

DON RYAN / AP

An American-made prototype streetcar debuts in Portland, Ore., Wednesday. Manufactured by Oregon Iron Works, it is the first streetcar made in the USA in 58 years.

Manufacturing figures offer promising news

By Martin Crutsinger
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WASHINGTON — Brighter news on manufacturing is offering more hope that the longest recession since World War II is near an end. But with construction and many other segments of the economy still weak and unemployment rising, any rebound likely will be slow.

A key gauge of manufacturing showed Wednesday that industry activity declined less than expected in June. The Institute of Supply Management's manufacturing index posted a 44.8 — the best showing since last August, a month before the financial crisis erupted with force.

Manufacturing sectors overseas also signaled a bit of a rebound, though other U.S. economic news was more mixed. Ford Motor Co. reported the smallest sales decline of the year in June, but sales at struggling Chrysler Group LLC continued to plunge.

"I think the great recession is winding down," said Mark Zandi, chief economist at Moody's Economy.com. "Retailing should firm a bit in the next few months, helped by the stimulus package, and I think lean inventories will trigger production increases."

After a period last winter when the economic news was unrelentingly bad, many analysts said the mixed nature of the new reports showed an economy starting to turn the corner. But they cautioned against expecting anything but a weak recovery.

"This downturn was too big and too global an event to hope that the bottoming process will be quick," said Cliff Waldman, an economist with the Manufacturers Alliances/MAPI, an industry trade group. "I think the economy is going to take two steps forward and one step back."

The recession began in December 2007 and intensified last fall after the most severe financial crisis since the 1930s. The overall economy, as measured by the gross domestic product, shrank at an annual rate of 6.3 percent in the fourth quarter and by 5.5 percent in the first three months of this year. That was the steepest six-month decline in a half-century.