

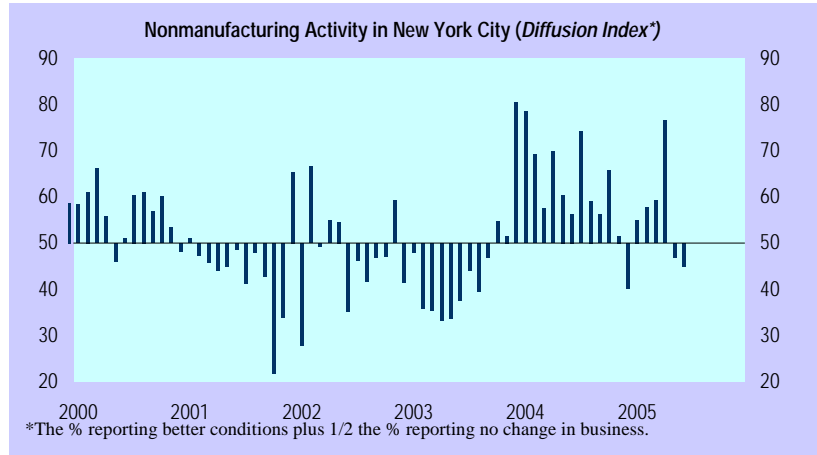


NEW YORK CITY REPORT ON BUSINESS
Summer Brake

The latest survey conducted by the National Association of Purchasing Management-New York (NAPM-NY) finds that business activity was little changed in June, following May's significant moderation. Some manufacturing businesses report a still-further slowing in business activity, echoing a moderating trend seen in the national surveys of manufacturing businesses. A mini inventory correction nationwide appears to have slowed industrial activity. Some recent reports, however, provide hints that the industrial sector may be stabilizing. For example, the Federal Reserve Bank of New York reported in its latest survey that activity in the Empire State's manufacturing sector firmed slightly.

The NAPM-NY Business Conditions Index (BCI)—an index based on the cumulative progress in manufacturing and nonmanufacturing—retreated for the second month in a row, with the NAPM-NY index remaining below the neutral 50 level. The BCI tends to coincide with the City's job market trends but the recent setback in the NAPM-NY survey most likely is not signaling pending job market weakness.

On a positive note, despite the recent indications in the NAPM-NY survey that current conditions have slowed, respondents remain optimistic about the outlook.



New York City's Business Conditions
(Seasonally Adjusted, Except Where Noted)

