

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

July 2010 Business Survey Monthly Comparison Report

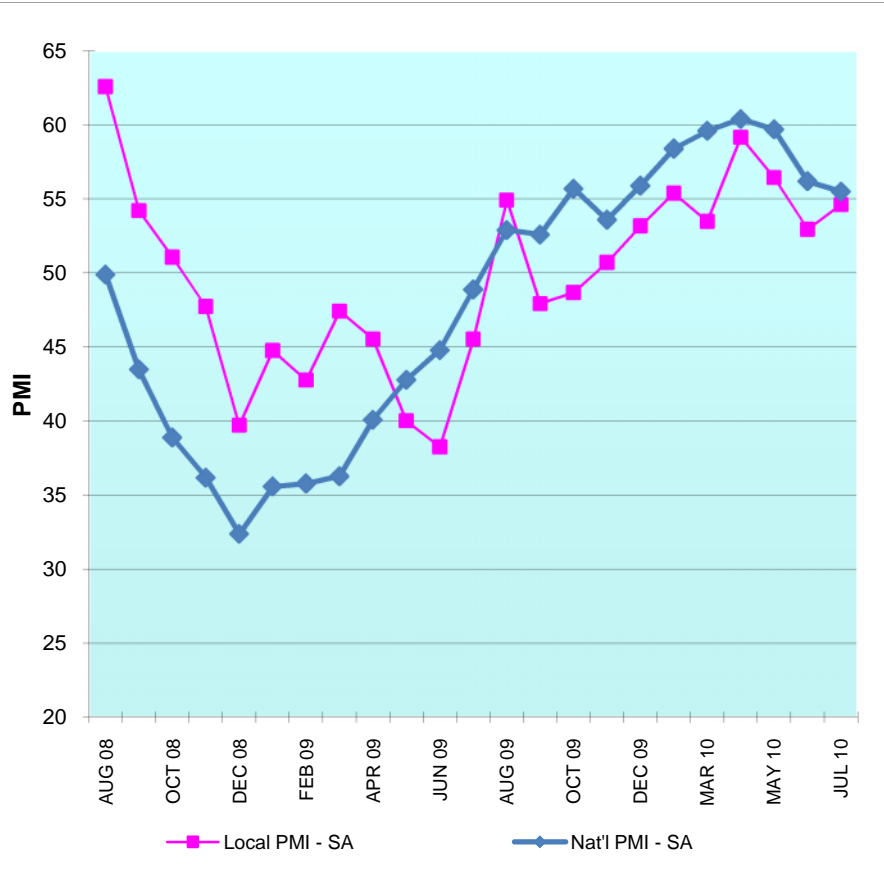
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The WNY manufacturing sector continued to expand in July and at a slightly higher rate than in June. The non-seasonally adjusted (NSA) PMI rose 1% to 55.0, while the seasonally adjusted (SA) PMI gained 1.6% to 54.6. The good news was the increase in the New Orders index which climbed 5.6% (SA), and the decrease in the Commodity Price Index of 13.1%. The SA Production and Employment Indices remained virtually unchanged, while Inventories rose 4.2%.

The national PMI dropped .7%, which is the third consecutive month the rate of expansion has slowed, but is also the 12th consecutive month of expansion.

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 average January through July PMI (58%) is annualized, it corresponds to a 5.4% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	61.8	Expanding	Faster
New Orders	53.6	Expanding	From Contracting
Prices	53.6	Increasing	Slower
Inventories	43.0	Contracting	Slower
Employment	53.3	Expanding	Slower
Deliveries	61.5	Slower	Slower
Mfg Sector	54.6	Expanding	Faster

Items in Short Supply

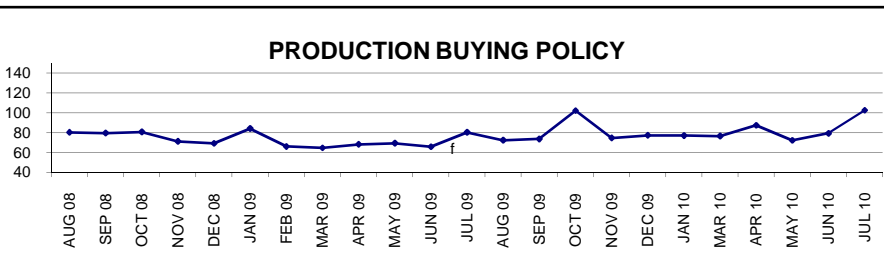
Radial ball bearings; machined powertrain components; polyethylene glycol

Comments from the survey respondents:

“Business is steady-good.”
 “Leadtimes continue to push out, especially for plastic resins, radial ball bearings, and specialty metals.”
 “Seasonal production is at its peak. Construction season is in full swing.”

