

Buffalo-area manufacturing activity fell in August. The Buffalo-Niagara Manufacturing index (or PMI®) rose significantly to 73.2 in August from a low of 58.4 in July. The PMI® is a weighted average of a set of sub-indices calculated from a survey of local supply executives administered by ISM-Buffero, Inc., and values of 50.0 or greater are generally consistent with increased business activity relative to the prior month.

The Production Level, New Orders, Employment Levels, Vendor Deliveries, Commodity Prices, and Inventories indexes rose relative to the previous month, and Employment and Commodity Price growth continued to be high.

The national PMI (49.1) has been on a steadily decline relative to the local PMI since December 2018 at a level below the previous six quarters. And for the first time, it dropped below the level of 50.

This month (seasonally adjusted)

Index Name	Index	Direction	Change in Index From Last Month
PMI	73.2	Increasing	Higher growth rate
Production	75.2	Increasing	Higher growth rate
New Orders	77.3	Increasing	Higher growth rate
Inventories	77.3	Increasing	Higher growth rate
Employment	73.9	Increasing	Higher growth rate
Deliveries	62.2	Slower	More slowdown of deliveries
Prices	62.5	Increasing	Higher growth rate

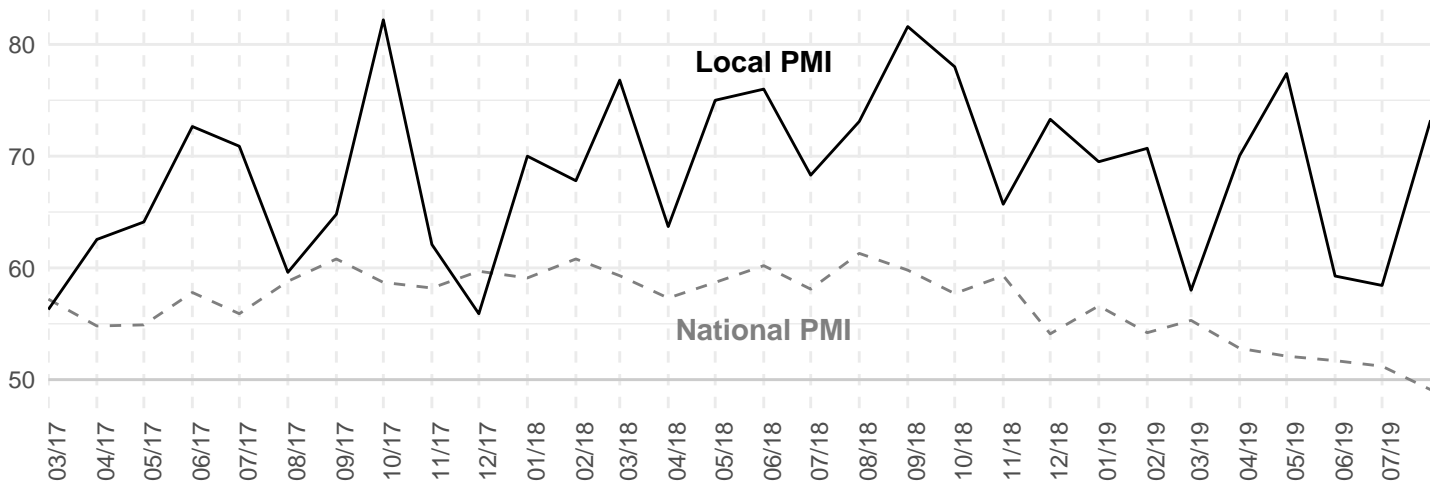


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents declined between July and August from 38.8 to 31.2. It reached the lowest level of the past two years.

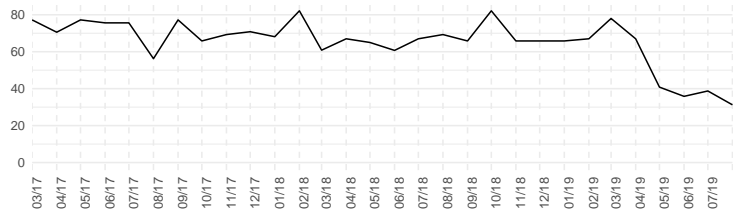


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents are the same between July and August from 17.5 to 17.5 days, which is lower than the average level in 2018.

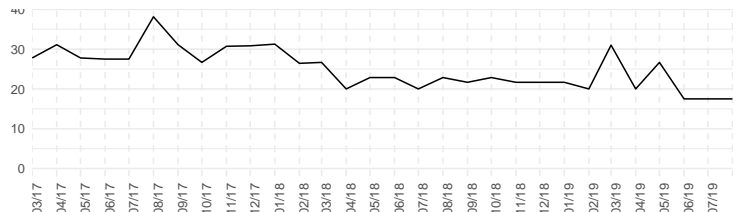


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 97.5 days ahead in August, a slight increase from July.

