U.S. Factory Orders Expected To Show Small Gain

WASHINGTON (AP) — Orders to U.S. factories are expected to show a small gain in April following a big decline in March.

Economists forecast that factory orders will increase 0.3 percent, according to a survey by FactSet. The Commerce Department will release the report at 10 a.m. Eastern time Monday.

In March, factory orders fell 1.5 percent, the biggest drop in three years.

Factory orders have rebounded since the recession ended in mid-2009. Orders in March stood 37 percent higher than the recession's low point. They are still 4.2 percent below the peak reached in December 2007, the month the recession began.

The government in a preliminary report said that orders for durable goods, items such as refrigerators and cars that are expected to last at least three years, increased 0.2 percent in April after having fallen 3.7 percent in March. Gains in volatile commercial aircraft orders and more demand for autos and parts drove the modest increase.

But so-called core capital goods orders, which are considered a proxy for business investment, fell for a second straight month, declining 1.9 percent in April after a 2.2 percent drop in March.

The government in its report Monday will revise the durable goods estimate based on more complete information and include an estimate on demand for nondurable goods, items ranging from food to chemicals and paper.

The government reported Friday that U.S. employers added only 69,000 jobs in May, the fewest in a year and less than half what economists had expected.

It was the third month in a row of weak job growth and further evidence that the economy, just as in 2010 and 2011, was hitting a spring soft patch.

One of the few bright spots among sectors of the economy was a gain of 12,000 jobs in manufacturing which has been helped by rising demand for U.S. exports and a boom in car sales.

Manufacturing has been a leading source of growth and jobs since the recession ended. Economists believe that trend will continue although they are concerned that economic slowdowns in Europe and China could cut into U.S. exports.

The Institute of Supply Management reported Friday that U.S. manufacturing grew more slowly in May but that a measure of new orders rose to a 13-month high. That suggests that factory activity will pick up in June.

The supply managers said their index of manufacturing activity dipped to 53.5 in May, down from a reading of 54.8 in April. Any reading above 50 indicates expansion in the manufacturing sector.

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