

Universal Energy News

July– Sept 2011 Volume 3, Issue 3

Business Confidence

by Bob McIlvain



UEI Headquarters
Houston, TX

With the economy the way it is, many markets are currently in a sustained depressed (or “recessed”) state, or continuing on downward trends, and many businesses are struggling. But there are also some positive indicators that are sustaining services businesses in the power and energy industries. Some of them are tangible, and some not. Here are some thoughts and statistics to consider:

First of all, for the statistical analysis, I refer to several industry-standard publications, which provide a lot of valuable data. The statistical information in this article is almost exclusively from the latest edition of ENR magazine¹.

The article begins by noting that “This summer was supposed to be when the construction market would turn around,¹...” and followed by noting that there’s currently not much difference this summer than the 2010 “summer of recovery” or the 2009 “summer of recovery”. So much for what was supposed to happen. The ENR Construction Industry Confidence Index survey for 2Qtr2011 fell to 46 (out of 100), down from 51 in the First Quarter. From the First to Second Qtr, the survey shows that confidence in the US economy fell from 29% (already remarkably low), down to a dismal 16%! With this kind of attitude, who’s wants to stay in business?

¹ *Engineering News Record*, June 27, 2011 “Fears About the Economy Shake Industry Confidence”

² Universal Energy

For a different perspective, I refer to the same article’s statistics regarding the power industry. Individual markets (sectors) report on their perspective of business being stable, improving or declining. The power industry survey reports that 52% of the power construction companies surveyed indicate “stable” current activity levels, and 33% report “improving” activity, that’s 85% of the industry! When looking at short and longer term forecasts, 46% report being stable in the next 3-6 month period, and another 46% report improving activity. Extending this forecast out to the 12-18 month period, 65% of companies are projecting improving activity!

Outside of the statistics, many of our clients, business colleagues and even competitors appear to also reflect this level of optimism regarding current and future activity in the power industry. Energy is important to everyone and fundamental to every economy. That still doesn’t make it easy, it’s tough being good in this business. But combining experience and capability with a positive forecast and some amount of optimism, makes a good formula for continues success in one of the best types of business there is.

Yes, “powering the planet is hard work”² indeed, but it’s a fulfilling conquest. And a lot of us feel this way. With this kind of attitude, who wouldn’t want to stay in this business?

The following chart indicates the general forecasts by power sector construction firms.

Power Industry
Confidence Level

