

MANUFACTURING

Ga. production slows but still up

Factors impeding manufacturing not expected to abate soon, expert says.

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Linh Nguyen operates a sheet-forming robot at Metcam's Alpharetta plant. The manufacturing sector is being slowed by less-encouraging market conditions. HYOSUB SHIN / HSHIN@AJC.COM

Manufacturing in Georgia started the year moving forward but in a lower gear, according to a report from Kennesaw State University.

The sector, which employs more than 377,200 people statewide, nearly half in metro Atlanta, is being slowed by less-encouraging market conditions, according to the KSU Econometric Center.

The center surveys manufacturing companies across Georgia. The answers are factored into the Purchasing Managers Index, which sums up how things look for manufacturing.

The overall index dipped from 52.5 to 52.0 in January, with a decline in five of the six categories measured in the monthly report, according to economist Don Sabbarese, director emeritus of the center.

A reading higher than 50 on the index indicates that manufacturing activity is expanding. Below 50 indicates that it is contracting.

The report said several metrics declined, including new orders, production, employment and supplier delivery. Finished inventory rose.

A parallel survey of national manufacturing, also released Monday, shows a slight decline to 48.2. It was the fourth consecutive month of decline nationally.

“Recent weakness has been a bit more pronounced,” wrote John Silvia, chief economist of Wells Fargo, in a newsletter. “Still, the index remains above 43.1, the level consistent with a broad contraction in the economy.”

He said the factors slowing manufacturing, which include a strong dollar that drives up prices of U.S. products overseas, are not expected to abate soon. That highlights the “precarious state” of the economy, he added. But Silvia also noted the index has previously posted at least a four-month streak of sub-50 readings that did not lead into a recession.