

Buffalo-area manufacturing activity picked up in February. The Buffalo-Niagara Manufacturing index (or PMI®) rose to 48.3 in February from 40.5 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.

New Orders, Employment and Production Policy rose relative to the previous month, while Production, MRO and Capital Buying Policy went down. Meanwhile, Commodity Prices, Inventories and Deliveries stayed the same as before.

The national PMI (50.1) is at the level of 50 in February of 2020 and higher than the local PMI for the second time since December 2017. However, the national PMI is still lower than the 2-year average level.

**This month (seasonally adjusted)**

Index Name	Index	Direction	Change in Index From Last Month
PMI	48.3	Decreasing	Higher growth rate
Production	35.4	Decreasing	Lower growth rate
New Orders	46.6	Decreasing	Higher growth rate
Inventories	35.0	Decreasing	Lower growth rate
Employment	76.0	Increasing	Higher growth rate
Deliveries	48.2	Faster	Less slowdown of deliveries
Prices	62.5	Increasing	Same growth rate

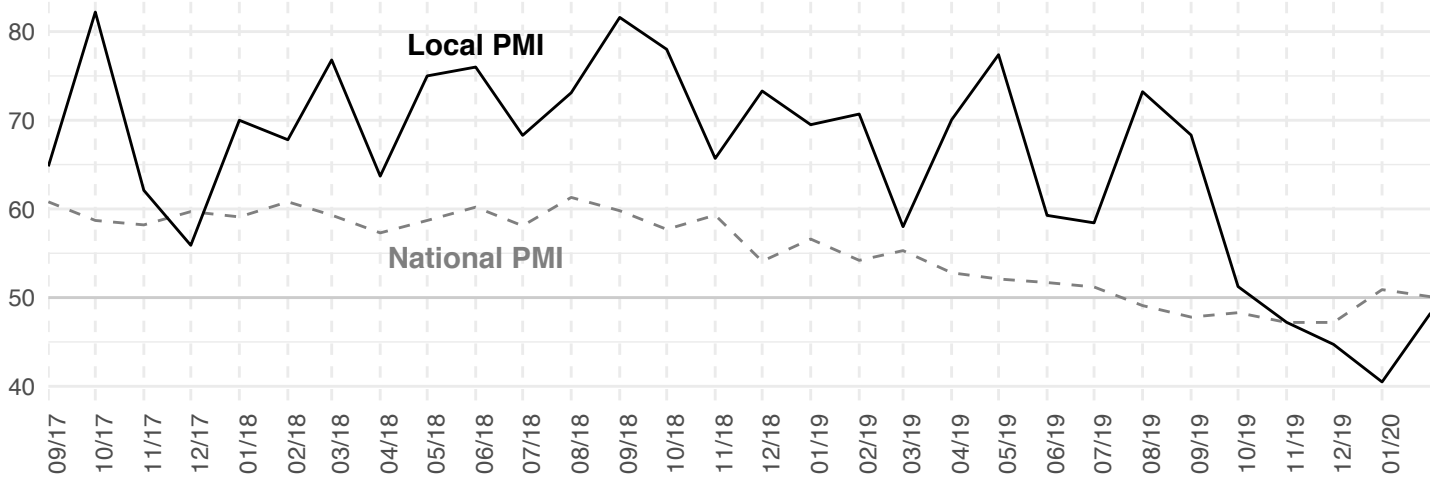


Figure 1: Local and National PMI over the last 2.5 years

**Production Buying Policy**

Days ahead production buying commitments among respondents rose to February's 52.5 from January's 46.2. The level is still low comparing to the past two years.

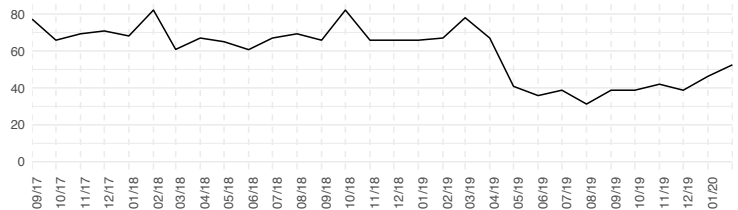


Figure 2: Production Buying Policy

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

Maintenance, Repair, and Operating supplies on hand among respondents fell in February from January's 31.2 days to 23.8 days, which is still higher than the average levels in 2018 and 2019.

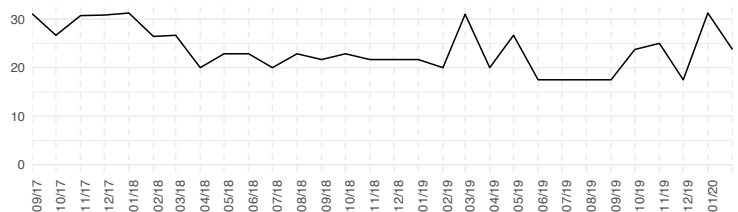


Figure 3: MRO Buying Policy

### Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 97.5 days ahead in February, the same as January's level.

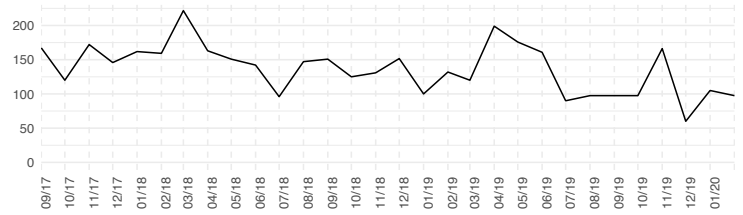


Figure 4: Capital Buying Policy

### Production Level

Month	Higher	Same	Lower	Index
Feb 2020	25.0%	25.0%	50.0%	37.5
Jan 2020	25.0%	25.0%	50.0%	37.5
Dec 2020	25.0%	50.0%	25.0%	50.0

The Production diffusion index is 37.5 in February, the same as last month's 37.5, with 50% of respondents reporting reduced production relative to the previous month.

