NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

December 2009 Business Survey Monthly Comparison Report

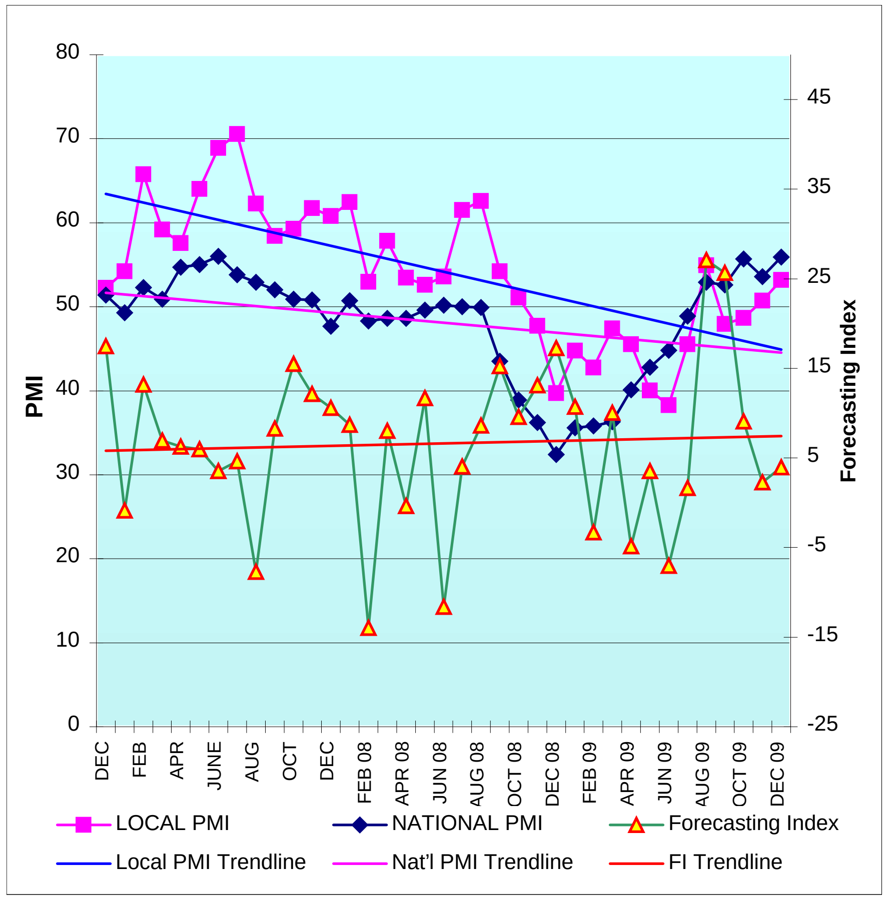
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The WNY manufacturing sector non-seasonally adjusted (NSA) PMI rose .6% to 50, while the seasonally adjusted (SA) PMI gained 2.5% to 53.2, indicating the local manufacturing sector has expanded for the last two consecutive months. Nationally, the manufacturing PMI rose 2.3% to 55.9, expanding for the fifth consecutive month. The seasonally adjusted New Orders Index posted a 6.2% gain, but the Production Index slipped 2.8%, although it remains in the expansion mode. A slowing of commodity price increases helped a bit as did the strong increase in the Employment Index.

While we are not seeing respondents reporting higher levels in the various indices, we are seeing less decreases, which may indicate a stabilizing period that will support further expansion.

A PMI in excess of 41.2%, 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 December (46.3%) corresponds to a GDP growth of 1.6%. However, if the December PMI of 53.6% is annualized, it corresponds to a 4.6% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	52.4	Expanding	Slower
New Orders	52.7	Expanding	From Contracting
Prices	56.7	Increasing	Slower
Inventories	48.7	Contracting	Slower
Employment	58.3	Expanding	Faster
Deliveries	53.7	Slower	Slower
Mfg Sector	53.2	Expanding	Faster

Items in Short Supply

None reported.

