

Buffalo-area manufacturing activity continued to grow in February, but the data are consistent with slower growth than in 2018. The Buffalo-Niagara Manufacturing index (or PMI[®]) rose very slightly to 70.7 in February from 69.5 in January. 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.

All components of the index continued to signal increased business activity. The Production (68.8) and New Orders (77.7) indices rebounded after last month's slump, and the Inventories index (77.7) and Commodity Price index (80.0) remained constant. However, fewer respondents indicated increasing employment or slower deliveries than in the past month.

The national PMI fell slightly in February, returning to the value from December, the lowest level since 2017 (54.2). The NY Fed's Empire State Manufacturing Survey's general business index (a statewide measure) also saw a remarkable dip in the first three months of 2019.

This month (seasonally adjusted)			
Index Name	Index	Direction	Change in Index From Last Month
PMI	70.7	Increasing	Same growth rate
Production	68.8	Increasing	Higher growth rate
New Orders	77.7	Increasing	Higher growth rate
Inventories	77.7	Increasing	Same growth rate
Employment	69.8	Increasing	Lower growth rate
Deliveries	59.7	Slower	Less slowdown of deliveries
Prices	80.0	Increasing	Higher growth rate

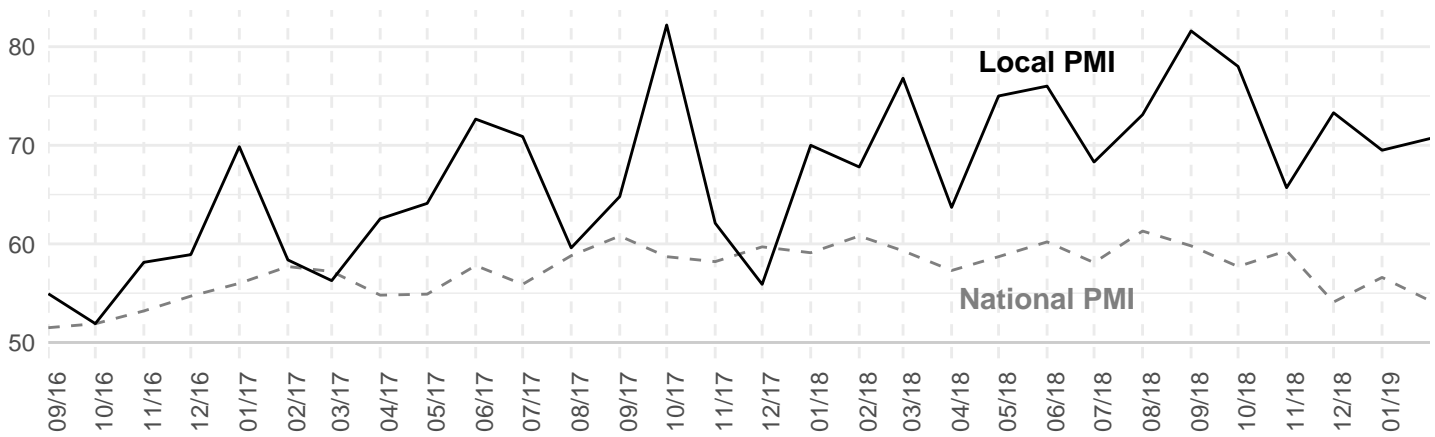


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents remained constant between January and February at 67.0. The value has been stable for four months.

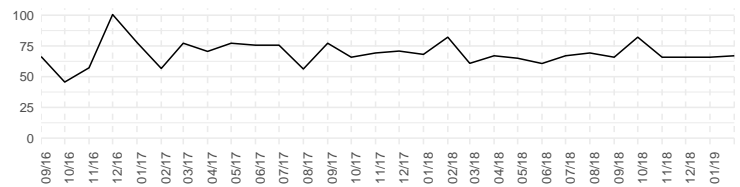


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents stayed nearly constant from January to February at 20.0 days. The value has been nearly constant since last April, when it fell below the 2017 norm.

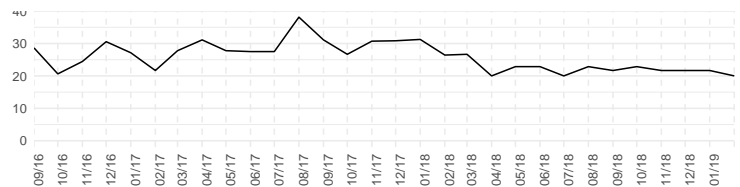


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 132.0 days ahead in February, a rebound of 32 days after the dip in January.

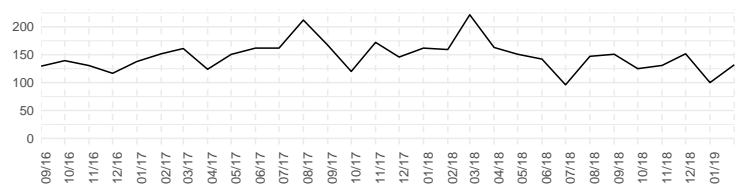


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Feb 2019	60.0%	20.0%	20.0%	70.0
Jan 2019	33.3%	33.3%	33.3%	50.0
Dec 2019	50.0%	33.3%	16.7%	66.7

The Production diffusion index rose from 50.0 to 70.0 in February. The proportion of respondents reporting positive growth of production was higher than in recent months.

