

FOR  
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# THE DETROIT REPORT

2007  
December

National Association of Purchasing Management - Metro Detroit

## The NAPM – Metro Detroit Purchasing Managers Index 50.2

**Detroit Index:** December reports reveal that the NAPM-DM composite index rose 6.6 points to 50.2.

**Employment:** Employment moves up to 50.0.

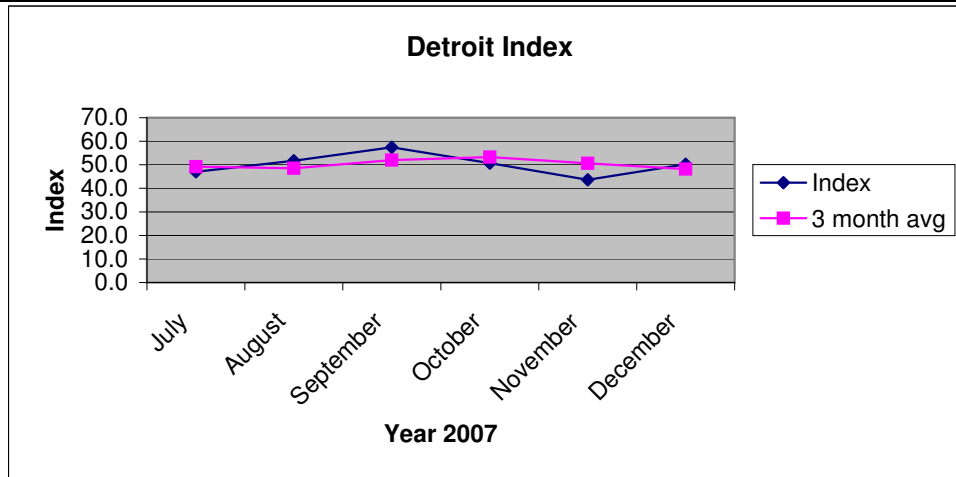
**Prices:** Prices continue to rise at 62.9 in December.

**Items up or down in price:** Respondents indicate that in December the price pressures were largely centered on petroleum based products and basic metals. Respondents indicate that prices were rising for: nickel, aluminum, zinc, and steel surcharges. In addition, respondents noted petroleum based products up in price, as were: lubricants, propane, isobutene, test gases, methanol, aliphatics, aromatics, oxygenated solvents, and esters. Copper was noted to be down in price.

**Economic Issues:** High and rising prices coupled with concerns about the economic growth prospects for 2008 were on the minds of respondents at the end of 2007. Given the heavy orientation toward the automotive sector, the soft automotive market was making respondents uncertain about the profit prospects for 2008. The year ended with a slow economy and suppliers looking for alternative sources of business.

Increasingly, the low value of the dollar is having an impact on the prices paid by supplies for imported goods. Respondents noted that all items purchased in Europe or Asia are rising in price. Chemicals purchased in China are on the rise. Canadian suppliers are under pressure to raise prices, and the price differential is placing the Canadian supplier at an increasing competitive disadvantage.

Respondents were asked about their view concerning business conditions six months into the future. The largest percentage, 65 percent, believe that business conditions will be about the same as they are today. About 26 percent believe that conditions will be less stable and only about 10 percent believe that business conditions will be more stable. Thus, it appears that a slow economy with rising price pressures is the expectation of suppliers into June 2008.



Next Release  
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Detroit Index		2007					
		July	August	September	October	November	December
Index		47.0	51.7	57.4	50.7	43.6	50.2
Index	3 month average	49.2	48.5	52.0	53.3	50.6	48.2

Production		2007					
		July	August	September	October	November	December
Higher		34.4	45.5	41.4	34.3	21.4	22.6
Same		28.1	27.3	41.4	40.0	52.4	54.8
Lower		37.5	27.3	17.2	25.7	26.2	22.6
Index		48.4	59.1	62.1	54.3	47.6	50.0
Index	3 month average	51.3	53.1	56.5	58.5	54.7	50.6

Production is stable at 50.0

New Orders		2007					
		June	July	September	October	November	December
Higher		37.0	34.4	48.3	28.6	21.4	35.5
Same		14.9	21.9	31.0	40.0	42.9	35.5
Lower		48.2	43.8	20.7	31.4	35.7	29.0
Index		44.4	45.3	63.8	48.6	42.9	53.2
Index	3 month average	55.9	50.1	55.1	52.6	51.8	48.2

