

FOR
RELEASE:
June 1, 2009
6am EST

THE DETROIT REPORT

2009
May

National Association of Purchasing Management - Metro Detroit

The NAPM – Metro Detroit Purchasing Managers Index 40.4

Detroit Index: May reports reveal that the NAPM-DM composite index rose 3.9 points to 40.4.

Employment: Employment rose 1.7 points to 36.5.

Prices: Prices rose 17.5 points to 46.3

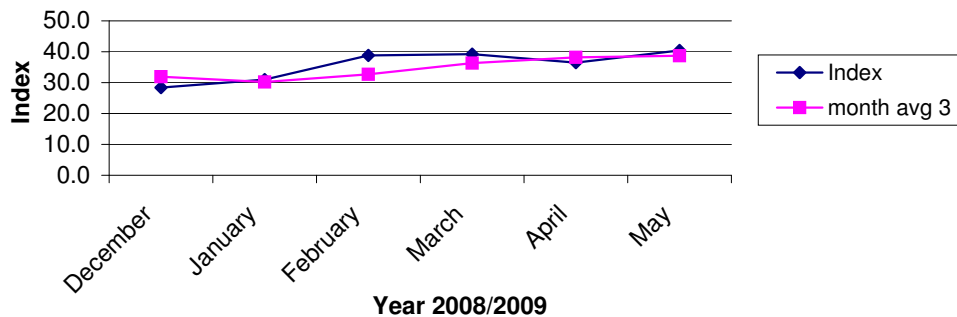
Items up or down in price: May reports showed a sharp upward movement in commodity prices. While the monthly change was large, the overall price index remains below 50, indicating a continued lowering of prices. Items reported up in price include: feed stocks, for some plastic resin and rubber, polystyrene, imported fiber optic cable, copper and scrap steel prices. Items reported down in price include: wood, phenol, ABS, nylon, linerboard, steel, PVB, soda ash, transportation and transport surcharges, stainless flat rolled, cold rolled and galvanized steel, lubricants and oils, caustic soda and sulfuric acid.

Economic Issues: The May survey was conducted during a time of great uncertainty in the automotive industry. At the end of April Chrysler filed for bankruptcy protection and at the end of May it appears GM will follow a similar path. The May economic reports saw some glimmers of improvement. The Conference Board index of consumer confidence in May rose to its highest level since September 2008.

Reports to this month's survey reflect this volatile and uncertain market. Many reporters indicate more cuts in work shifts and hours. Schedules continue to be reduced to match lower sales.

One report indicated that rolling layoffs continue in the automotive industry. Suppliers, as a result, are holding strictly to credit terms and hold materials as soon as invoices pass 30 days. Another reported materials shortages at suppliers. Clearly cash management is a top priority issue for the supply industry. One respondent noted that suppliers are now focused on August – will they have sufficient capital to start up the fall orders?

On a side note – after six years, with this May issue I will discontinue my data collection and analysis of the monthly NAPM-Metro Detroit Purchasing Managers report. I have appreciated the opportunity to work with all of the members and wish you all well in these very troubling times. DRA



Next Release
1 July 2009

Detroit Index		2008		2009			
		December	January	February	March	April	May
Index		28.4	31.0	38.8	39.2	36.5	40.4
Index	3 month average	31.9	30.2	32.7	36.3	38.2	38.7

Production		2008		2009			
		December	January	February	March	April	May
	Higher	10.0	12.5	20.0	18.5	18.2	22.2
	Same	20.0	25.0	36.0	37.0	39.4	33.3
	Lower	70.0	62.5	44.0	44.4	42.4	44.4
Index		20.0	25.0	38.0	37.0	37.9	38.9
Index	3 month average	27.7	23.3	27.7	33.3	37.6	37.9

Production up slightly in May, but remains at very low levels

New Orders		2008		2009			
		December	January	February	March	April	May
	Higher	12.5	16.7	12.0	18.5	15.2	25.9
	Same	20.0	25.0	36.0	40.7	36.4	22.2
	Lower	67.5	58.3	52.0	40.7	48.5	51.9
Index		22.5	29.2	30.0	38.9	33.3	37.0
Index	3 month average	25.0	24.7	27.2	32.7	34.1	36.4

New orders rise 3.7 points in May

Inventory - Raw Materials		2008		2009			
		December	January	February	March	April	May
	Higher	17.5	16.7	16.0	3.7	3.0	14.8
	Same	32.5	33.3	48.0	44.4	48.5	37.0
	Lower	50.0	50.0	36.0	51.9	48.5	48.1
Index		33.8	33.3	40.0	25.9	27.3	33.3
Index	3 month average	38.9	34.0	35.7	33.1	31.1	28.8

