

THE MANUFACTURING ECONOMY

Empire State Manufacturing Survey: Growth "at a Swift Pace"

Business activity grew at a swift pace in New York State, according to firms responding to the September 2021 Empire State Manufacturing Survey. The headline general business conditions index climbed sixteen points to 34.3. New orders, shipments, and unfilled orders all increased substantially. Looking ahead, firms remained very optimistic that conditions would improve over the next six months, and capital spending and technology spending plans increased markedly.

- The index for number of employees rose eight points to 20.5.
- The average workweek index increased fifteen points to 24.3, pointing to strong gains in employment and hours worked.
- The prices paid index held steady at 75.7.
- The prices received index edged up two points to 47.8, marking its third consecutive record high.
- The new orders index rose nineteen points to 33.7.
- The shipments index shot up twenty-three points to 26.9, indicating strong growth in both orders and shipments.
- The unfilled orders index rose to 20.9.
- The delivery times index moved up to a record high of 36.5, indicating significantly longer delivery times.

Producer Inflation Accelerated in August to a Record 8.3% from a Year Ago

The producer price index rose 0.7% for the month, above the 0.6% Dow Jones estimate, though below the 1% increase in July. On a year-over-year basis, the gauge rose 8.3%, which is the biggest annual increase since records have been kept going back to November 2010. That came following a 7.8% move higher in July, which also set a record.

Excluding food, energy, and trade services, final demand prices increased 0.3% for the month, below the 0.5% Dow Jones estimate. Still, that left core PPI up 6.3% from a year ago, also the largest record increase for data going back to August 2014.

NAM Survey: Manufacturing Optimism Cools from Record Highs - Supply Chain, Labor Force Biggest Concerns

On NAM's Manufacturers' Outlook Survey for the third quarter of 2021, 52% of surveyed companies said their business outlook is "somewhat positive," while an additional 36% said they are "very positive." In all, 88% of respondents said conditions are at least somewhat positive, down only slightly from

June's 90.1%. Based on the results, NAM set its manufacturing outlook index to 58.4%.

On a list of business challenges, 86.4% of surveyed companies said they were having trouble with increased raw material costs, and more than 90% of respondents said they expected those prices to continue climbing. Eighty percent of companies said they were having trouble attracting and retaining a quality workforce, even as 68.2% said they expected to increase full-time employment. Workforce shortages were seen by 81.5% of respondents as the biggest risk to the current economic outlook.

Industrial Production Now Beats Pre-Pandemic Levels

The Fed's latest report, issued September 15, shows industrial production in August hit 101.6% of average monthly production in 2017. The latest figure is 5.9 percentage points better than 12 months ago and 0.3 points better than February 2020, the last month unaffected by COVID-19.

Manufacturing production rose by 0.2 points, 5.9 points better than 12 months ago and 1.0 point above its February 2020 level. Production of motor vehicles increased in August as the seasonally adjusted annual rate rose to 9.53 million units, up from July's annualized rate of 9.31 million trucks and automobiles and the 2020 average of 8.82 million.

Shortages Constrict U.S. Economy

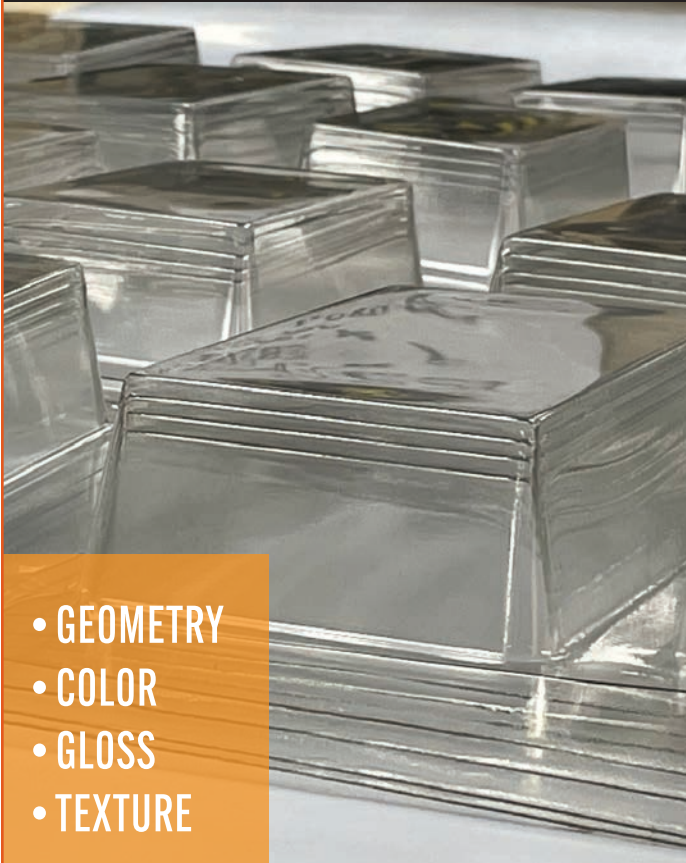
A shortage of basic goods across the manufacturing sector is snarling supply chains and causing headaches for companies nationwide. Supply chains have become clogged as many manufacturers try to build up their stock, even as traffic jams in ports in China and near Los Angeles slow transit and shipping, prices have risen. Some suppliers in Asia have refused to build out additional capacity to address a rising demand for products and materials, out of concern that the increase may only be temporary.

