MHI BUSINESS ACTIVITY INDEX

BY **PRESTIGE ECONOMICS®**

The world's leading financial market research firm

FEBRUARY 2026

Release Date: March 4, 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 February 2026 MHI BAI delivered very positive signals, strengthening from the prior month. Business Activity, Capacity Utilization, New Orders, Shipments, Unfilled Orders, and Future New Orders expanded. **The six-month average of New Orders rose to a record high of 71%.** Only Inventories and Exports contracted. Declines in interest rates and the U.S. dollar could provide additional upside in the months ahead. Federal Reserve projections from December 2025 point to further rate cuts through at least the end of 2027. Lower interest rates, a relatively weaker dollar, reindustrialization, and economic mobilization are likely to continue supporting material handling and manufacturing activity. Recent GDP growth has been positive with solid consumption levels, and the outlook for future U.S. and global growth remains positive.

Hiring ease improved in February, with 68% of respondents reporting easier hiring conditions. This is above the breakeven of 50 and the strongest percentage since November. Despite easier hiring conditions, finding qualified workers is still a challenge for many firms.

Qualitative responses reflected significant uncertainty, and 75% cited tariff uncertainty and concerns. Other mixed qualitative responses cited some positive and additional negative dynamics.

Material Handling Industry Business Activity

MHI	February 2026	January 2026	% Point Change	Growth Indication	Rate of Change	Trend in Months
MHI Business Activity Index	77	80	-3	Expansion	Deceleration	2
Capacity Utilization	70	65	+5	Expansion	Acceleration	10
New Orders	73	72	+1	Expansion	Acceleration	17
Shipments	59	48	+11	Expansion	From Contraction	1
Unfilled Orders	64	48	+16	Expansion	From Contraction	1
Inventories	47	67	-20	Contraction	From Expansion	1
Exports	30	20	+10	Contraction	Deceleration	3
Future New Orders	86	100	-14	Expansion	Deceleration	44

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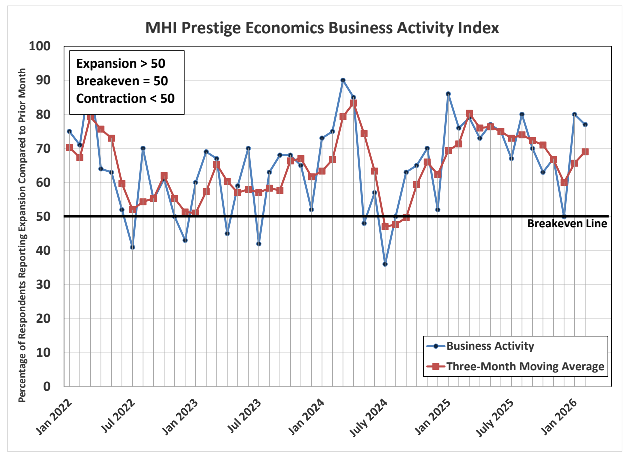
Material Handling Business Activity expanded but decelerated slightly in February, as 77% of respondents noted expansions (down from 80%), while 23% reported contractions. The relative strength of this series was reflected across multiple series in the February report.

In February, the three-month average for Business Activity accelerated from 66% to 69%, while the six-month average was unchanged at 68%.

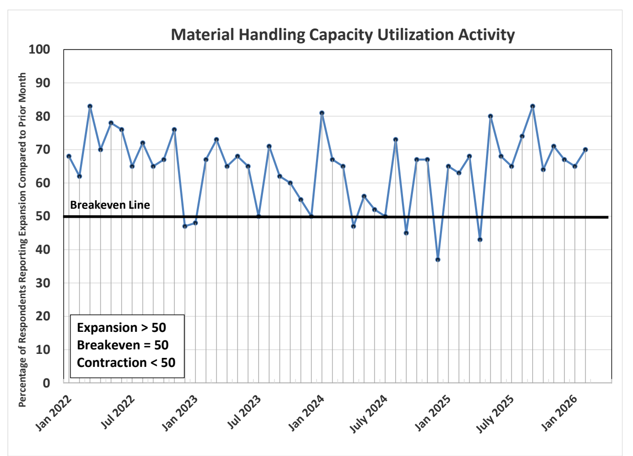


CAPACITY UTILIZATION

Capacity Utilization expanded and accelerated in February, as 70% of respondents noted monthly expansions (up from 65%). Only 30% of respondents noted contractions.

