



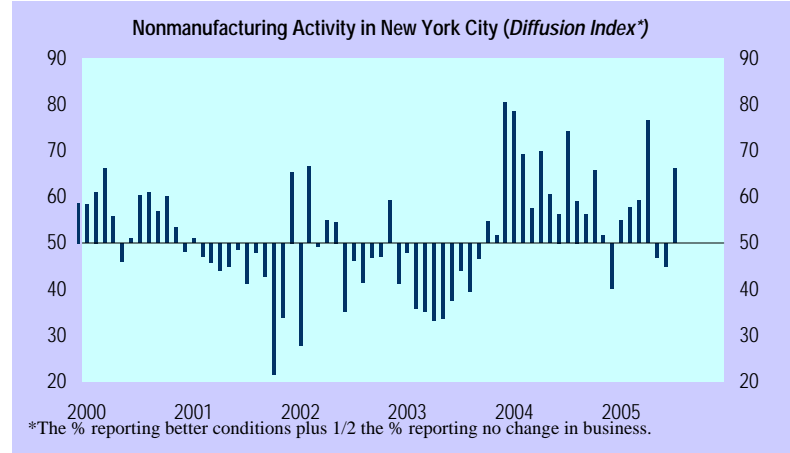
NEW YORK CITY REPORT ON BUSINESS
Business Takes a Turn for the Better

Business activity apparently accelerated in mid-summer, at least in the nonmanufacturing sector, according to the latest survey conducted by the National Association of Purchasing Management-New York (NAPM-NY). This finding echoes a similar improvement across the nation reported in a number of recent economic surveys. The upbeat message of the NAPM-NY business poll adds to a positive report released earlier by the Federal Reserve Bank of New York, based on its July survey of the Empire State's businesses. Manufacturing respondents had few constructive developments to report, but, once again, this finding should be treated with caution, given the low response of representatives from such businesses. Although the weakness in the NAPM-NY manufacturing index might be somewhat exaggerated, factory activity in this region as well as across much of the US slowed earlier this spring, apparently reflecting inventory adjustments.

Price pressures remain little changed, according to the NAPM-NY survey. Indications of prices paid have moderated since last winter. Moreover, supplier delivery times have eased, indicating that bottlenecks, which typically accompany elevated business activity, pose less of an inflation threat than they did months ago.

With the index of current conditions moving back above the 50 level—signaling that output is growing—the NAPM-NY Business Conditions Index (BCI) recovered much of the ground lost over the last couple of months. The BCI is useful because it generally coincides with employment trends in the City.

Businesses remain largely optimistic about the outlook.



New York City's Business
(Seasonally Adjusted, Except Where Noted)

