

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

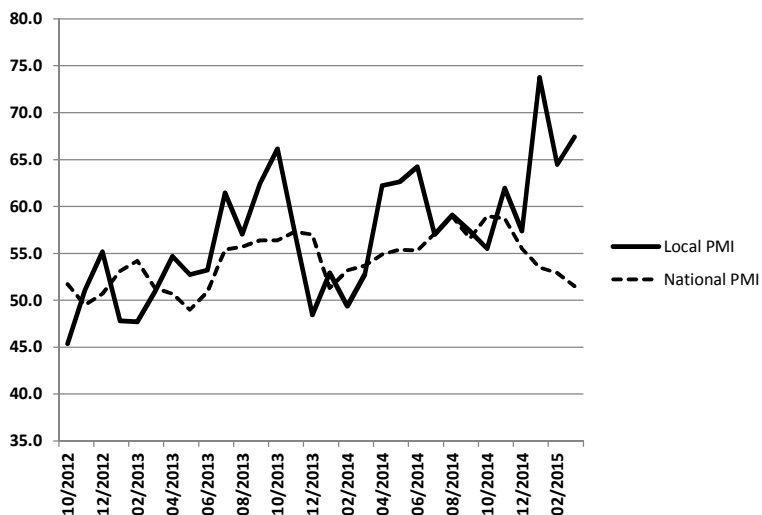
The PMI Index

Manufacturing activity continued its recent trend locally increasing in March relative to February's level. The local index value was 67.4 during March, up slightly from February's 64.5. The national PMI Index registered a more modestly increasing value at 51.5, with local activity increasing at a faster pace. Both the national and local indices appear to be exhibiting a generally upward trend in index values over the past 18 months, with Western New York increasing at greater rates for most months. Looking at March's statewide index, the Empire State Manufacturing Report generated by the NYC Federal Reserve Branch related modestly increasing activity. Local respondents haven't reported contractionary activity since December 2013/February 2014.

For the other seasonally adjusted indices, favorable results generally prevailed again in March. The impact of lower oil prices may have finally appeared with prices falling relative to prior month at a seasonally adjusted index value of 43.8. The Dallas Fed released a report in April arguing the fall in gas prices has led to employment growth in most states, claiming New York having a greater than 1 percent gain. New Orders increased notably to prior month with the index value moving to 80.9 from February's 63.0. Employment came through strong relative to prior month, the index increased to 73.5 in March from 60.4 in February. With the exception of the deliveries index dropping into contractionary territory at 42.5 virtually all other indices relate favorable news.

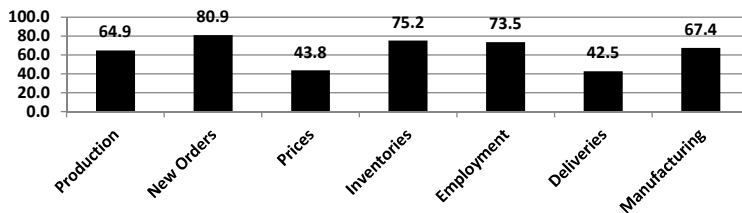
Link to Dallas Fed story here:

<http://dallasfed.org/assets/documents/research/ecllett/2015/el1503.pdf>.



This month (Seasonally Adjusted)

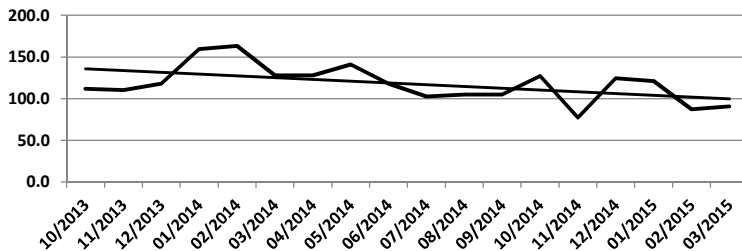
Index	Index	Direction	Rate of Change
Production	64.9	Increasing	Decreasing
New Orders	80.9	Increasing	Increasing
Prices	43.8	Decreasing	Increasing
Inventories	75.2	Increasing	Increasing
Employment	73.5	Increasing	Increasing
Deliveries	42.5	Decreasing	Increasing
Manufacturing	67.4	Increasing	Flat



Production Buying Policy

Survey respondents reported days ahead commitments increased slightly to 90.2 days in March from 87.2 in February. We converged a bit toward the long-term trend, although do seem to continue the general trend of fewer days ahead commitments evident from the past 18 months.

Production Buying Policy

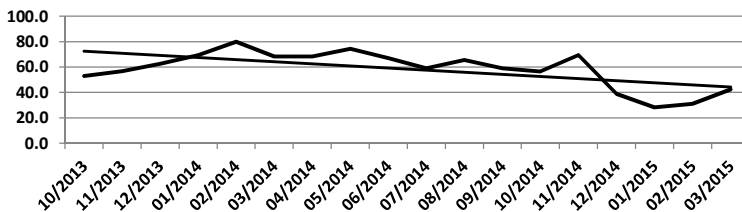


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies increased from February's 31.1 days to 42.5 days in March. We continued the rebound from the bottom in January, converging upward toward more historically normal values. With warmer weather and continued increased overall activity it will be interesting to see where this series goes.

