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May Sees Biggest Jobs Increase Ever Of 2.5 Million As Economy Starts To Recover From Coronavirus—Employment stunningly rose by 2.5 million in May and the jobless rate declined to 13.3% according to data June 5 from the Labor Department that was far better than economists had been expecting and indicated that an economic turnaround could be close at hand.

Economists surveyed by Dow Jones had been expecting payrolls to drop by 8.333 million and the unemployment rate to rise to 19.5% from April's 14.7%. If Wall Street expectations had been accurate, it would have been the worst figure since the Great Depression. As it turned out, May's numbers showed the U.S. may well be on the road to recovery after its fastest plunge in history.

Stock market futures burst higher following the report and indicated an open of nearly 600 points higher for the Dow Jones Industrial Average.

The May gain was by far the biggest one-month jobs gain in U.S. history since at least 1939.

"Barring a second surge of COVID-19, the overall U.S. economy may have turned a corner, as evidenced by the surprise job gains, even though it still remains to be seen exactly what the new normal will look like," said Tony Bedikian, head of global markets at Citizens Bank.

The jump in employment almost perfectly mirrored the 2.7 million decrease in workers who reported being on temporary layoff in April. Full Story
Source: CNBC, 06.05.2020

Some Encouraging Bounce-Backs In Activity, But With Ongoing Weaknesses—While the economic data continue to reflect ongoing, sharp disruptions in demand and operations for manufacturers, there were also signs that the worst of those decreases occurred in late March and in April, with the rate of declines in May improving somewhat.

After declining in April at the fastest rates since March 2009, the IHS Markit Flash U.S. Manufacturing PMI continued to contract sharply in May, albeit at a somewhat slower rate of decline. The headline index rose from 36.1 in April to 39.8 in May, with some easing in the contractions for new orders, production, exports and employment.
Source: NAM, 05.27.2020

With 'Main Street' In View, Fed Weights Risks Of Job, Productivity Shocks

U.S. Federal Reserve officials have talked broadly about helping households and firms through the current economic crisis and quickly unleashed trillions of dollars in cash and credit guarantees to build a "bridge" to the post-pandemic world. But underlying that swift response is a debate over how to ensure the cure for the country's immediate economic problems doesn't damage future growth by keeping otherwise failing firms alive, saddling others with too much debt to thrive, or encouraging people to stay in jobs that will disappear.

It's a longer-term dilemma, to be sure, when the priority is to prevent a wave of personal and business bankruptcies from creating an even deeper economic hole. But it is one the world's central banks and elected leaders are struggling to get right even as they roll out unprecedented support. A misstep could damage productivity and slow the hoped-for recovery.

"It is a very tricky balance," Richmond Fed President Thomas Barkin said in a recent interview where he sketched out the paradox U.S. officials face in lowering an unemployment rate that likely topped 20% this month: Federal programs, based on hopes of a short downturn and sharp rebound, have been geared toward returning workers to jobs they held before the novel coronavirus outbreak; but those might not be the jobs the economy demands in a slow-to-recover world with new social norms and entire industries like elder-care likely to be reimagined.

"Some of this has to start with where do you see growth" in the future, Barkin said. His thought was echoed in a recent New York Fed study on how job training programs struggled after the last recession to adapt to in-demand occupations, possibly prolonging unemployment.

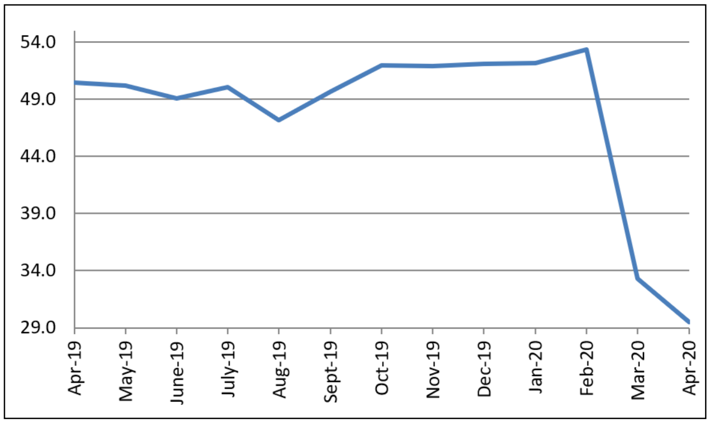
The Fed is expected by next week to open its "Main Street Lending Program," which will provide four-year loans to businesses with between 500 to 15,000 employees. The signature program, one of several measures taken by the U.S. central bank to battle the crisis, was announced about two months ago but delayed as officials wrangled over complex details. Boston Fed President Eric Rosengren, whose bank will administer the program, described the hunt for a sweet spot in which loans are too expensive for firms that "have no problems" while troubled borrowers are weeded out by private banks who must put some of their money at risk for each loan the Fed makes.