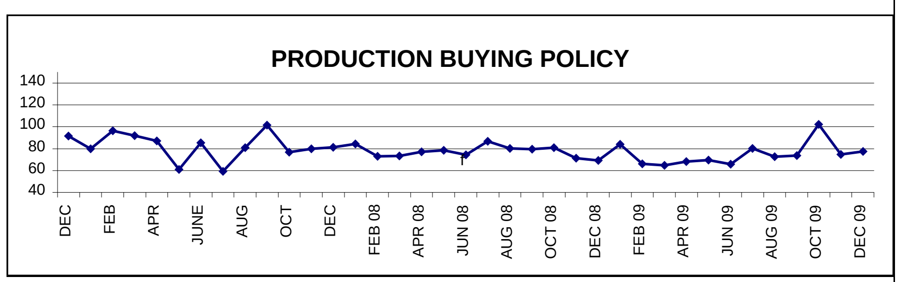
Comments form the survey respondents:

"Seasonal cycle is ending with the year and production will ramp up from here and peak in July or August. 2010 is starting out stronger than 2009, however."

"Automotive quotes increasing."

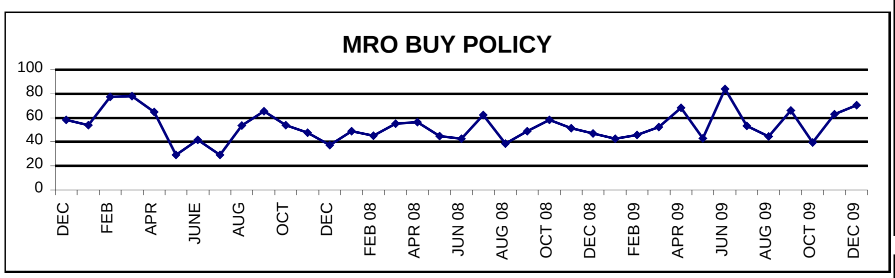
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 77 days. Last month this average was 75 days.



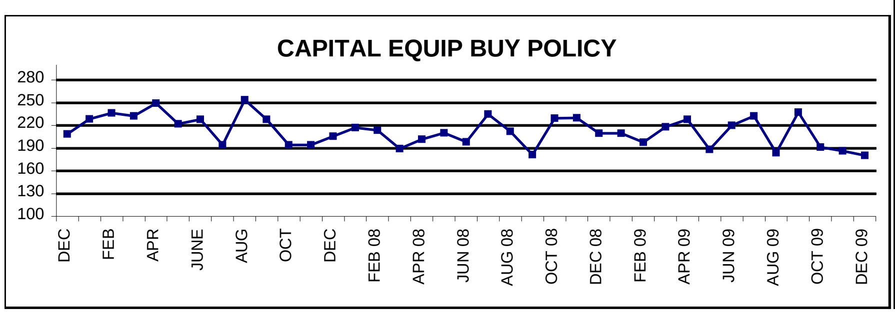
MRO BUYING POLICY

This month the respondents are reporting an average of 71 days ahead for MRO supplies. Last month the average was 63 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 180 days and making commitments for capital equipment. Last month the average was 186 days.



NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.
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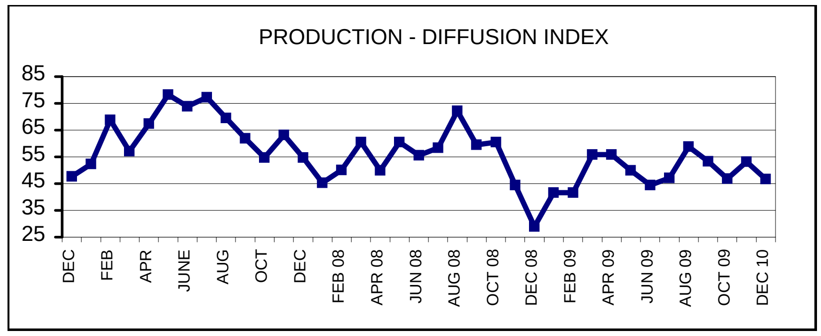
Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Dec	20.0%	53.3%	26.7%	46.7	29.0
Nov	31.3%	43.7%	25.0%	53.2	44.4

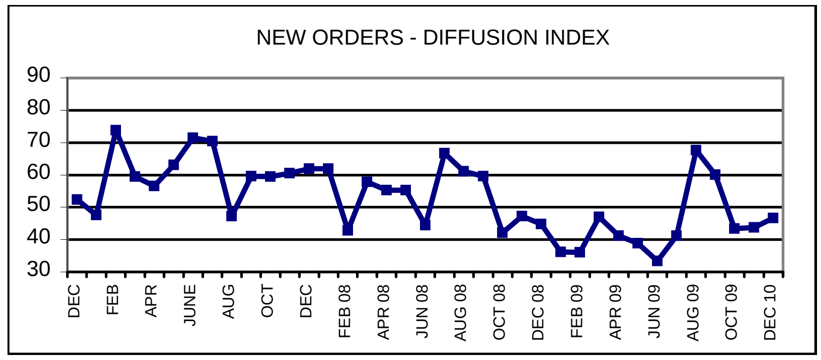
The Production Index fell 6.5 points to 46.7, wiping out last month's gain, but still 17.7 points above the same period last year.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Dec	33.3%	26.7%	40.0%	46.7	44.8
Nov	31.2%	25.0%	43.8%	43.7	47.3

