



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

NEW YORK CITY REPORT ON BUSINESS
New York's Frigid Blast Brings Warm Economic News

The New Year has opened with a hostile greeting from Mother Nature, but local purchasing managers report warming news about the city's economy. Business in the Big Apple continues to expand at a solid pace, 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—most of New York City's economy comprises service businesses—rose one and a half points to 65.9. This index level indicates that a majority of respondents reports an improving business environment. Responses from the manufacturing sector remain downbeat for the second month in a row, but the downswing in this index may be exaggerated by a low response rate. Notably, purchasing managers are quite optimistic about the near-term outlook as well. The NAPM-NY survey of purchasing managers echoes positive news reported earlier in the Federal Reserve Bank of New York business survey for the state.

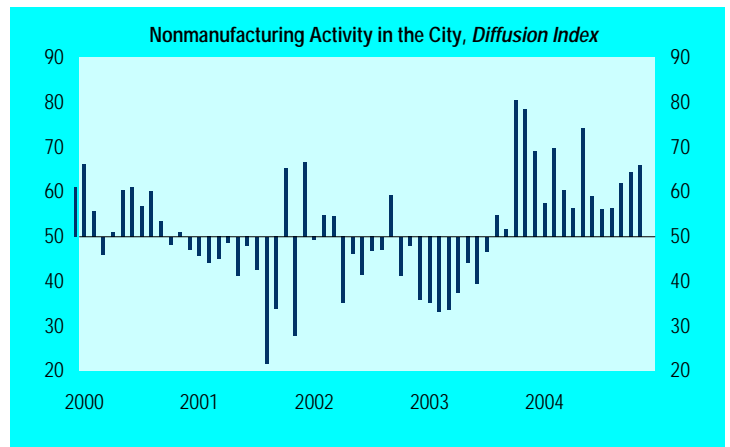
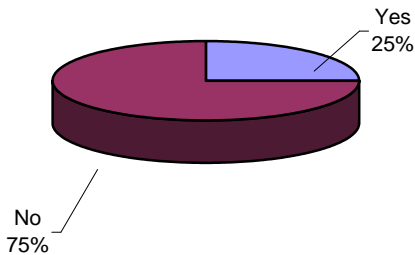
The results from the NAPM-NY complement positive trends in the metropolitan region's labor market. Specifically, for the first time in recent memory, the region's unemployment rate has slipped below the national rate, underscoring a significant improvement since the summer of 2004.

Globalization is very visible in the industrial belt, but the Big Apple's service-centric economy seems a little more immune to the rapid emergence of East Asia.

	NY-BCI	Current*	Mfg.	Non-Mfg.	Outlook**
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
December	325.5	62.1	41.2	64.4	37.5
January	331.8	62.8	35.1	65.9	60.0

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

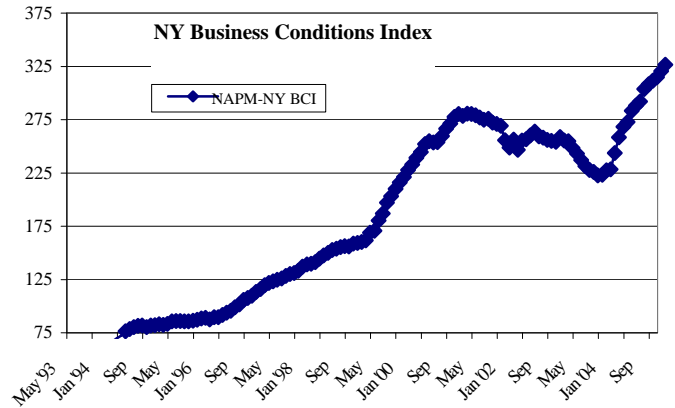
The quotas that have protected US apparel manufacturing from import competition for decades expired on December 31, 2004 and this is expected to accelerate the ongoing shift of operations to East Asia & lead to lower production costs. Many other businesses are building operations in East Asia as well. Are emerging East Asian countries becoming an attractive location for some of your operation?