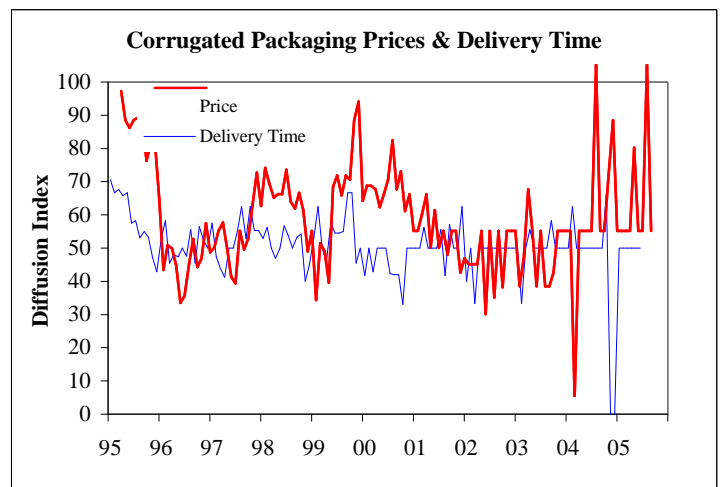
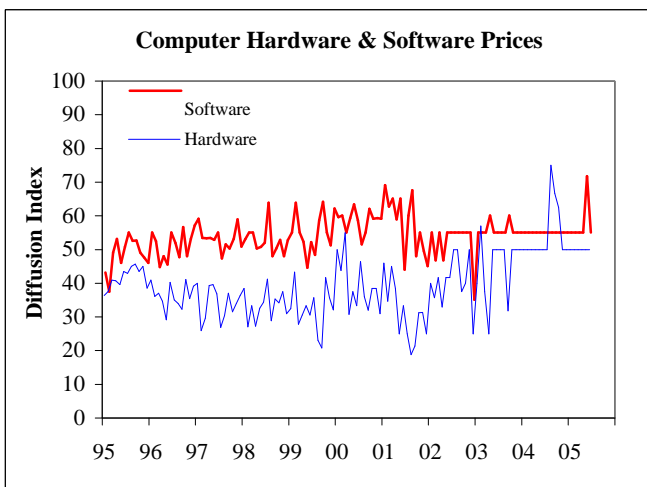
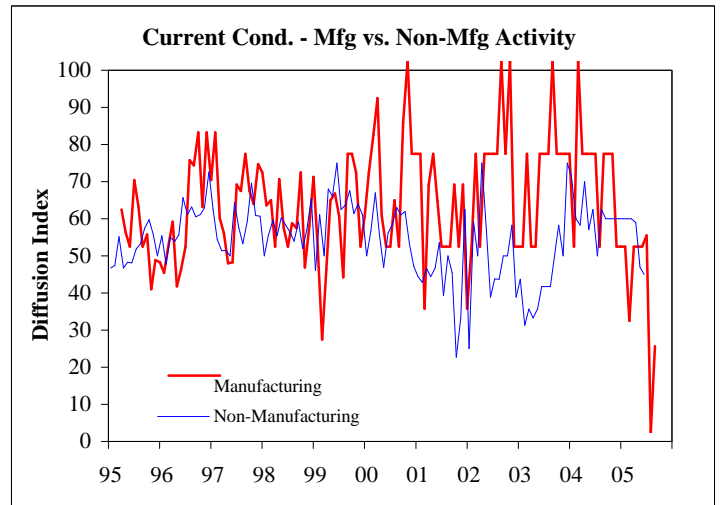
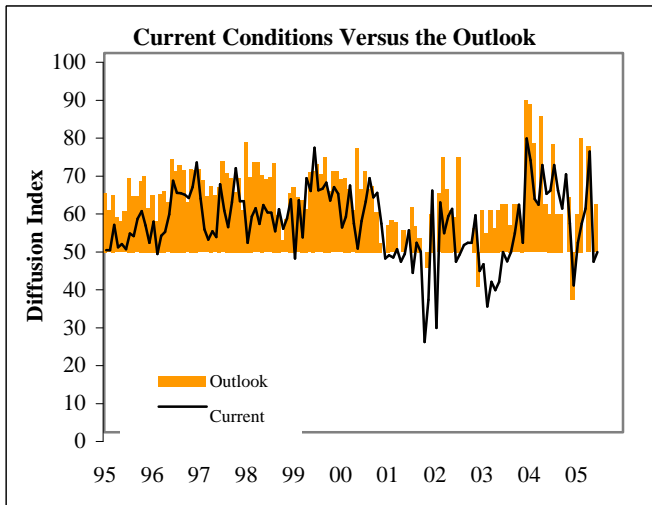
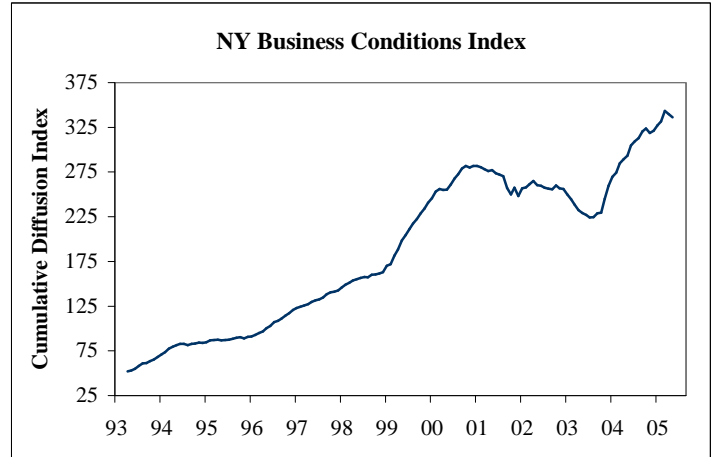
	Current*		Outlook**	NY-BCI	
	Mfg.	Non-Mfg.			
May 2003	38.3	78.8	33.8	61.1	230.2
June	43.1	92.8	37.5	62.5	226.7
July	46.2	64.8	44.2	62.5	224.9
August	43.6	81.6	39.4	57.1	221.7
September	51.1	90.2	46.8	62.5	222.2
October	58.2	90.0	54.7	62.5	226.4
November	51.9	54.4	51.6	57.4	227.3
December	80.7	82.3	80.5	90.0	242.6
January 2004	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 2005	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
June	42.8	23.2	45.0	62.5	333.7

