

*Material Handling Industry of America*  
*Economic Brief*  
*May 2010*



# **Material Handling Equipment Manufacturing**

Segment Brief

MHIA Staff



# Disclaimer

Material Handling Industry and its Division, Material Handling Industry of America, provides this Economic Brief to its members, industry participants and interested members of the public (any of whom is herein referred to as a "User") with the sole intent of offering information of interest to parties engaged in the manufacture of material handling equipment. This Economic Brief is advisory only and should be regarded only as a guide that the user may or may not choose to adopt, modify, or reject. This Economic Brief should not be used as a basis for or relied on to make any financial or investment decisions. The Economic Brief does not constitute a comprehensive or complete analysis and should not be relied upon as such.

User must retain all copyright, trademark, and other proprietary notices contained in the Economic Brief or copies of the Economic Brief. In addition, User may not copy, reproduce, transfer, enter in a database, publish, publicly display, license, sell or offer for sale, create derivative works, make available or otherwise distribute the Economic Brief or use it in any way for any public or commercial purpose other than User's own personal or internal purposes. User shall use his or her best efforts to stop any such copying or distribution immediately after such use becomes known.

Any use of the Economic Brief, in whole or in part, on any Web site or networked computer environment (including any personal network or e-mail distribution) is strictly prohibited. Any unauthorized use of this Economic Brief may violate copyright, trademark, and other laws.

The Economic Brief may contain information provided by third-party parties. Material Handling Industry and its Division, Material Handling Industry of America, are not responsible or liable for the truth, accuracy, applicability or reliability of any such information provided by third parties.

THIS ECONOMIC BRIEF AND THE INFORMATION THEREIN IS PROVIDED "AS IS." MATERIAL HANDLING INDUSTRY AND ITS DIVISION, MATERIAL HANDLING INDUSTRY OF AMERICA, MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, AND SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. MATERIAL HANDLING INDUSTRY OF AMERICA MAKES NO WARRANTIES REGARDING THE COMPLETENESS, ACCURACY, RELIABILITY, APPLICABILITY OR AVAILABILITY OF INFORMATION. IN NO EVENT SHALL MATERIAL HANDLING INDUSTRY OF AMERICA, ITS OFFICERS, AGENTS, EMPLOYEES, AND MEMBERS BE LIABLE FOR ANY DAMAGES, INCLUDING WITHOUT LIMITATION, DIRECT, INDIRECT, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS, ARISING UNDER THE USE OF OR RELIANCE ON THE ECONOMIC BRIEF OR THE INFORMATION PRESENTED THEREIN BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, WHETHER OR NOT THEY OR IT HAD ANY KNOWLEDGE, ACTUAL OR CONSTRUCTIVE, THAT SUCH DAMAGES MIGHT BE INCURRED.

The User agrees to defend, protect, indemnify, and hold Material Handling Industry and its Division, Material Handling Industry of America, and their officers, agents, employees, and members harmless from, and against, all claims, losses, expenses, damages, and liabilities, direct, incidental, or consequential, arising from acceptance or use or alleged use of this Economic Brief and the information contained therein, including loss of profits and any attorneys' fees which may arise out of the acceptance or use or alleged use of this standard. The intent of this provision and of the User is to absolve and Material Handling Industry and its Division, Material Handling Industry of America, and their officers, agents, employees, and members from any and all loss or liability relating in any way to this Economic Brief and the information contained therein, including those losses and liability resulting from the User's own negligence.

