

Shelby Corvin installs a door handle on a truck cab at the Volvo plant in Dublin, Va. Factory output rose for a third straight month in September, a sign the economy is growing slowly. Manufacturers made more airplanes, trucks and home electronics to meet rising demand. U.S. factory output increased 0.4 percent in September after gaining 0.3 percent in August. STEVE HELBER/AP

Demand for trucks, planes boosts plants

Output again up at factories

By Daniel Wagner
The Associated Press

WASHINGTON — Factory output rose for a third straight month in September, a sign the U.S. economy is growing slowly. Manufacturers made more airplanes, trucks and home electronics to meet rising demand.

Output at U.S. factories increased 0.4 percent in September after gaining 0.3 percent in August, the Federal Reserve said Monday.

Production of business equipment rose 1 percent, the third straight increase of 1 percent or more.

Transit equipment and information processing equipment drove the gain.

Auto output increased for a third straight month, and home electronics production for a fifth.

Overall industrial production edged up 0.2 percent. It was unchanged in August.

Utility output decreased sharply, while mines continued to produce more.

Stocks fell on Wall Street, mostly on concerns about Europe's ability to solve its debt crisis.

The Dow Jones industrial average dropped more than 100 points in the first hour of trading. Broader indexes also declined.

Industrial production has increased 12.8 percent since June 2009. It remains 5.8 percent below its recent peak, reached in September 2007.

The rise in factory output, the largest component of industrial production, is the latest signal that the economy is recovering from its summer slump.

The government has also said that hiring increased slightly in September and retail sales grew by the most in seven months.

"The third quarter turned out to be a lot better than some feared, and the economy has a little momentum going into the fourth," said Paul Ashworth, chief U.S. economist for Capital Economics.

"Nevertheless, we're still more worried about the first quarter of next year, particularly if the temporary payroll tax reduction is allowed to expire at the end of this year," he said.