



Purchasing Managers Index Report – Georgia

Release: June 1, 2016

May 2016

PMI Decreased Based On Decreases For All Its Underlying Components

Georgia PMI	49.4	Southeast PMI	48.8	National PMI	51.3
May-Apr	-10.0	May-Apr	-12.3	May-Apr	+0.5

Underlying Variables	Georgia PMI		Southeast	National
	Index	Change	Index	Index
	May-16	May-Apr	May-16	May-16
New Orders (NO)	43.8	-18.8	46.5	55.7
Production (P)	56.3	-3.1	47.7	52.6
Employment (E)	59.4	-3.1	53.5	49.2
Supply Deliveries (SD)	50.0	-6.3	54.7	54.1
Finished Inventory (FI)	37.5	-18.8	41.9	45.0
Commodity Prices (CP)	59.4	-6.3	60.5	63.5



Certified Public Accountants and Advisers

Where people count
& service matters.™

Prepared by
Don Sabbarese

Director of the Econometric Center
Kennesaw State University
560 Parliament Garden Way, MD 1043
Kennesaw, GA 30144-5591
Phone (470) 578-6094
Fax (470) 578-9023
dsabbare@kennesaw.edu

An analysis of the May PMI Report:

New Orders:

New Orders decreased 18.8 points to 43.8 based on 6.3% less respondents reporting higher new orders for a total of 31.3 and 31.3% more respondents reporting lower New Orders for a total of 43.8%.

Production:

Production decreased 3.1 points to 56.3 based on 6.3% more respondents reporting higher production for a total of 37.5% and 12.5% more respondents reporting lower Production for a total of 25%.

Employment:

Employment decreased 3.1 points to 59.4 based on 6.3% less respondents reporting higher employment for a total of 25% and no change for respondents reporting lower employment for a total of 6.3%.

Supplier Delivery Time:

Supplier Delivery Time decreased 6.3 points to 50 based on no change for respondents reporting slower delivery time for a total of 12.5% and 12.5% respondents reporting faster delivery for a total of 12.5%.

Finished Inventory:

Finished Inventory decreased 18.8 points to 37.5 points based on 12.5% less respondents reporting higher finished inventory for a total of 18.8% and 25% more respondents reporting lower finished inventory for a total of 43.8%.

Commodity Price:

Commodity Price decreased 6.3 points to 59.4 based on 6.3% less respondents reporting higher commodity price for a total of 31.3% and 6.3% more respondents reporting lower commodity price for a total of 12.5%.

Survey Question:

Twenty five percent expect production to be higher in the next three to six months versus forty percent for April. Nineteen percent of

respondents expect production to be lower than their current production versus twelve percent in April. The index is 53.

National PMI Report:

The National May PMI increased 0.5 point to 51.3 as a result of the following: new orders decreased 0.1 points to 55.7; production decreased 1.6 points to 52.6; employment did not change to stay at 49.2 points; supplier delivery time increased 5 points to 54.1; and finished inventory decreased 0.5 points to 45. Exports remain at 52 points. Backlog orders decreased 3.5 points to 47.

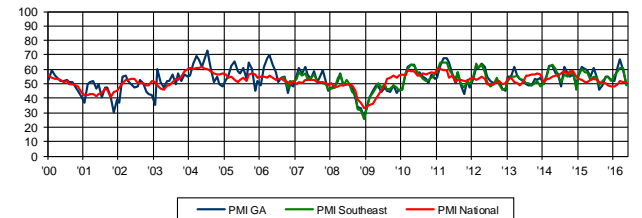
Of the 18 manufacturing industries, 12 are reporting growth in May the same as April: Wood Products; Textile Mills; Printing & Related Support Activities; Fabricated Metal Products; Paper Products; Plastics & Rubber Products; Computer & Electronic Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Machinery; and Primary Metals.

The six industries reporting contraction in May up from 5 in April are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Transportation Equipment; Nonmetallic Mineral Products; Chemical Products; and Furniture & Related Products.

Industrial Production Report:

The April Industrial Production Report recorded a 07% monthly increase following a 0.9 percent decrease for March. April manufacturing recorded a 0.3% increase following a 0.3% decrease for March. April durable goods recorded a 0.6% increase following a 0.6% decrease for March. Motor vehicle and parts recorded a 1.3% increase following a 1.4% decrease for March. Business equipment recorded a 0.8 percent increase following March's 0.3% decrease.

