

FOR  
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# THE DETROIT REPORT

2008  
January

National Association of Purchasing Management - Metro Detroit

## The NAPM – Metro Detroit Purchasing Managers Index 49.9

**Detroit Index:** January reports reveal that the NAPM-DM composite index fell 0.3 points to 49.9.

**Employment:** Employment unchanged at 50.0.

**Prices:** Prices rise to 72.6 in January.

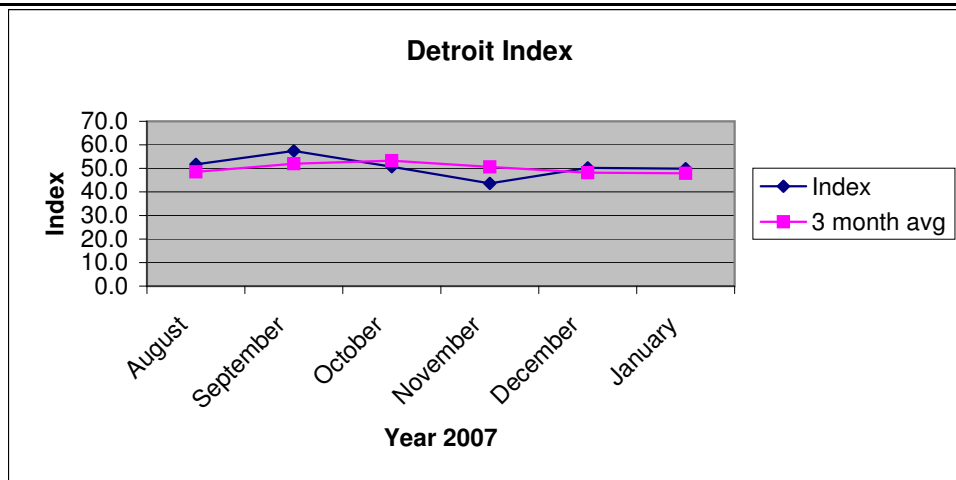
**Items up or down in price:** Respondents noted a broad range of product price increases in January. Items cited as up in price include: phosphoric acid, formaldehyde, sodium hydroxide, sulfuric acid, all phosphates, chromic acid, castings and forgings, stainless steel, steel, sanding paper, fasteners, acetone, ethylene chloride, copy paper, copper, plastics, resins, pigments, additives, #2 diesel fuel, methanol, and petroleum based products on the spot markets. Some downward pressure was noted on global oil markets, but the price decline did not appear to have impacted the supply chain at reporting time.

**Economic Issues:** Respondents to the January survey provided mixed signals on the current economic outlook. Those most closely related to the automotive industry expressed the greatest degree of concern. They noted that plant shut downs in the automotive sector have seriously impacted the bottom line of many, and have led to shift reductions. Others anticipate tough times throughout 2008. Concerns were noted with the Michigan economy, where the unemployment rate stands at 7.6%. Concerns over a possible recession were causing some suppliers to provide concessions to maintain business.

It appears that those firms not directly related to the automotive sector are less pessimistic about the current and future outlook. One start up firm noted higher new staff levels and increased sales. Others noted new work orders and others cited a positive outlook for the coming year. A lack of skilled trades people was noted as a possible future concern.

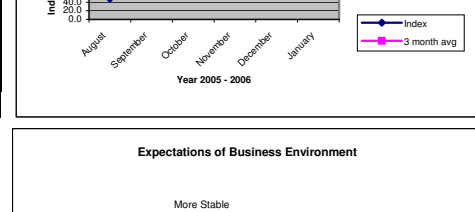
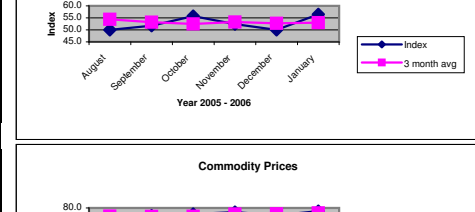
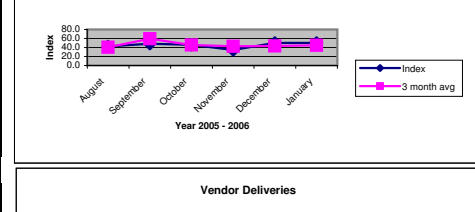
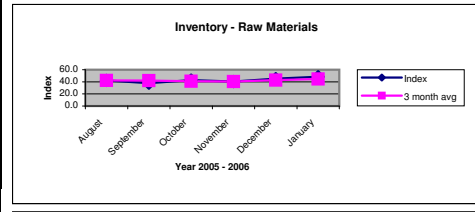
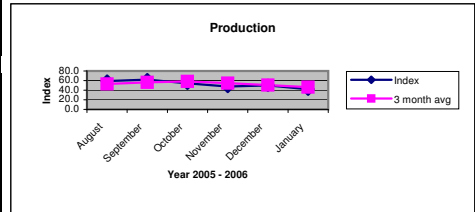
Current and expected price increases are cited by many respondents. The extent of the concern is noted by the expanded list of items cited as being up in price.

