

PRESS RELEASE



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Mechanical Engineering Business Monitor for October

Inquiries and orders positive for UK and export business -- just

For the second month in a row, the UK mechanical engineering sector recorded a positive balance for sales and prospects both in home and in export markets. The proportion of firms reporting declines in these categories has now better than halved since April, but the percentage scores are still volatile month on month and uncertainty persists as different parts of the industry report radically different activity levels.

Performance on the jobs front is mixed. Nearly a fifth of firms say that they are increasing the number of jobs this month. But the ratio of firms cutting jobs nearly doubled. As a result the net balance remains negative at -6, which is a long way from the April figure of -31.

Martin Walder, EAMA chairman: "We are cautiously optimistic that this fourth quarter is going to prove to be the best of the year by far. As we look to the first quarter 2010, we need to see a big change in bank lending to manufacturing businesses of all types.

"A major complaint from many manufacturers is that the banks are playing sectors not companies. For example, we hear that there's plenty of demand in sectors like electronic printing, but it's not being satisfied because the banks won't make working or investment capital available on reasonable terms to companies treating with the sector."

The October EAMA Business Monitor for capital availability shows that there was very little change from September. Compared to six months' earlier, there are fewer reporting more difficulties and significantly more reporting no change, but still only 6% saying that working capital availability has eased.

So with money tight, the cohort reporting investment activity shrank with 71% of firms saying that investment plans are stopped, deferred or only being developed not implemented.

The ten trade associations in the Engineering and Machinery Alliance represent 1,400 mostly mechanical engineering SMEs. They set up the EAMA Business Monitor in January to rapidly record changing performance across a set of criteria to reflect mechanical engineering performance through the recession for use by members and Government.

(more)

Notes to editors:

The monthly survey was conducted week commencing Monday 26 October across 59 companies (88% of which were exporters) results compared with a month ago.

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
September	46	33	38	55	16	12	+30	+21
October	41	37	42	42	17	21	+24	+16

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
September	51	34	26	43	23	23	+28	+11
October	40	23	43	56	17	21	+23	+2

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
September	11	75	14	-- 3
October	19	56	25	-- 6

Investment	Jan	Feb	Mar	Apr	May*	Jun	Jul	Aug	Sep	Oct
All investment activity stopped	10	27	31	28	22	25	22	30	12	25
Investment plans deferred	28	31	22	28	28	34	30	19	22	17
Developing projects, but not committing	40	17	25	32	35	22	35	26	30	29
Investing in all areas of the business	6	4	10	5	6	9	6	11	20	8
Investing in staff devel'nt and training	8	17	6	2	4	9	4	5	12	17
Other	8	4	6	5	6	1	3	9	4	4

* 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
September	14	21	79	76	7	3
October	25	21	69	75	6	4