

# Cincinnati

## The National Association of Purchasing Management - Cincinnati Report on Business for the Month of March 2006

### HIGHLIGHTS

The Greater Cincinnati Report on Business for the month of March continued to show an increase in the expansion of the local economy. The **Purchasing Managers Index – Cincinnati registered 65.9** as compared to 62.9 last month for a three point increase. Any reading over 50 represents an increase.

The **Composite Price Index – Cincinnati dropped significantly to 22.4** from 31.7 last month. Any reading over zero represents an increase. **Equipment Prices** continue to fall as was predicted last month and **Service Prices** saw a substantial

decrease. Purchasers would be wise to lock in contract pricing while they have the opportunity.

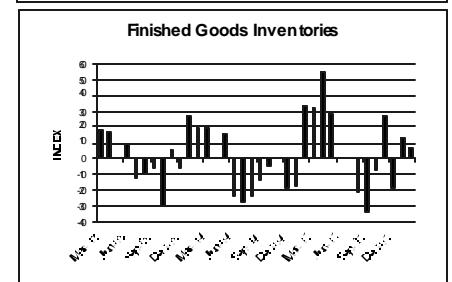
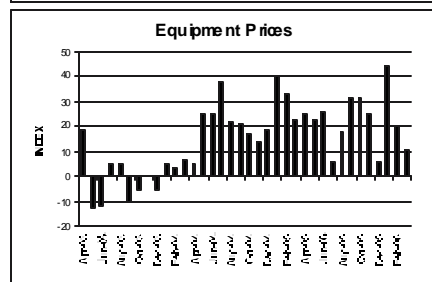
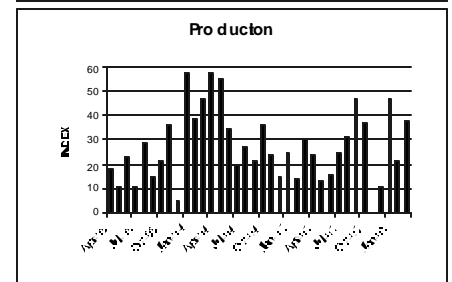
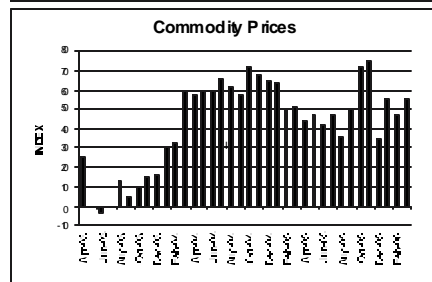
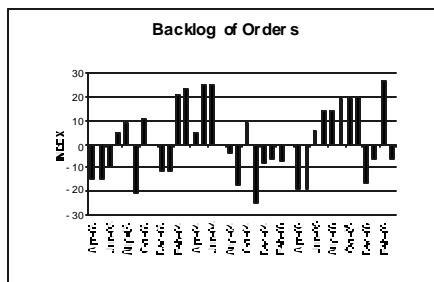
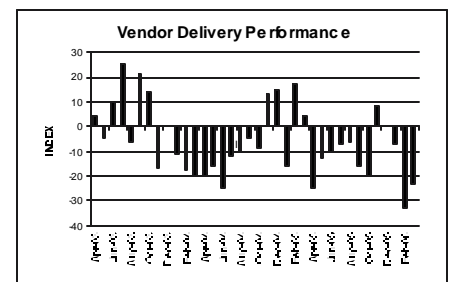
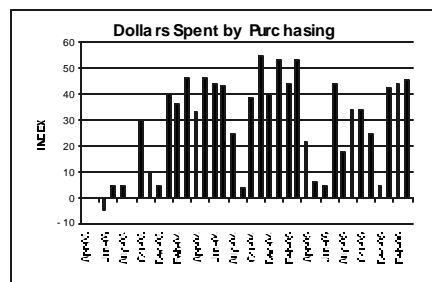
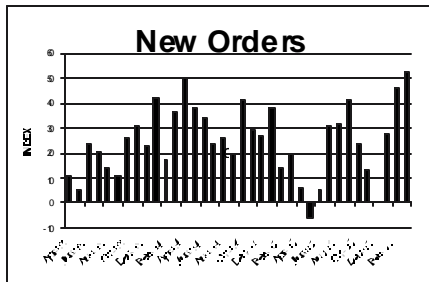
**Production, Employment, Pricing and New Orders** show that the local economy is growing. In the semi-annual forecasts of May and November 2005 our member companies indicated their optimism for the future of our region. Our first quarter results, as measured by The Purchasing Managers Index – Cincinnati, confirm their predictions.

