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SLOWER GROWTH TRENDS LIKELY IN COMING MONTHS

Construction machinery new orders in the U.S. through July 2021 were up 22.4% compared to the previous year. While demand in this market has remained strong, U.S. Single Unit-Housing Starts have transitioned to the back side of the business cycle which could lead to slower growth in early 2022.

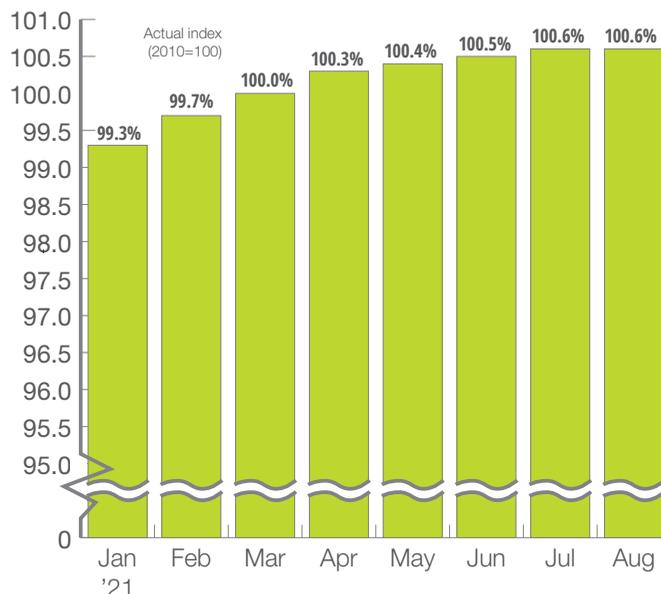
Europe and Germany Industrial Production have both been above year-ago levels, but indicators are showing a move toward slower growth trends going into the new year. Agricultural machinery production in Europe is expected to remain on a rising trend through the end of 2021. |



U.S. Leading Indicator:

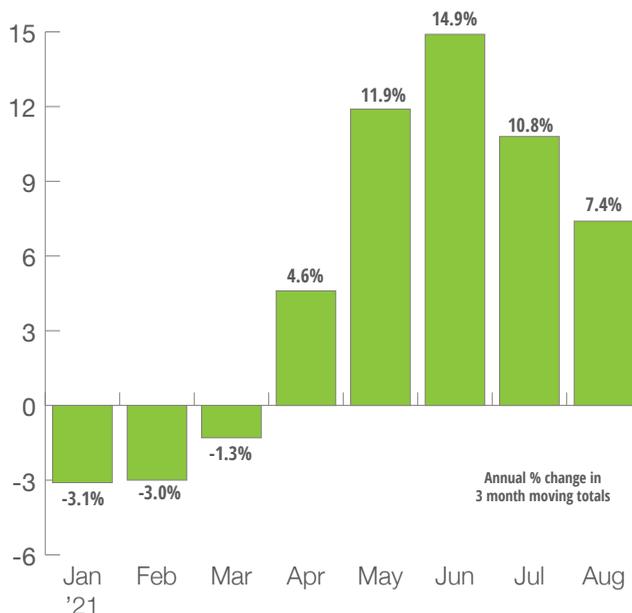
- The U.S. OECD Leading Indicator monthly value has been relatively flat in recent months.
- The monthly rate-of-change suggests slowing growth for the U.S. industrial sector next year.

Editor's Note: Please note that this chart has been modified on the Y-axis to show the trend more easily.



U.S. Industrial Production:

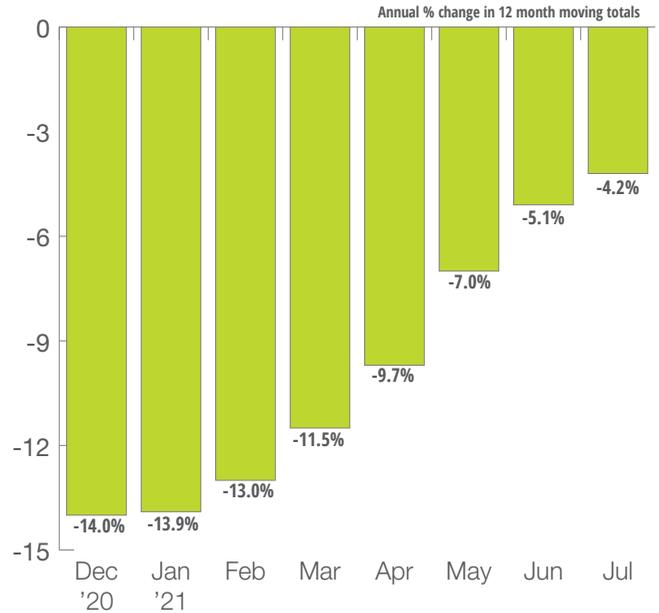
- U.S. Industrial Production during the 3 months through August was up 7.4% from 1 year ago. This marks the second consecutive month of decline in the quarterly rate-of-change.
- Cyclical decline in the ITR Leading Indicator™ and in U.S. Small Business Capital Expenditure Plans, as well as a strengthening U.S. dollar, point to further business cycle decline in at least the near term.





