

Cincinnati

The National Association of Purchasing Management - Cincinnati Report on Business for the Month of July 2005

HIGHLIGHTS

The **Greater Cincinnati Report on Business for the month of July** showed a moderate increase in the expansion of the local economy. The Purchasing Managers Index – Cincinnati registered 59.3 as compared to 55.9 last month. All of our activity based indices supported the expansion while the high degree of volatility seen last month resolved itself in a positive direction. **Dollars Spent by Purchasing** returned to the higher levels seen prior to April 2005 while **New Orders** returned to the higher levels seen prior to February of this year.

Employment continued to increase, however at a rate slightly lower than our 3 year average. The Composite Price Index – Cincinnati decreased to 21.1 as compared to 33.6 last month. This is the lowest rate of increase since February 2004 and substantially lower than the reading of 42.6 in January. While **Commodity Prices** increased as

compared to last month this was more than offset by significant reductions in the level of increases in **Service and Equipment Prices**. For the second month in a row **Inventories** continue to show little change as compared to significant increases the prior four months.

In conclusion, this month's survey shows stronger economic activity with lower volatility combined with significant improvements in two of our three price indices.

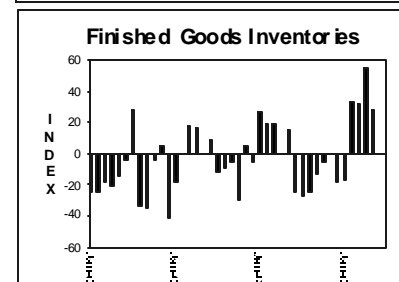
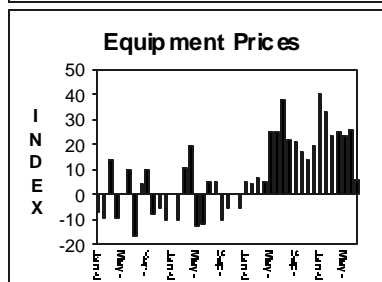
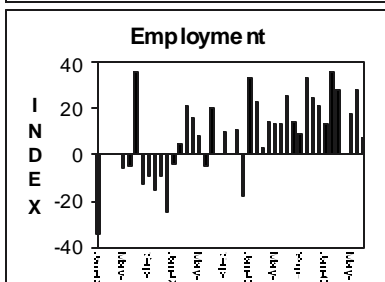
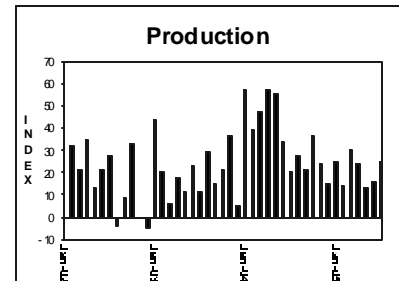
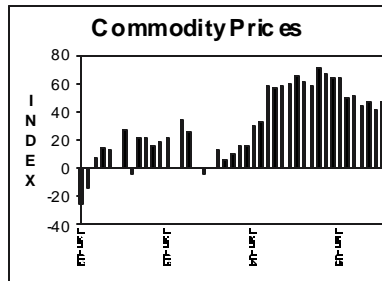
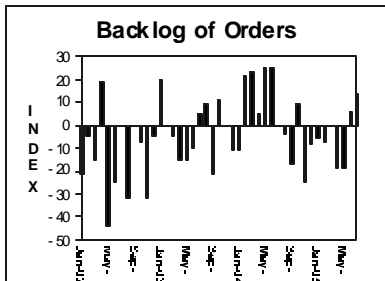
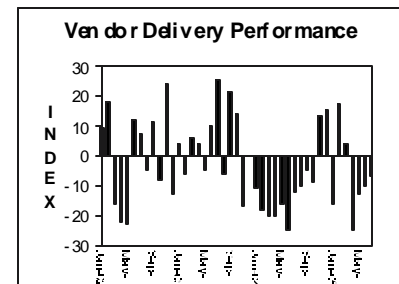
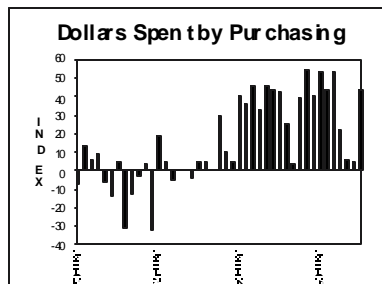
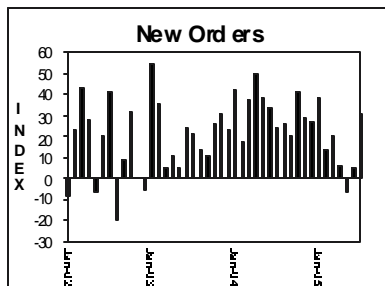
DETAILS

