

The Buffalo-Niagara Manufacturing index rose to 64.8 in September relative to the August value of 59.6 (where values of 50.0 or greater are generally consistent with increased activity relative to the prior month), reflecting a small increase in the number of firms reporting higher production, more employment, and slower vendor deliveries and reversing last month's growth slowdown. The index has indicated expansion relative to the previous month every month since September, 2016. Our local measure has typically been above the national ISM index (60.8 in September) since both measures turned positive in September.

Production (74.3) and employment (63.0) indices both rose slightly, indicating expansion at rates typical for 2017. The New Orders (62.7) and Inventories (62.7) indices barely changed relative to August and indicate positive growth. Commodity prices grew faster relative to August, and vendor deliveries were more likely to be slower (which can indicate more deliveries).

The national PMI in September reached its highest level since March 2011. 2017 has seen consistently high levels (similar to 2005). The NY Fed's Empire State Manufacturing Survey's general business index (a statewide measure) rose in September, continuing strong growth numbers over the last year. National unemployment (4.2%) and other labor underutilization measures from the Bureau of Labor Statistics fell slightly in September after consistently low values for the last year.

This month (seasonally adjusted)			
Index Name	Index	Direction	Change in Index From Last Month
Manufacturing	64.8	Increasing	Higher growth rate
Production	74.3	Increasing	Higher growth rate
New Orders	62.7	Increasing	Same growth rate
Inventories	62.7	Increasing	Same growth rate
Employment	63.0	Increasing	Higher growth rate
Deliveries	61.5	Slower	More slowdown of deliveries
Prices	77.8	Increasing	Higher growth rate

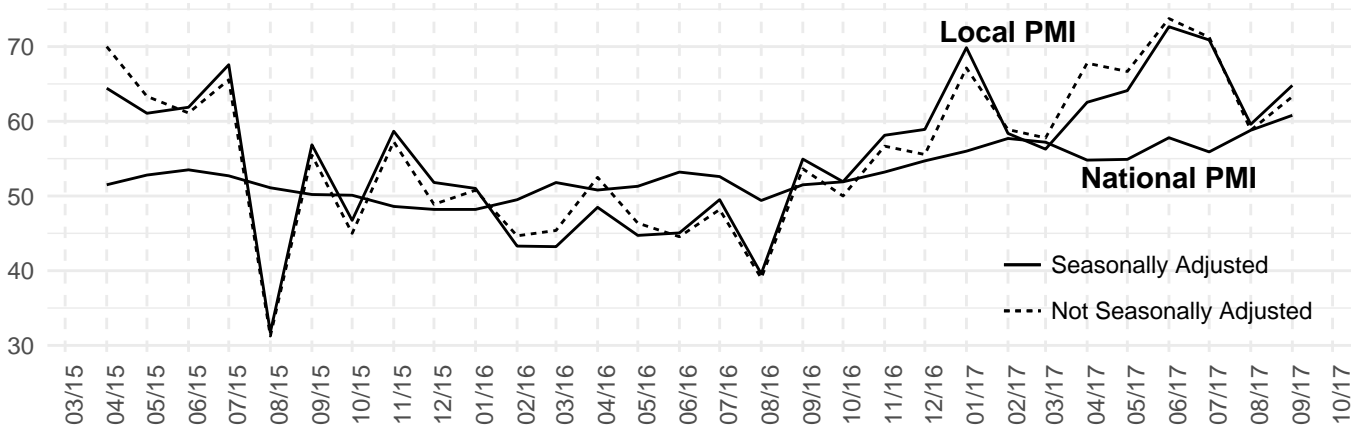


Figure 1: Local and National PMI over the last 2.5 years

**Production Buying Policy**

Days ahead production buying commitments among respondents rose between August and September from 56.2 to 77.2, a value in line with the long-term trend.

