



May - 2012 (FOR RELEASE: June 1, 2012 - 6 am EST)

**The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 66.1 ↑**

**ISM-SEM Index:** In May the PMI bounced back, from 62.6 to 66.3, the highest reading in 2012. The three month average is almost the same, at 65.0, which implies stability in our economy. The majority (76.9%) of respondents expect the business environment to remain stable.

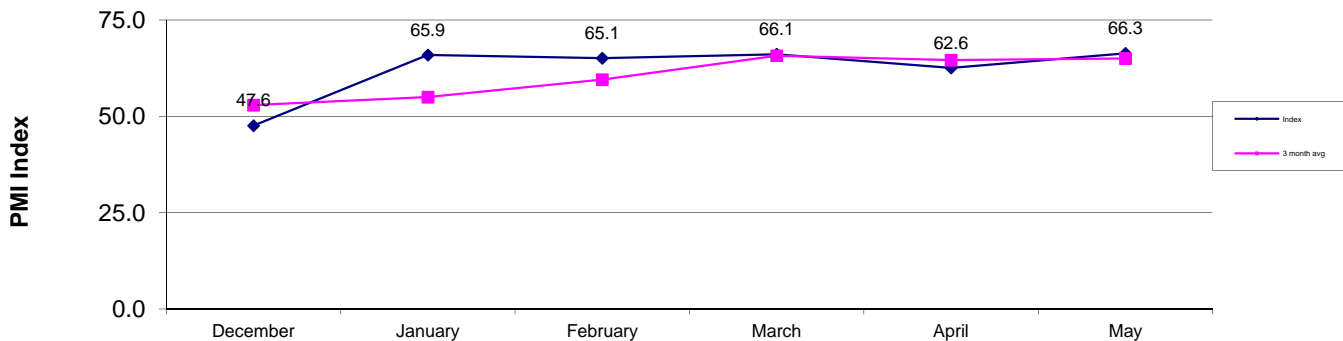
**Employment:** The Employment index is at a 5-year high of 78.8. The index continues to indicate that employment and hiring conditions in Southeast Michigan continue to be extremely favorable. The 3 Month average powered ahead to a high of 71.9.

**Commodity Prices:** The commodity price index continued to drop, from 65.5 in March to 50.0 in May. It is not clear whether this reflects more competition or liquidation of inventories. The 3 month average remains relatively unchanged at 57.5

**Items up or down in price:** May shows Aluminum, Plastic Resins, Steel, Plastics, Transportation, Gas, Zinc, Brass, PVC items higher in price. Petrochemicals and Copper were down in price.

**Economic Issues:** The May survey shows that the Southeast Michigan economy continues it's very strong economic recovery, with the index being above 50 for twenty-seven of the last twenty-eight months! Production, new orders, and employment were up smartly, with the employment index reaching a high of 71.9. This portends extremely well for the labor market in Michigan which for the longest period of time had struggled with a very high unemployment rate; one in excess of the Nation. According to the United States Department of Labor, Bureau of Labor Statistics, Michigan registered the largest jobless rate decrease from April 2011 from 10.5% to 8.3% in April of 2012 a decrease of -2.2 percentage points). It is anticipated that the unemployment rate in Michigan would continue to drop, perhaps bringing it in line with the national rate, or even lower than the national rate. Michigan's growth is also in sharp contrast to the slowing growth reported in the U.S. national economy, and in China, and the Euro zone where early indicators of manufacturing activity show sharp contractions in their respective economies. These are headwinds that would certainly affect the strong economic recovery. Commodity prices also moderated their prior upward pressure, pointing to stability or even some price drops. Comments from survey participants indicate that over 75% see stability in the coming six months. Comments range from "Still not comfortable with situation in Europe. Not sure there is any concern for anyone but themselves in this economic situation they are in", "Our economy", "Getting ready to begin production run and could possibly get additional vehicles to build within the next couple of months. This would be a real plus for our business year", "Continuing to see strong demand for our building products. Probably benefiting from early start to construction season in northern U.S. due to unusually warm spring", "Possible pending CWA strike has business in the telecom industry slowed", "Repeal of Obamacare Could affect reimbursements for medical services".

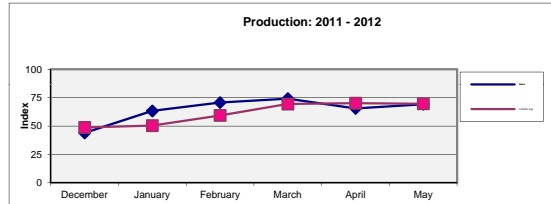
**Southeast Michigan Index: 2011 - 2012**



ISM-SEM Index		2011 - 2012					
		December	January	February	March	April	May
Index		47.6	65.9	65.1	66.1	62.6	66.3
Index	3 month average	52.9	55.0	59.5	65.7	64.6	65.0

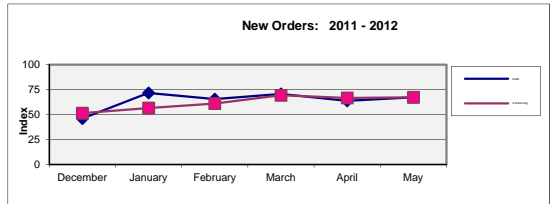
Production		2011 - 2012					
		December	January	February	March	April	May
	Higher	28.0	40.0	51.7	58.6	44.8	57.7
	Same	32.0	46.7	37.9	31.0	41.4	23.1
	Lower	40.0	13.3	10.3	10.3	13.8	19.2
Index		44.0	63.3	70.7	74.1	65.5	69.2
Index	3 month average	48.8	50.4	59.3	69.4	70.1	69.6

Production grew strongly to 69.2.



