

THE DETROIT REPORT

National Association of Purchasing Management - Metro Detroit

The NAPM – Metro Detroit Purchasing Managers Index 50.8

Detroit Index: July reports reveal that the NAPM-DM composite index rose 3.5 points to 50.8.

Employment: Employment fell 2.9 points to 40.0.

Prices: Prices fall 1.2 points to 83.3.

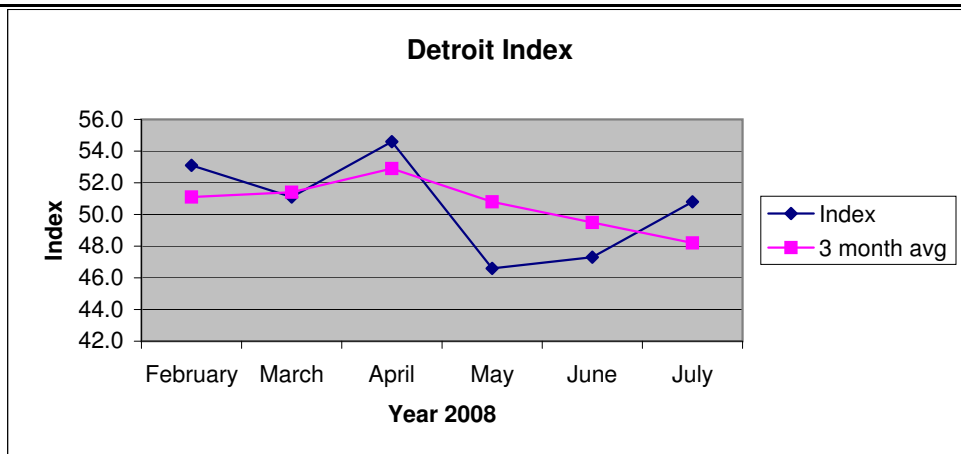
Items up or down in price: Prices moved up 1.2 points in July, and remain high for the fifth straight month. The July survey revealed the following items to be up in price: all oil related chemicals, steel, copper, aluminum, resin, all thermoplastic resins, filters and reinforcements, additives, flame retardants, colorants, fuel cost, and fasteners. Some respondents did note a decline in copper, and electronic components. Steel was the one product most frequently mentioned as being up in price.

Economic Issues: July showed a small (3.5 points) improvement in the overall index, relative to June. The July composite index rose to 50.8. A reading below 50 tends to indicate a contraction in the manufacturing sector. July is the first month since April that the overall index has risen above 50. Sectors pushing the composite index up include: raw material inventories (51.7), new orders (56.7), and slower vendor deliveries (65.0). Prices remained high in July and the list of products cited by respondents as being up in price remained high for the month.

Generally, the same major economic concerns noted in June carried forward to July: high cost of fuel, slow down in the automotive sector, price pressure for numerous commodities, and an uncertain business environment. The low value of the dollar makes import cost higher, however, one respondent noted that they continue to move production back to the U.S. and that the foreign parent is sourcing some components from the U.S.

While business conditions remain tight, only 27% of survey respondents believe that we are currently in a recession.

When asked their view about business prospects 6 months in to the future, 37% indicated they expect a less stable environment, which is down 5 percentage points from the previous month. Only 10% believe the business environment will be more stable by early 2009. About 53% of the respondents are of the opinion that conditions (which are not favorable) will be about the same by the start of 2009.



Next Release
2 September 2008

| Detroit Index | | 2008 | | | | | |
|---------------|-----------------|----------|-------|-------|------|------|------|
| | | February | March | April | May | June | July |
| Index | | 53.1 | 51.1 | 54.6 | 46.6 | 47.3 | 50.8 |
| Index | 3 month average | 51.1 | 51.4 | 52.9 | 50.8 | 49.5 | 48.2 |

| Production | | 2008 | | | | | |
|------------|-----------------|----------|-------|-------|------|------|------|
| | | February | March | April | May | June | July |
| | Higher | 37.1 | 27.3 | 38.5 | 23.8 | 33.3 | 30.0 |
| | Same | 34.3 | 42.4 | 34.6 | 33.3 | 19.4 | 30.0 |
| | Lower | 28.6 | 30.3 | 26.9 | 42.9 | 47.2 | 40.0 |
| Index | | 54.3 | 48.5 | 55.8 | 40.5 | 43.1 | 45.0 |
| Index | 3 month average | 48.7 | 48.2 | 52.9 | 48.3 | 46.5 | 42.9 |

