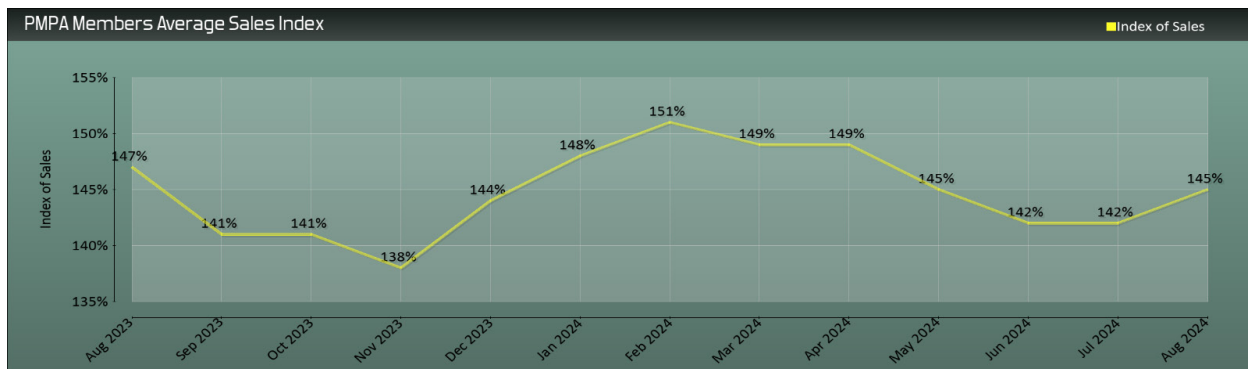


October 1, 2024

REPORT ON BUSINESS TRENDS
August 2024

“Consistent Sales Characterizes 2024”

August 2024 Sales Index increases by 3 points or 2.1 percent, remaining in the 9-point range that has been 2024.



August 2024 Sales Index increases slightly, up 2.1 percent from July 2024. The 2024 Sales Index Range remains within 9 points or 6.0% of the high for the year, and within 4 points or 8 percent of our forecast calendar year average.

The PMPA Business Trends Sales Index increased by 3 points or 2.1 percent to 145 in August 2024, compared to June and July’s 142. This puts August back to the level of Sales we enjoyed in May of this year. Considering that the range for the last half of 2023 was 28 points or 18%- 2024’s tighter range just might be telling us that these are “the good ol’ days.” August 2024’s index of 145 is virtually identical to the five-year average for August of 144.4. We continue to be surprised by the reduced volatility and continued high levels of Sales for our shops this year. 67 shops reporting.

The consistent and level performance of our index match the indicators for our market segments:

According to the **Federal Reserve** “In August, industrial production rose 0.8 percent after falling 0.9 percent in July. Similarly, the output of manufacturing increased 0.9 percent in August after decreasing 0.7 percent during the previous month. This pattern was due in part to a recovery in the index of motor vehicles and parts, which jumped nearly 10 percent in August after dropping roughly 9 percent in July... At 103.1 percent of its 2017 average, total industrial production in August was the same as its year-earlier level.”

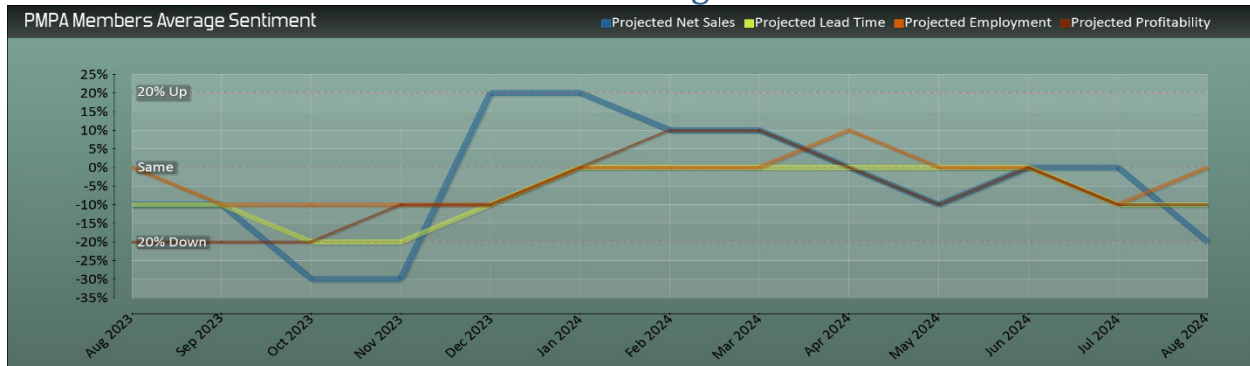
According to the **U.S. Census Bureau**: “New orders for manufactured durable goods in August, up six of the last seven months, increased \$0.1 billion or virtually unchanged to \$289.7 billion, the U.S. Census Bureau.”

