

Construction Equipment Outlook: Stronger Sales

Stronger 2011 sales expected, slower growth 2012 through 2014



Construction equipment manufacturers anticipate overall business to close out 2011 with double-digit increases over last year in the U.S., Canada and worldwide. Growth is expected to continue but at a slower pace for 2012 through 2014, according to the annual business "outlook" survey of the Association of Equipment Manufacturers (AEM).

AEM is the North American-based international trade group representing the off-road equipment manufacturing industry. Each year the association polls its construction equipment manufacturer members about anticipated sales of the machines and equipment that build and repair roads, bridges, houses, offices, schools and other infrastructure worldwide.

Respondents were asked to rank several factors affecting future business. The state of the general economy, including consumer confidence and credit availability, plus steel prices and the protracted slump in single-family housing starts, are significant negative factors influencing future sales, according to AEM "outlook" survey respondents. A key positive factor cited was the continued strength in export demand. The lack of substantial action on highway funding was cited as a negative factor, with respondents more hopeful for positive results in 2012.

Survey Summary

In the just-released summary of the AEM construction equipment "outlook" survey:

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

- For 2011, overall business in the U.S. is expected to grow 18.6 percent compared to last year; Canadian business is forecast to increase 14.7 percent; and industry business to the rest of the world is anticipated to gain 14.7 percent.
- U.S. construction machinery business is then predicted to grow 10.8 percent in 2012, 9.9 percent in 2013, and 8.1 percent in 2014.
- Canadian business overall is expected to be 9.0 percent higher in 2012, then increase 9.8 percent in 2013 and 7.3 percent in 2014.
- Industry business to the rest of the world is anticipated to gain 10.5 percent in 2012, 9.5 percent in 2013, and 8.2 percent in 2014.

"In 2011, construction equipment manufacturing kept improving from the depths of the recession as the economy stabilized. Earlier this year it looked like the economy was truly turning around, but we still have some uncertainty, in both U.S. and international markets, and this is hampering stronger, more sustainable growth," stated AEM President Dennis Slater.

"2012 is an election year, which does not bode well for meaningful action in Washington; both sides are already in full 'campaign mode,' it seems, and this presents a real danger of a stalling economy," Slater added.

"Congress needs to focus on manufacturing policies that create and maintain jobs, not unnecessary and excessive regulatory and tax policy burdens. That is why we are continuing and expanding our 'I Make America' grassroots effort; it promotes a better understanding and appreciation of the vital role of manufacturing to a thriving American economy – providing good jobs, tax revenues and investment in local communities, for example," Slater stated.

"Action on federal highway funding will bring some stability to an important industry segment," Slater said. "A well-maintained and adequate transportation system is critical not just for our sector but for business and our nation overall; it is essential for the safe and efficient movement of people and goods and to keep the U.S. competitive in the global marketplace."

"Slater added, "Export sales have been crucial to help many manufacturers get through the recession, and they still contribute greatly to a positive balance sheets for many companies. That's why export-friendly policies such as free trade agreements are important to keep American companies in business."

This year's AEM "outlook" survey summary results cover approximately 40 different types of whole machines, attachments and components. Survey responses predicted industry-wide expectations rather than individual company performance, and unit sales rather than company profitability. The final survey results will be posted online when available at www.aem.org [1].

Source URL (retrieved on 04/28/2015 - 3:35pm):

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Links:

[1] <http://www.aem.org>