

Buffalo-area manufacturing activity sped up in July. The Buffalo-Niagara Manufacturing index (or PMI[®]) declined to 60.1 in July from 62.0 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.

Production Level, New Orders, Inventories, and Prices went up comparing to the previous month, while Vendor Deliveries and Employment decreased. Production Buying Policy and MROB stayed the same as the previous month.

The national PMI (54.2) is still lower than the local PMI. And the national PMI is gradually approaching the 2-year average level.

This month (seasonally adjusted)

| Index Name | Index | Direction | Change in Index From Last Month |
|-------------|-------|------------|---------------------------------|
| PMI | 60.1 | Increasing | Lower growth rate |
| Production | 75.6 | Increasing | Higher growth rate |
| New Orders | 62.9 | Increasing | Same growth rate |
| Inventories | 62.9 | Increasing | Same growth rate |
| Employment | 36.7 | Decreasing | Lower growth rate |
| Deliveries | 62.4 | Slower | Less slowdown of deliveries |
| Prices | 62.5 | Increasing | Lower growth rate |

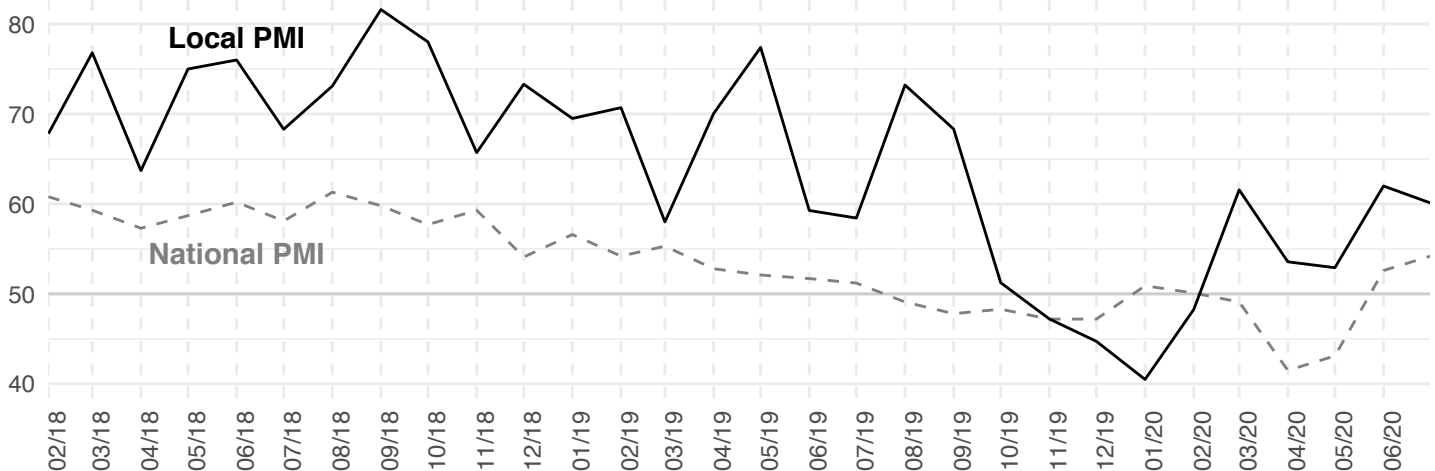


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents stayed the same at July's 52.5 from June's 52.5. The level is still higher than most levels for the past year.

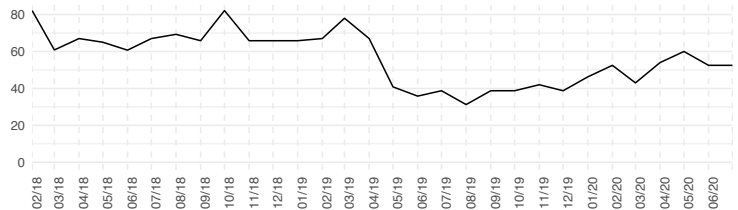


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents stayed the same in July from June's 23.8 days to 23.8 days, which is still slightly higher than the average levels in 2018 and 2019.

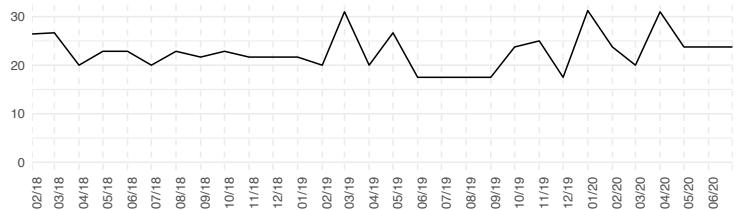


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 136.2 days ahead in July, rising from previous month's level.

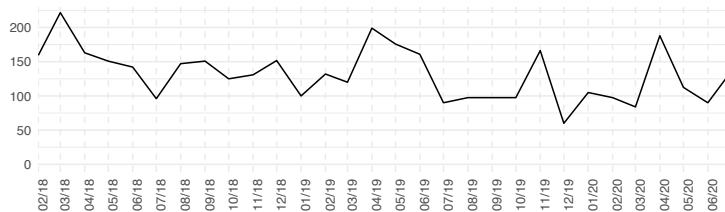


Figure 4: Capital Buying Policy

Production Level

| Month | Higher | Same | Lower | Index |
|----------|--------|-------|-------|-------|
| Jul 2020 | 50.0% | 50.0% | 0.0% | 75.0 |
| Jun 2020 | 50.0% | 0.0% | 50.0% | 50.0 |
| May 2020 | 25.0% | 50.0% | 25.0% | 50.0 |

The Production diffusion index is 75.0 in July, significantly higher than last month's 50.0, with 0% of respondents reporting lower production relative to the previous month. This level is higher than the average level from the past two years.

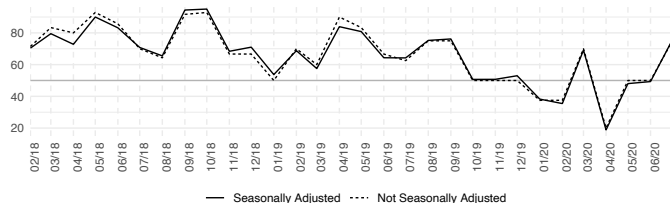


Figure 5: Production Diffusion Index

New Orders

| Month | Higher | Same | Lower | Index |
|----------|--------|-------|-------|-------|
| Jul 2020 | 50.0% | 25.0% | 25.0% | 62.5 |
| Jun 2020 | 50.0% | 25.0% | 25.0% | 62.5 |
| May 2020 | 50.0% | 25.0% | 25.0% | 62.5 |

The non-seasonally-adjusted New Orders index was 62.5 in July, the same as June's 62.5.

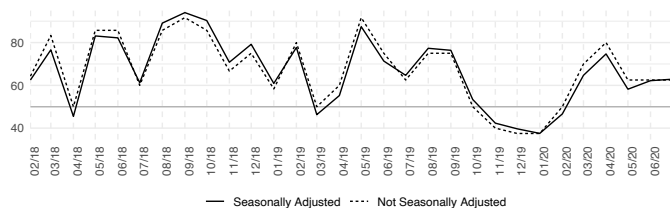


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

| Month | Higher | Same | Lower | Index |
|----------|--------|-------|-------|-------|
| Jul 2020 | 50.0% | 25.0% | 25.0% | 62.5 |
| Jun 2020 | 50.0% | 25.0% | 25.0% | 62.5 |
| May 2020 | 50.0% | 0.0% | 50.0% | 50.0 |

The Inventories of Purchased Goods index increased to 62.5 in July, the same as last month's level. And 50% of the respondents reported a higher level of inventories.

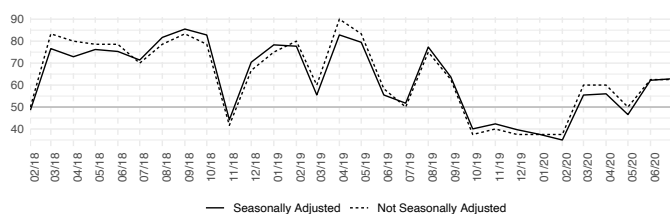


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

| Month | Higher | Same | Lower | Index |
|----------|--------|-------|-------|-------|
| Jul 2020 | 0.0% | 75.0% | 25.0% | 37.5 |
| Jun 2020 | 25.0% | 50.0% | 25.0% | 50.0 |
| May 2020 | 25.0% | 25.0% | 50.0% | 37.5 |

The non-seasonally adjusted Employment index dropped to 37.5 in July, which is lower than June'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 October 2019.

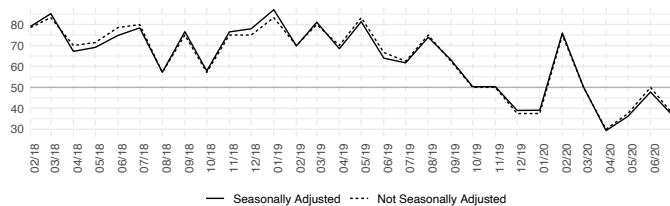


Figure 8: Employment Diffusion Index

Vendor Deliveries

| Month | Slower | Same | Faster | Index |
|----------|--------|-------|--------|-------|
| Jul 2020 | 25.0% | 75.0% | 0.0% | 62.5 |
| Jun 2020 | 75.0% | 25.0% | 0.0% | 87.5 |
| May 2020 | 50.0% | 50.0% | 0.0% | 75.0 |

The Vendor Deliveries index was 62.5 in July, lower than last month's level. 25% of the respondents indicated that delivery times were slower than expected while 75% reported deliveries as expected.

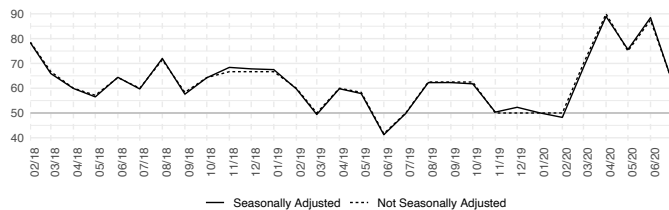


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

| Month | Higher | Same | Lower | Index |
|----------|--------|-------|-------|-------|
| Jul 2020 | 25.0% | 75.0% | 0.0% | 62.5 |
| Jun 2020 | 50.0% | 50.0% | 0.0% | 75.0 |
| May 2020 | 25.0% | 75.0% | 0.0% | 62.5 |

Commodity Prices dropped with 75% of the respondents in July reported flat commodity prices, and 25% respondent reported higher than expected commodity prices.

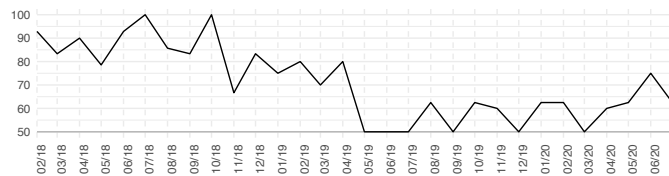


Figure 10: Commodity Prices Diffusion Index