



August - 2012 (FOR RELEASE: September 4, 2012 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 45.7 ↓

ISM-SEM Index: In September the PMI declined for the third consecutive month, from 54.6 to 45.7. That is the lowest PMI since January 2010. The three month average also dropped, from 60.4 to 53.5. The percentage of respondents expecting the business environment to become less stable has increased slightly to 29%.

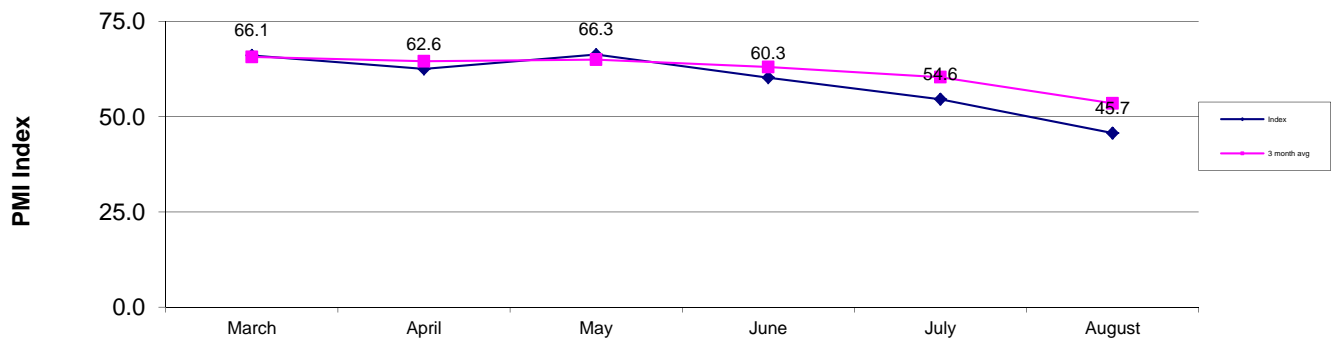
Employment: The Employment index also dropped significantly, from 66.0 to 53.2. Over a 2 month period, it has dropped more than 20 points, but the 3 Month average is still strong at 65.1.

Commodity Prices: The commodity price index rose sharply to 61.3, after 2 months below the 50 mark. The three month average crept back up above 50 at 50.9

Items up or down in price: August shows oil related products and fine chemicals, natural gas, tantalum, and niobium up in price. Items noted down in price were steel, IT services, PC's, and hardware.

Economic Issues: The August survey shows the third consecutive decline in the Southeast Michigan PMI, with the index falling from 54.6 in July to 45.7 in August. This is the first time that the Southeast Michigan PMI has fallen below 50 since December, 2011, and the lowest PMI value since January, 2010, when the index value was 45.2. The August Southeast Michigan PMI index is only the second time in 31 months that the index has fallen below 50. A PMI value greater than 50 generally signifies an expanding economy, while a PMI below 50 signifies a contracting economy. The components of the PMI that are responsible for the declining score are new orders and production, which both had an index value of 41.9. The finished goods inventory index also indicated contraction, with an August index value of 45.2, down markedly from the July index of 58.0. The employment index, while down sharply, is still above 50 at 53.2, suggesting that a modest level of hiring continues. The commodity price index value was below 50 during June and July, indicating declining prices overall. During August, however, the commodity price index increased to 61.3, suggesting sharply rising prices. Twenty-nine percent of respondents indicate that the business environment will become less stable over the next six months, while 12.9 percent indicate that the environment will become more stable. The remaining 58.1 percent indicate that the economy will remain about the same. Purchasing managers reported concern over the presidential election, as well as the impact of European economic problems. "Election expected to greatly impact employment and hiring trends" said one. "Presidential election will be critical to the industry in general", reported an automotive respondent.

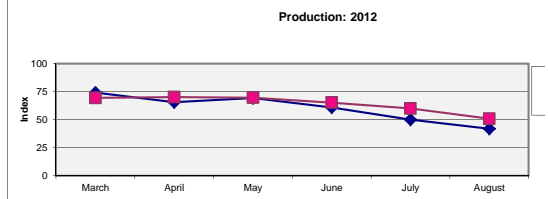
Southeast Michigan Index: 2012



ISM-SEM Index		2012					
		March	April	May	June	July	August
Index		66.1	62.6	66.3	60.3	54.6	45.7
Index	3 month average	65.7	64.6	65.0	63.1	60.4	53.5

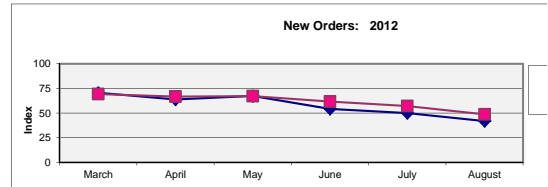
Production		2012					
		March	April	May	June	July	August
	Higher	58.6	44.8	57.7	39.1	32.0	22.6
	Same	31.0	41.4	23.1	43.5	36.0	38.7
	Lower	10.3	13.8	19.2	17.4	32.0	38.7
Index		74.1	65.5	69.2	60.9	50.0	41.9
Index	3 month average	69.4	70.1	69.6	65.2	60.0	50.9

Production falls below 50, while the 3-month average remains slightly above 50.



