

# Cincinnati

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

### HIGHLIGHTS

The Greater Cincinnati Report on Business for the month of March shows a continuation of the expansion of the local economy but at a somewhat higher rate than last month. The Purchasing Managers Index-Cincinnati is 60.1 as compared to 57.2 last month.

Employment continued to show strength and Dollars Spent by Purchasing returned to the high rate of increase seen in November 2004. Finished Goods Inventories increased at almost the same rate as last month which was the highest rate of increase since the survey began in May 1982. Purchasers should examine their inventory policies carefully to validate these increases.

The Composite Price Index-Cincinnati is 32.6 as compared to 36.6 last month and 42.6 in January. Purchasers should continue to expect higher levels of increases in Service and Equipment Prices.

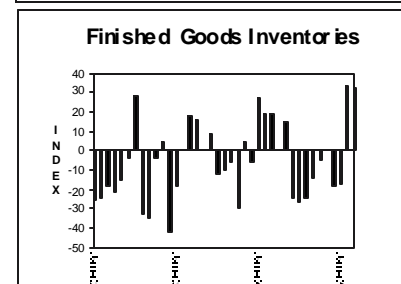
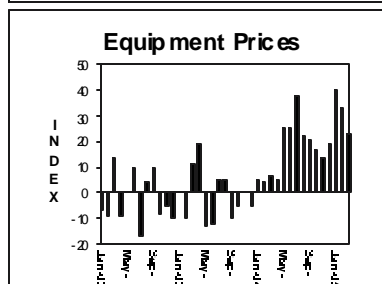
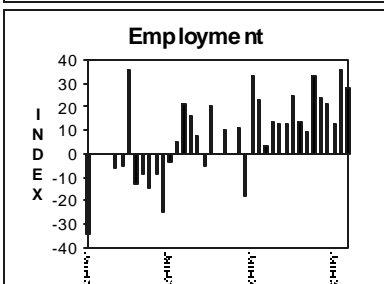
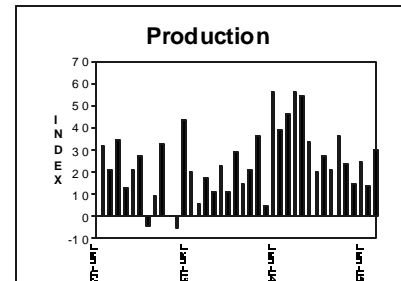
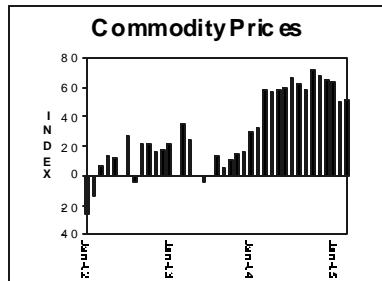
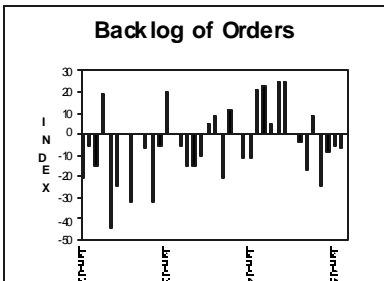
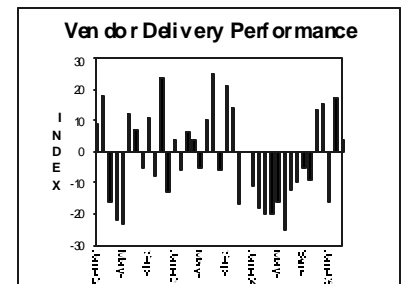
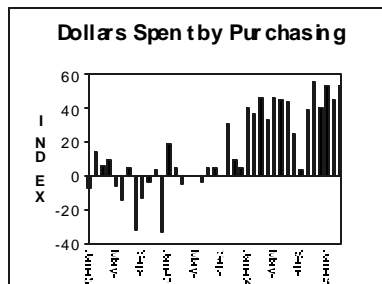
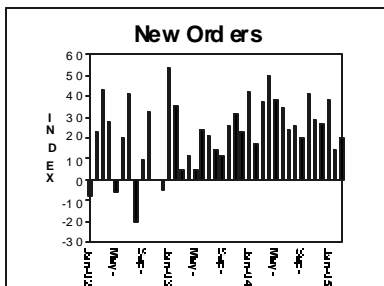
### DETAILS

