

# NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

## January 2007 Business Survey Monthly Comparison Report

Submitted by: William Ellis C.P.M., CPIM Chairman Business Survey Committee

### The Purchasing Managers' Index

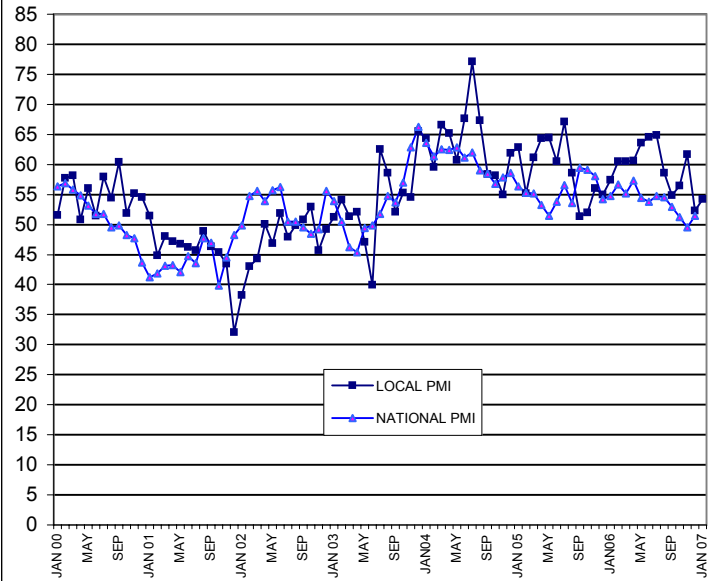
The local PMI has indicated that the new year is starting out on a good note. This January the PMI came in at 54.2, which is an improvement over the December reading of 52.3. This month the Production Index jumped up 4.3 points to 53.6. But, the New Order Index dropped 7.9 points to 48.4. In a better light, the Employment Index improved with an increase to 66.3. The Price Index continued to show that prices are increasing with reading of 71.4. The Inventories Index came in at 49.3, a reading; which means that inventories continue to shrink but the rate of contraction has dramatically decreased. This month vendor deliveries came in at 54.2. Western New York manufacturers saw an improvement in business and this month the improvement is similar to the trend that was noted last month at the national level.

Nationally the November PMI indicated that business ended a long run of expansion. In December the index was 51.4 with Production and New Orders expanding. Employment and Inventories continue contracting along with vendor deliveries slowing.

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 declining. A PMI over 43.9%, over a period of time, means the overall economy is generally expanding, and below 43.9%, it is generally declining.

### PURCHASING MANAGERS' INDEX FOR 2000-2007

SEASONALLY ADJUSTED



### This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	53.6	Increasing	Faster
New Orders	48.4	Decreasing	Faster
Prices	71.4	Increasing	Faster
Inventories	49.3	Decreasing	Slower
Employment	66.3	Increasing	Faster
Deliveries	54.2	Improving	

### Items in Short Supply

1. Transmissions, Hydraulic pumps, Motors and Speed controls

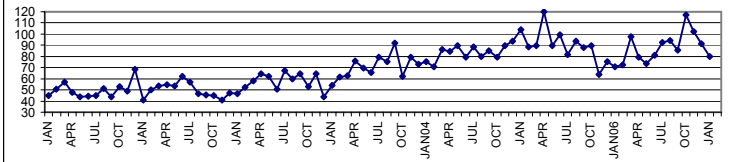
### Comments from the survey respondents:

1. 2007 is starting off with strong economic activities
2. Our business is driven by snow. With the lack of it, existing orders have been moved out.

### PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 80 days. Last month this average was 91 days.

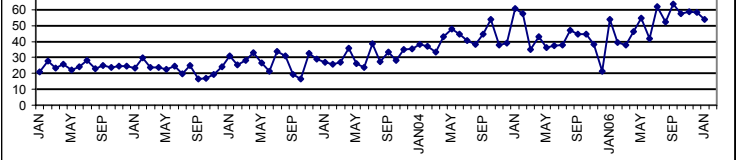
### PRODUCTION BUYING POLICY



### MRO BUYING POLICY

This month the respondents are reporting an average of 58 days ahead for MRO supplies. Last month the average was 54 days.

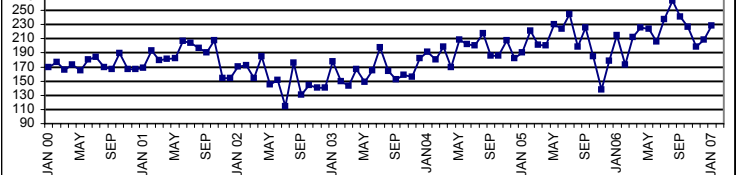
### MRO BUY POLICY



### CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out 229 days and making commitments for capital equipment. Last month the average was 209 days.

