November 11, 2026

Q3 2026 Data Do Not Show the American Manufacturing Renaissance Trump Claims, but Turnaround Signs Include Recovery of Industrial Jobs Lost in 2025

The U.S. Manufactured Goods Trade Deficit Remains Larger than Before Trump Returned to Office, but Shipments of U.S.-made Goods Keep Growing

Campaigning in 2024, Donald Trump said he would cut the U.S. trade deficit, rebuild manufacturing, and create more industrial jobs. "Jobs and factories will come roaring back into our country," he said. The data on the third quarter of 2026 show improvement on U.S. industrial jobs relative to the losses of 2025, but a manufacturing trade deficit deeper than before Trump's second term started. The Q3 2026 data certainly do not substantiate Trump's claim he has *delivered* an American manufacturing renaissance.

- **U.S. manufacturing employment increased by 54,000 jobs during Q3 2026 but following the losses in 2025, it was only in October that the number of U.S. manufacturing jobs—12,681,000—*returned* to levels similar to those before Trump's second term began.**

- **Investment in manufacturing capacity, including spending on manufacturing construction, remains 32% below January 2025 levels, however notably Q3 was the first quarter since Trump's return in which investment did not drop further.**

- **The manufactured goods trade deficit in the first three quarters of 2026 is substantially larger than in the first three quarters of 2024, but slightly smaller than in the same period of 2025.**

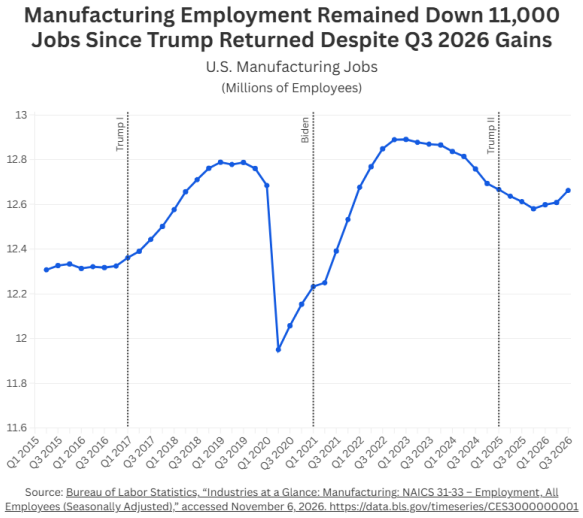
Overall, the Q3 2026 data show improvements after the abysmal 2025 $63 billion deepening of the U.S. manufactured goods trade deficit and loss of 89,000 more industrial jobs during Trump's first year back. After months of frequent and, at times, erratic changes, tariff targets and rates have largely settled. This relative predictability appears to have contributed to the recent gains seen in the Q3 indicators. U.S. shipments of durable goods continued to increase through Q3 as did shipments of non-defense capital goods excluding aircraft. The first three quarters of 2026 data show a decline in the overall U.S. goods and services trade deficit and the goods deficit relative to the first three quarters of 2025, but the deficit remains larger for both compared to the first three quarters of 2024, before Trump returned.

In sum, the data do not yet substantiate the broad-based resurgence in U.S. manufacturing that Trump claims. But, with his ability to alter tariffs at will substantially curtailed, some tariffs that remain in place appear to be contributing to U.S. manufacturing gains. Whether these will translate into a sizeable, sustained manufacturing comeback remains to be seen. (We inflation-control data in this memo, so some numbers may differ from those seen in day-of data releases or some press coverage.)

American Manufacturing Employment Increased in Q3 2026, but Remained Down 11,000 Jobs Since Trump Returned to the White House:

U.S. manufacturing employment reached 12,662,000 employees in September, according to the U.S. Bureau of Labor Statistics. After declining throughout 2025 and remaining largely stagnant during the first half of 2026, manufacturing employment increased by 54,000 jobs in Q3 2026. While the steady decline of U.S. industrial jobs seen in 2025 has stopped, U.S. employment in manufacturing remained below pre-Trump II inauguration January 2025 levels at the end of Q3 2026.

However, preliminary October data show that in the start of 2026 Q4, manufacturing employment had finally surpassed pre-Trump II levels by 8,000 jobs, although it remains well below the 15-year peak of 12,903,000 American manufacturing jobs reached in January 2023.

