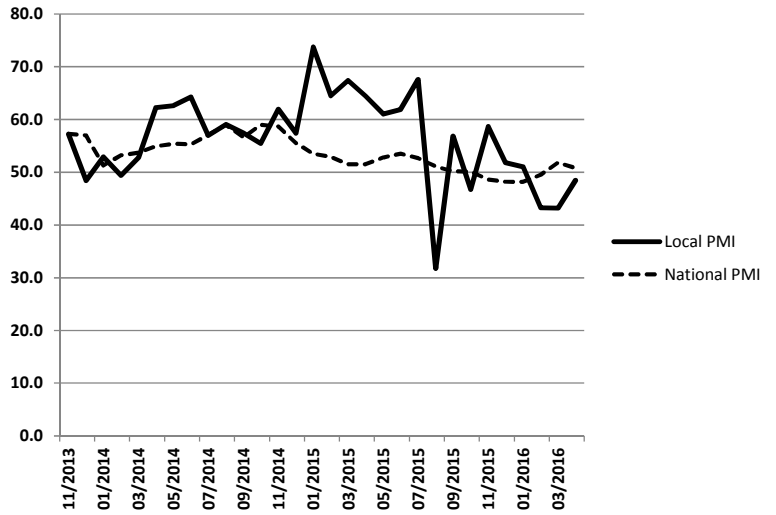


Institute of Supply Management - Buffalo April 2016 Business Survey Monthly Comparison Report

The PMI Index

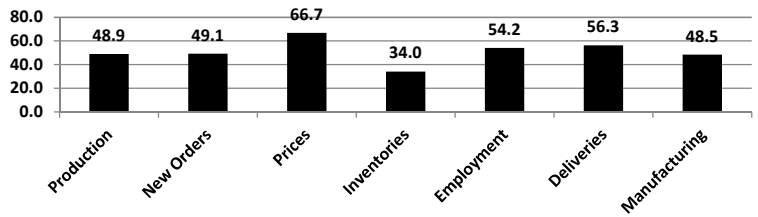
The local Buffalo-Niagara Manufacturing index continued in contractionary territory for the third straight month in April, converging toward the 50.0 mark (where 50.0 demarcates where manufacturing activity is expanding) with a value of 48.5. We rebounded from the past two local index values of 43.2 in March and February's 43.3. The national ISM manufacturing index maintained its position in positive territory with an index value of 50.8 in April, off slightly from March's 51.8. Regionally, the NY Fed's Empire State Manufacturing Survey, which surveys manufacturers statewide, posted its second straight expansionary result with its general business conditions index registering its highest value in over a year. Although it does appear that we remain in contractionary territory I still remain somewhat bullish over the near term. There are longer-term structural problems in the macroeconomy to be resolved, but I still believe we aren't as weak as we appeared in the later parts of 2015.

Looking to the other local results, the New Orders index remained in contractionary territory at 49.1 up from last month's 39.1 value. The local Employment index actually increased to 54.2 in April, employment activity showed increased activity among respondents relative to prior month. Finally, Vendor Deliveries were once again faster relative to prior month and commodity prices increased more quickly in April with the Prices index rising to 66.7 from 50.0.



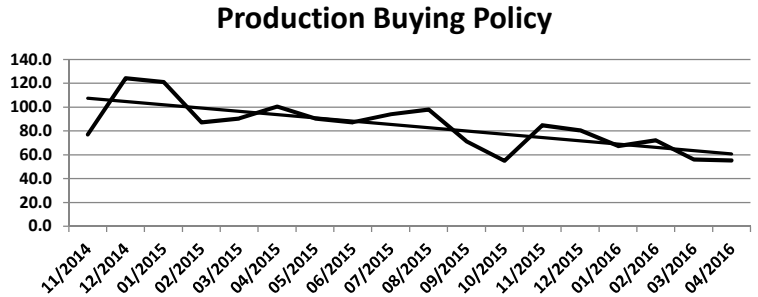
This month (Seasonally Adjusted)

