



October - 2016 (FOR RELEASE: November 04, 2016 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 67.2 ↑

ISM-SEM Index: In October, the PMI went back up to 67.2, after dropping to 60.2 in September. The three-month average increased from 60.6 to 64.5, heading into the holiday season. The three-month average has only been below a reading of 60 once in the past six months.

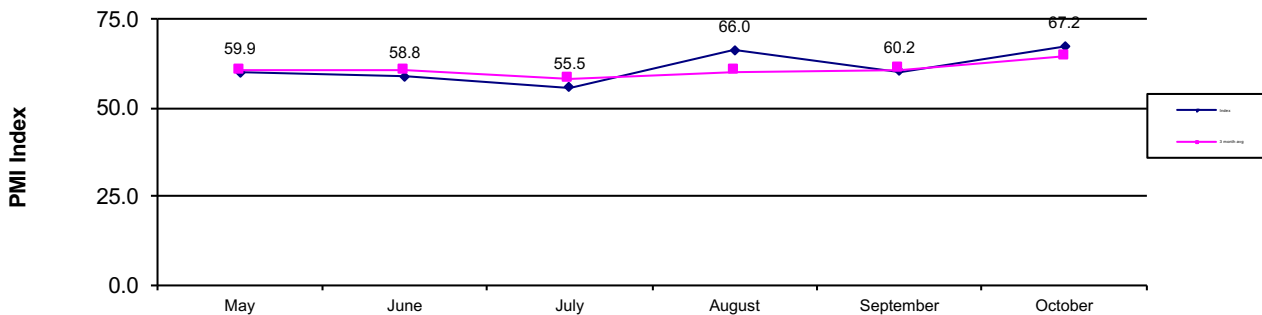
Employment: The Employment Index also increased significantly, from 62.5 to 75.0. The three-month average rose from 65.9 to 69.4. Clearly, employment has been healthy in the Southeast Michigan area over the summer of 2016.

Commodity Prices: The Commodity Price Index stayed at a depressed reading of just 47.1, essentially unchanged from September. The three-month average is also below 50, coming in at 48.0. While this is good news for short-term profits, it may not be indicative of the overall health in the economy.

Items up or down in price: October shows steel coil going up in price. OEM hardware, OEM software, and PCs were going down in price. No items were reported as being short in supply.

Economic Issues: The October survey shows continued strength in the Southeast Michigan economy with the index maintaining a value of more than 50 since June 2014. The impressive and remarkable streak of growth and economic expansion in the Southeast Michigan economy seems to be paralleling the underlying resurgence of the domestic automobile sector in Southeast Michigan with record profits being reported by the automakers. In general, an index value greater than 50 indicates a growing economy, with an index value under 50 indicating a contracting economy. Components of the index showing strength include the Production Index rising sharply to 73.5, the New Order Index rising to 70.6, and the Employment Index powering ahead to 75. The Commodity Price Index was basically unchanged from the prior month. However, technology such as software, hardware and computers dropped in price. Raw material inventory, finished goods inventory, and vendor deliveries moved up slightly from the previous month's readings. Paradoxically, in spite of the strength in the economy, survey respondents noted that their expectations of the business environment six months into the future were not that robust. Slightly less than 70% of respondents expected the economy to be about the same or more stable, with more than 30% of the respondents indicating less stability. Respondents focused on the upcoming presidential election reflect the ongoing instability in comments including: "Presidential election has people in quandary and divided causing unavoidable tension and uncertainty," "The impact of the 2016 presidential election will influence our industry," "We're watching for any slow-downs in production," and "Higher ed has come into the crosshairs of the general population. The concept of making education 'affordable' will mean new levels of oversight on higher education. In Michigan, this may mean an overhaul due to our unique approach for State of Michigan universities."

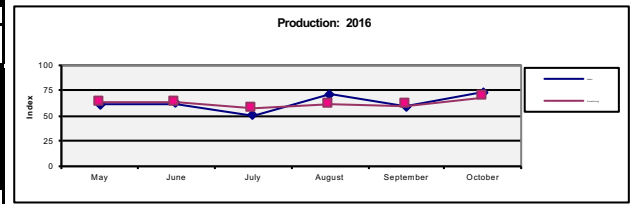
Southeast Michigan Index: 2015 - 16



ISM-SEM Index		2016					
		May	June	July	August	September	October
Index		59.9	58.8	55.5	66.0	60.2	67.2
Index	3 month average	60.5	60.5	58.1	60.1	60.6	64.5

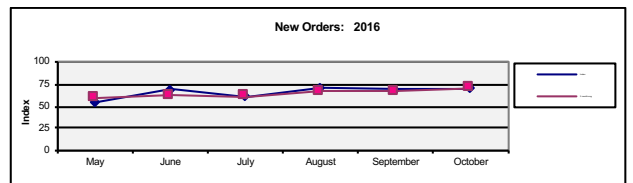
Production		2016					
		May	June	July	August	September	October
	Higher	34.8	38.5	14.3	50.0	18.8	52.9
	Same	52.2	46.2	71.4	41.7	81.3	41.2
	Lower	13.0	15.4	14.3	8.3	0.0	5.9
Index		60.9	61.5	50.0	70.8	59.4	73.5
Index	3 month average	62.9	62.8	57.5	60.8	60.1	67.9

Production rose sharply to 73.5.



