

Prepared August 2011
(for the period ending 06/30/2011)

Overall Survey Results
Results by Industry Segment
Results by Geographic Region
Member Comments by Industry Segment



National Tooling & Machining Association

9300 Livingston Road, Ft. Washington, MD 20744-4998 (301) 248-6200

(800) 248-6862

Fax: (301) 248-7104

<http://www.ntma.org>

August 1, 2011

Business conditions for NTMA member companies showed improvement through the first half of 2011 and optimism is evident as manufacturers pace themselves for a continuing level of productivity for the remainder of the year.

This NTMA Report covers the first half of 2011 and is a geographical “snapshot” of business trends and conditions in the special tooling and machining industry.

Of our reporting companies, 76% reported business conditions as good, very good, or excellent for the first half of 2011 – up from 74% for the second half of 2010 and higher than the same period a year prior.

91% of survey respondents projected business conditions will either remain the same or improve during the second half of this year, with a majority indicating a moderate increase or better for business; a more confident assessment than provided in our last report.

In nearly every region and industry segment, our manufacturers are seeing improved business conditions and growing confidence for the year. Quoting, Shipping, Order Backlog, Profits, and Employment have all increased over the prior reporting period and are expected to stay the same or increase through the next quarter.

Other business condition indicators were as follows:

- Future Work on Books (Average) – 14 weeks; up from 13 weeks in December 2010
- Average Workweek per Skilled Employee – 44.8 hours; up from 44.3 hours in June 2010
- Number of Employees (% Change) - 7% improvement from December 2010 levels.

For comparison purposes, the Institute for Supply Management also reported improved business conditions in manufacturing during the first half of 2011 and in June the manufacturing index continued its growth as the PMI registered 55.3 percent and marked the 23rd consecutive month of manufacturing expansion. Of the 18 manufacturing industries reported by the ISM, 10 are reporting growth in July, in the following order: Paper Products; Furniture & Related Products; Computer & Electronic Products; Transportation Equipment; Wood Products; Petroleum & Coal Products; Printing & Related Support Activities; Primary Metals; Fabricated Metal Products; and Nonmetallic Mineral Products.

A special thanks to the 236 NTMA member companies (19% of membership) that participated in the June 2011 NTMA Business Conditions Report.

Sincerely,

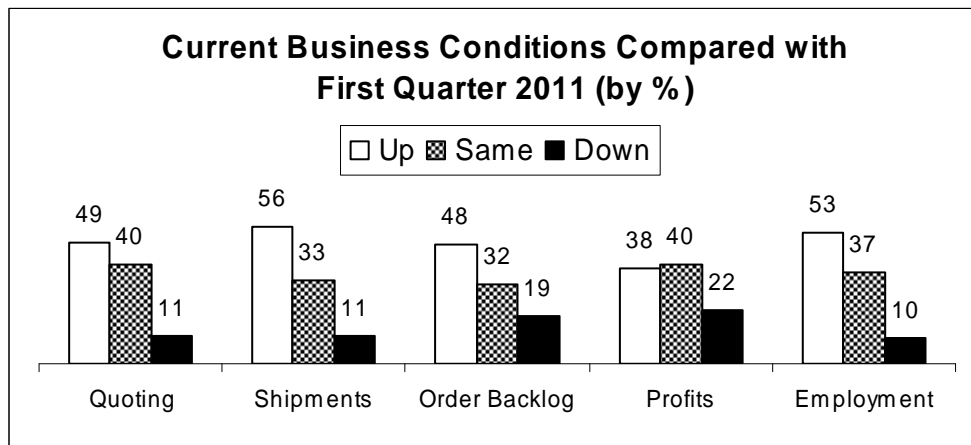
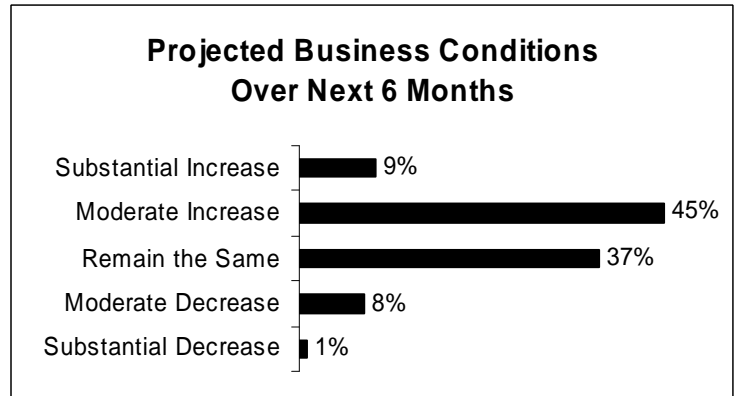
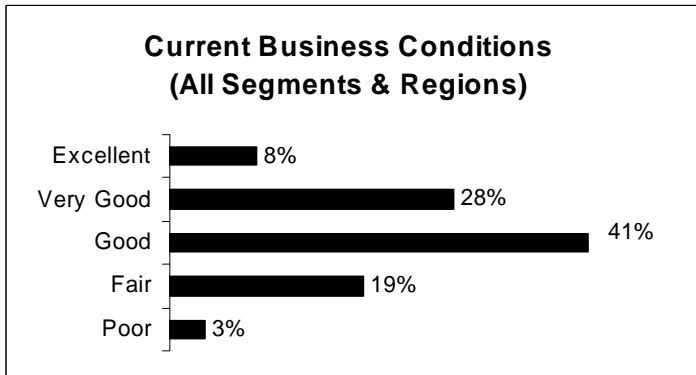
A handwritten signature in blue ink that reads "Rob Akers".

Rob Akers
Chief Operating Officer



June 2011 NTMA Business Conditions Report

The June 30, 2011 reports from 236 NTMA member companies (19% of total membership).



