

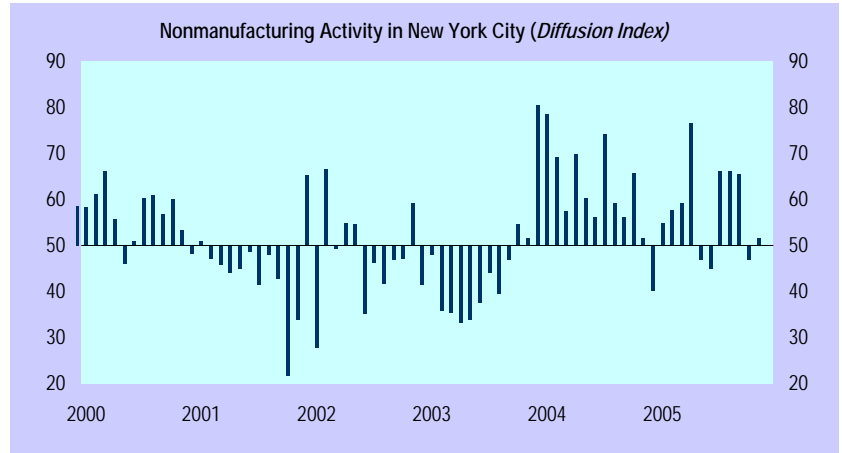


NEW YORK CITY REPORT ON BUSINESS
Business as Usual

The Big Apple's economy continues to expand, according to November's survey of local businesses conducted by the National Association of Purchasing Management-New York (NAPM-NY). That squares with the earlier findings by the Federal Reserve Bank of New York in its Empire State survey. For sure, the level of the current conditions index is down from earlier levels. That is because most respondents report that business conditions are about the same as before. No one reports that conditions are better, or improving. The mild fall temperatures have been a godsend for local businesses as well as for households, restraining the rise in energy costs that will be more noticeable when seasonal temperatures arrive.

The outlook index has come down from earlier levels, perhaps reflecting worries about high energy costs. Respondents' views about the outlook can provide early indications of future activity. Nonetheless, the outlook index is very volatile. It would have to remain low for several months to provide a credible indication that the landscape is changing.

The NAPM-NY Business Conditions Index (BCI) turned back up in November. The BCI has been on a steep ascent since early 2003. Normally, this would tend to parallel local employment trends, but the payroll count in the City has recovered more slowly than the BCI, with employment up 0.9% over the past year. That performance slightly lags national employment trends; nonfarm payrolls are up about 1½% over the same period.



