

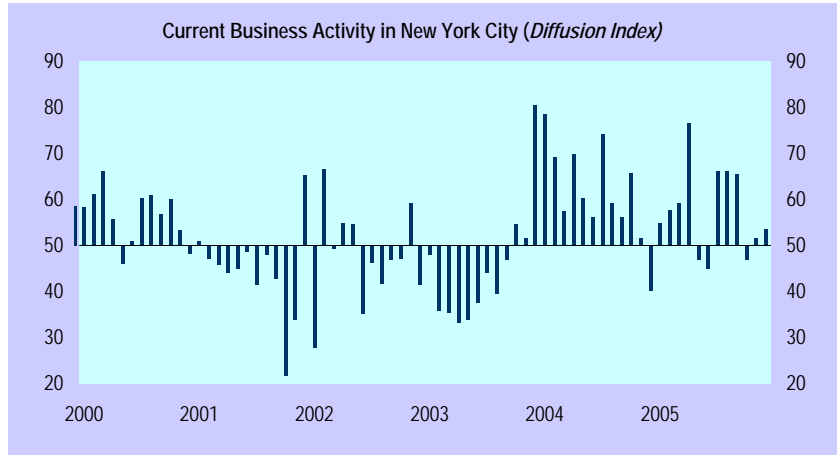


**NEW YORK CITY REPORT ON BUSINESS**  
**Solid Year-end Close Points to a Good New Year Start**

The Big Apple's economic outlook remains positive, according to the latest survey of local businesses conducted by the National Association of Purchasing Management-New York (NAPM-NY). [The survey was conducted prior to the City's transit worker strike.] The findings of the NAPM-NY parallel the favorable trends reported in the New York Federal Reserve Bank's state-wide December survey. Month-to-month changes in diffusion indexes, including the NAPM-NY business conditions indexes, can be quite volatile, because they measure the direction rather than the pace of business activity. The modest improvement in the NAPM-NY December survey reflects an increase in the number of business respondents reporting an improvement in activity; most respondents report little change in the [improving] trend.

The outlook index bounced back to a high level in December. The current level of the outlook index, together with other indications of business activity, gives reason to be confident in the economic outlook for New York City.

Naturally, with the current conditions index in "growing" territory, the NAPM-NY Business Conditions Index (BCI), a reflection of cumulative monthly gains, rose further in December. The uptrend in the BCI bodes well for the City's job market in 2006.