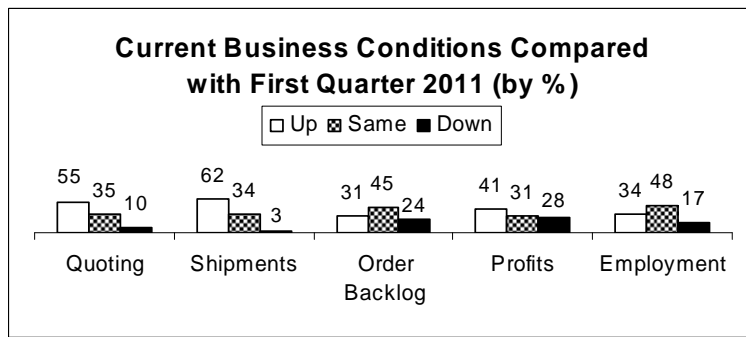
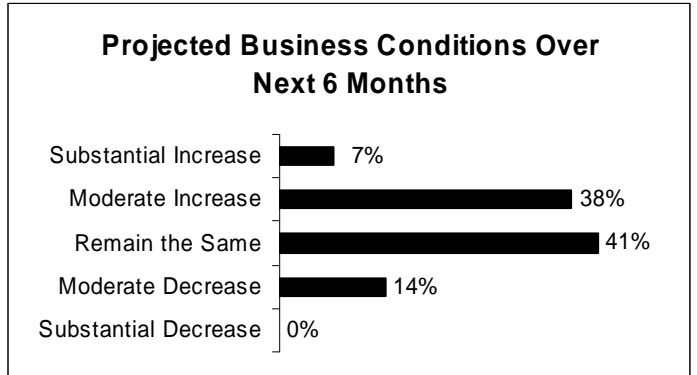
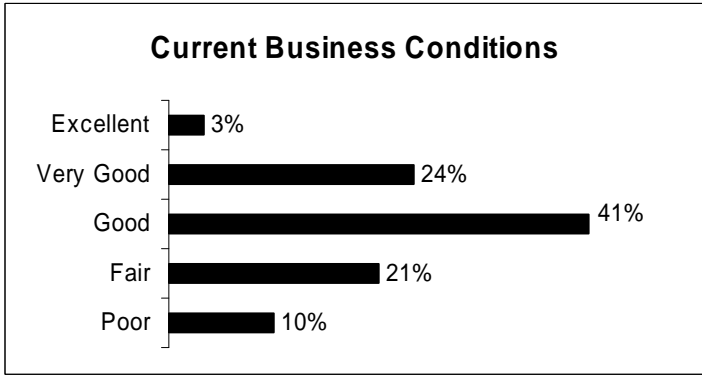
Future Work on Books (Average): 14 weeks

Current Average Workweek Per Skilled Employee (hours per week): 44.8

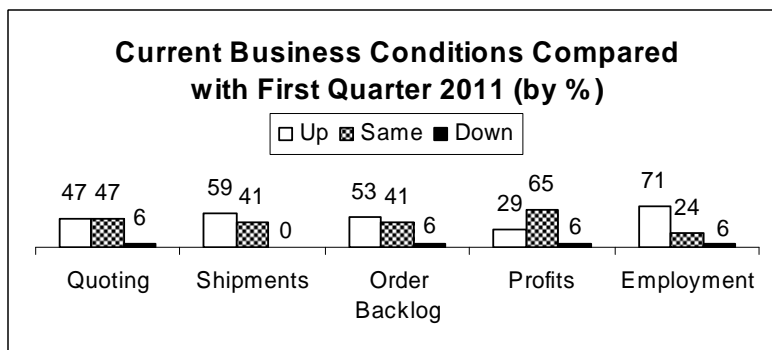
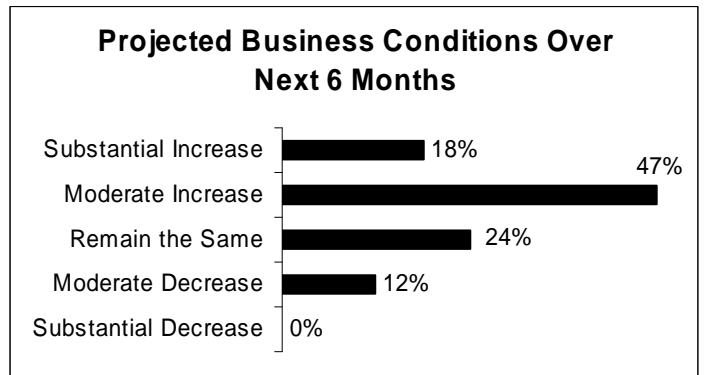
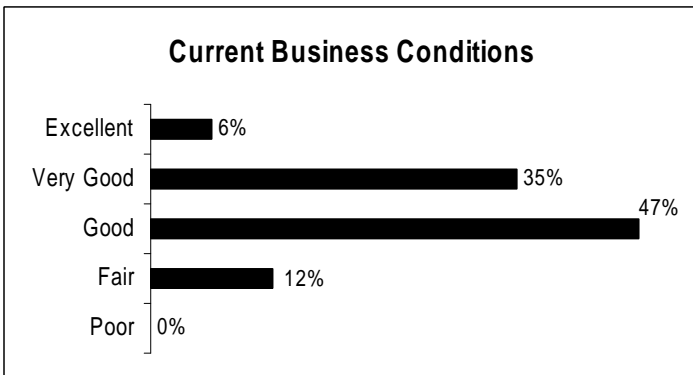
Total number of employees as of December 31, 2010 = 10,711

