



January - 2015 (FOR RELEASE: February 5, 2015 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 50.0 ↓

ISM-SEM Index: In January the PMI took a sharp drop, from 64.2 all the way down to 50.0, almost a 15 point drop. This breaks the six month trend of scores near or above 55. The three month average dropped less significantly, from 58.5 to 57.0.

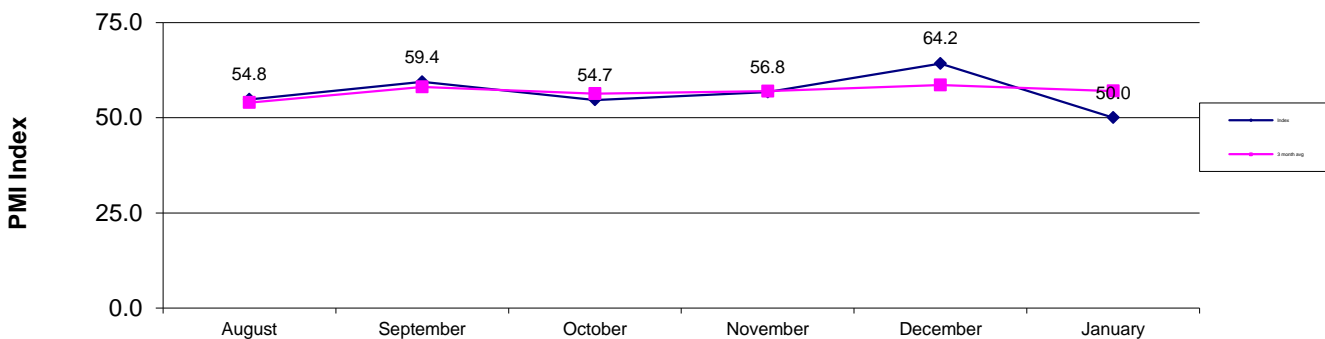
Employment: The Employment Index also dropped twenty points, from 70.0 to 51.7. The three month average dropped from 66.0 to 62.1. Time will tell whether January is a fluke reading or the beginning of a downward trend for employment.

Commodity Prices: The Commodity Price Index dropped for the second consecutive month, down from 61.8 in November to 54.2 in December to 46.6 in January. So, over two months, we've seen a 15 point decline. The three month average is 54.2.

Items up or down in price: *In January, items up in price are fasteners, computers, adhesives, resins, and service contracts. Items down in price include petroleum, natural gas, steel, copper.*

Economic Issues: *The January survey shows a pronounced drop in the Southeast Michigan Purchasing Managers Index (PMI), from 64.2 in December to 50.0 in January. This means that, on average, economic activity in January is about the same as it was in December. A PMI Index value above 50 indicates an expanding economy, while an index value less than 50 indicates a decline compared to the previous month. A PMI of 50 indicates that the economy is level with the previous month, neither expanding nor retracting. The three-month moving average of the PMI is still a solid 57.0. The specific index values that led to the PMI reduction are New Orders, which declined from 66.7 to 48.3; Production, which declined from 62.5 to 51.7; Finished Goods Inventory, which declined from 58.3 to 44.8; and Employment, which fell from 70.0 to 51.7. Also, the Commodity Prices index dropped from 54.2 to 46.6. Given that the three-month PMI is 57.0, most respondents are optimistic going forward. Cautious comments from respondents include "Concerns regarding Japan, China and European economic slowdowns rippling to N. America." On the other hand, optimistic comments include "...expecting strong sales in 2015," and "Economy appears to be getting better - suppliers are not as hungry and not quoting as aggressively as a year or even six months ago," and "Labor (contract labor) is in high demand. Very competitive in S.E. Michigan." A solid 86 percent of respondents anticipate the economy to remain about the same or become more stable, while 21 percent see the economy becoming less stable.*

