

MHI BUSINESS ACTIVITY INDEX

BY **PRESTIGE ECONOMICS®**

The world's leading financial market research firm



OCTOBER 2025

Release Date: November 4, 2025

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 October 2025 MHI BAI was a solid report with expansions in Business Activity, Capacity Utilization, New Orders, Shipments, Unfilled Orders, and Future New Orders. Meanwhile, Inventories were unchanged, and Exports contracted. High interest rates and a strong dollar have been holding back material handling activity. Fortunately, interest rates are now lower than they were a year ago, and they are likely to fall further through at least the end of 2027, according to the Fed member projections from September 2025. Further declines in interest rates and the dollar are likely to support the material handling and manufacturing sectors. However, as Fed Chair Powell has noted, trade and immigration policy uncertainty present risks for inflation and the labor market.

Hiring ease improved in October, with 59% of respondents reporting better conditions. This represented a slower percentage than in September. Hiring remains challenging for many companies in material handling.

Most of this month's qualitative responses cited negative impacts related to tariffs, economic uncertainty, geopolitics, and the U.S. government shutdown. Despite relatively positive responses, this was a much more negative set of qualitative responses than in the prior month.

Material Handling Industry Business Activity



	October 2025	September 2025	% Point Change	Growth Indication	Rate of Change	Trend in Months
MHI Business Activity Index	63	70	-7	Expansion	Deceleration	14
Capacity Utilization	64	83	-19	Expansion	Deceleration	6
New Orders	71	80	-9	Expansion	Deceleration	13
Shipments	65	65	0	Expansion	No Change	3
Unfilled Orders	53	45	+8	Expansion	From Contraction	1
Inventories	50	25	+25	No Change	From Contraction	1
Exports	25	13	+12	Contraction	Deceleration	4
Future New Orders	88	85	+3	Expansion	Acceleration	40



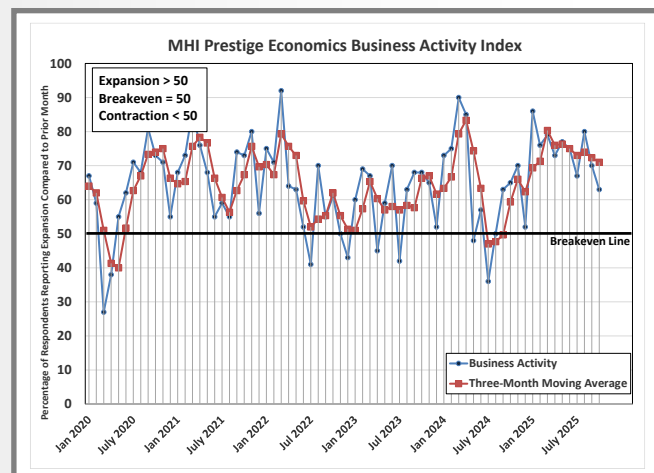
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BUSINESS ACTIVITY INDEX

Material Handling Business Activity expanded but decelerated in October, as 63% of respondents noted expansions, but only 37% reported contractions.

In October, the three-month average for Business Activity decelerated from 72% to 71%, while the six-month average decelerated from 74% to 72%. The relative strength of this series is reflected across other October MHI BAI data.

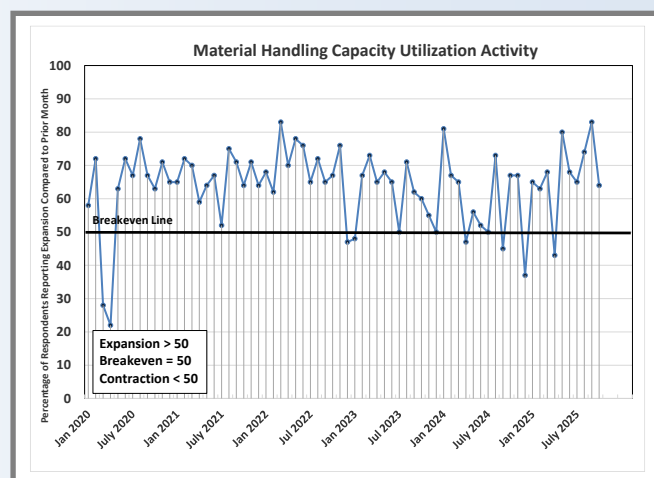


CAPACITY UTILIZATION

Capacity Utilization expanded but decelerated in October, as 64% of respondents noted monthly expansions and 36% noted contractions.

