



**NEW YORK CITY REPORT ON BUSINESS**  
**AUGUST'S TEMPERED MOMENTUM**

Business conditions apparently continue to improve in August, according to the latest survey of purchasing managers conducted by the National Association of Purchasing Management-New York (NAPM-NY). Still, the breadth of the improvement is somewhat more muted this month, compared with July, echoing the latest state-wide findings in the Federal Reserve Bank of New York's August business survey. The moderate downshift in assessments of current conditions this month reflects a reduction in the number of respondents indicating that conditions are improving; no one reports a worsening of conditions. With respect to views about future business conditions, however, this month's reversal in the index to 60—still a solid level—reflects a small number who see weaker conditions down the road. The Business Conditions Index (BCI), the Association's principal gauge of current economic conditions, continued to march higher and stands almost 39% above last August's low point.

Purchasing managers were asked to indicate whether their companies are able to raise prices, by enough to recover the rising cost of purchased materials. The US Bureau of Labor Statistics has indicated that producer prices of a wide range of important materials have risen faster in the past year than previously, largely reflecting the impact of rising energy costs. A majority of respondents indicate limited ability to raise prices.

Note: Summer reports can be more volatile than at other times, owing to a typically lower response rate and wide seasonal variations related to summer vacations.

**New York City Business Conditions Indexes**

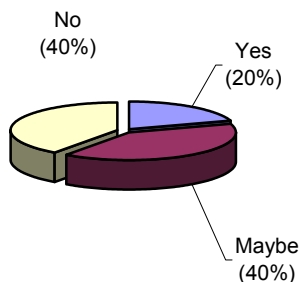
(Seasonally Adjusted, Except Where Noted)

	NY-BCI	Current*	Mfg.	Non-Mfg.	Outlook**
June '04	258.1	41.0	93.1	35.2	59.1
July	257.1	48.1	64.4	46.3	75.0
August	255.0	45.7	82.4	41.6	50.0
September	254.0	48.1	59.4	46.9	50.0
October	253.2	48.4	59.2	47.2	50.0
November	257.6	58.7	54.1	59.2	56.3
December	254.3	43.4	62.4	41.3	41.0
January '03	253.8	49.0	58.4	48.0	61.1
February	247.5	37.3	50.3	35.9	55.0
March	242.1	39.2	74.8	35.3	61.1
April	236.1	38.0	80.6	33.3	56.3
May	230.2	38.3	78.8	33.8	61.1
June	226.7	43.1	92.8	37.5	62.5
July	224.9	46.2	64.8	44.2	62.5
August	221.7	43.6	81.6	39.4	57.1
September	222.2	51.1	90.2	46.8	62.5
October	226.4	58.2	90.0	54.7	62.5
November	227.3	51.9	54.4	51.6	57.4
December	242.6	80.7	82.3	80.5	90.0
January '04	257.3	79.4	87.6	78.5	88.9
February	267.2	69.8	75.4	69.2	78.6
March	271.8	59.2	74.6	57.5	62.5
April	282.2	70.9	80.3	69.8	85.7
May	287.1	59.7	52.7	60.4	62.5
June	290.9	57.6	69.6	56.3	60.0
July	302.5	73.2	64.8	74.1	78.5
August	307.1	59.3	61.2	59.1	60.0

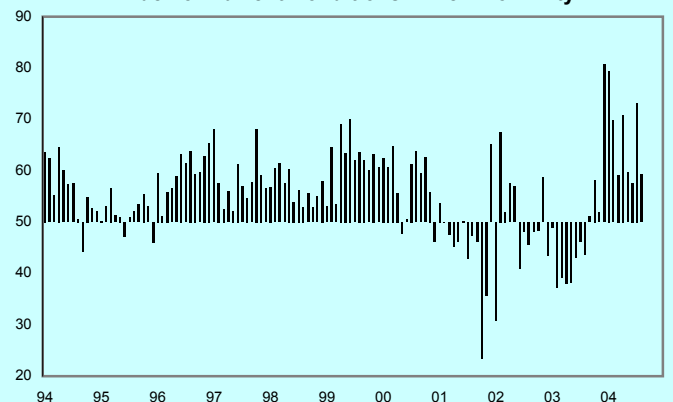
\* This index is a weighted average of mfg. and non-mfg. Manufacturing comprises 10% of activity.

