

August - 2009 THE SOUTHEAST MICHIGAN REPORT



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

Institute for Supply Management - Southeast Michigan

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 54.5

ISM-SEM Index: August reports reveal that the ISM-SEM composite index rose another 4.7 points from July, to 54.5

Employment: Employment rose 8.3 points to 58.3

Prices: Prices increased dramatically by 22.5 points to 60.0

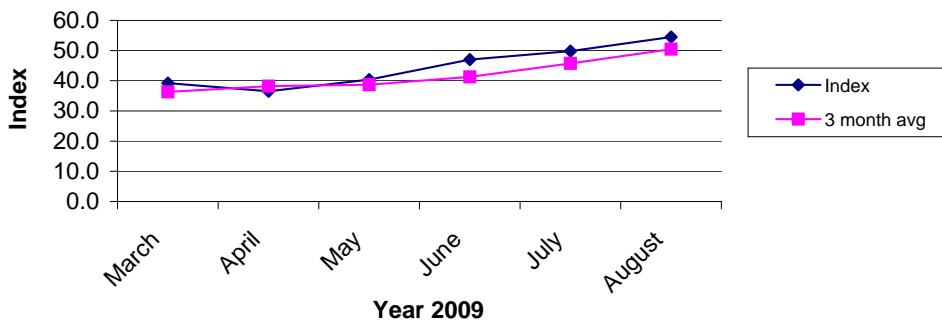
Items up or down in price: August shows a dramatic increase in Prices, up 22.5 points from July, but offsets a 16.2 point drop from the previous month. Items specifically mentioned include: Paper - down, Resin - up, SS Fasteners - down, Aluminum - down, Copper - up, Steel - up, Natural gas - up, and Carbon Steel Plate - up. Information comes from multiple responses of our Survey Respondents

Economic Issues: The August survey seems to reflect the beginnings of a reviving economy. The PMI is above 50 points for the first time since July 2008. Dow Jones has been consistently in the nine thousand range, and is nearly 3,000 points above its 52 week low of 6,470. Michigan unemployment remains poor, at 15.6% (U.S. Bureau of Labor Statistics - July). However, this survey leads us to believe there is a favorable swing for unemployment rates in August. Obviously, this would have a favorable impact on the Michigan economy as a whole.

Comments from our membership remain cautious at best, and include:

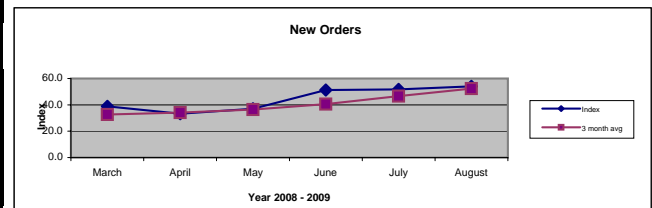
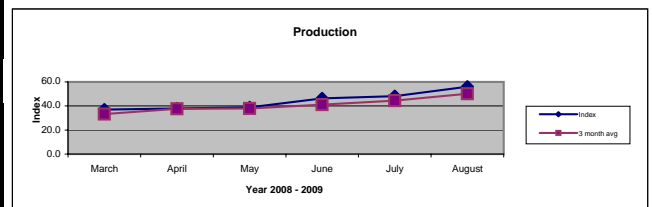
- Wide daily fluctuations in customer orders
- We are seeing increased release in Q4 for some of our products, but overall production is still below the level it was in mid-2008. We do not expect to see any significant change in this outlook until mid-2010.
- Need less government intervention, Clunkers was a typical disaster
- There will still be a lot of ups and downs in the economy before it stabilizes.
- Until confidence improves in the economy I do not see any growth in the Michigan economy
- A continued resumption of automotive production is essential to the future
- Worried about the lack of stimulus dollars flowing into the state. State unemployment claims are taking longer than they advertise.
- Difficult to plan materials & resources with such erratic fluctuations
- Consumer confidence must return in order to see an improvement in the automotive sector.
- We have a large program that has some engineering difficulties due to changes requested by our customer. Until these issues are resolved we are in a holding pattern. My best estimate of prototype development work resuming is 3-4 weeks..

Southeast Michigan Index



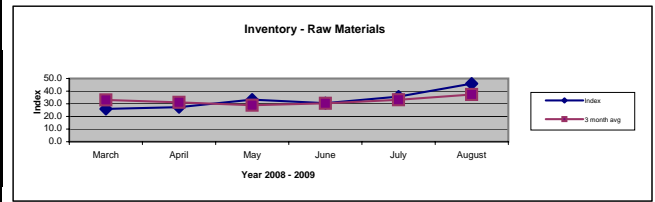
Next Release
1 October 2009

ISM-SEM Index		2009					
		March	April	May	June	July	August
Index		39.2	36.5	40.4	47.0	49.8	54.5
Index	3 month average	36.3	38.2	38.7	41.3	45.8	50.4
Production		2009					
		March	April	May	June	July	August
	Higher	18.5	18.2	22.2	29.3	25.0	44.0
	Same	37.0	39.4	33.3	34.1	46.4	24.0
	Lower	44.4	42.4	44.4	36.6	28.6	32.0
Index		37.0	37.9	38.9	46.3	48.2	56.0
Index	3 month average	33.3	37.6	37.9	41.0	44.5	50.2
Production up again in August, with a 3 month average above 50.0							
New Orders		2009					
		March	April	May	June	July	August
	Higher	18.5	15.2	25.9	39.0	28.6	32.0
	Same	40.7	36.4	22.2	24.4	46.4	44.0
	Lower	40.7	48.5	51.9	36.6	25.0	24.0
Index		38.9	33.3	37.0	51.2	51.8	54.0
Index	3 month average	32.7	34.1	36.4	40.5	46.7	52.3
New orders rose again in August, and exceed 50.0 for 3 months							



