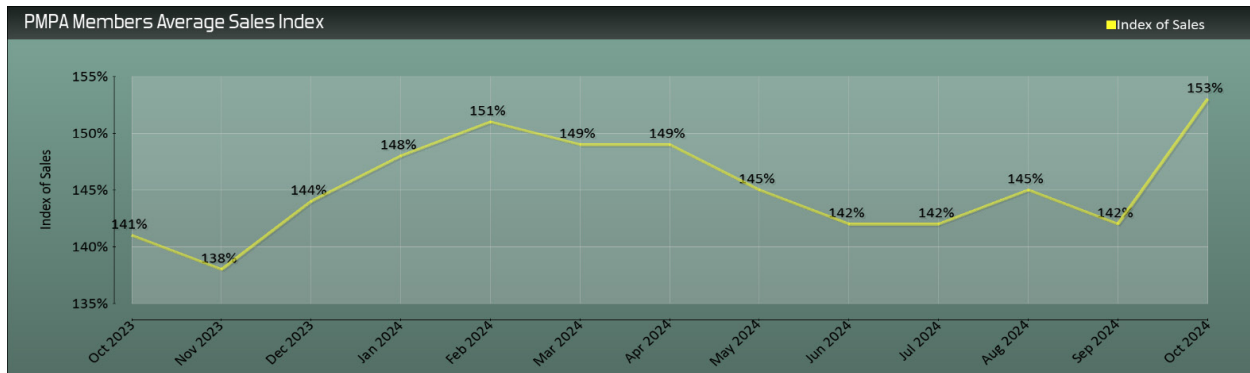


November 25, 2024

**REPORT ON BUSINESS TRENDS**  
**October 2024**

**“October Strengthening – New High for 2024”**

*October 2024 Sales Index shoots up 11 points or 7.8 percent, moving annual average even closer to our April Forecast.*



*October 2024 Sales Index shoots up 11 points, 7.8 percent from September's 143.*

**The PMPA Business Trends Sales Index increased 11 points to 153, setting a new high for 2024. The October increase was 7.8 percent, the greatest month to month change in 2024. The October reading of 153 was the highest since June of 2023's 155 Sales Index.** This is the first month that the index was outside the 15-point range of the year to date. The 11-point increase is fully 122 percent of the year to date 9 point range. This indicates a significant change in sales/demand for our products. October 2024's index of 153 is up 10 points or 7 percent from the five- year average for October. At 147 year-to-date average, we are within 2 points or 1.3 percent of our April forecast for the full year average of 149. 65 shops reporting.

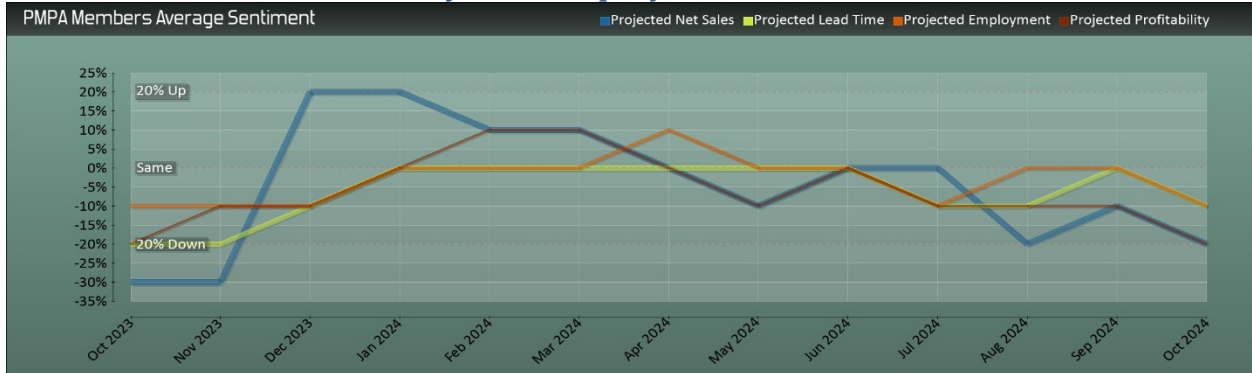
If your shop is not one of the shops showing regular or improved order volume- 44 percent of this month's respondents scheduled overtime (29 shops scheduled 41hours or over)- and 24% of our respondents (16 of those 29 shops) scheduled over 10% overtime. Three shops (5 percent) scheduled less than 40 hours. Thirty-three shops (51 percent of respondents) scheduled straight forty hours.

According to the Federal Reserve “Industrial production (IP) decreased 0.3 percent in October after declining 0.5 percent in September. A strike at a major producer of civilian aircraft held down total IP growth by an estimated...0.2 percentage point in October. Hurricane Milton and the lingering effects of Hurricane Helene together reduced October IP growth 0.1 percentage point. In October, manufacturing output moved down 0.5 percent...” Outperforming Industrial Production- Quite unexpected!

The “**Average Length of First Shift (Hours)**” reported by our respondents for October 2024 increased 0.9 hours from September's 41.3 hours. This is up 0.6 hours from the calendar year to date average, and dead even with 2023 year to date average at this time.