Total number of employees as of June 30, 2011 = 11,414

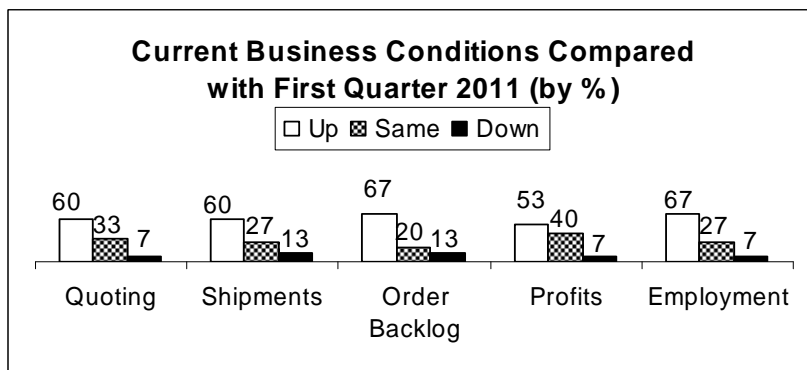
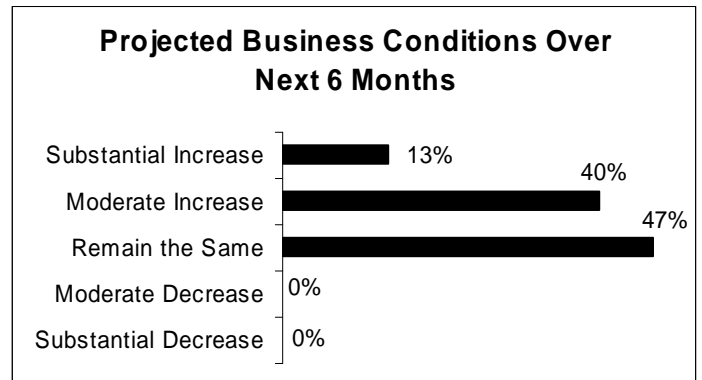
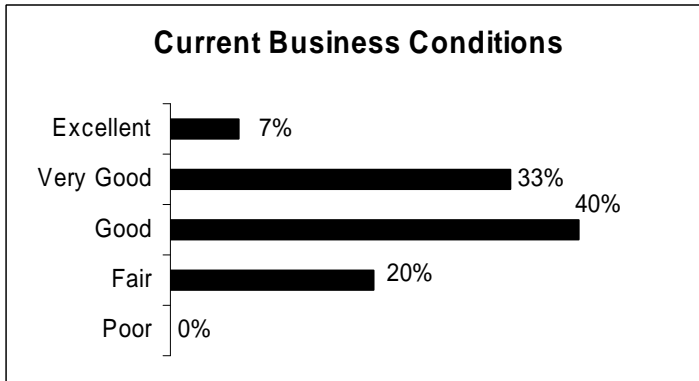
BUSINESS CONDITIONS (By Industry Segment)
TOOLS, DIES & FIXTURES
(29 responses)



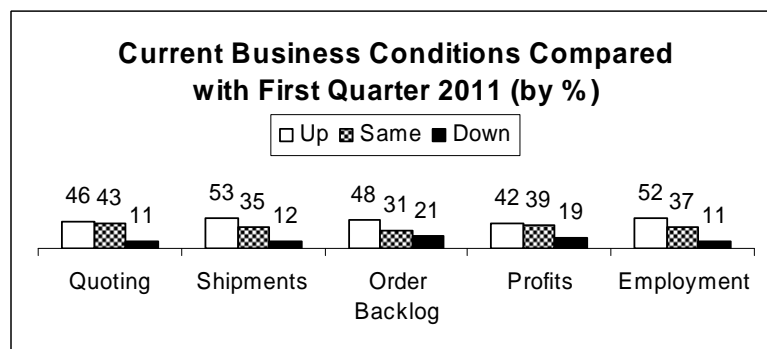
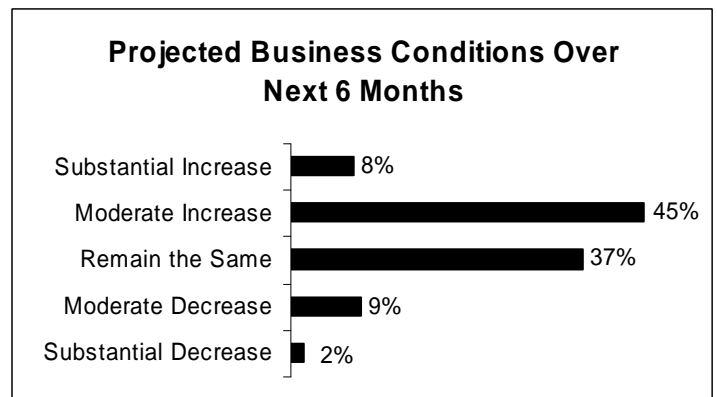
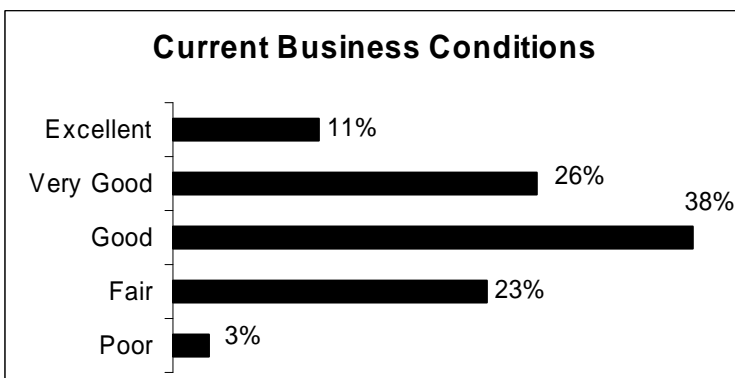
MOLDS
(17 responses)



