

BRIEFS

ECONOMY AND JOBS

Manufacturing Job Openings Hit a New All-Time High in July

The Bureau of Labor Statistics reported that manufacturing job openings hit a new all-time high in July. Manufacturers posted 506,000 job openings in July, up from 475,000 in June. That was the highest reading since the Job Openings and Labor Turnover Survey (JOLTS) was introduced in December 2000. In the latest figures, there were more job openings in the nondurable goods sector, up from 182,000 to 214,000, a new record high, but postings for durable goods manufacturers pulled back from 293,000 to 292,000. Overall, these data reflect an ever-tightening labor market, with manufacturing business leaders citing the inability to attract and retain workers being the top challenge cited in the most recent NAM outlook survey.

Along those lines, net hiring has also been robust for manufacturers. There were 393,000 hires in the sector in July, up from 360,000 in June and the strongest reading since February 2007. Hiring accelerated for both durable (up from 207,000 to 236,000) and nondurable (up from 153,000 to 158,000) goods manufacturers in July. At the same time, total separations—including layoffs, quits and retirements—increased from 337,000 to 346,000. As a result, net hiring (or hires minus separations) jumped from 23,000 in June to a very robust 47,000 in July.



U.S. GDP Growth Revised Up in Second Quarter

Economic growth was strong during the second quarter Gross domestic product—the value of all goods and services produced across the economy—rose at a 4.2% annual rate in the second quarter, adjusted for seasonality and inflation, the Commerce Department said Wednesday.

The agency had earlier estimated second-quarter growth at a 4.1% annual rate. Economists surveyed by The Wall Street Journal expected an unchanged reading of 4.1% on Wednesday.

The second-quarter growth rate's revision partly reflected stronger business investment than the earlier forecast and a slight downward revision to consumer spending. The 4.2% rate still marked the strongest pace of growth in nearly four years.

The latest reading on GDP bolsters the likelihood that Federal Reserve officials will raise short-term interest rates at their next scheduled meeting in four weeks' time, September 25-26. Central bank officials have raised rates twice this year, to a range between 1.75% and 2%, and penciled in two more increases in 2018 and three in 2019.



NFIB Survey: US Small-Business Optimism at Record High on Hiring, Spending

A measure of optimism among U.S. small-business owners rose to a record and exceeded projections as companies planned the most capital spending since 2007 and hiring intentions hit an all-time high, a September National Federation of Independent Business survey showed. Small businesses are increasingly optimistic as the economic expansion enters its 10th year and the Trump administration prioritizes industry deregulation and tax cuts. Companies have been boosting inventories to match robust consumer demand for goods and services.

"The small business engine continues to roar with the dramatic change in economic policies since November 2016," survey authors William Dunkelberg and Holly Wade said in the report.

While the gauge of intent to hire reached a record, finding qualified workers remains a problem. Of companies trying to fill a position in the month, 89% reported finding few or no qualified applicants. At the same time, reports of higher compensation were unchanged at a net 32% of firms and plans to raise pay decreased 1 point to a net 21%.



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TRADE

NY Fed Survey: Tariffs and Trade Policy Changes Seen Lifting Prices

Supplementary questions to the August Empire State Manufacturing Survey and Business Leaders Survey focused on the effects of recent changes in trade policies—and specifically tariffs—on businesses in the region. A couple of these questions had been asked in surveys conducted in August 2017 and earlier.

In the current survey, 77 percent of manufacturers indicated that, during the past year, at least some of their revenues had come from foreign customers. On average, manufacturers indicated that nearly 12 percent of revenues had come from foreign customers.

When asked how much, if at all, recent increases in tariffs had raised input costs—either directly or indirectly—68 percent of manufacturers said at least slightly, with 16 percent and 5 percent, respectively, characterizing the increase as substantial. Businesses were also asked how they saw changes in trade policy affecting the prices they paid, their selling prices, and other measures in 2018 and in 2019. For both years, roughly three in four manufacturers saw an upward effect on prices paid, and roughly half saw an upward effect on selling prices.

