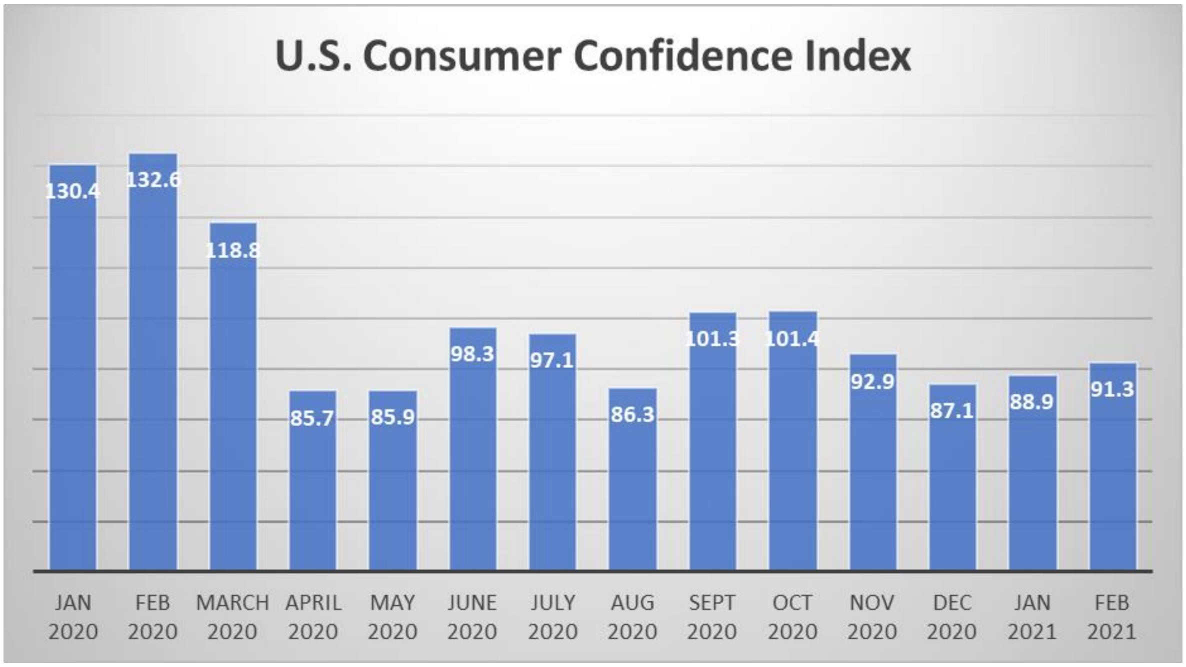
Consumer Confidence – Improvement in Present Outlook in February

The U.S. consumer confidence index (CCI) is published by the Conference Board. The CCI looks at U.S. consumer's views of current economic conditions and their expectations for the next six months. The index is closely watched by economists because consumer spending accounts nearly 70 percent of U.S. economic activity.

The Conference Board reported that the Consumer Confidence Index improved in February, the second month in a row after January's modest increase. The Index now stands at 91.3, up from 88.9 in January. The reading was higher than expected; economists polled by Reuters had forecast the index to come in at 90. Despite two consecutive months of improvement, consumer confidence remains below pre-pandemic levels and those reached in the early fall before COVID-19 cases began rising again.

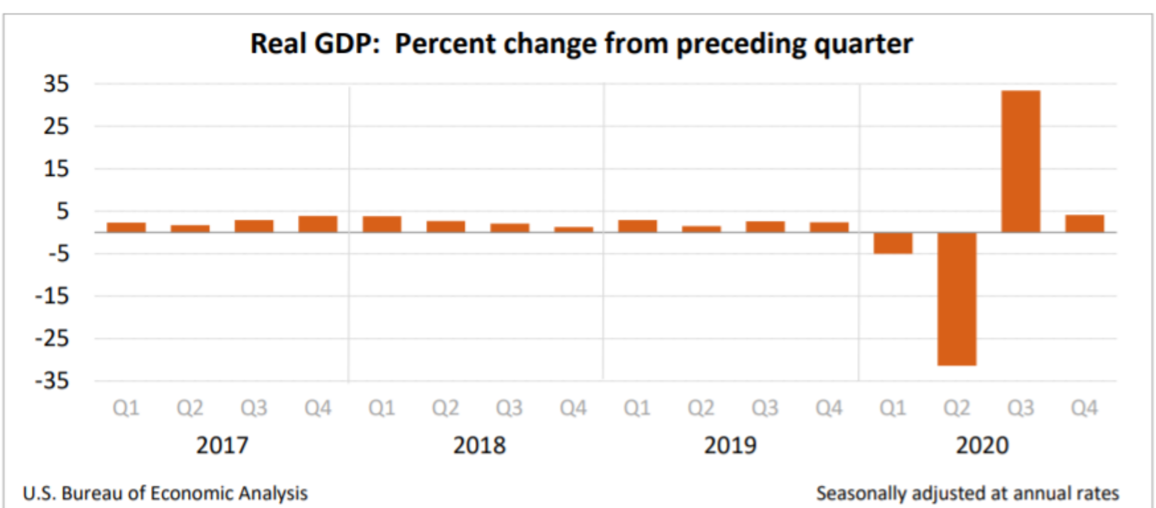
The Consumer Confidence Index is made up of two parts, including the Present Situation Index, which looks at current conditions and the Expectation Index, which measures consumers' views of anticipated conditions for the next six months.