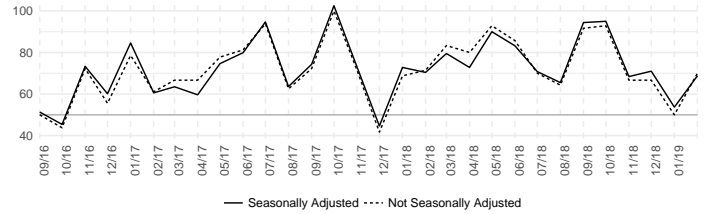


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Feb 2019	60.0%	40.0%	0.0%	80.0
Jan 2019	50.0%	16.7%	33.3%	58.3
Dec 2019	66.7%	16.7%	16.7%	75.0

The non-seasonally-adjusted New Orders index increased to 80.0 in February from February's value of 58.3. All respondents reported the same or higher number of new orders.

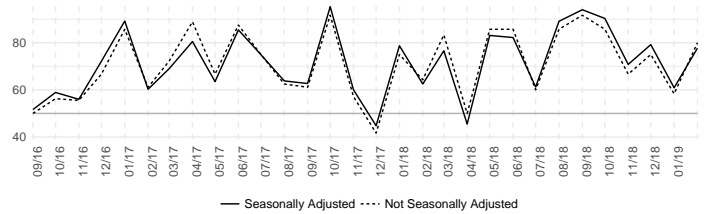


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Feb 2019	60.0%	40.0%	0.0%	80.0
Jan 2019	50.0%	50.0%	0.0%	75.0
Dec 2019	50.0%	33.3%	16.7%	66.7

The Inventories of Purchased Goods index continued to indicate increasing inventories on average for the fourth month in a row in February (80.0), and firms were more likely to report higher inventories in February than in January.

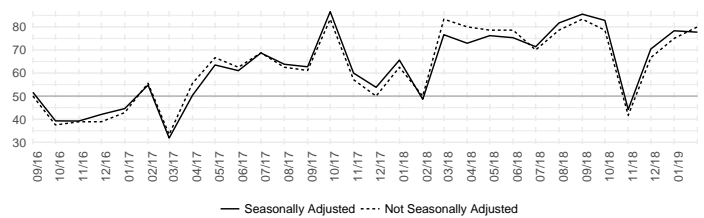


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Feb 2019	40.0%	60.0%	0.0%	70.0
Jan 2019	66.7%	33.3%	0.0%	83.3
Dec 2019	50.0%	50.0%	0.0%	75.0

The non-seasonally adjusted Employment index fell to 70.0 in February from January's level of 83.3, reaching its lowest point in 4 months (although still quite high).

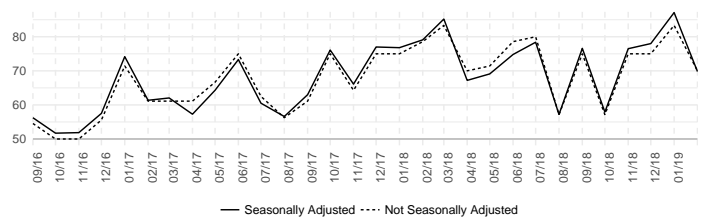


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Feb 2019	20.0%	80.0%	0.0%	60.0
Jan 2019	33.3%	66.7%	0.0%	66.7
Dec 2019	33.3%	66.7%	0.0%	66.7

The Vendor Deliveries index registered a value of 60.0 in February, down from 66.7 in January, indicating that deliveries were slower than anticipated for a smaller fraction of respondents than in previous months.

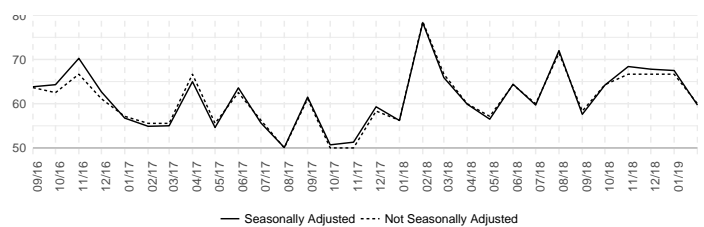


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Feb 2019	60.0%	40.0%	0.0%	80.0
Jan 2019	50.0%	50.0%	0.0%	75.0
Dec 2019	66.7%	33.3%	0.0%	83.3

Commodity Prices grew more quickly in February, with the index rising from 75.0 to 80.0, which is about average for the last three months but low compared to 2018. This is the 28th consecutive month of respondents reporting commodity price growth.

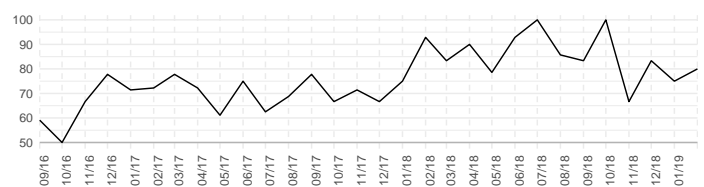


Figure 10: Commodity Prices Diffusion Index