

U.S. Orders For Long-Lasting Goods Plunge

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WASHINGTON (AP) — Orders for long-lasting factory goods fell by the largest amount in three years last month, mostly because demand for commercial aircraft plummeted. But companies also ordered less machinery and other equipment, a sign manufacturing output may slow.

Orders for durable goods dropped 4.2 percent in March, the steepest fall since January 2009, the Commerce Department said Wednesday. Commercial aircraft orders, a volatile category, fell by nearly 50 percent.

Excluding transportation equipment, orders declined 1.1 percent. That's the second drop in that category in three months.

And orders for so-called "core" capital goods, a good measure of business investment plans, declined 0.8 percent. Companies cut their orders for steel and other metals, industrial machinery and computers.

Shipments of durable goods increased last month, which adds to growth in the first three months of the year. The government will report on the economy's first quarter growth Friday.

But the decline in orders indicates that growth may slow in the months ahead, economists said.

"This was a weak report," said Ellen Zentner, senior economist at Nomura Securities. It "certainly points to slowing business investment as we enter the second quarter."

A durable good is expected to last at least three years. Examples range from appliances and cars to heavy machinery and planes.

Orders for autos and auto parts ticked up 0.1 percent, far below February's 2 percent gain. Auto production has grown as Americans ramped up their purchases of cars and trucks this year, boosting output at auto plants and their suppliers. But March's tiny increase suggests auto output is slowing.

Changes in aircraft orders mostly reflect orders received by The Boeing Co. The company has generally reported rising demand since last fall, but Zentner noted that it received orders for 53 aircraft in March, compared to 237 in February.

In March, durable goods orders totaled \$202.6 billion — 36 percent above the recession low. But orders remain 17 percent below their peak in December 2007.

Manufacturing has been a leading source of growth and jobs since the recession

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ended. Americans stepped up their purchases of autos and electronic goods this year. Businesses invested in more industrial machinery, computers and other equipment.

Both trends have kept factories humming, but there have been other hints that the sector is slowing.

Factory output fell in March, the Federal Reserve said last week. Companies made fewer electronic products and cut back on steel and other metals.

Americans are still spending, despite recent increases in gas prices. Retail sales rose at a healthy pace in March, the government said last week, boosted in part by unseasonably warm weather. Consumers also bought more furniture, cars, and other durable goods.

More consumer spending is aiding the economy, which expanded at a 3 percent annual pace in the final three months of last year. That's likely to slip to 2.5 percent in the first quarter, economists say. Still, that is a higher estimate than just a few weeks ago, when many analysts thought growth in the first quarter would dip below 2 percent.

Data released since then has shown that the trade gap was narrower and stockpiles were larger than first thought. That suggests growth was faster.

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