



**NEW YORK CITY REPORT ON BUSINESS**  
*Financial Crisis Enters New Phase*

New York City business activity in September contracted for the eighth time in nine months, according to the survey taken by the National Association of Purchasing Management-New York (NAPM-NY). The Current Business Conditions index fell to 39.1 in September.

In the past, persistent weakness in business conditions has been a precursor to consistent job losses in New York City.

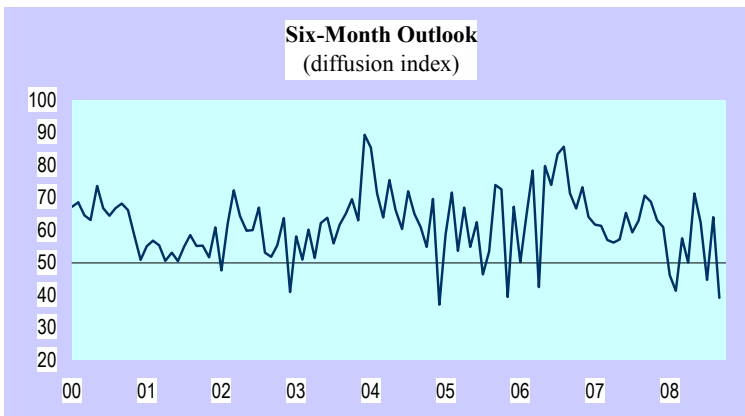
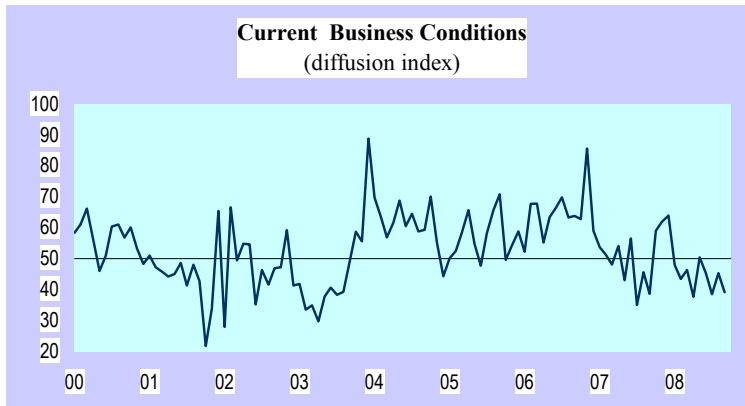
Financial market concerns permeated the survey during a month that included extreme stock market volatility, near seizure of credit markets and the bankruptcy of a major Wall Street investment house.

The near-term future looks bleak according to area purchasing managers. The seasonally adjusted Six-Month Outlook index plunged to 39.3 in September, the second lowest reading in the 15-year history of the survey.

Cost pressures were not as great and purchasing volume deteriorated. The Prices Paid index eased to 68.1 in September, while the Quantity of Purchases index was 33.8.

Business impediments: Working capital shortages remained elevated, while security concerns and weather were cited more frequently than last month.

	Sep	Aug	Jul
Skilled labor shortage:	8%	15%	9%
Unskilled labor shortage:	0%	4%	0%
Working capital shortage:	22%	30%	15%
Raw material shortage:	8%	4%	0%
Security concerns:	11%	7%	0%
Abnormal weather:	11%	4%	0%
"Other" difficulties:	19%	19%	38%
No difficulties:	22%	22%	21%

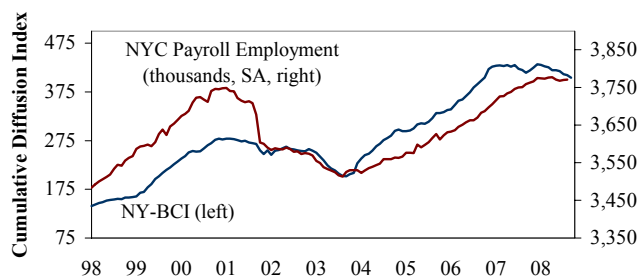


<b>Business Conditions in New York City</b> (seasonally adjusted)			
	<b>Current Business Conditions</b>	<b>Six-Month Outlook</b>	<b>NY-BCI*</b>
September 2007	38.6	70.7	414.7
October	59.0	68.8	419.1
November	61.9	63.1	425.1
December	63.9	61.0	432.1
January 2008	47.9	46.1	431.0
February	43.4	41.4	427.7
March	46.3	57.5	425.8
April	37.6	50.0	419.6
May	50.4	71.4	419.8
June	45.4	62.4	417.5
July	38.5	44.8	411.8
August	45.3	64.1	409.5
<b>September</b>	<b>39.1</b>	<b>39.3</b>	<b>404.0</b>

