

Buffalo-area manufacturing activity slowed down in January. The Buffalo-Niagara Manufacturing index (or PMI[®]) fell to 40.5 in January from a higher number of 44.7 in December. 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.

Product Buying Policy, MRBOP, Capital Buying Policy and Commodity Prices all rose relative to the previous month, while New Orders, Inventories of Purchased Goods, Employment Levels and Vendor Delivery stayed flat. Production Level is the only indicator that dropped.

The national PMI (50.9) increased slightly above the level of 50 in January of 2020 and went higher than the local PMI for the first 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	40.5	Decreasing	Lower growth rate
Production	38.3	Decreasing	Lower growth rate
New Orders	37.5	Decreasing	Lower growth rate
Inventories	37.5	Decreasing	Lower growth rate
Employment	39.1	Decreasing	Same growth rate
Deliveries	50.1	No Change	Less slowdown of deliveries
Prices	62.5	Increasing	Higher growth rate

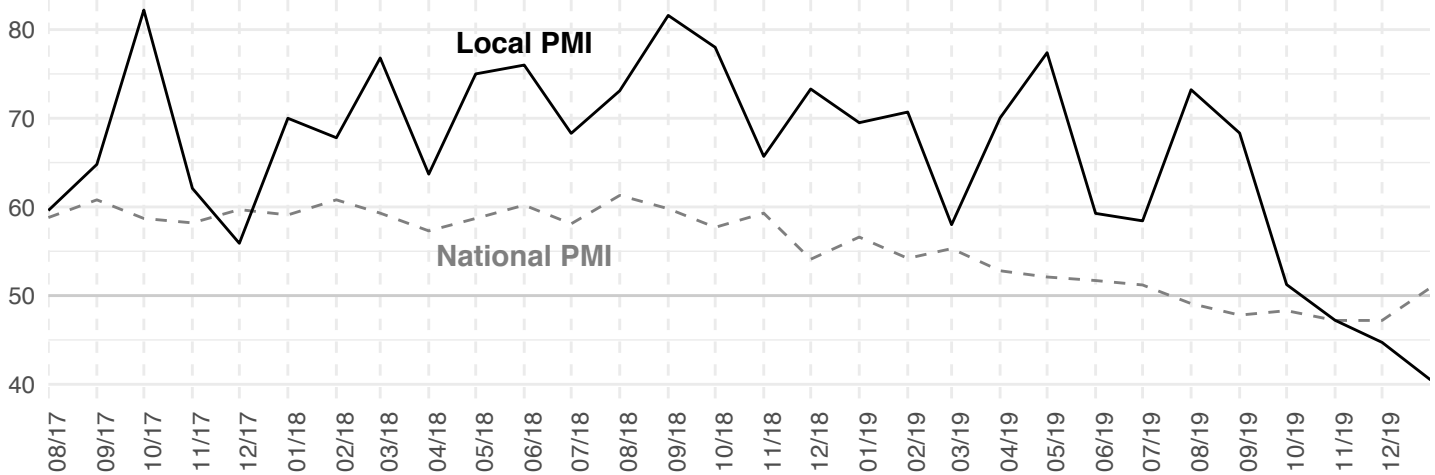


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents rose to January's 46.2 from December's 38.8. The level is still low comparing to the past two years.

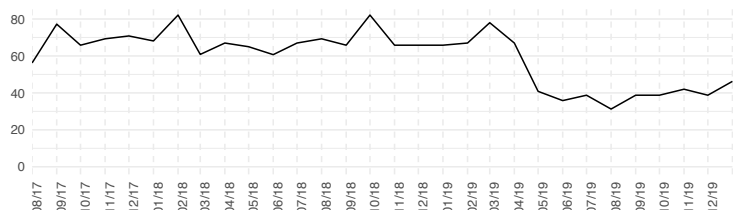


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents jumped to a higher level in January from December's 17.5 days to 31.2 days, which higher the average level in 2018 and 2019.

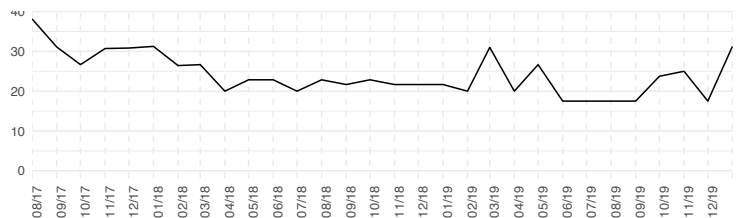


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 105.0 days ahead in January, up from December's level.

