

Moving in the Right Direction



Here at Power Transmission Engineering, we get to talk to a lot of different people from a wide variety of manufacturing industries. Over the past several months, members of our staff have traveled quite a bit, and we've had a lot of opportunities to gauge their confidence. And while nobody is overwhelmingly enthusiastic—nobody has told us this is their best year ever—almost everyone seems at least content with the stability that slow and steady growth provides.

These aren't just my impressions or gut feelings, either. Members of our staff have visited with industry suppliers at trade shows like Automate and Hannover Messe. They've gone to trade association annual meetings and marketing presentations. They've visited manufacturers of gears, bearings, motors, couplings and gearboxes. And almost all of these companies seem fairly positive.

But anecdotal evidence can be misleading. When you talk to a salesman at a trade show, it's his job to be optimistic. And salesman or no, pretty much anyone talking to an editor will try to put a positive spin on things. After all, nobody wants us to report on their companies' bad news.

So we like to have some facts at our disposal before we jump to any conclusions. Fortunately, there are a number of organizations that report on the economic conditions of various manufacturing industries, and I've assembled some of the most recent reports here.

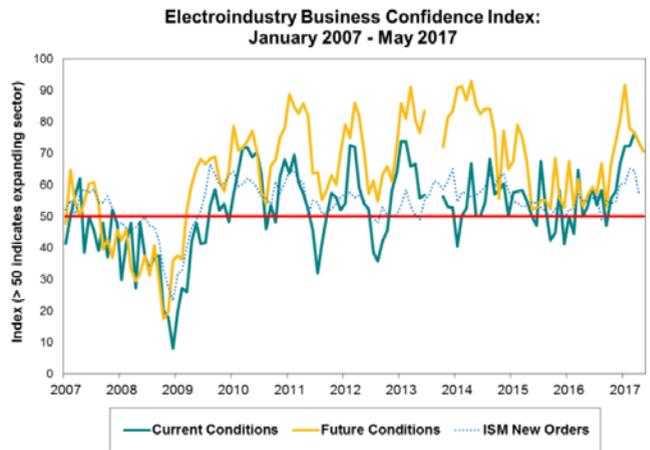
Fortunately, what we hear with our ear-to-the-ground methods seems to match up well with the more scientific research. So we're confident that the current trends are likely to continue for some time.

And while rapid growth and supercharged sales are always enticing, the stability offered by slow and steady growth provides for much greater opportunity to plan and make meaningful changes to your business and operation.

I encourage you to study the numbers, keep an eye on the horizon, and take advantage where you can.

NEMA Electroindustry Business Condition Index.

NEMA's EBCI indexes are based on the results of a monthly survey of senior managers at NEMA member companies and are designed to provide a measure of changes in the business environment facing electrical equipment manufacturers. In May 2017, the index indicated that businesses in these industries remain firmly in the expansionary range (indicated by the red line in the chart).



ISM Purchasing Manager's Index (PMI).

According to ISM's latest report on business, "Economic activity in the manufacturing sector expanded in May, and the overall economy grew for the 96th consecutive month." The May 2017 PMI registered 54.9 percent, a very slight increase from April 2017.

MANUFACTURING AT A GLANCE						
May 2017						
Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	54.9	54.8	+0.1	Growing	Faster	9
New Orders	59.5	57.5	+2.0	Growing	Faster	9
Production	57.1	58.6	-1.5	Growing	Slower	9
Employment	53.5	52.0	+1.5	Growing	Faster	8
Supplier Deliveries	53.1	55.1	-2.0	Slowing	Slower	13
Inventories	51.5	51.0	+0.5	Growing	Faster	2
Customers' Inventories	49.5	45.5	+4.0	Too Low	Slower	8
Prices	60.5	68.5	-8.0	Increasing	Slower	15
Backlog of Orders	55.0	57.0	-2.0	Growing	Slower	4
New Export Orders	57.5	59.5	-2.0	Growing	Slower	15
Imports	53.5	55.5	-2.0	Growing	Slower	4
OVERALL ECONOMY				Growing	Faster	96
Manufacturing Sector				Growing	Faster	9