

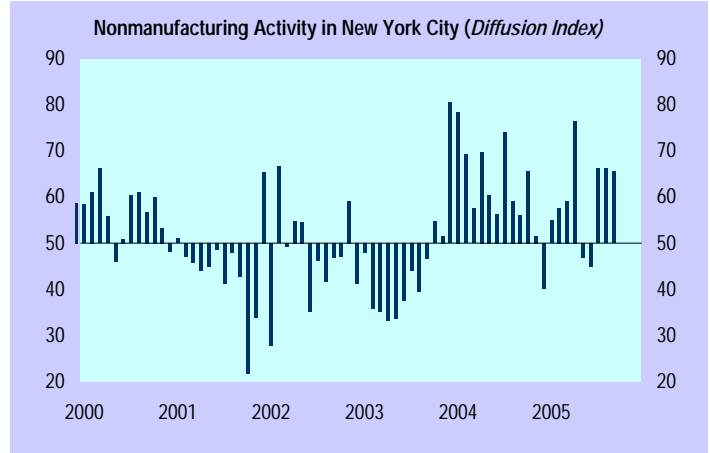


NEW YORK CITY REPORT ON BUSINESS
Solid Business Landscape

Businesses report that activity remains quite good in the Big Apple, according to the September survey conducted by the National Association of Purchasing Management-New York (NAPM-NY). This matches a similar finding in the New York Federal Reserve Bank's survey of manufacturers operating in the Empire State. Most purchasing managers reported little change in activity and a few indicated that business had improved somewhat. Respondents are optimistic about the economic outlook in the coming months.

Despite the surge in energy costs, most reported that price pressures are stable and a few indicated that price pressures had eased. The index of prices paid has fallen back to the lowest level since 2003.

The NAPM-NY Business Conditions Index (BCI) continues to set new records. In the past this index has paralleled employment trends in New York City. For sure, the number of jobs in the City is growing—payrolls now are expanding about 1% annually—and further improvement likely lies ahead. Nonetheless, the job picture remains more subdued than might be expected, given the improvement in the NY-BCI. Obviously, the loss of the World Trade Center has contributed to the slow recovery in the City's job base. Employment growth is more impressive, when surrounding neighborhoods are included.



