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ViewPoint

Made In USA

Strength in the U.S. service industry has been the economic driver of the stock market for decades. Americans have been importing energy and exporting jobs. In 2012, the S&P 500 is off to its best start in over 20 years thanks to the reversal of the import/export trends. Economic momentum and overall employment is now improving as energy production and manufacturing growth are becoming a reality within the borders of the United States of America.




Manufacturing is an extremely competitive, worldwide industry. The allure of cheaper labor and higher profit margins led to twelve straight years of layoffs for U.S. manufacturing. Now, wages are more competitive in America because of the recession of 2008. Lower natural gas prices, a weaker U.S. dollar, and rising costs in China also contribute to more competitive pricing within U.S. borders.

Nine percent of all U.S. jobs are in the manufacturing sector. In the last 2 years over 300,000 jobs have been added in U.S. factories. Manufacturing output is up one-third.¹ Where manufacturing is done there will be more transportation and research and development jobs as well. The improvement in factory employment also lifts surrounding areas. Retailers, home builders, and others benefit as jobs are created.

Productivity is adding to the advantages of “Made in the USA” labels. **A worker today produces 40 percent more than a worker just 10 years ago.**² People are getting smarter, working harder, and using better technology. Manufacturing growth is currently improving at twice the rate of the national economy.

Energy production is another bright spot in the U.S. economy. **Employment in this segment is up 33 percent over the last five years.**³ New technology in “fracking” has helped diversify and boost domestic oil and natural gas production. Naturally, more production also should help keep prices of energy lower for consumers and industries.

Overall employment has been improving with the manufacturing and energy industries. **The national unemployment rate has improved 5 months in a row (currently 8.3 percent) and there have been 24 months in a row of job creation.**⁴

While there are headwinds overseas as Europe battles a recession and China faces a slowdown, the situation at home should continue to improve as long as the job market is also improving. Of course, there are no guarantees. 

*Research by Smedley Financial Services, Inc.[®] Data provided by: 1. NPR: <http://www.npr.org/2012/02/02/146297224/the-future-of-americas-manufacturing-jobs>; 2. Federal Reserve Bank of St Louis, <http://research.stlouisfed.org>; 3. The Wall Street Journal, “Oil and Gas Boom Lifts U.S. Economy,” Russell Gold, 2/8/12; 4. U.S. Department of Labor, www.dol.gov The S&P 500, is an index often used to represent the U.S. stock market. One cannot invest directly in an index. Investing involves risk, including potential loss of principal. Past performance does not guarantee future results.

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