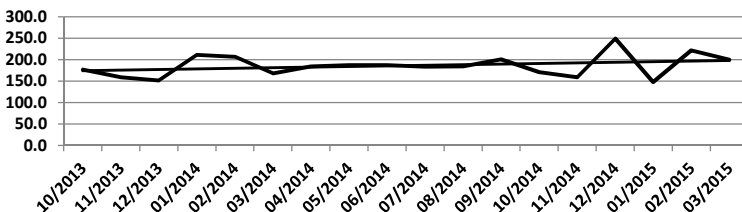
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 200.0 days ahead in March, dropping from 221.7 days in February. After what had been a spot of increased volatility the past three to four months this series has shown itself to be a bit more stable the past two.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
March 2015	62.5%	12.5%	25.0%	68.8	55.6
February 2015	55.6%	33.3%	11.1%	72.2	62.5
January 2015	55.6%	33.3%	11.1%	72.2	56.3

The Production diffusion index fell slightly to 68.8 relative to January and February's 72.2 index result. Local production activity continues to increase relative to prior month (signified by index values greater than or equal to 50.0). There was a bit more of a dichotomy this month in activity, over half of respondents reported higher production levels although 25 percent reported lower.

New Orders were reported:

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

The non-seasonally adjusted New Orders index increased markedly during March to 87.5 from February's 66.7 index value. Two of the last three months have shown positive deviations from the broadly upward trend, and we also exhibited some months of positive deviation during this same general time frame last year. Something to watch of course, as this should foreshadow future performance in other series.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
March 2015	12.5%	62.5%	25.0%	43.8	66.7
February 2015	11.1%	77.8%	11.1%	50.0	56.3
January 2015	33.3%	66.7%	0.0%	66.7	75.0

The Commodity Price diffusion index stubbornly fell into decreasing territory during March with an index value of 43.8. The majority of respondents reported commodity prices holding steady to prior month, but the effects of the lower oil prices may have finally shown up on a local level among respondents.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
March 2015	62.5%	37.5%	0.0%	81.3	61.1
February 2015	44.4%	55.6%	0.0%	72.2	43.8
January 2015	44.4%	55.6%	0.0%	72.2	50.0

Inventories of Purchased Goods again increased in March relative to February levels, with no respondents reporting decreases for the past three months. We have shown a modest of a breakout of late above the linear trendline.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
March 2015	50.0%	50.0%	0.0%	75.0	55.6
February 2015	33.3%	55.6%	11.1%	61.1	43.8
January 2015	55.6%	44.4%	0.0%	77.8	43.8

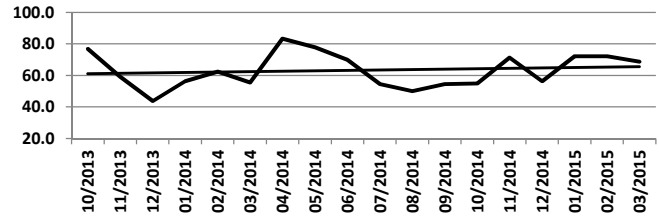
The non-seasonally adjusted Employment index was 75.0 in March, again bouncing a bit above the long term trend line in the index. I'm still personally impressed with the rebound we've seen to start the year following the 4th quarter of 2014 being relatively weak in terms of employment.

Vendor Deliveries were:

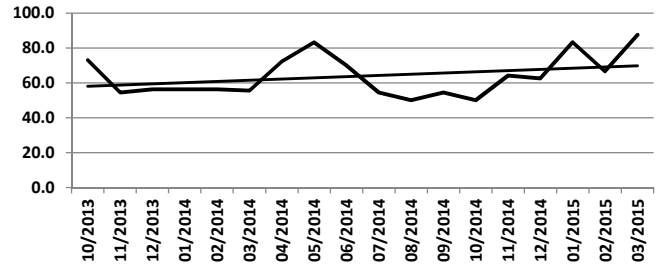
Period	Higher	Same	Lower	Index	Prior Yr
March 2015	0.0%	87.5%	12.5%	43.8	55.6
February 2015	22.2%	77.8%	0.0%	61.1	56.3
January 2015	22.2%	77.8%	0.0%	61.1	62.5

The Vendor Deliveries index fell into contractionary territory at 43.8 during March. In light of the performance of the other indices, I don't find this personally very concerning as it seems out of pattern and off trend of recent results. As the lowest index value over the past 18 months it will be interesting to see if it rebounds in April.

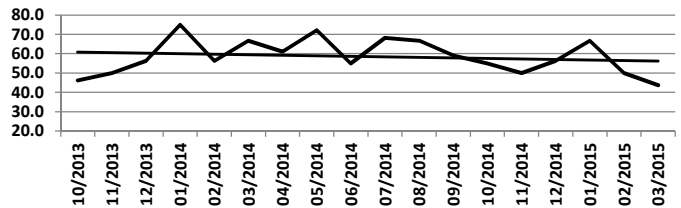
Production - Diffusion Index



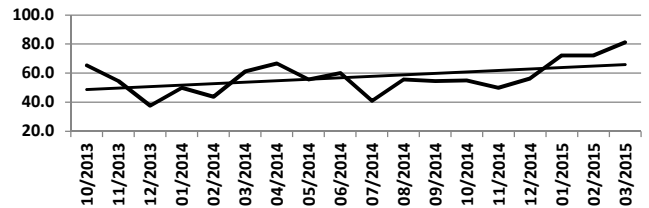
New Orders - Diffusion Index



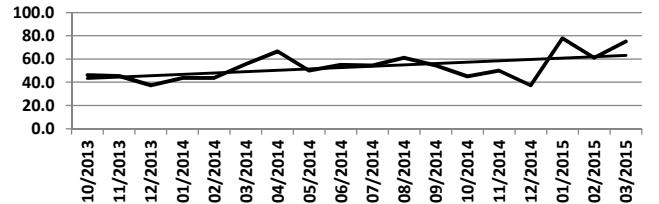
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