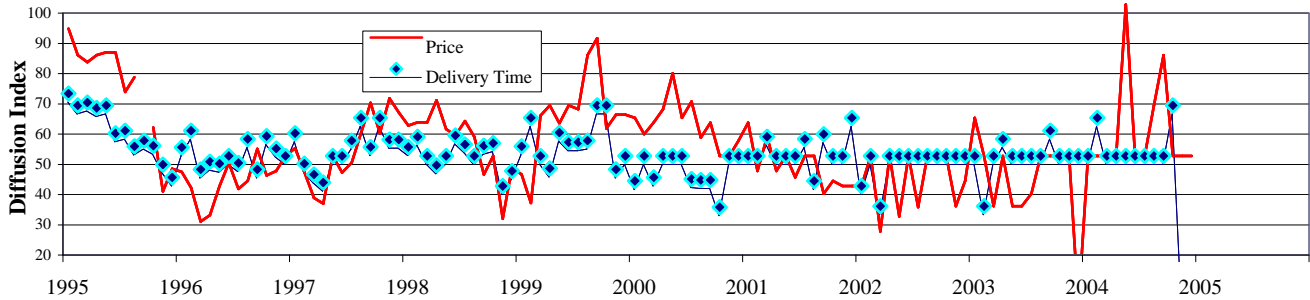
New York Business Conditions Index

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.

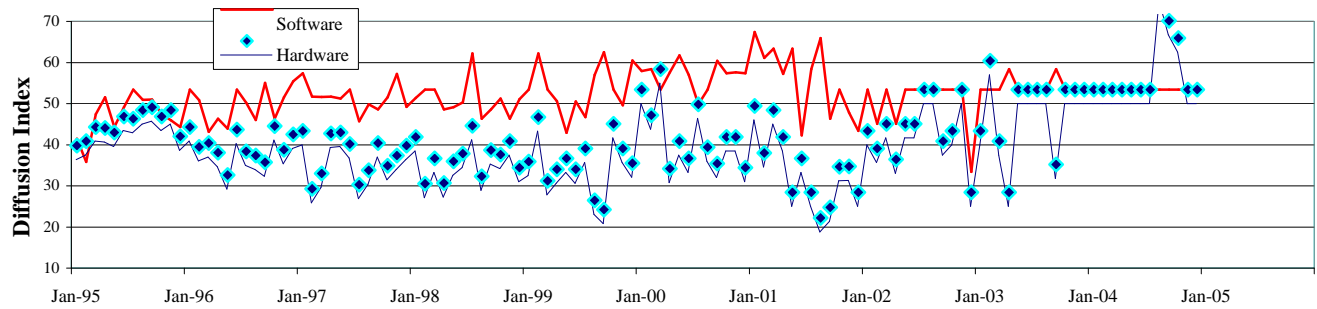
	Jan	Nov	Nov	Oct	Year ago Jan
NY BCI	331.8	319.3	319.3	313.7	257.3
% Change M/M	2.0	1.8	1.8	1.1	6.1



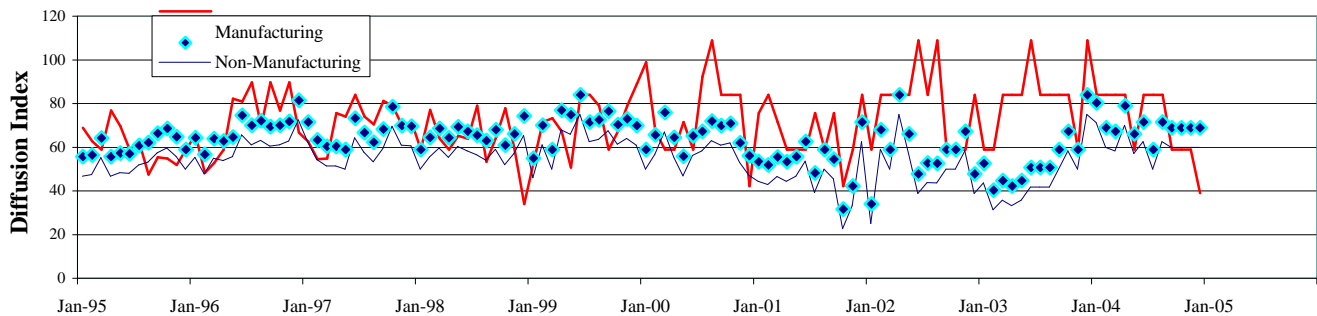
Corrugated Packaging Prices & Delivery Time