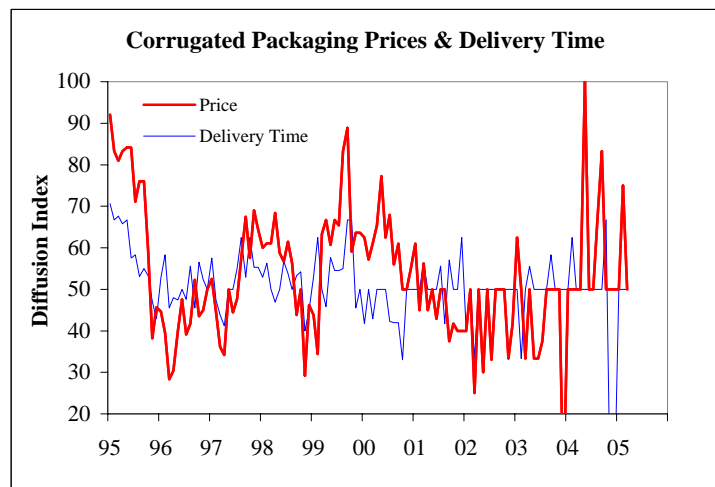
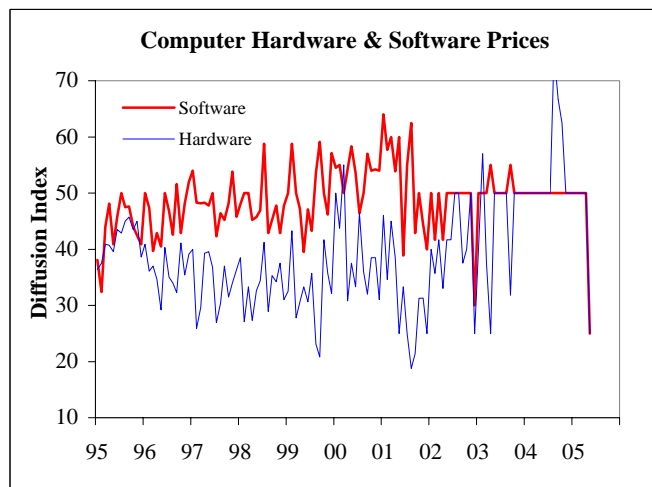
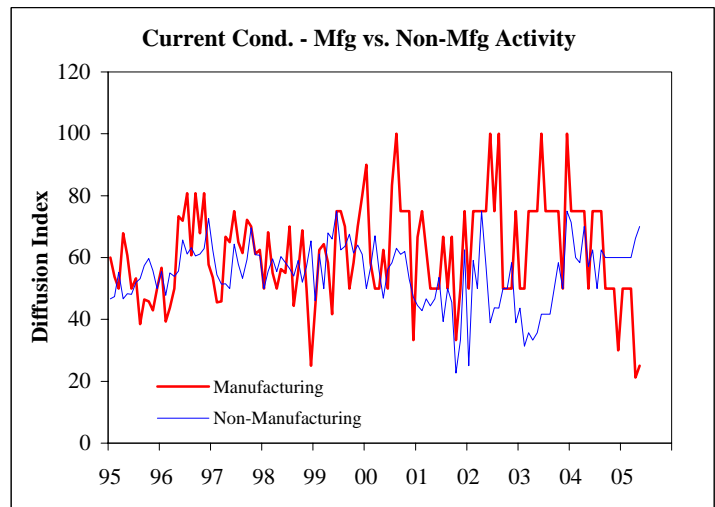
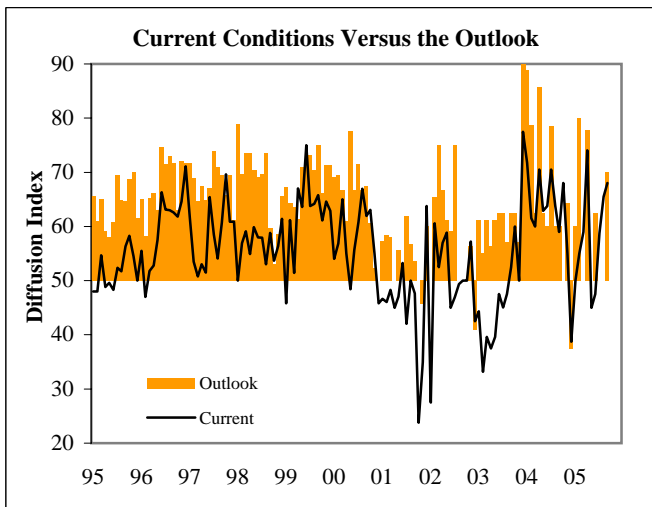
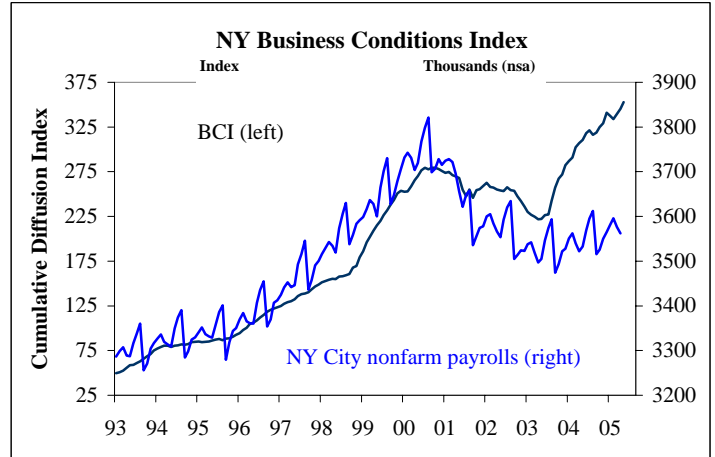
New York City Business Conditions Indexes
(Seasonally Adjusted, Except Where Noted)

	Current Conditions	Outlook*	NY-BCI
August '03	39.4	57.1	221.7
September	46.8	62.5	222.2
October	54.7	62.5	226.4
November	51.6	57.1	227.3
December	80.5	90.0	242.6
January '04	78.5	88.9	257.3
February	69.2	78.6	267.2
March	57.5	62.5	271.8
April	69.8	85.7	282.2
May	60.4	62.5	287.1
June	56.3	60.0	290.9
July	74.1	78.5	302.5
August	59.1	60.0	307.1
September	56.2	60.0	310.4
October	65.7	50.0	318.0
November	51.6	64.3	321.2
December	40.2	37.5	316.3
January '05	54.9	60.0	319.0
February	57.6	80.0	324.9
March	59.2	50.0	329.1
April	76.5	77.8	341.2
May	47.0	50.0	337.3
June	45.0	62.5	333.7
July	66.2	50.0	339.6
August	66.2	50.0	345.4
September	65.5	70.0	349.7

* 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 coincide with local-area employment. As a result, because employment data are not available until one or two months, the BCI provides advance information about local labor market conditions. One note of caution: New York City nonfarm payrolls have lagged the recovery in the NY-NAPM's BCI since 2003 (see the figure to the right).

