



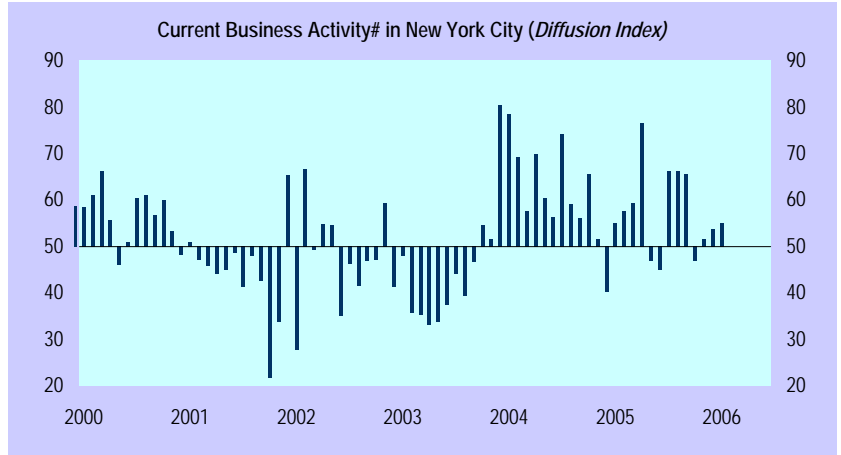
NEW YORK CITY REPORT ON BUSINESS

The Survey's Favorable Job Outlook ... Better Late than Never

Local economic conditions remain favorable, according to the January survey of New York City's businesses and the upbeat implications for the job market that the survey has been suggesting are beginning to unfold. That's the message of the January survey of local businesses conducted by the National Association of Purchasing Management-New York (NAPM-NY). These findings echo the New York Federal Reserve Bank's latest Empire State survey as well. Month-to-month changes in diffusion indexes, including the NAPM-NY business conditions indexes, are volatile, because diffusion indexes are a measure of changes in direction rather than the pace of growth. Most respondents reported little change in business conditions in January and this was slightly better than what typically happens in January, when activity slows a bit.

The outlook remains favorable, according to business respondents. Index levels above 50 imply that activity is expected to remain good. Keep in mind that the NAPM-NY outlook index is not seasonally adjusted.

With current conditions improving the NAPM-NY Business Conditions Index (BCI), a cumulative measure of current business conditions, continues to rise. The BCI has been a fairly reliable indicator of New York City's job market trends. Since 2001, actual employment has been more sluggish than implied by the BCI. This probably is the result of losses resulting from the terrorist attacks on the World Trade Center. Notably, however, the City's payroll count is accelerating and the number of jobs has increased almost 175,000 from the low point exactly two years ago. The Big Apple's payroll count now is back to fall 2001 levels. The rising BCI implies more good jobs news is in store.