Utilization has been persistently strong, with a majority of respondents noting Capacity Utilization contractions in just 14 of the last 123 months.

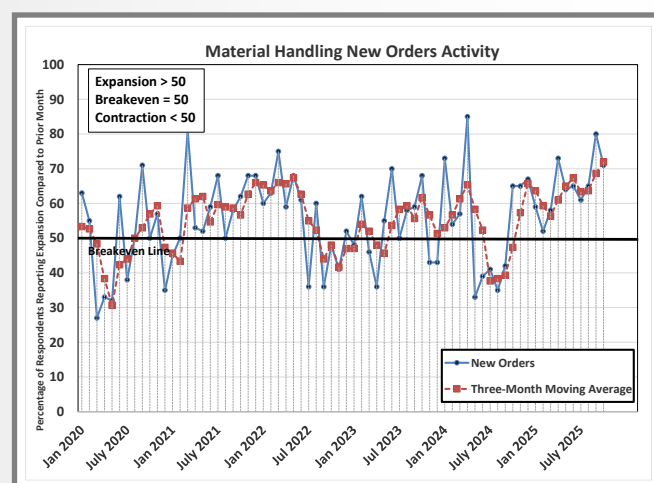
Data collection related to Capacity Utilization allows respondents to opt-out of this question if it is not relevant.



NEW ORDERS

Material Handling New Orders expanded but decelerated in October, as 71% of respondents noted expansions, and 29% reported contractions. This was the 13th consecutive monthly expansion.

New Orders have improved recently, expanding in 17 of the past 24 months. The three-month average for New Orders accelerated to 72% in October, while the six-month average was unchanged at 68%. Despite concerns about growth and tariffs, the strength in this series is a positive sign for material handling.





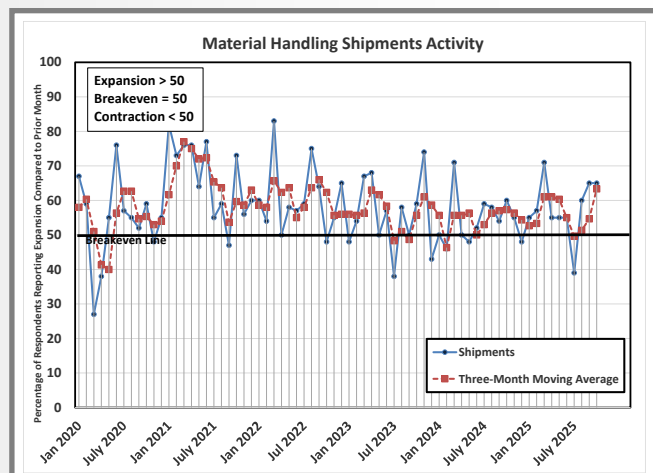
OCTOBER 2025

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SHIPMENTS

Shipments expanded in October by 65% for a second consecutive month, while 35% of respondents again noted contractions. The three-month average for Shipments accelerated to 63%, and the six-month average rose to 57% percent.

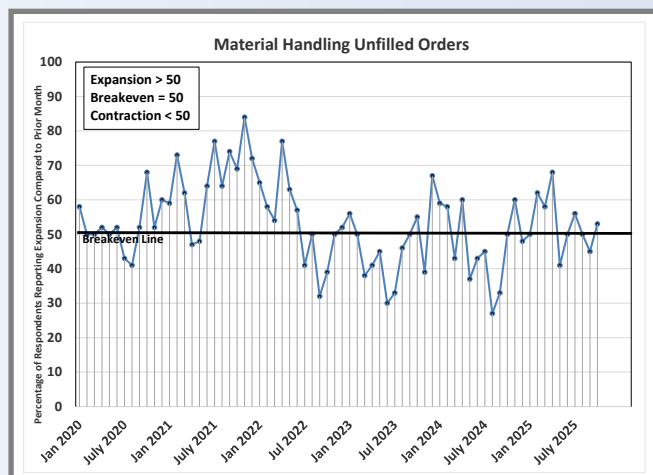
Shipments have only contracted five times in the past 24 months. We believe this persistent strength has been due to material handling companies burning off their Covid backlogs and WIP inventories.



UNFILLED ORDERS

Unfilled Orders expanded in October, as 53% of respondents noted monthly expansions and 47% noted contractions.

Unfilled Orders have been weak recently, expanding only 13 times in the past 36 months. The recent relative weakness in Unfilled Orders and the relative strength in Shipments indicate that material handling companies have been burning off backlogs that had accumulated in the wake of Covid.

