

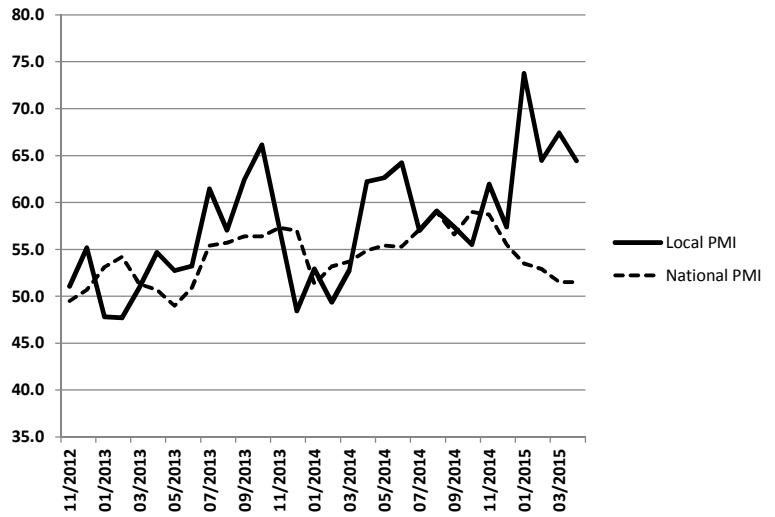
Institute of Supply Management - Buffalo
April 2015 Business Survey Monthly Comparison Report

The PMI Index

Local manufacturing activity in WNY again registered in expansionary territory at 64.4 in April, only slightly off from March's 67.4 index value. The national PMI Index was also in increasing territory at 51.5, registering no change relative to March. Locally we continue to expand at a faster pace relative to the national index, and April registers our 14th straight month in expansionary territory (an index value of 50.0 or greater).

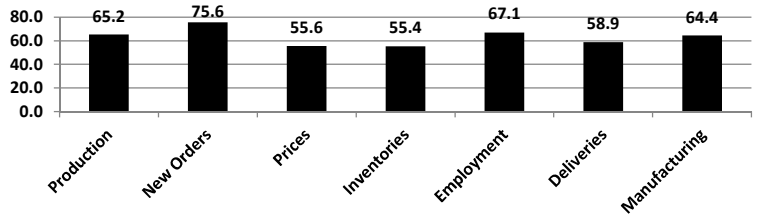
I was curious to see how we compared locally to the national index and if the series exhibited long streaks in expansionary territory. It appears to be 24 consecutive months nationally since there was a contractionary index value, and on the local level it has been 14 months. In the first four months of 2015 we've diverged from the national trend with local respondents have reporting greater rates of manufacturing growth.

Favorable results were generally prevalent for the other seasonally adjusted indices during April. New Orders were up strongly again relative to prior month with an index value of 75.6, off slightly from March's 80.9. The Price index rose back into positive territory to 55.6 from March's 43.8. Inventories continued to increase, but at a notably slower pace with April's index at 55.4 versus March's 75.2. The Employment index also signaled increases among respondents with a value of 67.1, off 6.4 percentage points from March's 73.5. Deliveries pulled back into positive territory above the 50.0 mark at 58.9. Overall this was another favorable month among respondents in Western New York.



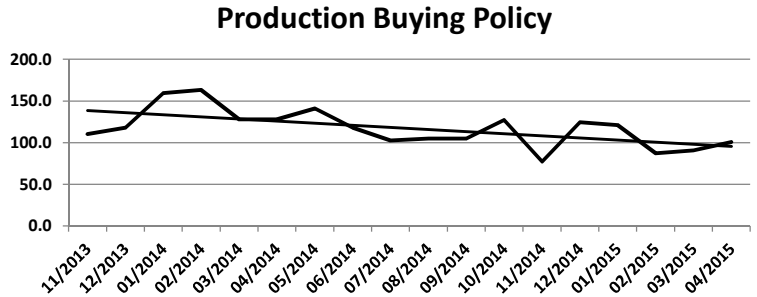
This month (Seasonally Adjusted)

