

PMI Report Purchasing Managers Index Report – Georgia

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June 2016



GA's PMI Decreased 0.1 Point Based On Decreases For Production And Employment

Georgia PMI	49.3	Southeast PMI	51.8	National PMI	53.2
Jun-May	-0.1	Jun-May	+3.0	Jun-May	+1.9

Underlying Variables	Georgia PMI		Southeast	National
	Index	Change	Index	Index
	Jun-16	Jun-May	Jun-16	Jun-16
New Orders (NO)	46.7	+2.9	47.4	57.0
Production (P)	46.7	-9.6	52.6	54.7
Employment (E)	46.7	-12.7	55.3	50.4
Supply Deliveries (SD)	63.3	+13.3	56.6	55.4
Finished Inventory (FI)	43.3	+5.8	47.4	48.5
Commodity Prices (CP)	63.3	+4.0	57.9	60.5



Where people count & service matters.™

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An analysis of the June PMI Report:

New Orders:

New Orders increased 2.9 points to 46.7 based on 4.6% less respondents reporting higher new orders for a total of 26.7 and 10.4% less respondents reporting lower New Orders for a total of 33.3%.

Production:

Production decreased 9.6 points to 46.7 based on 10.8% less respondents reporting higher production for a total of 26.7% and 8.3% more respondents reporting lower Production for a total of 33.3%.

Employment:

Employment decreased 12.7 points to 46.7 based on 18.3% less respondents reporting higher employment for a total of 6.7% and 7.1% more respondents reporting lower employment for a total of 13.3%.

Supplier Delivery Time:

Supplier Delivery Time increased 13.3 points to 63.3 based on 14.2% more respondents reporting slower delivery time for a total of 26.7% and 12.5% less respondents reporting faster delivery for a total of 0%.

Finished Inventory:

Finished Inventory increased 5.8 points to 43.3 points based on 7.8% more respondents reporting higher finished inventory for a total of 26.7% and 3.8% less respondents reporting lower finished inventory for a total of 40%.

Commodity Price:

Commodity Price increased 4.0 points to 63.3 based on 4.6% less respondents reporting higher commodity price for a total of 26.7% and 12.5% less respondents reporting lower commodity price for a total of 0%.

Survey Question:

Thirty three percent expect production to be higher in the next three to six months versus twenty five percent for May. Thirteen percent of respondents expect production to be lower versus nineteen percent for May.

The index is 60.

National PMI Report:

The National June PMI increased 1.9 points to 53.2 as a result of the following: new orders increased 1.3 points to 57; production increased 2.1 points to 54.7; employment increased 1.2 to 50.4 points; supplier delivery time increased 1.3 points to 55.4; and finished inventory increased 3.5 points to 48.5. Commodity price decreased 3.0 points to 60.5. Exports increased 1.0 points to 53.5 points. Backlog orders increased 5.5 points to 52.5.

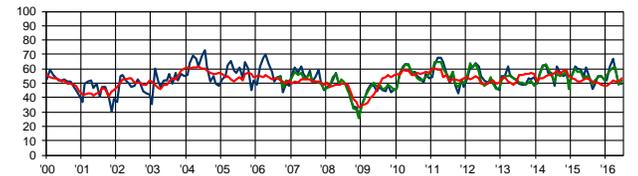
Of the 18 manufacturing industries, 13 are reporting growth in June up from 12 in May: The following reported growth: Printing & Related Support Activities; Textile Mills; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Apparel, Leather & Allied Products; Paper Products; Miscellaneous Manufacturing; Computer & Electronic Products; Chemical Products; Primary Metals; Machinery; and Nonmetallic Mineral Products.

The three industries reporting contraction in June are: Electrical Equipment, Appliances & Components; Transportation Equipment; and Plastics & Rubber Products. Six industries reported contraction in May.

