

FOR
RELEASE:
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THE DETROIT REPORT

2008
September

National Association of Purchasing Management - Metro Detroit

The NAPM – Metro Detroit Purchasing Managers Index 48.8

Detroit Index: September reports reveal that the NAPM-DM composite index rose 0.6 points to 48.8.

Employment: Employment rose 5.7 points to 51.4.

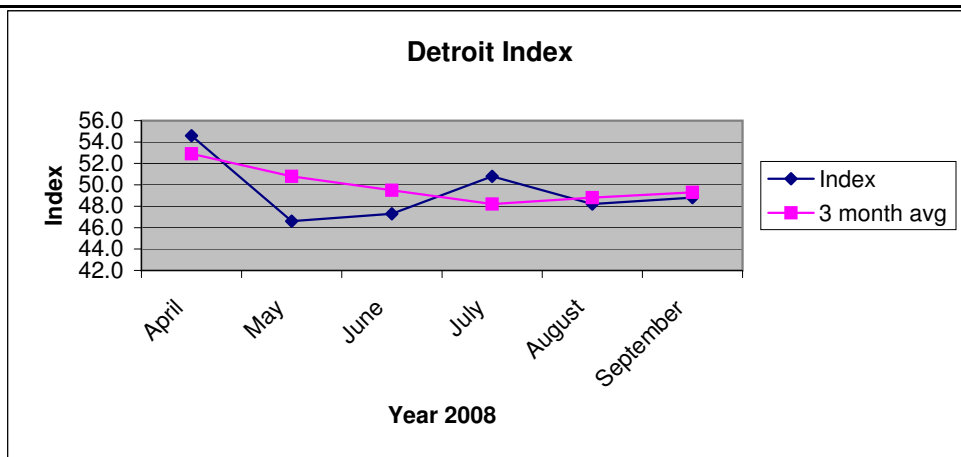
Prices: Prices fell 13.5 points to 60.5.

Items up or down in price: September reports indicate a mixed bag on price movements for the month. Items down in price cited were: natural gas, diesel fuel, steel scrap surcharges, chrome plating and stainless steel surcharges, aluminum, certain domestic materials, and copper. Large price decreases were cited for natural gas (down to \$7.50, where it was \$13.50 in July) and scrap steel (down 25-30%). Items cited as being up in price include: chemicals, packaging supplies, mufflers, steel cans, corrugated materials, tooling, steel, diesel fuel, resin, brass components, and plastics. Steel can prices were cited as being up by as much as 20%.

Economic Issues: Respondents' comments to the September survey reflect the overriding concerns emanating from the financial markets. At the time of the survey, the Administration and Congress were proposing a financial aid package for the financial markets in the amount of \$700 billion and a loan to the domestic automobile manufacturers of about \$25 billion. Several respondents to the survey noted that there was a spillover effect from the financial market concerns into their companies. One respondent noted that conditions appear to be in a state of flux and are changing daily, or hourly. This respondent noted that "we are obviously in the midst of global financial upheaval, the likes of which none of us have ever seen before." Another noted that economic conditions were having an adverse impact on the firm's decision to purchase new capital equipment. Another stated that: "we thought we were seeing the light at the end of the tunnel but it was an economic adjustment in the financial community coming at us like a freight train out of control

Another respondent noted that the automotive market has been in a tail spin for over six months. This respondent, with over a decade of industry experience, noted that this year's conditions were one of the worst. One respondent noted that their firm continues to move production out of Europe and back to the U.S. due to the euro to dollar exchange rate.

While the respondents noted that their companies are facing a lot of challenges, only 16 percent were of the opinion that the economy is in a recession. When asked their view about business conditions six months into the future, 57 percent were of the opinion that conditions would be about the same as they are currently. About 30 percent were of the opinion that conditions would be worse than now and 13 percent believe that conditions will improve.



Next Release
3 November 2008

Detroit Index		2008					
		April	May	June	July	August	September
Index		54.6	46.6	47.3	50.8	48.2	48.8
Index	3 month average	52.9	50.8	49.5	48.2	48.8	49.3

Production		2008					
		April	May	June	July	August	September
	Higher	38.5	23.8	33.3	30.0	32.0	23.7
	Same	34.6	33.3	19.4	30.0	40.0	39.5
	Lower	26.9	42.9	47.2	40.0	28.0	36.8
Index		55.8	40.5	43.1	45.0	52.0	43.4
Index	3 month average	52.9	48.3	46.5	42.9	46.7	46.8

Production drops in September

New Orders		2008					
		April	May	June	July	August	September
	Higher	42.3	33.3	38.9	46.7	28.0	29.0
	Same	30.8	33.3	22.2	20.0	44.0	34.2
	Lower	26.9	33.3	38.9	33.3	28.0	36.8
Index		57.7	50.0	50.0	56.7	50.0	46.1
Index	3 month average	54.0	53.1	52.6	52.2	52.2	50.9

New orders fall back in September

Inventory - Raw Materials		2008					
		April	May	June	July	August	September
	Higher	19.2	14.3	19.4	30.0	24.0	13.2
	Same	65.4	57.1	50.0	43.3	36.0	65.8
	Lower	15.4	28.6	30.6	26.7	40.0	21.0
Index		51.9	42.9	44.4	51.7	42.0	46.1
Index	3 month average	48.0	44.7	46.4	46.3	46.0	46.6

