



May - 2011 (FOR RELEASE: June 1, 2011 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 67.7 ↓

ISM-SEM Index: In May the PMI stayed relatively the same as April, falling from 67.9 to 67.7. The six consecutive months shown all scored above 50.0, and the 3 Month average increased from 67.7 to a remarkable 69.0. The Index has now exceeded 50.0 for the past sixteen months and shows continued strength in the Michigan economy.

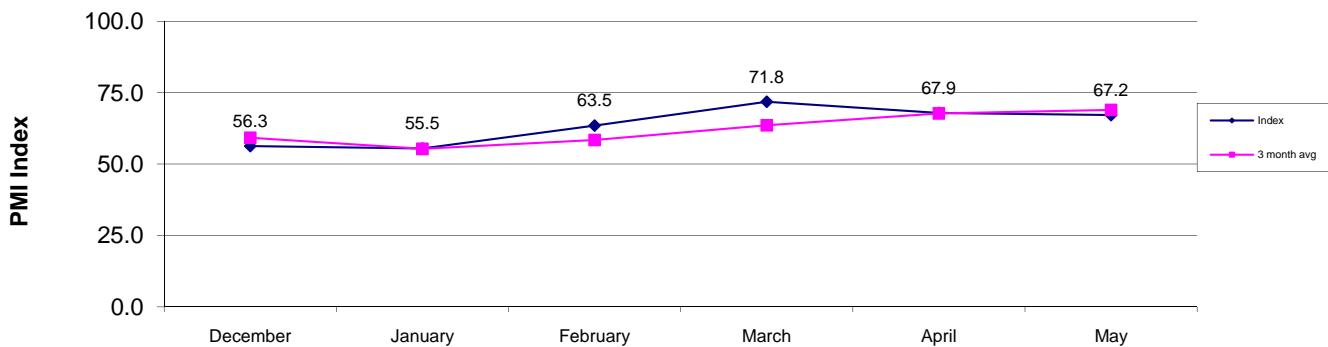
Employment: Employment declined modestly from 66.7 in April to a still healthy 65.1 in May. The 3 Month average is up at 67.3!

Commodity Prices: Commodity Prices while slipping slightly, remain high at 83.0. The three month average of 82.7 indicates inflation in the raw material markets, and may also reflect the steep increase in fuel costs over the preceding 6 months.

Items up or down in price: *May shows plastics, fuel, petroleum products, aerospace alloys, aluminum, steel, electronics, brass, zinc, cotton, flame resistant textiles/yarns up in price as a result of the broad based economic recovery. Transportation surcharges are being hinted at due to higher prices for gasoline and diesel. The finished goods market may finally see some price increases! Copper was down slightly.*

Economic Issues: *The May survey of Southeast Michigan Purchasing Managers indicates an expanding economy, with a slightly slower growth rate for the sixteenth consecutive month. Production activity ramped up, though new orders and employment while still high, showed moderate declines in growth rates. Though Michigan recorded the largest jobless rate decrease from April 2010 (-2.9 percentage points) of all States, it lost jobs from the prior month. It is still too early to say whether this is the start of a slowdown, or a soft landing for the Michigan economy which has been growing for a considerable span of time! Of course, commodity prices are continuing to rise with increased demand from a growing World Economy. Transportation surcharges are being hinted at due to higher prices for gasoline and diesel. These surcharges may eventually percolate through the economy causing prices to rise even further. The combination of the slowdown in the economy, if it continues, with the transmission of the raw material prices to the retail level, could bring about stagflation in the economy! As the Federal Reserve winds up its quantitative easing program, the economy could slow down even further. The Conference Board reported that the index of leading economic indicators for the U.S. dropped 0.3% for the first time in ten months. Remarkably, 54% of purchasing managers surveyed indicate that business conditions are more stable, and 43% indicate that business conditions are stable looking 6 months down the line. Only 3% of those managers surveyed indicate a less stable economy! Concerns raised include "The debt ceiling has got to be fixed before too long", "Military cutbacks need to be addressed along with fuel costs", "Addressing the U.S. Federal Deficit", "Gas Prices and oil exploration", and "Price flux on raw materials". Further, concern was raised with "We'll have to see what happens with the new State of Michigan Tax Policies".*

