

# THE DETROIT REPORT

National Association of Purchasing Management - Metro Detroit

## The NAPM – Metro Detroit Purchasing Managers Index 51.3

**Detroit Index:** November reports reveal that the NAPM-DM index moved above 50 for the first time in 3 months, to a level of 51.3.

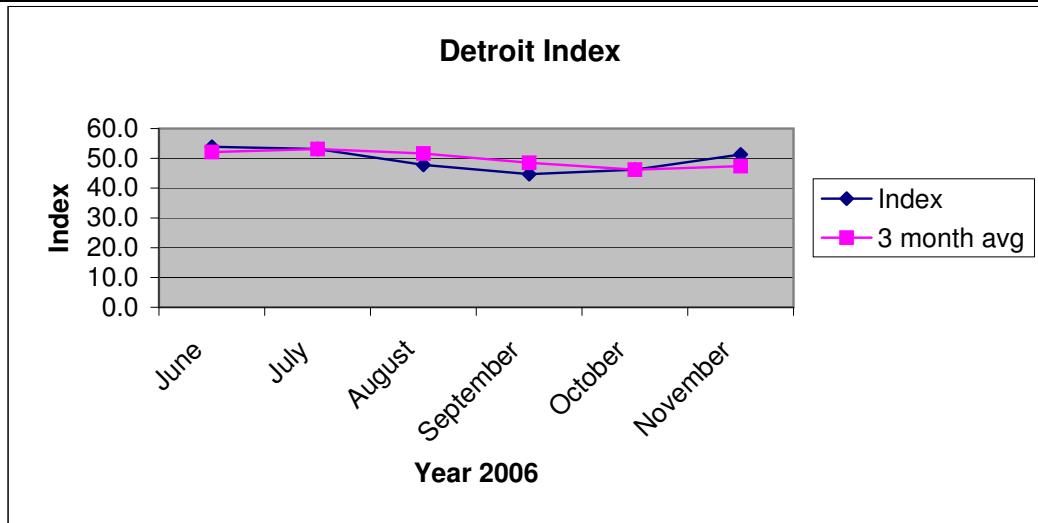
**Employment:** Employment continues to contract at 44.3 in November.

**Prices:** Prices continue to rise, and are up from October at 58.6.

**Items up or down in price:** Items that were noted to be up in price included: stainless steel tubing, aluminum, resins, pigments, lubricants, corrugated paper, brass, rubber, steel plates, carbon fiber, and copper.

**Economic Issues:** November's special survey question related to the respondents' outlook for their business in 2007. Fifty-one percent anticipated that 2007 business would be above the level in 2006, while thirty-seven percent anticipate about the same level in their business activity. Only about eleven percent anticipated reduced business in 2007. The respondents were asked what changes they were making in their business plans in response to next year's expected business conditions. A majority of the firms are focused on diversification – moving their business to a less automotive based dependency and attracting customers from other industrial sectors. Cost cutting and controls were frequently cited, especially in the area of labor reductions. Some are looking to expand sales forces and advertising to meet the expected lower demand, while others cited job training as a key component of their plan.

A key variable in next year's outlook relates to the UAW negotiations and the resolution of the Delphi bankruptcy. The UAW contract expires in September 2007 and issues related to job banks, health care, job rules, retirement, and pay will be on the table for negotiation.



Next Release  
2 January 2006

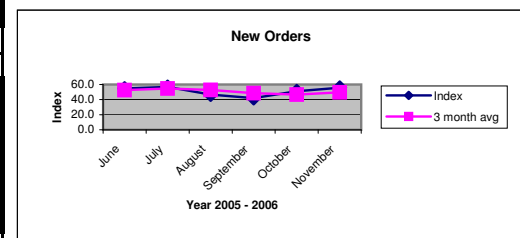
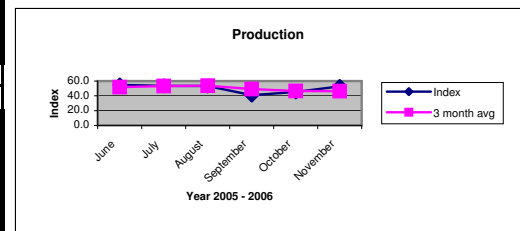
Detroit Index		2006					
		June	July	August	September	October	November
Index		53.9	53.1	47.8	44.7	46.2	51.3
Index	3 month average	52.1	53.1	51.6	48.5	46.2	47.4

Production		2006					
		June	July	August	September	October	November
	Higher	45.2	31.0	36.7	27.3	27.9	31.4
	Same	19.4	37.9	33.3	27.3	34.9	42.9
	Lower	35.5	31.0	30.0	45.5	37.2	25.7
Index		54.8	53.4	53.3	40.9	45.3	52.9
Index	3 month average	51.7	53.2	53.8	49.2	46.5	46.4

