

PRESS RELEASE



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Mechanical Engineering Business Monitor for August

Business improvement stalls on summer break but investment picks up a little

Although business investment is way down on a year ago, there was an increase in the number of firms reporting some investment activity ('investing in all areas', 'investing in training' and 'other') in EAMA's Business Monitor for August. At 25% this equals the highest level, which was recorded in February, when most of the focus was on training. This time it was on 'investing in all areas of the business' for one in ten firms.

However, as expected with the holiday season affecting business, the improvement in UK-based inquiry and order levels reported over the previous two months was not maintained. On inquiries the overall balance fell to - 8, and on orders to - 11. Exporters were somewhat more negative with a total balance of - 23 on inquiries and - 15 orders.

More firms cut jobs (balance --14). But anecdotally there is some evidence of some firms moving off short-time working.

On access to finance the numbers reporting greater difficulty in obtaining capital than last month moved up again, but alongside that setback a very few companies have noted some easing.

EAMA chairman Martin Walder commented: "We can now see a broad trend emerging where export inquiries and orders may have held up better than UK business since January. On the other hand firms are reporting that UK inquiries and orders have picked up better since May than export levels. To exit the recession we must now do all we can to boost our exports"

The most active customer sectors this month were said to be: automotive (26%) and food (16%); the least active were reported as automotive (20%), construction (10%), aerospace (10%).

Since January, the EAMA Business Monitor has recorded the number of firms reporting gains and losses to build up a picture of mechanical engineering performance through the recession.

The nine trade associations in the Engineering and Machinery Alliance represent 1,300 mostly mechanical engineering SMEs.

(more)

Notes to editors:

The monthly survey was conducted week commencing Monday 31 August across 94 companies compared with a month ago.

1 Prospects/Inquiries	UP		SAME		DOWN		UP/DOWN Difference	
	UK	Export	UK	Export	UK	Export	UK	Export
January	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

2 Order intake	UP		SAME		DOWN		UP/DOWN Difference	
	UK	Export	UK	Export	UK	Export	UK	Export
January	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

3 Jobs in the UK	UP	SAME	DOWN	UP -- DOWN
January	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

4 Investment	Jan	Feb	March	April	May*	June	July	Aug
All investment activity stopped	10	27	31	28	22	25	22	30
Investment plans deferred	28	31	22	28	28	34	30	19
Developing projects, but not committing	40	17	25	32	35	22	35	26
Investing in all areas of the business	6	4	10	5	6	9	6	11
Investing in staff development and training	8	17	6	2	4	9	4	5
Other	8	4	6	5	6	1	3	9

* Note: over 100% due to rounding

5 Capital availability	More Difficult		About the same		Easier	
	Working	Investment	Working	Investment	Working	Investment
January	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