

Expert: Shutdown Hurt Midwest Business Conditions

The Associated Press

OMAHA, Neb. (AP) — The stalling of the federal government contributed to worsening business conditions in nine Midwest and Plains states, according to a monthly economic report issued Friday.

"The partial government shutdown, combined with pullbacks among firms with ties to agriculture, pushed overall economic conditions lower" in October, said Creighton University economics professor Ernie Goss, who oversees the Mid-America Business Conditions Index and survey of supply managers and business executives.

Agriculture equipment manufacturers reported cuts in business growth, Goss said, and new export orders declined dramatically for the month.

The overall index plunged to a growth neutral 50.0 in October following figures of 54.8 in September and 53.8 in August.

The survey results were compiled into a collection of indexes ranging from zero to 100. Survey organizers say any score above 50 suggests growth, while a score below that suggests decline. The survey covers Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota.

After eight consecutive months above growth neutral, the region's employment gauge fell below 50.0 last month, dropping to 48.2 from 51.8 in September.

"A fairly significant number of companies reported reducing hiring and temporarily cutting employment as a result of the partial government shutdown," Goss said.

But looking six months ahead, the October index on economic optimism rose to 56.0 from September's 51.8. The October survey was conducted after the government shutdown ended, Goss said. Even though the debt ceiling question will arise again in a few months, the compromise between the White House and Congress "did boost the economic outlook for firms in our survey," he said.

The inventory index also dropped last month, sinking to 50.0 from 55.7 in September. Goss said it was difficult to determine whether the decline was planned or a result of unexpected factors confronting companies.

But, he said, based on inventory levels, confidence, hiring and overall business activity evidence in the survey, he expected holiday buying to be up from last year, "but it will not be a robust holiday buying season, with sales up by less than 4 percent from last year."

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