

# THE DETROIT REPORT

2009  
January

National Association of Purchasing Management - Metro Detroit

## The NAPM – Metro Detroit Purchasing Managers Index 31.0

**Detroit Index:** January reports reveal that the NAPM-DM composite index fell 0.1 points to 31.0.

**Employment:** Employment fell 61 points to 28.6.

**Prices:** Prices rose 6.3 points to 31.3.

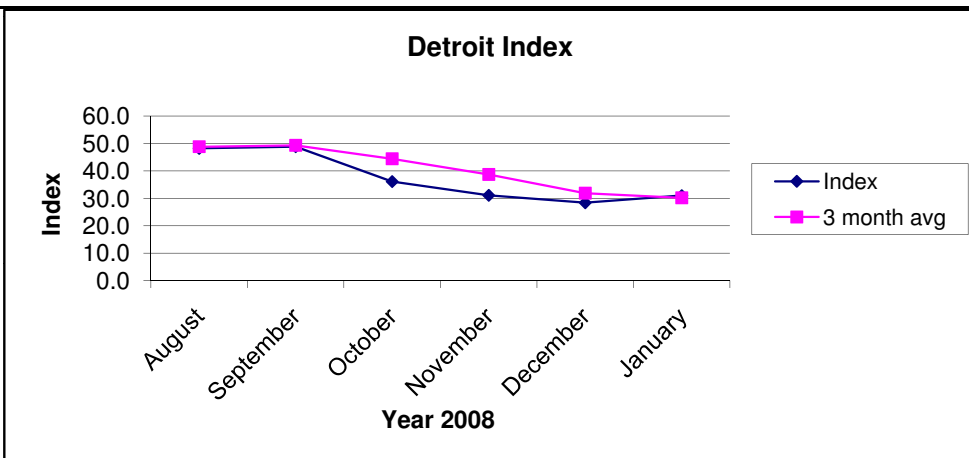
**Items up or down in price:** January reports indicate continued downward movement in prices from December. Respondents indicate numerous reductions in basic commodity prices. Items cited as being down in price included: steel, galvanized and stainless steel, zinc, aluminum, resin, oil related chemicals, and plastic. One respondent noted that sodium and potassium hydroxides were up in price.

**Economic Issues:** January started out in much the same manner as December ended - strongly negative comments from the report respondents. The overall level of the Detroit Metro Purchasing Managers index of 31.0 reflects the continuation of serious economic problems. Production remains depressed, new orders were low inventories are down, employment is depressed, and all of the economic problems are resulting in lower prices for commodities.

Problems in the automotive sector continue to dominate the respondents' remarks. One noted that the negative problems in the industry are having a major impact on their company in all areas. Due to the nature of the financial and economic crisis, one respondent noted that they do not anticipate any improvement in the level of car sales over the next 6 months. Although one respondent was a bit more upbeat and was looking for some stabilization over the next six months.

Cost reduction seems to be a theme in January. One respondent noted that they are looking to reduce their internal costs as much as possible. Their goal was to try and stay in business into the next quarter. Another noted that the continuing and deepening reduction in orders for goods was forcing the firm to layoff staff. One respondent noted that they "have laid off a second shift and barely have enough work to run one shift". Another noted that they "are moving to a 36 hours work week and are considering rotating layoffs."

Another noted that the current supply chain is very weak. Indicating that one supplier asked for additional funding through the 2nd quarter as a means of seeing them through the next five months. This firm noted that one of their main competitor's confided that some plants were for sale, including one that is a current supplier. They noted that 2 competitors of parts went under in January. In addition, it was noted that there is huge shrinkage in the transportation supply sector, "bigger than anything we have yet experienced in the last ten years".



Next Release  
**2 March 2009**

Detroit Index		2008					2009
		August	September	October	November	December	January
Index		48.2	48.8	36.1	31.1	28.4	31.0
Index	3 month average	48.8	49.3	44.4	38.7	31.9	30.2

Production		2008					2009
		August	September	October	November	December	January
	Higher	32.0	23.7	28.0	12.5	10.0	12.5
	Same	40.0	39.5	20.0	25.0	20.0	25.0
	Lower	28.0	36.8	52.0	62.5	70.0	62.5
Index		52.0	43.4	38.0	25.0	20.0	25.0
Index	3 month average	46.7	46.8	44.5	35.5	27.7	23.3

Production drops in January

New Orders		2008					2009
		August	September	October	November	December	January
	Higher	28.0	29.0	20.0	10.0	12.5	16.7
	Same	44.0	34.2	20.0	25.0	20.0	25.0
	Lower	28.0	36.8	60.0	65.0	67.5	58.3
Index		50.0	46.1	30.0	22.5	22.5	29.2
Index	3 month average	52.2	50.9	42.0	32.9	25.0	24.7

New orders drop in January

Inventory - Raw Materials		2008					2009
		August	September	October	November	December	January
	Higher	24.0	13.2	24.0	15.0	17.5	16.7
	Same	36.0	65.8	48.0	40.0	32.5	33.3
	Lower	40.0	21.0	28.0	45.0	50.0	50.0
Index		42.0	46.1	48.0	35.0	33.8	33.3
Index	3 month average	46.0	46.6	45.4	43.0	38.9	34.0

