

FOR
RELEASE:
February 1,
2007
6am EST

THE DETROIT REPORT

2007
January

National Association of Purchasing Management - Metro Detroit

The NAPM – Metro Detroit Purchasing Managers Index 43.2

Detroit Index: January reports reveal that the NAPM-DM index remained below 50, to start the year at 43.2.

Employment: Employment continues to contract at 39.0 in January.

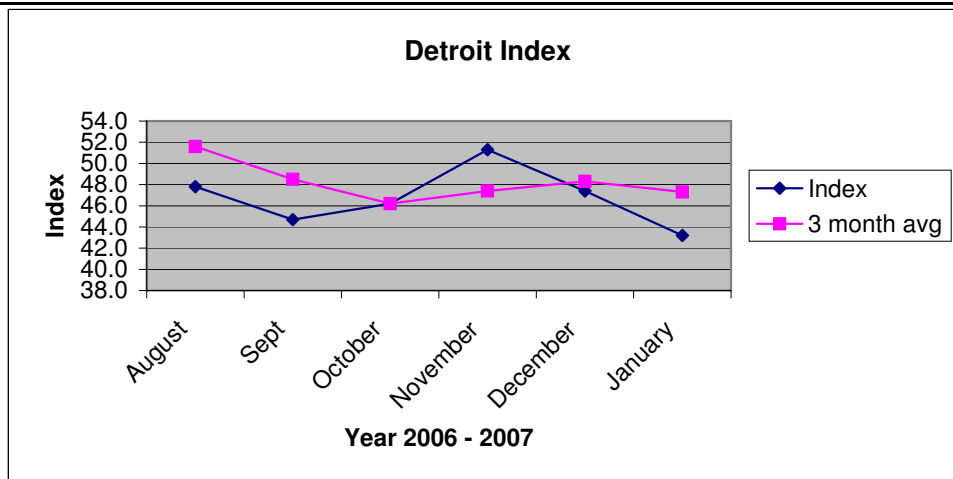
Prices: Prices continue to rise, and are down from December at 57.3.

Items up or down in price: Prices in January were reported at 57.3, down from December, but still above the 50 reading that indicates rising prices. Seventy-one percent of the respondents indicate no change in prices in January and 22 percent reported higher prices. Items cited as being up in price include: stainless steel tubing, brass fittings, aluminum, zinc, aluminum die castings, aluminum screw machine components, plastic clips, corrugated paper, and some stamped metal components.

Economic Issues: January 2007 started out on a low note – with the Detroit Metro Purchasing Managers' Report index at a reading of 43.2. The start to the new year was impacted by low new orders (47.6); declining production (36.6); declines in raw materials inventories (36.6), and declines in employment (39.0). Respondents indicated that companies will need to continually improve efficiency of operations to remain competitive. They also anticipate that competition of foreign sources will not abate in the near term.

Respondents were asked their opinion as to whether they anticipate crude oil prices to be: higher, about the same, or lower by year-end 2007. Forty-six percent of the respondents indicate that they expect oil prices to be about the same as today, while 43 percent were expecting higher oil prices by year-end.

Based on their expectations, many respondents indicate a change in their purchasing behaviors as it relates to energy supplies. Some indicate that they were using fuel hedging while others were trying to protect themselves by establishing long-term contracts. Some cited looking for new sources of supply or altering their existing supply base. Others were looking to change ordering patterns and move their purchases to a monthly basis. Several cited adjusting their inventory policy by adding to inventory during the period of relatively lower prices. Clearly, changes in expectations about the price of energy is changing the way purchasing managers perform their jobs.



Next Release
1 March 2007

Detroit Index		2006					2007
		August	Sept	October	November	December	January
Index		47.8	44.7	46.2	51.3	47.4	43.2
Index	3 month average	51.6	48.5	46.2	47.4	48.3	47.3

Production		2006					2007
		August	Sept	October	November	December	January
Higher		36.7	27.3	27.9	31.4	30.0	17.1
Same		33.3	27.3	34.9	42.9	27.5	39.0
Lower		30.0	45.5	37.2	25.7	42.5	43.9
Index		53.3	40.9	45.3	52.9	43.8	36.6
Index	3 month average	53.8	49.2	46.5	46.4	47.3	44.4

