

THE DETROIT REPORT

National Association of Purchasing Management - Metro Detroit

The NAPM – Metro Detroit Purchasing Managers Index 47.8

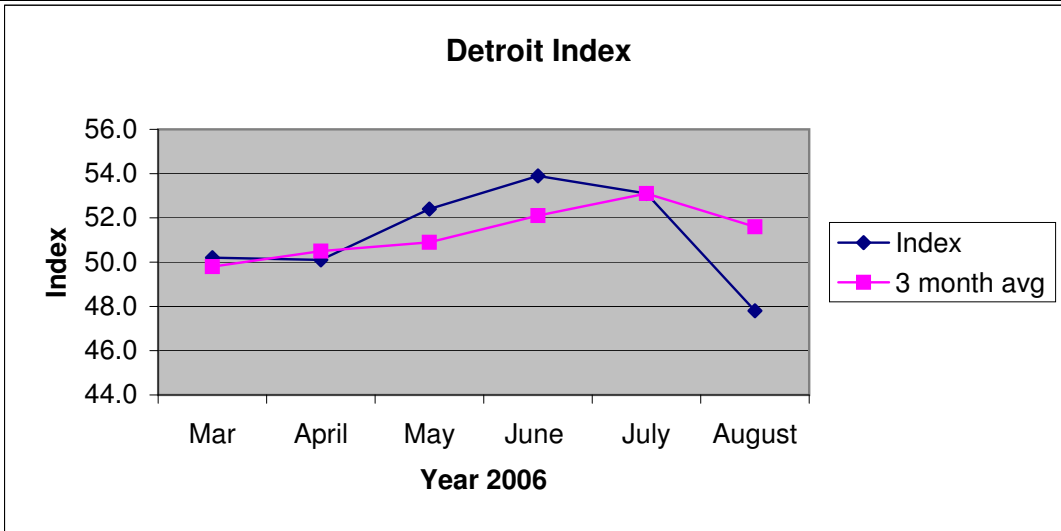
Detroit Index: Reports for August show the overall NAPM-MD Index declining to 47.8, the lowest since January 2006. The decline is due to: declining new orders, faster vendor deliveries, and declining stocks of finished goods inventories. A number below 50 indicates that the manufacturing economy is generally declining.

Employment: Employment appears stagnant in August at 50.0.

Prices: Commodity prices remained high in August at 73.3.

Items up or down in price: Respondents note that all specialty metals are “ridiculously high”, with copper up 400% from a year earlier. Aluminum and steel are up. Petroleum based products are up 9%, paper and corrugated packaging products are up 5%, wood products are rising. Plastics are up, with some easing in diesel fuel noted. Resins and stainless prices are up. Certain steel products (stainless, tubing, and bearings) are in short supply.

Economic Issues: In August, the Detroit area respondents indicated that declining new orders, higher commodity prices and reductions in finished goods inventories all combined to lower the NAPM-MD Index to a 47.8 reading. About 32% of the respondents felt that the Federal Reserve would raise interest rates at its September meeting. High commodity prices were cited as a reason that materials and component purchases continue to move to overseas locations. Financial problems remain a concern for all segments of the supply base. Concerns were expressed over the slow down in consumer spending for big ticket items and retail. Soft production schedules in the third and fourth quarters will impact commodity and employment prices and utilization.



Next Release
2 October 2006

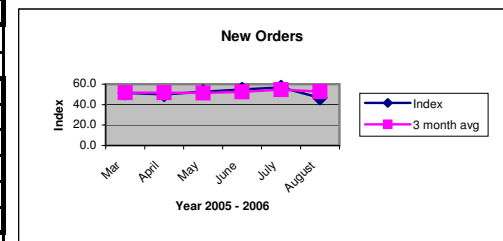
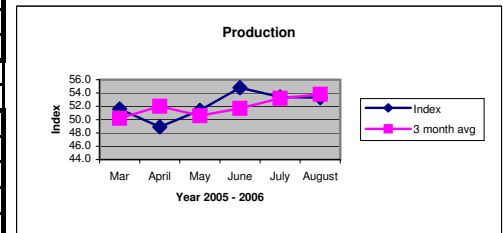
Detroit Index		2006					
		Mar	April	May	June	July	August
Index		50.2	50.1	52.4	53.9	53.1	47.8
Index	3 month average	49.8	50.5	50.9	52.1	53.1	51.6

Production		2006					
		Mar	April	May	June	July	August
	Higher	23.0	30.0	30.0	45.2	31.0	36.7
	Same	58.0	39.0	43.0	19.4	37.9	33.3
	Lower	19.0	32.0	27.0	35.5	31.0	30.0
Index		51.6	48.9	51.4	54.8	53.4	53.3
Index	3 month average	50.2	52.0	50.6	51.7	53.2	53.8

