

# THE PRESS-ENTERPRISE

## ECONOMY: Manufacturers continue to grow



### BLOOMBERG NEWS

Team coordinator Ronnie Poynter adjusts a roll mill before manufacturing metal components for office cubicles and furniture at the Roll Forming Corp. plant in Shelbyville, Kentucky, U.S. on Monday, Jan. 6, 2014. U.S. factory orders in November rose 1.8 percent from the previous month, the Census Bureau reported. Photographer: Luke Sharrett/Bloomberg \*\*\* Ronnie Poynter ORG XMIT: 461476333

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Manufacturers in Inland Southern California said they were unusually busy during December and, more importantly, are picking up strong vibes for in 2014, a report released late last week found.

The Purchasing Managers Index for Riverside and San Bernardino counties, which measures factory managers' sentiments, decreased slightly last week, to 53.5 from 55.3 in November, the Institute for Applied Research at Cal State San Bernardino reported.

The index usually declines in December, when many factories slow their production to a holiday schedule.

But December was the fourth month in a row the index has been above 50, the level that suggests growth in the sector. It also comes during a month when reports on consumer confidence and other economic factors indicate that customers could be buying more of their goods in 2014.

“I think 2014 will be a great year for businesses around the country and locally, too,” said Roy Paulson, president and CEO of Paulson Manufacturing, which makes plastic shields for a variety of industries at a factory near Temecula.

The national index for December, released last week by Tempe, Ariz.-based trade group the Institute for Supply Management, was 57, down from the 57.3 reading the previous month. It is still the second-highest reading since April 2011. The national index, compiled from a much larger sample than Cal State’s, had increased for six straight months from June through November of last year.

Paulson, whose customer base runs from law enforcement and military agencies to medical supply providers, said business last month was about 30 percent better than the typical December. His company recently added 10 employees.

He said a series of factors will help move businesses forward this year. California’s manufacturers are taking advantage of a statewide tax initiative that gives them a break on sales and use taxes when they purchase new equipment.

Also, the Federal Reserve recently has announced the first of what is likely to be several decreases in their bond purchases. This is expected to cause some inflation in the marketplace, which means customers could decide to place orders sooner rather than later to take advantage of lower prices.

Paulson's factory has both domestic and foreign customers, and he said demand is good from European and Asian buyers.

"A Chinese distributor is out of stock, and they're banging the drum, asking us to ship, ship, ship," he said. "And we're definitely seeing demand pick up in Europe. This should be a really good year."

At Precision Molded Products, a Riverside factory that makes rubber, plastic and composite seals for the aviation industry, there has been a flock of new orders, said Chris Kozloski, owner of the company. There have also been calls from customers asking for quotes, which strongly suggest more orders are coming.

"We're seeing things in the pipeline that we haven't seen in a long time," Kozloski said. "Based on our interaction with customers, we see 2014 as being a really good year."

According to the Cal State report, job opportunities in manufacturing are still no better than moderate, and the most recent job data from the state indicate that hiring has been flat in that sector. But consumer confidence was stronger in the national surveys conducted in December, which has analysts hoping that factories will start producing more products.

John Anderson, director for programs at the California Manufacturing Technology Consulting, a nonprofit consulting firm for the industry, said that the automotive, aerospace and food industries did well in 2013, and that the economy seems to have leveled out.

"The general sentiment is up," Anderson said. "People are a little more optimistic than they have been."

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