

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

January 2011 Business Survey Monthly Comparison Report

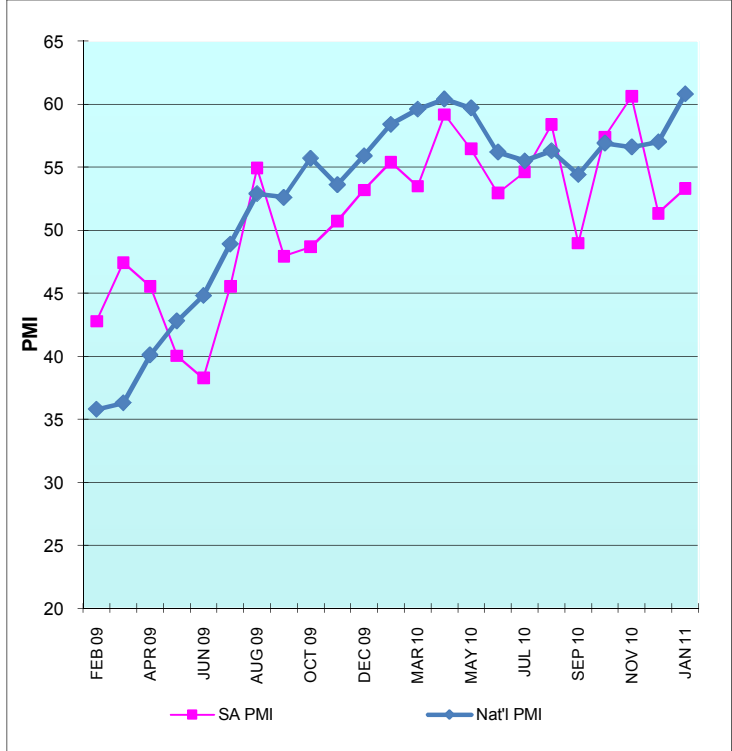
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The local manufacturing sector rebounded after a disappointing December. The non-seasonally adjusted PMI finished at 51.4, up 2.8 points, and the seasonally adjusted PMI at 53.3, up 2 points. However, the seasonally adjusted 3-month moving average is still .6 points below the November reading, and the non-seasonally adjusted 3-month moving average is at its lowest reading since March 2010, indicating continuing softness in the local manufacturing sector. Gains were recorded in every index except the Commodity Price index and the Vendor Deliveries index. The largest gain was in the Employment index which was up 13.1 points (seasonally adjusted) over December.

Buyers are planning further out than they did in December. For production materials they are looking ahead 100 days. The MRO purchases horizon has moved out to 51 days, and capital purchases have moved out to 189 days.

The national PMI registered 60.8%, a 3.8 point over December and the highest level since May 2004. 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(60.8%) corresponds to a 6.4% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	<u>Index</u>	<u>Direction</u>	<u>Rate of change</u>
Production	54.8	Expanding	Faster
New Orders	53.0	Expanding	Faster
Prices	75.0	Increasing	Slower
Inventories	50.4	Expanding	From Contracting
Employment	56.5	Expanding	From Contracting
Deliveries	51.8	Slower	Slower
Mfg Sector	57.0	Expanding	Faster

Items in Short Supply

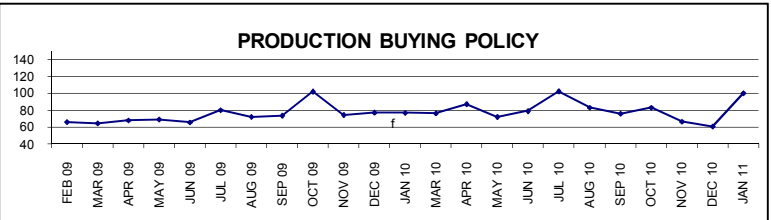
Metals
Electronic Components

Comments from the survey respondents:

"Ball bearing lead times continue to extend."
 "Economic activity is increasing across the capital goods market and we see our segment's upward trend."
 "Happy to be busy and booked until August."

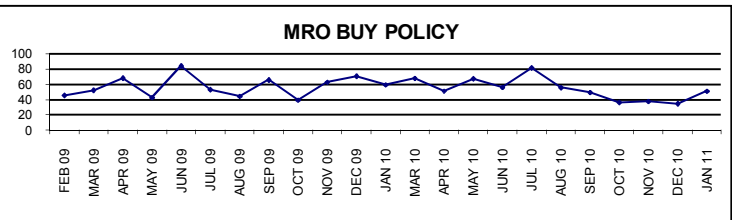
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 100 days. Last month this average was 61 days.



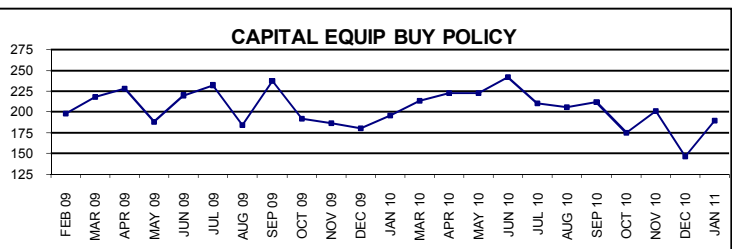
MRO BUYING POLICY

This month the respondents are reporting an average of 51 days ahead for MRO supplies. Last month the average was 35 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 189 days and making commitments for capital equipment. Last month the average was 147 days.

