



NEW YORK CITY REPORT ON BUSINESS (Not a) Halloween Scare

New York City business activity contracted at the fastest rate since the Great Recession, according to the survey taken by the Institute for Supply Management-New York (ISM-NY). The Current Business Conditions index fell to 44.0 in October, the lowest level since April 2009, from 50.6 in September. It also was the second contraction in the last three months.

Future optimism remained in positive territory, but less so than last month, suggesting that purchasing and supply executives think the slowdown could be temporary. The Six-Month Outlook index fell to 54.9 in October from 55.9 in September.

Details on purchase volume and employment were decidedly negative. The Quantity of Purchases index (44.4 October vs. 54.8 September) fell to the lowest level in a year, while the Employment index (37.8 October vs. 48.8 September) was the lowest in over two years.

Price/cost pressures moderated. The Prices Paid index eased to 54.4 in October from 61.0 in September.

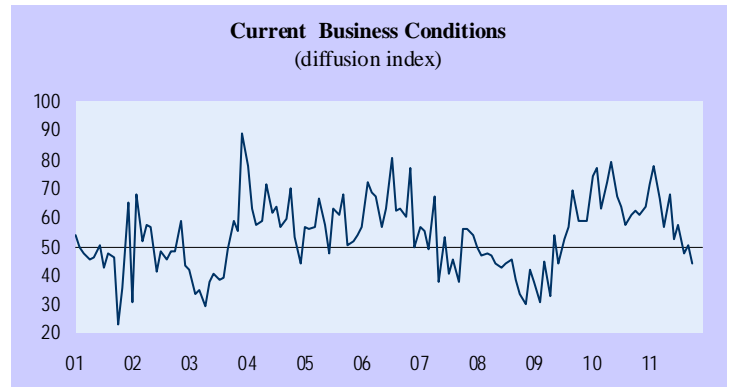
Business impediments reflected the weaker fundamental readings in the report. Skilled labor shortages fell sharply and working capital shortages posted a sizable rise.

Business Impediments	Oct	Sep	Aug
Skilled labor shortage	16%	23%	20%
Unskilled labor shortage	4%	3%	3%
Working capital shortage	29%	18%	31%
Raw material shortage	7%	3%	6%
Security concerns	7%	10%	3%
Weather/Natural disasters	4%	15%	3%
"Other" difficulties	11%	13%	17%
No difficulties	40%	40%	34%

October's Question of the Month: Last month, poor sales was cited by respondents as the single most important reason limiting the improvement in the NYC labor market. What is your sales/revenues outlook for the next six months? The results were balanced between 29% stronger, 29% weaker and 38% neutral. Although, there were more pessimists ("significantly weaker") than optimists ("significantly stronger") at the tails of the distribution.

Significantly Stronger	2%
Somewhat Stronger	27%
Neutral	38%
Somewhat Weaker	22%
Significantly Weaker	7%

Don't Know 4%



Business Conditions in New York City
(seasonally adjusted)

	Current Business Conditions	Six-Month Outlook	NY-BCI*
October 2010	62.3	71.4	476.8
November	60.7	70.3	482.2
December	63.8	75.1	489.1
January 2011	71.2	90.7	499.7
February	77.5	77.8	513.4
March	66.4	71.4	521.6
April	56.9	65.6	525.1
May	67.9	73.6	534.0
June	52.3	53.9	535.1
July	57.2	63.2	538.8
August	47.8	59.9	537.6
September	50.6	55.9	538.0
October	44.0	54.9	534.9

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

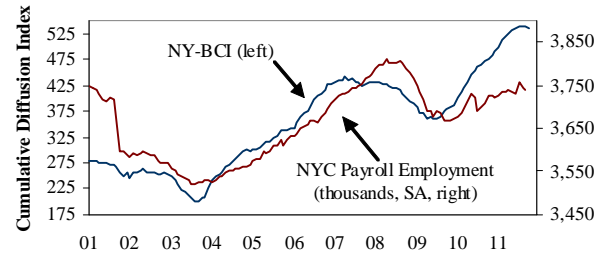


Employment

Current employment trends compared to the previous month.

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	37.8	48.8	48.6	46.6	47.8	54.4

NY-BCI vs. NYC Employment



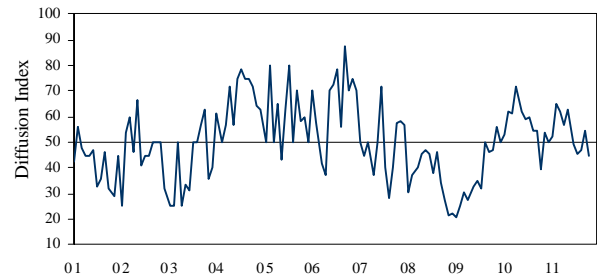
NYC employment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI offers advance information about forthcoming labor market conditions because the local job count is not available for one or two months.

Quantity of Purchases

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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	44.4	54.8	47.1	45.5	48.9	39.4

Quantity of Purchases

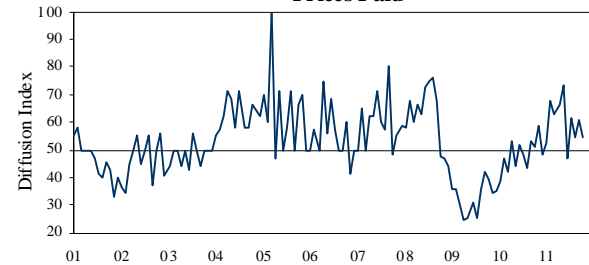


Prices Paid

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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	54.4	61.0	54.3	61.4	46.7	51.1

Prices Paid

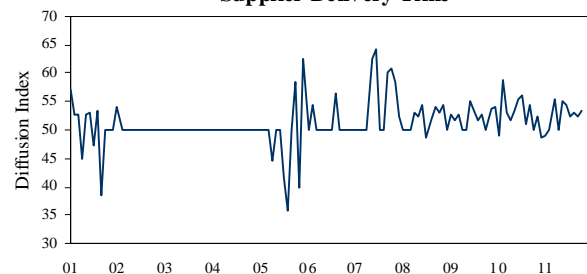


Supplier Delivery Time

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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	53.3	52.4	52.9	52.3	54.3	50.0

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.