

Georgia Purchasing Manager's Index Report

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An analysis of the February PMI Report:

New Orders:

New Orders increased 16.4 points to 68.4 based on 20.6% more respondents reporting higher new orders for a total of 52.6 and 12.2% less respondents reporting lower New Orders for a total of 15.8%.

Production:

Production increased 26.3 points to 76.3 based on 31.2% more respondents reporting higher production for a total of 63.2% and 21.5% less respondents reporting lower Production for a total of 10.5%.

Employment:

Employment increased 4.6 points to 52.6 based on 9.5% less respondents reporting higher employment for a total of 10.5% and 18.7% less respondents reporting lower employment for a total of 5.3%.

Supplier Delivery Time:

Supplier Delivery Time increased 3.4 points to 47.4 based on 5.3% more respondents reporting slower delivery time for a total of 5.3% and 1.5% less respondents reporting faster delivery for a total of 10.5%.

Finished Inventory:

Finished Inventory decreased 2.8 points to 63.2 points based on 11.2% less respondents reporting higher finished inventory for a total of 36.8% and 5.5% less respondents reporting lower finished inventory for a total of 10.5%.

Commodity Price:

Commodity Price increased 2.2 points to 34.2 based on 1.3% more respondents reporting higher commodity price for a total of 5.3% and 3.2% less respondents reporting lower commodity price for a total of 36.8%.

Survey Question:

Twenty six percent expect production to be higher in the next three to six months versus forty four percent for January. Five percent of respondents expect production to be lower than their current production versus twelve percent in January. The index is 60.5.

National PMI Report:

The National February PMI increased 1.3 point to 49.5 as a

result of the following: new orders stayed at 51.5; production increased 2.6 points to 52.8; employment increased 2.6 points to 48.5 points; supplier delivery time decreased 0.3 of a point to 49.7; and finished inventory increased 1.5 points to 45. Commodity price decreased 4.5 points to 47. Exports decreased 0.5 points to 46.5 points. Backlog orders increased 5.5 points to 48.5.

Of the 18 manufacturing industries, 9 are reporting growth up from 8 in February. The 9 industries include: Textile Mills; Wood Products; Furniture & Related Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Chemical Products; Primary Metals; and Paper Products.

The 7 industries reporting contraction in February are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Computer & Electronic Products; Printing & Related Support Activities; Transportation Equipment; Plastics & Rubber Products; and Fabricated Metal Products.

Industrial Production Report:

The January Industrial Production Report recorded a 0.9% monthly increase following a 0.7 percent decrease for December. January manufacturing recorded a 0.5% increase following a 0.2% decrease for December. January durable goods recorded a 0.5% increase following a 0.2% decrease for December. Motor vehicle and parts recorded a 2.8% increase following a 2.6% decrease for December. Business equipment recorded a 0.3 percent increase following December's 0.8% decrease. High-tech recorded a 0.6% increase following a 0.9% increase for December. Mining recorded no change following a 2.0% decrease for December. Utilities recorded a 5.4% increase following a 2.9% decrease for December.

Georgia versus the Southeast Survey:

Georgia's PMI increased 9.6 points to 61.6 as the Southeast's PMI increased 3.1 points to 58.4. Georgia's new orders, production, supplier delivery time, and finished inventory registered 6.2, 7.4, 0.7, and 2.0 points respectively higher compared to Southeast's components. Southeast's supplier delivery time recorded 0.7 points higher than for Georgia. Southeast's commodity price reading of 41.1 registered 6.9 points higher than Georgia's reading of 34.2.

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Georgia versus the National Survey:

In February Georgia's PMI increased 9.6 points to 61.6 and the National PMI increased 1.3 points to 49.5. The Georgia PMI's higher reading of 12.1 points is based on higher readings for new orders, employment and finished inventory of 16.9, 23.5, 4.1, and 18.2 points, respectively. National's Supplier delivery time registered 2.3 points higher

than Georgia's readings. National's commodity price registered 4.3 points higher than for Georgia.

Comment:

Georgia's PMI increase of 9.6 points was unexpected based a jump in new orders and production. This may be a one month anomaly due to seasonal and other factors.

**Change In Percent of Georgia Participants Reporting Higher, Same and Lower
FEBRUARY - JANUARY**

| | Higher | Same | Lower |
|---------------------------|--------|------|-------|
| New Orders | 20.6 | -8.4 | -12.2 |
| Production | 31.2 | -9.7 | -21.5 |
| Employment | -9.5 | 28.2 | -18.7 |
| Deliveries | 5.3 | -3.8 | -1.5 |
| Finished Inventory | -11.2 | 16.6 | -5.5 |
| Commodity Prices | 1.3 | 1.9 | -3.2 |

PMI Georgia, PMI Southeast, and PMI National

| | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Feb - Jan |
|----------------------|--------|--------|--------|--------|--------|--------|-----------|
| PMI GA | 48.9 | 54.8 | 55.0 | 52.5 | 52.0 | 61.6 | +9.6 |
| PMI Southeast | 51.8 | 54.2 | 54.6 | 52.0 | 55.3 | 58.4 | +3.1 |
| PMI National | 50.2 | 50.1 | 48.6 | 48.0 | 48.2 | 49.5 | +1.3 |

**COMMENTS FROM SURVEY PARTICIPANTS REGARDING CONDITIONS THAT
AFFECT PURCHASING OPERATION:**

Specific commodities UP IN PRICE were:

"Small increase in steel, Plate, Flat Rolled, Tubing, Diesel Fuels, carbon steel products increases were announced by the mills, polypropylene resins, labor, refrigerant (R410A)"

Specific commodities DOWN IN PRICE were:

"Polyethylene, copper, Kraft paper, nickel continued its de-

cline, Zinc, copper, synthetic Rubber, Carbon Black, Zinc Oxide, PE, polyethylene resins, nylon resin, titanium dioxide, commodity chemicals, gases, petroleum, steel surcharge driven), copper, aluminum, propylene, adhesive"

Items in Short Supply- Specific commodities, materials or finished products I buy that were in short supply last month are:

"Hydraulic components, castings (Due to volume), polypropylene resins, corn starch"

Buying Policy - Report here any change during the last month, versus the prior month, in the number of days ahead you are committing for purchases of production materials, MRO supplies and capital spending:

"Purchasing more JIT"

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

"To heck with the stock market, business is great and my customers are doing very well"

"Our industry is doing well and our backlog is into the 3rd quarter. unsure of further out"

"The industrial economy is slowing. Our aerospace business is solid"

"Oil and Gas industry is affecting our business"

"General spring will bring in increase of production- getting ready for summer vacations, picnic's etc generally speaking for poultry"

"Large price increase (30%) in R410A refrigerant (commercial HVAC) due to new government regulation for disposal procedures"

