

PRESS RELEASE



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Mechanical Engineering Business Monitor for July

UK business continues to improve, but exporters still stuck

July marked the second month in a row that a third or more of mechanical engineering companies reported increases in the number of inquiries and orders they received from UK companies. In the case of inquiries a trend may be emerging as firms reported an overall favourable balance of +14 on the previous month. The balance for orders however was neutral (0).

The balance on exporting remained negative both for inquiries (-17) and for orders (-14).

More firms cut jobs (-15) and the balance on investment activity fell to the smallest minority since April (13%).

About three-quarters of firms said that capital availability was unchanged since last month, while the remainder classified access as more difficult.

Speaking following completion of the report, EAMA chairman Martin Walder said: "As business picks up in the UK, the main issue for firms is going to be managing their cash flow effectively.

"It is important that banks and credit insurers, as well as organisations such as ECGD and UKTI offer very flexible services as reliable business partners so that firms manage their way successfully through these changing conditions."

The most active customer sectors were said to be: food (22%), automotive (13%), medical (13%) and aerospace (10%); the least active customers were reported as automotive (38%), construction (12%), aerospace (10%) and food (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 27 July across a panel of 103 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

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

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

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

* 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