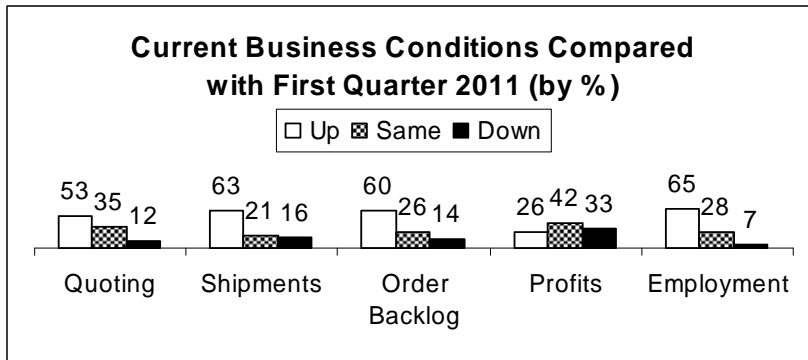
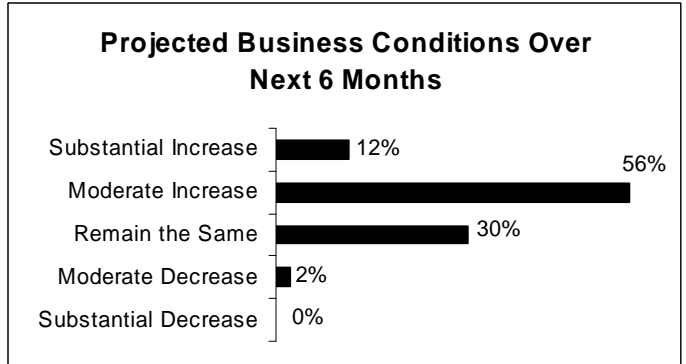
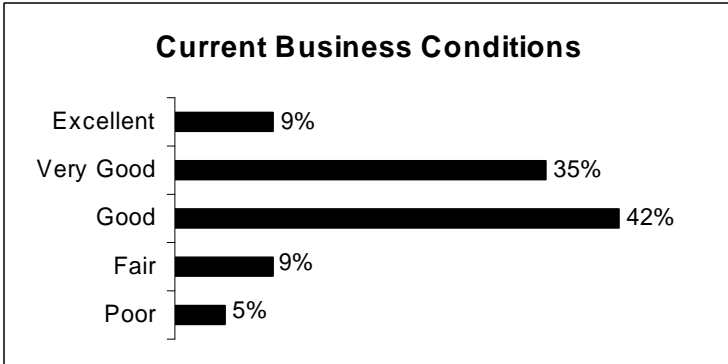
SPECIAL MACHINES
(15 responses)



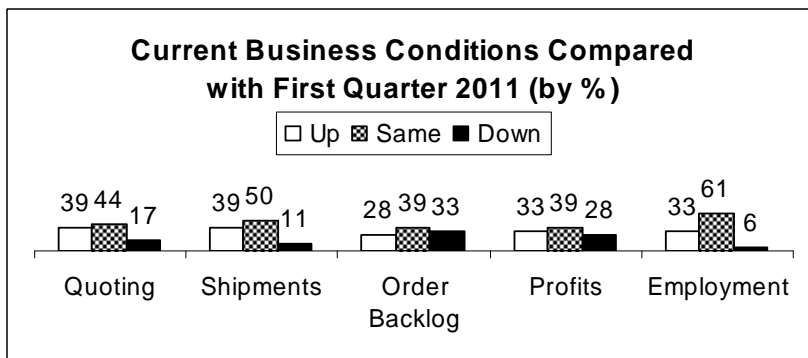
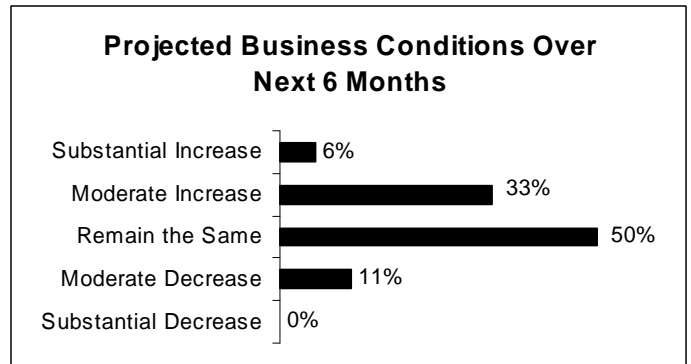
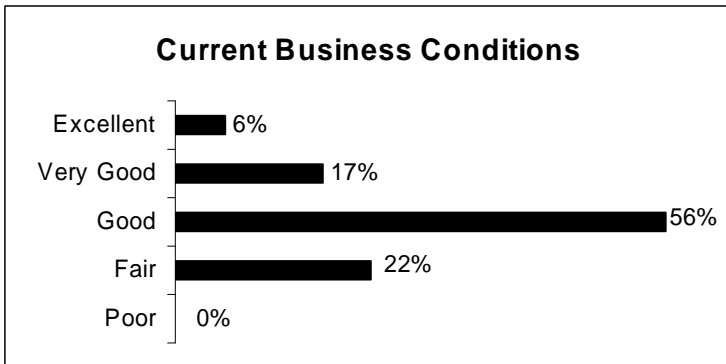
PRECISION MACHINING (excluding Aerospace)
(114 responses)



AEROSPACE MACHINING & FABRICATION
(43 responses)

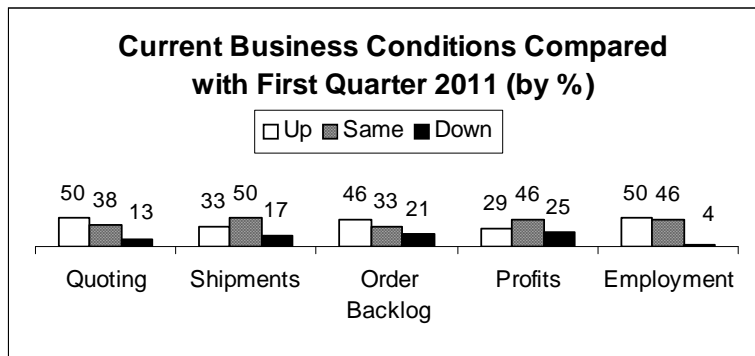
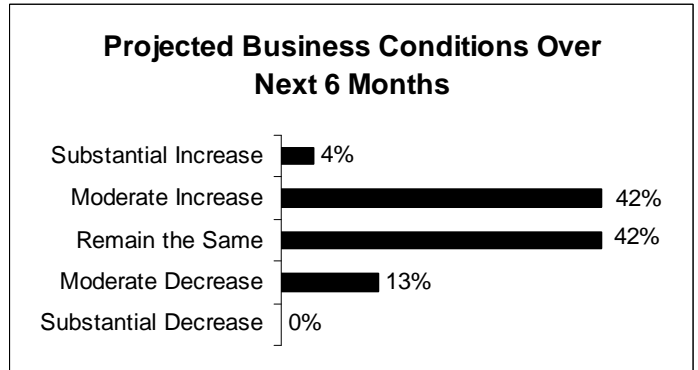
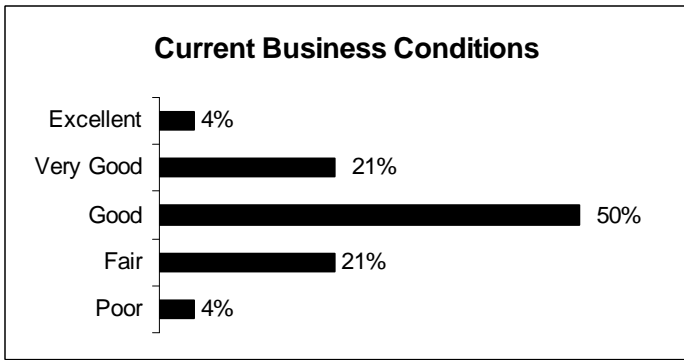


