

Buffalo-area manufacturing activity fell in July. The Buffalo-Niagara Manufacturing index (or PMI®) fell slightly to 58.4 in July from a low of 59.3 in June. 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.

The Production, New Orders, Vendor Deliveries, and Inventories indexes rose relative to the previous month, and Employment and Commodity Price growth continued to be high.

The national PMI (51.2) has been on a steadily decline relative to the local PMI since December 2018 at a level below the previous six quarters.

**This month (seasonally adjusted)**

Index Name	Index	Direction	Change in Index From Last Month
PMI	58.4	Increasing	Same growth rate
Production	64.2	Increasing	Same growth rate
New Orders	64.7	Increasing	Lower growth rate
Inventories	51.7	Increasing	Lower growth rate
Employment	61.7	Increasing	Lower growth rate
Deliveries	49.8	No Change	More slowdown of deliveries
Prices	50.0	No Change	Same growth rate

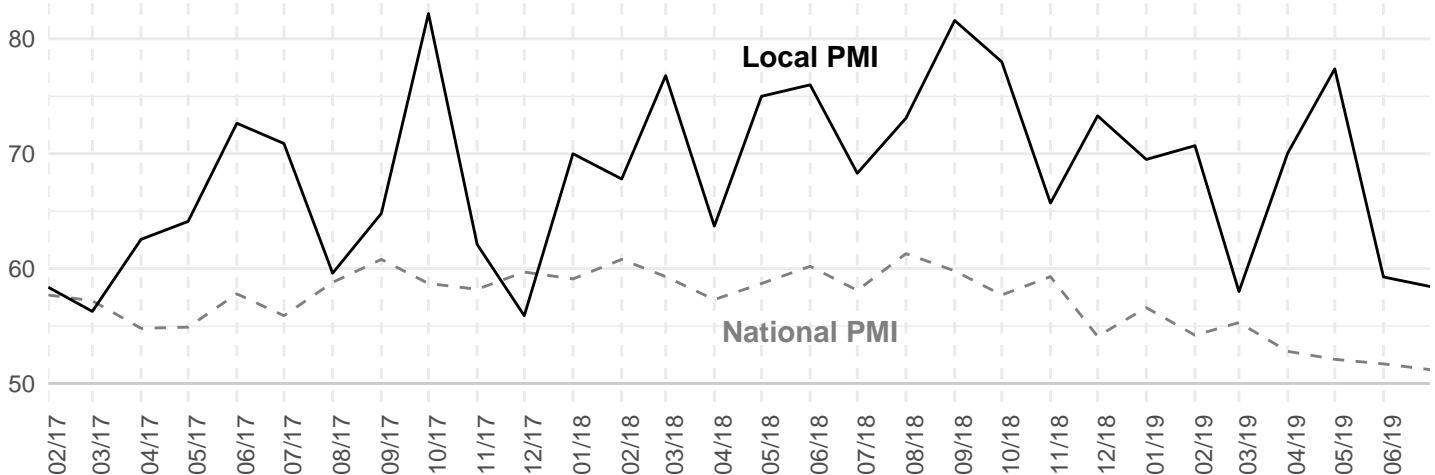


Figure 1: Local and National PMI over the last 2.5 years

**Production Buying Policy**

Days ahead production buying commitments among respondents rose between June and July from 35.8 to 38.8. But is still lower than the average of the past two years.

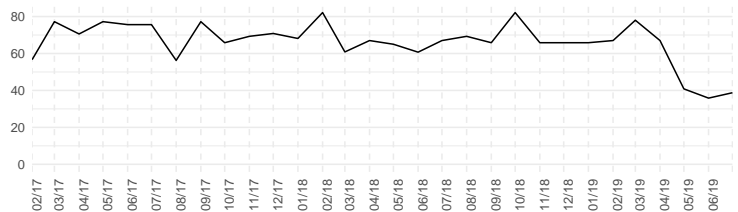


Figure 2: Production Buying Policy

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

Maintenance, Repair, and Operating supplies on hand among respondents are the same between June and July from 17.5 to 17.5 days, again, higher than the average level in 2018.

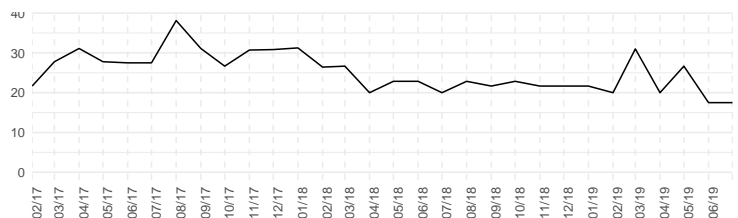


Figure 3: MRO Buying Policy

### Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 90.0 days ahead in July, fell from June.

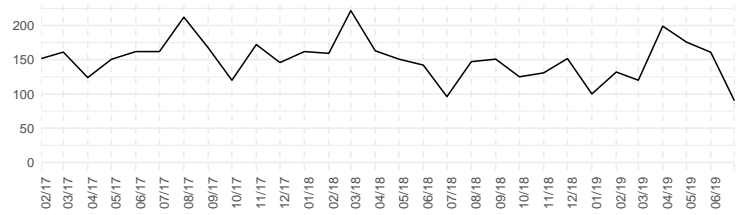


Figure 4: Capital Buying Policy

### Production Level

Month	Higher	Same	Lower	Index
Jul 2019	50.0%	25.0%	25.0%	62.5
Jun 2019	50.0%	33.3%	16.7%	66.7
May 2019	66.7%	33.3%	0.0%	83.3

The Production diffusion index fell to 62.5 in July from 66.7, with 62.5% of respondents reporting increased production relative to the previous month.