# Material Handling Equipment Manufacturing (MHEM)



## Contents

- 4 Introduction
- 6 Market Overview – Domestic
- 7 Market Overview – Imports and Exports
- 8 Economic Cycles Industrial Sectors
- 9 MHEM and Economic Cycles
- 11 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

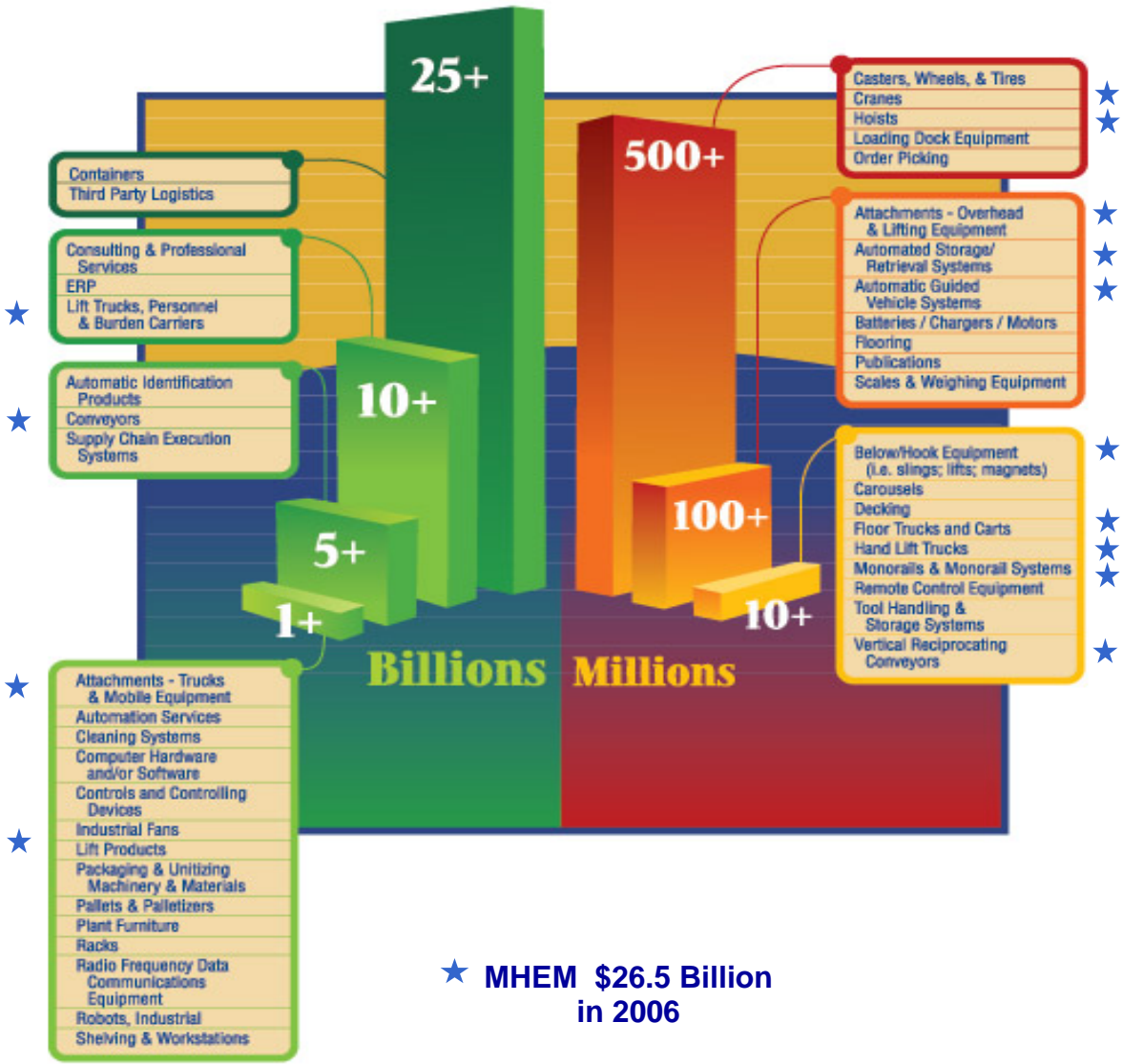
Data is collected and reported monthly by the U.S. Bureau of Census according to the North American Industry Classification System (NAICS).

The following graphic identifies MHEM segments among others of the Material Handling and Logistics Industry.

