

Material Handling Equipment Manufacturing

Segment Brief

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Material Handling Equipment Manufacturing (MHEM)

Contents

- 4 Introduction
- 6 Market Overview
- 9 Economic Cycles Industrial Sectors
- 10 MHEM and Economic Cycles
- 12 Updates and Forecast

Introduction to Material Handling Equipment Manufacturing (MHEM)

The Material Handling Equipment Manufacturing (MHEM) series serves as a good proxy for the equipment based market in the Material Handling and Logistics Industry.

Material Handling Equipment Manufacturing includes:

- NAICS 333921 Elevators and Moving Stairways
- NAICS 333922 Conveyors and Conveying Equipment
- NAICS 333923 Overhead Traveling Cranes, Hoists, and Monorail Systems
- NAICS 333924 Industrial Trucks, Tractors, Mobile Straddle Carriers and Stacker Machinery

Data is collected and reported monthly by the U.S. Bureau of Census according to the North American Industry Classification System (NAICS).

MHEM

Data Consistency and Revisions

- The source of MHEM data is the Bureau of Census. The Department of Commerce, Bureau of Census collects information on a monthly, annual and five year basis.
- Data is reported monthly in the "M3 (manufacturing, shipments and inventory) Reports", annually in the "Annual Survey of Manufacturers" and every five years in the "Economic Census". The M3 Report and the Annual Survey of Manufacturers are based on sample reporting from "key" companies, not actual data for the entire population of companies. That sample population for the M3 Report is small and does not always reflect the dynamics of the entire market.
- Revisions occur as follows:
 - Data is estimated each month by an analyst at DOC based on sampling from these companies. Every month, that data is revised based on updated information.
 - Annually there is a reconciliation between the M3 Reports and the Annual Survey of Manufacturers that will result in a revision of data.
 - And, following the Economic Census, there is yet another reconciliation with the interim Annual Surveys of Manufacturing.
- The recent revisions reflect adjustments to reconcile the activity reported in the last Economic Census and subsequent Annual Surveys of Manufacturers.

Market Overview – 2014 Preliminary

Material Handling Equipment Manufacturing

	<u>Annual Growth</u>	<u>Market Value</u>
New Orders	8.1%	\$37.4 Billion
Shipments	4.5%	\$35.7 Billion
Unfilled Orders	16.5%	\$11.9 Billion
Imports	5.0%	\$ 6.7 Billion
Exports	-0.0%	\$ 6.1 Billion
Net Trade		\$.6 Billion
Domestic Demand	5.4%	\$36.3 Billion

