U.S. Factory Output Extends Strong Gains

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WASHINGTON (AP) — U.S. factory output rose further last month, extending strong growth from February after harsh weather had caused production to tumble in January. Manufacturers produced more furniture, clothing, chemicals and aerospace products.

The Federal Reserve said Wednesday that factory production rose 0.5 percent in March after a revised 1.4 percent surge in February. Manufacturing output has climbed a solid 2.8 percent over the past 12 months.

Higher factory output is a sign of greater demand by businesses and consumers. The gains over the past two months point to a rebound after a winter slowdown in January and December stalled growth across the economy.

"The U.S. economy is now showing its true colors after the weakness triggered by the bleakest of winters," said Paul Dales, senior U.S. economist at Capital Economics. "There is scope for production to rise rapidly in the coming months, too."

Overall industrial production, which includes manufacturing, mining and utilities, rose 0.7 percent in March. In February, industrial production had expanded 1.2 percent.

Other recent manufacturing indicators have been mixed. They have signaled greater demand heading into spring and summer but not increased hiring.

Manufacturers expanded at a slightly faster pace in March than in February, according to an index released this month by the Institute for Supply Management, a group of purchasing managers. The ISM manufacturing index rose to 53.7 from 53.2 in February. Readings above 50 indicate expansion.

Orders for factories increased, but manufacturers hired at their slowest pace in nine months, according to the index.

The Labor Department's employment report found that factories shed 1,000 jobs in March. The losses came primarily from producers of processed food, clothing, textiles and paper products. Those declines were partly offset by gains for manufacturers of machinery, furniture and primary metals.

Factory orders rose 1.6 percent in February, the most in five months, according to the Commerce Department. But much of the increase in orders came from the volatile aircraft sector. By contrast, demand for core capital goods, considered a barometer of business investment plans, fell 1.4 percent in February, the second decline in three months.

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