QUESTION 5 What effect do you see changes in U.S. trade policies having on each of these components of your business in 2018?					
	Percentage of Respondents Reporting				
	Significant Downward Effect	Slight Downward Effect	No Effect	Slight Upward Effect	Significant Upward Effect
Empire State Manufacturing Survey					
Prices you pay	1.6	3.2	19.8	49.2	26.2
Selling prices	0.0	6.3	45.2	43.1	6.3
Your sales to foreign customers*	8.4	26.3	55.8	7.4	2.1
Your sales to domestic customers	0.8	15.9	65.9	15.1	2.4
Overall net effect on bottom line	7.1	43.7	36.5	11.9	0.8

QUESTION 6 What effect do you expect them to have on each of these in 2019?					
	Percentage of Respondents Reporting				
	Significant Downward Effect	Slight Downward Effect	No Effect	Slight Upward Effect	Significant Upward Effect
Empire State Manufacturing Survey					
Prices you pay	2.3	2.3	23.4	46.1	25.8
Selling prices	0.0	3.9	44.1	44.9	7.1
Your sales to foreign customers*	10.4	24.0	55.2	6.3	4.2
Your sales to domestic customers	2.4	13.4	65.4	14.2	4.7
Overall net effect on bottom line	10.9	32.8	42.2	10.9	3.1

Miscellaneous Tariff Bill Act of 2018 (MTB) Passes House - White House Indicates President Will Sign

On September 4, 2018, the House agreed to Senate amendments made to the Miscellaneous Tariff Bill (MTB) Act of 2018 last month, moving the legislation to the president for signature. The White House reportedly indicated President Trump will sign the bill. The last MTB passed by Congress expired on December 31, 2012.

Once signed into law, the bill would cut or eliminate tariffs on articles such as chemicals, footwear, toasters, and roughly 1,660 other items made outside the United States. Roughly half of those items are produced in China and there is an overlap between MTB and the Section 301 tariffs in effect, and those being considered.

Section 1664 states the effective date is on or after the 30th day after the date of the enactment of the Act. It provides for duty suspensions and reductions through December 31, 2020.

The next MTB petition cycle will be in the Fall of 2019. The purpose of MTB is to reduce or eliminate what many businesses claim are unfair, out-of-date and/or anti-competitive taxes.



The US and Mexico Struck an Agreement on Key Parts of NAFTA

The U.S. and Mexico have reached an agreement on elements of the North American Free Trade Agreement, marking a significant step toward reshaping the landmark trade deal.

Some of the issues that were negotiated:

A US push to increase the percentage of a car that must be sourced from a NAFTA nation to move freely across the borders of the three NAFTA nations. That percentage under the deal would increase to 75% from 62.5%.

A threshold for the amount of manufacturing that must be performed by auto workers making \$16 an hour or more. Under the new agreement, 40% to 45% of the car must be made by these higher-wage workers to move between the NAFTA countries without facing a duty.

The deal would also update rules on intellectual property rights and labor negotiations.

Attention now turns to negotiating with Canada. The U.S. and Canada are trying to reach an agreement by the end of September that would complete a revamped three-nation deal with Mexico that Congress may consider next year.

LABOR AND EMPLOYMENT

Mandatory Sexual Harassment Training Now Required in New York State

New York State will mandate that employers provide employees with annual sexual harassment training. In 2018, employers must provide the training and a written anti-harassment policy to employees starting in October.

The new law requires employers adopt a sexual harassment prevention policy which: (1) prohibits sexual harassment and provides examples of prohibited conduct; (2) includes information concerning federal and state sexual harassment laws and mentions there may be applicable local laws; (3) includes a standard complaint form; (4) includes a procedure for the timely and confidential investigation of complaints including due process for all parties; (5) informs employees of their rights of redress and available forums for adjudicating claims administratively and judicially; (6) clearly states sexual harassment is a form of employee misconduct and that sanctions will be enforced against individuals engaging in sexual harassment and against supervisory management who knowingly allow such behavior to continue; and (7) clearly states retaliation against individuals who complain of sexual harassment or who testify or assist in any proceedings is unlawful.