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

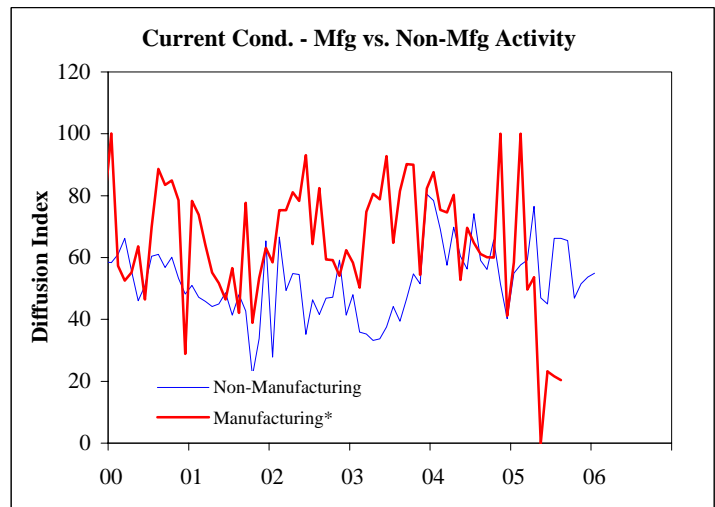
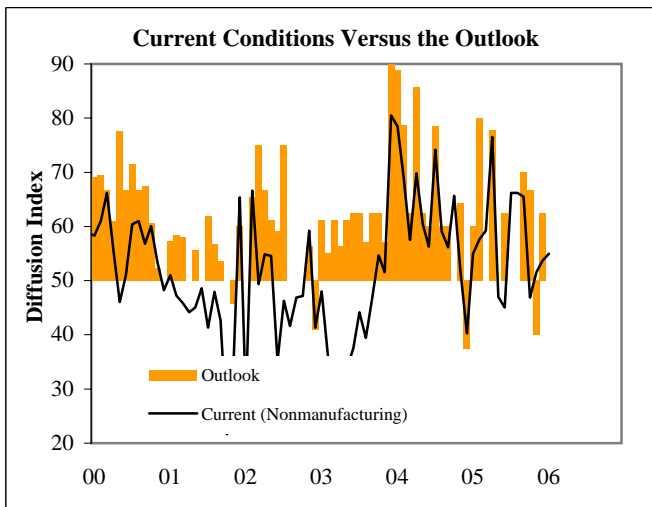
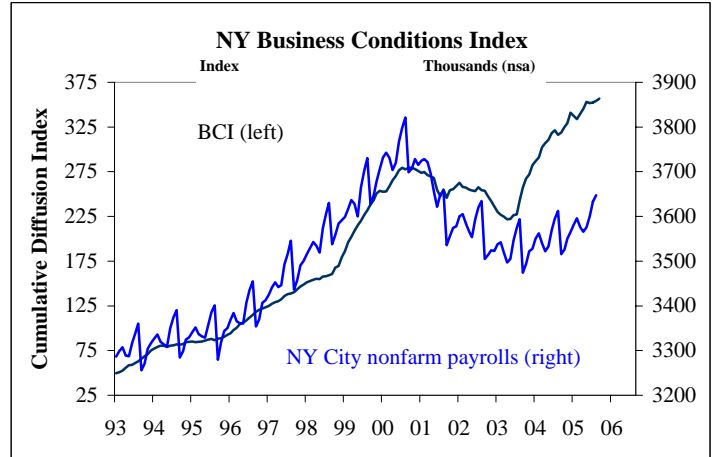
	Current Conditions#	Outlook (nsa)	NY-BCI
November 2003	51.6	57.1	227.3
December	80.5	90.0	242.6
January 2004	78.5	88.9	257.3
February	69.2	78.6	267.2
March	57.5	62.5	271.8
April	69.8	85.7	282.2
May	60.4	62.5	287.1
June	56.3	60.0	290.9
July	74.1	78.5	302.5
August	59.1	60.0	307.1
September	56.2	60.0	310.4
October	65.7	50.0	318.0
November	51.6	64.3	321.2
December	40.2	37.5	316.3
January 2005	54.9	60.0	319.0
February	57.6	80.0	324.9
March	59.2	50.0	329.1
April	76.5	77.8	341.2
May	47.0	50.0	337.3
June	45.0	62.5	333.7
July	66.2	50.0	339.6
August	66.2	50.0	345.4
September	65.5	70.0	353.2
October	46.9	66.7	351.6
November	51.6	40.0	352.4
December	53.6	62.5	354.2
January 2006	54.9	50.0	356.7

Based on responses from nonmanufacturing businesses.

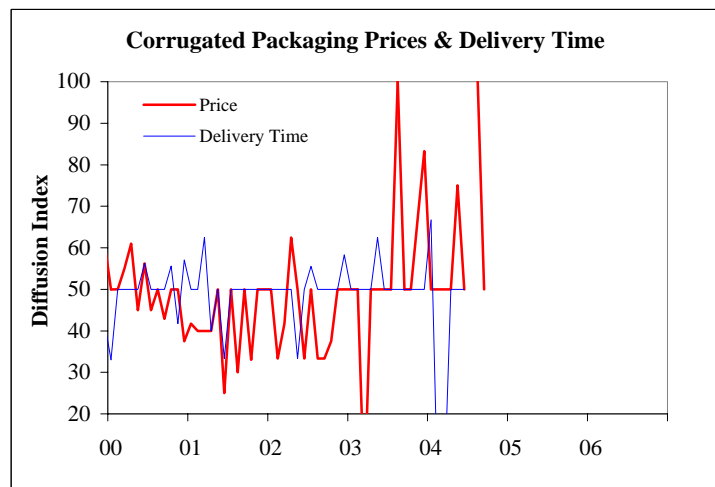
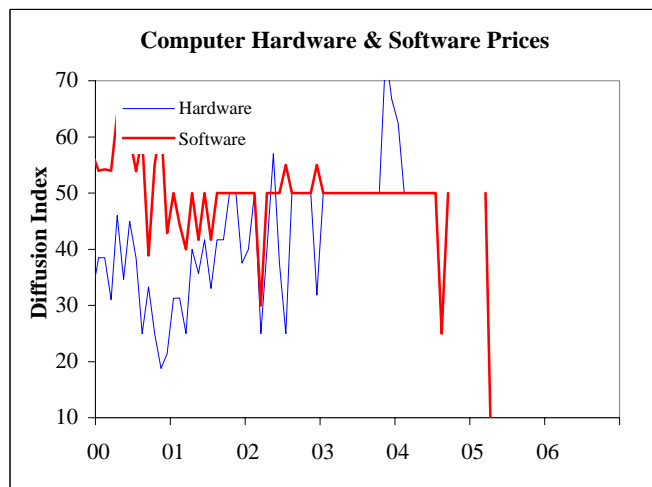
nsa = not seasonally adjusted

