



NEW YORK CITY REPORT ON BUSINESS
View From The Epicenter

The intensification of the financial crisis generated the worst month for New York City business activity since July 2007, according to the survey taken by the National Association of Purchasing Management-New York (NAPM-NY). The Current Business Conditions index dropped to 35.6 in October.

Future pessimism diminished, with the Six-Month Outlook index bouncing back to 51.6 in October. However, the choppiness in the Outlook index in recent months makes purchasing managers appear uncertain about the near-term direction of the regional economy.

Cost pressures fell for the first time in a year and purchasing volume plunged to a five-year low. The Prices Paid index dipped below the breakeven 50 mark, to 47.8 in October, while the Quantity of Purchases index posted a poor reading of 27.7.

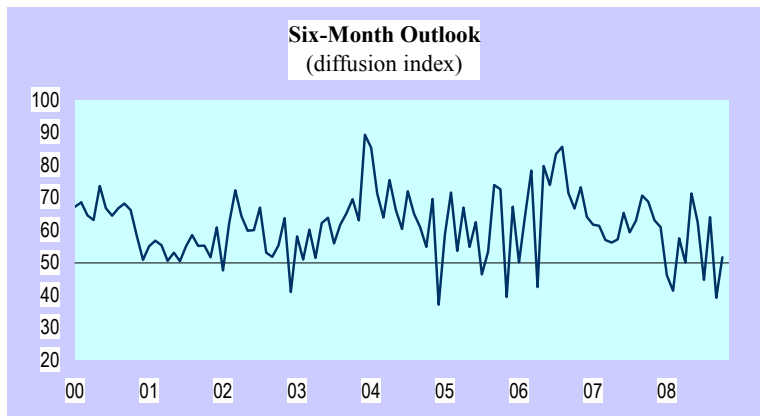
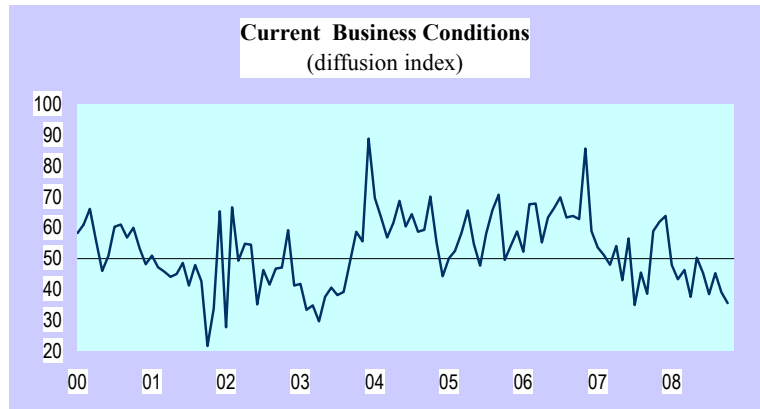
Business impediments: The ongoing credit crunch means working capital shortages remain prevalent.

	Oct	Sep	Aug
Skilled labor shortage:	8%	8%	15%
Unskilled labor shortage:	4%	0%	4%
Working capital shortage:	29%	22%	30%
Raw material shortage:	6%	8%	4%
Security concerns:	8%	11%	7%
Abnormal weather:	6%	11%	4%
"Other" difficulties:	21%	19%	19%
No difficulties:	33%	22%	22%

* * *

October's question of the month: The financial crisis entered a new phase in September. How would you characterize your organization's ability to obtain financing for current operations today relative to before the recent turmoil in financial markets?

More difficult	36%
Same as before	64%
Easier	0%



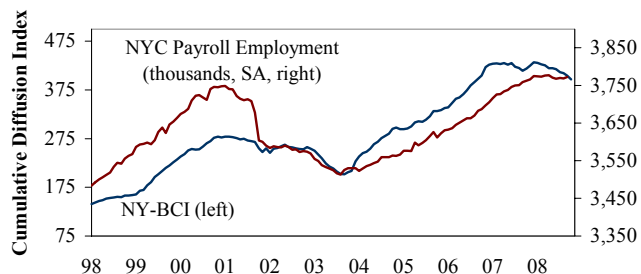
Business Conditions in New York City
(seasonally adjusted)

	Current Business Conditions	Six-Month Outlook	NY-BCI*
October 2007	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
September	39.1	39.3	404.0
October	35.6	51.6	396.8

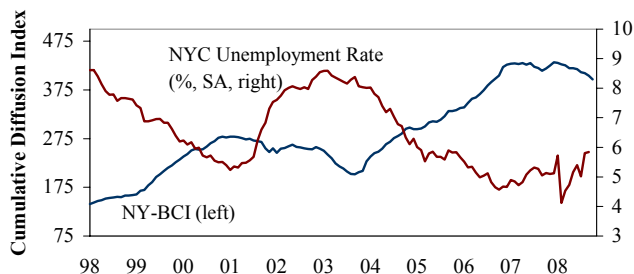
*The NY-BCI is a cumulative diffusion index constructed from the diffusion index of Current Business Conditions for non-manufacturing businesses in the New York City area.

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

NY-BCI vs. NYC Employment



NY-BCI vs. NYC Unemployment



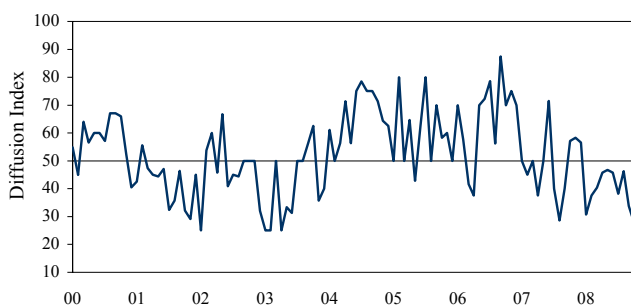
NYC Employment/Unemployment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI often precedes local employment trends. Moreover, the NY-BCI offers advance information about forthcoming local labor market conditions because the count of local jobs is not available for one or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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	27.7	33.8	46.3	38.2	45.7	57.1

Quantity of Purchases

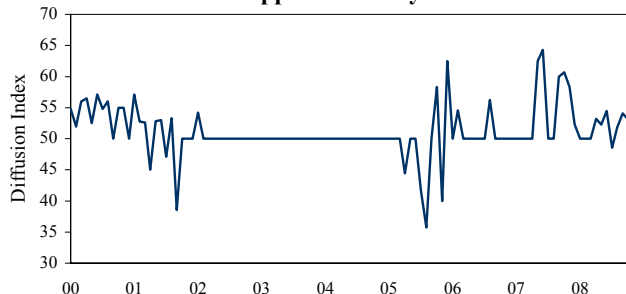


Supplier Delivery Time

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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	53.1	54.1	51.9	48.5	54.4	60.7

Supplier Delivery Time

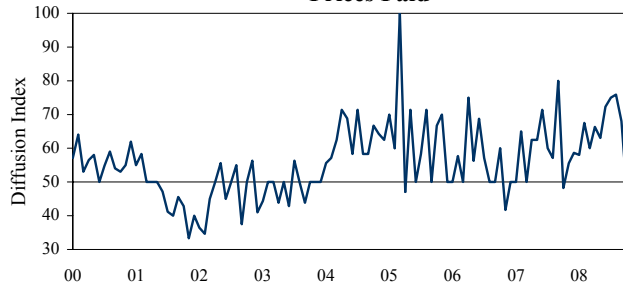


Prices Paid

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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	47.8	68.1	75.9	75.0	72.3	48.2

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.