

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

June 2010 Business Survey Monthly Comparison Report

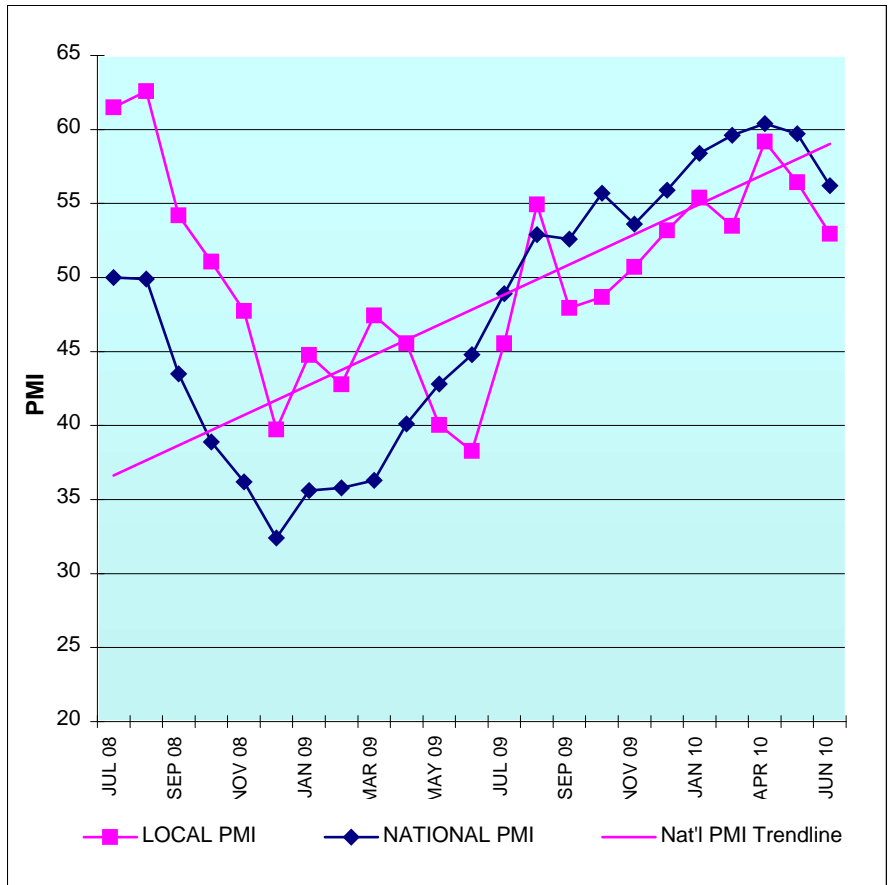
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The WNY manufacturing continued to expand in June, but at a slower rate than May. The non-seasonally adjusted (NSA) PMI slid 3.5% to 54.0, while the seasonally adjusted (SA) PMI dipped 3.4% to 53.0. The SA Production index dropped 2.2% to 61.3 and the New Orders index continued to contract at a slightly slower rate. Pronounced declines in the Inventories, Employment, and Deliveries indices slowed the rate of expansion for the second consecutive month.

The fact that the Production index has remained relatively strong while the New Orders index has weakened considerably over the past 2 months may indicate manufacturers are working on backlogs of orders. The Production index will see further decline if New Orders do not pick up, possibly sending the local PMI below the 50 mark.

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 June PMI (58.5%) is annualized, it corresponds to a 5.5% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	61.3	Expanding	Slower
New Orders	48.0	Contracting	Slower
Prices	66.7	Increasing	Faster
Inventories	39.8	Contracting	Faster
Employment	53.6	Expanding	Slower
Deliveries	62.0	Slower	Slower
Mfg Sector	53.0	Expanding	Slower

Items in Short Supply

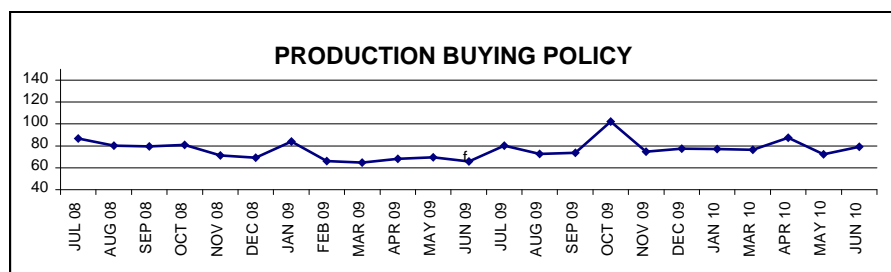
Intermediate inputs, power transmissions, drive line components for offroad construction/paving equipment.