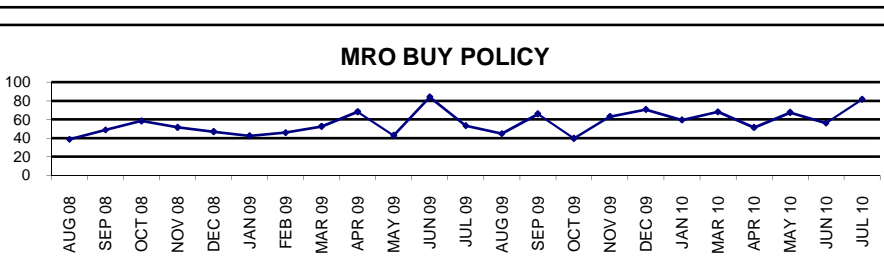
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 103 days. Last month this average was 79 days.



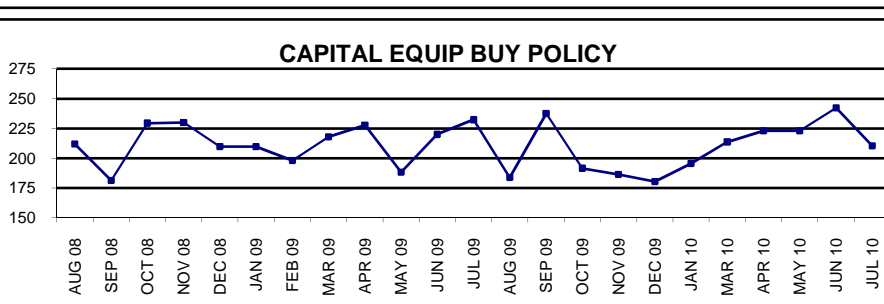
MRO BUYING POLICY

This month the respondents are reporting an average of 82 days ahead for MRO supplies. Last month the average was 56 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 210 days and making commitments for capital equipment. Last month the average was 242 days.



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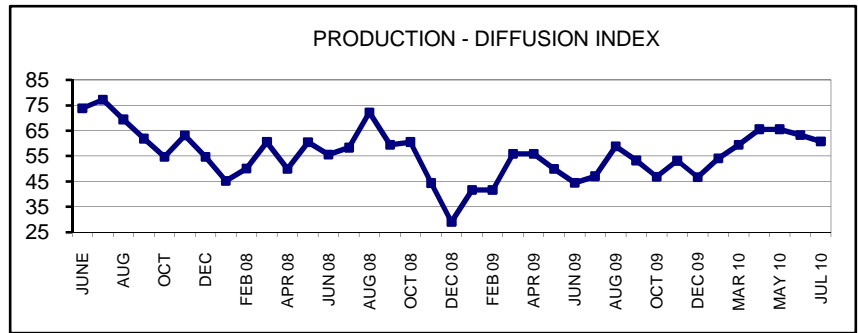
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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jul	42.9%	35.7%	21.4%	60.8	47.1
Jun	46.7%	33.3%	20.0%	63.4	44.5

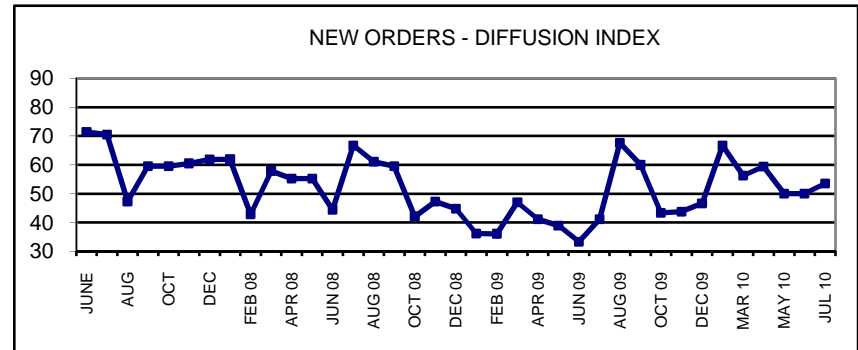
The Production Index dipped 2.6 points as the number of respondents reporting higher production levels decreased 3.8% while the number reporting lower levels increased 1.4%.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	50.0%	7.1%	42.9%	53.6	41.2
Jun	33.3%	33.4%	33.3%	50.0	33.4

