



NEW YORK CITY REPORT ON BUSINESS

Recovery Emerging

Recovery in New York City business activity is emerging, according to the survey taken by the Institute for Supply Management-New York (ISM-NY). October marked the third consecutive month in expansion territory (above 50), the best stretch in nearly two years. The Current Business Conditions index was 60.8 in October from 72.9 in September.

Sustained gains in future optimism mean the recovery has legs. The Six-Month Outlook index came in at 68.9 in October from 69.5 in September and has expanded for eight months in a row.

Both purchasing volumes and employment continue to show smaller rates of decline, compared to earlier in the year. The Quantity of Purchases index edged up to 46.7 in October from 46.1 in September. The Employment index was 45.7 in October, close to September's 21-month high of 47.3.

Price declines for inputs persisted for the thirteenth straight month. The Prices Paid index was 39.4 in October, compared to 41.9 in September.

Business Impediments: Working capital shortages remain the most prevalent concern, but there appears to be tentative improvement in the last two months – back-to-back declines for the first time since the financial crisis intensified last year.

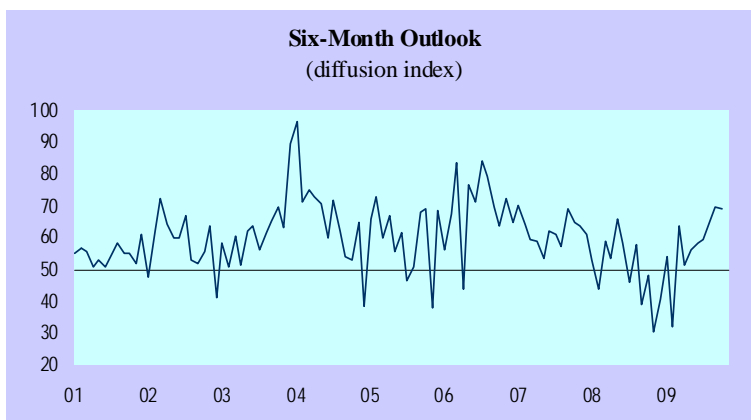
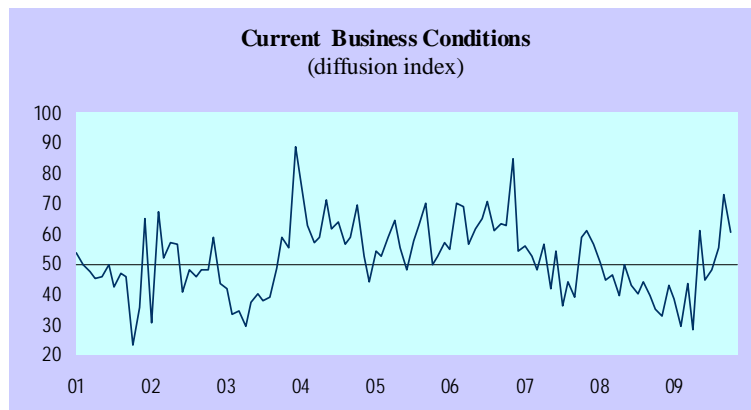
	Oct	Sep	Aug
Skilled labor shortage	11%	3%	11%
Unskilled labor shortage	0%	3%	0%
Working capital shortage	28%	32%	39%
Raw material shortage	9%	5%	0%
Security concerns	13%	21%	4%
Abnormal weather	2%	3%	0%
“Other” difficulties	23%	21%	32%
No difficulties	23%	16%	29%
	*	*	*

October’s Question of the Month: Temporary employment is a leading indicator of the labor market. Does your organization utilize temporary or contract workers? Overwhelmingly, yes.

Yes	89%
No	11%

If Yes, what are your firm's staffing plans for temporary or contract workers over the next six months? No clear direction at this time.

Increase	23%
Hold Steady	53%
Decrease	25%



Business Conditions in New York City
(seasonally adjusted)

	Current Business Conditions	Six-Month Outlook	NY-BCI*
October 2008	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
March	43.9	63.8	366.9
April	28.3	51.2	356.0
May	61.3	56.1	361.6
June	44.8	58.3	359.0
July	48.3	59.3	358.2
August	55.7	65.1	361.0
September	72.9	69.5	372.5
October	60.8	68.9	377.9

*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. (r) revised.

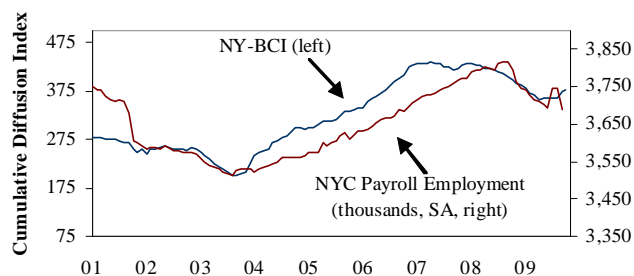
New York City Labor Market

Employment

Current employment trends compared to the previous month.

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	45.7	47.3	39.3	37.5	28.2	26.1

NY-BCI vs. NYC Employment



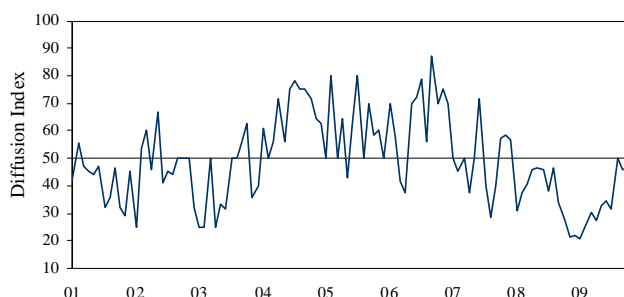
NYC employment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI offers advance information about forthcoming labor market conditions because the local job count is not available for one or two months.

Quantity of Purchases

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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	46.7	46.1	50.0	31.8	34.6	27.7

Quantity of Purchases



Prices Paid

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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	39.4	41.9	35.7	25.0	30.8	47.8

Prices Paid

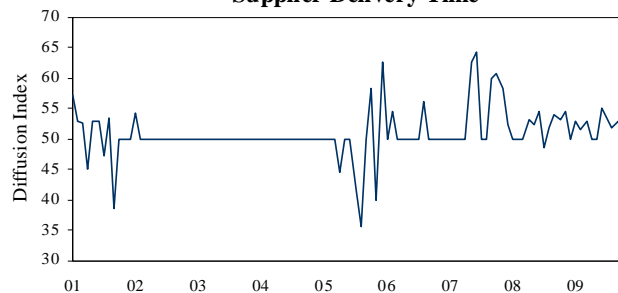


Supplier Delivery Time

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

	Oct	Sep	Aug	Jul	Jun	Year ago Oct
Diffusion Index	50.0	52.8	51.8	53.4	55.1	53.1

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.