



INLAND ECONOMY: Factories in growth mode

Purchasing Managers Index for the area is in growth mode, and there are anecdotal and statistical suggestions factories may be hiring.

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There is not an excess of loud noise coming from factories in Inland Southern California these days, but there is a long and steady hum that could lead to some help-wanted signs.

The factory sector in San Bernardino and Riverside counties remained in growth mode in May, according to a study by the Institute of Applied Research at Cal State San Bernardino. The Purchasing Managers Index was 57.7 last month, a small drop from the 59.1 registered in April.

A reading above 50 suggests that the sector is expanding, and May's report was the second straight month in that range. Economists usually look for three consecutive months before considering it a trend, which means that June could be a key period for Inland factories.

The May report, based on questionnaires received from representatives of 32 Inland companies, shows that factories are busy and that there's been an increase in new orders.

There are also suggestions that manufacturers could begin to hire new people again. This is based on the latest data from the state on the job market, as well as anecdotal comments made to Cal State researchers.

Barbara Sirotnik, director of the Cal State San Bernardino institute, said the factory executives who participated in the May PMI included only positive comments on the questionnaires. That is considered unusual; Sirotnik said that, if one of those executives had an issue that was causing the business problems, that person would tend to mention it in the comment section of the questionnaire.

And several suggested they could add to their payrolls, she said.

“Some mentioned that they would be hiring, and not through temporary agencies,” Sirotnik said. “I think they realize they need to go with permanent workers.”

That conclusion, while based on a limited number of responses, is backed up somewhat by the latest report from the state Employment Development Department. There were an estimated 87,700 factory-based workers in the two Inland counties in April, the most recent month for which the state has data.

While that is a gain of only 1,200 jobs in the last 12 months, it is the most workers in any month in almost five years.

One of the services offered by nonprofit organization California Manufacturing Technology Consulting is the recruitment of workers, and John Anderson, director of programs for the group, said that this kind of activity had been “still-calm” for a long time.

“Companies are talking about that now, trying to find out where to find good people,” Anderson said.

Overall, Anderson said manufacturers are more confident than they have been, although it hasn’t translated to a significant jump in capital improvements. Food processing and metal fabrication are among the most active types of businesses, he said.

The Institute for Supply management said U.S. manufacturing grew at a brisk pace last month, correcting its earlier statement that growth had slowed. The ISM said the correct number for its manufacturing index was 55.4 in May, in line with what economists were expecting. That’s a better result than the 53.2 figure that ISM initially reported.

Some Inland companies are taking advantage of international demand. Greg Jendreas, president of Bergandi Machinery, a Jurupa Valley firm that makes machinery used in the manufacture of chain-link fences, said he has customers on four continents.

Jendreas said he recently went to an industry trade show in Dusseldorf. “It was as crowded as any show I’ve seen in six years,” he said. “It shows a good pickup in international business.”

Also, Jendreas said he'd hire someone with good machine-shop skills to work at Bergandi right now.

Other manufacturers are still marking time and consider themselves fortunate that they are. Their factories are active but the volume of work is not exploding.

"I think that's where we are," said Chris Kozloski, president of Precision Molded Products, a Riverside company that makes plastic and composite seals for aircraft. "We're not seeing a decline, but not a real head-on push either."