### CAPITAL EQUIP BUY POLICY

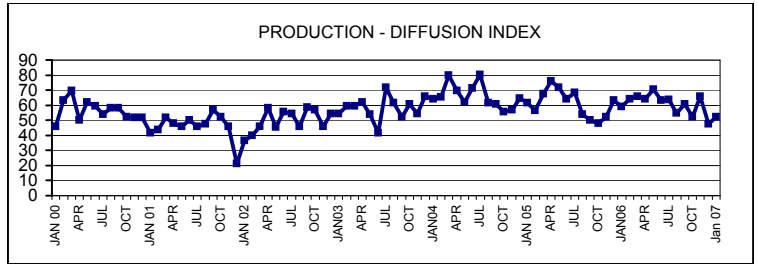


**NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.**  
**January 2007 Business Survey Monthly Comparison Report**  
**Not Seasonally Adjusted**

**The Production level was:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jan 07	33.3%	38.1%	28.6%	52.4	59.1
Dec	38.1%	19.0%	42.9%	47.6	63.0

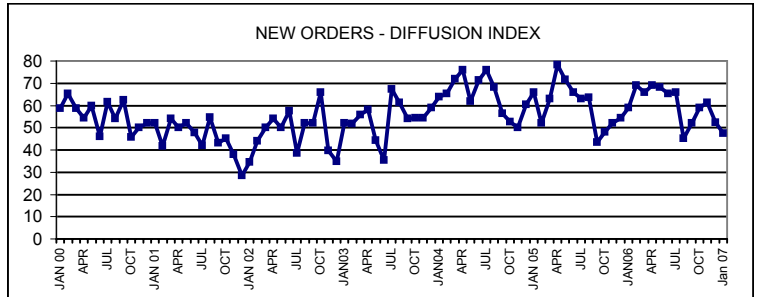
This month there was an improvement 5.2 points and that took the index to where it is considered to be expanding. The change that influenced the change was the drop in those reporting lower production. Let's hope this trend continues.



**New Orders were reported:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
JAN 07	28.6%	38.1%	33.3%	47.6	59.1
Dec	42.9%	19.0%	38.1%	52.4	54.3

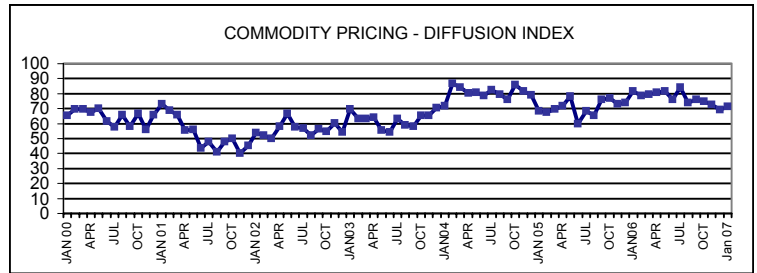
This month the New Order index indicates that the rate of incoming orders has slowed as the reading dropped below 50. Now the index indicates that orders are slowing and that trend started in December.



**Commodity Prices are:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
JAN 07	42.9%	57.1%	0.0%	72.7	81.8
Dec	38.1%	61.9%	0.0%	69.0	73.9

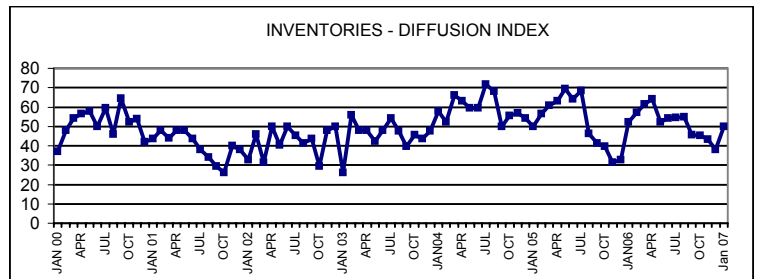
This month the survey respondents are reporting that prices are continuing to increase as the index added 2.4 points. A review of the data does indicate that there was a slight increase in those reporting higher prices.



**Inventories of purchase goods were:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
JAN 07	23.8%	52.4%	23.8%	50.0	52.3
Dec	14.3%	47.6%	38.1%	38.1	32.6

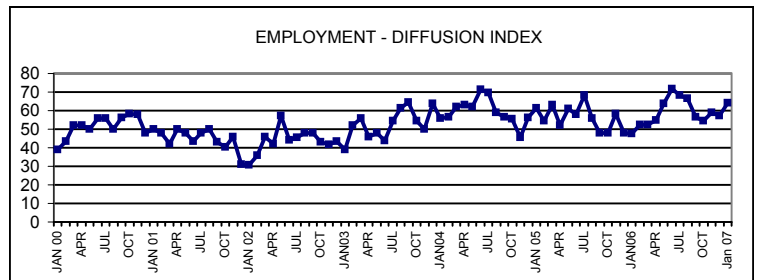
This month those reporting higher levels of purchased inventory increased, and it contributed to the improvement in the index. This continuing trend could be a leading indicator of further business improvement.



**Employment levels were:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
JAN 07	33.3%	61.9%	4.8%	64.3	47.7
Dec	28.6%	57.1%	14.3%	57.1	47.8

This month the index is indicating that employment is continuing to grow and the rate of growth improved, when compared to last month. A review of the data indicates that the majority of the survey respondents are experiencing steady employment.



**Vendor deliveries were:**

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
JAN 07	14.3%	76.2%	9.5%	52.4	63.6
Dec	14.3%	66.7%	19.0%	47.6	60.8

This month the majority of the survey respondents are reporting that deliveries are running the same as last month with those reporting that deliveries were slower held steady. Business is improving and lead-times are growing longer.

