



July - 2012 (FOR RELEASE: August 1, 2012 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 54.6 ↓

ISM-SEM Index: In July the PMI dropped dramatically from 60.3 to 54.6, a 2012 low. The three month average also dropped, from 63.1 to 60.4. The percentage of respondents expecting the business environment to become less stable has increased to 28%.

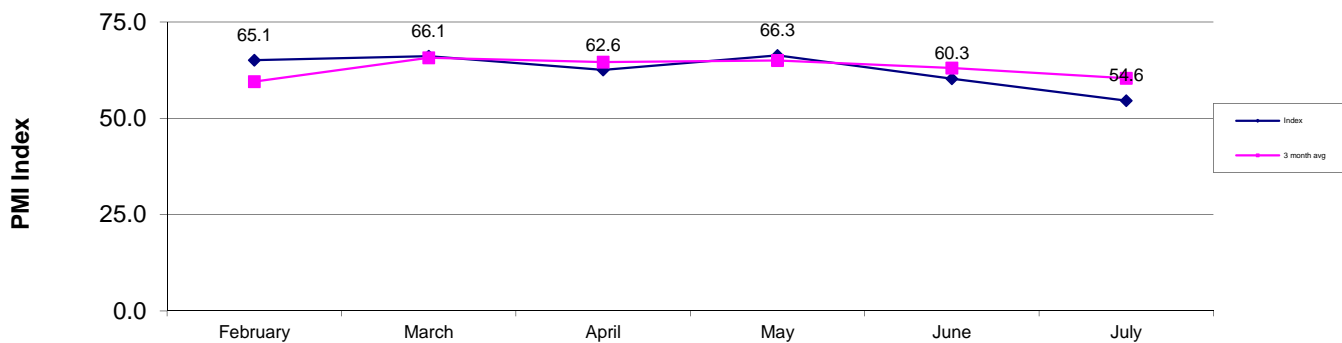
Employment: The Employment index also dropped significantly, from 76.1 to 66.0. However, this index continues to indicate that employment conditions in Southeast Michigan remain favorable. The 3 Month average dipped slightly to 73.6.

Commodity Prices: The commodity price index rose slightly, from 43.5 in June to 48.0. The three month average is now at 47.2. This marks the first time that the three month average is below 50 since August 2009, and is a significant factor in the overall dip in the PMI.

Items up or down in price: July showed some petroleum prices, specialty steel and abrasive products up in price. Copper, steel, aluminum, rare earth metals, gas, oil, and PVC resins were down in price.

Economic Issues: The July survey shows growth in the Southeast Michigan business economy though at a slower rate from the past two months. The Southeast Michigan Purchasing Managers Index (PMI) for July is at 54.6, down from the June PMI of 60.3. The Southeast Michigan PMI has been above 50 for twenty-nine of the past thirty months. A PMI value of 50 or more generally denotes an expanding economy. The specific components that drove the weakening PMI value include Production, which dropped to 50, from the June value of 60.9; New Orders, which declined from the June index value of 54.2, to 50; and Employment which remained very strong at 66 but down significantly from the June index of 76.1. Finished goods inventory increased to 58 above the threshold index value of 50. The July Commodity Prices index increased slightly from 43.5 in June to 48 with purchasing managers noting that petroleum specialty steel, and abrasive products were up in price. Resins and plastics, copper, steel, rare earth metals, gas, and oil were reported to be down in price. While 72% of respondents report that they believe that the economy will remain the same or become more stable over the next six months, this number is down from the June number of 77.3%. The general tone of comments from respondents provides some preliminary evidence of a slowdown with a focus on Europe, the upcoming Presidential Election, and Health Care. Comments range from "Depends on Europe's Economy", "Europe needs to figure out how to manage their economy as one rather than a collection of economies that are all independent", "It's all about Europe", "Not confident on the stability of our economy", "Election results", "Economy and the election", "Construction seems to have slowed from what it was earlier in the year. Expect the coming U.S. election to create uncertainty and caution across the economy", "As long as Obama is in office the economy will be in the tank", "Health Care Reform", "The presidential election will tell it all. What do the people want and what can the president deliver?".

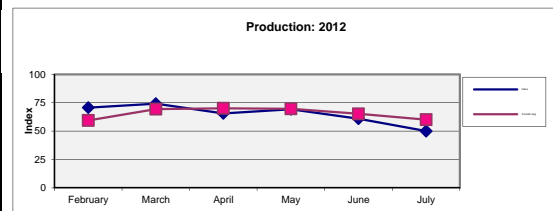
Southeast Michigan Index: 2012



ISM-SEM Index		2012					
		February	March	April	May	June	July
Index		65.1	66.1	62.6	66.3	60.3	54.6
Index	3 month average	59.5	65.7	64.6	65.0	63.1	60.4

Production		2012					
		February	March	April	May	June	July
	Higher	51.7	58.6	44.8	57.7	39.1	32.0
	Same	37.9	31.0	41.4	23.1	43.5	36.0
	Lower	10.3	10.3	13.8	19.2	17.4	32.0
Index		70.7	74.1	65.5	69.2	60.9	50.0
Index	3 month average	59.3	69.4	70.1	69.6	65.2	60.0

Production drops significantly to 50.



