



## Purchasing Managers Index Report – Georgia

Release: September 1, 2016

**August 2016**

*GA's PMI Decrease Is Based On Decreases For Employment, Supply Deliveries, And Finished Inventory*

Georgia PMI	52.4	Southeast PMI	48.5	National PMI	49.4
Aug-Jul	-0.1	Aug-Jul	-3.8	Aug-Jul	-3.2

Underlying Variables	Georgia PMI		Southeast	National
	Index	Change	Index	Index
	Aug-16	Aug-Jul	Aug-16	Aug-16
New Orders (NO)	55.9	+9.0	43.8	49.1
Production (P)	61.8	+8.6	50.0	49.6
Employment (E)	52.9	-12.7	52.5	48.3
Supply Deliveries (SD)	52.9	-0.2	51.3	50.9
Finished Inventory (FI)	38.2	-5.5	45.0	49.0
Commodity Prices (CP)	50.0	-21.9	53.8	53.0



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**An analysis of the August PMI Report:**

**New Orders:**

New Orders increased 9.0 points to 55.9 based on 4.4% more respondents reporting higher new orders for a total of 29.4 and 13.6% less respondents reporting lower New Orders for a total of 17.6%.

**Production:**

Production increased 8.6 points to 61.8 based on 7.7% less respondents reporting higher production for a total of 23.5% and 25% less respondents reporting lower Production for a total of 0%.

**Employment:**

Employment decreased 12.7 points to 52.9 based on 25.7% less respondents reporting higher employment for a total of 11.8% and 0.4% less respondents reporting lower employment for a total of 5.9%.

**Supplier Delivery Time:**

Supplier Delivery Time decreased 0.2 points to 52.9 based on 6.6% less respondents reporting slower delivery time for a total of 5.9% and 6.3% more respondents reporting faster delivery for a total of 0%.

**Finished Inventory:**

Finished Inventory decreased 5.5 points to 38.2 points based on 7.0% less respondents reporting higher finished inventory for a total of 11.9% and 4% more respondents reporting lower finished inventory for a total of 35.3%.

**Commodity Price:**

Commodity Price decreased 31.9 points to 50 based on 23.1% less respondents reporting higher commodity price for a total of 17.6% and 17.6% more respondents reporting lower commodity price for a total of 17.6%.

**Survey Question:**

Twenty three percent expect production to be higher in the next three to six months versus thirty seven percent for July. Eighteen percent of respondents expect production to be lower

for July. The index is 52.9.

**National PMI Report:**

The National August PMI decreased 3.2 points to 49.4 as a result of the following: new orders decreased 7.8 points to 49.1; production decreased 5.8 points to 49.6; employment decreased 1.1 to 48.3 points; supplier delivery time decreased 0.9 points to 50.9; and finished inventory decreased 0.5 points to 49.0. Commodity price decreased 2.0 points to 53. Exports remained at 52.5. Backlog orders decreased 2.5 points to 45.5.

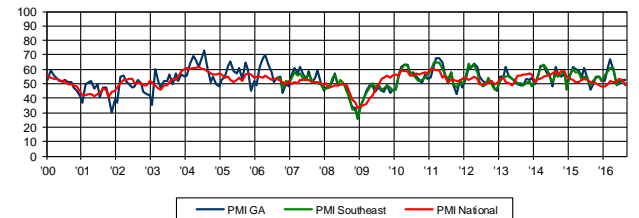
Of the 18 manufacturing industries, 6 are reporting growth in August: The following reported growth: Printing & Related Support Activities; Nonmetallic Mineral Products; Computer & Electronic Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Chemical Products.

The eleven industries reporting contraction in August are: Electrical Equipment, Appliances & Components; Apparel, Leather & Allied Products; Plastics & Rubber Products; Furniture & Related Products; Transportation Equipment; Machinery; Textile Mills; Paper Products; Petroleum & Coal Products; Primary Metals; and Fabricated Metal Products.

**Industrial Production Report:**

The July Industrial Production Report recorded a 0.7% monthly increase following a 0.4 percent increase for June. July manufacturing recorded a 0.5% increase following a 0.3% increase for June. July durable goods recorded a 0.6% increase following a 0.9% increase for June. Motor vehicle and parts recorded a 1.9% increase following a 5.3% increase for June. Business equipment recorded a 0.6 percent increase following June's 0.6% increase. High-tech recorded a 1.0% increase following a 0.3%

PMI Georgia, PMI Southeast, and PMI National							
	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Aug-Jul
PMI Georgia	66.7	59.4	49.4	49.3	52.5	52.4	-0.1
PMI Southeast	60.6	61.1	48.8	51.8	52.3	48.5	-3.8
PMI National	51.8	50.8	51.3	53.2	52.6	49.4	-3.2



**Change in Percent August – July**

	Higher	Same	Lower
New Orders	4.4	9.2	-13.6
Production	-7.7	32.7	-25.0
Employment	-25.7	26.1	-0.4
Deliveries	-6.6	12.9	-6.3
Finished Inventory	-7.0	2.9	4.0
Commodity Prices	-26.1	8.5	17.6

increase for June. Mining recorded a 0.7% increase following a 0.3% decrease for June. Utilities recorded a 2.1% increase following a 2.1% increase for June.

