

THE DETROIT REPORT

National Association of Purchasing Management - Metro Detroit

The NAPM – Metro Detroit Purchasing Managers Index 44.7

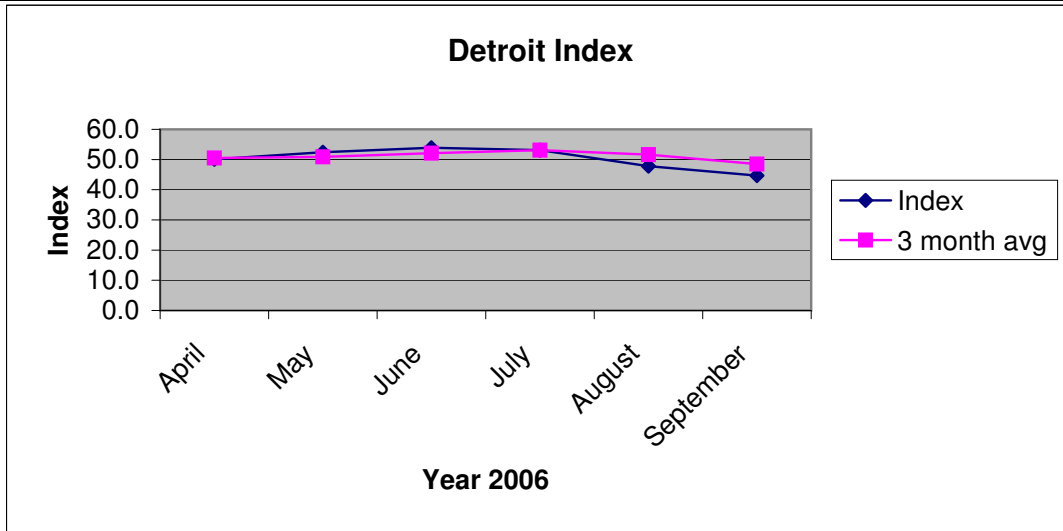
Detroit Index: Reports for September show the overall NAPM-MD Index declining to 44.7, a 3.1 point drop in the NAPM-MD August Index. Two months of back to back declines and the level of the September index indicates a declining manufacturing economy.

Employment: Employment falls in September to 44.3.

Prices: Commodity prices fall back from the August highs, to 55.7.

Items up or down in price: Upward price pressures remain a problem in a broad array of product categories. Respondents cited upward price pressure in janitorial supplies, paper products, epoxy resins, brass and stainless products, steel tubing, copper and bronze, polypropylene, nylon, propane, and lumber. Price moderation was cited by some in the area of petrochemicals, aluminum, fuel charges, and some steel products.

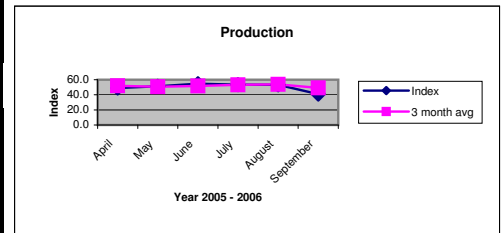
Economic Issues: In September, the Detroit area respondents indicated that cutbacks in production schedules at Ford, GM, and Daimler-Chrysler is causing significant production and labor adjustments in the supply chain. This is reflected by the reported reductions in employment (Index - 44.3); declining inventories, lower new orders (Index - 42.0), and lower production (Index - 40.9). Respondents cited cutbacks in purchases of supplies and labor in response to the recent downsizing announcements at Ford. This is also leading to preparations to shut down some supplier facilities. Others have cited short term layoffs in the range of 4 to 6 weeks to adjust inventories. Some were of the opinion that the full extent of the downturn has yet to be realized.



Next Release
1 November 2006

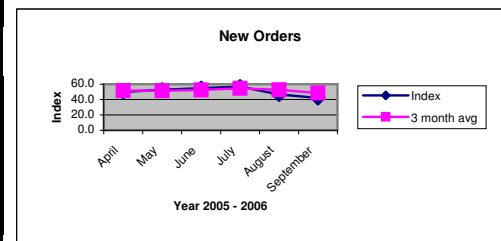
Detroit Index		2006					
		April	May	June	July	August	September
Index		50.1	52.4	53.9	53.1	47.8	44.7
Index	3 month average	50.5	50.9	52.1	53.1	51.6	48.5

