

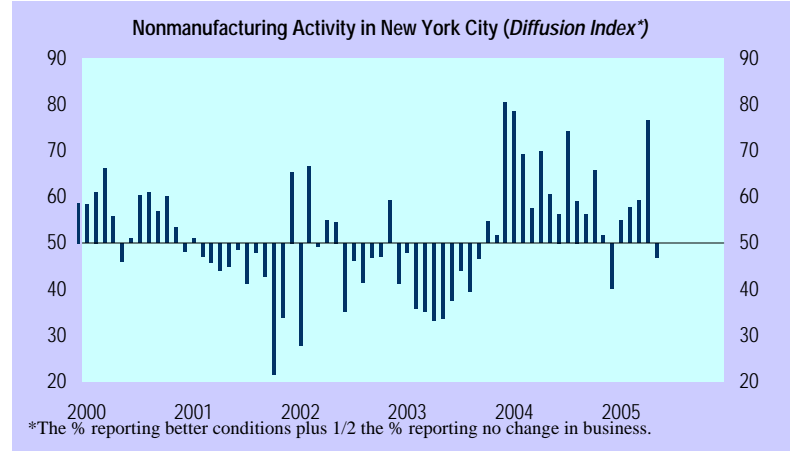


**NEW YORK CITY REPORT ON BUSINESS**  
*At Least the Yankees Are On the Rise*

Businesses report that activity cooled somewhat in May, according to the latest survey conducted by the National Association of Purchasing Management-New York (NAPM-NY), similar to the finding in the Federal Reserve Bank of New York's statewide survey of manufacturers. Perhaps the seasonally chilly temperatures cast a dampener on business activity. Trends in the Big Apple's economy parallel similar national developments, with manufacturing activity moderating notably while the broader—and more important for New York City—nonmanufacturing sector continues to fare well, looking through the month-to-month volatility in the business surveys. [The latest signal from manufacturing businesses should be downplayed, given the low response rate from manufacturing businesses in May]. The volatility in the NAPM-NY business conditions indexes this year echoes the mixed signals seen in many national economic surveys as well.

The NAPM-NY Business Conditions Index (BCI) slipped slightly in May. Nonetheless, this result likely was distorted by the aberrant result for manufacturing activity. The BCI tends to coincide with the City's job market trends and May's setback in the NAPM-NY survey is not likely to be signaling a softening in the Big Apple's job market.

Businesses remain relatively optimistic about the outlook. Sentiment about the future tends to portend shifts in current conditions.



**Indexes of Business Conditions in New York City**  
(Seasonally Adjusted, Except Where Noted)

	Current*		Outlook**	NY-BCI	
	Mfg.	Non-Mfg.			
April '03	38.0	80.6	33.3	56.3	236.1
May	38.3	78.8	33.8	61.1	230.2
June	43.1	92.8	37.5	62.5	226.7
July	46.2	64.8	44.2	62.5	224.9
August	43.6	81.6	39.4	57.1	221.7
September	51.1	90.2	46.8	62.5	222.2
October	58.2	90.0	54.7	62.5	226.4
November	51.9	54.4	51.6	57.4	227.3
December	80.7	82.3	80.5	90.0	242.6
January '04	79.4	87.6	78.5	88.9	257.3
February	69.8	75.4	69.2	78.6	267.2
March	59.2	74.6	57.5	62.5	271.8
April	70.9	80.3	69.8	85.7	282.2
May	59.7	52.7	60.4	62.5	287.1
June	57.6	69.6	56.3	60.0	290.9
July	73.2	64.8	74.1	78.5	302.5
August	59.3	61.2	59.1	60.0	307.1
September	56.6	60.1	56.2	60.0	310.4
October	65.1	60.0	65.7	50.0	318.0
November	56.4	100.0	51.6	64.3	321.2
December	40.3	41.2	40.2	37.5	316.3
January '05	55.3	58.4	54.9	60.0	319.0
February	61.9	100.0	57.6	80.0	324.9
March	58.3	49.7	59.2	50.0	329.1
April	74.2	53.5	76.5	77.8	341.2
May	42.3	0.0	47.0	50.0	337.3

