

October 23, 2024

**REPORT ON BUSINESS TRENDS**  
**September 2024**

**“Sales Stay in 3 Point Range the Last 5 Months!”**

September Sales come 1 point (0.7%) above September 2023. September 2024 has the third highest value ever recorded for September. The 2024 YTD Average is 1.0 points (.7%) above our 2023-year end average.



In September we see continued stability as sales are locked in a tight range.

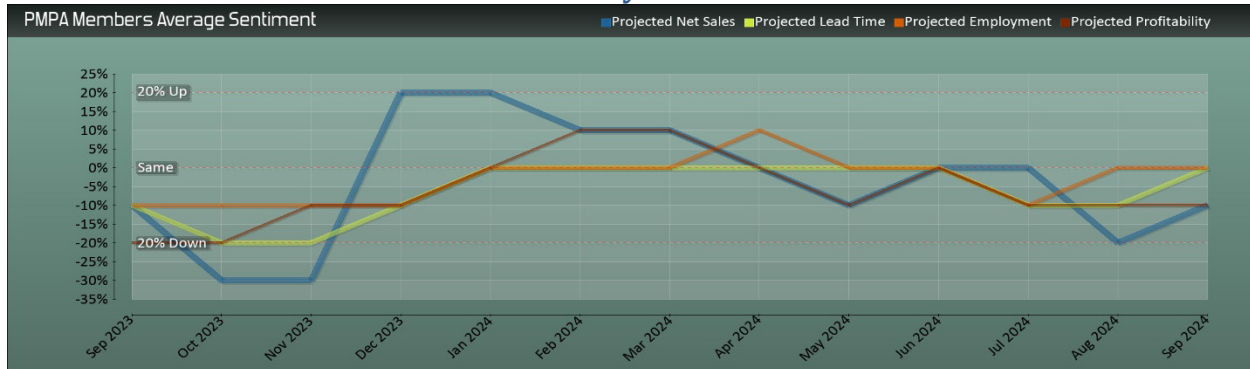
**The PMPA Business Trends Sales Index fell 3 points from August 2024 reading of 145. September is below the 5-year average for September of 148, the highest and second highest ever values skewing the average.** So, what is going on here? September sales come in at the third highest value for September. Sales are continuing to be calm. Steady, stable growth is the story of the day. Our YTD average continues to run above the 2023 average and looks to register the second-best year ever recorded for the index. The range over the year has been extremely tight. The range over the last five months has only been 3 points. We continue to run at an elevated yet steady pace.

According to the Federal Reserve *“Industrial production (IP) decreased 0.3 percent in September after advancing 0.3 percent in August. A strike at a major producer of civilian aircraft held down total IP growth by an estimated 0.3 percent in September, and the effects of two hurricanes subtracted an estimated 0.3 percent. For the third quarter as a whole, industrial production declined at an annual rate of 0.6 percent. Manufacturing output moved down 0.4 percent in September...”* Industrial production, falling 0.3 percent compared with our index, down 2.1%, shows we were moving slightly behind industrial production overall. Last month we underperformed broader industry by about 1.8 percent (*Discussed below.*)

The **“Average Length of First Shift (Hours)”** reported by our respondents for September 2024 is 41.3 hours decreasing .1 hours from August’s value of 41.4. Five shops, 8 percent of this month’s sixty-one respondents, scheduled less than 40 hours. Thirty-five shops, 58 percent of respondents, scheduled a straight forty hours. Eight shops, 13 percent of respondents, scheduled between 41 and 44 hours, while thirteen shops, 21 percent of September respondents, scheduled 45 hours or more. ***Thirty-four percent of respondents (21 shops) scheduled overtime.***

(over)

## Sentiment Indicators- Sales and Lead Times Increase While Employment and Profitability Remain Level.



Next three month's outlook for projected Sales and Lead Times were coincident and increased in September, with outlook for Profitability and Employment remaining level.

**Sales Outlook** (Reporting of Sales Outlook is a count of respondents, not a percentage of sales):

**Sentiment for Sales over the next three months increases in September.** In September 2024, ten shops, 16 percent of respondents, expect sales volume for the next three months to increase. Thirty-Five shops, (seven more than last month) 58 percent of respondents expect sales to remain level for the next three months. The remaining sixteen shops (nine less than last month), 26 percent of respondents, expect sales to decline in the next three months. *The outlook for sales increases in September with 74 percent of respondents expecting level or increasing sales in the next three months.* (Blue line on Sentiment Chart)

