MHI BUSINESS ACTIVITY INDEX

BY PRESTIGE ECONOMICS®

The world's leading financial market research firm

OCTOBER 2026

Release Date: November 2, 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 October 2026 MHI BAI report reflected expansions, accompanied by several sizable shifts. Every series remained above the breakeven level of 50 except Unfilled Orders and Inventories. Shipments accelerated to 76%, the highest reading since March 2022, while Exports rebounded 50 percentage points to 71%, the highest reading in the series' history. Future New Orders rose to 94%, the highest reading since January 2026, indicating that respondents continued to expect higher new orders over the next 12 months. Meanwhile, Business Activity and Capacity Utilization expanded but slowed.

Hiring conditions were positive but slowed in October, with 56% of respondents reporting easier hiring conditions, down from 58% in September. This is the lowest reading of this series since July 2025. Nevertheless, this series has persistently remained above the breakeven level of 50, suggesting that hiring conditions continued to improve for a majority of respondents.

October 2026 qualitative responses were mixed. On the downside, respondents again noted high fuel costs, high freight costs, high interest rates, steel availability, labor availability, and high labor costs as key downside changes. On the upside, multiple respondents reported pent-up demand and positive manufacturing dynamics driving demand.

Material Handling Industry Business Activity

	October 2026	September 2026	% Point Change	Growth Indication	Rate of Change	Trend in Months
MHI Business Activity Index	71	74	-3	Expansion	Deceleration	10
Capacity Utilization	67	72	-5	Expansion	Deceleration	5
New Orders	59	47	+12	Expansion	From Contraction	1
Shipments	76	68	+8	Expansion	Acceleration	5
Unfilled Orders	41	53	-12	Contraction	From Expansion	1
Inventories	36	69	-33	Contraction	From Expansion	1
Exports	71	21	+50	Expansion	From Contraction	1
Future New Orders	94	89	+5	Expansion	Acceleration	52

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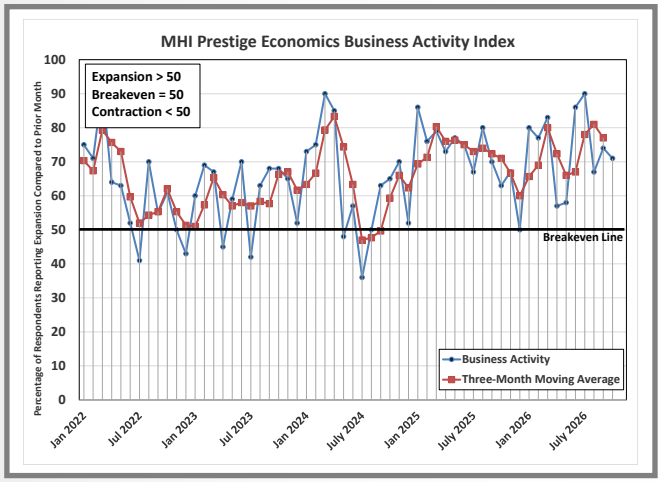
The Business Activity Index expanded but decelerated in October, with 71% of respondents reporting expansions (down from 74%), and 29% reporting contractions. This series' strength reflects industry strength seen throughout this report.

In October, the three-month average for Business Activity decelerated to 71% (down from 77%), while the six-month average accelerated to 74% (up from 72%).

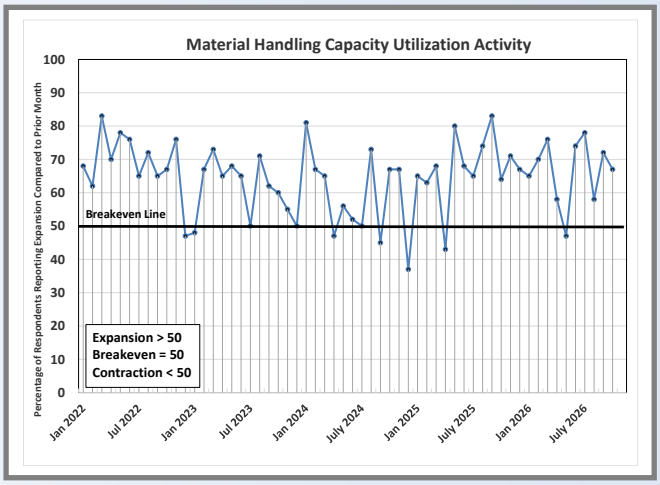


CAPACITY UTILIZATION

Capacity Utilization expanded but decelerated in October, as 67% of respondents noted expansions, and 33% reported contractions.

