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Washington — A new report on manufacturing suggests the U.S. is in recession, and billionaire investor Warren Buffet agrees.

The Institute for Supply Management's closely watched manufacturing index slipped below 50 last month. That suggests factory activity is shrinking.

The ISM index fell to 48.3 from 50.7 in January. That was slightly worse than what most economists had expected.

Production fell to 50.7 from the previous month's 55.2, while new orders registered 49.1, slightly lower than the 49.5 reading in January, according to the survey. Also, the group's employment index also fell - to 46 from 47.1.

Meanwhile, speaking on CNBC Television, Mr. Buffett said he doesn't need economic data to tell him the U.S. is already in a recession.

"From a common-sense standpoint right now, we're in a recession," said Mr. Buffett.

A recession is typically characterized by a period of economic contraction (typically two quarters), coupled with a sharp rise in unemployment.

Mr. Buffett, chairman of Berkshire Hathaway Inc., said conditions are nothing like the 1970s, when the economy stagnated and inflation soared. He said U.S. Federal Reserve Board chairman Ben Bernanke has a "very tough balancing act" in trying to boost economic growth without stoking inflation. He added there is a fair chance that inflation may ignite in a "serious way."

Meanwhile, the U.S. housing shows no sign of easing. Spending on construction projects fell 1.7 per cent in January, dragged down by declining investment in home construction, the Commerce Department reported Monday.

On a year-over-year basis, construction spending fell 3.3 per cent in January. Spending on private

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residential construction declined 3.0 per cent in January, on the heels of falling by 2.6 per cent in December.

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