


National  
Association of  
Purchasing  
Management



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July 29, 2005

To: Survey Recipients

Subject: Business Survey Report for July 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.

*William Ellis*

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

**NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.**

**JULY 2005 Business Survey Monthly Comparison Report**

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

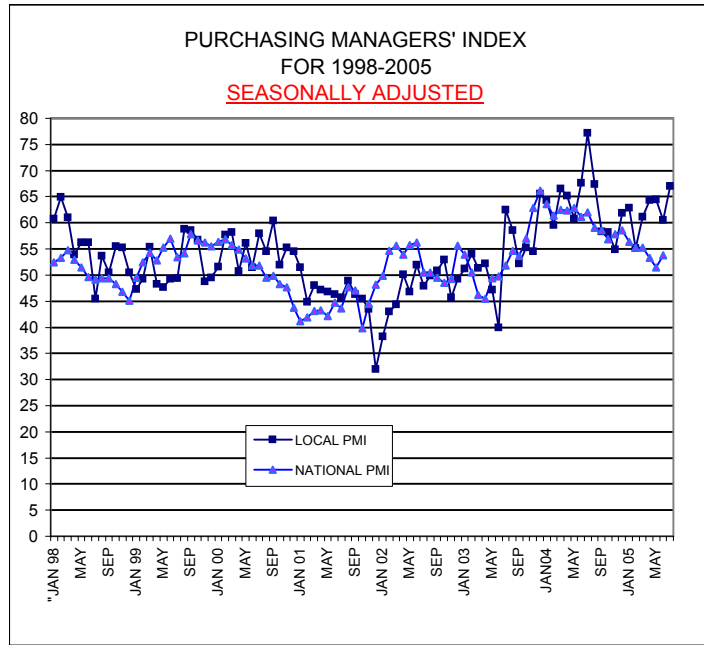
The Purchasing Managers' Index

The July Purchasing Manager's Index indicates that business is expanding and there has been an increase in the growth rate. The June Index came in at 60.5 while the July Index was 67.1. This month the Production Index jumped 9.9 points, and the New Order Index held steady.

Inventories grew last month and they have continued this month, along with employment expanding. The Price Index continued to show that prices are increasing and this month the Index moved up 8.4 points. This month vendor deliveries have slowed a little from where we were last month. Business activity in Western NY is expanding.

Last month we were looking for the summer slow down but the current business activity doesn't indicate there is one. Nationally the PMI has been holding steady or on a decline. The Institute of Supply Management reported the National Index for June at 53.8, which indicated that nationally business continued to expand. Production and New Orders grew, but Employment was on the decline.

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	72.9	Increasing	Faster
New Orders	65.4	Increasing	Slower
Prices	68.4	Increasing	Faster
Inventories	71.4	Increasing	Faster
Employment	68.0	Increasing	Faster
Deliveries	56.5	Slowing	

Items in Short Supply

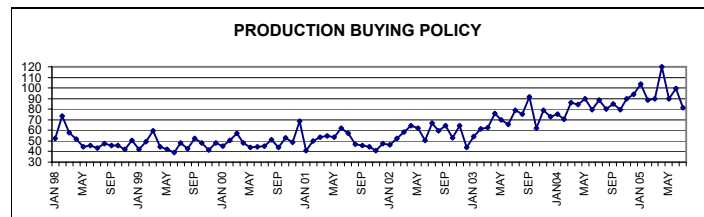
1. Machine Parts, Long Lead-times

Comments from the survey respondents:

1. The price of oil, at over \$60 per barrel, is just causing havoc on all raw materials related to our industry.
2. It's great to be busy.
3. A good year in the making, we hope it continues

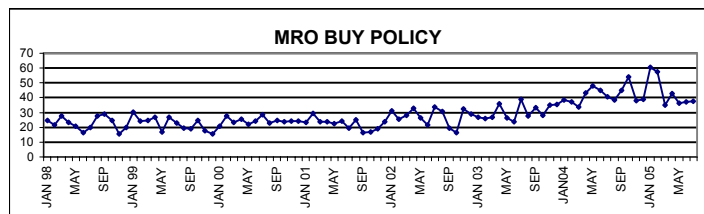
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 82 Days. Last month this average was 100 days.



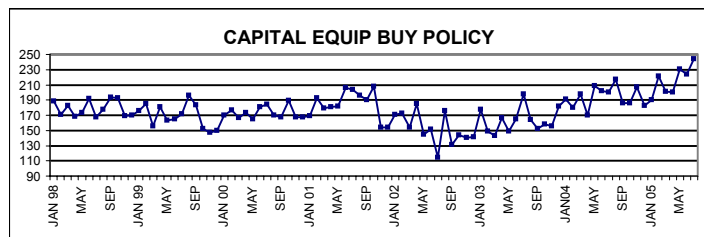
MRO BUYING POLICY

This month the respondents are reporting an average of 38 days ahead for MRO supplies. Last month the average was 37 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out 244 days and making commitments for capital equipment. Last month the average was 224 days. The overall average is currently 172 days.