New York Business Conditions Index (NY-BCI)

The New York NAPM business conditions index (BCI) is a cumulative diffusion index of current business conditions in the New York City area. The BCI tends to precede local employment trends. Furthermore, because local job market figures are unavailable until one or two months later, the BCI provides advance information about forthcoming local labor market conditions. Until recently, City payrolls have lagged the recovery in the NY-NAPM's BCI (figure to the right). Lately, however, job growth appears to be picking up.



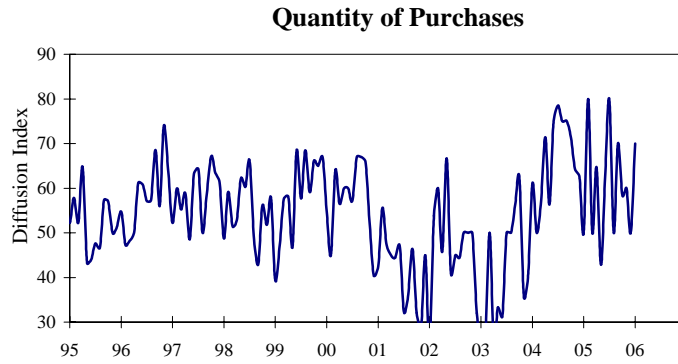
* Discontinued after August 2005



Quantity of Purchases

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

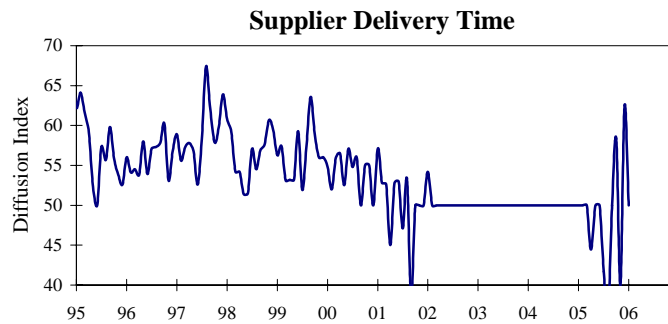
	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Composite	70	50	60	58	70	50
Manufacturing	50	50	50	NA	50	50
Non-Mfg.	75	50	63	58	75	50



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.

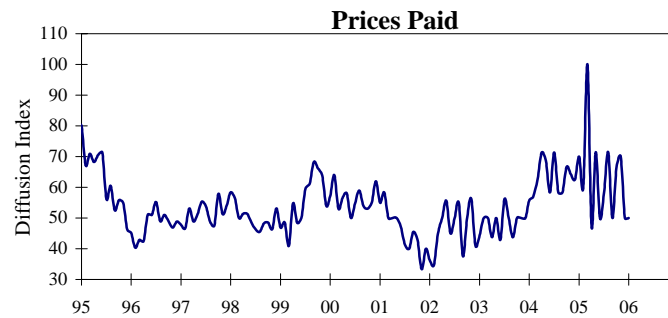
	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Composite	50	63	40	58	50	50
Manufacturing	50	50	50	50	50	50
Non-Mfg.	50	50	50	58	50	50



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.

	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Composite	50	50	70	67	50	70
Manufacturing	50	50	100	50	50	100
Non-Mfg.	50	50	63	67	50	63

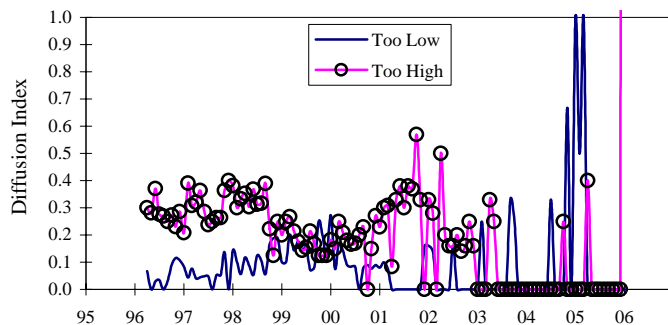


Finished Goods Inventory Relative to Use

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

	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Composite	67	50	50	50	50	0
% too high	0	0	0	0	0	0
Manufacturing	100	50	50	NA	50	0
Non-Mfg.	50	50	50	50	50	NA