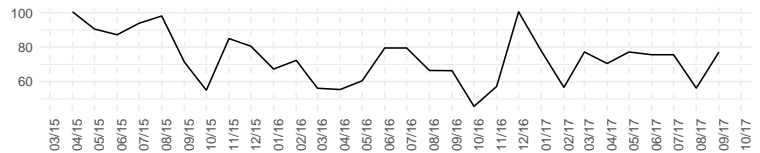


Figure 2: Production Buying Policy

**MRO Buying Policy (Maintenance, Repair, and Operating)**

Maintenance, Repair, and Operating (MRO) supplies on hand among respondents fell in September to 31.1 days, although the value is still broadly consistent with fairly stable values around 30 days for the last two years.

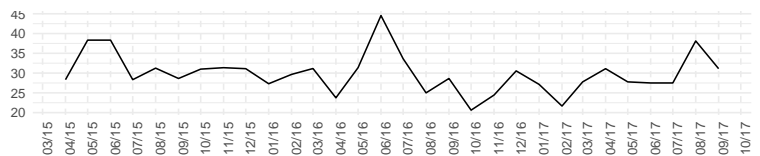


Figure 3: MRO Buying Policy

**Capital Equipment Buying Policy**

Manufacturers report making capital equipment buying commitments an average of 167.2 days ahead in September, lower than in August.

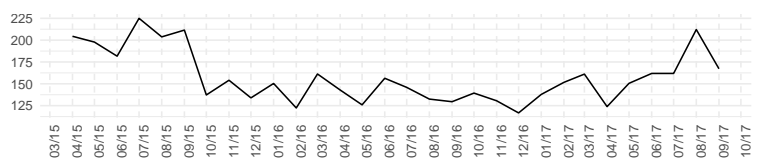


Figure 4: Capital Buying Policy

## Production Level

Month	Higher	Same	Lower	Index
Sep 2017	66.7%	11.1%	22.2%	72.2
Aug 2017	50.0%	25.0%	25.0%	62.5
Jul 2017	87.5%	12.5%	0.0%	93.8

The non-seasonally adjusted Production diffusion index rose to 72.2 in September from 62.5 in August, reversing last month's apparent growth slowdown.

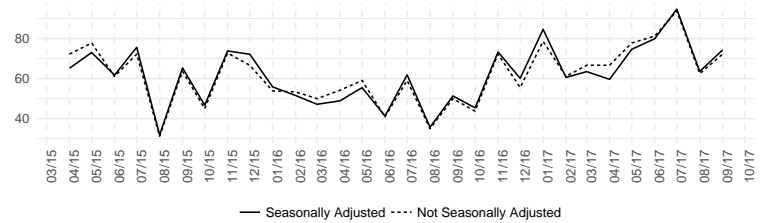


Figure 5: Production Diffusion Index

## New Orders

Month	Higher	Same	Lower	Index
Sep 2017	55.6%	11.1%	33.3%	61.1
Aug 2017	50.0%	25.0%	25.0%	62.5
Jul 2017	62.5%	25.0%	12.5%	75.0

The non-seasonally adjusted New Orders index fell very slightly to 61.1 in September from August's value of 62.5. Most respondents reported the same or higher number of new orders relative to last month. Since August of last year, this series has consistently been in expansionary territory.

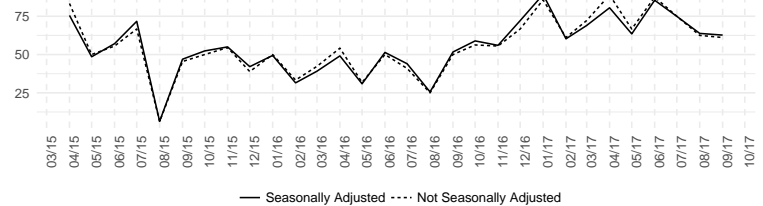


Figure 6: New Orders Diffusion Index

## Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Sep 2017	44.4%	33.3%	22.2%	61.1
Aug 2017	50.0%	25.0%	25.0%	62.5
Jul 2017	62.5%	12.5%	25.0%	68.8

The Inventories of Purchased Goods index continued to indicate increasing inventories on average for the fifth month in a row in September.

