



Jonathan Basile, Business Survey Chair, NAPM-New York and Vice President/Economist, Credit Suisse, (212) 538-1436, jonathan.basile@credit-suisse.com

Peter Oppenheimer, C.P.M., Executive Director, NAPM-New York, (516) 466-9822

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NEW YORK CITY REPORT ON BUSINESS
Double Dipping

The second leg of the current downturn is behind us, but sustained recovery has yet to be observed, according to the survey taken by the National Association of Purchasing Management-New York (NAPM-NY). The Current Business Conditions index rose to 50.4 in May, the first positive reading (i.e., above 50) since December 2007.

Purchasing managers built on their prior optimism about future business conditions. The Six-Month Outlook index rose to 62.0 in May, the highest level since October 2007.

Input cost pressures did not accelerate further, but stayed elevated. The Prices Paid index came in at 63.0 in May.

Purchasing volume did not worsen, but remained subdued. The Quantity of Purchases index came in at 46.7 in May.

Business impediments diminished in May. Notably, the survey revealed reduced concerns about the credit crunch. The fewest respondents since January mentioned working capital shortages.

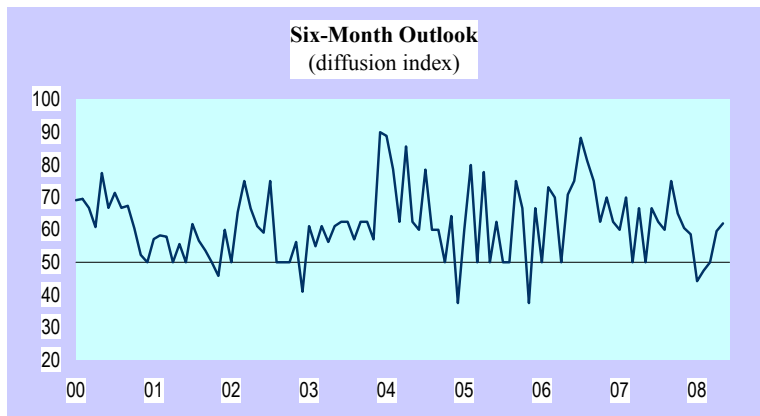
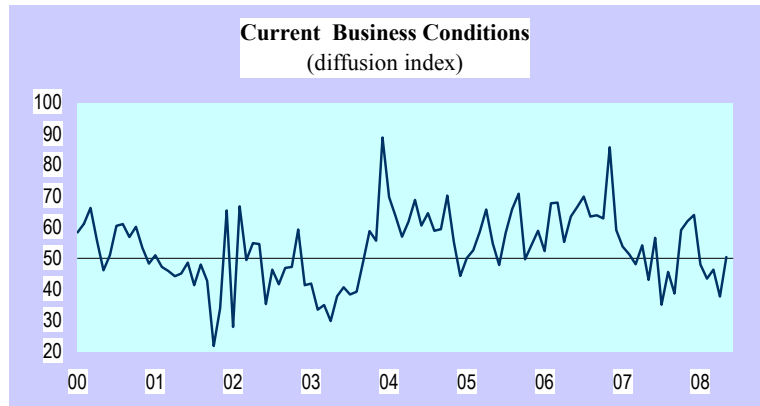
	May	Apr	Mar
Skilled labor shortage:	13%	28%	16%
Unskilled labor shortage:	4%	4%	3%
Working capital shortage:	15%	26%	19%
Raw material shortage:	7%	9%	3%
Security concerns:	7%	17%	10%
Abnormal weather:	0%	4%	3%
“Other” difficulties:	17%	11%	16%
No difficulties:	30%	19%	26%

* * *

May’s special question: What is your organization’s profit outlook for the remainder of 2008? A large majority said that slower profit growth was likely through year end.

Growing faster	10%
Growing slower	62%
No growth	23%
Declining slower	3%
Declining faster	3%

(May not add to 100% due to rounding.)



