MHI BUSINESS ACTIVITY INDEX

BY **PRESTIGE ECONOMICS®**

The world's leading financial market research firm

JULY 2026

Release Date: August 3, 2026

The MHI Business Activity Index (BAI) captures monthly changes in material handling business dynamics. Series readings above 50 indicate that a majority of respondents reported increased monthly activity, while readings below 50 indicate that a majority reported decreased activity.

The July 2026 MHI BAI report was strong, with expansions in every category except Exports and Inventories. Two of the most notable improvements were Business Activity, which reached its highest level since March 2024, and New Orders, which rose to their highest level since September 2025. While Shipments expanded in July, that expansion slowed. Most importantly, Future New Orders remained very strong and accelerated to 86%, indicating that respondents continue to expect healthy demand growth over the next twelve months despite ongoing economic and geopolitical uncertainty.

Hiring conditions were positive but slowed in July, with 57% of respondents reporting easier hiring conditions. Although this was down from 81% in April, it remained above the breakeven level of 50, suggesting labor availability continues to improve, supporting candidate quality in hiring pipelines.

July 2026 qualitative responses reflected a mixed outlook. While some respondents reported stronger quoting activity and improving demand, most continued to cite tariff uncertainty, rising costs, and geopolitical risks as key challenges delaying orders and pressuring margins.

Material Handling Industry Business Activity

MHI	July 2026	June 2026	% Point Change	Growth Indication	Rate of Change	Trend in Months
MHI Business Activity Index	90	86	+4	Expansion	Acceleration	7
Capacity Utilization	78	74	+4	Expansion	Acceleration	2
New Orders	76	55	+21	Expansion	Acceleration	3
Shipments	57	73	-16	Expansion	Deceleration	2
Unfilled Orders	52	59	-7	Expansion	Deceleration	3
Inventories	47	59	-12	Contraction	From Expansion	1
Exports	45	36	+9	Contraction	Deceleration	8
Future New Orders	86	82	+4	Expansion	Acceleration	49

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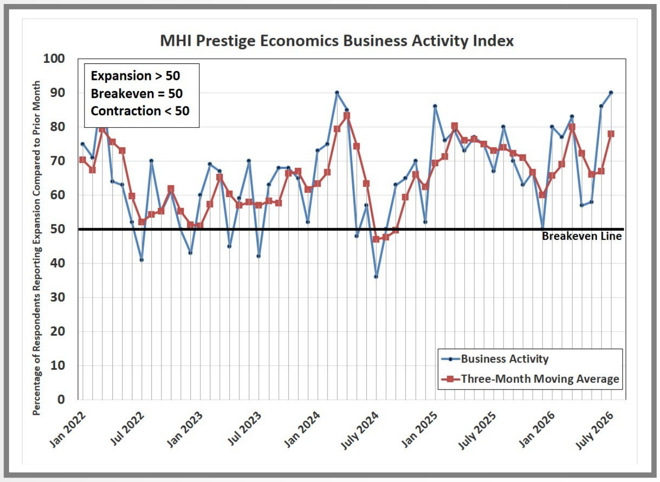
BUSINESS ACTIVITY INDEX

The Business Activity Index increased in July, with 90% of respondents reporting expansions (up from 86%), and only 10% reporting contractions. July 2026 was the strongest reading of this series since March 2024.

In July, the three-month average for Business Activity accelerated to 78% (up from 67%), while the six-month average accelerated to 75% (up from 74%).

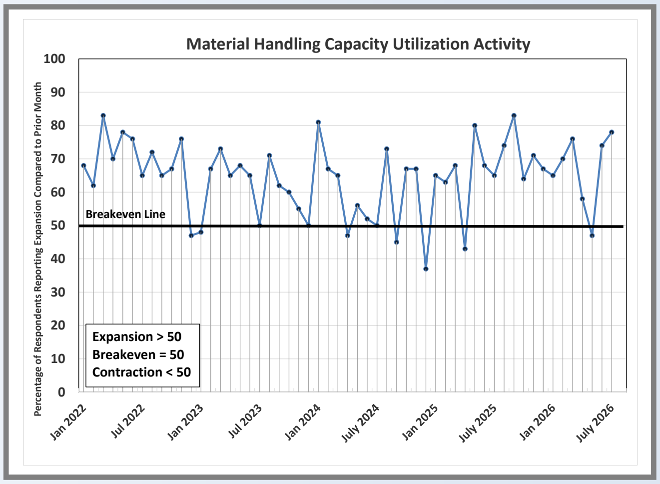


CAPACITY UTILIZATION

Capacity Utilization expanded in July, as 78% of respondents noted expansions, and 22% reported contractions.