The policy must be provided to employees in writing. Employers would be wise to include this policy in their orientation package. New York employers should informally and formally routinely remind employees of this policy.



Bill Would Grant 12 Weeks' Paid Bereavement Leave to All New Yorkers

New York could soon become the first state in the nation to require employers to offer up to 12 weeks of paid time off for workers to deal with the death of a family member.

A bill mandating paid bereavement leave passed the state Senate and Assembly in June, expanding the state's paid family leave law that took effect on Jan. 1, 2018. Gov. Andrew Cuomo has indicated he will sign the Bill into Law. If he does employees would be eligible for paid leave after the death of a spouse, domestic partner, child, parent, parent-in-law, grandparent or grandchild. The law would take effect Jan. 1, 2020.

Critics of the bill say it's too generous to employees and unfriendly to business. There are no expiration dates on when bereavement leave should be taken and the law would treat deaths of grandparents and in-laws the same as spouses and children. Supporters say everyone deserves to grieve as they see fit, and there's little incentive for abuse since employees will be paid only 50 to 67 percent of their salary while on leave. The bill sailed through the Legislature with bipartisan support, passing the Senate on June 19 by a vote of 61-1 and the Assembly on June 20 by a vote of 111-32.

The bill's authors -- state Sen. Rich Funke, R-Fairport, and Assembly Majority Leader Joseph Morelle, D-Rochester - experienced the death of a son and daughter who were in their early 30s.

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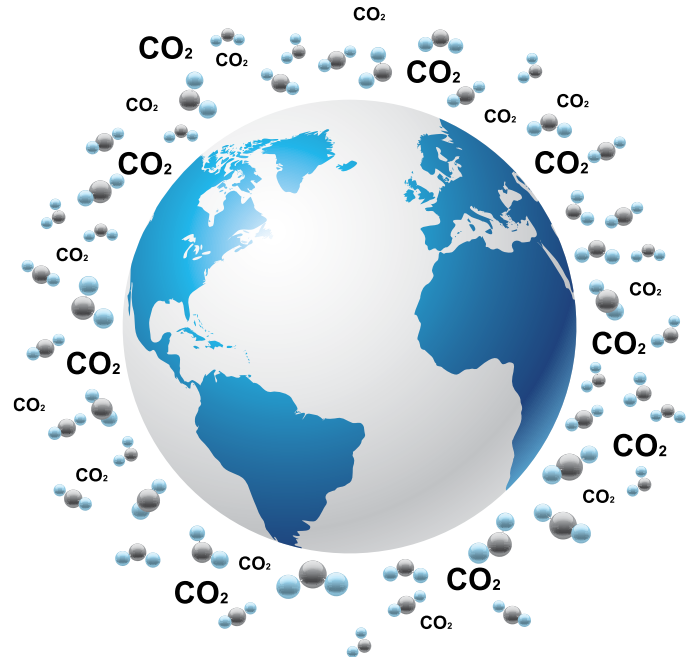
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ENVIRONMENT HEALTH AND SAFETY

Trump Administration to Replace Obama's Clean Power Plan with Weaker Greenhouse Gas Rules for Power Plants



In August the U.S. Environmental Protection Agency (EPA) proposed a new rule to reduce greenhouse gas (GHG) emissions from existing coal-fired electric utility generating units and power plants across the country. This proposal, entitled the Affordable Clean Energy (ACE) Rule, establishes emission guidelines for states to use when developing plans to limit GHG's at their power plants. The ACE Rule replaced the prior administration's Clean Power Plan (CPP). It is intended to empower states, promote energy independence, and facilitate economic growth and job creation.

Pursuant to Executive Order 13873, which directed Federal agencies to review burdensome regulations, the EPA undertook a review of the CPP. Many believed the CPP exceeded EPA's authority under the Clean Air Act, which is why 27 states, 24 trade associations, 37 rural electric co-ops, and three labor unions challenged the rule which the Supreme Court issued an unprecedented stay.