"What we are really looking for is firms that were doing fine going into the end of last year," Rosengren said on Sunday on CBS's "Face the Nation" program.

At up to $600 billion, the program is the Fed's most extensive use ever of its credit-creating powers for non-financial firms. Officials expect to avoid losses on the program, and the Fed says its aim isn't to provide bailouts—a spending issue for elected officials to decide—but to provide a credit lifeline likely to turn a profit for the central bank.

The coming weeks will tell if Fed officials got it right. Full Story
Source: Reuters, 05.29.2020

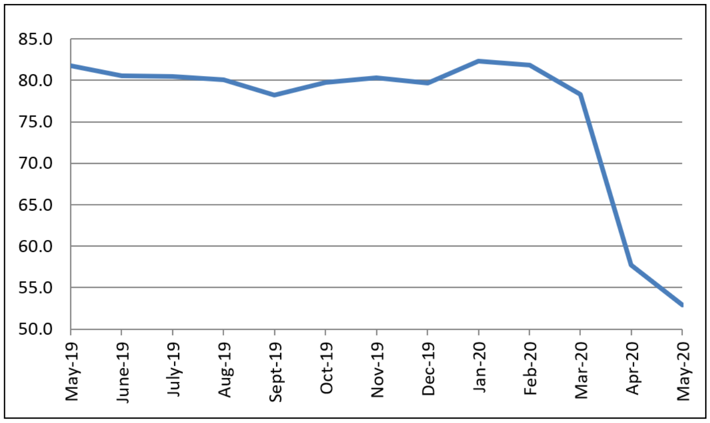
Architecture Billings Index (ABI)



Demand for design services in April saw its steepest decline on record. AIA's Architecture Billings Index (ABI) score of 29.5 for April reflects a decrease in design services provided by U.S. architecture firms (any number below 50 indicates a decrease in billings). During April, both the new project inquiries and design contracts scores also declined significantly, posting scores of 28.4 and 27.6 respectively.

The **Architecture Billings Index (ABI)** is a diffusion index derived from the monthly Work-on-the-Boards survey, conducted by the AIA Economics & Market Research Group. The ABI serves as a leading economic indicator that leads nonresidential construction activity by approximately 9-12 months. An index score of 50 represents no change in firm billings from the previous month, a score above 50 indicates an increase in firm billings from the previous month, and a score below 50 indicates a decline in firm billings from the previous month.
Source: American Institute for Architects, 05.20.2020

Steel Capability Utilization



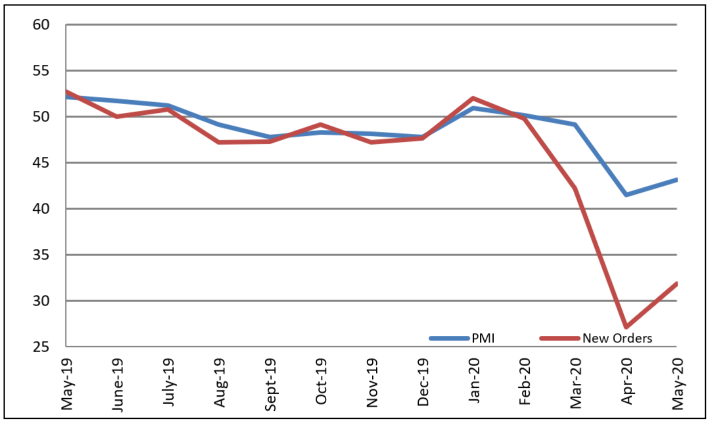
In the week ending on May 30, 2020, domestic raw steel production was 1,206,000 net tons while the capability utilization rate was 53.8%. Production was 1,880,000 net tons in the week ending May 30, 2019 while the capability utilization then was 80.8%. The current week production represents a 35.9% decrease from the same period in the previous year. Production for the week ending May 30, 2020 is up 1.3% from the previous week ending May 23, 2020 when production was 1,191,000 net tons and the rate of capability utilization was 53.2%.

