

PURCHASING MANAGEMENT ASSOCIATION OF CLEVELAND

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Business Survey Report

for

January 2007

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GENERAL BUSINESS CONDITIONS

Northeast Ohio manufacturing economy grew slightly, as the Barometer rose to +14.13.

The Forecast Index rose again to +55.5.

Barometer readings above "0" indicate that the manufacturing sector of the economy is generally expanding.

Readings below "0" mean generally declining.

Month	Jan-07	Dec-06	Nov-06	Jan-06
Cleveland Barometer-%	14.13	9.88	10.56	32.39
Cleveland Forecast-%	55.50	31.00	16.20	10.20

Production improved as 40% of respondents reported higher production.

Production Index increased to +24.

Production	%Better	%Same	%Worse	Net	Index
January 2007	40	30	30	+10	+24
December 2006	22	45	33	-11	-1
November 2006	25	63	12	13	+11

New orders improved again as 60% of respondents reported increased level of orders.

New Order index now stands at +43.

New Orders	%Better	%Same	%Worse	Net	Index
January 2007	60	10	30	+30	43
December 2006	33	45	22	11	22
November 2006	24	38	38	-14	-11

EMPLOYMENT

The same percentage of respondents reported higher levels of employment as lower. A majority of 60% reported no change.

The Employment Index is now +6.

Employment	%Greater	%Same	%Lower	Net	Index
January 2007	20	60	20	0	+6
December 2006	0	89	11	-11	-3
November 2006	12	50	38	-26	-20

INVENTORIES

RAW MATERIALS

Eighty percent of respondents reported same or higher levels of raw material Inventory.
The Raw Material Inventory Index is now +25.

Raw Material

Inventories	%Higher	%Same	%Lower	Net	Index
January 2007	40	40	20	20	+25
December 2006	33	45	22	+11	+21
November 2006	12	50	38	-26	-19

FINISHED GOODS

Finished Goods inventories decreased slightly as more respondents reported lower levels than higher.

Finished Good Index is now -4.

Finished Goods

Inventories	%Higher	%Same	%Lower	Net	Index
January 2007	10	70	20	-10	-4
December 2006	33	45	22	+11	+12
November 2006	25	50	25	0	-1

BUYING POLICIES

Production materials commitments went out as 57% of respondents reported 60 days or more.

MRO forward commitments stretched out slightly.

Commitments for capital goods are mixed.

PERCENT REPORTING

	Hand to Month	30 Days	60 Days	90 Days	6 Mos	1 Year
PRODUCTION MATERIALS						
January 2007	14	29	43	0	14	0
December 2006	42	29	29	0	0	0
November 2006	17	17	49	17	0	0
MRO SUPPLIES						
January 2007	80	10	0	10	0	0
December 2006	89	11	0	0	0	0
November 2006	66	17	17	0	0	0
CAPITAL EXPENDITURES						
January 2007	33	0	33	17	0	17
December 2006	13	0	25	37	25	0
November 2006	33	0	33	34	0	0

COMMODITY PRICES

More respondents reported higher prices than lower.
The Commodity Price Index is now +26..

Commodity Prices	%Higher	%Same	%Lower	Net	Index
January 2007	50	30	20	+30	+26
December 2006	50	50	0	+50	+53
November 2006	43	43	14	29	+32

COMMODITY CHANGES:

Prices Up: Steel, Stainless steel, Steel Scrap, aluminum, coated abrasives,
plastic compounds, castings, epoxy, polyurethane.

Prices Down: Brass, X-HDPE Resin.

Items in Short Supply: None Reported

LEAD TIMES: No reports

FROM GENERAL REMARKS:

- "Some hourly workers laid off temporarily."
- "New EPA Guidelines in effect 1/1/07 for Class 8 Diesels--will hold down '07 sales for awhile."
- "Many customers are placing new orders after Holiday shutdowns."
- "Storm damage orders for utilities (power and telecom) coming in."
- "Drop in housing starts really impacting incoming order rate."
- "December was very slow. January shows a slight improvement."
- "Looks like the year is off to a good start, but we will have to wait until we see February to be sure."
- "Shipped all orders--no backlog. (Note about Raw Inventory)"