

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

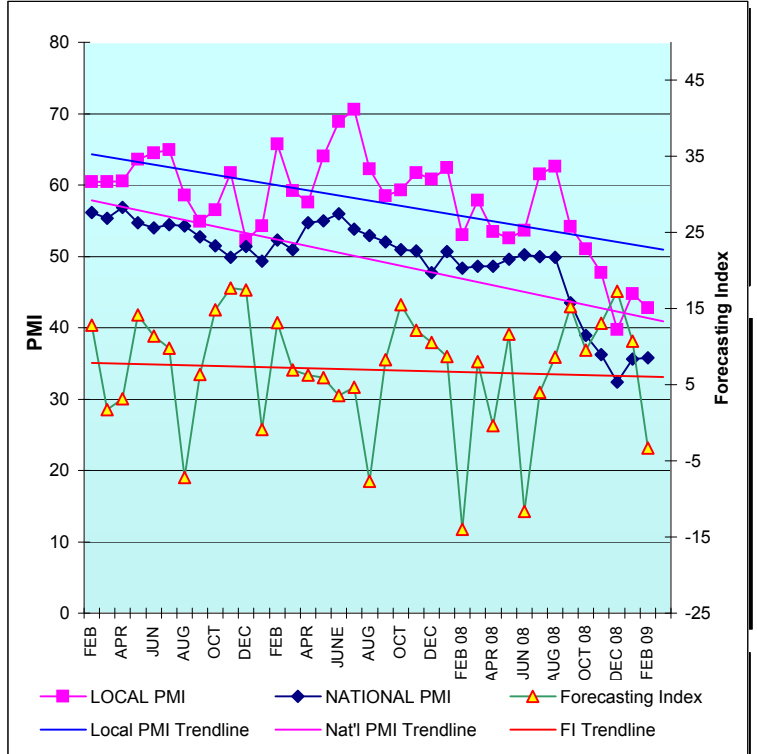
February 2009 Business Survey Monthly Comparison Report

Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The Western New York manufacturing sector remained unchanged from January as the non-seasonally adjust PMI stayed level at 42.8 and the seasonally adjusted index moved down 2% to also finish at 42.8. The Production and New Order indices were virtually unchanged from January, while the Commodity Prices Index dropped 8.3%. The deflation in prices is certainly helpful to manufacturers, and ultimately is good for the consumer. The Employment Index gained just 2.8% and Vendor Deliveries fell 13.9% indicating softer demand. Buying policy for production materials decreased from 84 to 66 days as few materials are in short supply. Inventories did increase 11.1%, possibly due to buyers taking advantage of lower commodity prices. On the positive side, no big swings in any of the indices is probably a good thing right now. Sometimes it's okay to just hold your own in the face of adversity.

When the PMI is above 50% the manufacturing economy is generally expanding; when it drops below the 50% mark, the economy is considered to be contracting. A PMI over 41.2%, over a period of time, means the overall economy is generally expanding. According to the Institute for Supply Management (ISM), the national PMI for January (35.6%) corresponds to a 1.7% decline in real GDP.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	41.9	Contracting	Faster
New Orders	34.6	Contracting	Faster
Prices	41.7	Contracting	From Neutral
Inventories	37.9	Contracting	Slower
Employment	44.7	Contracting	Unchanged
Deliveries	54.7	Slowing	Slower
Mfg Sector	42.8	Contracting	Slower

Items in Short Supply –

None reported.

Comments from the survey respondents:

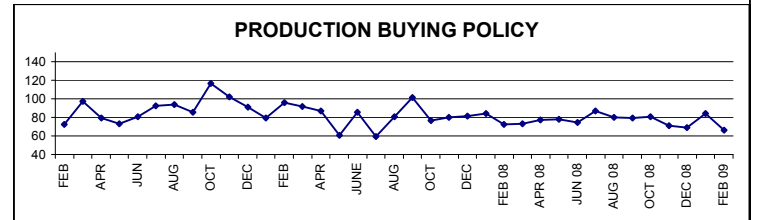
“Resin prices starting to rise.”

“Stimulus package should help us all, but effects may take awhile to be felt – 6 to 9 months we believe.”

“Needed to switch away from automotive customer base.”

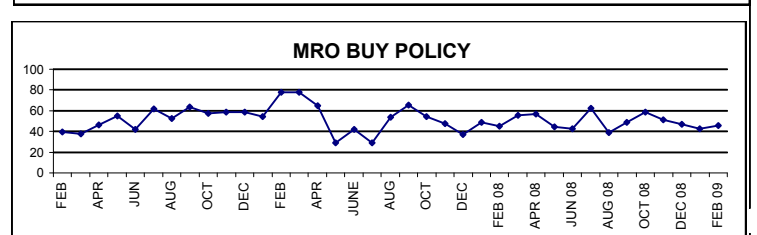
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 66 days. Last month this average was 84 days.