Raw materials inventories remain low in May, but up 6.0 points

Inventory - Finished Goods		2008		2009			
		December	January	February	March	April	May
	Higher	15.0	12.5	20.0	11.1	6.1	22.2
	Same	42.5	37.5	48.0	51.9	48.5	33.3
	Lower	42.5	50.0	32.0	37.0	45.5	44.4
Index		36.3	31.3	44.0	37.0	30.0	38.9
Index	3 month average	38.9	34.6	37.2	37.4	37.0	35.3

Finished goods inventories rose 8.9 points in May

Employment		2008		2009			
		December	January	February	March	April	May
	Higher	2.8	4.8	20.8	8.0	12.1	19.2
	Same	50.0	47.6	45.8	52.0	45.5	34.6
	Lower	47.2	47.6	33.3	40.0	42.4	46.2
Index		27.8	28.6	43.8	34.0	34.8	36.5
Index	3 month average	30.8	30.4	33.4	35.5	37.5	35.1

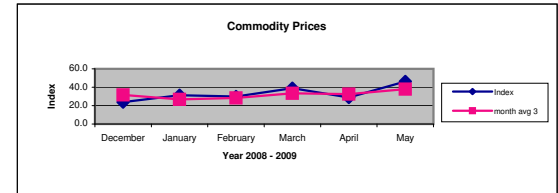
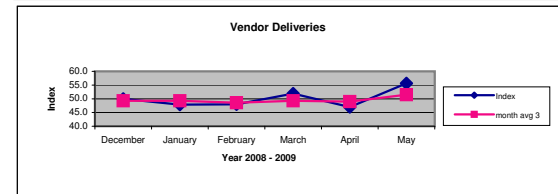
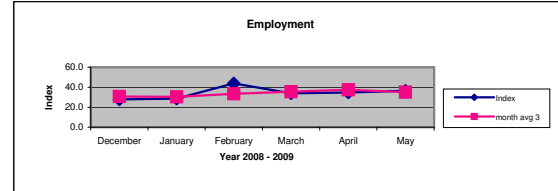
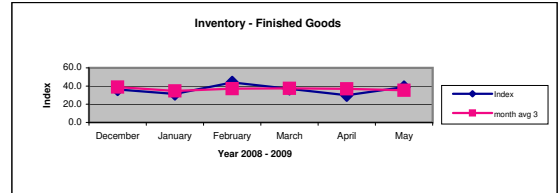
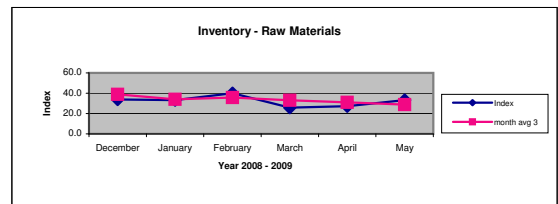
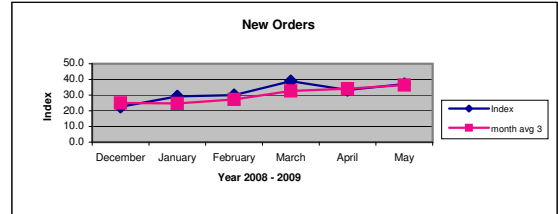
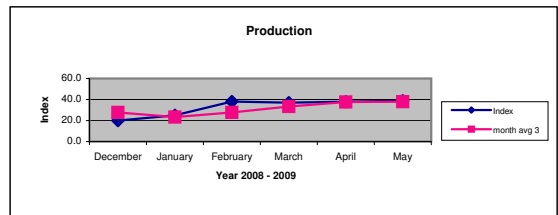
Employment up 1.7 points in May.

Vendor Deliveries		2008		2009			
		December	January	February	March	April	May
	Faster	12.5	8.3	20.0	18.5	21.2	11.1
	Same	75.0	87.5	64.0	59.3	63.6	66.7
	Slower	12.5	4.2	16.0	22.2	15.2	22.2
Index		50.0	47.9	48.0	51.9	47.0	55.6
Index	3 month average	49.3	49.3	48.6	49.3	49.0	51.5

Vendor deliveries slow down in May

Commodity Prices		2008		2009			
		December	January	February	March	April	May
	Higher	2.5	4.2	4.0	11.1	3.0	18.5
	Same	42.5	54.2	52.0	55.6	51.5	55.6
	Lower	55	41.7	44.0	33.3	45.5	25.9
Index		23.8	31.3	30.0	38.9	28.8	46.3
Index	3 month average	31.6	26.7	28.4	33.4	32.6	38.0

Commodity prices surge up 17.5 points in May

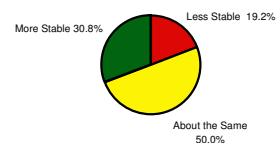


Expectations of Business Environment

6 months into the future:

Less Stable	19.2	percent
About the same	50.0	percent
More Stable	30.8	percent

Expectations of Business Environment



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