

PRESS RELEASE



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Mechanical Engineering Business Monitor for September

Third quarter finishes firmer after some summer softness

In September, according to the EAMA Business Monitor, mechanical engineering companies reported improved inquiry and order levels after the seasonally weaker figures in August and some softness in July. The improvements were particularly strong in UK business where the balance on inquiries rose from +4 to +26 and on orders turned negative -12 into a positive +14.

Confidence levels are high in the sector, with over three-quarters saying that they are confident/very confident about business through to March 2011. Nearly half (46%) have invested more in the last six months than they did in the same period a year ago, with one company in six reporting investment levels up by 40% or more.

However, two in five firms said that they had kept investment around 2009 levels and half of respondents said that they expected their investment levels to remain constant over the next six months.

Martin Walder EAMA chairman: "Over the second quarter and into July access to finance seemed to be improving. This was even reflected in the sector's investment performance, particularly in July when nearly two-thirds said they were investing in at least one area. But after the seasonal break, the September investment returns are weaker with nearly 40% saying that they are developing projects but not committing to them. The access to finance figures are similarly disappointing. We earnestly hope that they aren't returning to the levels seen in January and February, when it was very difficult for SMEs to get finance at reasonable rates. The industry, the banks, the government, everyone knows that the country has to get investing, but it has to be as a good proposition for the mechanical engineer, not just the banker."

In contrast to the seasonal summer weakening in order and inquiry levels, employment prospects remained strongly positive through the third quarter, albeit the balance softened in September to +10, with a fifth of firms saying that they have vacancies.

Between 38% and 40% of firms reported the 'same' level on their UK and their export returns. Exporters have consistently scored much higher in this category, except in the last quarter.

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 September 2010 (101 responses)
Change on previous month % responses (exporters 70% of sample)

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

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

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

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

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	
	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
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

Most active sectors (% firms responding to this question): automotive and motorsport (21%); food (19%) otherwise very broad response

Least active sectors (% firms responding to this question): medical (25%) but otherwise no specific sectors.

Other indicators

All associations

For the first time, all associations asked members about their confidence and investment performance. Eighty-four firms responded to the questions as follows:

- How confident are you about business for the next six months (to March 2011)?
 - Very confident/confident/not very confident/not at all confident
- Over the last six months, how does your overall level of investment compare with last year?
 - Higher (___%) / About the same / Lower (___%)
- Over the next six months do you expect your overall level of investment to be :
 - Much higher/Higher/About the same/Lower/Much lower

Confidence about business over the next six months:

Very confident	Confident	Not very confident	Not at all confident
8	70	22	0

Investment over the last six months compared with a year ago:

Much higher (40%+)	Higher	About the same	Lower	Much lower (-40%>)
17	29	40	13	1

Expect investment over the next six months to be:

Much higher	Higher	About the same	Lower	Much lower
2	29	50	12	7