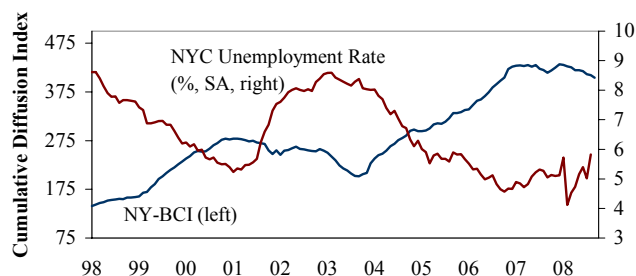
\*The NY-BCI is a cumulative diffusion index constructed from the diffusion index of Current Business Conditions for non-manufacturing businesses in the New York City area.

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

### NY-BCI vs. NYC Employment



### NY-BCI vs. NYC Unemployment



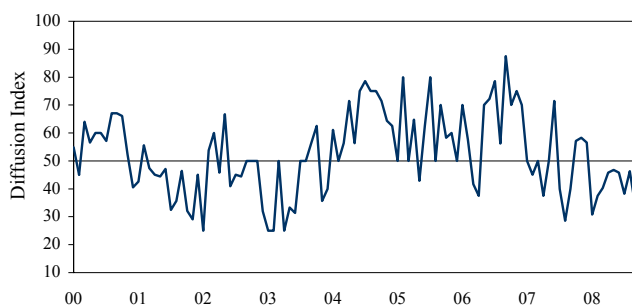
NYC Employment/Unemployment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI often precedes local employment trends. Moreover, the NY-BCI offers advance information about forthcoming local labor market conditions because the count of local jobs is not available for one or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

	Year ago					
	Sep	Aug	Jul	Jun	May	Sep
Diffusion Index	33.8	46.3	38.2	45.7	46.7	40.0

### Quantity of Purchases

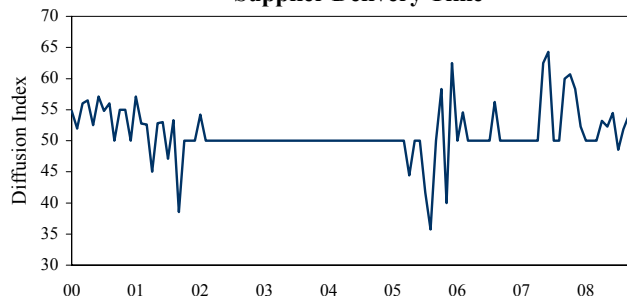


### Supplier Delivery Time

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

	Year ago					
	Sep	Aug	Jul	Jun	May	Sep
Diffusion Index	54.1	51.9	48.5	54.4	52.3	60.0

### Supplier Delivery Time

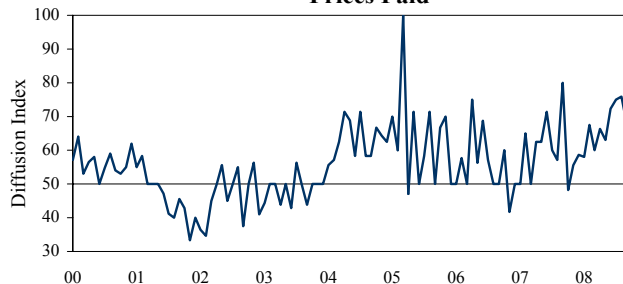


### Prices Paid

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

	Year ago					
	Sep	Aug	Jul	Jun	May	Sep
Diffusion Index	68.1	75.9	75.0	72.3	63.0	80.0

### 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 Business Conditions index, Six-Month Outlook index and NY-BCI are seasonally adjusted. All other measures are not seasonally adjusted.