Industrial Production Report:

The May Industrial Production Report recorded a 0.4% monthly decrease following a 0.6 percent increase for April. May manufacturing recorded a 0.4% decrease following a 0.2% increase for April. May durable goods recorded a 0.7% decrease following a 0.7% increase for April. Motor vehicle and parts recorded a 4.2% decrease following a 1.6% increase for April. Business equipment recorded a 0.7 percent decrease following April's 1.2% increase. High-tech recorded a 0.5% increase following a 0.1%

PMI Georgia, PMI Southeast, and PMI National							
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jun - May
PMI Georgia	52.0	61.6	66.7	59.4	49.4	49.3	-0.1
PMI Southeast	55.3	58.4	60.6	61.1	48.8	51.8	+3.0
PMI National	48.2	49.5	51.8	50.8	51.3	53.2	+1.9



Change in Percent June – May

	Higher	Same	Lower
New Orders	-4.6	15.0	-10.4
Production	-10.8	2.5	8.3
Employment	-18.3	11.3	7.1
Deliveries	14.2	-1.7	-12.5
Finished Inventory	7.9	-4.2	-3.8
Commodity Prices	-4.6	17.1	-12.5

increase for April. Mining recorded a 0.2% increase following a 2.6% decrease for April.

Utilities recorded a 1.0% decrease following a 6.1% increase for April.

Georgia versus the Southeast Survey:

Georgia's PMI decreased 0.1 points to 49.3 as the Southeast's PMI increased 3.0 points to 51.8. Southeast's new orders, production, employment, and finished inventory registered 0.7, 6.0, 8.6, and 4.0 points respectively higher compared to Georgia's components. Georgia's supplier delivery time recorded 6.8 points higher than for the Southeast.

Georgia versus the National Survey:

In June Georgia's PMI decreased 0.1 point to 49.3 and the National PMI increased 1.9 points to 53.2. The Georgia PMI's lower reading of 3.9 points is based on lower readings for new orders, production, employment, and finished inventory of 10.3, 8.0, 3.7, and 5.2 points, respectively. Georgia's supplier delivery time registered 7.9 points higher than the national reading. Georgia's commodity price of 63.3 registered 2.8 points higher than National's reading of 60.5.

Comment:

Georgia's PMI new orders, production, and employment registered below 50 accounting for its sub-50 reading. The magnitude of employment's 12.7 point drop was not anticipated and reason for concern should it continue.

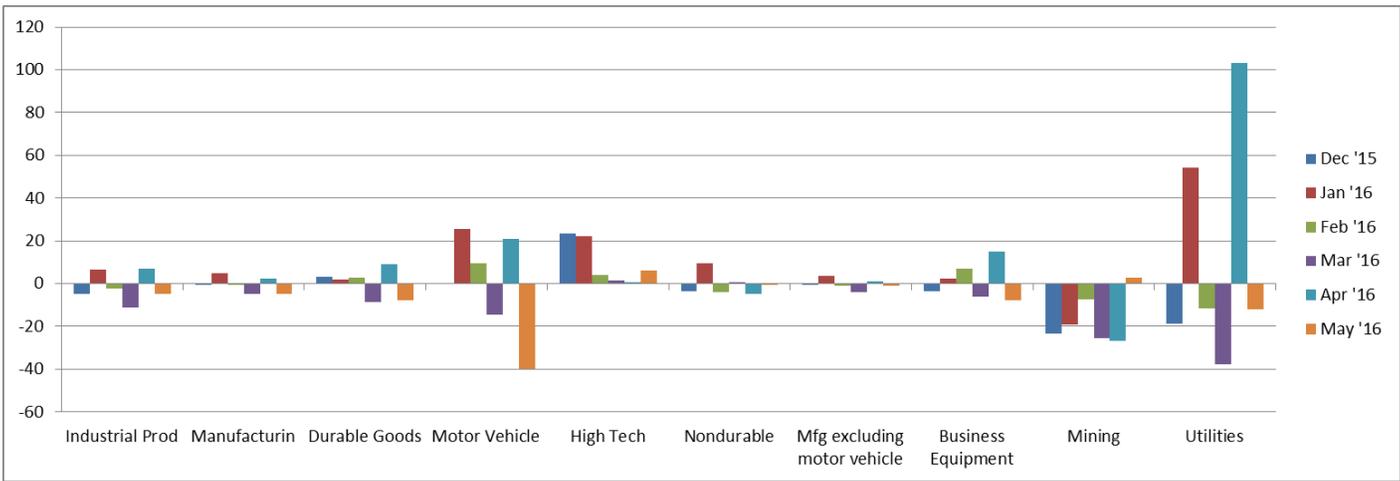
* The Econometric Center draws the Purchasing Managers Index report from a sample of Georgia's manufacturers. The PMI is a composite index that is based on five indicators equally weighted: new orders, production, employment, supplier delivery time, and finished goods. A PMI index over 50 indicates that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

General Remarks From June Respondents

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

"Activity in the dump truck manufacturing is still strong. Backlogs are to far out and we are loosing business. We are expanding capacity every month. next 5 months look good."
 "Year continues to be great month after month."
 "We are very glad to see prices increase from a very low point. we just don't know how long this will last."
 "I don't think there will be much change in the economy until some of the uncertainty settles."

