

# THE DETROIT REPORT

National Association of Purchasing Management - Metro Detroit

## The NAPM – Metro Detroit Purchasing Managers Index 53.9

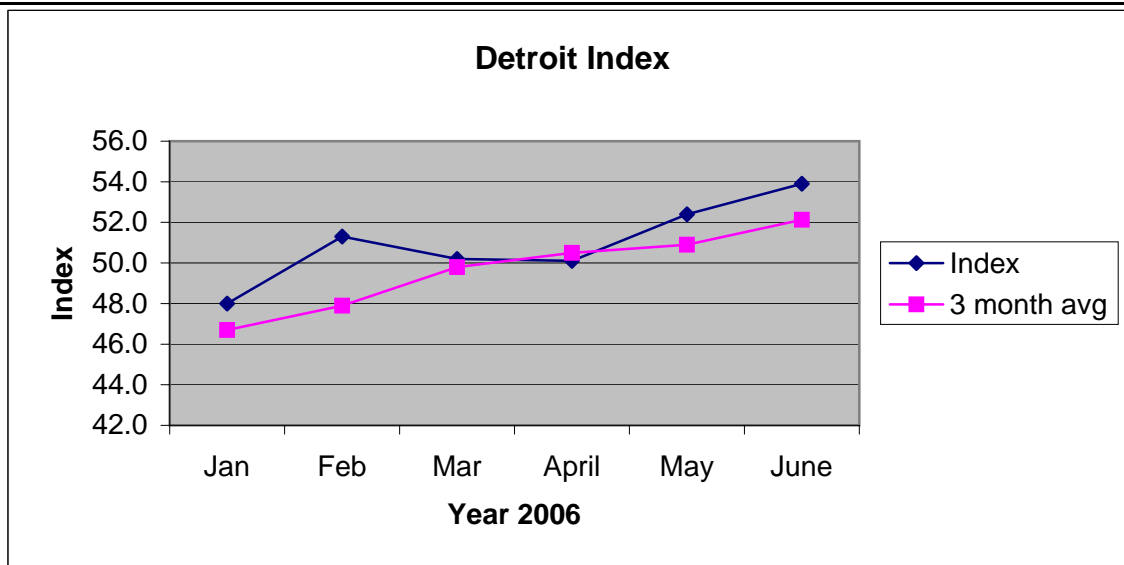
**Detroit Index:** The overall NAPM-MD Index showed continued growth in June at 53.9

**Employment:** Employment expands modestly at 51.6 in June

**Prices:** Commodity prices continued their upward movement at 75.8 in June

**Items up or down in price:** Those responding to the June survey indicate a strong upward price pressure for zinc. Prices were reported up for a wide range of commodities to include: chrome, copper, aluminum, tubing, paper and corrugated material. Resin prices were noted to be up. Energy cost increases were cited, as were ocean and inland freight costs.

**Economic Issues:** In June, Detroit purchasing managers indicate that they continue to struggle with rising prices of commodities, energy prices and foreign competition. One respondent noted that the machine tool industry was facing stiff foreign competition and questioned the long run prospects for the industry. One respondent noted that the sluggish local economy is having an unfavorable impact on parts of the food service industry. A special survey question relating to the stronger Canadian dollar revealed that it appears to have had minimal impact to date. However, some indicated that they were looking more to Mexico, off shore and U.S. sources of supply to compensate for the stronger Canadian dollar.



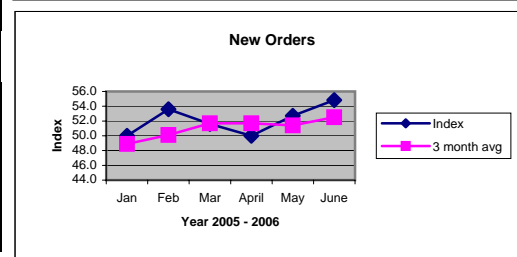
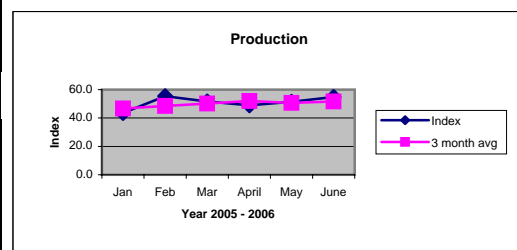
Next Release  
**1 August 2006**

| Detroit Index |                 | 2006 |      |      |       |      |      |
|---------------|-----------------|------|------|------|-------|------|------|
|               |                 | Jan  | Feb  | Mar  | April | May  | June |
| Index         |                 | 48.0 | 51.3 | 50.2 | 50.1  | 52.4 | 53.9 |
| Index         | 3 month average | 46.7 | 47.9 | 49.8 | 50.5  | 50.9 | 52.1 |