The shortages are making it difficult for buyers to source materials that used to be easy to get. Manufacturers are stuck with mostly finished products as they wait for slow-to-arrive components, and the uncertainty and scarcity have caused prices to rise. Rising prices have led to fears that sustained inflation could last longer than previously anticipated.

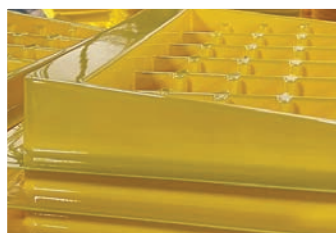
Interest Rates May Rise Sooner Than Expected, Fed Indicates

The Federal Reserve signaled it could start reversing its pandemic stimulus programs in November and could raise interest rates next year. The Fed's rate-setting committee revised its post meeting statement to say that it could start to reduce, or

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taper, its \$120 billion in monthly asset purchases as soon as its next scheduled meeting, Nov. 2-3.

Fed Chairman Jerome Powell added that officials generally agreed at their meeting that “a gradual tapering process that concludes around the middle of next year is likely to be appropriate.” New projections released at the end of the Fed’s two-day policy meeting showed half of 18 officials expect to raise interest rates by the end of 2022. In June, just seven officials anticipated that. Meanwhile the Fed lowered its forecast for GDP growth in America this year to 5.9% while raising its inflation forecast to 4.2%.

Natural-Gas Prices Surge, and Winter Is Still Months Away

Natural-gas prices have surged, prompting worries about winter shortages and forecasts for the most expensive fuel since frackers flooded the market more than a decade ago. U.S. natural-gas futures ended September 24 at \$5.105 per million British thermal units. They were about half that six months ago and have leapt 17% this month.

ADVOCACY

NAM Launches Grassroots “Manufacturers United”

With major policy issues coming to a head this fall in Washington, the National Association of Manufacturers this week launched Manufacturers United—a new digital platform to power the industry’s grassroots advocacy. “What’s at stake, fast facts and useful statistics, how to take action—it’s all there to help individual manufacturers find information and act on it to create an impact,” said NAM Assistant Vice President of Advocacy Michael O’Brien.

Research shows that persistent, sustained advocacy is incredibly important—and that outreach from individual constituents has the most impact, especially when policymakers are undecided on an issue. Manufacturers United unleashes the power of manufacturers who have been interested in advocacy but haven’t known where to start.

Tax Increases Would Cost a Million Jobs

Corporate tax hikes and other tax reform rollbacks under consideration could lead to 1 million fewer jobs in the first two years, according to a new study conducted by Rice University economists for the NAM.

Economists John W. Diamond and George R. Zodrow calculated the effects of increasing the corporate tax rate to 28%, increasing the top marginal tax rate, repealing the 20% pass-through deduction, eliminating certain expensing provisions and more. The researchers found that these changes would cause large negative effects for the economy. The worst of these would include:

- 1 million jobs lost in the first two years.
- By 2023, GDP would be down by \$117 billion, by \$190 billion in 2026 and by \$119 billion in 2031.
- Ordinary capital, or investments in equipment and structures, would be \$80 billion less in 2023 and \$83 billion and \$66 billion less in 2026 and 2031, respectively.

ENVIRONMENT SAFETY AND HEALTH

New York State HERO Act Activated- Safety Plans Required

On Sept. 6, 2021, Gov. Kathy Hochul directed the NYS Commissioner of Health to designate COVID-19 as a highly contagious communicable disease that presents a serious risk of harm to the public health. The designation is official and available on the NYS Department of Health (NYSDOH) website.

Now that such a designation has been made, employers are required to implement or “activate” their Plans. The Standard also outlines specific details regarding implementation of the airborne infectious disease exposure prevention plans when there is a designated outbreak. This includes immediately reviewing their current plan, updating the plan to incorporate current information, guidance and any mandatory requirements as necessary or appropriate, and finalizing and promptly activating the plan. It also includes a “verbal review” requirement, distribution of the plans, posting a copy of the plan and ensuring that a copy of the plan is accessible to employees during all work shifts. OSHA Proposes HazCom Standard Changes.

New York’s Climate Leadership and Community Protection Act, (CLCPA) Takes Shape

The CLCPA planning process is well underway and includes a work group dedicated to assessing impacts on, and proposing mitigation measures for, “energy intensive trade exposed” (EITE) industry. The state has yet to adopt a specific definition of EITE sectors but based on factors including the percentage of production costs attributed to energy and the share of sales attributed to exports, it has focused on several industry sectors, including paper, chemicals, cement and metals production, semiconductor production, and pharma and food production. The state expects that these sectors account for the majority of all in-state industrial GHG emissions.