"Remaining very busy with good order activity."
 "Business is slow."
 "Finding people willing to work is becoming increasingly difficult."
 "We are in a slow period, but future looks good."
 "Slow summer."
 "Slower summer."
 "In general most all of this could affect or hinder in some way- as we are in food processing. i.e. short supply of oil, commodities etc."



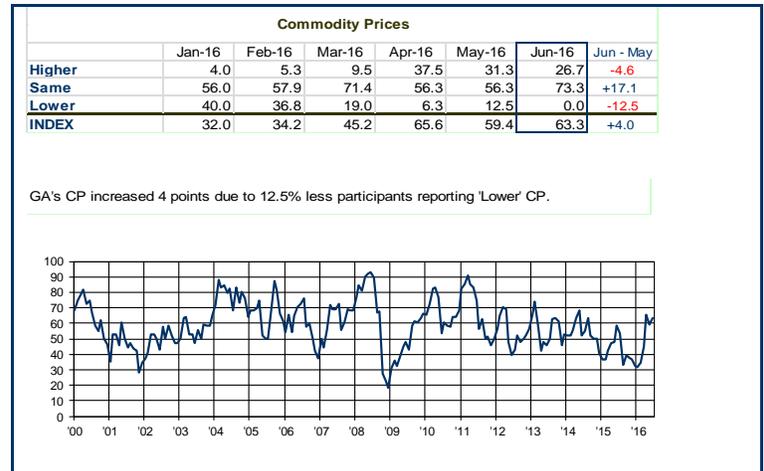
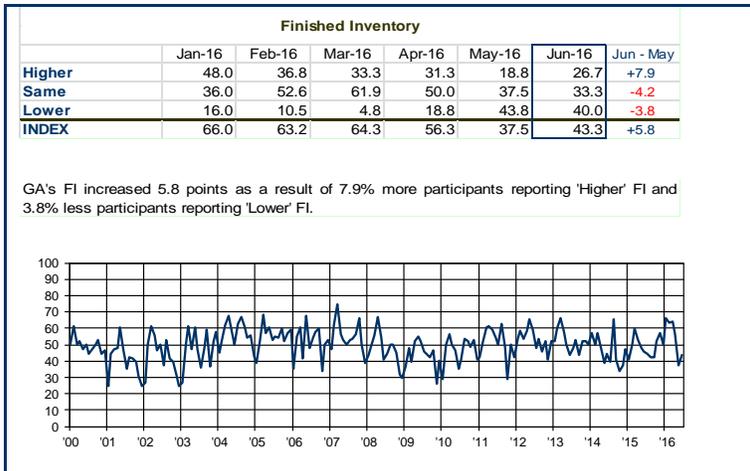
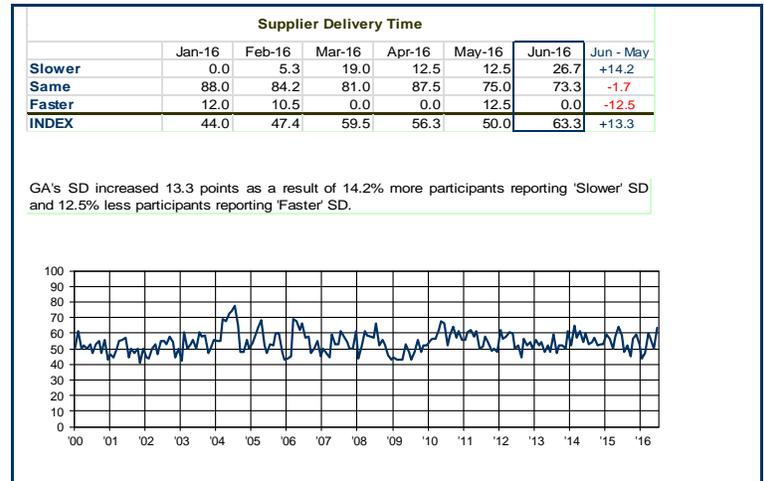
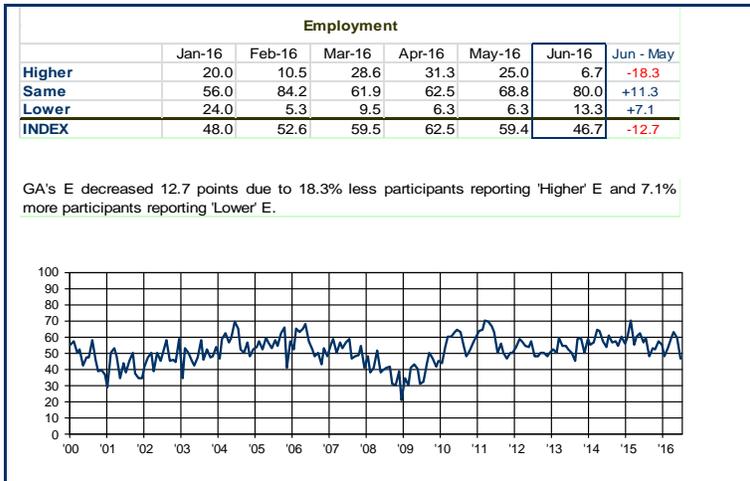
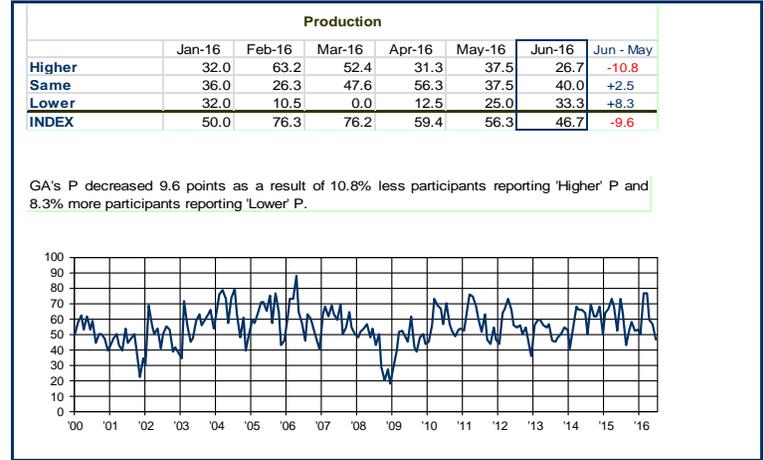
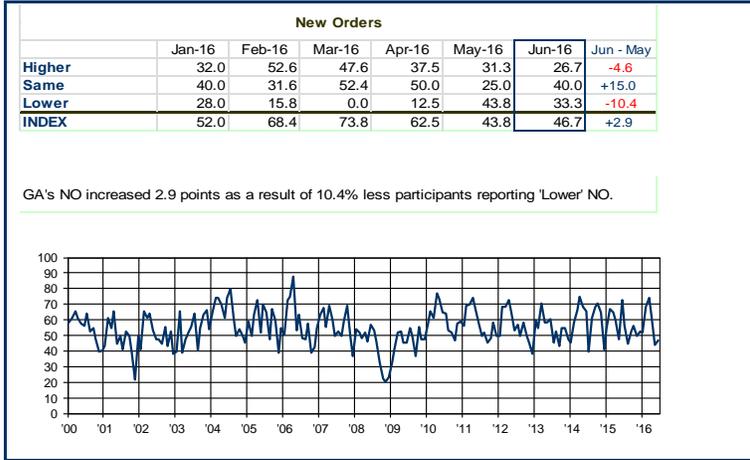
All monthly growth rates based on annualized rates

Manufacturing's May 2016 annualized growth rate of 4.7 percent decrease is down from a 2.5 percent increase for April. April 2016 durable goods decreased 8.0 percent down from a 9.2 percent increase in April. Motor vehicle's production decreased 3.9.9 percent down from a 20.8 percent increase for April 2016. Manufacturing minus motor vehicle production decreased 1.0 percent down from a 1.1 percent increase for April 2016. High-tech increased 5.9 percent up from 0.8 percent increase for April. Nondurable decreased .0.3 percent up from 4.8 percent decrease for April.

Business equipment decreased 7.9 percent down from 15.1 percent increase for April. Mining increased 2.6 percent up from a 26.9 percent decrease for April. Utility decreased 11.8 percent down from a 103 percent decrease for April. May 2016 industrial production decreased 4.9 percent down from 7.0 percent increase for April. Manufacturing decreased 4.7 percent based on weakness for motor vehicle and business spending. Industrial production also experienced a similar weakness tied to overall durable goods weakness.

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