New orders rise in December

Inventory - Raw Materials		2007					
		July	August	September	October	November	December
Higher		25.0	18.2	17.2	17.1	16.7	16.1
Same		40.6	48.5	41.4	51.4	47.6	58.1
Lower		34.4	33.3	41.4	31.4	35.7	25.8
Index		45.3	42.4	37.9	42.8	40.5	45.2
Index	3 month average	43.5	42.2	41.9	41.0	40.4	42.8

Raw materials decline in December

Inventory - Finished Goods		2007					
		July	August	September	October	November	December
Higher		28.1	9.1	27.6	14.3	14.3	12.9
Same		40.6	63.6	51.7	60.0	52.4	58.1
Lower		31.3	27.3	20.7	25.7	33.3	29.0
Index		48.4	40.9	53.4	44.3	40.5	41.9
Index	3 month average	45.3	43.3	47.6	46.2	46.1	42.2

Finished goods inventories fall in December

Employment		2007					
		July	August	September	October	November	December
Higher		21.9	6.1	13.8	17.1	9.5	22.6
Same		34.4	72.7	69.0	57.1	50.0	54.8
Lower		43.8	21.2	17.2	17.1	40.5	22.6
Index		39.1	42.4	48.3	45.7	34.5	50.0
Index	3 month average	42.7	40.7	59.4	45.5	42.8	43.4

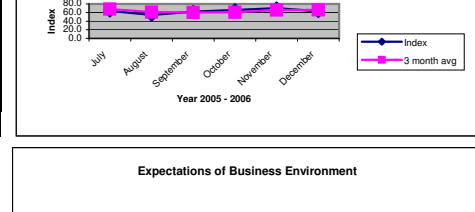
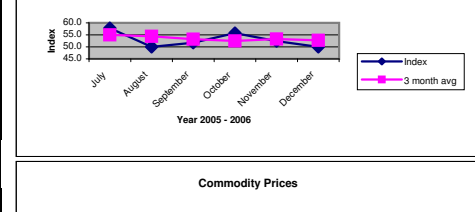
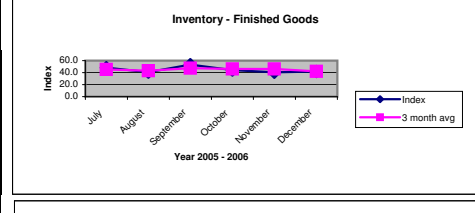
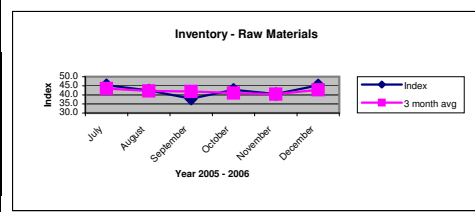
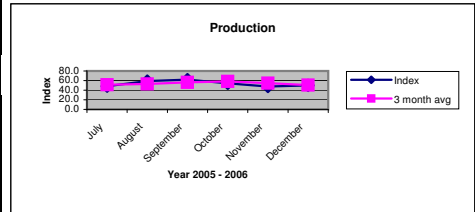
Employment stable in December

Vendor Deliveries		2007					
		July	August	September	October	November	December
Faster		3.1	6.1	6.9	8.6	4.8	6.5
Same		78.1	87.9	82.8	71.4	85.7	87.1
Slower		18.8	6.1	10.3	20.0	9.5	6.5
Index		57.8	50.0	51.7	55.7	52.4	50.0
Index	3 month average	55.0	54.4	53.2	52.5	53.3	52.7

Vendors stable deliveries

Commodity Prices		2007					
		July	August	September	October	November	December
Higher		31.3	29.2	27.6	40.0	42.9	35.5
Same		65.6	60.6	69.0	51.4	54.8	54.8
Lower		3.1	15.1	3.5	8.6	2.4	9.7
Index		64.1	54.5	62.1	65.7	70.2	62.9
Index	3 month average	68.0	61.1	60.2	60.8	66.0	66.3

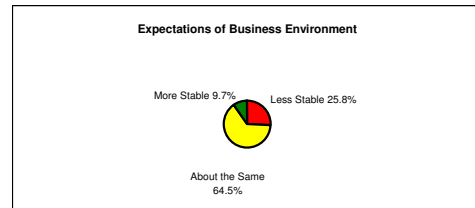
Commodity prices on the rise at 62.9



### Expectations of Business Environment

6 months into the future:

Less Stable	25.8	percent
About the same	64.5	percent
More Stable	9.7	percent



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