parenthesis, is the average for the last 3 years on the left followed by the indices for the last 3 months, with the last month to the right.

- **NEW ORDERS** (25, 28, 46, 53) continued to increase for the third consecutive month. The increase was tempered by 5% of our respondents reporting a decrease compared to no respondents reporting a decrease in February.
- **BACKLOG OF ORDERS** (1, -6, 27, -6) decreased to the same level as January reversing the spike seen in February. This index remains volatile with 25% of our respondents reporting increases and 31% reporting decreases.
- **PRODUCTION** (27, 47, 21, 38) increased at a higher rate than in

### DETAILS

The index numbers indicate the NET CHANGE (number reporting UP from last month minus the number reporting DOWN). For each indicator, in



## STATISTICAL SUMMARY for month of March 2006

Replies as a Percent of Total Replies

	Up	Same	Down
<b>GENERAL BUSINESS —</b>			
Production	50	38	12
New Orders	58	37	5
Backlog Of Orders	25	44	31
<b>PRICES &amp; SPENDING —</b>			
Prices for Commodities	61	34	5
Prices for Services	11	84	5
Prices for Equipment	11	89	0
Dollars Spent by Purchasing	61	23	16
<b>INVENTORIES —</b>			
Raw Materials	26	54	20
Finished Goods	40	54	6
<b>EMPLOYMENT—</b>			
Employment	33	45	22
<b>DELIVERIES —</b>			
	<b>Quicker</b>	<b>Same</b>	<b>Slower</b>
Deliveries	0	77	23
<b>OF THOSE FIRMS THAT PURCHASE INTERNATIONALLY:</b>			
<b>CHANGE IN THE AMOUNT SPENT:</b>			
	<b>Up</b>	<b>Same</b>	<b>Down</b>
Elsewhere in the Americas	25	63	12
Across the Atlantic	14	72	14
Across the Pacific	37	51	12
Domestically	61	17	22

February; possibly in response to a surge in New Orders in the prior 2 months. Approximately the same percentage of respondents reported stable or increased Production for March and February. This data supports an expansion for the first quarter of 2006.

- **EMPLOYMENT** (12, 0, 7, 11) continued to increase but, as a lagging indicator of business activity, has still not caught up with increases in Production. This could be because of continuing increases in productivity for member companies.
- **VENDOR DELIVERY PERFORMANCE** (-6, -7, -33, -23) continued to decrease

and has decreased for 10 of the last 12 months. As we cautioned last month, purchasers should carefully monitor their lead times.

- **DOLLARS SPENT BY PURCHASING** (27, 42, 44, 45) increased at a rate similar to last month.
- **COMMODITY PRICES** (43, 55, 47, 56) increased. 61% of our respondents reported increases while only 34% reported the same as compared to 41% reporting the same last month.
- **SERVICE PRICES** (22, 38, 33, 6), as measured by this index, moderated compared to February. 84% of our respondents reported no change in

Service Prices.

- **EQUIPMENT PRICES** (15, 44, 20, 11), as measured by this index, had a remarkable decrease compared to February. Purchasers should take advantage of the relative stability to lock in contract pricing.
- **RAW MATERIALS INVENTORIES** (-6, -31, 7, 6) continued to increase with more respondents reporting that inventories remained the same.
- **FINISHED GOODS INVENTORIES** (2, 13, 7, 34) continued to increase as well. As suggested last month, Purchases should manage their inventory levels carefully.