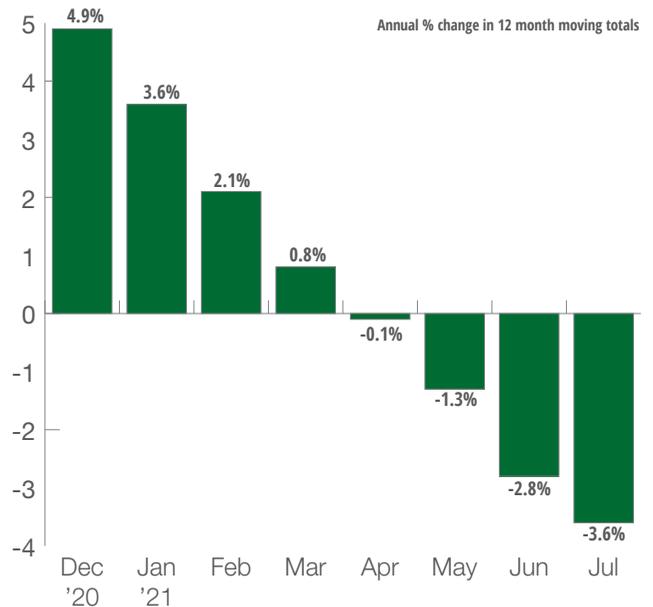
U.S. Private Nonresidential New Construction:

- U.S. Private Nonresidential New Construction during the 3 months through July totaled \$117.1 billion, down 4.2% from 1 year ago.
- Construction spending is in a recovery trend, partly due to higher construction input prices. Robust macroeconomic rise in 2021 suggests rise in the nonresidential construction sector, which typically lags the economy, during 2022.



U.S. Total Public New Construction:

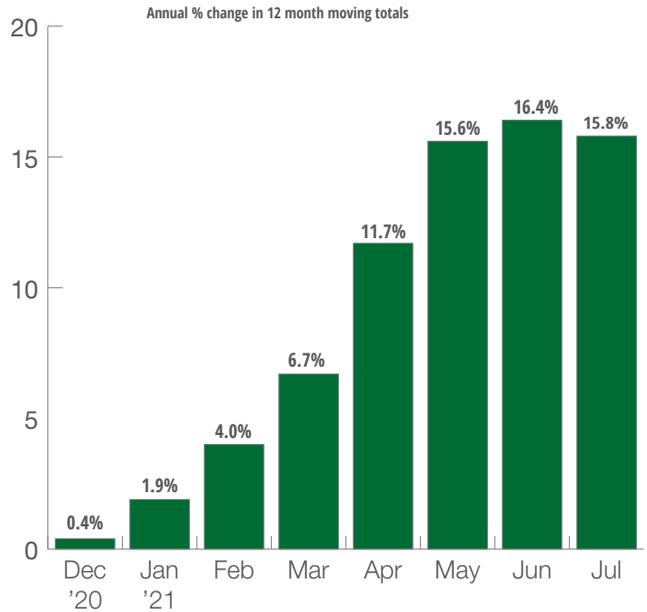
- U.S. Total Public New Construction during the 12 months through July totaled \$346.8 billion, down 3.6% from 1 year ago.
- Trends in the U.S. Institutional Sector Architecture Billings Index suggest that Construction may begin a cyclical rising trend between late this year and mid-2022.