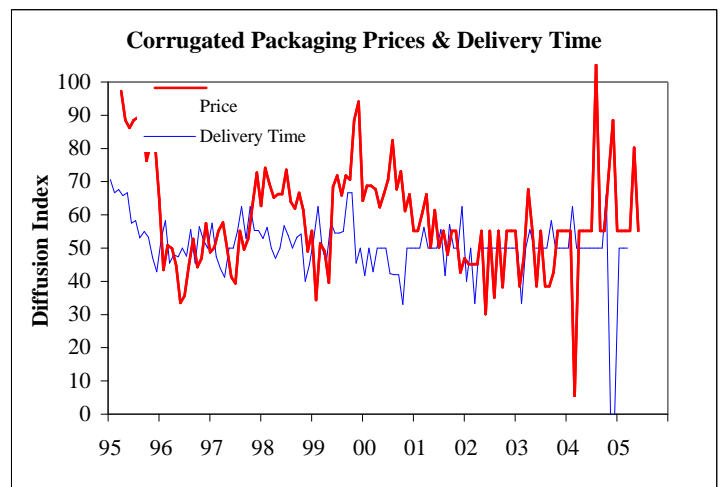
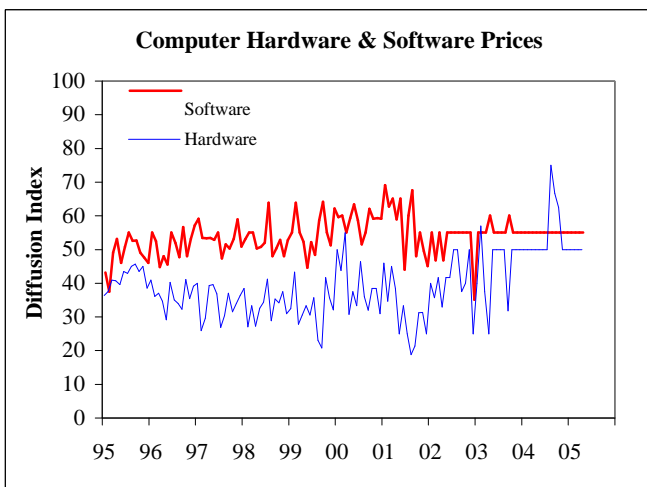
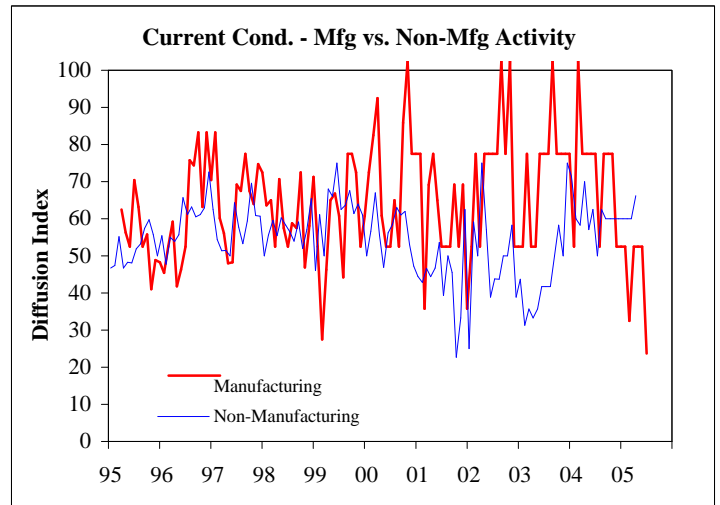
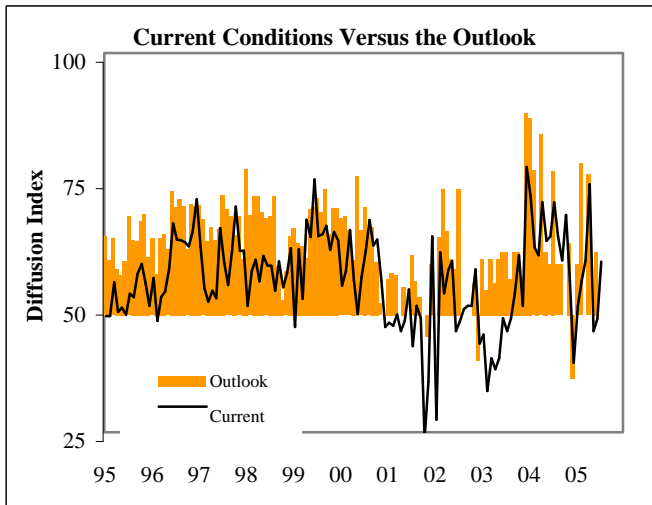
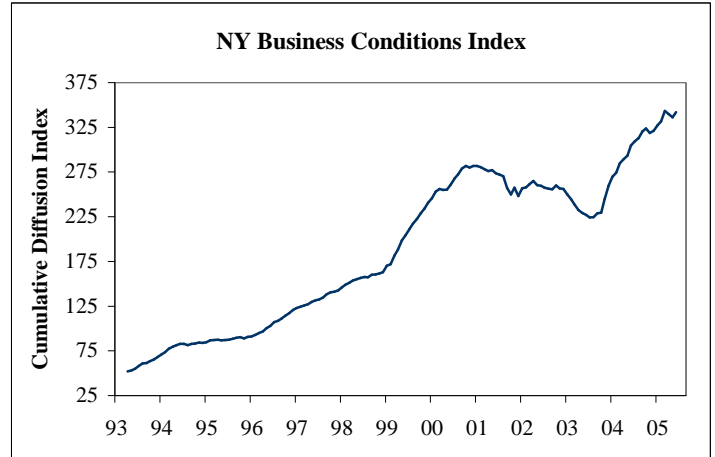
	Current*		Outlook**	NY-BCI	
	Mfg.	Non-Mfg.			
June '03	43.1	92.8	37.5	62.5	226.7
July	46.2	64.8	44.2	62.5	224.9
August	43.6	81.6	39.4	57.1	221.7
September	51.1	90.2	46.8	62.5	222.2
October	58.2	90.0	54.7	62.5	226.4
November	51.9	54.4	51.6	57.4	227.3
December	80.7	82.3	80.5	90.0	242.6
January '04	79.4	87.6	78.5	88.9	257.3
February	69.8	75.4	69.2	78.6	267.2
March	59.2	74.6	57.5	62.5	271.8
April	70.9	80.3	69.8	85.7	282.2
May	59.7	52.7	60.4	62.5	287.1
June	57.6	69.6	56.3	60.0	290.9
July	73.2	64.8	74.1	78.5	302.5
August	59.3	61.2	59.1	60.0	307.1
September	56.6	60.1	56.2	60.0	310.4
October	65.1	60.0	65.7	50.0	318.0
November	56.4	100.0	51.6	64.3	321.2
December	40.3	41.2	40.2	37.5	316.3
January '05	55.3	58.4	54.9	60.0	319.0
February	61.9	100.0	57.6	80.0	324.9
March	58.3	49.7	59.2	50.0	329.1
April	74.2	53.5	76.5	77.8	341.2
May	42.3	0.0	47.0	50.0	337.3
June	42.8	23.2	45.0	62.5	333.7
July	61.7	21.6	66.2	50.0	339.6

* This index is a weighted average of manufacturing (10%) and non-manufacturing (90%).

