



NAPM-New York

Report on Business



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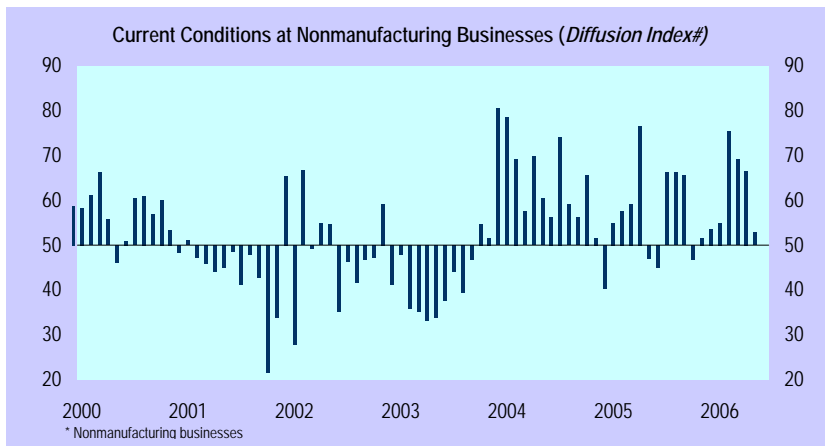
May 31, 2006

NEW YORK CITY REPORT ON BUSINESS

In the Groove

New York City's economy continues to expand. Most businesses who participate in the monthly survey conducted by the National Association of Purchasing Management-New York (NAPM-NY) reported little change in the pace of activity; a few reported that business was on the upswing. A greater number of respondents are optimistic about the business outlook, compared with the responses in the previous survey. The NAPM-NY business conditions indexes (summarized in the attached figure and table) are diffusion indexes and, therefore, are a more reliable indication of changes in momentum rather than the pace of growth.

Because the current conditions index remains in the positive zone—above the neutral “50” level—the NAPM-NY Business Conditions Index (BCI), a cumulative measure of current conditions in past months, climbed higher in May. This index is believed to signal key shifts in the City's employment trends. Nonetheless, although both the BCI and New York City's employment base are expanding, employment has recovered more slowly than would have been expected, given the gains in the BCI.



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

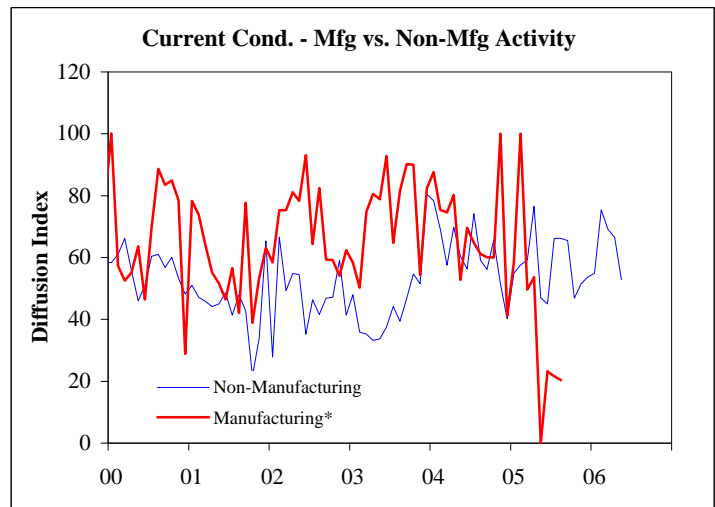
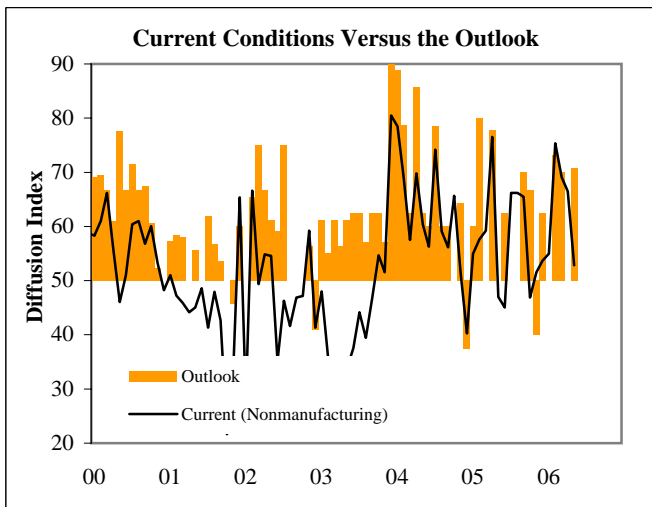
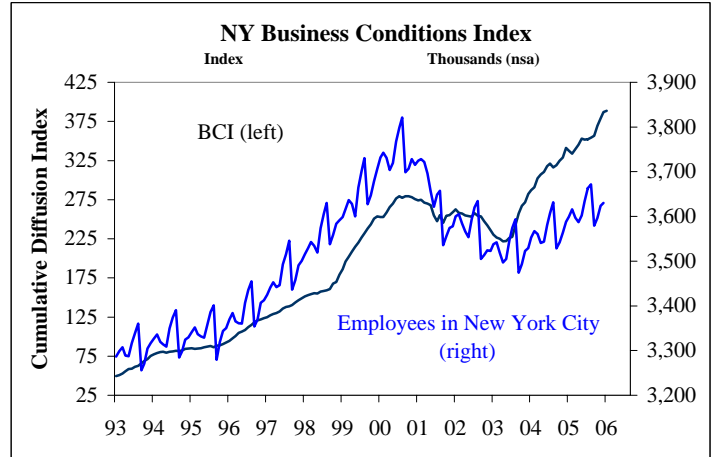
	Current conditions at nonmanufacturing	Outlook^	NY-BCI*
May 2004	60.4	62.5	287.1
June	56.3	60.0	290.9
July	74.1	78.5	302.5
August	59.1	60.0	307.1
September	56.2	60.0	310.4
October	65.7	50.0	318.0
November	51.6	64.3	321.2
December	40.2	37.5	316.3
January 2005	54.9	60.0	319.0
February	57.6	80.0	324.9
March	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
March	69.1	70.0	378.9
April	66.5	50.0	387.2
May	52.9	70.8	388.6

