December - 2013 (FOR RELEASE: January 2, 2014 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 50.6 ↓

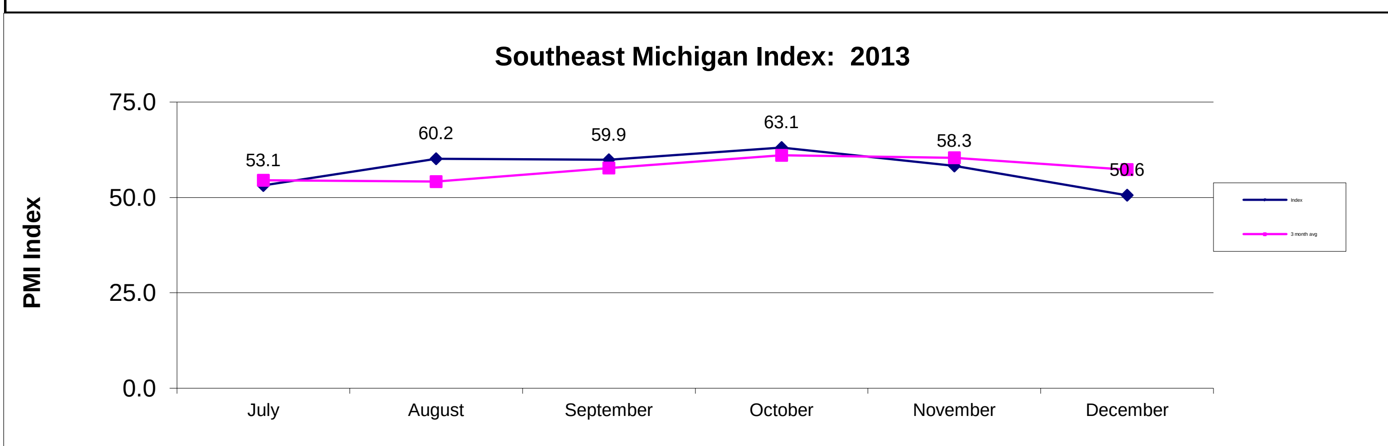
ISM-SEM Index: In December the PMI overall index dropped from 58.3 to 50.6. The three month average also dropped from 60.4 to 57.3. The driver behind the sharp drop is the reduction in both Production and New Orders indices, presumably related to the end of the calendar year.

Employment: The Employment Index actually rose during this same period, from 54.3 to 56.8. The three month average is a very respectable 58.4, slightly above the November score.

Commodity Prices: The Commodity Price Index continued to drop, from 54.2 to 52.2. December's three month average also is down slightly, from 55.4 to 54.8.

Items up or down in price: *Sheet steel is reported to be up in price.*

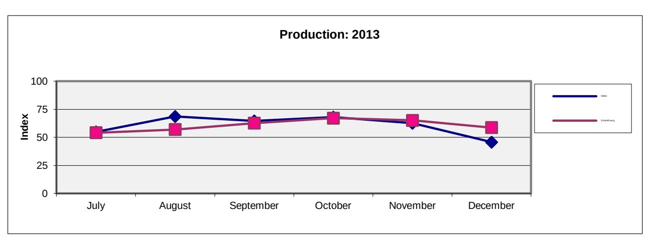
Economic Issues: *The Southeast Michigan Purchasing Managers Index (PMI) declined in December to 50.6, from November's index of 58.3, indicating a decline in economic expansion for the month. This is primarily due to a reported reduction in new orders and production at the end of the calendar year. However, overall economic activity continues to be steady for the area as the PMI remained above 50. Typically, a PMI above 50 represents an expanding economy. Specific indices show the New Orders Index declined from 62.5 in November to 45.7 in December, while the Production Index also fell from 62.5 to 45.7. The Raw Materials Inventory Index remained essentially constant, increasing from 52.1 to 52.2. Indexes showing growth over the same period of time include the Finished Goods Inventory which rose sharply, from 52.1 to 63.0 and the Employment Index that increased from 54.3 to 56.8. Respondents confirmed that the reason for the PMI decline is seasonal. "We are entering a seasonal slow down including employee lay-offs," reported one purchasing professional. As for the 2014 outlook, respondent remarks were cautious and included: "New product launches will make or break certain links in the multiple tier automotive supply chain, including OEMs," "A new engineering program has been received, however, not too much assembly, machining, or buying will be required. (It is) yet to be seen how this program will pan out," and "We are a capital equipment builder. Orders are not coming in as expected. Customers seem to be delaying purchases." An encouraging 68.3 percent of the respondents report that over the next six months the economy will remain constant or become more stable, though 21.7 percent hold the opinion that the economy will become less stable.*