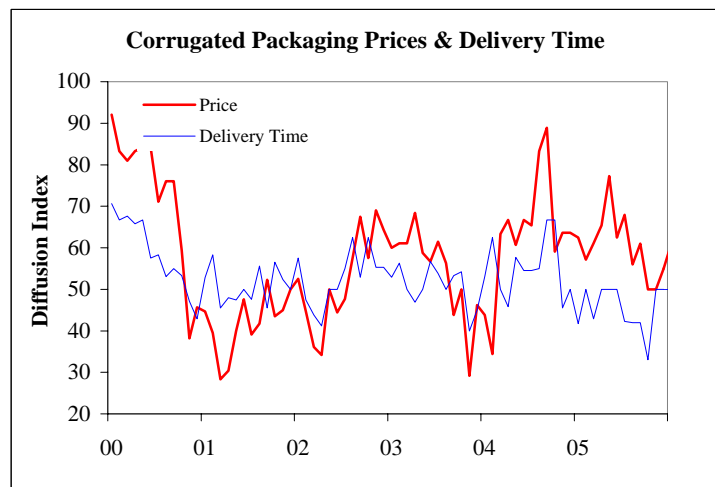
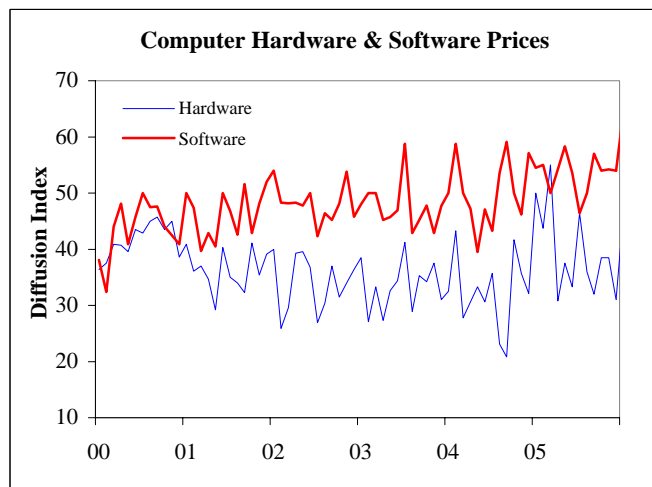
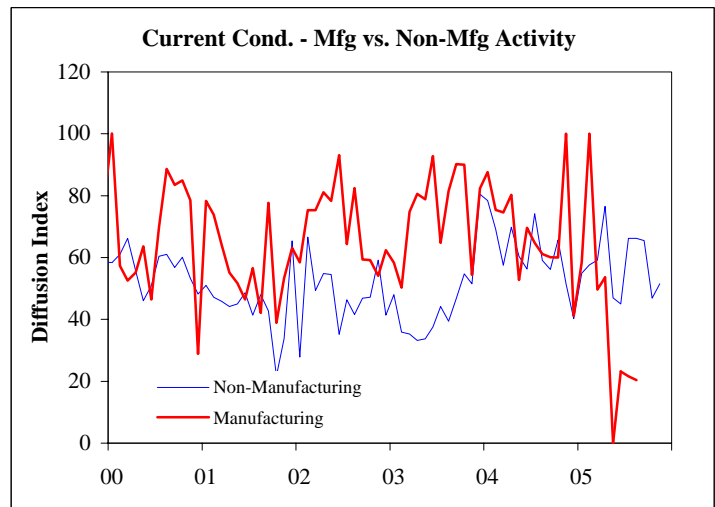
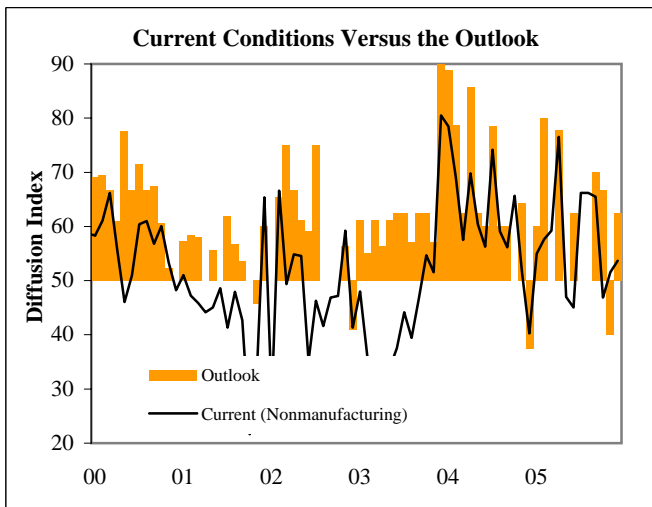
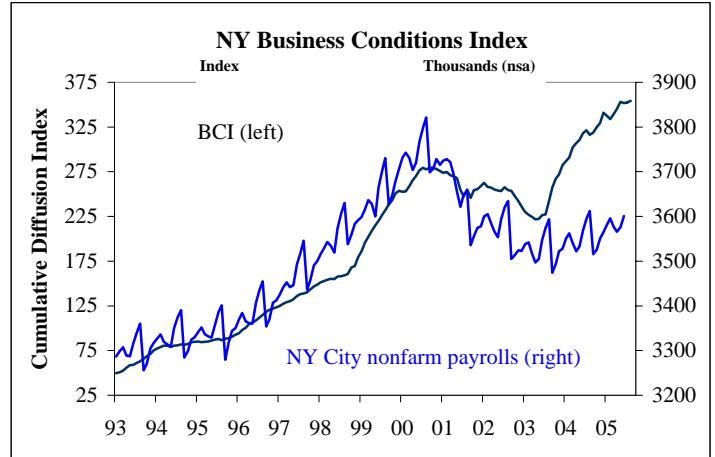
**New York City Business Conditions Indexes**  
(Seasonally Adjusted, Except Where Noted)

