



Indexes of Business Conditions in New York City
(Seasonally Adjusted, Except Where Noted)

NEW YORK CITY REPORT ON BUSINESS
Hints of New Energy in the City's Economy

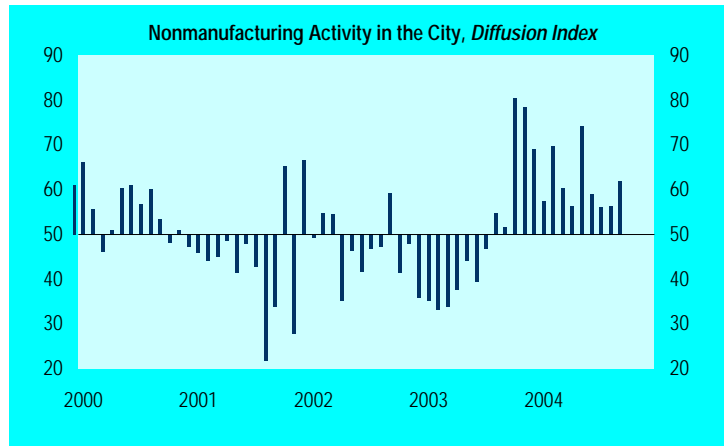
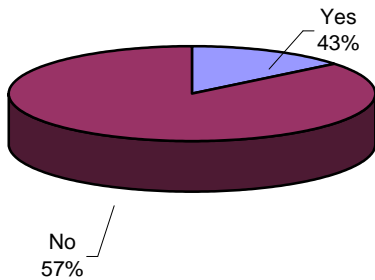
The Big Apple's economy continues to improve, and the latest business surveys contain promising signs for the future. Activity in the service sector, the lion's share of the city's economy, strengthened slightly, according to the latest survey of purchasing managers conducted by the National Association of Purchasing Management-New York (NAPM-NY). The index of nonmanufacturing activity edged up slightly to 61.9 from an already-healthy level—index levels over 50 imply that a majority of respondents sees an improving business environment. Responses from those in manufacturing businesses were slightly more downbeat in the latest survey, echoing a similar moderation found in the national industrial sector. Respondents appear to be relatively optimistic about the Big Apple's near-term outlook, with the index of future conditions bouncing back to a solid 64.3 reading.

The results from the NAPM-NY parallel impressive news on the region's job market. Earlier, the Bureau of Labor statistics reported that the metropolitan area's unemployment rate has declined a full percentage point from year-ago levels, implying that the unemployment rate has reversed half its rise during the recession. Employment trends are improving in construction, professional and business services, and education and health services, sectors that are key for the region. Judging by the area's unemployment trends, the City's economy is recovering more quickly than the national economy.

	NY-BCI	Current*	Mfg.	Non-Mfg.	Outlook**
September '02	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
September	310.4	56.6	60.1	52.6	60.0
October	313.7	56.7	60.0	56.3	50.0
November	319.3	61.1	54.4	61.9	64.3

* This index is a weighted average of mfg. and non-mfg. ** Not seasonally adjusted.

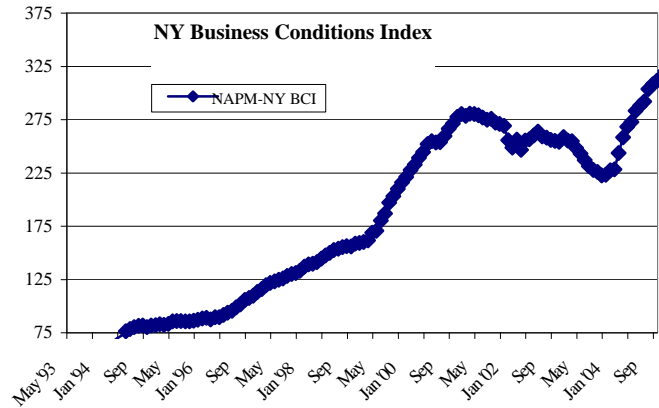
Has activity been noticeably dampened by uncertainty about the outcome of the presidential election?