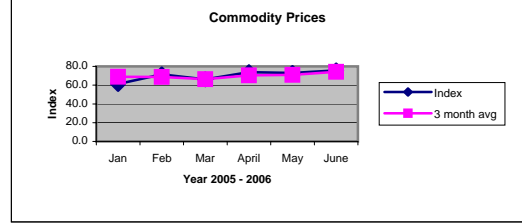
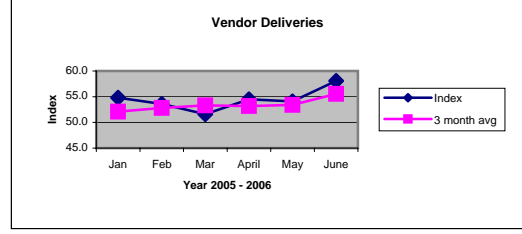
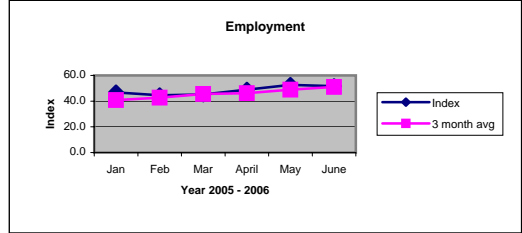
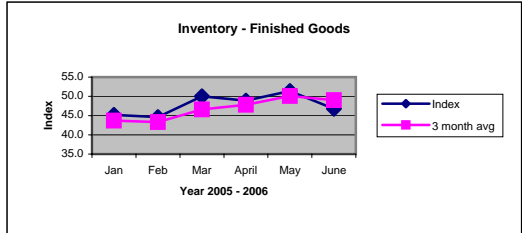
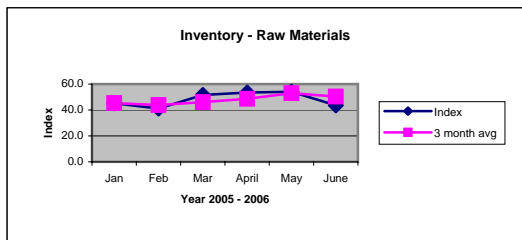
| Production |                 | 2006 |      |      |       |      |      |
|------------|-----------------|------|------|------|-------|------|------|
|            |                 | Jan  | Feb  | Mar  | April | May  | June |
|            | Higher          | 26.0 | 46.0 | 23.0 | 30.0  | 30.0 | 45.2 |
|            | Same            | 35.0 | 18.0 | 58.0 | 39.0  | 43.0 | 19.4 |
|            | Lower           | 39.0 | 36.0 | 19.0 | 32.0  | 27.0 | 35.5 |
| Index      |                 | 43.5 | 55.4 | 51.6 | 48.9  | 51.4 | 54.8 |
| Index      | 3 month average | 46.7 | 48.5 | 50.2 | 52.0  | 50.6 | 51.7 |

**Production expands in June**

| New Orders |                 | 2006 |      |      |       |      |      |
|------------|-----------------|------|------|------|-------|------|------|
|            |                 | Jan  | Feb  | Mar  | April | May  | June |
|            | Higher          | 32.0 | 46.0 | 29.0 | 33.0  | 35.1 | 41.9 |
|            | Same            | 35.0 | 14.0 | 45.0 | 35.0  | 35.1 | 25.8 |
|            | Lower           | 32.0 | 39.0 | 26.0 | 33.0  | 29.7 | 32.3 |
| Index      |                 | 50.0 | 53.6 | 51.6 | 50.0  | 52.7 | 54.8 |
| Index      | 3 month average | 48.9 | 50.1 | 51.7 | 51.7  | 51.4 | 52.5 |



