



A key reason for the drop in factory orders was that demand for aircraft — such as this Boeing 787 being assembled in Everett, Wash. — dove nearly 50 percent. BOEING CO.

U.S. factory orders dropped in March

It's the biggest decline in 3 years

The Associated Press

WASHINGTON — Demand for U.S. factory goods fell in March by the most in three years, driven down by a sharp drop in volatile orders for commercial aircraft.

Still, more recent data suggest the decline may be temporary.

The Commerce Department said Wednesday that orders for factory goods fell 1.5 percent. That was the steepest decline since March 2009, when the economy was mired in recession. Orders rose 1.1 percent in February. A key reason for the fall was aircraft orders dove nearly 50 percent. Those orders can fluctuate sharply from month to month. Excluding

transportation goods, orders were unchanged. Demand for less durable items, such as food, chemicals and gasoline, rose 0.5 percent.

"Despite this month's decline, new orders have been on a rising trend," Steven Wood, an economist at Insight Economics, said in a note to clients. "The demand for manufactured goods is recovering moderately and irregularly."

Factory orders have rebounded after diving during the recession. March orders totaled \$460.5 billion, 37 percent higher than the recession's low point reached in 2009. That's still 4.2 percent below the peak reached in December 2007, the month the recession began.

Other data suggest the March decrease won't endure. A private survey released Tuesday found that

the manufacturing activity grew in April at the fastest pace in 10 months. New orders, production and a measure of hiring all rose. The increase in new orders points to rising output in the coming months.

The April survey from the Institute for Supply Management helped the Dow Jones industrial average close Tuesday at its highest level in more than four years. It followed a series of weaker reports in recent weeks that showed hiring slowed, applications for jobless benefits rose and factory output fell.

There were positive signs in the government's report on March factory orders. Orders for so-called "core" capital goods, a measure of business investment, fell just 0.1 percent, far less than it reported in a preliminary estimate last week.