Utilization has been persistently strong, with a majority of respondents noting Capacity Utilization contractions in just 14 of the last 127 months.

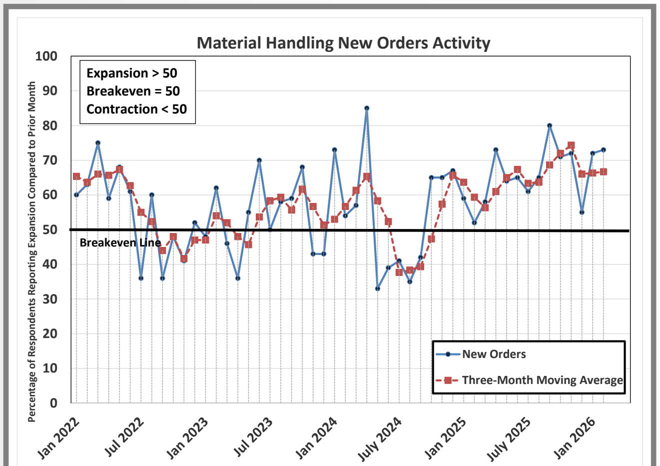
Data collection related to Capacity Utilization allows respondents to opt-out of this question if it is not relevant.



NEW ORDERS

Material Handling New Orders expanded and accelerated in February, as 73% of respondents noted expansions (up from 72%). Meanwhile, 27% reported contractions. This was the 17th consecutive monthly expansion, and New Orders expanded in 19 of the past 24 months. The three-month average for New Orders rose to 67%.

The six-month average of New Orders accelerated to a record high of 71%. The strength in this series is a positive sign for material handling.



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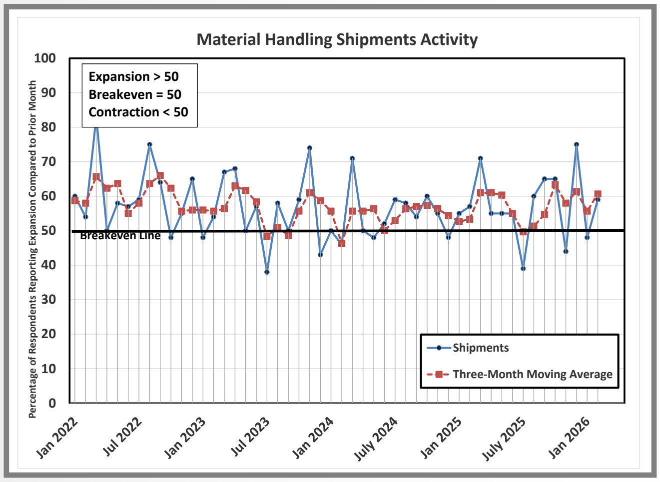
SHIPMENTS

Shipments expanded in February. Monthly data reflected that 59% of respondents noted expansions, as 41% noted contractions. The three-month average for Shipments accelerated to 61%, while the six-month average decelerated to 59% percent.

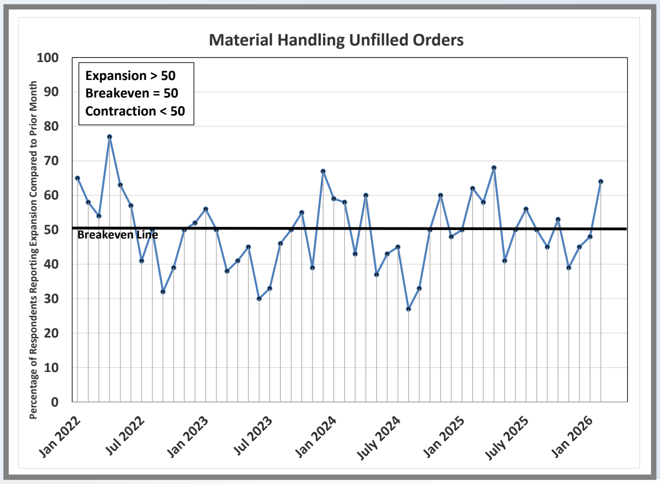
Shipments have contracted just five times in the past 24 months. We believe this persistent strength has been due to material handling companies burning off their Covid backlogs and WIP inventories.



