

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

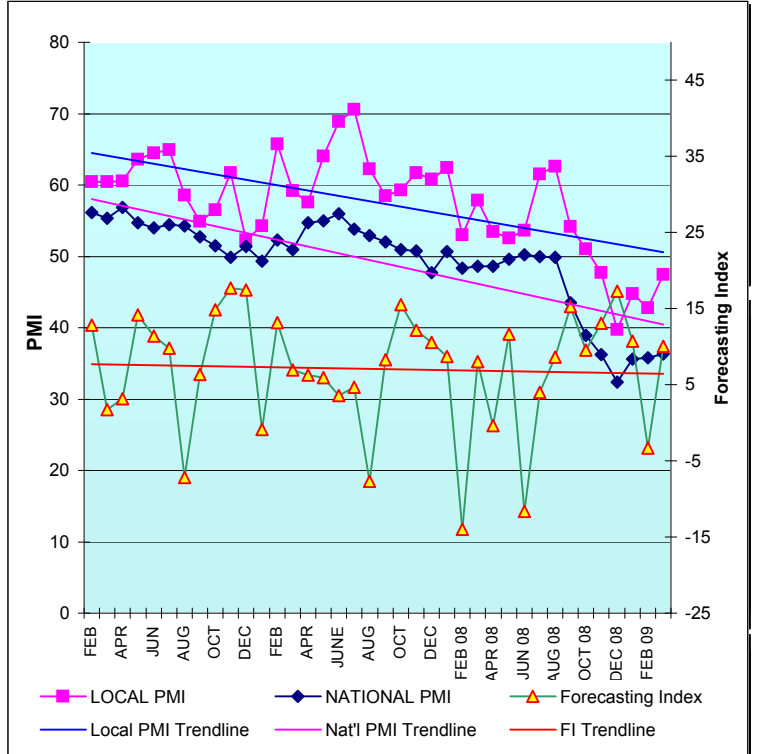
March 2009 Business Survey Monthly Comparison Report

Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The Western New York manufacturing sector continues to contract, but at a slower pace than in February. The non-seasonally adjusted index finished up 5.5% to 48.3% and the seasonally adjusted index rose 4.6% to 47.4%. While the direction is favorable, the sector is still declining. Production levels did increase, the drop in New Orders slowed, and Employment levels halted a 3-month decline. Commodity prices continue to fall at an increasing rate which will hopefully spur New Order activity. However, price advantages alone will not necessarily overcome the loss of demand. Local companies tied to the automotive industry may not see an increase in demand for some time as they continue to cut production and carry high inventory levels of finished goods.

When the PMI is above 50% the manufacturing economy is generally expanding; when it drops below the 50% mark, the economy is considered to be contracting. A PMI over 41.2%, over a period of time, means the overall economy is generally expanding. According to the Institute for Supply Management (ISM), the national PMI for February (35.8%) corresponds to a 1.7% decline in real GDP.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	55.7	Expanding	From Contracting
New Orders	44.5	Contracting	Slower
Prices	29.4	Contracting	Faster
Inventories	34.5	Contracting	Faster
Employment	49.3	Contracting	Slower
Deliveries	53.2	Slowing	Slower
Mfg Sector	47.4	Contracting	Slower

Items in Short Supply

Welding materials.

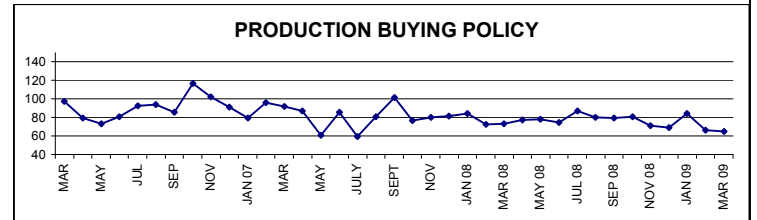
Comments from the survey respondents:

“Automotive finished goods inventory is very high. Production continues to be cut. Recovery in this area seems months away at best.”

“Seasonal inventory build and sales are stronger than a year ago.”
 “Thankful to be busy.”

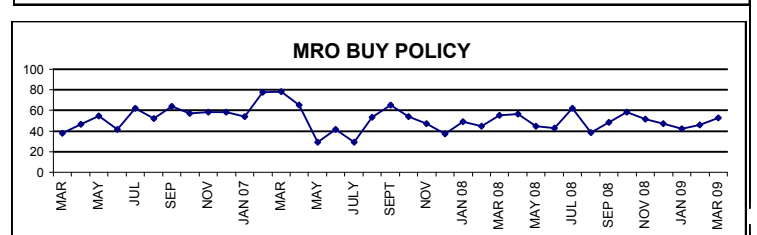
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 65 days. Last month this average was 66 days.



