

Numbers say economy is starting to look better

Factory orders show increase after six months in decline

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Orders to U.S. factories ticked upward after six months of decline, giving a glimmer of hope that the end of the recession could be in sight.

The Commerce Department reported Thursday that orders for manufactured products rose by 1.8 percent in February, much better than the decline expected by analysts. Durable goods — items that last for three years or more — led the way, with an increase of 3.5 percent. Non-durable goods showed a 0.3 percent increase.

Barbara League, chief executive of G.F. League Manufacturing Co. of Greenville, doesn't put her faith in statistics. She puts it in results.

As a custom fabricator for a diverse customer base, her business is dependent on the business of her customers, she said.



File

Parts orders from companies keep two shifts busy at League Manufacturing Co., a custom fabricator in Greenville.

"We're still working two shifts 7 a.m. to 8 p.m., with flextime," she said.

Making components for equipment sold by their customers mean League Manufacturing has no business if those manufacturers have none. But League is doing well, she said.

Although pundits often talk of the disappearing manufacturing base in the United States, League said

she doesn't believe that will happen.

"Our manufacturers have retooled and reshaped their plants," she said. "They have to do that."

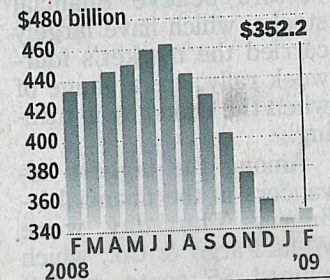
The increase in factory orders "is an item that seems to tell us a bottom is being formed," said Bruce Yandle, dean emeritus of Clemson University's Col-

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Factory orders

Total new orders to American factories for all manufactured goods:

Seasonally adjusted



SOURCE: U.S. Census Bureau

AP

ORDERS

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lege of Business and Behavioral Science.

He then ticked off other somewhat positive signs that recession could be hitting its lowest point: increased retail sales, service sector index up, auto sales better than the previous month, housing sales up.

Yandle pointed out, however, that "these are in-

creases from a low level."

Economists said the rebound could be temporary as forces continue to batter the economy. Or it could be an up-and-down situation, varying month to month.

But "we do have an accumulation of positive signals," Yandle said.

The next question, obviously, is when the recession will end. And Yandle said he has no real idea but expects real signs of improvement to begin sometime in 2010.

February's strength included a big swing in de-

mand for machinery, with orders up 12.7 percent. That's the biggest one-month gain in nearly 15 years.

Also, orders for transportation goods rose by 2.7 percent in February although orders for commercial aircraft plunged 29 percent. A big increase in orders for defense aircraft and a 1.1-percent rise in demand for motor vehicles and parts offset that weakness.

Automakers reported March sales were down 37 percent, compared to a

year ago but much improved over February sales.

BMW Manufacturing Co., with its sole U.S. manufacturing facility in Greer, has produced 28,687 vehicles for the year through the week of March 23.

The company plans to begin production of a hybrid X6 later this year and to begin production of the X3, a smaller sibling of the X5, next year.

Yandle said the pickup in orders for motor vehicles could be the result of inventory drawdowns.

Manufacturers — a large part of the economy in South Carolina and between 25 percent and 30 percent of the U.S. economy — have been battered by this recession. Consumers both in the United States and internationally have slashed their spending quickly.

"There has been a huge increase in savings," Yandle said.

As long as uncertainty exists, consumers will tend to hold on to their money, he said.

"Manufacturing is not

going to come back like gangbusters until our trading partners' economies improve," he said.

Even as the economy improves, consumers are unlikely to feel the difference, he said. Layoffs tend to continue for some time after a recovery is underway and consumers will know employees who have lost their jobs.

But eventually consumer confidence will pick up and "consumers will be spending again," he said.