

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

March 2007 Business Survey Monthly Comparison Report

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

The Purchasing Managers' Index

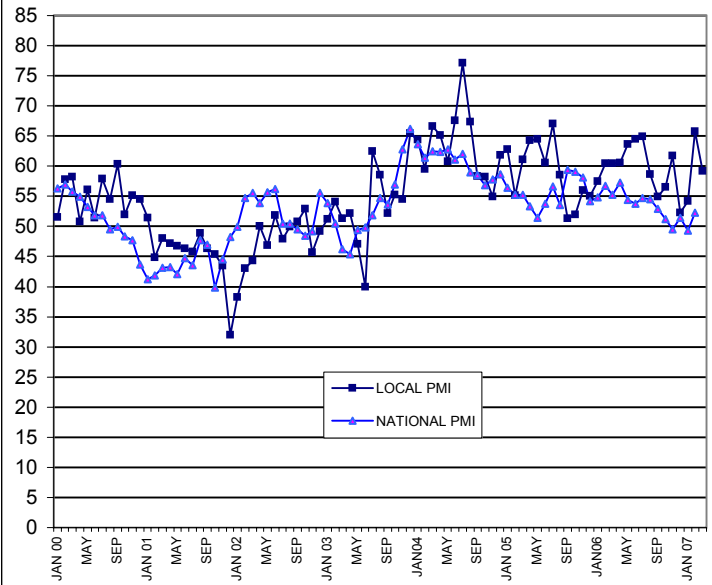
This past February the PMI jumped up to 65.8 but this March the PMI dropped to 59.2. It would appear that February was a one month jump in activity and this month the index has returned to the level that we were seeing in previous months. The Production Index dropped to 57.1 from 67.6. The New Order Index dropped to 55.4 from 70.5. The Employment Index improved with an increase to 74.3 from 67.5. The Price Index continued to show that prices are increasing when the index came in at 73.8. The Inventories Index came in at 48.4, a reading; which means that inventories are contracting. This month vendor deliveries came in at 61.7 indicating that factories are busy. Since the beginning of the year the survey respondents have been experiencing swings in the business climate, much like the National Index is indicating.

Nationally the January PMI indicated that business was contracting with a reading of 49.3. In February the index improved to 52.3 with the New Orders, Production and Employment expanding. Inventories continue to contract 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	54.5	Increasing	Slower
New Orders	55.4	Increasing	Slower
Prices	73.8	Increasing	Faster
Inventories	48.4	Contracting	Faster
Employment	74.3	Increasing	Faster
Deliveries	61.7	Slowing	

Items in Short Supply

1. Drive train components, axles, transmissions, hydraulic pumps, and motors
2. Structural Steel shapes in large quantities

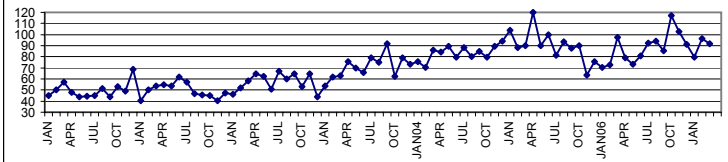
Comments from the survey respondents:

1. Oil based refinery products still have control over the industry. With gasoline prices climbing for the summer, these refined products will continue to increase in prices.
2. Business is increasing as our season has begun. Shortages of driven train components are keeping a damper on shipments

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 96 days.

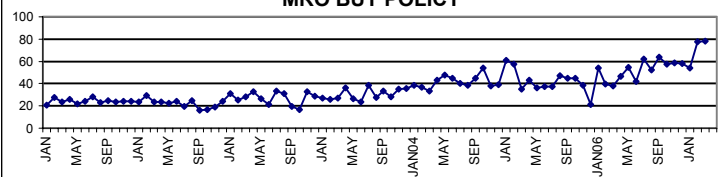
PRODUCTION BUYING POLICY



MRO BUYING POLICY

This month the respondents are reporting an average of 78 days ahead for MRO supplies. Last month the average was 78 days.

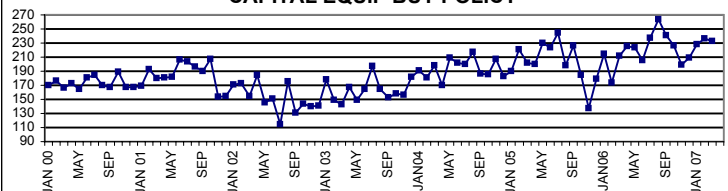
MRO BUY POLICY



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out 232 days and making commitments for capital equipment. Last month the average was 237 days.