** Not seasonally adjusted.

New York Business Conditions Index (NY-BCI)

The New York business conditions index (BCI) is a cumulative diffusion index of current business conditions in the New York city area. The BCI tends to precede or move with local-area employment. As a result, because employment data are not available for one or two months later, the BCI can provide advance indications of local labor market conditions.

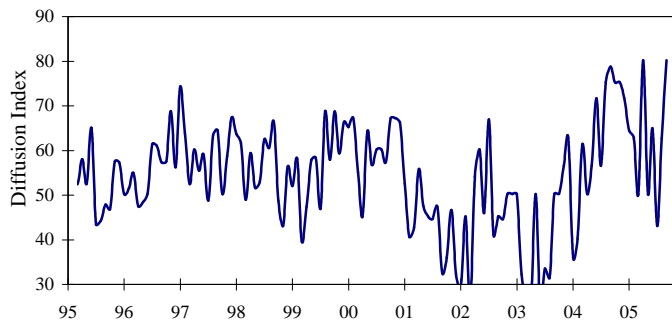


Quantity of Purchases

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

	July	June	May	April	Mar	Year ago July
Composite	80	63	43	65	56	79
Manufacturing	50	50	50	50	75	75
Non-Mfg.	100	75	42	66	50	80

Quantity of Purchases

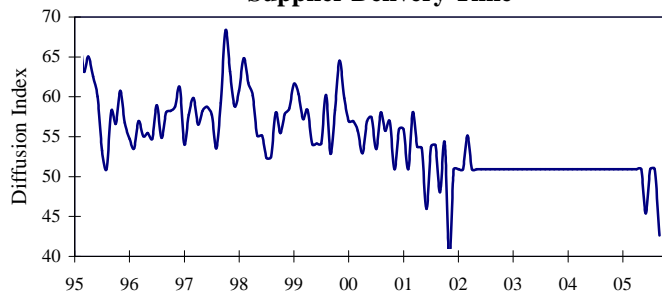


Supplier Delivery Time

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.

	July	June	May	April	March	Year ago July
Composite	42	50	50	44	50	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	50	50	50	50	50

Supplier Delivery Time

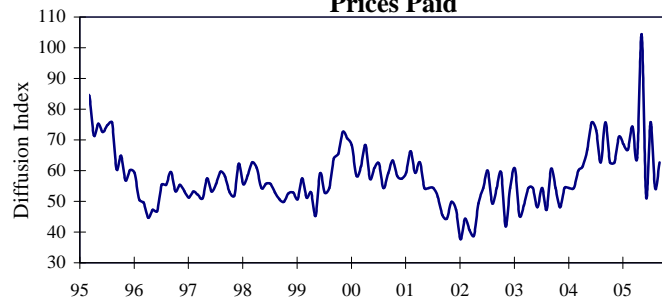


Prices Paid

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

	July	June	May	April	March	Year ago July
Composite	58	50	71	47	100	71
Manufacturing	75	50	100	50	100	50
Non-Mfg.	50	50	67	40	100	80

Prices Paid

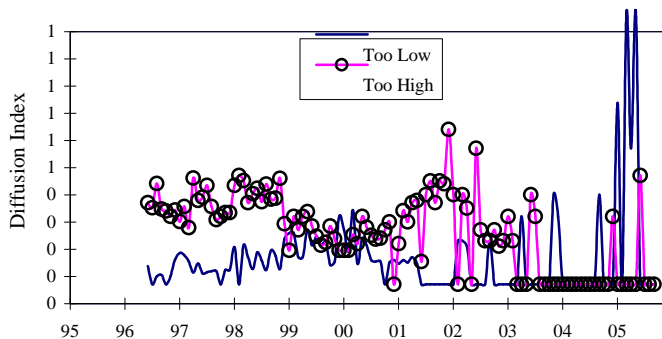


Finished Goods Inventory Relative to Use

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

	July	June	May	April	March	Year ago July
Composite	58	50	50	70	0	33
% too high	0	0	0	0	0	0
Manufacturing	75	50	50	50	0	50
Non-Mfg.	50	NA	50	75	NA	0

