

Buffalo-area manufacturing activity declined in August. The Buffalo-Niagara Manufacturing index (or PMI®) declined to 59.0 in August from 60.1 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.

Production Level, New Orders, Employment, MROB, Vendor Deliveries, Capital Equipment Buying Policy, and Prices went up comparing to the previous month, while Inventories decreased.

The national PMI (56.0) increased but is still lower than the local PMI. And the national PMI surpassed the 2-year average level.

**This month (seasonally adjusted)**

Index Name	Index	Direction	Change in Index From Last Month
PMI	59.0	Increasing	Same growth rate
Production	70.9	Increasing	Lower growth rate
New Orders	53.3	Increasing	Lower growth rate
Inventories	53.3	Increasing	Lower growth rate
Employment	49.7	No Change	Higher growth rate
Deliveries	67.7	Slower	More slowdown of deliveries
Prices	70.0	Increasing	Higher growth rate

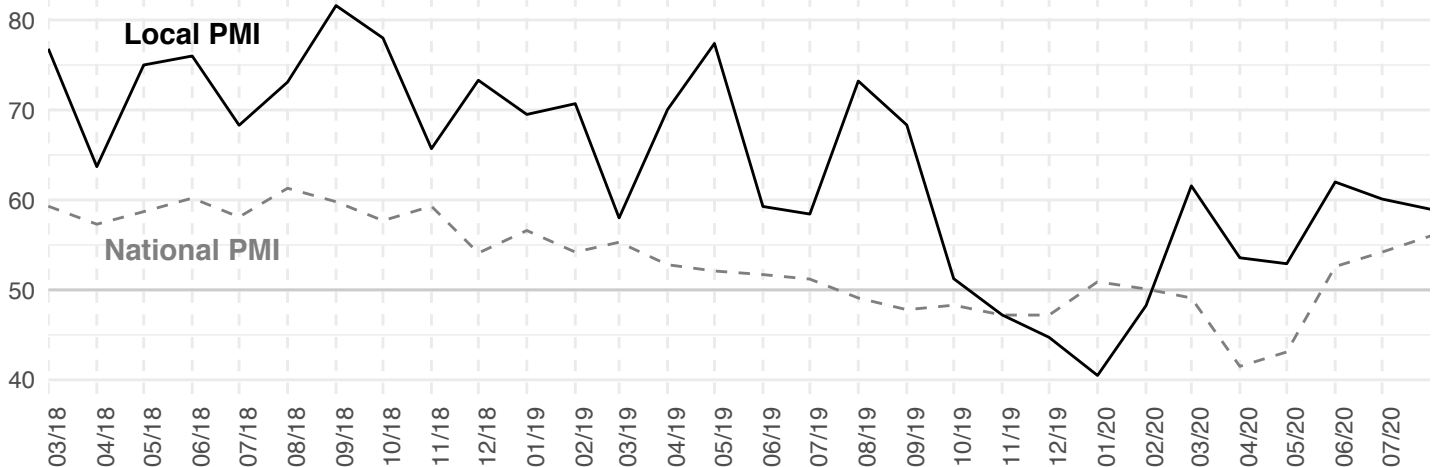


Figure 1: Local and National PMI over the last 2.5 years

**Production Buying Policy**

Days ahead production buying commitments among respondents rose slightly at August's 54.0 from July's 52.5. The level is still higher than most levels for the past year.

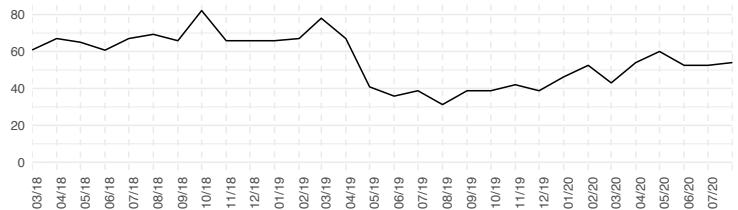


Figure 2: Production Buying Policy

**Maintenance, Repair, and Operating Buying Policy**

Maintenance, Repair, and Operating supplies on hand among respondents increased significantly in August from July's 23.8 days to 55.0 days, which is higher than the average levels in 2018 and 2019.

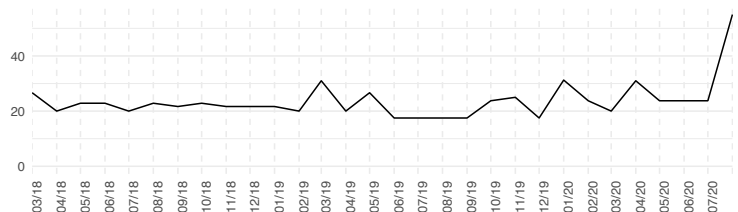


Figure 3: MRO Buying Policy

### Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 169.0 days ahead in August, a big rise from previous month's level.

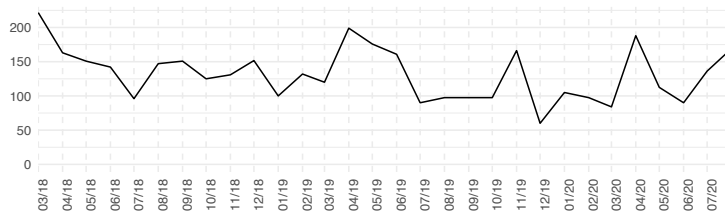


Figure 4: Capital Buying Policy

### Production Level

Month	Higher	Same	Lower	Index
Aug 2020	40.0%	60.0%	0.0%	70.0
Jul 2020	50.0%	50.0%	0.0%	75.0
Jun 2020	50.0%	0.0%	50.0%	50.0

The Production diffusion index is 70.0 in August, a little lower than last month's 75.0, with 0% of respondents reporting lower production relative to the previous month. This level is higher than the average level from the past two years.