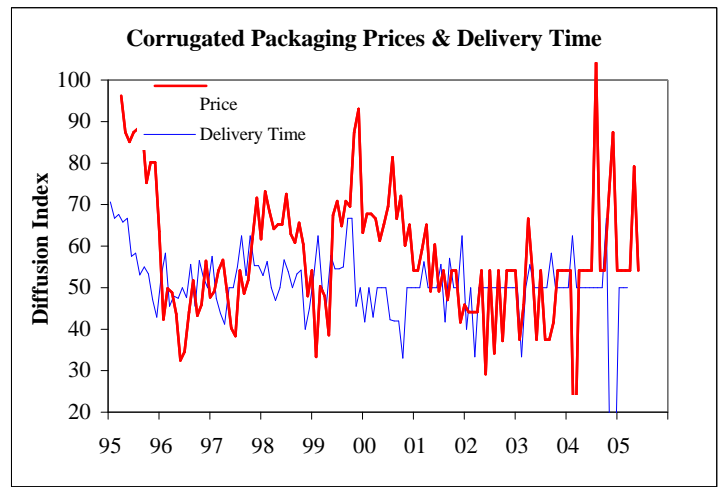
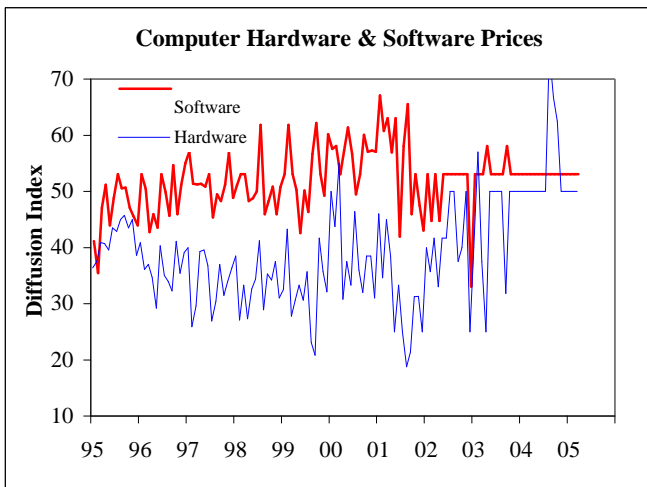
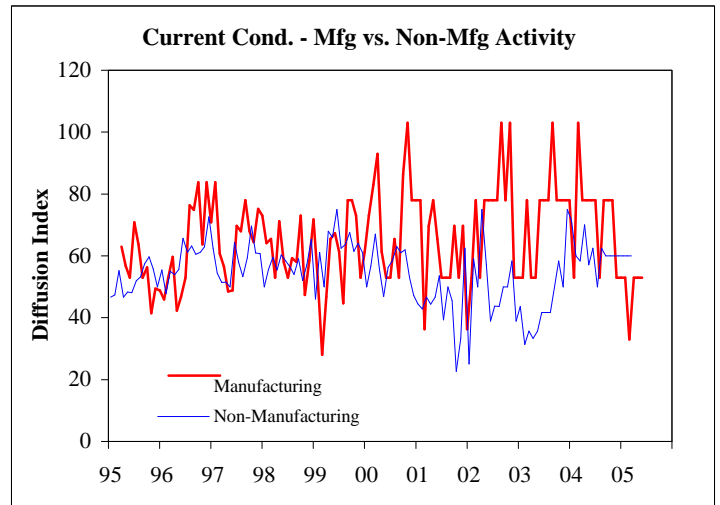
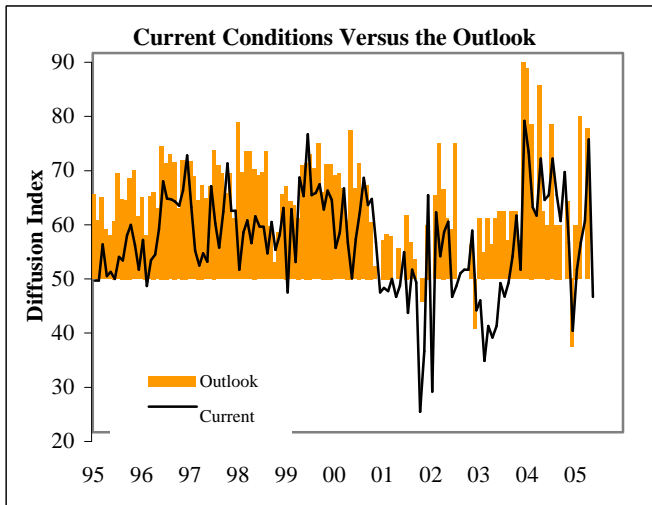
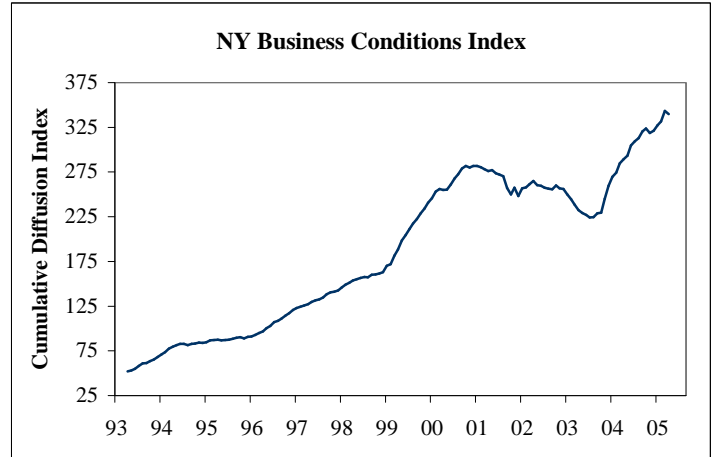
\* This index is a weighted average of manufacturing (10%) and non-manufacturing (90%).

\*\* Not seasonally adjusted.

---

## New York Business Conditions Index (NY-BCI)

The New York business conditions index (BCI) is a cumulative diffusion index of current business conditions in the New York city area. The BCI tends to precede or move with local-area employment. As a result, because employment data are not available for one or two months later, the BCI can provide advance indications of local labor market conditions.

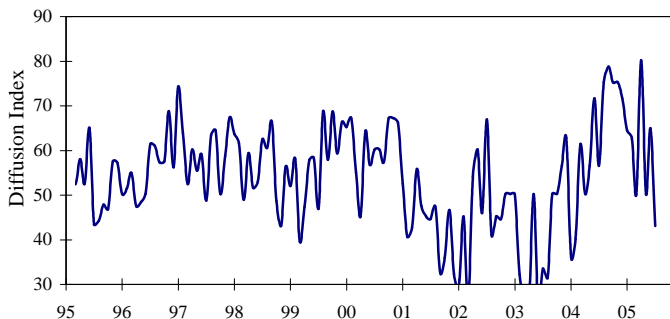


### Quantity of Purchases

The overall quantity (units not dollars) of purchases, including raw materials, MRO, components, intermediates, and services, compared with the previous month.

	May	April	Mar	Feb	Jan	Year ago May
Composite	43	65	56	80	50	56
Manufacturing	50	50	75	100	50	50
Non-Mfg.	42	66	50	67	50	57

### Quantity of Purchases

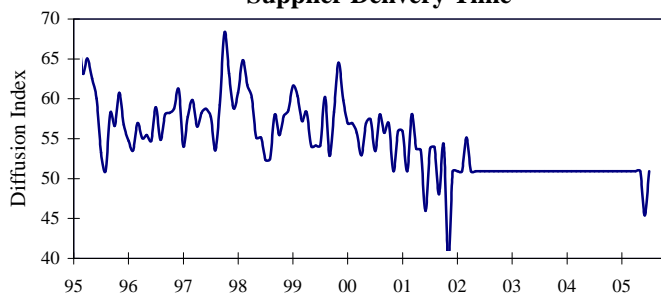


### Supplier Delivery Time

An aggregate evaluation of the current month's delivery performance (lead time) compared to the prior month. This index is the percent reporting slower deliveries plus one-half reporting same.

	May	April	March	Feb	Jan	Year ago May
Composite	50	44	50	50	50	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	50	50	50	50	50

### Supplier Delivery Time

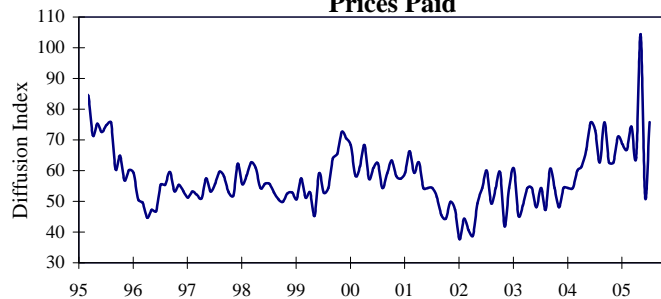


### Prices Paid

The change from the prior month in prices of items -- goods and services, purchased. This is an overall evaluation weighted by quantity of purchase.

	May	April	March	Feb	Jan	Year ago May
Composite	71	47	100	60	70	69
Manufacturing	100	50	100	50	50	50
Non-Mfg.	67	40	100	67	50	71

### Prices Paid

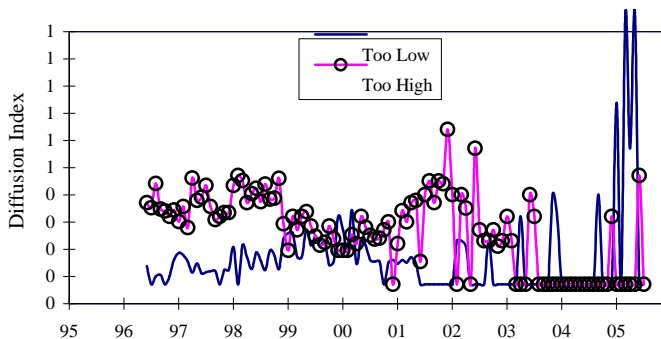


### Finished Goods Inventory Relative to Use

The overall inventory level (units, not dollars) of products held for sale (finished goods) relative to expected use.

	May	April	March	Feb	Jan	Year ago May
Composite	50	70	0	25	0	50
% too high	0	0	0	0	0	0
Manufacturing	50	50	0	25	0	50
Non-Mfg.	50	75	NA	NA	NA	50

### Finished Goods Inventory vs. Expected Use

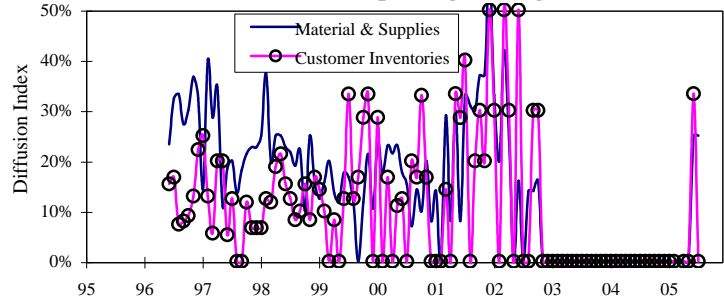


### Raw Materials & Customer Inventory

The overall inventory level (units, not dollars) of products held for sale (finished goods) relative to expected use.

	Year ago					
	May	April	March	Feb	Jan	May
Materials & Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Customer Inventories	0.0	0.0	0.0	0.0	0.0	0.0

### Material & Customer Stocks vs. Expected Use % Reporting too High

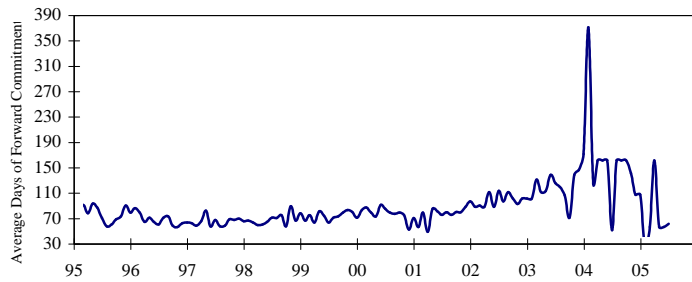


### Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	May	April	March	Feb	Jan	May
Average Days	50	45	45	45	45	40

### Production Materials



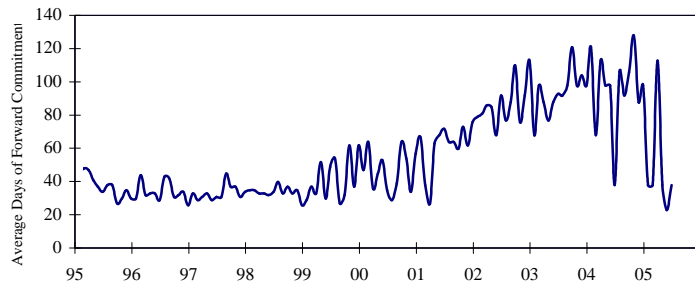
Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
50	0%	0%	67%	33%	0%	0%

### Buying Policy for MRO Supplies

The period of forward commitment for maintenance, repair, and operation supplies.

	Year ago					
	May	April	March	Feb	Jan	May
Average Days		15	30	30	30	

### MRO Supplies



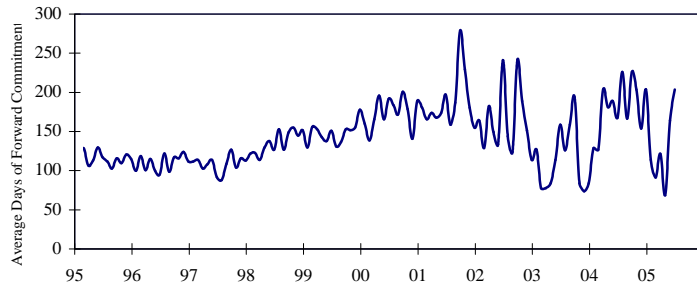
Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
30	0%	33%	67%	0%	0%	0%

### Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	May	April	Mar	Feb	Jan	May
Average Days	180	140	45	68	90	144

### Capital Equipment



Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
180	50%	0%	0%	0%	0%	50%

## Specific Price Changes & Supplier Deliveries

COMMODITIES	--- PRICE CHANGES ---			--- VENDOR DELIVERIES ---		
	May	April	March	May	April	March
Castings		62.50	50.0		62.50	50.0
Chemicals		50.00	50.00	50.00	50.00	50.0
Computer Hardware	+++	33.33	25.00	50.0	50.00	50.0
Computer Software	+++	33.33	55.00	50.0	66.67	50.00
Corrugated Packaging		100.00	50.00	75.0	50.00	50.00
Electrical Components		50.00	33.33		50.00	50.00
Energy		75.00	33.33	100.0	50.00	50.00
Ferrous Metals			50.00		50.00	
Food Products		50.00	50.00	50.00	50.00	
Glass			50.00		50.00	
Hydraulic Components			75.00		50.00	
Medical Supplies			50.00		50.00	
Nonferrous Metals	+++		33.33	100.0	50.00	50.0
Office Equipment (non-computer)	+++	50.00	41.67	50.0	50.00	45.45
Office Supplies	+++	50.00	50.00	50.0	50.00	50.00
Piping & Tubing			50.00		50.00	
Plastics			50.00	100.0	50.00	
Plating			50.00		50.00	
Printing Paper	+++	100.00	55.56	75.0	50.00	50.00
Rubber Products			50.00		50.00	
Textile Products						
Wood & Pulp			50.00	100.0	25.00	100.0
<b>Services (Contracted)</b>					"Hot Spots" are those commodities & services that have experienced upward price pressure with delivery delays (for commodities) for at least three months. <b>Where are the HOT SPOTS?</b>	
Cleaning		57.14	60.00	60.0		
Construction		58.33	50.00	62.5		
Painting		58.33	50.00	62.5		
Engineering	+++	50.00	66.67	50.0		
Architectural	+++	60.00	50.00	62.5		
Temporary Personnel	+++	50.00	50.00	58.3		
Computer Consultants	+++	50.00	50.0	60.0		

+++ = Commodity or service price diffusion index above 50% for at least the last three months.

### Items in Short Supply

### Purchaser Comments

### About the Survey

The purpose of the survey is to quickly assess business conditions among manufacturers and non-manufacturing firms/organizations doing business in the New York area. The survey results are compiled into three summary measures for: (1) all industries, (2) manufacturing firms, and (3) non-manufacturing establishments. The manufacturing component can be compared to the ISM Purchasing Manager's Index for the nation. The survey results are compiled as diffusion indexes, which are calculated by taking the percentage of the respondents answering higher plus one-half of the percentage of respondents who answer same or no change. Hence, a reading of 50% means no change from the prior month; greater than 50% indicates a faster pace of activity while a reading of less than 50% indicates a slowing in the pace of activity.



