

Buffalo-area manufacturing activity stayed the same in December. The Buffalo-Niagara Manufacturing index (or PMI®) fell to 44.7 in December from a high of 47.2 in November. 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.

Capital Buying Policy, MROB, Employment Levels, Inventories of Purchased Goods, New Orders, and Commodity Prices dropped relative to the previous month, and Vendor Delivery and Production Level stayed flat.

The national PMI (47.2) 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 fifth time in a row, it dropped further below the level of 50.

This month (seasonally adjusted)

Index Name	Index	Direction	Change in Index From Last Month
PMI	44.7	Decreasing	Lower growth rate
Production	53.0	Increasing	Higher growth rate
New Orders	39.7	Decreasing	Lower growth rate
Inventories	39.7	Decreasing	Lower growth rate
Employment	39.0	Decreasing	Lower growth rate
Deliveries	52.3	Slower	More slowdown of deliveries
Prices	50.0	No Change	Lower growth rate

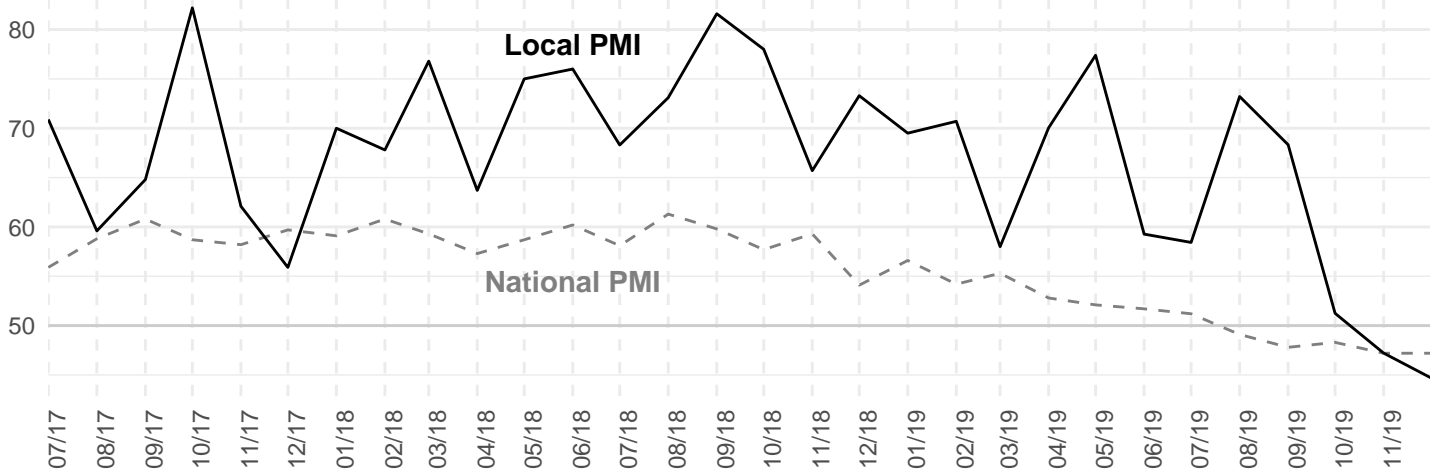


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents dropped to December's 38.8 from November's 42.0. The level is still low comparing to the past two years.

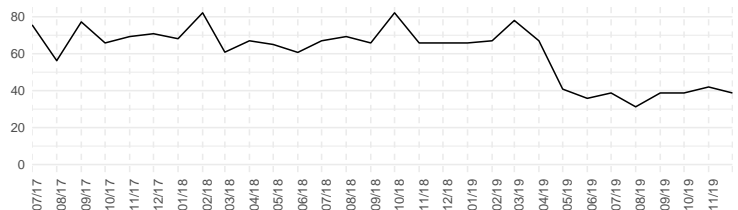


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents decreased in December from November's 25.0 days to 17.5 days, which is around the average level in 2018 and 2019.

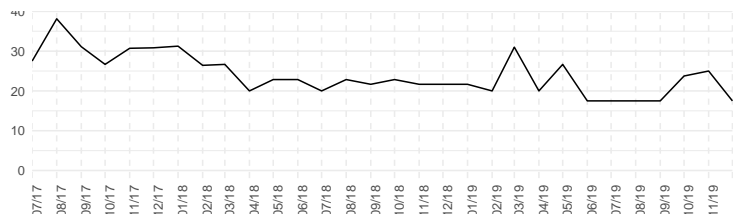


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 60.0 days ahead in December, a significant drop from November's level.

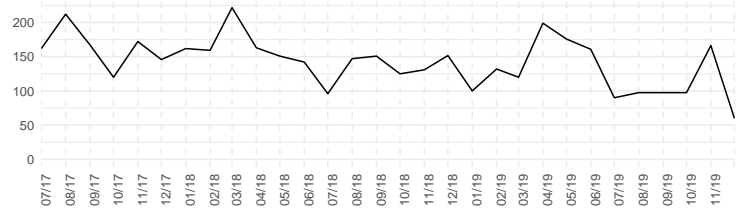


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Dec 2019	25.0%	50.0%	25.0%	50.0
Nov 2019	40.0%	20.0%	40.0%	50.0
Oct 2019	50.0%	0.0%	50.0%	50.0

The Production diffusion index is 50.0 in December, the same as last month's 50.0, with 25% of respondents reporting increased production relative to the previous month.

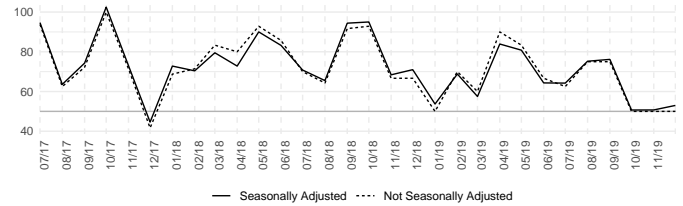


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Dec 2019	25.0%	25.0%	50.0%	37.5
Nov 2019	20.0%	40.0%	40.0%	40.0
Oct 2019	50.0%	0.0%	50.0%	50.0

The non-seasonally-adjusted New Orders index was 37.5 in December, a light drop from November's 40.0.

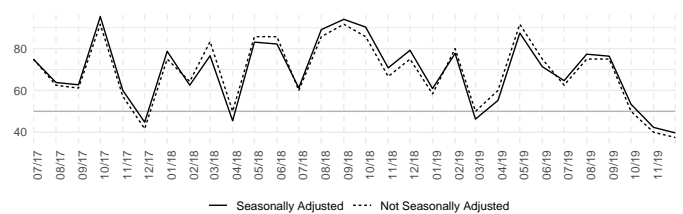


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Dec 2019	25.0%	25.0%	50.0%	37.5
Nov 2019	20.0%	40.0%	40.0%	40.0
Oct 2019	25.0%	25.0%	50.0%	37.5

The Inventories of Purchased Goods index fell by 2.5 points to 37.5 in December. 50% of the respondents reported a lower level of inventories.

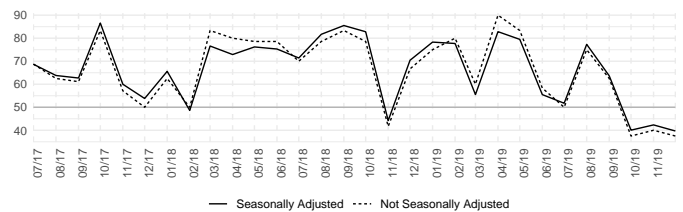


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Dec 2019	25.0%	25.0%	50.0%	37.5
Nov 2019	40.0%	20.0%	40.0%	50.0
Oct 2019	50.0%	0.0%	50.0%	50.0

The non-seasonally adjusted Employment index was 37.5 in December, which is much lower than November's level of 50.0. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally, and overall the employment had been on an upward trend until last month.

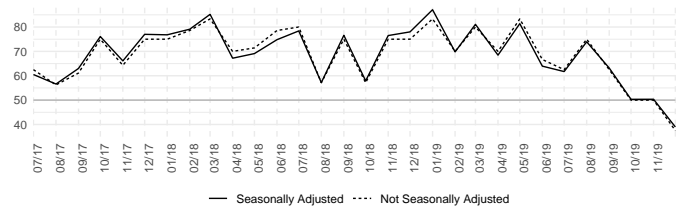


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Dec 2019	25.0%	50.0%	25.0%	50.0
Nov 2019	0.0%	100.0%	0.0%	50.0
Oct 2019	25.0%	75.0%	0.0%	62.5

The Vendor Deliveries index was 50.0 in December, the same as last month's. 50% of the respondents indicated that delivery times were as expected.

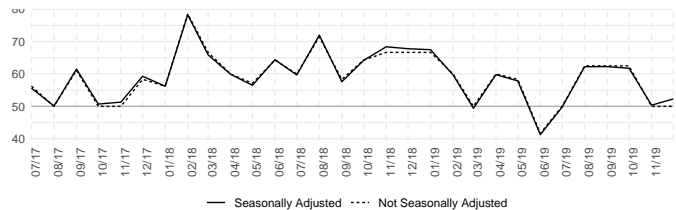


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Dec 2019	25.0%	50.0%	25.0%	50.0
Nov 2019	20.0%	80.0%	0.0%	60.0
Oct 2019	50.0%	25.0%	25.0%	62.5

Commodity Prices dropped with 25% of the respondents in December reported facing higher commodity prices, and 50% respondent reported the same as expected commodity prices. Commodity price growth in 2019 has been on average slower than in 2018 but was still consistently high until May, then it fell flat for three months until August, then started to fluctuate again. This inflation has persisted for three years.

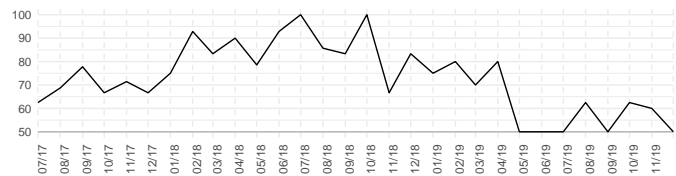


Figure 10: Commodity Prices Diffusion Index