**Lead Times: Forward looking sentiment for lead times increased in September.** Eight shops, 13 percent of respondents, expect Lead Times to increase for the next three months. Forty-two shops, 69 percent of respondents, expect lead times to remain the same for the next three months. This month eleven shops, or 18 percent of respondents, expect lead times to decline. *The outlook for lead times increased with 81 percent of respondents expecting lead times to remain level or increase for the next three months.* (Yellow line on Sentiment Chart)

**Employment: Outlook for Employment prospects remained level in September 2024.** In September, seven shops, 11 percent of respondents, expect Employment to improve. Forty-six shops or 75 percent expect no change in employment outlook. Eight shops (13% of respondents) expect employment prospects to decline. *Prospects for employment over the next three months remain level with 86 percent of shops expecting no change or an increase in employment.* (Orange Line on Sentiment Chart)

**Profitability: Outlook for the next three months remains level in September.** Eight shops, 13 percent of respondents, expect improved profitability in the next three months. Thirty-eight shops, 62 percent of respondents, expected profitability to remain the same. Fifteen shops expect a decline in profitability (25% of respondents). *Prospects for profit remained level in September with 62 percent expecting level conditions 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 increases in September with 74 percent of respondents expecting level or increasing sales in the next three months.*
- ⇒ **Lead Times:** *The outlook for lead times increased with 81 percent of respondents expecting lead times to remain level or increase for the next three months.*
- ⇒ **Employment:** *Prospects for employment over the next three months remain level with 86 percent of shops expecting no change or an increase in employment.*
- ⇒ **Profitability:** *Prospects for profit remained level in September with 62 percent expecting level conditions in the next three months.*

**Current Environment:** Our September Business Trends report decreased three points (2.1%) over August 2024. September was one point (0.7%) above September 2023. September 2024 was six points (4.1%) below the 5-year average for September. That is a skewed number though because this is the third highest September ever recorded and the first and second highest values are in this five-year average. Sales are still strong. The range remains only nine points for the year-to-date. The range for the last 5 months is only three points. Our current YTD average is holding steady at 1 point above the year end average for 2023. That year (2023) was our second highest sales ever recorded. Our members are continuing to find ways to sell our services in market independent ways. This is reflected by the lower volatility we have seen this year. In a year where automotive has seen wild swings we have been steady.

Expectations for Sales and Lead Times rose while Profitability and Employment remained level. Employment and Lead Times are in neutral territory with Sales and Profitability in slightly negative territory. Sentiment is about flat which corresponds well with our index being stable throughout the year. Sales got a bump this month, indicating orders are starting to flow again as we are getting election season behind us. Moving into November and December, it will be interesting to see how Business Trends sentiment changes going into 2025. We expect sentiment will become more positive as projects get moving into the new year. Companies will have used the excess inventory built up over the last couple of years and need to start refilling stocks. Products will start new models in 2025 so the quotes we have been busy preparing over the last year and a half should start to flow into orders.

The index is still running rock steady. The average has remained above 2023 year end all year and we are currently only 3 points (2.1%) below our forecast year end value. The lack of volatility continues to be a sign that our shops are shifting to a more diversified customer base. As one market goes into a declining portion of its business cycle another market is moving into its expansion phase filling in the gaps. Continued solid performance in the index with low average hours worked is a positive sign productivity continues to increase in our shops. Total job openings across the US are falling which eases the employment market. The labor market is still tight as job openings continue to be higher than people available to fill the positions. Automation is filling the gaps where there are no people to fill the positions. With AI, increases in computing power, and readily available micro controllers shops are more able now than ever to enhance our performers ability to get the job done. Tasks are now managed by systems allowing our performers to do more creative work. Growth is coming sooner rather than later. *Continue to position your companies for growth.*

David Wynn, Technical Service Director  
PMPA

## 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	142				146
% YR AGO	95	109	88	106	97	92	112	99	101				
Y-T-D	95	102	97	100	99	98	100	100	100				

