

# THE DETROIT REPORT

National Association of Purchasing Management - Metro Detroit

## The NAPM – Metro Detroit Purchasing Managers Index 53.1

**Detroit Index:** February reports reveal that the NAPM-DM composite index rose 3.2 points to 53.1.

**Employment:** Employment unchanged at 50.0.

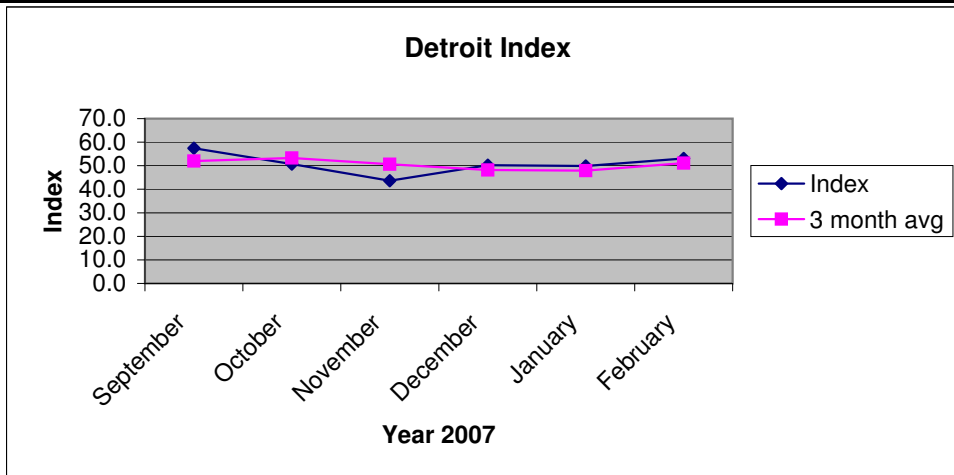
**Prices:** Prices rise slightly to 72.8 in February.

**Items up or down in price:** Respondents noted that prices continued to rise at a rapid pace in February. In particular, respondents cited the following items as being up in price: thermoplastic resin, colorants, lubricants, stabilizers, paper and packaging, copper, steel, cold rolled steel and coil, energy, transportation, imported products from China, hardware costs, aluminum, diesel fuel, and road salt. Some noted price moderation for: stainless steel coils, and some resin prices.

**Economic Issues:** The general tone of the February reports was of uncertainty. One respondent noted that the year was looking to be “one of the most unpredictable in recent memory.” This is driven largely by the developments in the automotive industry. High energy prices, high input costs and the potential for a national recession appears to be the primary concern in the February report. Some segments of the market are having more difficulty, such as, the plastic injection molding business. One respondent described this market segment to be “in disarray with several players in bankruptcy and lots of chaos with the rest.”

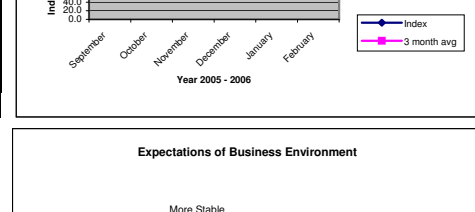
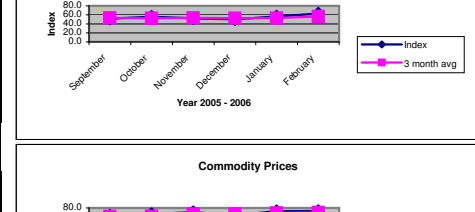
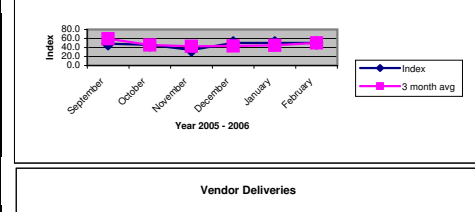
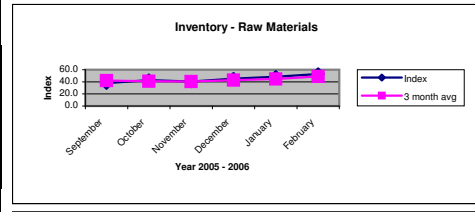
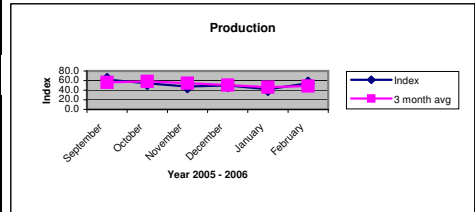
Generally those respondents in the nonautomotive sector of the economy appear to have a more positive outlook. They seem to be able to take a longer view of the business environment and see more positive trends. One respondent noted that recent contracts will start to pay off in the 3rd quarter of the year. Another respondent, foreign owned, noted that the foreign parent will be moving more activities to the U.S. as a result of production constraints in Europe and the low value of the U.S. dollar.

