

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

January 2010 Business Survey Monthly Comparison Report

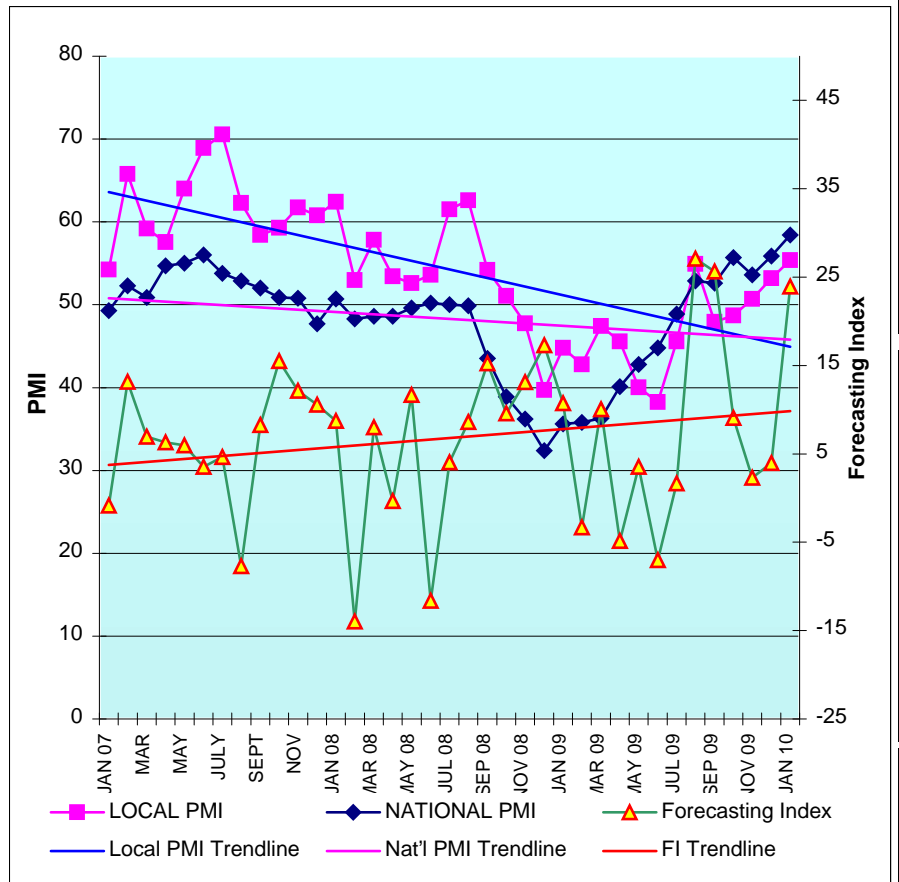
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The WNY manufacturing sector non-seasonally adjusted (NSA) PMI rose 3.3% to 53.3%, while the seasonally adjusted (SA) PMI gained 2.2% to 55.4, it's highest reading since August 2008. Nationally, the manufacturing PMI rose 2.5% to 58.4, expanding for the sixth consecutive month. The seasonally adjusted New Orders Index posted a 17.5% gain, and the Production Index rose 4.1%.

The consecutive months of expansion in both the local and national indices would indicate the manufacturing sector is firmly in recover. However, the decreases in the Inventories and Employment Indices locally would seem to indicate that WNY manufacturers are still cautious and are managing their inventories and labor burden very closely. We often see a modest increase in the PMI together with a large increase in the forecasting index results in a decline in the PMI the following month, generally because the high New Orders level is not sustainable.

A PMI in excess of 42%, 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, if the January PMI of 58.4% is annualized, it corresponds to a 5.5% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	<u>Index</u>	<u>Direction</u>	<u>Rate of change</u>
Production	56.5	Expanding	Faster
New Orders	70.2	Expanding	Faster
Prices	66.7	Increasing	Faster
Inventories	46.3	Contracting	Faster
Employment	56.1	Expanding	Slower
Deliveries	47.9	Slower	Faster
Mfg Sector	55.4	Expanding	Faster

Items in Short Supply

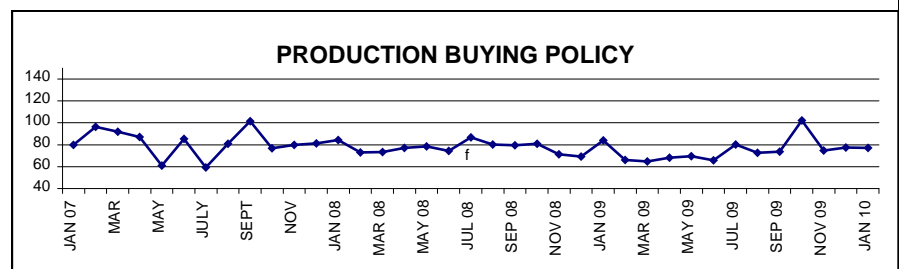
Nylon resin.

