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New home sales, durable goods rise

WASHINGTON (AP) — Sales of new homes took the biggest monthly jump in 47 years in March, while orders for large manufactured products rose by the largest amount since the recession started.

While factories are benefiting from a sharp increase in orders from U.S. and foreign businesses, the fuel for new home sales is coming from a less sustainable source: government subsidies.

Some analysts predict demand for homes will fall again over the summer, preventing the beleaguered sector from adding much to the economic recovery.

The Commerce Department said Friday that new home sales skyrocketed 27 percent in March, bouncing off the February's record low. The figure blew past expectations as better weather and government incentives boosted sales.

New orders for durable goods — those expected to last at least three years — fell by 1.3 percent, the government said. But excluding demand for aircraft and other transportation goods, orders surged 2.8 percent, much more than analysts had projected.

The report was evidence that businesses are spending more on new equipment in anticipation of a stronger economy.