



January - 2013 (FOR RELEASE: February 1, 2013 - 6 am EST)

**The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 55.3 ↑**

**ISM-SEM Index:** In January, the PMI increased from 51.8 to 55.3. The three month average has remained between 50 and 55 for six consecutive reports, indicating relative stability and growth in the local economy.

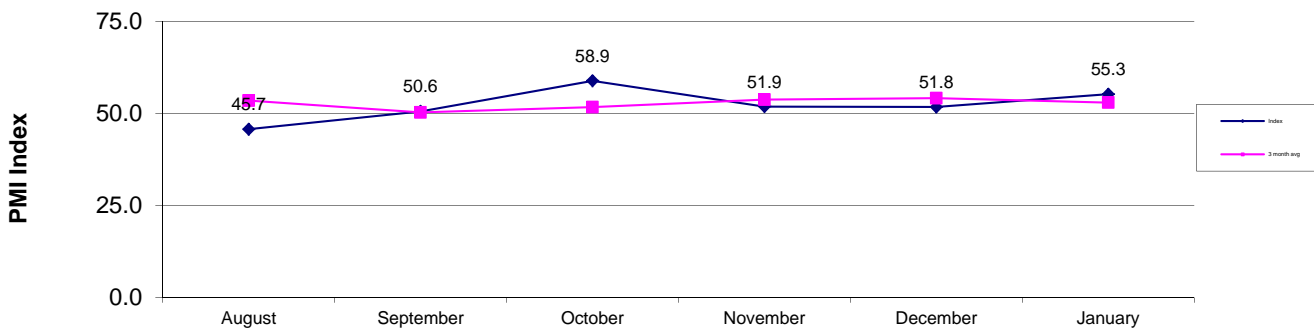
**Employment:** The Employment index also shows a modest increase, rising from 53.2 to 55.4. Like the overall index, there now appears to be relative stability and growth in this index. In the automotive sector, demand for engineers and other professionals is reportedly high.

**Commodity Prices:** The commodity price index rose in January from 54.5 to 58.9. The three month average has also remained in the low to mid 50's for the last six reporting periods.

**Items up or down in price:** *January shows petroleum and LNG were down in price. Zinc, plastic, and specialty fine materials were up in price. The increase in the demand for labor, showed up in IT contingent labor wages increasing!*

**Economic Issues:** *The Southeast Michigan Purchasing Managers Index for January indicated continued growth in the local economy, at a slightly faster rate. Production activity, new orders, and employment all showed slightly faster growth, with new orders increasing sharply, portending faster economic activity. With the growth in the economy, comes an increase in commodity prices with zinc, plastic and fine materials increasing, whereas energy prices specifically, petroleum and liquefied natural gas prices decreasing. Energy prices falling will provide a boost to the economy as well, as witnessed in the demand for automobiles increasing and the demand for engineers and other professionals in the automotive sector increasing as well. Spillover effects are seen in the wages of information technology contingent labor going up! Expectations of business environment six months into the future were solid, with over 92% of respondents indicating conditions staying the same, or becoming more stable. Comments from survey respondents are telling, focusing on legislative issues such as health care reform, and gun control, with "The winds of sustained economic growth may be approaching", "Don't expect any major changes", "Obama and his Gun Control Initiatives are drastically effecting our business", "We have seen a dramatic increase in order intake since the Sandy Hook Shootings( we supply optical sighting systems that are mounted to guns / assault rifles) Everyone is loading up in the event of stiffer gun control laws. Depending on how effective Obama's administration is in getting their proposed initiatives thru we could be hurt significantly. We are currently trying to ramp up in an effort to "ride the wave" of increased order demand", "Budget issues need to get resolved and spending needs to be brought under control", "Health care reform, and insurance reform in Michigan", "Staffing industry will be greatly impacted by any new taxes or legislation impacting employers", "Defense budget cuts will play a factor in the type of vehicles we build for the military. Working on some private sector accounts which may bring in additional work later this year".*

**Southeast Michigan Index: 2012 - 2013**

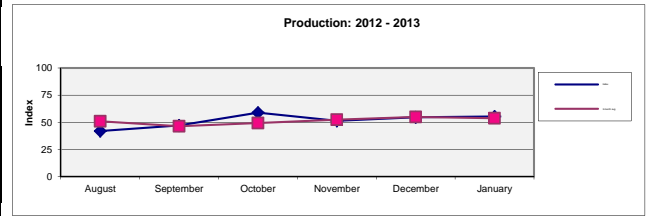


ISM-SEM Index		2012 - 2013					
		August	September	October	November	December	January
Index		45.7	50.6	58.9	51.9	51.8	55.3
Index	3 month average	53.5	50.3	51.7	53.8	54.2	53.0

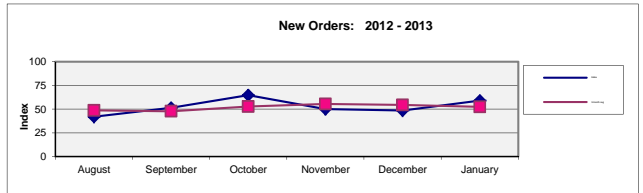
Production		2012 - 2013					
		August	September	October	November	December	January
	Higher	22.6	17.6	35.3	24.3	36.4	25.0
	Same	38.7	58.8	47.1	54.1	36.4	60.7
	Lower	38.7	23.5	17.6	21.6	27.3	14.3
Index		41.9	47.1	58.8	51.4	54.5	55.4
Index	3 month average	50.9	46.3	49.3	52.4	54.9	53.8

