THE MANUFACTURING ECONOMIC UPDATE

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NAM Manufacturers’ Outlook Survey by Quarter
(First Quarter 2016 – Third Quarter 2017)

Source: NAM Manufacturers’ Outlook Survey
Note: Percentage of respondents who characterized the current business outlook as somewhat or very positive.
Expected Manufacturing Growth Over Next 12 Months
(First Quarter 2016 – Third Quarter 2017)

Avg. 12-Month Growth Rates
Sales: ↑ 4.5%
Exports: ↑ 1.3%
Capital Investments: ↑ 2.7%
Full-Time Employment: ↑ 2.2%

Source: NAM Manufacturers’ Outlook Survey
Note: Expected growth rates are annual averages.
Primary Current Business Challenges
(Third Quarter 2017)

Rising health care/insurance costs
- 72.0%

Attracting and retaining a quality workforce
- 71.6%

Unfavorable business climate (e.g., taxes, regulations)
- 51.4%

Rising raw material costs for our products
- 39.2%

Weaker domestic economy and sales for our products
- 27.1%

Strengthened U.S. dollar relative to other currencies
- 21.5%

Weaker global growth and slower export sales
- 15.7%

Challenges with access to capital
- 6.0%

Source: NAM Manufacturers’ Outlook Survey
Note: Respondents were able to check all that apply. Therefore, responses exceed 100 percent.
ISM Manufacturing Purchasing Managers’ Index

(October 2016 – October 2017)

Source: Institute for Supply Management
Percentage Changes in Manufacturing Production
*(October 2016 – October 2017)*

Manufacturing

Durable Goods

Nondurable Goods

Source: Federal Reserve Board
Manufacturing Production and Capacity Utilization, October 2016 to October 2017

Source: Federal Reserve Board
### Year-Over-Year Growth in Manufacturing Production by Sector

*(October 2016 to October 2017)*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Year Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel and leather</td>
<td>-8.6%</td>
</tr>
<tr>
<td>Miscellaneous durable goods</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Motor vehicles and parts</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Textile and product mills</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Printing and support</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Paper</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Textile and product mills</td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td></td>
</tr>
<tr>
<td>Machinery</td>
<td>7.2%</td>
</tr>
<tr>
<td>Primary metals</td>
<td>7.1%</td>
</tr>
<tr>
<td>Nonmetallic mineral products</td>
<td>4.7%</td>
</tr>
<tr>
<td>Electrical equipment and appliances</td>
<td>4.4%</td>
</tr>
<tr>
<td>Wood products</td>
<td>4.3%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>4.2%</td>
</tr>
<tr>
<td>Food, beverage and tobacco products</td>
<td>4.1%</td>
</tr>
<tr>
<td>Fabricated metal products</td>
<td>3.3%</td>
</tr>
<tr>
<td>Petroleum and coal products</td>
<td>3.0%</td>
</tr>
<tr>
<td>Computer and electronic products</td>
<td>2.8%</td>
</tr>
<tr>
<td>Aerospace and misc. transportation</td>
<td>0.7%</td>
</tr>
<tr>
<td>Furniture and related products</td>
<td>0.3%</td>
</tr>
<tr>
<td>Plastics and rubber products</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

**YEAR-OVER-YEAR GROWTH**

- Manufacturing (NAICS): **↑ 2.7%**
- Durable Goods: **↑ 2.5%**
- Nondurable Goods: **↑ 2.9%**

*Source: Federal Reserve Board*
IHS Markit Purchasing Managers’ Indices for the Top 15 Export Markets for U.S. Manufactured Goods
(November 2017)

Emerging Markets Manufacturing PMI: 51.7
Eurozone Manufacturing PMI: 60.1
Global Manufacturing PMI: 54.0
U.S. Manufacturing PMI (Markit): 53.9

Source: IHS Markit
The U.S. dollar is up 16.4% since June 2014 against major currencies, but down 7.9% year-to-date in 2017.

Source: Federal Reserve Board
Monthly Changes in Employment
(October 2016 – October 2017, in Thousands of Employees)

Source: Bureau of Labor Statistics

Nonfarm Payrolls
Manufacturing
Manufacturing Job Openings, Hires and Separations

(September 2016 – September 2017, in thousands of workers)

Source: Bureau of Labor Statistics
Manufacturing Employment Growth

(December 2007 = 100)

Source: Bureau of Labor Statistics
Manufacturing’s Value-Added Contributions to the U.S. Economy, in Trillions of Dollars

Source: Bureau of Economic Analysis
QUESTIONS?

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