The index numbers indicate the NET CHANGE (number reporting UP from last month minus the number reporting DOWN). For each indicator, in parenthesis, is the index 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** (21, -6, 5, 31) increased at a moderately higher rate than last month and at the highest rate since January. The volatility in

this index appears to be resolving itself in a positive direction with 43% of our respondents reporting an increase as compared to 31% last month. Only 12% reported a decrease as compared to 26% last month. The increase this month begins to reverse a decreasing trend which bottomed out in May with our first decrease in this index since January 2003.

- **BACKLOG OF ORDERS** (-3, -19, 6, 14) increased at a slightly greater rate than last month and for the second month in a row. A degree of volatility remains in this index with only 34% of our respondents reporting the same. As with New Orders, this volatility is currently being resolved in a positive direction.
- **PRODUCTION** (24, 13, 16, 25) increased at a slightly greater rate than last month and is beginning to establish a trend towards greater increases. It has continued to increase since January 2003.
- **EMPLOYMENT** (10, 18, 28, 7) increased at a



STATISTICAL SUMMARY for month of July 2005
Replies as a Percent of Total Replies

	Up	Same	Down
GENERAL BUSINESS —			
Production	43	39	18
New Orders	43	45	12
Backlog Of Orders	40	34	26
PRICES & SPENDING —			
Prices for Commodities	58	31	11
Prices for Services	11	84	5
Prices for Equipment	17	72	11
Dollars Spent by Purchasing	50	44	6
INVENTORIES —			
Raw Materials	21	65	14
Finished Goods	28	44	28
EMPLOYMENT—			
Employment	20	67	13
DELIVERIES —			
	Quicker	Same	Slower
Deliveries	0	93	7
OF THOSE FIRMS THAT PURCHASE INTERNATIONALLY:			
CHANGE IN THE AMOUNT SPENT:			
	Up	Same	Down
Elsewhere in the Americas	25	75	0
Across the Atlantic	12	88	0
Across the Pacific	37	63	0
Domestically	43	51	6

moderately lower rate than last month. The change in this index was a combined result of 20% of our respondents reporting an increase as compared to 33% last month; while 13% of our respondents reported a decrease as compared to 5% last month. With the strength seen in the rest of the survey, we would expect this index to continue to increase.

- **VENDOR DELIVERY PERFORMANCE** (-3, -13, -10, -7) increased at a slightly lower rate than last month and for the fourth month in a row. This reverse index continues to decrease at a rate slightly lower than our 3 year average. 93% of our respondents are reporting the same level of vendor performance.
- **DOLLARS SPENT BY PURCHASING** (19, 6, 5, 44) rate than last month and well above our 3 year average and the last 3 months. The volatility in this index resolved itself in a positive

direction with 50% of our respondents reporting an increase as compared to 35% last month and only 6% reported a decrease as compared to 30% last month.

- **COMMODITY PRICES** (35, 47, 42, 47) increased at a slightly greater rate than last month and at a similar rate since February of this year. The rate for the last 6 months is somewhat lower than what was seen from March 2004 through January 2005. Based on **Comments by Purchasing Managers**, metals prices are decreasing but this is being more than offset by increases in fuels and energy.
- **SERVICE PRICES** (16, 23, 36, 6) increased at a moderately lower rate than last month with only 11% of our respondents reporting an increase as compared to 36% last month. While 5% of our respondents reported a decrease compared to none last month. This was the lowest rate of

increase since January 2004.

- **EQUIPMENT PRICES** (10, 23, 26, 6) increased at a somewhat lower rate than last month and at our lowest rate since April 2004. As anticipated last month, the decreases in metal prices are seemingly having a positive effect on containing increases.
- **RAW MATERIALS INVENTORIES** (-6, 14, -5, 7) increased slightly as compared to a decrease last month. More stability has returned to this index with 65% of our respondents maintaining the same level as compared to 35% last month.
- **FINISHED GOODS INVENTORIES** (-1, 28, 0, 0) remained the same for the second month in a row, continuing to reverse the significant increases seen in the prior 4 months. The high volatility decreased with 28% of our respondents reporting an increase as compared to 41% last month. This was offset by 28% reporting a decrease as compared to 41% last month resulting in 44% of our respondents reporting the same level as compared to only 18% last month.