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

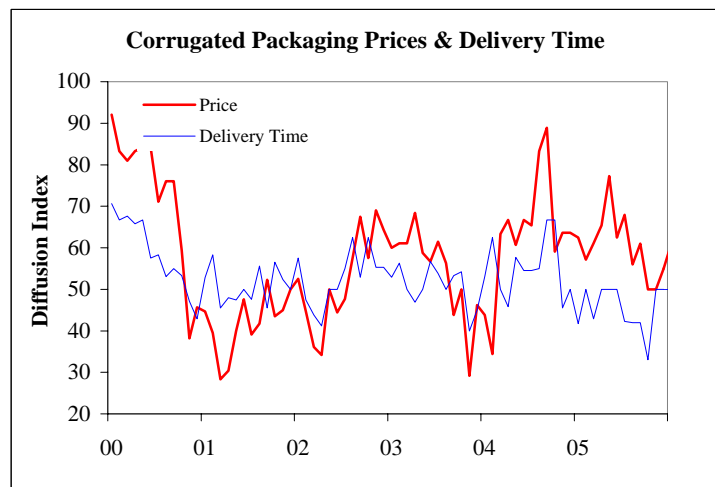
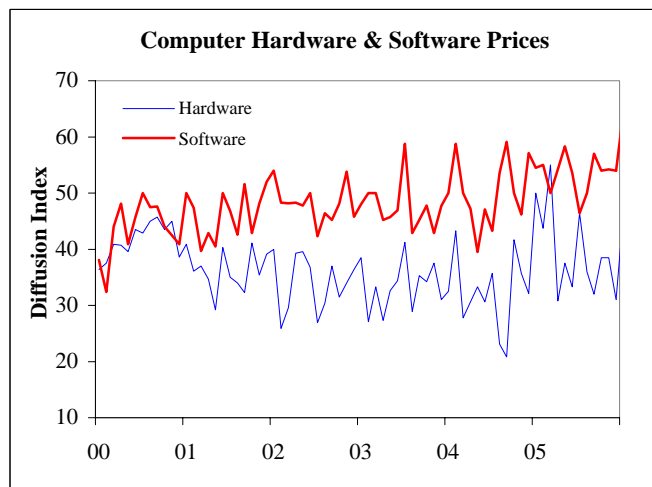
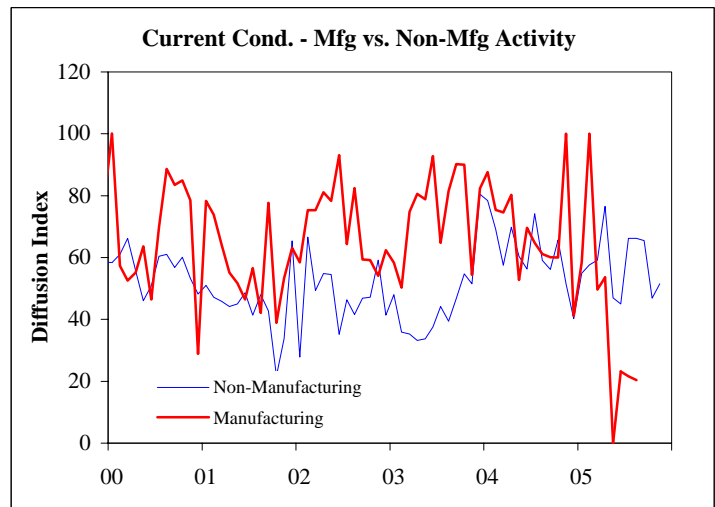
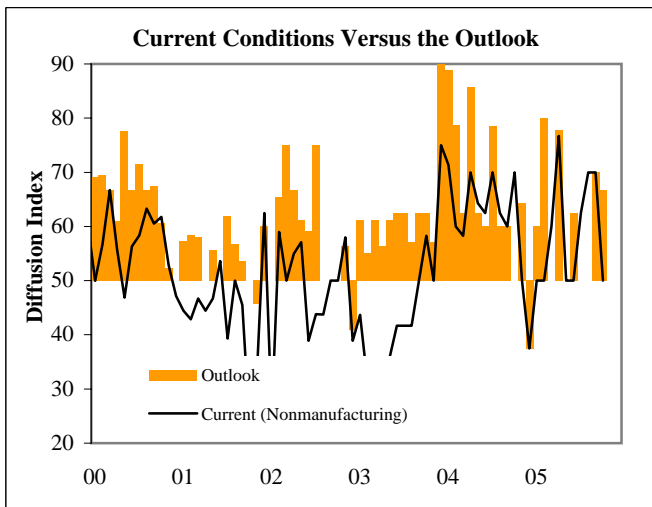
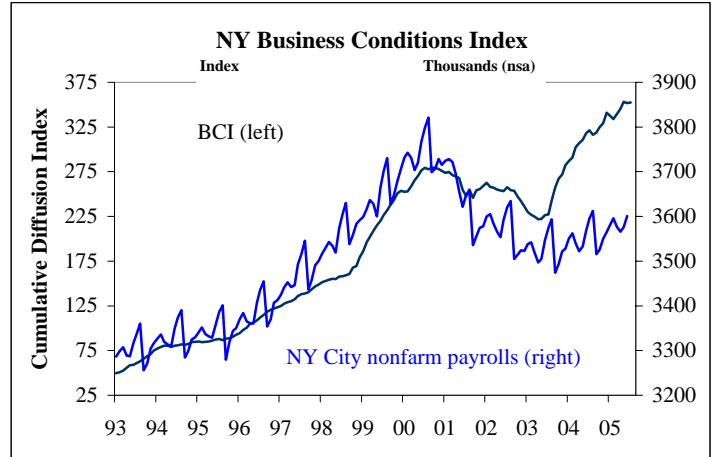
	Current Conditions#	Outlook*	NY-BCI
September '03	46.8	62.5	222.2
October	54.7	62.5	226.4
November	51.6	57.1	227.3
December	80.5	90.0	242.6
January '04	78.5	88.9	257.3
February	69.2	78.6	267.2
March	57.5	62.5	271.8
April	69.8	85.7	282.2
May	60.4	62.5	287.1
June	56.3	60.0	290.9
July	74.1	78.5	302.5
August	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	353.2
October	46.9	66.7	351.6
November	51.6	40.0	352.4