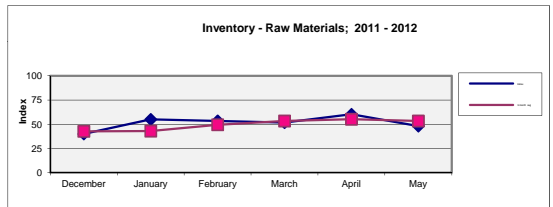
New Orders		2011 - 2012					
		December	January	February	March	April	May
	Higher	36.0	50.0	44.8	55.2	44.8	50.0
	Same	20.0	43.3	41.4	31.0	37.9	34.6
	Lower	44.0	6.7	13.8	13.8	17.2	15.4
Index		46.0	71.7	65.5	70.7	63.8	67.3
Index	3 month average	51.4	56.6	61.1	69.3	66.7	67.3

New orders powered ahead to 67.3.



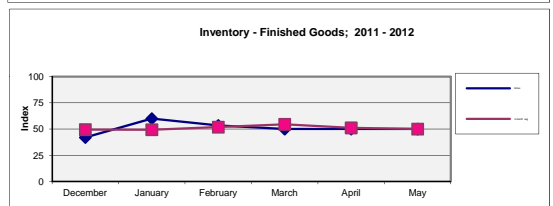
Inventory - Raw Materials		2011 - 2012					
		December	January	February	March	April	May
	Higher	16.0	26.7	20.7	27.6	37.9	19.2
	Same	48.0	56.7	65.5	48.3	44.8	57.7
	Lower	36.0	16.7	13.8	24.1	17.2	23.1
Index		40.0	55.0	53.4	51.7	60.3	48.1
Index	3 month average	42.7	43.0	49.5	53.4	55.2	53.4

Raw materials inventories dropped sharply to 48.1.



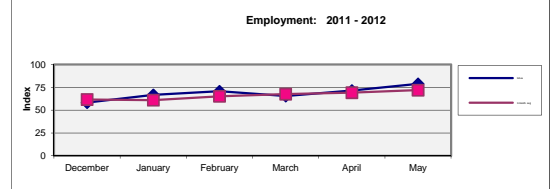
Inventory - Finished Goods		2011 - 2012					
		December	January	February	March	April	May
	Higher	16.0	36.7	20.7	20.7	17.2	19.2
	Same	52.0	46.7	65.5	58.6	65.5	61.5
	Lower	32.0	16.7	13.8	20.7	17.2	19.2
Index		42.0	60.0	53.4	50.0	50.0	50.0
Index	3 month average	49.5	49.3	51.8	54.5	51.1	50.0

Finished goods inventories remained flat at 50.



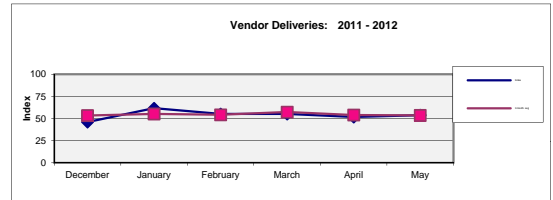
Employment		2011 - 2012					
		December	January	February	March	April	May
	Higher	33.3	46.7	44.8	41.4	50.0	61.5
	Same	50.0	40.0	51.7	48.3	42.9	34.6
	Lower	16.7	13.3	3.4	10.3	7.1	3.8
Index		58.3	66.7	70.7	65.5	71.4	78.8
Index	3 month average	61.7	61.0	65.2	67.6	69.2	71.9

Employment grew strongly to 78.8.



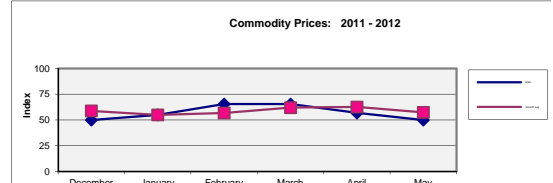
Vendor Deliveries		2011 - 2012					
		December	January	February	March	April	May
	Faster	16.0	3.3	10.3	3.4	10.3	3.8
	Same	76.0	70.0	69.0	82.8	75.9	84.6
	Slower	8.0	26.7	20.7	13.8	13.8	11.5
Index		46.0	61.7	55.2	55.2	51.7	53.8
Index	3 month average	53.4	55.2	54.3	57.3	54.0	53.6

Deliveries were up modestly to 53.8.



Commodity Prices		2011 - 2012					
		December	January	February	March	April	May
	Higher	20.0	30.0	34.5	37.9	24.1	23.1
	Same	60.0	50.0	62.1	55.2	65.5	53.8
	Lower	20.0	20.0	3.4	6.9	10.3	23.1
Index		50.0	55.0	65.5	65.5	56.9	50.0
Index	3 month average	58.9	55.0	56.8	62.0	62.6	57.5

Commodity prices were down to 50.



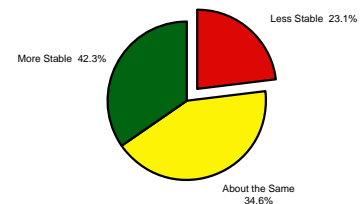
### Expectations of Business Environment

6 months into the future:

Less Stable	23.1	percent
About the same	42.3	percent
More Stable	34.6	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"

### Expectations of Business Environment: March 2012



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

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### For more information, contact

ISM - Southeast Michigan  
Email: [businessmanager@ism-sem.org](mailto:businessmanager@ism-sem.org)  
Tel: 313-881-0800

OR

Wayne State University  
Timothy Butler  
[timothy.butler@wayne.edu](mailto:timothy.butler@wayne.edu)  
Tel: 313-577-9810

OR

Nitin Paranjpe  
[ai8668@wayne.edu](mailto:ai8668@wayne.edu)  
Tel: 248-292-0208