

PRESS RELEASE



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Mechanical Engineering Business Monitor for October

Fourth quarter start consolidates September gains

Mechanical engineering companies consolidated their improved inquiry and order levels in October after the seasonally weaker figures over the summer. The continuing improvements applied both to UK and to export business with the balances on inquiries again in the +20s and +100 on orders both from home and from foreign markets.

The balance on employment remains fairly bullish with a balance of +13 saying they have vacancies. And investment activity has picked up again, with over half the firms reporting some form of investment from capital plant to training.

There was however little or no change in ease of access to finance, but nonetheless the outlook remains positive.

Martin Walder EAMA chairman: "The fourth quarter has started well. But there is still some understandable reticence out there. Troubles in the financial markets continue to haunt many SME firms. They don't want to get caught out again and that leads firms to be cautious. A few banks have made specific efforts to support SMEs and help them to export. In markets such as China, UK mechanical engineering firms are doing well with sales up 25% at the end of the third quarter. That of course is exceptional. But it needn't be. If more banks take a more supportive approach the UK and its exporters could come out of this quite well."

(Monitor data attached)

Notes to editors:

The Engineering and Machinery Alliance comprises 11 trade associations representing 1,600 companies, mostly mechanical engineering SMEs with total sales of some £8 billion.

Business Monitor for October 2010 (110 responses)

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

Notes: No December survey due to holiday period and other seasonal business interruptions
If data not 100%, due to rounding

The Monitor**1 Prospects/Inquiries**

Month	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
January 2010	58	42	33	49	9	9	+49	+33
February	50	52	41	37	9	11	+41	+41
March	58	38	38	55	4	7	+54	+31
April	44	36	46	52	10	12	+34	+24
May	43	26	44	66	13	8	+30	+18
June	49	33	37	55	14	12	+35	+21
July	36	30	47	57	17	13	+15	+13
August	31	31	42	53	27	16	+4	+15
September	43	41	40	40	17	19	+26	+22
October	40	31	47	60	13	9	+27	+22

2 Order intake

Month	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
January 2010	47	47	30	39	23	14	+24	+33
February	45	42	35	44	20	14	+25	+28
March	54	41	29	41	17	18	+37	+23
April	49	31	30	49	21	20	+28	+11
May	39	23	32	55	29	22	+10	+1
June	46	29	33	48	21	23	+25	+6
July	34	40	39	40	27	20	+7	+20
August	22	25	44	48	34	27	-12	-2
September	38	35	38	39	24	26	+14	+9
October	38	28	34	54	28	18	+10	+10

3 Jobs in the UK

Month	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
January 2010	15	75	10	+5
February	18	65	17	+1
March	18	75	7	+11
April	19	73	8	+11
May	20	73	6	+14
June	20	72	8	+12
July	25	67	8	+17
August	28	65	7	+21
September	21	68	11	+10
October	21	71	8	+13

4 Investment Activity

Month	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
January 2010	11	13	32	17	22	5
February	13	19	26	13	19	10
March	3	18	32	13	22	12
April	9	14	31	7	25	14
May	12	12	31	17	14	14
June	11	6	35	22	20	6
July	2	14	21	51	4	8
August	8	6	36	34	10	6
September	7	9	39	26	15	4
October	9	2	37	27	17	8

Notes:

- 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 all areas of the business
 5. Investing in staff development and training but not capital investment
 6. Other

5 Capital Availability 2009-2010

Month	More Difficult		About the same		Easier	
	<i>Working</i>	<i>Investment</i>	<i>Working</i>	<i>Investment</i>	<i>Working</i>	<i>Investment</i>
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
<i>October</i>	25	21	69	75	6	4
November	18	25	80	73	2	2
January 2010	14	23	80	74	6	3
February	9	8	88	89	3	3
March	12	10	82	90	6	0
April	9	10	83	88	8	2
May	18	16	73	73	9	11
June	15	17	81	74	4	9
July	8	12	76	72	16	16
August	11	11	87	89	2	0
September	11	13	84	84	5	3
October	17	13	75	84	8	3