| New orders expand in June                  |                 |      |      |      |       |      |      |
|--|-----------------|------|------|------|-------|------|------|
| Inventory - Raw Materials                  |                 | 2006 |      |      |       |      |      |
|  |                 | Jan  | Feb  | Mar  | April | May  | June |
|  | Higher          | 13.0 | 14.0 | 3.0  | 25.0  | 32.0 | 16.1 |
|  | Same            | 65.0 | 54.0 | 58.0 | 57.0  | 43.0 | 54.8 |
|  | Lower           | 23.0 | 32.0 | 19.0 | 18.0  | 24.0 | 29.0 |
| <b>Index</b>                               |                 | 45.2 | 41.1 | 51.6 | 53.4  | 54.1 | 43.5 |
| <b>Index</b>                               | 3 month average | 45.3 | 43.8 | 46.0 | 48.7  | 53.0 | 50.3 |
| Raw materials inventories decline in June  |                 |      |      |      |       |      |      |
| Inventory - Finished Goods                 |                 | 2006 |      |      |       |      |      |
|  |                 | Jan  | Feb  | Mar  | April | May  | June |
|  | Higher          | 19.0 | 18.0 | 19.0 | 18.0  | 27.0 | 25.8 |
|  | Same            | 52.0 | 54.0 | 61.0 | 61.0  | 49.0 | 41.9 |
|  | Lower           | 29.0 | 29.0 | 19.0 | 20.0  | 24.0 | 32.3 |
| <b>Index</b>                               |                 | 45.2 | 44.6 | 50.0 | 48.9  | 51.4 | 46.8 |
| <b>Index</b>                               | 3 month average | 43.7 | 43.3 | 46.6 | 47.8  | 50.1 | 49.0 |
| Finished goods inventories are contracting |                 |      |      |      |       |      |      |
| Employment                                 |                 | 2006 |      |      |       |      |      |
|  |                 | Jan  | Feb  | Mar  | April | May  | June |
|  | Higher          | 23.0 | 14.0 | 23.0 | 20.0  | 24.3 | 22.6 |
|  | Same            | 48.0 | 61.0 | 45.0 | 57.0  | 56.8 | 58.1 |
|  | Lower           | 29.0 | 25.0 | 32.0 | 23.0  | 18.9 | 19.4 |
| <b>Index</b>                               |                 | 46.8 | 44.6 | 45.2 | 48.9  | 52.7 | 51.6 |
| <b>Index</b>                               | 3 month average | 40.8 | 42.7 | 45.5 | 46.2  | 48.9 | 51.1 |
| Employment expands in June                 |                 |      |      |      |       |      |      |
| Vendor Deliveries                          |                 | 2006 |      |      |       |      |      |
|  |                 | Jan  | Feb  | Mar  | April | May  | June |
|  | Faster          | 10.0 | 4.0  | 10.0 | 9.0   | 0.0  | 3.2  |
|  | Same            | 71.0 | 86.0 | 77.0 | 73.0  | 8.0  | 77.4 |
|  | Slower          | 19.0 | 11.0 | 13.0 | 18.0  | 92.0 | 19.4 |
| <b>Index</b>                               |                 | 54.8 | 53.6 | 51.6 | 54.5  | 54.1 | 58.1 |
| <b>Index</b>                               | 3 month average | 52.1 | 52.8 | 53.3 | 53.2  | 53.4 | 55.6 |
| Deliveries are slower                      |                 |      |      |      |       |      |      |
| Commodity Prices                           |                 | 2006 |      |      |       |      |      |
|  |                 | Jan  | Feb  | Mar  | April | May  | June |
|  | Higher          | 35.0 | 50.0 | 42.0 | 50.0  | 54.0 | 54.8 |
|  | Same            | 52.0 | 43.0 | 48.0 | 48.0  | 38.0 | 41.9 |
|  | Lower           | 13.0 | 7.0  | 10.0 | 2.0   | 8.0  | 3.2  |
| <b>Index</b>                               |                 | 61.3 | 71.4 | 66.1 | 73.9  | 73.0 | 75.8 |
| <b>Index</b>                               | 3 month average | 68.9 | 68.7 | 66.3 | 70.5  | 71.0 | 74.2 |
| Commodity prices move up in June           |                 |      |      |      |       |      |      |



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