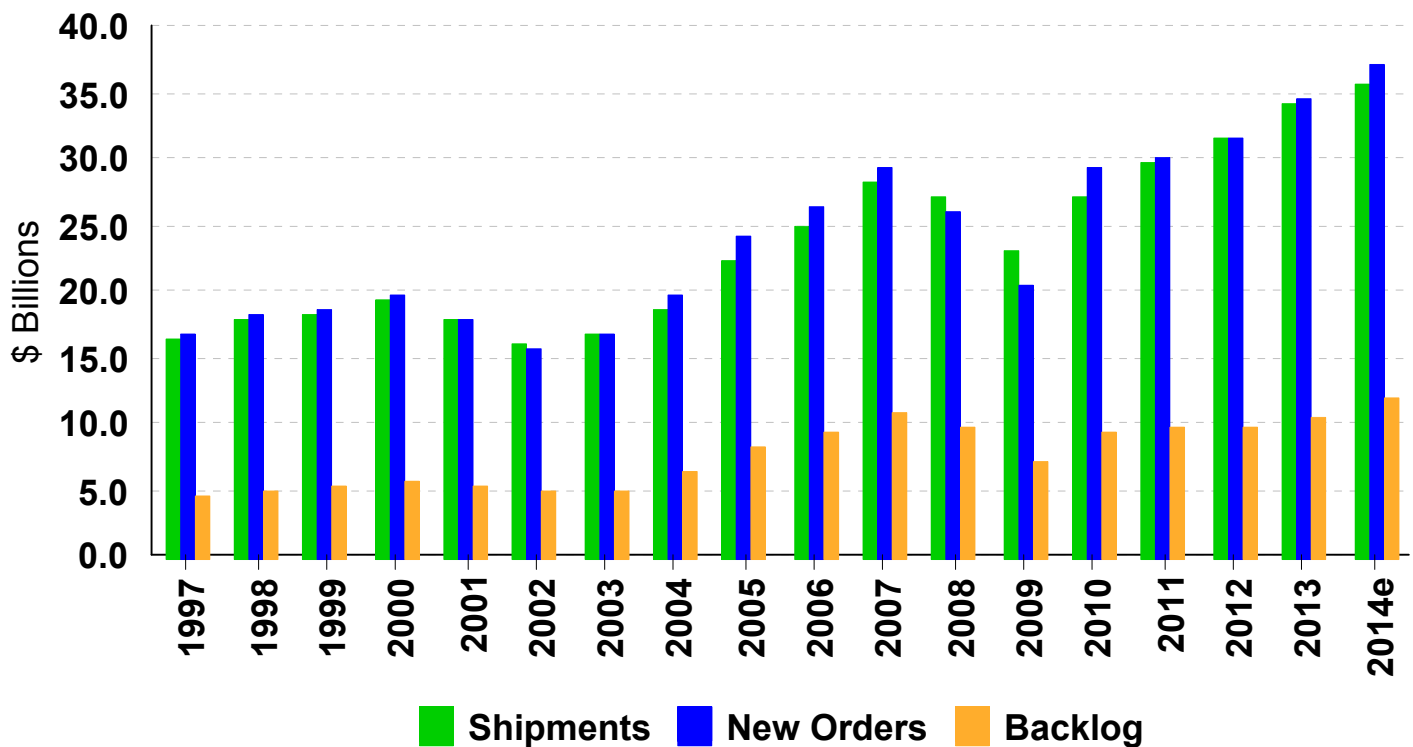
Market Overview and History

Material Handling Equipment Manufacturing

2014

- New Orders (estimated) for the year ending December, 2014 grew 8.1% over the same period in 2013; Shipments grew 4.5%.
- Unfilled Orders grew 16.5% and represented the equivalent of 4.0 months' of Shipments.