Adjusted year-to-date production through May 30, 2020 was 34,296,000 net tons, at a capability utilization rate of 69.3%. That is down 16.1% from the 40,858,000 net tons during the same period last year, when the capability utilization rate was 81.4%.

Steel Capability Utilization is a domestic report based on estimates from companies representing approximately 90% of the Industry's Raw Steel Capability as compiled by the American Iron and Steel Institute.
Source: AISI, 05.30.2020

Purchasing Managers Index (PMI)®

The May PMI® registered 43.1%, up 1.6 percentage points from the April reading of 41.5%. This figure indicates expansion in the overall economy after April's contraction, which ended a period of 131 consecutive months of growth. The New Orders Index registered 31.8%, an increase of 4.7 percentage points from the April reading of 27.1%. The Production Index registered 33.2%, up 5.7 percentage points compared to the April reading of 27.5%. The Backlog of Orders Index registered 38.2%, an increase of 0.4 percentage point compared to the April reading of 37.8%. The Employment Index registered 32.1%, an increase of 4.6 percentage points from the April reading of 27.5%. The Supplier Deliveries Index registered 68%; though down 8 percentage points from the April figure of 76%, this high reading elevated the composite PMI®.



Of the 18 manufacturing industries, the two industries to report employment growth in May are: Apparel, Leather & Allied Products; and Paper Products. The 16 industries reporting a decrease in employment in May, in the following order, are: Printing & Related Support Activities; Textile Mills; Furniture & Related Products; Transportation Equipment; Primary Metals; Petroleum & Coal Products; Machinery; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Fabricated Metal Products; Wood Products; Food, Beverage & Tobacco Products; Chemical Products; Miscellaneous Manufacturing; Nonmetallic Mineral Products; and Plastics & Rubber Products.
Source: Institute for Supply Management, 06.01.2020

Industry Group Cites Support For Aluminum Tariff Exemptions

One year after the U.S. removed tariffs on aluminum imported from Canada and Mexico, the Aluminum Association sent a letter to U.S. Trade Representative Robert Lighthizer in support of exemptions to the Trump administration's Section 232 tariffs.

"The U.S. aluminum industry depends on a reliable source of Canadian primary aluminum, which has been a key part of the domestic supply chain and national security apparatus for decades, to meet demand for these aluminum products," Aluminum Association President and CEO Tom Dobbins said. "Even if every U.S. aluminum smelter was operating at full capacity, aluminum manufacturers would still require a mix of domestic and imported primary aluminum as well as secondary production to meet the demands of U.S. manufacturers and consumers for aluminum products. Fully 97% of U.S. aluminum industry jobs are in mid-and-downstream production and processing, and these jobs—as well as many more at U.S. aerospace, automotive, and other advanced manufacturing firms—depend on reliable aluminum supplies from our USMCA trading partner." ***Source: Metal Miner, 05.26.2020***

U.S. Manufacturing Activity Crawls Off 11-Year Low

U.S. manufacturing activity eased off an 11-year low in May, the strongest sign yet that the worst of the economic downturn was behind as businesses reopen, though the recovery from the COVID-19 crisis could take years because of high unemployment. The promising signs of stabilization in manufacturing reported by the Institute for Supply Management on June 1 are a welcome respite as the country braces for data on May 29 expected to show the worst unemployment rate since World War II. Rampant joblessness will lead to tepid demand and economic growth. "Today's report on the manufacturing sector represents good news that hints the economy is turning the corner as the states reopened in May," said Chris Rupkey, chief economist at MUFG in New York. "It will not be a quick recovery for sure, but at least the worst is over."

The ISM said its index of national factory activity rose to a reading of 43.1 last month from 41.5 in April, which was the lowest level since April 2009. A reading below 50 indicates contraction in manufacturing, which accounts for 11% of the U.S. economy. May marked the third straight monthly contraction. Still, the first increase in the ISM index since January mirrored improvements in regional manufacturing surveys in May and suggested April was the nadir for economic activity. A survey on June 1 from data firm IHS Markit also showed stabilization in manufacturing conditions in May. The ISM also viewed May as the "transition month," but cautioned that "demand remains uncertain."