*(over)*

## Sentiment Indicators- Q4 Sales Increase and Longer Lead Times Expected- Profitability and Employment Remain Level



Next three month's outlook for all sentiment indicators declined in October, contrary to October's sales performance.

**Sales Outlook** (Reporting of Sales Outlook is counts of respondents, not percent of sales): **Sentiment for Sales over the next three months dropped in October 2024.** Ten shops (15.3%) expect Sales growth for the next three months. Thirty shops (47%) expect sales to remain level. Twenty-five shops (38%) – up from only 16 last month- expect Sales to decline. *The outlook for Sales for the next three months has turned negative for our shops for the next three months.* (Blue line on Sentiment Chart)

**Lead Times: Forward looking sentiment for Lead Times for the next three months declined in October 2024.** Eight shops (same as August and September) or 13 percent of this month's respondents expect Lead Times to increase for the next three months. Forty-two shops, 65 percent of respondents- expect Lead Times to remain the same for the next three months. Fourteen respondents- three more than September- or 22 percent- expect Lead Times to decline in the next three months. *The outlook for Lead Times declined in October 2024 with 87 percent of respondents expecting Lead Times to remain the same or decrease over the next three months.* (Yellow line on Sentiment Chart)

**Employment: Outlook for Employment prospects declined in October 2024.** In October, only 4 shops, or 6 percent of respondents expect employment prospects to improve. 53 shops- 82 percent of respondents- expect Employment opportunities to remain the same over the next three months. Eight shops (same as September) or 12 percent of respondents expect prospects to decline. *Prospects for Employment declined in October 2024 with 94 percent of responding shops expecting Employment prospects to remain level or decline for the next three months.* (Orange Line on Sentiment Chart)

**Profitability: Outlook for Profitability remained level in October 2024.** In October, sentiment for profitability declined, with only 6 shops- 9 percent of respondents- (down 2 from September's 8) expecting improved profitability. 37 shops- 67 percent of respondents- expect Profitability to remain level. Twenty-two shops- 34 percent of respondents- expect profitability to decline. *Ninety-one percent (91%) of respondents expect Profitability to remain level or decrease for the next three months.* (Dark Red Line on Sentiment Chart)

(over)

**Opinions for the next three months compared to today:**

- ⇒ **Net Sales:** *The outlook for Sales for the next three months has turned negative for our shops for the next three months.*
- ⇒ **Lead Times:** *The outlook for Lead Times declined in October 2024 with 87 percent of respondents expecting Lead Times to remain the same or decrease over the next three months.*
- ⇒ **Employment:** *Prospects for Employment declined in October 2024 with 94 percent of responding shops expecting Employment prospects to remain level or decline for next three months.*
- ⇒ **Profitability:** *Ninety-one percent (91%) of respondents expect Profitability to remain level or decrease for the next three months.*

**Current Environment: Our October 2024 sales and hours scheduled performance certainly surprised to the upside, while our four sentiment indicators all turned strongly downward.** This contrast is a stark reversal from the consistent, steady reality that our data has been indicating all year.

Critical thinking is recognizing and challenging the assumptions, and in October, every media channel was focused on the uncertainty or presumed certainty of the upcoming (at that time) Presidential election. Numbers don't lie, and our shops once again outperformed the feds broad industry indicators for both Industrial production and manufacturing production. We are confident that with the election (and its news cycle volatility behind us) that our four sentiment indicators will start to recover in next month's report.

**Why are we optimistic? We outperformed the broad industry measures despite the fact that the Boeing machinist union strike and storm damage from two major hurricane events took place.**

We attribute the consistent performance of our Sales Index to the intelligent diversification of markets served by our reporting shops. Our year-to-date Sales Index of 147 continues to point toward our April forecast of 149 for the year-end average as being likely, currently our year-to-date average is just down 2 points or just 1.3 percent.

We note that the monthly, and three-month moving averages have diverged away from that of the twelve-month moving average, a significant change. Remember what you learned back when you were doing SPC control charting- look for an assignable cause. The fact that our October increase of 11 points was larger than the 9-point range that our index has tracked within all year- makes a compelling case for the "animal spirits" that the market pundits claim to be moving the markets. Our shops Sales "roared" with the animal spirits. We hope that you got your share. We are unconcerned about the negative turn of our sentiment indicators, between the anxiety of the pre -election uncertainty, there is also a large measure of expected seasonal downturn for November and December in respondents thinking. We are within 2 percent of our April forecast for the End of the year average for sales. Add that to your Gratitude List for Thanksgiving this week.

