

BRIEFS

ECONOMY AND JOBS

Labor Department: Job Openings in Manufacturing at All-Time High

The manufacturing sector had a record number of job openings in July, though non-farm job openings overall dropped somewhat from June, according to the Labor Department’s monthly Job Openings and Labor Turnover Survey. NAM Chief Economist Chad Moutray reports that “Job openings in the manufacturing sector jumped to another all-time high, rising from 515,000 in June to 522,000 in July.” He added that “this was led by strength in postings from durable goods manufacturers, with openings also increasing to a new record level, up from 322,000 [in June to] 331,000 [in July]. Job openings for nondurable goods firms edged down from 193,000 to 191,000.”

As Moutray notes, these numbers will reinforce manufacturers’ concern about the lack of skilled workers, which they consistently cite as their most pressing worry in the NAM’s quarterly Manufacturers’ Outlook Survey.

Moutray also noted that “The number of workers voluntarily quitting their jobs increased 130,000 to an all-time high of 3.6 million in July. The quits rate increased to 2.4%, the highest level since April 2001, from 2.3% in June.”

The quits rate is viewed by policymakers and economists as a measure of job market confidence.



ISM: The U.S. Manufacturing Sector Contracted In August for the First Time Since 2016

The Institute for Supply Management U.S. Manufacturing Purchasing Managers’ Index fell to 49.1% in August, the lowest reading in more than three years. Any reading below 50% signals a contraction. The report raises fears of a recession.

Trade troubles influenced these numbers, including tensions between the U.S. and China. NAM President and CEO Jay Timmons responded to the news of the contraction, “These numbers, though disappointing, are not entirely surprising. We’ve started feeling the effects of a slowing global economy. 10 of the top 20 countries that

manufacturers sell to have contracting economies.” Manufacturers have also warned that trade uncertainty would affect our industry. Timmons said that passage of the USMCA, a trade deal with China and reauthorization of the Export-Import Bank will end the uncertainty and restore growth.

Global Manufacturing Activity Contracted for the Fourth Straight Month

The J.P. Morgan Global Manufacturing PMI contracted for the fourth straight month, albeit up from 49.3 in July, the lowest reading since October 2012, to 49.5 in August. There continued to be some



optimism that future output would rebound over the coming months.

Eleven of the top 20 markets for U.S.-manufactured goods experienced a contraction in manufacturing activity in their economies in August. This contraction affected six of the top seven export markets, with only China seeing a very slight expansion from that list, surprisingly rebounding from a contraction in the June and July data.

NY Fed’s Factory Index Declines

The NY Fed’s measure of manufacturing activity declined more than expected in September. The Empire State index, a survey of factories [in] the state, fell to 2 from 4.8 as readings for new orders and shipments deteriorated, according to New York Fed data released Monday. The measure of capital spending expected six months ahead plunged the most in three years, to 4.6 from 23.2.

NAM Chief Economist Chad Moutray looked into the numbers further, finding some evidence of optimism: “Respondents to the Empire State Manufacturing Survey remain positive in their outlook for the next six months, albeit with continued easing in many measures. More than 40 percent of respondents continue to anticipate higher sales and shipments over the coming months, and 25.9 percent and 24.2 percent predict more hiring and capital expenditures, respectively.”



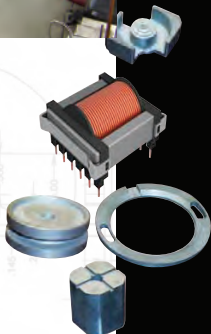
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TRADE

Congress to Take Up USMCA This Fall

The administration is pushing for swift approval of the United States-Mexico-Canada Agreement.

While President Trump has pushed for swift approval of his replacement for the North American Free Trade Agreement,



Democrats have shown little urgency in moving to ratify the new United States-Mexico-Canada Agreement as signed by the three countries last year.

Much hinges on American trading relationships with its neighbors, which expanded after NAFTA went into effect in 1994. The U.S. sent about \$300 billion in goods to Canada last year, more than any other country. It exported about \$265 billion in products to Mexico, its second-largest market.

Democrats and Republican Trump alike have lamented that NAFTA helped to sap American manufacturing jobs in favor of cheaper Mexican labor. During remarks pushing for USMCA's passage last month, the president called NAFTA "one of the world's worst trade deals ever" and a "disaster for the country."

The U.S., Canada and Mexico made a few key changes to NAFTA last year. USMCA puts stricter rules on the country of origin for auto parts and requires almost half of those products to be made by workers earning \$16 an hour or more. It also expands American access to the Canadian dairy market and aims to modernize copyright and digital trade rules.

Of the three countries, only Mexico's legislature has ratified the deal.