The Present Situation Index increased from 85.5 to 92.0 in February, as consumers expressed more optimistic views of current business and labor market conditions. The Conference Board suggested this indicates economic growth has not slowed further. However, the Expectations Index, which is based on consumers' short-term outlook for income, business, and the job market, fell marginally from 91.2 last month to 90.8. Despite this small step back, consumers remain cautiously optimistic about the outlook for the coming months, according to Lynn Franco, Senior Director of Economic Indicators at The Conference Board. One indicator she cited was future travel plans: "Notably, vacation intentions—particularly, plans to travel outside the U.S. and via air—saw an uptick this month, and are poised to improve further as vaccination efforts expand."



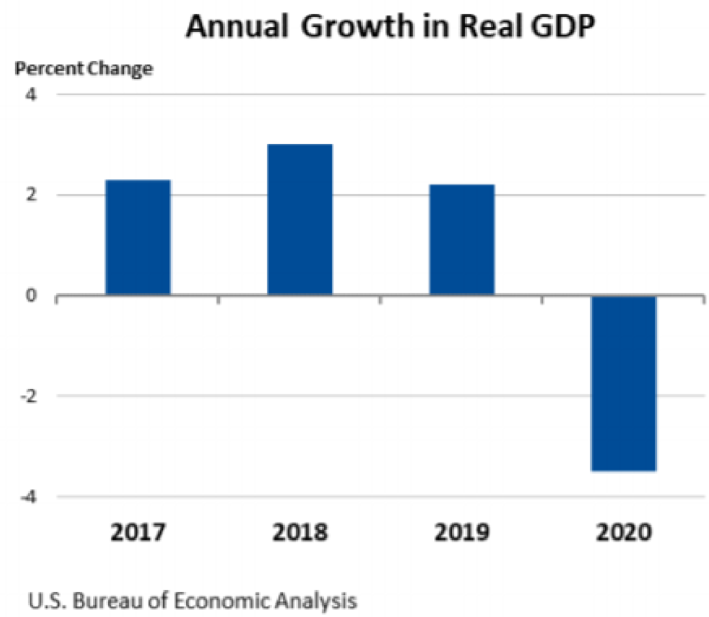
Business and Economic Growth – 4th Quarter GDP

According to a February 25th report from the Bureau of Economic Analysis (BEA), U.S. Real Gross Domestic Product (GDP) increased at an annual rate of 4.1 percent in the fourth quarter of 2020, according to BEA's second estimate. This represents a slight upward revision from the 4.0 percent advance estimate released last month.



BEA reported the fourth-quarter growth in real GDP reflected increases in exports, business investment, consumer spending, housing investment, and inventory investment. These categories were partially offset by a decrease in government spending, primarily related to state and local governments. Imports, a subtraction in the calculation of GDP, increased.

For the full 2020 calendar year, BEA reported real GDP decreased 3.5 percent (from the 2019 annual level to the 2020 annual level). This compared with an increase of 2.2 percent in 2019. The drop in GDP primarily reflected decreases in consumer spending, exports, inventory investment, and business investment that were partially offset by increases in housing investment and government spending. Imports, a subtraction in the calculation of GDP, decreased.



The decrease in consumer spending for 2020 was concentrated in the service sector, reflecting the nation's response to the coronavirus pandemic, and was led by declines in food services and accommodations, health care, and recreation services.

Durable Goods

According to a February 25th report by the U.S. Department of Commerce, new orders for manufactured durable goods increased $8.5 billion or 3.4 percent in January to $256.6. This increase was well above the level forecasted by economists polled by the Wall Street Journal who projected growth of one percent. January also represented the ninth consecutive month of growth. December's increase in durable goods orders was revised upward to 1.2 percent.

January's growth in orders was the largest since July 2020 and was led by transportation, which has been up 8 of the last 9 months. Transportation equipment increased by $6.1 billion or 7.8 percent to $85.1 billion. Within this category, both defense aircraft (+63.5%) and non-defense aircraft (+389.9%) surged, offset somewhat by new orders of motor vehicles, which dropped 0.8 percent in January.

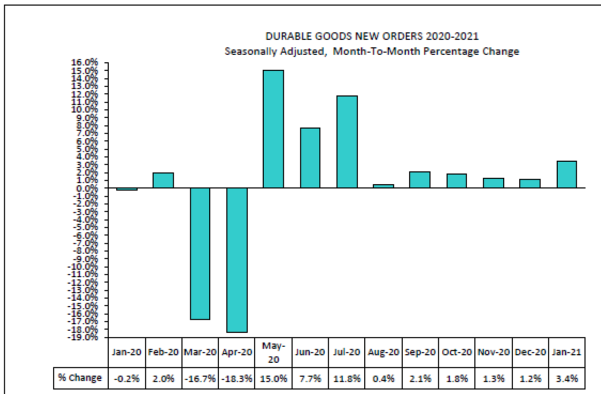
Orders for so called core capital goods increased 0.5 percent in January, after a 1.5 percent rise in the previous month. Core capital goods are defined as non-defense capital goods excluding aircraft, which is considered a proxy for business spending.

DURABLE GOODS – NEW ORDERS

JANUARY 2021	**$256.6 billion**	**+3.4%°**
DECEMBER 2020 (revised)	**$248.1 billion**	**+1.2%°**

Next release: March 24, 2021

Data adjusted for seasonal variation but not for price changes.
°Statistical significance is not measurable for this survey. The Manufacturers' Shipments, Inventories, and Orders estimates are not based on a probability sample, so the sampling error of these estimates cannot be measured nor can the confidence intervals be computed.
Source: U.S. Census Bureau, Manufacturers' Shipments, Inventories and Orders, February 25, 2021.



Source: U.S. Census Bureau, Manufacturers' Shipments, Inventories, and Orders, February 25, 2021.

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