Importantly, the CLCPA planning process has determined that emissions from the entire manufacturing sector are already below the 2030 target of 60% of 1990 emission levels. Even so, the EITE work group has discussed a target of an additional six percent emission reduction for the industrial sector by 2030, to be met primarily through energy efficiency measures and fuel/energy substitution (including “decarbonization” of the electric power sector, which will reduce emissions attributed to industrial electricity consumption), “allowing more time for innovation to meet the 2050 goals.”

President Biden Mandates Vaccines for Employees of Firms with 100 or More Employees

Mr. Biden ordered the Occupational Safety and Health Administration (OSHA), to issue a rule requiring firms with 100 employees or more to mandate vaccinations for their workforces, with weekly testing for those who opt out. OSHA may take time to promulgate its directive, but opponents are already staking out their ground: several Republican governors have vowed to take legal action.

The Supreme Court has yet to weigh in on vaccine requirements. But plaintiffs have sued successfully to scuttle other public-health

measures from the Biden administration. In August the Supreme Court invalidated a moratorium on evictions issued by the Centers for Disease Control and Prevention (CDC). And in July a federal appeals court rejected restrictions imposed by the CDC on cruise ships. Both rulings demonstrated the willingness of the judiciary to narrow the government’s public-health authority.

LABOR, EMPLOYMENT AND WORKFORCE DEVELOPMENT

889,000 Manufacturing Openings in July: Bureau of Labor Statistics

Of the 10.9 million job openings in the United States in July 889,000 were in the manufacturing sector. Up from 880,000 in June and 402,000 a year ago. Of the those 481,000 were in durable goods and 408,000 in non-durable goods.

There were a total of 441,000 hires in the sector in July, down from 483,000 in June and up from 362,000 a year ago. Total separations were 423,000 in July down from 427,000 in June and up from 378,000 a year ago.

Meet the Workers Gaming Remote Work with Multiple Jobs

A small, dedicated group of white-collar workers, in industries from tech to banking to insurance, say they have found a way to double their pay: Work two full-time remote jobs. Of course, they don’t tell anyone and, for the most part, don’t do too much work, either. Alone in their home offices, they toggle between two laptops. They play “Tetris” with their calendars, trying to dodge endless meetings. Sometimes they log on to two meetings at once. They use paid time off—in some cases, unlimited—to juggle the occasional big project or ramp up at a new gig.

Many say they don’t work more than 40 hours a week for both jobs combined. They don’t apologize for taking advantage of a system they feel has taken advantage of them.

Federal Pandemic Unemployment Benefits Expire

Nearly 18 months after Congress came to the rescue of jobless Americans, its historic expansion of the nation’s unemployment benefits system expired nationwide September 6th. Lawmakers, who extended the three pandemic programs in December and March, are not expected to extend them again. A key component of the relief effort was a federal weekly supplement for out-of-work Americans. Initially, the jobless received a \$600-a-week boost from April through July of 2020. Congress then revived the enhancement in late December but reduced it to \$300 a week.

Lawmakers also created two other measures to aid the jobless when the coronavirus struck. The Pandemic Unemployment Assistance program provided payments for freelancers, the self-employed, independent contractors and certain people affected by the outbreak, while the Pandemic Emergency Unemployment Compensation program extended payments for those who’ve exhausted their regular state benefits. President Biden said last month that states can use federal relief funds to extend the programs beyond Labor Day, but so far none have said they will do so.

MIAP Apprenticeship Program

The New York State Manufacturers Alliance – of which the Council of Industry is a founding member – has created a New York State Manufacturers Intermediary Apprenticeship Program (MIAP). Administered in the Hudson Valley by the Council of Industry MIAP is an employer-led public-private program for registered apprentices in manufacturing occupations.

This apprenticeship has two basic elements. The first, On-the-Job Training (OJT), consists of a seasoned employee, craft person capable and willing to share their experience with an apprentice, in a hands-on manner. The second, Related Instruction (RI), consists of learning more theoretical or knowledge-based aspects of a craft.

This registered apprentice program will typically be 16 months to four years in duration.

MIAP REGISTERED TRADES:

Machinist (CNC)
Electro-Mechanical Technician
Maintenance Mechanic (Automatic Equipment)
Quality Assurance Auditor
Toolmaker
Industrial Manufacturing Technician
(Introductory Trade)

Creators Wanted - Manufacturing Institute's New Workforce Campaign

The NAM and The Manufacturing Institute unveiled their Creators Wanted experience this summer in Dallas, previewing it for the NAM's Executive Committee as well as local business leaders, workforce development officials and the media. Visitors got an exclusive

look at this "mobile manufacturing experience" that will soon embark on a tour around the country, showing Americans what modern manufacturing is all about.



The tour allows you to experience the creativity of manufacturing firsthand and up-close. In the gamified experience, participants work as a team to solve a series of immersive challenges, requiring their full attention to think and compete. As they move through each obstacle, teams will learn more about modern manufacturing careers, the skills required to be successful and how people and technology work together.

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