* 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.

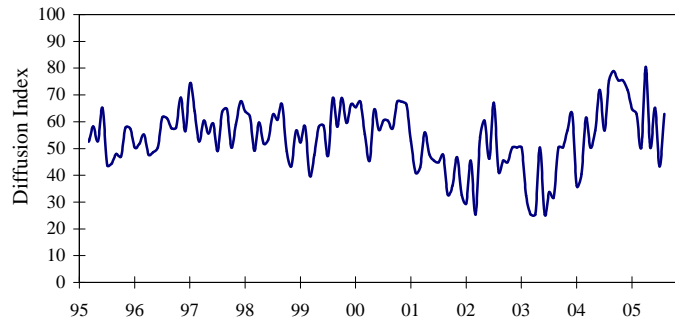


Quantity of Purchases

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

	June	May	April	Mar	Feb	Year ago June
Composite	63	43	65	56	80	75
Manufacturing	50	50	50	75	100	75
Non-Mfg.	75	42	66	50	67	75

Quantity of Purchases

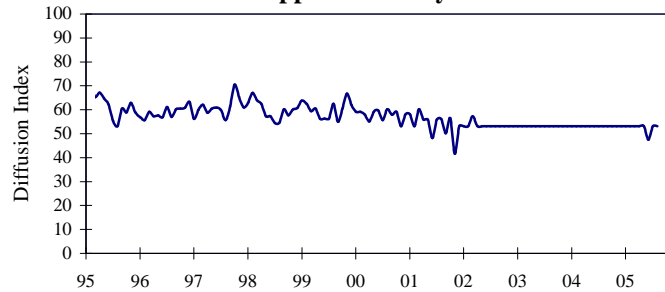


Supplier Delivery Time

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.

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

Supplier Delivery Time

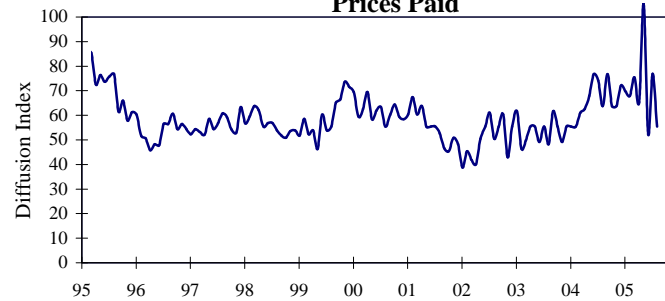


Prices Paid

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

	June	May	April	March	Feb	Year ago June
Composite	50	71	47	100	60	58
Manufacturing	50	100	50	100	50	50
Non-Mfg.	50	67	40	100	67	63