**Georgia versus the Southeast Survey:**

Georgia's PMI decreased 0.1 points to 52.4 as the Southeast's PMI decreased 3.8 points to 48.5. Georgia's new orders, production, employment, and supplier delivery time, registered 12.1, 11.8, 0.4, and 1.7 points respectively higher compared to Southeast's components. Southeast's finished inventory recorded 6.8 points higher than for Georgia.

**Georgia versus the National Survey:**

In August Georgia's PMI decreased 0.1 point to 52.4 and the National PMI decreased 3.2 points to 49.4. The Georgia PMI's higher reading of 3.0 points is based on higher readings for new orders, production, employment, and supplier delivery time of 6.8, 12.2, 4.6, and 2.0 points, respectively. National's finished inventory of 53 registered 10.8 points higher than the Georgia reading. National's commodity price of 53 registered 3.0 points higher than Georgia's reading of 50.

**Comment:**

Georgia's August PMI of 52.4 remains flat with increases in new orders and production offsetting decreases for employment, supplier delivery time, and finished inventory.

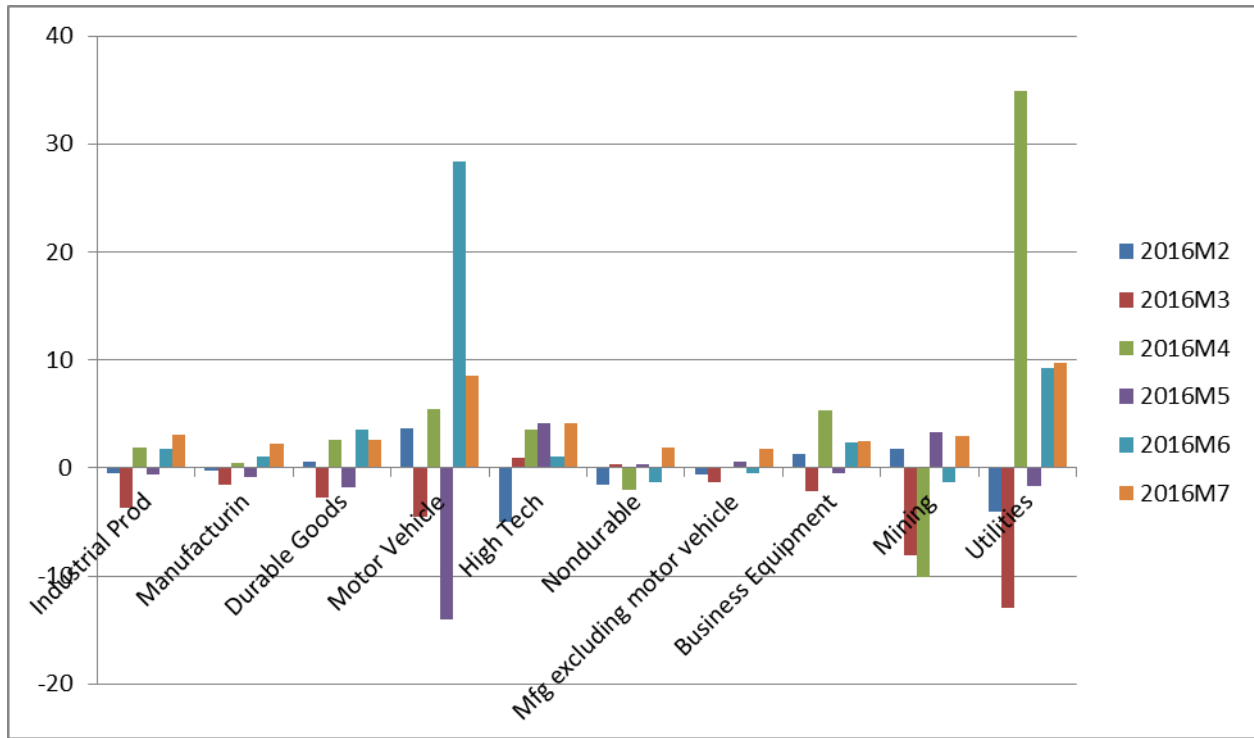
\* The Econometric Center draws the Purchasing Managers Index report from a sample of Georgia's manufacturers. The PMI is a composite index that is based on five indicators equally weighted: new orders, production, employment, supplier delivery time, and finished goods. A PMI index over 50 indicates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

