

Shades of Gray

In America and most parts of the world, people are looking for answers about what's going to happen next in the manufacturing economy. We're all looking for evidence that better times are ahead, or at least that the worst is over. We crave a clear indicator, something that shows us in black and white that the situation is going to get better.

Unfortunately, there don't seem to be any clear-cut signs. Instead of a black-and-white indication of where we're headed, all we get are many shades of gray.

In some cases, the news appears promising. For example, for most of this year, the Purchasing Managers Index has hovered around 50, the equilibrium point between growth and contraction. In January and February, the index was above 50, indicating growth in the economy.

But in other cases, the news is not so good. Industrial capacity utilization in the United States is at its lowest point in more than 20 years. Unemployment remains high. Machine tool consumption continues to decline.

Yet I continue to hear from people in industry that they're getting some activity in the form of quotes on jobs—not as good as sales, but activity nonetheless.

There's a lot of information out there, and sometimes it's hard to figure out which bits are important and which bits can be ignored. Often the statistics we see and hear—good news or bad—are completely irrelevant to our companies' business. Other bits of information may be extremely important.

This issue we're going to provide you with information we've been collecting over the past year that may shed some light on the state of the gear industry. For some time, we've been tracking the level of activity on our websites. I've always found that information to be both interesting and helpful. In this issue, we've prepared several charts detailing those statistics on page 27, and we offer that data for your interpretation and analysis.

The charts include traffic data to three websites, each with a slightly different audience, but all related to the gear industry.

*powertransmission.com*TM is home to our directory of power transmission components, including gears, bearings, motors and speed reducers. Activity on that website should be an indicator of interest in the industry's end products. *The Gear Industry Home Page*TM is home to our directory of suppliers to the gear industry, including machine tool and cutting tool manufacturers and suppliers of services, such as heat treating and consulting. Activity on that website indicates, in part, interest in planned capital equipment and consumable supplies and services. Finally, we've included statistics from the website of Cadillac Machinery Co., Inc., my own used gear machinery business. The used machinery market is more of a spot market, indicating the need for machines today or in the near future.

The most interesting thing about these statistics is that traffic has increased substantially on all three websites over the past six months. Each of them has moved to a new level compared with a year ago.

Traffic on *powertransmission.com*TM has risen, with page views steadily increasing over the last four months, reaching a high of 162,000 in April. Early in 2002, user sessions were about 30,000 per month. Now they are in the 35,000–40,000 range. More people than ever before are using the website to find suppliers of gears, bearings, motors, speed reducers and other power transmission products.

During most of 2002, traffic on *The Gear Industry Home Page*TM was flat, with user sessions in the 17,000–20,000 per month range and page views in the 65,000–70,000 range. Over the past four months, the numbers have gone up markedly, with highs of 116,000 page views in March and nearly 26,000 user sessions in April.

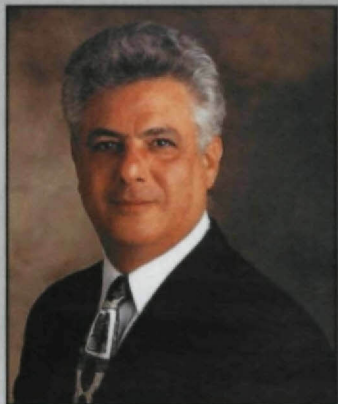
Cadillac's website has seen perhaps the most steady and significant growth. Although the overall numbers are much smaller, traffic has nearly doubled over the past year.

A part of the growth in traffic on these websites is due to the effectiveness of our marketing efforts. The monthly increase of visitors tells us that we're doing a good job getting the word out.

Also, part of the growth probably comes from increasing use of the Internet as a tool for researching and buying industrial equipment, components and services.

But part of the growth tells me that there is activity in our industry.

We offer no black-and-white conclusions about what lies ahead based on the information presented here. No matter how you interpret the trends, though, the growth on all three of these websites has to be taken as a good sign for our industry.



Michael Goldstein
Publisher & Editor-in-Chief

P.S.—Please tell us if you find the information in these charts interesting or useful. Also, please tell us if you have any suggestions about other information you'd like to see about the gear industry. Call (847) 437-6604 or send e-mail to people@geartechnology.com.