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 (23, 38, 14, 20) increased at a slightly greater rate than last month and for the 27<sup>th</sup> month in a row; however at a slightly lower rate than our 3 year average. 43% of our respondents indicated an increase as compared to 40% last month;

while 23% of our respondents reported a decrease as compared to 26% last month.

- BACKLOG OF ORDERS (-4, -6, -7, 0) showed no change as compared to a decrease last month. This change was totally attributed to 26% of our respondents reporting a decrease as compared to 33% last month.
- PRODUCTION (24, 25, 14, 30) increased at a somewhat higher rate than last month and a greater rate than our 3 year average.
- EMPLOYMENT (9, 13, 36, 28) increased at a slightly lower rate than last month, but at 3 times our three year average. This gives us 2 consecutive months of significant increases in this index. Member companies should continue to anticipate the possibility of a tighter local labor market.
- VENDOR DELIVERY PERFORMANCE



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

	Up	Same	Down
<b>GENERAL BUSINESS —</b>			
Production	43	44	13
New Orders	43	34	23
Backlog Of Orders	26	48	26
<b>PRICES &amp; SPENDING —</b>			
Prices for Commodities	54	43	3
Prices for Services	36	61	3
Prices for Equipment	23	77	0
Dollars Spent by Purchasing	65	23	12
<b>INVENTORIES —</b>			
Raw Materials	33	49	18
Finished Goods	56	20	24
<b>EMPLOYMENT—</b>			
Employment	41	46	13
<b>DELIVERIES —</b>			
Deliveries	19	66	15
<b>OF THOSE FIRMS THAT PURCHASE INTERNATIONALLY:</b>			
<b>CHANGE IN THE AMOUNT SPENT:</b>			
Elsewhere in the Americas	29	48	23
Across the Atlantic	17	54	29
Across the Pacific	41	48	11
Domestically	70	24	6

(-2, -16, 17, 4) increased slightly and at a lower rate than last month. Purchasers should continue to watch their lead times as the expansion continues at a slightly higher rate in the local economy.

- **DOLLARS SPENT BY PURCHASING** (16, 53, 44, 53) increased at a slightly greater rate than last month and at the same rate as January. As with January this rate is the highest since November 2004 (55) which was the highest rate since March 1989. 65% of our respondents reported an increase indicating that almost two thirds of our responding members are investing in this expansion.
- **COMMODITY PRICES** (31, 64, 50, 51) increased at almost the identical rate of last

month which was somewhat lower than the prior 4 months. Steel was mentioned as decreasing in General Comments by Purchasing Managers however stainless steel was mentioned as increasing.

- **SERVICE PRICES** (14, 25, 34, 33) increased at almost exactly the same rate as last month. Last month's rate was the highest since November 2004. With the continuing strength in Employment, purchasers should anticipate higher service prices.
- **EQUIPMENT PRICES** (7, 40, 33, 23) increased at a somewhat lower rate than the last two months. However, until the increases in Commodity Prices moderate, purchasers should anticipate a continuation

of higher levels of increase in Equipment Prices. Based on the wording of the Federal Reserves latest report, Purchasers should also anticipate higher interest rates on the capital required to purchase new equipment.

- **RAW MATERIALS INVENTORIES** (-9, -16, 8, 15) increased at a slightly greater rate than last month and for the second month in a row.
- **FINISHED GOODS INVENTORIES** (-4, -17, 33, 32) increased at a similar rate to last month. Last month's increase was the largest since the survey began in May 1982. With 2 consecutive months of record increases, inventory levels should be monitored carefully by our member companies.