U.S. Domestic Production



Note: Shipments, New Orders, and Backlog shown at Annual Rates
Source: USDOC

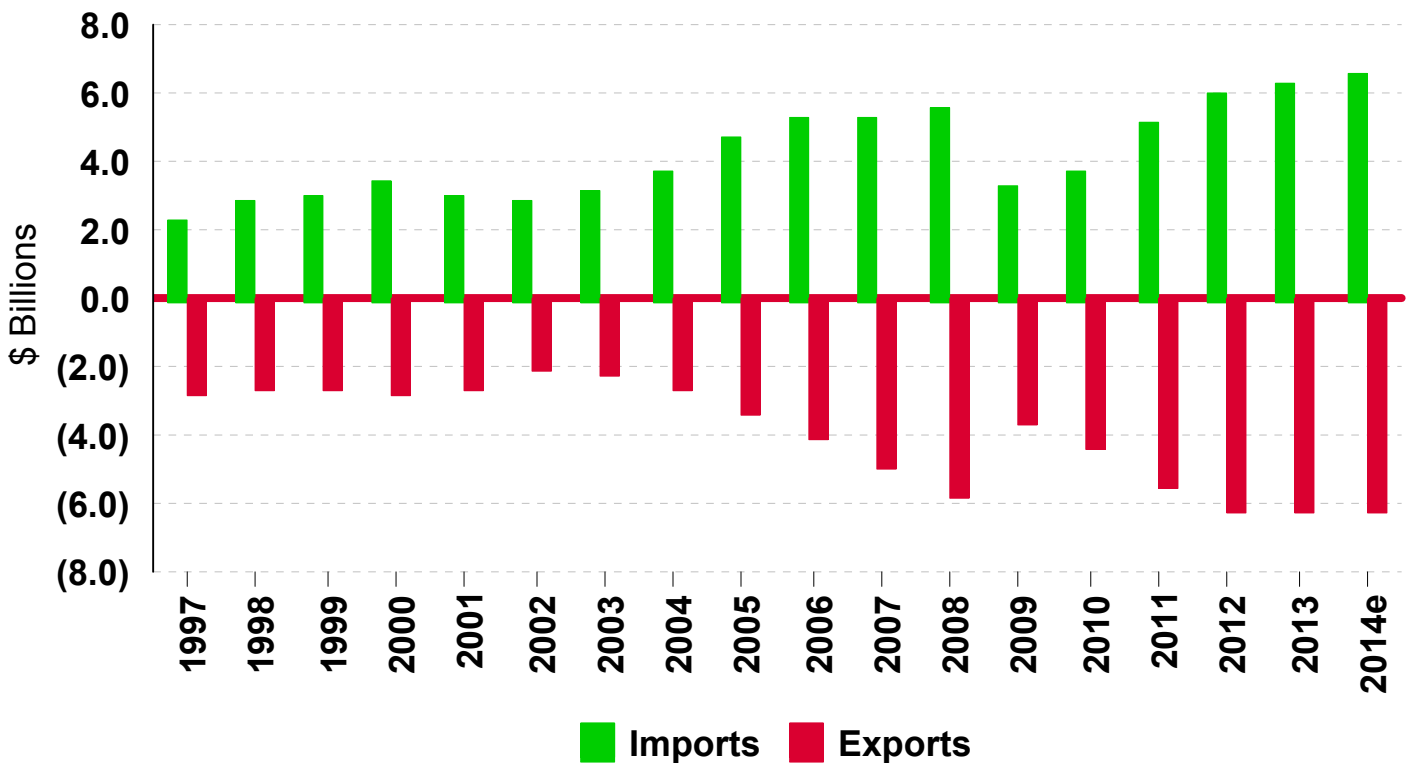
Market Overview and History

Material Handling Equipment Manufacturing

2014

- Imports grew 5.0%, while Export growth was 0.0%.
- The Net Trade Value (Imports minus Exports) was negligible.
- Total US Domestic Demand (Shipments less Exports plus Imports) grew 5.4% compared to the same period in 2013.

Imports and Exports



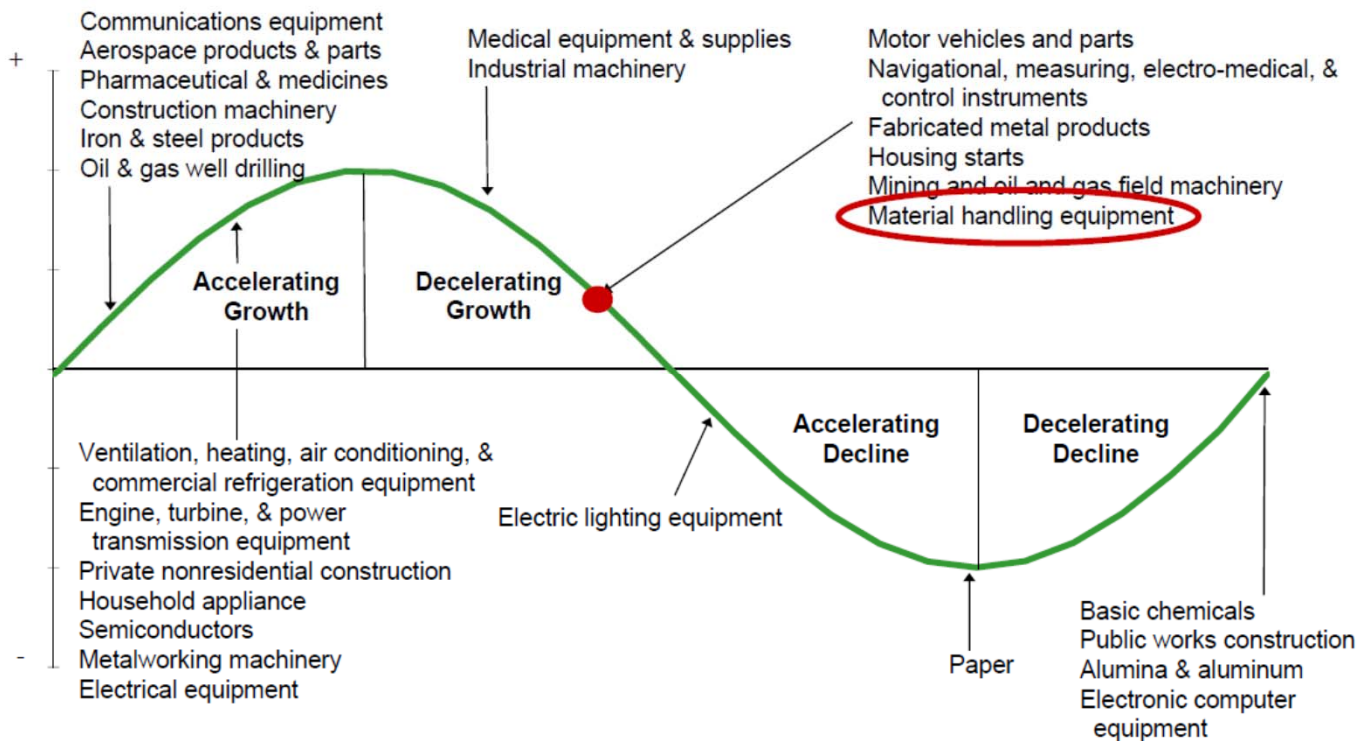
Source: USITC

Economic Cycles Industrial Sectors

Charting annual data is useful for a market overview; it is also very useful to view this data on a rate of change basis to better illustrate cyclical activity.

