



Purchasing Managers Index Report – Georgia

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January 2016

GA's PMI Decreased Based On Lower Levels For New Orders, Production, Employment, And Supply Deliveries

Georgia PMI	52.0	Southeast PMI	55.3	National PMI	48.2
Jan-Dec	-0.5	Jan-Dec	+3.3	Jan-Dec	+0.2

Underlying Variables	Georgia PMI		Southeast	National
	Index	Change	Index	Index
	Jan-16	Jan-Dec	Jan-16	Jan-16
New Orders (NO)	52.0	-0.5	58.8	51.5
Production (P)	50.0	-2.5	57.8	50.2
Employment (E)	48.0	-7.0	52.0	45.9
Supply Deliveries (SD)	44.0	-8.5	48.0	50.0
Finished Inventory (FI)	66.0	+16.0	59.8	43.5
Commodity Prices (CP)	32.0	-0.5	36.3	33.5



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An analysis of the January PMI Report:

New Orders:

New Orders decreased 0.5 points to 52.0 based on 2% more respondents reporting higher new orders for a total of 32 and 3.0% more respondents reporting lower New Orders for a total of 28%.

Production:

Production decreased 2.5 points to 50 based on 2.0% more respondents reporting higher production for a total of 32% and 7.0% more respondents reporting lower Production for a total of 32%.

Employment:

Employment decreased 7.0 points to 48 based on no change for respondents reporting higher employment for a total of 20% and 14% more respondents reporting lower employment for a total of 24%.

Supplier Delivery Time:

Supplier Delivery Time decreased 8.5 points to 44 based on 5% less respondents reporting slower delivery time for a total of 0% and 12% more respondents reporting faster delivery for a total of 12%.

Finished Inventory:

Finished Inventory increased 16 points to 66 points based on 23% more respondents reporting higher finished inventory for a total of 48% and 9% less respondents reporting lower finished inventory for a total of 16%.

Commodity Price:

Commodity Price decreased 0.5 points to 32.0 based on 4% more respondents reporting higher commodity price for a total of 4% and 5% more respondents reporting lower commodity price for a total of 40%.

Survey Question:

Forty four percent expect production to be higher in the next three to six months versus forty five percent for December. Twelve percent of respondents expect production to be lower than their current production versus thirteen percent in December. The index is 66.

National PMI Report:

The National January PMI increased 0.2 point to 48.2 as a result of the following: new orders increased 2.7 points to 51.5; production increased 0.3 point to 50.2; employment decreased 2.1 point to 45.9 points; supplier delivery time increased 0.2 of a point to 50; and finished inventory remains at 43.5. Commodity price remains the same at 35.5. Exports decreased 4.0 points to 47 points. Backlog orders increased 2.0 points to 43.

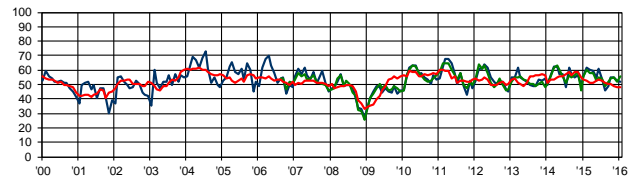
Of the 18 manufacturing industries, 8 are reporting growth up from 6 in December. The 8 industries include: Textile Mills; Wood Products; Miscellaneous Manufacturing; Printing & Related Support Activities; Furniture & Related Products; Computer & Electronic Products; Machinery; and Electrical Equipment, Appliances & Components.

The 10 industries reporting contraction in January are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Paper Products; Transportation Equipment; Plastics & Rubber Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Primary Metals; and Chemical Products.

Industrial Production Report:

The December Industrial Production Report recorded a 0.4% monthly decrease following a 0.9 percent decrease for November. December manufacturing recorded a 0.1% decrease following a 0.1% decrease for November. December durable goods recorded a 0.1% increase following a 0.5% decrease for November. Motor vehicle and parts recorded a 1.7% decrease following a 1.5% decrease for November. Business equipment recorded a 0.1 percent increase following November's 1.0% decrease. High-tech recorded a 1.4% increase following a 1.5% decrease for November. Mining recorded a 0.8% decrease following a 2.1% decrease for November.

PMI Georgia, PMI Southeast, and PMI National							
	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Jan - Dec
PMI Georgia	45.9	48.9	54.8	55.0	52.5	52.0	-0.5
PMI Southeast	48.8	51.8	54.2	54.6	52.0	55.3	+3.3
PMI National	51.1	50.2	50.1	48.6	48.0	48.2	+0.2



Change in Percent January – December

	Higher	Same	Lower
New Orders	2.0	-5.0	3.0
Production	2.0	-9.0	7.0
Employment	0.0	-14.0	14.0
Deliveries	-5.0	-7.0	12.0
Finished Inventory	23.0	-14.0	-9.0
Commodity Prices	4.0	-9.0	5.0

Utilities recorded a 2.0% decrease following a 5.0% decrease for November.

