

Manufacturing Ends Year on a Strong Note

Supporting the comments below, from a flatbed carrier viewpoint, Melton saw one of the busiest Decembers in recent memory! It is interesting that I often hear comments about our stagnant economy and that increased demand for truck capacity is over-stated.

As this article clearly points out, as flatbed demand is closely aligned to manufacturing performance, we have seen improving freight conditions over several consecutive months. The flatbed market is more aligned with the commercial and manufacturing sectors of the economy than the consumer product driven sectors. Flatbed demand is significantly outpacing van demand. The PMI and ISM indices are two of the primary indicators used to gauge current and emerging trends in flatbed and both are positive.

Although total GDP is projected to grow at less than 3%, that 3% will be on top of a year (2010) that saw the early warning signs of demand/capacity imbalances (remember truck availability in Mar/Apr 2010!). If you factor out the services sector of total GDP and focus on goods producing sector, real growth in markets driving flatbed activity area are in the 5-6% range! 2012 should be a very strong year for flatbed truckers.



Dan Taylor
Senior Vice President
Sales & Marketing

Office : (918) 234-8000, x600

Fax : (918) 439-2920

taylor@meltontruck.com

www.meltontruck.com

Melton
Truck Lines, Inc.

1/5/2012

Manufacturing Ends Year on a Strong Note

Manufacturing grew in December at its fastest pace in six months, showing growth for the 29th consecutive month, according to the Institute for Supply Management, a trade group of purchasing managers.

The institute's Purchasing Managers' Index registered 53.9%, an increase of 1.2 percentage points from November's reading of 52.7. A PMI in excess of 42.5%, over a period of time, generally indicates an expansion of the overall economy.

"Manufacturing is finishing out the year on a positive note, with new orders, production and employment all growing in December at faster rates than in November, and with an optimistic view toward the beginning of 2012 as reflected by the panel in this month's survey," said Bradley J. Holcomb, chair of the Institute for Supply Management Manufacturing Business Survey Committee.

U.S. manufacturing has expanded for more than two years, which has helped the trucking industry recover better than the overall economy. Manufacturing output generates a significant amount of truck freight.

The New Orders Index increased 0.9 percentage point from November to 57.6%, reflecting the third consecutive month of growth after three months of contraction. Prices of raw materials continued to decrease for the third consecutive month, with the Prices Index registering 47.5%, which is 2.5 percentage points higher than the November reading of 45%.

The nine industries reporting growth in new orders in December - listed in order - are:

- * Printing & Related Support Activities
- * Textile Mills; Apparel
- * Leather & Allied Products
- * Primary Metals
- * Paper Products
- * Machinery
- * Computer & Electronic Products
- * Food, Beverage & Tobacco Products
- * Electrical Equipment, Appliances & Components.