Despite the surge in motor vehicles and parts in August, we continue to sell consistent levels of our precision production. Hat’s off to our savvy managements and their intelligent management of risk.

(over)

The “Average Length of First Shift (Hours)” reported by our respondents for August 2024 increased just 0.1 hour from July to 41.4 hours- down just 0.1 from the 2024 year to date average. Just four shops this month-6.0 percent of respondents- reported scheduling less than 40 hours. Thirty-eight shops- 57 percent of respondents- scheduled straight 40 hours. Fourteen shops, 21 percent of respondents, scheduled overtime in August June 2024. (Thirteen scheduled 41-44 hours. Only one scheduled over 45 hours.) Good times, not boom times. Order urgency seems to “not be a thing” for our customers.

Sentiment Indicators- Q4 Lower Sales Is Expected-Profitability and Lead Times Level in August 2024



Next three month's outlook for projected Lead Times and Profitability were coincident and level in August, with outlook for Sales plummeting and prospects for Employment increasing.

Sales Outlook (Reporting of Sales Outlook is counts of respondents, not percent of sales): **Sentiment for Sales over the next three months plummeted August 2024.** Fourteen shops (21%) expect Sales growth for the next three months. Twenty-eight (42%) expect sales to remain level. Twenty-five shops (37%) expect Sales to decline. *The outlook for Sales for the next three months clearly anticipates seasonally lower sales in Q4 for our shops.* (Blue line on Sentiment Chart)

Lead Times: Forward looking sentiment for Lead Times remained level in August 2024. Eight shops (down one from July's 9) or 12 percent of this month's respondents expect Lead Times to increase for the next three months. Forty-seven shops, 70 percent of respondents- expect Lead Times to remain the same for the next three months. Twelve respondents-18 percent-expect Lead Times to decline in the next three months. *The outlook for Lead Times remained level in August 2024 with 70 percent of respondents expecting Lead Times to remain the same over the next three months.* (Yellow line on Sentiment Chart)

Employment: Outlook for Employment prospects improved in August 2024. In August 2024, the outlook for Employment increased with thirteen shops-13 percent of respondents- expecting Employment opportunities to increase over the next three months. Nineteen shops or 16 percent of respondents expecting prospects to decline. The remainder- 35 shops or 71 percent of respondents- felt Employment prospects would remain level. *Prospects for Employment improved in August 2024 with 84 percent of responding shops expecting Employment prospects to remain level or improve for the next three months.* (Orange Line on Sentiment Chart)

(over)

Profitability: Outlook for Profitability remained level in August 2024. In August, sentiment for Profitability improved with thirteen shops- 19 percent of respondents- expecting Profitability to improve. Thirty-five shops-or 53 percent of respondents- expected Profitability to remain the same. Seventy-two percent (72%) of respondents expect Profitability to remain level or increase. Nineteen shops, or 28 percent of respondents, expect declining Profitability in the next three months. (The number of shops that left the remain level fraction (12) were evenly split (6 each) between improvement or decline. *Seventy-two percent of shops in August 2024 expect Profitability to remain the same or improve in the next three months.* (Dark Red Line on Sentiment Chart)

Opinions for the next three months compared to today:

- ⇒ **Net Sales:** *The outlook for Sales in August 2024, for the next three months, clearly anticipates seasonally lower sales in Q4 for our shops.*
- ⇒ **Lead Times:** *The outlook for Lead Times remained level in August 2024 with 70 percent of respondents expecting Lead Times to remain the same over the next three months.*
- ⇒ **Employment:** *Prospects for Employment improved in August 2024 with 84 percent of responding shops expecting Employment prospects to remain level or improve for the next three months.*
- ⇒ **Profitability:** *Seventy-two percent of shops in August 2024 expect Profitability to remain the same or improve in the next three months.*

Current Environment: Our August 2024 data continues to show a consistent level of Sales activity for our precision machining shops, despite the nearly 10 percent surge in motor vehicles and parts in August following July's 9 percent decrease. The volatility and urgency of customer orders seems to be under control, and we continue to use minimal overtime to get the job done. Our forward-looking sentiment indicators anticipate the inevitable seasonal decline of the 4th quarter with exposure to October and November in their thinking. We attribute the consistent performance of our Sales Index to the intelligent diversification of markets served by our reporting shops. Our monthly Sales Index of 145 is up slightly from the month prior, and the average for the year to date is currently 146, down just 3 points from our April forecast for the end of the year average of 149.

We note that the monthly-, three-month- and twelve- month-moving averages are tracking in an aligned manner, in a very narrow channel. This indicates very low volatility in our data. While there is a slight downslope (from the high of 151 in February) the fact that we are tracking in a range of 9 points or 6.0 percent of the high for the year is a positive signal about our business. We believe that optimism will help us to take advantage of that consistency in the months ahead. Ignore the news. Your customers- not politics- are the basis for your business success. *When was the last time you had a genuine conversation with your customers?*

Miles Free, Director, Industry Affairs
PMPA
MKF: vd

1. INDEX OF SALES OF PRECISION MACHINED PRODUCTS

INDUSTRY AVERAGE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
Base 2010	87	89	106	100	99	109	101	111	109	107	105	93	101
2020	139	133	129	84	86	112	117	119	129	131	125	128	119
2021	129	130	152	136	129	148	134	149	157	149	144	138	141
2022	148	152	181	156	167	175	154	173	171	160	147	137	160
2023	155	138	169	140	150	155	127	147	141	141	138	144	145
2024	148	151	149	149	145	142	142	145					146
% YR AGO	95	109	88	106	97	92	112	99					
Y-T-D	95	102	97	100	99	98	100	100					

Note: See "Sales" chart on last page, reflecting activity over a 5 year period.

2. AVERAGE LENGTH OF FIRST SHIFT PER WEEK

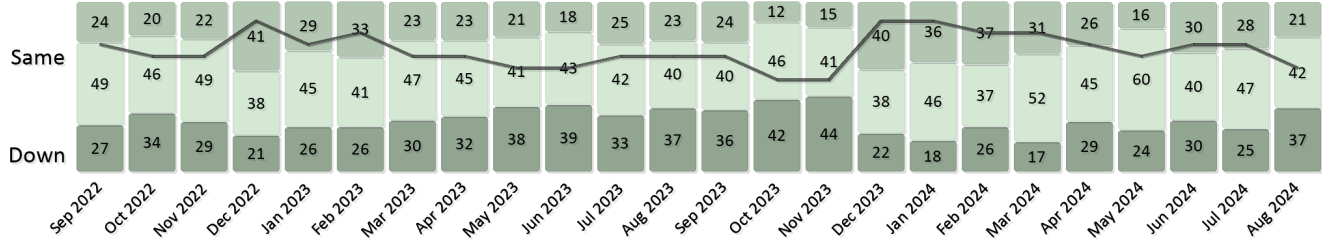
	YEAR-TO-DATE		AVERAGES	
	2023	2024	Jul	Aug
Average length first shift (hours)	42.2	41.5	41.3	41.4
% Companies Reporting				
Less Than 40 Hours	3%	4%	4%	6%
40 Hours	44%	57%	61%	57%
41-44 Hours	27%	21%	20%	19%
45 Hours	11%	11%	7%	10%
46-49 Hours	7%	5%	4%	4%
50 and Over	6%	2%	3%	3%

Note: Periodically, we update prior period data which was not previously available at the time of input. When these changes are made, you will probably see some discrepancy between prior month figures shown on the current report and the prior month report as originally issued.

