

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

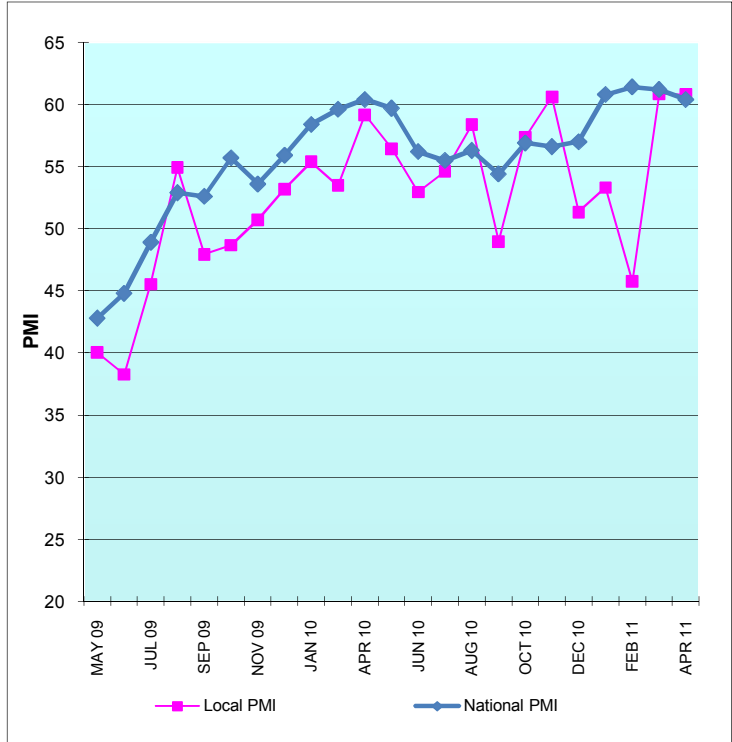
April 2011 Business Survey Monthly Comparison Report

Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The PMI Index for the local manufacturing sector continues to show expansion, but at a slightly slower rate than in March. The non-seasonally adjusted (NSA) PMI gained 2.5 points to 63.8 while the seasonally adjusted PMI slipped just 0.1 points to 60.8. The Production and New Order indexes are at levels not seen in many months and, as a result, we see growth in Inventories as well. Unfortunately, the Commodity Price Index is also reaching historical highs and continues to exert downward pressure on employment which struggles to gain any traction. Almost daily, buyers are receiving price increase notices from suppliers along with fuel surcharge updates. The average commitment lead time for Capital Expenditures increased 67 days to 243, indicating buyers are trying to lock in purchases as early as possible to minimize the increases in costs.

The national PMI registered 60.4%, a 0.8 percentage point decrease from March. A PMI in excess of 42.5%, over a period of time, generally indicates an expansion of the overall economy, even if the manufacturing sector is contracting. According to the Institute for Supply Management, the PMI for January through April (61%) corresponds to a 6.5% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	<u>Index</u>	<u>Direction</u>	<u>Rate of change</u>
Production	67.5	Expanding	Slower
New Orders	57.2	Expanding	Faster
Prices	88.5	Increasing	Faster
Inventories	65.6	Expanding	Slower
Employment	48.6	Contracting	From Expanding
Deliveries	65.1	Slower	Faster
Mfg Sector	60.8	Expanding	Slower

Items in Short Supply

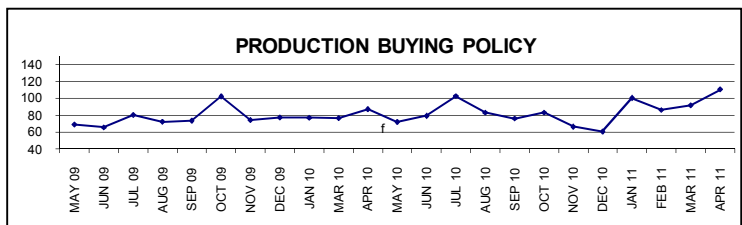
Power train components; metals; FEP film

Comments from the survey respondents:

- “Stainless and aluminum prices are going up.”
- “Generally all commodity pricing is on the upswing.”
- “Capital spending for high ticket capital goods is increasing.”

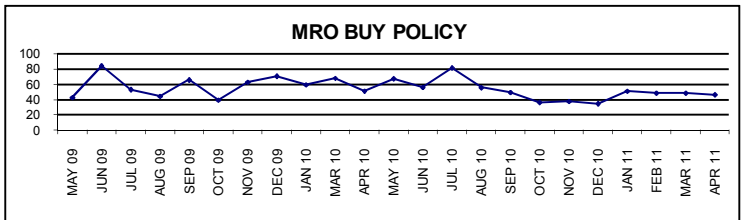
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 110 days. Last month this average was 92 days.



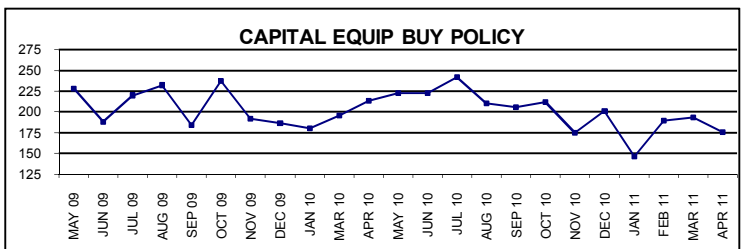
MRO BUYING POLICY

This month the respondents are reporting an average of 47 days ahead for MRO supplies. Last month the average was 49 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 243 days and making commitments for capital equipment. Last month the average was 176 days.