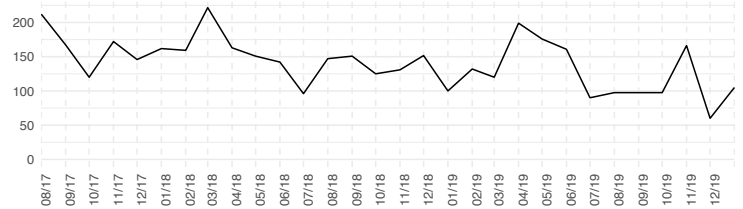


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Jan 2020	25.0%	25.0%	50.0%	37.5
Dec 2019	25.0%	50.0%	25.0%	50.0
Nov 2019	40.0%	20.0%	40.0%	50.0

The Production diffusion index is 37.5 in January, much lower than last month's 50.0, with 50% of respondents reporting decreased production relative to the previous month.

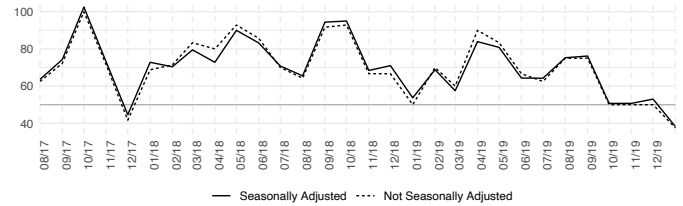


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Jan 2020	25.0%	25.0%	50.0%	37.5
Dec 2019	25.0%	25.0%	50.0%	37.5
Nov 2019	20.0%	40.0%	40.0%	40.0

The non-seasonally-adjusted New Orders index was 37.5 in January, the same as December's 37.5.

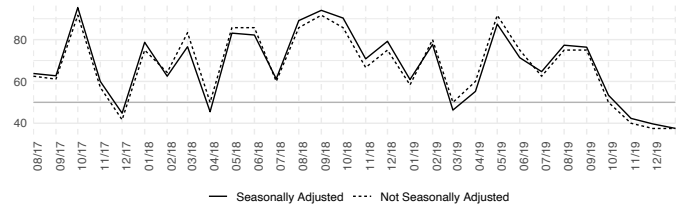


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Jan 2020	25.0%	25.0%	50.0%	37.5
Dec 2019	25.0%	25.0%	50.0%	37.5
Nov 2019	20.0%	40.0%	40.0%	40.0

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

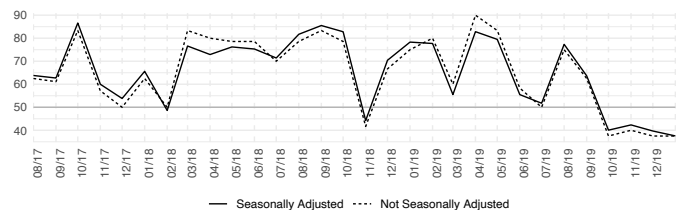


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Jan 2020	25.0%	25.0%	50.0%	37.5
Dec 2019	25.0%	25.0%	50.0%	37.5
Nov 2019	40.0%	20.0%	40.0%	50.0

The non-seasonally adjusted Employment index was 37.5 in January, which is the same as December's level of 37.5. 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 November 2019.

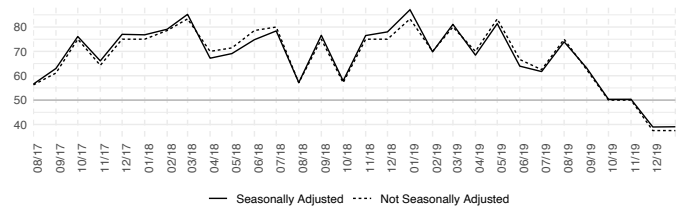


Figure 8: Employment Diffusion Index

Month	Slower	Same	Faster	Index
Jan 2020	0.0%	100.0%	0.0%	50.0
Dec 2019	25.0%	50.0%	25.0%	50.0
Nov 2019	0.0%	100.0%	0.0%	50.0

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

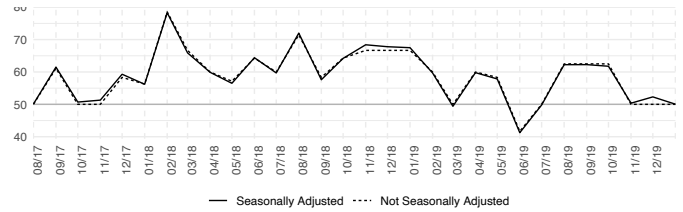


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Jan 2020	50.0%	25.0%	25.0%	62.5
Dec 2019	25.0%	50.0%	25.0%	50.0
Nov 2019	20.0%	80.0%	0.0%	60.0

Commodity Prices climbed to a higher level with 50% of the respondents in January reported facing higher commodity prices, and 25% respondent reported the same as expected commodity prices. This inflation has persisted for three years.

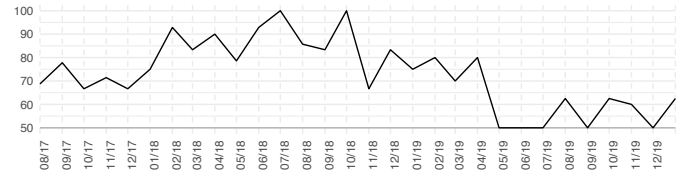


Figure 10: Commodity Prices Diffusion Index