METAL FABRICATION & STAMPING
(18 responses)

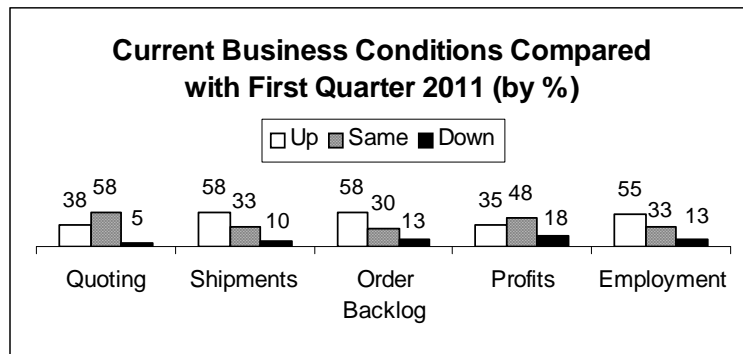
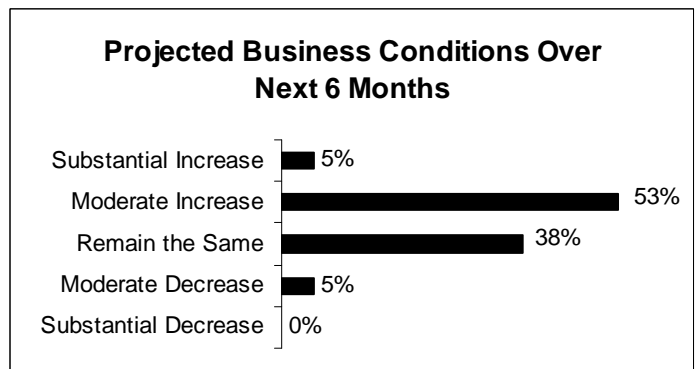
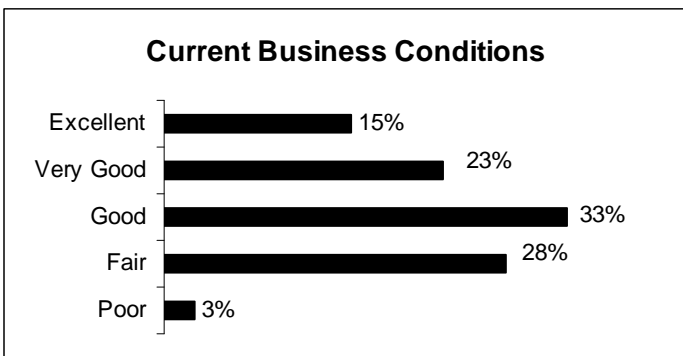


BUSINESS CONDITIONS (By Geographic Region)

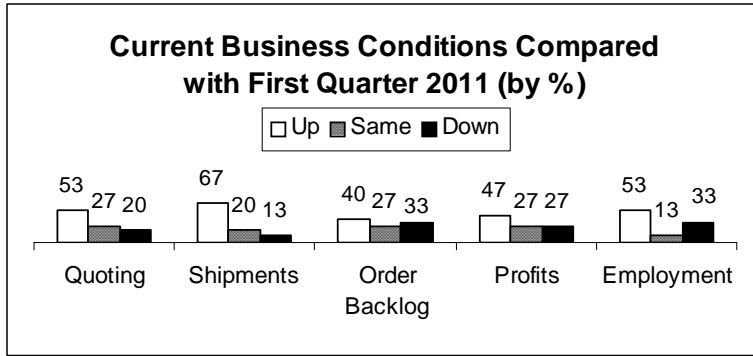
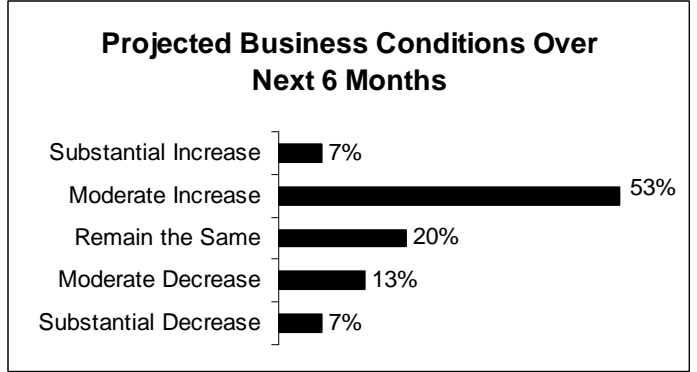
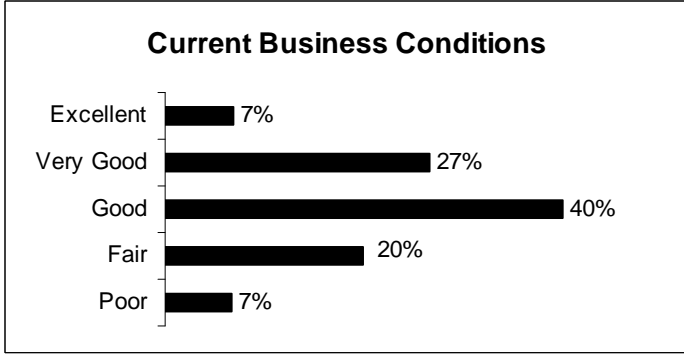
**NEW ENGLAND (ME, VT, RI, NH, MA, CT)
(24 responses)**