PMI Georgia, PMI Southeast, and PMI National							
	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	May - Apr
PMI Georgia	52.5	52.0	61.6	66.7	59.4	49.4	-10.0
PMI Southeast	52.0	55.3	58.4	60.6	61.1	48.8	-12.3
PMI National	48.0	48.2	49.5	51.8	50.8	51.3	+0.5



Change in Percent
May – April

	Higher	Same	Lower
New Orders	-6.3	-25.0	31.3
Production	6.3	-18.8	12.5
Employment	-6.3	6.3	0.0
Deliveries	0.0	-12.5	12.5
Finished Inventory	-12.5	-12.5	25.0
Commodity Prices	-6.3	0.0	6.3

High-tech recorded a 0.1% increase following a 0.8% decrease for March. Mining recorded a 2.3% decrease following a 3.0% decrease for March. Utilities recorded a 5.8% increase following a 3.3% decrease for March.

Georgia versus the Southeast Survey:

Georgia's PMI decreased 10 points to 49.4 as the Southeast's PMI decreased 12.3 points to 48.8. Southeast's new orders, supplier delivery time, and finished inventory registered 2.8, 4.7, and 4.4 points respectively higher compared to Georgia's components. Georgia's employment and production recorded 5.9 and 8.6 points higher than for the Southeast.

Georgia versus the National Survey:

In May Georgia's PMI decreased 10 points to 49.4 and the National PMI increased 0.5 points to 51.3. The Georgia PMI's lower reading of 1.9 points is based on lower readings for new orders, supplier delivery time, and finished inventory of 12, 4.1, and 7.5 points, respectively. Georgia's production and employment registered higher readings of 3.7 and 10.2 points, respectively. Georgia's commodity price of 59.4 registered 4.1 points lower than National's reading of 63.5.

Comment:

Georgia's PMI decreased 10 points primarily based on sharp decreases for new orders and finished inventory.

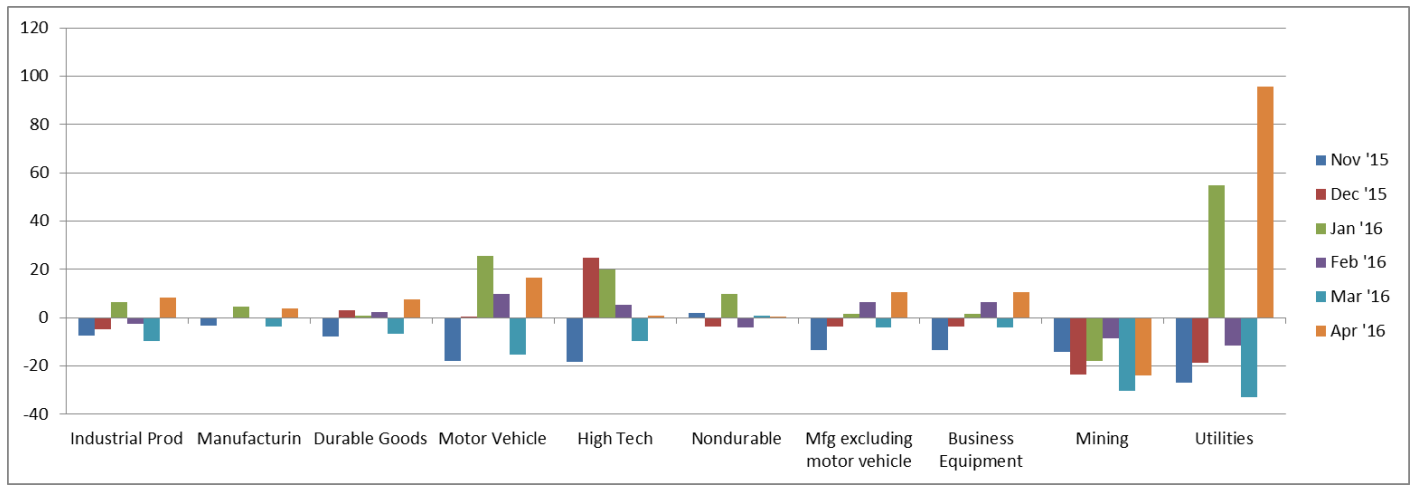
* The Econometric Center draws the Purchasing Managers Index report from a sample of Georgia's manufacturers. The PMI is a composite index that is based on five indicators equally weighted: new orders, production, employment, supplier delivery time, and finished goods. A PMI index over 50 indicates that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

General Remarks From **May Respondents**

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

"Terrific year and we expect it to continue."
 "The suppliers to contract seating manufacturers are extending their delivery times to us as they get larger backlogs."
 "we continue to produce at a high level. we doubled our output from 2013 to 2015. 2016 is 30% ahead of last year and our backlog continues to grow. our deliveries are out further than anytime in history."
 "Too much uncertainty for a healthy business environment."
 "Commodity prices have risen over the past couple of months which is good for our business. We don't see this as sustainalbe unless demand picks up."

