

# NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

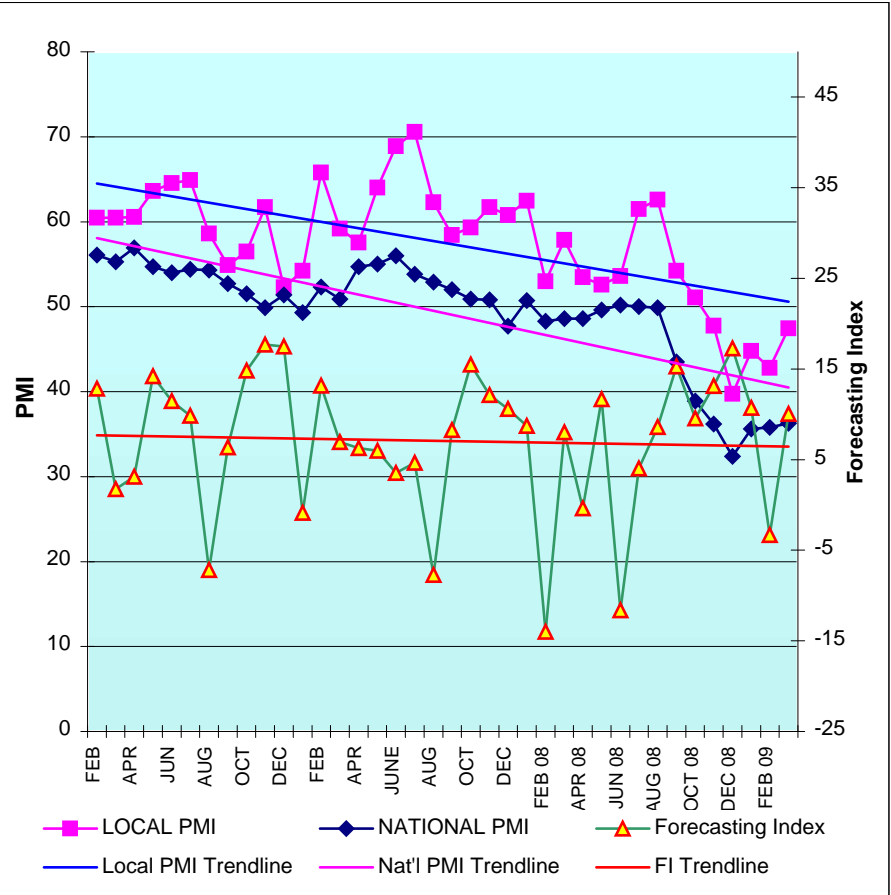
## July 2009 Business Survey Monthly Comparison Report

Submitted by: Arthur Aramino, Chairman Business Survey Committee

### The PMI Index

As expected, the PMI reversed a 3 month decline and finished up 6.4% at 45.9 (non-seasonally adjusted), and the seasonally adjusted PMI finished up 7.2% at 45.5. The Production, New Orders, and Employment indices all showed improvement, meaning the rate at which the manufacturing sector is contracting slowed during the month of July. Hopefully, that will develop into a trend. On the downside, commodity prices continue to rise, which has a dampening effect on the recovery.

Nearly a year after the local PMI began its precipitous fall, we are seeing signs that the bottom may have been reached. Back in 2002 when the index was also bouncing around the same range, it hit bottom in June and then shot up over 60 in July. The economy remained in a growth mode until the current recession began last November. Obviously, we are still in a contraction state, but with the national PMI on an upward trend, it may indicate the local economy is lagging behind just a little and soon may find itself on a positive upward trend.



### This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	47.0	Contracting	Slower
New Orders	41.0	Contracting	Slower
Prices	58.8	Increasing	Faster
Inventories	39.4	Contracting	Faster
Employment	43.8	Contracting	Slower
Deliveries	56.6	Slower	Faster
Mfg Sector	45.5	Contracting	Slower

### Items in Short Supply

Some specialty chemicals and resins.