Prices Paid

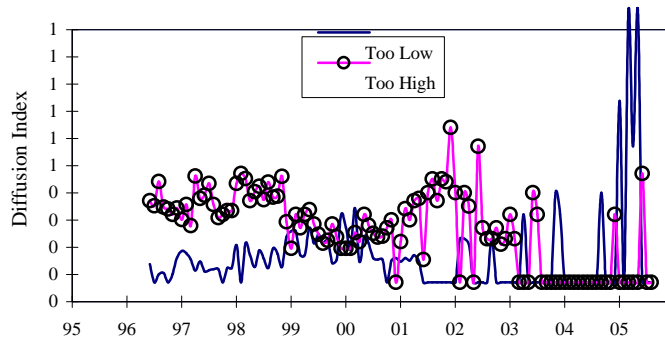


Finished Goods Inventory Relative to Use

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

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

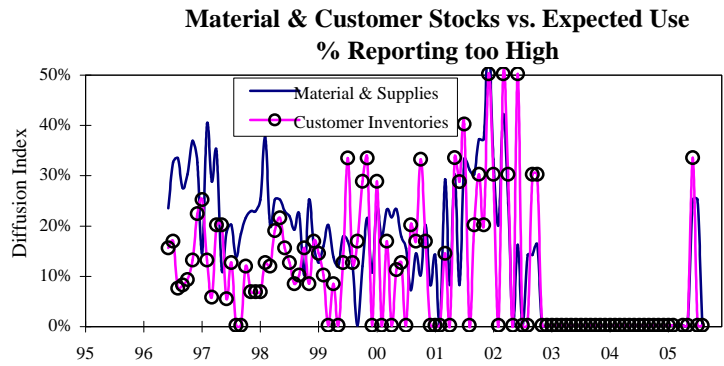
Finished Goods Inventory vs. Expected Use



Raw Materials & Customer Inventory

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

	Year ago					
	June	May	April	March	Feb	June
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



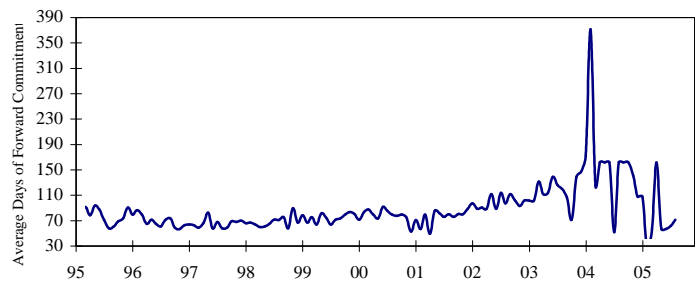
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Year ago					
	June	May	April	March	Feb	June
Average Days	60	50	45	45	45	150

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
60	0%	0%	100%	0%	0%	0%

Production Materials



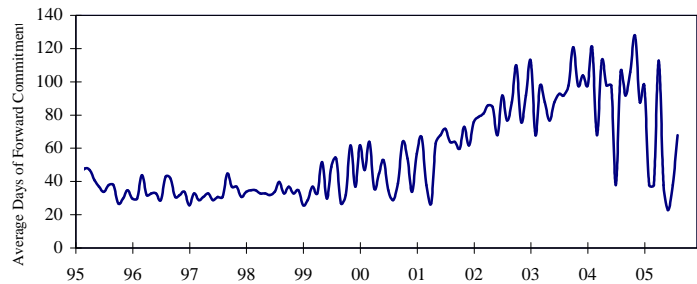
Buying Policy for MRO Supplies

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

	Year ago					
	June	May	April	March	Feb	June
Average Days	60	15	15	30	30	98

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
60	0%	0%	0%	0%	0%	100%

MRO Supplies



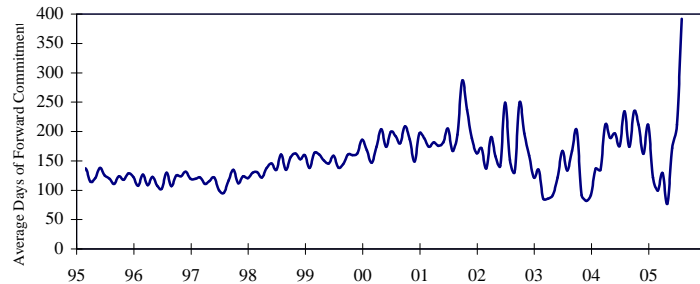
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Year ago					
	June	May	April	Mar	Feb	June
Average Days	360	180	140	45	68	202.5

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
360	0%	0%	0%	0%	0%	100%

Capital Equipment



Specific Price Changes & Supplier Deliveries

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

+++ = 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.