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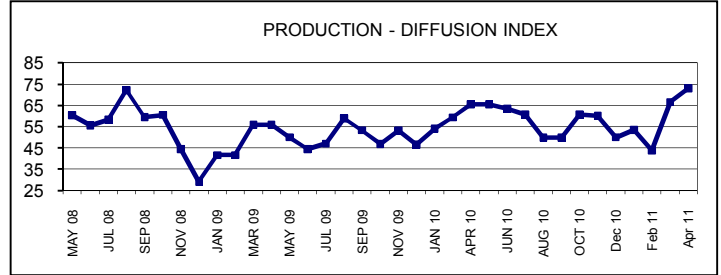
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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Apr	53.8%	38.5%	7.7%	73.1	65.6
Mar	53.3%	26.7%	20.0%	66.7	59.4

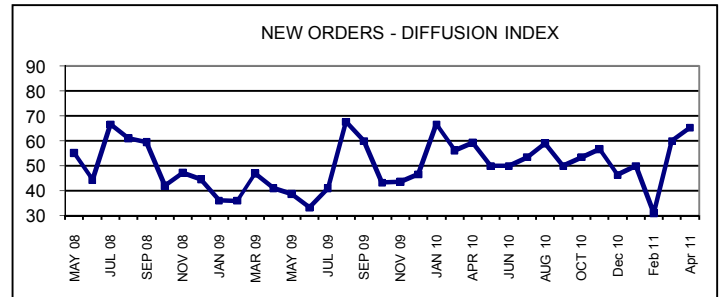
The Production Index climbed 6.4 points in April to 73.1, its highest level since July 2007.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Apr	46.1%	38.5%	15.4%	65.4	59.4
Mar	40.0%	40.0%	20.0%	60.0	56.3

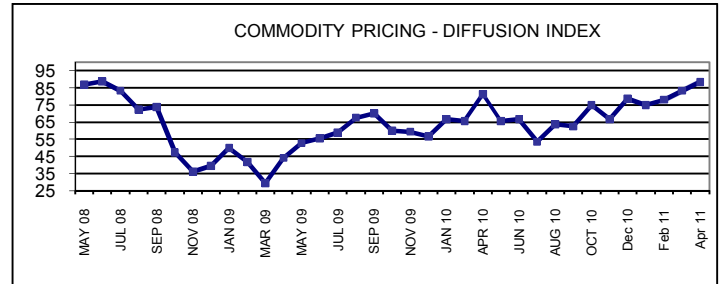
The New Order index gained 5.4 points to reach its highest level since January 2010.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Apr	76.9%	23.1%	0.0%	88.5	81.3
Mar	66.7%	33.3%	0.0%	83.4	65.7

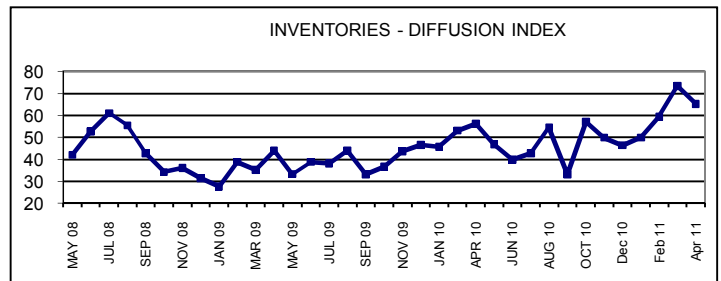
The Commodity Price Index continued its rise adding another 2.1 points to reach its highest level since June 2008.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST YR.
Apr	46.1%	38.5%	15.4%	65.4	56.3
Mar	60.0%	26.7%	13.3%	73.4	53.2

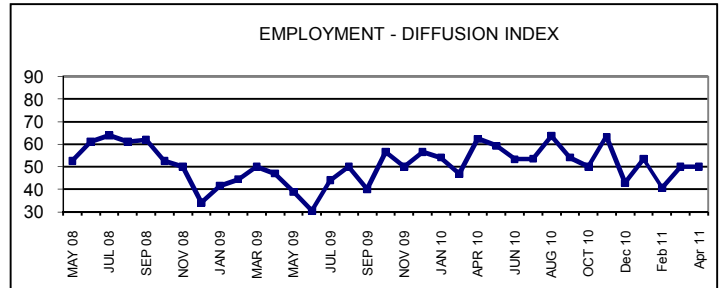
The Inventories Index gave back 8 points from March but continued to expand with the rise in New Orders and Production.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Apr	23.1%	53.8%	23.1%	50.0	62.5
Mar	13.3%	73.3%	13.3%	50.0	46.9

The Employment Level Index was unchanged from March as the respondents reporting higher employment levels matched those reporting lower employment levels.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Apr	30.8%	69.2%	0.00%	65.4	57.5
Mar	13.3%	86.7%	0.00%	56.7	56.3

The Vendor Deliveries Index rose 8.7 points as all of the respondents reported Slower or the Same delivery rate. Slower deliveries usually indicates higher demand, but can also mean insufficient supplier inventories.