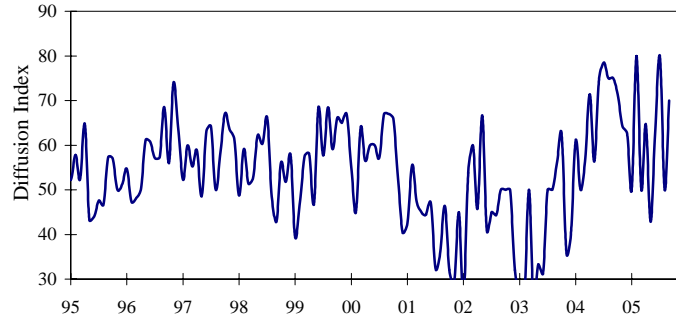


Quantity of Purchases

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

	Sept	Aug	July	June	May	Year ago Sept
Composite	70	50	80	63	43	75
Manufacturing	50	25	50	50	50	75
Non-Mfg.	75	60	100	75	42	75

Quantity of Purchases

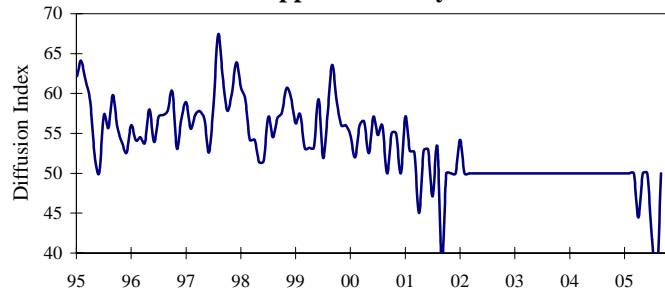


Supplier Delivery Time

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.

	Sept	Aug	July	June	May	Year ago Sept
Composite	50	36	42	50	50	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	50	50	50	50	50

Supplier Delivery Time

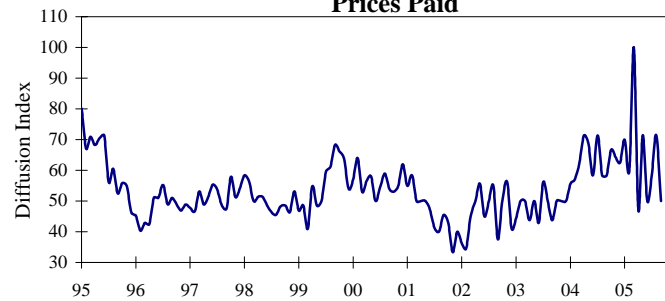


Prices Paid

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

	Sept	Aug	July	June	May	Year ago Sept
Composite	50	71	58	50	71	58
Manufacturing	50	75	75	50	100	50
Non-Mfg.	50	70	50	50	67	63

Prices Paid

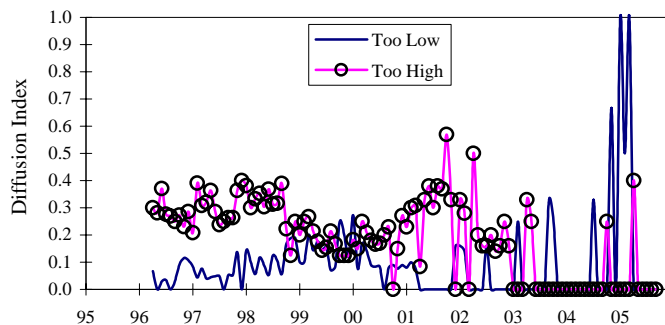


Finished Goods Inventory Relative to Use

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

	Sept	Aug	July	June	May	Year ago Sept
Composite	50	50	58	50	50	50
% too high	0	0	0	0	0	0
Manufacturing	50	50	75	50	50	50
Non-Mfg.	50	N/A	50	NA	50	50

Finished Goods Inventory vs. Expected Use

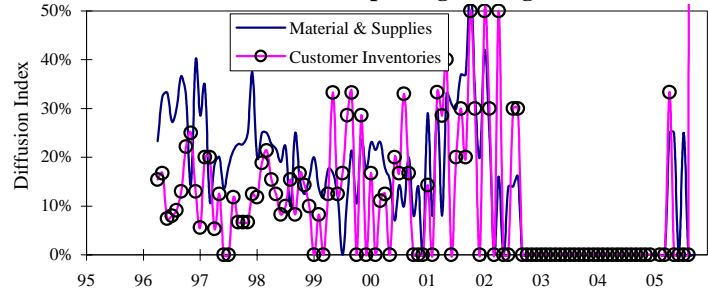


Raw Materials & Customer Inventory

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

	Year ago					
	Sept	Aug	July	June	May	Sept
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



