

# Cincinnati

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

### HIGHLIGHTS

The Greater Cincinnati Report on Business for the month of June showed a slight increase in the expansion of the local economy. The Purchasing Managers Index – Cincinnati registered 55.9 as compared to 54.4 last month. All of our activity based indices supported the expansion however, there is a high degree of volatility in this month's reporting. Volatility is created when a significant number of respondents report an increase which is greatly offset by a significant number reporting a decrease. A significant swing in the survey could result if the volatility is resolved next month.

Employment increased at a somewhat greater rate than last month, while Service Prices increased at their highest rate since November 2000. Member companies should watch the survey carefully over the next few months to develop their strategies on Employment and Service Contracts. Finished

Goods Inventories showed no change as compared to significant increases the last four months; however, it showed the greatest degree of volatility with only 18% of our respondents reporting the same level.

The Composite Price Index – Cincinnati increased to 33.6 as compared to 29.1 last month. Purchasers might look to a moderation in Equipment Price increases based on comments in this survey indicating decreases in metals prices.

### 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.

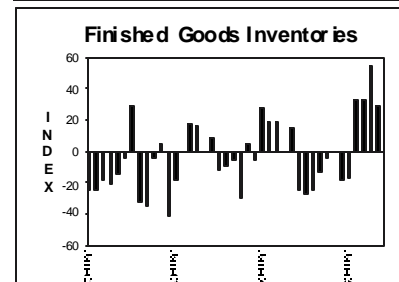
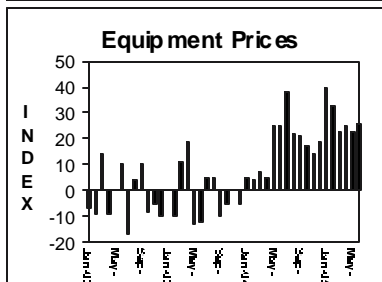
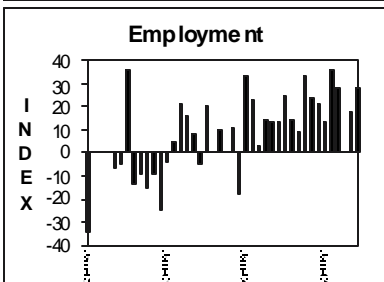
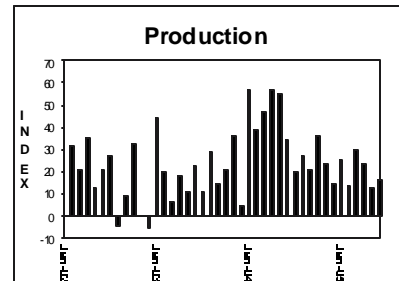
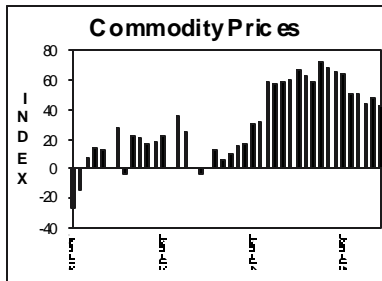
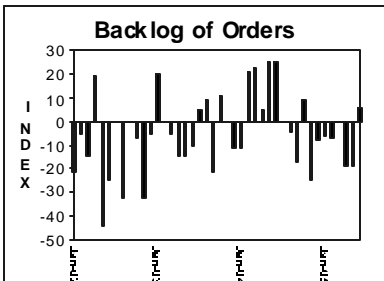
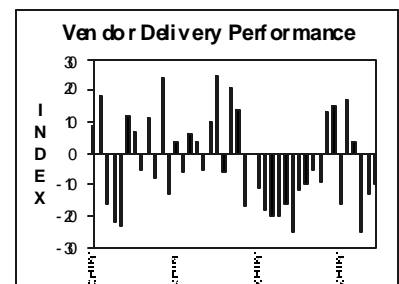
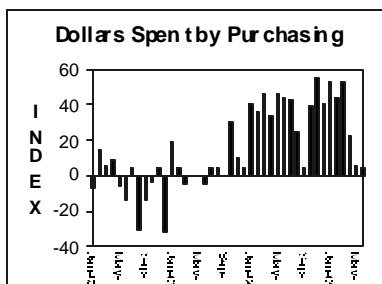
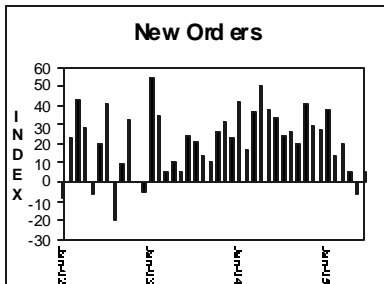
- NEW ORDERS (22, 6, -6, 5) increased slightly as compared to a decrease last month. This increase was totally an effect of 26% of our

respondents reporting a decrease as compared to 37% last month. 31% of our respondents reported an increase both months.

