

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

March 2010 Business Survey Monthly Comparison Report

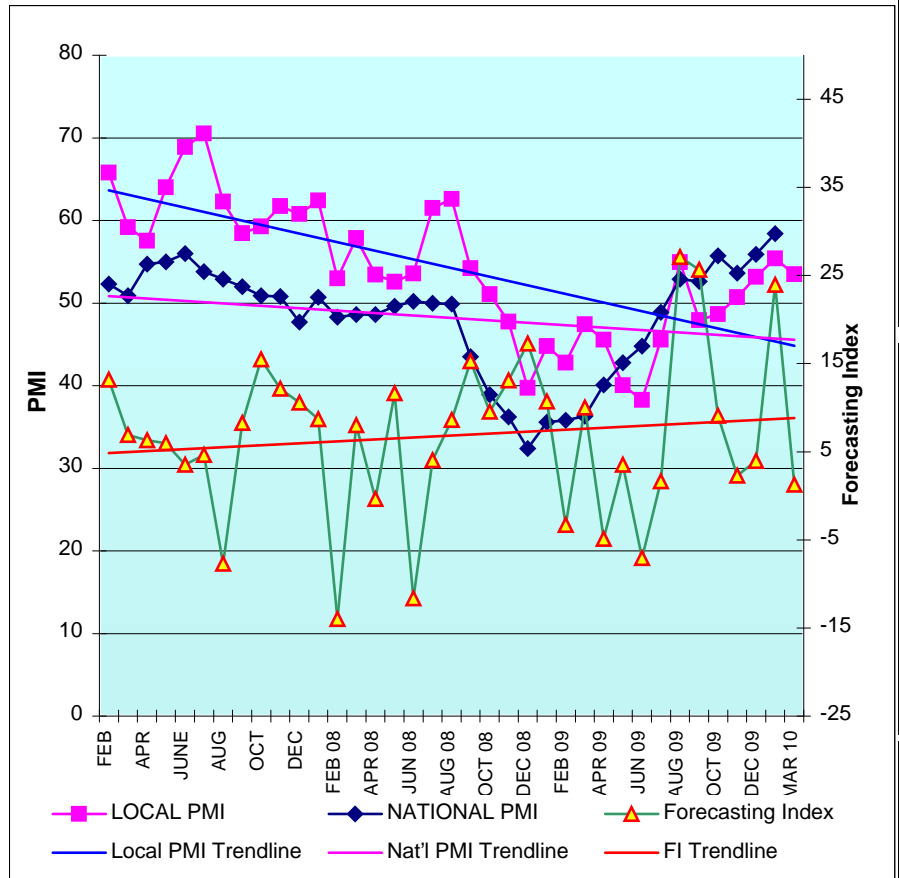
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

Since January, the WNY manufacturing sector non-seasonally adjusted (NSA) PMI rose 1.1% to 54.4%, while the seasonally adjusted (SA) PMI lost 1.9% to 53.5, indicating the local manufacturing sector is expanding at a slightly slower rate. This is a positive sign, although the recovery is still very fragile as indicated by the sharp 9.5% decrease in the employment index and the 16.9% drop in the New Orders index. We had indicated in our previous report that we expected a decline in the PMI because the high New Orders rate was not sustainable, and basically that's what we got.

The four consecutive months of expansion in the local PMI index and seven months expansion nationally are very positive. Construction season is about to open which will help some local businesses. However, it would appear there is still uncertainty in the strength of the recovery and this is causing many manufacturers to keep their workforces trimmed as they try to get by with overtime rather than hiring at this point.

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 and February PMI (57.5%) is annualized, it corresponds to a 5.2% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	58.1	Expanding	Faster
New Orders	53.3	Expanding	Slower
Prices	65.7	Increasing	Slower
Inventories	52.0	Expanding	From Contracting
Employment	46.6	Contracting	From Expanding
Deliveries	57.5	Slower	Faster
Mfg Sector	53.5	Expanding	Slower