ISM-SEM Index		2013					
		July	August	September	October	November	**December**
Index		53.1	60.2	59.9	63.1	58.3	50.6
Index	3 month average	54.5	54.2	57.7	61.1	60.4	57.3

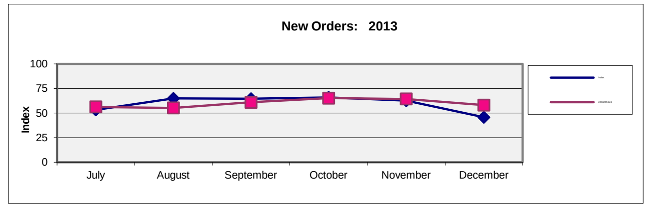
Production		2013					
		July	August	September	October	November	**December**
	Higher	35.5	44.4	41.7	48.0	41.7	26.1
	Same	38.7	48.1	45.8	40.0	41.7	39.1
	Lower	25.8	7.4	12.5	12.0	16.7	34.8
Index		54.8	68.5	64.6	68.0	62.5	45.7
Index	3 month average	54.2	57.0	62.6	67.0	65.0	58.7

Production fell sharply to 45.7.



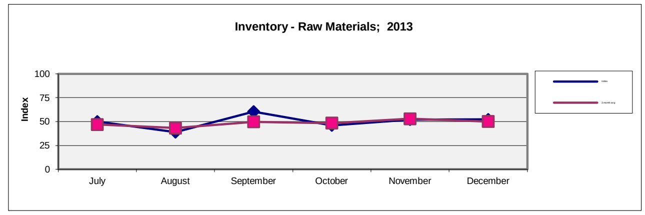
New Orders			2013				
		July	August	September	October	November	**December**
	Higher	29.0	44.4	45.8	36.0	33.3	30.4
	Same	48.4	40.7	37.5	60.0	58.3	30.4
	Lower	22.6	14.8	16.7	4.0	8.3	39.1
Index		53.2	64.8	64.6	66.0	62.5	45.7
Index	3 month average	56.3	55.2	60.9	65.1	64.4	58.1

New orders fell sharply to 45.7.



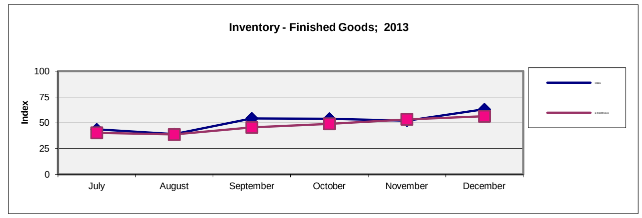
Inventory - Raw Materials			2013				
		July	August	September	October	November	**December**
	Higher	22.6	11.1	33.3	16.0	29.2	26.1
	Same	54.8	55.6	54.2	60.0	45.8	52.2
	Lower	22.6	33.3	12.5	24.0	25.0	21.7
Index		50.0	38.9	60.4	46.0	52.1	52.2
Index	3 month average	46.8	43.1	49.8	48.4	52.8	50.1

Raw materials inventories remained approximatly the same.



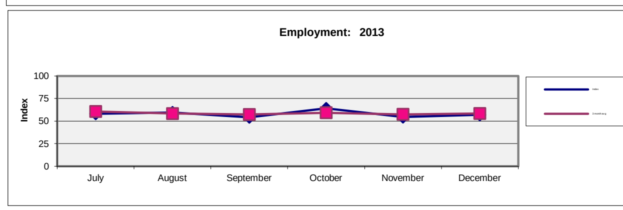
Inventory - Finished Goods			2013				
		July	August	September	October	November	**December**
	Higher	12.9	7.4	16.7	24.0	20.8	39.1
	Same	61.3	63.0	75.0	60.0	62.5	47.8
	Lower	25.8	29.6	8.3	16.0	16.7	13.0
Index		43.5	38.9	54.2	54.0	52.1	63.0
Index	3 month average	40.3	38.6	45.5	49.0	53.4	56.4

Finished goods inventories increased sharply, to 63.0.



