
Macroeconomic indicators - US manufacturing grows for 13th straight month

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AP reported that US manufacturing expanded in August for the 13th straight month, lifting hopes that economic growth won't stall. The Institute for Supply Management said that its manufacturing index rose to 56.3 in August from 55.5 in July. A reading above 50 indicates growth.

Manufacturing has helped lead the economy out of the worst recession since the 1930s. The trade group's index has surged since late 2009 and hit a 6 year high in April. But as economic growth has slowed this summer, expansion in the manufacturing sector has leveled off.

Another strong month at US factories helped ease fears on Wall Street of a second recession. Stocks soared after the report's release. The Dow Jones industrial average rose more than 240 points in morning trading.

The Commerce Department said that investors overlooked another report that said construction spending in July tumbled to the lowest level in a decade. Construction activity dropped 1% in July, the third straight monthly decline. Government revisions showed much weaker activity than previously reported for May and June.

Factories have seen rising demand for exports and from businesses that are investing in capital equipment and supplies. Companies have been replenishing their stockpiles after cutting them during the recession.

And employers at factories are eager to add jobs. The August survey showed managers' desire to hire increased to 60.4 the strongest level since December 1983.

Job gains at industrial companies have made up about 30% of net hiring by businesses and other private organizations in 2010. Manufacturing makes up roughly 10% of private sector jobs.

Ms Lori Jenks president of a small San Diego company that makes parts for gas turbines said that she is desperate to add a salesperson. She wants to hire someone to help find new business after lowering her sales expectations for the year.

Even with fewer sales this year, she has doubled her sales from the same point in 2009.

Ms Jennifer Lee BMO Capital Markets economist said that "It is encouraging as it shows that reports of the demise of the US recovery have been a little premature."

Mr Martin Schwerdtfeger TD Economics analyst in a research note said that however, a measure of new orders, which are a gauge of future business, dipped to the lowest level since June 2009 after surging earlier this year. That slowdown is consistent with the more moderate pace of growth in the US, Europe and China that is expected in the second half of the year.

ISM surveys production managers at about 350 companies around the country, including makers of products used by both businesses and consumers such as machinery, food and tobacco, electrical equipment and furniture.

(Sourced from Associated Press)

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