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NEW YORK CITY REPORT ON BUSINESS Eight-Month High with a Dash of Caution

New York City business activity expanded at the fastest pace in eight months, according to the survey taken by the Institute for Supply Management-New York (ISM-NY). The Current Business Conditions index rose to 60.1 in January from a revised 51.7 in December.

Seasonally-adjusted series have been recalculated using updated seasonal factors. This affects Current Business Conditions, the Six-Month Outlook and the NY-BCI from January 2007 to December 2011.

Future optimism edged up and stayed above the 2000-2011 average. The Six-Month Outlook index rose to 64.5 in January from a revised 62.5 in December.

The purchase volume and jobs picture remained cautious. The Quantity of Purchases index (50.0 in January vs. 48.3 December) has been uneven for five months. The Employment index (45.8 January vs. 46.6 December) contracted for the seventh time in the last eight months.

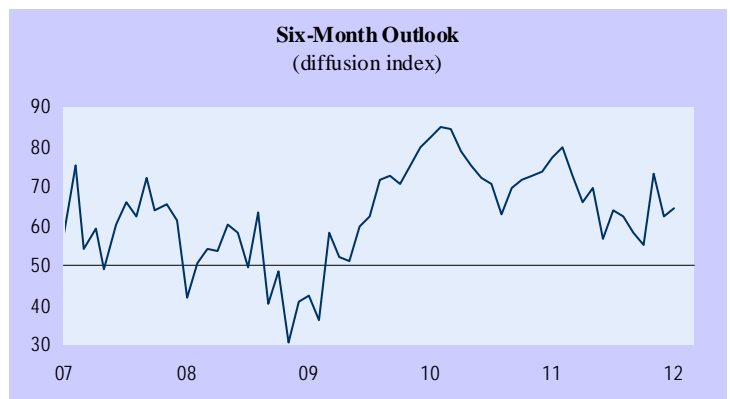
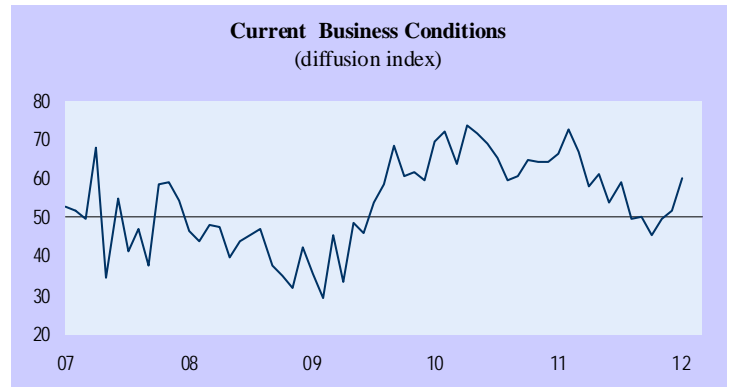
Price/cost pressures picked up. The Prices Paid index rose to a four-month high of 58.1 in January from 55.4 in December.

Business impediments were not widespread. Notable was the decline in working capital shortages; the January level matched November's 10-month low.

Business Impediments	Jan	Dec	Nov
Skilled labor shortage	16%	17%	29%
Unskilled labor shortage	5%	3%	4%
Working capital shortage	13%	17%	13%
Raw material shortage	0%	3%	4%
Security concerns	8%	0%	4%
Weather/Natural disasters	8%	10%	6%
"Other" difficulties	11%	7%	13%
No difficulties	34%	34%	35%

January's Question of the Month: In your opinion, the New York City region is currently in what type of environment for selling prices? More upward than downward pressure this January by an 8-to-1 margin

	Jan-12	Jan-11	Jan-10	Jan-09
Rising faster	11%	15%	7%	9%
Rising slower	29%	28%	22%	9%
Steady	50%	50%	43%	26%
Falling slower	0%	7%	28%	50%
Falling faster	5%	0%	0%	6%
Don't know	5%	---	---	---



Business Conditions in New York City (seasonally adjusted)			
	Current Business Conditions	Six-Month Outlook	NY-BCI*
January 2011-r	66.7	77.2	496.9
February-r	72.8	79.9	508.4
March-r	67.2	72.7	517.0
April-r	57.9	65.9	520.9
May-r	61.3	69.4	526.5
June-r	54.1	56.6	528.6
July-r	58.9	64.1	533.0
August-r	49.6	62.2	532.8
September-r	50.1	58.3	532.8
October-r	45.7	55.4	530.7
November-r	49.9	73.3	530.6
December-r	51.7	62.5	531.5
January 2012	60.1	64.5	536.5

*The NY-BCI is a cumulative diffusion index constructed from the diffusion index of Current Business Conditions for businesses in the New York City area. -r is revised.