Based on responses from nonmanufacturing businesses.

* Based on responses from nonmanufacturing businesses since August 2005.

New York Business Conditions Index (NY-BCI)

The New York NAPM 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. Because employment data are not available until one or months later, the BCI provides advance information about local labor market conditions. So far, however, City payrolls have not matched the recovery in the NY-NAPM's BCI since 2003 (see the figure to the right).

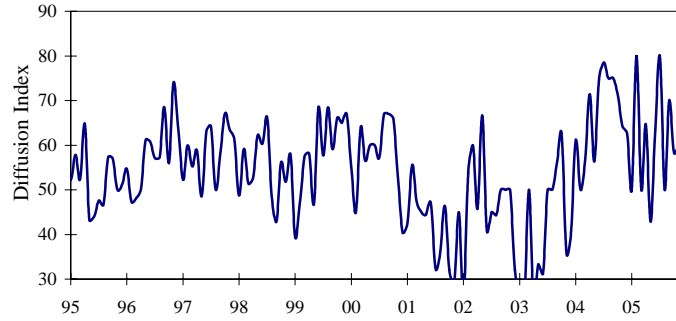


Quantity of Purchases

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

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Composite	60	58	70	50	80	64
Manufacturing	50	NA	50	25	50	100
Non-Mfg.	63	58	75	60	100	50

Quantity of Purchases

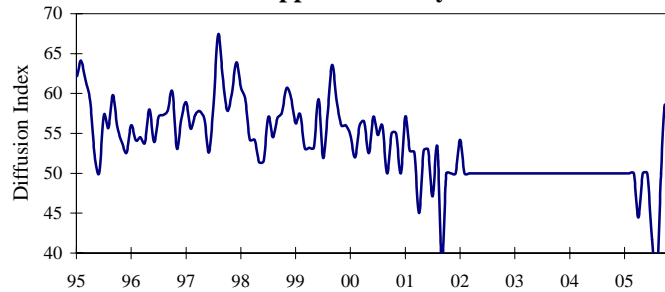


Supplier Delivery Time

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.

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Composite	40	58	50	36	42	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	58	50	50	50	50

Supplier Delivery Time

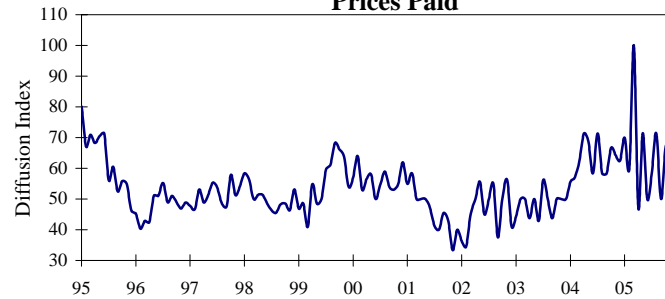


Prices Paid

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					
	Nov	Oct	Sept	Aug	July	Nov
Composite	70	67	50	71	58	50
Manufacturing	100	50	50	75	75	50
Non-Mfg.	63	67	50	70	50	50

