

Buffalo-area manufacturing activity accelerated in December. The Buffalo-Niagara Manufacturing index (or PMI®) rose sharply to 80.3 in December from 59.0 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.

New Orders, Inventories, Employment Levels, Vendor Deliveries, and Production Level went up comparing to the previous month's levels, while Commodity Prices, MORB and Capital Buying Policy decreased. Production Buying Policy stayed the same.

The national PMI (60.7) also decreased. However, the national PMI is higher than the local PMI. And the national PMI stays at around the 2-year average level.

**This month (seasonally adjusted)**

Index Name	Index	Direction	Change in Index From Last Month
PMI	80.3	Increasing	Higher growth rate
Production	81.5	Increasing	Higher growth rate
New Orders	81.1	Increasing	Higher growth rate
Inventories	81.1	Increasing	Higher growth rate
Employment	78.4	Increasing	Higher growth rate
Deliveries	79.2	Slower	More slowdown of deliveries
Prices	75.0	Increasing	Lower growth rate

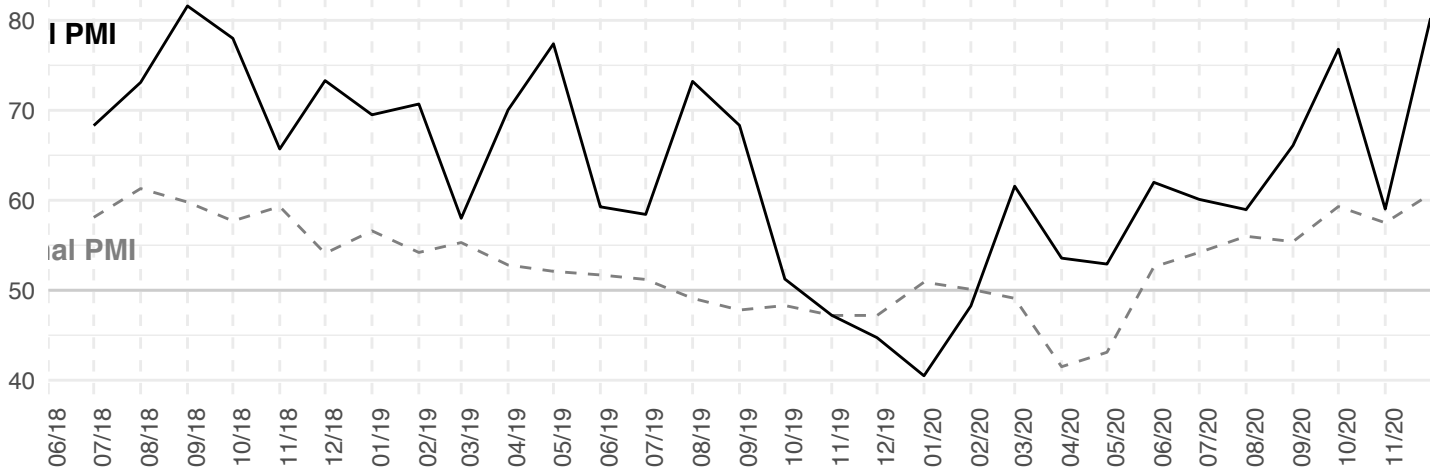


Figure 1: Local and National PMI over the last 2.5 years

**Production Buying Policy**

Days ahead production buying commitments among respondents stayed the same at December's 60.0 as November's 60.0. Overall the level has been on an upward trend since May of 2019.

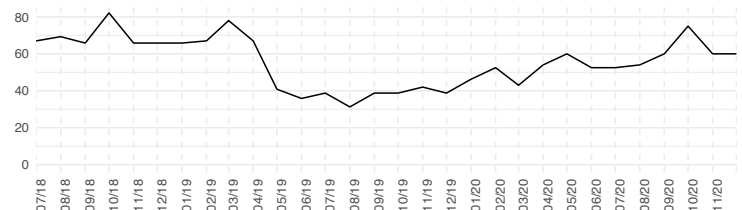


Figure 2: Production Buying Policy

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

Maintenance, Repair, and Operating supplies on hand among respondents declined a little in December from November's 21.7 days to 17.5 days, which is around the average levels of 2018 and 2019.

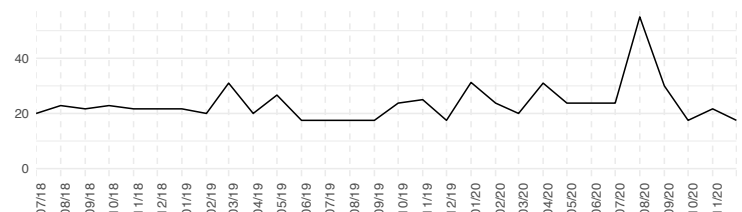


Figure 3: MRO Buying Policy

### Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 120.0 days ahead in December, a sharp decrease from the previous month's level.

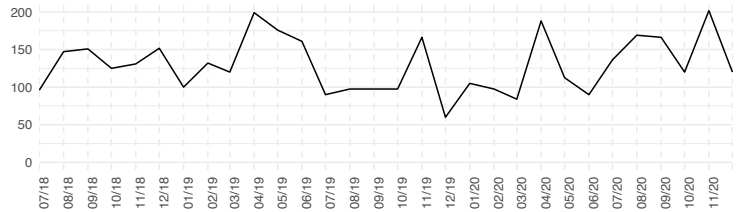


Figure 4: Capital Buying Policy

### Production Level

Month	Higher	Same	Lower	Index
Dec 2020	50.0%	50.0%	0.0%	75.0
Nov 2020	33.3%	33.3%	33.3%	50.0
Oct 2020	50.0%	50.0%	0.0%	75.0

The Production diffusion index is 75.0 in December, much higher than last month's 50.0, with 0% of respondents reporting lower production relative to the previous month.