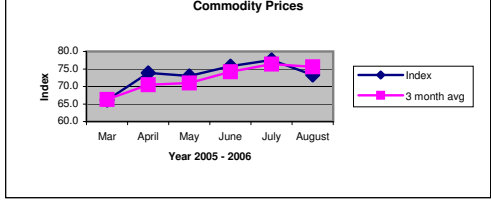
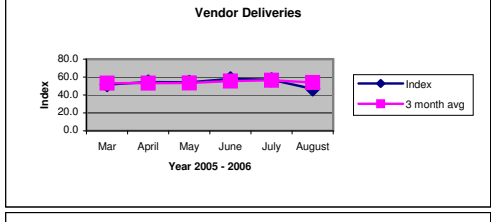
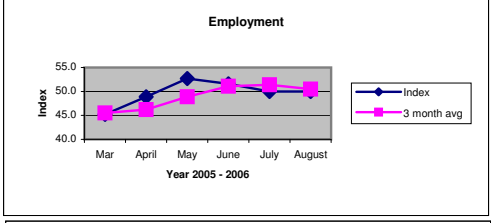
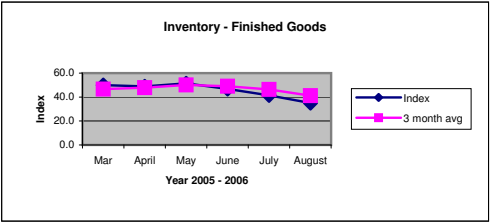
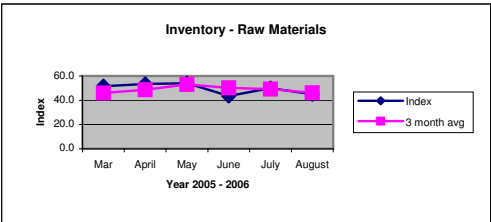
Production expands in August

New Orders		2006					
		Mar	April	May	June	July	August
	Higher	29.0	33.0	35.1	41.9	37.9	36.7
	Same	45.0	35.0	35.1	25.8	37.9	20.0
	Lower	26.0	33.0	29.7	32.3	24.1	43.3
Index		51.6	50.0	52.7	54.8	56.9	46.7
Index	3 month average	51.7	51.7	51.4	52.5	54.6	52.8

New orders fall in August



Inventory - Raw Materials		2006					
		Mar	April	May	June	July	August
	Higher	3.0	25.0	32.0	16.1	20.7	20.0
	Same	58.0	57.0	43.0	54.8	58.6	50.0
	Lower	19.0	18.0	24.0	29.0	20.7	30.0
Index		51.6	53.4	54.1	43.5	50.0	45.0
Index	3 month average	46.0	48.7	53.0	50.3	49.2	46.2
Raw materials contract in August							
Inventory - Finished Goods		2006					
		Mar	April	May	June	July	August
	Higher	19.0	18.0	27.0	25.8	6.9	6.7
	Same	61.0	61.0	49.0	41.9	69.0	56.7
	Lower	19.0	20.0	24.0	32.3	24.1	36.7
Index		50.0	48.9	51.4	46.8	41.4	35.0
Index	3 month average	46.6	47.8	50.1	49.0	46.4	41.1
Finished goods inventories fall in August.							
Employment		2006					
		Mar	April	May	June	July	August
	Higher	23.0	20.0	24.3	22.6	17.2	23.3
	Same	45.0	57.0	56.8	58.1	65.5	53.3
	Lower	32.0	23.0	18.9	19.4	17.2	23.3
Index		45.2	48.9	52.7	51.6	50.0	50.0
Index	3 month average	45.5	46.2	48.9	51.1	51.4	50.5
Employment is flat							
Vendor Deliveries		2006					
		Mar	April	May	June	July	August
	Faster	10.0	9.0	0.0	3.2	6.9	16.7
	Same	77.0	73.0	8.0	77.4	72.4	73.3
	Slower	13.0	18.0	92.0	19.4	20.7	10.0
Index		51.6	54.5	54.1	58.1	56.9	46.7
Index	3 month average	53.3	53.2	53.4	55.6	56.4	53.9
Deliveries are faster							
Commodity Prices		2006					
		Mar	April	May	June	July	August
	Higher	42.0	50.0	54.0	54.8	55.2	46.7
	Same	48.0	48.0	38.0	41.9	44.8	53.3
	Lower	10.0	2.0	8.0	3.2	0.0	0.0
Index		66.1	73.9	73.0	75.8	77.6	73.3
Index	3 month average	66.3	70.5	71.0	74.2	76.4	75.6
Commodity prices continue to rise							



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