

Factory Orders Rebound

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WASHINGTON (AP) — Orders to U.S. factories rose in February after two months of declines but a critical category that signals business investment plans fell.

Factory orders rose 1.6 percent in February, the most in five months, following declines of 1 percent in January and 2 percent in December, the Commerce Department reported Wednesday. The February gain reflected a rebound in orders for commercial aircraft and autos. Orders in both categories had fallen for two consecutive months before rebounding in February.

But demand for core capital goods, considered a good guide to business investment plans, fell 1.4 percent in February, the second decline in three months.

Many economists say that was due in part to the severe winter, which caused businesses to postpone plans to expand or modernize their operations.

In February, demand for durable goods, items expected to last at least three years, rose 2.2 percent, matching a preliminary estimate last week. Orders for nondurable goods such as chemicals, paper and food rose 1 percent following a 0.7 percent drop in January.

Demand for commercial aircraft rose 13.4 percent while orders for motor vehicles and parts increase 3 percent. Orders for primary metals such as steel increased 1.7 percent while orders for computers soared 64.2 percent, rebounding from a 48.2 percent drop in January.

Orders for machinery fell 1.2 percent with demand for construction equipment and mining and oil field equipment both down.

Economists believe that unusually severe weather depressed activity in the winter. They are looking for a rebound in orders and production in coming months as the weather improves.

Some encouraging signs include reports that U.S. manufacturing grew at a slightly faster rate in March compared with February. And automakers reported Tuesday that sales rose 6 percent in March, far outpacing analysts' expectations.

The Institute for Supply Management reported Tuesday that its manufacturing index increased to 53.7 in March, up from 53.2 in February. Any reading above 50 indicates expansion.

That rise was viewed as evidence that factories are recovering from disruptions caused by the severe winter. Manufacturing activity had plunged in January as snow storms shut down factories and disrupted supply shipments. It rebounded slightly in

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February as measured by the ISM index.

The Federal Reserve's report on factory production showed the biggest increase in output in six months in February as factories cranked out more cars, home electronics and chemicals.

Analysts expect overall economic growth slowed to between 1.5 percent and 2 percent in the first three months of this year, reflecting weather disruptions and efforts by businesses to work down unwanted stockpiles. But economists are looking for a sharp rebound in growth to around 3 percent for the rest of the year.

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