Index	Index	Direction	Rate of Change
Production	65.2	Increasing	Flat
New Orders	75.6	Increasing	Decreasing
Prices	55.6	Increasing	Increasing
Inventories	55.4	Increasing	Decreasing
Employment	67.1	Increasing	Decreasing
Deliveries	58.9	Increasing	Increasing
Manufacturing	64.4	Increasing	Flat



Production Buying Policy

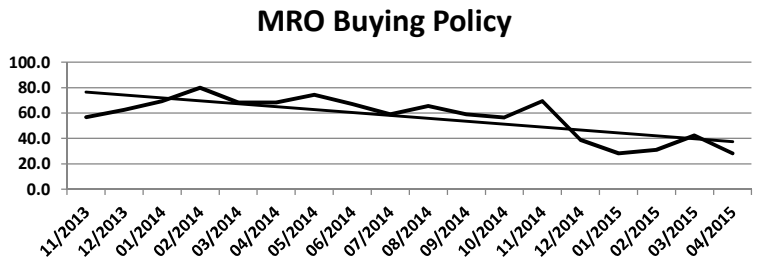
Survey respondents reported days ahead commitments increased again to 100.6 days from 90.2 days in March. We drew slightly above the long-term trend, although still trending broadly along the general downward movement we've seen the past year and a half.



MRO Buying Policy

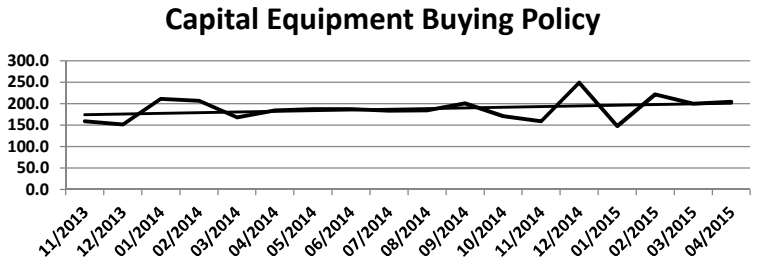
(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies fell again during April tying our recent low at 28.3 days. After consulting with a local contact, I was offered two possibilities for this recent break in what has been a generally stable index. Companies may either be trying to reduce financial exposure and holding fewer days of inventory or with national distributors more aggressively promoting quick turnaround times companies may be taking advantage by holding less inventory on hand.



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 204.4 days ahead in April up slightly from March's 200.0 days. After what had been a spot of increased volatility, the past three months have shown themselves to be relatively stable.



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
April 2015	55.6%	33.3%	11.1%	72.2	83.3
March 2015	62.5%	12.5%	25.0%	68.8	55.6
February 2015	55.6%	33.3%	11.1%	72.2	62.5

The Production diffusion index increased slightly to 72.2 from 68.8 in March. Local production activity continues to increase relative to prior month. Again, our non-seasonally adjusted series shows increases in production activity among local respondents.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
April 2015	66.7%	33.3%	0.0%	83.3	72.2
March 2015	87.5%	0.0%	12.5%	87.5	55.6
February 2015	55.6%	22.2%	22.2%	66.7	56.3

The non-seasonally adjusted New Orders index fell slightly in April to 83.3 from March's 87.5 value. New Orders continue to reflect strong increases for local respondents, these have been consistently above 60.0 since October and three of the past four months have been above 80.0.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
April 2015	22.2%	66.7%	11.1%	55.6	61.1
March 2015	12.5%	62.5%	25.0%	43.8	66.7
February 2015	11.1%	77.8%	11.1%	50.0	56.3

The Commodity Price diffusion index pulled above the 50.0 mark in April, converging with the long term trend line. The strong performance in orders and activity might eventually signal strength for commodity prices, although nationally we don't seem to see the strength in activity evident in WNY.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
April 2015	22.2%	77.8%	0.0%	61.1	66.7
March 2015	62.5%	37.5%	0.0%	81.3	61.1
February 2015	44.4%	55.6%	0.0%	72.2	43.8

