Industry rising

Output up strongly, fueling recovery

BY JEANNINE AVERSA
ASSOCIATED PRESS

WASHINGTON — Industrial production logged a stronger-than-expected gain in April, more evidence that manufacturing is playing a lead role in powering the economic recovery.

The 0.8 percent increase in output at the nation's factories, mines and utilities reported by the Federal Reserve on Friday marked an improvement from the 0.2 percent rise registered in March. It was the best showing since a 1.2 percent jump in January. The performance of the industrial sector in April was even stronger than the 0.6 percent gain that economists were predicting.

Factories — the single biggest slice of industrial activity — ratcheted up production by a brisk 1 percent for the second straight month, the Fed reported.

Manufacturers are boosting production because companies are starting to restock depleted inventories. Both consumers and businesses are showing a greater appetite to spend now that the economy is healing. During the recession, companies slashed inventories at a record pace as Americans and foreign customers pulled back.

A wide swath of manufacturers reported increasing production in April.

Those boosting production included makers of primary metals, fabricated metal products, machinery, electrical equipment, appliances, furniture and carpeting, plastics and rubber products, petroleum and coal products, chemicals and paper products. Production of business equipment also posted gains. However, production of autos and parts declined in April. So did aerospace products, other transportation equipment and home electronics.

"We're starting the second quarter on a very positive note. The manufacturing recovery is getting more diffuse with 17 of 19 major sectors increasing production," said David Huether, chief economist at the National Association of Manufacturers. "It looks more durable and deeper."

Stronger manufacturing activity has prompted factories to step up hiring.

Manufacturers added 44,000 jobs in April, the most since 1998, the government reported last week. Businesses that produce fabricated metal products, machinery, electrical equipment and appliances, plastics, food, and paper products all posted job gains.

All told, employers added 290,000 jobs last month, the most in four years.

More companies — including Ford, Caterpillar and Whirlpool — are seeing profits grow. General Electric says the "clouds are breaking" after having suffered one of its worst years in 2009.



In this Dec. 2009 file photo, a steel worker at MRP in South Plainfield, N.J. fabricates a steel beam. Industrial production logged a stronger-than-expected gain in April 2010, more evidence that manufacturing is playing a lead role in powering the economic recovery.

ASSOCIATED PRESS

REAL ESTATE/SALES 25hrs. 864-88

The Journal
5/15/2010