MATERIALS AND COMPONENTS EDITION

# Component plants run at full rate before supply chains settle in 2026

2026 data on orders, tariffs, lead times and sourcing, for industrial engineering and continuous improvement leaders at component plants making bearings, fasteners, seals, motors and fluid power.

**$13.7B**
PARKER HANNIFIN RECORD BACKLOG, SEPT 2026 [6]

**87 days**
LEAD TIME, PRODUCTION MATERIALS, OCT 2026 [1]

**50%**
SECTION 232 DUTY ON FASTENERS, FULL VALUE [8]

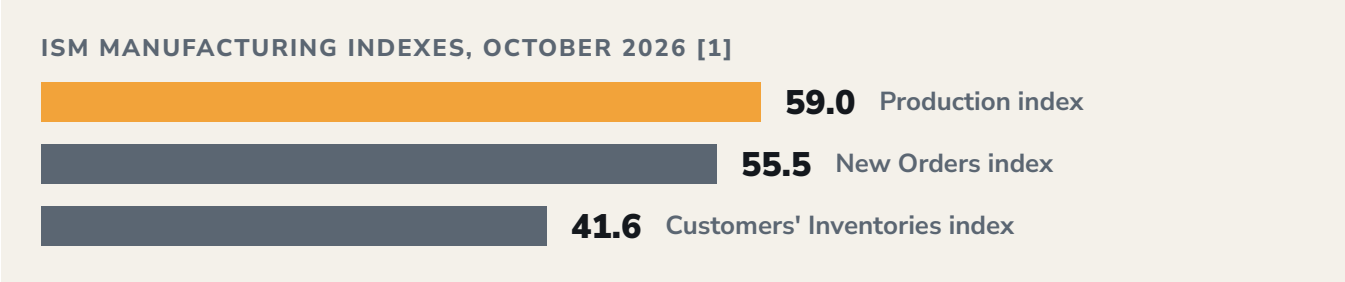
Retrocausal

Research by Retrocausal

**ISM's production index reached 59.0 in October 2026, the highest since November 2021, while customers' inventories stayed too low for a 25th month [1]. We think component plants are being pulled to full rate before tariffs, lead times and staffing have settled.**

## Orders and output came back

ISM's October 2026 report, published November 2, put the Manufacturing PMI at 55.5, up from 54.5 in September and the tenth straight month of expansion after ten months of contraction [1]. The Production index rose to 59.0 from 56.7, the highest since November 2021, and New Orders stood at 55.5. Customers' Inventories sat at 41.6, rated too low for 25 consecutive months [1].

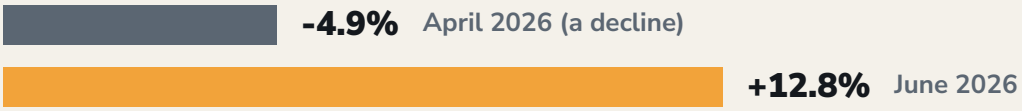



Census Bureau data for September 2026 point the same way. New orders for manufactured goods rose 1.8% to $677.2 billion, the third consecutive monthly rise, and unfilled orders reached $1,623.8 billion [11]. We read this as customers buying in small, urgent pulls because they have gone two years without a cushion. Fabricated Metal Products, Machinery and Electrical Equipment were among the 12 industries growing in October [1].

## Growth differs by product family

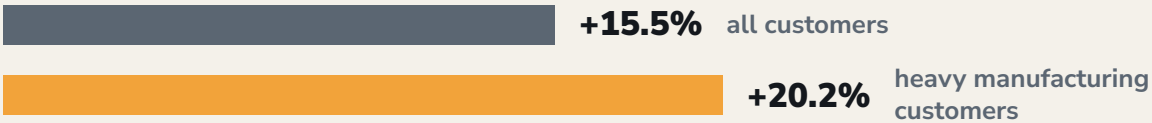
Fluid power shows how uneven demand is. NFPA reported April 2026 pneumatic shipments down 4.9% from a year earlier while hydraulic rose 3.4% [3]. By June 2026 pneumatic was up 12.8% and hydraulic 5.7% [4]. In July 2026 total shipments were up 5.9% year over year, which NFPA called a small step back after several strong months [2]. We suspect a swing that large in one family within two months moves crewing and line balance with it.