## General Remarks From August Respondents

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

"Backlog of orders remains very high. very difficult to recruit skilled workers for out industry. Business is good. Delivery is bad for new orders."  
 "Business is terrific and lack of workers is only thing slowing us down."  
 "Oil & Gas, Agricultural and Construction Equipment markets are slow. Fortunately, aerospace, medical and other specialty metal markets are solid. We are not expecting a turnaround this year."  
 "Strong USD is adversely impacting exports and the netback from our overseas operations. Overall global economy is slow. Fundamentally, there is a lack of demand in the system."

"very slow summer."  
 "Economy seems stable."  
 "Uncertainty in manufacturing; recession in oil & gas and mining affects a large part of the industrial manufacturing world."  
 "The destruction of the U.S. fracking business has made a major effect on our sales of ores and the customers ability to even stay in the energy business."

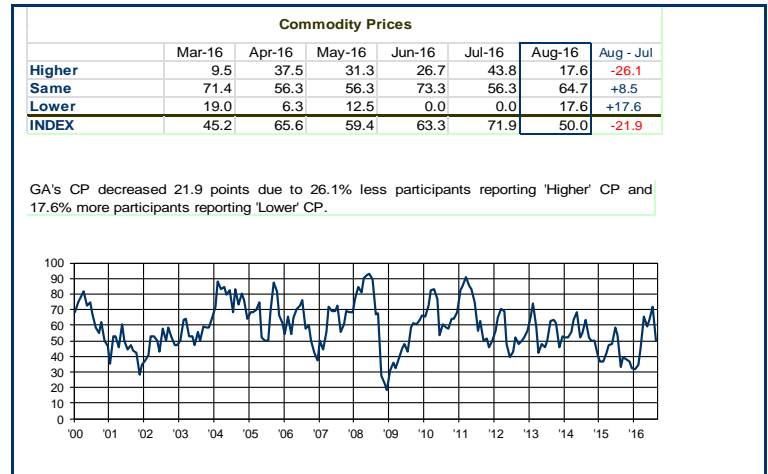
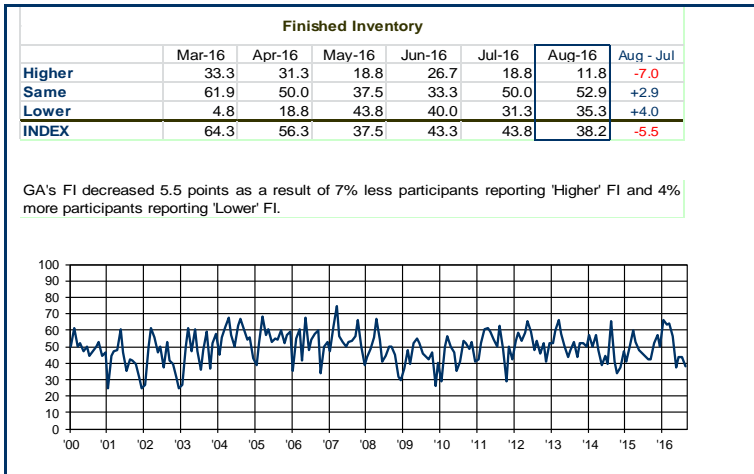
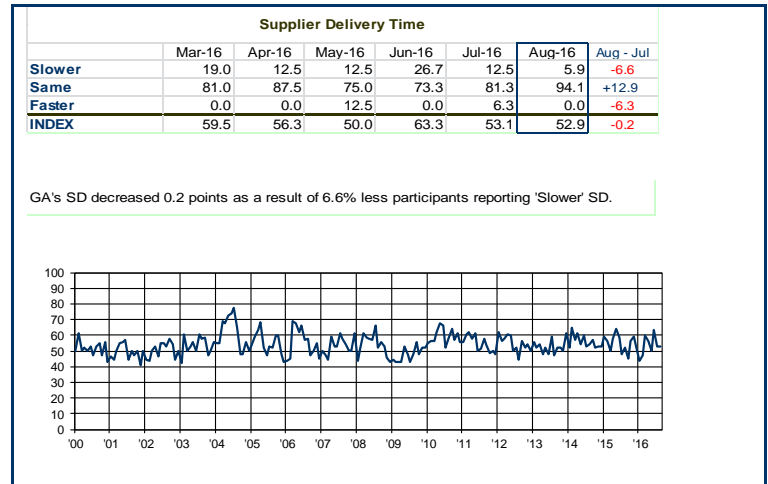
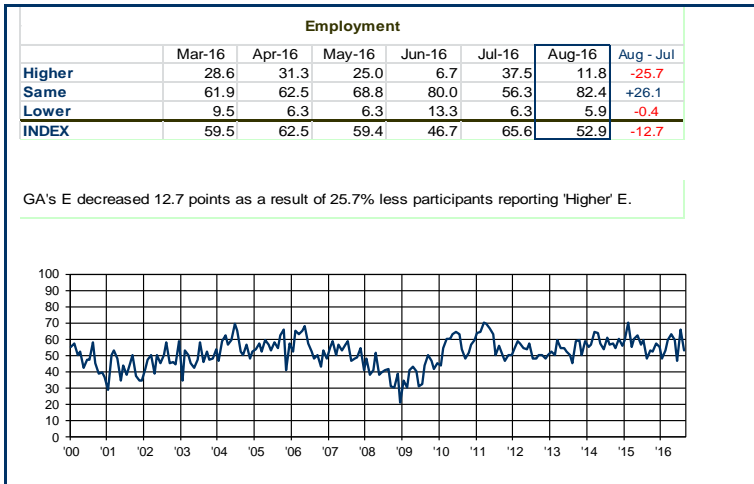
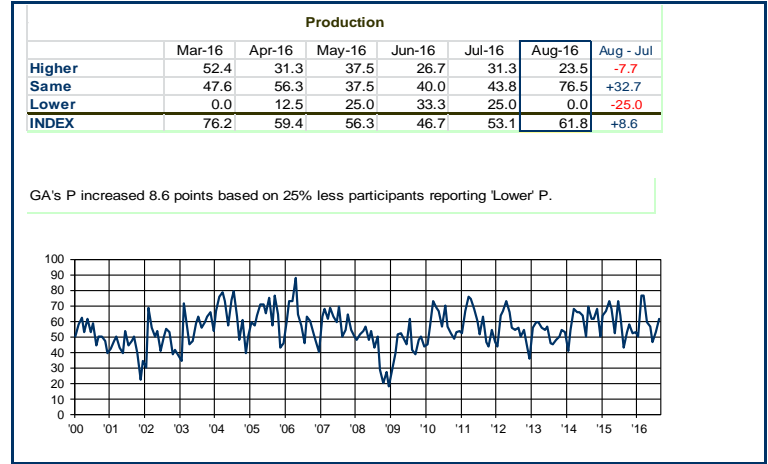
