



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

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 53.8 ↑

ISM-SEM Index: In August, the PMI experienced a slight increase, from 51.7 to 53.8. Although we have seen turmoil in the financial sector, a PMI above 50.0 still reflects an expanding economy. The 3 Month average remains a very respectable 55.5.

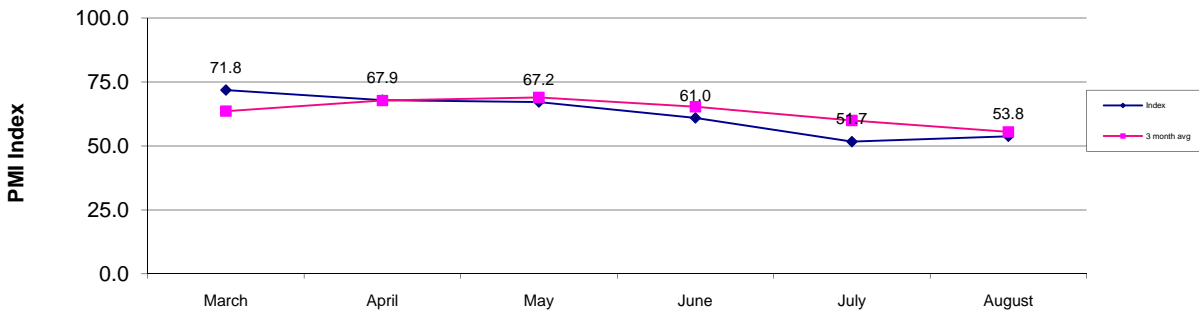
Employment: Employment bounced back from an alarming 39.5 in July to 56.9 in August. The 3 Month average remains above 50 at 51.0.

Commodity Prices: Commodity Prices settled back from 84.3 to 62.1. The three month average of 71.8 still indicates inflation in the commercial markets. Every reported 3 month average since March 2011 has been above 70.0!

Items up or down in price: August shows construction prices, steel manganese, chrome, iron, Titanium dioxide slurry, packaging materials, corn, oats, rice, plate steel are up in price. Fuels are down in price.

Economic Issues: The August survey of Southeast Michigan Purchasing Managers indicates an expanding economy for the nineteenth consecutive month, in spite of volatility and uncertainty in national and global markets. The index is 53.8, up slightly from July, yet it is down considerably from the values of March, April, May, and June when the Index values exceeded 60.0. Index values above 50 generally represent an expanding economy, while values below 50 suggest a weakening economy. Specific index values that comprise the Purchasing Managers Index remain positive. The Production Index value is a relatively strong 56.9, although it is down from the July Index value of 62.0. The Production Index has exceeded 50 for nineteen consecutive months. Similarly, the New Orders Index is 51.7, up slightly from the July Index value of 48.9. Both Raw Materials Inventory and Finished Goods Inventory also finished at 51.7. The Finished Goods Inventory index value showed a marked improvement over the July index value of 29.2. Commodity prices continue to rise, but the August Index value of 62.1 is substantially less than the July Commodity Price Index score of 84.3. Specific items that Purchasing Managers noted as increasing in price were metals, such as steel, chrome, and manganese; food products and packaging materials. Fuel prices were reported to be decreasing (this survey taken before the Hurricane Irene event). Hiring rebounded in August, according to Purchasing Managers. The Employment Index for August was 56.9, which is a notable increase over the July employment index of 39.5. Southeast Michigan Purchasing Managers report that commodity prices continue to rise, but not as steeply as in July. The Commodity Price Index in August is 62.1, versus 84.3 in July. Most responding purchasing managers believe that the economic environment will remain about the same, or become more stable, over the next six months. However, the proportion of respondents who believe that the Southeast Michigan business environment will become less stable is 24.1%, which is a substantial increase over the 6.7% who responded that the economy would become less stable in July. Comments from respondents include, "The uncertainty of the economy is preventing many companies from making growth decisions", and "Market stability is a must. The signs of the market absolutely scares consumers. This reflects down to engineering/prototype firms.....Larger firms are not spending for new designs and products right now."

Southeast Michigan Index: 2011

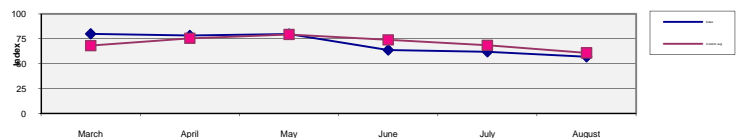


ISM-SEM Index		2011					
		March	April	May	June	July	August
Index		71.8	67.9	67.2	61.0	51.7	53.8
Index	3 month average	63.6	67.7	69.0	65.3	59.9	55.5

Production		2011					
		March	April	May	June	July	August
Higher		63.3	66.7	66.7	51.0	56.5	37.9
Same		33.3	23.3	26.2	25.5	10.9	37.9
Lower		3.3	10.0	7.1	23.5	32.6	24.1
Index		80.0	78.3	79.8	63.7	62.0	56.9
Index	3 month average	68.1	75.5	79.4	73.9	68.5	60.9

Production down from July, but still above 50 for nineteenth consecutive month.

