June orders for durable goods up 4.2 percent

Aircraft, business spending lead way

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Associated Press

WASHINGTON — Orders for long-lasting U.S. factory goods rose in June, bolstered by a surge in aircraft demand and more business spending. The increase suggests companies are more confident in the economy and could boost economic growth in the second half of the year.

The Commerce Department said Thursday that orders for durable goods increased 4.2 percent last month. That followed a 5.2 percent gain in May, which was revised higher.

Most of the gain occurred because aircraft orders, which are volatile month to month, jumped 31.4 percent. Boeing said it received orders for 287 planes in June, up from 232 in May.

Orders that signal planned business investment, which exclude volatile transportation and defense orders, increased in June for the fourth straight month. The 0.7 percent gain last month was buoyed by more machinery demand.

Even with the gain, business investment is not likely to help economic growth in the April-June quarter, economists said. That's because the government measures shipments, rather than orders, when calculating business investments' contribution to growth. Shipments fell in June. But the increase in orders this spring suggests shipments will rise in the July-September quarter and add to growth.

Jonathan Basile, an economist at Credit Suisse, said rising orders are a "recipe for a speed up in manufacturing and business investment" in the third quarter.

Durable goods are items meant to last at least three years. They include everything from computers to refrigerators.