Georgia versus the Southeast Survey:

Georgia's PMI decreased 0.5 of a point to 52 as the Southeast's PMI increased 3.0 points to 55.3. Southeast's new orders, production, employment, and supplier delivery time, registered 6.8, 7.8, 4.0, and 4.0 points respectively higher compared to Georgia's components. Georgia's finished inventory recorded 6.2 points higher than for the Southeast. Southeast's commodity price reading of 36.3 registered 4.3 points higher than Southeast's reading of 32.0.

Georgia versus the National Survey:

In January Georgia's PMI decreased 0.5 points to 52 and the National PMI increased 0.2 of a point to 48.2. The Georgia PMI's higher reading of 1.8 points is based on higher readings for new orders, employment and finished inventory of 0.5, 2.1, and 22.5 points, respectively. National's production and supplier delivery time registered 0.2 and 6 points higher than Georgia's readings. National's commodity price registered 1.5 points higher than for Georgia.

Comment:

Georgia's PMI decrease of 0.5 of a point disguises the overall stronger weakness as 4 of the 5 underlying components fell. Finished inventory's sharp decrease is consistent with the national inventory decrease in the 4th quarter.

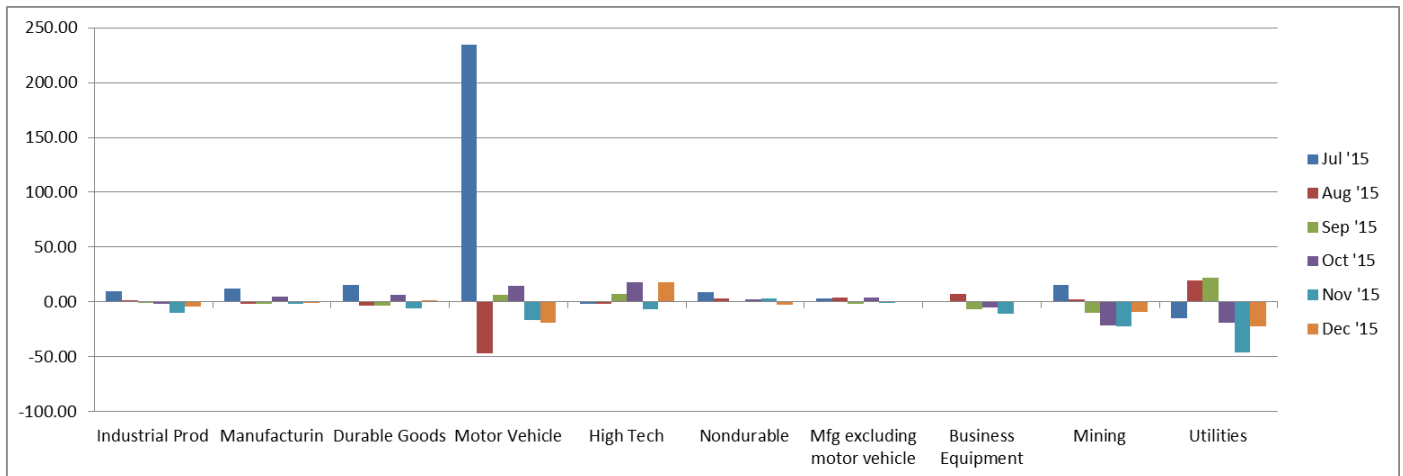
* The Econometric Center draws the Purchasing Managers Index report from a sample of Georgia's manufacturers. The PMI is a composite index that is based on five indicators equally weighted: new orders, production, employment, supplier delivery time, and finished goods. A PMI index over 50 indicates that manufacturing is expanding while anything below 50 means that the industry is contracting.

General Remarks From January Respondents

Give your frank opinion on any conditions, local, national or international, that affect your purchasing operation or your company's outlook

"Despite the lemmings in the stock market, business is very good and looks good going forward."
 "Our optimism has been dampened by the recent slowdown in China and Europe's continued sluggish economic situation."
 "Our industry activity remains strong and should be good well into the second quarter."
 "We do purchase many products and components from China. I have started asking for lower prices and have already received some for after Chinese New Year. They are looking for business."
 "The Steel industry is certainly in a recession as it is tied very closely with oil."
 "Hopefully being an election year, economy will pick up. Oil and gas industry has affected our business."
 "Markets continue to soften based on energy pricing."

