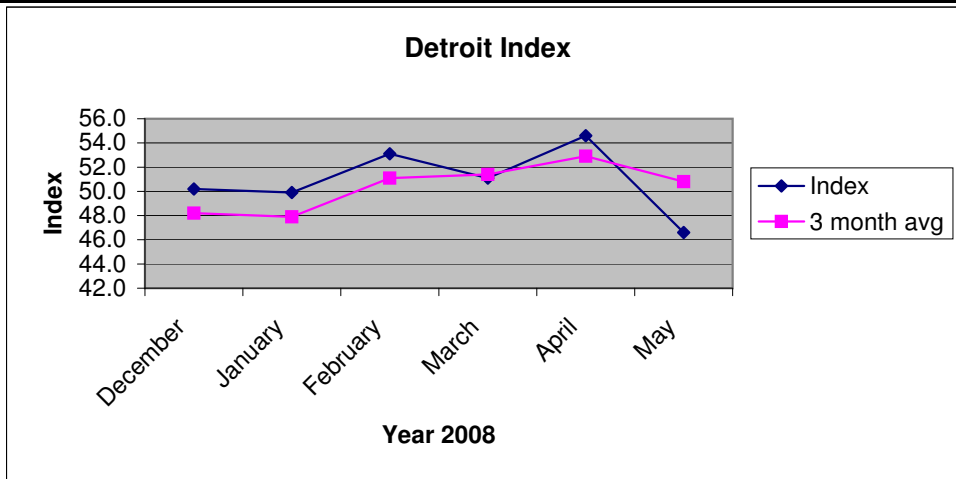


THE DETROIT REPORT

National Association of Purchasing Management - Metro Detroit

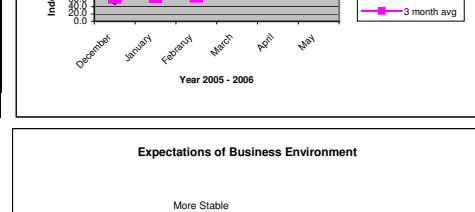
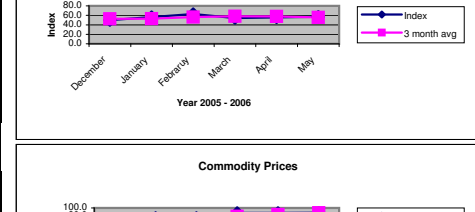
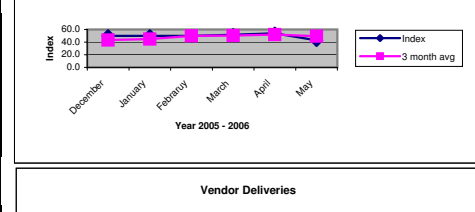
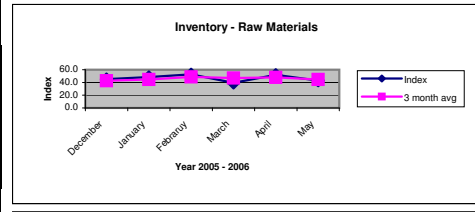
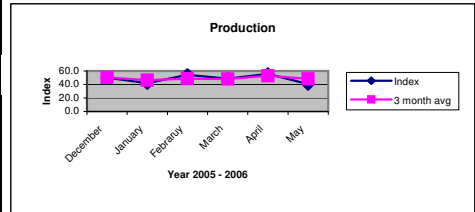
The NAPM – Metro Detroit Purchasing Managers Index 46.6

Detroit Index: May reports reveal that the NAPM-DM composite index fell 8.0 points to 46.6.
Employment: Employment fell to 42.7.
Prices: Prices remain high at 86.9.
Items up or down in price: With three months of price index numbers in excess of 86.0, the list of items up in price is growing longer. The May survey revealed the following items to be up in price: all resins, filters, lubricants, additives, gold plated parts, scrap, stampings, copper, fuel surcharges, steel, chemicals, propane, steel cans, batteries, bearing prices, sheet metal fabrications, computer parts, fire blankets and extinguishers, copy paper, aluminum, nickel, caustic soda, and rubber. In addition, shortages were cited for: some recycled resin, steel, aluminum, plumbing supplies, and caustic soda from Asia.
Economic Issues: While the month of April appeared to show a glimmer of hope for an improvement in the economic fortunes of southeastern Michigan, the May survey results dashed those hopes. The overall index fell below 50 to 46.6, a drop of 8 points since April. Results were down in the key areas of production (40.5) new orders (50.0), and employment (42.7). Prices remained high in May and the list of products cited by respondents as being up in price is on the rise.
Most of the respondents cited rising price pressures and the falling dollar as key factors facing purchasing managers in the month of May. For those companies purchasing products in Europe, they are seeing major price increases due to the weak dollar. Rising energy prices are impacting direct costs and the cost of transporting product too and from the plants.
With rising fuel costs and the slumping housing market in Michigan, the businesses are seeing a lack of demand. Suppliers and manufacturers are announcing further layoffs, which will have a negative impact on future business activity. Some respondents noted that the higher prices will result in smaller suppliers being forced out of business.
When asked their view about business prospects 6 months in to the future, 26% indicated they expect a less stable environment, which is up 15 percentage points from the previous month. Only 17% believe the business environment will be more stable by the 4th quarter, which is down 10 percentage points from April.



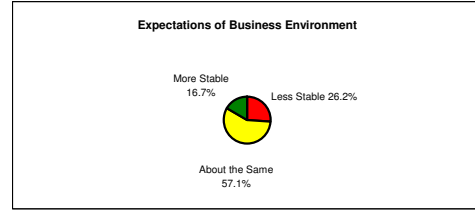
Next Release
1 July 2008

Detroit Index		2007	2008				
		December	January	February	March	April	May
Index		50.2	49.9	53.1	51.1	54.6	46.6
Index	3 month average	48.2	47.9	51.1	51.4	52.9	50.8
Production		2007	2008				
		December	January	February	March	April	May
	Higher	22.6	22.6	37.1	27.3	38.5	23.8
	Same	54.8	38.7	34.3	42.4	34.6	33.3
	Lower	22.6	38.7	28.6	30.3	26.9	42.9
Index		50.0	41.9	54.3	48.5	55.8	40.5
Index	3 month average	50.6	46.5	48.7	48.2	52.9	48.3
Production fell in May							
New Orders		2007	2008				
		December	January	February	March	April	May
	Higher	35.5	41.9	40.0	30.3	42.3	33.3
	Same	35.5	19.4	25.7	42.4	30.8	33.3
	Lower	29.0	38.7	34.3	27.3	26.9	33.3
Index		53.2	51.6	52.8	51.5	57.7	50.0
Index	3 month average	48.2	49.2	52.5	52.0	54.0	53.1
New orders decline from April							
Inventory - Raw Materials		2007	2008				
		December	January	February	March	April	May
	Higher	16.1	25.0	20.0	30.3	19.2	14.3
	Same	58.1	46.9	65.7	39.4	65.4	57.1
	Lower	25.8	28.1	14.3	30.3	15.4	28.6
Index		45.2	48.4	52.8	39.4	51.9	42.9
Index	3 month average	42.8	44.7	48.8	46.9	48.0	44.7
Raw materials fell in May							
Inventory - Finished Goods		2007	2008				
		December	January	February	March	April	May
	Higher	12.9	28.1	11.4	21.2	11.5	16.7
	Same	58.1	53.1	62.9	57.6	61.5	54.8
	Lower	29.0	18.8	25.7	21.2	26.9	28.6
Index		41.9	54.7	42.8	50.0	42.3	44.1
Index	3 month average	42.2	45.7	46.5	49.2	45.0	45.5
Finished goods inventories fall in May							
Employment		2007	2008				
		December	January	February	March	April	May
	Higher	22.6	12.9	22.9	25.0	24.0	22.0
	Same	54.8	74.2	54.3	53.1	60.0	41.5
	Lower	22.6	12.9	22.9	21.9	16.0	36.6
Index		50.0	50.0	50.0	51.6	54.0	42.7
Index	3 month average	43.4	44.8	50.0	50.5	51.9	49.4
Employment drops in May							
Vendor Deliveries		2007	2008				
		December	January	February	March	April	May
	Faster	6.5	3.2	0.0	12.1	3.9	0.0
	Same	87.1	80.6	74.3	66.7	80.8	85.7
	Slower	6.5	16.1	25.7	21.2	15.4	14.3
Index		50.0	56.5	62.9	54.5	55.8	57.1
Index	3 month average	52.7	53.0	56.5	58.0	57.7	55.8
Vendor deliveries slow in May							
Commodity Prices		2007	2008				
		December	January	February	March	April	May
	Higher	35.5	48.4	51.4	75.8	76.9	76.2
	Same	54.8	48.4	42.9	21.2	19.2	21.4
	Lower	9.7	3.2	5.7	3.0	3.9	2.4
Index		62.9	72.6	72.8	86.4	86.5	86.9
Index	3 month average	66.3	68.6	69.4	77.3	81.9	86.6
Commodity prices remain high in May							



Expectations of Business Environment
6 months into the future:

Less Stable	26.2	percent
About the same	57.1	percent
More Stable	16.7	percent



NOTICE:

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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**