US PNEUMATIC SHIPMENTS, CHANGE FROM A YEAR EARLIER [3][4]




Fastenal's third quarter 2026 results, reported October 14, showed net sales of $2,463.3 million, up 15.5%. Daily sales to heavy manufacturing customers rose 20.2% and to all manufacturing customers 17.2% [5]. Pricing added about 240 basis points to the total [5]. To us that suggests most of the growth is extra pieces, and someone has to make them.

FASTENAL DAILY SALES GROWTH, THIRD QUARTER 2026 [5]



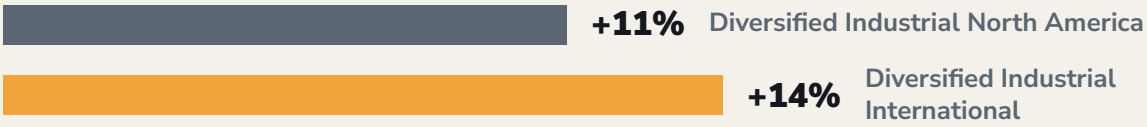

Timken's third quarter 2026 results, dated November 4, split the same way inside one company. Sales were $1,211.4 million, up 4.7%, with organic growth of 2.8%. Engineered Bearings rose 0.7%, mainly on pricing, while Industrial Motion rose 12.4% on higher demand, an acquisition and pricing [7]. Our guess is that one plant network now carries a flat family and a fast one, and labor has to shift between them.

TIMKEN SALES GROWTH BY SEGMENT, THIRD QUARTER 2026 [7]




Parker Hannifin's fiscal 2027 first quarter, ended September 30, 2026, brought sales of $5,992 million, up 17.9%, organic growth of 11.5% and a record backlog of $13.7 billion. Rolling 12-month orders rose 11% in Diversified Industrial North America, up from 9% the prior quarter, and 14% in Diversified Industrial International [6]. We take a backlog that size to mean schedules are set months out, so a mix change lands as a re-sequence of work already promised.

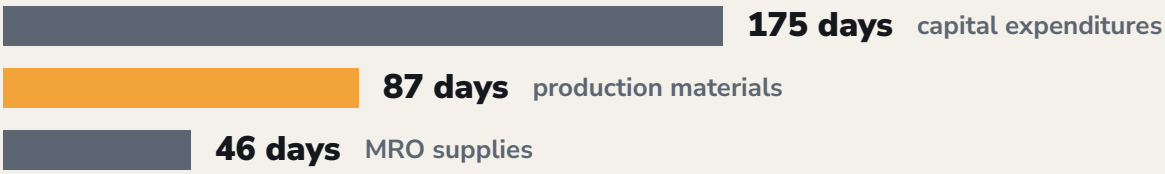
PARKER HANNIFIN ROLLING 12-MONTH ORDER GROWTH [6]




## Metals, tariffs and lead times

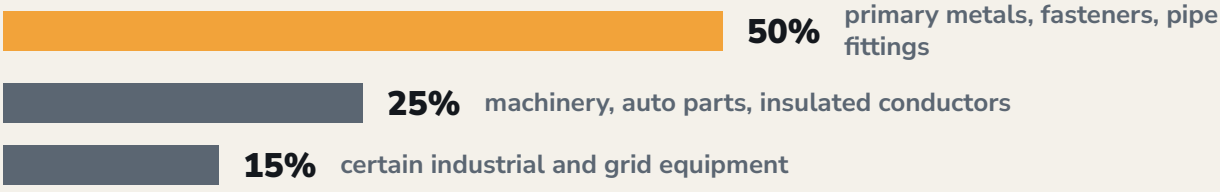
ISM's October 2026 report put average supplier lead time for production materials at 87 days, up from 84 in September, with 175 days for capital expenditures and 46 for MRO supplies. Supplier Deliveries has been slower for 11 consecutive months. Steel and copper have each been in short supply for four months, and electrical components for 16 [1]. Our reading is that near-three-month material waits leave little room to resequence when customers ask for short-notice pulls.

AVERAGE SUPPLIER LEAD TIMES, DAYS, OCTOBER 2026 [1]




The April 2, 2026 Section 232 proclamation, effective April 6, assesses duty on the full customs value of a covered derivative article rather than on its metal content. The rate is 50% for primary metals and closely related derivatives such as fasteners and pipe fittings, 25% for many downstream products including machinery and insulated electrical conductors, and 15% through December 31, 2027 for certain industrial and grid equipment. Products made abroad from qualifying US-origin metal pay 10%, where they were previously exempt [8].