**Production still growing.**



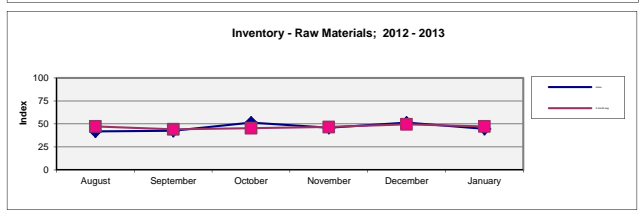
New Orders		2012 - 2013					
		August	September	October	November	December	January
	Higher	22.6	23.5	44.1	24.3	27.3	32.1
	Same	38.7	55.9	41.2	51.4	42.4	53.6
	Lower	38.7	20.6	14.7	24.3	30.3	14.3
	Index	41.9	51.5	64.7	50.0	48.5	58.9
	Index 3 month average	48.7	47.8	52.7	55.4	54.4	52.5

New orders increasing sharply.



Inventory - Raw Materials		2012 - 2013					
		August	September	October	November	December	January
	Higher	9.7	17.6	23.5	10.8	21.2	7.1
	Same	64.5	50.0	55.9	70.3	60.6	75.0
	Lower	25.8	32.4	20.6	18.9	18.2	17.9
	Index	41.9	42.6	51.5	45.9	51.5	44.6
	Index 3 month average	47.4	44.2	45.4	46.7	49.6	47.4

Raw materials inventories dropping precipitously.



Inventory - Finished Goods		2012 - 2013					
		August	September	October	November	December	January
	Higher	16.1	17.6	14.7	10.8	18.2	14.3
	Same	58.1	64.7	67.6	70.3	63.6	64.3
	Lower	25.8	17.6	17.6	18.9	18.2	21.4
	Index	45.2	50.0	48.5	45.9	50.0	46.4
	Index 3 month average	50.3	51.1	47.9	48.2	48.2	47.5

Finished goods inventories dropping slightly.



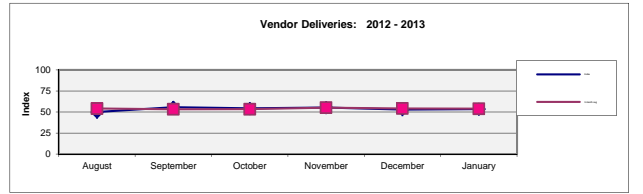
Employment		2012 - 2013					
		August	September	October	November	December	January
	Higher	25.8	17.6	38.2	22.9	19.4	25.0
	Same	54.8	64.7	41.2	65.7	67.7	60.7
	Lower	19.4	17.6	20.6	11.4	12.9	14.3
	Index	53.2	50.0	58.8	55.7	53.2	55.4
	Index 3 month average	65.1	56.4	54.0	54.8	55.9	54.8

Employment still growing.



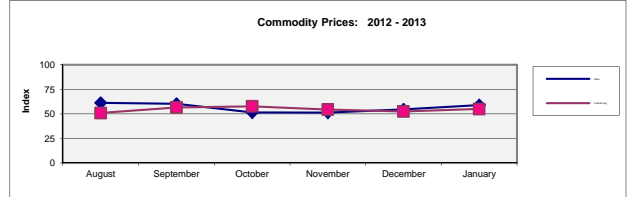
Vendor Deliveries		2012 - 2013					
		August	September	October	November	December	January
	Faster	9.7	2.9	8.8	2.7	9.1	3.6
	Same	80.6	82.4	73.5	83.8	75.8	85.7
	Slower	9.7	14.7	17.6	13.5	15.2	10.7
	Index	50.0	55.9	54.4	55.4	53.0	53.6
	Index 3 month average	54.2	53.3	53.4	55.2	54.3	54.0

Deliveries still growing.



Commodity Prices		2012 - 2013					
		August	September	October	November	December	January
	Higher	32.3	20.6	20.6	13.5	21.2	21.4
	Same	58.1	79.4	61.8	75.7	66.7	75.0
	Lower	9.7	0.0	17.6	10.8	12.1	3.6
	Index	61.3	60.3	51.5	51.4	54.5	58.9
	Index 3 month average	50.9	56.5	57.7	54.4	52.5	54.9

Commodity prices increasing at a slightly faster pace.



### Expectations of Business Environment - January 2013

6 months into the future:

Less Stable	7.1	percent
About the same	82.1	percent
More Stable	10.7	percent

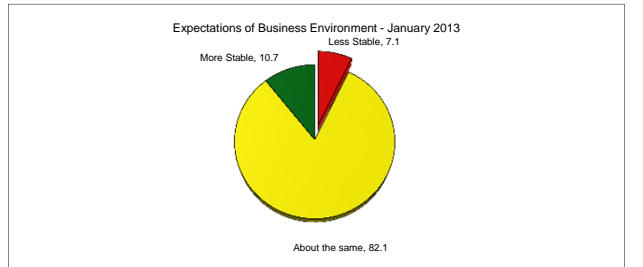
For more information about the Survey or to obtain copies of previous surveys, visit our website at [www.ism-sem.org](http://www.ism-sem.org) and click on "Economic Surveys"

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

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