

PRESS RELEASE



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Mechanical Engineering Business Monitor for January

Companies start 2010 with strong UK and export business performance

In January 2010, UK mechanical engineering firms reported their strongest month on month growth in terms of inquiries (42-58% reporting gains) and orders (47% recording rises) for both UK and export business.

Martin Walder, EAMA chairman: "They may only be one month's figures, but they are excellent. January is not only the fourth month in a row that UK and export prospects have both produced a positive balance. They are at record levels. And what is especially good news is that nearly half of all firms are reporting higher order levels too".

This month there were five or more firms reporting an increase in inquiries for every one reporting a decline. On order intake the ratios are two to one for UK business improvements and three to one for export

"This doesn't mean that we can all relax. We need to be hungry for new business and flexible enough to deliver. That means having the business partners to provide the trade insurance cover and financing at competitive rates as firms move into new and perhaps riskier markets."

The numbers also show that there may be an improvement in investment sentiment with 22% of companies investing in staff training and development and a further 17% in all areas of the business, making nearly four in ten firms overall.

Martin Walder: "The Monitor's capital investment scores have been mostly single digit. Now that firms are reporting a significant pick up in business, we hope that January's investment upturn is maintained and that it doesn't fade away as it did after September's positive returns. There is also the temporary 40% increase in capital allowances, which is due to lapse on April 5th. Could the improved returns be firms simply getting their work done so that they can offset the capital expenditure having established that they are in fact in a potentially profit making position? Under either scenario we'll need several more months' figures to establish what's happening."

Elsewhere, while 75% of firms reported no change in their employment, there is a small positive balance of 5% for firms reporting an increase in jobs (15%) over those reporting job cuts (10%).

(more)

Notes to editors:**Business Monitor for January 2010 (126 responses)**

Change on previous month % responses (exporters 65% of sample)

Note: No December survey due to holiday period and other seasonal business interruptions.
Comparison therefore with November 2009.

| 1 Prospects/Inquiries | UP | | SAME | | DOWN | | UP/DOWN Difference | |
|-----------------------|-----------|-----------|-----------|-----------|----------|----------|--------------------|------------|
| | UK | Export | UK | Export | UK | Export | UK | Export |
| January 2009 | 15 | 13 | 24 | 47 | 61 | 40 | -46 | -27 |
| February | 22 | 23 | 38 | 54 | 40 | 23 | -18 | 0 |
| March | 28 | 22 | 33 | 50 | 39 | 28 | -11 | -6 |
| April | 31 | 28 | 26 | 28 | 43 | 44 | -12 | -16 |
| May | 24 | 12 | 47 | 50 | 29 | 38 | -1 | -26 |
| June | 33 | 19 | 44 | 54 | 23 | 27 | +10 | -8 |
| July | 33 | 14 | 48 | 55 | 19 | 31 | +14 | -17 |
| August | 28 | 13 | 36 | 51 | 36 | 36 | -8 | -23 |
| September | 46 | 33 | 38 | 55 | 16 | 12 | +30 | +21 |
| October | 41 | 37 | 42 | 42 | 17 | 21 | +24 | +16 |
| November | 52 | 33 | 37 | 50 | 11 | 17 | +41 | +16 |
| December | No survey | | | | | | | |
| January 2010 | 58 | 42 | 33 | 49 | 9 | 9 | +49 | +33 |

| 2 Order intake | UP | | SAME | | DOWN | | UP/DOWN Difference | |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------------|------------|
| | UK | Export | UK | Export | UK | Export | UK | Export |
| January 2009 | 18 | 20 | 20 | 32 | 62 | 48 | -44 | -28 |
| February | 18 | 21 | 31 | 29 | 51 | 50 | -33 | -29 |
| March | 11 | 18 | 28 | 42 | 61 | 40 | -50 | -22 |
| April | 21 | 30 | 23 | 33 | 56 | 37 | -37 | -7 |
| May | 20 | 5 | 35 | 46 | 45 | 49 | -25 | -44 |
| June | 39 | 19 | 28 | 49 | 33 | 32 | +6 | -13 |
| July | 37 | 22 | 26 | 42 | 37 | 36 | 0 | -14 |
| August | 33 | 22 | 23 | 41 | 44 | 37 | -11 | -15 |
| September | 51 | 34 | 26 | 43 | 23 | 23 | +28 | +11 |
| October | 40 | 23 | 43 | 56 | 17 | 21 | +23 | +2 |
| November | 34 | 22 | 39 | 44 | 27 | 34 | +7 | -12 |
| December | No survey | | | | | | | |
| January 2010 | 47 | 47 | 30 | 39 | 23 | 14 | +24 | +33 |

