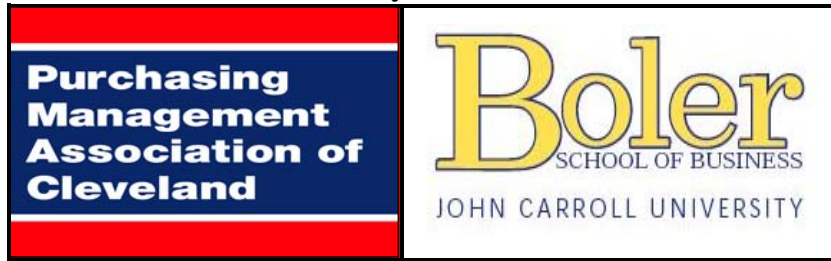


Northeast Ohio Business Survey Report
for
July 2008



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GENERAL BUSINESS CONDITIONS

The barometer index of 19.75 indicates that economic activity is slightly lower than last month and this time last year.

The forecast index of 17 predicts that manufacturing activity should grow slowly.

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

Readings below "0" mean generally contracting.

Month	Jul-08	Jun-08	May-08	Jul-07
Cleveland Barometer-%	19.75	23.63	32.14	25.47
Cleveland Forecast-%	17.00	8.75	5.33	31.33

PRODUCTION

Production activity is slightly higher with more respondents reporting increases over June

The Production Index, now at 16, indicates that manufacturing production is slightly increasing.

Production	%Better	%Same	%Worse	Net	Index
July 2008	22	67	11	11	16
June 2008	11	57	32	-21	-23
May 2008	24	59	17	7	-1

NEW ORDERS

New orders increased compared with the June statistics.

The New Order Index, now at 30, indicates that new orders are increasing.

New Orders	%Better	%Same	%Worse	Net	Index
July 2008	33	56	11	22	30
June 2008	11	68	21	-10	-9
May 2008	41	41	18	23	17

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EMPLOYMENT

Employment is balanced with most respondents reporting no change.
 The Employment Index is at a neutral 3.

Employment	%Greater	%Same	%Lower	Net	Index
July 2008	18	71	11	7	3
June 2008	33	56	11	22	17
May 2008	47	47	6	41	36

INVENTORIES

RAW MATERIALS

Raw material inventories are slightly higher.
 The Raw Material Inventory Index is now 8.

Raw Material	%Higher	%Same	%Lower	Net	Index
Inventories					
July 2008	33	45	22	11	8
June 2008	28	50	22	6	5
May 2008	22	44	28	-6	-12

FINISHED GOODS

An equal number of respondents reported higher vs. lower finished goods inventories.
 Finished Goods Index is now -4.

Finished Goods	%Higher	%Same	%Lower	Net	Index
Inventories					
July 2008	22	56	22	0	-4
June 2008	21	47	32	-11	-13
May 2008	27	60	13	14	12

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BUYING POLICIES

Respondents continue buying production materials for delivery further out.

MRO commitments are exhibiting wider variability.

Capital expenditure commitments are becoming longer term.

PERCENT REPORTING

PRODUCTION MATERIALS	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos	1 Year
July 2008	24	24	18	28	6	0
June 2008	27	33	13	20	7	0
May 2008	38	25	25	6	6	0
MRO SUPPLIES						
July 2008	56	13	25	6	0	0
June 2008	50	36	14	0	0	0
May 2008	56	31	13	0	0	0
CAPITAL EXPENDITURES						
July 2008	29	0	21	7	29	14
June 2008	23	8	15	23	0	31
May 2008	29	8	21	14	14	14

COMMODITY PRICES

Commodity prices continue to increase.

The Commodity Price Index is now +81.

Commodity Prices	%Higher	%Same	%Lower	Net	Index
July 2008	83	11	6	77	81
June 2008	95	0	5	90	87
May 2008	94	0	6	88	82

COMMODITY CHANGES:

Prices Up: fuel surcharges, adhesives, HDPE, HDPE pipe, polyester, freight, petroleum wax hydrocarbon resins, plastics, chemicals, corrugated containers, paper related, stainless steel, steel, pipe, , stainless steel galvanized, rebar

Prices Down: ingot, paper products (consumer goods)

Items in Short Supply: bearings, steel round bars, alloy round bars, polyester, lighting fixt

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FROM GENERAL REMARKS:

“Unprecedented price increases. Have not seen this much price increase activity in 30 years!”

“Pricing and surcharges continue to plague almost everything. For us old timers it reminds me of the 70s.”

“Wait and See” might be the general mood. “Surcharges” instead of price increases. Energy – oil and natural gas show signs of falling. Permanent??”

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

“Extremely challenging with all the price increases and surcharges.”

“Building inventory because we are campaigning material to lower our raw material costs because of all the price increases.”

“Energy costs are driving materials up in a market that can not sustain higher prices. It seems as if we are in an endless spiral down with every action causing an opposite reaction to what we truly need to pullout of this economic crisis.”

“Many suppliers are starting to add energy surcharges to invoices.”

“Average energy surcharge suppliers want is 2.03% of invoice total.”

“Our company is holding its own.”

“Business is slightly ahead of July.”

“I don’t think anything will change before 2009.”