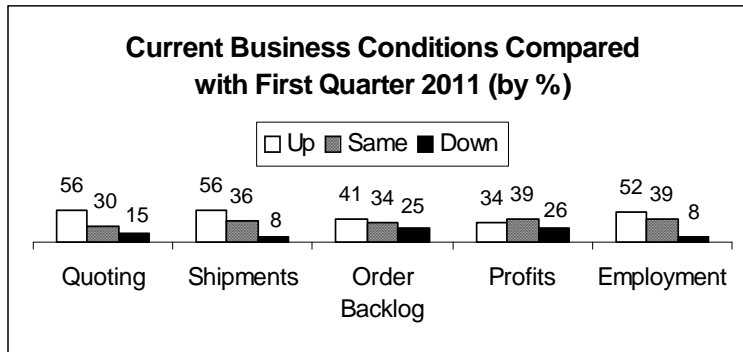
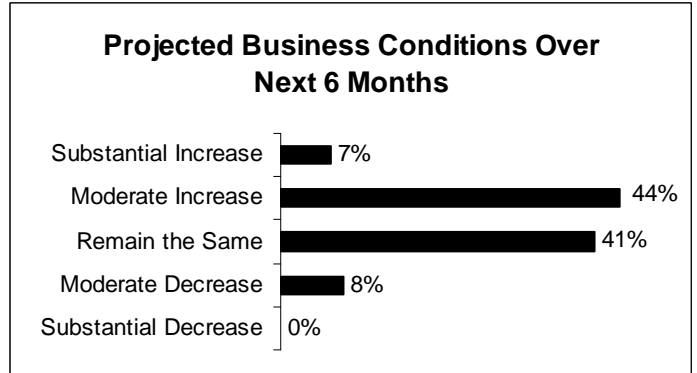
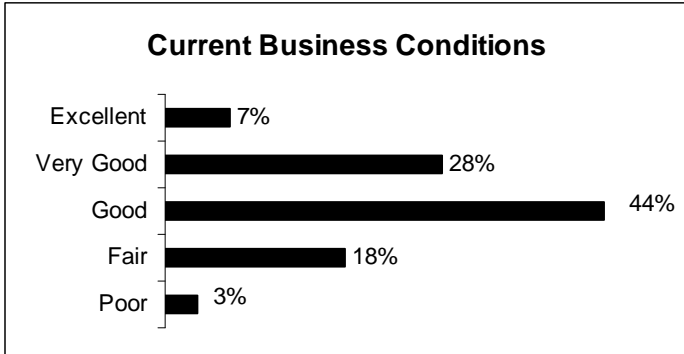
**NORTHEASTERN CENTRAL (DC, NY, PA, NJ, DE, MD, WV, VA)
(40 responses)**



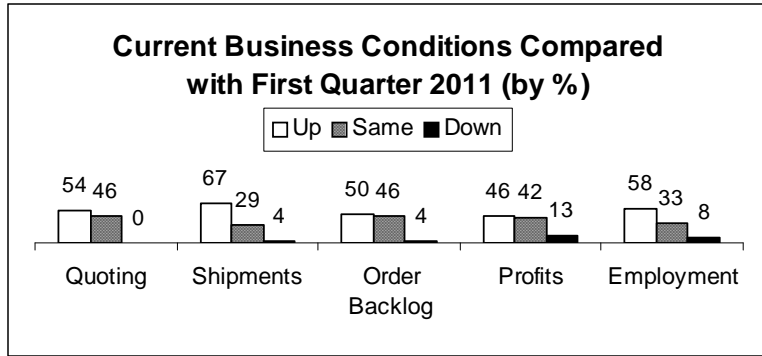
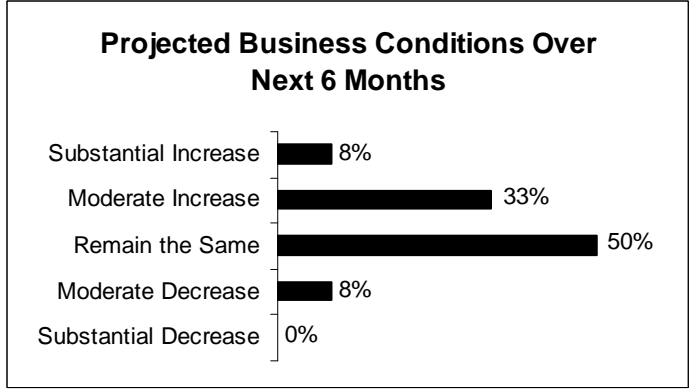
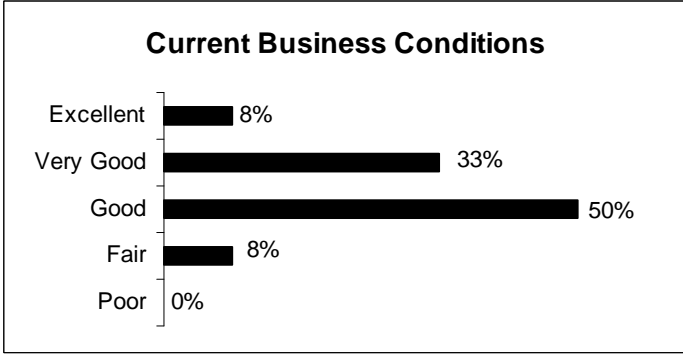
SOUTHEASTERN (FL, KY, NC, SC, TN, GA, AL, MS)
(15 responses)