For comparison purposes, the next chart was prepared by MAPI which illustrates the phases of a model business cycle and indicates the position within the cycle for twenty eight different industrial sectors based on the year-over-year change in the three month moving average of new orders.

Industrial Sector by Phase of Cycle, October 2014



Source: MAPI

MHEM and Economic Cycles

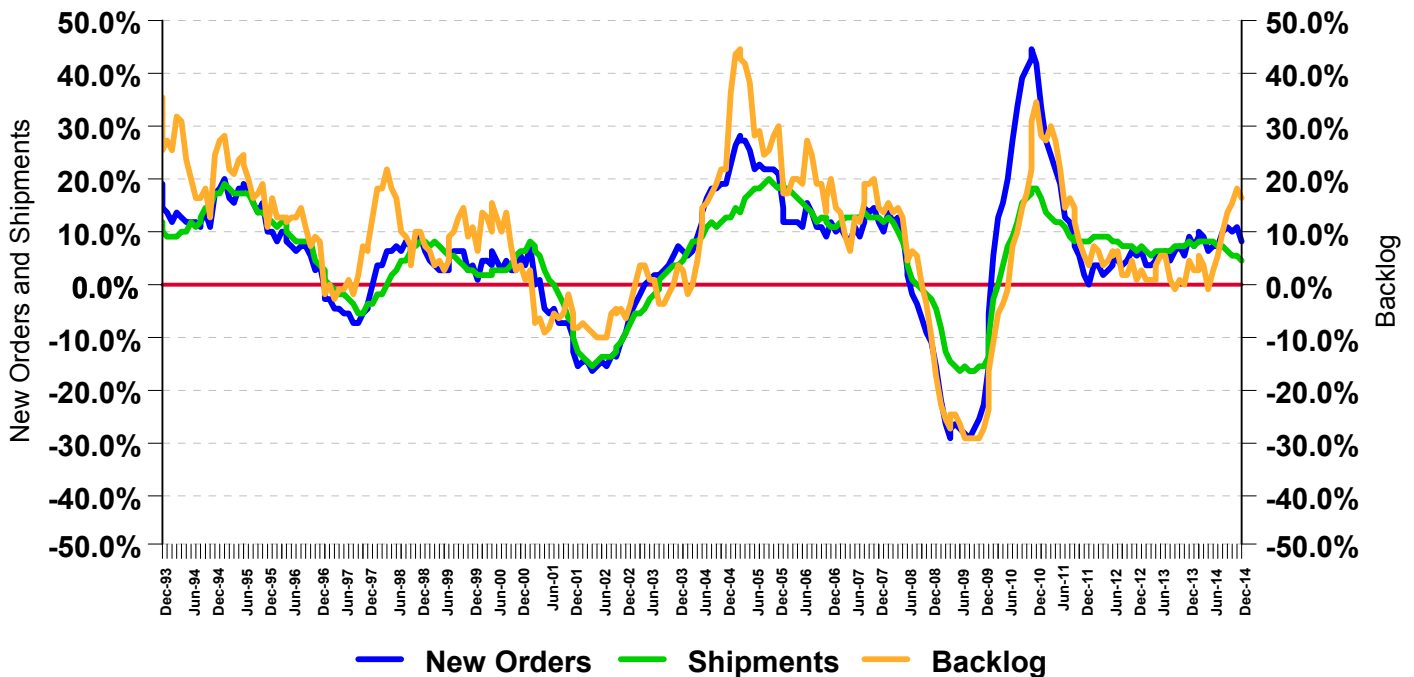
December 2014

This chart reveals the annual rate of change for domestic new orders, shipments, and backlog illustrating the position of these components of MHEM in the current economic cycle.

The data represents year-over-year change in the twelve month moving total (in most cases) for the business activity indicated.

It is important to note that value *above Zero* indicates *growth* (increasing at an increasing or decreasing rate) while any value *less than Zero* indicates *contraction* (decreasing at an increasing or decreasing rate).