\*\* Not seasonally adjusted.

**Is your company able to raise prices of goods & services you produce to recoup the rise in prices paid by your organization?**



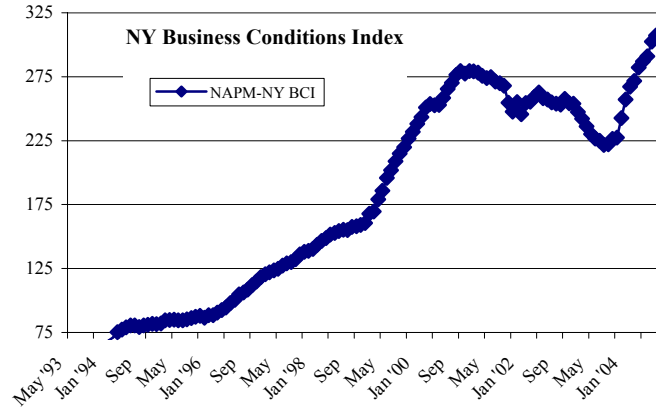
**Index of Current Conditions in New York City**



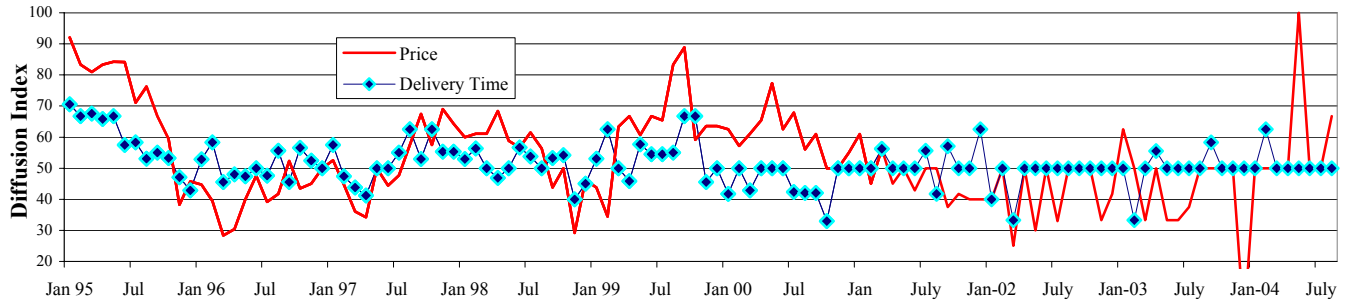
## New York Business Conditions Index

The NY business conditions index is a cumulative diffusion index of the NYC-area's current business conditions. The BCI tends to precede or move with local-area employment. However, the employment data are available 1 or 2 months later than that of the NAPM-NY BCI.

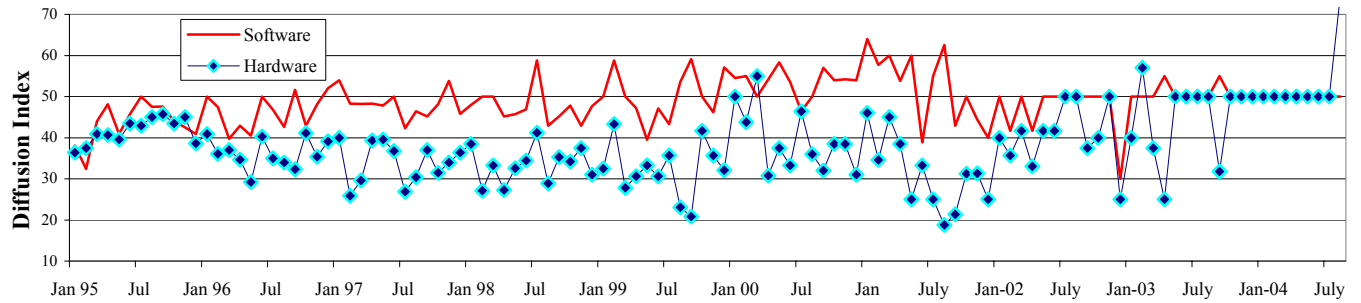
	Aug	July	June	Year ago May	Year ago August
NY BCI	307.1	302.5	290.9	287.1	221.1
% Change M/M	1.5	4.0	1.3	1.7	-1.4



