



Purchasing Managers Index Report – Georgia

Release: August 1, 2016

July 2016

GA's PMI Increased Based On Increases For New Orders, Production, Employment, and Finished Inventory

Georgia PMI	52.5	Southeast PMI	52.3	National PMI	52.6
Jul-Jun	+3.2	Jul-Jun	+0.5	Jul-Jun	-0.6

Underlying Variables	Georgia PMI		Southeast	National
	Index	Change	Index	Index
	Jul-16	Jul-Jun	Jul-16	Jul-16
New Orders (NO)	46.9	+0.2	40.7	56.9
Production (P)	53.1	+6.5	51.2	55.4
Employment (E)	65.6	+19.0	62.8	49.4
Supply Deliveries (SD)	53.1	-10.2	52.3	51.8
Finished Inventory (FI)	43.8	+0.4	54.7	49.5
Commodity Prices (CP)	71.9	+8.5	57.0	55.0



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An analysis of the June PMI Report: New Orders:

New Orders increased 0.2 points to 46.9 based on 1.7% less respondents reporting higher new orders for a total of 25 and 2.1% less respondents reporting lower New Orders for a total of 31.3%.

Production:

Production increased 6.5 points to 53.1 based on 4.6% more respondents reporting higher production for a total of 31.3% and 8.3% less respondents reporting lower Production for a total of 25%.

Employment:

Employment increased 19 points to 65.6 based on 30.8% more respondents reporting higher employment for a total of 37.5% and 7.1% less respondents reporting lower employment for a total of 6.3%.

Supplier Delivery Time:

Supplier Delivery Time decreased 10.2 points to 53.1 based on 14.2% less respondents reporting slower delivery time for a total of 12.5% and 6.3% more respondents reporting faster delivery for a total of 6.3%.

Finished Inventory:

Finished Inventory increased 0.4 points to 43.8 points based on 7.9% less respondents reporting higher finished inventory for a total of 18.8% and 8.8% less respondents reporting lower finished inventory for a total of 31.1%.

Commodity Price:

Commodity Price increased 8.5 points to 71.9 based on 17% more respondents reporting higher commodity price for a total of 43.8% and 0% less respondents reporting lower commodity price for a total of 0%.

Survey Question:

Thirty seven percent expect production to be higher in the next three to six months versus thirty three percent for June. Thirteen percent of respondents expect production to be lower versus thirteen percent for June.

The index is 60.

National PMI Report:

The National June PMI decreased 0.6 points to 52.6 as a result of the following: new orders increased 0.1 points to 56.9; production increased 0.7 points to 55.4; employment decrease 1.0 points to 49.4; supplier delivery time decreased 3.6 to 51.8; and finished inventory increased 1.0 points to 49.5. Commodity price decreased 5.5 points to 65.0. Exports decreased 1.0 points to 52.5 points. Backlog orders decreased 4.5 points to 48.0.

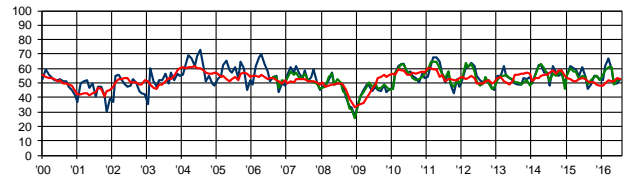
Of the 18 manufacturing industries, 11 are reporting growth in July: Textile Mills; Printing & Related Support Activities; Miscellaneous Manufacturing; Wood Products; Furniture & Related Products; Chemical Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Nonmetallic Mineral Products; Petroleum & Coal Products; and Computer & Electronic Products

The 7 industries reporting contraction in June are: Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Machinery; Primary Metals; Transportation Equipment; and Paper Products

Industrial Production Report:

The June Industrial Production Report recorded a 0.6% monthly increase following a 0.3 percent decrease for May. June manufacturing recorded a 0.4% increase following a 0.3% decrease for May. June durable goods recorded a 0.9% increase following a 0.5% decrease for May. Motor vehicle and parts recorded a 5.9% increase following a 4.3% decrease for May. Business equipment recorded a 0.7 percent increase following May's 0.3% decrease. High-tech recorded a 0.3% decrease following a 0.3%