Production contracts in January

New Orders		2006					2007
		August	Sept	October	November	December	January
Higher		36.7	25.0	37.2	40.0	30.0	34.2
Same		20.0	34.1	27.9	31.4	35.0	26.8
Lower		43.3	40.9	34.9	28.6	35.0	39.0
Index		46.7	42.0	51.2	55.7	47.5	47.6
Index	3 month average	52.8	48.5	46.6	49.6	51.5	50.3

New orders decline in January

Inventory - Raw Materials		2006					2007
		August	Sept	October	November	December	January
Higher		20.0	25.0	20.9	17.1	25.0	19.5
Same		50.0	40.9	37.2	48.6	32.5	34.2
Lower		30.0	34.1	41.9	34.3	42.5	46.3
Index		45.0	45.5	39.5	41.4	41.3	36.6
Index	3 month average	46.2	46.8	43.3	42.1	40.7	39.8

Raw materials contract in January

Inventory - Finished Goods		2006					2007
		August	Sept	October	November	December	January
Higher		6.7	22.7	20.9	14.3	20.0	14.6
Same		56.7	50.0	44.2	54.3	52.5	53.7
Lower		36.7	27.3	34.9	31.4	27.5	31.7
Index		35.0	47.7	43.0	41.4	46.3	41.5
Index	3 month average	41.1	41.4	41.9	44.0	43.6	43.1

Finished goods inventories fall in January

Employment		2006					2007
		August	Sept	October	November	December	January
Higher		23.3	20.5	11.6	17.1	20.0	14.6
Same		53.3	47.7	53.5	54.3	55.0	48.8
Lower		23.3	31.8	34.9	28.6	25.0	36.6
Index		50.0	44.3	38.4	44.3	47.5	39.0
Index	3 month average	50.5	48.1	44.2	42.3	43.4	43.6

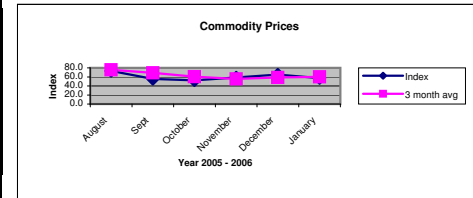
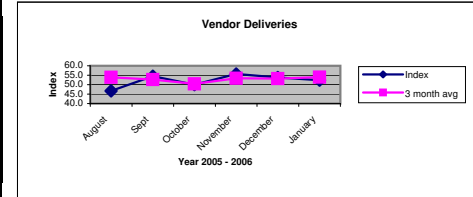
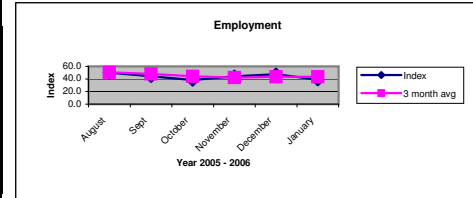
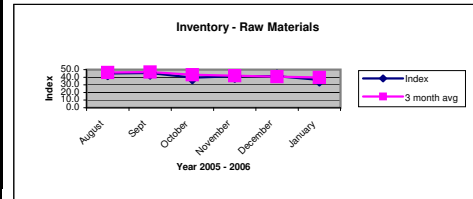
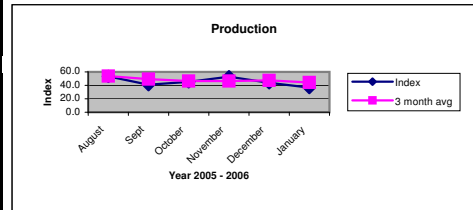
Employment declines in January

Vendor Deliveries		2006					2007
		August	Sept	October	November	December	January
Faster		16.7	6.8	7.0	2.9	10.0	7.3
Same		73.3	77.3	7.0	82.8	72.5	80.5
Slower		10.0	15.9	86.0	14.3	17.5	12.2
Index		46.7	54.5	50.0	55.7	53.8	52.4
Index	3 month average	53.9	52.7	50.4	53.4	53.2	54.0

Deliveries are slow

Commodity Prices		2006					2007
		August	Sept	October	November	December	January
Higher		46.7	25.0	14.0	25.7	40.0	22.0
Same		53.3	61.4	76.7	65.7	50.0	70.7
Lower		0.0	13.6	9.3	8.6	10.0	7.3
Index		73.3	55.7	52.3	58.6	65.0	57.3
Index	3 month average	75.6	68.9	60.4	55.5	58.6	60.3

Commodity prices up in January



NOTICE:

No warranty, expressed or implied, is attached to these figures or their use. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

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