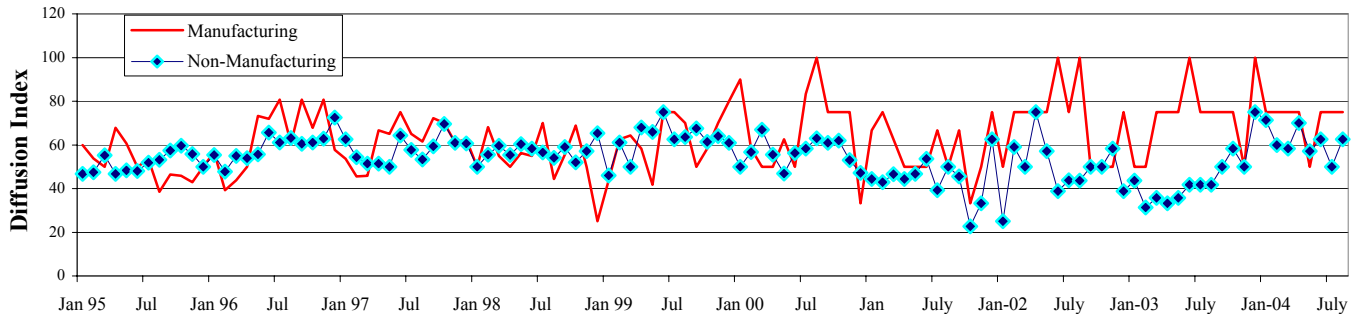
## Corrugated Packaging Prices & Delivery Time



## Computer Hardware & Software Prices



## Current Conditions - Manufacturing vs. Non-Manufacturing Activity

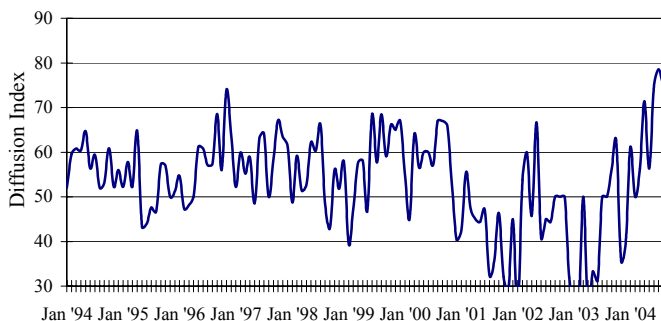


## Quantity of Purchases

The overall quantity (units not dollars) of purchases, including raw materials, MRO, components, intermediates, and services, compared with the previous month.

	Year ago					
	Aug	July	June	May	Apr	Aug
Composite	75	78	76	56	75	50
Manufacturing	75	75	75	50	75	100
Non-Mfg.	75	80	75	57	70	42

## Quantity of Purchases



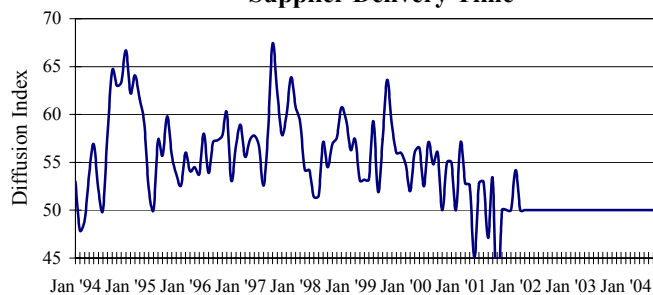
## Supplier Delivery Time

75

An aggregate evaluation of the current month's delivery performance (lead time) compared to the prior month. This index is the percent reporting slower deliveries plus one-half reporting same.