**BUYING PATTERNS**

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

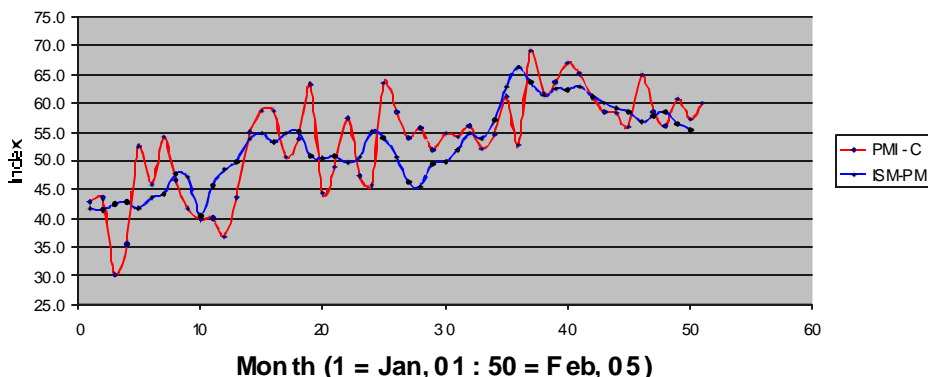
- **ELSEWHERE IN THE AMERICAS** (4, 14, 12, 6) **ACROSS THE ATLANTIC** (-6, 0, -12, -12) **ACROSS THE PACIFIC** (33, 28, 25, 30) **DOMESTICALLY** (16, 60, 67, 64)

**General Comments by Purchasing Managers**

Noticeable Price Changes:

- **Up are:** Oil, vinyl, adhesive, foam, gasoline, fuel, resin, fertilizer, plastic parts, electrical parts, HDPE, stainless steel, aluminum including plate, motors, freight, paper, PET, energy.
- **Down are:** Steel.
- **In Short Supply:** Electronics, aluminum plate.

**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.

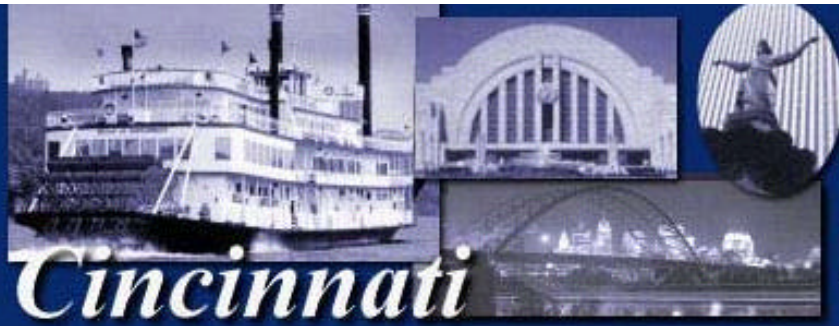
**Permission:** is granted to duplicate, publish or quote in whole or part, with proper credit to NAPM-Cincinnati.

[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)



National  
Association of  
Purchasing  
Management  
Cincinnati

## PRESS RELEASE

Important:

Do Not Release Until

12:01 a.m. Thursday, March 31, 2005

SUBJECT: Report on Business Conditions for Greater Cincinnati for the month of March 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 March** shows a continuation of the expansion. **The Purchasing Managers Index – Cincinnati registered 60.1** which is slightly higher than the 57.2 seen last month. Any reading over 50 indicates an expansion. **Finished Goods Inventories** continued to increase at near record rates. **Dollars Spent by Purchasing** returned to the higher level seen in January with 65% of our respondents reported an increase.

Price increases continued to moderate this month with the **Composite Price Index – Cincinnati registering 32.6** as compared to 36.6 last month. Any reading above 0 on this index indicates an increase.