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

## 2. AVERAGE LENGTH OF FIRST SHIFT PER WEEK

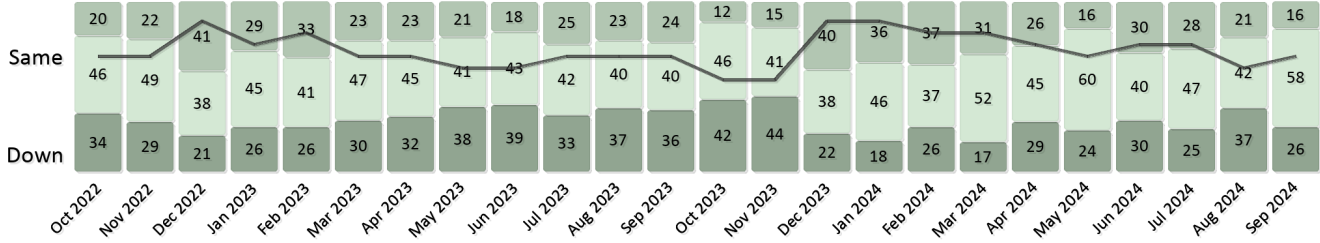
	YEAR-TO-DATE		AVERAGES	
	2023	2024	Aug	Sep
Average length first shift (hours)	42.2	41.5	41.4	41.3
<b>% Companies Reporting</b>				
Less Than 40 Hours	3%	4%	6%	8%
40 Hours	44%	57%	57%	57%
41-44 Hours	27%	20%	19%	13%
45 Hours	11%	11%	10%	13%
46-49 Hours	7%	5%	4%	5%
50 and Over	6%	2%	3%	3%

**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: **September 2024**

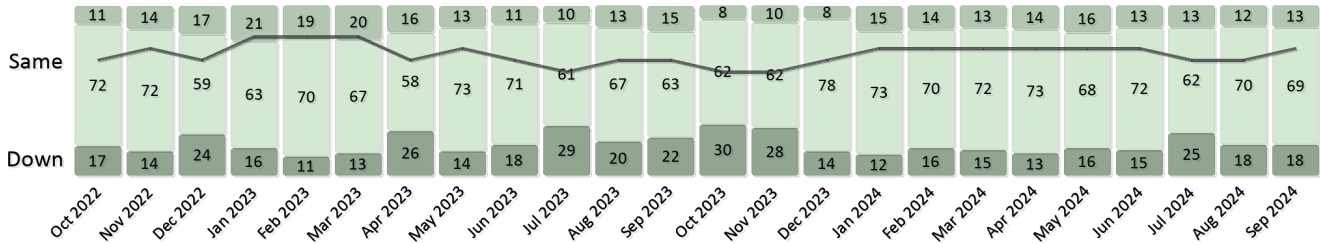
**3. A. NET SALES OF MACHINED PRODUCTS** - Compared with today, the trend of Net Sales volume for the next 3 months is expected to be:

Up



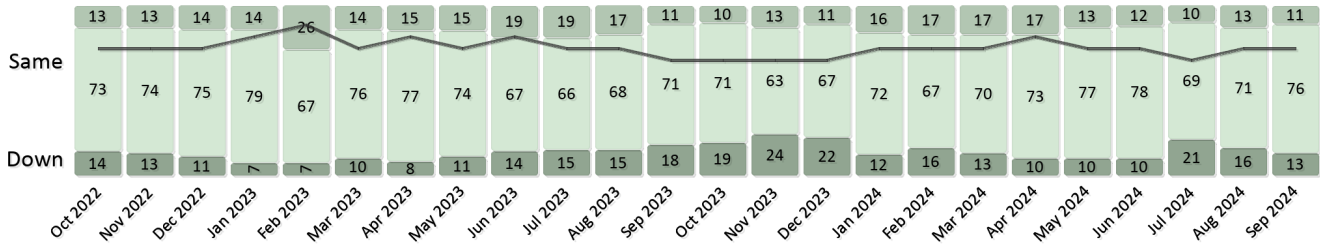
**B. LEAD TIMES** - Compared with today, the trend of Lead Times for the next 3 months is expected to be:

Up



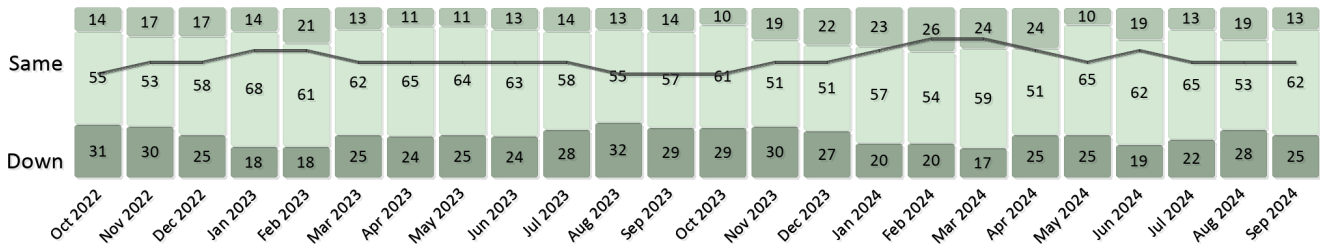
**C. EMPLOYMENT** - Compared with today, the trend of Employment for the next 3 months is expected to be:

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