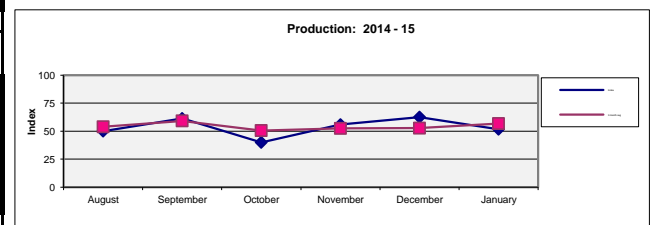
Southeast Michigan Index: 2014-15



ISM-SEM Index		2014-15					
		August	September	October	November	December	January
Index		54.8	59.4	54.7	56.8	64.2	50.0
Index	3 month average	54.0	58.1	56.3	57.0	58.5	57.0

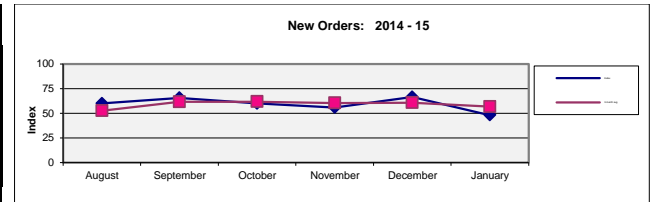
Production		2014-15					
		August	September	October	November	December	January
	Higher	26.7	37.1	6.7	35.3	41.7	27.6
	Same	46.7	48.6	66.7	41.2	41.7	48.3
	Lower	26.7	14.3	26.7	23.5	16.7	24.1
Index		50.0	61.4	40.0	55.9	62.5	51.7
Index	3 month average	53.9	59.1	50.5	52.4	52.8	56.7

Production declined to 51.7.



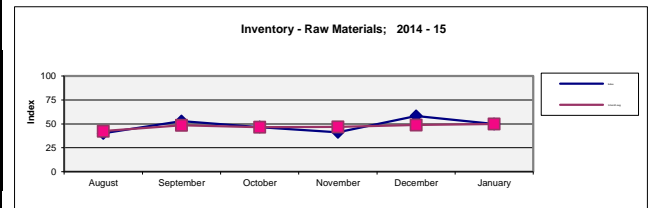
New Orders		2014-15					
		August	September	October	November	December	January
	Higher	40.0	42.9	33.3	35.3	41.7	24.1
	Same	40.0	45.7	53.3	41.2	50.0	48.3
	Lower	20.0	11.4	13.3	23.5	8.3	27.6
Index		60.0	65.7	60.0	55.9	66.7	48.3
Index	3 month average	52.7	61.6	61.9	60.5	60.8	56.9

New orders dropped sharply to 48.3.



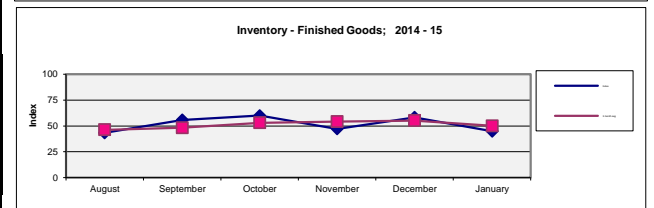
Inventory - Raw Materials		2014-15					
		August	September	October	November	December	January
	Higher	13.3	22.9	6.7	5.9	33.3	20.7
	Same	53.3	60.0	80.0	70.6	50.0	58.6
	Lower	33.3	17.1	13.3	23.5	16.7	20.7
Index		40.0	52.9	46.7	41.2	58.3	50.0
Index	3 month average	42.4	48.4	46.5	46.9	48.7	49.8