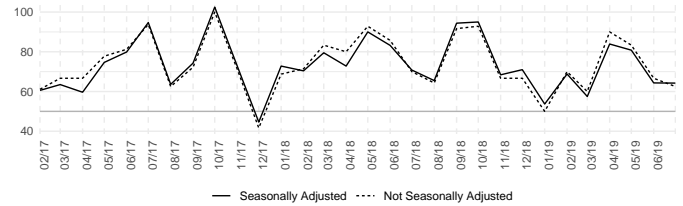


Figure 5: Production Diffusion Index

### New Orders

Month	Higher	Same	Lower	Index
Jul 2019	50.0%	25.0%	25.0%	62.5
Jun 2019	66.7%	16.7%	16.7%	75.0
May 2019	83.3%	16.7%	0.0%	91.7

The non-seasonally-adjusted New Orders index fell sharply to 62.5 in July, a big drop from June's 75.0.

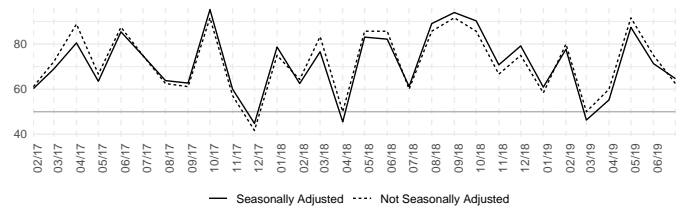


Figure 6: New Orders Diffusion Index

### Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Jul 2019	25.0%	50.0%	25.0%	50.0
Jun 2019	33.3%	50.0%	16.7%	58.3
May 2019	66.7%	33.3%	0.0%	83.3

The Inventories of Purchased Goods index fell to 50.0 in July. As opposed to most of 2017, 2018 and 2019, the majority of respondents reported the same level of inventories.

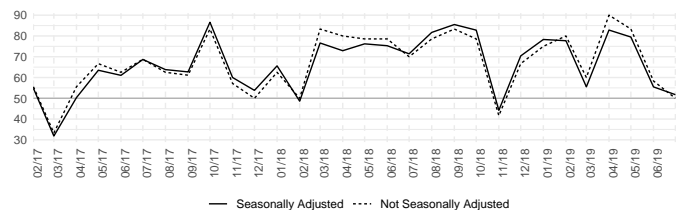


Figure 7: Purchased Inventories Diffusion Index

### Employment Levels

Month	Higher	Same	Lower	Index
Jul 2019	50.0%	25.0%	25.0%	62.5
Jun 2019	33.3%	66.7%	0.0%	66.7
May 2019	66.7%	33.3%	0.0%	83.3

The non-seasonally adjusted Employment index fell to 62.5 in July from June's level of 66.7. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally, and overall the employment has been on an upward trend.

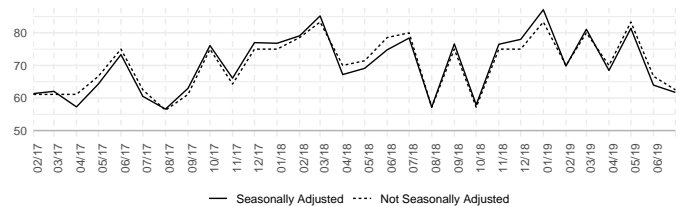


Figure 8: Employment Diffusion Index

### Vendor Deliveries

Month	Slower	Same	Faster	Index
Jul 2019	0.0%	100.0%	0.0%	50.0
Jun 2019	0.0%	83.3%	16.7%	41.7
May 2019	16.7%	83.3%	0.0%	58.3

The Vendor Deliveries index rose to 50.0 in July. All respondents indicated that delivery times were as expected.

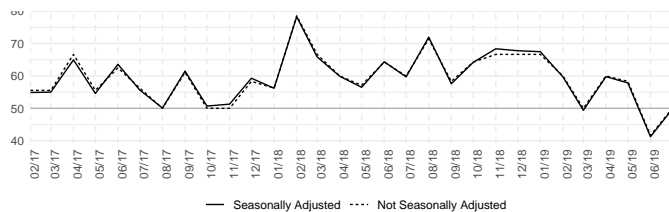


Figure 9: Vendor Deliveries Diffusion Index

### Commodity Prices

Month	Higher	Same	Lower	Index
Jul 2019	25.0%	50.0%	25.0%	50.0
Jun 2019	33.3%	33.3%	33.3%	50.0
May 2019	33.3%	33.3%	33.3%	50.0

Commodity Prices stayed the same for most respondents in July, and 25% respondent reported facing lower commodity prices. Commodity price growth in 2019 has been on average slightly slower than in 2018 but is still consistently high until May. This inflation has persisted for three years.

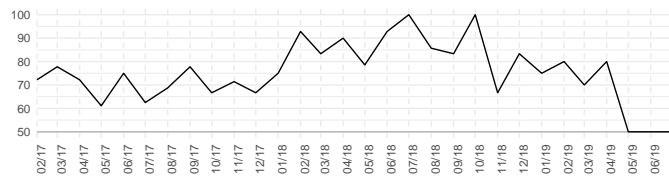


Figure 10: Commodity Prices Diffusion Index