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NEW YORK CITY REPORT ON BUSINESS
Into The Gloom

New York City business activity was the weakest in five years, according to the survey taken by the National Association of Purchasing Management-New York (NAPM-NY). The Current Business Conditions index fell to 33.3 in November, the lowest level since April 2003.

Purchasing managers have never been more pessimistic. The Six-Month Outlook index dropped to 29.7 in November, a record low in the 16-year history of the *Report on Business*.

Purchasing volume also hit a record low, and cost pressures fell for a second straight month. The Quantity of Purchases index came in at 21.4, while the Prices Paid index was 47.1.

In this issue, we debut a new Employment index that measures current trends by area firms (data are not seasonally adjusted and history is available upon request). In November, the Employment index was a very weak 16.2, likely a reflection of the high degree of caution and need to manage costs aggressively.

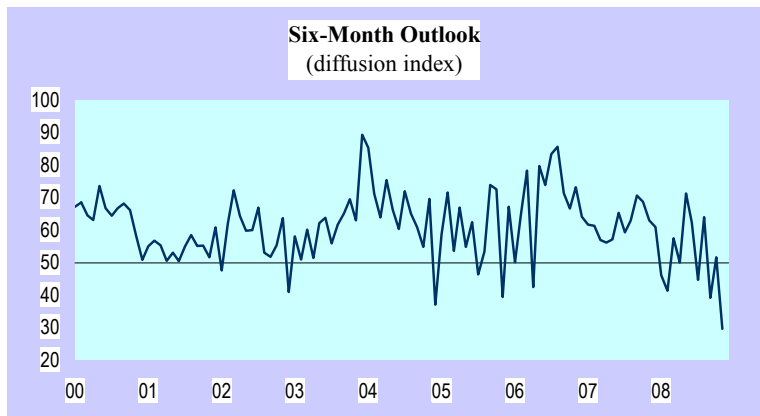
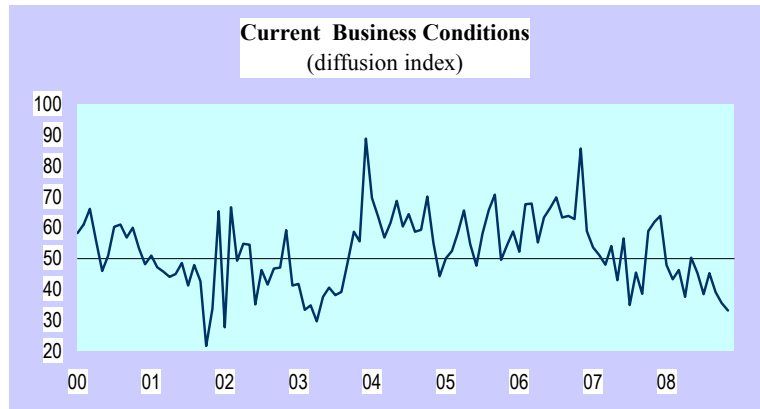
Business impediments: Common elements in the most popular answer, "other" difficulties, were concerns about the economy and financial markets. Working capital shortages stayed high on the list.

	Nov	Oct	Sep
Skilled labor shortage:	3%	8%	8%
Unskilled labor shortage:	0%	4%	0%
Working capital shortage:	23%	29%	22%
Raw material shortage:	6%	6%	8%
Security concerns:	0%	8%	11%
Abnormal weather:	6%	6%	11%
"Other" difficulties:	26%	21%	19%
No difficulties:	9%	33%	22%

* * *

November's question of the month: How much confidence do you have in the responses to the financial crisis by the Federal government and the Federal Reserve?

	Federal Government	Federal Reserve
High confidence	6%	15%
Low confidence	82%	76%
No confidence	12%	9%



Business Conditions in New York City (seasonally adjusted)			
	Current Business Conditions	Six-Month Outlook	NY-BCI*
November 2007	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
November	33.3	29.7	388.4

*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.

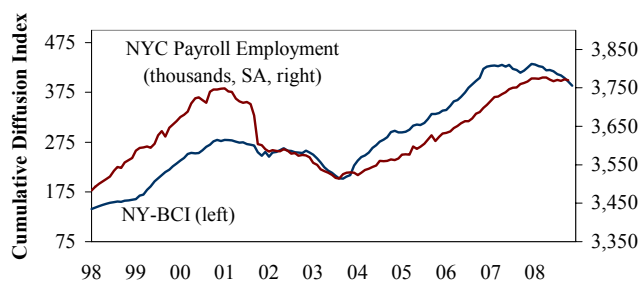
New York City Labor Market

Employment - NEW INDEX

Current employment trends compared to the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Nov
Diffusion Index	16.2	26.1	28.4	37.0	29.4	41.7

NY-BCI vs. NYC Employment



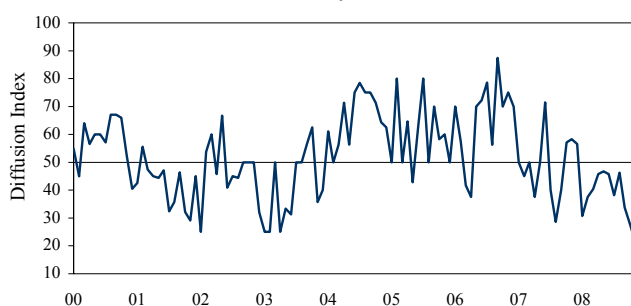
NYC employment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI offers advance information about forthcoming labor market conditions because the local job count is not available for one or two months.

Quantity of Purchases

The current month's level of expenditures (units, not dollars) compared to the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Nov
Diffusion Index	21.4	27.7	33.8	46.3	38.2	58.3

Quantity of Purchases

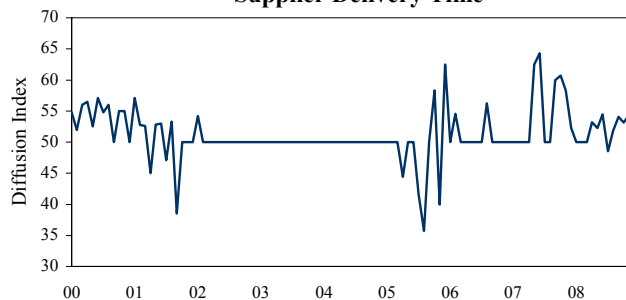


Supplier Delivery Time

The current month's overall delivery performance compared to the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Nov
Diffusion Index	54.4	53.1	54.1	51.9	48.5	58.3

Supplier Delivery Time

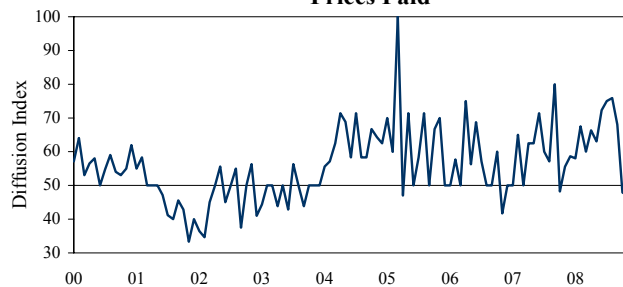


Prices Paid

The current month's overall change in prices paid for goods and services compared to the previous month.

	Nov	Oct	Sep	Aug	Jul	Year ago Nov
Diffusion Index	47.1	47.8	68.1	75.9	75.0	55.6

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.