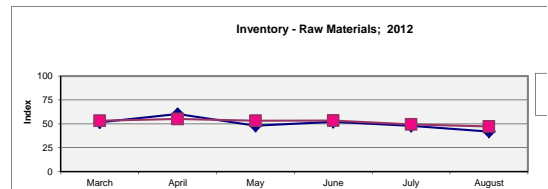
New Orders		2012					
		March	April	May	June	July	August
	Higher	55.2	44.8	50.0	33.3	36.0	22.6
	Same	31.0	37.9	34.6	41.7	28.0	38.7
	Lower	13.8	17.2	15.4	25.0	36.0	38.7
Index		70.7	63.8	67.3	54.2	50.0	41.9
Index	3 month average	69.3	66.7	67.3	61.8	57.2	48.7

New orders falls below 50 as well as the 3 month moving average.



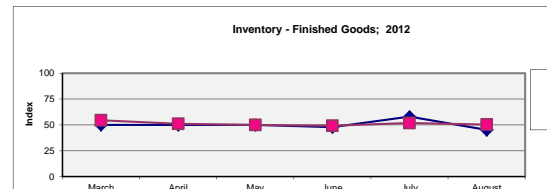
Inventory - Raw Materials		2012					
		March	April	May	June	July	August
	Higher	27.6	37.9	19.2	17.4	16.0	9.7
	Same	48.3	44.8	57.7	69.6	64.0	64.5
	Lower	24.1	17.2	23.1	13.0	20.0	25.8
Index		51.7	60.3	48.1	52.2	48.0	41.9
Index	3 month average	53.4	55.2	53.4	53.5	49.4	47.4

Raw materials inventories remain below 50 and also 3 month moving average.



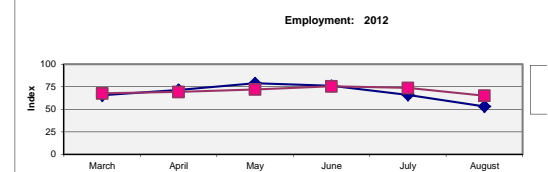
Inventory - Finished Goods		2012					
		March	April	May	June	July	August
	Higher	20.7	17.2	19.2	13.0	32.0	16.1
	Same	58.6	65.5	61.5	69.6	52.0	58.1
	Lower	20.7	17.2	19.2	17.4	16.0	25.8
Index		50.0	50.0	50.0	47.8	58.0	45.2
Index	3 month average	54.5	51.1	50.0	49.3	51.9	50.3

Finished goods inventories fall below 50 to 45.2.



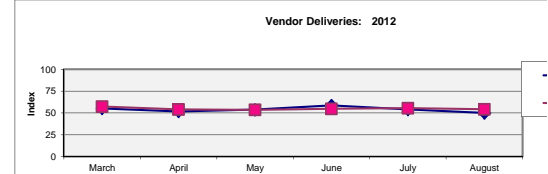
Employment		2012					
		March	April	May	June	July	August
	Higher	41.4	50.0	61.5	60.9	52.0	25.8
	Same	48.3	42.9	34.6	30.4	28.0	54.8
	Lower	10.3	7.1	3.8	8.7	20.0	19.4
Index		65.5	71.4	78.8	76.1	66.0	53.2
Index	3 month average	67.6	69.2	71.9	75.5	73.6	65.1

Employment remains marginally above 50, at 53.2.



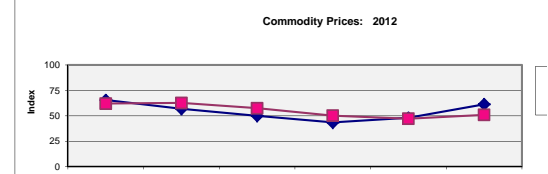
Vendor Deliveries		2012					
		March	April	May	June	July	August
	Faster	3.4	10.3	3.8	4.3	8.0	9.7
	Same	82.8	75.9	84.6	73.9	76.0	80.6
	Slower	13.8	13.8	11.5	21.7	16.0	9.7
Index		55.2	51.7	53.8	58.7	54.0	50.0
Index	3 month average	57.3	54.0	53.6	54.8	55.5	54.2

Deliveries maintain an even index value, at 50.0



Commodity Prices		2012					
		March	April	May	June	July	August
	Higher	37.9	24.1	23.1	17.4	8.0	32.3
	Same	55.2	65.5	53.8	52.2	80.0	58.1
	Lower	6.9	10.3	23.1	30.4	12.0	9.7
Index		65.5	56.9	50.0	43.5	48.0	61.3
Index	3 month average	62.0	62.6	57.5	50.1	47.2	50.9

Commodity prices index indicate a sharp increase, to 61.3.

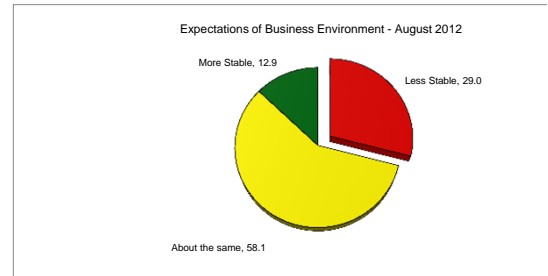


Expectations of Business Environment - August 2012

6 months into the future:

Less Stable	29.0	percent
About the same	58.1	percent
More Stable	12.9	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 1, 2012.**

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