



# THE GLOBAL MANUFACTURING OUTLOOK

RISK OF RECESSION RISES



Presented by  
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## MAPI Predicts Continued Economic Growth

### Reasons for Economic Growth

- **Large Increase Scheduled For Motor Vehicle Production**
- **Decline in Food and Gasoline Prices**
- **Pent-up Demand For Durable Goods—Particularly Motor Vehicles**
- **100% Expensing of Business Equipment Purchases**
- **Ongoing Relatively Strong Export Growth**

## The Pace of Economic Growth Will Be Relatively Slow

### Reasons for Sluggish Growth

- **Mild Recession in Europe**
- **Job Growth Will Be Disappointing**
- **Political Gridlock Lowers Confidence In the U.S. and Europe**
- **Stock Market Correction**
- **Only A Tepid Rebound in Housing**
- **Government Spending Austerity**

## Pent-Up Demand For Motor Vehicles, But Consumers Are Income Constrained Which Squeezes Nondurables; Housing Rebound in 2012

### Consumer-Related Manufacturing Production

Industry	Percent Change			Industry	Percent Change		
	2011 (F)	2012 (F)	2013 (F)		2011 (F)	2012 (F)	2013 (F)
Motor Vehicles & Parts	8	11	10	HVAC Equipment	7	0	7
Petroleum & Coal Products	2	3	0	Textile Product Mills	-3	-3	0
Plastic Products	4	2	2	Paints, Soaps, Toiletries & Misc.	9	3	1
Logging	-7	2	7	Food	0	1	2
Wood Products	2	0	6	Apparel	0	-5	-4
Furniture & Related Products	5	1	4	Pharmaceuticals & Medicines	-1	-1	3