Index	Index	Direction	Rate of Change
Production	48.9	Decreasing	Decreasing
New Orders	49.1	Decreasing	Decreasing
Prices	66.7	Increasing	Increasing
Inventories	34.0	Decreasing	Decreasing
Employment	54.2	Increasing	Increasing
Deliveries	56.3	Faster	Flat
Manufacturing	48.5	Decreasing	Decreasing



Production Buying Policy

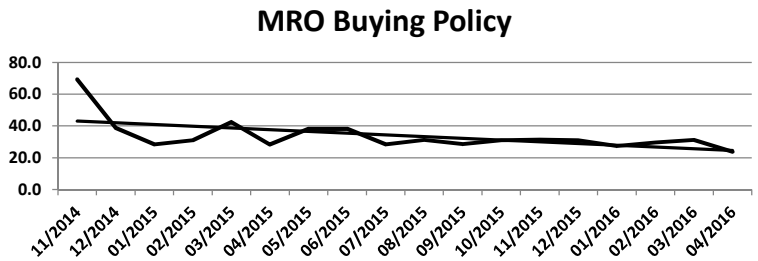
Days ahead production commitments among respondents decreased to 55.4 days in April from 56.2 days in March. We converged toward the the 18 month long term trend showing a relatively slower decline this month, while continuing along the general trend of fewer days ahead in production purchasing.



MRO Buying Policy

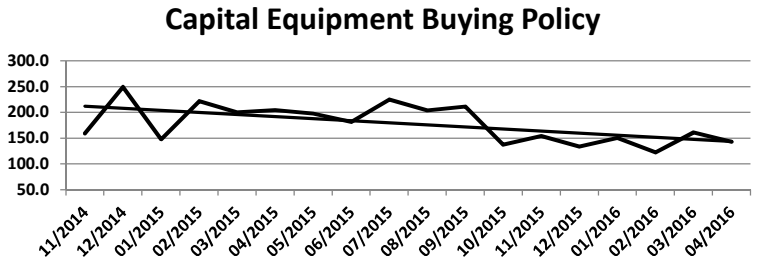
(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies on hand increased to 23.8 days during April, down from 31.2 days in March and 29.7 days in February. While we have been relatively steady between the 20-40 day range of supplies on hand the past 18 months it is still a bit extraordinary, this month's result is the fewest number of days on hand in at least the past five years.



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 142.9 days ahead in April, down from 161.3 days ahead in March. We again remain below prior year levels during April, these lower days ahead commitments represent what might be perceived as weakness in that manufacturers of capital equipment are able to deliver items ordered more quickly (fewer orders queued).



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
April 2016	41.7%	25.0%	33.3%	54.2	72.2
March 2016	23.1%	53.8%	23.1%	50.0	68.8
February 2016	33.3%	40.0%	26.7%	53.3	72.2

The Production diffusion index registered an index value of 54.2 in April, up slightly from 50.0 in March. We remain more strongly in expansionary territory although easily below last year's strong results this time of year.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
April 2016	33.3%	41.7%	25.0%	54.2	83.3
March 2016	23.1%	38.5%	38.5%	42.3	87.5
February 2016	13.3%	40.0%	46.7%	33.3	66.7

The non-seasonally adjusted New Orders index bounced into expansionary territory in April (the seasonal adjustment is downward, note above). We have had what may have been a break relative to the longer term trend in the two months since February. We can hope this is a harbinger of continued strength in orders moving into summer.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
April 2016	33.3%	66.7%	0.0%	66.7	55.6
March 2016	15.4%	69.2%	15.4%	50.0	43.8
February 2016	13.3%	53.3%	33.3%	40.0	50.0

The Commodity Price diffusion index registered a value of 66.7 in April, a noted break from 50.0 in March. No respondents related seeing lower commodity prices relative to prior month and to the right you can note the graph has had a sharp upward movement since February. Again the rebound in oil prices may be creeping into other areas in terms of the price strength in recent months.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
April 2016	16.7%	41.7%	41.7%	37.5	61.1
March 2016	7.7%	46.2%	46.2%	30.8	81.3
February 2016	26.7%	46.7%	26.7%	50.0	72.2