When asked their opinion about their business environment six months into the future, the January survey reveals a movement away from the "about the same" toward "less stable" and "more stable". This shift may reflect the division of the survey respondents: automotive vs. non-automotive. Currently 42 percent of the respondents believe conditions will be about the same (down from 65 percent). While 42 percent believe conditions will be less stable (up from 26 percent) and 16 percent believe business will be more stable (up from 10 percent).



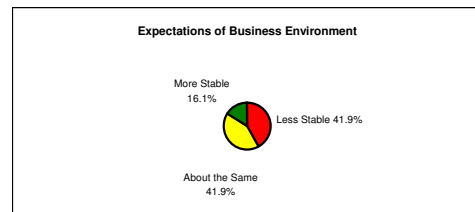
Next Release  
**3 March 2008**

Detroit Index		2007					2008
		August	September	October	November	December	January
Index		51.7	57.4	50.7	43.6	50.2	49.9
Index	3 month average	48.5	52.0	53.3	50.6	48.2	47.9
Production		2007					2008
		August	September	October	November	December	January
Higher		45.5	41.4	34.3	21.4	22.6	22.6
Same		27.3	41.4	40.0	52.4	54.8	38.7
Lower		27.3	17.2	25.7	26.2	22.6	38.7
Index		59.1	62.1	54.3	47.6	50.0	41.9
Index	3 month average	53.1	56.5	58.5	54.7	50.6	46.5
<b>Production falls to 41.9</b>							
New Orders		2007					2008
		July	September	October	November	December	January
Higher		34.4	48.3	28.6	21.4	35.5	41.9
Same		21.9	31.0	40.0	42.9	35.5	19.4
Lower		43.8	20.7	31.4	35.7	29.0	38.7
Index		45.3	63.8	48.6	42.9	53.2	51.6
Index	3 month average	50.1	55.1	52.6	51.8	48.2	49.2
<b>Rate of new orders slows</b>							
Inventory - Raw Materials		2007					2008
		August	September	October	November	December	January
Higher		18.2	17.2	17.1	16.7	16.1	25.0
Same		48.5	41.4	51.4	47.6	58.1	46.9
Lower		33.3	41.4	31.4	35.7	25.8	28.1
Index		42.4	37.9	42.8	40.5	45.2	48.4
Index	3 month average	42.2	41.9	41.0	40.4	42.8	44.7
<b>Raw materials decline in January</b>							
Inventory - Finished Goods		2007					2008
		August	September	October	November	December	January
Higher		9.1	27.6	14.3	14.3	12.9	28.1
Same		63.6	51.7	60.0	52.4	58.1	53.1
Lower		27.3	20.7	25.7	33.3	29.0	18.8
Index		40.9	53.4	44.3	40.5	41.9	54.7
Index	3 month average	43.3	47.6	46.2	46.1	42.2	45.7
<b>Finished goods inventories rise in January</b>							
Employment		2007					2008
		August	September	October	November	December	January
Higher		6.1	13.8	17.1	9.5	22.6	12.9
Same		72.7	69.0	57.1	50.0	54.8	74.2
Lower		21.2	17.2	17.1	40.5	22.6	12.9
Index		42.4	48.3	45.7	34.5	50.0	50.0
Index	3 month average	40.7	59.4	45.5	42.8	43.4	44.8
<b>Employment stable in January</b>							
Vendor Deliveries		2007					2008
		August	September	October	November	December	January
Faster		6.1	6.9	8.6	4.8	6.5	3.2
Same		87.9	82.8	71.4	85.7	87.1	80.6
Slower		6.1	10.3	20.0	9.5	6.5	16.1
Index		50.0	51.7	55.7	52.4	50.0	56.5
Index	3 month average	54.4	53.2	52.5	53.3	52.7	53.0
<b>Vendor deliveries slow in January</b>							
Commodity Prices		2007					2008
		August	September	October	November	December	January
Higher		29.2	27.6	40.0	42.9	35.5	48.4
Same		60.6	69.0	51.4	54.8	54.8	48.4
Lower		15.1	3.5	8.6	2.4	9.7	3.2
Index		54.5	62.1	65.7	70.2	62.9	72.6
Index	3 month average	61.1	60.2	60.8	66.0	66.3	68.6
<b>Commodity prices on the rise at 72.6</b>							



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

Less Stable	41.9	percent
About the same	41.9	percent
More Stable	16.1	percent



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Production by: Renea Liebe

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