Production declines in July

| New Orders | | 2008 | | | | | |
|------------|-----------------|----------|-------|-------|------|------|------|
| | | February | March | April | May | June | July |
| | Higher | 40.0 | 30.3 | 42.3 | 33.3 | 38.9 | 46.7 |
| | Same | 25.7 | 42.4 | 30.8 | 33.3 | 22.2 | 20.0 |
| | Lower | 34.3 | 27.3 | 26.9 | 33.3 | 38.9 | 33.3 |
| Index | | 52.8 | 51.5 | 57.7 | 50.0 | 50.0 | 56.7 |
| Index | 3 month average | 52.5 | 52.0 | 54.0 | 53.1 | 52.6 | 52.2 |

New orders up strong in July

| Inventory - Raw Materials | | 2008 | | | | | |
|---------------------------|-----------------|----------|-------|-------|------|------|------|
| | | February | March | April | May | June | July |
| | Higher | 20.0 | 30.3 | 19.2 | 14.3 | 19.4 | 30.0 |
| | Same | 65.7 | 39.4 | 65.4 | 57.1 | 50.0 | 43.3 |
| | Lower | 14.3 | 30.3 | 15.4 | 28.6 | 30.6 | 26.7 |
| Index | | 52.8 | 39.4 | 51.9 | 42.9 | 44.4 | 51.7 |
| Index | 3 month average | 48.8 | 46.9 | 48.0 | 44.7 | 46.4 | 46.3 |

Raw materials rise in July

| Inventory - Finished Goods | | 2008 | | | | | |
|----------------------------|-----------------|----------|-------|-------|------|------|------|
| | | February | March | April | May | June | July |
| | Higher | 11.4 | 21.2 | 11.5 | 16.7 | 11.1 | 16.7 |
| | Same | 62.9 | 57.6 | 61.5 | 54.8 | 61.1 | 63.3 |
| | Lower | 25.7 | 21.2 | 26.9 | 28.6 | 27.8 | 20.0 |
| Index | | 42.8 | 50.0 | 42.3 | 44.1 | 41.7 | 48.3 |
| Index | 3 month average | 46.5 | 49.2 | 45.0 | 45.5 | 42.7 | 44.7 |

Finished goods inventories fall in July

| Employment | | 2008 | | | | | |
|------------|-----------------|----------|-------|-------|------|------|------|
| | | February | March | April | May | June | July |
| | Higher | 22.9 | 25.0 | 24.0 | 22.0 | 17.1 | 13.3 |
| | Same | 54.3 | 53.1 | 60.0 | 41.5 | 51.4 | 53.3 |
| | Lower | 22.9 | 21.9 | 16.0 | 36.6 | 31.4 | 33.3 |
| Index | | 50.0 | 51.6 | 54.0 | 42.7 | 42.9 | 40.0 |
| Index | 3 month average | 50.0 | 50.5 | 51.9 | 49.4 | 46.5 | 41.9 |