The Inventories of Purchased Goods index rebounded slightly to 37.8 in April up from March's index value of 30.8. In absence of other macroeconomic interpretation, there are only so many months we can see inventories draw down until they need to be replenished so this trend may not continue moving into summer.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
April 2016	33.3%	50.0%	16.7%	58.3	72.2
March 2016	23.1%	46.2%	30.8%	46.2	75.0
February 2016	0.0%	66.7%	33.3%	33.3	61.1

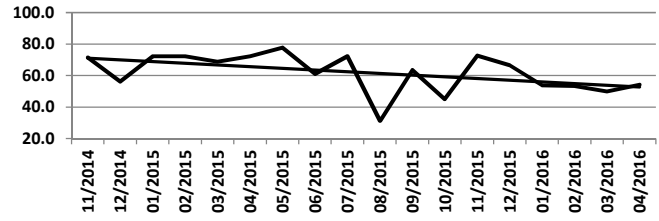
The non-seasonally adjusted Employment index moved into expansionary territory for the first time in 2016 during April. While we have had mixed results throughout the report, this I take to be somewhat a signal of strength with one-third of firms relating employment higher relative to prior month and half remaining the same.

Vendor Deliveries were:

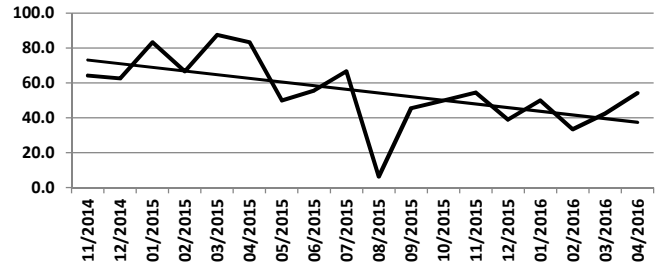
Period	Faster	Same	Slower	Index	Prior Yr
April 2016	16.7%	83.3%	0.0%	58.3	61.1
March 2016	15.4%	84.6%	0.0%	57.7	43.8
February 2016	6.7%	93.3%	0.0%	53.3	61.1

The Vendor Deliveries index registered a value of 58.3 in April, up slightly from March's 57.7 value. We again see faster deliveries relative to prior month, although the majority of respondents reported speed of delivery was the same relative to prior month.

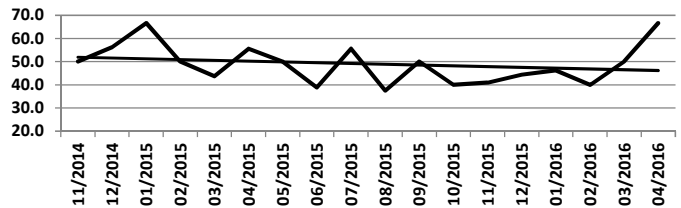
Production - Diffusion Index



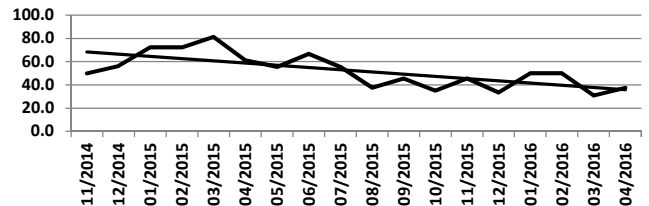
New Orders - Diffusion Index



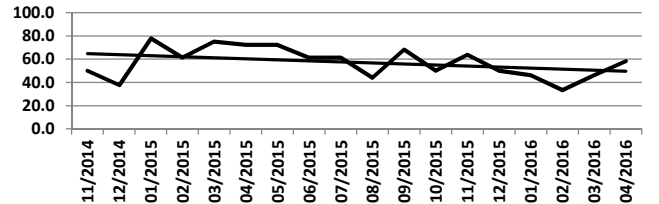
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

