

U.S. Factory Orders Fell By Most In 3 Years

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WASHINGTON (AP) — Demand for U.S. manufactured goods dropped by the most in three years in March, driven lower by a sharp fall in volatile orders for commercial aircraft. Still, more recent data suggest the decline may be temporary.

The Commerce Department said Wednesday that orders for factory goods fell 1.5 percent, the steepest decline since March 2009, when the economy was mired in recession. Orders rose 1.1 percent in February.

Aircraft orders plummeted nearly 50 percent. But excluding transportation goods, orders were unchanged. Demand for less durable items, such as food, chemicals and gasoline, rose 0.5 percent.

The report comes a day after a private survey found that the manufacturing sector expanded in April at the fastest pace in 10 months. New orders, production and a measure of hiring all rose.

The April survey from the Institute for Supply Management helped the Dow Jones industrial average close Tuesday at its highest level in more than four years. It followed a series of weaker reports in recent weeks that showed hiring slowed, applications for unemployment benefits rose and factory output dropped.

Sales of cars and trucks in April were mixed. Toyota and Chrysler on Tuesday reported big U.S. sales gains for April, but those gains came at the expense of General Motors and Ford. Auto production has been solid in recent months as Americans have increased their purchases of cars and trucks, a good sign for further gains in factory output.

Factories account for only about 9 percent of total payrolls but added 13 percent of the new jobs created last year. Manufacturers have added 120,000 jobs in the past three months, about one-fifth of all net gains during that period.

The government reported last week that the overall economy grew at an annual rate of 2.2 percent in the January-March period. While that was down from growth of 3 percent in the final three months of last year, it was an improvement over the 1.7 percent economic growth turned in for all 2011.

Economists believe increased hiring will help support stronger gains in incomes this year, which will provide support for consumer spending. This should result in a slightly better economic performance this year with growth coming in around 2 percent to 2.5 percent.

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