- BACKLOG OF ORDERS (-3, -19, -19, 6) increased for the first time in 7 months and for only the second time in 12 months. The volatility of this index increased significantly with only 36% of our respondents reporting the same as compared to 57% last month. This increase in volatility was the result of 35% of our respondents reporting an increase as compared to 12% last month while 29% reported a decrease as compared to 31% last month.

- PRODUCTION (24, 24, 13, 16) increased at a slightly greater rate than last month. This index has continued to increase since January 2003. The volatility of this index is also high with only 32% of our respondents reporting the same while 42% reported an increase which is somewhat offset with 26% reporting a decrease.

- EMPLOYMENT (11, 0, 18, 28) increased at a



**STATISTICAL SUMMARY for month of June 2005**  
Replies as a Percent of Total Replies

|  | Up             | Same        | Down          |
|--|----------------|-------------|---------------|
| <b>GENERAL BUSINESS —</b>                            |                |             |               |
| Production   | 42             | 32          | 26            |
| New Orders   | 31             | 43          | 26            |
| Backlog Of Orders                                    | 35             | 36          | 29            |
| <b>PRICES &amp; SPENDING —</b>                       |                |             |               |
| Prices for Commodities                               | 52             | 38          | 0             |
| Prices for Services                                  | 36             | 64          | 0             |
| Prices for Equipment                                 | 31             | 64          | 5             |
| Dollars Spent by Purchasing                          | 35             | 35          | 30            |
| <b>INVENTORIES —</b>                                 |                |             |               |
| Raw Materials  | 33             | 29          | 38            |
| Finished Goods                                       | 41             | 18          | 41            |
| <b>EMPLOYMENT—</b>                                   |                |             |               |
| Employment   | 33             | 62          | 5             |
| <b>DELIVERIES —</b>                                  |                |             |               |
|  | <b>Quicker</b> | <b>Same</b> | <b>Slower</b> |
| Deliveries   | 0              | 90          | 10            |
| <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                            | 18             | 64          | 18            |
| Across the Atlantic                                  | 18             | 64          | 18            |
| Across the Pacific                                   | 36             | 55          | 9             |
| Domestically   | 36             | 28          | 36            |

somewhat higher rate than last month; with 33% of our respondents reporting an increase as compared to 23% last month. This index has not decreased since December 2003.

- **VENDOR DELIVERY PERFORMANCE** (-3, -25, -13, -10) decreased at a slightly lower rate than last month and for the third month in a row. With the Purchasing Manager's Index-Cincinnati only increasing slightly, Purchasers should not anticipate significant local delivery issues.
- **DOLLARS SPENT BY PURCHASING**(18, 22, 6, 5) increased at a slightly lower rate than last month; which was significantly lower than what has been seen the prior 7 months. However, the volatility was re-introduced to this index with 35% reporting an increase as compared to 23% last month. This was more than offset by 30% of our respondents reporting a decrease as compared to 17% last month.

- **COMMODITY PRICES** (34, 44, 47, 42) increased at a slightly lower rate than last month and at a similar rate to April. This index continues to increase at a somewhat higher rate than our 3 year average.
- **SERVICE PRICES**(16, 35, 23, 36) increased at a somewhat higher rate than last month and at our highest rate since November 2000 and the second highest rate since January 1995. Purchasers should anticipate with the continued increases in Employment that Service Prices will increase.
- **EQUIPMENT PRICES** (9, 25, 23, 26) increased at a slightly higher rate than last month and at the highest rate since February 2005. Equipment Prices continue their higher rate of increase which began in May 2004. However, based on comments in this month's survey, we are continuing to see decrease in metals prices

which could moderate the increases in this index.