Computer Hardware & Software Prices



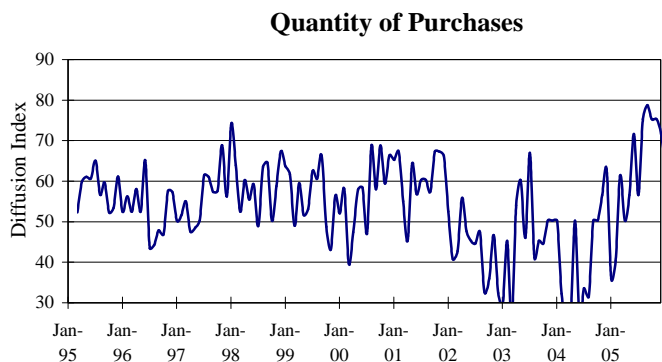
Current Conditions - Manufacturing vs. Non-Manufacturing Activity



Quantity of Purchases

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

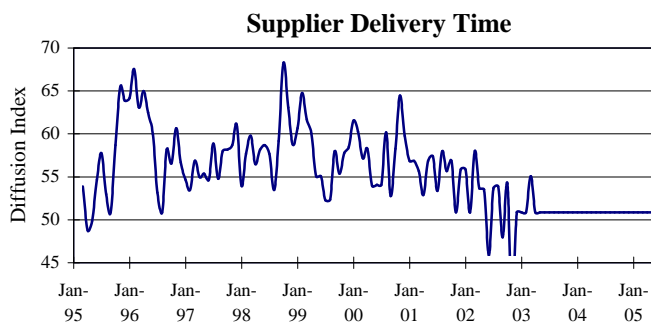
	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Composite	50.0	62.5	64.3	71.4	58.3	61.1
Manufacturing	50.0	NA	100.0	75.0	50.0	75.0
Non-Mfg.	50.0	62.5	50.0	70.0	60.0	57.1



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.

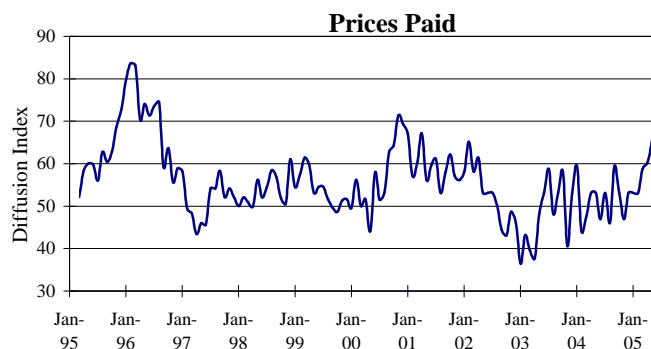
	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Composite	50.0	50.0	50.0	50.0	50.0	50.0
Manufacturing	50.0	NA	50.0	50.0	50.0	50.0
Non-Mfg.	50.0	50.0	50.0	50.0	50.0	50.0



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.

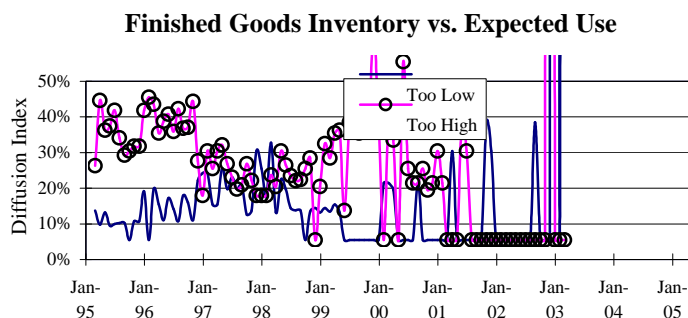
	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Composite	70.0	62.6	64.3	66.7	75.0	55.6
Manufacturing	50.0	NA	75.0	50.0	100.0	50.0
Non-Mfg.	50.0	62.5	60.0	75.0	70.0	57.1



Finished Goods Inventory Relative to Use

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

	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Composite	0	NA	63	63	50	50
% too high	0	0	0	0	50	0
Manufacturing	0	NA	50	50	50	50
Non-Mfg.	NA	NA	75	75	50	50

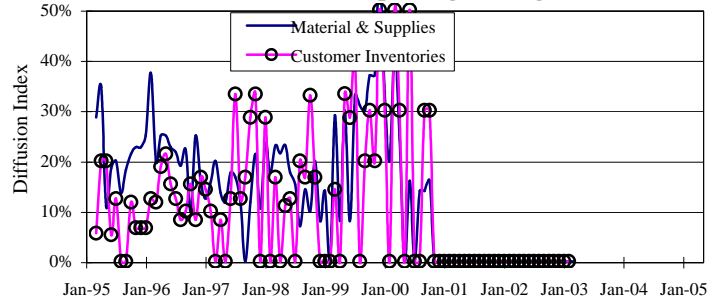


Raw Materials & Customer Inventory

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

	Year ago					
	Jan	Dec	Nov	Oct	Sept	Jan
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



