

Earth-moving and construction equipment is stored on a lot at the Highway Equipment Co. in Zelienople, Pa. The Commerce Department released business inventories for March on Tuesday. KEITH SRAKOCIC/AP

US durable goods orders up 0.8 percent in April

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A surge in demand for military aircraft lifted durable goods higher for the third straight month in April, with economists seeing bright spots even as demand for automobiles and auto parts were weak for the month.

The U.S. Commerce Department said that overall demand for long-lasting factory goods were up 0.8 percent last month following a 3.6 percent gain in March, even as orders for motor vehicles and parts fell 4.1 percent following back-to-back gains in February and March.

"Given the recent soft patch in retail auto sales, some pull back here at the wholesale level is not altogether surprising," said Tim Quinlan, economist for Wells Fargo Securities."

Quinlan said that the auto industry "looks set for further gains this year as credit becomes increasingly available and real incomes gradually strengthen due to an improving labor market.

"That said, the recovery in automotive production is likely to slow this year as sales have gained substantial ground over the past two years and are closing in on the industry's longer-term trend."

Demand for autos is widely followed in the Upstate, where BMW has its only U.S. manufacturing plant and parts suppliers provide paychecks for thousands of workers who produce parts for not only BMW but numerous other auto manufacturers.

Defense capital goods orders rose 39.3 percent during April, with part of that increase attributable to a 13.1 percent jump in defense aircraft orders.

Economists said government belt-tightening at the federal level will likely be the headwind that leads to declines in defense outlays.