NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

October 2009 Business Survey Monthly Comparison Report

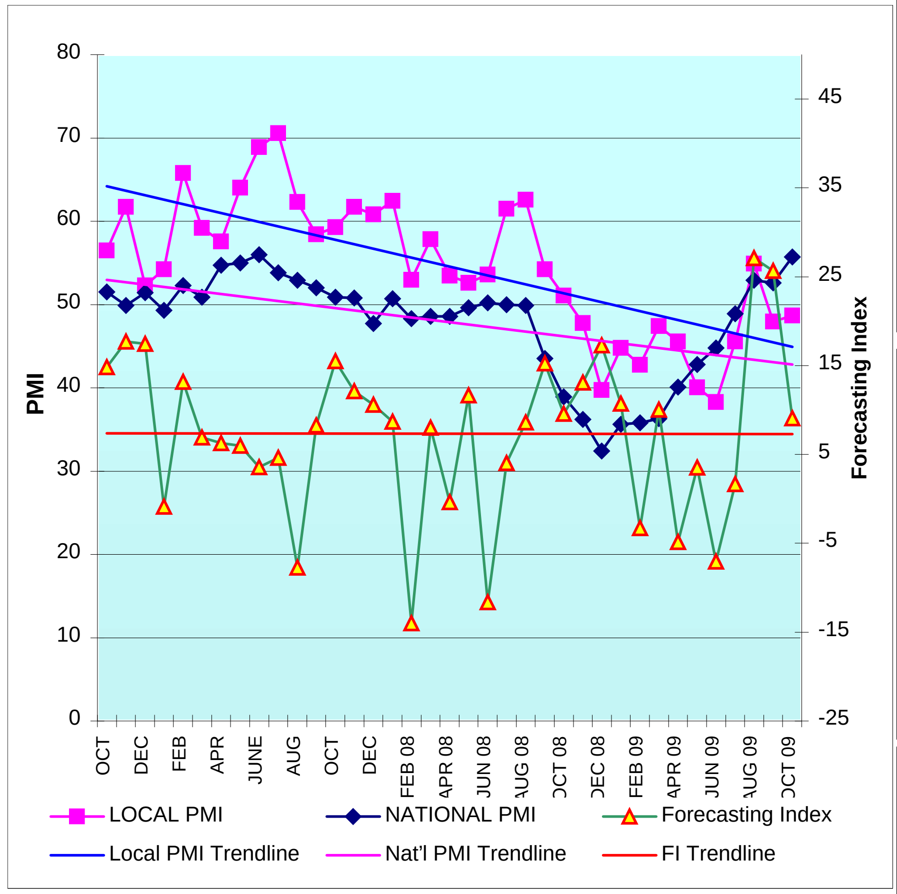
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

The WNY manufacturing sector non-seasonally adjusted (NSA) PMI slipped 6.4% to 47.4, while the seasonally adjusted (SA) PMI gained 0.8% to 48.7, indicating the local economy is still contracting, but at a very slow rate. Nationally, the manufacturing PMI rose 3.1% to 55.7, expanding for the third consecutive month. The expansion of the national economy and the slowing contraction in the local economy are consistent with other signs that the recession is nearing its end.

Locally, the Production and New Orders Indices took big hits reversing their direction from growth to contraction. However, the increase in commodity prices has slowed and the Employment Index moved from contracting to expanding, both positive signs. Whether the increase in employment can be sustained will certainly depend on growth in New Orders and Production.

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 October (44.6%) corresponds to a GDP growth of 1.1%. However, if the October PMI of 55.7% is annualized, it corresponds to a 4.5% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	48.7	Contracting	From Expanding
New Orders	46.1	Contracting	From Expanding
Prices	60.0	Increasing	Slower
Inventories	37.0	Contracting	Slower
Employment	57.9	Expanding	From Contracting
Deliveries	53.7	Slower	Slower
Mfg Sector	48.7	Contracting	Slower

Items in Short Supply

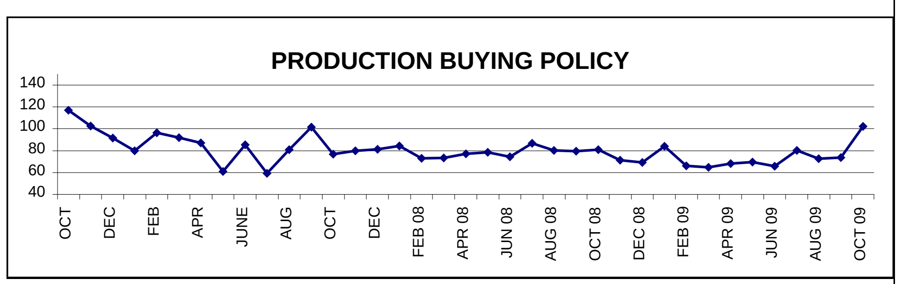
Off-highway power train components

Comments form the survey respondents:

"Seasonal activity has started with slow activity through Feb. 2010."

