



July - 2011 (FOR RELEASE: August 1, 2011 - 6 am EST)

**The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 51.7 ↓**

**ISM-SEM Index:** In July, the PMI dropped significantly, from 61.0 to 51.7 representing a sharply slower economy. While this may represent a temporary summer slowdown in manufacturing, the index has now dropped for five months in a row.

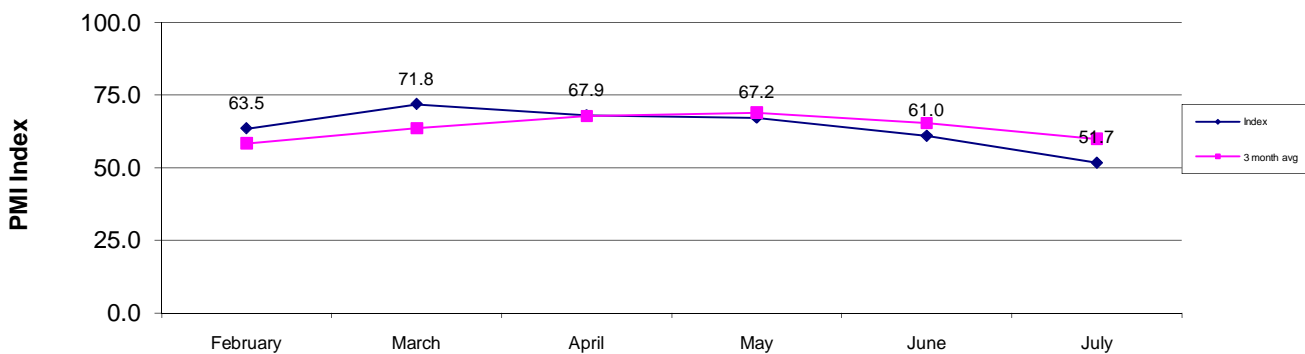
**Employment:** Employment dropped severely, from 56.5 in June to an alarming 39.5 in July. The 3 Month average remains above 50 at 53.2, due to the high number of 65.1 in May!

**Commodity Prices:** Commodity Prices shot back up, from 69.0 to 84.3. The three month average of 78.7 still indicates inflation in the commercial markets. 67% of Purchasing Managers expect conditions to remain the same over the next six months

**Items up or down in price:** July shows price increases for rubber, oil based products, pvc resins, plastics, tantalum, niobium, copper, steel, aluminum, precious metals, cotton, and construction costs. Natural gas, petroleum, and electronics were down in price.

**Economic Issues:** The July survey of Southeast Michigan Purchasing Managers indicates an expanding economy for the 18th consecutive month--however, the rate of the expansion has slowed significantly in July. Production activity slowed, and new orders stopped growing! Alongside, employment showed a dramatic contraction from the prior month. While it is still too early to say whether this is the start of a slowdown, the signs are not good. Further, commodity prices have also grown dramatically from the prior month, pointing to signs of stagflation in the economy. The national economy also slowed sharply in the first three months of the year as high gas prices cut into consumer spending, bad weather delayed construction projects and the federal defense spending was cut by the most in six years. The nations unemployment rate was little changed in June of 2011 at 9.2% and Michigan's unemployment rate has now climbed from 10.2% in April to 10.5% in June. Only 26.7% of purchasing managers surveyed indicate that business conditions are more stable, a decline from the prior month's reading of 54%. Nearly 7% of those managers surveyed indicate a less stable economy. Concerns and comments raised are very telling and include "fluctuations of all kinds are inherent to the business", "Government spending for defense articles has been severely restrained", "Very unsettling on the country's debt situation. Something has to stop the spending spree that never ends. Without safeguards this could turn into a huge downturn in the overall economy", "CEO's are paralyzed no decisions are being made to expand", "2011 continues to be a good year so for my company, the slowing in June is only to prepare for July shutdowns common in the auto industry", "Government budgets have caused cancelations and reductions in defense programs. Continued downward economic pressures are expected to continue. The Department of Defense is likely to cancel or slow down many defense contracts".

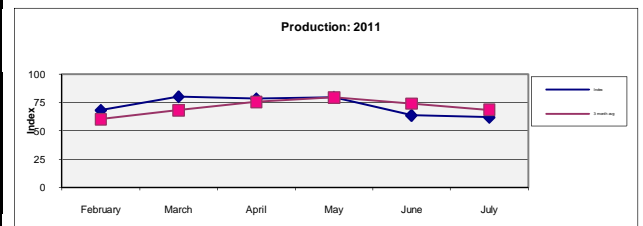
**Southeast Michigan Index: 2011**



ISM-SEM Index		2011					
		February	March	April	May	June	July
Index		63.5	71.8	67.9	67.2	61.0	51.7
Index	3 month average	58.4	63.6	67.7	69.0	65.3	59.9

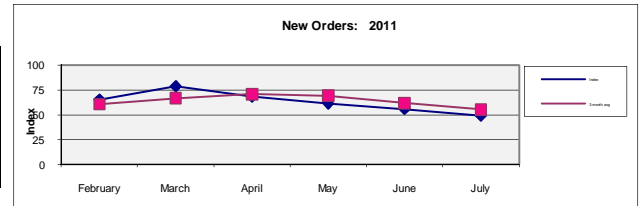
Production		2011					
		February	March	April	May	June	July
	Higher	42.4	63.3	66.7	66.7	51.0	56.5
	Same	51.5	33.3	23.3	26.2	25.5	10.9
	Lower	6.1	3.3	10.0	7.1	23.5	32.6
Index		68.2	80.0	78.3	79.8	63.7	62.0
Index	3 month average	60.3	68.1	75.5	79.4	73.9	68.5

Production shows continued expansion for the 18th consecutive month.



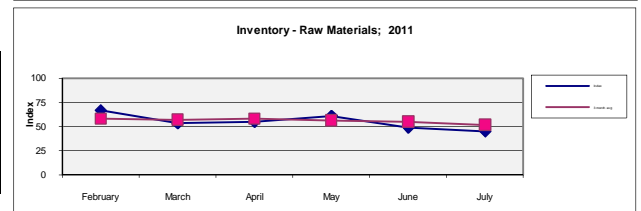
New Orders		2011					
		February	March	April	May	June	July
	Higher	48.5	60.0	53.3	48.9	44.4	42.6
	Same	33.3	36.7	30.0	24.4	22.2	12.8
	Lower	18.2	3.3	16.7	26.7	33.3	44.7
<b>Index</b>		65.2	78.3	68.3	61.1	55.6	48.9
<b>Index</b>	3 month average	60.6	66.6	70.6	69.3	61.7	55.2

New orders stopped growing.



Inventory - Raw Materials		2011					
		February	March	April	May	June	July
	Higher	45.5	16.7	36.7	48.9	37.0	33.3
	Same	42.4	73.3	36.7	24.4	24.1	23.8
	Lower	12.1	10.0	26.7	26.7	38.9	42.9
<b>Index</b>		66.7	53.3	55.0	61.1	49.1	45.2
<b>Index</b>	3 month average	58.2	57.2	58.3	56.5	55.1	51.8

Raw materials inventories continued to slide for the 2nd month.



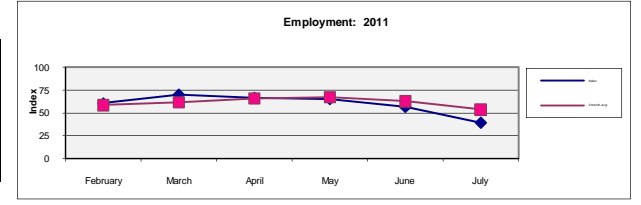
Inventory - Finished Goods		2011					
		February	March	April	May	June	July
	Higher	24.2	20.0	40.0	32.6	32.0	20.8
	Same	60.6	56.7	40.0	32.6	32.0	16.7
	Lower	15.2	23.3	20.0	34.9	36.0	62.5
<b>Index</b>		54.5	48.3	60.0	48.8	48.0	29.2
<b>Index</b>	3 month average	51.2	51.5	54.3	52.4	52.3	42.0

Finished goods inventories shrank significantly.



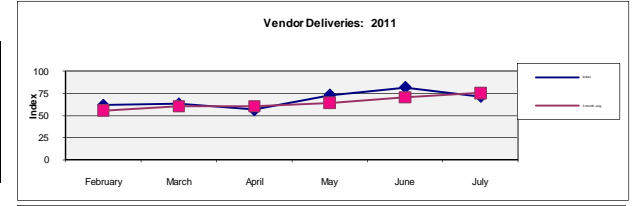
Employment		2011					
		February	March	April	May	June	July
	Higher	27.3	46.7	43.3	51.2	39.1	27.9
	Same	66.7	46.7	46.7	27.9	34.8	23.3
	Lower	6.1	6.7	10.0	20.9	26.1	48.8
<b>Index</b>		60.6	70.0	66.7	65.1	56.5	39.5
<b>Index</b>	3 month average	58.5	61.8	65.8	67.3	62.8	53.7

Employment declined sharply.



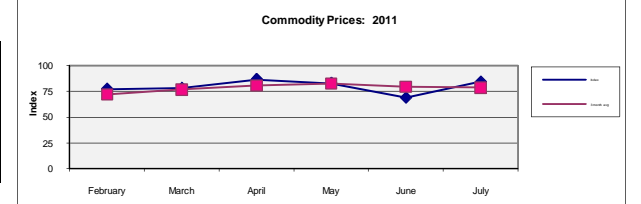
Vendor Deliveries		2011					
		February	March	April	May	June	July
	Faster	0.0	3.3	13.3	4.9	0.0	14.3
	Same	75.8	66.7	60.0	43.9	36.5	28.6
	Slower	24.2	30.0	26.7	51.2	63.5	57.1
<b>Index</b>		62.1	63.3	56.7	73.2	81.7	71.4
<b>Index</b>	3 month average	55.7	60.6	60.7	64.4	70.5	75.4

Deliveries rates were up.



Commodity Prices		2011					
		February	March	April	May	June	July
	Higher	57.6	56.7	73.3	72.7	56.0	68.6
	Same	39.4	43.3	26.7	20.5	26.0	31.4
	Lower	3.0	0.0	0.0	6.8	18.0	0.0
<b>Index</b>		77.3	78.3	86.7	83.0	69.0	84.3
<b>Index</b>	3 month average	72.1	76.9	80.8	82.7	79.5	78.7

Commodity prices shot up significantly.

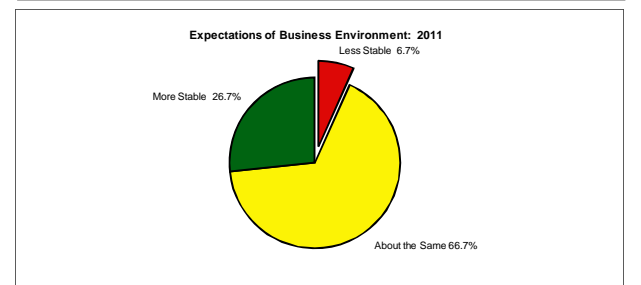


#### Expectations of Business Environment

6 months into the future:

Less Stable	6.7	percent
About the same	66.7	percent
More Stable	26.7	percent

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



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

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