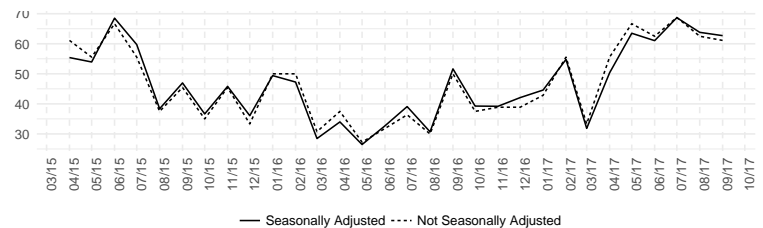


Figure 7: Purchased Inventories Diffusion Index

## Employment Levels

Month	Higher	Same	Lower	Index
Sep 2017	44.4%	33.3%	22.2%	61.1
Aug 2017	37.5%	37.5%	25.0%	56.2
Jul 2017	50.0%	25.0%	25.0%	62.5

The non-seasonally adjusted Employment index rose to 61.1 in September from August's level of 56.2 and remained consistent with levels of employment growth seen in early 2017 and well above typical levels from 2016.

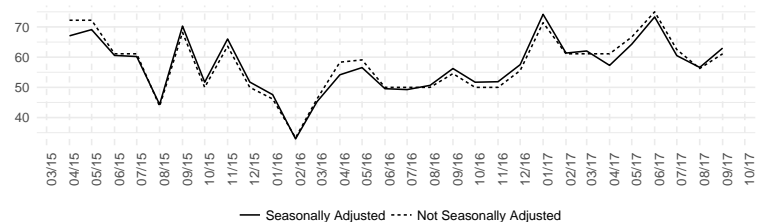


Figure 8: Employment Diffusion Index

## Vendor Deliveries

Month	Slower	Same	Faster	Index
Sep 2017	22.2%	77.8%	0.0%	61.1
Aug 2017	12.5%	75.0%	12.5%	50.0
Jul 2017	12.5%	87.5%	0.0%	56.2

The Vendor Deliveries index registered a value of 61.1 in September, up from 50.0 in August. This reflects a higher proportion of respondents reporting slower deliveries and a lower proportion of respondents reporting faster deliveries. Slower deliveries can indicate increased economic activity.

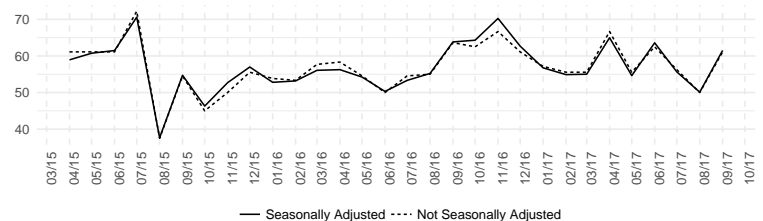


Figure 9: Vendor Deliveries Diffusion Index

## Commodity Prices

Month	Higher	Same	Lower	Index
Sep 2017	55.6%	44.4%	0.0%	77.8
Aug 2017	37.5%	62.5%	0.0%	68.8
Jul 2017	37.5%	50.0%	12.5%	62.5

A higher proportion of respondents reported increases in Commodity Prices from August to September than from July to August, with the index reaching (77.8).

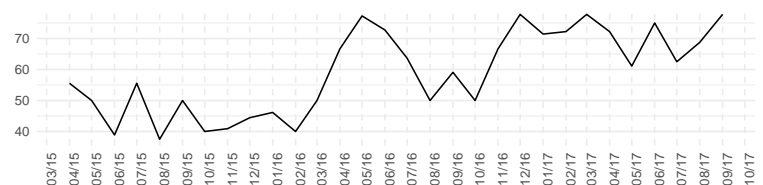


Figure 10: Commodity Prices Diffusion Index