The improvement was not uniform. Disruptions to the supply chain and social distancing are limiting transportation equipment manufacturers' ability to restart production. Food, beverage and tobacco industries were overwhelmed, nothing that increased demand "stressed our production capabilities."

The ISM's forward-looking new orders sub-index rose to a reading of 31.8 in May from 27.1 in April, which was the lowest since December 2008. Despite the slight improvement last month, new orders at current levels suggest business investment could continue to shrink. The COVID-19 crisis has undercut corporate profits, which declined in the first quarter at rates last seen during the 2007-09 Great Recession. Business investment has contracted for four straight quarters.

BOTTOM REACHED—The economy contracted at a 5% annualized rate in the first quarter, the worst performance since the 2007-09 recession. Gross domestic product is expected to decline at a rate as sharp as 40% in the second quarter, which would be the biggest contraction in output since the Great Depression of the 1930s. The ISM's measure of factory employment advanced to a reading of 32.1 in May after plunging to 27.5 in the prior month, which was the lowest since February 1949.

"Manufacturers are being squeezed by both a collapse in demand and disrupted supply chains," said James Knightley, chief international economist at ING in New York. "With profitability under immense pressure firms are increasingly looking to cut costs, which will limit the ability of the U.S. economy to rebound quickly."

A separate report from the Commerce Department on June 1 showed construction spending dropped 2.9% in April, the largest decrease since October 2018, after being unchanged in March. Economists had forecast construction spending declining 6.5% in April. The construction sector has fared better than other segments of the economy as some large projects were likely put in place months before the COVID-19 pandemic.

The industry is also being supported by near record low interest rates. In April, spending on private sector construction projects dropped 3.0%. Outlays on homebuilding tumbled 4.5%. Spending on nonresidential structures, which include manufacturing plant and mining exploration, shafts and wells, decreased 1.3%. Investment in public construction projects fell 2.5% in April. "Construction spending can be a somewhat lagging indicator, as outlays each month in part reflect projects started in prior months," said Nancy Vanden Houten, a senior U.S. economist at Oxford Economics in New York. ***Source: Reuters, 06.01.2020***

NAM Survey: Manufacturers Face Major Headwinds, But Continue Operating In Support Of COVID-19 Response

The National Association of Manufacturers released the results of the Manufacturers' Outlook Survey for the second quarter of 2020 showing that despite a historic drop in optimism, to nearly 34%, and challenging business conditions, the vast majority of manufacturers (98.7%) have continued or only temporarily halted operations. The survey also shows that manufacturers are innovating to find solutions to keep businesses running and to protect workers and communities, with almost 22% retooling to produce personal protective equipment, 67% reengineering processes to reflect COVID-19 safety protocols and 12% completely reevaluating the mission of the firm.

"Manufacturers have led the country through the COVID-19 response, and America is counting on our industry to lead our recovery and renewal," said NAM President and CEO Jay Timmons. "While these numbers show that we've faced difficult circumstances and that there is a challenging road ahead, manufacturers have proven that with our grit, determination and patriotic spirit, we can overcome any challenge facing the nation. And in our 'American Renewal Action Plan,' the NAM has shown the way forward."

As policymakers and regulators debate solutions to help the economy recover from this pandemic, the NAM urges them to focus on the renewal agenda laid out in the "American Renewal Action Plan." We have been encouraged by actions taken thus far, but there is still greater need for targeted liability reform, tax provisions to ensure investment in manufacturing and measures to reaffirm the U.S. supply chain to protect those businesses that continue to work on the front lines of the COVID-19 response to ensure as swift a recovery as possible.

The Manufacturers' Outlook Survey has surveyed the association's membership of 14,000 large and small manufacturers on a quarterly basis since 1997 to gain insight into their economic outlook, hiring and investment decisions and business concerns. The NAM releases the results to the public each quarter. Further information on the survey is available here.
Source: QualityMagazine, 05.29.2020

Manufacturers To Spend $19.8 Billion On Data Analytics By 2026

Data management and data analytics continue to become an essential part of how manufacturers conduct business. In fact, this market will reach $19.8 billion in sales by 2026, according to ABI Research. "For many manufacturers, there is an appreciation that operational decisions need to be based on empirical evidence rather than guesswork," explains Michael Larner, Principal Analyst at ABI Research.

