

**National
Association of
Purchasing
Management**

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June 30, 2005

To: Survey Recipients

Subject: Business Survey Report for June 2005

This report is compiled by the undersigned from the confidential reports made each month by representatives from the association. They represent the many businesses located in Western New York. The association requires that identification be given to the National Association of Purchasing Management – Buffalo Inc., and to the undersigned.

As of June 1, 2005 NAPM-Buffalo, Inc. has signed an agreement with Niagara University, Center for Supply Chain Excellence which establishes the Center for Supply Chain Excellence as the co-sponsor of the Business Survey Monthly Comparison Report (BSMCR). In the future the desire is to continue this report and develop new reports that will represent the business activity in Western New York. Should you have any suggestions or request, please provide your comments by responding to this letter.

William. Ellis

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

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

June 2005 Business Survey Monthly Comparison Report

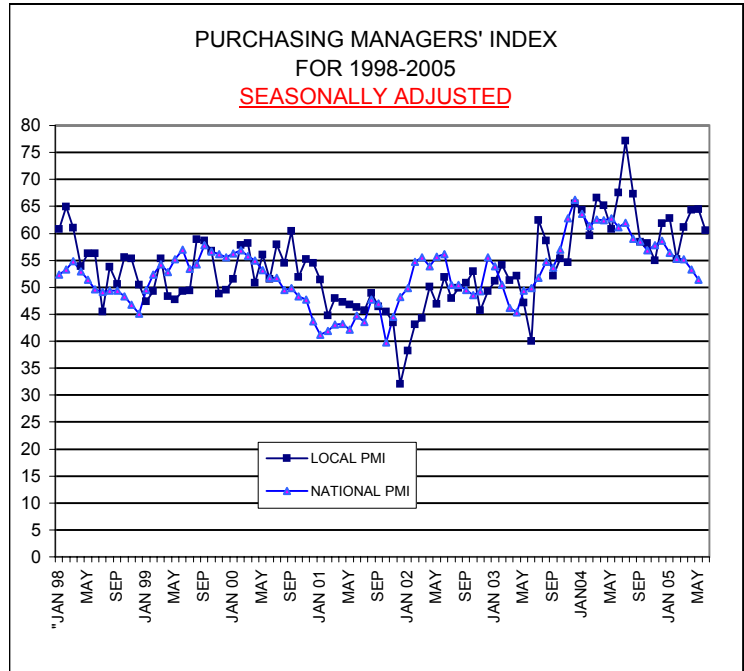
Submitted by: William Ellis C.P.M., CPIM Chairman Business Survey Committee

The Purchasing Managers' Index

The Purchasing Manager's Index for the month of June indicates that business is still expanding but the growth rate slowed. The June Index came in at 60.5 while the May Index was 64.5. This month the Production Index dropped 3.7 points, and the New Order Index held steady. Inventories grew last month and they have continued this month, and employment continues with slow expansion. The Price Index continued to show that prices are increasing but this month the Index dropped 18.3 points which indicates price increases have slowed down. This month vendor deliveries have improved from where we were last month. Business activity in Western NY is still expanding.

The local PMI has gained for the previous four months and this month the Index dropped 4.0 points. Which could have been the typical summer slow down or the local area is starting to follow the National trend. Nationally the PMI has been holding steady or on a decline. The Institute of Supply Management reported the National Index for May at 51.4, which indicated that nationally business continued to expand and but the rate of expansion was still 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.



This Month, (Seasonally Adjusted)

	Index	Direction	Rate of change
Production	63.0	Increasing	Slower
New Orders	65.7	Increasing	Slower
Prices	60.0	Increasing	Slower
Inventories	62.9	Increasing	Slower
Employment	54.1	Increasing	Slower
Deliveries	53.1	Improving	

Items in Short Supply

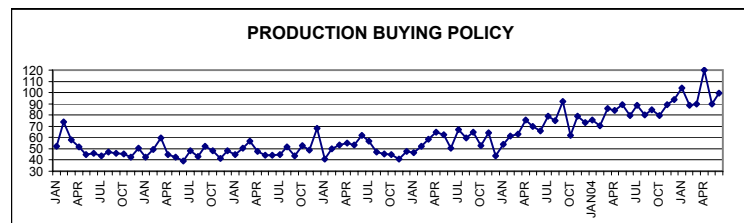
1. Copper Tubing
2. Seamless Steel Pipe
3. Hydraulic components

Comments from the survey respondents:

1. A watchfully eye must be paid to the auto industry. Their trend will lead many smaller businesses for the rest of the year.
2. It's great to be busy---Overtime.
3. Business is good, equal to last year or better.

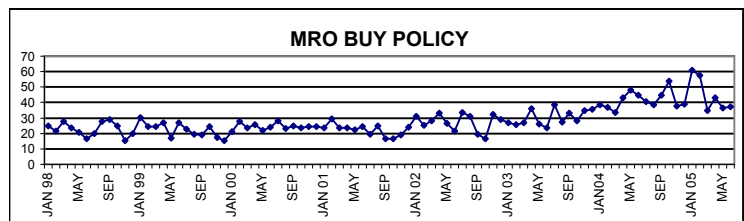
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 100 Days. Last month this average was 90 days.



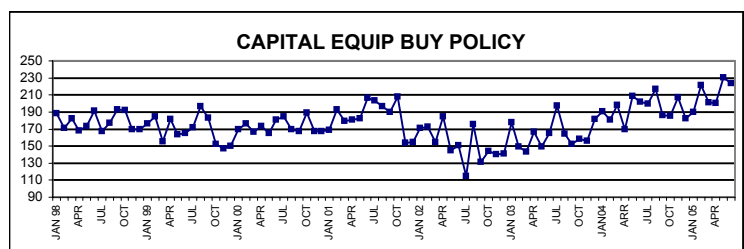
MRO BUYING POLICY

This month the respondents are reporting an average of 37 days ahead for MRO supplies. Last month the average was 36 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out 224 days and making commitments for capital equipment. Last month the average was 230 days. The overall average is currently 172 days.