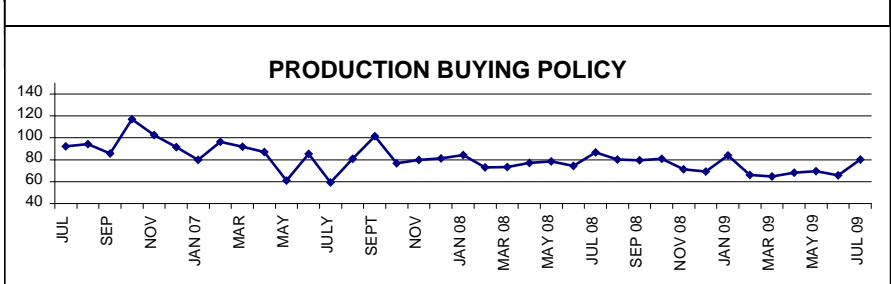
Heavy duty power train components – drive axles, transmissions

### Comments form the survey respondents:

None

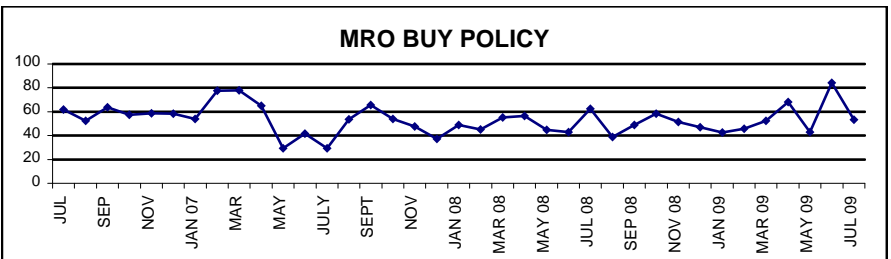
### PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 80 days. Last month this average was 66 days.



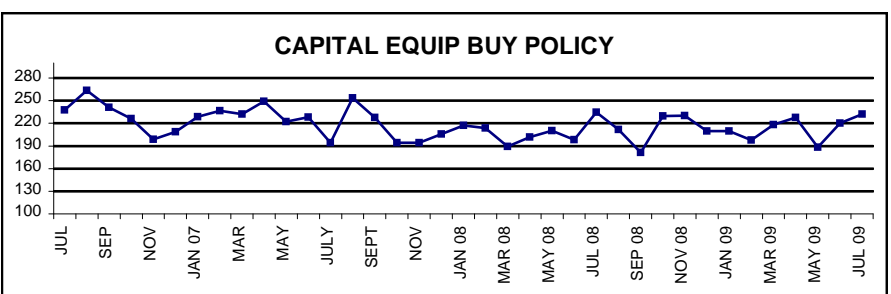
### MRO BUYING POLICY

This month the respondents are reporting an average of 53 days ahead for MRO supplies. Last month the average was 84 days.



### CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out 232 days and making commitments for capital equipment. Last month the average was 220 days.

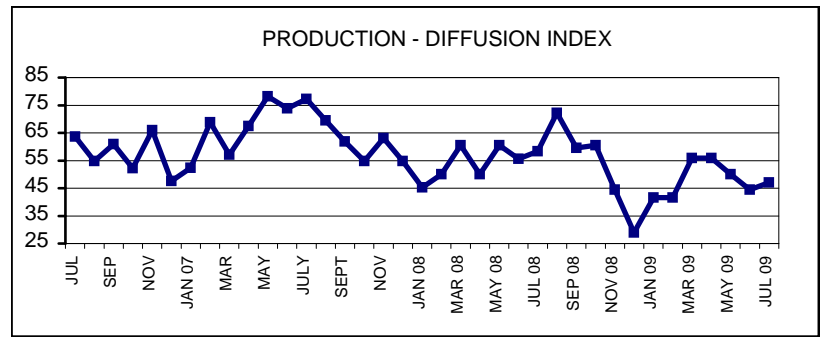


**NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.**  
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**Not Seasonally Adjusted**

**The Production level was:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jul	29.4%	35.3%	35.3%	47.1	58.4
Jun	16.7%	55.5%	27.8%	44.5	55.6

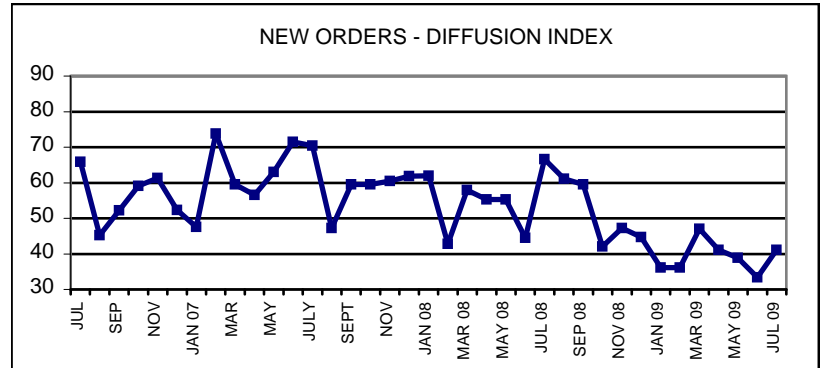
The Production Index rose 2.6% with 12.7% of the respondents reporting higher production levels.