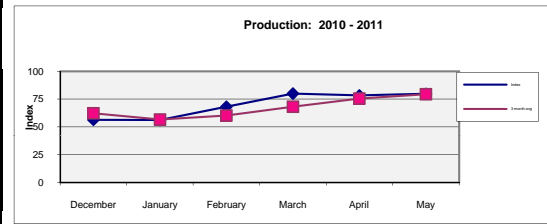
Southeast Michigan Index: 2010 - 2011



ISM-SEM Index		2010 - 2011					
		December	January	February	March	April	May
Index		56.3	55.5	63.5	71.8	67.9	67.2
Index	3 month average	59.2	55.3	58.4	63.6	67.7	69.0

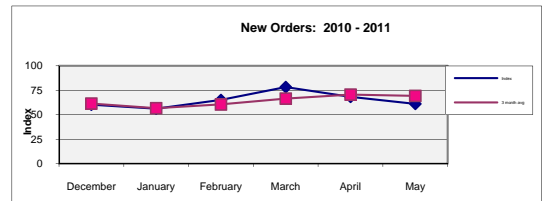
Production		2010 - 2011					
		December	January	February	March	April	May
	Higher	30.8	34.4	42.4	63.3	66.7	66.7
	Same	51.3	43.8	51.5	33.3	23.3	26.2
	Lower	17.9	21.9	6.1	3.3	10.0	7.1
Index		56.4	56.3	68.2	80.0	78.3	79.8
Index	3 month average	62.2	56.6	60.3	68.1	75.5	79.4

Production increases for the sixteenth consecutive month.



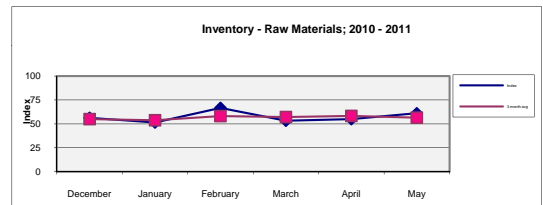
New Orders		2010 - 2011					
		December	January	February	March	April	May
	Higher	33.3	31.3	48.5	60.0	53.3	48.9
	Same	53.8	50.0	33.3	36.7	30.0	24.4
	Lower	12.8	18.8	18.2	3.3	16.7	26.7
Index		60.3	56.3	65.2	78.3	68.3	61.1
Index	3 month average	61.4	56.7	60.6	66.6	70.6	69.3

New orders showed a slow down in growth.



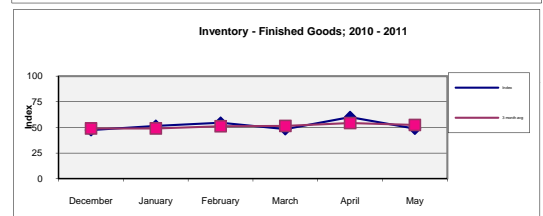
Inventory - Raw Materials		2010 - 2011					
		December	January	February	March	April	May
	Higher	20.5	25.0	45.5	16.7	36.7	48.9
	Same	71.8	53.1	42.4	73.3	36.7	24.4
	Lower	7.7	21.9	12.1	10.0	26.7	26.7
Index		56.4	51.6	66.7	53.3	55.0	61.1
Index	3 month average	55.0	53.8	58.2	57.2	58.3	56.5

Raw materials inventories increased from the prior month sharply.