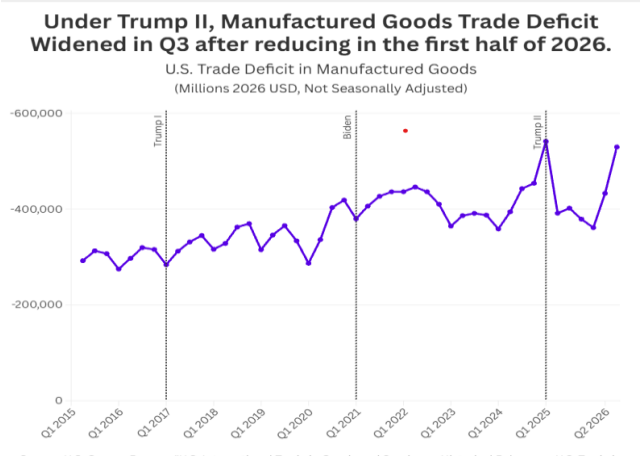


Source: Bureau of Labor Statistics, "Industries at a Glance: Manufacturing: NAICS 31-33 – Employment, All Employees (Seasonally Adjusted)," accessed November 6, 2026. https://data.bls.gov/timeseries/CES3000000001

Given that construction of a $100 million manufacturing plant takes on average 28 months, the growth in U.S. industrial jobs in Q3 2026 and October 2026 may reflect investments initiated in the first half of 2024 in response to the Biden administration industrial policy initiatives, which drove the highest rate of investment in U.S. factory construction in 30 years in 2024.

Manufactured Goods Trade Deficit in the First Three Quarters of 2026 Remains Larger than Pre-Trump II in the First Three Quarters of 2024, but Reduced Relative to Depths of 2025 Deficit:

The manufactured goods trade deficit was $1.3 trillion in the first three quarters of 2026, according to data from the U.S. Census Bureau. This deficit is larger than in the corresponding periods of every year from 2015 to 2024 but smaller than in the first three quarters of 2025. In inflation-adjusted terms, it is 0.8% smaller than in the first three quarters of 2025, but 11% larger than in the same period of 2024. (Because importers were rushing in goods to stockpile before tariffs hit, Q1 2025 data are skewed: Q1 2025 includes the only three months in American history with monthly imports of more than $400 billion.) Comparing the first three quarters of 2024 to the first three quarters of 2026, manufactured goods exports increased $1.2 trillion, but the trade deficit widened because manufactured goods imports increased by $3.1 trillion.



Source: U.S. Census Bureau, "U.S. International Trade in Goods and Services – Historical Releases – U.S. Trade in Goods by Principal Commodities – Manufactured Goods," accessed November 5, 2026, https://www.census.gov/foreign-trade/Press-Release/ft900_index.html

After the record-high import flood in Q1 2025, the overall U.S. manufactured goods trade deficit increased $63 billion in 2025 relative to 2024. The increase in the deficit in the first three quarters of

2026 relative to the historical figures from 2015 to 2024 raises questions about whether Trump's trade policies have actually helped to achieve more balanced trade in manufactured goods.

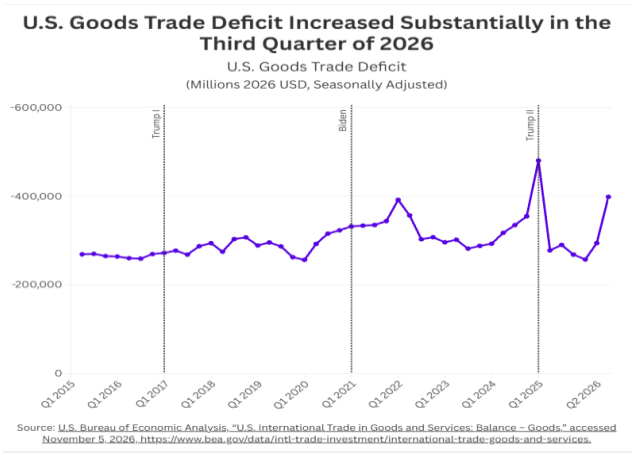
The Overall U.S. Goods and Services Trade Deficit is Worse in the First Three Quarters of 2026 Relative to the First Three Quarters of 2024 but Improved Relative to 2025:



The overall goods and services trade deficit fell to $662 billion in the first three quarters of 2026, down from $754 billion in the same period of 2025, but remained above the $633 billion recorded in the first three quarters of 2024 before Trump returned to the White House. This represents a 14% decrease from the first three quarters of 2025 and a 4.5% increase from the same period in 2024, based on data from the U.S. Census Bureau.