SECTION 232 DUTY ON FULL VALUE, FROM APRIL 6, 2026 [8]



In August 2026 the Bureau of Industry and Security proposed more derivative categories, most at 25%, including hydraulic engine and motor parts and certain electric conductor cables [9]. ISM's Prices index was 75.2 in October 2026, rising for 25 consecutive months, with steel up for 12, copper for 16 and aluminum for 35 [1]. We read this as cost and sourcing options changing in the same quarter for a fluid power or wire plant.

## Sourcing shifts toward domestic plants

The 2026 Reshoring Survey Report from the Reshoring Initiative and Regions Recruiting, reported September 4, 2026, covered 118 OEMs and 131 contract manufacturers. 65% of OEMs cited tariffs as their top reason to reshore, and 40% now weigh total cost of ownership, up from 30% a year earlier. OEMs that reshored named gaps in domestic components, labor availability and higher labor costs as negative effects [10]. Our reading is that this gap is new volume and new part numbers landing on domestic component plants.

## Labor and productivity

ISM's Employment index was 52.4 in October 2026, the fourth month of expansion, and panelist comments favored hiring over managing or reducing head count by 1.8 to 1 [1]. BLS preliminary third quarter 2026 data, released November 5, show manufacturing output up 1.3% at an annual rate on 1.0% more hours, so productivity rose 0.3%. Hourly compensation rose 3.0% and unit labor costs 2.7% [12].

Durable manufacturing did better, with output up 3.8%, hours up 1.6%, productivity up 2.2% and unit labor costs up 0.5% [12]. We think new hires and new part numbers are arriving together, so crews who learned last year's mix are now building a different one. Time standards and training content written for the earlier mix are the first records to test.

**Half a second**

An illustrative calculation, ours and not from any source. A bearing assembly line with a 12-second takt builds 300 units an hour. If average cycle drifts by half a second, it builds 288. Over two 8-hour shifts and 235 production days, that is about 45,120 units a year.

## Five questions we would ask

1. Production stands at 59.0 and customers' inventories at 41.6 [1]. When did you last re-time the lines that now take short-notice pulls?
2. Pneumatic shipments went from down 4.9% in April 2026 to up 12.8% in June [3][4]. Which of your product families moved that far, and did crewing and line balance move with them?
3. Lead time for production materials is 87 days [1]. Which routings assume a shorter wait, and what happens at the station when material arrives late?
4. Duty on fasteners and pipe fittings now applies to full value at 50% [8]. Which part numbers have moved between plants or suppliers since April 2026?
5. Hiring outnumbers head count reductions 1.8 to 1 in ISM panelist comments [1]. How current is the training content for the part numbers new crews are learning?

# Sources


[1] Institute for Supply Management, Manufacturing PMI at 55.5%; October 2026 ISM Manufacturing PMI Report, via PR Newswire (November 2, 2026)

[2] Power & Motion, Fluid Power Market Shows Signs of Stability in July 2026, on NFPA data (September 9, 2026)

[3] Power & Motion, Fluid Power Shipments Decline in April 2026, on NFPA data (June 9, 2026)

[4] Power & Motion, Fluid Power Shipments Rose in June 2026, on NFPA data (August 11, 2026)

[5] Fastenal Company Reports 2026 Third Quarter Earnings, Business Wire via Finviz (October 14, 2026)

[6] Parker Hannifin, Parker Delivers Record Fiscal 2027 First Quarter Results, Raises Full Year Outlook, Form 8-K exhibit 99.1 (November 5, 2026)

[7] The Timken Company, Timken Reports Third-Quarter 2026 Results, Form 8-K exhibit 99.1 (November 4, 2026)

[8] UHY, Section 232 Tariff Changes Could Raise Costs for Importers of Steel, Aluminum, and Copper Products (April 7, 2026)

[9] SteelOrbis, US proposes expanding Section 232 tariffs to 14 additional derivative product categories (August 11, 2026)

[10] Manufacturing Dive, More OEMs plan reshoring investments despite tariff, cost uncertainty, on the 2026 Reshoring Survey Report (September 4, 2026)

[11] US Census Bureau, Manufacturers' Shipments, Inventories and Orders (M3), Full Report for September 2026, CB26-170 (November 3, 2026)

[12] US Bureau of Labor Statistics, Productivity and Costs, Third Quarter 2026, Preliminary (November 5, 2026)


Research by Retrocausal, November 2026. Free to read and share. Statements marked as our reading are inferences, and the calculation in the dark box is illustrative.