

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

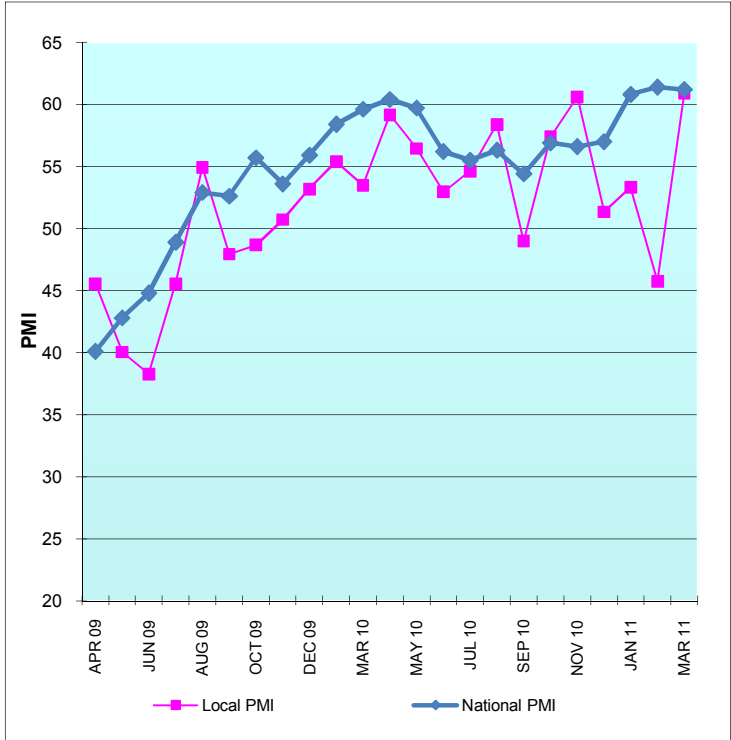
March 2011 Business Survey Monthly Comparison Report

Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The PMI report for the local manufacturing sector showed a strong recovery from last month's beating. The non-seasonally adjusted PMI jumped 15.7 points to 61.3 while the seasonally adjusted PMI did nearly as well gaining 15.1 points to 60.9. We saw large spikes in the Production and New Orders indices, indicating last month's meltdown may have been overdone. Inventories also grew considerably raising the index 14 points to 73.4. The increasing rate of price increases will continue to exert downward pressure on new orders, inventories, and employment. As margins are squeezed by higher prices, manufacturers will have to pass on the price increases, or cut other expenditures to compensate. Certainly, increasing prices will not help create more jobs as evidenced by the fact the local Employment Index has alternated between expansion and contraction the last six months.

The national PMI registered 61.2%, a 0.2 point decrease over February. 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 March (61.1%) corresponds to a 6.5% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	68.6	Expanding	From Contracting
New Orders	57.1	Expanding	From Contracting
Prices	83.4	Increasing	Faster
Inventories	71.0	Expanding	Faster
Employment	50.4	Expanding	From Contracting
Deliveries	60.9	Slower	Faster
Mfg Sector	60.9	Expanding	From Contracting

Items in Short Supply

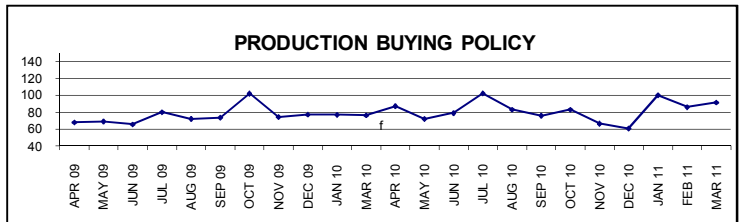
Electronic components; metals; FEP film

Comments from the survey respondents:

"Anticipating supply chain interruptions from Japan crisis at some point. If not directly perhaps from our suppliers that source there."
 "The construction season is arriving. Dealers are putting inventory units to work and will start to replace them as work in field increases."
 "Great to be busy!"

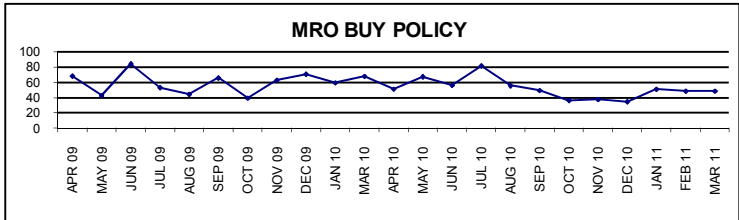
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 92 days. Last month this average was 86 days.



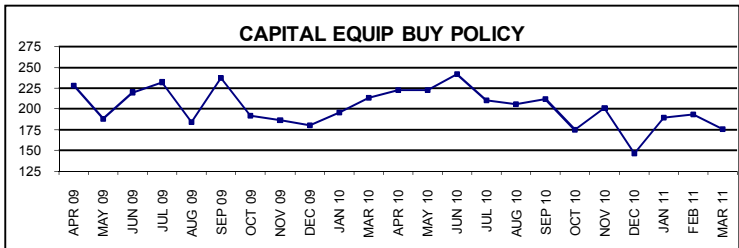
MRO BUYING POLICY

This month the respondents are reporting an average of 49 days ahead for MRO supplies. Last month the average was 49 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 176 days and making commitments for capital equipment. Last month the average was 193 days.

