
ISM sees US manufacturing sector take time to get into growth

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Reuters quoted Mr Norbert Ore chairman of Institute for Supply Management's manufacturing business survey committee as saying that the US manufacturing sector will probably take another three months to get it back into growth territory.

The ISM reported earlier that the US manufacturing sector shrank in June but at a slower pace than during the prior month. The ISM's index of national factory activity edged up to 44.8 in June from 42.8 in May, an improvement but still below the level of 50 that separates contraction from growth.

Mr Ore said that "At the current rate it's going to take another three months to get there because the index seems to be moving at about 2 to 2.5 points per month. And I don't see any reason that we ought to improve a lot faster than that."

He also said that deflationary pressures in the manufacturing sector appeared to be abating, though the rise in oil prices had helped to stop the decline in companies' pricing power. He added that "Particularly the fact that oil prices have gone up a little bit, that stabilized pricing in a number of areas for instance plastics are impacted by that, chemicals are impacted by it and kind of stopped the decline in pricing. It was probably about time for that to happen anyway and oil just makes it firm up a little bit."

(Sourced from www.reuters.com)

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