Half the percentage reporting unchanged conditions plus the percentage reporting improving activity.
^ Not seasonally adjusted. After December 2005, figures reflect activity in nonmanufacturing businesses.
* After August 2005, the index reflects activity at nonmanufacturing businesses.

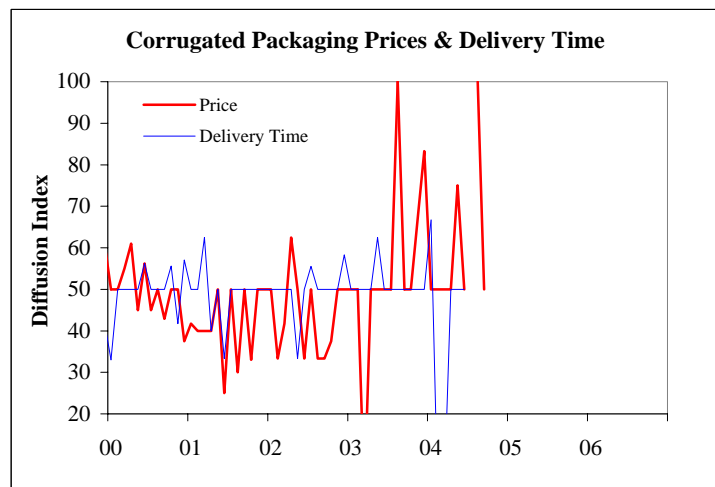
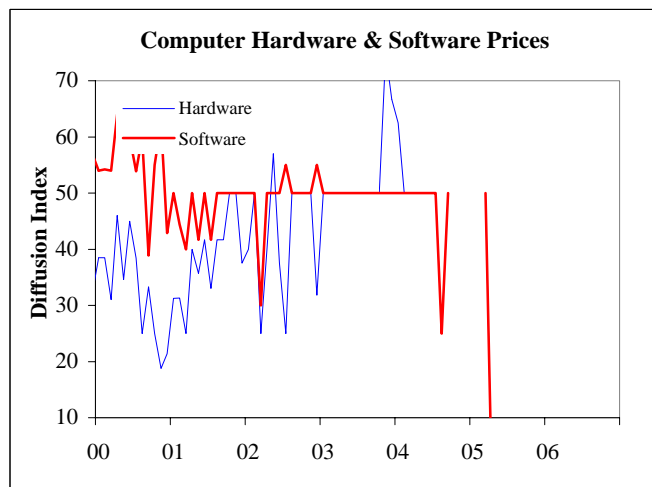
New York Business Conditions Index (NY-BCI)

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.