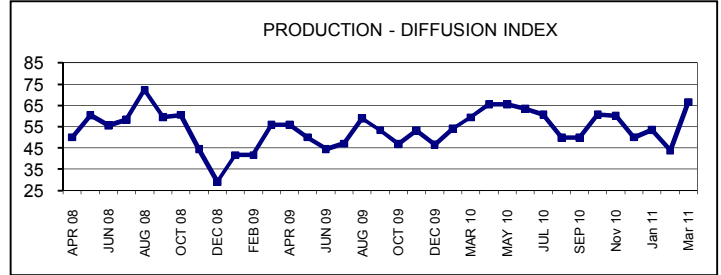


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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Mar	53.3%	26.7%	20.0%	66.7	59.4
Feb	18.8%	50.0%	31.2%	43.8	N/A

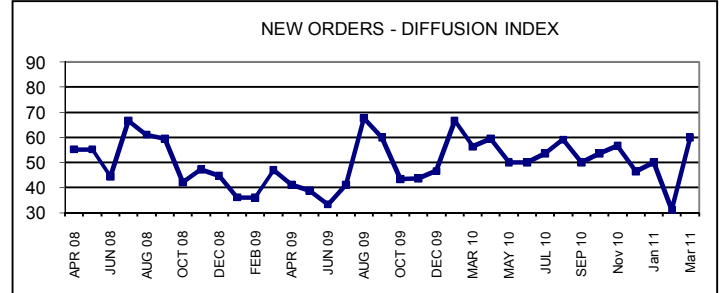
The Production Index jumped 22.9 points in March with over half the respondents reporting higher production levels and 46.7% reporting the same or lower production levels.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	40.0%	40.0%	20.0%	60.0	56.3
Feb	6.2%	50.0%	43.8%	31.2	N/A

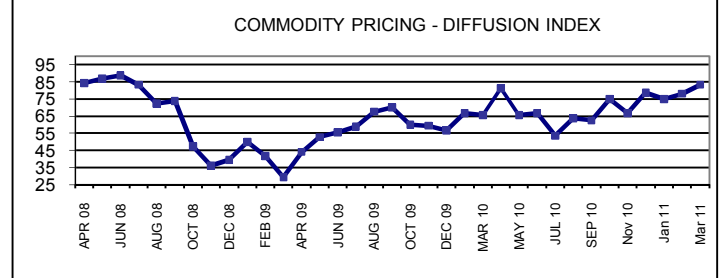
The New Order index rebounded 28.8 points from February with 40% reporting higher new order levels. 60% still report the same or lower levels of New Orders.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	66.7%	33.3%	0.0%	83.4	65.7
Feb	62.5%	31.3%	6.2%	78.1	66.7

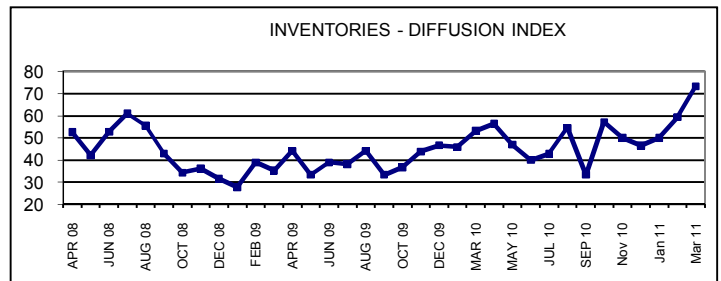
The Commodity Price Index rose 5.3 points with 100% of the respondents reporting higher or the same price levels.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST YR.
Mar	60.0%	26.7%	13.3%	73.4	53.2
Feb	43.8%	31.2%	25.0%	59.4	N/A

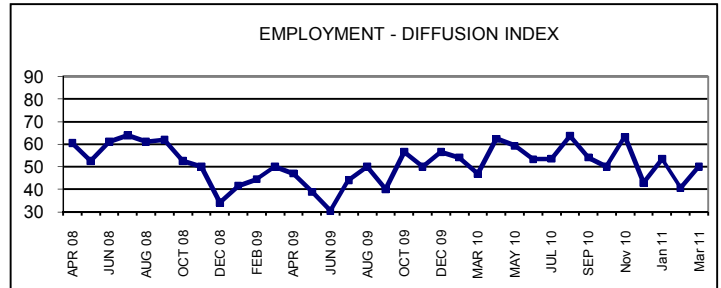
The Inventories Index gained 14 points over February with 86.7% of the respondents reporting higher or the same inventory levels.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	13.3%	73.3%	13.3%	50.0	46.9
Feb	12.5%	56.3%	31.3%	40.7	N/A

The Employment Level Index increased 9.3 points with 73.3% of respondents reporting the same level of employment as in February.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Mar	13.3%	86.7%	0.00%	56.7	56.3
Feb	18.8%	68.7%	12.5%	53.1	N/A

The Vendor Deliveries Index rose 3.6 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.