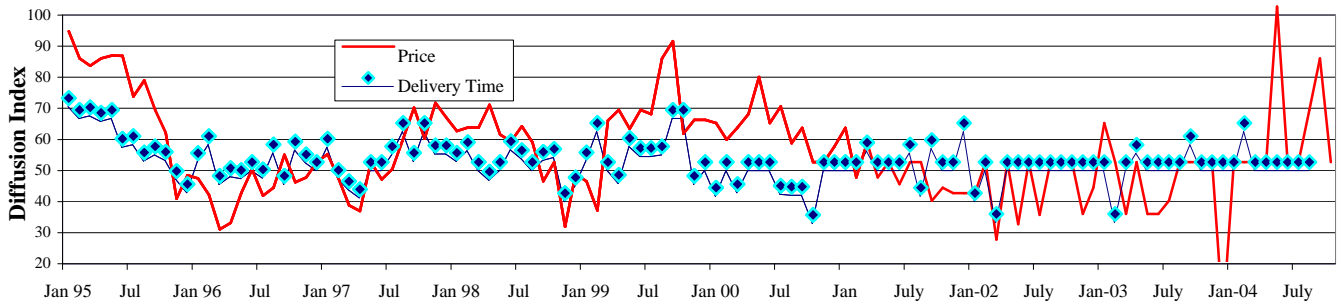
New York Business Conditions Index

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.

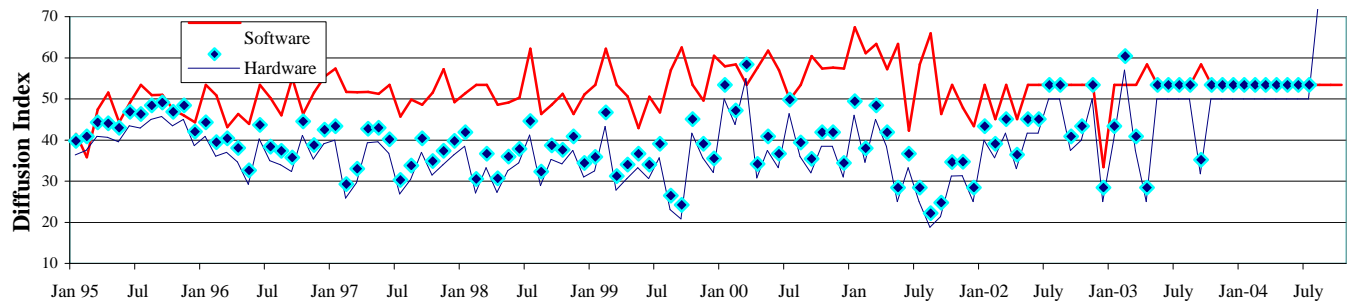
	Nov	Oct	Sept	Aug	Year ago Nov
NY BCI	319.3	313.7	310.4	307.1	227.3
% Change M/M	1.8	1.1	1.1	1.5	0.4



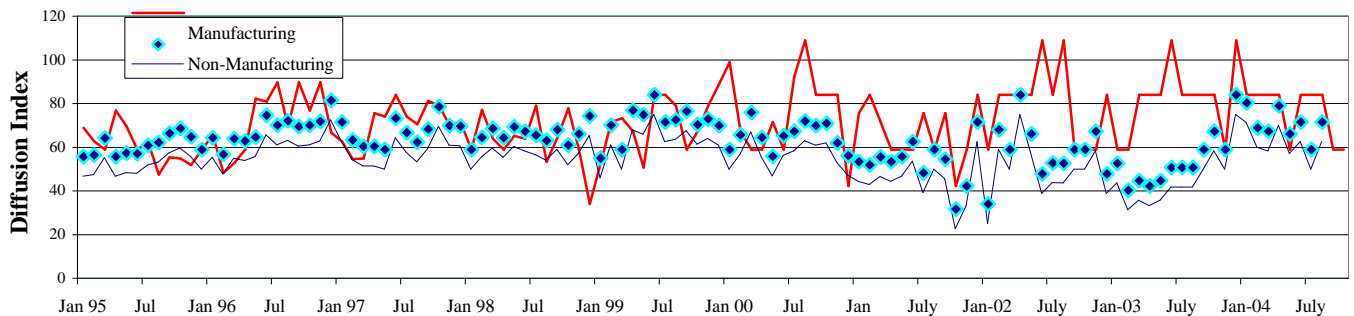
Corrugated Packaging Prices & Delivery Time