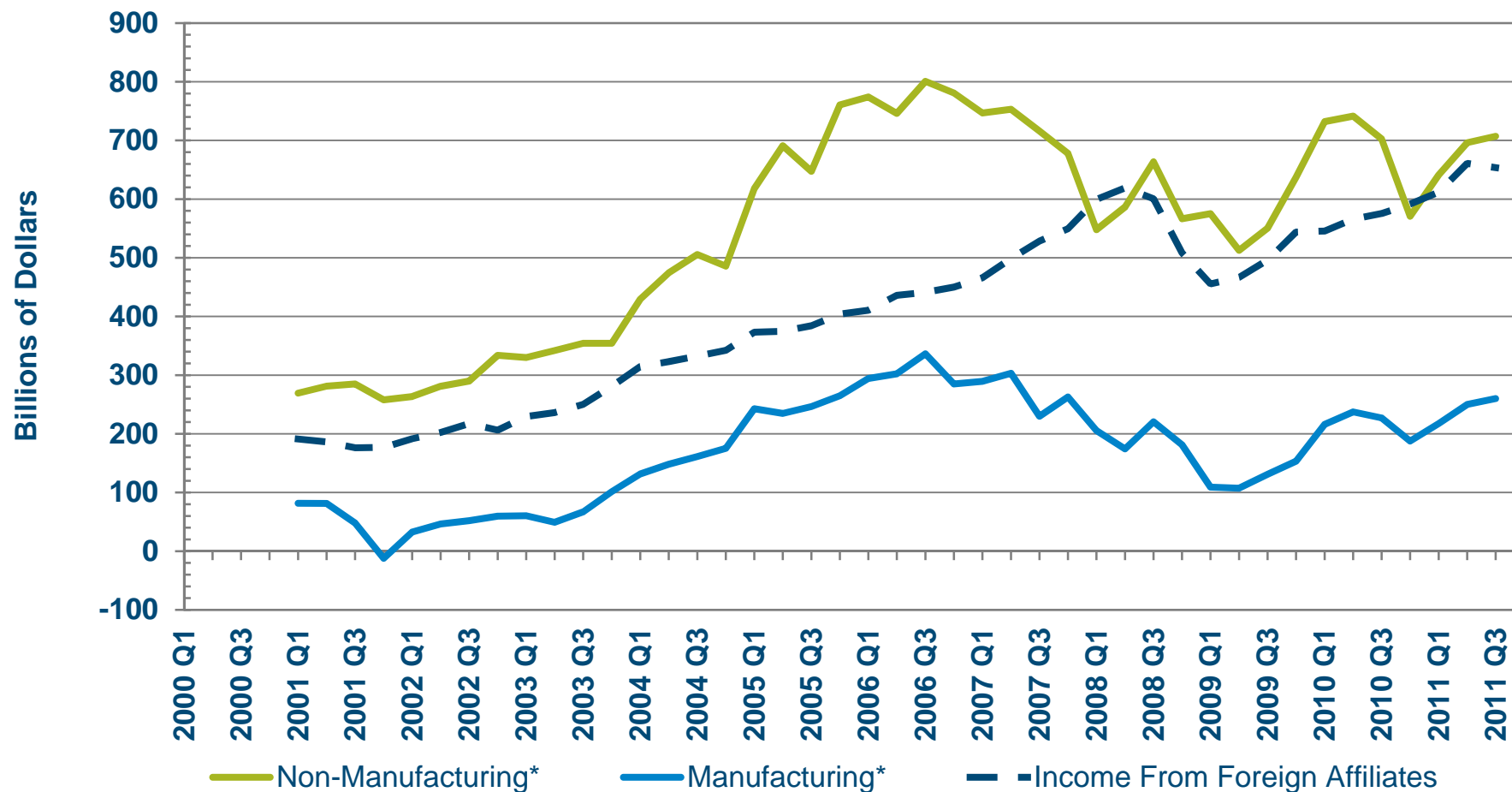
F=Forecast

Source(s): Federal Reserve and MAPI, November 2011



# Corporations Have the