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

	Current Business Conditions	Six-Month Outlook (NSA)	NY-BCI*
May 2007	43.0	50.0	426.8
June	56.5	66.7	430.1
July	35.0	62.5	422.6
August	45.6	60.0	420.4
September	38.6	75.0	414.7
October	59.0	65.0	419.1
November	61.9	60.5	425.1
December	63.9	58.7	432.1
January 2008	47.9	44.2	431.0
February	43.4	47.5	427.7
March	46.3	50.0	425.8
April	37.6	59.6	419.6
May	50.4	62.0	419.8

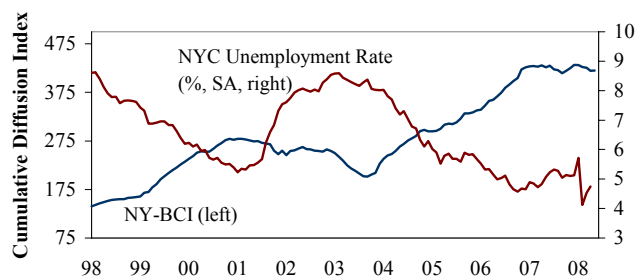
NSA = not seasonally adjusted. *The NY-BCI is a cumulative diffusion index constructed from the diffusion index of Current Business Conditions for non-manufacturing businesses in the New York City area.

New York Business Conditions Index and the New York City Labor Market

NY-BCI vs. NYC Employment



NY-BCI vs. NYC Unemployment



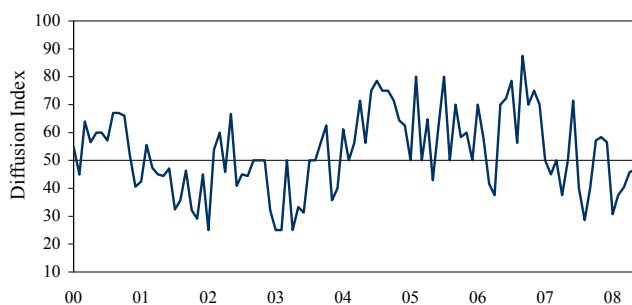
NYC Employment/Unemployment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI often precedes local employment trends. Moreover, the NY-BCI offers advance information about forthcoming local labor market conditions because the count of local jobs is not available for one or two months.

Quantity of Purchases

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

	May	Apr	Mar	Feb	Jan	Year ago May
Diffusion Index	46.7	45.7	40.3	37.5	30.8	50.0

Quantity of Purchases

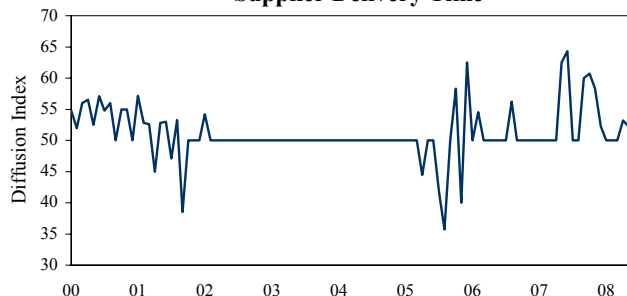


Supplier Delivery Time

An aggregate evaluation of the current month's delivery performance (lead time) compared to the prior month.

	May	Apr	Mar	Feb	Jan	Year ago May
Diffusion Index	52.3	53.2	50.0	50.0	50.0	62.5

Supplier Delivery Time

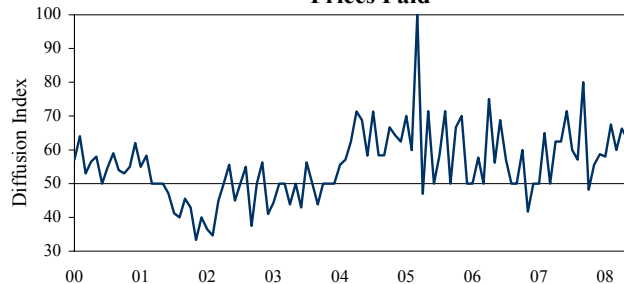


Prices Paid

The change from the prior month in prices paid for goods and services.

	May	Apr	Mar	Feb	Jan	Year ago May
Diffusion Index	63.0	66.3	60.0	67.5	58.0	62.5

Prices Paid



About the Survey

The purpose of the survey is to quickly assess business conditions among non-manufacturing firms/organizations in the New York City area. The survey results are compiled as diffusion indices - the percent of positive responses plus one-half of those responding the same (considered positive). A reading of 50% means no change from the prior month, greater than 50% indicates a faster pace of activity, and less than 50% a slower rate. The Current Conditions Index and NY-BCI are both seasonally adjusted. All other measures are not seasonally adjusted.