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Manufacturing Growth is Needed in 2018

We need robust manufacturing and technology company growth for our economy to grow and remain strong. This is what we saw from our economy as we closed out 2017 and what we are now seeing as we enter 2018. In January, the New York Federal Reserve raised its view of U.S. gross domestic product (GDP) growth to near four percent for the fourth quarter based on stronger-than-expected data on manufacturing activity and factory orders. The regional central bank's "Nowcast" model analyzes the U.S. economy and it indicated that it was expanding at an annualized pace of 3.97 percent in the fourth quarter which was even faster than the 3.87 percent rate previously calculated. The New York Federal Reserve also said its latest tracking estimate on GDP growth for the first three months of 2018 showed a 3.45 percent growth rate. All of this is good news!

The recent manufacturing tax reform in Washington could help. Although it is too early to see what impact it will have on New York State manufacturers, it should make U.S. international manufacturers more competitive. Implementation that comes from using the details of this reform will let us know if it is working as planned. Jay Timmons, President and CEO of the National Association of Manufacturers (NAM), states, "the final tax legislation

certainly isn't perfect, and the National Association of Manufacturers (NAM) is calling for a report every three years on our competitive position that compares us to the rest of the world in terms of our tax code...Tax reform, however, did include the key components manufacturers had called for over many years, even decades: a substantially lower corporate tax rate, tax relief for small manufacturers, a territorial tax system, benefits for buying new equipment and tools, and incentives for research and development." We at MACNY agree with NAM.

Timmons goes on to say, "this law is only part of a larger agenda for manufacturing competitiveness that also includes regulatory reform, infrastructure investment, trade expansion, and workforce development." MACNY sees that the world is moving quickly ahead to challenge our manufacturers in both production and sales. We need to help manufacturers in their competition with international challengers in their markets. We also need to ensure they have the incentive to make their products in America and not overseas. Our economic and governmental policy climates need to be conducive for them to remain profitable while producing here in our country. If we do so, our member companies can compete with anyone in the world.

MACNY believes much more work needs to be done to help NYS manufacturers thrive. We will work with our members this year to advocate for continued policy change at the State and Federal levels to give our members the opportunity to compete in the global market.

Business Activity Continued to Grow at a Solid Clip in New York State

Business activity continued to grow at a solid clip in New York State, according to firms responding to the January 2018 Empire State Manufacturing Survey. The headline general business conditions index, at 17.7, was little changed from last month's level. The new orders index and the shipments index both

showed ongoing growth, although at a slower pace than in December. Unfilled orders and delivery times increased slightly, and inventory levels were higher. Labor market conditions pointed to a modest increase in employment and steady workweeks. Both input prices and selling prices increased at a

faster pace than last month. Firms remained very optimistic about future business conditions, and capital spending plans were robust. For more information visit www.newyorkfed.org.