

July - 2009

THE SOUTHEAST MICHIGAN REPORT

(FOR RELEASE:
August 1, 2009
6am EST)

Institute for Supply Management - Southeast Michigan



The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 49.8

ISM-SEM Index: July reports reveal that the ISM-SEM composite index rose 2.8 points from June, to 49.8

Employment: Employment rose 10.3 points to 50.0.

Prices: Prices dropped dramatically by 16.0 points to 37.7.

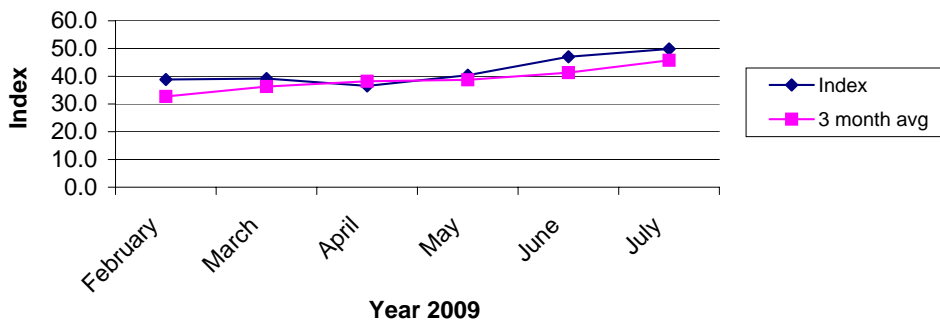
Items up or down in price: July shows a marked drop in Prices, down 16 points from June. Items specifically mentioned include: Caustic soda - down, Sulfuric acid - down, Lumber Prices - Down, Oils and Lubricants - down, Corrugated Materials - down, Office Products - down, Zinc Electroplating - down, Chemicals - down, PVF - Down. Information comes from multiple sources

Economic Issues: The July survey was conducted during a time of continued uncertainty in the automotive industry, but apparently with a small amount of optimism. Chrysler began the process of emerging from bankruptcy in June, and GM is working to come back from its bankruptcy situation. Many tier one suppliers continue to struggle. The July economic reports continued to show improvement over June and prior months, with the PMI rising up to 49.8, the highest reported number in the preceding six months and the fourth consecutive increase.

Comments from our membership include:

- I believe things are slowly improving now that GM and Chrysler are out of Bankruptcy.
- We are in the trough with possibly some slight downward movement yet to come, but the upside is still about 12 months away.
- Stability hinges upon sales of automobiles - Return to profitability of Chrysler Corp is essential.
- Government bailout money to suppliers along with new programs for hybrid & electric vehicles will stimulate activities in my supply base.
- Improvement depends on the ability of the banks to start lending again in order for our customers to gain financing for the construction projects.
- Additional costs for government mandated health care are concerning, more so than material costs.
- Things that impact the overall business outlook include 1) Automotive schedules are positive into Q3 2) Re-start up of idled Supply Chain.
- Economic stimulus funds will have a very positive effect for us over the next six months.

Southeast Michigan Index



Next Release
1 September 2009

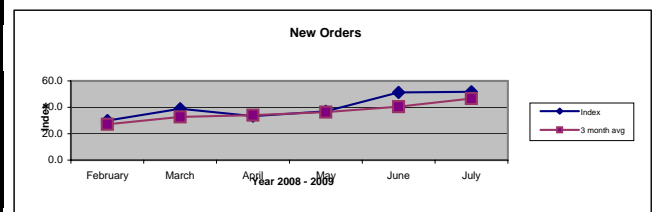
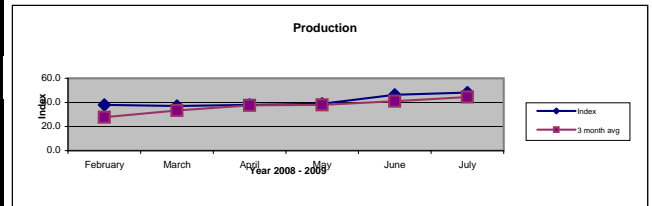
ISM-SEM Index		2009					
		February	March	April	May	June	July
Index		38.8	39.2	36.5	40.4	47.0	49.8
Index	3 month average	32.7	36.3	38.2	38.7	41.3	45.8

Production		2009					
		February	March	April	May	June	July
	Higher	20.0	18.5	18.2	22.2	29.3	25.0
	Same	36.0	37.0	39.4	33.3	34.1	46.4
	Lower	44.0	44.4	42.4	44.4	36.6	28.6
Index		38.0	37.0	37.9	38.9	46.3	48.2
Index	3 month average	27.7	33.3	37.6	37.9	41.0	44.5

Production up significantly in July, with a 5 month climb nearing 50.0

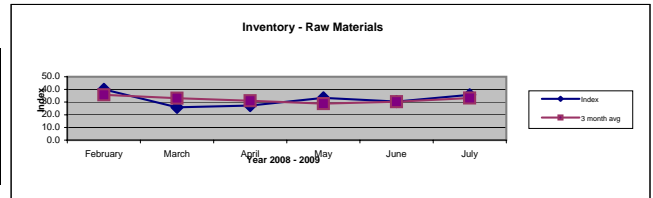
New Orders		2009					
		February	March	April	May	June	July
	Higher	12.0	18.5	15.2	25.9	39.0	28.6
	Same	36.0	40.7	36.4	22.2	24.4	46.4
	Lower	52.0	40.7	48.5	51.9	36.6	25.0
Index		30.0	38.9	33.3	37.0	51.2	51.8
Index	3 month average	27.2	32.7	34.1	36.4	40.5	46.7

