

September -
2009

THE SOUTHEAST MICHIGAN REPORT



(FOR RELEASE:
October 1, 2009

Institute for Supply Management - Southeast Michigan

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 62.5

ISM-SEM Index: September reports reveal that the ISM-SEM composite index rose another 8 points from August, to 62.5

Employment: Employment rose 2.0 points to 60.3

Prices: Prices increased by 3.8 points to 63.8

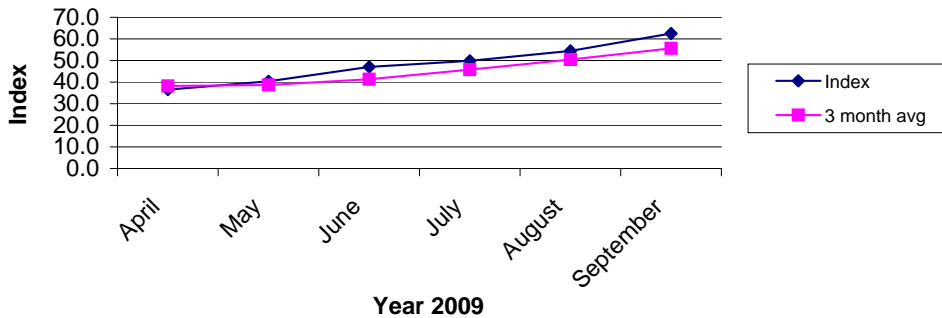
Items up or down in price: September shows a continued increase in Prices, up 3.8 points from August, and the second consecutive increase. Items specifically mentioned include: Resins - up, Tin - up, Zinc and Brass - up, Soda Ash - up, Natural Gas - up, Acrylics - up, paints - up, vinyls - up, Additives - up, Colorants - up, Aluminum - up, Copper - up, Steel - up, Stainless Sheet Steel - up, Technology Consulting Services - up. The only item reported down is Lumber # 2 & Btr. Clearly, the swing to a slightly recovering economy has eliminated bargain buying. Information comes from multiple responses of our Survey Respondents

Economic Issues: The September survey seems to reflect a continued trend toward a reviving economy. The PMI is above 50 points for the second consecutive month. Dow Jones remains in the mid-nine thousand range, and is over 3,000 points above its 52 week low of 6,470. Michigan unemployment remains poor, at 15.2% (U.S. Bureau of Labor Statistics - August). However, it is ever so slightly lower than July's 15.6% unemployment, and this survey shows positive numbers for employment as well. Employment is the key to any economic recovery in Michigan, and as various companies begin to diversify their products, we may begin to see this number shrink favorably.

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

- Wide daily fluctuations in customer orders
- The Economy is still very fragile and volatile, could go either way
- Recovery is subject to health care reform activities
- The Economy is improving
- The Telecom Industry is starting to spend money again.
- Still Mixed up and down but in general down from past years and no future increase in stability until mid next year.
- I think we are still in a very critical stage of any recovery, no matter what the fed says.
- Critical Issues include consumer confidence, stability of housing market, increased availability of both consumer and commercial credit
- The industry in general is still down in recession with a slight spike from clunkers. Forecasts are showing plants going off line into later part
- It appears that the Economy has stabilized. However, it also seems that there are many predictions that this is just a temporary lull before
- Production and demand have stabilized thru November but outlook past November is unclear, much depends on auto demand for Steel

Southeast Michigan Index

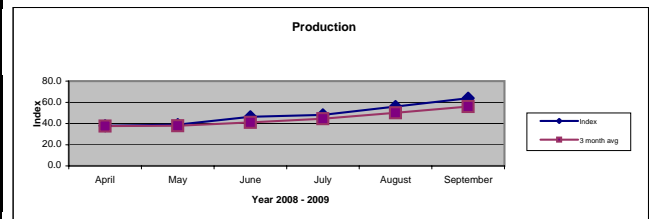


Next Release
1 November 2009

ISM-SEM Index		2009					
		April	May	June	July	August	September
Index		36.5	40.4	47.0	49.8	54.5	62.5
Index	3 month average	38.2	38.7	41.3	45.8	50.4	55.6

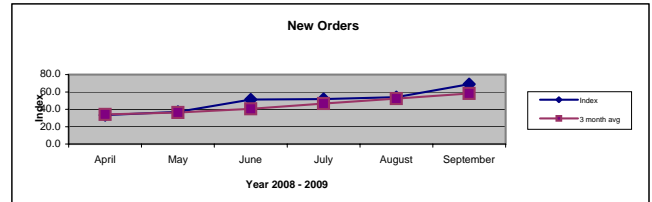
Production		2009					
		April	May	June	July	August	September
	Higher	18.2	22.2	29.3	25.0	44.0	44.8
	Same	39.4	33.3	34.1	46.4	24.0	37.9
	Lower	42.4	44.4	36.6	28.6	32.0	17.2
Index		37.9	38.9	46.3	48.2	56.0	63.8
Index	3 month average	37.6	37.9	41.0	44.5	50.2	56.0

Production increased each month for the last 6 months



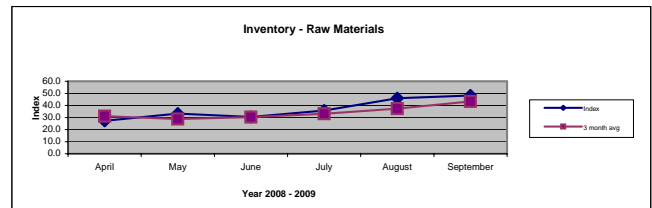
New Orders		2009					
		April	May	June	July	August	September
	Higher	15.2	25.9	39.0	28.6	32.0	55.2
	Same	36.4	22.2	24.4	46.4	44.0	27.6
	Lower	48.5	51.9	36.6	25.0	24.0	17.2
Index		33.3	37.0	51.2	51.8	54.0	69.0
Index	3 month average	34.1	36.4	40.5	46.7	52.3	58.3

