

Institute for Supply Management - Buffalo (ISM-Buffalo, Inc.)
June 2019 Business Survey Monthly Comparison Report

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Buffalo-area manufacturing activity slowed down dramatically in June. The Buffalo-Niagara Manufacturing index (or PMI®) fell significantly to 59.3 in June from a high of 77.4 in May. The PMI® is a weighted average of a set of sub-indices calculated from a survey of local supply executives administered by ISM-Buffalo, 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 (51.7) was also lower but has been steady 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	59.3	Increasing	Lower growth rate
Production	64.3	Increasing	Lower growth rate
New Orders	71.3	Increasing	Lower growth rate
Inventories	55.5	Increasing	Lower growth rate
Employment	63.9	Increasing	Lower growth rate
Deliveries	41.2	Faster	Less slowdown of deliveries
Prices	50.0	No Change	Same growth rate

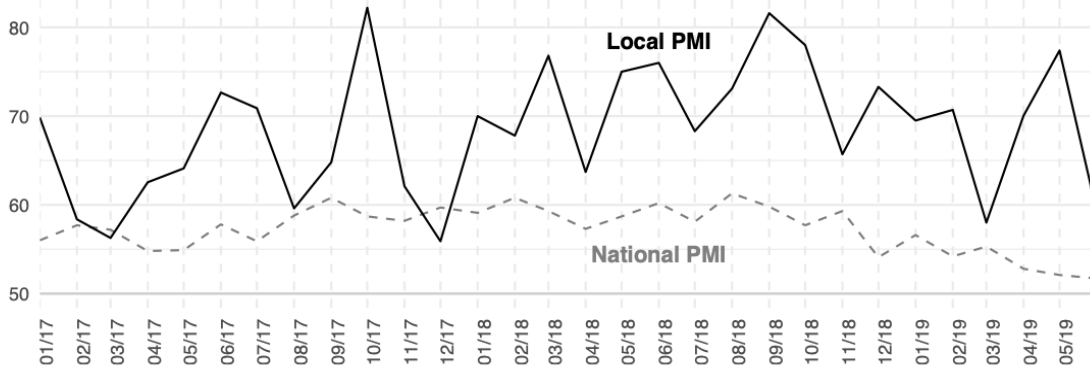


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents fell again between May and June from 40.8 to 35.8.

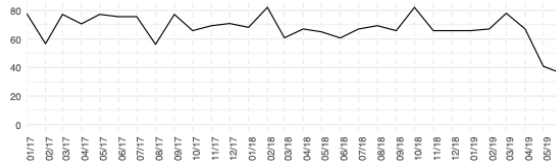


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents decreased between May and June from 26.7 to 17.5 days, lower than the lowest level in the last two and half years.

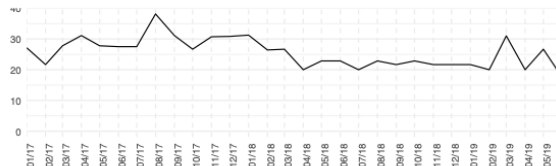


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 160.8 days ahead in June, fell slightly from May.

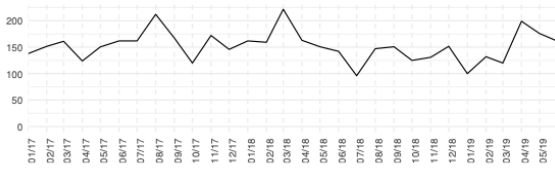


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Jun 2019	50.0%	33.3%	16.7%	66.7
May 2019	66.7%	33.3%	0.0%	83.3
Apr 2019	80.0%	20.0%	0.0%	90.0

The Production diffusion index fell sharply to 66.7 in June from 83.3, with just 50% of respondents reporting increased production relative to the previous month.

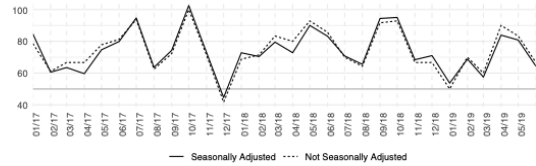


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Jun 2019	66.7%	16.7%	16.7%	75.0
May 2019	83.3%	16.7%	0.0%	91.7
Apr 2019	40.0%	40.0%	20.0%	60.0

The non-seasonally-adjusted New Orders index fell sharply to 75.0 in June, a negative change from May's 91.7.

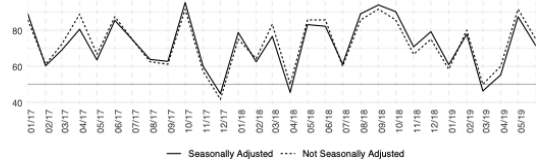


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Jun 2019	33.3%	50.0%	16.7%	58.3
May 2019	66.7%	33.3%	0.0%	83.3
Apr 2019	80.0%	20.0%	0.0%	90.0

The Inventories of Purchased Goods index dropped significantly to 58.3 in June. As in most of 2017, 2018 and 2019, the majority of respondents reported increasing inventories.

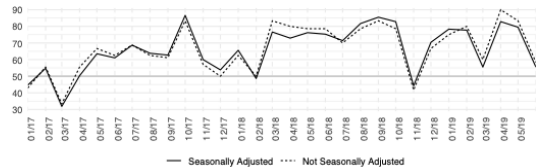


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Jun 2019	33.3%	66.7%	0.0%	66.7
May 2019	66.7%	33.3%	0.0%	83.3
Apr 2019	40.0%	60.0%	0.0%	70.0

The non-seasonally adjusted Employment index fell to 66.7 in June from May's level of 83.3. 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.

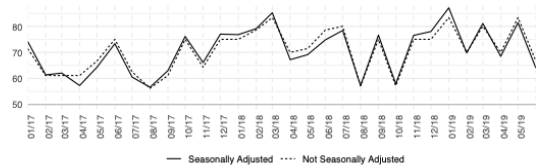


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Jun 2019	0.0%	83.3%	16.7%	41.7
May 2019	16.7%	83.3%	0.0%	58.3
Apr 2019	20.0%	80.0%	0.0%	60.0

The Vendor Deliveries index fell to 41.7 in June. Most respondents indicated that delivery times were as expected. But 16.7% respondents reported slower than expected delivery in June from last two months.

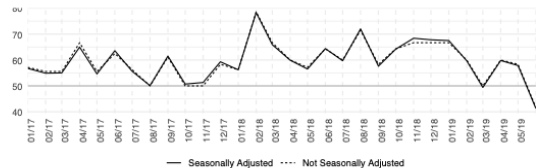


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Jun 2019	33.3%	33.3%	33.3%	50.0
May 2019	33.3%	33.3%	33.3%	50.0
Apr 2019	60.0%	40.0%	0.0%	80.0

Commodity Prices stayed the same for most respondents in June, and 33.3% 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.

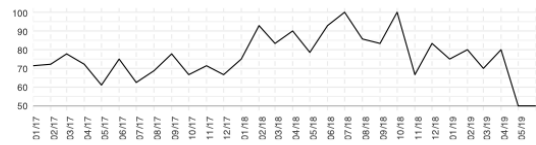


Figure 10: Commodity Prices Diffusion Index