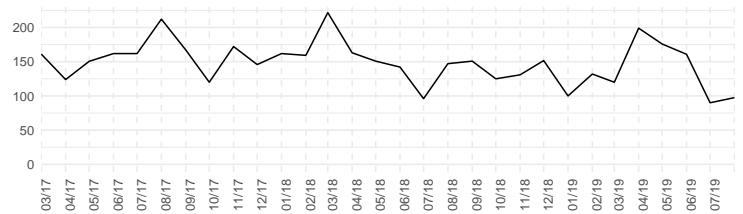


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Aug 2019	75.0%	0.0%	25.0%	75.0
Jul 2019	50.0%	25.0%	25.0%	62.5
Jun 2019	50.0%	33.3%	16.7%	66.7

The Production diffusion index rose to 75.0 in August from 62.5, with 75% of respondents reporting increased production relative to the previous month.

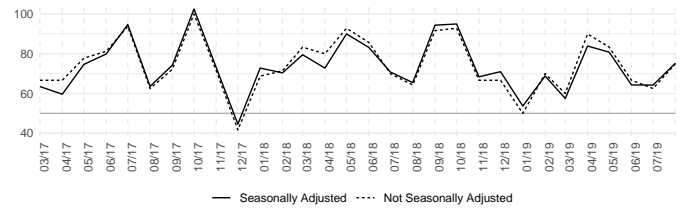


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Aug 2019	75.0%	0.0%	25.0%	75.0
Jul 2019	50.0%	25.0%	25.0%	62.5
Jun 2019	66.7%	16.7%	16.7%	75.0

The non-seasonally-adjusted New Orders index increased to 75.0 in August, a small jump from July's 62.5.

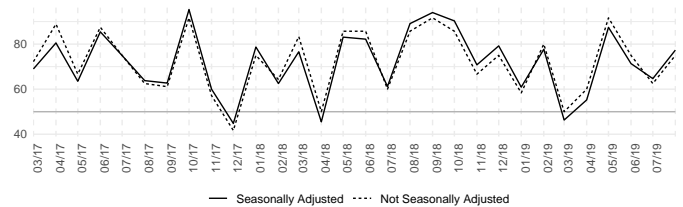


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Aug 2019	75.0%	0.0%	25.0%	75.0
Jul 2019	25.0%	50.0%	25.0%	50.0
Jun 2019	33.3%	50.0%	16.7%	58.3

The Inventories of Purchased Goods index rose sharply to 75.0 in August. The majority of respondents reported a higher level of inventories.

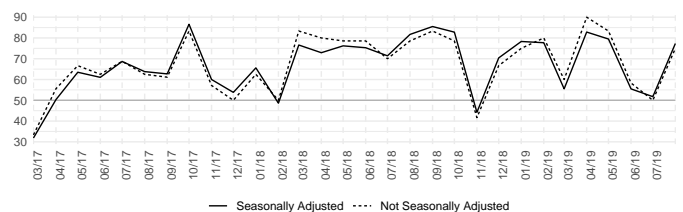


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Aug 2019	75.0%	0.0%	25.0%	75.0
Jul 2019	50.0%	25.0%	25.0%	62.5
Jun 2019	33.3%	66.7%	0.0%	66.7

The non-seasonally adjusted Employment index increased to 75.0 in August from July's level of 62.5. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally, and overall the employment has been on an upward trend.

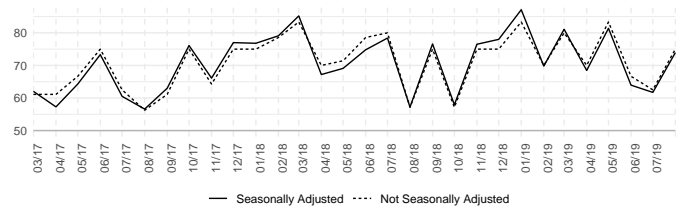


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Aug 2019	25.0%	75.0%	0.0%	62.5
Jul 2019	0.0%	100.0%	0.0%	50.0
Jun 2019	0.0%	83.3%	16.7%	41.7

The Vendor Deliveries index rose to 62.5 in August. 75% of the respondents indicated that delivery times were as expected while 25% reported slower than expected delivery time.

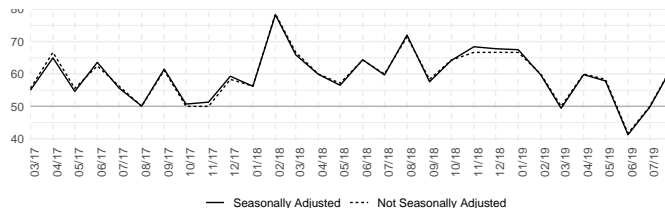


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Aug 2019	25.0%	75.0%	0.0%	62.5
Jul 2019	25.0%	50.0%	25.0%	50.0
Jun 2019	33.3%	33.3%	33.3%	50.0

Commodity Prices stayed the same for 75% of the respondents in August, and 25% respondent reported facing higher commodity prices. Commodity price growth in 2019 has been on average slightly slower than in 2018 but is still consistently high until May, then it fell flat for three months until August. This inflation has persisted for three years.

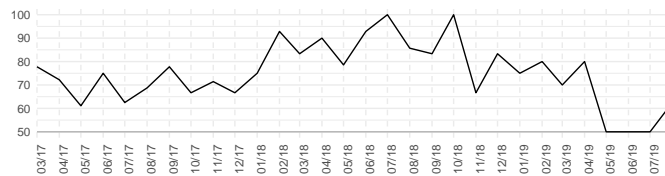


Figure 10: Commodity Prices Diffusion Index