Items in Short Supply

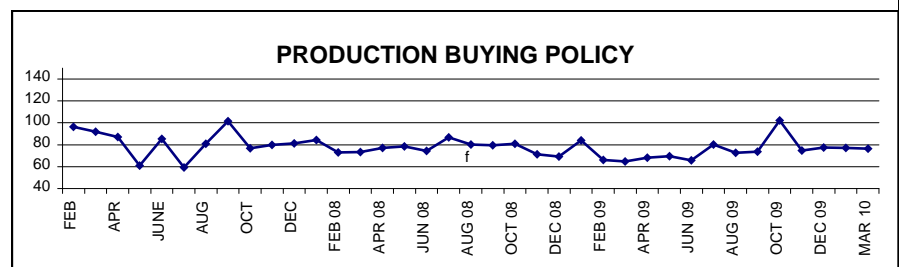
Bronze powder for sintered parts.
Heavy duty off-road drive train components

Comments from the survey respondents:

"Paperboard and resin causing price hikes of 2% - 8%."
"...customer base is re-stocking for the construction season."
"Current business is slow to moderate with high potential for near future large scale orders."

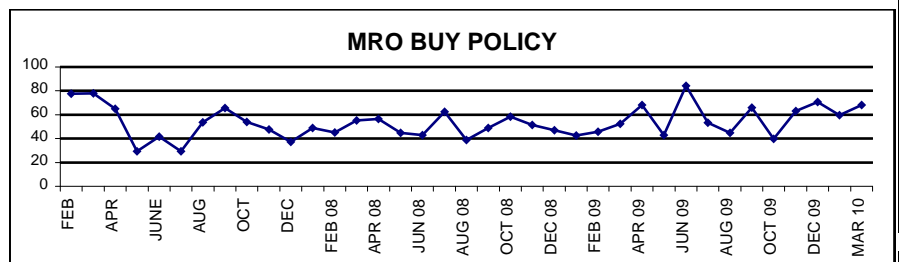
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 77 days. In January this average was 77 days.



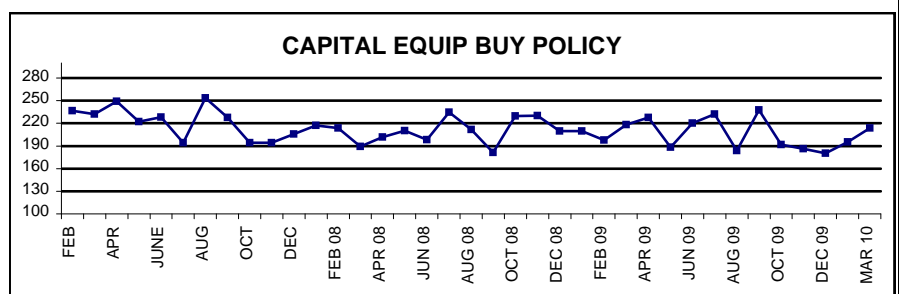
MRO BUYING POLICY

This month the respondents are reporting an average of 68 days ahead for MRO supplies. In January the average was 60 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 214 days and making commitments for capital equipment. In January the average was 195 days.

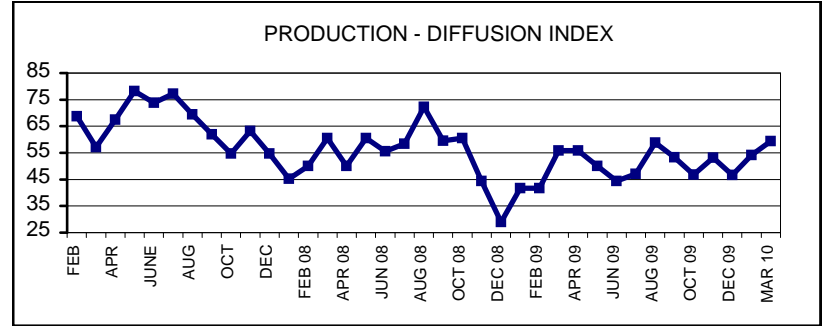


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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Mar	37.5%	43.8%	18.7%	59.4	55.9
Jan	33.3%	41.7%	25.0%	54.2	41.7

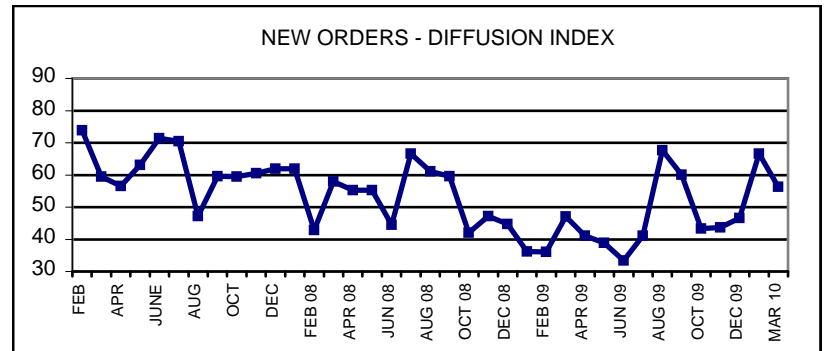
The Production Index gained 5.2 points since January, indicating continued growth.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	43.8%	25.0%	31.2%	56.3	47.1
Jan	50.0%	33.3%	16.7%	66.7	36.2