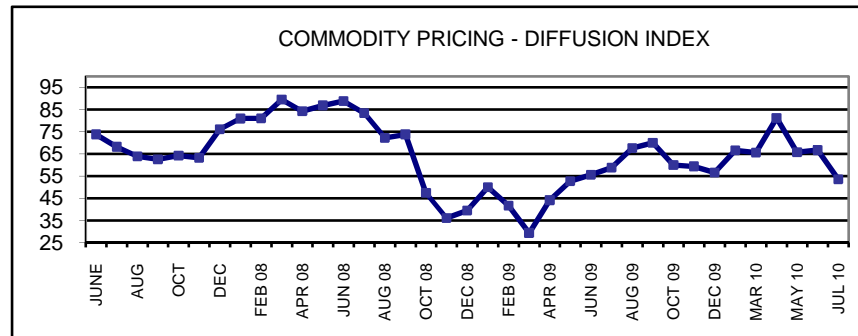
The New Order index rose 3.6% as 50% of the respondents reported higher production levels compared to June.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	21.4%	64.3%	14.3%	53.6	58.8
Jun	46.7%	40.0%	13.3%	66.7	55.6

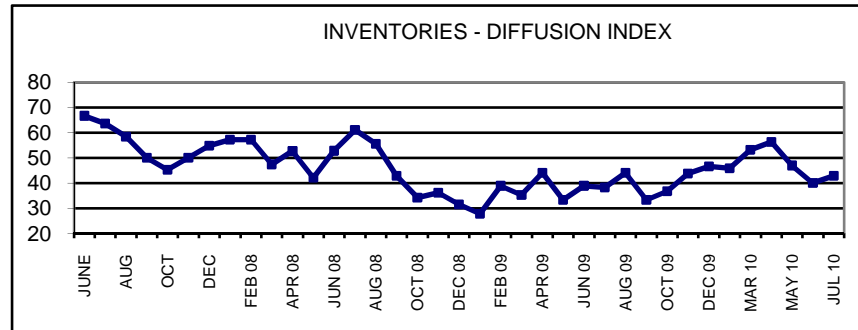
The Commodity Price Index fell 13.1% with only 21.4% reporting higher prices and 64.3% reporting the same price level as in June.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	21.4%	42.9%	35.7%	42.9	38.2
Jun	20.0%	40.0%	40.0%	40.0	38.9

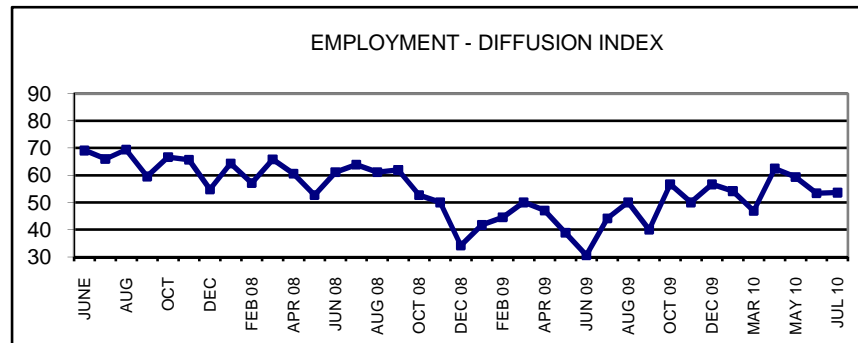
The Inventories Index gained 2.9% as fewer respondents reported lower inventory levels in July.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	28.6%	50.0%	21.4%	53.6	44.2
Jun	20.0%	66.7%	13.3%	53.4	30.6

The Employment Level Index remained virtually unchanged as the increase in respondents reporting higher employment was offset by the number reporting lower levels.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Jul	35.7%	57.2%	7.1%	64.3	50.0
Jun	26.7%	73.3%	0.0%	63.4	58.8

The Vendor Deliveries Index increased .9% compared to June remaining well above the same period a year ago.

