July - 2013 (FOR RELEASE: August 1, 2013 - 6 am EST)

The ISM - Southeast Michigan Purchasing Managers Index (PMI) at 53.1 ↑

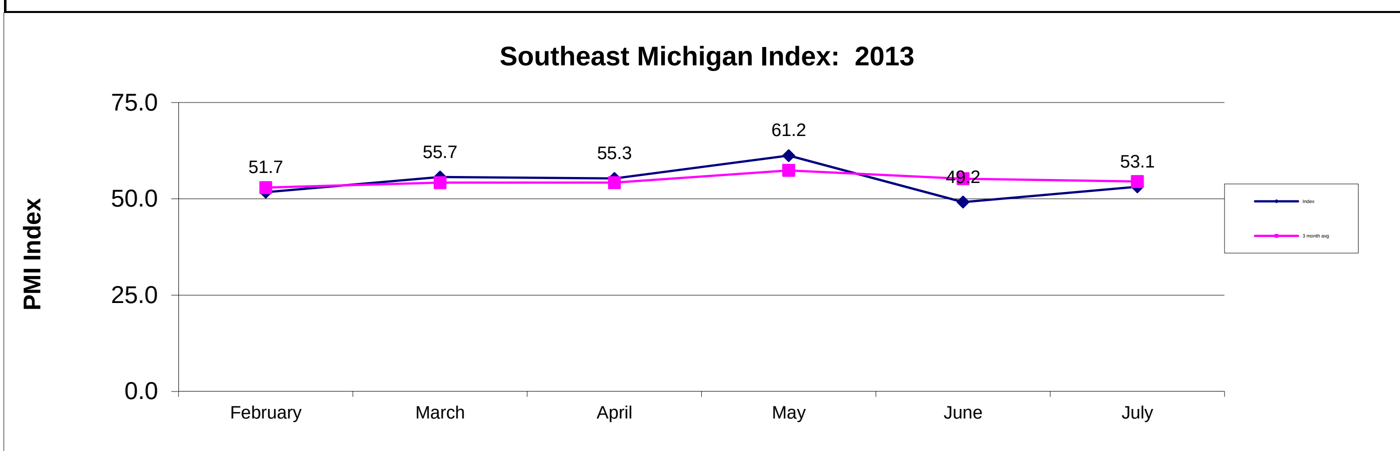
ISM-SEM Index: In July the PMI rose back up above 50, finishing at 53.1. It appears that the June drop to 49.2 was temporary, since six of the last 8 months were in the low to mid 50's. The 3 month average remains a stable 54.5.

Employment: The Employment Index stayed in the high 50's, moving up from 57.1 to 58.2. This occurred during the summer, a time when there might be a typical slow down in this area. The 3 month average remains above 60 at 60.6.

Commodity Prices: The Commodity price index dropped slightly in July, from 59.5 to 54.8. Although the three month average remains stable at 55.5, the individual monthly indices have shown some volatility during 2013.

Items up or down in price: *July shows union trade labor, diesel fuel, oil, CR steel, polypropylene protective film, plastics, and paper up in price. Steel, aluminum, and heavy equipment tires were down in price.*

