Factory orders dip 1.5% in December

Biggest drop since July

By Martin Crutsinger
Associated Press

WASHINGTON — U.S. manufacturers saw orders for their products decline in December by the largest amount in five months although the setback for a key category that tracks business investment was not as large as first reported.

Orders to U.S. factories fell 1.5 percent in December, the biggest drop since July, with much of the weakness coming from a plunge in aircraft orders, the Commerce Department reported Tuesday. Orders had risen 1.5 percent in November after a 0.5 percent October decrease.

Orders in a closely watched category that serves as a proxy for business investment declined 0.6 percent, a smaller fall than the 1.3 percent drop estimated in a preliminary report last week. The decrease followed a sizable 3 percent jump in November, an increase spurred by an expiring tax break.



Driver Kyle Woodroof loads packages last month in his delivery truck in Kansas City, Mo. The Commerce Department reported Tuesday that U.S. factory orders in December dropped 1.5 percent. CHARLIE RIEDEL/AP

Demand for durable goods, items expected to last at least three years, fell 4.2 percent, slightly less than the 4.3 percent preliminary estimate. Orders for nondurable goods such as chemicals, paper and food rose 1.1 percent in December following a 0.4 percent November gain.

Gus Faucher, senior economist at PNC Financial Services, said he expects manufacturing will expand this year at about the same pace as the overall economy, which analysts are forecasting will gain momentum this year.

For December, demand for commercial aircraft fell 17.5 percent after rising 21.1 percent in November.