

U.S. Factory Orders Unchanged In November

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WASHINGTON (AP) — U.S. companies boosted their orders in November for manufactured goods that reflect investment plans even though total orders were unchanged for the month.

Factory orders were flat in November, compared with October when orders had risen 0.8 percent, the Commerce Department said Friday. Durable goods, everything from autos to steel, rose 0.8 percent while nondurable goods fell 0.6 percent, reflecting falling petroleum prices.

Orders for core capital goods, a category considered a proxy for business investment plans increased a solid 2.6 percent after a 3 percent rise in October which had been the strongest gain in 10 months.

Factories appear to be recovering slowly from a slump earlier in the year although there are still concerns given a weak global economy that is restraining U.S. exports.

The back-to-back increases in core capital goods followed a period of weakness that had raised concerns about business investment, a driving force in the economic rebound.

Analysts believe that companies will boost spending further on computers and other equipment to expand and modernize now that Congress and President Barack Obama have reached a deal on taxes that will remove uncertainty that had been weighing on business investment decisions.

The last-minute agreement approved by Congress on Tuesday and signed by Obama on Wednesday averts widespread tax increases and delays deep spending cuts that had threatened to push the country back into recession.

In other hopeful signs for manufacturing, the Labor Department reported Friday that manufacturing added 25,000 jobs in December, the most in nine months. And the Institute for Supply Management said Wednesday that its index of manufacturing activity rose in December compared from the November reading.

Economists believe factories will be helped in 2013 by rising auto sales. Automakers announced results for December which left sales for the entire year 13 percent higher than in 2011. Economists are forecasting further gains in 2013 as Americans seek to trade-in their old cars, whose average age now tops a record 11 years.

The economy grew at an annual rate of 3.1 percent in the July-September quarter, much better than the 1.3 percent pace in the April-June period.

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But economists expect growth slowed in the final three months of last year, partly because of the uncertainties surrounding the fiscal cliff.

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