# Material Handling and Logistics Industry



**\$156 Billion Market\***



★ MHEM \$26.5 Billion in 2006

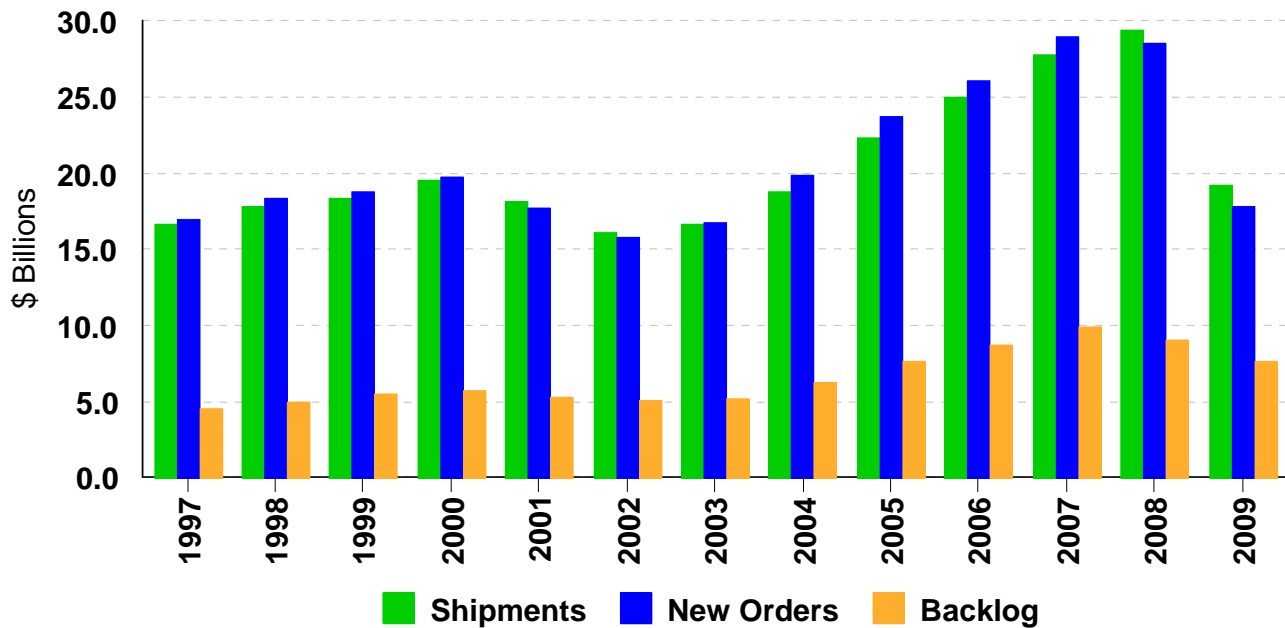
# Market Overview – 12 Months Ending March 2010

## Material Handling Equipment Manufacturing



- New Orders for the 12 months ending March 2010 declined 20.4% to close at \$19.0 Billion.
- Shipments over the same period declined 26.1% to close at \$19.3 Billion.
- Unfilled Orders contracted 2.7% finishing at \$7.9 Billion. Unfilled Orders represented the equivalent of 5.0 months' of Shipments.

