

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

November 2009 Business Survey Monthly Comparison Report

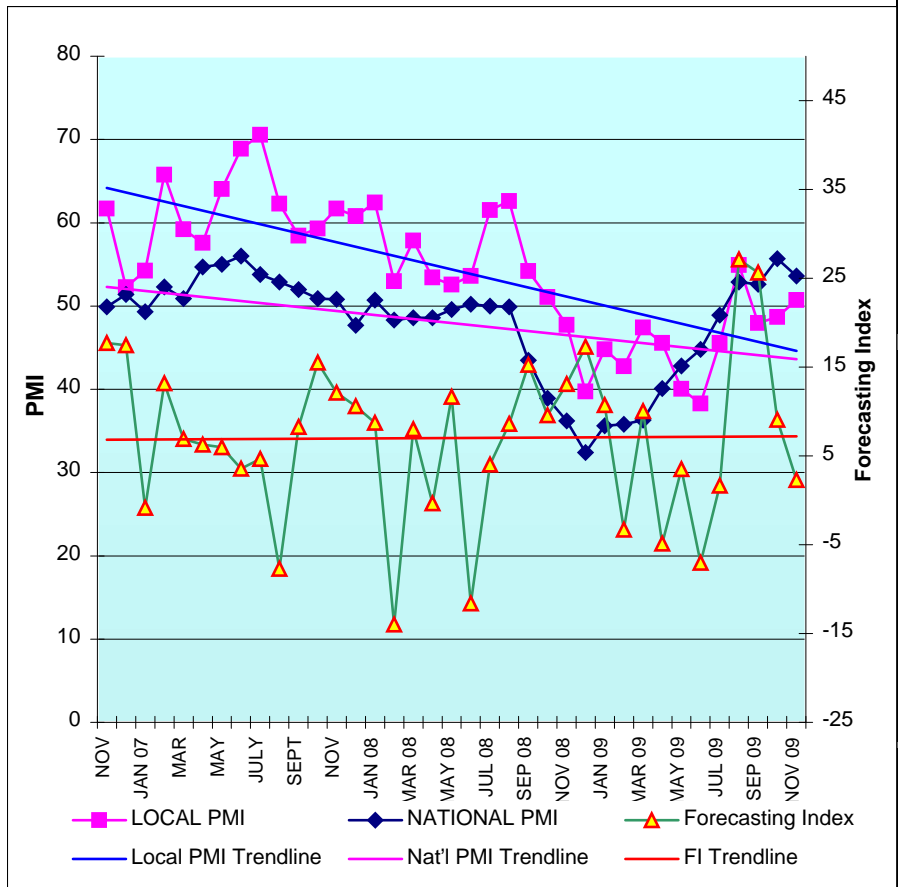
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The WNY manufacturing sector non-seasonally adjusted (NSA) PMI rose 2% to 49.4, while the seasonally adjusted (SA) PMI also gained 2% to 50.7, crossing into the delicate expansion zone. Nationally, the manufacturing PMI dipped 2.1% to 53.6, expanding for the fourth consecutive month. The biggest factor was the increase in the Production Index from 46.9 to 53.2. However, the continued contraction in New Orders and Inventories, albeit at a slower rate, indicates this expansion is very fragile.

The expansion of the Employment Index also slowed noticeably, likely a result of last month's sizeable declines in Production and New Orders. The Commodity Price Index appears to be holding following last month's 10 point decline, but is still well above last year's mark of 36.2.

A PMI in excess of 41.2%, 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 November (45.4%) corresponds to a GDP growth of 1.3%. However, if the November PMI of 53.6% is annualized, it corresponds to a 3.9% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	<u>Index</u>	<u>Direction</u>	<u>Rate of change</u>
Production	55.2	Expanding	From Contracting
New Orders	46.5	Contracting	Slower
Prices	59.4	Increasing	Slower
Inventories	44.2	Contracting	Slower
Employment	51.1	Expanding	Slower
Deliveries	56.6	Slower	Faster
Mfg Sector	50.7	Expanding	From Contracting