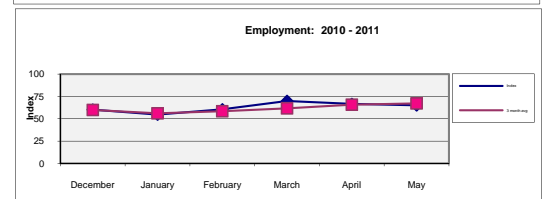
Inventory - Finished Goods		2010 - 2011					
		December	January	February	March	April	May
	Higher	12.8	25.0	24.2	20.0	40.0	32.6
	Same	69.2	53.1	60.6	56.7	40.0	32.6
	Lower	17.9	21.9	15.2	23.3	20.0	34.9
Index		47.4	51.6	54.5	48.3	60.0	48.8
Index	3 month average	49.0	49.1	51.2	51.5	54.3	52.4

Finished goods inventories declined sharply.



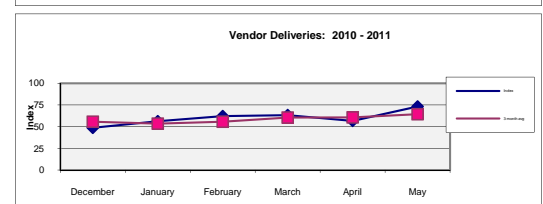
Employment		2010 - 2011					
		December	January	February	March	April	May
	Higher	33.3	25.0	27.3	46.7	43.3	51.2
	Same	53.8	59.4	66.7	46.7	46.7	27.9
	Lower	12.8	15.6	6.1	6.7	10.0	20.9
Index		60.3	54.7	60.6	70.0	66.7	65.1
Index	3 month average	59.9	56.2	58.5	61.8	65.8	67.3

Employment growth slowed slightly from May.



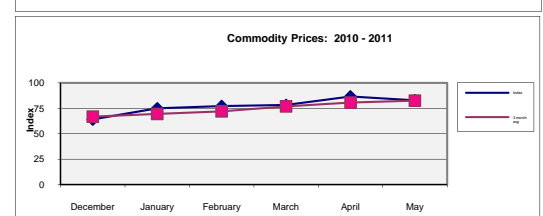
Vendor Deliveries		2010 - 2011					
		December	January	February	March	April	May
	Faster	15.4	3.1	0.0	3.3	13.3	4.9
	Same	71.8	81.3	75.8	66.7	60.0	43.9
	Slower	12.8	15.6	24.2	30.0	26.7	51.2
Index		48.7	56.3	62.1	63.3	56.7	73.2
Index	3 month average	55.6	53.4	55.7	60.6	60.7	64.4

Vendor deliveries index value increased to 73.2.



Commodity Prices		2010 - 2011					
		December	January	February	March	April	May
	Higher	28.2	50.0	57.6	56.7	73.3	72.7
	Same	71.8	50.0	39.4	43.3	26.7	20.5
	Lower	0.0	0.0	3.0	0.0	0.0	6.8
Index		64.1	75.0	77.3	78.3	86.7	83.0
Index	3 month average	66.8	69.6	72.1	76.9	80.8	82.7

Commodity prices growth rate dropped slightly, but still high.

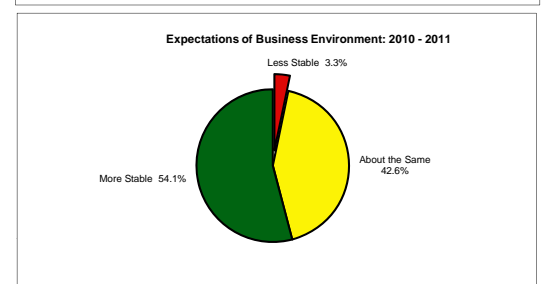


Expectations of Business Environment

6 months into the future:

Less Stable	3.3	percent
About the same	42.6	percent
More Stable	54.1	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"



NOTICE:

No warranty, expressed or implied, is attached to these figures or their use. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

Survey Results Production by: Kenneth Doherty & Steve Welsh of ISM.

Next Release: **July 1, 2011.**

For more information, contact

ISM - Southeast Michigan
Email: businessmanager@ism-sem.org
Tel: 313-881-0800

OR

Wayne State University
Timothy Butler
timothy.butler@wayne.edu
Tel: 313-577-9810

OR

Nitin Paranjpe
ai8668@wayne.edu
Tel: 248-292-0208