

THE DETROIT REPORT

2009
April

National Association of Purchasing Management - Metro Detroit

The NAPM – Metro Detroit Purchasing Managers Index 36.5

Detroit Index: March reports reveal that the NAPM-DM composite index fell 2.7 points to 36.5

Employment: Employment rose 0.8 points to 34.8

Prices: Prices fell 10.1 points to 28.8

Items up or down in price: April reports indicate a sharp downward movement in prices since last month's report. Forty-six percent of the respondents indicate that prices moved lower and the price index fell by 10 points. Respondents noted price decreases for: aluminum, wire, stainless steel and related products, corrugated cartons, bituminous patching material, steel and steel surcharges, soda ash, natural gas, cobalt, plastic resins, oils and lubricants, and consultant hourly rates.

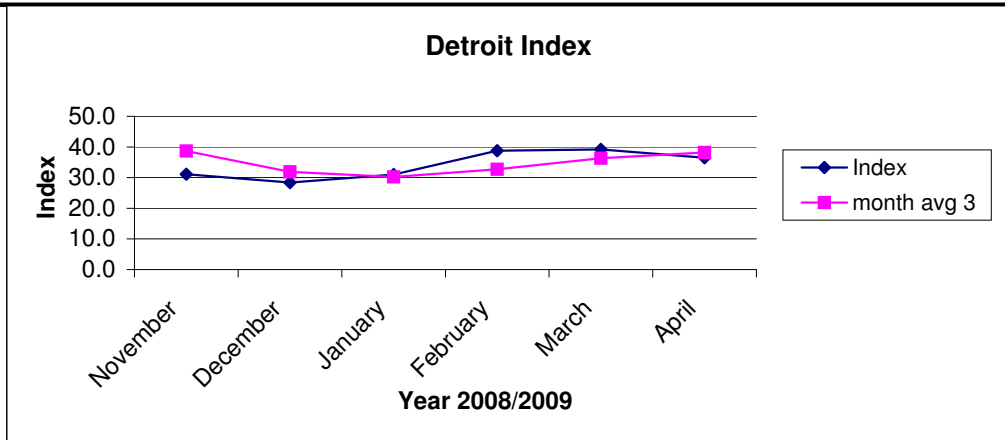
Economic issues: Respondents replied to this month's survey at a very turbulent time in the history of the automotive industry. It currently appears that barring an 11th hour deal, that Chrysler will announce its bankruptcy filing on the same day this report is released. Clearly the comments of the respondents reflect the supply chain concerns should this event unfold.

One respondent noted that in the supply chain cash reserves are running low and that delinquent accounts are affecting the ability to purchase raw materials. In addition, supplier bankruptcy filings are on the increase.

Many suppliers commented on the recent announcement by GM that they would shut down production for 9 weeks has cut significantly into the orders of many suppliers, and has caused them to reduce the length of the workweek. Another was of the view that they could see the train coming –and it is the 9 weeks of GM plant shutdowns. Another noted that the production cuts are raising concerns about the future of some R&D projects that may now be at risk.

Others commented that the problems experienced in the supply chain and in the automotive industry would be moving in the right direction once credit is freed up for the consumer. Availability of credit was also cited as a factor in the supply performance, which is constrained by the lack of credit.

At this time there appears to be two points of view. Some respondents are of the opinion that things will get a lot worse with the pending Chrysler and GM bankruptcy. Others feel that conditions may actually improve in the next 6 months. This is reflected in the survey question that asks what the business environment is expected to be in 6 months. Twenty-seven percent see it as less stable and eighteen percent see it as more stable. Basically, there is a lot of uncertainty in the market at this point in time.



Next Release
1 June 2009

Detroit Index		2008		2009			
		November	December	January	February	March	April
Index		31.1	28.4	31.0	38.8	39.2	36.5
Index	3 month average	38.7	31.9	30.2	32.7	36.3	38.2

Production		2008		2009			
		November	December	January	February	March	April
	Higher	12.5	10.0	12.5	20.0	18.5	18.2
	Same	25.0	20.0	25.0	36.0	37.0	39.4
	Lower	62.5	70.0	62.5	44.0	44.4	42.4
Index		25.0	20.0	25.0	38.0	37.0	37.9
Index	3 month average	35.5	27.7	23.3	27.7	33.3	37.6

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

New Orders		2008		2009			
		November	December	January	February	March	April
	Higher	10.0	12.5	16.7	12.0	18.5	15.2
	Same	25.0	20.0	25.0	36.0	40.7	36.4
	Lower	65.0	67.5	58.3	52.0	40.7	48.5
Index		22.5	22.5	29.2	30.0	38.9	33.3
Index	3 month average	32.9	25.0	24.7	27.2	32.7	34.1

New orders fall 5.6 points in April

Inventory - Raw Materials		2008		2009			
		November	December	January	February	March	April
	Higher	15.0	17.5	16.7	16.0	3.7	3.0
	Same	40.0	32.5	33.3	48.0	44.4	48.5
	Lower	45.0	50.0	50.0	36.0	51.9	48.5
Index		35.0	33.8	33.3	40.0	25.9	27.3
Index	3 month average	43.0	38.9	34.0	35.7	33.1	31.1

Raw materials inventories remain low in April

Inventory - Finished Goods		2008		2009			
		November	December	January	February	March	April
	Higher	15.0	15.0	12.5	20.0	11.1	6.1
	Same	42.5	42.5	37.5	48.0	51.9	48.5
	Lower	42.5	42.5	50.0	32.0	37.0	45.5
Index		36.3	36.3	31.3	44.0	37.0	30.0
Index	3 month average	45.2	38.9	34.6	37.2	37.4	37.0

Finished goods inventories fell 7.0 points in April.