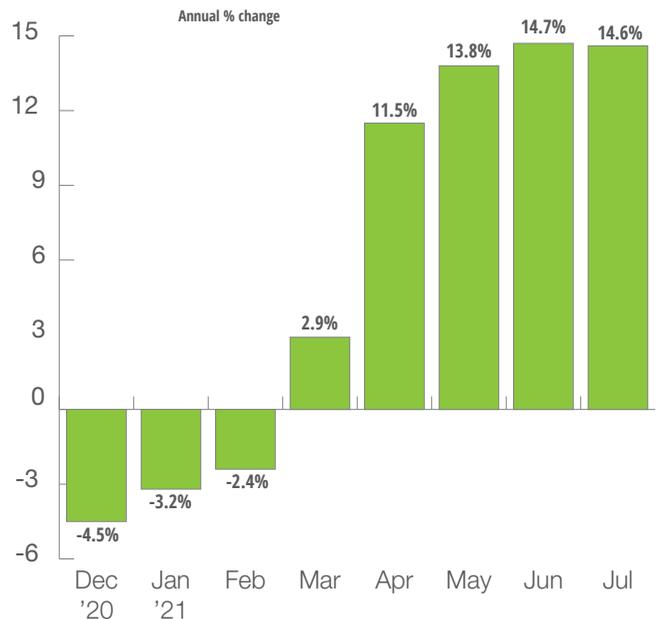
U.S. Farm Machinery Production:

- U.S. Farm Machinery and Equipment Shipments during the 12 months through July were up 15.8% from 1 year ago.
- The annual growth rate ticked down in July; Shipments will likely move along the back side of the business cycle (slowing growth) in the near term.



Europe Ag & Forestry Machinery Production:

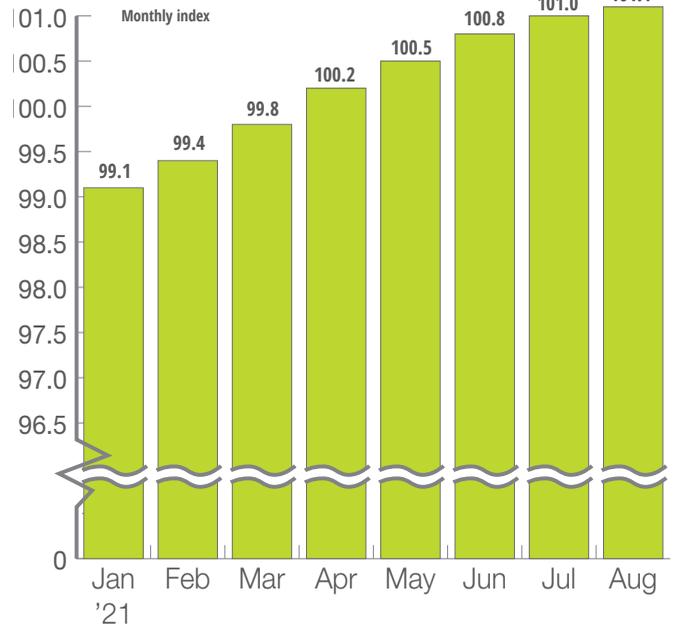
- Europe Agricultural and Forestry Machinery Production during the 12 months through July was up 14.6% from 1 year ago.
- General recovery in Europe and abroad will likely contribute to Production rise through the end of 2021.



€ Europe Leading Indicator:

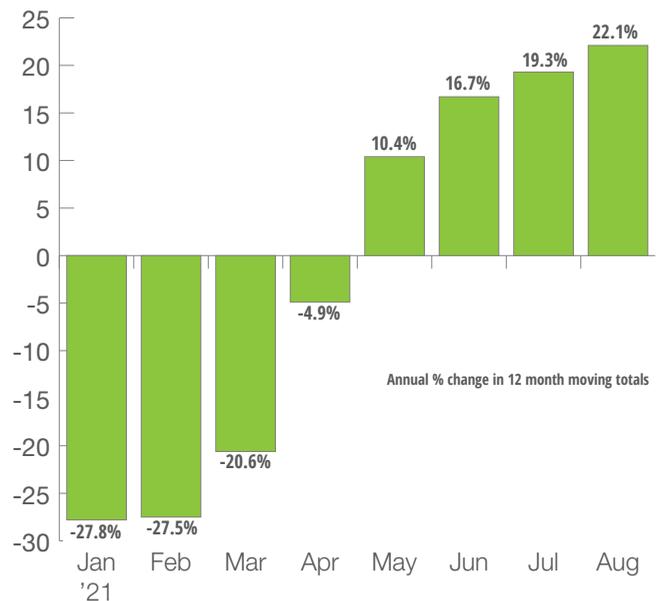
- The Europe Leading Indicator monthly data rose in August.
- The leading indicator monthly rate-of-change suggests that the European industrial sector will transition to the back side of the business cycle (slowing growth) around the start of the new year.