Comments form the survey respondents:

"There is a rumbling that corrugated may increase in February."

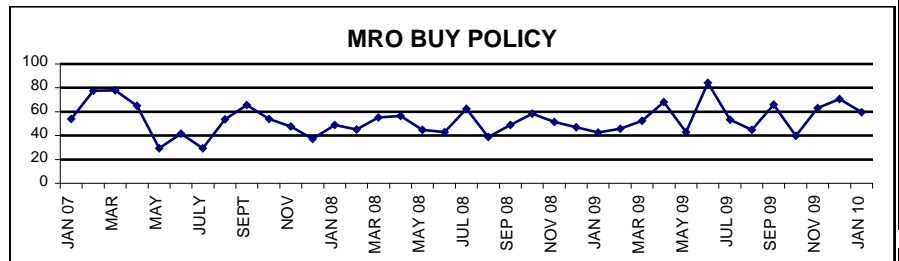
PRODUCTION BUYING POLICY

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



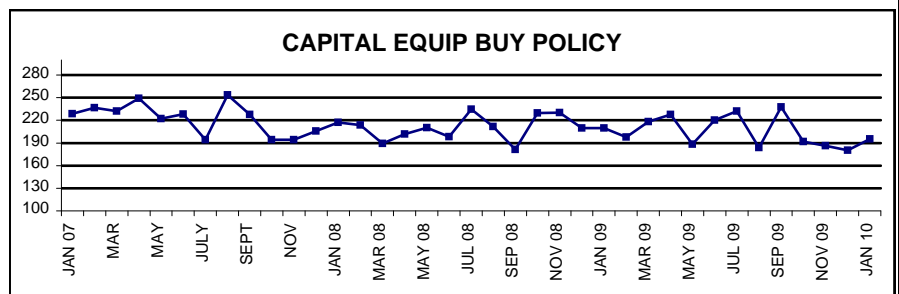
MRO BUYING POLICY

This month the respondents are reporting an average of 60 days ahead for MRO supplies. Last month the average was 71 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 195 days and making commitments for capital equipment. Last month the average was 180 days.

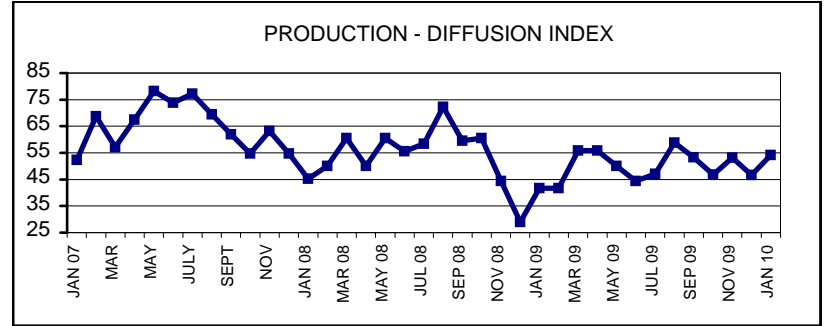


NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.
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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jan	33.3%	41.7%	25.0%	54.2	41.7
Dec	20.0%	53.3%	26.7%	46.7	29.0

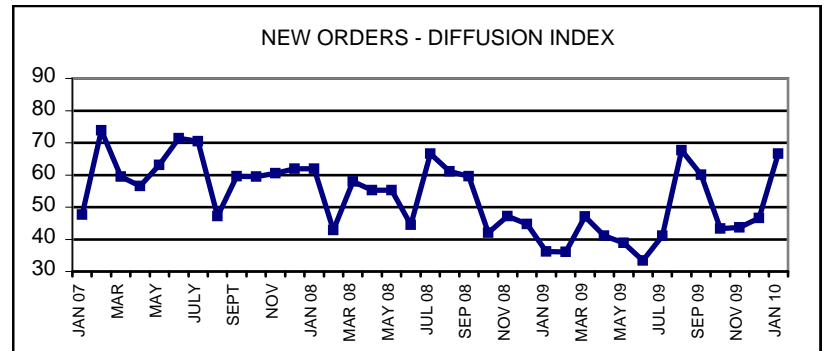
The Production Index rose 7.5% with 13.3% more respondents reporting higher production levels than in December.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jan	50.0%	33.3%	16.7%	66.7	36.2
Dec	33.3%	26.7%	40.0%	46.7	44.8

