

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

HIGHLIGHTS

The Greater Cincinnati Report on Business for the month of April shows a continuation of the expansion of the local economy but at a somewhat lower rate than last month. The **Purchasing Managers Index – Cincinnati is 57.8** this month as compared to 60.1 last month and 57.2 the prior month. Moderation was seen in all of our indices except for **Vendor Delivery Performance**. **Employment** showed no change as compared to increases since January 2004.

The Composite Price Index – Cincinnati continues to moderate with a reading of 30.6 this month as compared to 32.6 in March, 36.6 in February and 42.6 in January. The moderation this month as compared to last month was totally in **Commodity Prices**.

Increases in Inventories continued to be a significant concern. **Raw Materials Inventories**

increased at their second highest rate since the survey started in May 1982. **Finished Goods Inventories** increased at by far the highest rate (54) in the history of the survey. The increases seen in the last two months were the second (33) and third (32) highest rates in the history of the survey. Purchasers should carefully manage their inventory levels with the moderation in the increase in the expansion and **Commodity Prices**.

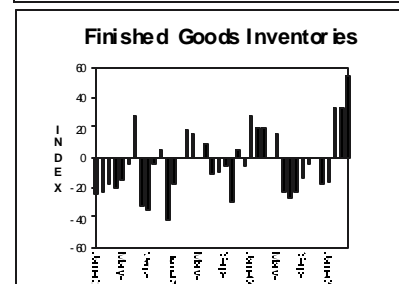
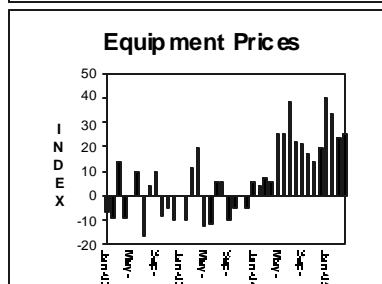
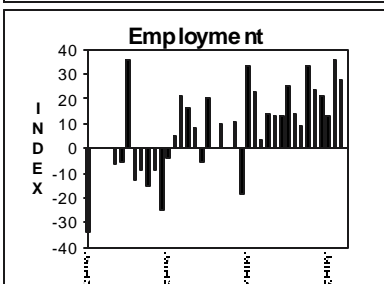
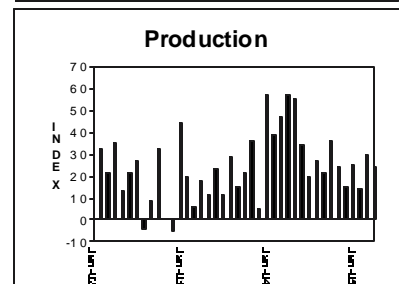
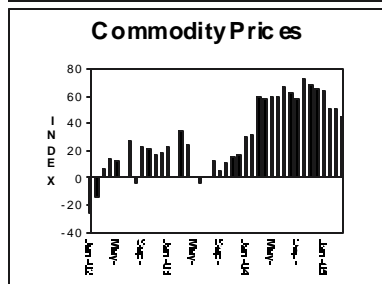
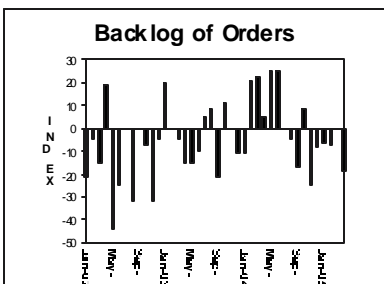
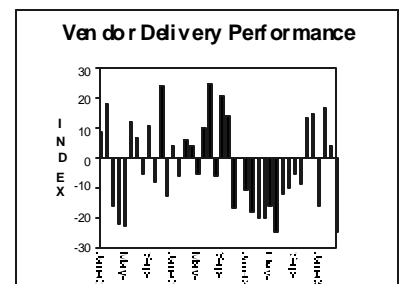
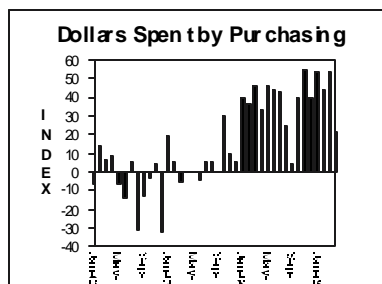
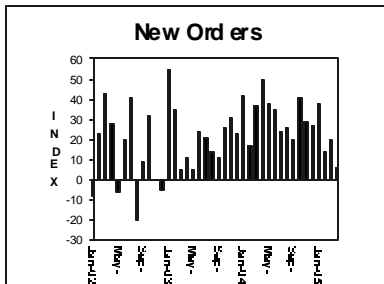
DETAILS