Raw materials decline in September

Inventory - Finished Goods		2008					
		April	May	June	July	August	September
	Higher	11.5	16.7	11.1	16.7	16.0	29.0
	Same	61.5	54.8	61.1	63.3	40.0	52.6
	Lower	26.9	28.6	27.8	20.0	44.0	18.4
Index		42.3	44.1	41.7	48.3	36.0	55.3
Index	3 month average	45.0	45.5	42.7	44.7	42.0	46.5

Finished goods inventories up strong in September

Employment		2008					
		April	May	June	July	August	September
	Higher	24.0	22.0	17.1	13.3	21.7	28.6
	Same	60.0	41.5	51.4	53.3	47.8	45.7
	Lower	16.0	36.6	31.4	33.3	30.4	25.7
Index		54.0	42.7	42.9	40.0	45.7	51.4
Index	3 month average	51.9	49.4	46.5	41.9	42.9	45.7

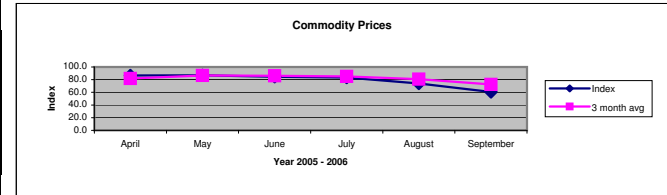
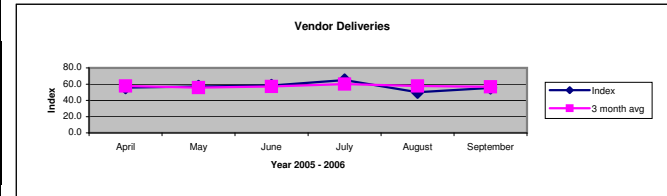
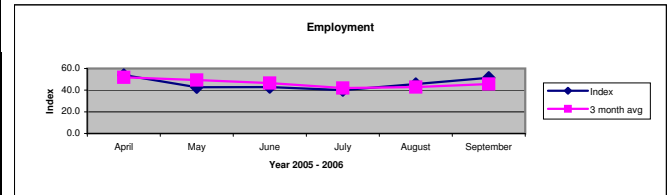
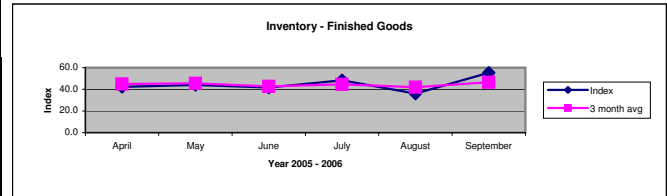
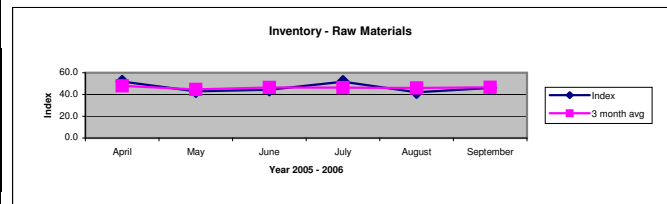
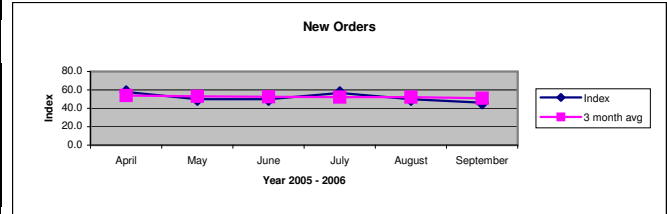
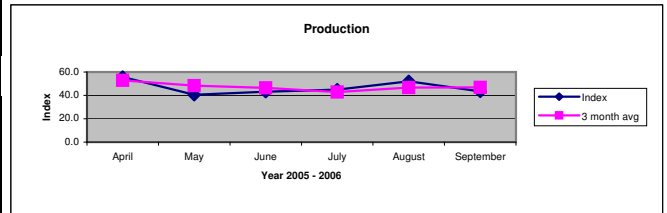
Employment moves up in September

Vendor Deliveries		2008					
		April	May	June	July	August	September
	Faster	3.9	0.0	2.8	0.0	12.0	7.9
	Same	80.8	85.7	77.8	70.0	76.0	73.7
	Slower	15.4	14.3	19.4	30.0	12.0	18.4
Index		55.8	57.1	58.3	65.0	50.0	55.3
Index	3 month average	57.7	55.8	57.1	60.1	57.8	56.8

Vendor deliveries slow in September

Commodity Prices		2008					
		April	May	June	July	August	September
	Higher	76.9	76.2	75.0	73.3	56.0	42.1
	Same	19.2	21.4	19.4	20.0	36.0	36.8
	Lower	3.9	2.4	5.6	6.7	8.0	21.1
Index		86.5	86.9	84.7	83.3	74.0	60.5
Index	3 month average	81.9	86.6	86.0	85.0	80.7	72.6

Commodity prices rising, but move down in September

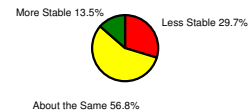


Expectations of Business Environment

6 months into the future:

Less Stable	29.7	percent
About the same	56.8	percent
More Stable	13.5	percent

Expectations of Business Environment



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Production by: Renea Liebe

**For more information, contact
NAPM-Detroit
Walsh College
Dr. David Allardice
Email: dallardice@walshcollege.edu
Tel: 248-823-1274**