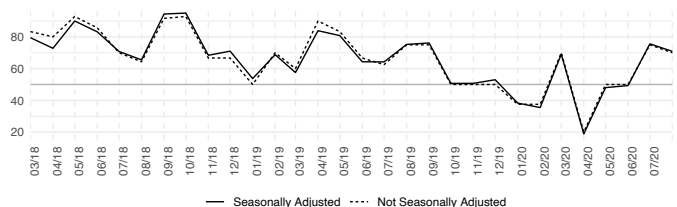


Figure 5: Production Diffusion Index

### New Orders

Month	Higher	Same	Lower	Index
Aug 2020	40.0%	20.0%	40.0%	50.0
Jul 2020	50.0%	25.0%	25.0%	62.5
Jun 2020	50.0%	25.0%	25.0%	62.5

The non-seasonally-adjusted New Orders index was 50.0 in August, dropped from July's 62.5.

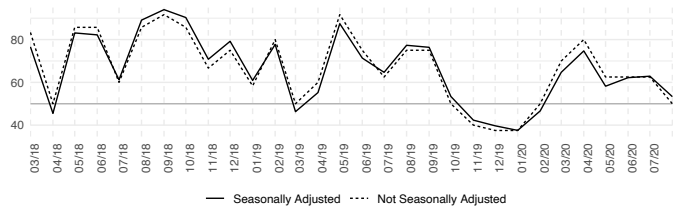


Figure 6: New Orders Diffusion Index

### Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Aug 2020	40.0%	20.0%	40.0%	50.0
Jul 2020	50.0%	25.0%	25.0%	62.5
Jun 2020	50.0%	25.0%	25.0%	62.5

The Inventories of Purchased Goods index increased to 50.0 in August, lower than last month's level. And 40% of the respondents reported a higher level of inventories.

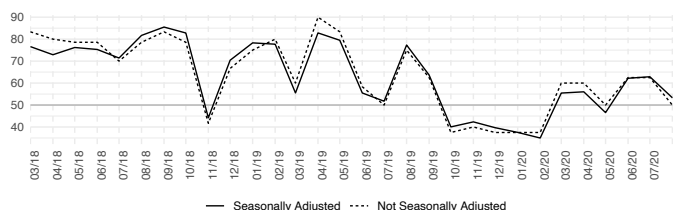


Figure 7: Purchased Inventories Diffusion Index

### Employment Levels

Month	Higher	Same	Lower	Index
Aug 2020	20.0%	60.0%	20.0%	50.0
Jul 2020	0.0%	75.0%	25.0%	37.5
Jun 2020	25.0%	50.0%	25.0%	50.0

The non-seasonally adjusted Employment index rose to 50.0 in August, which is still lower than July's level of 37.5. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally. However, the index starting to fluctuate around 50 since October 2019.

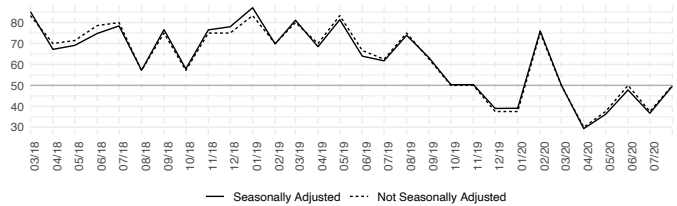


Figure 8: Employment Diffusion Index

### Vendor Deliveries

Month	Slower	Same	Faster	Index
Aug 2020	40.0%	60.0%	0.0%	70.0
Jul 2020	25.0%	75.0%	0.0%	62.5
Jun 2020	75.0%	25.0%	0.0%	87.5

The Vendor Deliveries index was 70.0 in August, higher than last month's level. 0% of the respondents indicated that delivery times were slower than expected while 60% reported deliveries as expected.

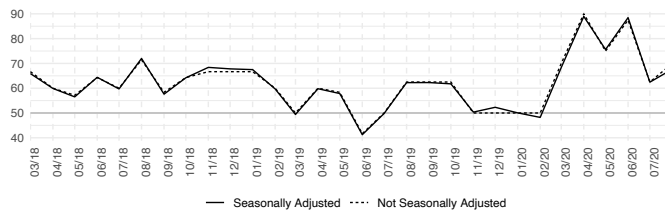


Figure 9: Vendor Deliveries Diffusion Index

### Commodity Prices

Month	Higher	Same	Lower	Index
Aug 2020	40.0%	60.0%	0.0%	70.0
Jul 2020	25.0%	75.0%	0.0%	62.5
Jun 2020	50.0%	50.0%	0.0%	75.0

Commodity Prices increased with 60% of the respondents in August reported flat commodity prices, and 40% respondent reported higher than expected commodity prices.

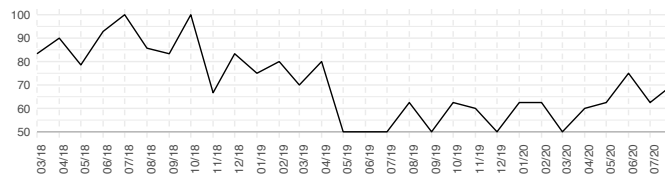


Figure 10: Commodity Prices Diffusion Index