



NAPM-New York

Report on Business



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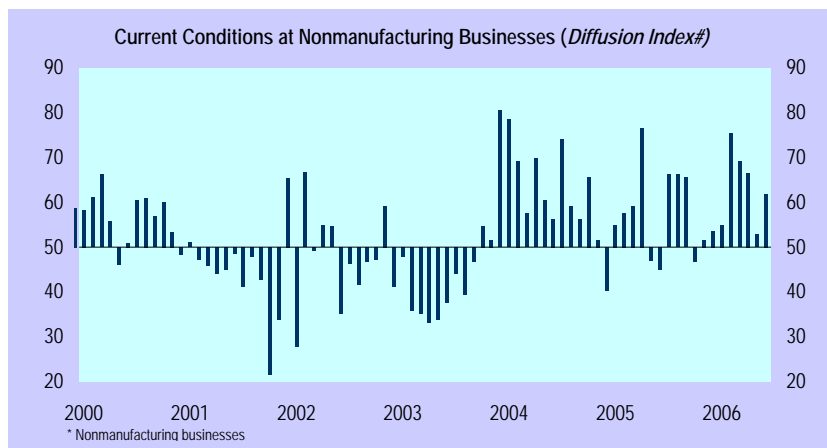
June 30, 2006

NEW YORK CITY REPORT ON BUSINESS

Summertime ... and the Big Apple's Livin' is Still Easy

Most respondents in the latest survey of activity conducted by the National Association of Purchasing Management-New York (NAPM-NY) reported that business remains steady and a few purchasing managers detected signs of improvement. This lifted the overall index of current business conditions, which is in the zone that signals ongoing growth. No respondents reported a deterioration in business conditions. Survey respondents remain optimistic about the outlook, as they generally have since the summer of 2003. The NAPM-NY business conditions indexes are diffusion indexes—respondents indicate only whether conditions are worsening, the same, or are improving; they don't provide an indication of the pace of their growth—so they are a better indicator of the direction of change than of the rate of change in business activity.

With the current conditions indexes signaling expansion, the NAPM-NY Business Conditions Index (BCI), which is a measure of the cumulative change in business activity, pushed still higher. This index usually parallels—and often precedes—job market trends in New York City. The City's job count turned up in the summer of 2003, only a few months after the BCI began to rise. Employment in New York now has recouped about half the job losses between 2000 and the summer of 2003.



Business Conditions In New York City#

(Seasonally Adjusted, Except Where Noted)

	Current conditions ~	Outlook^ *	NY-BCI*
June 2004	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 r	65.5	75.0	353.2
October	46.9	66.7	351.6
November r	51.6	37.5	352.4
December r	53.6	66.7	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
June	61.9	75.0	394.5

Half the percentage reporting unchanged conditions plus the percentage reporting improving activity.

~ Activity at nonmanufacturing businesses.

^ Not seasonally adjusted.