U.S. Domestic Production
Annual Rate of Change



Source: USDOC

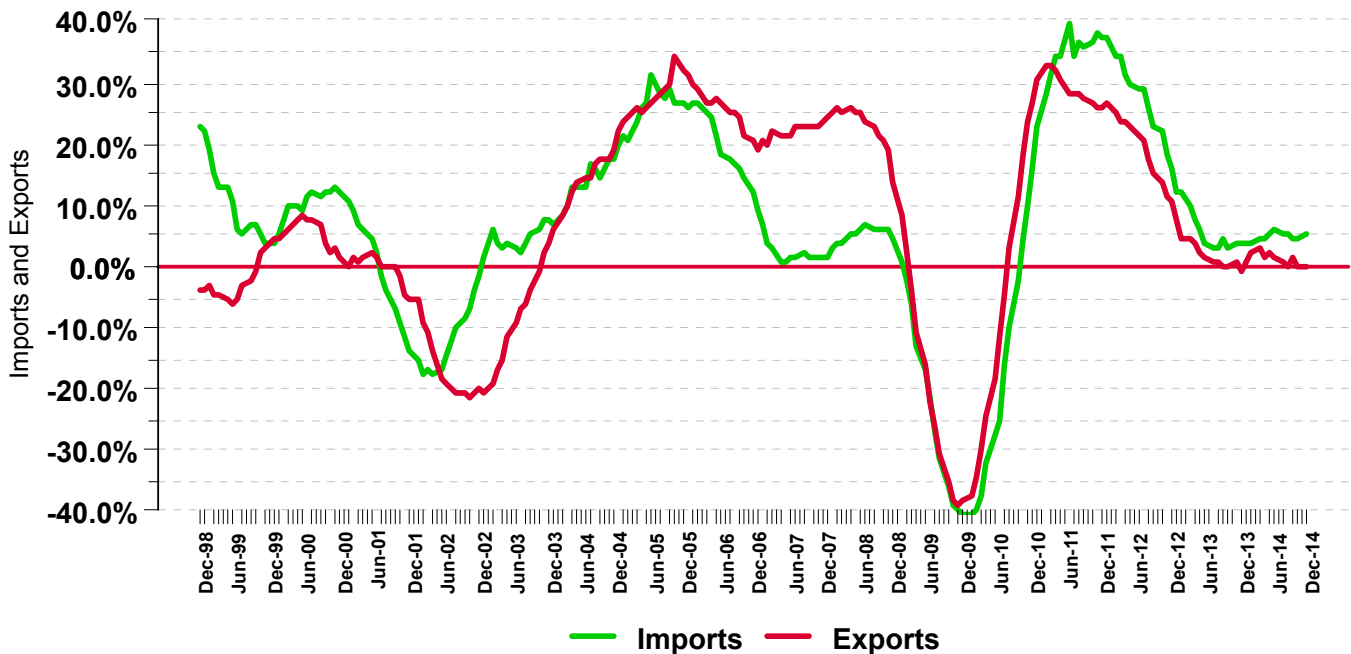
MHEM and Economic Cycles

December 2014

This chart illustrates the annual rate of change for imports, exports and net trade balance illustrating the position of these components of MHEM in the current economic cycle.

Again, it is important to note that value above **Zero** indicates growth (increasing at an increasing or decreasing rate) while any value less than **Zero** indicates contraction (decreasing at an increasing or decreasing rate).

Imports and Exports
Annual Rate of Change



Source: USITC

MHEM Updates and Forecast

Additional Resources

MHI provides detailed historical time series data for all series included in the MHEM at <http://www.mhi.org/forecast> under Market Analysis.

MHEM Forecasts

MHI also releases a comprehensive forecast of Material Handling Equipment Manufacturing each quarter that looks 18 to 24 months forward to anticipate changes in the Material Handling and Logistics marketplace.

The 50+ page forecast includes the content presented in this Brief, plus the following:

- MHEM Segment History Detail (Annually)
- Economic Cycle Analysis
- Leading Indicator Analysis
- IHS Global Insight Economic Forecast
- Capital Spending Summary
- Economic Commentary and Forecasts
- MHEM Forecast – Domestic, Imports, Exports, Consumption

The MHEM Forecast is available to Members of MHI for no charge and to Non-members for \$250.00 by placing an order at <http://www.mhi.org/forecast>.