New orders rise very slightly in July, but exceed 50.0 for 2 months



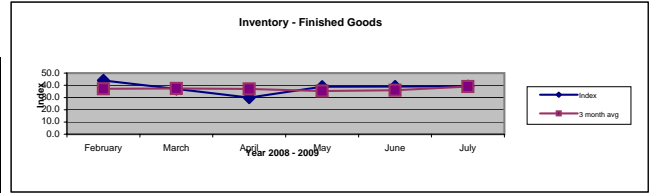
Inventory - Raw Materials		2009					
		February	March	April	May	June	July
	Higher	16.0	3.7	3.0	14.8	4.9	10.7
	Same	48.0	44.4	48.5	37.0	51.2	50.0
	Lower	36.0	51.9	48.5	48.1	43.9	39.3
Index		40.0	25.9	27.3	33.3	30.5	35.7
Index	3 month average	35.7	33.1	31.1	28.8	30.4	33.2

Raw materials remain low, but show a 5.2 point climb over June



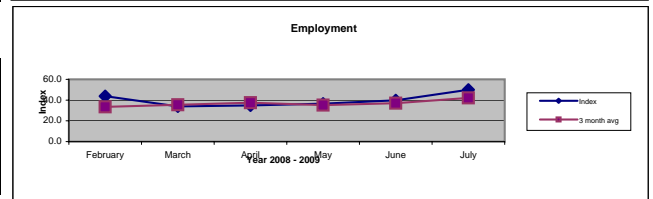
Inventory - Finished Goods		2009					
		February	March	April	May	June	July
	Higher	20.0	11.1	6.1	22.2	12.2	14.3
	Same	48.0	51.9	48.5	33.3	53.7	50.0
	Lower	32.0	37.0	45.5	44.4	34.1	35.7
Index		44.0	37.0	30.0	38.9	39.0	39.3
Index	3 month average	37.2	37.4	37.0	35.3	36.0	39.1

Finished goods inventories appear stable for the last 3 months.



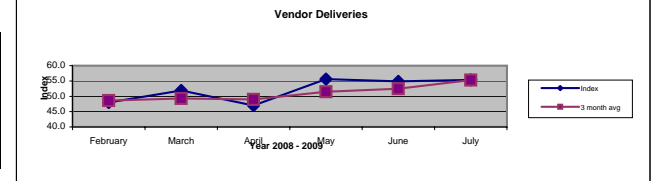
Employment		2009					
		February	March	April	May	June	July
	Higher	20.8	8.0	12.1	19.2	12.8	21.4
	Same	45.8	52.0	45.5	34.6	53.8	57.1
	Lower	33.3	40.0	42.4	46.2	33.3	21.4
Index		43.8	34.0	34.8	36.5	39.7	50.0
Index	3 month average	33.4	35.5	37.5	35.1	37.0	42.1

Employment shows dramatic increase of 10.3 points



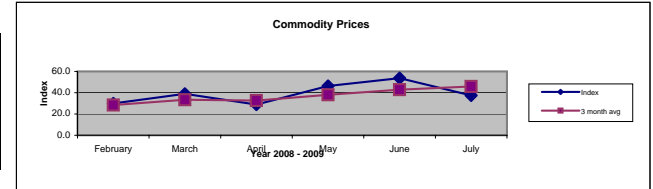
Vendor Deliveries		2009					
		February	March	April	May	June	July
	Faster	20.0	18.5	21.2	11.1	4.9	7.1
	Same	64.0	59.3	63.6	66.7	80.5	75.0
	Slower	16.0	22.2	15.2	22.2	14.6	17.9
Index		48.0	51.9	47.0	55.6	54.9	55.4
Index	3 month average	48.6	49.3	49.0	51.5	52.5	55.3

Deliveries stay high at 55.4, and have been strong throughout 2009



Commodity Prices		2009					
		February	March	April	May	June	July
	Higher	4.0	11.1	3.0	18.5	19.5	7.1
	Same	52.0	55.6	51.5	55.6	68.3	60.7
	Lower	44	33.3	45.5	25.9	12.2	32.1
Index		30.0	38.9	28.8	46.3	53.7	37.5
Index	3 month average	28.4	33.4	32.6	38.0	42.9	45.8

Commodity prices show an interesting drop of 16.0 points

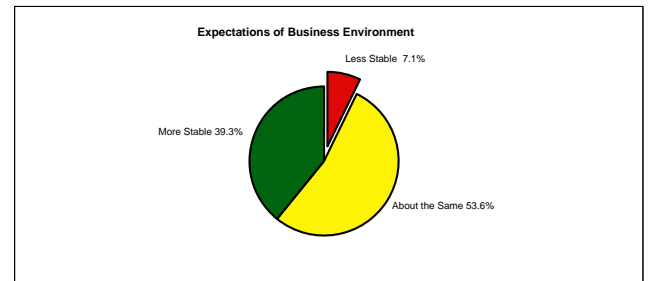


Expectations of Business Environment

6 months into the future:

Less Stable	7.1	percent
About the same	53.6	percent
More Stable	39.3	percent

For more information about the Survey or to obtain copies of previous surveys, visit our website at www.ism-sem.org and click on "Economic Surveys"



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