BUYING PATTERNS

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

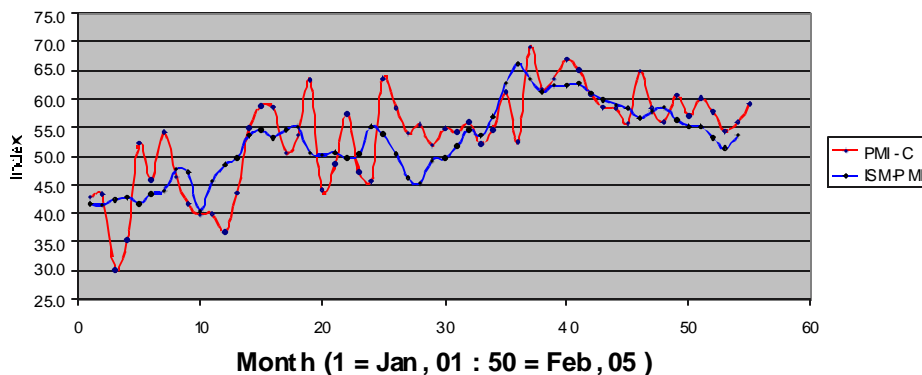
- **ELSEWHERE IN THE AMERICAS** (3, -11, 0, 25)
- **ACROSS THE ATLANTIC** (-6, 0, 0, 12)
- **ACROSS THE PACIFIC** (37, 55, 27, 37)
- **DOMESTICALLY** (17, 6, 0, 37)

General Comments by Purchasing Managers

Noticeable Price Changes:

- **Up are:** All fuels, energy, fuel surcharges.
- **Down are:** Steel including cold rolled coil and galvanized coil, 304 stainless steel, resin, glass, aluminum.
- **In Short Supply:** Food grade propylene glycol.
- We are in good shape.

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 pool 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.

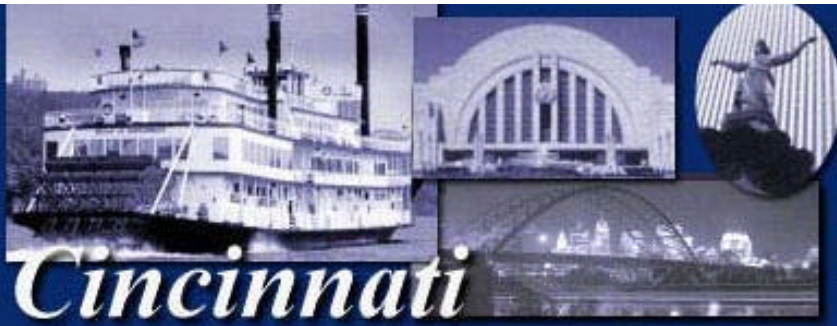
Permission: is granted to duplicate, publish or quote in whole or part, with proper credit to NAPM-Cincinnati.

www.napm-c.org

For Further Information Contact:

Mr. Charles C. Wright, Chairman of the NAPM-C Business Survey Committee. Wright Brothers, Inc., 7825 Cooper Rd., Cincinnati, Ohio 45242. 513-731-2222 Ext. 117

charlie@ExpectTheBest.com



PRESS RELEASE

Important:

Do Not Release Until

12:01 a.m. Friday, July 29, 2005

SUBJECT: Report on Business Conditions for Greater Cincinnati for the month fo July 2005.

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.

FOR FURTHER INFORMATION CONTACT:

Mr. Charles C. Wright, (513) 731-2222, Ext. 117 or Charlie@ExpectTheBest.com
c/o Wright Brothers, Inc.
7825 Cooper Road
Cincinnati, OH 45242

The Greater Cincinnati Report on Business for the month of July showed a moderate increase in the economic expansion which was supported by all of our indices. Additionally, the instability seen last month has resolved itself in a positive direction. **The Purchasing Managers Index – Cincinnati registered 59.3 as compared to 55.9 last month.** Any reading over 50 indicates an expansion.

Another positive aspect of this month's report is that two of our price indices, **Service and Equipment Prices**, returned to the low rates of increase seen prior to the spring of last year. Commodity Prices continued to increase although some metals prices are trending down. **The Composite Price Index – Cincinnati registered 20.1 as compared to 33.6 last month.** This is the lowest rate of increase since February 2004 and substantially lower than the reading of 42.6 in January.