### U.S. Domestic Production



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

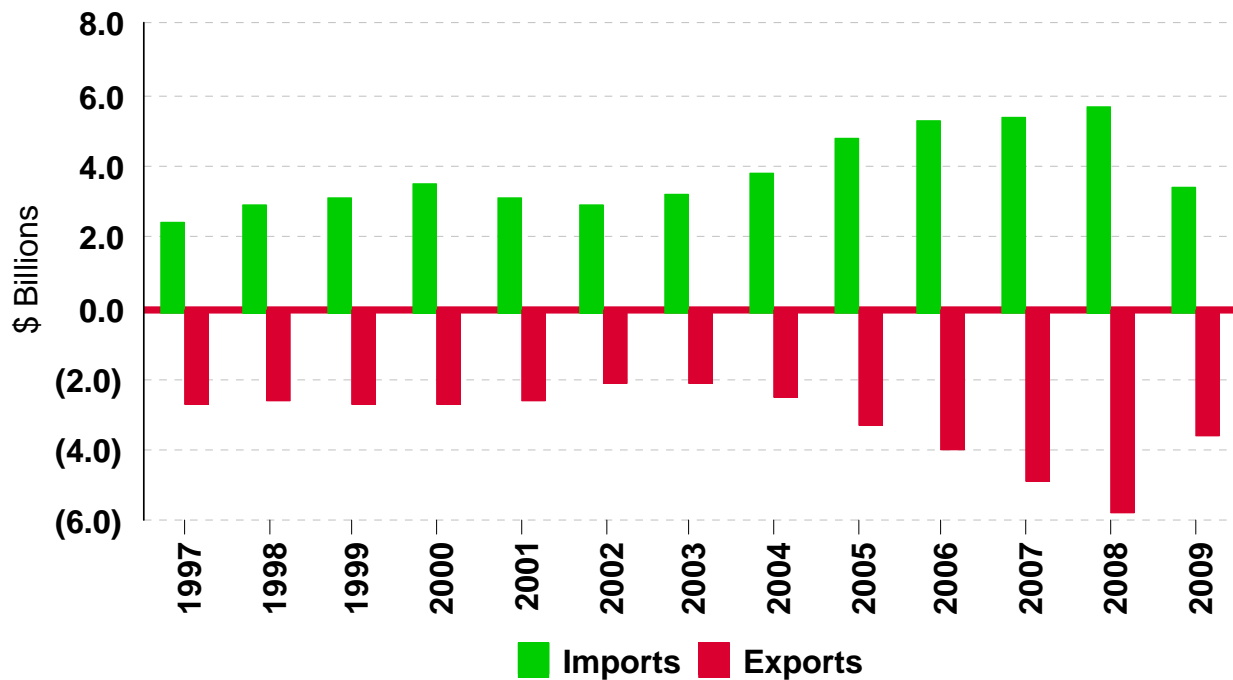
# Market Overview – 12 Months Ending March 2010

## Material Handling Equipment Manufacturing



- Imports contracted 39.8%.
- Exports contracted 34.1%.
- The Net Trade Value (Imports minus Exports) has now clearly shifted to a Net Exporting position.
- Total US Domestic Demand (Shipments less Exports plus Imports) contracted 27.3% compared to the same period in 2008.