"The challenges are not necessarily capturing and analyzing data, rather what to analyze in the first place," added Larner. "The findings need to have a meaningful impact on operations and so manufacturers need to take a step back and devise precise objectives."

The report recommends that manufacturers" engage suppliers to help them prioritize activities and shape projects." The report cites examples of using data analytics to increase production, improve quality, or reduce waste. Analyzing data has become more sophisticated with newer technologies such as artificial intelligence (AI) and machine learning. The report points out that suppliers' are now able to not just report data but also predict outcomes and make recommended actions.

Other developments in the arena, such as the advent of no-code/low code platforms allow staff not to have to be data scientists to utilize analytics in their roles, the report states.

"While manufacturers have spent decades refining their physical production lines, today they need to expend effort in optimizing their processes for collecting and analyzing data," Larner concludes. But data should not be collected just for the sake of it. *Source: IndustryWeek, 05.22.2020*

Manufacturing Leadership Council Offers Operational Practices To Keep Employees Safe

In an effort to offer the manufacturing sectors some best practices on how companies can keep employees safe while keeping plants open, The Manufacturing Leadership Council, a division of the National Association of Manufacturers, released a new report, New Operational Practices to Consider in the Time of COVID-19, on May 20th. "Manufacturers have been on the front lines throughout this crisis, and this guide leverages the experiences and real-world practices that manufacturers across America have put into place," said NAM CEO Jay Timmons. "We're all looking to get back to some sense of normalcy, but that's not possible unless we can protect manufacturing workers. By collecting these practices, the MLC is helping all manufacturers continue to set high standards for protecting employees, families and communities while creating products essential to our daily lives." These practices meet or exceed existing guidelines from the various federal agencies while also mitigating operational and business risks that are outside the scope of such guidance.

"Since this crisis began, the NAM has been working with Vice President Pence and the Coronavirus Task Force, Centers for Disease Control and Prevention, Occupational Safety and Health Administration and others to relay real-time information from our industry and to ensure manufacturers received the critical guidance they needed to operate safely," said NAM COO Todd Boppell. "The MLC has also convened thousands of manufacturing leaders to share practices and develop new ideas for operating safely through this crisis. Manufacturers have come together to help each other and to help our country."

This information is not meant as authoritative legal, medical, or regulatory guidance or advice. It is not an exhaustive list of operational practices in the COVID-19 environment but rather represents some of the most common "best practices" communicated to the National Association of Manufacturers.

The following are a couple of sections from the report.

Facilities and Traffic Management

- Companies are limiting and discouraging congregation of staff in any area where they must be closer together than six feet and/or with poor ventilation characteristics.
- Cafeterias and break rooms are frequently either closed, or they are rearranged in reduced seating formations to prevent people from sharing tables. In some cases, staff are asked to take breaks or eat lunches in their cars to maintain separation while getting off their feet. Companies are using ample signage to communicate room occupancy limits.
- Companies are seeking to install touchless appliances wherever possible—including all sinks and paper towel holders.
- Major emphasis is placed on frequent hand washing or hand sanitizing, and, when possible, the appropriate sinks or supplies are located throughout the facility to accommodate the increased frequency.
- Companies are focused on cleaning restrooms more frequently, and some toilets or sinks may be blocked off to help maintain social distancing.
- Wherever possible, doors are propped open to eliminate a frequent touchpoint for many staff hands. Other companies are installing hardware that allows workers to open doors with their forearms or with a foot pedal.
- Hallways and other walkways through buildings may be designated as one-way to reduce close-proximity passing of staff.
- Some companies are increasing the use of radios, text messages and email to reduce staff movement and face-to-face communication.

Shifts and Team Design

- Many companies realize that any worker may get infected or sick at any time, no matter where the exposure occurs. They, therefore, endeavor to ensure that each worker is only interacting with a very limited number of coworkers to minimize the number of people who might be exposed in the workplace and then quarantined or infected as a result.
- Increasing the time between shifts allows for policies that ensure all workers from one shift are off-premises before the next shift arrives, preventing incidental contact between workers on different shifts.
- Some facilities have divided workers within the same shift into specific smaller work teams. These teams may be designated with a specific marked floor area in the facility or designated by color of uniforms or other visual cues. Workers may need to interact at closer distances with those on their designated team, but they explicitly do not do so with members of any other team.
- Hand-offs are often a critical and normal part of factory operations; everything from clipboards to raw materials.