Utilization has been consistently strong, with a majority of respondents noting Capacity Utilization contractions and index readings below 50 in just 15 of the last 132 months.

Data collection related to Capacity Utilization allows respondents to opt-out of this question if it is not relevant.

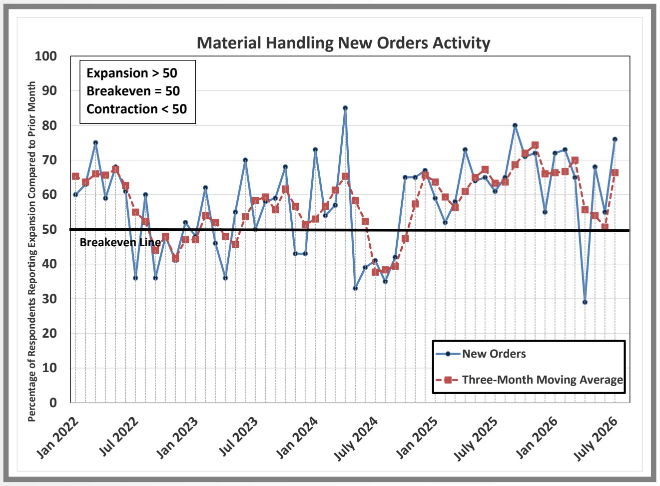


NEW ORDERS

New Orders expanded and accelerated in July, as 76% of respondents noted monthly expansions (up from 55%), and 24% reported contractions.

This series has expanded in 21 of the past 24 months, which suggests customer demand is healthy.

The three-month average of New Orders accelerated to 66% (up from 51%), while the six-month average rose to 61% (up from 60%).



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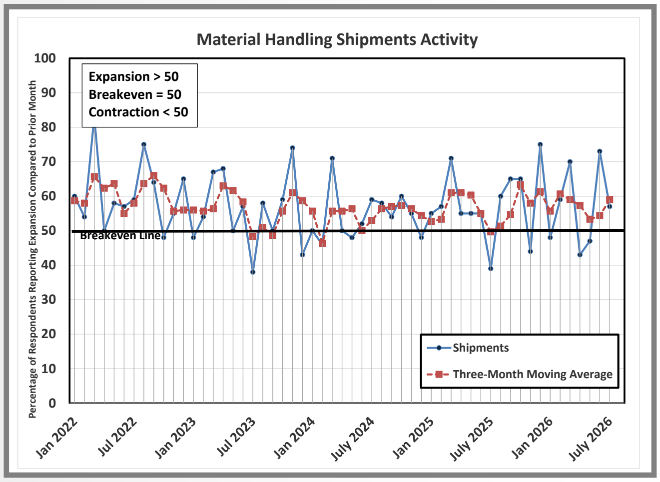
SHIPMENTS

Shipments expanded but slowed in July, as 57% of respondents noted expansions (down from 73%) and only 43% noted contractions. Despite the deceleration in July Shipments, this series has been consistently strong, expanding in 18 of the past 24 months.

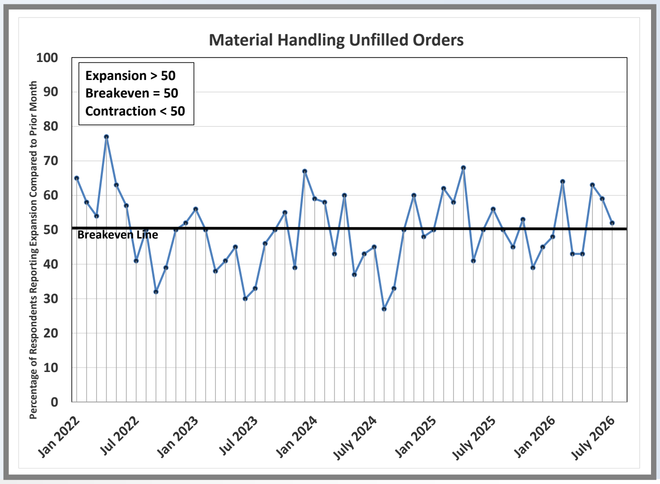
The three-month average for Shipments accelerated to 59% (up from 54%), while the six-month average rose to 58% (up from 57%).



UNFILLED ORDERS

Unfilled expanded but decelerated in July, as 52% of respondents noted monthly expansions (down from 59%), and 48% reported contractions. Unfilled Orders data have been mixed recently, expanding 10 times in the past 24 months.

The relative weakness in Unfilled Orders and the relative strength in Shipments indicate that material handling companies continue to burn through their backlogs.