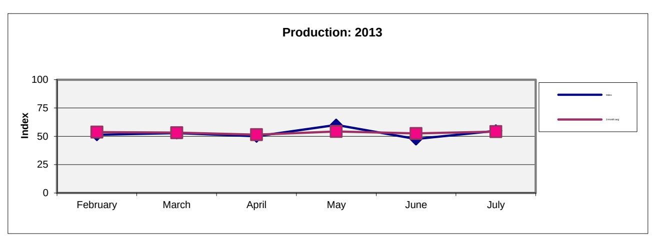
Economic Issues: *The July survey shows the Southeast Michigan Purchasing Managers Index rising above 50 from the prior month low of 49.2. PMI values above 50 indicate an expanding economy, whereas values below 50, a contracting economy. Contributing to the rise in the PMI were the following components of the Index; production activity gained smartly to 54.8, new orders increased to 53.2, and employment moved up slightly to 58.1. This bodes well for future activity in the Southeast Michigan economy. Commodity prices dropped slightly to 54.8, moderating their increase from the prior month. Comments from Purchasing Managers however reflect a slight increase in expectations of the business environment becoming more unstable; only 77.4% of mangers expect the same or more stability going forward. Comments focused on domestic issues such as "The Affordable Care Act has created uncertainty in the healthcare industry. Add to it the sequestor and the continuing reduction in Medicare payments to doctors and hospitals and the situation worsens", "Impact of Affordable Care Act on businesses of all sizes remains to be seen", "things appear to be slowing down in our industries", "Bankruptcy in Detroit may play a role in automotive production but it's doubtful","Effectiveness of new vehicle launches", and monetary policy with "Continued Stimulation from the Fed". International issues also got slight mention with "stability/bottoming out of EU economy", and "Receiving but resisting some upward price pressure on electronic goods. Could impact competitiveness". Paradoxically, the growth in the Southeast Michigan Economy brought the following comment, "I am finding less response to RFQs lately, which I believe is an indication the suppliers have more work and are not as hungry as they were even a few months ago"!*



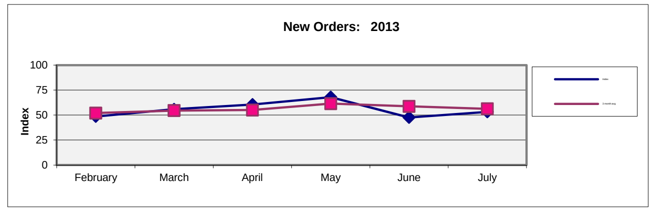
ISM-SEM Index		2013					
		February	March	April	May	June	**July**
Index		51.7	55.7	55.3	61.2	49.2	53.1
Index	3 month average	52.9	54.2	54.2	57.4	55.2	54.5

Production		2013					
		February	March	April	May	June	**July**
	Higher	25.0	29.4	18.2	36.0	19.0	35.5
	Same	52.8	47.1	63.6	48.0	57.1	38.7
	Lower	22.2	23.5	18.2	16.0	23.8	25.8
Index		51.4	52.9	50.0	60.0	47.6	54.8
Index	3 month average	53.8	53.2	51.4	54.3	52.5	54.2

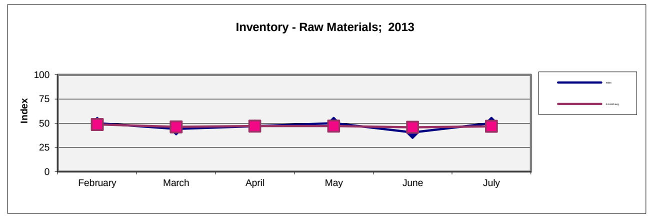
Production moved up strongly to 54.8.



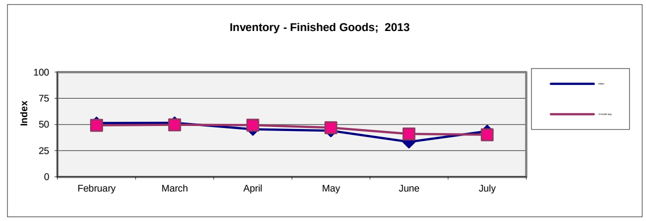
New Orders		2013					
		February	March	April	May	June	**July**
	Higher	25.0	32.4	42.4	56.0	19.0	29.0
	Same	47.2	47.1	36.4	24.0	57.1	48.4
	Lower	27.8	20.6	21.2	20.0	23.8	22.6
Index		48.6	55.9	60.6	68.0	47.6	53.2
Index	3 month average	52.0	54.5	55.0	61.5	58.7	56.3
		New orders moved back up over 50.					



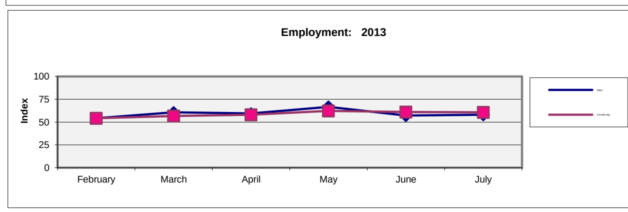
Inventory - Raw Materials		2013					
		February	March	April	May	June	**July**
	Higher	19.4	11.8	18.2	20.0	9.5	22.6
	Same	61.1	64.7	57.6	60.0	61.9	54.8
	Lower	19.4	23.5	24.2	20.0	28.6	22.6
Index		50.0	44.1	47.0	50.0	40.5	50.0
Index	3 month average	48.7	46.3	47.0	47.0	45.8	46.8
		Raw materials inventories are at 50.					



