

Manufacturing Economic Outlook



As manufacturers across the country try to make sense of a changing economic outlook, NAM Chief Economist Chad Moutray breaks down what we're seeing.

Growth, with caveats: “The manufacturing sector has experienced solid growth in recent months, but lingering uncertainties about COVID-19 and supply chain disruptions continue to challenge businesses. Despite progress, there are roughly 600,000 fewer manufacturing workers today than before the pandemic, with production still down 4.8%. Activity has slowed of late, largely because of renewed virus outbreaks; although, the new restrictions have hit the service sector harder than manufacturing.”

An uneven recovery: “At the same time, it is also clear that the economic recovery has not been as uniform as we might prefer, with women and other disadvantaged groups hit harder by the global recession, and businesses—particularly small and medium-sized ones—have struggled to keep afloat with reduced business and increased costs, especially as the pandemic has lingered longer than originally predicted.”

A widening divide: “The result has been a k-shaped recovery. Those who have remained employed have benefited from rebounding economic activity and soaring equity values, but for those whose livelihoods have been disrupted, their finances and the prospect for new employment have been severely challenged.”

What’s next: “The current forecast is for GDP and manufacturing output and revenues to return to pre-pandemic levels by the second half of next year—a trend that could accelerate with a vaccine and a return to ‘normal.’ Overall, the U.S. economy is predicted to shrink 3.5% in 2020, with 4.2% growth predicted for 2021.”

And this morning: Jobless claims in the United States fell for the first time in three weeks, decreasing by 75,000 to 712,000 last week, [reports](#) Bloomberg.