Inventories of Purchased Goods continues their expansionary results relative to prior month with an index value of 61.1 in April. No respondents have reported lower inventories of purchased goods in the past three months. With the strength in New Orders of late this is not necessarily a surprising result as companies may be building inventories to prepare items for order fulfillment or production.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
April 2015	44.4%	55.6%	0.0%	72.2	66.7
March 2015	50.0%	50.0%	0.0%	75.0	55.6
February 2015	33.3%	55.6%	11.1%	61.1	43.8

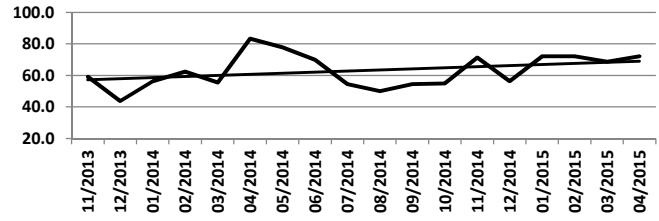
The non-seasonally adjusted Employment index was 72.2 in April, taking only a slight dip in value from March's strong 75.0 index value. April exhibited another strong month in terms of employment activity. I was concerned in the fourth quarter of 2014 with what was a relatively weak showing in terms of employment, but thus far in 2015 this series has been strong.

Vendor Deliveries were:

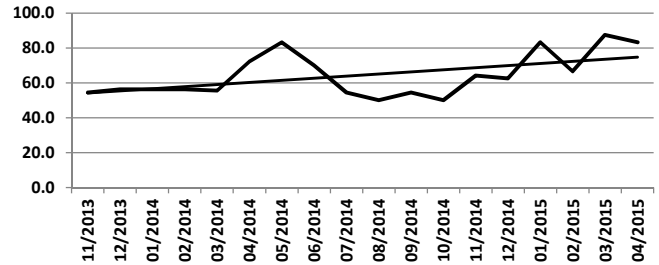
Period	Higher	Same	Lower	Index	Prior Yr
April 2015	22.2%	77.8%	0.0%	61.1	55.6
March 2015	0.0%	87.5%	12.5%	43.8	55.6
February 2015	22.2%	77.8%	0.0%	61.1	56.3

The Vendor Deliveries index increased back into expansionary territory at 61.1 during April. As suspected, the marked drop seen during March seems to be a bit of an anomaly as we converged to the long term trend in the index.

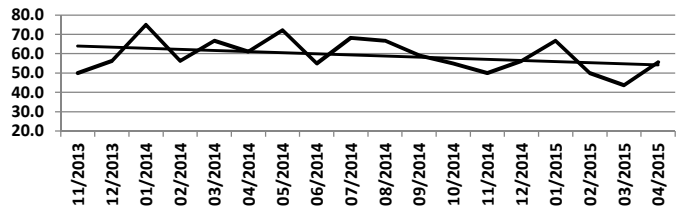
Production - Diffusion Index



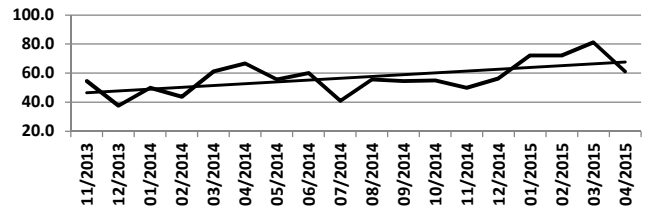
New Orders - Diffusion Index



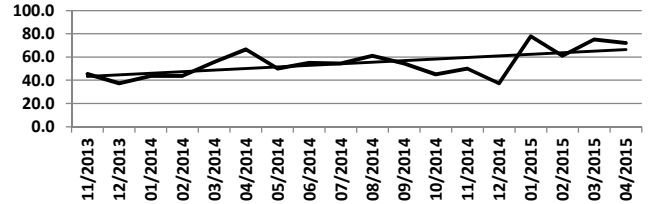
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