	Year ago					
	Aug	July	June	May	Apr	Aug
Composite	50	50	50	50	50	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	50	50	50	50	50

## Supplier Delivery Time

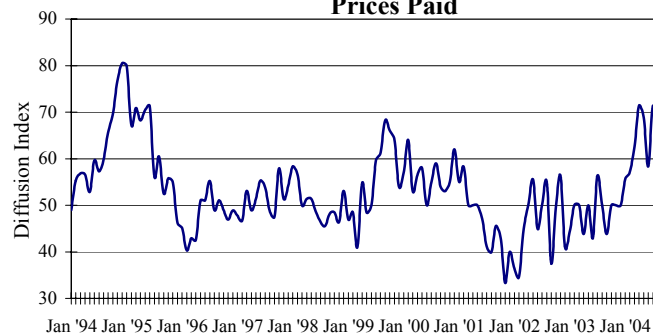


## Prices Paid

The change from the prior month in prices of items -- goods and services, purchased. This is an overall evaluation weighted by quantity of purchase.

	Year ago					
	Aug	July	June	May	Apr	Aug
Composite	58.33	71	58	68	71	50
Manufacturing	50	50	50	50	75	100
Non-Mfg.	63	80	62	71	70	42

## Prices Paid

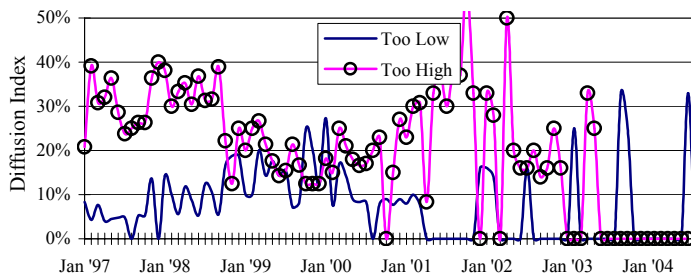


## Finished Goods Inventory Relative to Use

The overall inventory level (units, not dollars) of products held for sale (finished goods) relative to expected use.

	Year ago					
	Aug	July	Jun	May	Apr	Aug
Composite	50	33	50	50	50	50
% too high	0	0	0	0	0	0
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	0	50	50	50	50

## Finished Goods Inventory vs. Expected Use

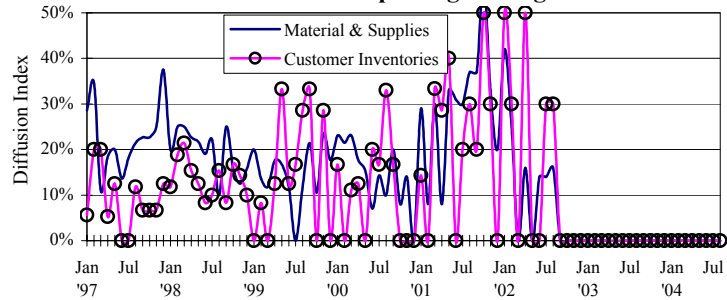


## Raw Materials & Customer Inventory

The overall inventory level (units, not dollars) of products held for sale (finished goods) relative to expected use.

	Year ago				
	Aug	July	June	May	Aug
Materials & Supplies	0.0	0.0	0.0	0.0	0.0
Customer Inventories	0.0	0.0	0.0	0.0	0.0

## Material & Customer Stocks vs. Expected Use % Reporting too High



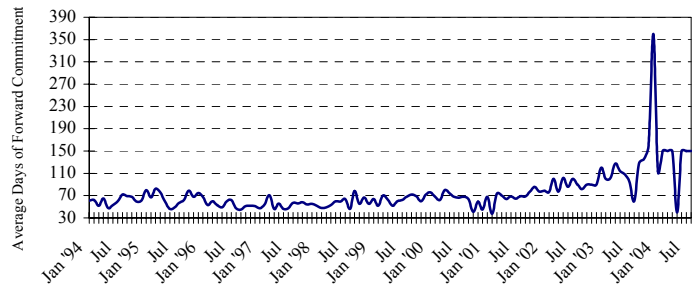
## Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	Aug	July	June	May	Apr	Aug
Average Days	150	150	150	150	150	60

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
150	0%	33%	33%	0%	0%	33%

## Production Materials



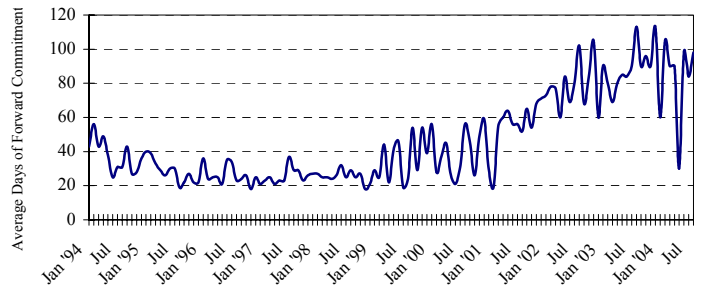
## Buying Policy for MRO Supplies

The period of forward commitment for maintenance, repair, and operation supplies.

