



December - 2012 (FOR RELEASE: January 2, 2013 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 51.8 --

ISM-SEM Index: In December the PMI stayed just above 50, dropping from 51.9 to 51.8. The three month average increased slightly, from 53.8 to 54.2.

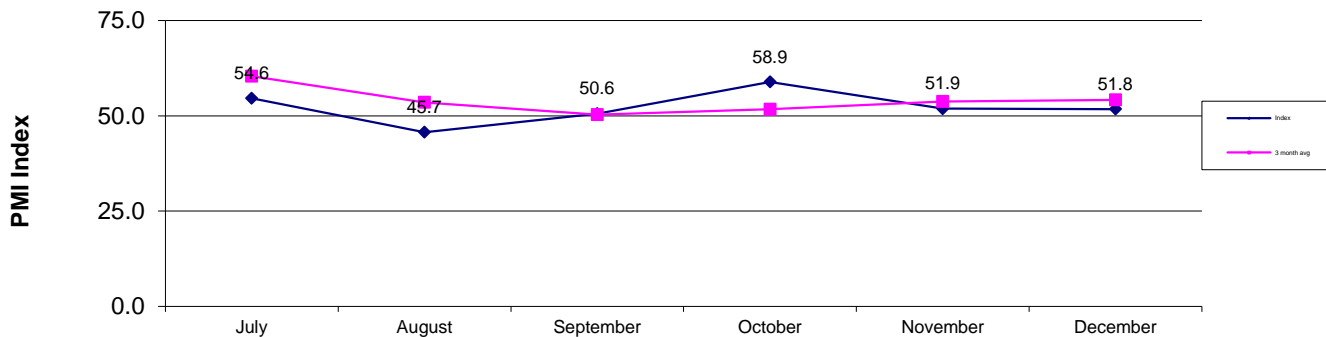
Employment: The Employment index had a second small drop, from 55.7 to 53.2. However, the 3 Month average remains stable at 55.9, a pretty favorable reading in any economic conditions.

Commodity Prices: The commodity price index rose in December, from 51.4 to 54.5. At the same time the three month averages dropped from 54.4 to 52.5.

Items up or down in price: *December shows items up in price are armor plate steel, coiled steel, aluminum, tantalum. Items reported down in price are liquid asphalt and polyethylene resin.*

Economic Issues: *The Southeast Michigan Purchasing Managers Index (PMI) remained stable in December, continuing to show slight expansion with an index value of 51.8 -- a one-tenth of a point decline from the November index of 51.9. An index value greater than 50 generally indicates an expanding economy. The Southeast Michigan PMI has maintained a value of over 50.0 for 33 of the past 34 months, indicating a steady strengthening of the regional economy. Economic factors contributing to the current PMI value includes the Production Index, Employment Index, and Vendor Delivery Index, each of which showed modestly strong index values of 54.5, 53.2, and 53.0, respectively. The New Orders Index value declined to 48.5, which indicates that there was a reduction in new orders from November within the region. The Commodity Prices index increased slightly to 54.5 from the November index of 51.4. Items increasing in price included armor plate steel, coiled steel, and aluminum. The majority of purchasing managers responded either that the economy will remain about the same or become more stable over the next six months. 60.6% of respondents indicated that the economy will remain about the same over the next six months, while 12.1% of the respondents indicated the economy will be more stable. 27.3% responded that the economy will be less stable. The "fiscal cliff" is on the minds of purchasing managers, who worry about the impact on the regional economy. One respondent noted, "The perception of the 'fiscal cliff' impact on the economy keeps everyone uncertain and delays investment and hiring by small businesses". Another stated, "the 'Fiscal Cliff' has our company and our customers concerned and spending money conservatively". And another commented on the Fiscal Cliff impact on defense -- a key Southeast Michigan industry, "...Fiscal Cliff will have a significant impact on amount of spending the US Government conducts with regard to defense programs". On the positive side, one respondent stated, "General forecast for the automotive industry shows January to be slow, then February to May 2013 coming back as strong as last fall".*

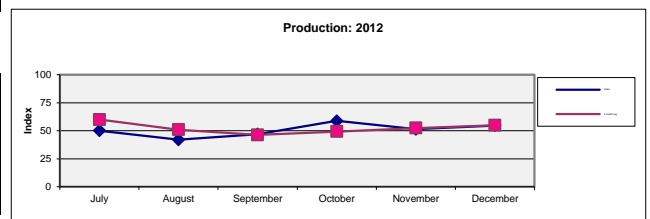
Southeast Michigan Index: 2012



ISM-SEM Index		2012					
		July	August	September	October	November	December
Index		54.6	45.7	50.6	58.9	51.9	51.8
Index	3 month average	60.4	53.5	50.3	51.7	53.8	54.2

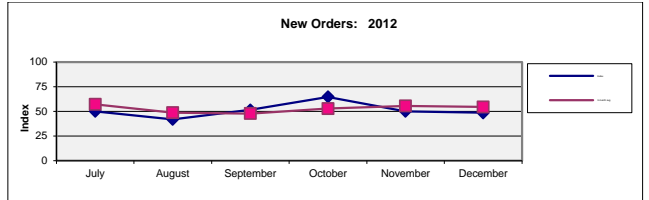
Production		2012					
		July	August	September	October	November	December
	Higher	32.0	22.6	17.6	35.3	24.3	36.4
	Same	36.0	38.7	58.8	47.1	54.1	36.4
	Lower	32.0	38.7	23.5	17.6	21.6	27.3
Index		50.0	41.9	47.1	58.8	51.4	54.5
Index	3 month average	60.0	50.9	46.3	49.3	52.4	54.9

Production rebounded in December to 54.5.