Editor's Note: Please note that this chart has been modified on the Y-axis to show the trend more easily.



U.S. Heavy-Duty Truck Production:

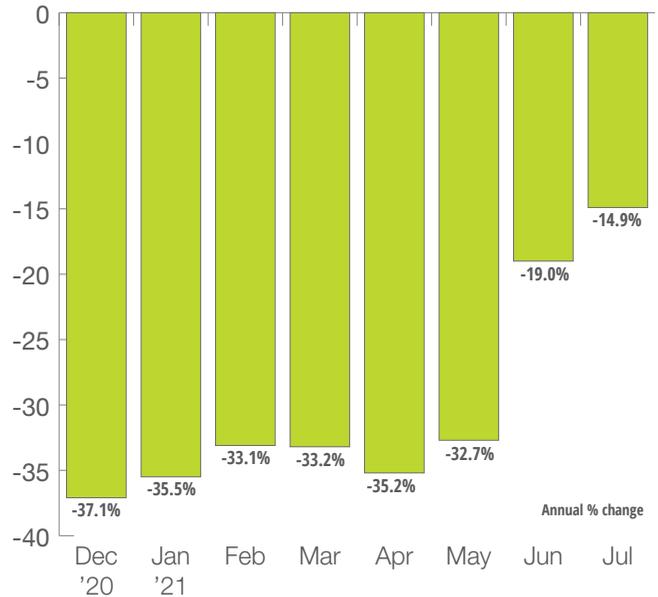
- U.S. Heavy-Duty Truck Production during the 12 months through August was 22.1% above the year-ago level.
- Expected slowing growth in the U.S. macroeconomy during 2022 will impact demand for transportation services, and consequently truck production, next year.





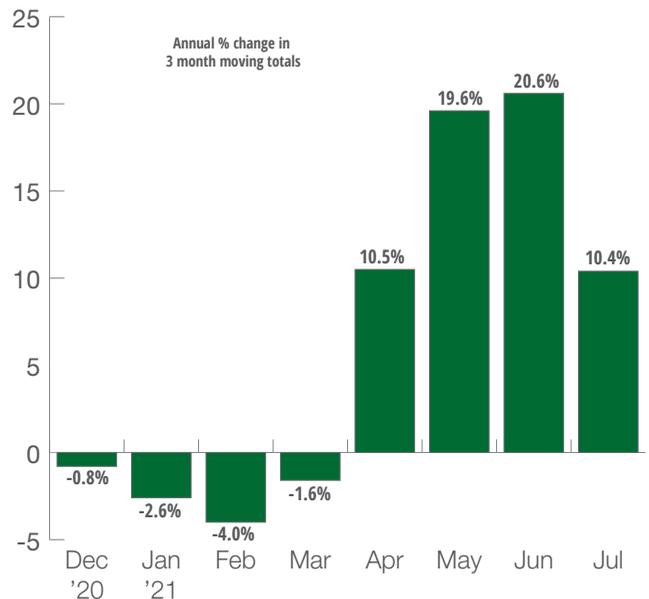
China Diesel Bus Production:

- China Large Diesel Bus Production during the 12 months through July totaled 21.6 thousand units, down 14.9% from 1 year ago. After a strong rebound in the June monthly Production data, July Production came in abnormally weak.
- Macroeconomic trends coming out of China suggest that recovery in this sector may be short-lived.



Germany Industrial Production:

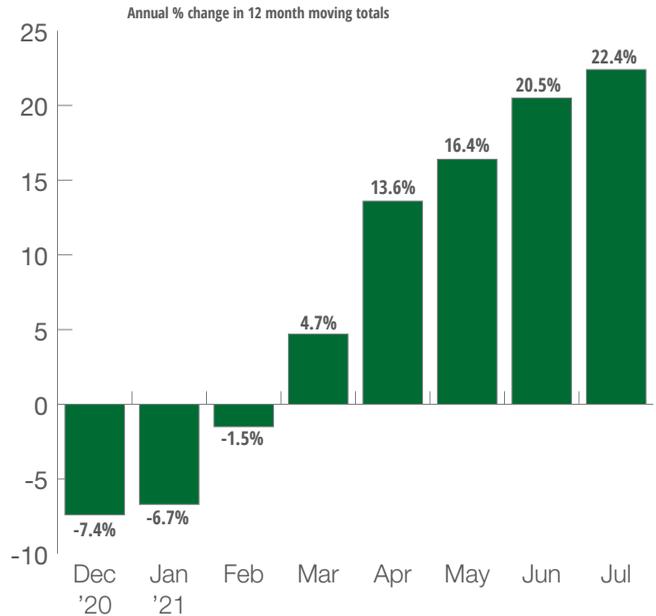
- Germany Industrial Production during the 3 months through July was up 10.4% from 1 year ago.
- The quarterly Production rate-of-change ticked down with the most recent data; trends in the Germany Leading Indicator suggest that slowing growth will likely characterize Production moving forward.





