



January - 2012 (FOR RELEASE: February 1, 2012 - 6 am EST)

**The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 65.9 ↑**

**ISM-SEM Index:** In January the PMI rebounded sharply from its December low of 47.6 to 65.9, suggesting strong growth in Southeast Michigan. This leads us to believe the poor numbers in November & December reflected some holiday slowdowns.

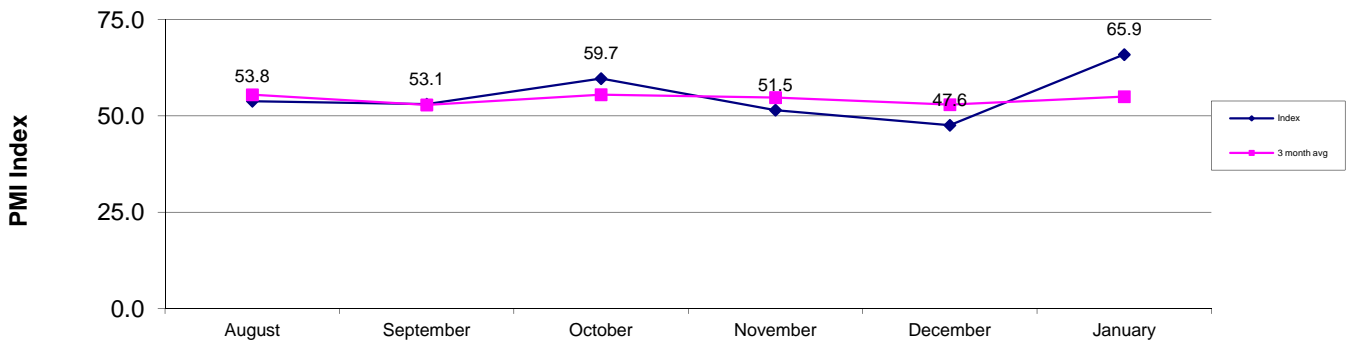
**Employment:** The Employment index rose significantly, from December's 58.3 to a very respectable 66.7. The 3 Month average remains above 60 at 61.0.

**Commodity Prices:** The Commodity Price index rose back up 5 points in January, from 50.0 to 55.0. However, the three month average of 55.0 is the lowest average of the year, continuing what has been a steady decline since August.

**Items up or down in price:** January shows bar stock steel, carbon, plate steel, CFLs, copper, cardboard, plastics, plastic resins, linens, and temporary IT labor up in price. Natural gas, some base oils, and aluminum were down in price.

**Economic Issues:** The January survey showed a sharp recovery from December of 2011, with the Southeast Michigan Purchasing Managers Index, growing to 65.9, alleviating concerns about a possible slowdown in the Michigan economy. Specific components of the index that contributed to the PMI rebounding sharply were the production index, coming in at 63.3, the new orders index, coming in at 71.7, the employment index, coming in at 66.7, and the finished goods inventory index, coming in at 60! This bodes extremely well for the future state of the Michigan economy. Commodity prices grew slightly, from the prior month, but with very little pricing power on the part of producers, there is very little ability to pass on these price increases, thereby keeping inflation in check. The percentage of purchasing managers who indicated the expectation of the business environment to be about the same in the next six months grew slightly to 66.7%; those expecting greater stability also increased to 20%, while those expecting less stability fell to 13.3% when compared to the prior month. Comments by survey respondents indicated concern regarding the likelihood of recession in Europe, health care reform, Medicare/Medicaid payment reductions, and stability in oil prices. The comments suggesting concern range from "only if there is no recession in Europe", "For our customers to find the funding to release projects for the construction industry here in the State of Michigan", "There has been concern expressed with availability of IT equipment via Thailand, however this is not materializing in our current supply chain", "expect pricing on raw materials to increase somewhat in the coming months", "it's not stable", and the "telecom industry may be impacted by a possible strike early Q2, 2012". On the positive side, comments range from "OEM business is improving, aftermarket business is up as well", and "Have seen more inquiries for different programs to quote. For us that's a very good sign, then again if nothing comes out of the quote process were still looking for other sources of incoming work".

**Southeast Michigan Index: 2011**



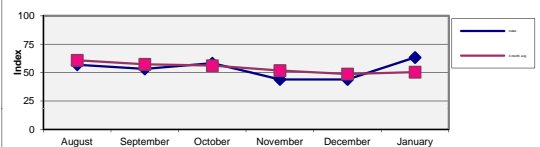
ISM-SEM Index		2011 - 2012					
		August	September	October	November	December	January
Index		53.8	53.1	59.7	51.5	47.6	65.9
Index	3 month average	55.5	52.9	55.5	54.8	52.9	55.0