Finished Goods Inventory vs. Expected Use

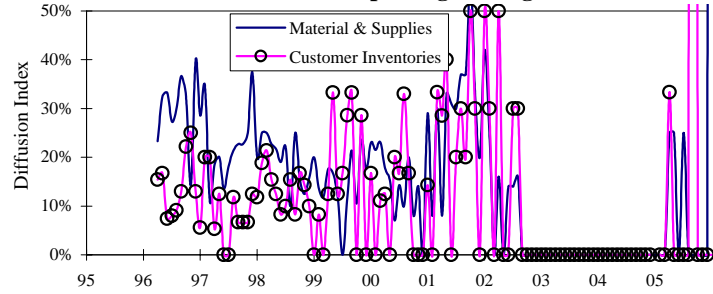


Raw Materials & Customer Inventory

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

	Jan	Dec	Nov	Oct	Sept	Year ago Jan
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



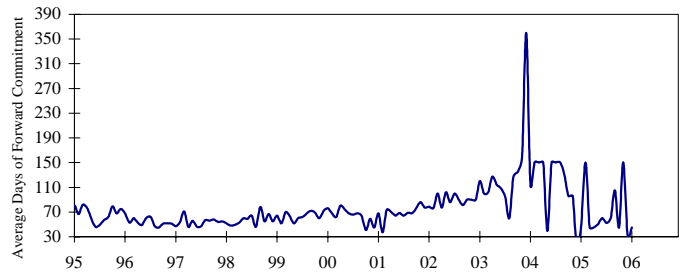
Buying Policy for Production Materials

The period of forward commitment for production materials.

	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Average Days	45	30	150	45	105	45

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
45	25%	0%	75%	0%	0%	0%

Production Materials



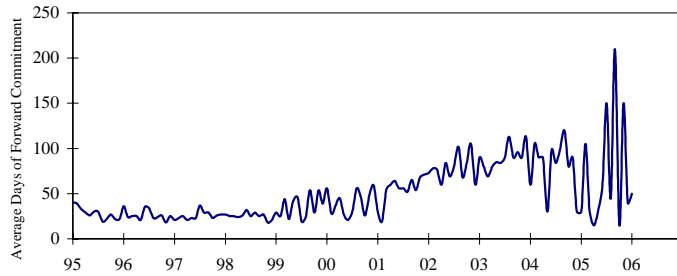
Buying Policy for MRO Supplies

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

	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Average Days	50	40	150	15	210	30

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

MRO Supplies



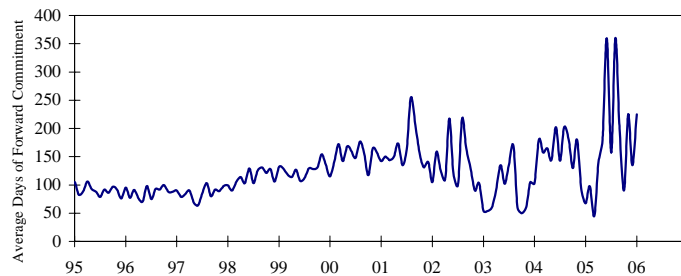
Buying Policy for Capital Expenditures

The period of forward commitment for capital goods.

	Jan	Dec	Nov	Oct	Sept	Year ago Jan
Average Days	225	135	225	90	200	67.5

Weighted Average Number of Days	Hand to Mouth	30 Days	60 Days	90 Days	6 Months	1 Year or More
225	0%	0%	0%	50%	0%	50%

Capital Equipment



Specific Price Changes & Supplier Deliveries

COMMODITIES	--- PRICE CHANGES ---			--- VENDOR DELIVERIES ---		
		Jan	Dec	Nov	Jan	Dec
Castings						
Chemicals						
Computer Hardware	+++		50.00	50.00		50.00
Computer Software	+++		50.00	50.00		50.00
Corrugated Packaging						
Electrical Components						
Energy						
Ferrous Metals						
Food Products						
Glass						
Hydraulic Components						
Medical Supplies						
Nonferrous Metals	+++					
Office Equipment (non-computer)	+++		50.00	50.00		50.00
Office Supplies	+++		50.00	50.00		50.00
Piping & Tubing						
Plastics						
Plating						
Printing Paper	+++	50.00	50.00	100.00	50.00	50.00
Rubber Products						
Textile Products						
Wood & Pulp						
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	60.00	60.00		
Construction		62.50	62.50	62.50		
Painting		62.50	62.50	62.50		
Engineering	+++	50.00	50.00	50.00		
Architectural	+++	62.50	62.50	62.50		
Temporary Personnel	+++	58.33	58.33	58.33		
Computer Consultants	+++	60.00	60.00	60.00		

+++ = 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.