



October - 2012 (FOR RELEASE: November 1, 2012 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 58.9 ↑

ISM-SEM Index: In October the PMI shot back up from 50.6 to 58.9. The three month average is lagging at 51.7 as a result of low scores in August and September. The percentage of respondents expecting the business environment to become more or less stable is equally divided. The majority of respondents expect the business environment to remain the same.

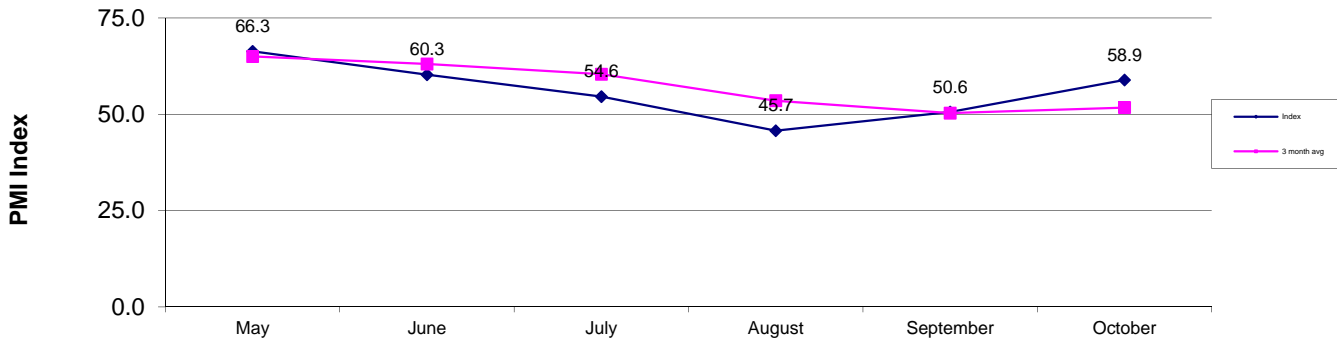
Employment: The Employment index also improved, from 50.0 to 58.8. The 3 Month average decreased to 54.0, but the October index should be viewed as an encouraging sign after the trends shown in August and September.

Commodity Prices: The commodity price index dropped significantly, from 60.3 to 51.5. The Commodity Price index is showing volatility over the past six months, with index values ranging from 43.5 to 61.3.

Items up or down in price: *October shows items up in price are: metal items, aluminum, fabricated special parts, PVC resin, corrugated packaging. Items down in price include steel, copper and aluminum (aluminum is also up in price).*

Economic Issues: The October Southeast Michigan Purchasing Managers Index (PMI) showed improvement for the second consecutive month. The index value is 58.9, which is a sharp improvement over the September PMI of 50.6. An index value greater than 50 generally indicates an expanding economy. The Southeast Michigan PMI has maintained a value of over 50.0 for 31 of the past 33 months, indicating a steady strengthening of the regional economy. Economic factors contributing to the current PMI value includes the production index, which is up sharply in October to 58.5 from a September score of 47.1; the new orders index is also up sharply to 64.7, from 51.5, and employment index is up to 58.8, from 50.0. The commodity prices index was down sharply, to 51.5 from a September index of 60.3, and the finished goods inventories index was down slightly, to 48.5. The majority of purchasing managers responded either that the economy will remain about the same or become more stable over the next six months. 57.6% indicated that the economy will remain about the same, while 21.2% of the respondents indicated the economy will be more stable. 21.2% responded that the economy will be less stable over the next six months. A good number of comments indicate improving business activity, such as "... some of our older plants are a bit bottle-necked", "Lead-times on raw materials are increasing", and "lower half of Michigan has a growing economy". Comments indicating concern include, "Apprehension about U.S. election and ramifications still clouding future outlook", and "a much slower quote pattern has been noticed".

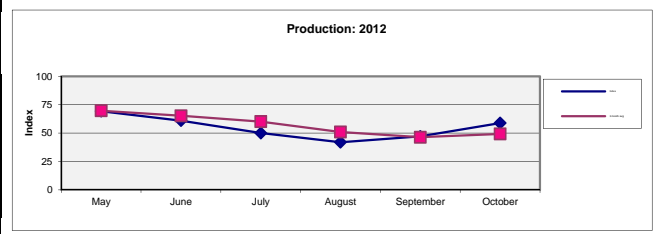
Southeast Michigan Index: 2012



ISM-SEM Index		2012					
		May	June	July	August	September	October
Index		66.3	60.3	54.6	45.7	50.6	58.9
Index	3 month average	65.0	63.1	60.4	53.5	50.3	51.7

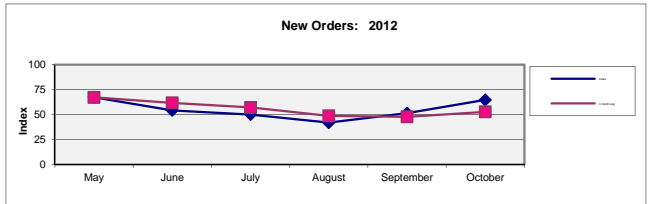
Production		2012					
		May	June	July	August	September	October
	Higher	57.7	39.1	32.0	22.6	17.6	35.3
	Same	23.1	43.5	36.0	38.7	58.8	47.1
	Lower	19.2	17.4	32.0	38.7	23.5	17.6
Index		69.2	60.9	50.0	41.9	47.1	58.8
Index	3 month average	69.6	65.2	60.0	50.9	46.3	49.3

Production is up sharply from September to 58.8.