Computer Hardware & Software Prices



Current Conditions - Manufacturing vs. Non-Manufacturing Activity

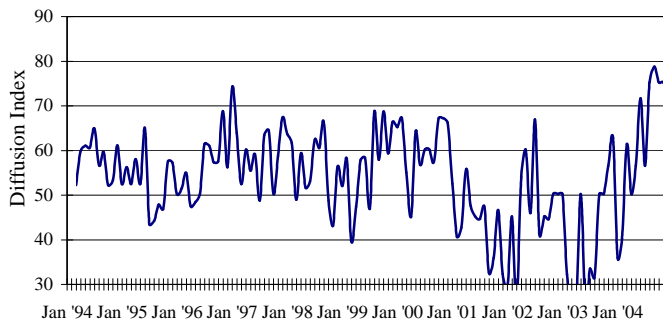


Quantity of Purchases

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

	Nov	Oct	Sept	Aug	July	Year ago Nov
Composite	64.3	71.4	78	75	78	35.7
Manufacturing	75	75	75	75	75	50
Non-Mfg.	70	70	80	75	80	30

Quantity of Purchases

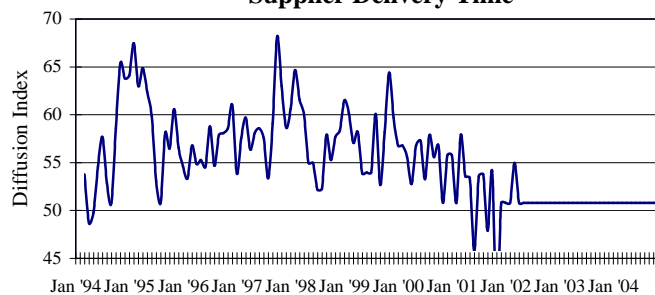


Supplier Delivery Time

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.

	Nov	Oct	Sept	Aug	July	Year ago Nov
Composite	50	50	50	50	50	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	50	50	50	50	30

Supplier Delivery Time

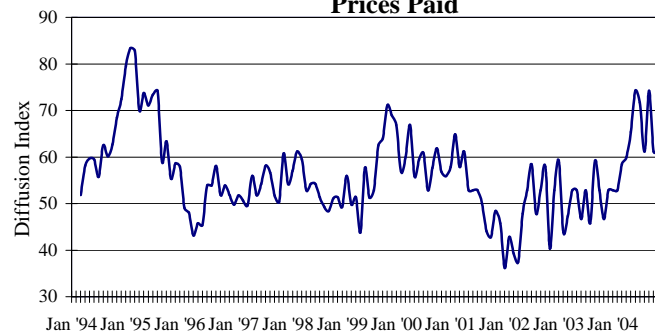


Prices Paid

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

	Nov	Oct	Sept	Aug	July	Year ago Nov
Composite	66.7	66.67	58.3	58.33	71	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	63	63	63	63	80	50

Prices Paid

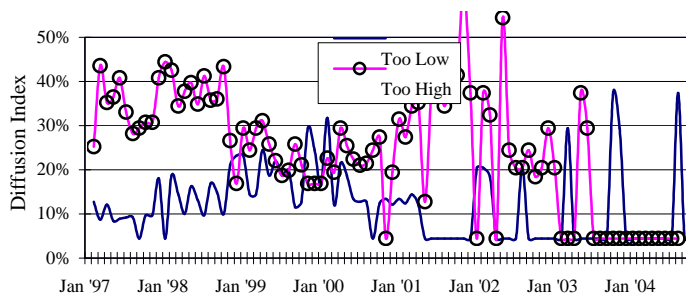


Finished Goods Inventory Relative to Use

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

	Nov	Oct	Sept	Aug	July	Year ago Nov
Composite	63	63	50	50	33	50
% too high	0	0	50	0	0	0
Manufacturing	50	50	50	50	50	50
Non-Mfg.	75	75	50	50	0	50

Finished Goods Inventory vs. Expected Use

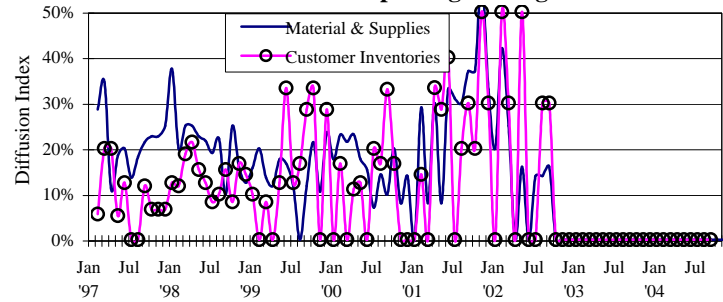


Raw Materials & Customer Inventory

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

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Materials & Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Customer Inventories	0.0	0.0	0.0	0.0	0.0	0.0