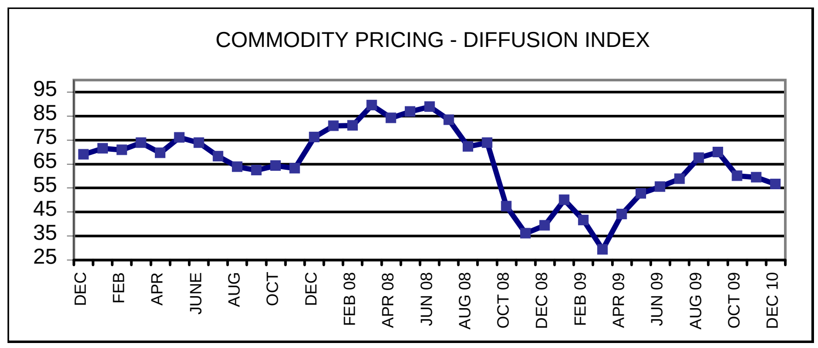
The New Order index improved slightly from November as the contraction in New Orders slowed.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Dec	13.3%	86.7%	0.0%	56.7	39.5
Nov	25.0%	68.8%	6.2%	59.4	36.2

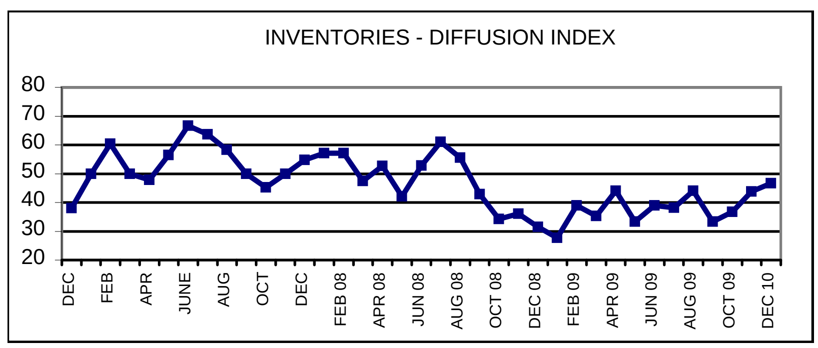
Prices continue to rise but at a slightly slower rate than in November as fewer respondents reported higher prices.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Dec	20.0%	53.3%	26.7%	46.7	31.6
Nov	18.8%	50.0%	31.2%	43.8	36.1

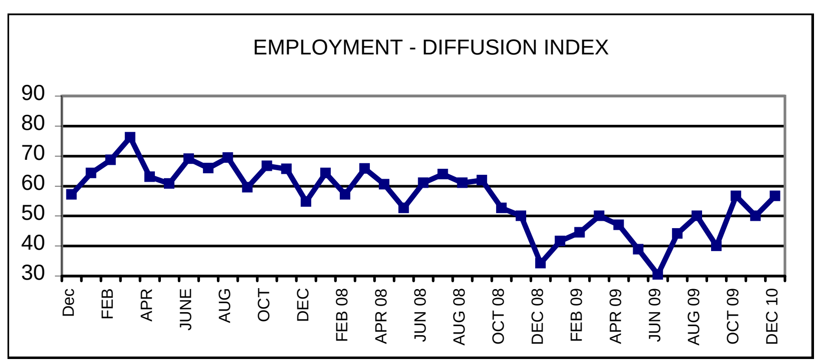
The Inventories Index rose 2.9% to 46.7, indicating inventories continue to contract for the third consecutive month at a slower rate.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Dec	20.0%	73.3%	6.7%	56.7	34.2
Nov	25.0%	50.0%	25.0%	50.0	50.0

The Employment Level Index regained the 6.7% it lost in November to finish at 56.7.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Dec	13.3%	80.0%	6.7%	53.3	50.0
Nov	12.5%	87.5%	0.0%	56.3	55.6

The Vendor Deliveries Index slipped 3%, offsetting the 2.9% gain the previous month.