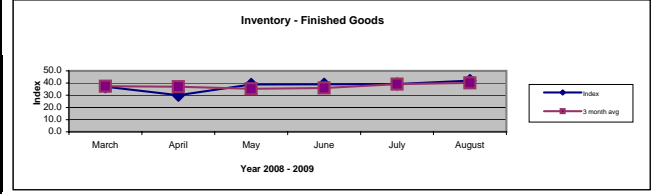
Inventory - Raw Materials		2009					
		March	April	May	June	July	August
	Higher	3.7	3.0	14.8	4.9	10.7	24.0
	Same	44.4	48.5	37.0	51.2	50.0	44.0
	Lower	51.9	48.5	48.1	43.9	39.3	32.0
Index		25.9	27.3	33.3	30.5	35.7	46.0
Index	3 month average	33.1	31.1	28.8	30.4	33.2	37.4

Raw materials inventories are climbing and are up 20 points from March



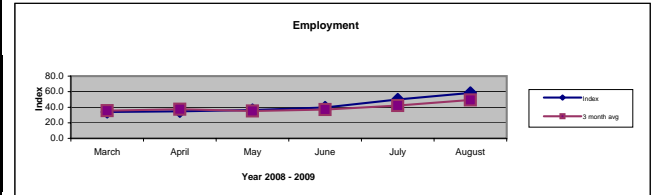
Inventory - Finished Goods		2009					
		March	April	May	June	July	August
	Higher	11.1	6.1	22.2	12.2	14.3	29.2
	Same	51.9	48.5	33.3	53.7	50.0	44.0
	Lower	37.0	45.5	44.4	34.1	35.7	36.0
Index		37.0	30.0	38.9	39.0	39.3	42.0
Index	3 month average	37.4	37.0	35.3	36.0	39.1	40.1

Finished goods inventories appear stable for the last 4 months.



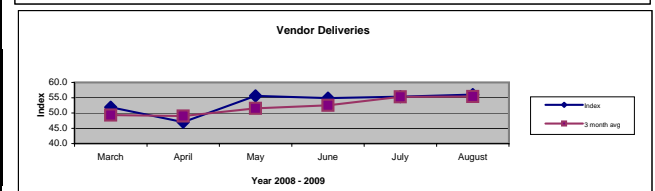
Employment		2009					
		March	April	May	June	July	August
	Higher	8.0	12.1	19.2	12.8	21.4	29.2
	Same	52.0	45.5	34.6	53.8	57.1	58.3
	Lower	40.0	42.4	46.2	33.3	21.4	12.5
Index		34.0	34.8	36.5	39.7	50.0	58.3
Index	3 month average	35.5	37.5	35.1	37.0	42.1	49.4

Employment increased 8.3 points, the second consecutive big increase



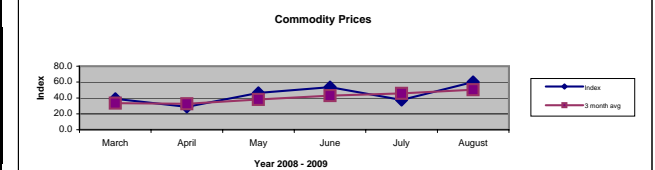
Vendor Deliveries		2009					
		March	April	May	June	July	August
	Faster	18.5	21.2	11.1	4.9	7.1	4.0
	Same	59.3	63.6	66.7	80.5	75.0	80.0
	Slower	22.2	15.2	22.2	14.6	17.9	16.0
Index		51.9	47.0	55.6	54.9	55.4	56.0
Index	3 month average	49.3	49.0	51.5	52.5	55.3	55.4

Deliveries stay high at 56.0, and have been strong throughout 2009



Commodity Prices		2009					
		March	April	May	June	July	August
	Higher	11.1	3.0	18.5	19.5	7.1	32.0
	Same	55.6	51.5	55.6	68.3	60.7	56.0
	Lower	33.3	45.5	25.9	12.2	32.1	12.0
Index		38.9	28.8	46.3	53.7	37.5	60.0
Index	3 month average	33.4	32.6	38.0	42.9	45.8	50.4

Commodity prices show a dramatic increase of 22.5 points

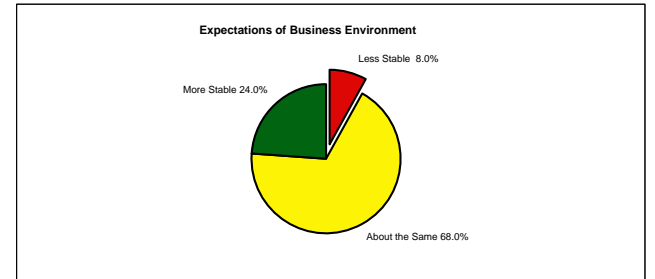


Expectations of Business Environment

6 months into the future:

Less Stable	8.0	percent
About the same	68.0	percent
More Stable	24.0	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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