The industrial production index has experienced declines since November 2014.

The nation’s industrial production index declined to 105.5 in March 2015. This reduction is reflective of the slowdown in the production of goods produced by the nation’s manufacturing, mining, electric, and gas companies. This reduction may subject industrial production workers to the following: reduction in work hours or layoffs.

Average weekly manufacturing hours have been on the decline for the past five months.

In March 2015, U.S. production and nonsupervisory workers worked an average of 41.8 hours per week. The number of hours has declined since November 2014. This trend points to declines in manufacturing worker wages and consumer spending, as well as, an increase in warehouse inventories.
The nation’s inventories-to-sales ratio has increased steadily, as business inventories grow.

Over the past five months, the nation’s inventories-to-sales ratio steadily increased to 1.3 in March 2015 as consumer demand for products has decreased and inventory levels have increased. A rise in inventories affects U.S. businesses as the costs to maintain inventories increases and overall production slows down.

**In 2015, month-over increases in the nation’s personal income dipped sharply between the months of February and March.**

In March, the nation experienced its smallest month-over gain in personal income since November 2011. Declines in the personal income figures often point to the following: cutting of pay rates, layoff of workers, or the reduction of hours available to work.
Economic Indicators Included In This Report

Industrial Production Index

The Federal Reserve Board’s industrial production (IP) index measures the real output of all manufacturing, mining, and electric and gas utility establishments located in the United States, regardless of their ownership. Manufacturing consists of those industries included in the North American Industry Classification System (NAICS) definition of manufacturing plus those industries—newspaper, periodical, book, and directory publishing plus logging—that have traditionally been considered to be manufacturing.

Average Weekly Hours: Manufacturing (Production and Non-Supervisory)

This Conference Board data series measures an average of the number of hours worked per week by production workers in U.S. manufacturing industries. Average weekly hours worked in manufacturing ("hours worked") is an element of the Index of Leading Economic Indicators, that provides an indication of the future direction of the U.S. economy.

Inventories-to-Sales Ratio

The U.S. Census Bureau creates the monthly inventories-to-sales ratios to show the relationship of the end-of-month values of inventory to sales. These ratios can be looked at as indications of the number of months of inventory that are on hand in relation to the sales for a month. For example, a ratio of 2.5 would indicate that the retail stores have enough merchandise on hand to cover two and a half months of sales.

Personal Income

The Bureau of Economic Analysis calculates the level of income to persons and nonprofit corporations nationwide. Personal income includes payments to individuals (income from wages and salaries, and other income), plus transfer payments from government, less employee social insurance contributions.

State of California
Labor and Workforce Development Agency
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