

**NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.**

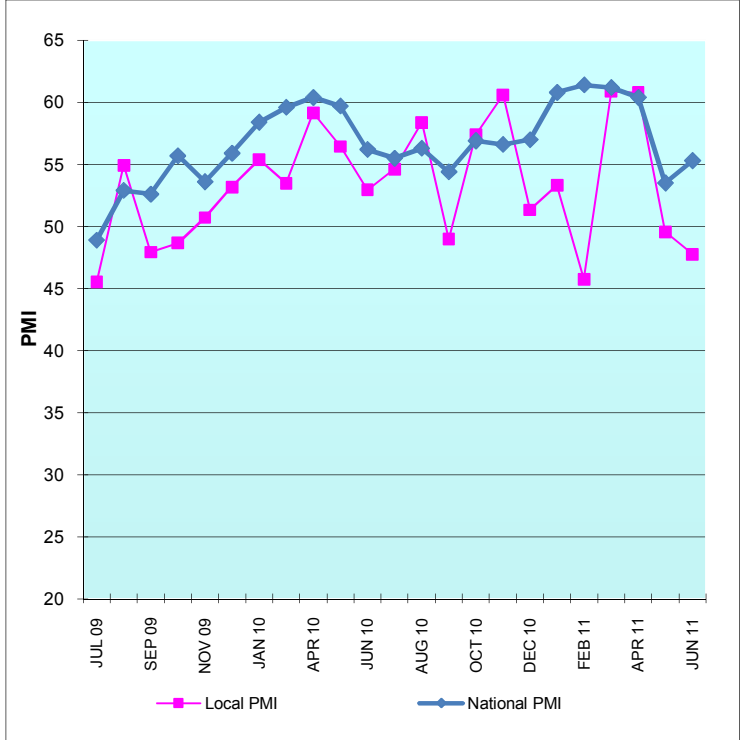
**June 2011 Business Survey Monthly Comparison Report**

**Submitted by: Arthur Aramino, Chairman Business Survey Committee**

The PMI Index

The PMI Index for the local manufacturing sector contracted slightly in June as the non-seasonally adjusted (NSA) PMI slipped 2.7 points to 49.3 while the seasonally adjusted PMI dipped just 1.8 points to 47.8. The Production has fallen dramatically from its recent high of 73.1 in April, and the second consecutive month of contraction in New Orders does not provide optimism for July. The Commodity Price Index continues to expand and inventories are back to their January 2011 level. The Employment Index received a slight boost mainly due to more respondents reporting no change in employment levels. The average commitment lead time for Capital Expenditures increased 51 days to 220, indicating buyers continue to lock in purchases as early as possible to minimize the increases in costs.

The national PMI registered 55.3%, a 1.8 percentage point increase from May. 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 through June (55.3%) corresponds to a 4.5% increase in real GDP annually.



**This Month, (Seasonally Adjusted)**

	Index	Direction	Rate of change
Production	43.6	Contracting	From Expanding
New Orders	39.8	Contracting	From Expanding
Prices	71.5	Increasing	Slower
Inventories	50.6	Expanding	Slower
Employment	48.3	Contracting	Slower
Deliveries	56.4	Slower	Faster
Mfg Sector	47.8	Contracting	Faster

**Items in Short Supply**

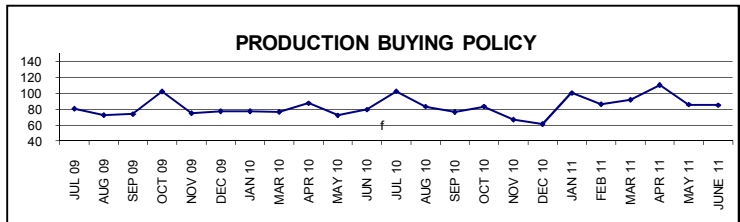
Hydraulic and mechanical mobile equipment drive train components  
Metals  
Iodine

**Comments form the survey respondents:**

“Lower 2<sup>nd</sup> half business forecast, state and federal fiscal issues as well as stagnant employment are slowing expansion of economy and capital spending.”

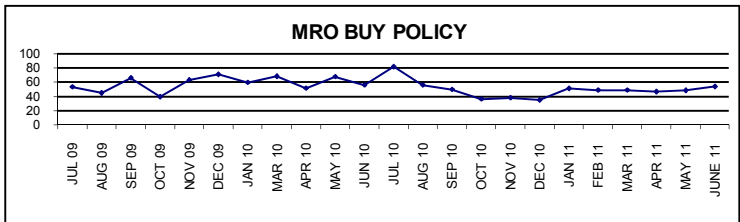
**PRODUCTION BUYING POLICY**

The survey respondents are reporting the days-ahead commitments for production material is an average 85 days. Last month this average was 86 days.



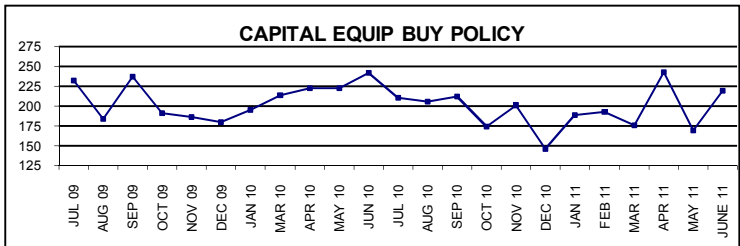
**MRO BUYING POLICY**

This month the respondents are reporting an average of 54 days ahead for MRO supplies. Last month the average was 48 days.