Note: The NY-NAPM BCI reflects responses of nonmanufacturers after August 2005.



* Discontinued after August 2005

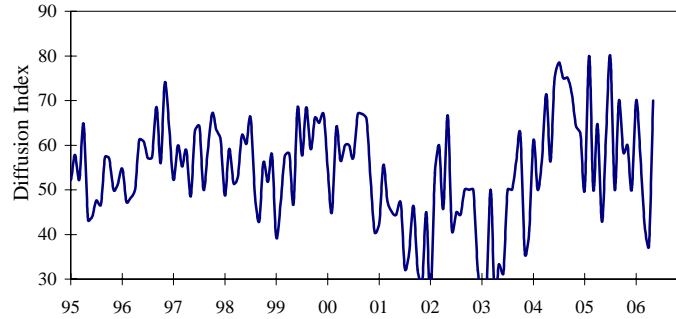


Quantity of Purchases

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

	May	April	March	Feb	Jan	Year ago May
Composite	70	37.5	41.67	57.69	70	42.86
Manufacturing	50	0	0	83	50	50
Non-Mfg.	71	50	50	50	75	42

Quantity of Purchases

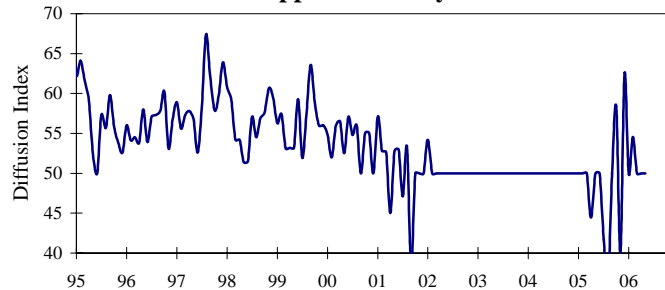


Supplier Delivery Time

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.

	May	April	March	Feb	Jan	Year ago May
Composite	50	50	50	55	50	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	50	50	56	50	50

Supplier Delivery Time

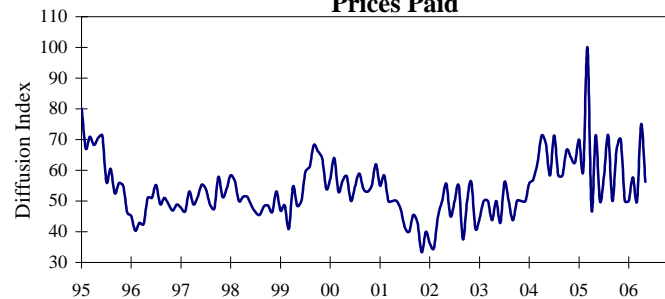


Prices Paid

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

	May	April	March	Feb	Jan	Year ago May
Composite	56	70	50	58	50	71
Manufacturing	50	100	50	67	50	100
Non-Mfg.	57	67	50	56	50	67

Prices Paid

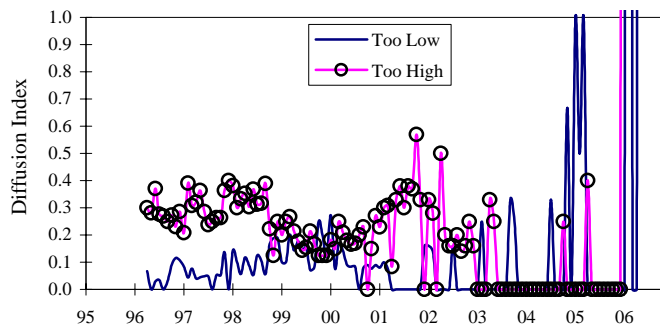


Finished Goods Inventory Relative to Use

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

	May	April	March	Feb	Jan	Year ago May
Composite	58	75	83	50	67	50
% too high	0	0	0	0	0	0
Manufacturing	100	100	100	50	100	50
Non-Mfg.	54	50	75	50	50	50

Finished Goods Inventory vs. Expected Use

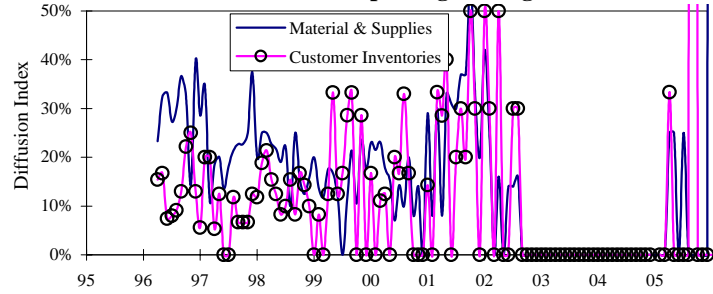


Raw Materials & Customer Inventory

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

	Year ago					
	May	April	March	Feb	Jan	May
Materials & Supplies	16.7	50.0	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



