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February 3, 2010

## Market Update for STAFDA – 2010 Fall Protection Outlook

The big news in 2009 was obviously the economic slowdown that hit the United States and much of the world. Its impact was felt in all geographies and all segments to varying degrees. Oil prices dropped significantly, bringing exploration activities to a near halt. New construction, both residential and non-residential, nearly stopped for a period in 2009 and unemployment broke 10 percent. All of these factors as well as inventory destocking by the entire supply chain made for a challenging 2009.

We are all optimistic that the recovery will take hold in 2010 and bring with it renewed growth. Leading this growth, we expect will be key segments like wind energy, oil and gas, telecom and transportation. Key activities that will drive these segments include the rising price of oil, and government funded programs that are paving the way for infrastructure improvements and investments in wind energy. On the flip side, there is likely to be high unemployment and continued contraction in the construction market, leading to a near-flat fall protection market in the US in 2010.

It is generally believed that the excess inventory that was on hand in January 2009 has been pushed through the supply chain; however do not expect distributors to quickly get back to the stocking positions of the past. The entire market learned a valuable lesson in inventory control a year ago and will likely only move to significant inventory positions if demanded by the end users or if unable to be supported by the manufacturers.

There does not appear to be significant growth in the supply of goods produced off-shore. There continues to be demand for locally-produced equipment, and companies with local-market knowledge continue to hold the majority of the market share. That said there has been more foreign-made product entering the market at the lower end of the product range where cost is the overriding purchase criteria.

Other potential changes in the marketplace such as e-business do not appear to be moving forward with any significance. The value placed on face-to-face support still exists and continues to win the order.

Overall, 2010 will be nearly as difficult to predict as 2009 was, but all should take comfort in knowing that NO ONE is expecting it to be as challenging as 2009, and that already puts us on the upswing of a recovery.

-Kevin Coplan



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