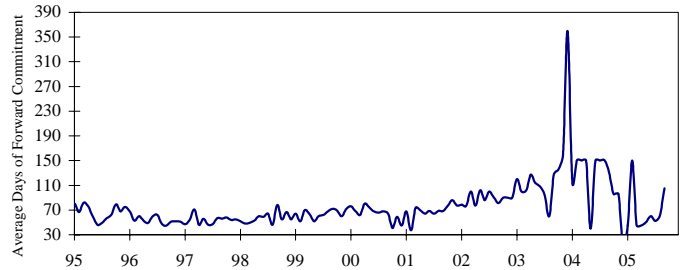
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	Sept	Aug	July	June	May	Sept
Average Days	105	60	53	60	50	130

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
105	0%	50%	0%	0%	50%	0%

Production Materials



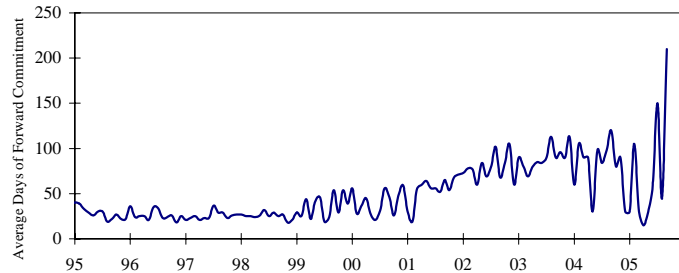
Buying Policy for MRO Supplies

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

	Year ago					
	Sept	Aug	July	June	May	Sept
Average Days	210	45	150	15	15	120

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
210	0%	0%	50%	0%	0%	50%

MRO Supplies



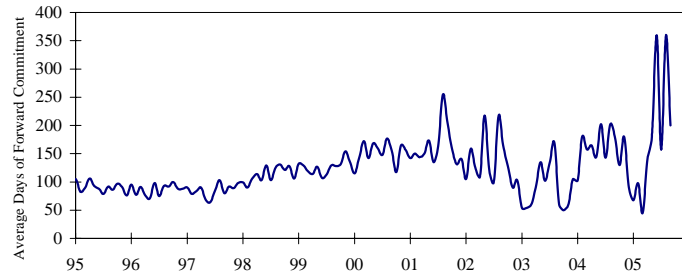
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	Sept	Aug	July	June	May	Sept
Average Days	200	360	157.5	360	180	180

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
200	0%	0%	33%	0%	33%	33%

Capital Equipment



Specific Price Changes & Supplier Deliveries

COMMODITIES	--- PRICE CHANGES ---			--- VENDOR DELIVERIES ---			
		Sept	Aug	July	Sept	Aug	July
Castings			100.00			50.00	
Chemicals		100.00					
Computer Hardware	+++	25.00	25.00	50.00	50.00	50.00	50.00
Computer Software	+++	33.33	25.00	50.00	66.67	50.00	50.00
Corrugated Packaging		50.00	100.00				
Electrical Components							
Energy		100.00	100.00				
Ferrous Metals							
Food Products							
Glass							
Hydraulic Components							
Medical Supplies							
Nonferrous Metals	+++						
Office Equipment (non-computer)	+++	50.00	33.33	50.00	50.00	50.00	50.00
Office Supplies	+++	50.00	33.33	50.00	50.00	50.00	50.00
Piping & Tubing							
Plastics		100.00	100.00			50.00	
Plating							
Printing Paper	+++	50.00	100.00	100.00	50.00	50.00	50.00
Rubber Products							
Textile Products							
Wood & Pulp			100.00			50.00	
Services (Contracted)				"Hot Spots" are those commodities & services			
Cleaning		60.00	64.29	60.00	that have experienced upward price pressure with delivery delays (for commodities) for at least three months. Where are the HOT SPOTS?		
Construction		62.50	60.00	62.50			
Painting		62.50	66.67	62.50			
Engineering	+++	50.00	50.00	50.00			
Architectural	+++	62.50	62.50	62.50			
Temporary Personnel	+++	58.33	56.25	58.33			
Computer Consultants	+++	60.00	58.33	60.00			

+++ = 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.