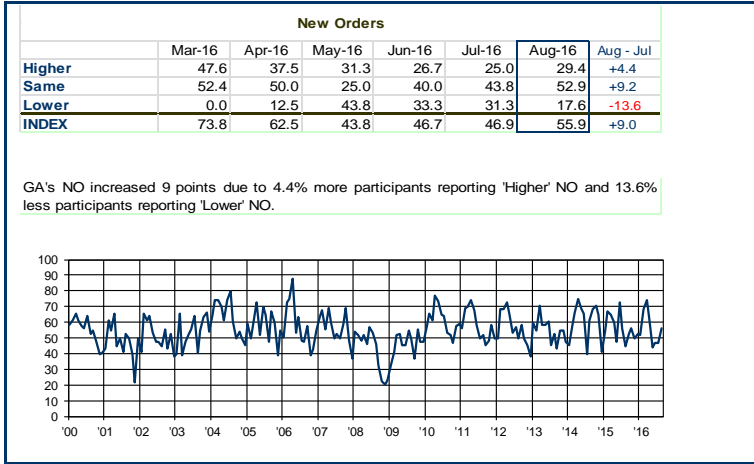


**All monthly rates are annualized rates and three month moving averages**

Industrial Production's July 2016 annualized three month moving average growth rate of 3.0 percent increase is up from a 1.7 percent increase for June. Manufacturing increased 2.26 percent up from a 1.09 percent increase in June. Durable goods increased 2.6 percent down from a 3.57 percent increase for June 2016. Motor vehicle production increased 8.5 percent down from a 28.3 percent increase for June. High-tech increased 4.14 percent up from 1.07 percent increase for June. Nondurable increased 1.85 percent up from a 1.29 percent decrease. Manufacturing excluding motor vehicle increased 1.77 percent up from a .52 percent decrease.

Business equipment increased 2.42 percent up from 2.36 percent increase for June. Mining increased 2.95 percent up from a 1.33 percent decrease for June. Utility increased 9.67 percent up from a 9.27 percent increase for June.

July Industrial production increased 0.7 percent on a monthly basis based the strength of Motor Vehicle and Utilities respective increases of 1.9 and 2.1 percent.



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