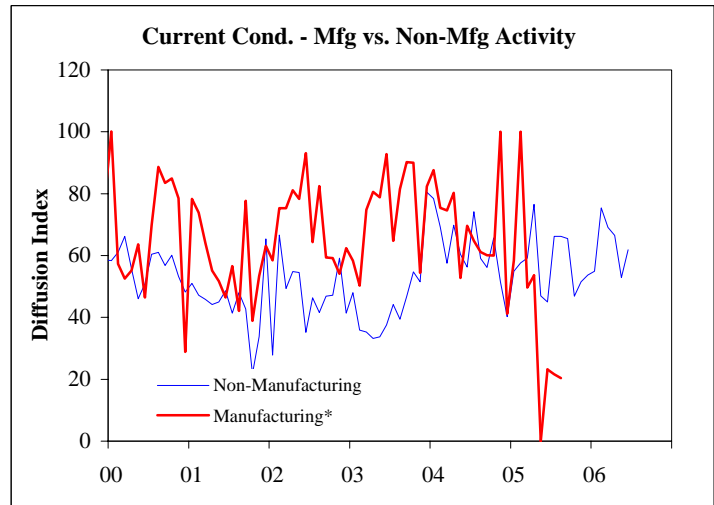
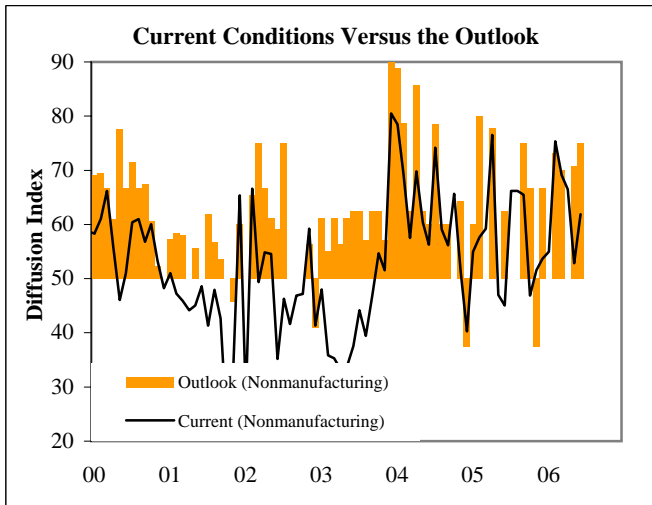
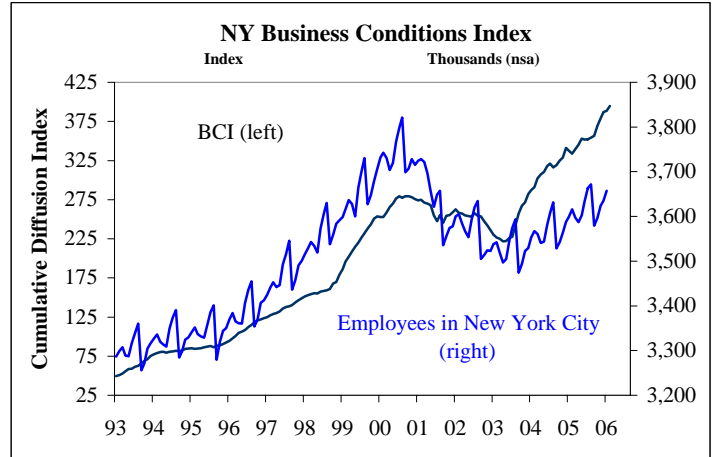
* After August 2005, the index reflects activity at nonmanufacturing businesses.

r Outlook figures revised to reflect only responses of nonmanufacturing businesses.

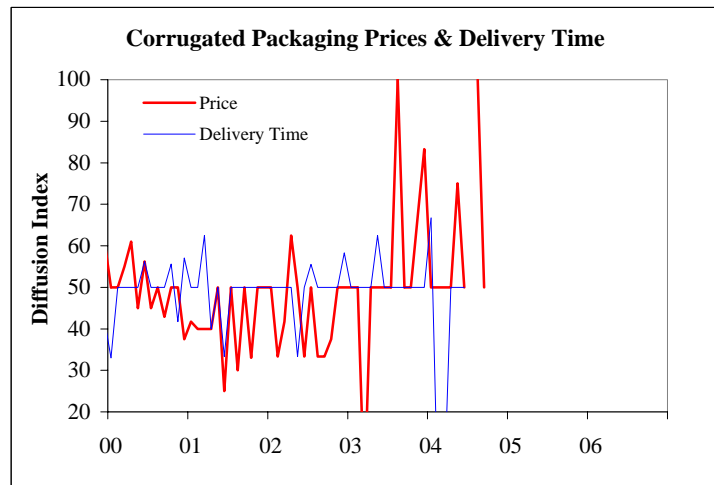
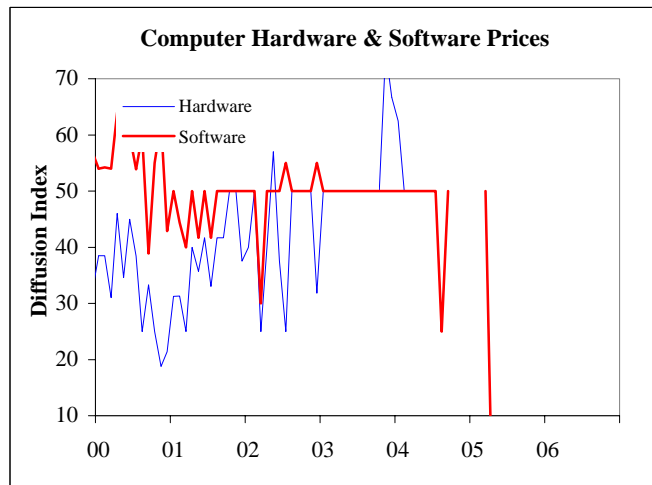
New York Business Conditions Index (NY-BCI)

The New York NAPM business conditions index (BCI) is a cumulative diffusion index constructed from the diffusion index of current 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 not available for 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: After August 2005, the NY-NAPM BCI reflects responses of nonmanufacturers.