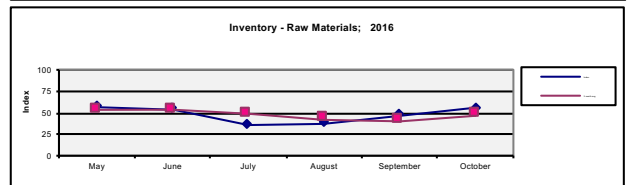
New Orders		2016					
		May	June	July	August	September	October
	Higher	30.4	46.2	35.7	50.0	43.8	52.9
	Same	47.8	46.2	50.0	41.7	50.0	35.3
	Lower	21.7	7.7	14.3	8.3	6.3	11.8
Index		54.3	69.2	60.7	70.8	68.8	70.6
Index 3 month average		59.2	62.4	61.4	66.9	66.8	70.1

New orders increased to 70.6.



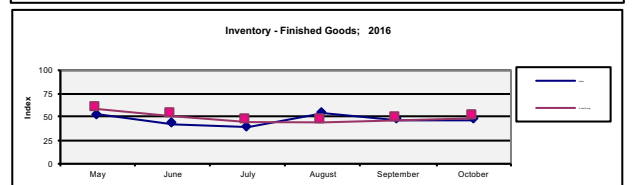
Inventory - Raw Materials		2016					
		May	June	July	August	September	October
	Higher	21.7	23.1	0.0	8.3	18.8	23.5
	Same	69.6	61.5	71.4	58.3	56.3	64.7
	Lower	8.7	15.4	28.6	33.3	25.0	11.8
Index		56.5	53.8	35.7	37.5	46.9	55.9
Index 3 month average		53.4	52.7	48.7	42.4	40.0	46.8

Raw materials inventories increased to 55.9.



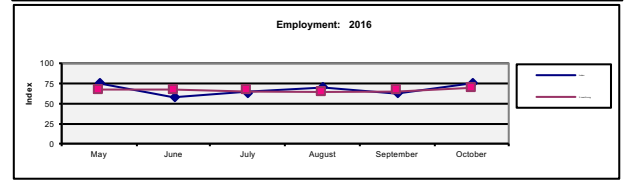
Inventory - Finished Goods		2016					
		May	June	July	August	September	October
	Higher	13.0	7.7	0.0	25.0	12.5	11.8
	Same	78.3	69.2	78.6	58.3	68.8	70.6
	Lower	8.7	23.1	21.4	16.7	18.8	17.6
Index		52.2	42.3	39.3	54.2	46.9	47.1
Index 3 month average		58.5	51.2	44.6	45.3	46.8	49.4

Finished goods inventories rose slightly to 47.1.



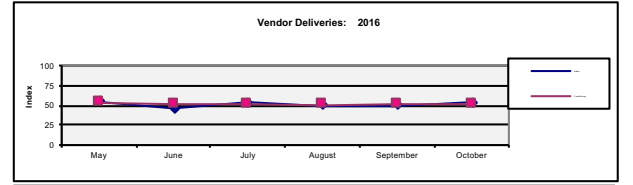
Employment		2016					
		May	June	July	August	September	October
	Higher	50.0	23.1	28.6	41.7	31.3	50.0
	Same	50.0	69.2	71.4	58.3	62.5	50.0
	Lower	0.0	7.7	0.0	0.0	6.3	0.0
Index		75.0	57.7	64.3	70.8	62.5	75.0
Index 3 month average		66.3	66.5	65.7	64.3	65.9	69.4

Employment shot up to 75.0.



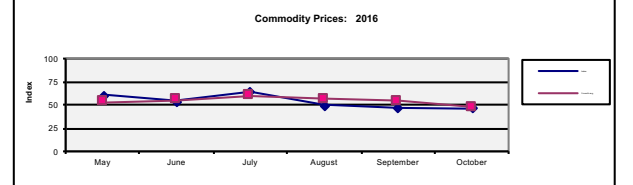
Vendor Deliveries		2016					
		May	June	July	August	September	October
	Faster	4.3	7.7	0.0	0.0	0.0	0.0
	Same	82.6	92.3	92.9	100.0	100.0	94.1
	Slower	13.0	0.0	7.1	0.0	0.0	5.9
Index		54.3	46.2	53.6	50.0	50.0	52.9
Index 3 month average		53.0	50.9	51.4	49.9	51.2	51.0

Deliveries grew modestly to 52.9.



Commodity Prices		2016					
		May	June	July	August	September	October
	Higher	21.7	7.7	35.7	0.0	0.0	5.9
	Same	78.3	92.3	57.1	100.0	93.8	82.4
	Lower	0.0	0.0	7.1	0.0	6.3	11.8
Index		60.9	53.8	64.3	50.0	46.9	47.1
Index 3 month average		53.6	54.9	59.7	56.0	53.7	48.0

Commodity prices increased slightly to 47.1.

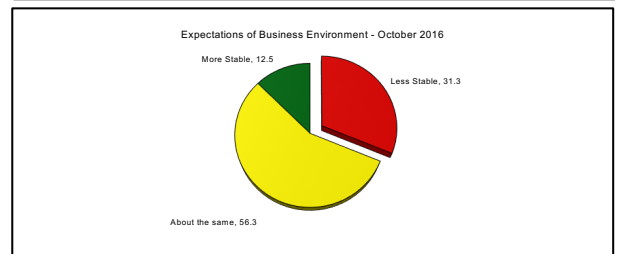


Expectations of Business Environment - October 2016

6 months into the future:

Less Stable	31.3	percent
About the same	56.3	percent
More Stable	12.5	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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