The figures reported below reflect the view of respondents based on conditions as of the end of: **August 2024**

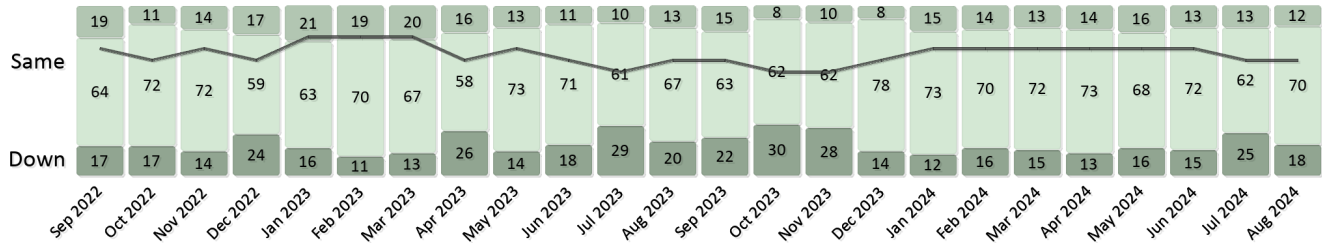
3. A. NET SALES OF MACHINED PRODUCTS - Compared with today, the trend of Net Sales volume for the next 3 months is expected to be:

Up



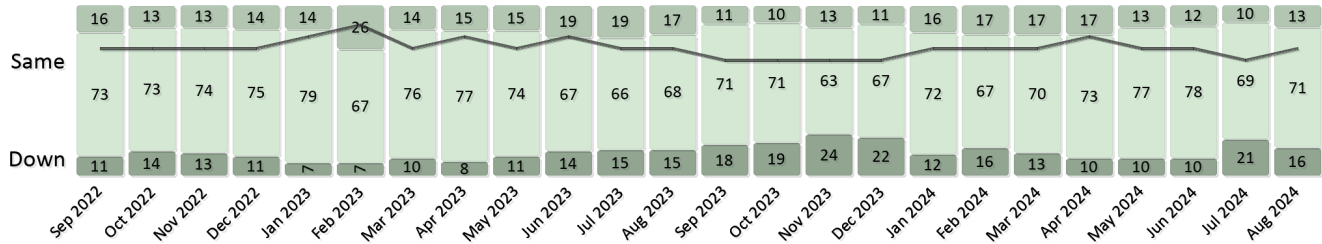
B. LEAD TIMES - Compared with today, the trend of Lead Times for the next 3 months is expected to be:

Up



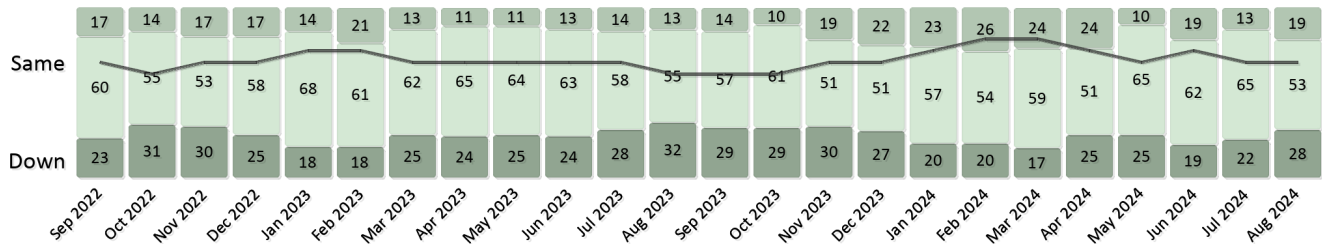
C. EMPLOYMENT - Compared with today, the trend of Employment for the next 3 months is expected to be:

Up



D. PROFITABILITY - Compared with today, the trend of Profitability for the next 3 months is expected to be:

Up



EXPLANATION OF GRAPHS: The line in each chart represents a graph for that charts data to allow for easy comparison and tracking of trends. The full range from top to bottom on that line represents 0% (bottom) to 100% (top) of the respondents. In other words, the higher the line, the greater the ration of respondents who answered the top option as opposed to the bottom option.

BUSINESS TRENDS

Index of Sales and Average Weekly Hours Charts