**New Orders were reported:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	29.4%	23.5%	47.1%	41.2	66.7
Jun	16.7%	33.3%	50.0%	33.4	44.5

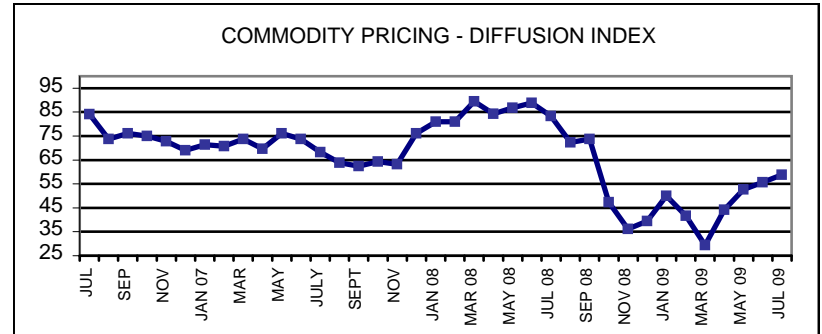
The New Order index also climbed 7.8% to stop a 3 month slide. 12.7% of the respondents reported higher new order levels than in June.



**Commodity Prices are:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	29.4%	58.8%	11.8%	58.8	83.4
Jun	16.7%	77.8%	5.5%	55.6	88.9

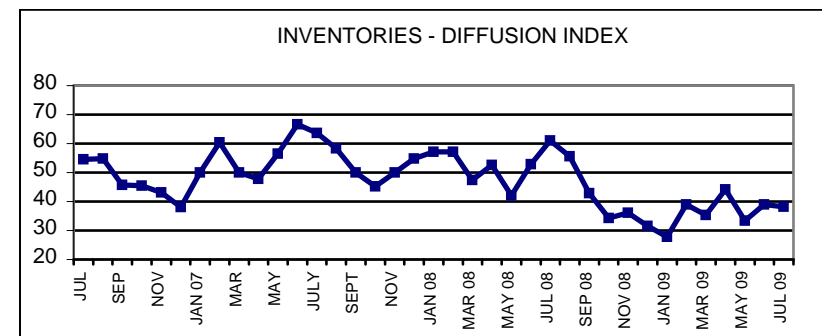
Prices continue to rise as the Commodity Price indexed post a 3.2% gain in July.



**Inventories of purchased goods were:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	17.6%	41.2%	41.2%	38.2	61.1
Jun	11.1%	55.6%	33.3%	38.9	52.8

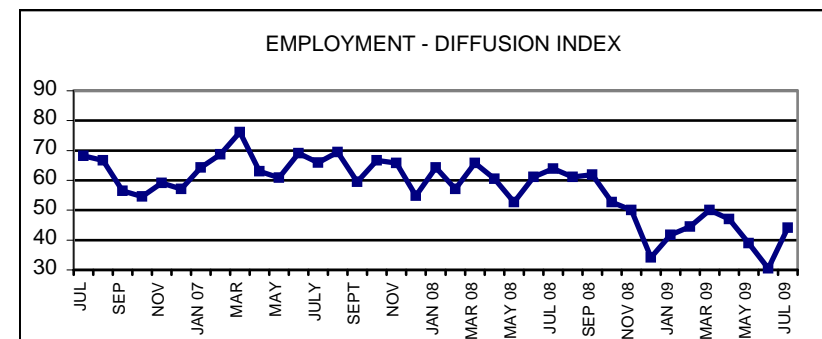
The Inventories Index changed very little from June, losing only .7% from June.



**Employment levels were:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	17.7%	52.9%	29.4%	44.2	63.9
Jun	0.0%	61.1%	38.9%	30.6	61.1

The Employment Level Index showed an increase for the first time since March, rising nearly 14 points.



**Vendor deliveries were:**

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Jul	17.6%	82.4%	0.0%	58.8	55.6
Jun	22.2%	55.6%	22.2%	50.0	58.4

The Vendor Deliveries Index rose 8.8%, indicating slower vendor deliveries, which usually corresponds with an increase in demand.