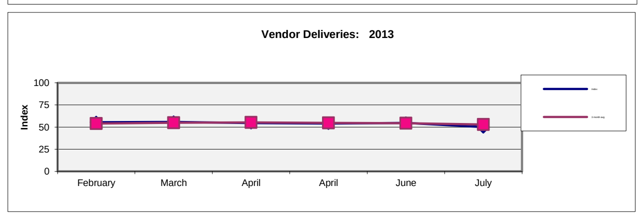
Inventory - Finished Goods		2013					
		February	March	April	May	June	**July**
	Higher	16.7	23.5	15.2	12.0	0.0	12.9
	Same	69.4	55.9	60.6	64.0	66.7	61.3
	Lower	13.9	20.6	24.2	24.0	33.3	25.8
Index		51.4	51.5	45.5	44.0	33.3	43.5
Index	3 month average	49.3	49.8	49.4	47.0	40.9	40.3
		Finished goods inventories moved up to 43.5.					



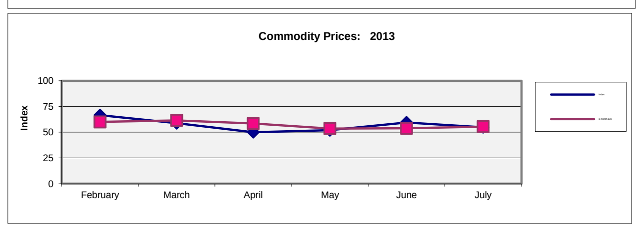
Employment		2013					
		February	March	April	May	June	**July**
	Higher	25.0	33.3	31.3	41.7	33.3	32.3
	Same	58.3	54.5	56.3	50.0	47.6	51.6
	Lower	16.7	12.1	12.5	8.3	19.0	16.1
Index		54.2	60.6	59.4	66.7	57.1	58.1
Index	3 month average	54.2	56.7	58.0	62.2	61.1	60.6
		Employment moved up slightly.					



Vendor Deliveries		2013					
		February	March	April	April	June	**July**
	Faster	8.3	2.9	6.1	4.0	9.5	3.2
	Same	72.2	82.4	78.8	84.0	71.4	93.5
	Slower	19.4	14.7	15.2	12.0	19.0	3.2
Index		55.6	55.9	54.5	54.0	54.8	50.0
Index	3 month average	54.1	55.0	55.3	54.8	54.4	52.9
		Deliveries dropped to 50.					



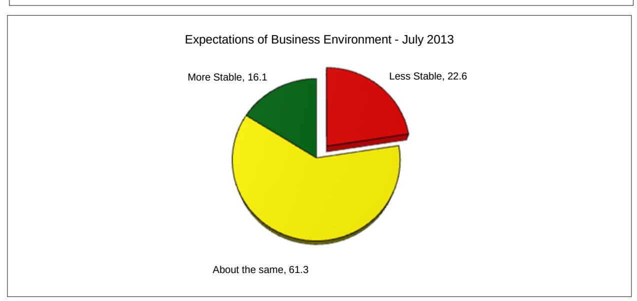
Commodity Prices		2013					
		February	March	April	May	June	**July**
	Higher	36.1	17.6	18.2	16.0	23.8	16.1
	Same	61.1	82.4	63.6	72.0	71.4	77.4
	Lower	2.8	0.0	18.2	12.0	4.8	6.5
Index		66.7	58.8	50.0	52.0	59.5	54.8
Index	3 month average	60.0	61.5	58.5	53.6	53.8	55.5
		Commodity prices down slightly to 54.8.					



Expectations of Business Environment - July 2013

6 months into the future:

Less Stable	22.6	percent
About the same	61.3	percent
More Stable	16.1	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"

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