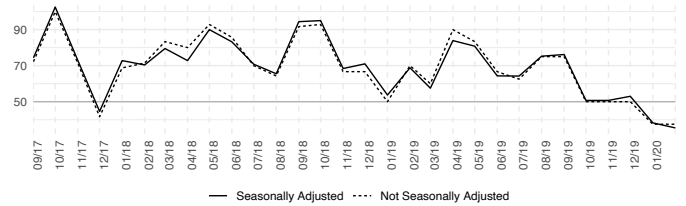


Figure 5: Production Diffusion Index

### New Orders

Month	Higher	Same	Lower	Index
Feb 2020	25.0%	50.0%	25.0%	50.0
Jan 2020	25.0%	25.0%	50.0%	37.5
Dec 2020	25.0%	25.0%	50.0%	37.5

The non-seasonally-adjusted New Orders index was 50.0 in February, up from January's 37.5.

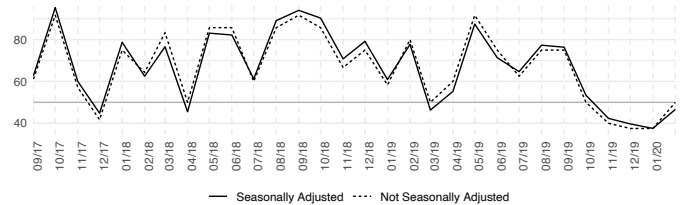


Figure 6: New Orders Diffusion Index

### Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Feb 2020	25.0%	25.0%	50.0%	37.5
Jan 2020	25.0%	25.0%	50.0%	37.5
Dec 2020	25.0%	25.0%	50.0%	37.5

The Inventories of Purchased Goods index stayed flat at 37.5 in February. Again, 50% of the respondents reported a lower level of inventories.

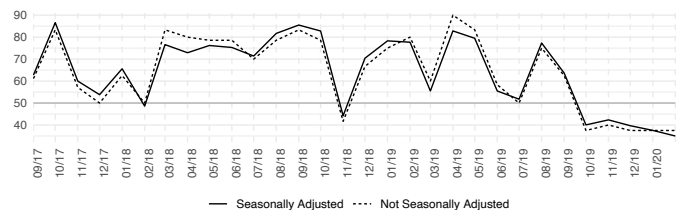


Figure 7: Purchased Inventories Diffusion Index

### Employment Levels

Month	Higher	Same	Lower	Index
Feb 2020	50.0%	50.0%	0.0%	75.0
Jan 2020	25.0%	25.0%	50.0%	37.5
Dec 2020	25.0%	25.0%	50.0%	37.5

The non-seasonally adjusted Employment index was 75.0 in February, which is a big jump from January's level of 37.5. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally.

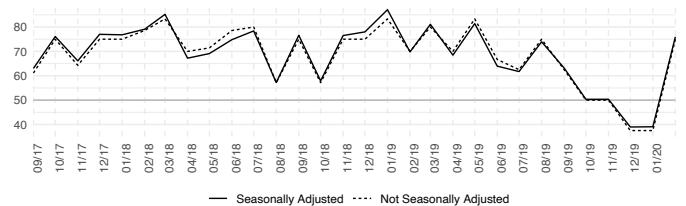


Figure 8: Employment Diffusion Index

### Vendor Deliveries

Month	Slower	Same	Faster	Index
Feb 2020	0.0%	100.0%	0.0%	50.0
Jan 2020	0.0%	100.0%	0.0%	50.0
Dec 2020	25.0%	50.0%	25.0%	50.0

The Vendor Deliveries index was 50.0 in February, the same as last month's. 100% of the respondents indicated that delivery times were as expected.

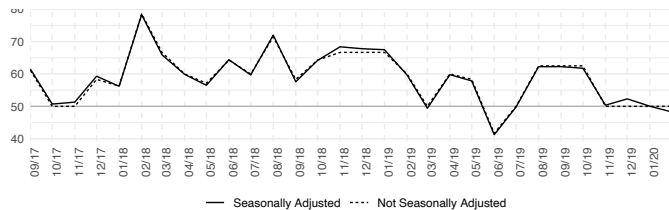


Figure 9: Vendor Deliveries Diffusion Index

### Commodity Prices

Month	Higher	Same	Lower	Index
Feb 2020	25.0%	75.0%	0.0%	62.5
Jan 2020	50.0%	25.0%	25.0%	62.5
Dec 2020	25.0%	50.0%	25.0%	50.0

Commodity Prices stayed at a higher level with 75% of the respondents in February reported flat commodity prices, and 25% respondent reported higher than expected commodity prices. This inflation has persisted for three years.

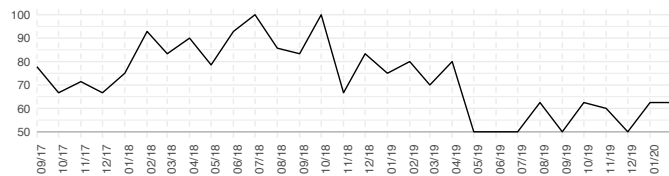


Figure 10: Commodity Prices Diffusion Index