Comments from the survey respondents:

“Layoff pending.”
 “Surge in demand has slowed in recent months, but backlog remains high.”

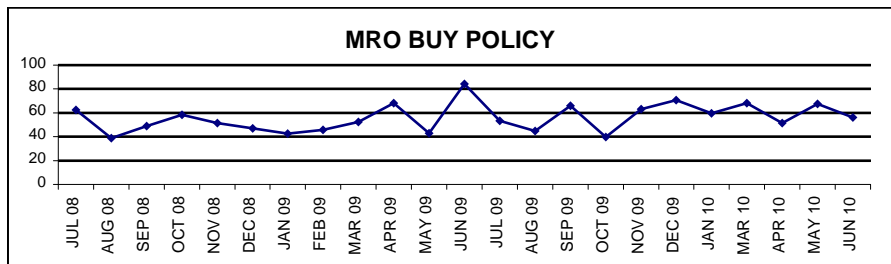
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 79 days. Last month this average was 72 days.



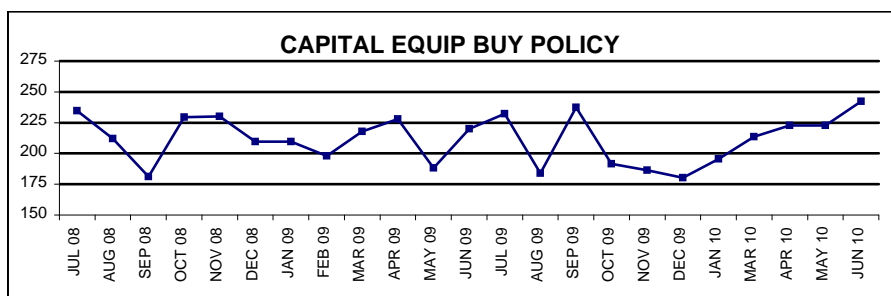
MRO BUYING POLICY

This month the respondents are reporting an average of 56 days ahead for MRO supplies. Last month the average was 68 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 242 days and making commitments for capital equipment. Last month the average was 223 days.

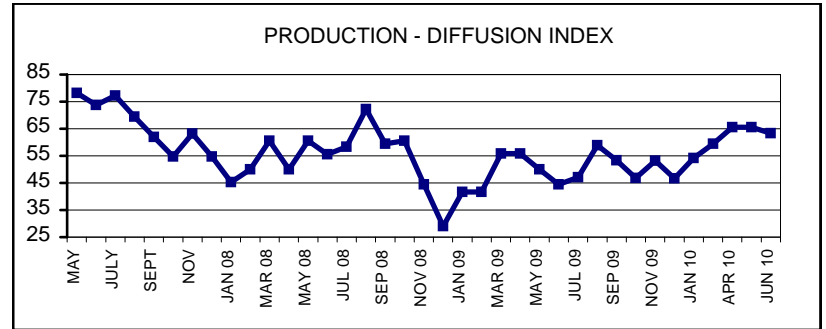


NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.
June 2010 Business Survey Monthly Comparison Report
Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jun	46.7%	33.3%	20.0%	63.4	44.5
May	50.0%	31.2%	18.8%	65.6	50.0

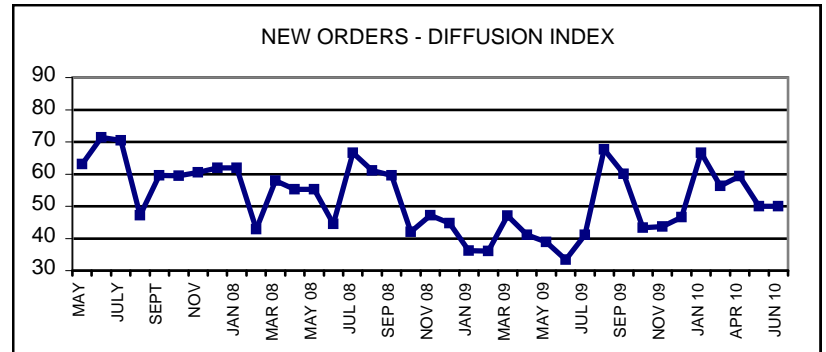
The Production Index dipped 2.2 points as the number of respondents reporting higher production levels decreased while the number reporting lower levels increased.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	33.3%	33.4%	33.3%	50.0	33.4
May	43.8%	12.4%	43.8%	50.0	38.9

