

'Stable growth trajectory'



PAUL SAKUMA / The Associated Press

John Rosas, an employee with Wizard of Metals, cuts steel in San Francisco. Businesses requested more airplanes, autos, and oil drilling equipment in May.

Factories orders showing strength

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Factory orders climbed in May, an indication U.S. manufacturing appears to be bouncing back following the Japanese earthquake and tsunami shock, economists said Tuesday.

The Commerce Department said factory orders rose 0.8 percent, following April's revised 0.9 percent decline.

Economists Scott Anderson and Michael A. Brown of Wells Fargo Securities said the gain was slightly below consensus expectations calling for a 1 percent increase.

The May factory orders report suggests U.S. manufacturing "will soon return to a more stable growth trajectory" as the impacts of the Japanese tsunami and earthquake

fade and auto and aircraft orders rebound, the economists wrote in a report.

"Year-over-year gains in factory orders remain at a solid 13.3 percent," they wrote.

Nondefense capital goods orders excluding aircraft, "a better proxy" for future business equipment and software spending, jumped 1.6 percent in May, more than reversing April's 0.4 percent decline, the economists said.

Durable goods orders for May also were revised higher than the initial release two weeks ago, rising "a healthy" 2.1 percent, Anderson and Brown said.

Government officials said new orders for manufactured goods in May, up two of the last three months, increased \$3.5 billion, or 0.8 percent, to \$445.3 billion.

Shipments, up eight of the last nine months, increased \$0.4 billion, or 0.1 percent, to \$443.9 billion. That followed a 0.4 percent decrease in April.

"There is no sign yet that manufacturers will need to throw production into reverse to stabilize inventories, especially if shipments recover in the months ahead," Anderson and Brown said.

They said the nation is seeing a factory-orders rebound over the last three months in a broad swath of industries.

"These indicators provide more evidence that the summer soft patch in U.S. manufacturing is more likely to turn into a manufacturing rebound in the second half of the year than it is likely to be followed by an ever greater manufacturing decline," the economists said.