### Imports and Exports



Source: USITC

# Economic Cycles Industrial Sectors

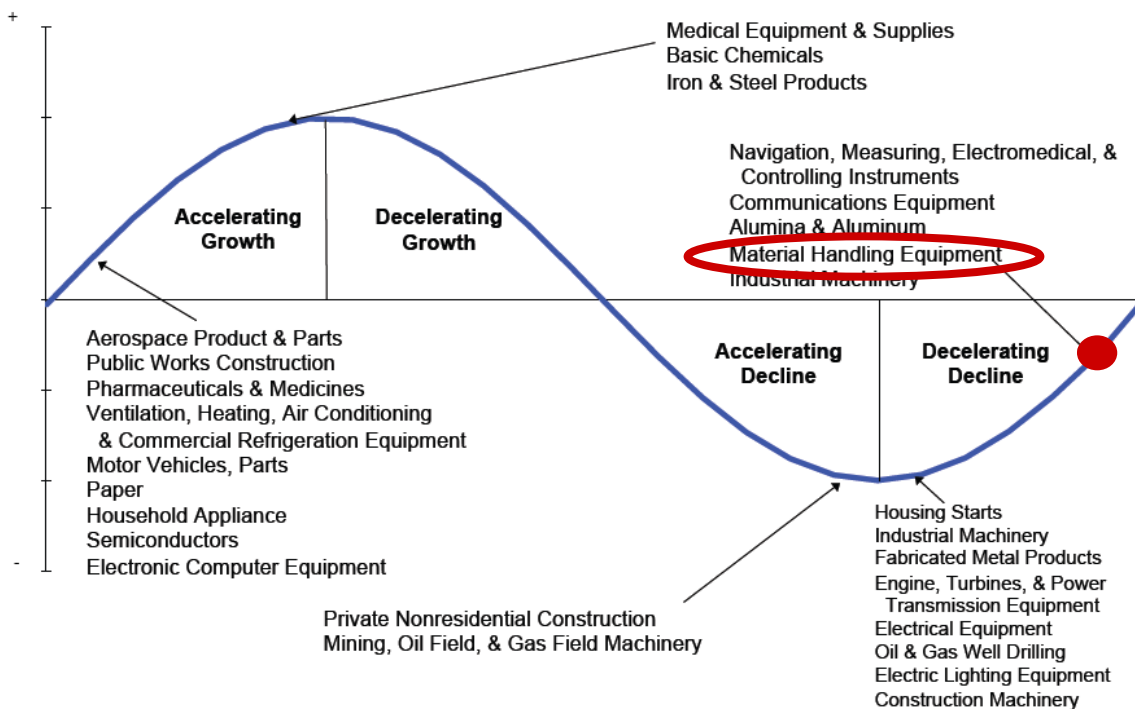


Charting annual data is useful for a market overview; it is also very useful to view this data on a rate of change basis to better illustrate cyclical activity.

For comparison purposes, the next chart was prepared by the Manufacturing Alliance – 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.

Note that MHEM is now in the “Decelerating Decline” phase.

## Manufacturers Alliance - MAPI



# MHEM and Economic Cycles

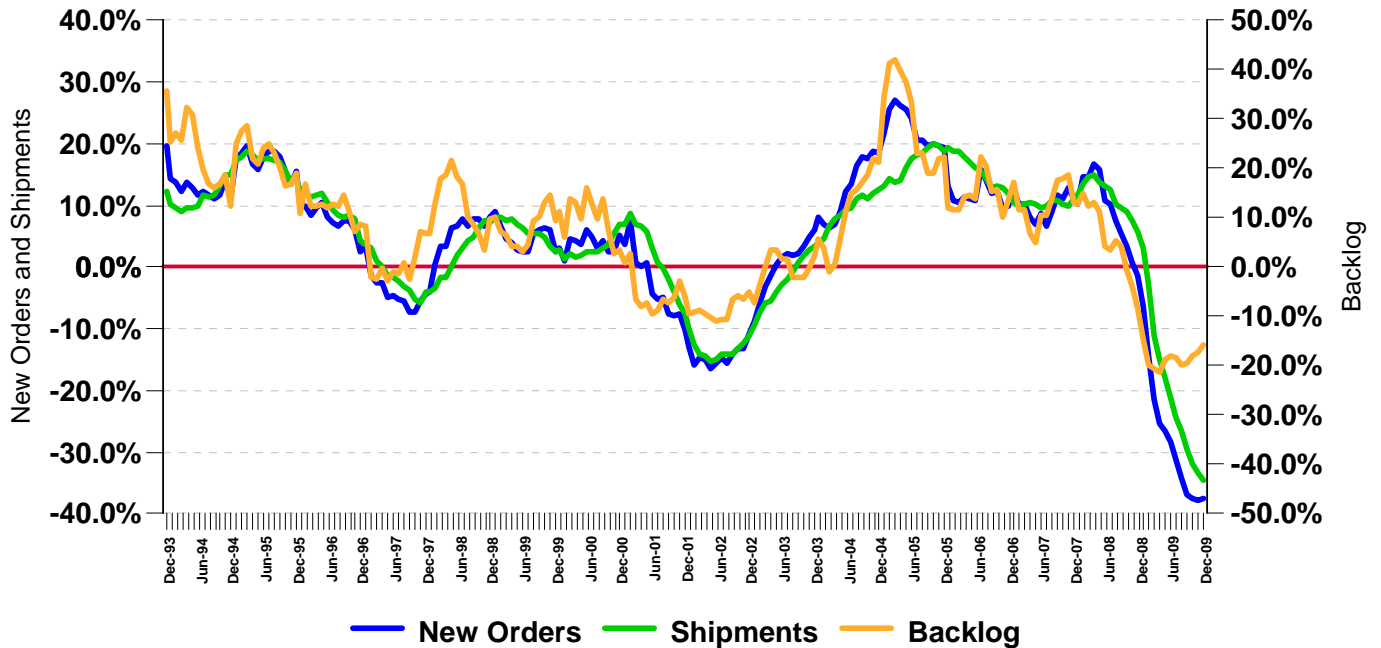


This chart reveals the annual rate of change for domestic new orders, shipments, and backlog illustrating the position of these components of MHEM in the current economic cycle.