Finished Goods Inventory vs. Expected Use

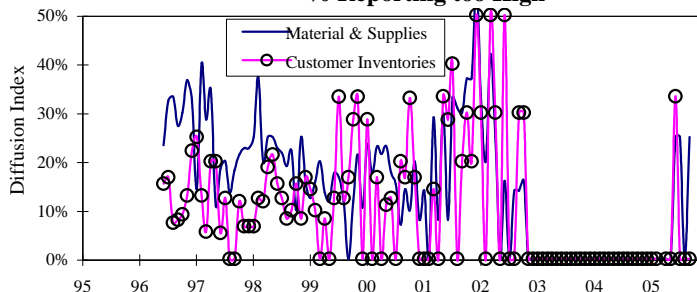


Raw Materials & Customer Inventory

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

	Year ago					
	July	May	April	March	Feb	July
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



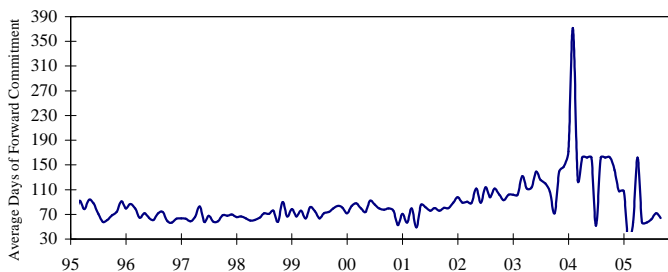
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	July	June	May	April	March	July
Average Days	53	60	50	45	45	150

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
53	0%	50%	25%	25%	0%	0%

Production Materials



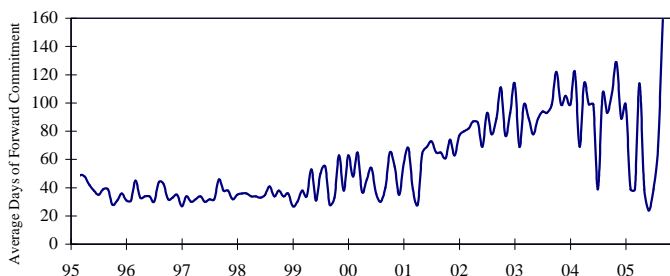
Buying Policy for MRO Supplies

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

	Year ago					
	July	May	May	April	March	July
Average Days	150	15	15	15	30	84

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%

MRO Supplies



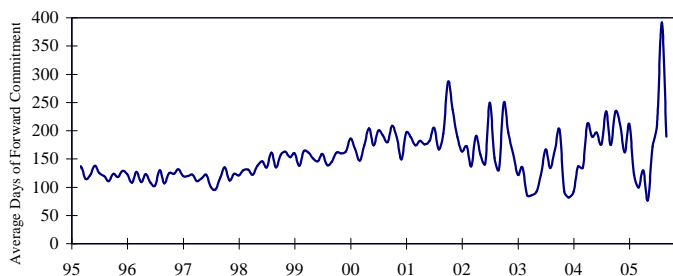
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	July	June	May	April	Mar	July
Average Days	157.5	360	180	140	45	142.5

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
158	0%	25%	25%	0%	25%	25%

Capital Equipment



Specific Price Changes & Supplier Deliveries

COMMODITIES	--- PRICE CHANGES ---			--- VENDOR DELIVERIES ---			
		July	June	May	July	June	May
Castings			62.50			62.50	
Chemicals			50.00	50.00		50.00	50.00
Computer Hardware	+++	50.00	25.00	33.33	50.00	50.00	50.00
Computer Software	+++	50.00	55.00	33.33	50.00	50.00	66.67
Corrugated Packaging			50.00	100.00		50.00	50.00
Electrical Components			33.33	50.00		50.00	50.00
Energy			33.33	75.00		50.00	50.00
Ferrous Metals			50.00			50.00	
Food Products			50.00	50.00		50.00	50.00
Glass			50.00			50.00	
Hydraulic Components			75.00			50.00	
Medical Supplies			50.00			50.00	
Nonferrous Metals	+++		33.33			50.00	
Office Equipment (non-computer)	+++	50.00	41.67	50.00	50.00	45.45	50.00
Office Supplies	+++	50.00	50.00	50.00	50.00	50.00	50.00
Piping & Tubing			50.00			50.00	
Plastics			50.00			50.00	
Plating			50.00			50.00	
Printing Paper	+++	100.00	55.56	100.00	50.00	50.00	50.00
Rubber Products			50.00			50.00	
Textile Products							
Wood & Pulp			50.00			25.00	
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		60.00	60.00	57.14			
Construction		62.50	50.00	58.33			
Painting		62.50	50.00	58.33			
Engineering	+++	50.00	66.67	50.00			
Architectural	+++	62.50	50.00	60.00			
Temporary Personnel	+++	58.33	50.00	50.00			
Computer Consultants	+++	60.00	50.00	50.00			

+++ = 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.