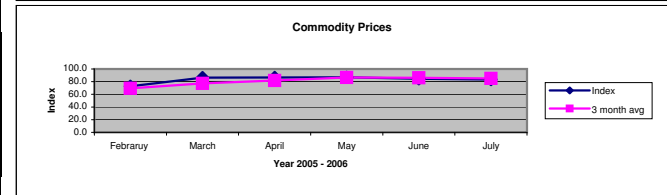
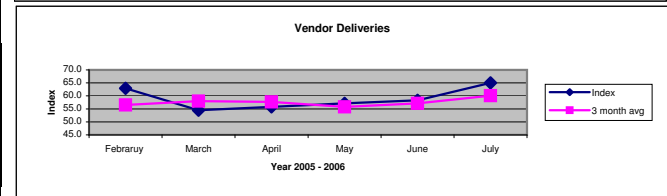
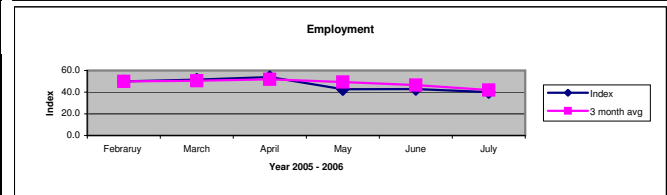
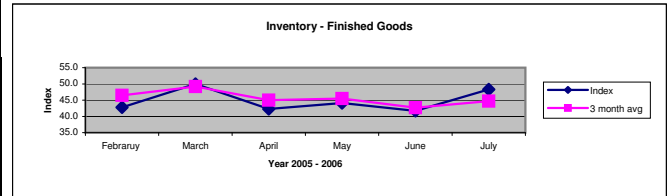
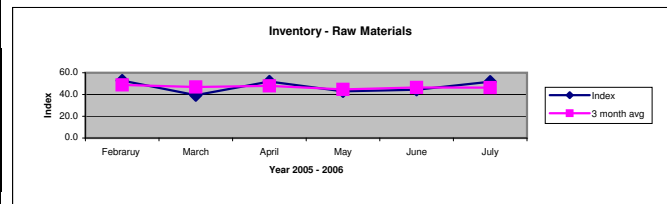
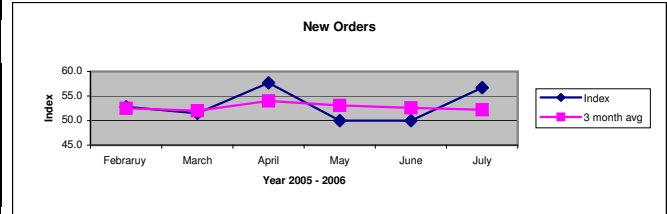
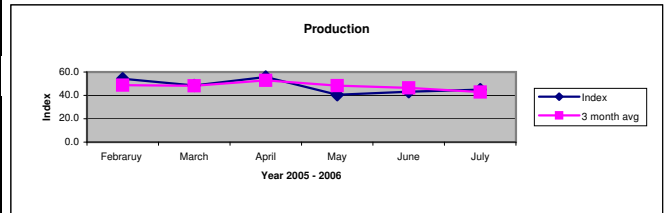
Employment drops in July

| Vendor Deliveries | | 2008 | | | | | |
|-------------------|-----------------|----------|-------|-------|------|------|------|
| | | February | March | April | May | June | July |
| | Faster | 0.0 | 12.1 | 3.9 | 0.0 | 2.8 | 0.0 |
| | Same | 74.3 | 66.7 | 80.8 | 85.7 | 77.8 | 70.0 |
| | Slower | 25.7 | 21.2 | 15.4 | 14.3 | 19.4 | 30.0 |
| Index | | 62.9 | 54.5 | 55.8 | 57.1 | 58.3 | 65.0 |
| Index | 3 month average | 56.5 | 58.0 | 57.7 | 55.8 | 57.1 | 60.1 |

Vendor deliveries slow in July

| Commodity Prices | | 2008 | | | | | |
|------------------|-----------------|----------|-------|-------|------|------|------|
| | | February | March | April | May | June | July |
| | Higher | 51.4 | 75.8 | 76.9 | 76.2 | 75.0 | 73.3 |
| | Same | 42.9 | 21.2 | 19.2 | 21.4 | 19.4 | 20.0 |
| | Lower | 5.7 | 3.0 | 3.9 | 2.4 | 5.6 | 6.7 |
| Index | | 72.8 | 86.4 | 86.5 | 86.9 | 84.7 | 83.3 |
| Index | 3 month average | 69.4 | 77.3 | 81.9 | 86.6 | 86.0 | 85.0 |

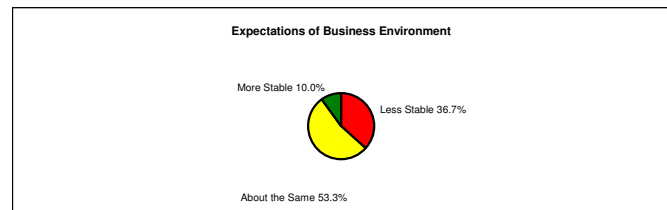
Commodity prices remain high in July



Expectations of Business Environment

6 months into the future:

| | | |
|----------------|------|---------|
| Less Stable | 36.7 | percent |
| About the same | 53.3 | percent |
| More Stable | 10.0 | percent |



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