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

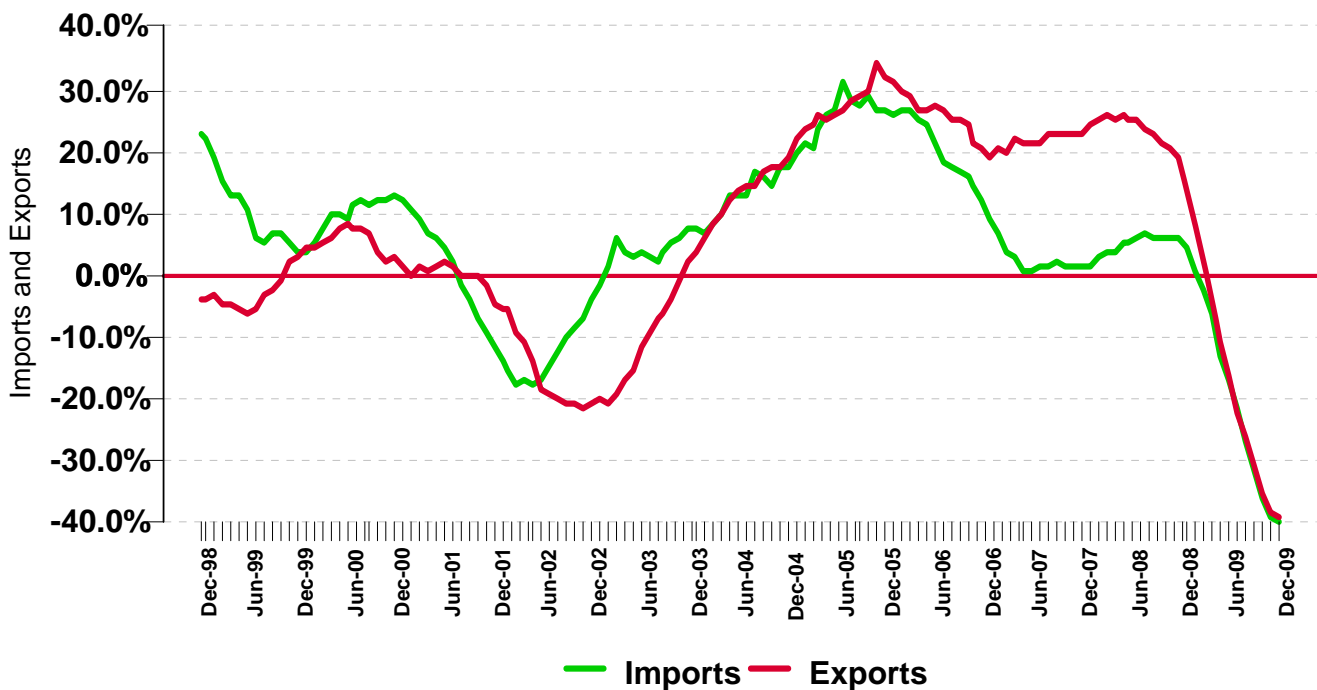
# MHEM and Economic Cycles



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

MHIA provides detailed historical time series data for all series included in the MHEM at <http://www.mhia.org> in the Research section under Market Analysis.

## MHEM Forecasts

MHIA 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
- Global Insight Forecast
- Capital Spending Summary
- Economic Commentary and Forecasts
- MHEM Forecast – Domestic, Imports, Exports, Consumption
- MHEM Segment Forecast (Annually)

The MHEM Forecast is available to Members of MHIA for no charge and to Non-members for \$195.00 by placing an order through our Material Handling Online Bookstore on the homepage of <http://www.mhia.org>.