Cash To Make Investments

## Non-Financial Corporate Profits



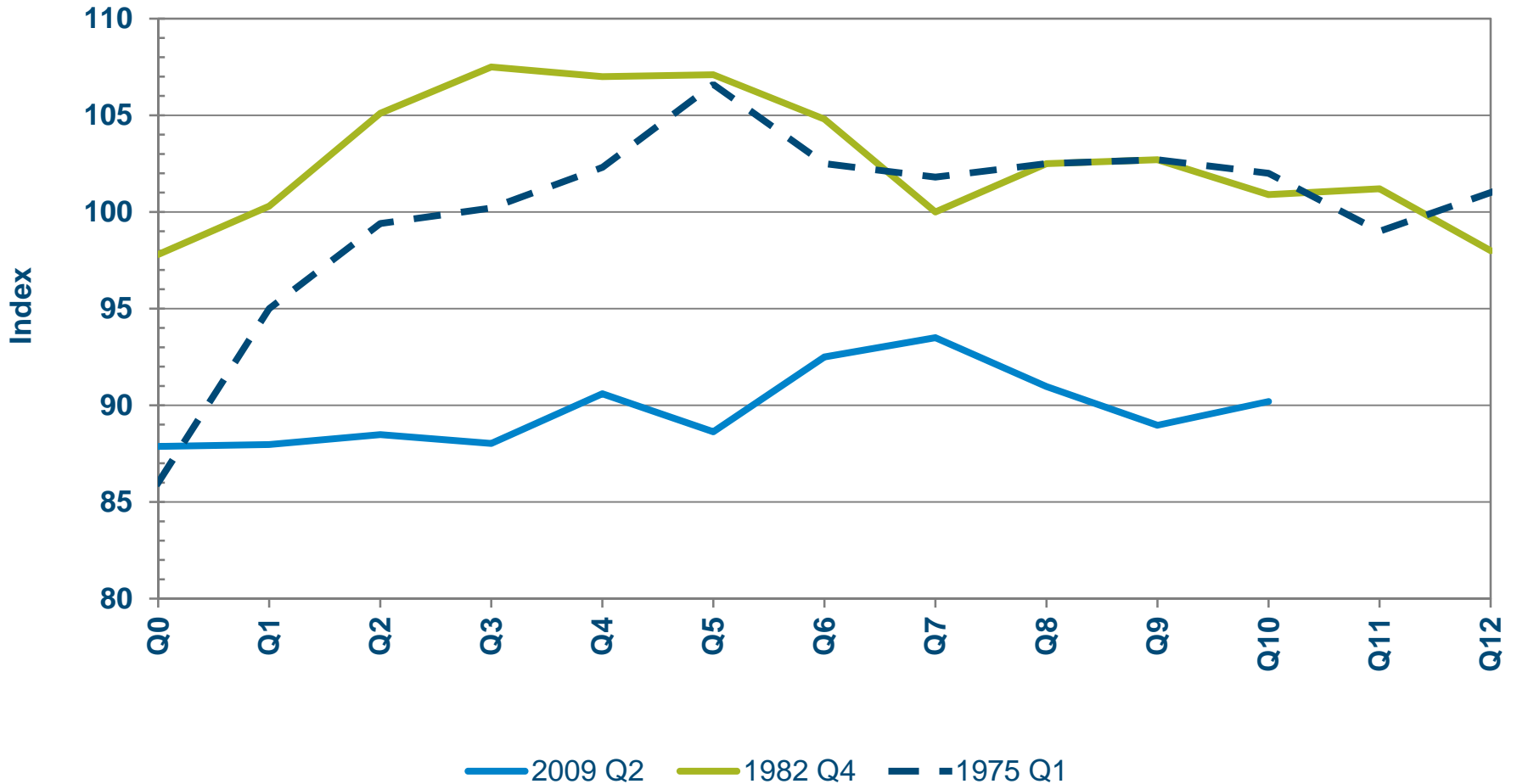
\*Domestic profits only.