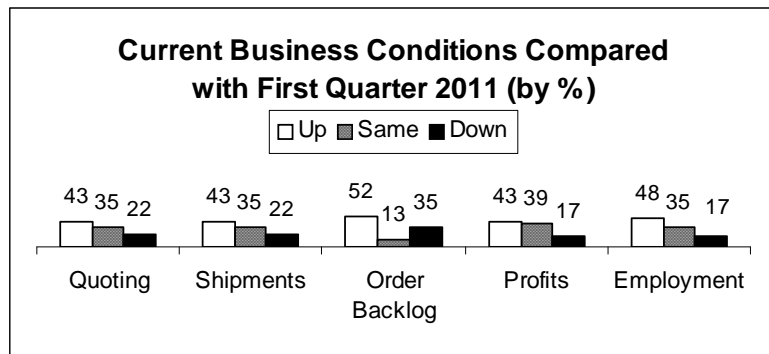
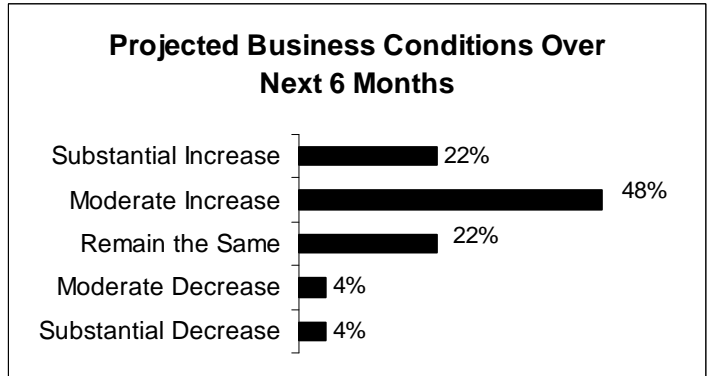
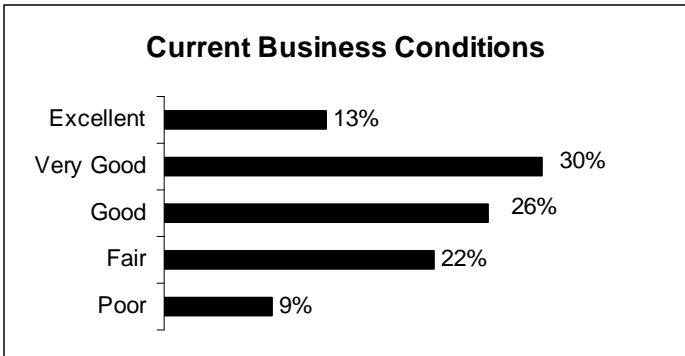
NORTH CENTRAL (OH, MI, IL, IN, WI)
(61 responses)



CENTRAL (IA, MO, NE, KS, MN)
(24 responses)



CENTRAL SOUTHWEST (AR, LA, OK, TX, NM, CO)
(23 responses)



CENTRAL NORTHWEST (ND, SD, MT, WY)
(2 response)

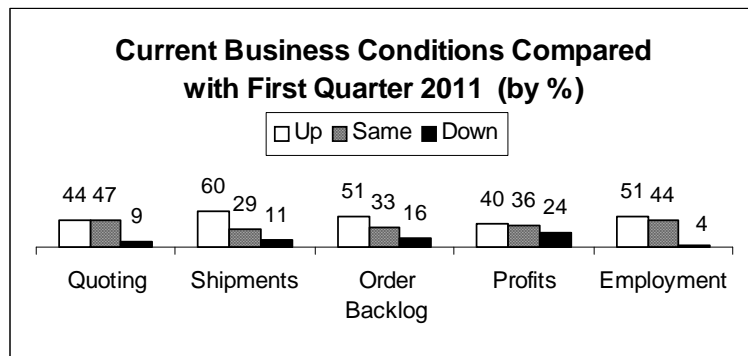
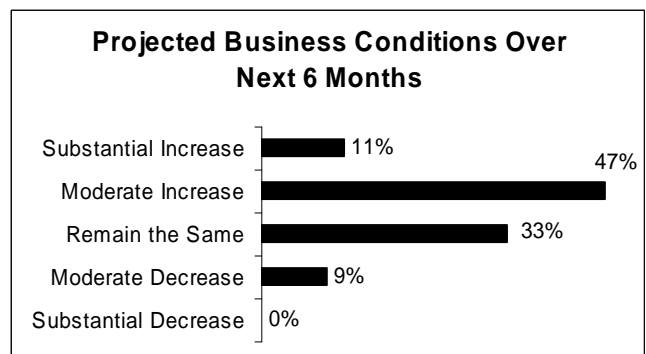
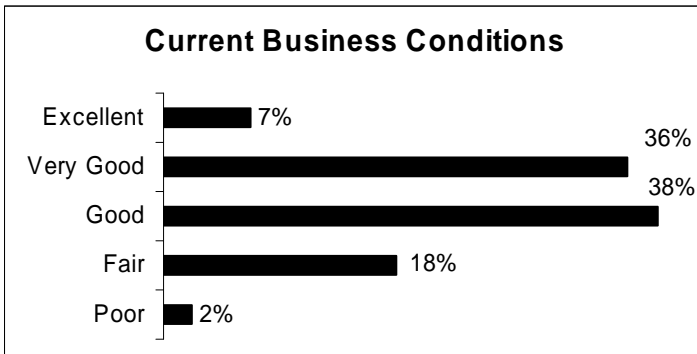
Current Business Conditions: Good

Projected Business Conditions Over Next 6 Months: Substantial Increase/Remain the Same

Current Business Conditions Compared with First Quarter 2011:

Quoting: Up
 Shipments: Up
 Order Backlog: Up/Same
 Profits: Up/Same
 Employment: Up

GREATER PACIFIC SOUTHWEST (CA, NV, AZ, UT)
(45 responses)



GREATER PACIFIC NORTHWEST (ID, WA, OR)
(2 Responses)

Current Business Conditions: Good

Projected Business Conditions Over Next 6 Months: Substantial Increase/Remain the Same

Current Business Conditions Compared with First Quarter 2011:

Quoting:	Up/Same
Shipments:	Up/Same
Order Backlog:	Up/Same
Profits:	Up/Same
Employment:	UP/Same

MEMBER COMMENTS

(By Industry Sector)

Aerospace Machining & Fabrication

We are busy; adding complex machines, technology, employees and manufacturing space. However, we are adding less space than originally planned. (New England, 64 Employees)

No working capital - Banks are NOT lending
Large corporations continue to squeeze margins
(Northeastern Central, 25 Employees)

There is a rumor of higher material prices.
Carbide is going up. (Greater Pacific Southwest, 16 Employees)

Business is better the last 8 months, pay is slower. New work is harder to get. (Greater Pacific Southwest, 16 Employees)

Plenty of opportunity, but the strength of the supply chain has diminished over the years. Manpower is weak and skilled machinists are near extinct. (Greater Pacific Southwest, 83 Employees)