| 3 Jobs in the UK | UP | SAME | DOWN | UP - DOWN |
|---------------------|-----------|-----------|-----------|-----------|
| January 2009 | 9 | 59 | 32 | -23 |
| February | 0 | 67 | 33 | -33 |
| March | 0 | 74 | 26 | -26 |
| April | 2 | 65 | 33 | -31 |
| May | 8 | 66 | 26 | -18 |
| June | 8 | 71 | 21 | -13 |
| July | 12 | 61 | 27 | -15 |
| August | 8 | 70 | 22 | -14 |
| September | 11 | 75 | 14 | -3 |
| October | 19 | 56 | 25 | -6 |
| November | 9 | 80 | 11 | -2 |
| December | No survey | | | |
| January 2010 | 15 | 75 | 10 | +5 |

(more)

| 4 Investment | Investment stopped | Plans deferred | Developing projects | Investing in all areas | Investing in staff | Other |
|---------------------|---------------------------|-----------------------|----------------------------|-------------------------------|---------------------------|--------------|
| January 2009 | 10 | 28 | 40 | 6 | 8 | 8 |
| February | 27 | 31 | 17 | 4 | 17 | 4 |
| March | 31 | 22 | 25 | 10 | 6 | 6 |
| April | 28 | 28 | 32 | 5 | 2 | 5 |
| May* | 22 | 28 | 35 | 6 | 4 | 6 |
| June | 25 | 34 | 22 | 9 | 9 | 1 |
| July | 22 | 30 | 35 | 6 | 4 | 3 |
| August | 30 | 19 | 26 | 11 | 5 | 9 |
| September | 12 | 22 | 30 | 20 | 12 | 4 |
| October | 25 | 17 | 29 | 8 | 17 | 4 |
| November | 10 | 27 | 30 | 3 | 25 | 5 |
| December | No survey | | | | | |
| January 2010 | 11 | 13 | 32 | 17 | 22 | 5 |

Note:

- * over 100% due to rounding
- choice of statements in full:
 1. All investment activity stopped
 2. Investment plans deferred
 3. Developing projects but not committing to them
 4. Investing in staff development and training but capital investment
 5. Investing in all areas of the business
 6. Other

| 5 Capital availability | More Difficult | | About the same | | Easier | |
|-------------------------------|-----------------------|-------------------|-----------------------|-------------------|----------------|-------------------|
| | Working | Investment | Working | Investment | Working | Investment |
| January 2009 | 48 | 58 | 52 | 42 | 0 | 0 |
| February | 39 | 40 | 61 | 60 | 0 | 0 |
| March | 37 | 41 | 61 | 59 | 2 | 0 |
| April | 41 | 36 | 59 | 64 | 0 | 0 |
| May | 22 | 24 | 76 | 76 | 2 | 0 |
| June | 25 | 33 | 75 | 66 | 0 | 1 |
| July | 22 | 23 | 78 | 77 | 0 | 0 |
| August | 33 | 30 | 63 | 68 | 4 | 2 |
| September | 14 | 21 | 79 | 76 | 7 | 3 |
| October | 25 | 21 | 69 | 75 | 6 | 4 |
| November | 18 | 25 | 80 | 73 | 2 | 2 |
| December | No survey | | | | | |
| January 2010 | 14 | 23 | 80 | 74 | 6 | 3 |

Most active sectors (% firms responding to this question): automotive (28%); food, beverage and food processing (19%); healthcare, pharmaceutical and medical (17%), aerospace and defence (17%) and oil, gas and renewables (11%).

Least active sectors (% firms responding to this question): automotive and motor sport (27%), construction and yellow goods (18%), pharmaceutical, medical and toiletries (18%).