

## Durable goods orders rise after 6 straight drops



Orders for large manufactured goods unexpectedly rise in Feb. after record 6 straight declines

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Wednesday March 25, 2009, 9:10 am EDT

WASHINGTON (AP) -- Orders to U.S. factories for big-ticket manufactured goods unexpectedly rose in February after a record six straight declines.

The Commerce Department said Wednesday that orders for durable goods -- manufactured products expected to last at least three years -- increased 3.4 percent last month, much better than the 2 percent fall economists expected. It was the first advance since July and the strongest one-month gain in 14 months.

Last month's strength was led by a surge in orders for military aircraft and parts, which shot up 32.4 percent. Demand for machinery, computers and fabricated metal products also rose.

Still, the rebound may be temporary given all the problems facing the economy, and a large drop in orders in January was revised even lower.

"Durable goods was firmer than expected but with the caveats of downward revisions and the bounce ... coming on the heels of several months of weakness," RBS Greenwich Capital analyst David Ader wrote in a note. "It's not having much of an impact (on the market) and we don't see an effort to interpret it as a sign the economic bottom is in."

Manufacturers have been battered by the current recession -- already the longest in a quarter-century -- as demand for cars, airplanes, household appliances, furniture and other large goods shrinks both in the U.S. and overseas.

The government is scheduled to report Thursday on the overall economy. Economists believe that data will show the economy falling at an annual rate of 6.5 percent in the final three months of last year, even deeper than the 6.2 percent drop in the gross domestic product reported a month ago.

Economists believe the GDP fell just as sharply in the current quarter and likely will keep contracting until the second half of this year.

Still, orders for durable goods excluding the volatile transportation sector rose 3.9 percent last month, easily beating the 2-percent drop that economists expected.

But despite the big surge in demand for military aircraft, overall orders for transportation products fell 0.8 percent in February. Demand for commercial aircraft plunged 28.9 percent after a huge increase in January. Orders for autos and auto parts dipped 0.6 percent as that industry's struggles persist.

Detroit's General Motors Corp. and Chrysler LLC are restructuring operations in hopes of securing billions more in federal aid.

In areas of strength, orders for heavy machinery surged 13.5 percent in February, demand for computers rose 10.1 percent and orders for fabricated metal products edged up 1.5 percent.

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