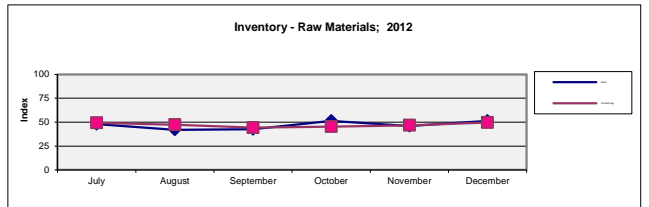
New Orders		2012					
		July	August	September	October	November	December
	Higher	36.0	22.6	23.5	44.1	24.3	27.3
	Same	28.0	38.7	55.9	41.2	51.4	42.4
	Lower	36.0	38.7	20.6	14.7	24.3	30.3
Index		50.0	41.9	51.5	64.7	50.0	48.5
Index	3 month average	57.2	48.7	47.8	52.7	55.4	54.4

New orders slipped down to 48.5, indicating a reduction in new orders.



Inventory - Raw Materials		2012					
		July	August	September	October	November	December
	Higher	16.0	9.7	17.6	23.5	10.8	21.2
	Same	64.0	64.5	50.0	55.9	70.3	60.6
	Lower	20.0	25.8	32.4	20.6	18.9	18.2
Index		48.0	41.9	42.6	51.5	45.9	51.5
Index	3 month average	49.4	47.4	44.2	45.4	46.7	49.6

Raw materials inventories rose to 51.5.



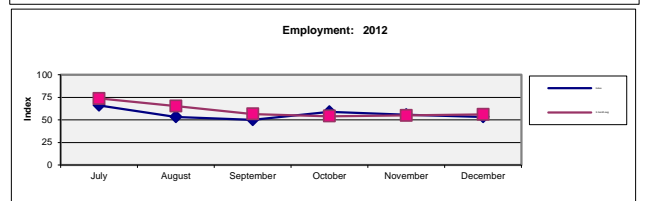
Inventory - Finished Goods		2012					
		July	August	September	October	November	December
	Higher	32.0	16.1	17.6	14.7	10.8	18.2
	Same	52.0	58.1	64.7	67.6	70.3	63.6
	Lower	16.0	25.8	17.6	17.6	18.9	18.2
Index		58.0	45.2	50.0	48.5	45.9	50.0
Index	3 month average	51.9	50.3	51.1	47.9	48.2	48.2

Finished goods inventories rose to 50.0.



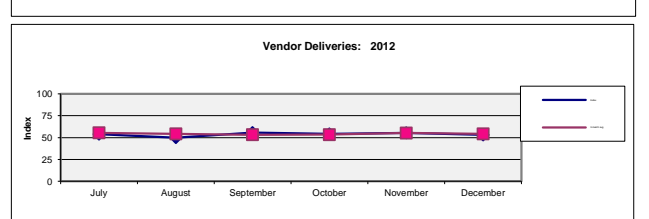
Employment		2012					
		July	August	September	October	November	December
	Higher	52.0	25.8	17.6	38.2	22.9	19.4
	Same	28.0	54.8	64.7	41.2	65.7	67.7
	Lower	20.0	19.4	17.6	20.6	11.4	12.9
Index		66.0	53.2	50.0	58.8	55.7	53.2
Index	3 month average	73.6	65.1	56.4	54.0	54.8	55.9

Employment slipped slightly to 53.2.



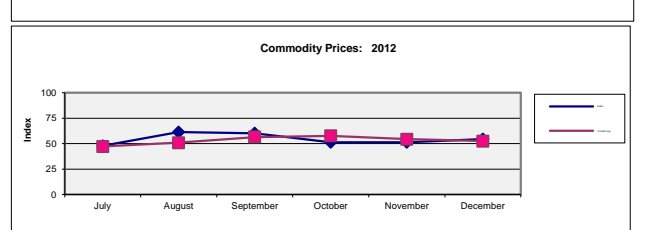
Vendor Deliveries		2012					
		July	August	September	October	November	December
	Faster	8.0	9.7	2.9	8.8	2.7	9.1
	Same	76.0	80.6	82.4	73.5	83.8	75.8
	Slower	16.0	9.7	14.7	17.6	13.5	15.2
Index		54.0	50.0	55.9	54.4	55.4	53.0
Index	3 month average	55.5	54.2	53.3	53.4	55.2	54.3

Deliveries slipped to 53.0.



Commodity Prices		2012					
		July	August	September	October	November	December
	Higher	8.0	32.3	20.6	20.6	13.5	21.2
	Same	80.0	58.1	79.4	61.8	75.7	66.7
	Lower	12.0	9.7	0.0	17.6	10.8	12.1
Index		48.0	61.3	60.3	51.5	51.4	54.5
Index	3 month average	47.2	50.9	56.5	57.7	54.4	52.5

Commodity prices increased to an index value of 54.5.



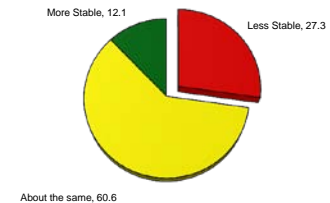
Expectations of Business Environment - December 2012

6 months into the future:

Less Stable	27.3	percent
About the same	60.6	percent
More Stable	12.1	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"

Expectations of Business Environment - December 2012



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