

U.S. INDUSTRY OUTLOOK

This section is based on the *1988 U.S. Industrial Outlook* published by the USDOC. This information provides a general forecast of short-term prospects and gives an indication of expected trends and developments in the U.S. hardware sector. While such information may be of interest, readers should proceed with caution in utilizing the data for the following reasons.

Firstly, although the USDOC is the source of both the "U.S. Imports 1982-87" (summarized above) and the "U.S. Industry Outlook", two different systems of product classification are used. Differences may not be obvious. In some cases, slightly different titles reflect very similar sets of products; in others, similar titles for sectors or product groups encompass a slightly different mix of products. Thus the market forecasts in the "U.S. Industry Outlook" section may cover a slightly different mix of products than the rest of this report.

Secondly, while most sections of the "U.S. Industry Outlook" address the entire sector, others address specific products or product groups. Forecasts made at both levels should be assessed carefully, as they may differ significantly from the prospects of any individual product included within them. It is therefore recommended that outlook data be used only as a general indication of sectoral prospects in the near term.

U.S. shipments of hardware reached over \$7.4 billion (U.S.) in 1987. Shipments were much lower than their 1986 level as a result of weak demand in the domestic market, particularly in the construction, farm machinery and automotive industries. It is expected that domestic demand for hardware components will experience a market recovery in 1988. The USDOC expects real growth in U.S. hardware shipments in 1988 to be 2.1% following the one percent decline in 1987. Exports are expected to continue to rise in response to the increased price competitiveness of U.S. products due to the lower value of the U.S. dollar.

Imports captured a significant share of the U.S. domestic hardware market in 1987 representing approximately 11% of sales. It is expected that import demand will remain strong in 1988. The depreciation of the U.S. dollar is expected to increase foreign demand for U.S. hardware components, while reducing the price competitiveness of imports. The USDOC, however, still forecasts a rise in imports of about 10% to \$1.1 billion (U.S.) in 1988. The United States will