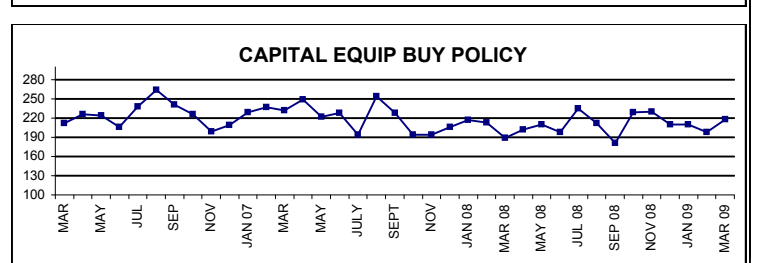
MRO BUYING POLICY

This month the respondents are reporting an average of 53 days ahead for MRO supplies. Last month the average was 46 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out 218 days and making commitments for capital equipment. Last month the average was 198 days.



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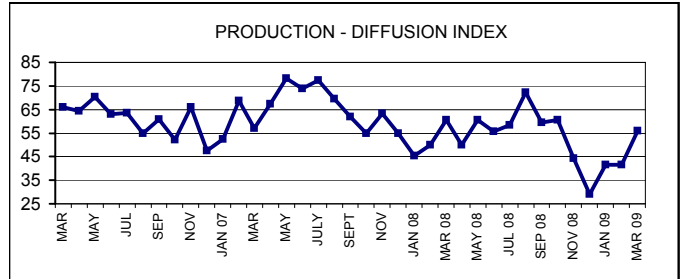
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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Mar	35.3%	41.2%	23.5%	55.9	60.6
Feb	11.1%	61.1%	27.8%	41.7	50.1

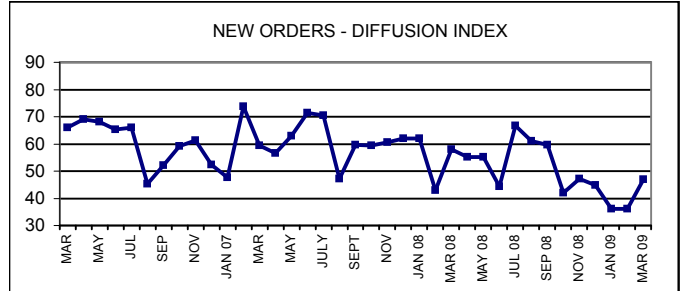
The Production Index climbed 14.2 points with over 35% of the respondents reporting an increase in Production.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	29.4%	35.3%	35.3%	47.1	57.9
Feb	11.1%	50.0%	38.9%	36.1	42.9

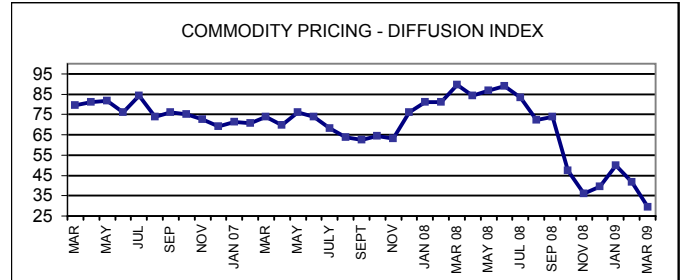
The New Order index rose 11 points with nearly 30% of the respondents reporting higher New Orders.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	0.0%	58.8%	41.2%	29.4	89.5
Feb	11.1%	61.1%	27.8%	41.7	81.0

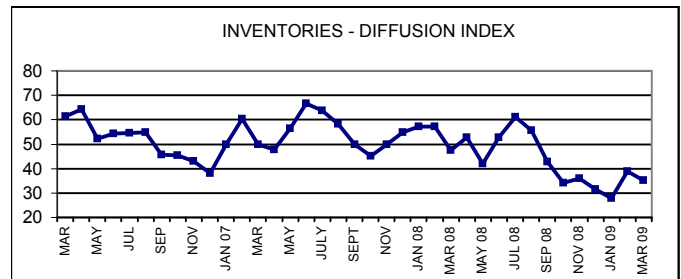
The Commodity Price index fell 12.3 points as weak demand continues to drive prices downward. This is the lowest recorded reading in 12 years.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	11.8%	47.0%	41.2%	35.3	47.4
Feb	16.7%	44.4%	38.9%	38.9	57.2

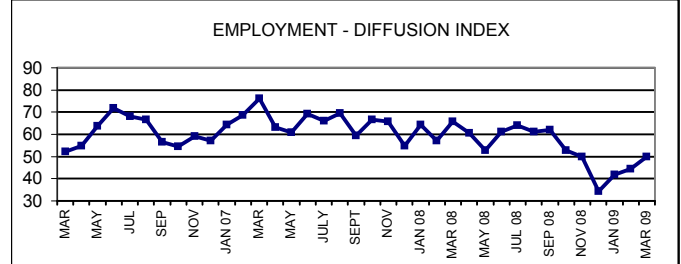
The Inventories Index dipped 3.6 points as manufacturers continue to shrink inventories in a contracting sector.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	17.7%	64.7%	17.7%	50.0	65.8
Feb	16.7%	55.6%	27.8%	44.5	57.2

The Employment Level Index rose 5.5% as manufacturers expanded their workforce as Production levels rose. This is the 3rd consecutive month reporting an increase in Employment levels.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Mar	11.8%	82.4%	5.9%	53.0	65.8
Feb	22.2%	61.1%	16.7%	52.8	61.9

The Vendor Deliveries Index remained virtually unchanged with 82% of the respondents reporting the same delivery times as in February.