Production		2006					
		April	May	June	July	August	September
	Higher	30.0	30.0	45.2	31.0	36.7	27.3
	Same	39.0	43.0	19.4	37.9	33.3	27.3
	Lower	32.0	27.0	35.5	31.0	30.0	45.5
Index		48.9	51.4	54.8	53.4	53.3	40.9
Index	3 month average	52.0	50.6	51.7	53.2	53.8	49.2

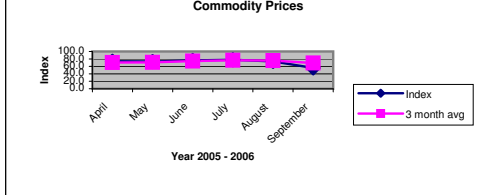
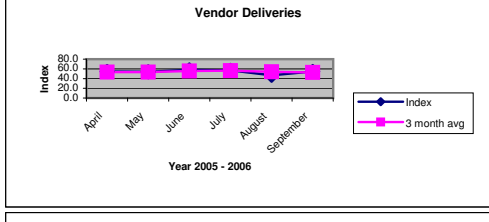
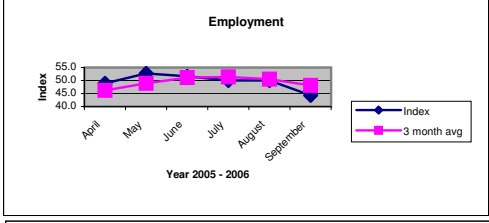
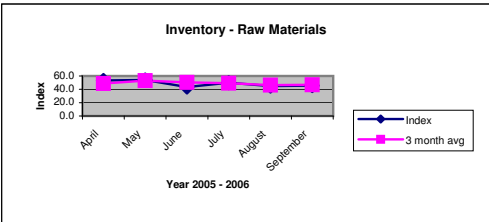


New Orders		2006					
		April	May	June	July	August	September
	Higher	33.0	35.1	41.9	37.9	36.7	25.0
	Same	35.0	35.1	25.8	37.9	20.0	34.1
	Lower	33.0	29.7	32.3	24.1	43.3	40.9
Index		50.0	52.7	54.8	56.9	46.7	42.0
Index	3 month average	51.7	51.4	52.5	54.6	52.8	48.5

New orders fall in September



Inventory - Raw Materials		2006					
		April	May	June	July	August	September
	Higher	25.0	32.0	16.1	20.7	20.0	25.0
	Same	57.0	43.0	54.8	58.6	50.0	40.9
	Lower	18.0	24.0	29.0	20.7	30.0	34.1
Index		53.4	54.1	43.5	50.0	45.0	45.5
Index	3 month average	48.7	53.0	50.3	49.2	46.2	46.8
Raw materials contract in September							
Inventory - Finished Goods		2006					
		April	May	June	July	August	September
	Higher	18.0	27.0	25.8	6.9	6.7	22.7
	Same	61.0	49.0	41.9	69.0	56.7	50.0
	Lower	20.0	24.0	32.3	24.1	36.7	27.3
Index		48.9	51.4	46.8	41.4	35.0	47.7
Index	3 month average	47.8	50.1	49.0	46.4	41.1	41.4
Finished goods inventories fall in September							
Employment		2006					
		April	May	June	July	August	September
	Higher	20.0	24.3	22.6	17.2	23.3	20.5
	Same	57.0	56.8	58.1	65.5	53.3	47.7
	Lower	23.0	18.9	19.4	17.2	23.3	31.8
Index		48.9	52.7	51.6	50.0	50.0	44.3
Index	3 month average	46.2	48.9	51.1	51.4	50.5	48.1
Employment is contracting							
Vendor Deliveries		2006					
		April	May	June	July	August	September
	Faster	9.0	0.0	3.2	6.9	16.7	6.8
	Same	73.0	8.0	77.4	72.4	73.3	77.3
	Slower	18.0	92.0	19.4	20.7	10.0	15.9
Index		54.5	54.1	58.1	56.9	46.7	54.5
Index	3 month average	53.2	53.4	55.6	56.4	53.9	52.7
Deliveries are slower							
Commodity Prices		2006					
		April	May	June	July	August	September
	Higher	50.0	54.0	54.8	55.2	46.7	25.0
	Same	48.0	38.0	41.9	44.8	53.3	61.4
	Lower	2.0	8.0	3.2	0.0	0.0	13.6
Index		73.9	73.0	75.8	77.6	73.3	55.7
Index	3 month average	70.5	71.0	74.2	76.4	75.6	68.9
Commodity prices rise, but some moderation noted							



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