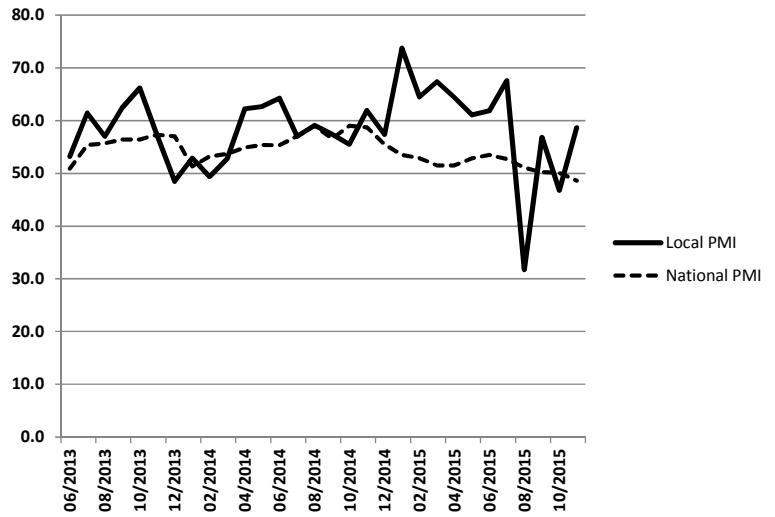


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The PMI Index

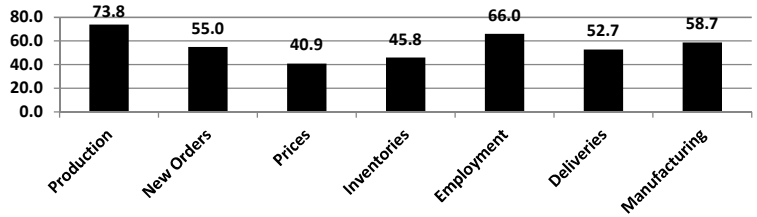
The local Buffalo-Niagara Manufacturing index rebounded into expansionary territory in November with an index value of 58.7, up from October's 46.7. We managed a favorable local result in spite of contractionary index values on both the national and state level. Nationally the ISM manufacturing slipped below the 50.0 mark to 48.6 and on the statewide level the NY Fed's Empire State Manufacturing Survey continued to show weakness. This was the fourth straight month that the NY Fed's survey results reflected contractionary activity. While November proved to be a relatively positive month across the local indices, I remain concerned simply due to the apparent regional and national weakness that's been reflected in recent index results.

Looking to the other indices, production rebounded strongly into expansionary territory to 73.8 from last month's 46.7. New Orders remain in expansionary territory, up 2.6 percentage points to 55.0 in November. Prices remain in contractionary territory, which along with inventories contracted again although at a slower pace. Employment increased, and at a faster rate in November relative to prior month with an index value of 66.0. Overall, it was a reasonably strong month locally although indices looking at manufacturing activity on a regional and national level contain contradictory signals.



This month (Seasonally Adjusted)

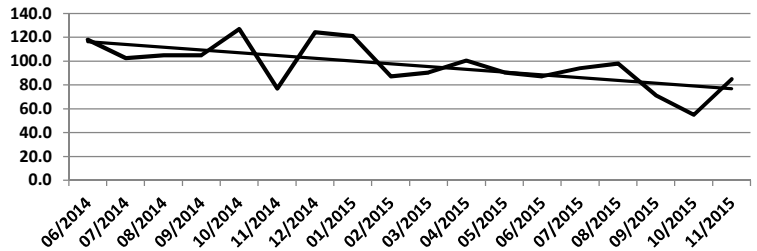
Index	Index	Direction	Rate of Change
Production	73.8	Increasing	Increasing
New Orders	55.0	Increasing	Flat
Prices	40.9	Decreasing	Flat
Inventories	45.8	Decreasing	Decreasing
Employment	66.0	Increasing	Increasing
Deliveries	52.7	Increasing	Increasing
Manufacturing	58.7	Increasing	Increasing



Production Buying Policy

Days ahead production commitments among respondents increased in November to 85.0 days from October's 55.0. While still generally in line with the longer term trend, this was a nice rebound after a two month slide in terms of future commitments. My thought last month that this series may rebound proved itself to be true, although we're still relatively lower to production commitments from this same time last year.

Production Buying Policy

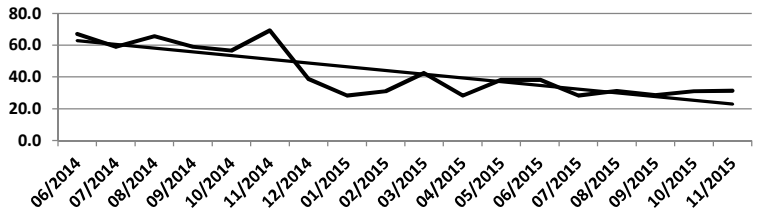


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies on hand increased slightly to 31.4 days in November from 31.0 days in October. We seem to have leveled off of late, for a long time this was one of the lesser interesting series as it had little movement. Maybe this index has settled into the same consistent pattern, only at a new lower number of days operating expenses.