Items in Short Supply

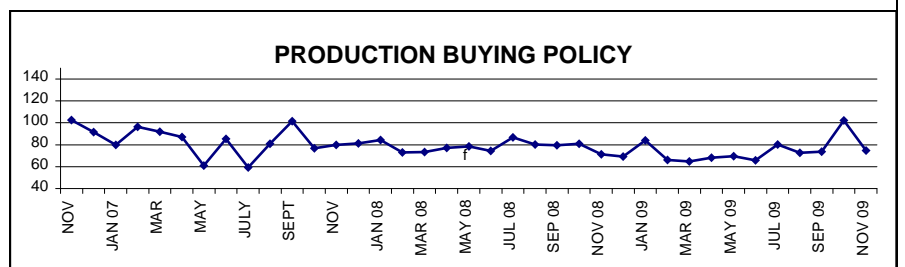
Drive train components, highly machined heavy duty mechanical and hydraulic components

Comments form the survey respondents:

"Seasonal slow down has set in until Spring. 2010 should start out same as 2009 but be better overall for top line and bottom line."

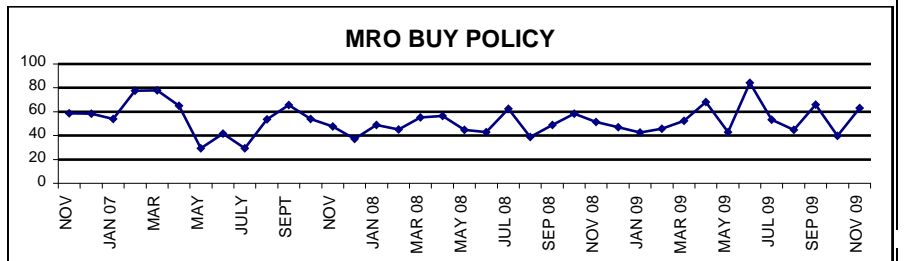
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 75 days. Last month this average was 102 days.



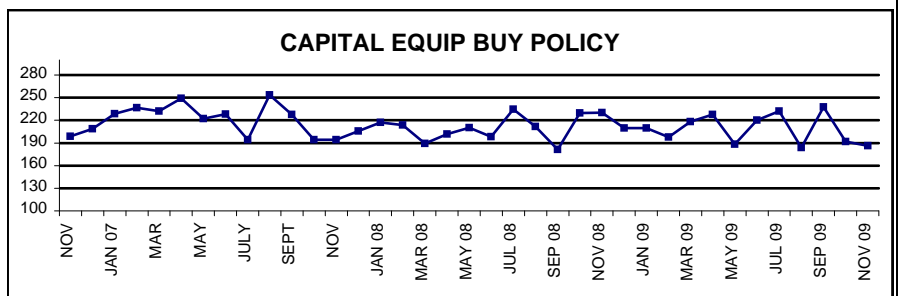
MRO BUYING POLICY

This month the respondents are reporting an average of 63 days ahead for MRO supplies. Last month the average was 40 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 186 days and making commitments for capital equipment. Last month the average was 192 days.

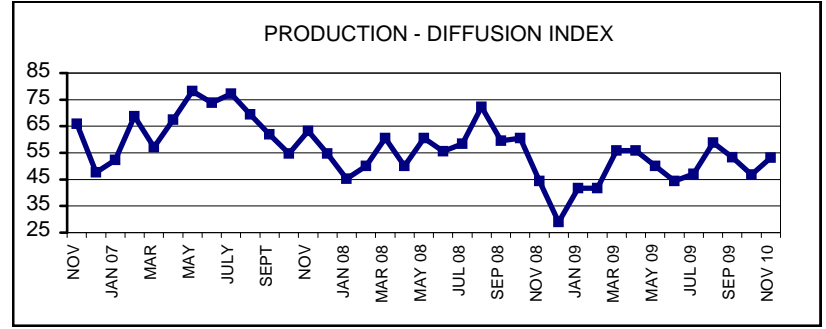


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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Nov	31.3%	43.7%	25.0%	53.2	44.4
Oct	20.0%	53.7%	26.7%	46.9	60.6

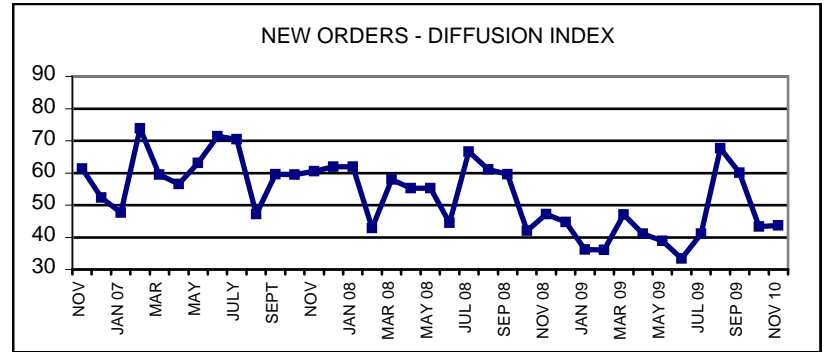
The Production Index climbed 6.3 points to 53.2, 8.8 points higher than the same period a year ago.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Nov	31.2%	25.0%	43.8%	43.7	47.3
Oct	4.0%	6.7%	53.3%	43.4	42.1