Source(s): U.S. Bureau of Economic Analysis and MAPI



# Small Business Experiencing A Weak Recovery From the 'Great' Recession

## Small Business Optimism Index, Recovery from Recession Trough



Source(s): National Federation of Independent Business and MAPI

## Expensing Tax Provisions, Ample Profits, and Relatively Strong Export Growth Drive Equipment Production

### Investment-Related Manufacturing Production

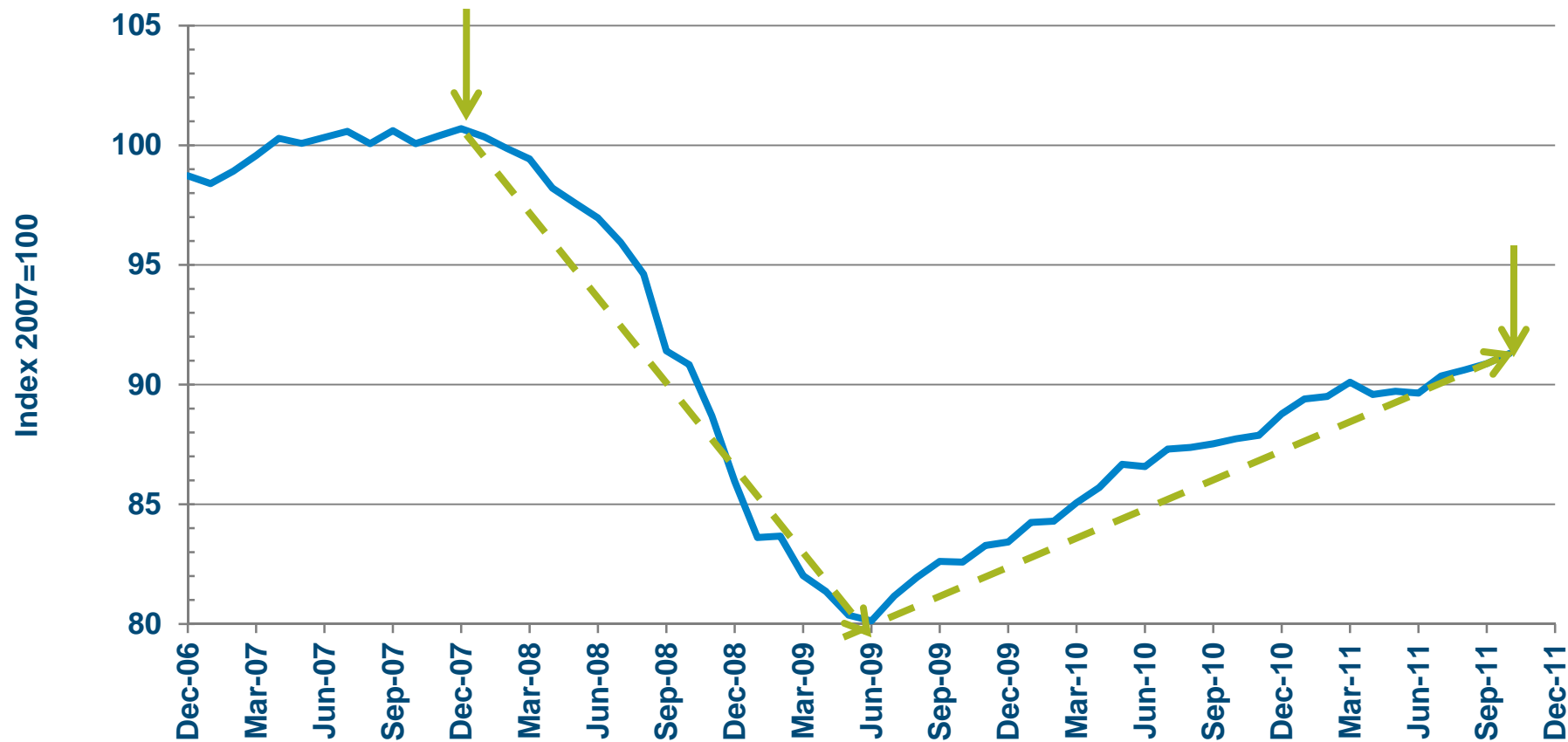
	Percent Change				Percent Change		
	2011 (F)	2012 (F)	2013 (F)		2011 (F)	2012 (F)	2013 (F)
Industry				Industry			
Electric Lighting Equipment	3	2	7	Metalworking Machinery	14	9	4
Electrical Equipment	-2	4	3	Industrial Machinery	16	6	5
Architec. & Structural Metals	8	1	4	Heavy Duty Trucks	56	14	15
Construction Machinery	5	5	6	Medical Equipment & Supplies	5	6	3
Engines & Turbines	24	7	4	Forging & Stamping	16	7	3
Agricultural Equipment	0	5	3	Aerospace Products & Parts	9	18	17
Drilling Equipment	25	14	6	Ship & Boat Building	1	-4	-5