The widening of the trade deficit mostly reflects a faster *increase in goods imports* when comparing 2026 figures with those from 2024. In inflation-adjusted terms, goods and services imports in the first three quarters of 2026 were $221 billion higher than in the same period of 2024, while exports were $217 billion higher.

The goods trade deficit in the first three quarters of 2026 fell to $938 billion, down from $1 trillion in the same period of 2025, but remained above the $878 billion recorded in the first three quarters of 2024. This represents a 6.2% decrease from the first three quarters of 2025 and a 6.8% increase from the same period in 2024, based on data from the U.S. Census Bureau.

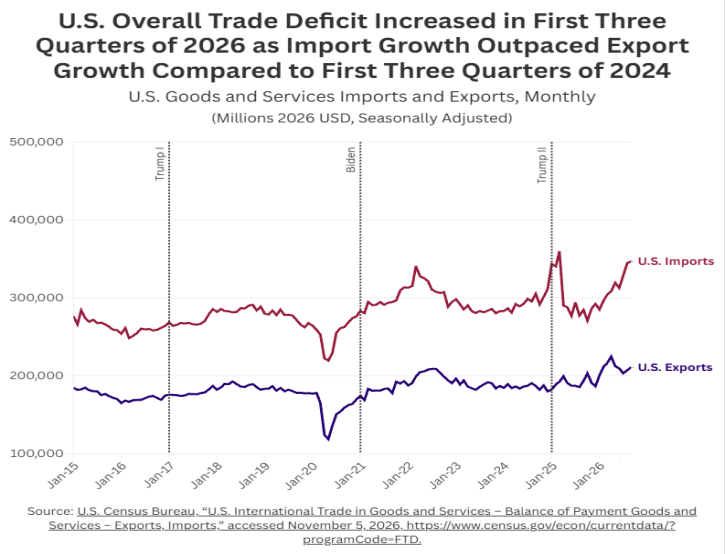


It is unsurprising that the trade deficit was lower in the first three quarters of 2026 than in the first three quarters of 2025 given the surge in imports before Trump's "Liberation Day" tariffs, which were imposed in April 2025.

However, most of the goods export gains were not related to manufacturing. Increased export value in the first eight months of 2026 (product level September 2026 data is not available yet), relative to the same period in 2024, was driven by growth in exports of gold and oil and gas products with civilian aircraft being the only major manufactured good included. When adjusted for inflation, exports in just these three categories increased by $72 billion. Also, exports of silver have exploded from $786 million in the first eight months of 2024 to $16 billion in the first eight months of 2026 (an increase of 1,948%).

It is noteworthy that a large share of gold and silver U.S. exports are actually re-exports of products that are not mined or substantially transformed in the United States. (USITC data differentiates between total and domestic exports. Total exports include both domestic exports and exports of goods of foreign origin that have previously entered the U.S. territory, but at the time of exportation, have not undergone any substantial change or any enhancement in value.) Indeed, while total gold exports in the first eight months of 2026 amounted to $82 billion, domestic exports account for only $45 billion of that total. Similarly, of the $16 billion in total silver exports recorded in this period, only around $6 billion were actual domestic exports. This indicates that these flows are, in reality, driven much more by capital movements than by actual trade in goods.