Raw materials decline in January

Inventory - Finished Goods		2008					2009
		August	September	October	November	December	January
	Higher	16.0	29.0	24.0	15.0	15.0	12.5
	Same	40.0	52.6	40.0	42.5	42.5	37.5
	Lower	44.0	18.4	36.0	42.5	42.5	50.0
Index		36.0	55.3	44.0	36.3	36.3	31.3
Index	3 month average	42.0	46.5	45.1	45.2	38.9	34.6

Finished goods inventories decline in January

Employment		2008					2009
		August	September	October	November	December	January
	Higher	21.7	28.6	8.0	13.9	2.8	4.8
	Same	47.8	45.7	44.0	41.7	50.0	47.6
	Lower	30.4	25.7	48.0	44.4	47.2	47.6
Index		45.7	51.4	30.0	34.7	27.8	28.6
Index	3 month average	42.9	45.7	42.4	38.7	30.8	30.4

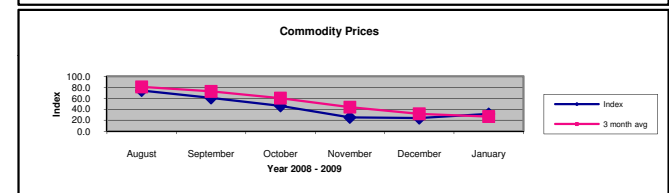
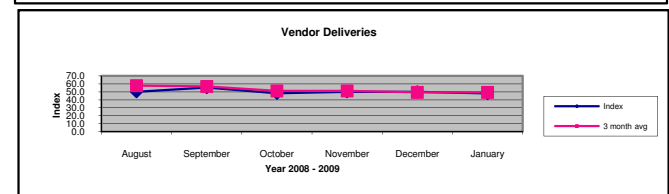
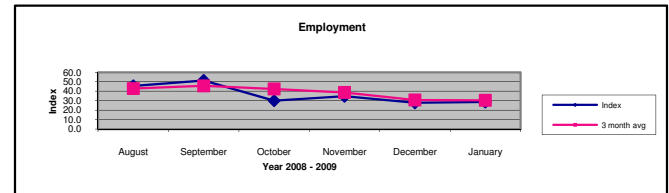
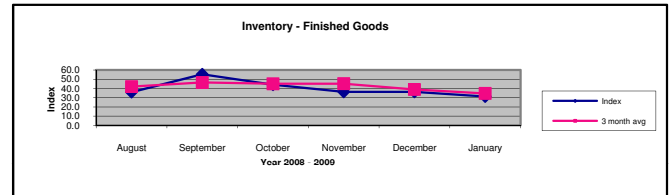
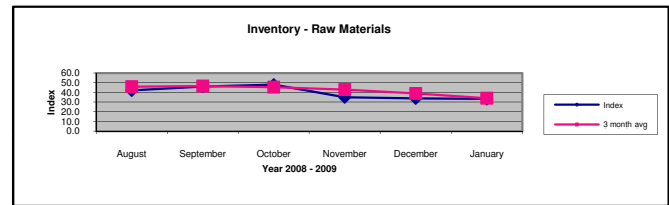
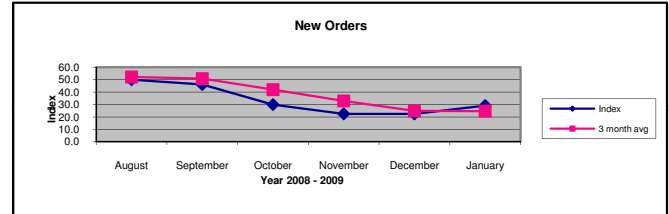
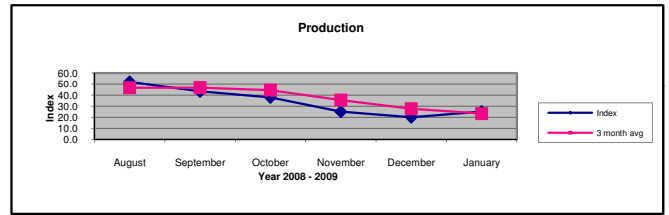
Employment drops in January

Vendor Deliveries		2008					2009
		August	September	October	November	December	January
	Faster	12.0	7.9	12.0	10.0	12.5	8.3
	Same	76.0	73.7	80.0	80.0	75.0	87.5
	Slower	12.0	18.4	8.0	10.0	12.5	4.2
Index		50.0	55.3	48.0	50.0	50.0	47.9
Index	3 month average	57.8	56.8	51.1	51.1	49.3	49.3

Vendor deliveries slow in January

Commodity Prices		2008					2009
		August	September	October	November	December	January
	Higher	56.0	42.1	24.0	5.0	2.5	4.2
	Same	36.0	36.8	44.0	40.0	42.5	54.2
	Lower	8.0	21.1	32.0	55.0	55	41.7
Index		74.0	60.5	46.0	25.0	23.8	31.3
Index	3 month average	80.7	72.6	60.2	43.8	31.6	26.7

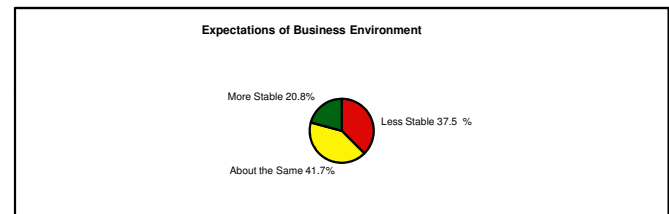
Commodity prices move down in January



### Expectations of Business Environment

6 months into the future:

Less Stable	37.5	percent
About the same	41.7	percent
More Stable	20.8	percent



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