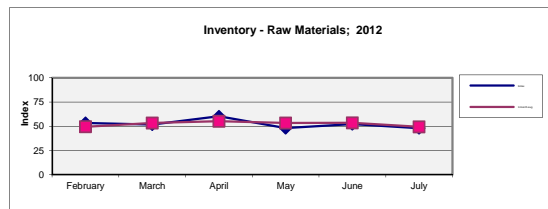
New Orders		2012					
		February	March	April	May	June	July
	Higher	44.8	55.2	44.8	50.0	33.3	36.0
	Same	41.4	31.0	37.9	34.6	41.7	28.0
	Lower	13.8	13.8	17.2	15.4	25.0	36.0
Index		65.5	70.7	63.8	67.3	54.2	50.0
Index	3 month average	61.1	69.3	66.7	67.3	61.8	57.2

New orders drop significantly to 50.



Inventory - Raw Materials		2012					
		February	March	April	May	June	July
	Higher	20.7	27.6	37.9	19.2	17.4	16.0
	Same	65.5	48.3	44.8	57.7	69.6	64.0
	Lower	13.8	24.1	17.2	23.1	13.0	20.0
Index		53.4	51.7	60.3	48.1	52.2	48.0
Index	3 month average	49.5	53.4	55.2	53.4	53.5	49.4

Raw materials inventories down to 48.



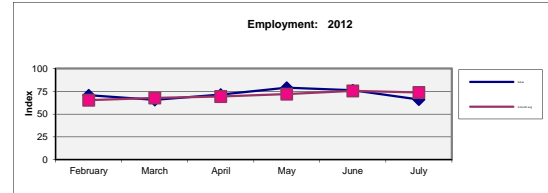
Inventory - Finished Goods		2012					
		February	March	April	May	June	July
	Higher	20.7	20.7	17.2	19.2	13.0	32.0
	Same	65.5	58.6	65.5	61.5	69.6	52.0
	Lower	13.8	20.7	17.2	19.2	17.4	16.0
Index		53.4	50.0	50.0	50.0	47.8	58.0
Index	3 month average	51.8	54.5	51.1	50.0	49.3	51.9

Finished goods inventories up to 58.



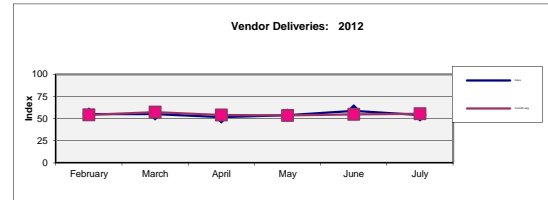
Employment		2012					
		February	March	April	May	June	July
	Higher	44.8	41.4	50.0	61.5	60.9	52.0
	Same	51.7	48.3	42.9	34.6	30.4	28.0
	Lower	3.4	10.3	7.1	3.8	8.7	20.0
Index		70.7	65.5	71.4	78.8	76.1	66.0
Index	3 month average	65.2	67.6	69.2	71.9	75.5	73.6

Employment drops to 66.



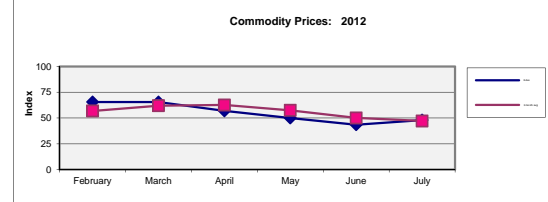
Vendor Deliveries		2012					
		February	March	April	May	June	July
	Faster	10.3	3.4	10.3	3.8	4.3	8.0
	Same	69.0	82.8	75.9	84.6	73.9	76.0
	Slower	20.7	13.8	13.8	11.5	21.7	16.0
Index		55.2	55.2	51.7	53.8	58.7	54.0
Index	3 month average	54.3	57.3	54.0	53.6	54.8	55.5

Deliveries down to 54.



Commodity Prices		2012					
		February	March	April	May	June	July
	Higher	34.5	37.9	24.1	23.1	17.4	8.0
	Same	62.1	55.2	65.5	53.8	52.2	80.0
	Lower	3.4	6.9	10.3	23.1	30.4	12.0
Index		65.5	65.5	56.9	50.0	43.5	48.0
Index	3 month average	56.8	62.0	62.6	57.5	50.1	47.2

Commodity prices up slightly to 48.

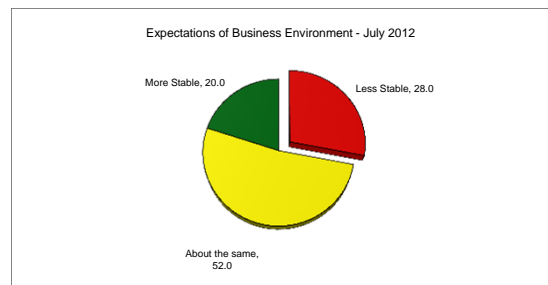


Expectations of Business Environment - July 2012

6 months into the future:

Less Stable	28.0	percent
About the same	52.0	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 and click on "Economic Surveys"



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