



November - 2012 (FOR RELEASE: December 3, 2012 - 6 am EST)

**The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 51.9 ↓**

**ISM-SEM Index:** In November the PMI dropped back down from 58.9 to 51.9. Meanwhile, the three month average increased slightly, from 51.7 to 53.8. The monthly PMI rating has been up and down during 2012.

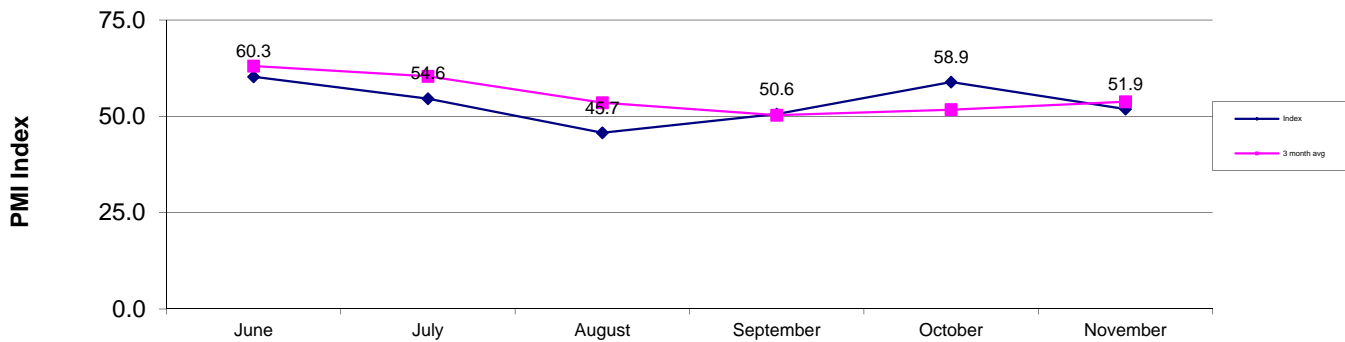
**Employment:** The Employment index had a smaller drop, from 58.8 to 55.7. The 3 Month average has been fairly stable at 54.8, but is lower than at prior times in 2012.

**Commodity Prices:** The commodity price index is relatively unchanged, at 51.4. Although the three month average is at 54.4, this index has also been up and down during 2012.

**Items up or down in price:** November shows oil based commodities and steel were up in price. IT contract labor, especially Java developers also were more expensive! Plastic resins, copper, and surcharges on iron castings were down in price.

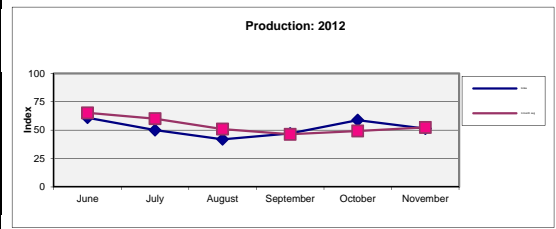
**Economic Issues:** The November Southeast Michigan Purchasing Managers Index (PMI) dropped from 58.9 to 51.9. An index value of over 50.0 generally indicates an expanding economy. However, the drop in the index suggests a slowdown in the rate of growth of the economy. Specific parts of the index contributing to the slowdown were a sharp drop in production activity, and new order activity slowing down sharply as well. Employment also contributed to the drop in the overall index, moving down to 55.7. The slowdown had some good news, with commodity prices being unchanged. Exactly 73% of purchasing managers surveyed indicated that they expected the economy to improve or be the same in terms of stability, with 27% indicating that they expected business conditions to become less stable over the next six months. Comments by survey participants indicated serious concern with the fiscal cliff, tax reform, regulation, economic conditions in Europe, China, and the Middle East, and health care, with comments ranging from "Will there be an income tax increase?", "Regulation and tax reform - what will happen???", "Now that the election process is finished hopefully we can get back to business as usual. Although we received additional orders from the government for military vehicles we designed this may be it for 2013, which means after June 2013 things look bleak", "The fiscal cliff has a lot of companies concerned", "With the economic cliff looming this would affect our customers, meaning the general public will not be buying finished goods which in turn would reduce the need for our customers need for expansions or facility improvements to meet these customers demands", "Shopper spending may be up but our production scheduling is not reflecting it and our aftermarket sales are still down for the third month in a row", "Considerable uncertainty remains after the U.S. presidential election over pending tax changes, implementation of health care law, and general health of the U.S. economy", "Implementation of the Affordable Health Care Act aka Obama care", "Ongoing issues in Europe, shrinking demand in China and US fiscal cliff", "Middle East situation, and the overall world wide economy".

**Southeast Michigan Index: 2012**



ISM-SEM Index		2012					
		June	July	August	September	October	November
Index		60.3	54.6	45.7	50.6	58.9	51.9
Index	3 month average	63.1	60.4	53.5	50.3	51.7	53.8
Production		2012					
		June	July	August	September	October	November
	Higher	39.1	32.0	22.6	17.6	35.3	24.3
	Same	43.5	36.0	38.7	58.8	47.1	54.1
	Lower	17.4	32.0	38.7	23.5	17.6	21.6
Index		60.9	50.0	41.9	47.1	58.8	51.4
Index	3 month average	65.2	60.0	50.9	46.3	49.3	52.4

Production dropped sharply to 51.4.



