

Workers form a large spindle Sept. 6 at Solmet Technologies in Canton, Ohio. MARK DUNCAN/AP

US factory orders rise 4.8 percent

By Martin Crutsinger
Associated Press

WASHINGTON — U.S. companies boosted their orders for manufactured goods by the largest amount in 18 months in September, but companies remained cautious in ordering goods that signal plans to expand and modernize.

Factory orders rose 4.8 percent in September compared with August, a month when orders had fallen 5.1 percent, the Commerce Department said Friday.

The September gain was the biggest since March 2011 and was driven by a surge in commercial aircraft, a volatile category that had seen orders plunge in August.

Demand for core capital goods, viewed as a good proxy for business investment plans, edged up a slight 0.2 percent in September after a 0.3 percent rise in August. The two modest gains followed two months of huge declines as business investment remains weak.

Businesses have grown more cautious for a number of reasons. Many are concerned about the economic outlook overseas. Europe's financial crisis has pushed many countries into recession. That has cut into U.S. exports and corporate profits. Growth also has slowed in China, Brazil and other big developing nations that are major markets for American exports.

Companies are also hesitant to commit the money to major expansion and modernization projects without knowing whether large tax increases and big government spending cuts will take effect in January should Congress fail to reach a budget deal.

The report on factory orders covers durable goods, items expected to last at least three years, and nondurable goods such as chemicals, paper and food. The government's preliminary look at durable goods showed they had surged 9.9 percent in September, compared with August.

Core capital goods, such as machinery and equipment, showed no growth in September. This category is considered a proxy for business investment plans.