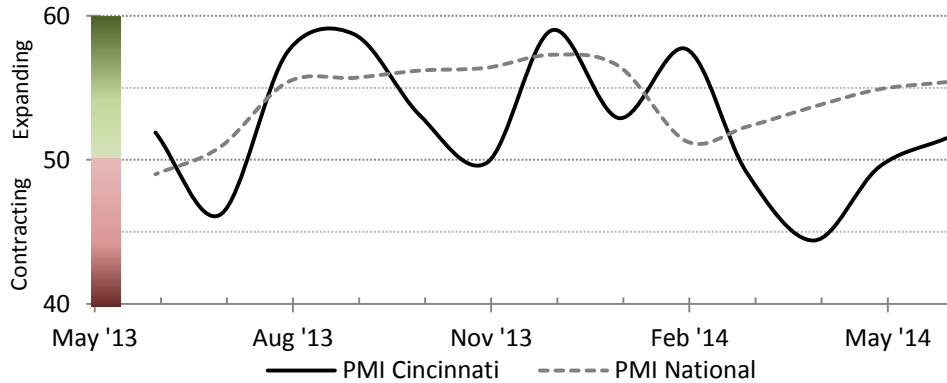


Report on Business: May, 2014

Cincinnati



PMI At A Glance		
Period	Cincinnati	National
May '14	51.5	55.4
April '14	49.5	54.9
March '14	44.4	53.7
February '14	49.1	52.3
January '14	57.7	51.3
December '13	52.9	56.5
May '13	51.9	49.0

In May the Cincinnati PMI rose slightly above 50 indicating expansion. This improvement was driven primarily by an expansion in *Production* (60.6) with other core component hovering around 50. *Inventory* was an exception and saw distinct contraction in May. Based on respondent comments, this contraction seems to be driven by a general slowness associated with the start of summer and some lingering effects of the harsh winter (e.g. frozen shipping channels - Lake Superior).

Also of concern is the *Perceived Customer Inventory Level* reported by firms. For each of the previous six months this measure has contracted with the greatest contraction occurring last month. At this point the exact reason is unknown but could possibly signal a fundamental change in customer behaviors or could simply be the lingering effects of a harsh winter where firms have not fully recovered. If the latter case ends up being the reason, then it could be expected that *New Orders* and *Production* would further expand in the future as organizations' customers again build their inventory (that might translate into increase employment, in turn).

Commodity prices rose overall in May with iron ore and aluminum increasing and coal and some paper products decreasing. Reported in short supply were iron ore and IV solutions for hospitals.

	Dec	Jan	Feb	Mar	Apr	May	
New Orders (Core PMI Component) (Seasonally Adjusted)							
Local	64.2	57.6	46.6	49.3	50.2	51.4	▲▲▲▲▲▲
National	64.4	51.2	54.5	55.1	55.1	56.9	▲▲▲▲▲▲
Production (Core PMI Component) (Seasonally Adjusted)							
Cincinnati	61.4	73.5	57.6	45.9	66.4	60.6	▲▲▲▲▲▲
National	61.7	54.8	48.2	55.9	55.7	61.0	▲▲▲▲▲▲
Employment (Core PMI Component) (Seasonally Adjusted)							
Cincinnati	52.4	47.8	41.4	48.3	46.5	50.6	▲▲▲▲▲▲
National	55.8	52.3	52.3	51.1	54.7	52.8	▲▲▲▲▲▲
Supplier Deliveries (Core PMI Component) (Seasonally Adjusted)							
Cincinnati	44.0	51.2	42.1	43.7	43.7	48.9	▲▲▲▲▲▲
National	54.7	54.3	58.5	54.0	55.9	53.2	▲▲▲▲▲▲
Inventory (Core PMI Component)							
Cincinnati	42.3	58.3	57.7	34.6	40.9	45.8	▲▲▲▲▲▲
National	47.0	44.0	52.5	52.5	53.0	53.0	▲▲▲▲▲▲

	Dec	Jan	Feb	Mar	Apr	May	
Perceived Customer Inventory Levels							
Cincinnati	42.3	41.7	46.2	46.2	36.4	25.0	▲▲▲▲▲▲
National	47.5	44.0	46.5	42.0	42.0	46.5	▲▲▲▲▲▲
Backlog							
Cincinnati	58.3	45.0	50.0	31.8	72.2	45.5	▲▲▲▲▲▲
National	51.5	48.0	52.0	57.5	55.5	52.5	▲▲▲▲▲▲
New Exports							
Cincinnati	55.0	45.0	50.0	50.0	61.1	50.0	▲▲▲▲▲▲
National	55.0	54.5	53.5	55.5	57.0	56.5	▲▲▲▲▲▲
Imports							
Cincinnati	56.2	50.0	55.6	50.0	56.2	78.6	▲▲▲▲▲▲
National	55.0	53.5	53.5	54.5	58.0	54.5	▲▲▲▲▲▲
Commodity Prices							
Cincinnati	46.2	54.2	53.8	53.8	59.1	54.2	▲▲▲▲▲▲
National	53.5	60.5	60.0	59.0	56.5	60.0	▲▲▲▲▲▲

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