



September - 2012 (FOR RELEASE: October 2, 2012 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 50.6 ↑

ISM-SEM Index: In September the PMI rose over 5 points from 45.7 to 50.6, indicating a resumption of growth in the economy after declining for the last three months. The three month average is nearly the same at 50.3. However, the percentage of respondents expecting the business environment to become less stable has increased slightly to 29.4%.

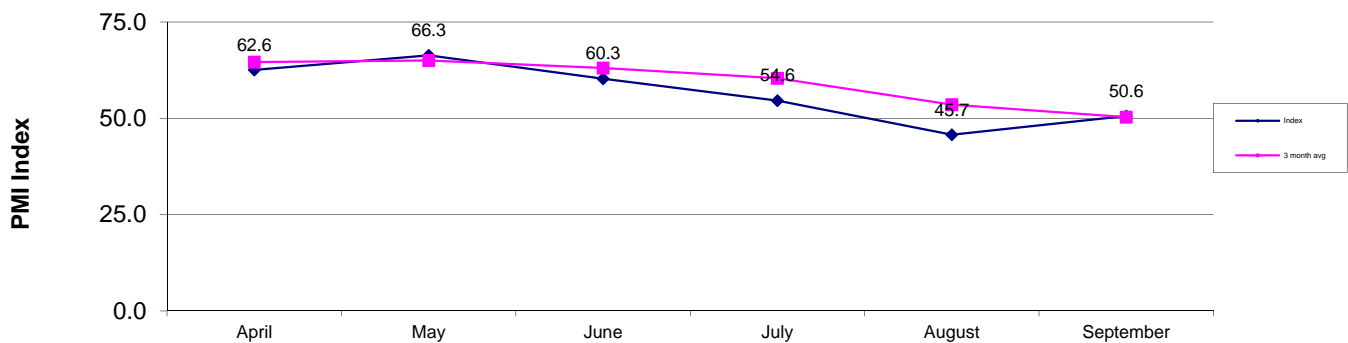
Employment: The Employment index dropped for the fourth straight month, from 53.2 to 50.0. During those four months, it has dropped approximately 28 points, and the 3 Month average has decreased to 56.4. Growth in employment has stopped.

Commodity Prices: The commodity price index dropped a point, from 61.3 to 60.3. However, the trend is a return to 2011 numbers, where the first 11 months were above 60. The three month average rose significantly, from 50.9 to 56.5.

Items up or down in price: *September shows copper, zinc, aluminum, steel, crude oil, resins, and petroleum based products up in price. Stainless steel, propylene based resins, and rare earth were down in price.*

Economic Issues: *The September survey shows resumption of growth in the Southeast Michigan economy, after the index had dropped to a low in August of 45.7. Specific components of the index that contributed to the resumption of growth were production, new orders, and vendor deliveries. However, employment which had been growing has basically leveled off. Since employment is a lagging indicator, the growth in new orders and production activity should lead to a resumption of growth in employment in the future. The commodity price index slowed somewhat, though still remain at high levels similar to the trend seen in 2011, when prices stayed high for 11 straight months. Almost 30% of respondents indicate that they expect business conditions (environment) to deteriorate, a slight increase from the August figure. There was a sharp increase in the percent of respondents expecting more stability almost doubling from 12.9% in August to 23.5% in September. Comments from respondents highlight the upcoming Presidential elections, Europe and it's financial difficulties and were of the following nature: "The election", "concerns about Europe; NA will be somewhat more stable", "We expect a small uptick in business", "Election, election, election. Seems everyone is on edge of where the country is headed", "Housing industry sales - new builds - renovations", "Global economy and specifically concerns about Europe is biggest issue", "The construction materials industry is in slow recovery. We are being very conservative", "Election results will impact hiring / investments", "Uncertainty about upcoming U.S. elections, European financial crisis, and increases in tax rates continue to cloud outlook for economic recovery in U.S."*