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



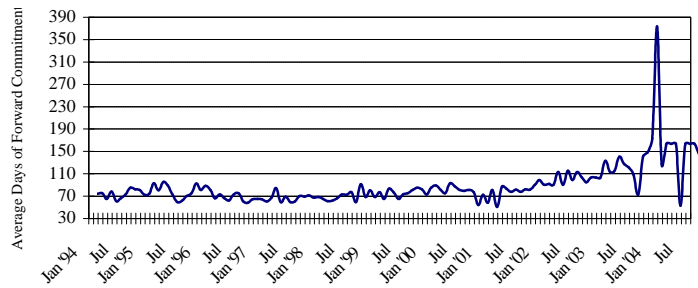
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Average Days	96	96	150	150	150	160

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
96	20%	40%	20%	0%	0%	20%

Production Materials



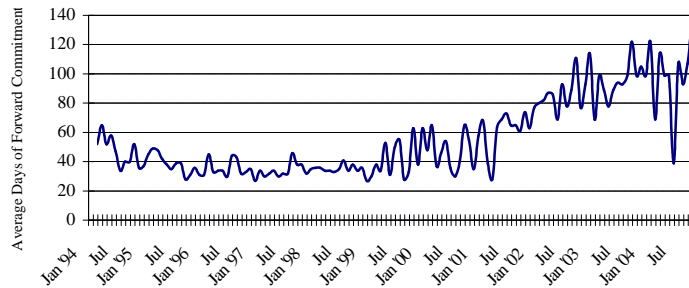
Buying Policy for MRO Supplies

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

	Year ago					
	Nov	Sept	Sept	Aug	July	Nov
Average Days	80	120	120	98	98	90

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
90	40%	20%	20%	0%	0%	20%

MRO Supplies



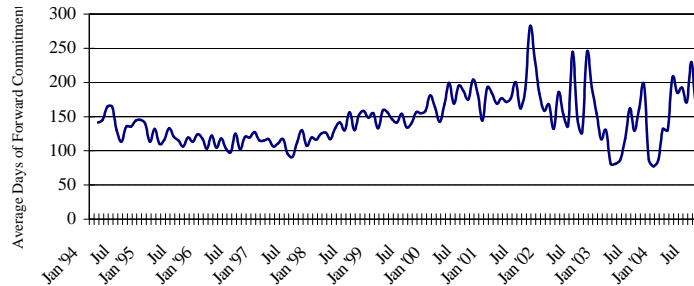
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Average Days	130	130	180	203	142	60

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
180	20%	0%	0%	40%	0%	40%

Capital Equipment



Specific Price Changes & Supplier Deliveries

COMMODITIES	--- PRICE CHANGES ---			--- VENDOR DELIVERIES ---		
	Nov	Oct	Sept	Nov	Oct	Sept
Castings	75.0	100.0	100.0	50.0	50.0	50.0
Chemicals	50.0	50.0	100.0	50.0		
Computer Hardware	+++ 62.5	50.0	66.7	50.0	50.0	50.0
Computer Software	+++ 50.0	50.0	50.0	50.0	50.0	50.0
Corrugated Packaging	50.0	67.7	83.3	66.7	50.0	50.0
Electrical Components	50.0	50.0	50.0	50.0	50.0	50.0
Energy	100.0	100.0	100.0	50.0		
Ferrous Metals	100.0	100.0	75.0		50.0	50.0
Food Products						
Glass						
Hydraulic Components						
Medical Supplies						
Nonferrous Metals	+++ 100.0	100.0	50.0	50.0	50.0	50.0
Office Equipment (non-computer)	+++ 50.0	50.0	50.0	50.0	50.0	50.0
Office Supplies	+++ 50.0	50.0	50.0	50.0	50.0	50.0
Piping & Tubing	100.0	100.0	50.0	50.0	50.0	50.0
Plastics	83.3	75.0	75.0	50.0	50.0	50.0
Plating	50.0	100.0	50.0	50.0	50.0	50.0
Printing Paper	+++ 60.0	100.0	75.0	50.0	50.0	50.0
Rubber Products						
Textile Products						
Wood & Pulp	100.0	100.0		75.0		
Services (Contracted)				"Hot Spots" are those commodities & services that have experienced upward price pressure with delivery delays (for commodities) for at least three months. Where are the HOT SPOTS?		
Cleaning	50.0	56.3	64.30			
Construction	60.0	64.3	64.30			
Painting	70.0	58.3	58.30			
Engineering	+++ 50.0	50.0	50.00			
Architectural	+++ 60.0	58.3	58.30			
Temporary Personnel	+++ 56.3	60.0	61.10			
Computer Consultants	+++ 58.3	62.5	61.10			

+++ = 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.