

FOR
RELEASE:
September 2,
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THE DETROIT REPORT

National Association of Purchasing Management - Metro Detroit

2008
August

The NAPM – Metro Detroit Purchasing Managers Index 48.2

Detroit Index: August reports reveal that the NAPM-DM composite index fell 2.6 points to 48.2.

Employment: Employment rose 5.7 points to 45.7.

Prices: Prices fell 9.3 points to 74.0.

Items up or down in price: Prices moved down 2.6 points in August; however, they remain high for the sixth straight month. The August survey revealed the following items to be up in price: any product that contains petroleum based products, plastic and nylon resin, any type of steel product, corrugated materials, chemicals, diesel fuel, gasoline, additives, colorants, and EPDM molded parts. Some note was made of copper prices being down and natural gas. Some respondents made comments like: "just about EVERYTHING (is up in price). It's crazy day to day with price changes and surcharges"

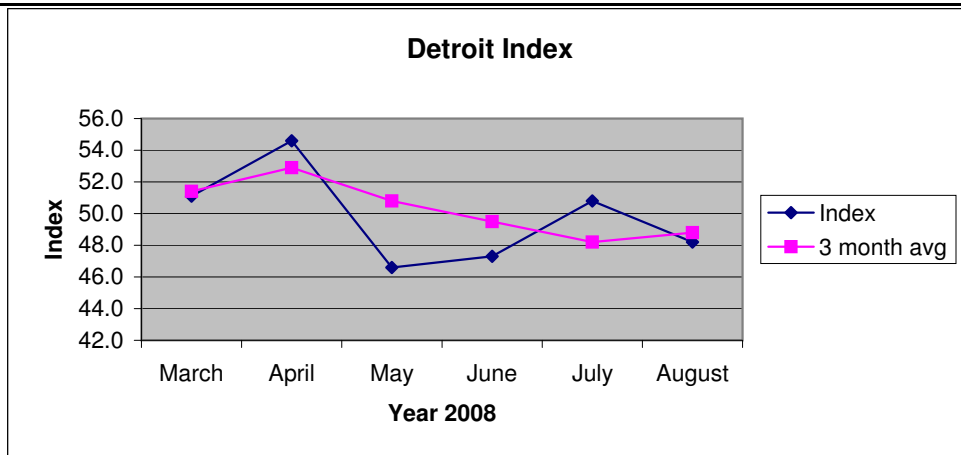
Economic Issues: August showed a loss 6 points in the overall index, relative to July. The August composite index fell to 48.2, unable to hold onto the gains made in July. A reading below 50 tends to indicate a contraction in the manufacturing sector. One bright spot in the August report was in the production area, where the index rose 7 points to 52.0. Prices remained high in August and the list of products cited by respondents as being up in price remained high for the month.

Comments by one respondent tends to sum up the economic concerns in August: "The recession, the volatility of commodities, the change in the weather conditions (winter), the currency exchange rate, the housing crisis, the lack of automotive sales, the increase in truck and rail rates" are all economic issues facing the supply chain management. Another respondent noted that a great amount of global uncertainty exists and when coupled with the upcoming US election there is a lot of uneasiness about the future.

Prices also remain a concern. Some anticipate more price increases early in 2009. Others cited speculation in metals and the oil market as a factor impacting prices. Others noted that certain products (resins) are seeing higher prices based on cost increases in June and July. One respondent noted that they were in a 'take it or leave it' position for resin supplies.

Uncertainty in the future and poor business caused 76% of the survey respondents to indicate that they are of the opinion that we are currently in a recession.

When asked their view about business prospects 6 months in to the future, 28% indicated they expect a less stable environment, which is down 9 percentage points from the previous month. Only 28% believe the business environment will be more stable early in 2009, which is up 18 percentage points from July. About 44% of the respondents are of the opinion that conditions (which are not favorable) will be about the same by early 2009.



Next Release
1 October 2008

Detroit Index		2008					
		March	April	May	June	July	August
Index		51.1	54.6	46.6	47.3	50.8	48.2
Index	3 month average	51.4	52.9	50.8	49.5	48.2	48.8

Production		2008					
		March	April	May	June	July	August
Higher		27.3	38.5	23.8	33.3	30.0	32.0
Same		42.4	34.6	33.3	19.4	30.0	40.0
Lower		30.3	26.9	42.9	47.2	40.0	28.0
Index		48.5	55.8	40.5	43.1	45.0	52.0
Index	3 month average	48.2	52.9	48.3	46.5	42.9	46.7

Production expands in August

New Orders		2008					
		March	April	May	June	July	August
Higher		30.3	42.3	33.3	38.9	46.7	28.0
Same		42.4	30.8	33.3	22.2	20.0	44.0
Lower		27.3	26.9	33.3	38.9	33.3	28.0
Index		51.5	57.7	50.0	50.0	56.7	50.0
Index	3 month average	52.0	54.0	53.1	52.6	52.2	52.2

New orders fall back in August

Inventory - Raw Materials		2008					
		March	April	May	June	July	August
Higher		30.3	19.2	14.3	19.4	30.0	24.0
Same		39.4	65.4	57.1	50.0	43.3	36.0
Lower		30.3	15.4	28.6	30.6	26.7	40.0
Index		39.4	51.9	42.9	44.4	51.7	42.0
Index	3 month average	46.9	48.0	44.7	46.4	46.3	46.0