- **RAW MATERIALS INVENTORIES** (-6, 38, 14, -5) decreased slightly and for the first time since January. However, more of our members reported an increase than they did last month. 33% reported an increase in June while only 28% reported an increase in May. This was more than offset by 38% reporting a decrease as compared to only 14% last month. June's level approximates our 3 year average.
- **FINISHED GOODS INVENTORIES** (0, 54, 28, 0) showed no change as compared to significant increases during the last 4 months. This was almost totally a result of 41% of our respondents reporting a decrease as compared to 14% last month. The net result is only 18% reporting the same levels; giving this index the highest degree of volatility of this month's volatile survey. As recommended in previous surveys, purchasers should continue to watch their inventory levels carefully based on the unclear stability of the expansion. June also equals the 3 year average.

**BUYING PATTERNS**

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

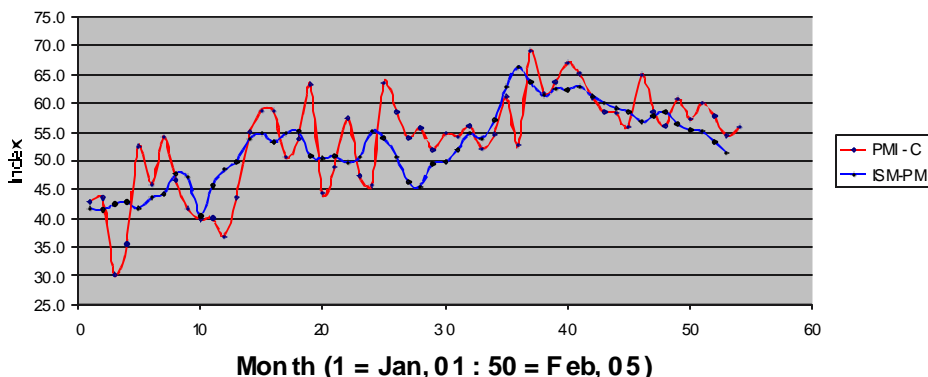
- **ELSEWHERE IN THE AMERICAS** (3, 12, -11, 0)
- **ACROSS THE ATLANTIC** (-7, 12, 0, 0)
- **ACROSS THE PACIFIC** (36, 37, 55, 27)
- **DOMESTICALLY** (16, 6, 6, 0)

**General Comments by Purchasing Managers**

Noticeable Price Changes:

- **Up are:** Copper, aluminum, motors, paper film label materials.
- **Down are:** Aluminum, steel including stainless, resin.
- **In Short Supply** Aluminum, electronic components, paying customers.
- Steel deliveries seem to be improving and prices are stabilizing.

**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.

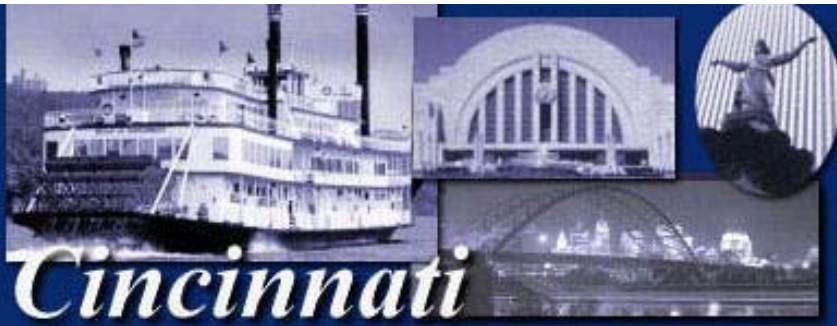
[www.napm-c.org](http://www.napm-c.org)

**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](mailto:charlie@ExpectTheBest.com)





## PRESS RELEASE

**Important:**

**Do Not Release Until**

**12:01 a.m. Thursday, June 30 2005**

SUBJECT: Report on Business Conditions for Greater Cincinnati for the month of June 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](mailto:Charlie@ExpectTheBest.com)  
c/o Wright Brothers, Inc.  
7825 Cooper Road  
Cincinnati, OH 45242

**The Greater Cincinnati Report on Business for the month of June** shows a continuation of the expansion but at a somewhat higher rate. **The Purchasing Managers Index – Cincinnati registered 55.9** as compared to 54.4 last month. Any reading over 50 indicates an expansion. All of our activity indices supported the expansion, although 26% of our respondents reported decreases in **New Orders and Production** while 30% reported a decrease in **Dollars Spent**.

Prices increased at a slightly higher rate with the **Composite Price Index – Cincinnati registering 33.6** as compared to 29.1 last month. A positive reading indicates an increase. **Service Prices** increased at their highest level since November 2000. The significant increases in both **Raw Materials and Finished Goods Inventories** seen in the last four months were not a factor in this survey.