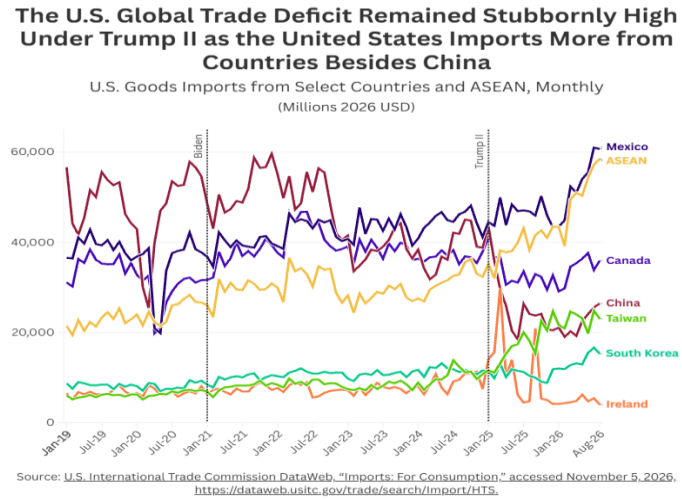
Exports of certain computers and computer parts (HTS 8471) also increased substantially, rising 120% from $25 billion in the first eight months of 2024 to $55 billion in the same period of 2026. However, of the $55 billion exports recorded in the first eight months of 2025, only $21 billion were domestic exports. This means that a large portion of supposedly U.S. exports of computers and computer parts are actually re-exports that probably originate in Mexico and other countries and pass through U.S. territory before being sent to their final destination.



The U.S. Global Trade Deficit Remains Stubbornly High Under Trump II as the United States Imports More from Countries Besides China:

As has been the trend since 2019, a decline in imports from China is being swamped by growing imports from other countries. This resulted in a large U.S. trade deficit with the world in 2025, a trend that may continue in 2026, based on data from the first nine months of the year. Chinese manufacturing investment in countries such as Vietnam and Mexico and strategies to ship goods through other countries have created workarounds for Chinese firms to reach U.S. markets.

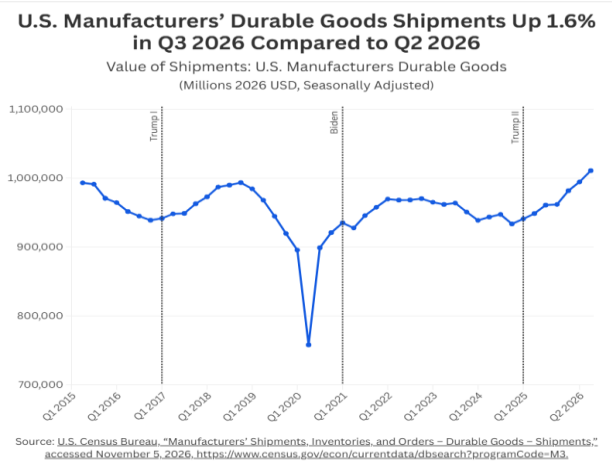
Comparing the first eight months of 2026 with the same period of 2024, the United States imported significantly less from China, Canada, and Ireland while imports increased substantially from ASEAN countries, Taiwan, Mexico, and South Korea. Increased imports from Ireland in 2025 seem to have been a fluke in reaction to repeated Trump threats to impose 100% tariffs on pharmaceuticals. **Imports from**



Taiwan in the first eight months of 2026 jumped 129% compared with the same period in 2024. Imports from ASEAN countries in the first eight months of 2026 jumped 77% compared with the same period in 2024.

In the first eight months of 2026, certain digital processing units (HTS 8471.50.0150) comprised nearly 45% of U.S. imports from Taiwan (in the first half of 2024, this tariff code made up only 11% of U.S. imports from this country). Imports under this tariff code are very likely core components used to build the servers powering the AI infrastructure, including new data centers, now being deployed across the country. Indeed, a study by the Federal Reserve Bank of Minneapolis found that, absent the AI boom, the U.S. goods trade deficit in 2025 would have been nearly $200 billion smaller.

U.S. Census Bureau Manufacturing Indicators Positive: U.S. Manufacturers' Durable Goods and Nondefense Capital Goods Shipments Continue to Grow in Q3:



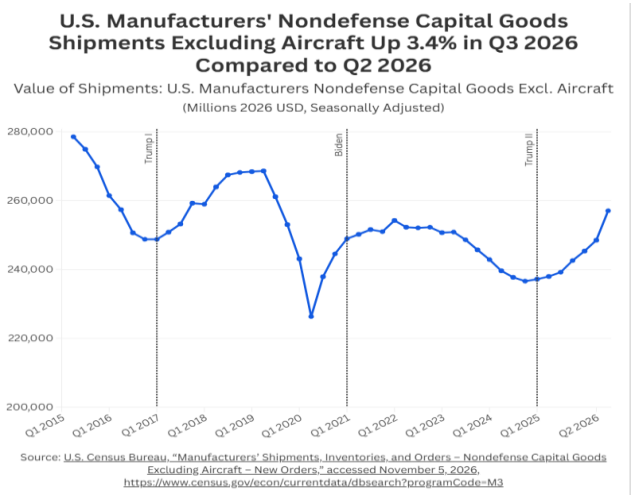
Durable goods shipments measure the dollar value of products designed to last three years or more sold by U.S. manufacturers. Growth in the U.S. Census Bureau's "Manufacturers' Shipments, Inventories, and Orders" data, specifically the "American Manufacturers' Shipments for Durable Goods" data, can be considered an indicator of growth in manufacturing activity. **Durable goods shipments have increased steadily each quarter since Q4 2024, reaching $1.01 trillion in the third quarter of 2026, according to the U.S. Census Bureau. In inflation-adjusted terms, durable goods shipments increased by 1.6% from Q2 2026 and 5.2% from Q3 2025.** (Some analysts refer to New Orders in the manufacturing report to gauge economic activity. While these are interesting numbers, we believe shipments to provide a more accurate picture of U.S. manufacturing activity, given new orders are based on intention to buy and may be canceled.)

The positive trend in durable goods shipments means that Q3 2026 levels have surpassed not only the highs seen in 2022 and 2023, but also the pre-pandemic highs reached in 2018. According to the

Census Bureau's September advance report, shipments have increased across several major industries, including transportation equipment, machinery, primary metals, and computers and electronic products.

Shipments of nondefense capital goods excluding aircraft also continued to increase in Q3 2026. This data cut captures both equipment and inputs/supply chain purchases, making it a good indicator of investment in productive capacity.

These capital goods shipments have increased slightly since Q4 2024, reaching a total of $257 billion in Q3 2026. This represents an inflation-adjusted increase of 3.4% from Q2 2026 and 7.5% from Q3 2025. The recent gains have now pushed shipments above their 2021–2023 levels, although they remain below the higher levels recorded before the pandemic.

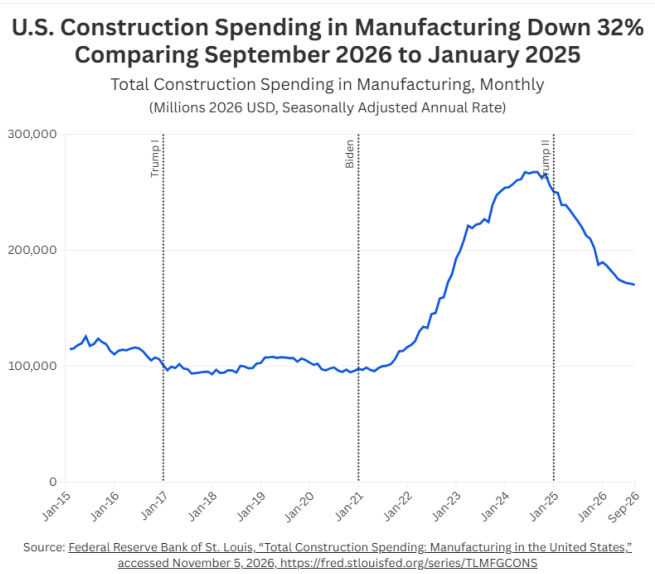


The increase in capital goods shipments comes amid stronger business investment in equipment, partly driven by the expansion of AI-related infrastructure. Equipment spending has helped support manufacturing activity throughout 2026.

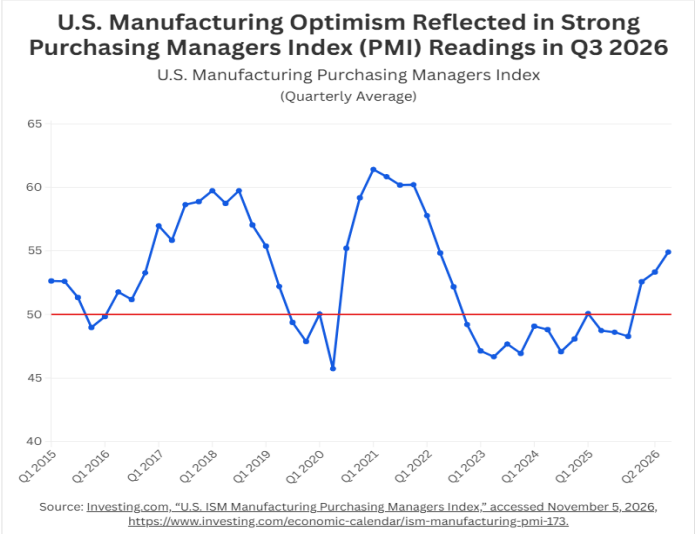
U.S. Construction Spending in Manufacturing Is Down 32% Comparing September 2026 to January 2025, But Has Stopped Its Decline:

