

## Government, businesses buy less



AP

A line worker checks a 2012 Ford Focus on the assembly line at the Michigan Assembly Plant in Wayne, Mich.

# U.S. factory orders dip in February

By Martin Crutsinger

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WASHINGTON — U.S. factories orders fell in February, as the government cut demand for military planes and communications equipment while businesses bought fewer computers, turbines and power generators.

Orders to U.S. factories slipped 0.1 percent in February after three straight monthly gains, the Commerce Department reported Thursday.

When excluding transportation, orders rose 0.1 percent. That's the seventh straight increase for that category. Still, a key measure of what businesses spent on capital goods fell for the second straight month.

Even with the decline, factory orders totaled

\$446 billion last month. That's a level economists view as healthy and it is 26.4 percent above the recession low hit in March 2009.

Economists expect the sector will grow in the months ahead, based on strong demand for exports and tax cuts designed to encourage businesses to spend more on capital goods.

The category that measures business investment in capital goods dropped 0.7 percent in February. That followed a 5.9 percent fall in January — the biggest in two years. The declines show that businesses are not yet taking advantage of the new tax break approved in December.

Scott Anderson, an economist with Wells Fargo, noted that new or-

ders outside of defense were up 0.5 percent in February, indicating that much of the month's weakness was in defense, a volatile category.

"Business spending has not slowed as dramatically as the headline number suggests," Anderson said. "The underlying trend in orders remains positive."

Orders for long-lasting manufactured goods fell 0.6 percent in February, slightly smaller than the 0.9 percent decline in durable goods reported in last week. Orders for nondurable goods, which include chemicals, food and paper, rose 0.3 percent.

Transportation equipment orders fell 1.5 percent, even though commercial aircraft rose 26.7 percent last month.