Northeast Ohio Business Survey Report
for
May, 2010

Purchasing Management Association of Cleveland

Boler SCHOOL OF BUSINESS
JOHN CARROLL UNIVERSITY

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GENERAL BUSINESS CONDITIONS

The barometer index of 29.13 indicates that economic activity is similar though slightly lower than last month. A year ago, the economic activity was lower.
The forecast index of 8.5 indicates that manufacturing activity should increase. This is an improvement over the forecast from a year ago.
Barometer readings above "0" indicate that the manufacturing sector of the economy is generally expanding.

Month	May-10	Apr-10	Mar-10	May-09
Cleveland Barometer-%	29.13	35.25	36.47	-1.36
Cleveland Forecast-%	8.50	18.00	16.89	-38.11

PRODUCTION

Production activity increased, though not as dramatically as March/April
The Production Index is now at 39

Production	%Better	%Same	%Worse	Net	Index
May 2010	39	39	22	17	9
April 2010	47	47	6	41	24
March 2010	56	33	11	45	39

NEW ORDERS

New orders are increasing along with production
The New Order Index is now 39

New Orders	%Better	%Same	%Worse	Net	Index
May 2010	39	39	22	17	11
April 2010	59	29	12	47	28
March 2010	67	28	5	62	54

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EMPLOYMENT

Employment is increasing.
The Employment Index is 18

Employment	%Greater	%Same	%Lower	Net	Index
May 2010	45	33	22	23	18
April 2010	25	56	19	6	-5
March 2010	22	56	22	0	-4

INVENTORIES

RAW MATERIALS

Raw material inventories are lower with more respondents reporting lower inventories
The Raw Material Index is -22

Raw Material Inventories	%Higher	%Same	%Lower	Net	Index
May 2010	17	50	33	-16	-22
April 2010	23	59	18	5	0
March 2010	22	39	39	-17	-27

FINISHED GOODS

Finished goods inventories are slightly lower
The Finished Goods Index is -7

Finished Goods Inventories	%Higher	%Same	%Lower	Net	Index
May 2010	24	47	29	-5	-7
April 2010	19	56	25	-6	-6
March 2010	18	53	29	-11	-14

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BUYING POLICIES

Buying policies for Production Materials have a greater "hand to mouth" component
Buying policies for MRO Supplies continue to be contentrated in 0-60 days.
Capital expenditures are balanced with a significant long term component

PERCENT REPORTING

PRODUCTION MATERIALS	**Hand to Mouth**	**30 Days**	**60 Days**	**90 Days**	**6 Mos**	**1 Year**
May 2010	39	34	17	5	5	0
April 2010	28	22	33	17	0	0
March 2010	33	22	22	6	17	0
MRO SUPPLIES						
May 2010	53	41	6	0	0	0
April 2010	50	50	0	0	0	0
March 2010	53	41	6	0	0	0
CAPITAL EXPENDITURES						
May 2010	25	6	19	13	6	31
April 2010	27	7	13	13	13	27
March 2010	25	13	19	6	6	31

COMMODITY PRICES

The commodity prices are slightly higher, as they have been for the past two months.
The Commodity Price Index is now 31

Commodity Prices	**%Higher**	**%Same**	**%Lower**	**Net**	**Index**
May 2010	31	63	6	25	19
April 2010	53	47	0	53	48
March 2010	47	47	6	41	34

COMMODITY CHANGES:

Prices Up: Polyester, LDPE, PVC
Copper, Steel, Steel Pipe, Stainless and Titanium housing

Prices Down: Steel scrap, Ingot, Aluminum ingot

Items in Short Supply: Bearings, polyester, some adhesives, electronics, steel, photo multiplier tubes

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FROM GENERAL REMARKS:

" - Uneventful month - not sure what is happening at present? Everyone seems to be taking a wait and see approach.
" - We're in a bit of a lull right now. Orders have levelled off. 3rd Q will tell the story on cont'g recovery.
"   There's a lot going wrong in the world now-European monetary crisis, oil spill, our own fiscal
"   policies and uncertainty. This may all be causing caution in the markets.
" - Sales are on the increase for the 5th month in a row. Everyone is cautious optimistic for a nice summer, but I
"   don't see anyone really gearing up for huge increases or demans. Employment is tempered with the hiring of
"   temp staff for prodution however, I believe companies are hiring "seasoned professionals" in the area of
"   Supply Mgmt. I personally have had several recruitment calls for Supply Chain/Materials Manager executive
"   positions in the Cleveland area. Things are a changing. . .
" - Increased costs of raw material overall hurting profitability.
" - No major improvements - steady at best.
" - Appears that market is rebounding.
" - Lead times have been extended up and down the chain.
" - Lumber up in price.
" - Appears customers are reluctant to make forward commitments. Many orders arriving with requested expedited
"   delivery.