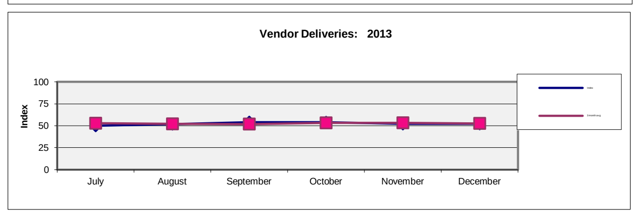
Employment			2013				
		July	August	September	October	November	**December**
	Higher	32.3	30.8	20.8	40.0	26.1	27.3
	Same	51.6	57.7	66.7	48.0	56.5	59.1
	Lower	16.1	11.5	12.5	12.0	17.4	13.6
Index		58.1	59.6	54.2	64.0	54.3	56.8
Index	3 month average	60.6	58.3	57.3	59.3	57.5	58.4

Employment Index increased slightly, from 54.3 to 56.8.



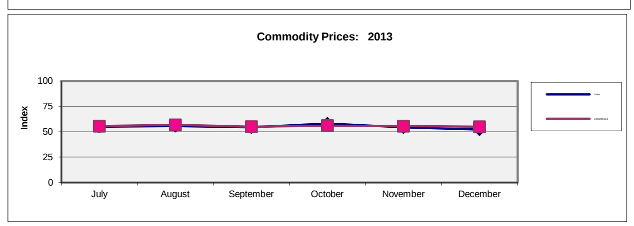
Vendor Deliveries			2013				
		July	August	September	October	November	**December**
	Faster	3.2	3.7	0.0	8.0	4.2	8.7
	Same	93.5	88.9	91.7	76.0	87.5	78.3
	Slower	3.2	7.4	8.3	16.0	8.3	13.0
Index		50.0	51.9	54.2	54.0	52.1	52.2
Index	3 month average	52.9	52.2	52.0	53.3	53.4	52.8

Deliveries remained approximately the same, at 52.2.



Commodity Prices			2013				
		July	August	September	October	November	**December**
	Higher	16.1	18.5	16.7	20.0	8.3	8.7
	Same	77.4	74.1	75.0	76.0	91.7	87.0
	Lower	6.5	7.4	8.3	4.0	0.0	4.3
Index		54.8	55.6	54.2	58.0	54.2	52.2
Index	3 month average	55.5	56.6	54.9	55.9	55.4	54.8

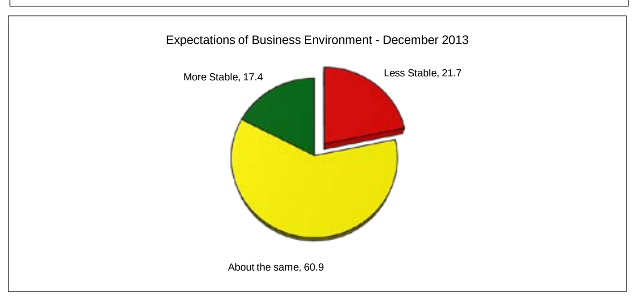
Commodity prices fell slightly, to 52.2.



Expectations of Business Environment - December 2013

6 months into the future:

Less Stable	21.7	percent
About the same	60.9	percent
More Stable	17.4	percent



For more information about the Survey or to obtain copies of previous surveys, visit our website at www.ism-sem.org and click on "Economic Surveys"

NOTICE:

No warranty, expressed or implied, is attached to these figures or their use. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

Survey Results Production by:
Kenneth Doherty & Steve Welsh of ISM.

Next Release: **February 1, 2014**

For more information, contact
ISM - Southeast Michigan
Email: businessmanager@ism-sem.org
Tel: 313-881-0800
OR
Wayne State University
Timothy Butler
timothy.butler@wayne.edu
Tel: 313-577-9810
OR
Nitin Paranjpe
ai8668@wayne.edu
Tel: 248-292-0208