

Manufacturers See Increase In Orders During September

Martin Crutsinger, AP Economics Writer

WASHINGTON (AP) — A surge in demand for commercial aircraft lifted orders for big-ticket manufactured goods in September, but business spending that signals expansion plans weakened.

The Commerce Department says orders for durable goods rose 3.3 percent last month. Overall, it was the best showing since January. But excluding transportation, orders fell 0.8 percent after having risen 1.9 percent in August.

And spending by companies on capital goods excluding aircraft dropped 0.6 percent after rising 4.8 percent in August. The category is viewed as a good proxy for business investment in the economy.

The new report showed that manufacturing, one of the bright spots in the current lackluster economy, is moving forward but at a slower pace than earlier this year.

Demand for communications equipment fell 18.6 percent. Orders for primary metals such as steel dropped 0.5 percent. Orders for computers and related electronic products rose 2 percent and orders for heavy machinery was also up 2 percent.

Demand for transportation equipment jumped 15.7 percent, the best showing since January. It is a very volatile category that had fallen by 30 percent in August.

The surge offset a 0.4 percent drop in demand for motor vehicles last month after a 5.1 percent decline in August.

The overall economy is expected to show growth of around 2 percent in the July-September quarter. The government will release its first look at economic growth for the third quarter on Friday. That gain would be only a small improvement from the 1.7 percent growth turned in during the April-June quarter.

The concern is that the economy is growing too slowly to make much of a dent in an unemployment rate that is currently stuck at 9.6 percent in September.

Manufacturers have been getting a boost from stronger overseas demand which has helped to offset weakness in consumer spending in the U.S.

Peoria, Ill.-based Caterpillar, the world's largest maker of mining and construction equipment, reported last week that its quarterly earnings showed another impressive gain. The company said it earned \$792 million in the third quarter, a gain of 96 percent compared to the third quarter in 2009, a period when sales were depressed as the global economy struggled to emerge from a severe recession.

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Caterpillar said its revenue nearly doubled in Latin America in the third quarter, was up 55 percent in North America and grew 51 percent in Asia. The slowest of Caterpillar's regions was the area that covered Europe, Africa and the Middle East, which saw a revenue gain of 31 percent.

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