**Production expands in November**

New Orders		2006					
		June	July	August	September	October	November
	Higher	41.9	37.9	36.7	25.0	37.2	40.0
	Same	25.8	37.9	20.0	34.1	27.9	31.4
	Lower	32.3	24.1	43.3	40.9	34.9	28.6
Index		54.8	56.9	46.7	42.0	51.2	55.7
Index	3 month average	52.5	54.6	52.8	48.5	46.6	49.6

**New orders up in November**



Inventory - Raw Materials		2006					
		June	July	August	September	October	November
	Higher	16.1	20.7	20.0	25.0	20.9	17.1
	Same	54.8	58.6	50.0	40.9	37.2	48.6
	Lower	29.0	20.7	30.0	34.1	41.9	34.3
<b>Index</b>		43.5	50.0	45.0	45.5	39.5	41.4
<b>Index</b>	3 month average	50.3	49.2	46.2	46.8	43.3	42.1

**Raw materials contract in November**

Inventory - Finished Goods		2006					
		June	July	August	September	October	November
	Higher	25.8	6.9	6.7	22.7	20.9	14.3
	Same	41.9	69.0	56.7	50.0	44.2	54.3
	Lower	32.3	24.1	36.7	27.3	34.9	31.4
<b>Index</b>		46.8	41.4	35.0	47.7	43.0	41.4
<b>Index</b>	3 month average	49.0	46.4	41.1	41.4	41.9	44.0

**Finished goods inventories fall in November**

Employment		2006					
		June	July	August	September	October	November
	Higher	22.6	17.2	23.3	20.5	11.6	17.1
	Same	58.1	65.5	53.3	47.7	53.5	54.3
	Lower	19.4	17.2	23.3	31.8	34.9	28.6
<b>Index</b>		51.6	50.0	50.0	44.3	38.4	44.3
<b>Index</b>	3 month average	51.1	51.4	50.5	48.1	44.2	42.3

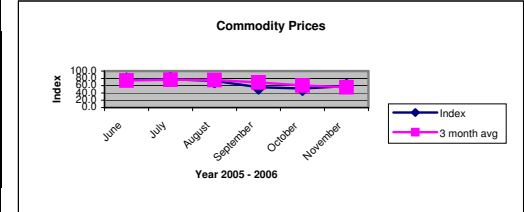
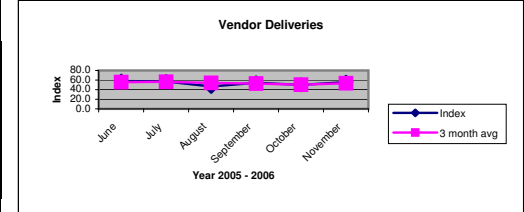
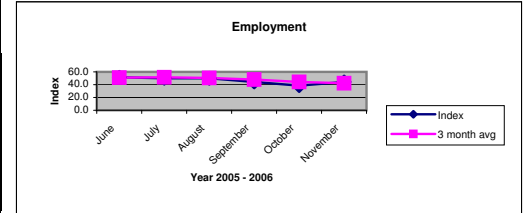
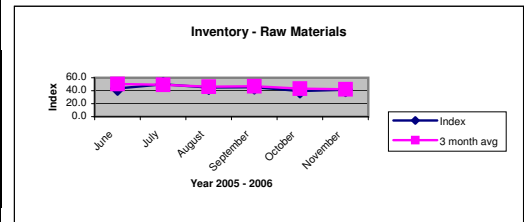
**Employment is contracting**

Vendor Deliveries		2006					
		June	July	August	September	October	November
	Faster	3.2	6.9	16.7	6.8	7.0	2.9
	Same	77.4	72.4	73.3	77.3	7.0	82.8
	Slower	19.4	20.7	10.0	15.9	86.0	14.3
<b>Index</b>		58.1	56.9	46.7	54.5	50.0	55.7
<b>Index</b>	3 month average	55.6	56.4	53.9	52.7	50.4	53.4

**Deliveries are slow**

Commodity Prices		2006					
		June	July	August	September	October	November
	Higher	54.8	55.2	46.7	25.0	14.0	25.7
	Same	41.9	44.8	53.3	61.4	76.7	65.7
	Lower	3.2	0.0	0.0	13.6	9.3	8.6
<b>Index</b>		75.8	77.6	73.3	55.7	52.3	58.6
<b>Index</b>	3 month average	74.2	76.4	75.6	68.9	60.4	55.5

**Commodity prices up in November**



**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**