

# BUSINESS

## COMPANY NEWS



**THOMAS J. JOHNSTON III**, of Baldwinsville, has been elected to the board of trustees of **Fulton Savings Bank**.

He is a vice president of **Johnston Johnston's Propane Gas Service**, in Fulton. He joined the family-owned company in 1980. He is a graduate of Syracuse University.



**MICHELLE KEIB** — a partner in **SonicBrite**, of Liverpool — has been named a VIP Woman of the Year by the National Association of Professional Women.

The association is a network for professional women to interact, exchange ideas, educate, network, and empower. SonicBrite is a cleaning system for dental appliances.

## THE STATE OF THE ECONOMY

# Indicators point to caution

By **Martin Crutsinger**  
The Associated Press

Washington — Factories are churning out more goods. Consumers are spending. Government aid is fueling construction.

But stagnant pay and weak hiring will likely restrain the economic rebound in coming months.

That cautionary picture emerged from a series of economic reports Monday.

Consumers stepped up their spending in March by the largest amount in five months. Yet the increase was financed out of savings; incomes rose only slightly.

Unless employers boost pay and ramp up hiring, economists say, consumer spending will likely taper off and dampen the recovery.

The construction industry remains a concern, too. Industry spending rose 0.2 percent in March, the first increase in five months, according to the Commerce Department. But all the strength came from government activity, much of it related to temporary stimulus money that's expected to run out soon.

vate sector fell to the lowest level in a decade.

One sector that's helping drive the recovery is manufacturing. Factory production in April grew at the fastest pace in nearly six years, according to the Institute for Supply Management, which represents purchasing executives.

Its manufacturing index rose to 60.4 in April from 59.6 in March — the ninth straight month of growth. A level above 50 indicates expansion.

Companies are rebuilding their inventories as demand for goods rises. The index for new orders, a gauge of future production, jumped to 65.7 from 61.5 in March, according to the report.

But economists caution that the overall picture is clouded by a weak hiring outlook. A report Friday is expected to show no change in the nation's unemployment rate, which stands at 9.7 percent.

"The consumer needs job creation and income growth to pick up significantly to maintain the momentum in consumer spending and we look to Friday's employment report for further

labor market conditions," analysts for RDQ Economics wrote Monday in a research report.

The Commerce Department said consumer spending rose 0.6 percent in March, matching economists' expectations. But personal incomes edged up 0.3 percent, raising new worries about lackluster income growth. At the same time, the personal savings rate fell to 2.7 percent of after-tax incomes. It's the lowest level since September 2008.

High unemployment is likely to continue to keep a lid on income growth. Unless businesses boost hiring, households won't be able to support a high level of consumer spending, which accounts for 70 percent of economic activity. That could weaken the economic rebound.

Consumers have yet to start spending at a level necessary to bring down the unemployment rate. In a new Associated Press Economy Survey, two-thirds of the 44 economists surveyed said they thought the last recession had created a "new frugality" among consumers that will outlive the recession. A desire to save more could also act as a drag on spending going for-