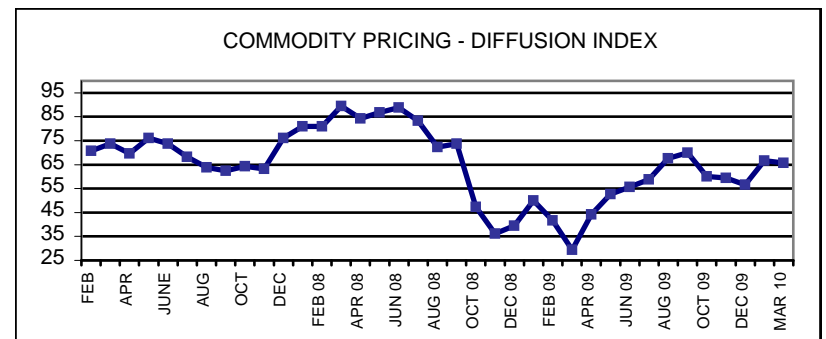
The New Order index lost 10.4% from January. However, the index is up 9.2% from the same time last year.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	37.5%	56.3%	6.2%	65.7	29.4
Jan	33.3%	66.7%	0.0%	66.7	50.0

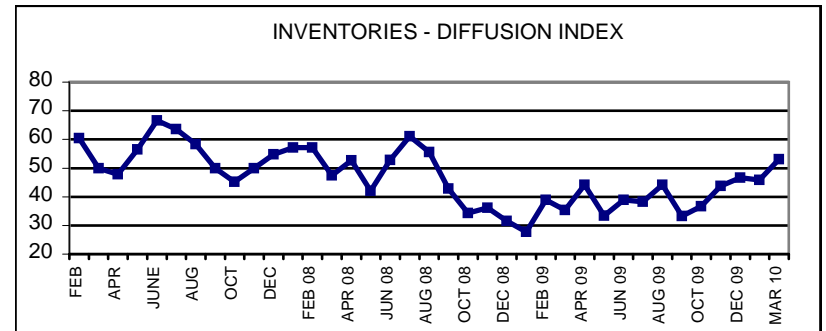
The Commodity Price Index slipped 1 point since January, but is 36.3% higher than a year ago.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	37.5%	31.3%	31.2%	53.2	35.3
Jan	25.0%	41.7%	33.3%	45.8	27.8

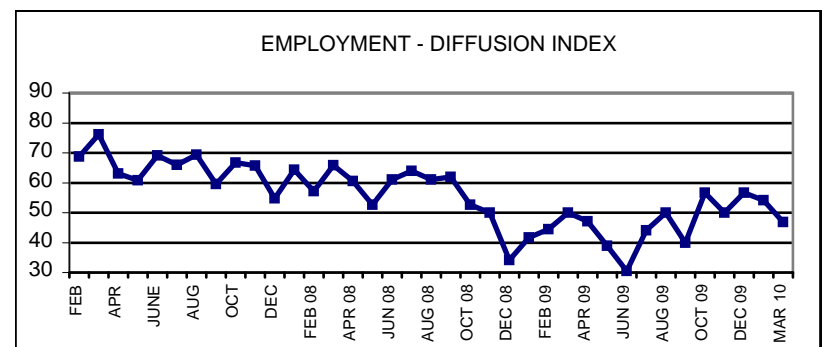
The Inventories Index jumped 7.4% in response to the increases in new orders and production the previous month.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	18.8%	56.3%	25.0%	46.9	50.0
Jan	25.0%	58.3%	16.7%	54.2	41.7

The Employment Level Index fell 7.3% in March as a quarter of the respondents reported lower employment levels.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Mar	25.0%	62.5%	12.5%	56.3	53.0
Jan	0.0%	91.7%	8.3%	45.9	66.7

The Vendor Deliveries Index climbed 10.4% indicating greater demand coupled with the lower inventory levels maintained by suppliers during the recession.

