Consumers Drive Rebound In Factory Orders

by THE ASSOCIATED PRESS

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Businesses ordered more factory goods in November, responding to stronger consumer demand for household appliances, computers, and furniture.

The Commerce Department says that total orders increased 0.7 percent in November. That follows a 0.7 percent drop in October.

The overall figure was pulled down by a drop in volatile transportation orders. Excluding aircraft and autos, orders rose 2.4 percent - the largest jump for that category in eight months.

The November increase left total orders at $424.5 billion. Economists consider that a healthy range for manufacturing activity. It's 20.4 percent above the recession low, hit in March 2009.

Consumers are coming off the busiest holiday shopping season in four years. Businesses are anticipating stronger economic activity to continue this year, helped by a tax cut that will put more money in consumers' pockets.

One category considered a good proxy for business expansion rose 2.6 percent in November.

Manufacturing activity has expanded in every month since the recession officially ended in June 2009.

For November, orders for durable goods dropped 0.3 percent. But the decline was heavily influenced by a 50.6 percent plunge in orders for commercial aircraft. Big-ticket consumer goods showed gains.

And demand for iron and steel rose a sharp 21.7 percent, the raw materials for a raft of goods. That suggests factories are gearing up to produce autos to appliances in the months ahead.

On Monday, an industry report said the strength carried into December. The Institute for Supply Management said its index of manufacturing activity rose to 57 in December from 56.6 in the previous month. Any reading over 50 indicates growth.

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