While the comments reflected concerns over high input costs and concerns about a recession, the respondents overall feel that the economy will be improving in the near-term (six months forward). When asked their opinion about the business environment in the future, the February survey reveals a movement away from “about the same” and “less stable” towards a “more stable” business environment. Currently 76% of the respondents feel that conditions will be “less stable” or “about the same”, however 24% see a “more stable” business environment. The “more stable” outlook is up 8 percentage points from January. The split may represent the different industries represented by the respondents.



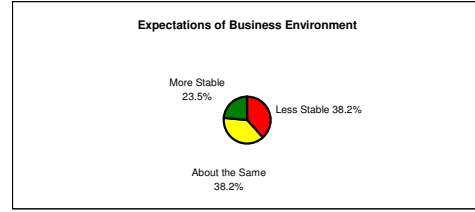
Next Release  
1 April 2008

Detroit Index		2007				2008	
		September	October	November	December	January	February
Index		57.4	50.7	43.6	50.2	49.9	53.1
Index	3 month average	52.0	53.3	50.6	48.2	47.9	51.1
Production		2007				2008	
		September	October	November	December	January	February
Higher		41.4	34.3	21.4	22.6	22.6	37.1
Same		41.4	40.0	52.4	54.8	38.7	34.3
Lower		17.2	25.7	26.2	22.6	38.7	28.6
Index		62.1	54.3	47.6	50.0	41.9	54.3
Index	3 month average	56.5	58.5	54.7	50.6	46.5	48.7
Production rises in February							
New Orders		2007				2008	
		September	October	November	December	January	February
Higher		48.3	28.6	21.4	35.5	41.9	40.0
Same		31.0	40.0	42.9	35.5	19.4	25.7
Lower		20.7	31.4	35.7	29.0	38.7	34.3
Index		63.8	48.6	42.9	53.2	51.6	52.8
Index	3 month average	55.1	52.6	51.8	48.2	49.2	52.5
New orders expand							
Inventory - Raw Materials		2007				2008	
		September	October	November	December	January	February
Higher		17.2	17.1	16.7	16.1	25.0	20.0
Same		41.4	51.4	47.6	58.1	46.9	65.7
Lower		41.4	31.4	35.7	25.8	28.1	14.3
Index		37.9	42.8	40.5	45.2	48.4	52.8
Index	3 month average	41.9	41.0	40.4	42.8	44.7	48.8
Raw materials rise in February							
Inventory - Finished Goods		2007				2008	
		September	October	November	December	January	February
Higher		27.6	14.3	14.3	12.9	28.1	11.4
Same		51.7	60.0	52.4	58.1	53.1	62.9
Lower		20.7	25.7	33.3	29.0	18.8	25.7
Index		53.4	44.3	40.5	41.9	54.7	42.8
Index	3 month average	47.6	46.2	46.1	42.2	45.7	46.5
Finished goods inventories fall in February							
Employment		2007				2008	
		September	October	November	December	January	February
Higher		13.8	17.1	9.5	22.6	12.9	22.9
Same		69.0	57.1	50.0	54.8	74.2	54.3
Lower		17.2	17.1	40.5	22.6	12.9	22.9
Index		48.3	45.7	34.5	50.0	50.0	50.0
Index	3 month average	59.4	45.5	42.8	43.4	44.8	50.0
Employment stable in February							
Vendor Deliveries		2007				2008	
		September	October	November	December	January	February
Faster		6.9	8.6	4.8	6.5	3.2	0.0
Same		82.8	71.4	85.7	87.1	80.6	74.3
Slower		10.3	20.0	9.5	6.5	16.1	25.7
Index		51.7	55.7	52.4	50.0	56.5	62.9
Index	3 month average	53.2	52.5	53.3	52.7	53.0	56.5
Vendor deliveries slow in February							
Commodity Prices		2007				2008	
		September	October	November	December	January	February
Higher		27.6	40.0	42.9	35.5	48.4	51.4
Same		69.0	51.4	54.8	54.8	48.4	42.9
Lower		3.5	8.6	2.4	9.7	3.2	5.7
Index		62.1	65.7	70.2	62.9	72.6	72.8
Index	3 month average	60.2	60.8	66.0	66.3	68.6	69.4
Commodity prices on the rise							



**Expectations of Business Environment**  
6 months into the future:

Expectation	Percent
Less Stable	38.2 percent
About the same	38.2 percent
More Stable	23.5 percent



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