The report also includes other sections:

- Site Access to Mitigate Exposure
- Workstation Measures to Promote Social Distancing
- Leave Policies
- Illness or Diagnosis Response
- Essential Travel Policies
- Returning Nonessential Workers

Source: IndustryWeek, 05.21.2020

Congress Approves Sweeping Changes To PPP—Here Are The Details

The Senate passed a bill June 3 to give small businesses more flexibility in how they spend federal loans given as part of a coronavirus aid program. The chamber approved the measure by voice vote hours after Sen. Ron Johnson blocked a Democratic effort to unanimously approve it. The Wisconsin Republican got assurances on making changes to the bill later. He has said he wants the loan system known as the Paycheck Protection Program to expire earlier than initially planned.

It now heads to President Donald Trump's desk, as the House approved it last week.

Senate Minority Leader Chuck Schumer, D-N.Y., tried to push the House-passed legislation through by unanimous consent June 3 afternoon. Any one senator can stop such a request, and Johnson initially opposed it. When Senate Majority Leader Mitch McConnell brought up the bill again, he did not object.

- Extend the "covered period" under which small businesses can spend the loan proceeds from eight weeks to 24 weeks, or until December 31.
- Remove the limits on loan forgiveness for small businesses that were unable to rehire employees, hire new employees or return to the same level of business activity as before the virus.
- Expand the 25% cap to use PPP funds on nonpayroll expenses, such as rent, mortgage interest and utilities, to 40% of the total loan. That lowers the 75% requirement for payroll expenses to 60% to get maximum forgiveness.
- Allow small businesses to take a PPP loan and also qualify for a separate, recently enacted tax credit to defer payroll taxes, currently prohibited to prevent "double dipping."
- Extend the loan terms for any unforgiven portions that need to be repaid from two years to five years, at 1% interest.
- Give small businesses more time to rehire employees or to obtain forgiveness for the loan if social-distancing guidelines and health-related actions from the Centers for Disease Control and Prevention or other agencies prevented the business from operating at the same capacity as it had before March 1.
- Extend the period for when a business can apply for loan forgiveness, from within six months to within 10 months of the last day of the covered period, before it must start making interest and principal payments. Under the new bill, PPP loan interest and payment of principal and fees will be deferred until the loan is forgiven by the lender.

This bill was not Congress' first attempt to fix aspects of the PPP. The $3 trillion HEROES Act, which passed the House earlier in May, contained a number of PPP fixes, though not just tailored to the hospitality industry. But the legislation, proffered by House Democrats, faces opposition from Senate Republicans.

Business groups, which had supported the Paycheck Protection Program Flexibility Act and its changes, applauded its passage. The National Association of Manufacturers declared it a "lifeline," particularly for smaller manufacturing companies. Under the original PPP loan terms, the covered period was slated to end June 30, even as more than $100 billion of available funding still remained to be doled out.

"As the majority of small businesses reach the conclusion of their Paycheck Protection Program forgiveness period in the next couple weeks, they are figuring out how to comply with the loan terms while also navigating reopening and rehiring their employees in a safe manner," said Kevin Kuhlman, vice president of government relations for the National Federation of Independent Business, in a statement. "The Paycheck Protection Program Flexibility Act of 2020 will further help many small businesses impacted by COVID-19 by reducing the payroll limitation of the program and extending the loan forgiveness period." ***Source: CNBC, 06.03.2020***

U.S. Department Of Labor Adopts Revised Enforcement Policies For Coronavirus

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) has adopted revised policies for enforcing OSHA's requirements with respect to coronavirus as economies reopen in states throughout the country.

Throughout the course of the pandemic, understanding about the transmission and prevention of infection has improved. The government and the private sector have taken rapid and evolving measures to slow the virus's spread, protect employees, and adapt to new ways of doing business.

Now, as states begin reopening their economies, OSHA has issued two revised enforcement policies to ensure employers are taking action to protect their employees.

First, OSHA is increasing in-person inspections at all types of workplaces.

The new enforcement guidance reflects changing circumstances in which many non-critical businesses have begun to reopen in areas of lower community spread. The risk of transmission is lower in specific categories of workplaces, and personal protective equipment potentially needed for inspections is more widely available. Full Story
Source: Department of Labor, 05.19.2020