

to spend the same on capital expenditures in 2007 as in 2006.

Prices: Change From End of '06 to April '07

In the December 2006 forecast, manufacturing respondents expected an increase of 1.4 percent in prices paid during the first four months of 2007; however, they now report prices have increased 2.8 percent for the period. The 66 percent who say their prices are higher now than at the end of 2006 report an average increase of 4.9 percent, while the 12 percent who report lower prices report an average decrease of 3.5 percent. The remaining 22 percent indicate no change for the period.

Prices — Predicted Changes Between End of 2006 and End of 2007

When asked to predict 2007 price changes, 77 percent of respondents expect prices they pay to increase by 5.4 percent. At the same time, 12 percent anticipate decreases averaging 6 percent. Including the 11 percent who expect no change

in prices, survey respondents expect net average prices to increase 3.5 percent for 2007, which is greater than the December 2006 prediction of 1.1 percent.

Business Revenues —'07 vs. '06

Looking ahead, expectations are for increased revenues in 2007 as purchasing and supply management executives indicate an overall net nominal increase of 5.6 percent in business revenues for 2007 over 2006. This is less than the 6.4 percent increase that was forecast in December 2006 for all of 2007, and less than the 6.2 percent reported for 2006, but still a significant year-over-year improvement. Sixty-two percent of respondents say that nominal revenues (before adjusting for inflation) will increase an average of 12.2 percent over 2006.

For the full report from the Institute for Supply Management, go to www.mdm.com/stories/ismforecast0507.html.

First-Quarter 2007 U.S. Construction Spending

| | Year-to-Date March 2007 | Year-to-Date March 2006 | % Change |
|------------------------------------|----------------------------|----------------------------|--------------|
| Total Construction | 250,311 | 256,545 | -2.4 |
| Total Private Construction | 192,458 | 204,473 | -5.9 |
| Residential | 117,393 | 139,548 | -15.9 |
| Nonresidential | 75,064 | 64,925 | 15.6 |
| Lodging | 6,066 | 3,872 | 56.7 |
| Office | 12,126 | 9,233 | 31.3 |
| Commercial | 18,077 | 16,617 | 8.8 |
| Health care | 8,424 | 7,257 | 16.1 |
| Educational | 3,460 | 3,055 | 13.3 |
| Religious | 1,844 | 1,831 | 0.7 |
| Amusement and recreation | 2,045 | 2,004 | 2.0 |
| Transportation | 1,855 | 1,813 | 2.3 |
| Communication | 4,059 | 3,500 | 16.0 |
| Power | 7,520 | 7,430 | 1.2 |
| Manufacturing | 9,282 | 7,999 | 16.0 |
| Total Public Construction 2 | 57,853 | 52,072 | 11.1 |
| Residential | 2,048 | 2,021 | 1.3 |
| Nonresidential | 55,805 | 50,051 | 11.5 |
| Office | 2,673 | 2,473 | 8.1 |
| Commercial | 1,141 | 958 | 19.1 |
| Health care | 2,567 | 2,128 | 20.6 |
| Educational | 15,651 | 14,555 | 7.5 |
| Public safety | 2,755 | 2,419 | 13.9 |
| Amusement and recreation | 3,004 | 2,679 | 12.1 |
| Transportation | 4,657 | 4,042 | 15.2 |
| Power | 1,815 | 1,716 | 5.8 |
| Highway and street | 12,634 | 11,145 | 13.4 |
| Sewage and waste disposal | 4,132 | 3,902 | 5.9 |
| Water supply | 2,822 | 2,619 | 7.8 |
| Conservation and development | 1,543 | 1,278 | 20.7 |

For monthly updated numbers:

www.mdm.com/databank

Source: Department of Commerce