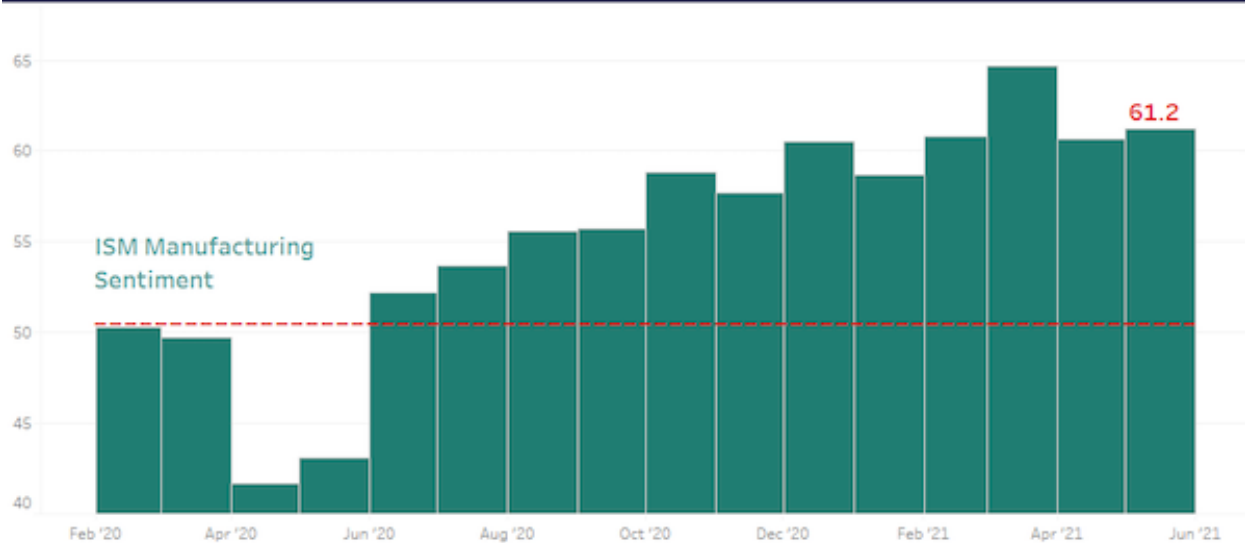


Manufacturers Are Having Trouble Finding Workers

Workforce issues continue show up in the economic data. The latest instance is in manufacturing activity.

What happened: The Institute for Supply Management's (ISM) [Purchasing Manager's Index](#) (PMI) for manufacturers came out earlier this week. It showed economic activity in the manufacturing sector held steady in May. It had reached a 37-year high in March. Manufacturing is doing much better than prior to the pandemic.

Manufacturing Sentiment above Pre-Pandemic Levels



However, the employment portion of the index fell sharply because businesses are struggling to hire workers. From the report, “an overwhelming majority of their companies are hiring or attempting to hire, with more than 50 percent of them expressing difficulty in doing so.”

What they said:

- “Supplier performance — deliveries, quality, it’s all suffering. Demand is high, and we are struggling to find employees to help us keep up.” [Computer & Electronic Products]
- “Difficulty finding workers at the factory and warehouse level is not only impacting our production, but suppliers’ as well: Spot shortages and delays are common due to an inability to staff lines.” [Food, Beverage & Tobacco Products]
- “A lack of qualified candidates to fill both open office and shop positions is having a negative impact on production throughput. Challenges mounting for meeting delivery dates to customers due to material and services shortages and protracted lead times. This situation does not look to improve until possibly the fourth quarter of 2021 or beyond.”

[Fabricated Metal Products]

- “Labor shortages impacting internal and supplier production. Logistics performance is terrible.” [Electrical Equipment, Appliances & Components]
- “Business is good, but labor and raw materials are becoming very problematic, driving increases in costs.” [Furniture & Related Products]
- “Very busy, but still experiencing labor shortages.” [Primary Metals]

What’s next: On Friday, the Bureau of Labor Statistics (BLS) will release the May jobs report. The economy created just 266,000 in April. The lack of available workers clearly held back job creation from what should have been a much higher number. We will be watching May’s figures to see if the troublesome trend continues.

The worker shortage is going to be an impediment to full economic recovery, which is why we have launched our [America Works initiative](#).

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce