

PURCHASING MANAGEMENT ASSOCIATION OF CLEVELAND
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BUSINESS SURVEY REPORT
For
November 2005

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GENERAL BUSINESS CONDITIONS

Northeast Ohio's local economy increased but at a decreasing rate. This month's survey results show production, commodity prices and employment higher, new orders steady, and inventory levels lower. The Cleveland Barometer now stands at "+21.88", and the Cleveland Forecast is "-1.00". Readings above "0" indicate the manufacturing sector of the economy is generally expanding. Readings below "0" mean generally declining.

Month	Nov 2005	Oct 2005	Sept 2005	Nov 2004
Cleveland Barometer-%	+21.88	+29.31	+27.75	+30.50
Cleveland Forecast-%	-1.00	+5.00	+7.44	+10.00

Forty-four percent of our purchasing managers reported higher production levels. The Production Index is "+20.0".

Production	%Better	%Same	%Worse	Net	Index
November 2005	44	34	22	+22	+20
October 2005	20	70	10	+10	+10
September 2005	50	50	0	+50	+53

There was no net change in new orders; however the number of our purchasing managers reporting no change from last month dropped dramatically. Comments note that seasonality is a factor especially related to construction. The New Order Index decreased to "+3.0".

New Orders	%Better	%Same	%Worse	Net	Index
November 2005	44	12	44	0	+3
October 2005	22	78	0	+22	+20
September 2005	50	38	12	+38	+38

EMPLOYMENT

Only eleven percent of our purchasing managers indicated employment levels were higher, but the good news is that no one said levels were lower. Comments note only selective hiring is taking place at this time. The Employment Index increased to “+17.0”

Employment	%Greater	%Same	%Lower	Net	Index
November 2005	11	89	0	+11	+17
October 2005	0	90	10	-10	-9
September 2005	25	63	12	+13	+18

INVENTORIES RAW MATERIALS

Raw material inventories were reported lower by 44 percent of our respondents. Comments note this is due to incoming orders leveling off and companies lowering inventory levels for year end tax purposes. The Raw Material Inventory Index declined to “-26.0”.

Raw Material Inventories	%Higher	%Same	%Lower	Net	Index
November 2005	11	45	44	+33	-26
October 2005	40	20	40	0	+1
September 2005	0	63	37	-37	-37
August 2005	25	50	25	0	+2

FINISHED GOODS

Fifty-six percent of our respondents indicated finished goods inventory levels were lower as companies are shipping orders as soon as they are completed. The Finished Goods Index now stands at “-46.0”.

Finished Goods Inventories	%Higher	%Same	%Lower	Net	Index
November 2005	11	33	56	-45	-46
October 2005	20	40	40	-20	-24
September 2005	13	62	25	-12	-7

BUYING POLICIES

Forward commitments for production materials increased in the as-needed and 30-day time periods. Maintenance, repair and operating supplies continue to be purchased on an as-needed basis. Capital expenditure forward commitments decreased in the six-month and greater time periods.

PERCENT REPORTING

PRODUCTION MATERIALS	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos	1 Year
November 2005	34	33	22	11	0	0
October 2005	23	0	44	22	11	0
September 2005	26	25	25	12	0	12

MRO SUPPLIES

November 2005						
October 2005	67	22	11	0	0	0
September 2005	76	12	0	12	0	0
August 2005	72	14	14	0	0	0

CAPITAL EXPENDITURES

October 2005	33	0	17	33	17	0
September 2005	40	20	0	0	20	20
August 2005	20	0	0	20	20	40

COMMODITY PRICES

Commodity prices continued to decline since hurricanes hit the Gulf Coast. This month's survey results show the first price declines since then. The Commodity Price Index now stands at "+45.0"

Commodity Prices	%Higher	%Same	%Lower	Net	Index
November 2005	56	33	11	+45	+45
October 2005	67	33	0	+67	+72
September 2005	100	0	0	+100	+100

COMMODITY CHANGES:

Prices Up: adhesives, aluminum ingot, and metals

Prices Down: none.

Items in Short Supply: ethylene-based products, semi-conductors, and some grades of steel coil.

FROM GENERAL REMARKS:

"Business better than last year."

"Fewer materials in short supply resulting from recovery from hurricane issues."