

Chicago, March 26, 2020

## **News on the manufacturing sector in the USA**

As the current situation regarding COVID-19's impact on United States of America's (USA) manufacturers rapidly changes, we have included a number of what are considered trusted sources providing a wealth of updated information about the virus's impact on the USA manufacturing economy.

Of these sources, **IBIS World**, **Manufacturers Alliance for Productivity and Innovation** and **National Association of Manufacturers** have recently published surveys on the current impact the virus has and will have on manufacturers.

**IBIS World's** March 24, 2020 survey on the impact COVID-19 is a collection of fast facts that outline how the spread of COVID-19 (coronavirus) is impacting specific sectors. About manufacturing industries in the USA these were the primary findings.

- Sharp declines in consumer demand will adversely affect all industries. Manufacturers of durable goods such as automobiles, washing machines and furniture are expected to get hit the worst. Such purchases are a burden on most households and are often made on credit. In turn, some durable goods manufacturers are idling production to curb losses.
- Manufacturers of nondurable goods are expected to sustain or grow sales in the coming months. In particular, manufacturers of consumer non discretionary items such as toilet paper, food and household products are expected to see a spike in sales resulting from panic shopping.
- The largest economic blow to the manufacturing sector is from the Computer and electronic products subsector, the largest durable goods contributor to USA manufacturing gross domestic product (GDP), accounting for an estimated 12.4%. Major players Apple and Microsoft have issued warnings of potentially lower-than-expected earnings due to supply chain issues and lower consumer demand in China.
- The Chemical manufacturing subsector is the largest overall contributor to USA manufacturing GDP, accounting for an estimated 15.9%. The subsector is

expected to be adversely impacted by a global decline in industrial activity caused by the coronavirus pandemic. However, certain segments of the subsector, including pharmaceuticals and soaps manufacturing, will experience heightened demand.

- Other pockets of the Chemical Manufacturing subsector catering to industrial markets are expected to be adversely affected by a reduction in global manufacturing capacity utilization and output. Industry segments at risk include Basic chemical manufacturing, Resin, Synthetic rubber, Artificial and synthetic fibers and filaments manufacturing and Paint, coating & adhesive manufacturing.
- The Medical equipment and supplies manufacturing cluster is expected to see a strong surge in demand from medical care providers and consumers. In particular, manufacturers of personal protective equipment are running at full capacity as the USA government seeks to allay supply concerns. This industry cluster falls under the Miscellaneous manufacturing subsector, which accounts for an estimated 4.4% of USA manufacturing GDP. On balance, manufacturers of medical supplies and personal protective equipment will stand out as a major outlier of growth within the broader sector.

Full report available here:

<https://www.ibisworld.com/industry-insider/analyst-insights/coronavirus-update-industry-fast-facts/#Manufacturing>

**MAPI - Manufacturers Alliance for Productivity and Innovation** recently presented its March 11, 2020 report “Manufacturer peer pulse Managing the COVID-19 Response Survey Results” on the effect of COVID-19 on manufacturers

- Concerns multiplying – 62% of executives are very or moderately concerned about the outbreak’s impact on their company’s business operations globally, up from 37% in MAPI’s late-January poll.
- Verbatim comments spotlight challenges with rapid change, uncertainty, and complexity navigating an effective local and global response.
- Chief executive offices, Human resources or Environment, health and safety departments are leading the overall response at a majority of manufacturers – many functional leaders are playing significant roles.
- Travel restrictions are now commonplace – 45% of companies banned all non-essential travel in the U.S. as well as internationally, and the remainder are still considering restrictions.



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- Uneven precautions and policies are in place – 58% of companies are placing limitations on visitors to facilities, and some are revisiting sick leave (34%) and pay for missed work (39%).
- Gaps in response planning – only 58% report plans in place to respond to an employee who contracts COVID-19.
- China operations resumed – 76% report that capacity of their factories in China is now at or slightly below normal, with labor availability down only slightly for many.
- Strategic planning is more urgent and time intensive – nearly two-thirds are spending more time on it.
- Overall, inventories and supplier production is lower, while logistics, ocean, and air freight costs are up.
- Risk is shifting to the demand side – sales are trending down at nearly half of companies in Q1.