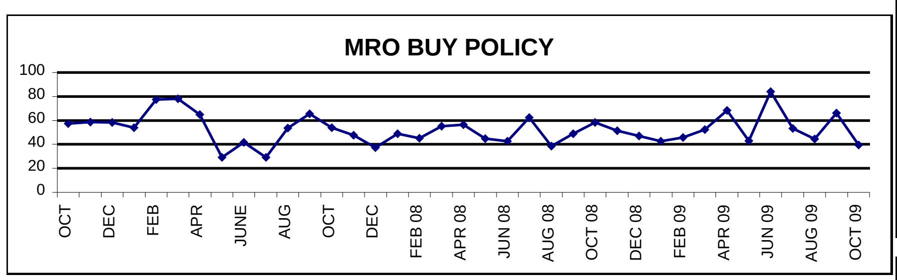
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 102 days. Last month this average was 74 days.



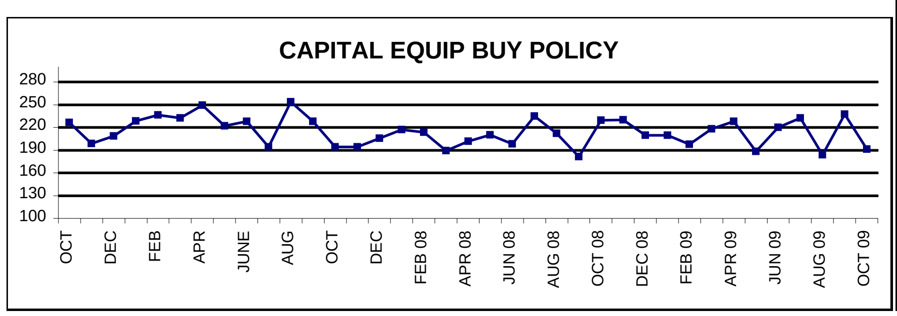
MRO BUYING POLICY

This month the respondents are reporting an average of 40 days ahead for MRO supplies. Last month the average was 66 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 192 days and making commitments for capital equipment. Last month the average was 238 days.



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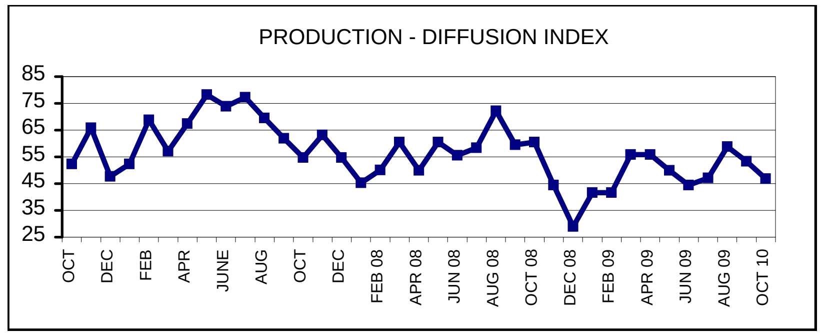
Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Oct	20.0%	53.7%	26.7%	46.9	60.6
Sep	33.3%	40.0%	26.7%	53.3	59.5

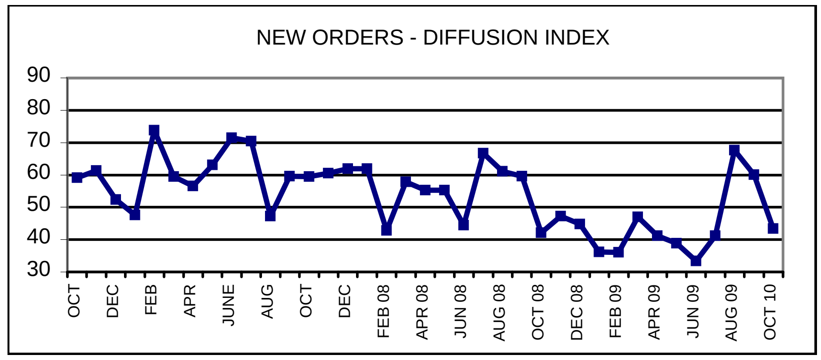
The Production Index lost 6.4% with more respondents reporting the same level of production as they did in September.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Oct	4.0%	6.7%	53.3%	43.4	42.1
Sep	53.3%	13.4%	33.3%	60.0	59.6

