

NATIONAL ASSOCIATION OF PURCHASING MANAGEMENT-BUFFALO INC.

April 2010 Business Survey Monthly Comparison Report

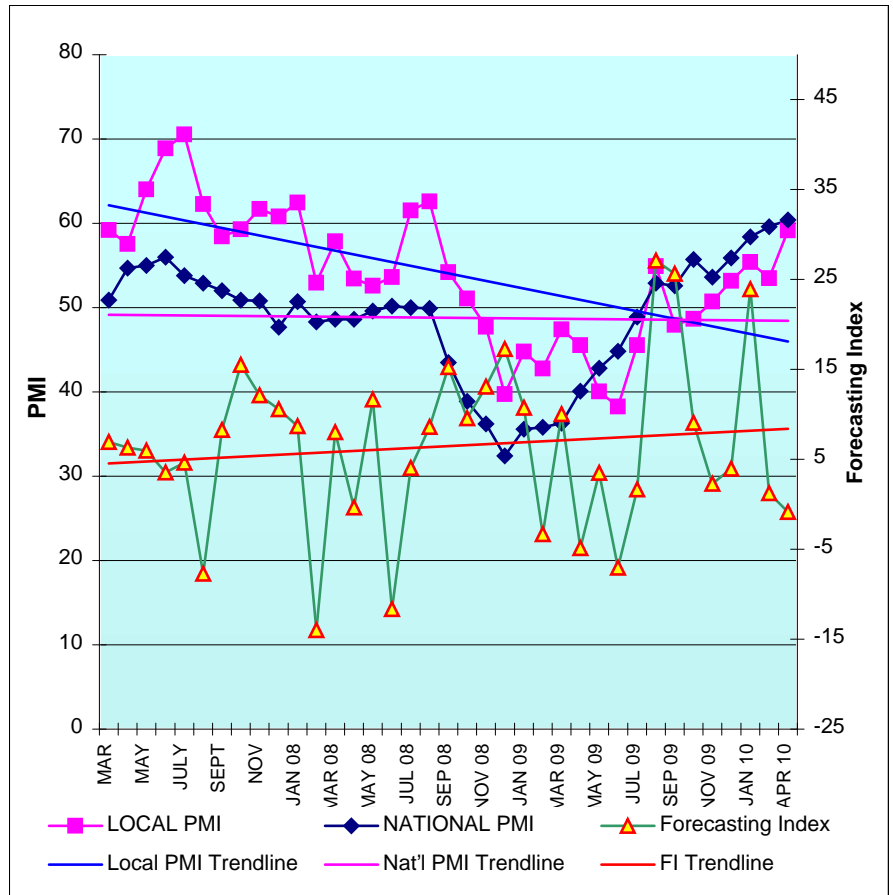
Submitted by: Arthur Aramino, Chairman Business Survey Committee

The PMI Index

In April, the WNY manufacturing sector non-seasonally adjusted (NSA) PMI rose 6.2% to 65.6%, while the seasonally adjusted (SA) PMI gained 5.7% to 59.2, indicating the local manufacturing sector is expanding at a faster rate than in March. This is another positive sign, marking the fourth consecutive month of growth in WNY. Last month's pull back in the Employment Index was strongly countered by a 15.6% increase in April. Unfortunately, the other strong gainer was in the Commodity Price index which also saw a 15.6% increase. Continuing price increases can have a dampening effect on production if demand does not also increase.

We also see the Inventories index gain a little ground, but I would not expect to see any major improvement in inventory levels until the end of Q3 or early Q4. Typically manufacturers cut back capacity during a recession, and it takes 3 to 4 quarters to ramp back up to pre-recession levels. Until then, the higher demand will keep prices on an upward trend.

A PMI in excess of 42%, 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, if the average January through March PMI (58.2%) is annualized, it corresponds to a 5.9% increase in real GDP annually.



This Month, (Seasonally Adjusted)

	<u>Index</u>	<u>Direction</u>	<u>Rate of change</u>
Production	61.8	Expanding	Faster
New Orders	54.2	Expanding	Faster
Prices	81.3	Increasing	Faster
Inventories	55.0	Expanding	Faster
Employment	60.9	Expanding	From Contracting
Deliveries	63.8	Slower	Faster
Mfg Sector	59.2	Expanding	Faster

Items in Short Supply

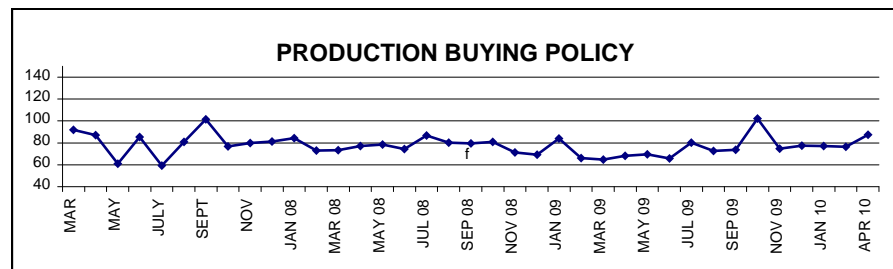
Flat bed trucks for inbound and outbound product.
Pipe and tubing carbon steel.

Comments from the survey respondents:

"Overall business volume is still down approximately 20% compared to two years ago."
"Lead times are becoming extensive; 12-14 weeks."
"10% layoff pending."
"Demand has increased to higher levels than 2009."
"Looks like another 6 cents for resin in May."

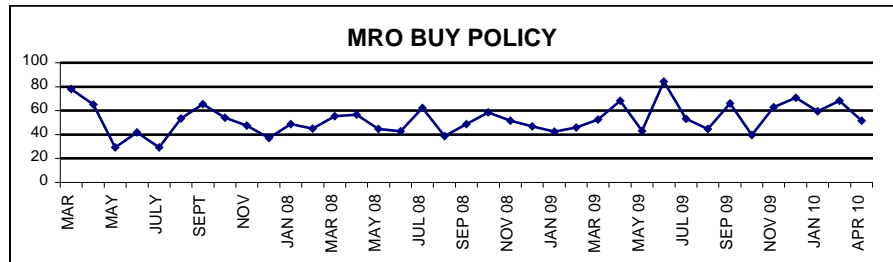
PRODUCTION BUYING POLICY

The survey respondents are reporting the days-ahead commitments for production material is an average 87 days. Last month this average was 77 days.



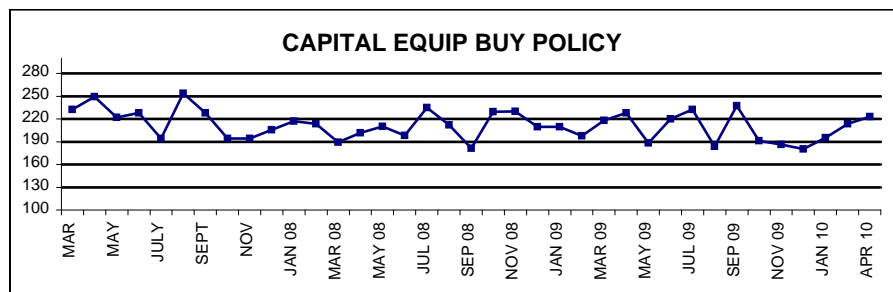
MRO BUYING POLICY

This month the respondents are reporting an average of 51 days ahead for MRO supplies. Last month the average was 68 days.



CAPITAL EQUIPMENT BUYING POLICY

The local manufacturers are looking out an average of 223 days and making commitments for capital equipment. Last month the average was 214 days.



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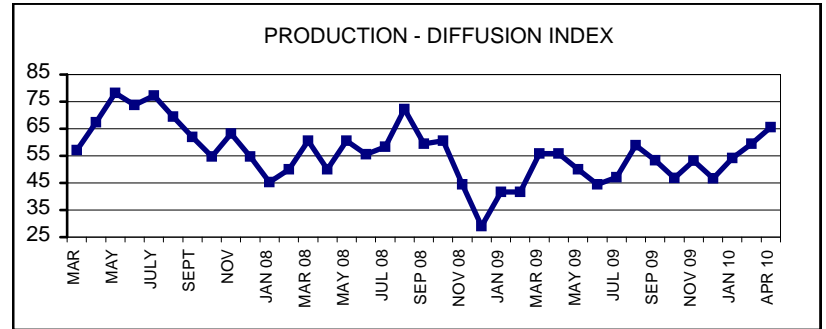
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Not Seasonally Adjusted

The Production level was:

	HIGHER	SAME	LOWER	INDEX	LAST Yr
Apr	56.2%	18.8%	25.0%	65.6	47.7
Mar	37.5%	43.8%	18.7%	59.4	55.9

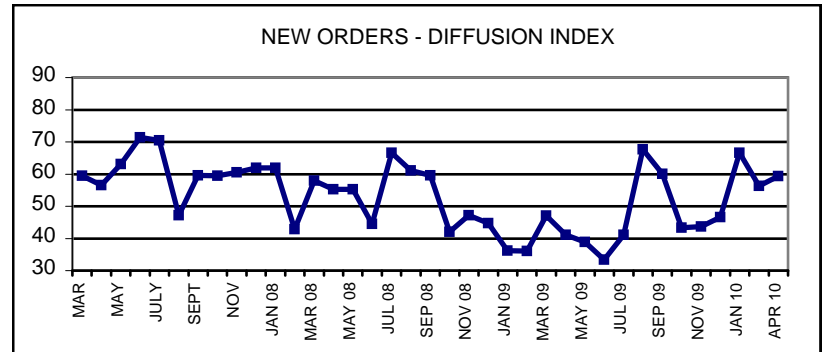
The Production Index gained 6.2 points, the 3rd consecutive month of growth.



New Orders were reported:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Apr	50.0%	18.8%	31.2%	59.4	41.2
Mar	43.8%	25.0%	31.2%	56.3	47.1

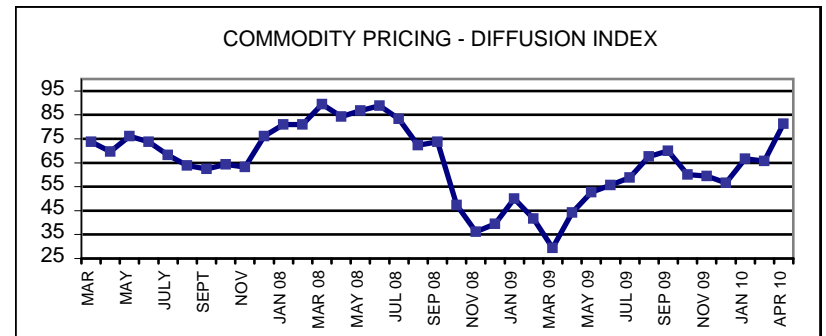
The New Order index rose 3.1% with 50% of the respondents reporting higher order levels.



Commodity Prices are:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Apr	62.5%	37.5%	0.0%	81.3	44.2
Mar	37.5%	56.3%	6.2%	65.7	29.4

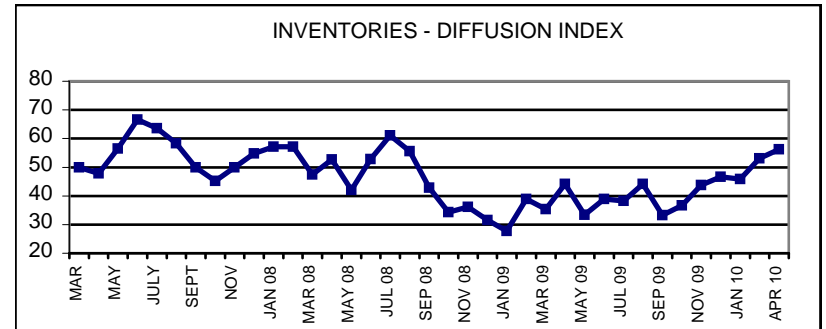
The Commodity Price Index rocketed up to 81.3%, a 15.6% increase over April. This is the highest reading since July 2008.



Inventories of purchased goods were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Apr	43.8%	25.0%	31.2%	56.3	44.1
Mar	37.5%	31.3%	31.2%	53.2	35.3

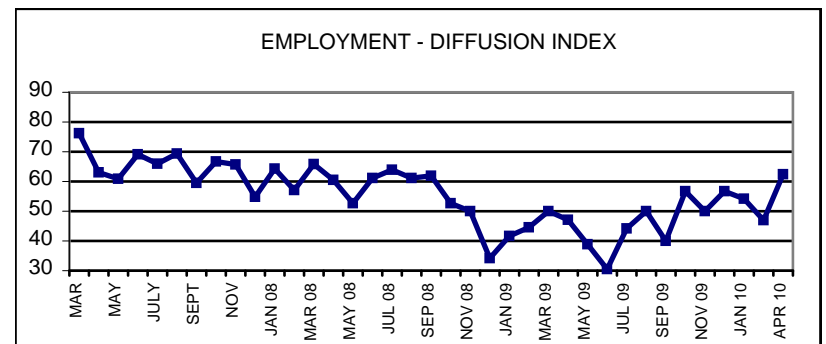
The Inventories Index gained 3.1% in response to the continued growth in new orders and production.



Employment levels were:

	HIGHER	SAME	LOWER	INDEX	LAST Yr.
Apr	31.2%	62.5%	6.2%	62.5	47.1
Mar	18.8%	56.3%	25.0%	46.9	50.0

The Employment Level Index jumped 15.6% with 93.7% of the respondents reporting either higher or the same employment levels as last month.



Vendor deliveries were:

	SLOWER	SAME	FASTER	INDEX	LAST Yr.
Apr	25.0%	75.0%	0.0%	62.5	50.1
Mar	25.0%	62.5%	12.5%	56.3	53.0

The Vendor Deliveries Index climbed 6.2% indicating greater demand coupled with the low inventory levels maintained by suppliers.