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, 14, 20, 6) increased at a somewhat lower rate than last month and well below our 3 year average. 41% of our

respondents reported an increase which was similar to the 43% last month; however 35% reported a decrease as compared to 23% last month. The trend of increases in New Orders has been declining since May of 2004. This decreasing trend was interrupted during the period between November 2004 and January 2005.

- **BACKLOG OF ORDERS** (-5, -7, 0,-19) decreased as compared to no change last month. Increases in Production are more than offsetting the inflow of New Orders and have been since June of 2004.
- **PRODUCTION** (24, 14, 30, 24) increased at a slightly lower rate than last month with 47% of our respondents reporting an increase as compared to a slightly lower 43% last month. This increase was more than offset by 23% reporting a decrease as compared to 13% last month. Purchasers should monitor their production increases carefully based upon a



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

	Up	Same	Down
GENERAL BUSINESS —			
Production	47	30	23
New Orders	41	24	35
Backlog Of Orders	12	57	31
PRICES & SPENDING —			
Prices for Commodities	44	56	0
Prices for Services	35	65	0
Prices for Equipment	31	63	6
Dollars Spent by Purchasing	44	34	22
INVENTORIES —			
Raw Materials	53	32	18
Finished Goods	61	32	7
EMPLOYMENT—			
Employment	20	60	20
DELIVERIES —			
Deliveries	0	75	25
OF THOSE FIRMS THAT PURCHASE INTERNATIONALLY:			
CHANGE IN THE AMOUNT SPENT:			
Elsewhere in the Americas	12	88	0
Across the Atlantic	12	88	0
Across the Pacific	37	63	0
Domestically	35	36	29

lower rate of increase in New Orders and significantly higher Finished Goods Inventories.

- **EMPLOYMENT** (9, 36, 28, 0) showed no change as compared to increases since January 2004. With the lower rate of increase in the PMI-Cincinnati this month, member companies should be more cautious in their hiring.
- **VENDOR DELIVERY PERFORMANCE** (-2, 17, 4, -25) Decreased significantly as compared to an increase the prior 2 months. This decrease was the same as was seen in June 2004 which was the lowest reading since January 2000. With the increases in Finished Goods Inventories and lower rate of increases in New Orders, we should anticipate that Vendor Delivery Performance will improve from this month. This should allow purchasers to better manage Raw Materials Inventories which

increased significantly this month

- **DOLLARS SPENT BY PURCHASING** (17, 44, 53, 22) increased at a moderately lower rate than last month and at a rate similar to our 3 year average. 44% of our respondents reported an increase as compared to 65% last month; while 22% reported a decrease as compared to 12% last month.
- **COMMODITY PRICES** (32, 50, 51, 44) increased at their lowest rate since February 2004. This month's index of 44 is still higher than our 3 year average of 32.
- **SERVICE PRICES** (14, 34, 33, 35) as anticipated last month, increased at a higher rate and at the highest rate since November 2000.
- **EQUIPMENT PRICES** (8, 33, 23, 25) increased at a rate similar to last month and for the 16th month in a row.