	Current Conditions#	Outlook	NY-BCI
October '03	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
December	53.6	62.5	354.2

# Based on responses from nonmanufacturing businesses.

**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).

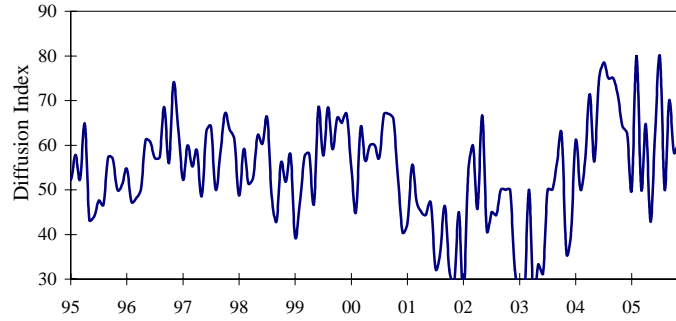


### Quantity of Purchases

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

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

### Quantity of Purchases

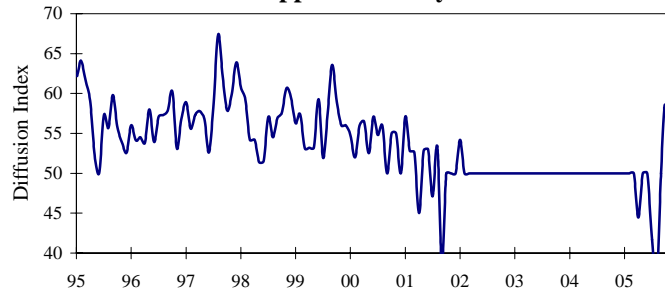


### Supplier Delivery Time

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.

	Dec	Nov	Oct	Sept	Aug	Year ago Dec
Composite	63	40	58	50	36	50
Manufacturing	50	50	50	50	50	NA
Non-Mfg.	50	50	58	50	50	50

### Supplier Delivery Time

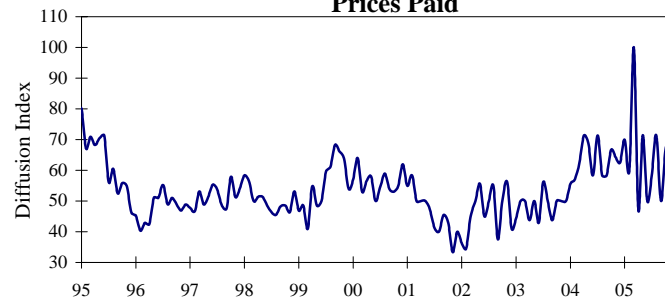


### Prices Paid

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

	Dec	Nov	Oct	Sept	Aug	Year ago Dec
Composite	50	70	67	50	71	63
Manufacturing	50	100	50	50	75	NA
Non-Mfg.	50	63	67	50	70	63

### Prices Paid

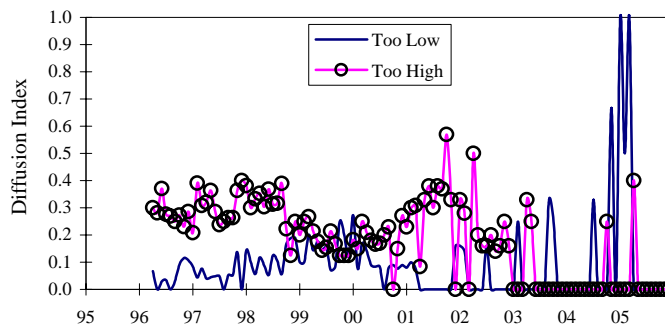


### Finished Goods Inventory Relative to Use

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

	Dec	Nov	Oct	Sept	Aug	Year ago Dec
Composite	50	50	50	50	50	NA
% too high	0	0	0	0	0	0
Manufacturing	50	50	NA	50	50	NA
Non-Mfg.	50	50	50	50	N/A	NA

