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Factories like this Ford plant in Wayne, Mich., roared to life in December, creating sharply more goods to meet strong demand. Factory production is helping drive the economic recovery. PAUL SANCYA/AP

# RISING FACTORY OUTPUT GIVES ECONOMY A LIFT

By Daniel Wagner  
The Associated Press

WASHINGTON — U.S. factories are roaring back from the depths of the recession, cranking out more machinery, vehicles and energy.

Factory production has surged 15 percent above its lows of 2½ years ago and is helping drive the economy's recovery.

A jump in manufacturing output last month coincided with other data suggesting that the economy began 2012 with renewed vigor. Wholesale prices are tame. Demand for U.S. Treasury debt should help keep borrowing costs low. Even homebuilders are more optimistic.

Signs "that manufacturing in the U.S. is gaining global market share appear to be growing, and this could be an important dynamic supporting growth in 2012," said John Ryding of RDQ Economics.

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Workers install dashboard air vents on a Ford Focus at the automaker's assembly plant in Wayne, Mich.

PAUL SANCYA/AP

since December 2010.

Overall output at the nation's factories, mines and utilities grew 0.4 percent. Warm weather dampened demand for energy produced by utilities.

Over the past year, factory output has risen 3.7 percent. Factories benefited in particular in the second half of 2011 from several trends: People bought more cars. Businesses spent more on industrial machinery and computers before a tax incentive expired. And companies restocked their supplies after cutting them last summer.

The growth has also fueled more hiring. Factories added 23,000 jobs in December, the most since July. That helped reduce the unemployment rate to 8.5 percent, the lowest level in nearly three years.

Among the manufacturers faring better is Steris Corp., which makes sterilization equipment and other medical supplies.

Steve Norton, a spokesman, said Steris has benefited from being part of a regional cluster of biomedical firms and research facilities.

Some manufacturers that once focused on auto parts are now also making components for medical devices, he noted.