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	142	153			147
% YR AGO	95	109	88	106	97	92	112	99	101	109			
Y-T-D	95	102	97	100	99	98	100	100	100	101			

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

## 2. AVERAGE LENGTH OF FIRST SHIFT PER WEEK

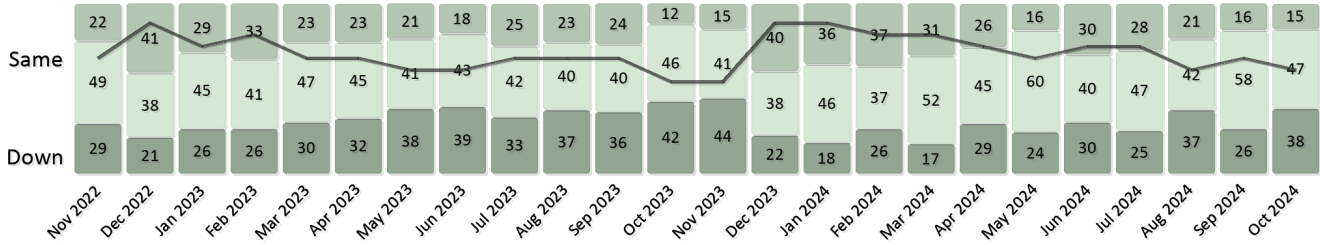
	YEAR-TO-DATE		AVERAGES	
	2023	2024	Sep	Oct
Average length first shift (hours)	42.2	41.6	41.3	42.2
<b>% Companies Reporting</b>				
Less Than 40 Hours	3%	4%	8%	5%
40 Hours	44%	56%	57%	51%
41-44 Hours	27%	20%	14%	20%
45 Hours	11%	11%	13%	11%
46-49 Hours	7%	5%	5%	6%
50 and Over	6%	3%	3%	8%

**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: **October 2024**

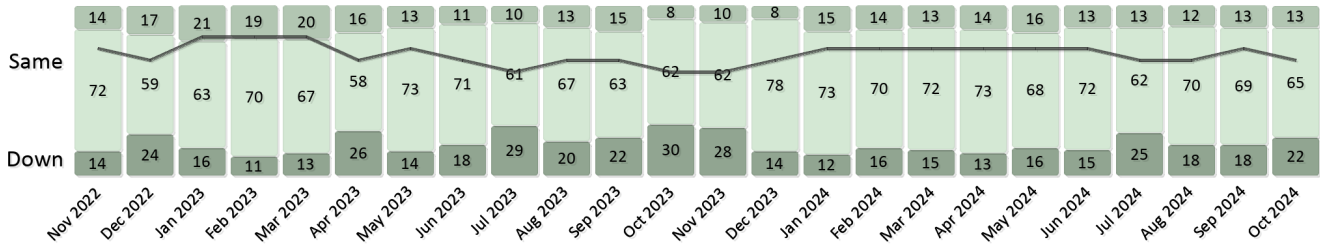
**3. A. NET SALES OF MACHINED PRODUCTS** - Compared with today, the trend of Net Sales volume for the next 3 months is expected to be:

Up



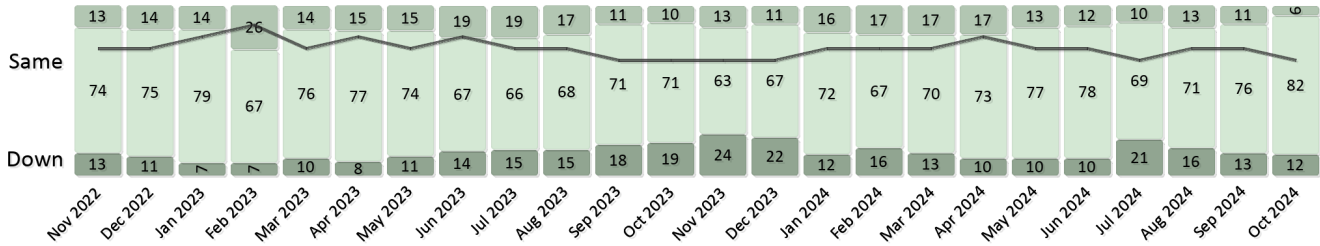
**B. LEAD TIMES** - Compared with today, the trend of Lead Times for the next 3 months is expected to be:

Up



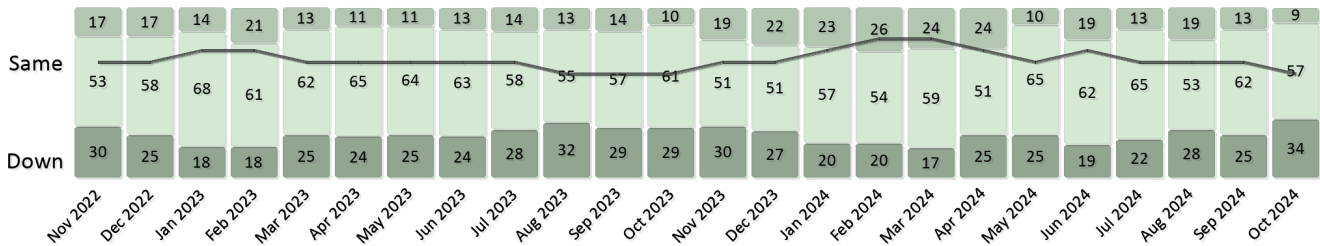
**C. EMPLOYMENT** - Compared with today, the trend of Employment for the next 3 months is expected to be:

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