	Year ago					
	Aug	June	May	May	Apr	Aug
Average Days	98	98	90	90	90	113

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
98	50%	25%	0%	0%	0%	25%

## MRO Supplies



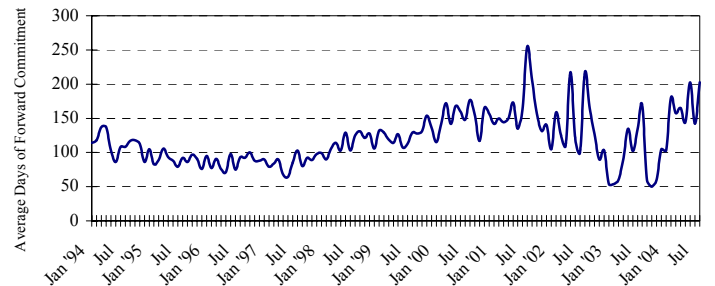
## Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	Aug	July	June	May	Apr	Aug
Average Days	202.5	142	202	144	165	170

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
202	25%	0%	0%	25%	0%	50%

## Capital Equipment



## Specific Price Changes & Supplier Deliveries

--- PRICE CHANGES ---      --- VENDOR DELIVERIES ---

COMMODITIES	Aug	July	June	Aug	July	June
Castings	50.00	100.0	75.0	50.00	50.0	50.0
Chemicals	50.00	50.0	50.0		50.0	50.0
Computer Hardware	75.00	50.0	50.0	50.00	50.0	50.0
Computer Software	50.00	50.0	50.0	50.00	50.0	50.0
Corrugated Packaging	66.67	50.0	50.0	50.00	50.0	50.0
Electrical Components			50.0			50.0
Energy	100.00	100.0			50.0	
Ferrous Metals	50.00		100.0	50.00		50.0
Food Products						
Glass						
Hydraulic Components						
Medical Supplies		75.0			50.0	
Nonferrous Metals	50.00	50.0	100.0	50.00	50.0	50.0
Office Equipment (non-computer)	50.00	50.0	50.0	50.00	50.0	50.0
Office Supplies	50.00	75.0	50.0	50.00	50.0	50.0
Piping & Tubing	75.00	50.0	75.0	50.00	50.0	50.0
Plastics	75.00	50.0	50.0	50.00	50.0	50.0
Plating	50.00	50.0	75.0	50.00	50.0	50.0
Printing Paper	50.00		66.6			50.0
Rubber Products			50.0			
Textile Products		100.0			50.0	
Wood & Pulp			100.0			50.0
<b>Services (Contracted)</b>				"Hot Spots" are those commodities & services that have experienced upward price pressure with delivery delays (for commodities) for at least three months. <b>Where are the <i>HOT SPOTS</i>?</b>		
Cleaning	62.50	64.3	66.7			
Construction	64.29	66.7	70.0			
Painting	58.33	60.0	62.5			
Engineering	50.00	50.0	50.0			
Architectural	60.00	60.0	60.0			
Temporary Personnel	61.11	62.5	62.5			
Computer Consultants	62.50	64.3	66.7			

+++ = Commodity or service price diffusion index above 50% for at least the last three months.

### Items in Short Supply

### Purchaser Comments

### About the Survey

The purpose of the survey is to quickly assess business conditions among manufacturers and non-manufacturing firms/organizations doing business in the New York area. The survey results are compiled into three summary measures for: (1) all industries, (2) manufacturing firms, and (3) non-manufacturing establishments. The manufacturing component can be compared to the ISM Purchasing Manager's Index for the nation. The survey results are compiled as diffusion indexes, which are calculated by taking the percentage of the respondents answering higher plus one-half of the percentage of respondents who answer same or no change. Hence, a reading of 50% means no change from the prior month; greater than 50% indicates a faster pace of activity while a reading of less than 50% indicates a slowing in the pace of activity.