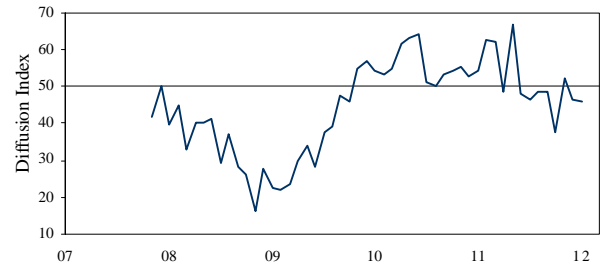


Employment

Current employment trends compared to the previous month.

	Jan	Dec	Nov	Oct	Sep	Year ago Jan
Diffusion Index	45.8	46.6	52.1	37.8	48.8	54.3

Employment

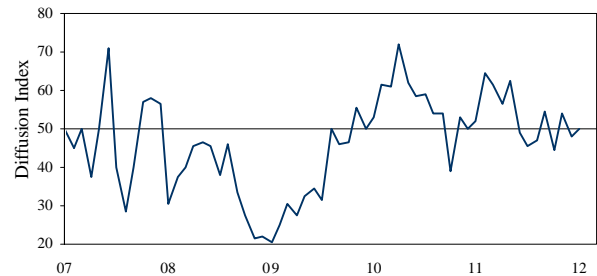


Quantity of Purchases

The current month's level of expenditures (units, not dollars) compared to the previous month.

	Jan	Dec	Nov	Oct	Sep	Year ago Jan
Diffusion Index	50.0	48.3	54.3	44.4	54.8	52.1

Quantity of Purchases

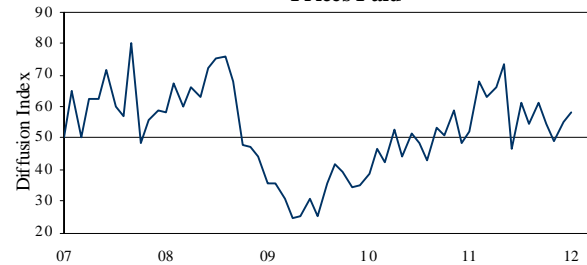


Prices Paid

The current month's overall change in prices paid for goods and services compared to the previous month.

	Jan	Dec	Nov	Oct	Sep	Year ago Jan
Diffusion Index	58.1	55.4	48.9	54.4	61.0	52.2

Prices Paid

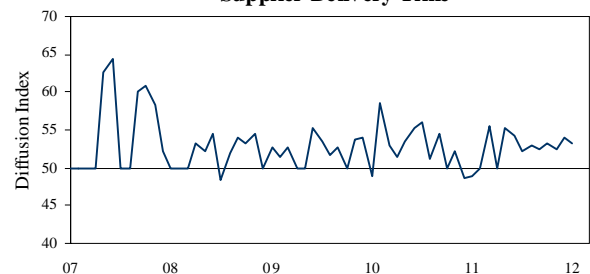


Supplier Delivery Time

The current month's overall delivery performance compared to the previous month.

	Jan	Dec	Nov	Oct	Sep	Year ago Jan
Diffusion Index	53.1	54.0	52.4	53.3	52.4	48.9

Supplier Delivery Time



About the Survey

The purpose of the survey is to quickly assess business conditions among firms in the New York City area. The survey results are compiled as diffusion indices - the percent of positive responses plus one-half of those responding the same (considered positive). A reading of 50% means no change from the prior month, greater than 50% indicates a faster pace of activity, and less than 50% a slower rate. The Current Business Conditions index, Six-Month Outlook index and NY-BCI are seasonally adjusted. All other measures are not seasonally adjusted. -r is revised.