Full report available here:

[https://www.mapi.net/system/files/attachments/files/MAPI%20Managing%20the%20COVID-19%20Response\\_0.pdf](https://www.mapi.net/system/files/attachments/files/MAPI%20Managing%20the%20COVID-19%20Response_0.pdf)

The **National Association of Manufacturers** recently published its survey among member companies on the impact of the COVID-19 outbreak on manufacturers. The survey was in the field from February 28 to March 9, 2020. The 558 respondents were asked about effects to their supply chain and operations, their financial expectations and their emergency response plans.

Primary feedback from those respondents surveyed indicated that

- 35.5% of respondents say they are facing supply chain disruptions
- More than 53% of manufacturing firms anticipate a change in their operations in the coming months
- More than 78% say that uncertainty around the COVID-19 outbreak is likely to have a negative financial impact on their businesses
- Respondents were split between having an emergency response at their company (50.8%) and not (49.2%).

Full report available here:

<https://www.nam.org/wp-content/uploads/2020/03/NAM-SPECIAL-CORONA-SURVEY.pdf>

## Valuable news resources for manufacturers

The following are trusted daily sources for USA manufacturers looking for the latest information on the COVID-19 virus and relevant news.

\* The **Alliance for Manufacturing** maintains a daily updated blog on news related to the USA manufacturing economy: <https://www.americanmanufacturing.org/blog>

\* **Automotive News** is a print and digital newspaper written for the automotive industry with a focus on automobile manufacturers and suppliers. The AN Data Center (<https://www.autonews.com/section/data-center>) offers a paid subscription to automotive sales, production, and inventory data. Based in Detroit and owned by Crain Communications Inc, Automotive News is considered one of the top sources for news and analysis within the automotive industry

\* **Foley and Lardner LLP**, one of the top law firms for the automotive and general manufacturing industries, has dedicated a section of its website to cover legal and other perspectives facing manufacturers during the current COVID-19 situation, found at: <https://www.foley.com/en/insights?keyword=CORONAVIRUS%20RESOURCE%20CENTER&filterFutureEvents=false>

\* **Industry Week Magazine** maintains a daily update on the USA economy as it relates to manufacturing, entitled The Economy - Economic data and analysis for the USA and global economies, found at <https://www.industryweek.com/the-economy>

\* **MachineMetrics** provides solutions for manufacturing analysis, heavily relying on Internet of things. It provides weekly reports on COVID-19 and how it is affecting the manufacturing economy here in the USA. They calculate an index of capacity utilization. See

<https://www.machinmetrics.com/blog/the-impact-of-covid-19-on-manufacturing-week-3>  
<https://www.machinmetrics.com/blog/impact-of-covid-19-on-u.s.-manufacturing-week-2>  
<https://www.machinmetrics.com/blog/the-impact-of-covid19-on-USA-manufacturing>

**Modern Machine Shop** magazine maintains a daily update on relevant news and happenings; see <https://www.mmsonline.com/blog>. A special section devoted to COVID-19 can be found at <https://www.mmsonline.com/blog/category/covid-19>



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**Moldmaking Technology** is covering the industry with timely updates on how manufacturers and mold makers in particular are addressing COVID-19. See <https://www.moldmakingtechnology.com/blog>

**NAM - National Association of Manufacturers - Shopfloor** blog, has a real time updated section dedicated to COVID-19; see <https://www.nam.org/how-coronavirus-is-affecting-manufacturers-7417/>

**SME**, formerly the Society of Manufacturing Engineers, maintains a vast section of news updates related to manufacturing which can be filtered by industry, such as Motorized Vehicles, Aerospace & Defense, Energy and Medical. See <https://www.sme.org/technologies/latest-news/view-all-articles/?s=Newest>

**Thomas Net**, formerly Thomas Register, is a leading online portal for USA manufacturers and has a section entitled Thomas Coronavirus Resource Hub For Industrial Professionals, dedicated to resources for manufacturers addressing the Covid-19 situation. See <https://help.thomasnet.com/coronavirus-resource-hub? ga=2.21074939.1531309118.1585156907-1688060727.1585156907>