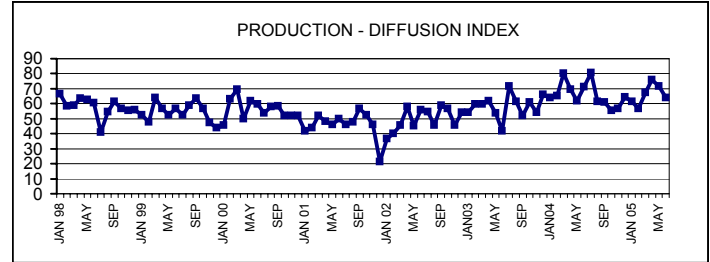


NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.
June 2005 Business Survey Monthly Comparison Report
Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jun	40.0%	48.0%	12.0%	64.0	71.4
May	47.8%	47.8%	4.3%	71.7	61.9

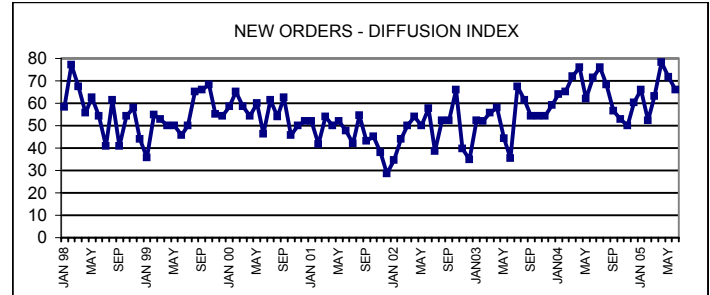
This month there has been an decrease in those reporting that production is higher and it shifted to those reporting lower production. This translated into a 7.7 point decrease in the index. Overall the index is indicating that production continues to expand.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	52.0%	28.0%	20.0%	66.0	71.4
May	52.2%	39.1%	8.7%	71.7	61.9

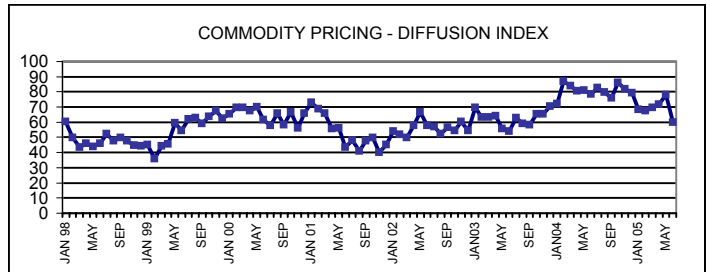
This month the New Order index indicates that the growth in incoming orders has slowed down. A review of the data indicates that the majority is reporting a higher level of incoming orders. This could be a result of the summer slow down that has happened in the past.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	36.0%	48.0%	16.0%	60.0	78.6
May	60.9%	34.8%	4.3%	78.7	81.0

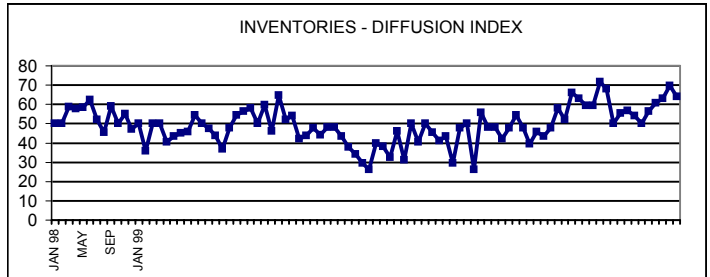
This month the smaller percentage of the survey respondents are reporting that prices are increasing, when compared to last month's level. A significant number of the respondents are reporting lower prices. The index still indicates that prices are still going up be the rate of change has slowed.



Inventories of purchase goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	48.0%	32.0%	20.0%	64.0	59.5
May	52.2%	34.8%	13.0%	69.6	59.5

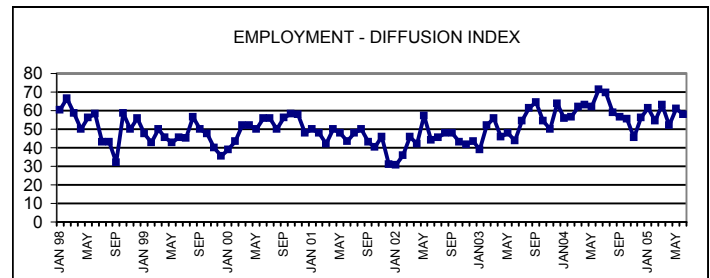
This month the majority of the survey respondents are reporting that the purchased goods inventories are growing but the index decreased 5.6 points. There was an increase in those reporting lower inventories. This is two months in a row that this has happened.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jun	28.0%	60.0%	12.0%	58.0	71.4
May	26.1%	69.6%	4.3%	60.9	61.9

This month the index is indicating that the employment growth is continuing. This month the index decreased 2.9 points even with the majority reporting their employment level is holding steady. There was a 7.7 point increase in those reporting lower employment.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Jun	20.0%	68.0%	12.0%	54.0	66.7
May	26.1%	69.6%	4.3%	60.9	60.0

This month the majority of the survey respondents are reporting that deliveries are the same as last month. This month there was a significant increase in the number of respondents reporting that deliveries came in faster.