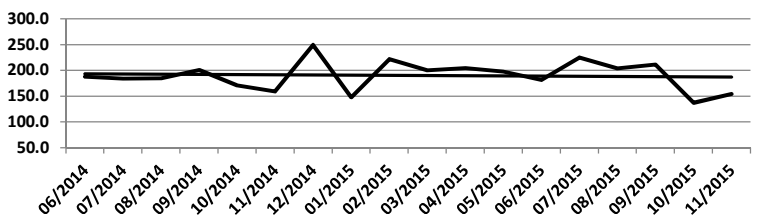
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 154.1 days in November, up from October's 137.2 days. We've risen back into more familiar territory with this month's value, although remain below the longer term 18 month trend line. More variation was evident last year in this same time frame, it's possible we may level out again if these fluctuations are due to seasonal factors coming toward the end of the year.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
November 2015	63.6%	18.2%	18.2%	72.7	71.4
October 2015	30.0%	30.0%	40.0%	45.0	55.0
September 2015	54.5%	18.2%	27.3%	63.6	54.5

The Production diffusion index increased sharply back into expansionary territory during November following the large variances in the index over the past five months. Over sixty percent of respondents reported production levels being higher relative to October levels.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
November 2015	27.3%	54.5%	18.2%	54.5	64.3
October 2015	20.0%	60.0%	20.0%	50.0	50.0
September 2015	36.4%	18.2%	45.5%	45.5	54.5

The non-seasonally adjusted New Orders index eased upward again relative to October, rising to 54.5 from the 50.0 mark in October. While we may not be exhibiting unbelievably strong growth, as more time passes the August result begins to look more and more like an outlier. These New Orders increases do offer some hope for continued strength in economic activity in spite of broader weakness in future months.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
November 2015	9.1%	63.6%	27.3%	40.9	50.0
October 2015	10.0%	60.0%	30.0%	40.0	55.0
September 2015	18.2%	63.6%	18.2%	50.0	59.1

The Commodity Price diffusion index continued in contractionary territory at 40.9 in November, essentially flat to last month's 40.0 index value. The generally weak demand worldwide for commodities and continued low oil prices seem to be showing up locally in these price weaknesses. We continue to move along the 18 month trend.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
November 2015	27.3%	36.4%	36.4%	45.5	50.0
October 2015	20.0%	30.0%	50.0%	35.0	55.0
September 2015	27.3%	36.4%	36.4%	45.5	54.5

The Inventories of Purchased Goods index signaled contracting inventories for the fourth straight month in November registering an index value of 45.5. We continue to show decreases here relative to prior year's levels and in the first half of 2015.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
November 2015	45.5%	36.4%	18.2%	63.6	50.0
October 2015	20.0%	60.0%	20.0%	50.0	45.0
September 2015	45.5%	45.5%	9.1%	68.2	54.5

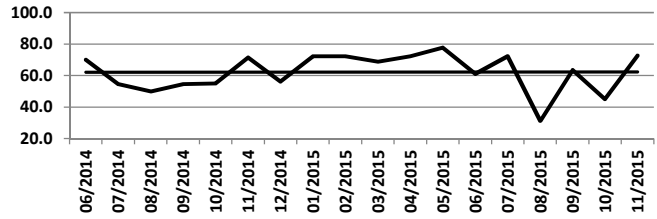
The non-seasonally adjusted Employment index again increased, with November's non-seasonally index value registering a value of 63.6. Following flirting with contractionary values last month, I was pleased to see this index rebound more solidly into expansionary territory.

Vendor Deliveries were:

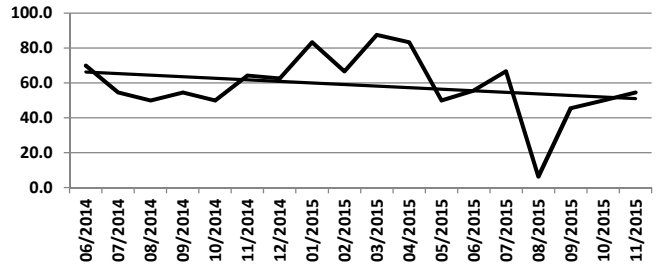
Period	Faster	Same	Slower	Index	Prior Yr
November 2015	9.1%	81.8%	9.1%	50.0	57.1
October 2015	10.0%	70.0%	20.0%	45.0	55.0
September 2015	9.1%	90.9%	0.0%	54.5	59.1

The Vendor Deliveries index reached the 50.0 mark in November again reflecting faster deliveries, albeit barely. While the last three months have been relatively more stable for this series, we have seen more variance in recent months than last year.

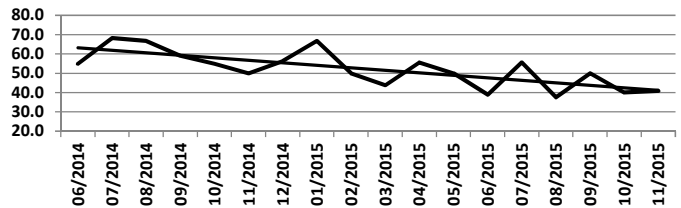
Production - Diffusion Index



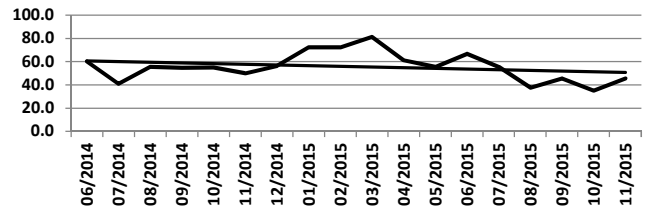
New Orders - Diffusion Index



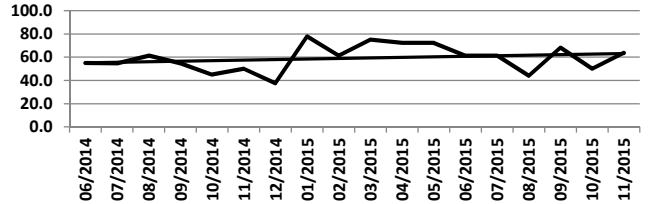
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