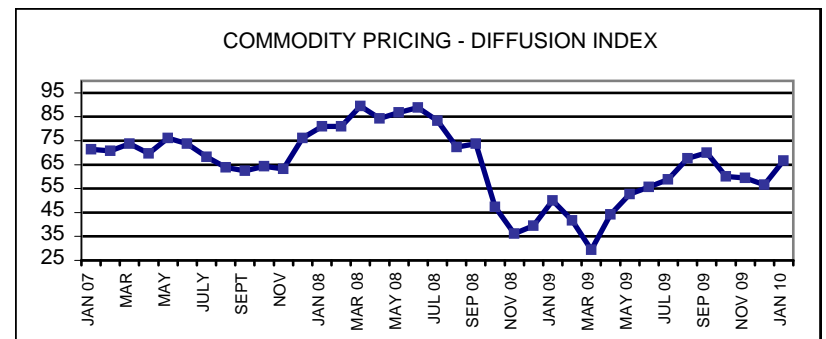
The New Order index gained 20% with half the respondents reporting higher new order levels over the prior month.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jan	33.3%	66.7%	0.0%	66.7	50.0
Dec	13.3%	86.7%	0.0%	56.7	39.5

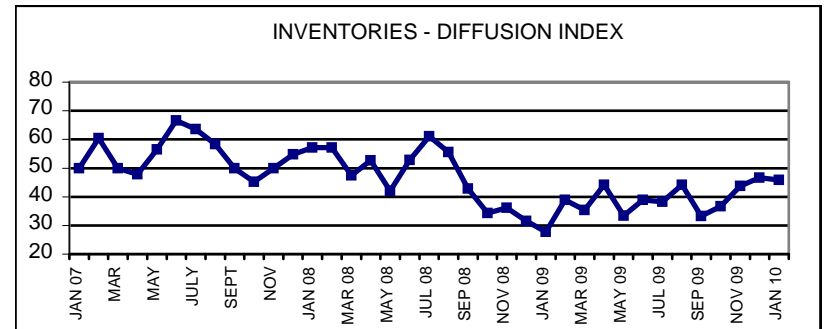
The Commodity Price Index climbed another 10% as a third of the respondents reported higher prices and none reported lower prices.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jan	25.0%	41.7%	33.3%	45.8	27.8
Dec	20.0%	53.3%	26.7%	46.7	31.6

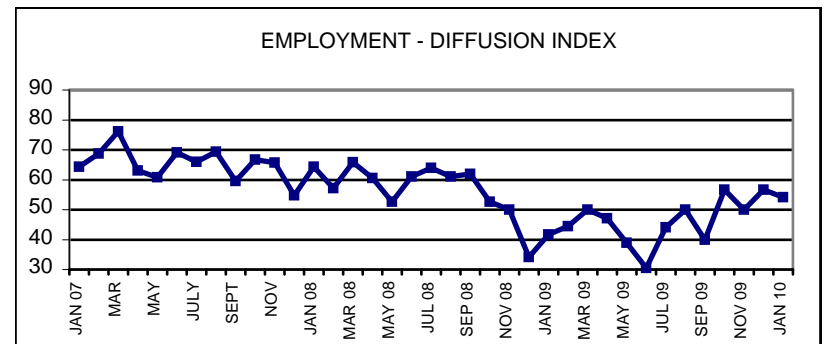
The Inventories Index dipped 1.1% with 33.3% or respondents reporting lower inventories.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jan	25.0%	41.7%	33.3%	54.2	41.7
Dec	20.0%	73.3%	6.7%	56.7	34.2

The Employment Level Index fell 2.5% with a third of respondents reporting lower employment levels compared to December.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Jan	0.0%	91.7%	8.3%	45.9	66.7
Dec	13.3%	80.0%	6.7%	53.3	50.0

The Vendor Deliveries Index declined 7.4% as large majority of respondents reported no change in vendor deliveries.