Raw materials inventories came in at 50.0



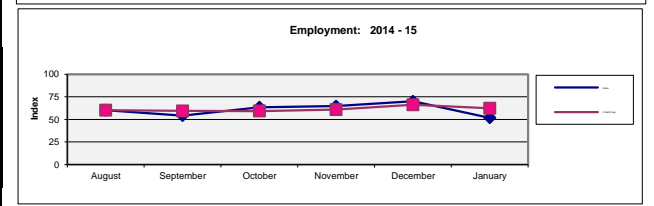
Inventory - Finished Goods		2014-15					
		August	September	October	November	December	January
	Higher	20.0	25.7	33.3	17.6	33.3	6.9
	Same	46.7	60.0	53.3	58.8	50.0	75.9
	Lower	33.3	14.3	13.3	23.5	16.7	17.2
Index		43.3	55.7	60.0	47.1	58.3	44.8
Index	3 month average	46.3	48.2	53.0	54.3	55.1	50.1

Finished goods inventories fell to 44.8.



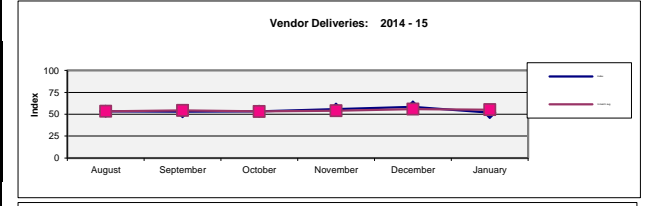
Employment		2014-15					
		August	September	October	November	December	January
	Higher	33.3	20.0	40.0	41.2	50.0	24.1
	Same	53.3	68.6	46.7	47.1	40.0	55.2
	Lower	13.3	11.4	13.3	11.8	10.0	20.7
Index		60.0	54.3	63.3	64.7	70.0	51.7
Index	3 month average	60.3	59.3	59.2	60.8	66.0	62.1

Employment dropped sharply to 51.7.



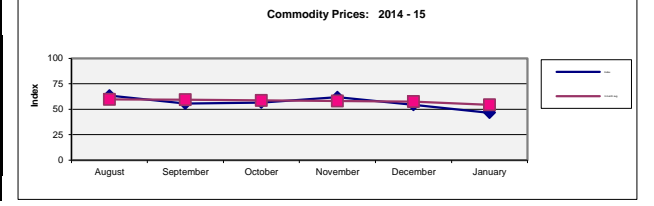
Vendor Deliveries		2014-15					
		August	September	October	November	December	January
	Faster	13.3	2.9	6.7	5.9	0.0	6.9
	Same	66.7	88.6	80.0	76.5	83.3	82.8
	Slower	20.0	8.6	13.3	17.6	16.7	10.3
Index		53.3	52.9	53.3	55.9	58.3	51.7
Index	3 month average	53.4	54.3	53.2	54.0	55.8	55.3

Deliveries fell to 51.7.



Commodity Prices		2014-15					
		August	September	October	November	December	January
	Higher	33.3	17.1	26.7	29.4	25.0	10.3
	Same	60.0	77.1	60.0	64.7	58.3	72.4
	Lower	6.7	5.7	13.3	5.9	16.7	17.2
Index		63.3	55.7	56.7	61.8	54.2	46.6
Index	3 month average	59.6	59.4	58.6	58.0	57.5	54.2

Commodity prices down to 46.6.

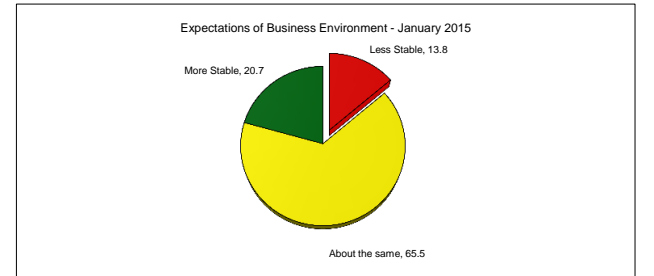


Expectations of Business Environment - January 2015

6 months into the future:

Less Stable	13.8	percent
About the same	65.5	percent
More Stable	20.7	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"



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