"US Manufacturing is in a recession. We need to have leadership in Washington to admit/address this soon, before the symptoms become septic."
 "Weather has not been good for deliveries but seems to be improving- Spring should help-."
 "Continue to see the fluid economy starting in 2016."
 "Weaker China market could have a negative impact on business."
 "Our Business related to commercial refrigeration of food is strong; our sister co in gas in oil is struggling similar to 2008 & 2009."
 "strong dollar affects our ability to export finished goods competitively."
 "Favorable, profitable. Increased business."
 "Downturn in China has greatly affected our exports. China has excess inventories and it appears it may be several months before we see our volumes increase."



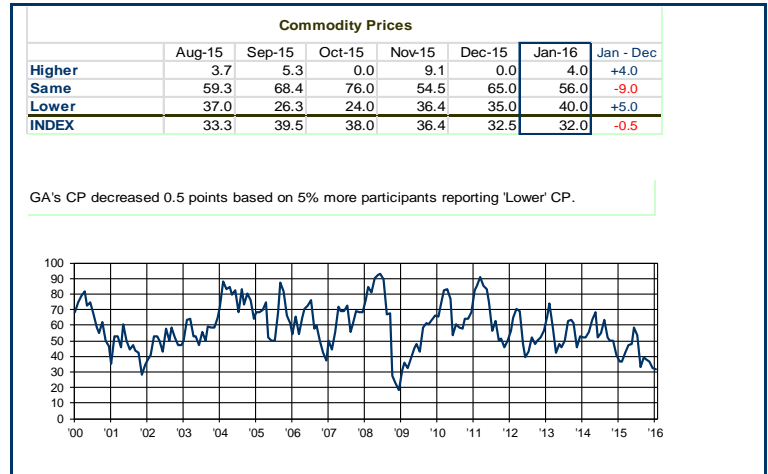
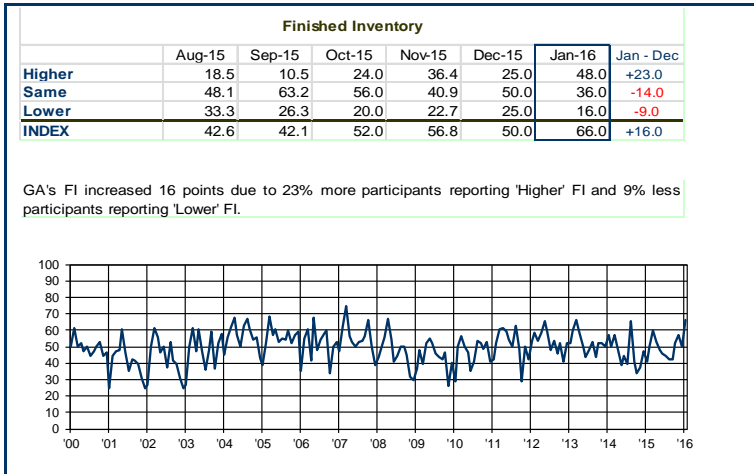
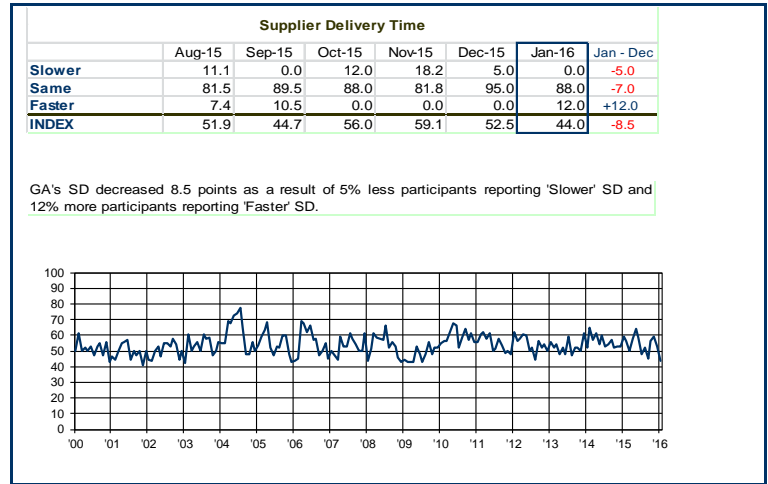
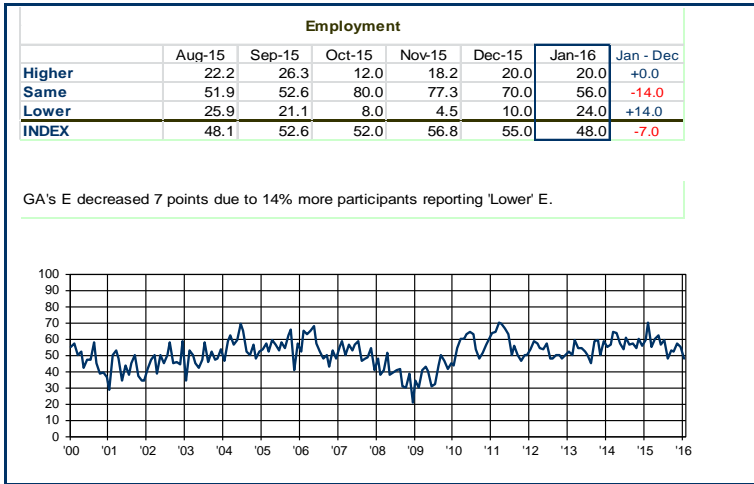
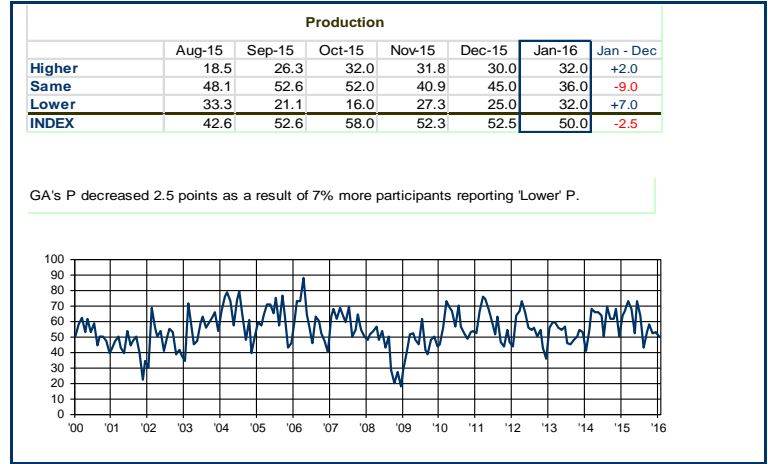
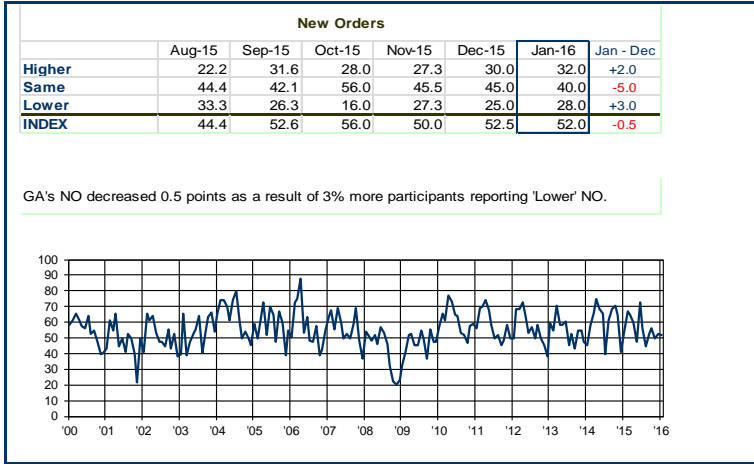
All monthly growth rates based on annualized rates

Manufacturing's December 2015 annualized growth rate of 4.27 percent decrease is up from a 10.3 percent decrease for November 2015. December 2015 durable goods decreased 0.8 percent, up from a 1.76 percent decrease for November 2015. Motor vehicle's production decreased 18.6 percent down from a 16.2 percent decrease for November 2015. Manufacturing minus motor vehicle production increased 0.80 percent up from a 0.47 percent decrease for November 2015. December 2015 High-tech increased 18.1 percent up from a 6.4 percent decrease for November 2015. Nondurable decreased 2.76 percent down from 2.89 increase for November 2015. Business equipment increased

0.77 percent up from 10.8 percent decrease for November 2015. Mining decreased 9.2 percent up from a 22 percent decrease for November 2015. Utility decreased 22 percent up from a 45.8 percent decrease for November 2015. December 2015 industrial production decrease of 4.3 percent, was driven by a 18.6 percent decrease following a 16.2 percent November. Utility's 22 percent decrease also accounted for industrial production's weakness. Business equipment and High-tech registered positive readings following November's negative numbers.

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