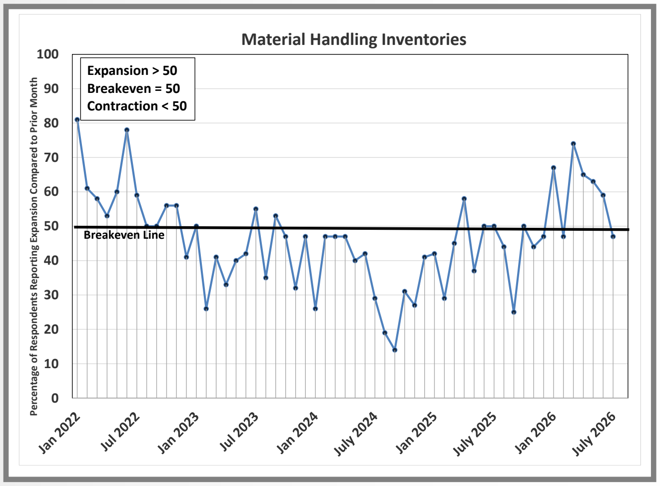


INVENTORIES

Inventories contracted in July, as 47% of respondents noted monthly expansions (down from 59%), and 53% reported contractions.

Inventories have expanded in five of the past seven months, suggesting that July may represent a temporary pause following several months of inventory builds.

Data collection related to Inventories allows respondents to opt-out of this question if they do not maintain inventories.



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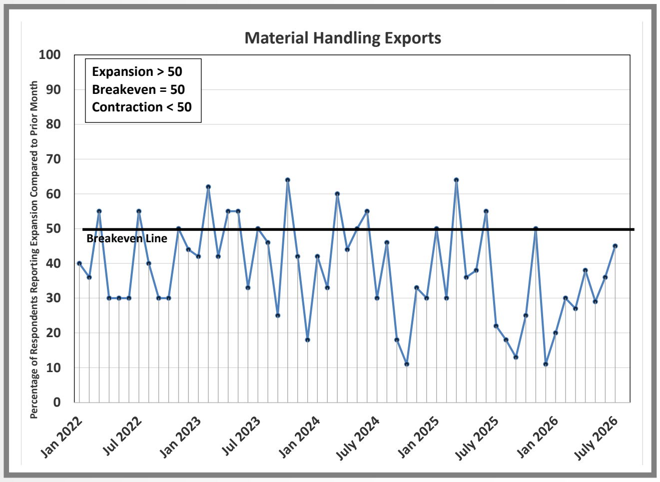
EXPORTS

Exports contracted in July, as 45% of respondents noted expansions and 55% reported contractions.

Exports have been weak recently, expanding in just two of the past 24 months. With elevated inflation, the Fed appears likely to raise interest rates, which has been supporting the dollar and weighing on exports.

Data collection related to Exports allows respondents to opt-out of this question if they do not export.

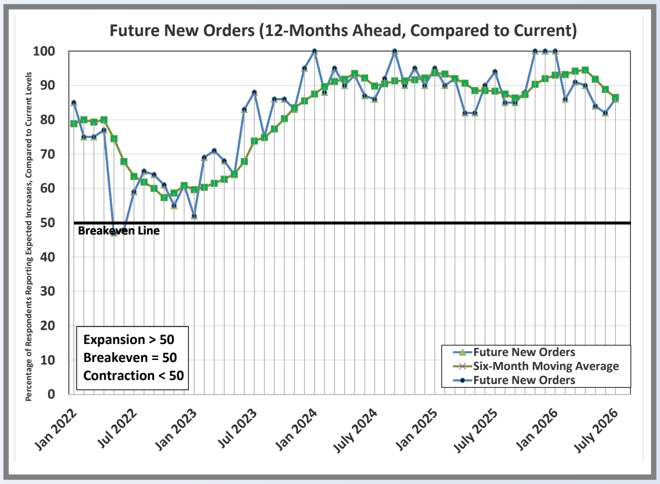


FUTURE NEW ORDERS IN 12 MONTHS

The Future New Orders series expanded and accelerated in July to 86% (up from 82%).

Ongoing and persistent strength of this series implies that respondents broadly expect Future New Orders to be higher in 12 months.

The three-month average for the Future New Orders series slowed to 84% (down from 85%), and the six-month average decelerated to 87% (down from 89%). The absolute strength of this series is extremely positive for the future of material handling new orders.



Data Collection:

Responses from MHI Executive Leadership are collected using questions provided by Prestige Economics.

Approximately 30 executives sit on the MHI Board of Governors and Roundtable Advisory Committee.

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