CAPITAL EQUIP BUY POLICY

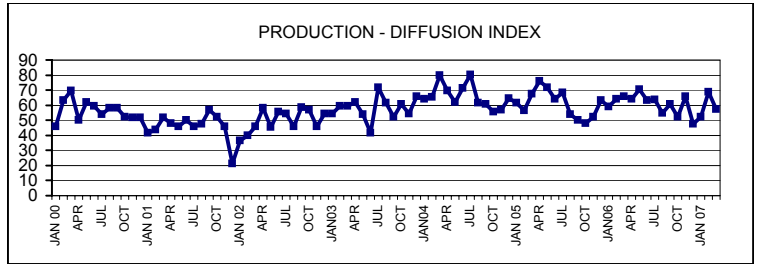


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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Mar	42.9%	28.6%	28.6%	57.1	65.9
Feb	50.0%	37.5%	12.5%	68.8	64.0

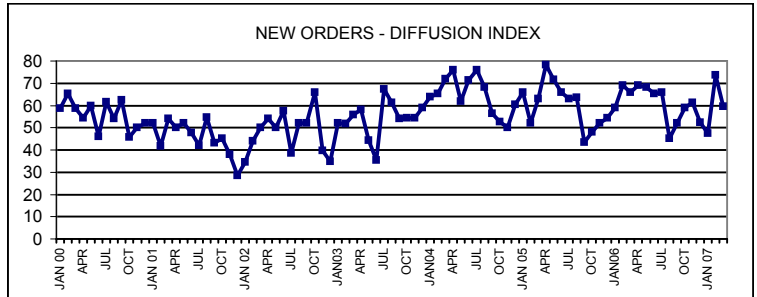
This month there was a decline of 11.7 points in the index. This was the result of an increase in the number of respondents reporting a decrease in production. This change in the index still reflects an expanding level of production



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	47.6%	23.8%	28.6%	59.5	65.9
Feb	50.0%	47.6%	8.3%	73.8	69.0

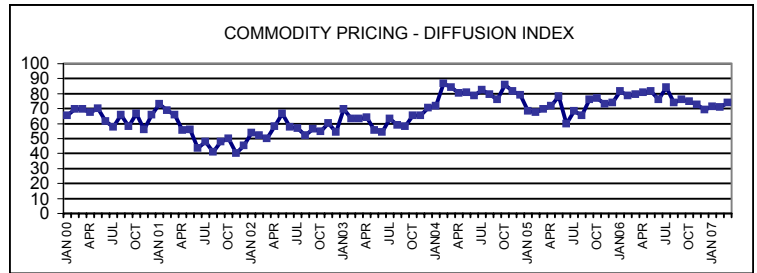
This month the New Order index indicates that the rate of incoming orders slowed as the index declined 14.3 points. When compared to last month, this change does not indicate that business is on the decline. This index still indicates that new orders are expanding but the rate of change has slowed.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	47.6%	52.4%	0.0%	73.8	79.5
Feb	45.8%	50.0%	4.2%	70.8	78.6

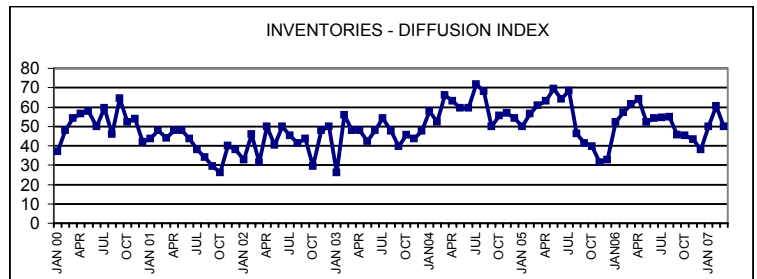
This month the survey respondents are reporting that prices are continuing to increase. The data does indicate that there was a slight increase in those reporting higher prices and this month we went back to no one reporting lower prices.



Inventories of purchase goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	28.6%	42.9%	28.6%	50.0	61.4
Feb	33.3%	54.2%	12.5%	60.4	57.1

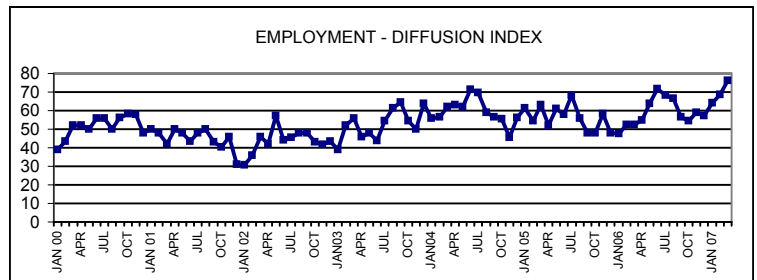
This month those reporting higher levels of purchased inventory decreased, and it contributed to the drop in the index. This index seems to be swinging with the business activity levels.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Mar	57.1%	38.1	4.8%	76.2	52.3
Feb	41.7%	54.2%	4.2%	68.8	52.4

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 employment growth.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Mar	28.6%	66.7%	4.8%	61.9	68.2
Feb	29.2%	54.2%	16.7%	56.3	57.1

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