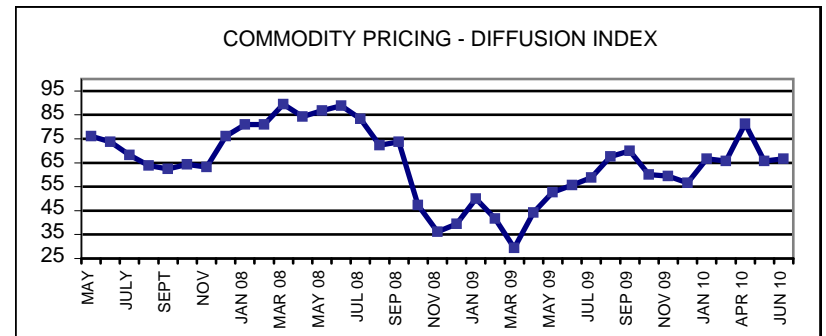
The New Order index remained unchanged as the number of respondents reporting higher, the same, and lower levels of new orders was evenly split.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	46.7%	40.0%	13.3%	66.7	55.6
May	43.8%	43.8%	12.4%	65.7	52.8

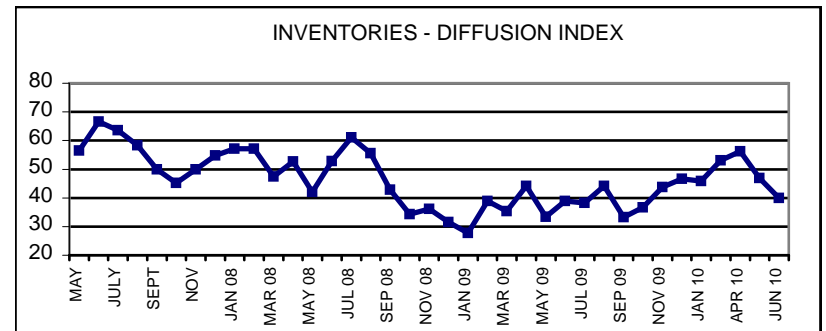
The Commodity Price Index rose 1% in June compared to May, which was a smaller increase month-over-month compared to 2009.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	20.0%	40.0%	40.0%	40.0	38.9
May	31.3%	31.3%	37.4%	47.0	33.4

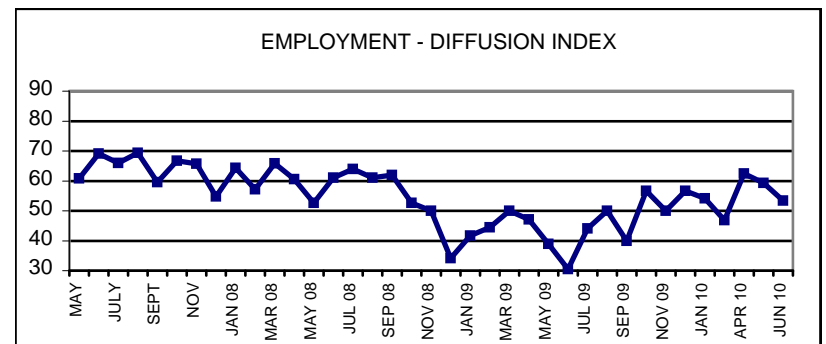
The Inventories Index lost 7% marking the second consecutive month of decline.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	20.0%	66.7%	13.3%	53.4	30.6
May	37.4%	43.8%	18.8%	59.3	38.9

The Employment Level Index declined 5.9% with only 20% reporting higher employment and 66.7% reporting the same employment level as in May.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Jun	26.7%	73.3%	0.0%	63.4	50.0
May	31.3%	68.7%	0.0%	65.6	47.2

The Vendor Deliveries Index fell 2.2% compared to May with fewer respondents reporting slower deliveries.