After peaking at $267.4 billion (adjusted for inflation) in August 2024, U.S. seasonally adjusted annual construction spending in manufacturing declined to $170.2 billion by September 2026, according to the U.S. Census Bureau. Comparing the $250.4 billion rate for January 2025—the month Trump took office for his second term—with the September 2026 figure, construction spending dropped $80.2 billion, a decline of 32%.

Construction spending skyrocketed in 2022 and 2023 after the Infrastructure Investment and Jobs Act was signed into law in November 2021 and the Chips and Science Act and Inflation Reduction Act were signed into law in August 2022. Spending on manufacturing construction—including new factories and expanding or updating existing facilities, reached its highest level in 30 years in 2024 before beginning a sustained decline. While manufacturing construction spending increased slightly in nominal terms, from $169.9 billion in July to $170.2 billion in September 2026, these modest gains disappear after adjusting for inflation. Inflation-adjusted spending continued to decline throughout the quarter, suggesting that construction activity may be stabilizing at least in nominal terms.



U.S. Manufacturing Optimism Reflected in Strong Purchasing Managers' Index (PMI) Readings in Q3 2026:



The U.S. manufacturing PMI continued to improve in Q3 2026. A PMI above 50 points indicates the manufacturing economy is expanding, while a PMI below 50 points indicates the manufacturing economy is declining. The PMI is based on surveys asking purchasing managers whether manufacturing conditions are improving or worsening. The Institute of Supply Management (ISM) index reached 50.9 points in January 2025 before declining, and remained between 47.9 and 49.1 from March to December 2025. However, **in Q3 2026, the PMI maintained an average of 54.9 points, up from 53.3 points in Q2 2026, according to Investing.com, which uses data from the ISM Report on Business. The index reached 55.6 in July before easing to 54.6 in August and 54.5 in September. The latest October reading of 55.5, released November 2, suggests that the expansion continued into the beginning of the fourth quarter.**

CONCLUSION: Improving Industrial Data Show Early Signs of Stabilization but Fall Short of the Manufacturing Boom Trump Claims to Have Delivered

No administration can quickly turn around decades of U.S. trade deficits and deindustrialization. But it is notable that several manufacturing indicators continued to improve in Q3 2026, following the declines and volatility of 2025 and uncertainty of early 2026, while other measures remain at best mixed. Most notably, manufacturing employment increased by 54,000 jobs in Q3, with preliminary October data showing that industrial jobs are now slightly above January 2025 levels. Durable goods and nondefense capital goods shipments continued to grow, while the decline in manufacturing construction spending seems to have halted but remains down 32% since January 2025 after adjusting for inflation. While the U.S. manufactured goods trade deficit was lower in the first three quarters of 2026 relative to the same period in 2025, it remains significantly higher than in 2024. The Trump administration's tariff policy, chaotic at first, has somewhat stabilized in recent months. With businesses finally operating in a more predictable environment and benefiting from protection against foreign competition, at least some of the existing tariffs appear to be spurring new manufacturing activity. At the same time, the rapid expansion of AI-related infrastructure is supporting demand for equipment while also driving substantial imports of computers and related components.

The increase in the trade deficit for manufactured goods in the first half of 2026 relative to the first half of 2024 in particular indicates that, while U.S. exports of commodities like precious metals, oil, and liquefied natural gases are increasing, the manufacturing sector may not be benefiting from the Trump administration's claims of new export market access. As well, to date, the trade "agreements" the administration has announced do not include terms designed to change the underlying causes of surging imports from the countries that are the main sources of the structural imbalance, meaning that these deals do not meet the criteria that would be beneficial in addressing the U.S. trade deficit and deindustrialization.

This page will be updated quarterly (timely release of government data allowing). These data will provide a look at the most important manufacturing indicators and trade and jobs data — including the manufactured goods trade balance — to measure real outcomes against the Trump administration's promises.