PMI Georgia, PMI Southeast, and PMI National							
	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Jul - Jun
PMI Georgia	61.6	66.7	59.4	49.4	49.3	52.5	+3.2
PMI Southeast	58.4	60.6	61.1	48.8	51.8	52.3	+0.5
PMI National	49.5	51.8	50.8	51.3	53.2	52.6	-0.6



Change in Percent July – June

	Higher	Same	Lower
New Orders	-1.7	3.8	-2.1
Production	4.6	3.8	-8.3
Employment	30.8	-23.8	-7.1
Deliveries	-14.2	7.9	6.3
Finished Inventory	-7.9	16.7	-8.8
Commodity Prices	17.1	-17.1	0.0

increase for May. Mining recorded a 0.2% increase following a 0.3% increase for May. Utilities recorded a 2.4% increase following a 0.9% decrease for May.

Georgia versus the Southeast Survey:

Georgia's PMI increased 3.2 points to 52.5 as the Southeast's PMI increased 0.5 points to 52.3. Georgia's new orders, production, employment, and supplier delivery time, registered 6.2, 2.0, 2.8, and 0.8 points respectively higher compared to Southeast's components. Southeast's finished inventory recorded 10.9 points higher than for Georgia.

Comment:

Georgia's July PMI of 52.5 returns Georgia's manufacturing sector to growth for the first time in the last three months. Production and employment accounted for much of July's increase. Employment's July improvement should it continue is a positive sign going forward.

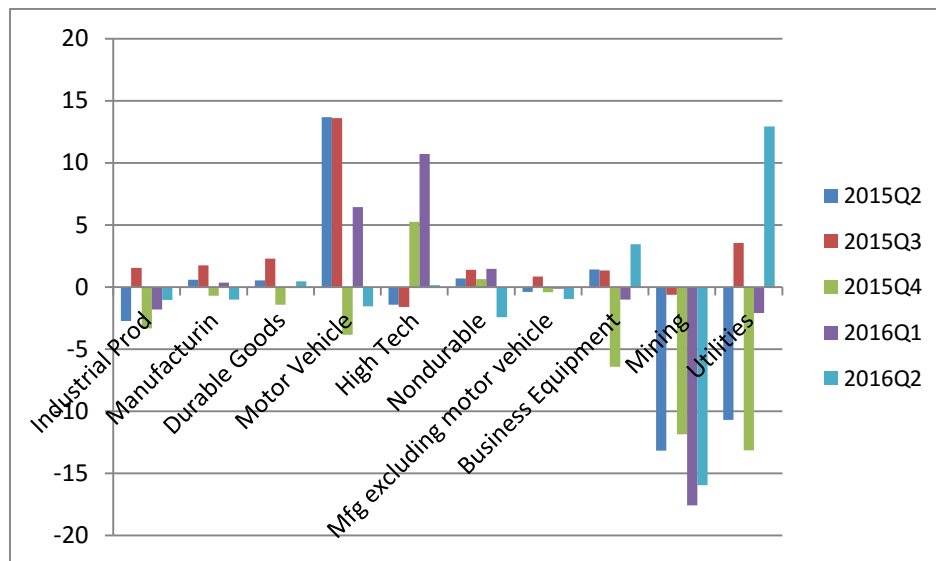
* The Econometric Center draws the Purchasing Managers Index report from a sample of Georgia's manufacturers. The PMI is a composite index that is based on five indicators equally weighted: new orders, production, employment, supplier delivery time, and finished goods. A PMI index over 50 indicates that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

General Remarks From July Respondents

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

"We often see a slowdown during the Summer months; we are hopeful that producers do not panic and begin reducing prices across the board trying to spur sales."
 "Cautiously optimistic."
 "Business continues to be great."
 "Company outlook very good for next 5 months. a long time for us. i am concerned about delivery of our products. our backlog is at all time high for this time of year."

"Right now adding good employees is a challenge for us and our vendors. This effects deliveries all around."
 "Market should pick up after summer vascations are over."
 "slower summer."
 "Positive outlook."