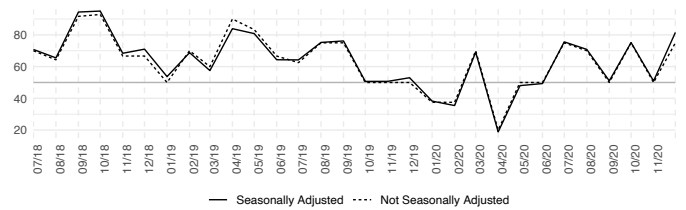


Figure 5: Production Diffusion Index

### New Orders

Month	Higher	Same	Lower	Index
Dec 2020	50.0%	50.0%	0.0%	75.0
Nov 2020	33.3%	33.3%	33.3%	50.0
Oct 2020	50.0%	50.0%	0.0%	75.0

The non-seasonally-adjusted New Orders index was 75.0 in December, higher than November's 50.0.

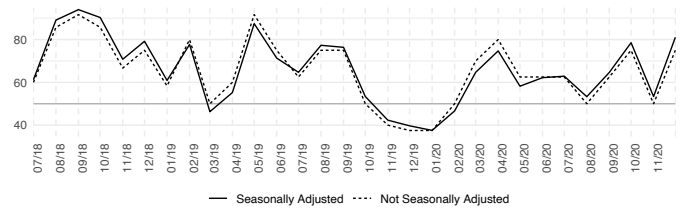


Figure 6: New Orders Diffusion Index

### Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Dec 2020	50.0%	50.0%	0.0%	75.0
Nov 2020	33.3%	66.7%	0.0%	66.7
Oct 2020	50.0%	50.0%	0.0%	75.0

The Inventories of Purchased Goods index increased to 75.0 in December. About 50% of the respondents reported a higher level of inventories and no respondents reported a lower level of inventories.

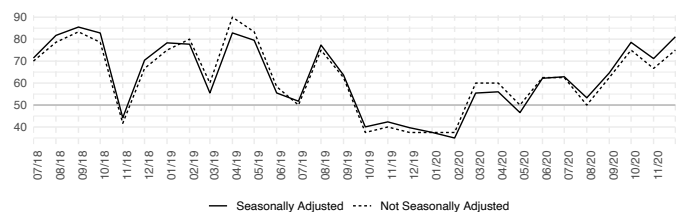


Figure 7: Purchased Inventories Diffusion Index

### Employment Levels

Month	Higher	Same	Lower	Index
Dec 2020	50.0%	50.0%	0.0%	75.0
Nov 2020	0.0%	100.0%	0.0%	50.0
Oct 2020	50.0%	50.0%	0.0%	75.0

The non-seasonally adjusted Employment index rose significantly to 75.0 in December from November's level of 50.0. 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 November 2019.

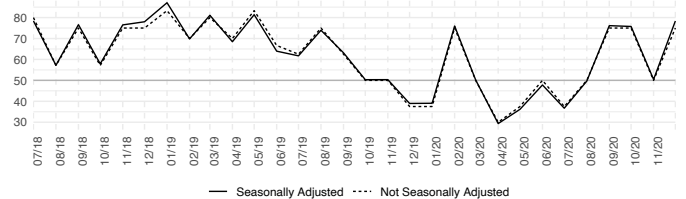


Figure 8: Employment Diffusion Index

### Vendor Deliveries

Month	Slower	Same	Faster	Index
Dec 2020	50.0%	50.0%	0.0%	75.0
Nov 2020	33.3%	66.7%	0.0%	66.7
Oct 2020	50.0%	50.0%	0.0%	75.0

The Vendor Deliveries index was 75.0 in December, higher than last month's level. Around 50% of the respondents indicated that delivery times were slower than expected while the other 50% reported deliveries as expected.

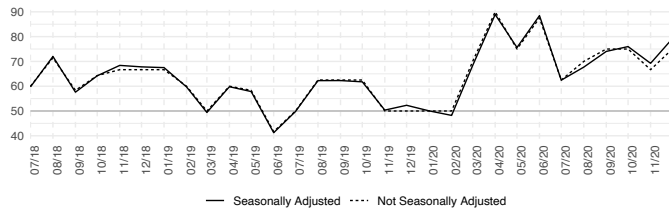


Figure 9: Vendor Deliveries Diffusion Index

### Commodity Prices

Month	Higher	Same	Lower	Index
Dec 2020	50.0%	50.0%	0.0%	75.0
Nov 2020	66.7%	33.3%	0.0%	83.3
Oct 2020	50.0%	50.0%	0.0%	75.0

Commodity Prices went down, and 50% of the respondents in December reported flat commodity prices, and 50% respondent reported higher than expected commodity prices.

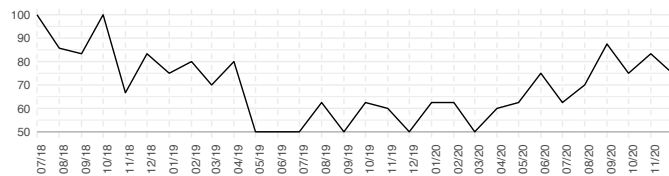


Figure 10: Commodity Prices Diffusion Index