- **RAW MATERIALS INVENTORIES** (-8, 8, 15, 38) increased at a significantly higher rate than last month. This month's reading was only exceeded by February 2002, which was the largest increase in the history of the survey. Purchasers should be VERY CAREFUL with increases in Raw Materials Inventories based upon a somewhat slower expansion in the local economy. Additionally, increases in Commodity Prices seem to be moderating which would reduce the advantages of hedge buying.
- **FINISHED GOODS INVENTORIES** (-2, 33, 32, 54) also increased at a significantly higher rate than last month. This month's increase is by far the largest since the survey started in May 1982. The prior 2 months are the next highest readings. Prior to the last 3 months, the highest reading was 27 during January 2004. With the lower rate of increases in New Orders and the reduction of Backlog of Orders, member companies should be very careful to manage their inventory positions carefully.

BUYING PATTERNS

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

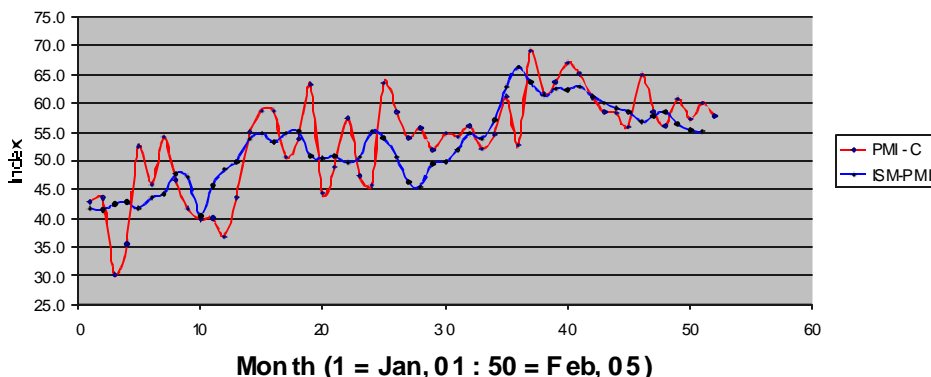
- **ELSEWHERE IN THE AMERICAS** (3, 12, 6, 12)
- **ACROSS THE ATLANTIC** (-6, -12, -12, 12)
- **ACROSS THE PACIFIC** (34, 25, 30, 37)
- **DOMESTICALLY** (16, 67, 64, 6)

General Comments by Purchasing Managers

Noticeable Price Changes:

- **Up are:** Resin, aluminum, energy, injection, molded plastics, copper.
- **Down are:** Steel.
- **In Short Supply are:** Aluminum, some plastic additives.
- Some suppliers are giving longer and longer lead times.

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.

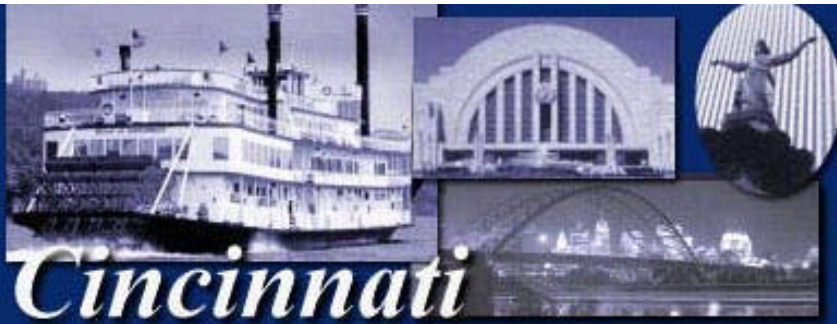
Permission: is granted to duplicate, publish or quote in whole or part, with proper credit to NAPM-Cincinnati.

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, April 29th, 2005

SUBJECT: Report on Business Conditions for Greater Cincinnati for the month of April 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 April shows a continuation of the expansion however at a somewhat lower rate. **The Purchasing Managers Index – Cincinnati registered 57.8** as compared to 60.1 last month. Any reading over 50 indicates an expansion. **Employment** showed no change as compared to increases since January 2004.

Price increases continued to moderate this month with the **Composite Price Index – Cincinnati registering 30.6** as compared to 32.6 last month and 42.6 in January. A record rate of increase in **Finished Goods Inventories** combined with the second highest increase in **Raw Materials Inventories** since the survey started in 1982 is of serious concern based on the moderation of growth in the local economy.