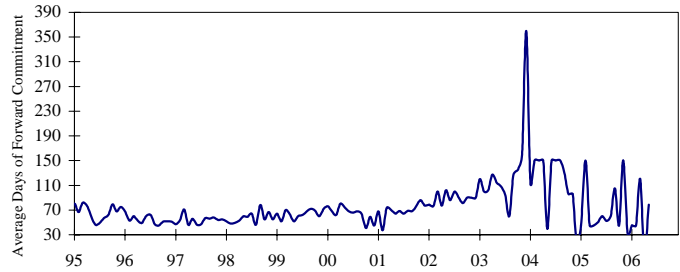
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	May	April	March	Feb	Jan	May
Average Days	79	0	120	45	45	50

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
79	13%	0%	38%	38%	13%	0%

Production Materials



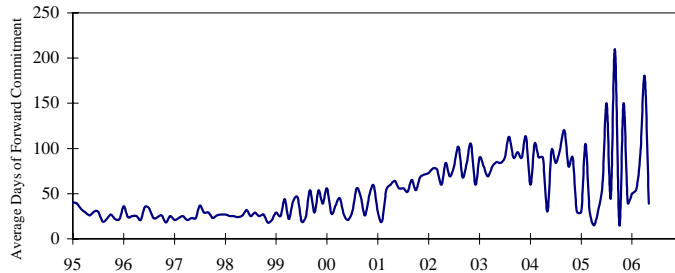
Buying Policy for MRO Supplies

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

	Year ago					
	May	April	March	Feb	Jan	May
Average Days	39	180	96	55	45	30

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
39	29%	36%	14%	21%	2%	0%

MRO Supplies



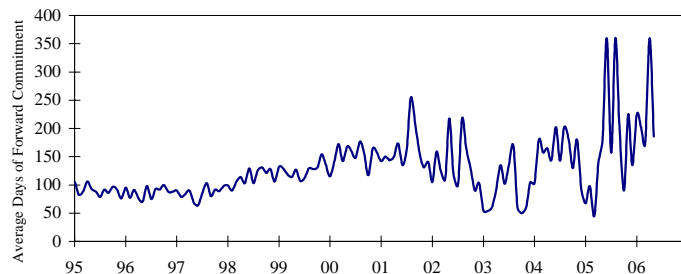
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	May	April	March	Feb	Jan	May
Average Days	186	360	173	202.5	225	180

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
186	0%	19%	19%	13%	39%	38%

Capital Equipment



Specific Price Changes & Supplier Deliveries

--- PRICE CHANGES ---

--- VENDOR DELIVERIES ---

COMMODITIES

		May	April	March	May	April	March
Castings		100.00			100.00		
Chemicals		75.00			75.00		
Computer Hardware	+++	25.00		50.0	50.00		50.0
Computer Software	+++	50.00		50.0	50.00		50.0
Corrugated Packaging		75.00			50.00		
Electrical Components		50.00	50.00		100.00	50.00	
Energy		100.00	50.00		50.00	50.00	
Ferrous Metals		50.00					
Food Products		50.00					
Glass							
Hydraulic Components							
Medical Supplies							
Nonferrous Metals	+++						
Office Equipment (non-computer)	+++	50.00		50.0	50.00		50.0
Office Supplies	+++	50.00		50.0	50.00		50.0
Piping & Tubing		100.00			100.00		
Plastics		100.00	50.00		75.00	50.00	
Plating			50.00			50.00	
Printing Paper	+++	50.00		50.0	50.00		50.0
Rubber Products							
Textile Products							
Wood & Pulp		100.00	100.00		100.00	50.00	
Services (Contracted)			60.00		"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		56.25	60.00	60.0			
Construction		78.57	50.00	62.5			
Painting		58.33	50.00	62.5			
Engineering	+++	66.67	66.67	50.0			
Architectural	+++	70.00	50.00	62.5			
Temporary Personnel	+++	62.50	50.00	58.3			
Computer Consultants	+++	64.3	50.0	60.0			

+++ = 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.