Very few Quotes and new orders. LTA's and repeat jobs have smaller quantities and extended delivery dates. (Greater Pacific Southwest, 10 Employees)

Aerospace seems to be building up for the next few years to come (Greater Pacific Southwest, 49 Employees)

Business seems to be picking up. All customers are waiting until the last minute to order parts not leaving us with required lead time. (Greater Pacific Southwest, 22 Employees)

Can not find Highly skilled MFG/ Personell
(North Central, 26 Employees)

Metal Fabrication & Stamping

1) 45% of current workload either direct or ultimate export. 2) Category is combination of fabrication, machining & short run production machining. (Central Southwest, 36 Employees)

We see a slow improvement in business & the economy. The prolonged debate over the debt ceiling & other inaction is delaying business decisions. (North Central, 15 Employees)

Fewer long term contracts. General commercial work is very weak. We do not see any real signs of a general economic recovery. (Greater Pacific Southwest, 40 Employees)

We had a really good spurt the beginning of the year then kaput. Not really winning much new stuff. Existing production work is busy. (New England, 16 Employees)

Very difficult to hire skilled employees.
(Northeastern Central, 11 Employees)

Molds

We picked up volume in 2010 but lost money on jobs because of price pressure. This year we have a good amount of work and are making a profit. (Central, 62 Employees)

Slow start of the year has been followed by one of the busiest cycles in our 34 year history. Finding employees to match our needs is difficult. (Central, 31 Employees)

Best work load in six years. (North Central, 90 Employees)

Precision Machining (excluding Aerospace)

Projected conditions as the same only due to the fact I cannot find skilled labor to grow faster than I can train. (Northeastern Central, 36 Employees)

We could take on more work if we could find qualified and skilled machinists. (Northeastern Central, 39 Employees)

Nervous about the US economy. It seems to be perilous. (Greater Pacific Southwest, 37 Employees)

Customers continue to expect increased business activity for the next 12 months. However, orders are slowing slightly and backlog is decreasing some. (Central Southwest, 25 Employees)

Jan-Jun of 2011 sales down 16% from same period 2011 (Southeastern, 12 Employees)

Business was never better, nor the future so bright. (Greater Pacific Southwest, 14 Employees)

Better overall outlook for the future. (Northeastern Central, 48 Employees)

Same old up and down situation. One month very good and next month average. And on and on and on. (Central, 7 Employees)

Still difficult to find skilled employees who want to work. Have to run overtime to manage sales. (North Central, 62 Employees)

The economy is still fragile. (North Central, 17 Employees)

Business condition has been a steady increase since 2009. Our business is mainly Defense and Commercial Nuclear. (Northeastern Central, 91 Employees)

This six-month period was definitely an improvement, but it began falling off the end of May. We expect it to be poor until October. Up

from there? (Greater Pacific Southwest, 33 Employees)

I can't get quotes done fast enough. I can't get the work done fast enough. We are struggling to keep pace with the demand - Can't find employees (North Central, 10 Employees)

Still a shortage in competent machinists and those who can ;get way more than a competitive local shop can afford to pay. (Central Southwest, 7 Employees)

Getting squeezed from the top and now raw materials are going up. (Greater Pacific Southwest, 10 Employees)

Most of our customers are just holding on, doesn't look like they are expanding at this time. We generally stay away from automotive work. (Southeastern, 28 Employees)

With the attitude in Washington about manufacturing and jobs in general, I am just glad I am in a position to close the doors if I have to. Taxes suck. (North Central, 8 Employees)

Increase in orders/less profit (Southeastern, 11 Employees)

Turning away work due to lack of available labor, both direct and indirect. (New England, 60 Employees)

We have been buying more CNC equipment to meet needed customer delivery requirements. (North Central, 265 Employees)

More work available than we can do. Cannot hire qualified help. Customers are still very conservative. Fear downturn and regulations. (Central, 26 Employees)

Oil fields and ag doing well. Construction not so well (Central, 47 Employees)

One of our problems is collecting Accounts Receivable. Customers are taking more than 30 days: 45, 60 and even 90 days. they won't budge on terms. (Northeastern Central, 19 Employees)

Long term customers are not allowing any type of price increases. (Greater Pacific Southwest, 6 Employees)

This year is a little slower than last year. Our costs are up in medical cost, energy cost and insurance. It is difficult to recoup these increases. (Northeastern Central, 24 Employees)

Uncertainty in the economy ... Lack of top leadership decision making are taking it's toll... (Southeastern, 55 Employees)

We are a metalworking fluid supplier selling to machining facilities and tool and die shops. Our business is often representative of the industry. (Central Southwest, 50 Employees)

Biggest problem was finding financing...now it's people. (North Central, 75 Employees)

Incoming orders were stron the first 4 months of the year and have tapered off substantially in May and June (North Central, 9 Employees)

Waterjet job shop business up first four months of 2011, back to previous level since (Central Southwest, 4 Employees)

Special Machines

Our business set record sales and employment in 2008, 2009 and 2010 when other businesses were in the grip of recession. 2010 is our recession. (North Central, 37 Employees)

Capitol Spending seems to be on the increase. We are seeing more interest in automation. (Greater Pacific Southwest, 28 Employees)

Very steady sales for 9 months. Hope it continues. (North Central, 80 Employees)

Tools, Dies & Fixtures

Trying to develop new products to sell. Selling all equipment not used. staying focused and positive. Developing a hiring plan. (Greater Pacific Southwest, 2 Employees)

While I believe we've been very fortunate, we are pursuing a lower cost line of tooling work to keep the jobs steady. Not too promising for the futur (New England, 10 Employees)

We are anticipating seeing large programs in the 2nd haft of this year, but so far it's been very quite. We are becoming very concerned? (North Central, 56 Employees)

It is a lot more fun now than during the Great Recession of 2009 (North Central, 697 Employees)

Business extremely poor. Little to quote and customers going to 10 - 15 shops for quotes. (North Central, 18 Employees)

Decisions at the Government level which are business friendly are needed to give business confidence in the future. (Central, 52 Employees)

I am seeing a significant slow down in orders. (Greater Pacific Southwest, 3 Employees)

Just when things start to look better, they get worse again. pretty depressing (North Central, 10 Employees)