Raw materials fall in August

Inventory - Finished Goods		2008					
		March	April	May	June	July	August
Higher		21.2	11.5	16.7	11.1	16.7	16.0
Same		57.6	61.5	54.8	61.1	63.3	40.0
Lower		21.2	26.9	28.6	27.8	20.0	44.0
Index		50.0	42.3	44.1	41.7	48.3	36.0
Index	3 month average	49.2	45.0	45.5	42.7	44.7	42.0

Finished goods inventories fall in August

Employment		2008					
		March	April	May	June	July	August
Higher		25.0	24.0	22.0	17.1	13.3	21.7
Same		53.1	60.0	41.5	51.4	53.3	47.8
Lower		21.9	16.0	36.6	31.4	33.3	30.4
Index		51.6	54.0	42.7	42.9	40.0	45.7
Index	3 month average	50.5	51.9	49.4	46.5	41.9	42.9

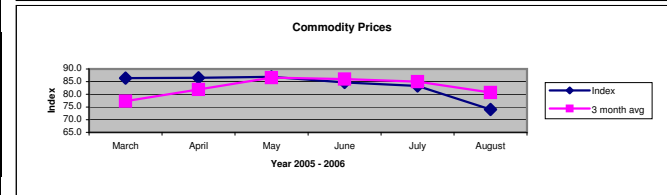
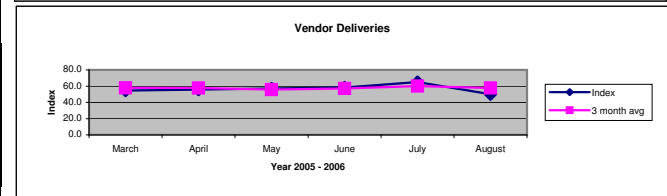
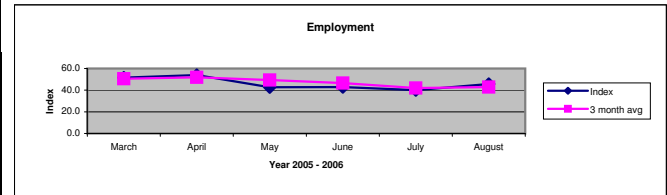
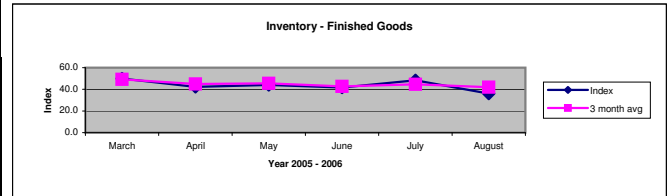
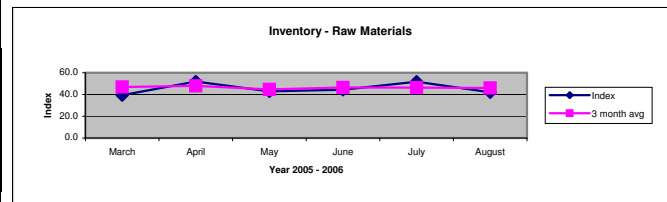
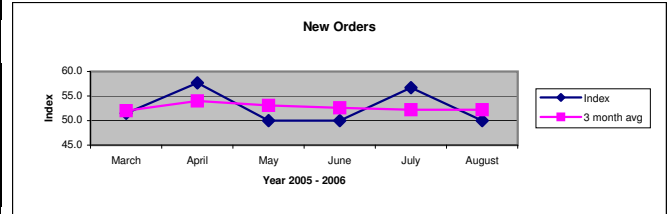
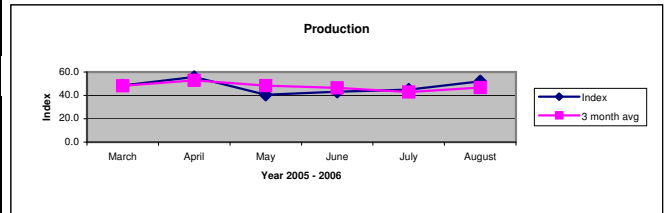
Employment drops in August

Vendor Deliveries		2008					
		March	April	May	June	July	August
Faster		12.1	3.9	0.0	2.8	0.0	12.0
Same		66.7	80.8	85.7	77.8	70.0	76.0
Slower		21.2	15.4	14.3	19.4	30.0	12.0
Index		54.5	55.8	57.1	58.3	65.0	50.0
Index	3 month average	58.0	57.7	55.8	57.1	60.1	57.8

Vendor deliveries faster in August

Commodity Prices		2008					
		March	April	May	June	July	August
Higher		75.8	76.9	76.2	75.0	73.3	56.0
Same		21.2	19.2	21.4	19.4	20.0	36.0
Lower		3.0	3.9	2.4	5.6	6.7	8
Index		86.4	86.5	86.9	84.7	83.3	74.0
Index	3 month average	77.3	81.9	86.6	86.0	85.0	80.7

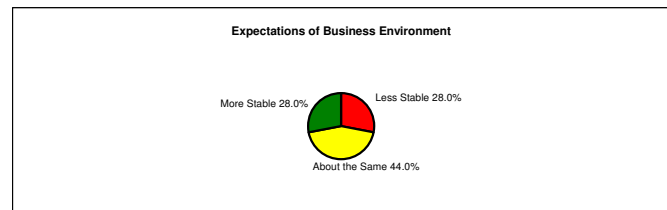
Commodity prices remain high in August



Expectations of Business Environment

6 months into the future:

Less Stable	28.0	percent
About the same	44.0	percent
More Stable	28.0	percent



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