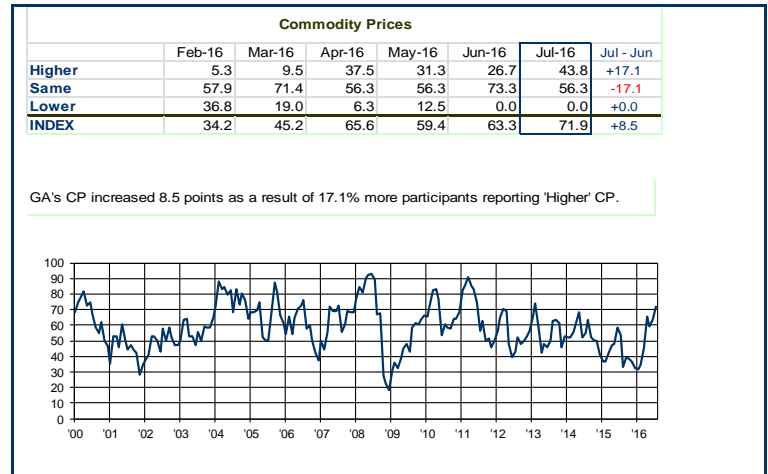
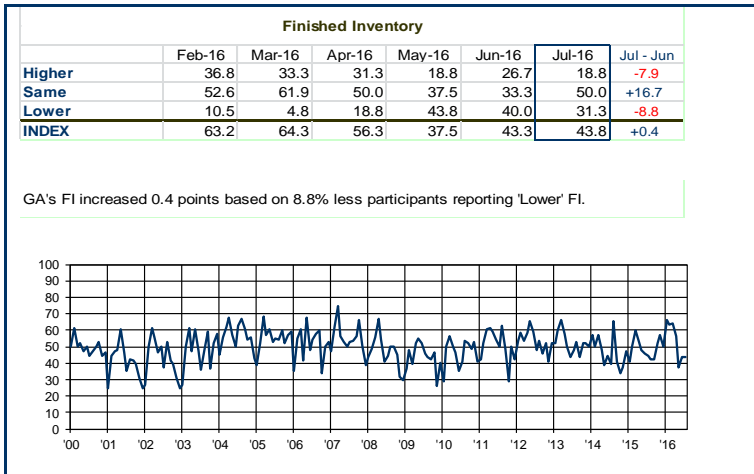
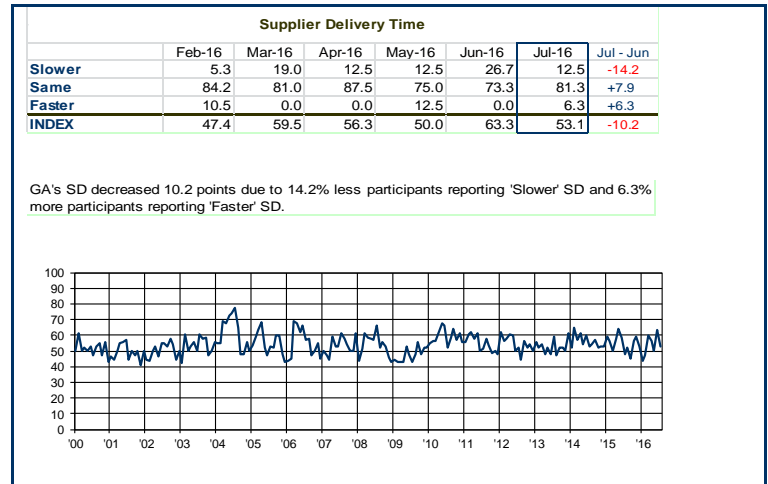
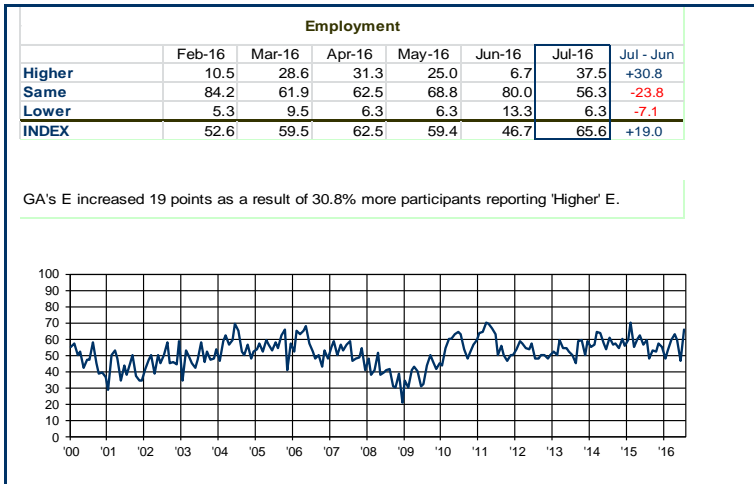
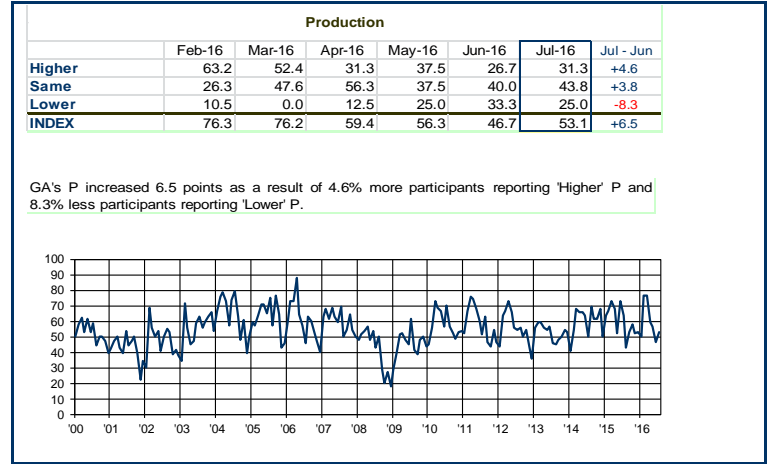
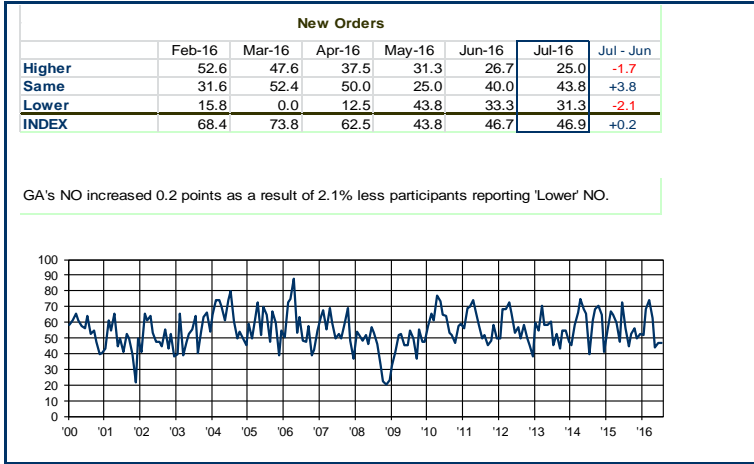
All quarterly growth rates based on annualized rates

Manufacturing's 2nd quarter 2016 annualized growth rate of 1.01 percent decrease is down from a 0.36 percent increase for 1st quarter. 2nd quarter 2016 durable goods increased 0.45 percent up from a .023 percent increase in 1st quarter. Motor vehicle's production decreased 1.56 percent down from a 6.43 percent increase for 1st quarter 2016. Manufacturing minus motor vehicle production decreased 0.960 percent down from a 0.12 percent decrease for 1st quarter. High-tech increased 0.14 percent down from 10.7 percent increase for 1st quarter. Nondurable decreased 2.41 percent down from 1.45 percent increase for 1st quarter.

Business equipment increased 3.44 percent up from 1.0 percent decrease for 1st quarter. Mining decreased 15.9 percent up from a 17.5 percent decrease for 1st quarter. Utility increased 12.9 percent up from a 2.10 percent decrease for 1st quarter. 2nd quarter 2016 industrial production decreased 1.02 percent up from 1.79 percent decrease for 1st quarter. Manufacturing increased 0.4 percent in June based on strength for motor vehicle and business spending. June Industrial production also experienced similar strength with the added increase of 2.4 percent for utilities. May's sharp decreases were somewhat offset in June, but still caused weaker quarterly numbers.

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