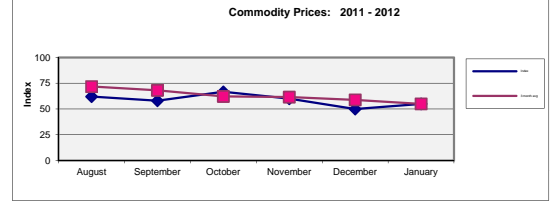
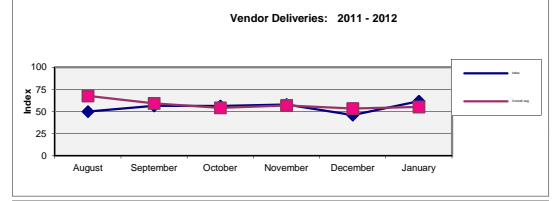
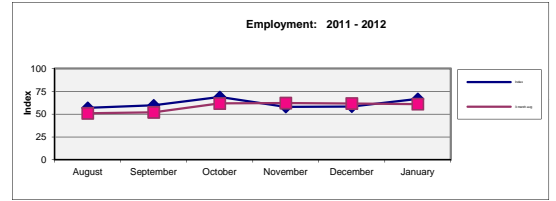
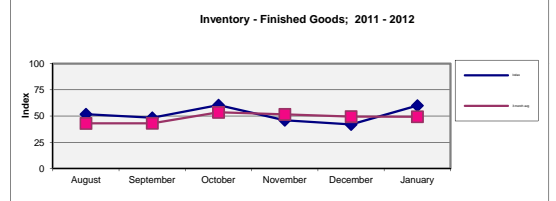
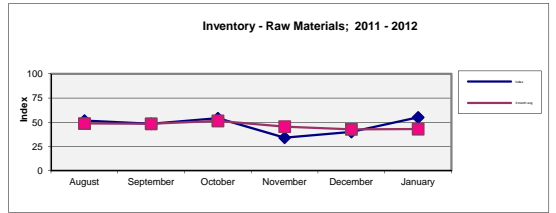
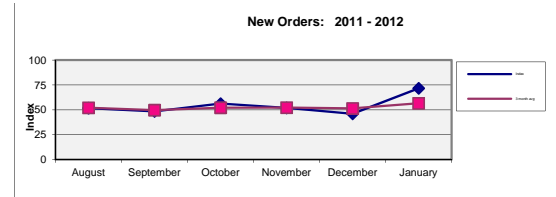
Production		2011 - 2012					
		August	September	October	November	December	January
	Higher	37.9	25.8	37.5	20.0	28.0	40.0
	Same	37.9	54.8	41.7	48.0	32.0	46.7
	Lower	24.1	19.4	20.8	32.0	40.0	13.3
Index		56.9	53.2	58.3	44.0	44.0	63.3
Index	3 month average	60.9	57.4	56.2	51.9	48.8	50.4

Production up sharply.

**Production: 2011 - 2012**



New Orders		2011 - 2012					
		August	September	October	November	December	January
	Higher	27.6	25.8	37.5	32.0	36.0	50.0
	Same	48.3	45.2	37.5	40.0	20.0	43.3
	Lower	24.1	29.0	25.0	28.0	44.0	6.7
Index		51.7	48.4	56.3	52.0	46.0	71.7
Index	3 month average	52.1	49.7	52.1	52.2	51.4	56.6
New orders up sharply.							
Inventory - Raw Materials		2011 - 2012					
		August	September	October	November	December	January
	Higher	27.6	16.1	25.0	12.0	16.0	26.7
	Same	48.3	64.5	58.3	44.0	48.0	56.7
	Lower	24.1	19.4	16.7	44.0	36.0	16.7
Index		51.7	48.4	54.2	34.0	40.0	55.0
Index	3 month average	48.7	48.4	51.4	45.5	42.7	43.0
Raw materials inventories improved, up above 50.							
Inventory - Finished Goods		2011 - 2012					
		August	September	October	November	December	January
	Higher	24.1	19.4	25.0	16.0	16.0	36.7
	Same	55.2	58.1	70.8	60.0	52.0	46.7
	Lower	20.7	22.6	4.2	24.0	32.0	16.7
Index		51.7	48.4	60.4	46.0	42.0	60.0
Index	3 month average	43.0	43.1	53.5	51.6	49.5	49.3
Finished goods inventories improved, up above 50.							
Employment		2011 - 2012					
		August	September	October	November	December	January
	Higher	31.0	29.0	37.5	32.0	33.3	46.7
	Same	51.7	61.3	62.5	52.0	50.0	40.0
	Lower	17.2	9.7	0.0	16.0	16.7	13.3
Index		56.9	59.7	68.8	58.0	58.3	66.7
Index	3 month average	51.0	52.0	61.8	62.1	61.7	61.0
Employment growing nicely.							
Vendor Deliveries		2011 - 2012					
		August	September	October	November	December	January
	Faster	10.3	9.7	8.3	8.0	16.0	3.3
	Same	79.3	67.7	70.8	68.0	76.0	70.0
	Slower	10.3	22.6	20.8	24.0	8.0	26.7
Index		50.0	56.5	56.3	58.0	46.0	61.7
Index	3 month average	67.7	59.3	54.2	56.9	53.4	55.2
Deliveries up to an index value of 61.7.							
Commodity Prices		2011 - 2012					
		August	September	October	November	December	January
	Higher	27.6	22.6	41.7	36.0	20.0	30.0
	Same	69.0	71.0	50.0	48.0	60.0	50.0
	Lower	3.4	6.5	8.3	16.0	20.0	20.0
Index		62.1	58.1	66.7	60.0	50.0	55.0
Index	3 month average	71.8	68.1	62.3	61.6	58.9	55.0
Commodity prices grew slightly, up above 50.							



**Expectations of Business Environment**

6 months into the future:

Less Stable	13.3	percent
About the same	66.7	percent
More Stable	20.0	percent

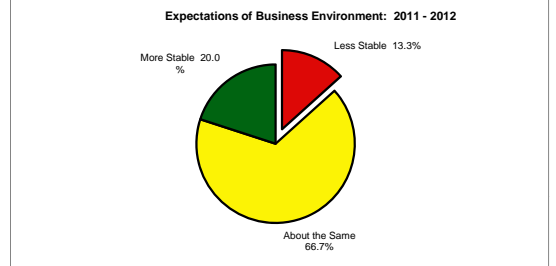
For more information about the Survey or to obtain copies of previous surveys, visit our website at [www.ism-sem.org](http://www.ism-sem.org) and click on "Economic Surveys"

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