New orders rose dramatically in September, to 69.0 points



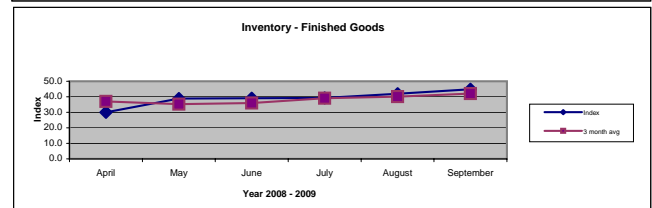
Inventory - Raw Materials		2009					
		April	May	June	July	August	September
	Higher	3.0	14.8	4.9	10.7	24.0	17.2
	Same	48.5	37.0	51.2	50.0	44.0	62.1
	Lower	48.5	48.1	43.9	39.3	32.0	20.7
Index		27.3	33.3	30.5	35.7	46.0	48.3
Index	3 month average	31.1	28.8	30.4	33.2	37.4	43.3

Raw materials inventories are reasonably kept in check, below 50.0



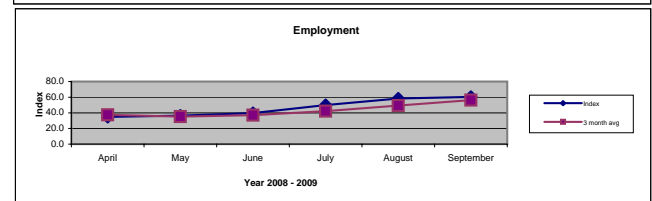
Inventory - Finished Goods		2009					
		April	May	June	July	August	September
	Higher	6.1	22.2	12.2	14.3	20.0	13.8
	Same	48.5	33.3	53.7	50.0	44.0	62.1
	Lower	45.5	44.4	34.1	35.7	36.0	24.1
Index		30.0	38.9	39.0	39.3	42.0	44.8
Index	3 month average	37.0	35.3	36.0	39.1	40.1	42.0

Finished goods inventories appear stable for the last 5 months.



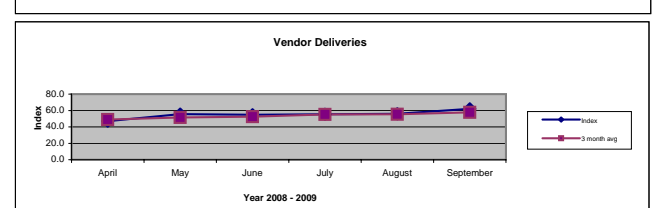
Employment		2009					
		April	May	June	July	August	September
	Higher	12.1	19.2	12.8	21.4	29.2	27.6
	Same	45.5	34.6	53.8	57.1	58.3	65.5
	Lower	42.4	46.2	33.3	21.4	12.5	6.9
Index		34.8	36.5	39.7	50.0	58.3	60.3
Index	3 month average	37.5	35.1	37.0	42.1	49.4	56.2

Employment has seen a 25.5 point increase since April 2009



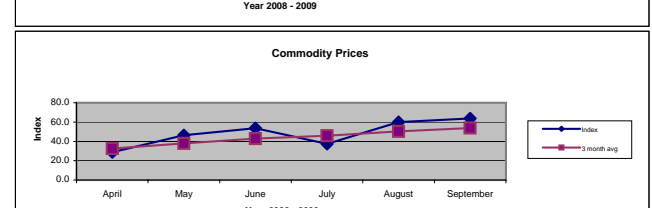
Vendor Deliveries		2009					
		April	May	June	July	August	September
	Faster	21.2	11.1	4.9	7.1	4.0	0.0
	Same	63.6	66.7	80.5	75.0	80.0	75.9
	Slower	15.2	22.2	14.6	17.9	16.0	24.1
Index		47.0	55.6	54.9	55.4	56.0	62.1
Index	3 month average	49.0	51.5	52.5	55.3	55.4	57.8

Deliveries stay high at 62.1, and have been strong throughout 2009



Commodity Prices		2009					
		April	May	June	July	August	September
	Higher	3.0	18.5	19.5	7.1	32.0	34.5
	Same	51.5	55.6	68.3	60.7	56.0	58.6
	Lower	45.5	25.9	12.2	32.1	12.0	6.9
Index		28.8	46.3	53.7	37.5	60.0	63.8
Index	3 month average	32.6	38.0	42.9	45.8	50.4	53.8

Commodity prices up slightly by 3.8 points

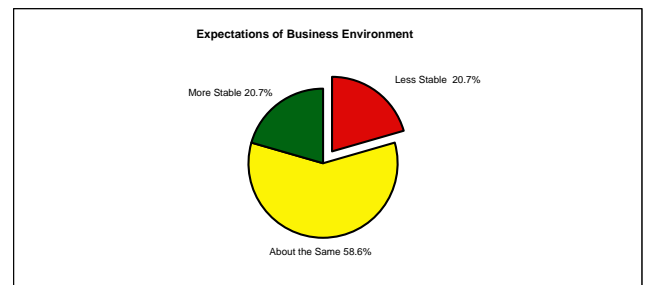


Expectations of Business Environment

6 months into the future:

Less Stable	20.7	percent
About the same	58.6	percent
More Stable	20.7	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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