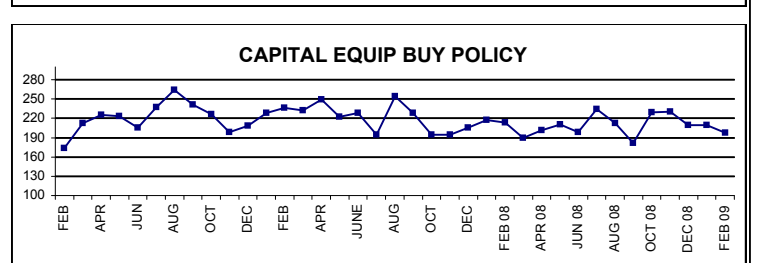
MRO BUYING POLICY

This month the respondents are reporting an average of 46 days ahead for MRO supplies. Last month the average was 43 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out 198 days and making commitments for capital equipment. Last month the average was 210 days.



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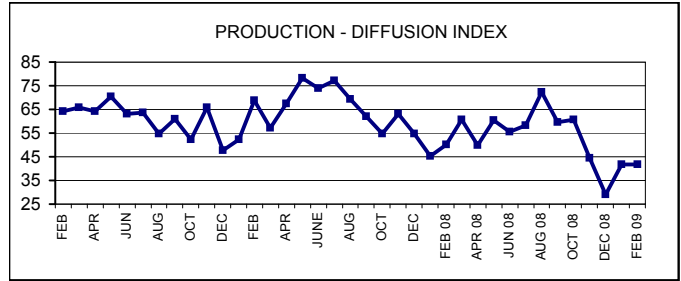
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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Feb	11.1%	61.1%	27.8%	41.7	50.1
Jan	22.2%	38.9%	38.9%	41.7	45.3

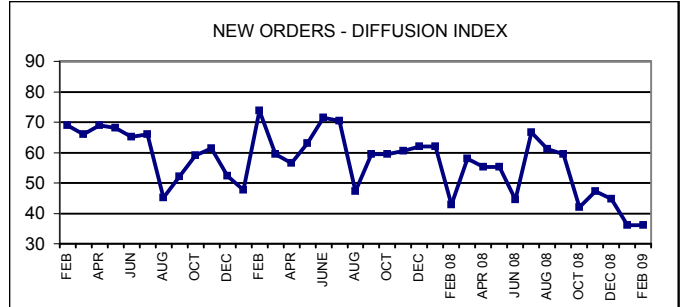
The Production Index remained at 41.7 as over half of the respondents reported production remained at the same level as January.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Feb	11.1%	50.0%	38.9%	36.1	42.9
Jan	16.7%	38.9%	44.4%	36.2	62.0

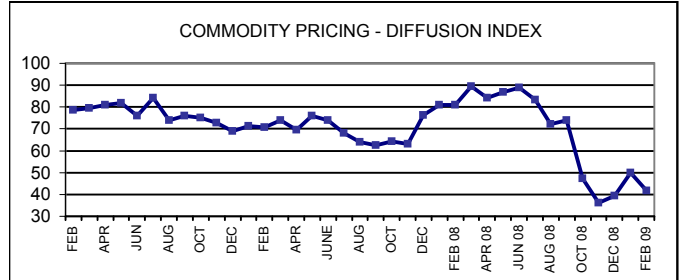
The New Order index held steady as most respondents reported no change in the level of new orders.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Feb	11.1%	61.1%	27.8%	41.7	81.0
Jan	27.8%	44.4%	27.8%	50.0	81.0

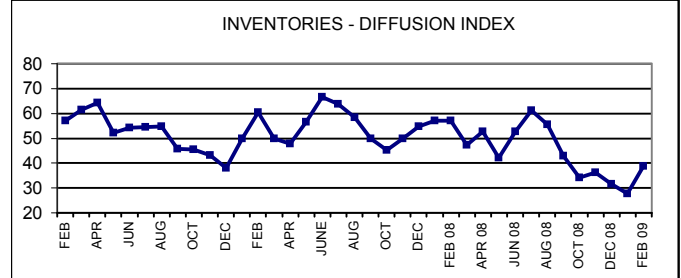
The Commodity Price index dropped 8.3% as only 11.1% reported higher prices compared to nearly 89% reporting the same or lower prices.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Feb	16.7%	44.4%	38.9%	38.9	57.2
Jan	11.1%	33.3%	55.6%	27.8	57.2

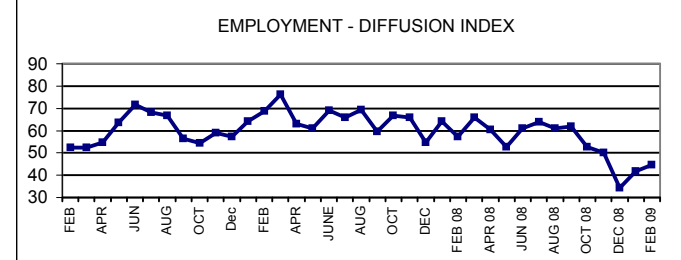
The Inventories Index climbed 11.1% as fewer respondents reported lower inventories.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Feb	16.7%	55.6%	27.8%	44.5	57.2
Jan	16.7%	50.0%	33.3%	41.7	64.3

The Employment Level Index rose 2.8% as manufacturers made little adjustment to their workforce.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Feb	22.2%	61.1%	16.7%	52.8	61.9
Jan	33.3%	66.7%	0.0%	66.7	71.4

The Vendor Deliveries Index dropped 13.9 points indicating faster deliveries due to lower customer demand.