* Discontinued after August 2005

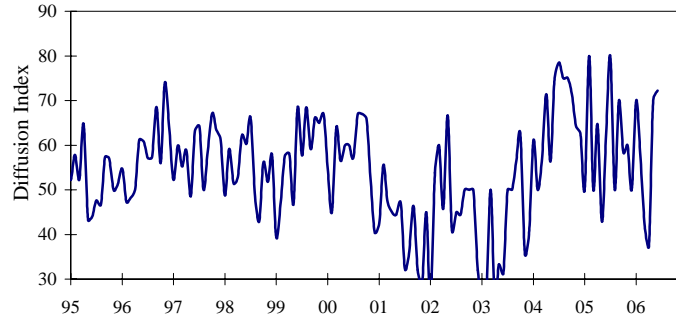


Quantity of Purchases

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

	June	May	April	March	Feb	Year ago June
Composite	72.22	70	37.5	41.67	57.69	62.5
Manufacturing	NA	50	0	0	83	50
Non-Mfg.	81	71	50	50	50	75

Quantity of Purchases

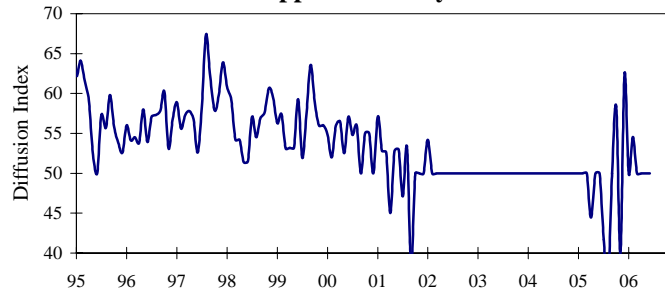


Supplier Delivery Time

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.

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

Supplier Delivery Time

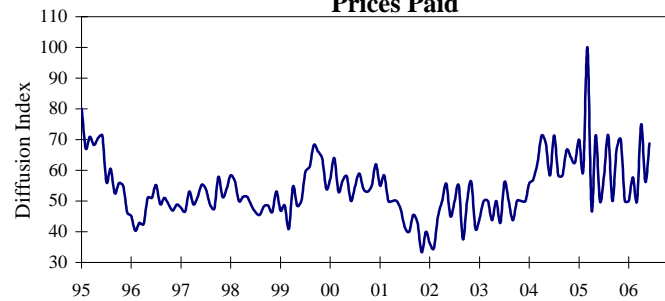


Prices Paid

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

	June	May	April	March	Feb	Year ago June
Composite	69	56	70	50	58	50
Manufacturing	100	50	100	50	67	50
Non-Mfg.	64	57	67	50	56	50

Prices Paid

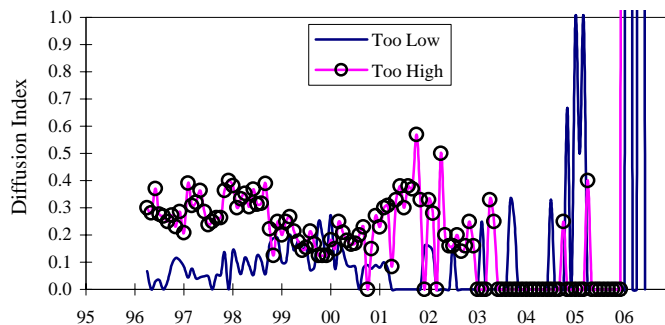


Finished Goods Inventory Relative to Use

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

	June	May	April	March	Feb	Year ago June
Composite	63	58	75	83	50	50
% too high	0	0	0	0	0	0
Manufacturing	100	100	100	100	50	50
Non-Mfg.	62.5	54	50	75	50	NA

Finished Goods Inventory vs. Expected Use

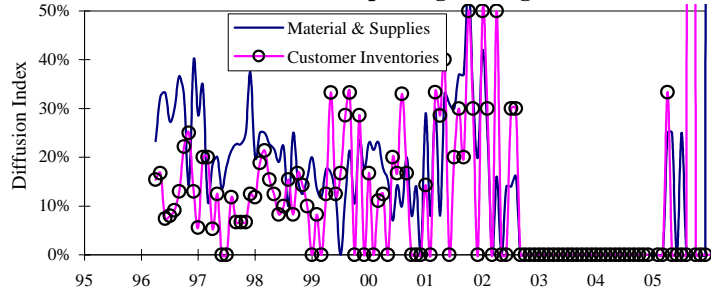


Raw Materials & Customer Inventory

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

	Year ago					
	June	May	April	March	Feb	June
Materials & Supplies	40.0	50.0	50.0	0.0	0.0	0.0
Customer Inventories	0.0	0.0	0.0	0.0	0.0	NA