UNFILLED ORDERS

Unfilled Orders expanded in February, as 64% of respondents noted monthly expansions and 36% noted contractions. This was the strongest monthly expansion since April 2025.

Unfilled Orders have been mixed recently, expanding only 8 times in the past 24 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.

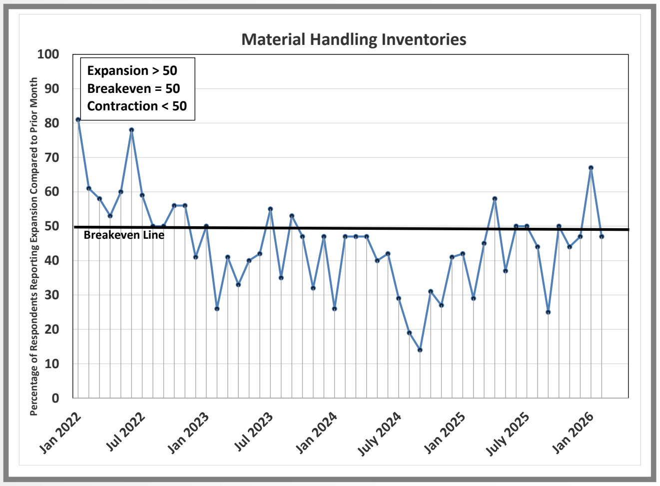


INVENTORIES

Inventories contracted in February, as only 47% of respondents noted monthly expansions but 53% reported contractions.

Inventories have shown recent weakness, expanding just twice 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.



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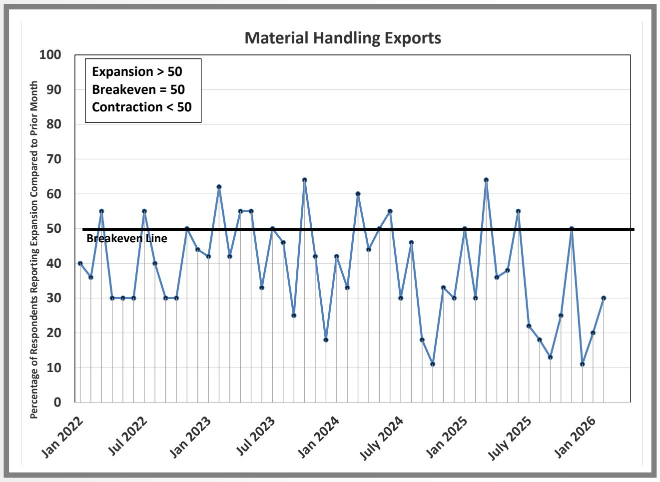
EXPORTS

Exports contracted but improved in February, as 30% of respondents noted expansions and 70% reported contractions.

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 this year.

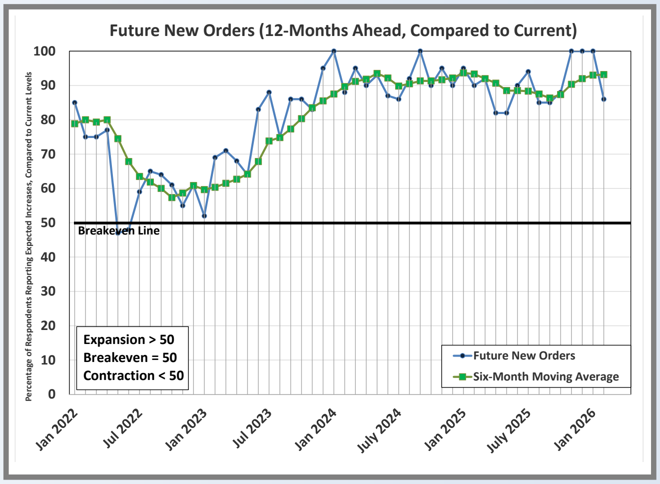
Data collection related to Exports allows respondents to opt-out of this question if they do not export.



FUTURE NEW ORDERS IN 12 MONTHS

The Future New Orders series expanded in February but slowed to 86% after reflecting three consecutive expansions at 100% - the highest reading possible. The ongoing and persistent strength of this series implies that respondents expect Future New Orders will be higher in 12 months.

The three-month average for the Future New Orders series was at 95%, while the six-month average was unchanged at 93%. The absolute strength of this series is extremely 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.

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