Production: 2011



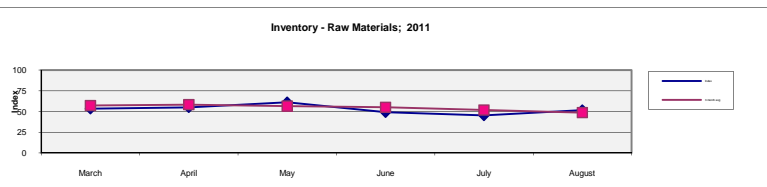
New Orders		2011					
		March	April	May	June	July	August
	Higher	60.0	53.3	48.9	44.4	42.6	27.6
	Same	36.7	30.0	24.4	22.2	12.8	48.3
	Lower	3.3	16.7	26.7	33.3	44.7	24.1
Index		78.3	68.3	61.1	55.6	48.9	51.7
Index	3 month average	66.6	70.6	69.3	61.7	55.2	52.1

New orders up to just above 50, from 48.9 in July.



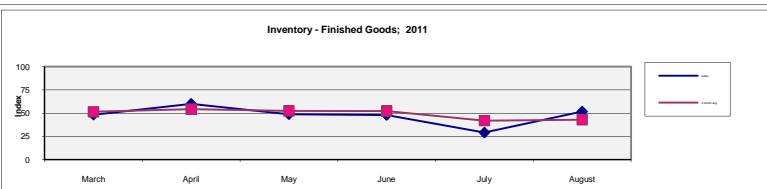
Inventory - Raw Materials		2011					
		March	April	May	June	July	August
	Higher	16.7	36.7	48.9	37.0	33.3	27.6
	Same	73.3	36.7	24.4	24.1	23.8	48.3
	Lower	10.0	26.7	26.7	38.9	42.9	24.1
Index		53.3	55.0	61.1	49.1	45.2	51.7
Index	3 month average	57.2	58.3	56.5	55.1	51.8	48.7

Raw materials inventories are up to just above 50, to 51.7.



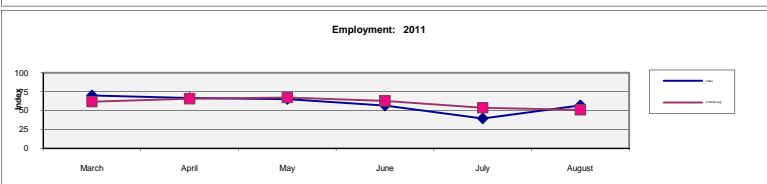
Inventory - Finished Goods		2011					
		March	April	May	June	July	August
	Higher	20.0	40.0	32.6	32.0	20.8	24.1
	Same	56.7	40.0	32.6	32.0	16.7	55.2
	Lower	23.3	20.0	34.9	36.0	62.5	20.7
Index		48.3	60.0	48.8	48.0	29.2	51.7
Index	3 month average	51.5	54.3	52.4	52.3	42.0	43.0

Finished goods inventories jumped substantially to 51.7.



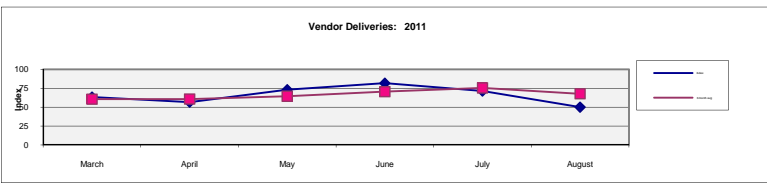
Employment		2011					
		March	April	May	June	July	August
	Higher	46.7	43.3	51.2	39.1	27.9	31.0
	Same	46.7	46.7	27.9	34.8	23.3	51.7
	Lower	6.7	10.0	20.9	26.1	48.8	17.2
Index		70.0	66.7	65.1	56.5	39.5	56.9
Index	3 month average	61.8	65.8	67.3	62.8	53.7	51.0

Employment jumped substantially to 56.9 from 39.5 in July.



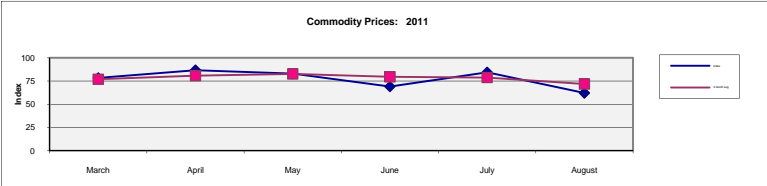
Vendor Deliveries		2011					
		March	April	May	June	July	August
	Faster	3.3	13.3	4.9	0.0	14.3	10.3
	Same	66.7	60.0	43.9	36.5	28.6	79.3
	Slower	30.0	26.7	51.2	63.5	57.1	10.3
Index		63.3	56.7	73.2	81.7	71.4	50.0
Index	3 month average	60.6	60.7	64.4	70.5	75.4	67.7

Deliveries fell to 50 from 71.4.



Commodity Prices		2011					
		March	April	May	June	July	August
	Higher	56.7	73.3	72.7	56.0	68.6	27.6
	Same	43.3	26.7	20.5	26.0	31.4	69.0
	Lower	0.0	0.0	6.8	18.0	0.0	3.4
Index		78.3	86.7	83.0	69.0	84.3	62.1
Index	3 month average	76.9	80.8	82.7	79.5	78.7	71.8

Commodity prices fell to 62.1 but still indicates rising prices.



Expectations of Business Environment

6 months into the future:

Less Stable	24.1	percent
About the same	58.6	percent
More Stable	17.2	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"

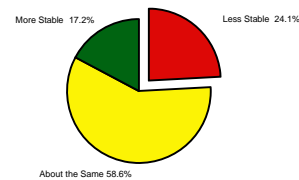
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Next Release: **October 3, 2011.**

Expectations of Business Environment: 2011



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