

MANUFACTURING JOBS SHOW SUSTAINED GROWTH



Government reports on Thursday confirmed that factories in the Northeast have been recruiting people into early March. While the mild inflation continues, concerns over rising gas prices have not handicapped the jobs market, and there were fewer people asking for unemployment aid last week than ever in the last four years. Two surveys conducted by the Federal Reserve Bank of Philadelphia and the Federal Reserve Bank of New York supported the data. As expected, news of the good economy drove stocks higher. A well-known economist told the media that the new economic data shows a labor market that is in the process of bouncing back. Since October, applications of unemployment have dropped by 14% though the entire decline cannot be attributed to job growth. Much of the drop in claims is a consequence of people losing eligibility or plain giving up. However, in general, a sharply declining trend in unemployment applications cannot be there without accompanying growth in employment. Steven Wood, an economist predicted another month of 200,000 plus payroll employment in March. He said the new data shows steady improvement in the labor market. Philadelphia has been going strong with the manufacturing index posting its highest since April 2011. At the same time the New York Fed index in manufacturing reached a 21-month high. The Labor Department data released last week also is in the same line and shows that growth continues in the manufacturing sector and that the sector grew by 31,000 jobs in February. Over the last year, the manufacturing sector has added 227,000 jobs. Experts say that higher demand for autos and heavy equipment helped factories to remain working and keep adding employees. However, rising gas and oil prices continue to haunt economists over the question whether consumers are going to cut back on discretionary spending and stick only to the essentials. This week, the Federal Reserve also said that oil and gas prices may increase temporary inflation but in the long-term, inflation would be stable. Fed policymakers defined that the falling unemployment meant economic growth and that with growth continuing, unemployment would continue to fall. However, more than 12.8 million people remain unemployed according to records, without counting the group of discouraged, who have distanced themselves from workplaces.

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