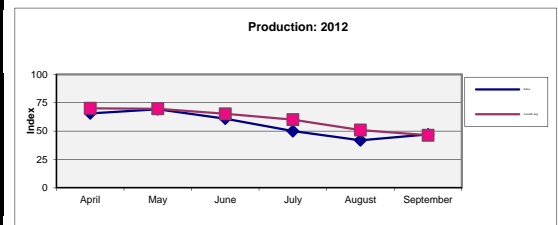
Southeast Michigan Index: 2012



| ISM-SEM Index | | 2012 | | | | | |
|---------------|-----------------|-------|------|------|------|--------|-----------|
| | | April | May | June | July | August | September |
| Index | | 62.6 | 66.3 | 60.3 | 54.6 | 45.7 | 50.6 |
| Index | 3 month average | 64.6 | 65.0 | 63.1 | 60.4 | 53.5 | 50.3 |

| Production | | 2012 | | | | | |
|------------|-----------------|-------|------|------|------|--------|-----------|
| | | April | May | June | July | August | September |
| | Higher | 44.8 | 57.7 | 39.1 | 32.0 | 22.6 | 17.6 |
| | Same | 41.4 | 23.1 | 43.5 | 36.0 | 38.7 | 58.8 |
| | Lower | 13.8 | 19.2 | 17.4 | 32.0 | 38.7 | 23.5 |
| Index | | 65.5 | 69.2 | 60.9 | 50.0 | 41.9 | 47.1 |
| Index | 3 month average | 70.1 | 69.6 | 65.2 | 60.0 | 50.9 | 46.3 |

Production increased significantly to 47.1



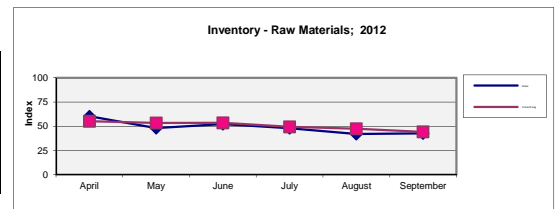
| New Orders | | 2012 | | | | | |
|------------|-----------------|-------|------|------|------|--------|-----------|
| | | April | May | June | July | August | September |
| | Higher | 44.8 | 50.0 | 33.3 | 36.0 | 22.6 | 23.5 |
| | Same | 37.9 | 34.6 | 41.7 | 28.0 | 38.7 | 55.9 |
| | Lower | 17.2 | 15.4 | 25.0 | 36.0 | 38.7 | 20.6 |
| Index | | 63.8 | 67.3 | 54.2 | 50.0 | 41.9 | 51.5 |
| Index | 3 month average | 66.7 | 67.3 | 61.8 | 57.2 | 48.7 | 47.8 |

New orders grew somewhat to 51.5.



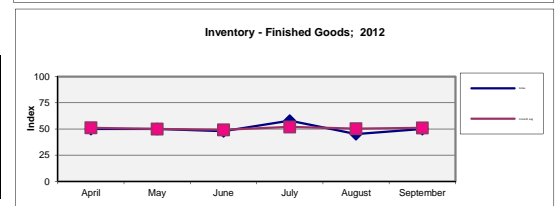
| Inventory - Raw Materials | | 2012 | | | | | |
|---------------------------|-----------------|-------|------|------|------|--------|-----------|
| | | April | May | June | July | August | September |
| | Higher | 37.9 | 19.2 | 17.4 | 16.0 | 9.7 | 17.6 |
| | Same | 44.8 | 57.7 | 69.6 | 64.0 | 64.5 | 50.0 |
| | Lower | 17.2 | 23.1 | 13.0 | 20.0 | 25.8 | 32.4 |
| Index | | 60.3 | 48.1 | 52.2 | 48.0 | 41.9 | 42.6 |
| Index | 3 month average | 55.2 | 53.4 | 53.5 | 49.4 | 47.4 | 44.2 |

Raw materials inventories moved up slightly to 42.6.



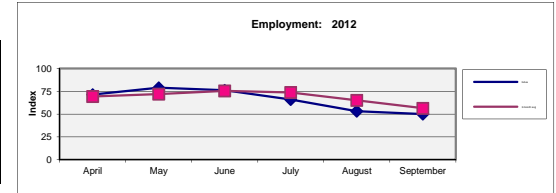
| Inventory - Finished Goods | | 2012 | | | | | |
|----------------------------|-----------------|-------|------|------|------|--------|-----------|
| | | April | May | June | July | August | September |
| | Higher | 17.2 | 19.2 | 13.0 | 32.0 | 16.1 | 17.6 |
| | Same | 65.5 | 61.5 | 69.6 | 52.0 | 58.1 | 64.7 |
| | Lower | 17.2 | 19.2 | 17.4 | 16.0 | 25.8 | 17.6 |
| Index | | 50.0 | 50.0 | 47.8 | 58.0 | 45.2 | 50.0 |
| Index | 3 month average | 51.1 | 50.0 | 49.3 | 51.9 | 50.3 | 51.1 |

Finished goods inventories increased to 50.