Utilization has been consistently strong, with a majority of respondents noting Capacity Utilization contractions (index readings below 50) in just 15 of the last 135 months.

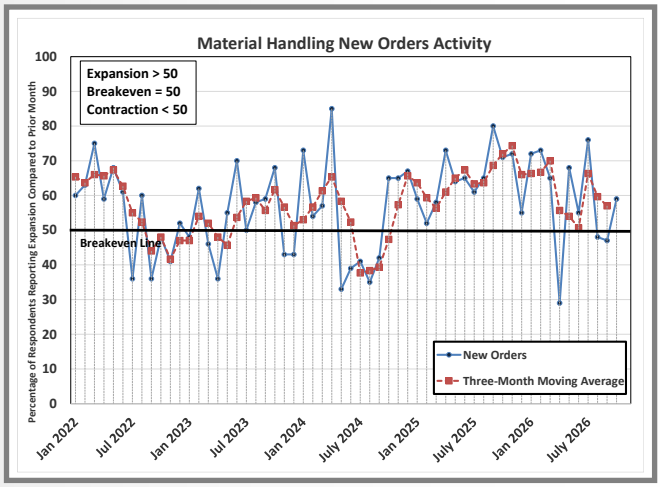
Data collection related to Capacity Utilization allows respondents to opt out of this question if it is not relevant.



NEW ORDERS

New Orders expanded in October, as 59% of respondents noted monthly expansions (up from 47%), and 41% reported contractions. Following contractions in August and September, this is a welcome demand signal. This series has expanded in 21 of the past 24 months, suggesting customer demand has been relatively healthy in the recent past.

The three-month average of New Orders decelerated to 51% (down from 57%), while the six-month average rose to 59% (up from 54%).



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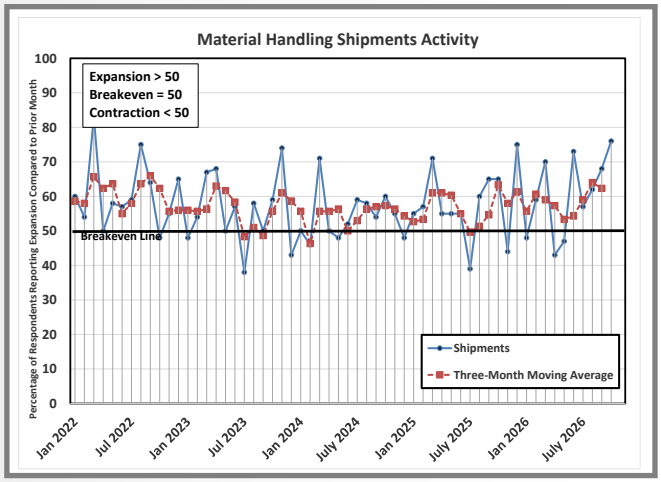
SHIPMENTS

Shipments expanded and accelerated in October, as 76% of respondents noted expansions (up from 68%) and only 24% noted contractions. This series has been consistently strong, expanding in 18 of the past 24 months.

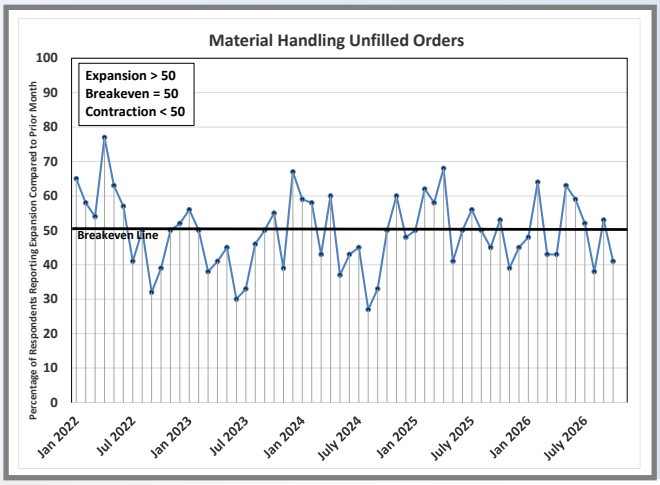
The three-month average for Shipments accelerated to 69% (up from 62%), while the six-month average rose to 64% (up from 58%).



UNFILLED ORDERS

Unfilled Orders contracted in October, as 41% of respondents noted monthly expansions (down from 53%), and 59% reported contractions. Unfilled Orders data have been mixed recently, expanding five times in the past 12 months.