Economic Activity in China Cooled Further in August Sparking Renewed Talk of a Deal

The Wall Street Journal Reported that "Softness was visible last month in nearly every aspect of the Chinese economy, with industrial output and retail sales data pointing to sluggish demand and low confidence among businesses and consumers." Value-added industrial output in China rose 4.4% in August from a year earlier, far below economists' expectations of 5.2% growth and slower than the 4.8% increase in July, the National Bureau of Statistics said Monday.

China is looking to narrow the scope of its negotiations with the U.S. to only trade matters, seeking to put thornier national-security issues on a separate track in a bid to break deadlocked talks with the U.S.

The move is the latest in a series of steps officials in Washington and Beijing are taking to ease trade tensions ahead of high-level negotiations in October. It comes as President Trump moved to postpone until Oct. 15 a tariff increase on about \$250 billion in imports that had been set to hit on Oct. 1. Chinese negotiators, meanwhile, are making plans to boost purchases of U.S. agricultural products, give U.S. companies greater access to China's market and bolster intellectual-property protections, people familiar with their plans said. China also made public this week a series of exemptions to its tariffs on U.S. imports.

LABOR AND EMPLOYMENT

UAW Goes On Strike Against General Motors

Workers say GM strike aims 'to get back what we've lost'.

Nearly 50,000 GM UAW employees walked off the job at 55 plants around the U.S. at midnight September 16 to demand a better contract. It costs the Detroit automaker more than \$1 million for every hour those plants aren't making anything.

The strike is the first against GM since a two-day walkout in 2007. General Motors posted a \$11.8 billion dollar profit last year, according to its most recent earnings report. GM has announced



closing four factories and the union has been fighting those decisions. GM says the average hourly employee makes about \$90,000 a year. The UAW's Ted Krumm said the union will not make concessions. "This strike is about us. It's about standing up for fair wages, for affordable, quality health care, for our share of profits and for our job security,"

Toyota Transitions National Apprentice Program to The Manufacturing Institute

The Manufacturing Institute, the workforce and education partner of the NAM, and Toyota Motor North America announced a partnership this week to transition operation and stewardship of the Federation for Advanced Manufacturing Education program—created by Toyota to develop skilled workers—to the MI.



The FAME apprenticeship program focuses on teaching technical qualifications in advanced manufacturing, as well as helping students develop professional skills and a deeper understanding of the manufacturing industry. The program will serve as a model for apprenticeship education in manufacturing and bolster the NAM and MI's newly announced Creators Wanted Fund, an industry-driven campaign to inspire and drive more Americans to pursue careers in modern manufacturing.

ENERGY & THE ENVIRONMENT

New York Approves One of the World's Most Ambitious Climate Plans

New York lawmakers passed a sweeping climate plan that calls for the state to all but eliminate its greenhouse gas emissions by 2050. The Climate Leadership and Community Protection Act requires the state to slash its planet-warming pollution 85 percent below 1990 levels by 2050, and offset the remaining 15 percent, possibly through measures to remove carbon dioxide from the atmosphere.

If the state manages to hit those targets, it would effectively create a so-called net-zero economy, the ultimate goal of environmentalists and others seeking to slow the pace of global warming.

The New York Times reports “The challenges of reaching such goals are daunting. New York has so far only managed to reduce its emissions 8 percent between 1990 and 2015, according to the most recent state inventory. “New Yorkers are going to pay a lot for their electricity because of this bill,” said Gavin Donohue, the president of the Independent Power Producers of New York, whose members produce about three-quarters of the state’s electricity. “There’s no doubt about that.”



EPA Rolls Back Water Rule

EPA Administrator Andrew Wheeler announced the rollback of the 2015 “Waters of the United States” rule yesterday at an event in Washington, DC. The business advocacy community has been pushing for this repeal, winning a unanimous verdict on a procedural issue in the U.S. Supreme Court, among other legal actions arguing that the rule was both too broad and too vague, in some cases applying even to dry land, and thus placed an undue burden on manufacturers.

Administrator Wheeler said of the repeal, “Today, EPA and the Department of the Army finalized a rule to repeal the previous administration’s overreach in the federal regulation of U.S. waters and recodify the long-standing and familiar regulatory text that previously existed.”

Trump Administration to Relax Restrictions on Methane

The Environmental Protection Agency announced in August plans to loosen federal rules on methane by allowing oil and gas operators to largely police themselves when it comes to preventing the powerful greenhouse gas from leaking out of new wells, pipelines and other infrastructure.

It also challenges the notion, championed under the Obama administration, that the federal government has the authority to regulate methane without first making a detailed determination that it qualifies as a pollutant under the Clean Air Act. If successful, that change could hamper future administrations from enacting tougher restrictions on methane. Already, the Trump administration has taken several steps to limit the government’s ability to regulate other greenhouse gases in the future, including in a recently finalized rule on carbon dioxide emissions from power plants.

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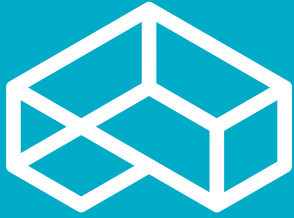
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