F=Forecast

Source(s): Federal Reserve and MAPI, November 2011

# A Moderately Paced Manufacturing Recovery

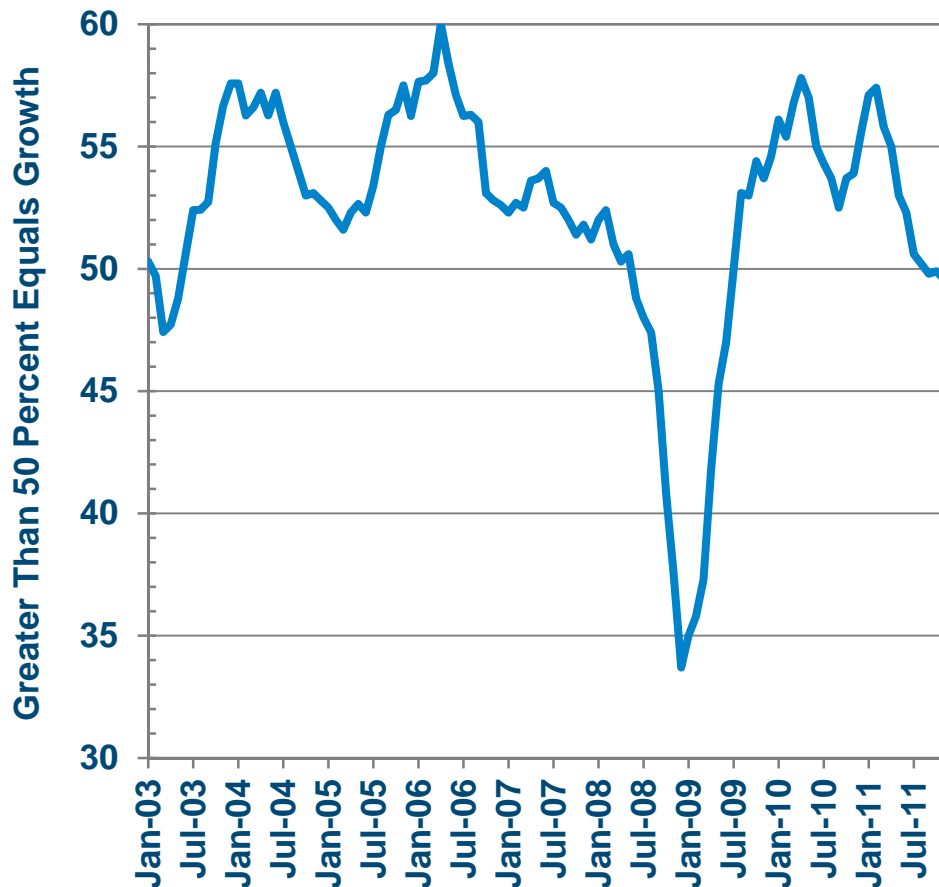
## Manufacturing Industrial Production



Source(s): Federal Reserve Board and MAPI

# North America Rebounding From 2011Q2 Deceleration; Asia, Brazil and Europe Slowing Down

## Global Manufacturing PMI\*



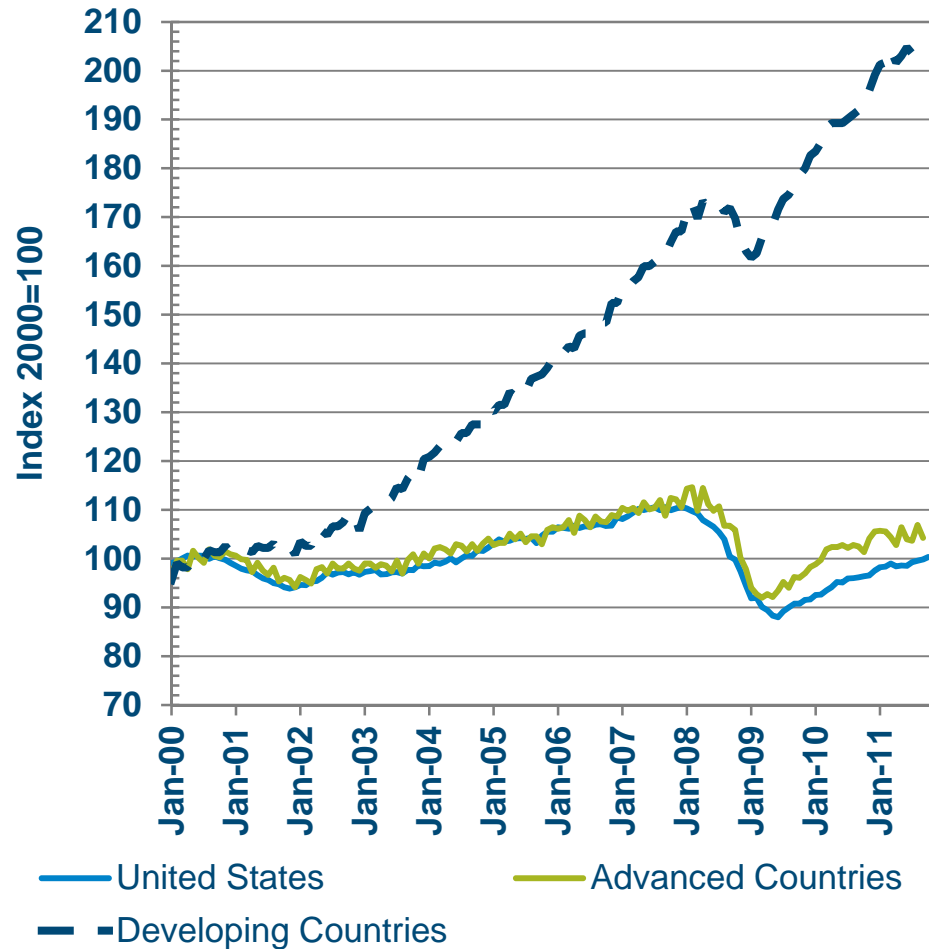
## PMI By Country

Country	2011		
	Sep	Oct	Nov
United States	51.6	50.8	52.7
Canada	55.0	53.7	53.3
Mexico	52.6	53.6	52.1
Brazil	45.5	46.5	48.7
UK	50.8	47.8	47.6
Euro Zone	48.1	47.1	46.4
Japan	49.3	50.6	49.1
China	49.9	51	47.7
India	50.4	52.0	51.0
Korea	47.5	48.0	47.1
Taiwan	44.5	43.7	43.9
Russia	50.0	50.4	52.6

\*Purchasing Managers Index  
Source(s): Markit and ISM

# Developing Economies Drive Global Manufacturing Expansion; Advanced Economies Still Recovering

## Industrial Production



## Industrial Production By Country

	Percent Change	
	2011 (F)	2012 (F)
World Industrial Production	5	4.5
Advanced Economies	2.5	2
Developing Economies	7.5	7.5
U.S. Manufacturing Production	4	3

F=Forecast

Source(s): CPB Netherlands Bureau for Economic Policy Analysis and World Bank and MAPI