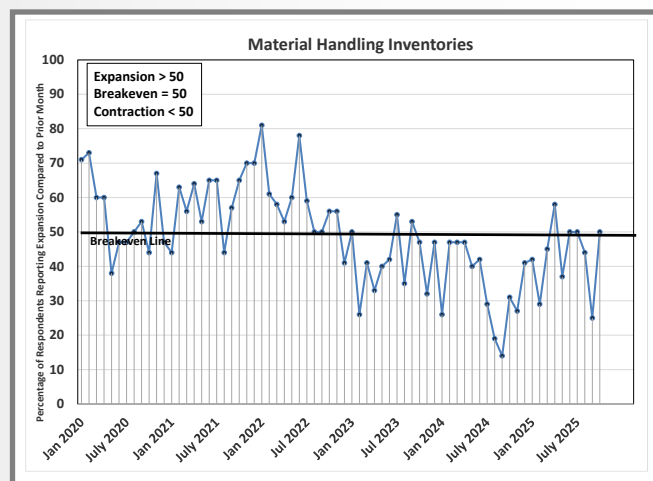


INVENTORIES

Inventories were unchanged in October, as 50% of respondents noted monthly expansions and 50% noted contractions.

Inventories have shown recent weakness, expanding just once in the past 24 months. Since supply chain and labor issues improved in the wake of Covid, companies have been running down their WIP inventories and burning off their backlogs.

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





OCTOBER 2025

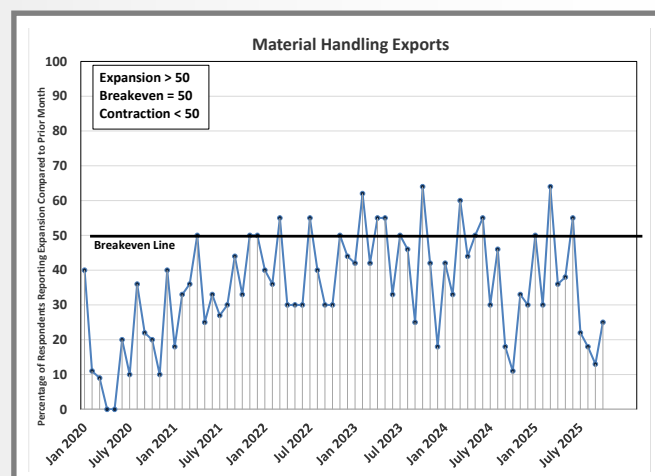
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EXPORTS

Exports contracted less severely in October, with 75% of respondents noting contractions and only 25% reporting expansions. This was a severe contraction—but this series still improved from September.

Exports have been weak recently, expanding in just four of the past 24 months. If interest rates and the dollar fall further, this series could improve.

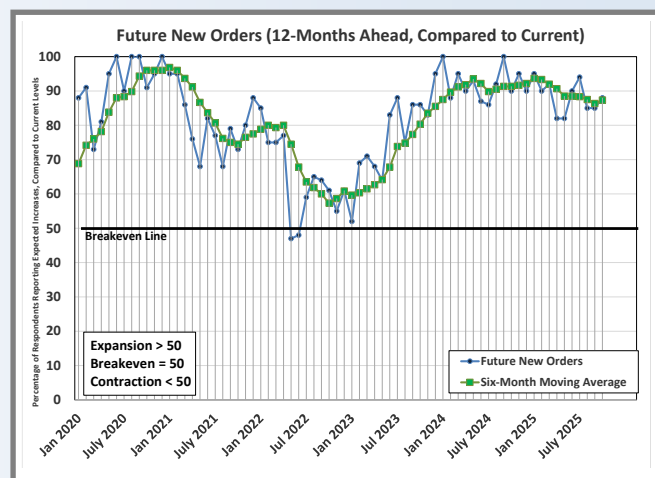
Data collection related to Exports allows respondents to opt-out of this question if they do not export.



FUTURE NEW ORDERS IN 12 MONTHS

The Future New Orders series expanded in October and accelerated to 88% from 85% in September. The ongoing and persistent strength of this series implies that the vast majority of respondents expect Future New Orders will be higher in 12 months.

The three-month average for the Future New Orders series slowed from 88% to 86%, while the six-month average rose to 87% from 86%. The absolute strength of this series is positive for the future of material handling new orders.



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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.