"Business is slow
 "Economic uncertainty growing. Take cautious position on inventories, expenditures, etc."
 "Obama has ruined our economy in order to enrich his political friends. The only people making money are the ones with exclusive government sweetheart deals."
 "Steel mill lead times are increasing making it harder to fill current demand."
 "Positive."



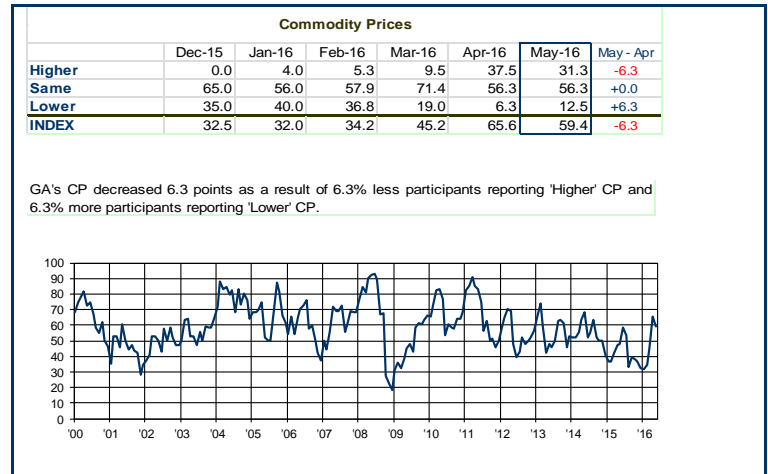
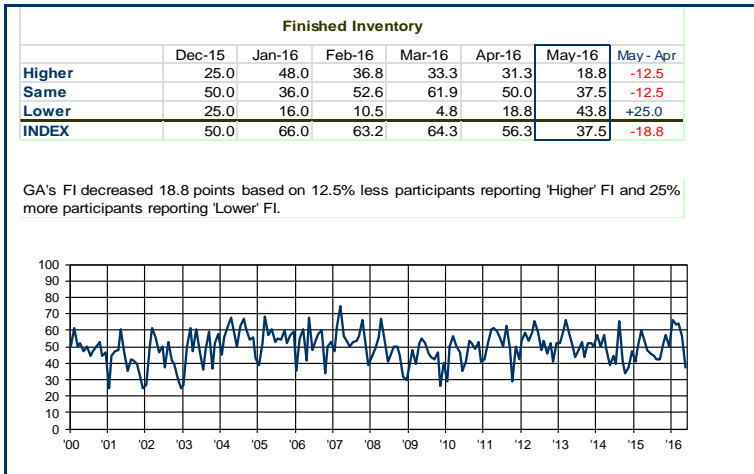
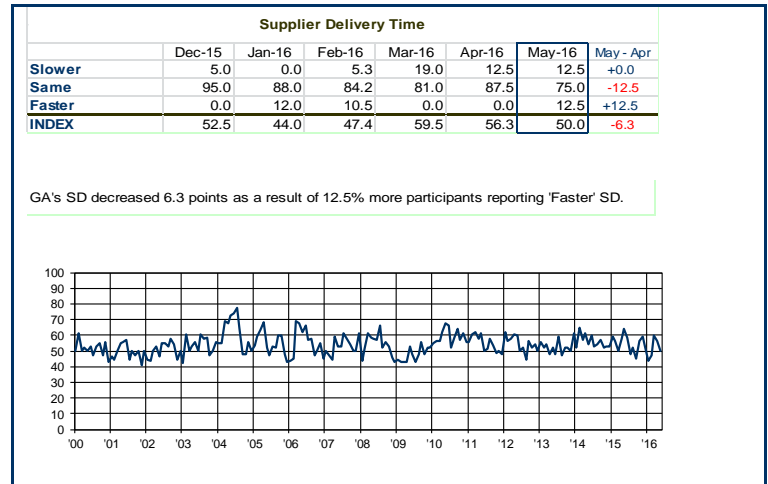
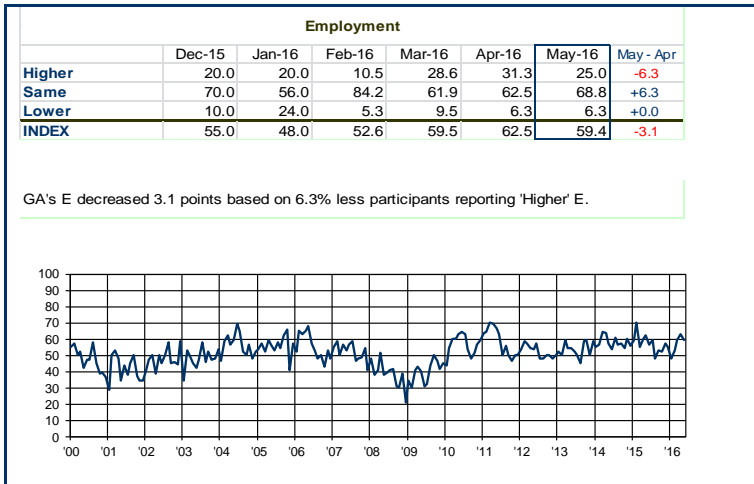
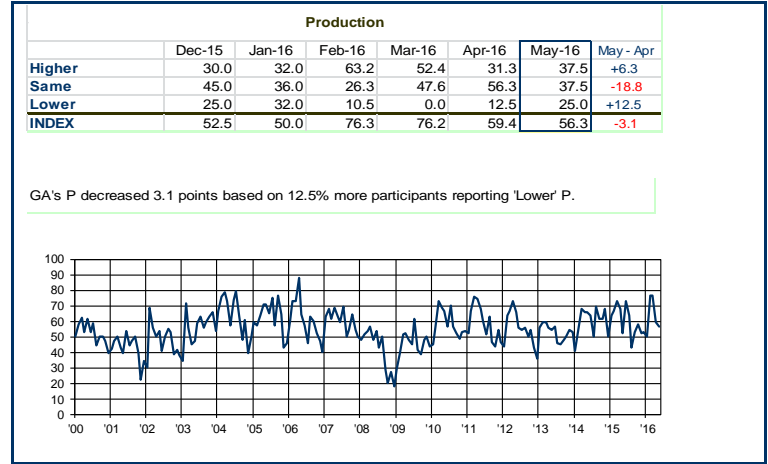
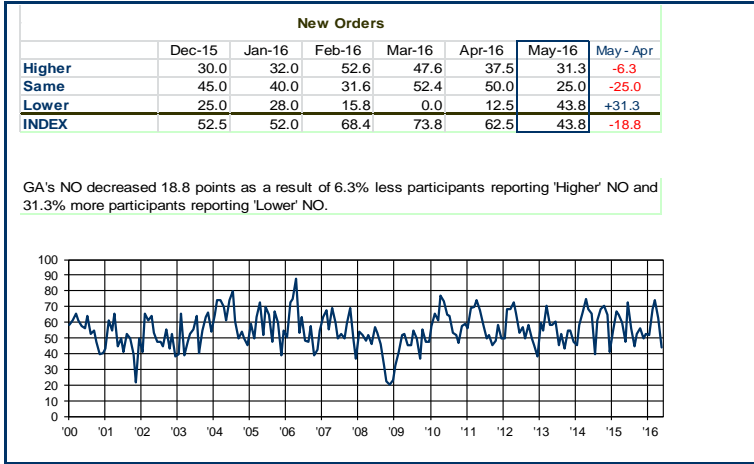
All monthly growth rates based on annualized rates

Manufacturing's April 2016 annualized growth rate of 3.8 percent increase is up from a 3.5 percent decrease for March. April 2016 durable goods increased 7.4 percent, up from a 6.7 percent decrease March. Motor vehicle's production increased 16.5 percent up from a 15.4 percent decrease for March 2016. Manufacturing minus motor vehicle production increased 2.8 percent up from a 2.5 percent decrease for March 2016. High-tech increased 0.7 percent up from 9.6 percent decrease for March. Nondurable increased .069 percent down from 0.62 percent increase for March.

Business equipment increased 10.47 percent up from 3.96 percent decrease for March. Mining decreased 24 percent up from a 30.3 percent decrease for March. Utility increased 95 percent up from a 33 percent decrease for March. April 2016 industrial production increased 8.5 percent up from 9.9 percent decrease for March. Manufacturing increased 3.8 percent based on improvement for motor vehicle and business spending, Industrial production also improved based on a strong improvement for the Utility sector.

Sponsored by:





Sponsored by:

