



NAPM-New York

Report on Business



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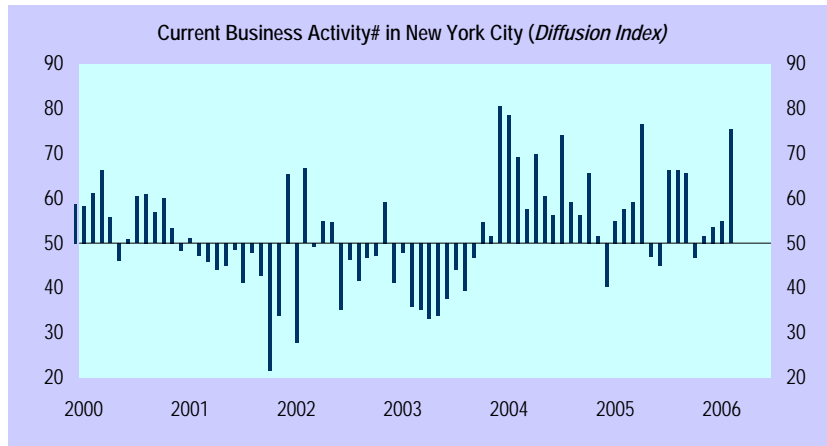
NEW YORK CITY REPORT ON BUSINESS

The City's Business Climate Warms Up

Business activity improved in February, according to the latest survey conducted by the National Association of Purchasing Management-New York (NAPM-NY). Respondents representing a variety of businesses who had been reporting unchanged conditions last month saw an improvement; only a few reported a worsening of conditions. Diffusion indexes—and that includes the NAPM-NY business conditions indexes—are volatile from month to month, because they are a measure of changes in direction, not the rate of the economy's growth. So, the NAPM-NY's February surge, while encouraging, should be interpreted with caution. Strong tourism and the very mild winter no doubt contributed to the improving business climate in New York City.

Respondents remain quite optimistic about the outlook as well. The NAPM-NY outlook index jumping to the highest level in almost a year. The outlook index is not seasonally adjusted and may have been affected by the mild winter season, but February's finding reflects underlying strength; a majority of respondents in the NAPM-NY survey anticipate an improving outlook.

The NAPM-NY Business Conditions Index (BCI) continues to climb. This index, which is a cumulative tally of the current business conditions index, is believed to precede local labor market conditions. Although the City's job count has lagged the BCI index—only half the jobs lost since 2000 have been recovered—hiring is on the upswing and the business signs are promising.



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

	Current Conditions#	Outlook [^]	NY-BCI*
December 2003	80.5	90.0	242.6
January 2004	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 2005	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
January 2006	54.9	50.0	356.7
February	75.4	73.1	369.4

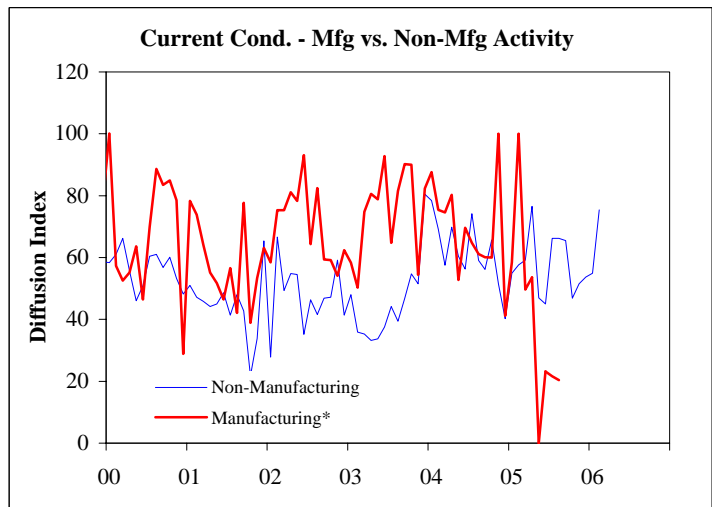
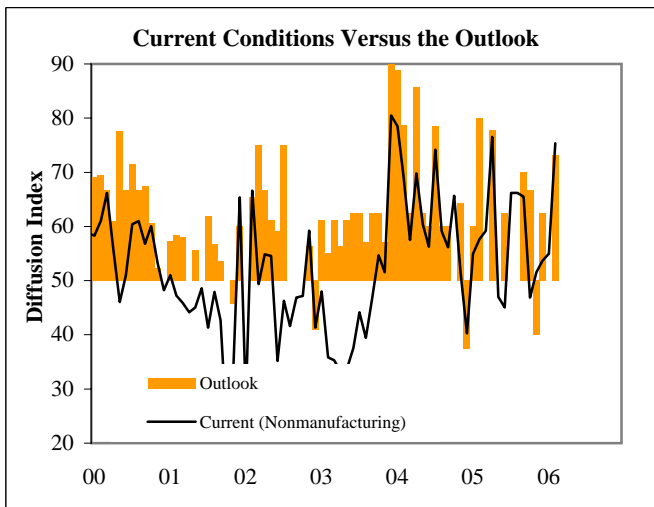
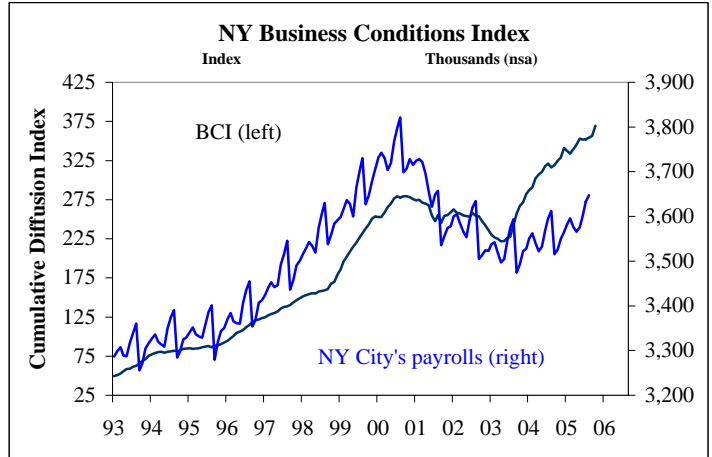
Based on responses from nonmanufacturing businesses.

[^] Not seasonally adjusted. Reflects responses from both manufacturing and nonmanufacturing businesses.

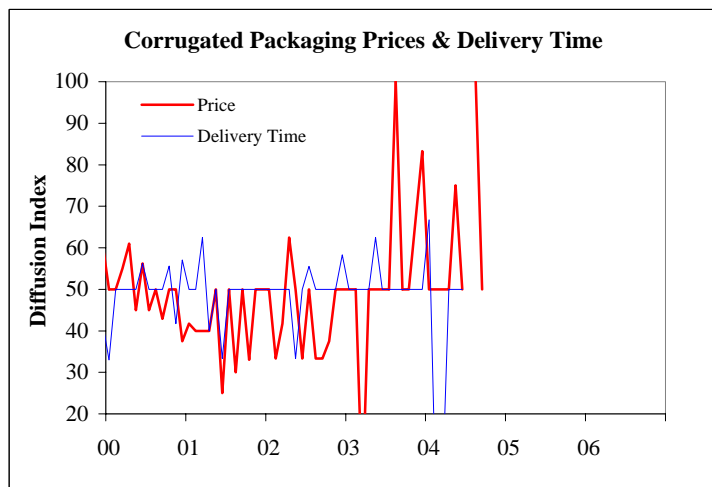
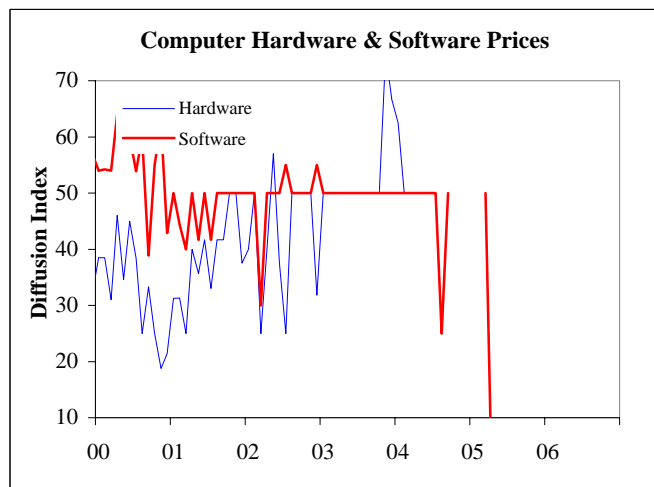
* After August 2005, the index reflects activity at nonmanufacturing businesses.

New York Business Conditions Index (NY-BCI)

The New York NAPM business conditions index (BCI) is a cumulative diffusion index of current business conditions for nonmanufacturing businesses in the New York City area. The BCI tends to precede local employment trends. Furthermore, because the count of local jobs is unavailable until one or two months later, the BCI offers advance information about forthcoming local labor market conditions. Until recently, City payrolls have lagged the recovery in the NY-NAPM's BCI (figure to the right). Lately, however, job growth appears to be picking up.



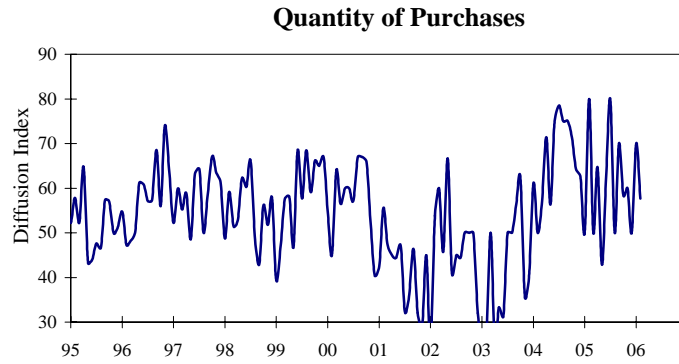
* Discontinued after August 2005



Quantity of Purchases

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

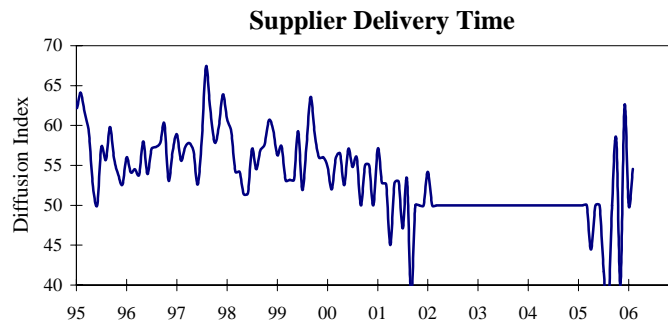
	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Composite	57.69	70	50	60	58	80
Manufacturing	83	50	50	50	NA	100
Non-Mfg.	50	75	50	63	58	67



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.

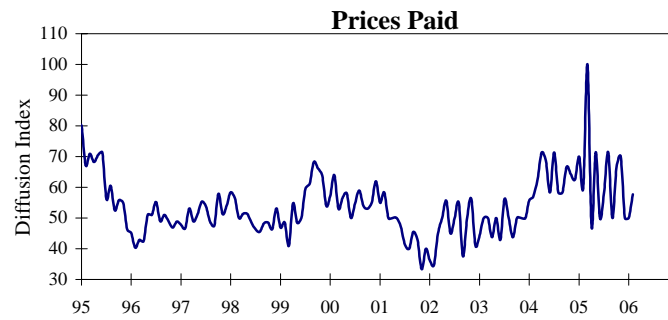
	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Composite	55	50	63	40	58	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	56	50	50	50	58	50



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.

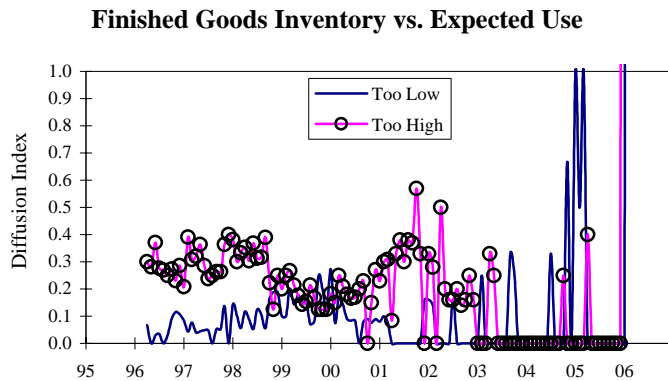
	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Composite	58	50	50	70	67	60
Manufacturing	67	50	50	100	50	50
Non-Mfg.	56	50	50	63	67	50



Finished Goods Inventory Relative to Use

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

	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Composite	50	67	50	50	50	25
% too high	0	0	0	0	0	0
Manufacturing	50	100	50	50	NA	25
Non-Mfg.	50	50	50	50	50	NA

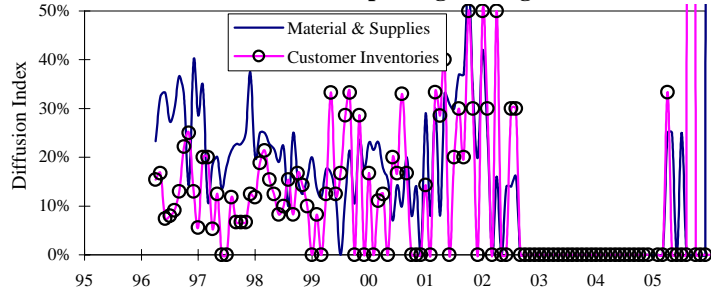


Raw Materials & Customer Inventory

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

	Year ago					
	Feb	Jan	Dec	Nov	Oct	Feb
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



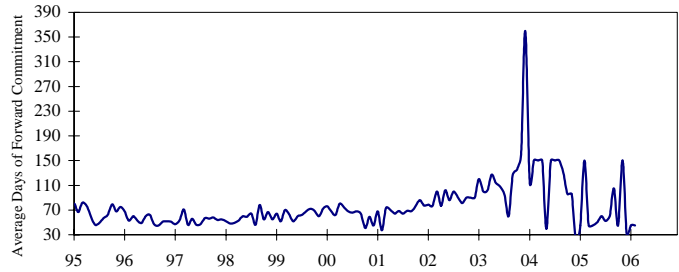
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	Feb	Jan	Dec	Nov	Oct	Feb
Average Days	45	45	30	150	45	150

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
45	33%	50%	0%	0%	17%	0%

Production Materials



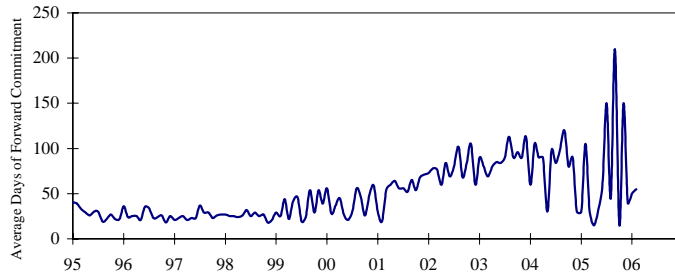
Buying Policy for MRO Supplies

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

	Year ago					
	Feb	Jan	Dec	Nov	Oct	Feb
Average Days	55	45	15	96	96	105

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
55	0%	83%	0%	0%	0%	0%

MRO Supplies



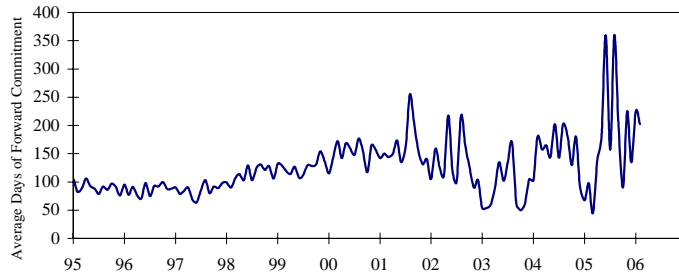
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	Feb	Jan	Dec	Nov	Oct	Feb
Average Days	202.5	225	135	225	90	97.5

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
203	0%	13%	13%	13%	25%	38%

Capital Equipment



Specific Price Changes & Supplier Deliveries

--- PRICE CHANGES ---

--- VENDOR DELIVERIES ---

COMMODITIES

		Feb	Jan	Dec	Feb	Jan	Dec
Castings		100.0			100.0		
Chemicals		75.0			75.0		
Computer Hardware	+++	25.0		50.00	50.0		50.00
Computer Software	+++	50.0		50.00	50.0		50.00
Corrugated Packaging		75.0			50.0		
Electrical Components		50.0			100.0		
Energy		100.0			50.0		
Ferrous Metals		50.0					
Food Products		50.0					
Glass							
Hydraulic Components							
Medical Supplies							
Nonferrous Metals	+++						
Office Equipment (non-computer)	+++	50.0		50.00	50.0		50.00
Office Supplies	+++	50.0		50.00	50.0		50.00
Piping & Tubing		100.0			100.0		
Plastics		100.0			75.0		
Plating							
Printing Paper	+++	50.0	50.00	50.00	50.0	50.00	
Rubber Products							
Textile Products							
Wood & Pulp		100.0			100.0		
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		56.3	60.00	60.00			
Construction		78.6	62.50	62.50			
Painting		58.3	62.50	62.50			
Engineering	+++	66.7	50.00	50.00			
Architectural	+++	70.0	62.50	62.50			
Temporary Personnel	+++	62.5	58.33	58.33			
Computer Consultants	+++	64.3	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.