### Finished Goods Inventory vs. Expected Use

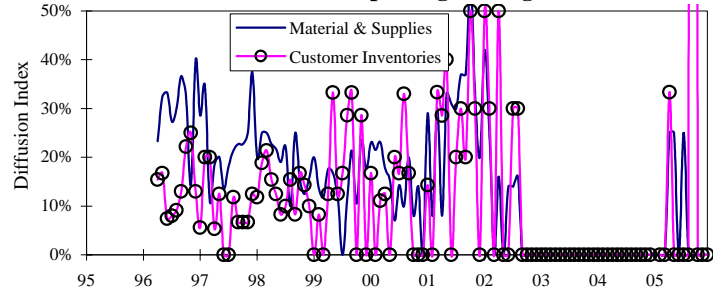


## Raw Materials & Customer Inventory

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

	Year ago					
	Dec	Nov	Oct	Sept	Aug	Dec
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



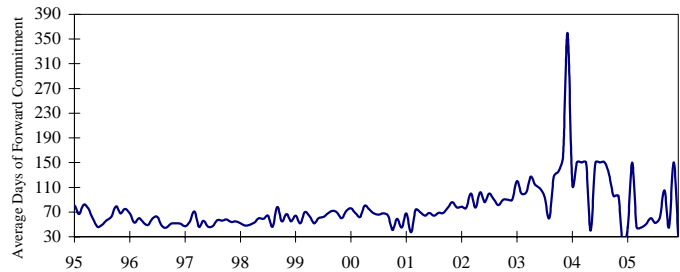
## Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	Dec	Nov	Oct	Sept	Aug	Dec
Average Days	30	150	45	105	60	15

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
30	0%	0%	100%	0%	0%	0%

## Production Materials



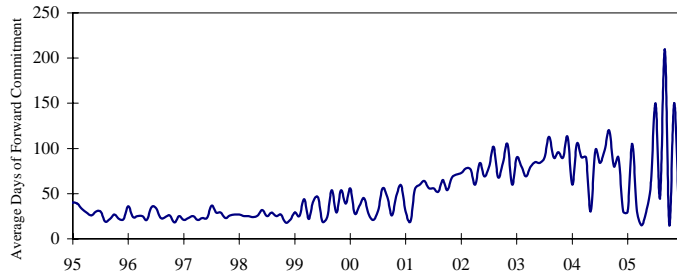
## Buying Policy for MRO Supplies

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

	Year ago					
	Dec	Nov	Oct	Sept	Aug	Dec
Average Days	40	150	15	210	45	30

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

## MRO Supplies



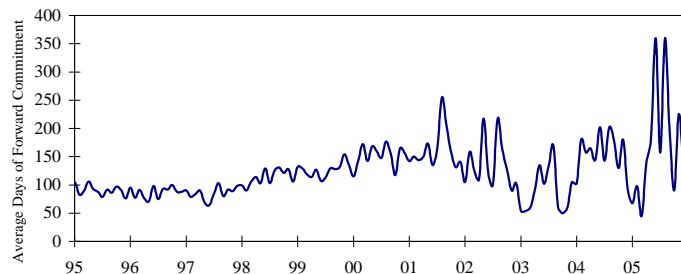
## Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	Dec	Nov	Oct	Sept	Aug	Dec
Average Days	135	225	90	200	360	90

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
135	0%	0%	0%	1%	1%	0%

## Capital Equipment



## Specific Price Changes & Supplier Deliveries

COMMODITIES	--- PRICE CHANGES ---			--- VENDOR DELIVERIES ---			
		Dec	Nov	Oct	Dec	Nov	Oct
Castings							
Chemicals							
Computer Hardware	+++	50.00	50.00	50.00	50.00	50.00	50.00
Computer Software	+++	50.00	50.00	50.00	50.00	50.00	50.00
Corrugated Packaging				50.00			
Electrical Components							
Energy							
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							
Plating				100.00			50.00
Printing Paper	+++	50.00	100.00			50.00	
Rubber Products							
Textile Products							
Wood & Pulp							
<b>Services (Contracted)</b>					"Hot Spots" are those commodities & services that have experienced upward price pressure with delivery delays (for commodities) for at least three months.  <b>Where are the HOT SPOTS?</b>		
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.