

U.S. Construction Spending Up in March

WASHINGTON, May 4 (Reuters) - U.S. construction spending rose in March for the first time in six months, edging up 0.3 percent, according to government data on Monday.

The gain contrasted with analysts' forecasts of a 1.5 percent drop in spending, but there were signs of weakness in the Commerce Department's report, which showed spending reached \$970 billion at an annual rate in March.

February spending was revised downward to a 1.0 percent drop from the 0.9 percent decrease originally reported. March's spending rate was 11.1 percent below that in March 2008.

Private construction slipped 0.1 percent, mostly from a 4.2 percent decrease in residential building, which makes up more than one-third of the category. The spending rate of \$258 billion was the lowest in nearly 12 years..

However, public construction, which had tapered off in winter, increased 1.1 percent in March and 1.3 percent in February. Most of the boost came from state and local governments where spending rose 1.3 percent in March.

The economic recovery bill passed in February included billions of dollars for capital projects, and this could be the first indication some of the funding has reached the U.S. economy.

The \$309 billion rate of public construction spending was 2.6 percent higher than in March 2008. (Reporting by Lisa Lambert; Editing by Kenneth Barry)