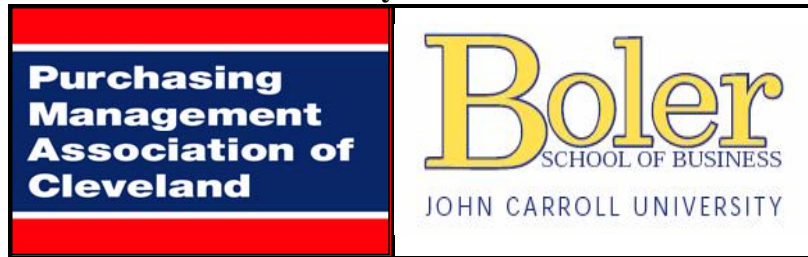


**Northeast Ohio Business Survey Report  
for  
July 2007**



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In conjunction with: Purchasing Management Association of Cleveland*

**Note:** As data for June was not available, the results shown below for June are shown as "N/A". The weighted averages of the May and July results were used in the calculation of barometer and forecast index for the sake of data continuity .

**GENERAL BUSINESS CONDITIONS**

The barometer reading indicates that economic activity has increased slightly.  
The forecast indicates that the manufacturing economic activity is rebounding.  
Barometer readings above "0" indicate that the manufacturing sector of the economy is generally expanding.  
Readings below "0" mean generally declining.

Month	Jul-07	Jun-07	May-07	Jul-06
Cleveland Barometer-%	25.50	N/A	22.97	23.50
Cleveland Forecast-%	47.50	N/A	1.67	3.11

Production activity has increased significantly.  
Production Index is now +31.

Production	%Better	%Same	%Worse	Net	Index
July 2007	38	45	17	21	31
June 2007	N/A	N/A	N/A	N/A	N/A
May 2007	0	67	33	-33	-41

Fifty percent of our respondents reported higher orders and none reported worse.  
New Order index increased to +58.

New Orders	%Better	%Same	%Worse	Net	Index
July 2007	50	50	0	50	58
June 2007	N/A	N/A	N/A	N/A	N/A
May 2007	33	0	67	-34	-6

**EMPLOYMENT**

More respondents reported higher employment levels than lower.  
The Employment Index is now +22.

Employment	%Greater	%Same	%Lower	Net	Index
July 2007	38	50	12	26	22
June 2007	N/A	N/A	N/A	N/A	N/A
May 2007	17	83	0	17	5



## INVENTORIES

### RAW MATERIALS

More respondents reported higher raw material inventories than lower.  
The Raw Material Inventory Index is now +11.

#### Raw Material

Inventories	%Higher	%Same	%Lower	Net	Index
July 2007	38	38	24	14	11
June 2007	N/A	N/A	N/A	N/A	N/A
May 2007	50	17	30	20	11

### FINISHED GOODS

Finished goods inventories declined as a result of new orders.  
Finished Goods Index is now -53.

#### Finished Goods

Inventories	%Higher	%Same	%Lower	Net	Index
July 2007	13	25	62	-49	-53
June 2007	N/A	N/A	N/A	N/A	N/A
May 2007	33	67	0	33	31

## BUYING POLICIES

Eighty-eight percent of our respondents reported production materials commitments at 30 days or less.  
MRO commitments contracted toward hand-to-mouth.

Eighty-three percent of our respondents reported capital equipment commitments at 60 days or less.

### PERCENT REPORTING

	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos	1 Year
<b>PRODUCTION MATERIALS</b>						
July 2007	25	63	0	0	12	0
June 2007	N/A	N/A	N/A	N/A	N/A	N/A
May 2007	50	25	25	0	0	0
<b>MRO SUPPLIES</b>						
July 2007	86	14	0	0	0	0
June 2007	N/A	N/A	N/A	N/A	N/A	N/A
May 2007	60	40	0	0	0	0
<b>CAPITAL EXPENDITURES</b>						
July 2007	17	0	66	17	0	0
June 2007	N/A	N/A	N/A	N/A	N/A	N/A
May 2007	0	0	50	25	0	25

**COMMODITY PRICES**

The percentage of respondents reporting higher prices dropped, although none reported lower.  
The Commodity Price Index is now +47.

<b>Commodity Prices</b>	<b>%Higher</b>	<b>%Same</b>	<b>%Lower</b>	<b>Net</b>	<b>Index</b>
July 2007	43	57	0	43	47
June 2007	N/A	N/A	N/A	N/A	N/A
May 2007	100	0	0	100	94

**COMMODITY CHANGES:**

**Prices Up:** Copper; Diesel fuel; steel scrap; steel plate; polyester resins;

**Prices Down:** Nickel

**Items in Short Supply:** Petroleum related products

**FROM GENERAL REMARKS:**

"Not much changing, everything seems to be moving along about the same."

"Aftermarket parts orders are approximately the same."

"Truck market is slow due to summer shutdowns."

"Hiring additional engineers."

"Strong demand for exported products."

"Business remains strong."

"Stronger month on new orders--able to adjust production early in month."