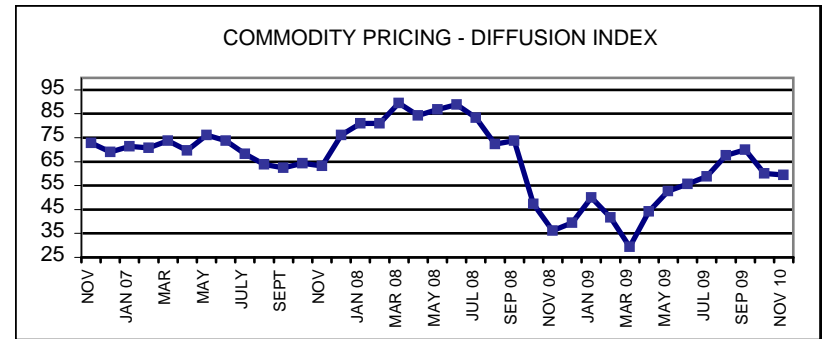
The New Order index was unchanged from October, registering only a .3% increase.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Nov	25.0%	68.8%	6.2%	59.4	36.2
Oct	2.0%	80.0%	0.0%	60.0	47.4

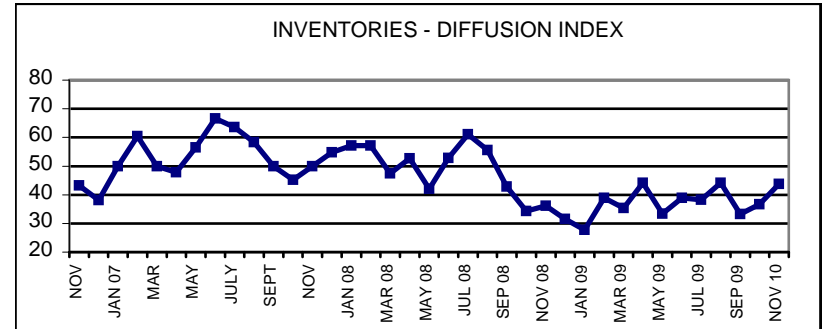
Prices continue to rise at about the same rate as October. The index decreased only .6% with 6.2% of the respondents reporting lower prices.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Nov	18.8%	50.0%	31.2%	43.8	36.1
Oct	6.7%	60.0%	33.3%	36.7	34.3

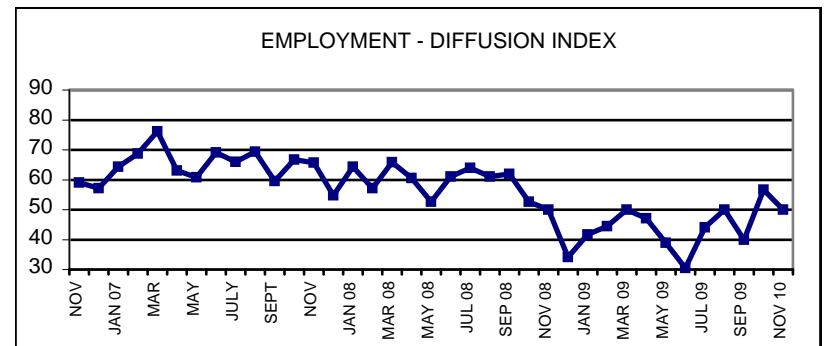
The Inventories Index rose 7.1% to 43.8, indicating inventories are still contracting, but at a slower rate.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Nov	25.0%	50.0%	25.0%	50.0	50.0
Oct	20.0%	73.3%	6.7%	56.7	52.7

The Employment Level Index lost 6.7% to finish at 50.0, which is exactly where it was a year ago.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Nov	12.5%	87.5%	0.0%	56.3	55.6
Oct	6.7%	93.3%	0.0%	53.4	57.9

The Vendor Deliveries Index gained 2.9% with more respondents reporting slower deliveries compared to October.