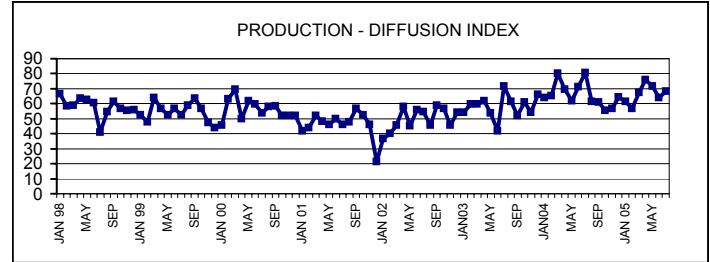


**NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.**  
**July 2005 Business Survey Monthly Comparison Report**  
**Not Seasonally Adjusted**

**The Production level was:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Jul	47.4%	42.1%	10.5%	68.4	80.4
Jun	40.0%	48.0%	12.0%	64.0	71.4

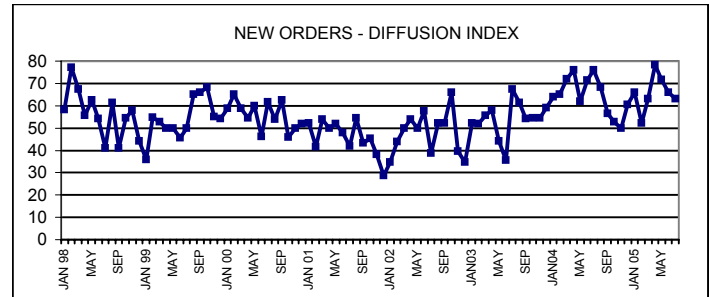
This month there has been an increase in those reporting that production is higher and it shifted from those reporting production was the same as the previous month. This translated into a 4.4 point increase in the index. Overall the index is indicating that production continues to expand.



**New Orders were reported:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	42.1%	42.1%	15.8%	63.2	76.1
Jun	52.0%	28.0%	20.0%	66.0	71.4

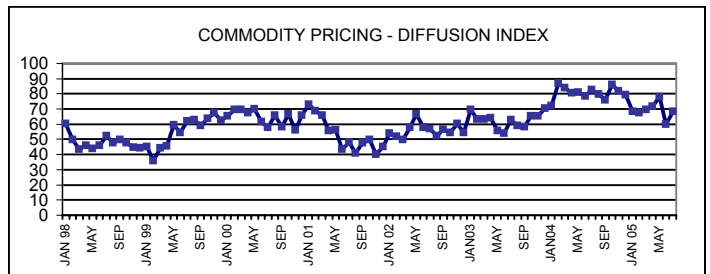
This month the New Order index indicates that the growth in incoming orders has slowed down. A review of the data indicates that the majority is split between a higher level of incoming orders and order levels holding steady.



**Commodity Prices are:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	42.1%	52.6%	5.3%	68.4	82.6
Jun	36.0%	48.0%	16.0%	60.0	78.6

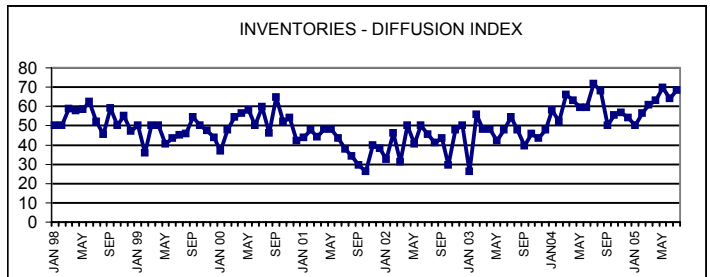
This month the higher percentage of the survey respondents are reporting that prices are increasing, when compared to last month's level. The majority of the respondents are reporting that prices are holding steady. The index still indicates that prices are going up at a faster rate.



**Inventories of purchase goods were:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	42.1%	52.6%	5.3%	68.4	71.7
Jun	48.0%	32.0%	20.0%	64.0	59.5

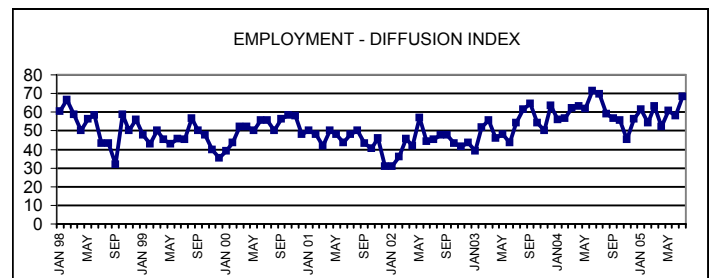
This month the majority of the survey respondents are reporting that the purchased goods inventories are the same as last month. There was a decrease in those reporting lower inventories.



**Employment levels were:**

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Jul	42.1%	52.6%	5.3%	68.4	69.6
Jun	28.0%	60.0%	12.0%	58.0	71.4

This month the index is indicating that the employment growth is continuing. The index increased 10.4 points even with the majority reporting their employment level is holding steady. There was a 14.1 point increase in those reporting higher employment.



**Vendor deliveries were:**

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Jul	26.3%	63.2%	10.5%	57.9	69.6
Jun	20.0%	68.0%	12.0%	54.0	66.7

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 slower.