Material & Customer Stocks vs. Expected Use % Reporting too High



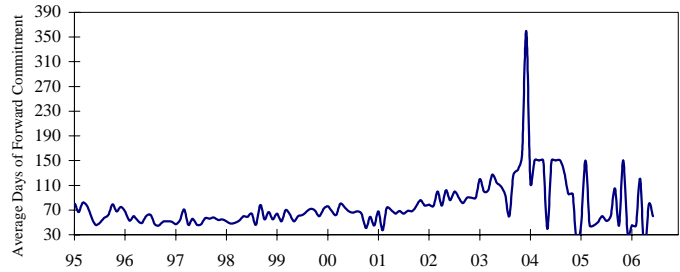
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	June	May	April	March	Feb	June
Average Days	60	79	0	120	45	60

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

Production Materials



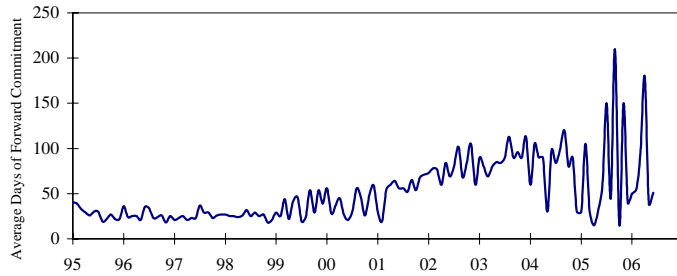
Buying Policy for MRO Supplies

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

	Year ago					
	June	May	April	March	Feb	June
Average Days	51	39	180	96	55	60

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
51	14%	29%	29%	29%	0%	0%

MRO Supplies



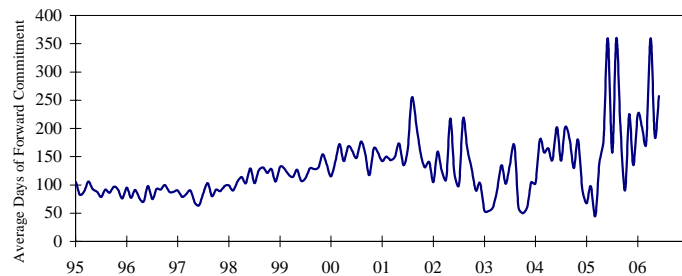
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	June	May	April	March	Feb	June
Average Days	257	186	360	173	202.5	360

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
257	0%	0%	0%	29%	14%	57%

Capital Equipment



Specific Price Changes & Supplier Deliveries

--- PRICE CHANGES ---

--- VENDOR DELIVERIES ---

COMMODITIES

		June	May	April	June	May	April
Castings		100.00	100.00		100.00	100.00	
Chemicals		50.00	75.00		50.00	75.00	
Computer Hardware	+++	62.50	25.00		50.00	50.00	
Computer Software	+++	37.50	50.00		50.00	50.00	
Corrugated Packaging		50.00	75.00		50.00	50.00	
Electrical Components		100.00	50.00	50.00	100.00	100.00	50.00
Energy		100.00	100.00	50.00	100.00	50.00	50.00
Ferrous Metals		100.00	50.00		100.00		
Food Products			50.00		50.00		
Glass					50.00		
Hydraulic Components							
Medical Supplies							
Nonferrous Metals	+++						
Office Equipment (non-computer)	+++	33.33	50.00		50.00	50.00	
Office Supplies	+++	50.00	50.00		50.00	50.00	
Piping & Tubing		100.00	100.00		100.00	100.00	
Plastics		100.00	100.00	50.00	100.00	75.00	50.00
Plating		100.00		50.00	100.00		50.00
Printing Paper	+++	100.00	50.00		75.00	50.00	
Rubber Products		100.00			100.00		
Textile Products					100.00		
Wood & Pulp		100.00	100.00	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		60.00	56.25	60.00			
Construction		50.00	78.57	50.00			
Painting		50.00	58.33	50.00			
Engineering	+++	66.67	66.67	66.67			
Architectural	+++	50.00	70.00	50.00			
Temporary Personnel	+++	50.00	62.50	50.00			
Computer Consultants	+++	50.0	64.3	50.0			

+++ = 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.