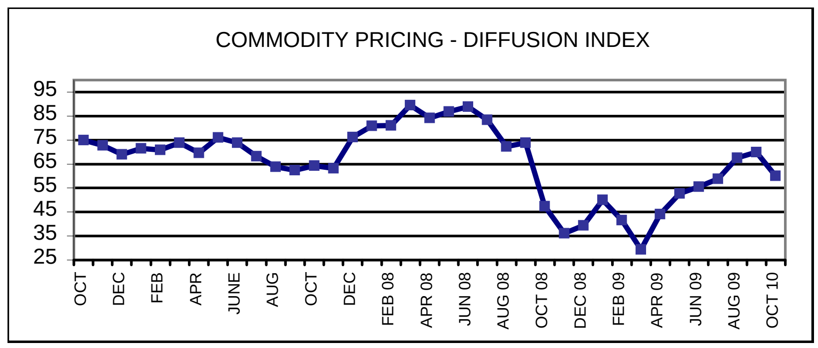
The New Order index fell 16.6% as a larger percentage of respondents reported lower levels of new orders compared to September.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Oct	2.0%	80.0%	0.0%	60.0	47.4
Sep	40.0%	60.0%	0.0%	70.0	73.8

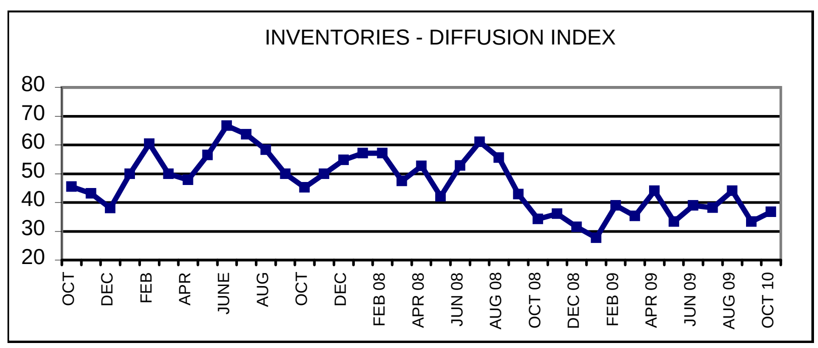
Prices continue to rise but at a slower rate than in September.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Oct	6.7%	60.0%	33.3%	36.7	34.3
Sep	13.3%	40.0%	46.7%	33.3	42.9

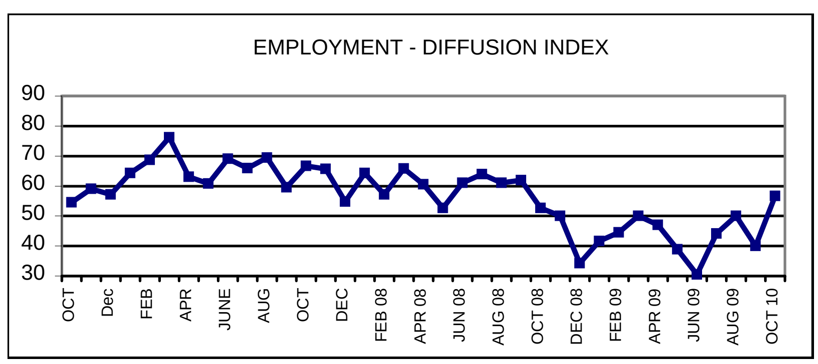
The Inventories Index rose 3.4% as most manufacturers maintained inventories at September's levels.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Oct	20.0%	73.3%	6.7%	56.7	52.7
Sep	0.0%	80.0%	20.0%	40.0	61.9

The Employment Level Index gained 16.7% as 20% of respondents reported higher employment levels and over 73% reported no change in employment levels.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Oct	6.7%	93.3%	0.0%	53.4	57.9
Sep	13.3%	86.7%	0.0%	56.7	50.0

The Vendor Deliveries Index lost 3.3% with fewer respondents reporting slower and over 90% reporting the same pace of deliveries as September.