Employment		2008		2009			
		November	December	January	February	March	April
	Higher	13.9	2.8	4.8	20.8	8.0	12.1
	Same	41.7	50.0	47.6	45.8	52.0	45.5
	Lower	44.4	47.2	47.6	33.3	40.0	42.4
Index		34.7	27.8	28.6	43.8	34.0	34.8
Index	3 month average	38.7	30.8	30.4	33.4	35.5	37.5

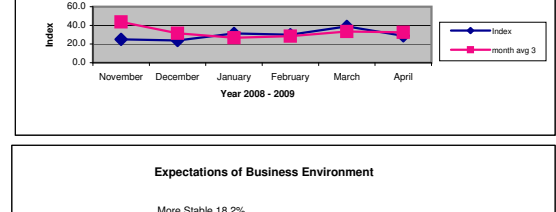
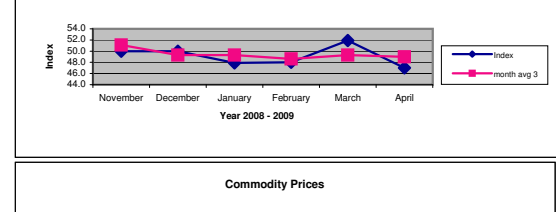
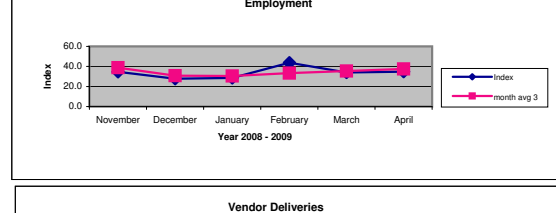
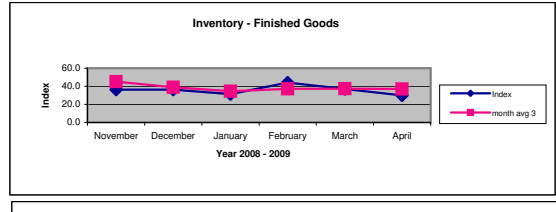
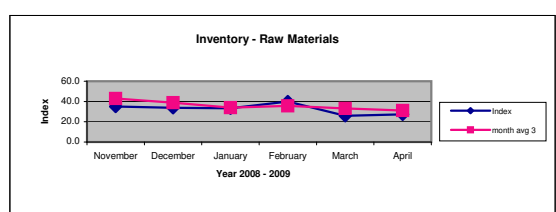
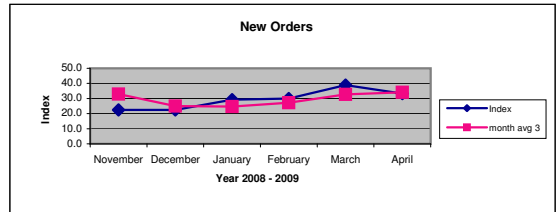
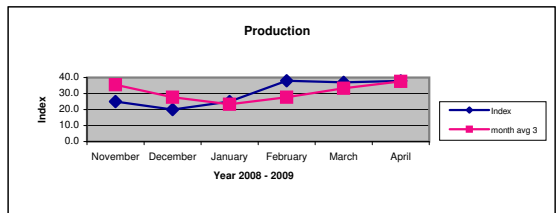
Employment up only 0.8 points in April

Vendor Deliveries		2008		2009			
		November	December	January	February	March	April
	Faster	10.0	12.5	8.3	20.0	18.5	21.2
	Same	80.0	75.0	87.5	64.0	59.3	63.6
	Slower	10.0	12.5	4.2	16.0	22.2	15.2
Index		50.0	50.0	47.9	48.0	51.9	47.0
Index	3 month average	51.1	49.3	49.3	48.6	49.3	49.0

Vendor deliveries a bit faster in April

Commodity Prices		2008		2009			
		November	December	January	February	March	April
	Higher	5.0	2.5	4.2	4.0	11.1	3.0
	Same	40.0	42.5	54.2	52.0	55.6	51.5
	Lower	55.0	55	41.7	44.0	33.3	45.5
Index		25.0	23.8	31.3	30.0	38.9	28.8
Index	3 month average	43.8	31.6	26.7	28.4	33.4	32.6

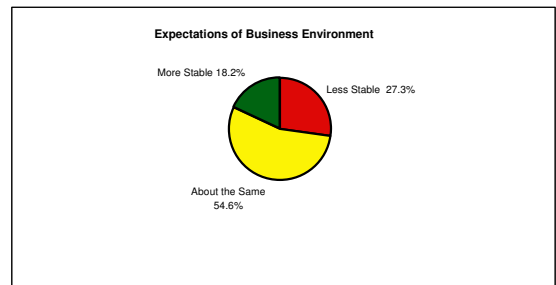
Commodity prices move down sharply in April



Expectations of Business Environment

6 months into the future:

Less Stable	27.3	percent
About the same	54.6	percent
More Stable	18.2	percent



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