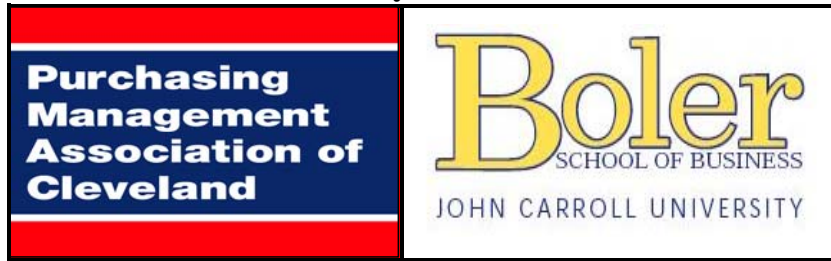


**Northeast Ohio Business Survey Report  
for  
May 2008**



*Published by: Boler School of Business, John Carroll University  
In conjunction with: Purchasing Management Association of Cleveland*

*To view this report on-line, please go to [www.PMAC.org](http://www.PMAC.org)*

**GENERAL BUSINESS CONDITIONS**

The barometer index of 42.25 indicates that economic activity is approximately equivalent to last month and slightly higher than this time last year.

The forecast index of 9.50, predicts that manufacturing activity should increase slightly

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

Readings below "0" mean generally contracting.

<b>Month</b>	<b>May-08</b>	<b>Apr-08</b>	<b>Mar-08</b>	<b>May-07</b>
Cleveland Barometer-%	42.25	39.00	31.94	22.97
Cleveland Forecast-%	9.50	2.00	2.11	1.67

**PRODUCTION**

Production activity is slightly lower with fewer respondees reporting increases than in April

The Production Index, now at -1, indicates that manufacturing production relatively flat.

<b>Production</b>	<b>%Better</b>	<b>%Same</b>	<b>%Worse</b>	<b>Net</b>	<b>Index</b>
May 2008	24	59	17	7	-1
April 2008	44	38	18	26	9
March 2008	11	72	17	-6	-12

**NEW ORDERS**

New orders remained comparable to the April statistics.

The New Order Index, now at 17, indicates that new orders continue to increase slightly.

<b>New Orders</b>	<b>%Better</b>	<b>%Same</b>	<b>%Worse</b>	<b>Net</b>	<b>Index</b>
May 2008	41	41	18	23	17
April 2008	50	38	12	38	19
March 2008	29	47	24	5	-3

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**EMPLOYMENT**

Few respondees reported lower employment.  
The Employment Index increased to 36

<b>Employment</b>	<b>%Greater</b>	<b>%Same</b>	<b>%Lower</b>	<b>Net</b>	<b>Index</b>
May 2008	47	47	6	41	36
April 2008	31	56	13	18	7
March 2008	25	50	25	0	-4

**INVENTORIES**

**RAW MATERIALS**

Raw material inventories decreased slightly.  
The Raw Material Inventory Index is now -12.

<b>Raw Material Inventories</b>	<b>%Higher</b>	<b>%Same</b>	<b>%Lower</b>	<b>Net</b>	<b>Index</b>
May 2008	22	44	28	-6	-12
April 2008	31	38	31	0	-5
March 2008	25	38	37	-12	-22

**FINISHED GOODS**

Fewer respondents reported lower finished goods inventories.  
Finished Goods Index is now 12.

<b>Finished Goods Inventories</b>	<b>%Higher</b>	<b>%Same</b>	<b>%Lower</b>	<b>Net</b>	<b>Index</b>
May 2008	27	60	13	14	12
April 2008	20	47	33	-13	-13
March 2008	31	44	25	6	3

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**BUYING POLICIES**

Respondents continue to buy production materials for delivery further out.

MRO commitments extended somewhat.

Capital expenditures continue to be widely spread with an increase in short term.

**PERCENT REPORTING**

<b>PRODUCTION MATERIALS</b>	<b>Hand to Mouth</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>6 Mos</b>	<b>1 Year</b>
May 2008	38	25	25	6	6	0
April 2008	34	33	13	13	7	0
March 2008	14	50	14	14	8	0
<b>MRO SUPPLIES</b>						
May 2008	56	31	13	0	0	0
April 2008	66	33	0	0	0	0
March 2008	73	27	0	0	0	0
<b>CAPITAL EXPENDITURES</b>						
May 2008	29	8	21	14	14	14
April 2008	20	0	20	30	20	10
March 2008	25	0	33	17	17	8

**COMMODITY PRICES**

Commodity prices continue to increase steadily.

The Commodity Price Index is now +82.

<b>Commodity Prices</b>	<b>%Higher</b>	<b>%Same</b>	<b>%Lower</b>	<b>Net</b>	<b>Index</b>
May 2008	94	0	6	88	82
April 2008	93	7	0	93	88
March 2008	82	12	6	76	69

**COMMODITY CHANGES:**

**Prices Up:** stainless steel, steel scrap, steel scrap surcharges +16%, aluminum, copper, sheet EW Steel, concrete, conduit, plastic resins, LDPE, polyester, fuel, oil, shipping p natural gas, gas surcharges, nitrogen, fuel surcharges for shipping

**Prices Down:** paper products

**Items in Short Supply:** platinum, tungsten, stainless steel, alloy rounds, wire mesh occasi

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**FROM GENERAL REMARKS:**

"The economic turmoil in this country has everyone scared. As properties lose value and the dollar gets everyone is working nervously."

"Commodity prices are going up, up, and up."

"High oil prices are affecting everything."

"Rising fuel costs continue to be more of an issue every day."

"Fuel prices and unsteady job markets are causing severe unsteadiness in the marketplace for consumers."

"Earthquake in China has caused extreme damage to the supply chain and this happened just as it was true from the February snowstorm and their Chinese new year."

"With steel scrap surcharge increasing dramatically and alloy surcharge increasing, steel companies are raising prices again for the first time since Oct 07. Very difficult to pass it all on to customers."

"Steel and oil prices are having a significant effect on the cost of what we buy."

"Business is OK compared to last year – not great."

"Overall, business has been picking up."

"Catalog sales have rebounded somewhat from the initial spring business we were seeing."

"Seasonal business has shown some sign of returning to normalcy."

"Building inventory in preparation for a move to a newly constructed facility."

"19 employees have been called back from layoff."

"Power utility sales are very strong. Telecom is good."

"Selective hiring of engineers and IT people."