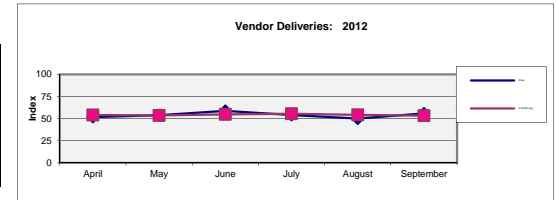
| Employment | | 2012 | | | | | |
|------------|-----------------|-------|------|------|------|--------|-----------|
| | | April | May | June | July | August | September |
| | Higher | 50.0 | 61.5 | 60.9 | 52.0 | 25.8 | 17.6 |
| | Same | 42.9 | 34.6 | 30.4 | 28.0 | 54.8 | 64.7 |
| | Lower | 7.1 | 3.8 | 8.7 | 20.0 | 19.4 | 17.6 |
| Index | | 71.4 | 78.8 | 76.1 | 66.0 | 53.2 | 50.0 |
| Index | 3 month average | 69.2 | 71.9 | 75.5 | 73.6 | 65.1 | 56.4 |

Employment slowed further to 50.



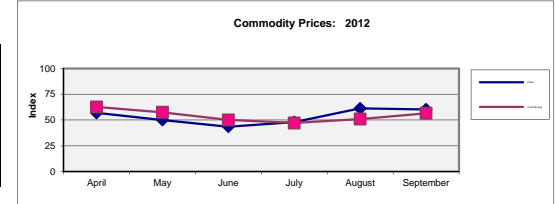
| Vendor Deliveries | | 2012 | | | | | |
|-------------------|-----------------|-------|------|------|------|--------|-----------|
| | | April | May | June | July | August | September |
| | Faster | 10.3 | 3.8 | 4.3 | 8.0 | 9.7 | 2.9 |
| | Same | 75.9 | 84.6 | 73.9 | 76.0 | 80.6 | 82.4 |
| | Slower | 13.8 | 11.5 | 21.7 | 16.0 | 9.7 | 14.7 |
| Index | | 51.7 | 53.8 | 58.7 | 54.0 | 50.0 | 55.9 |
| Index | 3 month average | 54.0 | 53.6 | 54.8 | 55.5 | 54.2 | 53.3 |

Deliveries jumped up to 55.9.



| Commodity Prices | | 2012 | | | | | |
|------------------|-----------------|-------|------|------|------|--------|-----------|
| | | April | May | June | July | August | September |
| | Higher | 24.1 | 23.1 | 17.4 | 8.0 | 32.3 | 20.6 |
| | Same | 65.5 | 53.8 | 52.2 | 80.0 | 58.1 | 79.4 |
| | Lower | 10.3 | 23.1 | 30.4 | 12.0 | 9.7 | 0.0 |
| Index | | 56.9 | 50.0 | 43.5 | 48.0 | 61.3 | 60.3 |
| Index | 3 month average | 62.6 | 57.5 | 50.1 | 47.2 | 50.9 | 56.5 |

Commodity prices slowed their rate of increase a little.

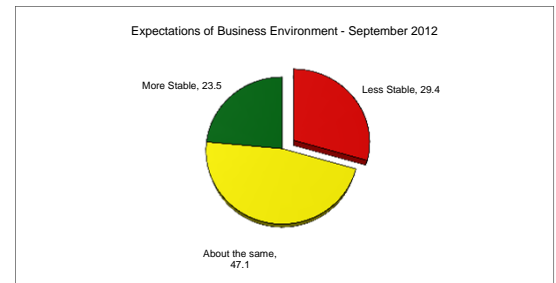


Expectations of Business Environment - September 2012

6 months into the future:

| | | |
|----------------|------|---------|
| Less Stable | 29.4 | percent |
| About the same | 47.1 | percent |
| More Stable | 23.5 | 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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