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NEW YORK CITY REPORT ON BUSINESS
End of the Tunnel Not in Sight

New York City business activity declined for a 13th consecutive month, according to the survey taken by the National Association of Purchasing Management-New York (NAPM-NY). The Current Business Conditions index fell to 29.6 in February, the lowest level since January 2002.

Purchasing managers' pessimism returned in earnest, this after a fleeting visit into optimistic territory last month. The Six-Month Outlook index plunged more than 20 points to 31.8 in February, suggesting that recovery is more than six months away.

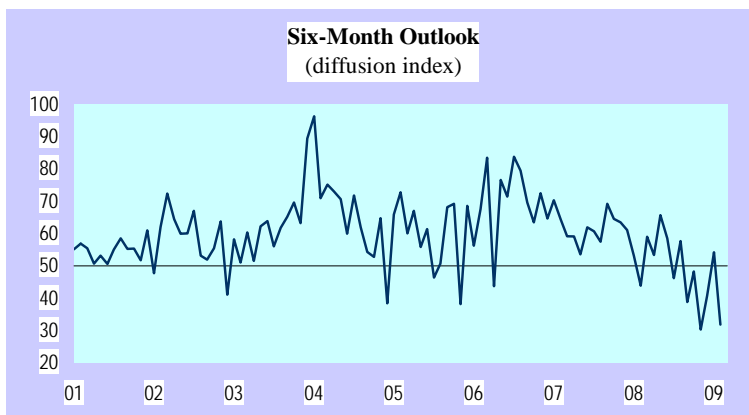
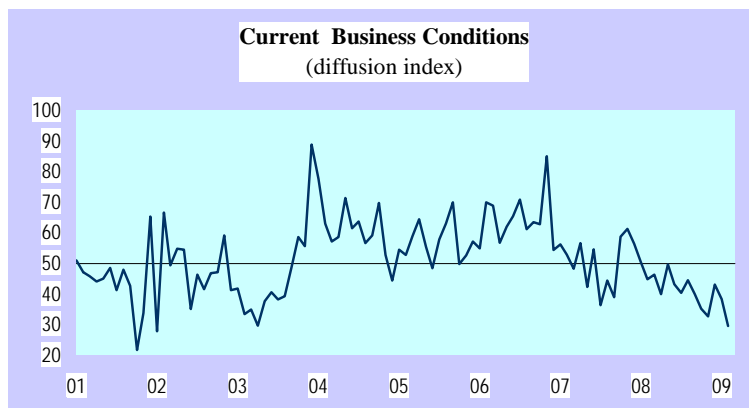
Purchasing volume and employment remained depressed, and cost pressures continued to decline. The Quantity of Purchases index came in at 25.0, the Employment index was 21.9, and the Prices Paid index at 35.9 stayed near a seven-year low.

Business Impediments: Working capital shortages were still a key concern. Interestingly, skilled labor shortages were noted by the highest percentage of survey participants since April 2008.

	Feb	Jan	Dec
Skilled labor shortage	19%	8%	0%
Unskilled labor shortage	6%	3%	0%
Working capital shortage	28%	31%	30%
Raw material shortage	3%	6%	0%
Security concerns	13%	11%	15%
Abnormal weather	6%	3%	15%
"Other" difficulties	28%	33%	30%
No difficulties	16%	17%	19%
	*	*	*

February's Question of the Month: Are your firm's 2009 capital spending plans higher, steady, or lower compared to 2008? An overwhelming majority of firms is planning lower capital spending this year. The 2009 results are substantially weaker than those for 2008. This question was last posed in the February 2008 *Report on Business*.

	2009	2008
Higher	6%	28%
Steady	23%	50%
Lower	71%	22%



Business Conditions in New York City (seasonally adjusted)			
	Current Business Conditions	Six-Month Outlook	NY-BCI*
February 2008	44.8	43.8	428.2
March	46.4	59.0	426.4
April	40.0	53.3	421.4
May	49.7	65.6	421.3
June	43.2	58.4	417.9
July	40.4	46.1	413.1
August	44.5	57.6	410.4
September	40.0	38.8	405.3
October	35.3	48.3	398.0
November	32.7	30.2	389.3
December	43.1	40.7	385.9
January 2009	38.4	54.2	380.1
February	29.6	31.8	369.9

*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.

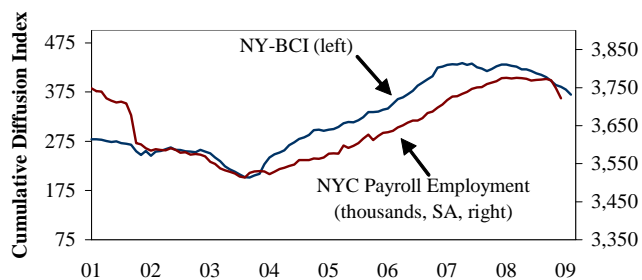
New York City Labor Market

Employment

Current employment trends compared to the previous month.

	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Diffusion Index	21.9	22.2	27.8	16.2	26.1	45.0

NY-BCI vs. NYC Employment



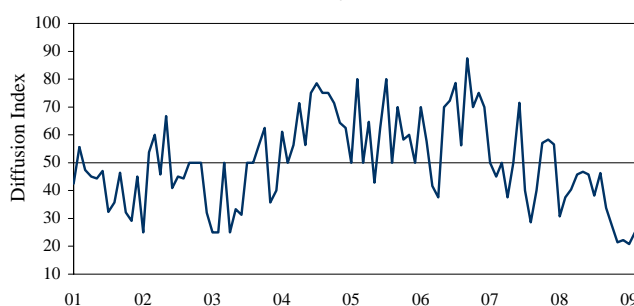
NYC employment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI offers advance information about forthcoming labor market conditions because the local job count is not available for one or two months.

Quantity of Purchases

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

	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Diffusion Index	25.0	20.8	22.2	21.4	27.7	37.5

Quantity of Purchases

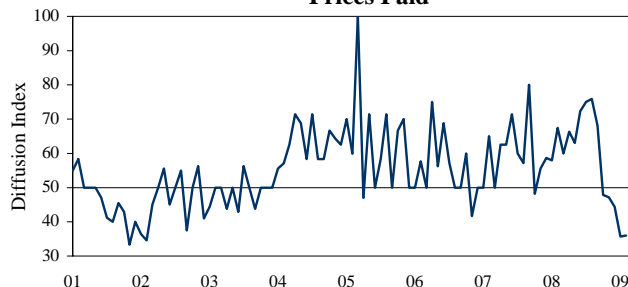


Prices Paid

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

	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Diffusion Index	35.9	35.7	44.4	47.1	47.8	67.5

Prices Paid

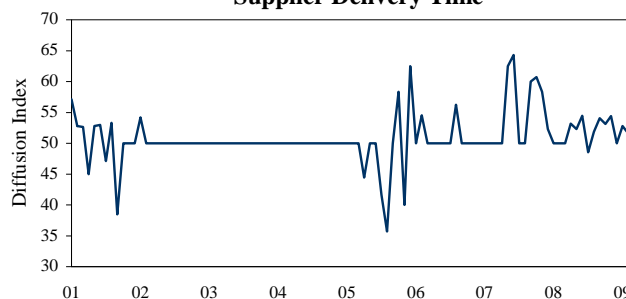


Supplier Delivery Time

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

	Feb	Jan	Dec	Nov	Oct	Year ago Feb
Diffusion Index	51.6	52.8	50.0	54.4	53.1	50.0

Supplier Delivery Time



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.