## BUYING PATTERNS

(started June 90) These percentages consider only those firms that buy internationally.

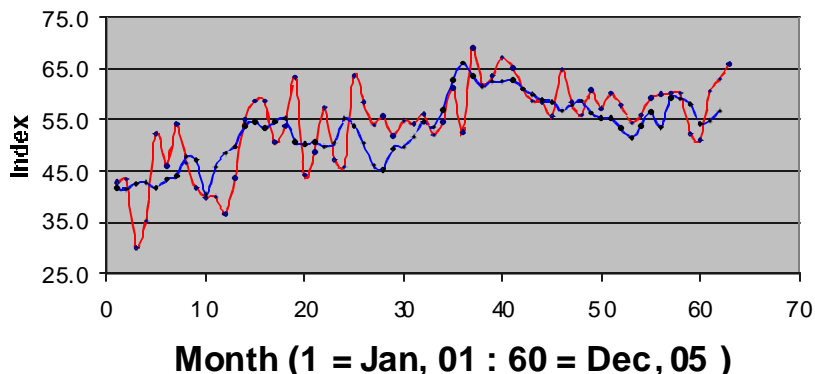
- **ELSEWHERE IN THE AMERICAS** (2, 10, 0, 13) **ACROSS THE ATLANTIC** (-7, 10, -16, 0) **ACROSS THE PACIFIC** (33, 36, 14, 25) **DOMESTICALLY** (26, 48, 54, 39)

## General Comments by Purchasing Managers

Noticeable Price Changes:

- **Up are:** Copper, aluminum, rubber, plastic, corrugated boxes, steel, gas, asphalt, bolts & nuts/fasteners, energy, motors, wire.
- **Down is:** Resin.
- **In Short Supply:** Some steel.

Cincinnati PMI vs ISM-PMI



## Why This Report is Produced

The Greater Cincinnati Report on Business provided by the National Association of Purchasing Management - Cincinnati (NAPM-C), tells us RIGHT NOW, the condition of business in the Greater Cincinnati Area. It is a flash poll that secures information from a key economic player in all businesses, the Purchasing Manager. The Report is a summary of information reported by the Purchasing managers for fifty Greater Cincinnati firms of all sizes, in a variety of businesses.

**Issued:** On the last business day of each month by the National Association of Purchasing Management - Cincinnati.

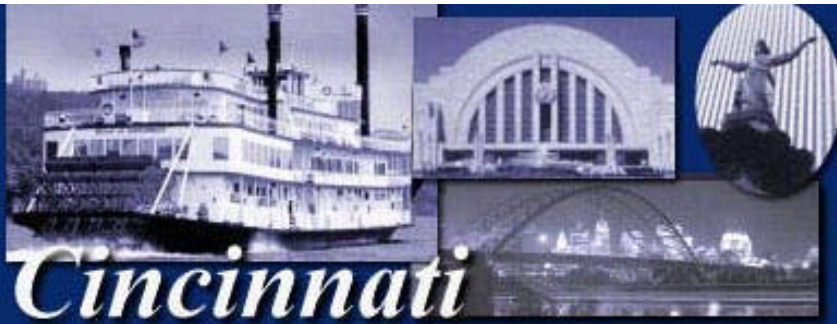
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*Cincinnati*

## PRESS RELEASE

**Important:**

**Do Not Release Until**

**12:01 a.m. Friday, March 31, 2006**

SUBJECT: Report on Business Conditions for Greater Cincinnati for the month of March 2006.

Please note that this IS NOT the national report. This report covers the level of business activity in the Greater Cincinnati Area only.

ISSUED: On the first of each month by the National Association of Purchasing Management-Cincinnati.

PERMISSION: Is granted to duplicate, publish or quote in whole or part, with proper credit to NAPM-Cincinnati.

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