
Members of AMT who subscribe to AMT’s Forecasting Package, are eligible to receive information from Oxford Economics Global Machine Tool Forecast. The report contains a multi-year outlook for machine tool market demand in over 30 countries. In addition, it provides a summary of the projected growth in major machine tool consuming industries against a backdrop of analysis on global macro-economic conditions.

Updates are delivered to AMT in the Spring and Autumn of each year. Information from the reports is then distributed to members who initiate research requests with AMT’s Industry Intelligence department. AMT analysts work one on one with the members in an effort to create a custom tailored answer utilizing relevant information gleaned from the Global Machine Tool Forecast and other available data sources.
China

Consumption drops in 2012
- We expect GDP growth of 8.2% in 2013, broadly unchanged from six months ago. The pace in momentum through 2013 is likely to be broad-based. Increased impetus is likely from the external sector as global economic activity improves. Private consumption will be supported by improving labor markets and increases in real income growth as inflationary pressures ease. Lower monetary policy should also help support domestic activity.

- Reflecting the strong growth in the manufacturing sector as a whole, activity in the key machine tool sector is expected to expand at a modest pace, up 0.7% this year. Growth in this crucial factory and motor vehicles sectors is expected to be the strongest, the former driven by strong investment spending, the latter by rising car ownership as the Chinese middle class expands. The output forecast, does, however, represent a downward revision since our last report due to weaker than expected data in late 2012 for several sectors which pushed down growth for 2013.

- Our forecast for investment by these sectors has also been revised down slightly but is still expected to reach growth of 12.3% this year. Orders placed with German and Japanese MT producers have, however, been weak and we have therefore revised our consumption projection downward. We expect consumption to grow by 5.8% in 2013.

- Risks are tilted to the upside. The downside risk of a hard landing appears to have been averted while a cyclical upswing is materialising. These factors could push confidence higher leading to an even sharper economic recovery. Moreover, the downward revisions in 2012 and 2013 consumption have meant that consumption is still some way below our previous projection in 2016.

Motor Vehicles

Output projections downgraded
- World motor vehicle production forecasts have been revised lower this year, largely due to downgrades in Europe and Japan. European car sales have been weighed down by sagging consumer confidence and purchasing power, and producers have responded by scaling back production plans (though significant oversupply still exists). In Japan, the Chinese boycott of Japanese goods last autumn afflicting the motor vehicles sector most severely. Production is now beginning to recover, with the expectation of the yen further bolstering Japanese manufacturers’ confidence.

- Momentum within this sector centres on the US and emerging markets. In the US, sales of light vehicles continue to exceed expectations as the introduction of new models, affordable auto loans and rebundling of asset prices continue to buoy continued demand growth. In emerging markets, structural shifts in plant locations and rising domestic demand on the back of rising incomes are driving motor vehicle production growth. Despite these pockets of strength, for the year as a whole world motor vehicle production is expected to expand by just 3.7%.

Emerger drive investment growth
- Forecasts for investment have been revised lower since our last report given the weaker production projections. European investment is expected to grow at the slower pace with investment in most Eurozone countries likely to remain at or below the register growth expectations. But even weaker in Eastern Europe are scaling back expansion plans. Asian investment is expected to be driven by robust expansion in emerging Asian countries. Investment in the Americas is expected to be driven by robust growth in the US market as well as expanding capacity in Mexico.

- Risks are weighted to the downside although upside risks exist. Capacity utilisation remains very low in parts of Europe and could result in even weaker investment spending there. Moreover, the Chinese boycott of Japanese vehicles could re-emerge if tensions intensify in the islands dispute. On the upside, emerging markets could rebound quicker than expected, leading to even stronger growth in investment.

Motor Vehicles

World: Investment by MT-buying sectors, 2011
(US$bn)

Source: GFV/IIA Economics

Motor Vehicles

World: Motor vehicle output & investment

Source: GFV/IIA Economics

Motor Vehicles

Asia: Motor vehicle output & investment

Source: GFV/IIA Economics

Global Machine Tools Forecast: Spring 2013

Total investment spending on structures, by the eight primary machine tool purchasing industries.