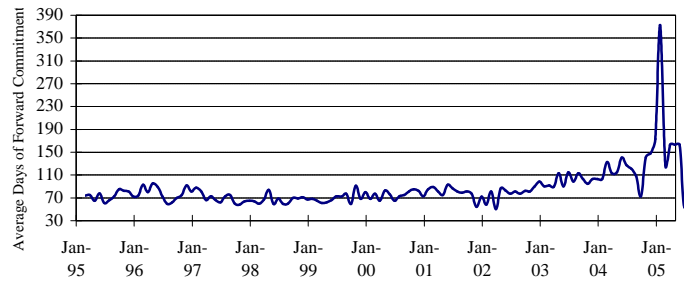
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	Jan	Dec	Nov	Oct	Sept	Jan
Average Days	45	15	96	96	150	114

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
45	0%	50%	50%	0%	0%	0%

Production Materials



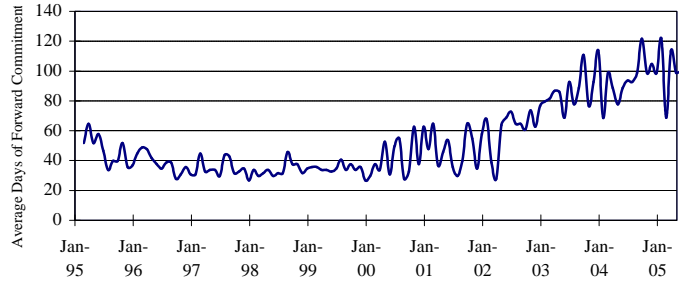
Buying Policy for MRO Supplies

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

	Year ago					
	Jan	Dec	Nov	Oct	Sept	Jan
Average Days	30	30	80	120	98	60

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

MRO Supplies



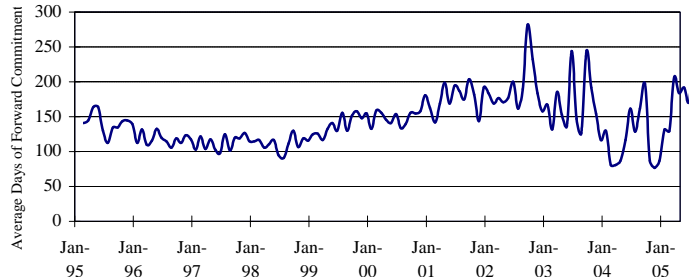
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	Jan	Dec	Nov	Oct	Sept	Jan
Average Days	68	90	130	130	180	102.8

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
68	25%	0%	0%	75%	0%	0%

Capital Equipment



Specific Price Changes & Supplier Deliveries

COMMODITIES	--- PRICE CHANGES ---			--- VENDOR DELIVERIES ---		
	Jan	Dec	Nov	Jan	Dec	Nov
Castings			75.0			50.0
Chemicals	50.0	50.0	50.0			50.0
Computer Hardware	+++	33.3	33.3	62.5	50.0	50.0
Computer Software	+++	33.3	33.3	50.0	50.0	50.0
Corrugated Packaging		50.0	50.0	50.0		66.7
Electrical Components		50.0	50.0	50.0		50.0
Energy		100.0	100.0	100.0	50.0	50.0
Ferrous Metals		100.0	100.0	100.0	50.0	50.0
Food Products						
Glass						
Hydraulic Components						
Medical Supplies						
Nonferrous Metals	+++		100.0			50.0
Office Equipment (non-computer)	+++	50.0	50.0	50.0	50.0	50.0
Office Supplies	+++	50.0	50.0	50.0	50.0	50.0
Piping & Tubing			100.0			50.0
Plastics		100.0	100.0	83.3		50.0
Plating			50.0			50.0
Printing Paper	+++	75.0	75.0	60.0	50.0	50.0
Rubber Products						
Textile Products						
Wood & Pulp			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		57.1	57.1			
Construction		66.7	66.7			
Painting		60.0	60.0			
Engineering	+++	50.0	50.0			
Architectural	+++	58.3	58.3			
Temporary Personnel	+++	56.3	56.3			
Computer Consultants	+++	57.1	57.1			

+++ = 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.