

INDUSTRY

On the one hand, U.S. manufacturing appears set for a solid year. Industrial production is poised to increase by over 6%, compared with a 3.6% decline last year. A few sectors...apparel and leather goods, computers and electronic products, chemicals, machinery and more... have already fully recovered from the pandemic. Others will soon follow suit.

New orders for both manufactured and capital goods remain strong.

But problems are prevalent, too...most notably supply chain issues, such as the semiconductor shortage that has hit the auto industry especially hard (though rising prices and shortages of raw materials are a problem for manufacturers across the board, according to recent Federal Reserve surveys of economic activity).

Labor shortages, too. Manufacturing job openings are at an all-time high.

Difficulty finding workers has caused hourly factory wages to jump 4.5% since the pandemic began. A growing number of companies are reporting the need for increased signing bonuses and enhanced recruitment efforts to entice new hires.

Of course, even some of these problems may ultimately have silver linings.

Rising input costs could help some manufacturers regain pricing power, boosting their profitability and freeing up more money for future investments.

Better profits and labor shortages will boost spending on industrial robots and other productivity-enhancing investments. North American companies ordered 9,100 robots in the first quarter of this year, a nearly 20% increase from a year ago. Notably, a growing number of these orders are from companies outside the auto industry, including life science and pharmaceutical firms. Last year was the first on record that auto manufacturers and parts suppliers did not account for a majority of North American industrial robot demand.

Good news for manufacturing also applies to machine tool suppliers. Orders of metal cutting and forming equipment are expected to grow by nearly 43% in 2021 and nearly 12% next year, following a decline of over 15% in 2020. While demand from traditional buyers in the aerospace and automotive industries has stumbled, improvement is expected in the second half of this year. Meanwhile, manufacturers of home appliances and construction machinery so far have helped pick up the slack.

Notably, manufacturers are largely going ahead with machine tool orders, even if they are experiencing production disruptions, at least for now. The reason: They don't want to be left without the equipment they need once their labor and supply chain issues finally ease and they can ramp up production again.

HUMAN RESOURCES

Now that Juneteenth is a federal holiday, what does it mean for employers?

Only federal workers are required to get the day off, with pay, per the bill signed by President Biden, commemorating June 19 as the 12th federal holiday.

Private-sector employers can make the call themselves. Many companies, ranging from Apple to Stanley Black and Decker, say they will either allow employees to take June 19 off with pay or allow them to take off another day of their choosing.

Juneteenth commemorates the end of slavery and was already recognized as a holiday or day of observance in every state except South Dakota. In most cases, though, state and local governments have opted to keep their offices open for the day.