Prices Paid

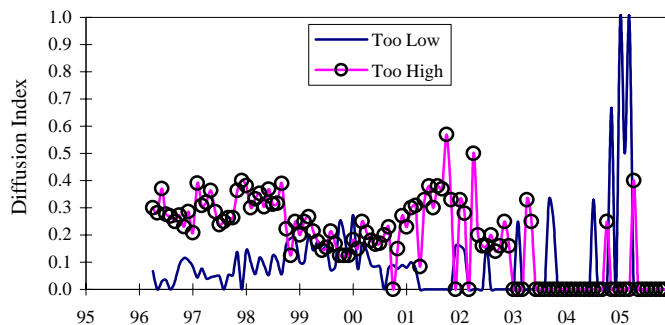


Finished Goods Inventory Relative to Use

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

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Composite	50	50	50	50	58	17
% too high	0	0	0	0	0	0
Manufacturing	50	NA	50	50	75	25
Non-Mfg.	50	50	50	N/A	50	0

Finished Goods Inventory vs. Expected Use

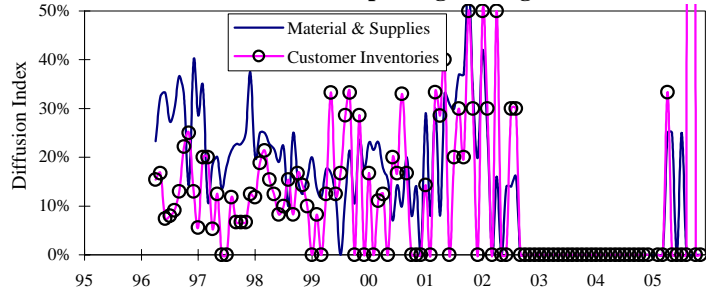


Raw Materials & Customer Inventory

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

	Year ago					
	Nov	Sept	Aug	July	June	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

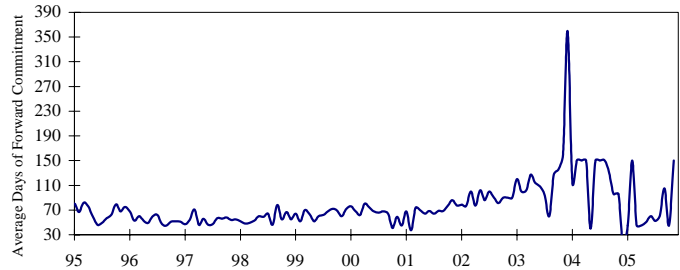


Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Average Days	150	45	105	60	53	96

Production Materials



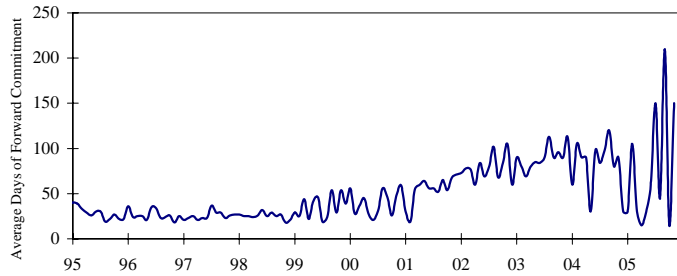
Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
150	0%	33%	33%	0%	0%	33%

Buying Policy for MRO Supplies

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

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Average Days	150	15	210	45	150	90

MRO Supplies



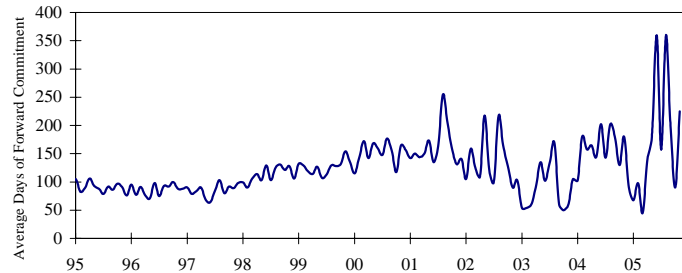
Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
150	0%	33%	33%	0%	0%	33%

Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	Nov	Oct	Sept	Aug	July	Nov
Average Days	225	90	200	360	157.5	180

Capital Equipment



Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
225	0%	0%	0%	50%	0%	50%

Specific Price Changes & Supplier Deliveries

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