**CAPITAL EQUIPMENT BUYING POLICY**

The local manufacturers are looking out an average of 220 days and making commitments for capital equipment. Last month the average was 169 days.



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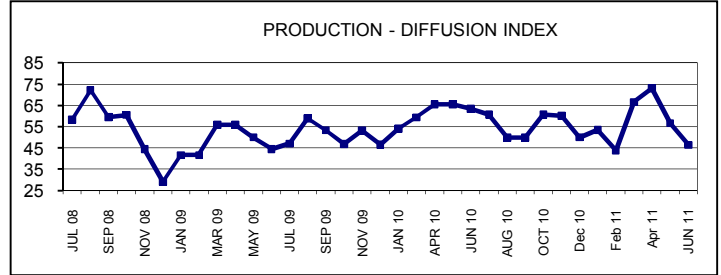
## June 2011 Business Survey Monthly Comparison Report

### Not Seasonally Adjusted

#### The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jun	28.6%	35.7%	35.7%	46.5	63.4
May	40.0%	33.3%	26.7%	56.7	65.6

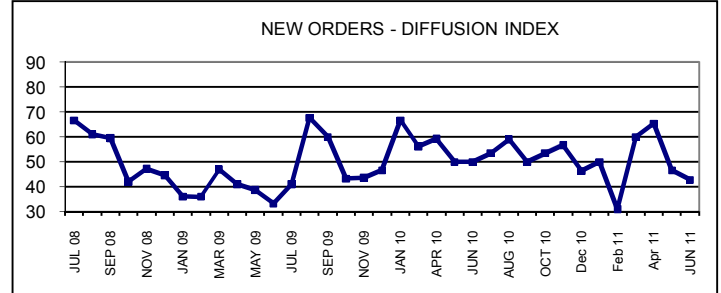
The Production Index fell 10.2 points in June to 46.5, well below last year's mark of 63.4. This is the second time this year the index fell below 50 since December 2009.



#### New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	35.7%	14.3%	50.0%	42.9	50.0
May	40.0%	13.3%	46.7%	46.7	50.0

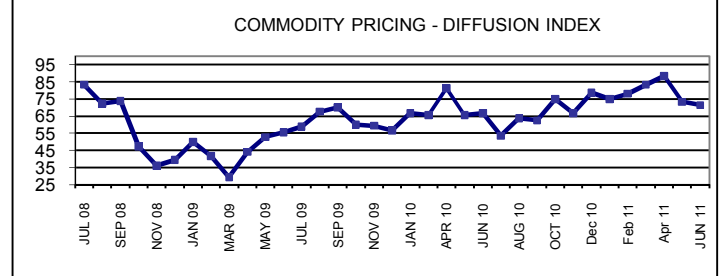
The New Order index slid 3.8 points with half the respondents reporting lower New Order activity.



#### Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	50.0%	42.9%	7.1%	71.5	66.7
May	53.3%	40.0%	6.7%	73.3	65.7

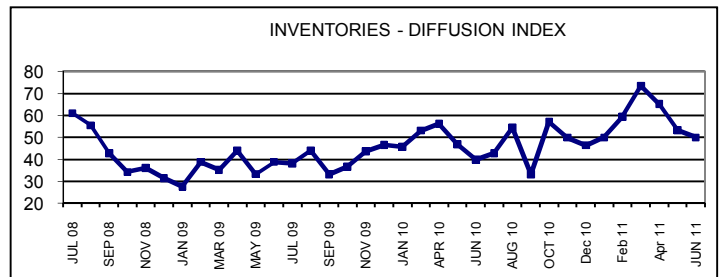
The Commodity Price Index closely matched May's performance with prices continuing to rise at a slightly slower pace.



#### Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST YR.
Jun	35.7%	28.6%	35.7%	50.0	40.0
May	53.3%	40.0%	6.7%	53.4	47.0

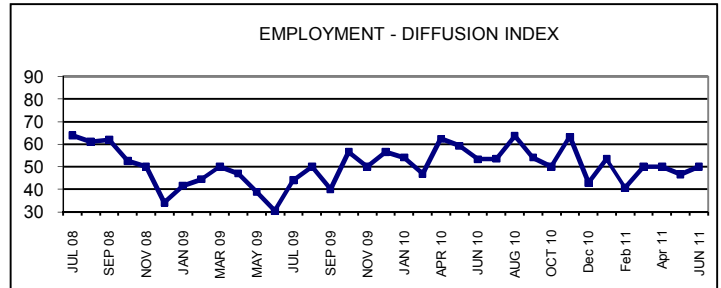
The Inventories Index lost 3.4 points as Production and New Orders contracted in June.



#### Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	21.4%	57.2%	21.4%	50.0	53.4
May	20.0%	53.3%	26.7%	46.7	59.3

The Employment Level Index gained 3.3 points as June showed little change from May's report.



#### Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Jun	14.3%	85.7%	0.00%	65.4	57.5
May	13.3%	86.7%	0.00%	56.7	65.6

The Vendor Deliveries Index rose 8.7 points as all of the respondents reported Slower or the Same delivery rate. Slower deliveries usually indicates higher demand, but can also mean insufficient supplier inventories.