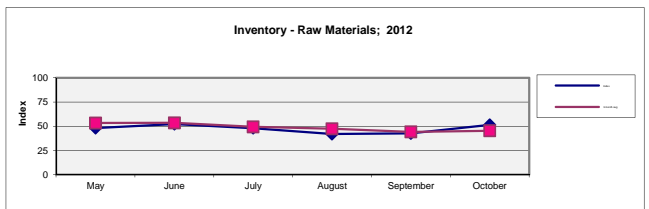
New Orders		2012					
		May	June	July	August	September	October
	Higher	50.0	33.3	36.0	22.6	23.5	44.1
	Same	34.6	41.7	28.0	38.7	55.9	41.2
	Lower	15.4	25.0	36.0	38.7	20.6	14.7
Index		67.3	54.2	50.0	41.9	51.5	64.7
Index	3 month average	67.3	61.8	57.2	48.7	47.8	52.7

New orders are up sharply from September to 64.7.



Inventory - Raw Materials		2012					
		May	June	July	August	September	October
	Higher	19.2	17.4	16.0	9.7	17.6	23.5
	Same	57.7	69.6	64.0	64.5	50.0	55.9
	Lower	23.1	13.0	20.0	25.8	32.4	20.6
Index		48.1	52.2	48.0	41.9	42.6	51.5
Index	3 month average	53.4	53.5	49.4	47.4	44.2	45.4

Raw materials inventories are up sharply to 51.5.



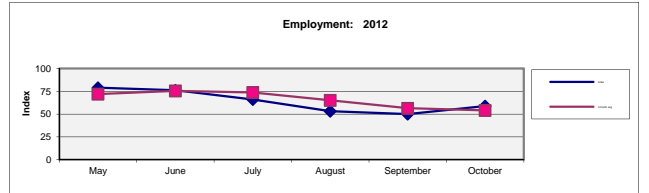
Inventory - Finished Goods		2012					
		May	June	July	August	September	October
	Higher	19.2	13.0	32.0	16.1	17.6	14.7
	Same	61.5	69.6	52.0	58.1	64.7	67.6
	Lower	19.2	17.4	16.0	25.8	17.6	17.6
Index		50.0	47.8	58.0	45.2	50.0	48.5
Index	3 month average	50.0	49.3	51.9	50.3	51.1	47.9

Finished goods inventories are down slightly to 48.5.



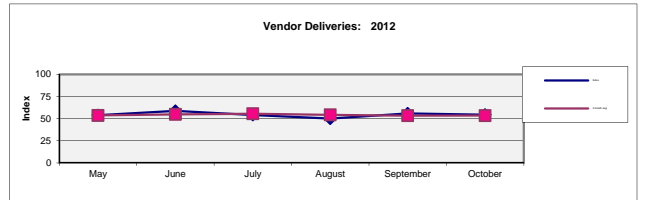
Employment		2012					
		May	June	July	August	September	October
	Higher	61.5	60.9	52.0	25.8	17.6	38.2
	Same	34.6	30.4	28.0	54.8	64.7	41.2
	Lower	3.8	8.7	20.0	19.4	17.6	20.6
Index		78.8	76.1	66.0	53.2	50.0	58.8
Index	3 month average	71.9	75.5	73.6	65.1	56.4	54.0

Employment is up to 58.8.



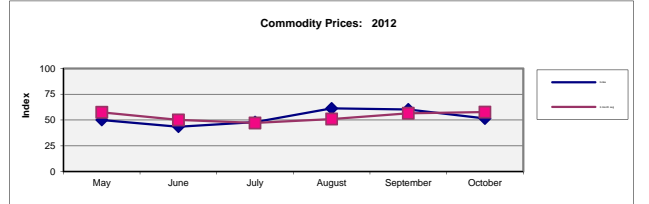
Vendor Deliveries		2012					
		May	June	July	August	September	October
	Faster	3.8	4.3	8.0	9.7	2.9	8.8
	Same	84.6	73.9	76.0	80.6	82.4	73.5
	Slower	11.5	21.7	16.0	9.7	14.7	17.6
Index		53.8	58.7	54.0	50.0	55.9	54.4
Index	3 month average	53.6	54.8	55.5	54.2	53.3	53.4

Deliveries remained approximately the same, at 54.4.



Commodity Prices		2012					
		May	June	July	August	September	October
	Higher	23.1	17.4	8.0	32.3	20.6	20.6
	Same	53.8	52.2	80.0	58.1	79.4	61.8
	Lower	23.1	30.4	12.0	9.7	0.0	17.6
Index		50.0	43.5	48.0	61.3	60.3	51.5
Index	3 month average	57.5	50.1	47.2	50.9	56.5	57.7

Commodity prices stabilized, at 51.5.



Expectations of Business Environment - October 2012

6 months into the future:

Less Stable	21.2	percent
About the same	57.6	percent
More Stable	21.2	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"

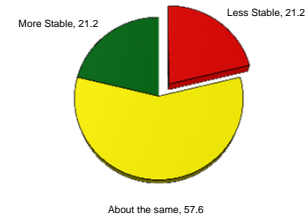
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Survey Results Production by: Kenneth Doherty & Steve Welsh of ISM.

Next Release: **December 3, 2012.**

Expectations of Business Environment - October 2012



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