REPORT SHOWS THAT MANUFACTURING HERALDS BETTER TIMES FOR US ECONOMY

A private survey, by the Institute for Supply Management, has found that in April, manufacturing grew at its fastest pace in the last ten months, indicating that the economy is in better shape, than what recently released data had forecast. The institute, a trade group of purchasing managers, said that its index of manufacturing work crossed the 50 point-yardstick, which signifies expansion, to reach 54.8 in April. The news was further enhanced, by the survey reporting that during the same 10-month period, factory employment also rose to its highest in the last ten months, a sure-fire indication that factories had also increased their hiring. New orders were at their highest level in 12 months, bringing more good news, that production would continue to meet the demands and that the growth had enduring power and would likely take the economy along the same path. Are these figures sufficient to announce the coming of age of manufacturing and that it was well on its path of recovery? Paul Dales, an economist at capital Economics said, "This survey will ease concerns that the softer tone of the incoming news in recent months marked the start of a renewed slowdown in growth. We think the latest recovery is made of sterner stuff, although we doubt it will set the world alight. The Report shows that more workers are finding employment in Rust Belt states such as Ohio and Michigan. Both the states have registered substantial dips in unemployment rates, over the year. At this time in March, last year Ohio's unemployment rate was 8.8 percent; it improved to 7.5 percent in March this year. Similarly, Michigan lopped off 2 percent from its unemployment rate, which was 10.5 percent last year and today stood at 8.5 percent. Add to this, US companies are no longer finding it lucrative to get their goods manufactured in China and other Asia countries, discovering that in the longer run, it was more convenient and practical to manufacture goods here. Manning & Napier, the $40-billion asset management firm, says that the optimism is fuelled by the double-digit growth in wages in China, over the last couple of years. The Japanese Tsunami disrupted an efficient work chain and companies are having second thoughts of depending exclusively on up-and-coming markets for their products. Moreover, the energy boom in the US made it cheaper to pay utility bills if they manufacture here and they also have easy and better access to their customers. Chris Petrosino, managing director of the quantitative strategies group at Manning & Napier said, "We are in the very early innings of this trend." According to a Manning & Napier report named, "The U.S. Manufacturing Renaissance: Silver Lining, Not Silver Bullet," in more than 20 years, for the first time, manufacturing employment as a percentage of total nonfarm employment has stopped falling. US added almost 500,000 manufacturing jobs between January 2010 and February 2012. Even though this is far away from the 1970 levels, the indications are extremely bright, given that each new job that the factory added, potentially, creates three additional jobs. Michael Knolla, a research analyst at Manning & Napier said that manufacturing within the country is going to be product specific and it is not as if everything that was being manufactured outside will now be manufactured here. Things that are bulky to ship, but cheaper to sell, are most likely to be manufactured here. Other things that could carry the "Made in America" tag would be custom-made personal items and products that the company needs fast. However, the one major impediment that could derail this back-to-home process is the dearth of skilled and trained workers to operate and man the automatic machinery. These days factories have latest manufacturing equipment that do more work with lesser workmen. During the recession training programs were scrapped and low-skilled workers will be hard put to handle these machines.