The relative weakness in Unfilled Orders and the relative strength in Shipments appear to indicate that material handling companies may have been working through their backlogs.



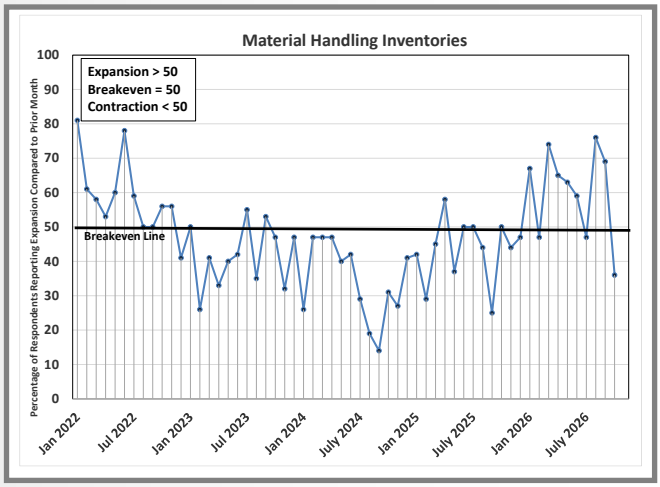
INVENTORIES

Inventories contracted significantly in October, as only 36% of respondents noted monthly expansions (down from 69%), and 64% reported contractions. This index fell 33 percentage points, which is the biggest monthly drop in the history of this series.

The October 2026 reading was the lowest since September 2025, which likely reflects a partial reversal after inventory builds in recent months.

Inventories expanded in seven of the past 10 months.

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



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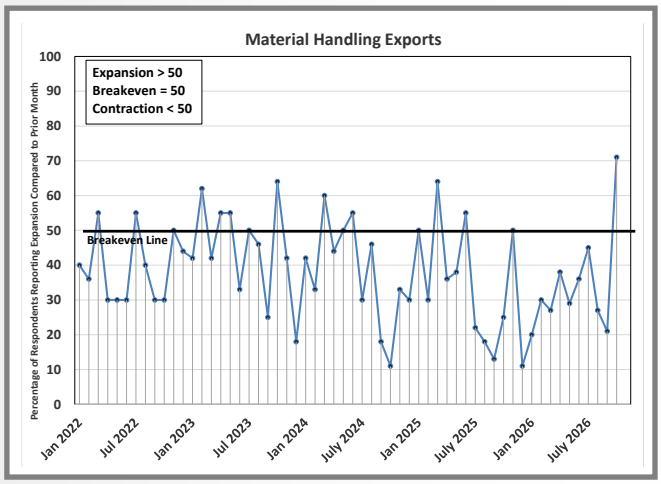
EXPORTS

Exports returned to expansion in October, as 71% of respondents noted expansions and only 29% reported contractions. This was the strongest month in the history of this series.

Exports have been weak recently, expanding in just three of the past 24 months. But the record expansion in October is a positive development. However, one month does not a trend make.

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

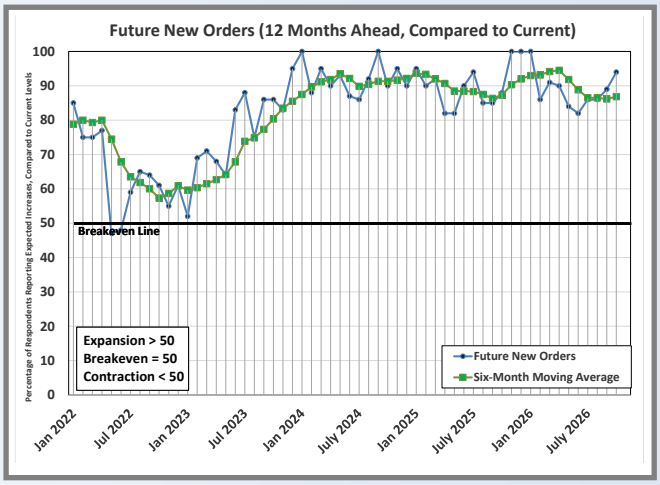


FUTURE NEW ORDERS IN 12 MONTHS

The Future New Orders series expanded and accelerated in October to 94% from 89%.

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 rose to 90% (up from 87%), and the six-month average rose modestly to 87% (up from 86%). The absolute strength of this series indicates widespread optimism about new orders in the next 12 months.



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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.

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