

PURCHASING MANAGEMENT ASSOCIATION OF CLEVELAND

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Business Survey Report for November 2006

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GENERAL BUSINESS CONDITIONS

The Cleveland manufacturing economy continued to grow, but at a slower rate, as the barometer dropped to +5.13 and the forecast Index dropped to -15.5. Barometer readings above "0" indicate that the manufacturing sector of the economy is generally expanding. Readings below "0" mean generally declining.

Month	Nov-06	Oct-06	Sep-06	Nov-05
Cleveland Barometer-%	5.13	13.50	17.39	26.08
Cleveland Forecast-%	-15.50	13.00	16.00	-3.40

Eighty-eight percent of our respondents reported same or higher production levels, up from seventy-five percent.

Production Index is rose to +11.

Production	%Better	%Same	%Worse	Net	Index
November 2006	25	63	12	13	11
October 2006	13	62	25	-12	-12
September 2006	50	33	17	+33	36

New orders decreased again, as 62% of respondents reported increased or same level of orders..

New Order index is -11.

New Orders	%Better	%Same	%Worse	Net	Index
November 2006	24	38	38	-14	-11
October 2006	13	62	25	+67	-14
September 2006	67	33	0	+67	67

EMPLOYMENT

Employment levels dropped as 62% of our respondents reported the same or higher levels, down from 87% in October.

The Employment Index is now -20.

Employment	%Greater	%Same	%Lower	Net	Index
November 2006	12	50	38	-26	-20
October 2006	25	63	12	+13	13
September 2006	17	66	17	0	5

INVENTORIES

RAW MATERIALS

Raw material inventories dropped slightly as 62% of our respondents reported same or higher levels.. Raw Material Inventory Index is now -19.

Raw Material

Inventories	%Higher	%Same	%Lower	Net	Index
November 2006	12	50	38	-26	-19
October 2006	37	38	25	+12	13
September 2006	50	17	33	+17	17

FINISHED GOODS

Finished Goods inventories remained stable as 75% of our respondents reported same or lower levels . The Finished Goods Inventory Index is now -1..

Finished Goods

Inventories	%Higher	%Same	%Lower	Net	Index
November 2006	25	50	25	0	-1
October 2006	13	62	25	-12	-16
September 2006	50	33	17	+33	38

BUYING POLICIES

Production materials forward commitments stayed essentially the same as September.

Forward commitments for MRO Supplies contracted. 86% reported hand-to-mouth.

Forward commitments for capital goods stretched out as far as one year.

PERCENT REPORTING

	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos	1 Year
PRODUCTION MATERIALS						
November 2006	17	17	49	17	0	0
October 2006	17	17	50	16	0	0
September 2006	17	17	50	0	16	0
MRO SUPPLIES						
November 2006	66	17	17	0	0	0
October 2006	86	14	0	0	0	0
September 2006	50	33	17	0	0	0
CAPITAL EXPENDITURES						
November 2006	33	0	33	34	0	0
October 2006	17	0	17	32	17	17
September 2006	40	0	20	40	0	0

COMMODITY PRICES

Prices continued to climb, but at a lower rate, as 14 percent of our respondents reported lower prices, while 86% reported same or higher prices.

The Commodity Price Index is now +32..

Commodity Prices	%Higher	%Same	%Lower	Net	Index
November 2006	43	43	14	29	32
October 2006	43	57	0	+43	48
September 2006	40	60	0	+40	47

COMMODITY CHANGES:

Prices Up: Stainless steel, aluminum ingot

Prices Down: Steel scrap, fuel surcharges, HDPE resin,

Items in Short Supply: None reported

LEAD TIMES: Nothing reported

FROM GENERAL REMARKS:

"Fourth and first quarter sales will be down due to automotive diesel production being down."

"Downturn in housing has begun to affect incoming business."