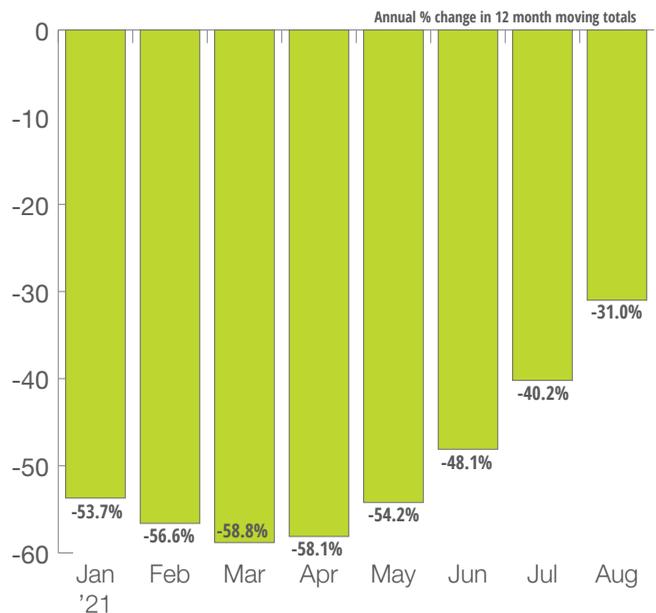
U.S. Construction Machinery, New Orders:

- U.S. Construction Machinery New Orders during the 12 months through July totaled \$39.6 billion, 22.4% above the year-ago level.
- U.S. Single Unit-Housing Starts transitioned to the back side of the business cycle. This suggests we could see less robust growth in New Orders related to residential construction starting around early 2022.



North American Rotary Rig Count:

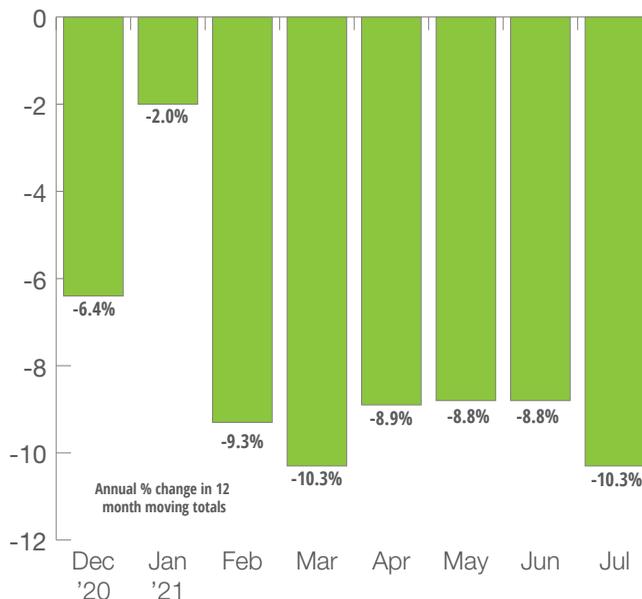
- The North American Rotary Rig Count averaged 512 in the 12 months through August. The Rig Count is rising, but down 31.0% from last year.
- To date, oil producers have spent the pandemic period repairing balance sheets rather than conducting exploration; expect more exploration as 2022 develops.





U.S. Defense Industry, New Orders:

- U.S. Defense Capital Goods New Orders during the 12 months through July totaled \$136.6 billion, down 10.3% from 1 year ago.
- The House Armed Services Committee voted to raise the proposed defense budget by \$25 billion for the 2022 fiscal year, which begins in October. If passed, a large portion of the additional funding would be dedicated to the purchase of aircraft, combat vehicles, and ships, benefiting New Orders.



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