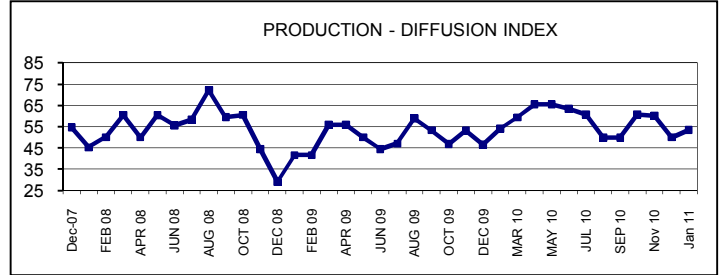


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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jan	35.7%	35.7%	28.6%	53.6	54.2
Dec	35.7%	28.6%	35.7%	50.0	46.7

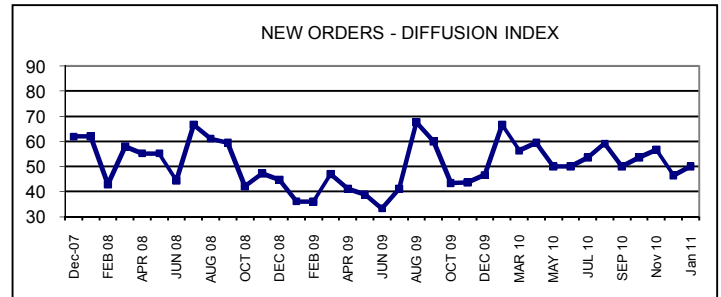
The Production Index gained 3.6 pts. in January as the number of respondents reporting lower production levels decreased slightly from December.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jan	42.9%	14.3%	42.9%	50.0	66.7
Dec	42.9%	7.1%	50.0%	46.4	46.7

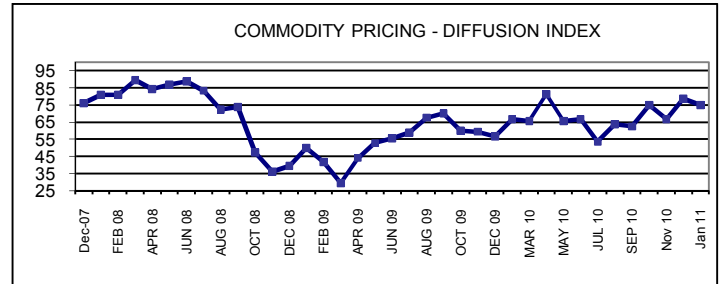
The New Order index rose 3.6 points to 50.0 as an equal number of respondents reported higher and lower levels of New Orders. The index finished significantly lower than the same period last year.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jan	50.0%	50.0%	0.0%	75.0	66.7
Dec	64.3%	28.6%	7.1%	78.6	56.7

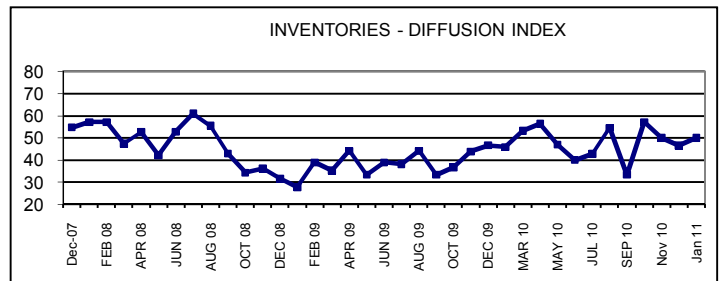
The Commodity Price Index dipped 3.6 points as half of the respondents reported higher prices and half reported no change.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jan	35.7%	28.6%	35.7%	50.0	45.8
Dec	42.9%	7.1%	50.0%	46.5	46.7

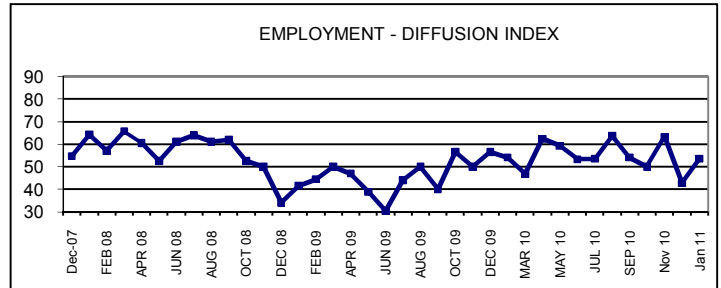
The Inventories Index gained 3.5 points over December with half the respondents reporting higher inventory levels and half reporting lower levels.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jan	28.6%	50.0%	21.4%	53.6	54.2
Dec	21.4%	42.9%	35.7%	42.9	56.7

The Employment Level Index jumped 10.5 points as the number of respondents reporting lower employment levels dropped 14.3 points and those reporting higher levels rose 7.2 points.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Jan	7.1%	85.7%	7.1%	50.0	45.2
Dec	21.4%	71.4%	7.1%	57.1	53.3

The Vendor Deliveries Index lost 7.1 points as only 7.1% of the respondents reported slower deliveries and 85.7% reported the same speed as in December.