New Orders		2012					
		June	July	August	September	October	November
	Higher	33.3	36.0	22.6	23.5	44.1	24.3
	Same	41.7	28.0	38.7	55.9	41.2	51.4
	Lower	25.0	36.0	38.7	20.6	14.7	24.3
Index		54.2	50.0	41.9	51.5	64.7	50.0
Index	3 month average	61.8	57.2	48.7	47.8	52.7	55.4

New orders dropped sharply to 50.0.

Inventory - Raw Materials		2012					
		June	July	August	September	October	November
	Higher	17.4	16.0	9.7	17.6	23.5	10.8
	Same	69.6	64.0	64.5	50.0	55.9	70.3
	Lower	13.0	20.0	25.8	32.4	20.6	18.9
Index		52.2	48.0	41.9	42.6	51.5	45.9
Index	3 month average	53.5	49.4	47.4	44.2	45.4	46.7

Raw materials inventories declined to 45.9.

Inventory - Finished Goods		2012					
		June	July	August	September	October	November
	Higher	13.0	32.0	16.1	17.6	14.7	10.8
	Same	69.6	52.0	58.1	64.7	67.6	70.3
	Lower	17.4	16.0	25.8	17.6	17.6	18.9
Index		47.8	58.0	45.2	50.0	48.5	45.9
Index	3 month average	49.3	51.9	50.3	51.1	47.9	48.2

Finished goods inventories also declined to 45.9.

Employment		2012					
		June	July	August	September	October	November
	Higher	60.9	52.0	25.8	17.6	38.2	22.9
	Same	30.4	28.0	54.8	64.7	41.2	65.7
	Lower	8.7	20.0	19.4	17.6	20.6	11.4
Index		76.1	66.0	53.2	50.0	58.8	55.7
Index	3 month average	75.5	73.6	65.1	56.4	54.0	54.8

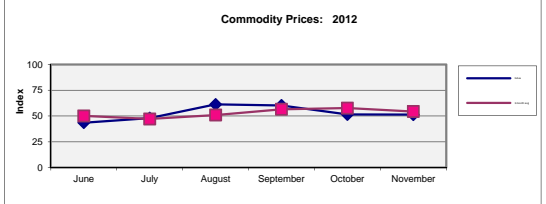
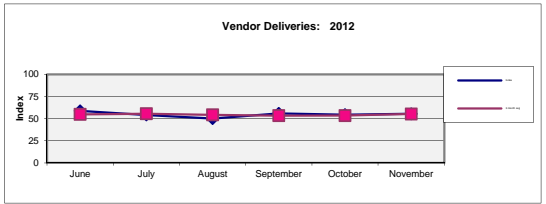
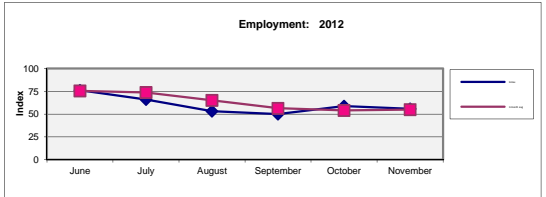
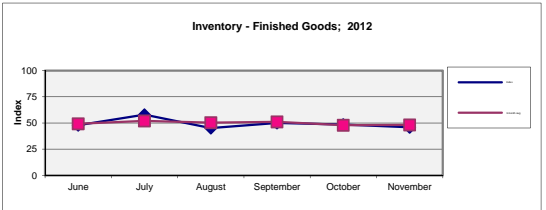
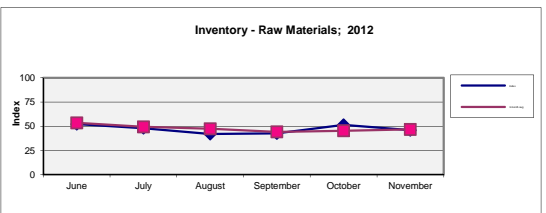
Employment dropped slightly to 55.7.

Vendor Deliveries		2012					
		June	July	August	September	October	November
	Faster	4.3	8.0	9.7	2.9	8.8	2.7
	Same	73.9	76.0	80.6	82.4	73.5	83.8
	Slower	21.7	16.0	9.7	14.7	17.6	13.5
Index		58.7	54.0	50.0	55.9	54.4	55.4
Index	3 month average	54.8	55.5	54.2	53.3	53.4	55.2

Deliveries went up a little to 55.4.

Commodity Prices		2012					
		June	July	August	September	October	November
	Higher	17.4	8.0	32.3	20.6	20.6	13.5
	Same	52.2	80.0	58.1	79.4	61.8	75.7
	Lower	30.4	12.0	9.7	0.0	17.6	10.8
Index		43.5	48.0	61.3	60.3	51.5	51.4
Index	3 month average	50.1	47.2	50.9	56.5	57.7	54.4

Commodity prices were basically unchanged.



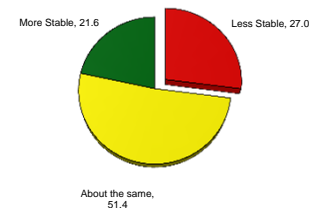
#### Expectations of Business Environment - November 2012

6 months into the future:

Less Stable	27.0	percent
About the same	51.4	percent
More Stable	21.6	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 - November 2012



#### NOTICE:

No warranty, expressed or implied, is attached to these figures or their use. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

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

Next Release: **January 2, 2013**

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