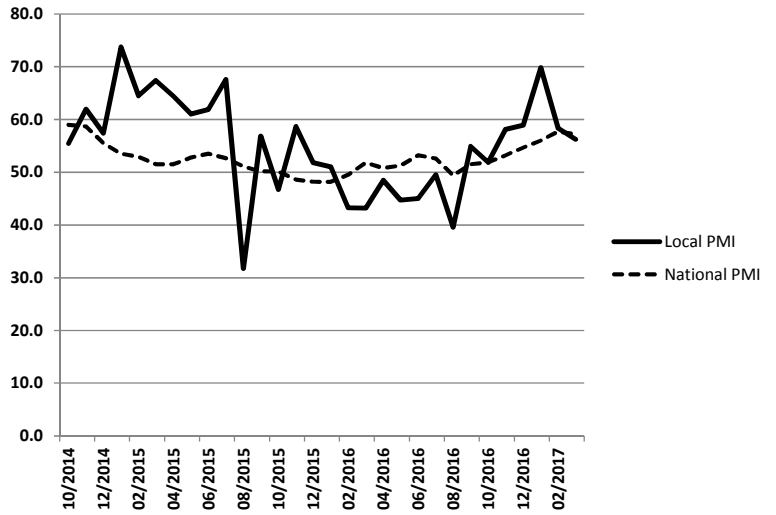


Institute of Supply Management - Buffalo
March 2017 Business Survey Monthly Comparison Report

The PMI Index

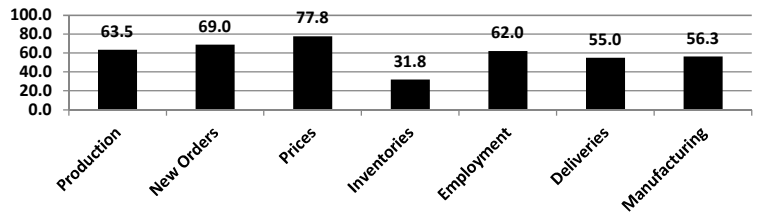
The Buffalo-Niagara Manufacturing index remained easily in positive territory during March registering a 56.3 (where values of 50.0 or greater indicate increased activity to prior month). This marks our sixth straight month of expansionary activity relative to prior month. We fell slightly below the national ISM index which registered a 57.2. The NY Fed's Empire State Manufacturing Survey's general business index (a statewide measure) signaled continuing positive results and its New Orders index registered its highest value in 'several years.' The national unemployment rate fell to its lowest point since 2007 in March, with other broad macro indices also reflecting favorable conditions.

Looking to the other local indices, Production remains strongly in positive territory at 63.5 essentially flat to February levels. The local New Orders index concurs with the statewide measure above, with a strong improvement relative to February at 69.0. Employment registered a 62.0, essentially flat to February's 61.4 value, again relating increased activity to prior month. Inventories, after a brief respite in February from the decreases we've seen in recent months, again related contraction among respondents. Excepting the continuing price pressures in the Commodity Prices index we have generally favorable results across all response categories. Spring is in the air, it would seem, among respondents in Western New York.



This month (Seasonally Adjusted)

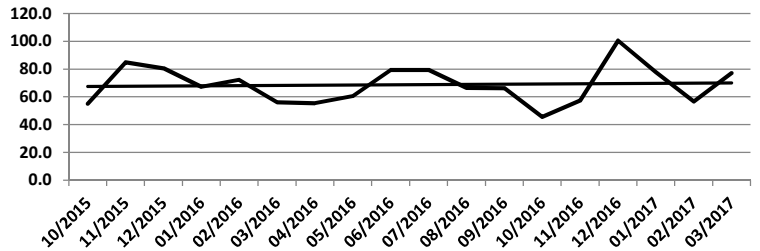
Index	Index	Direction	Rate of Change
Production	63.5	Increasing	Flat
New Orders	69.0	Increasing	Increasing
Prices	77.8	Increasing	Increasing
Inventories	31.8	Decreasing	Increasing
Employment	62.0	Increasing	Flat
Deliveries	55.0	Faster	Flat
Manufacturing	56.3	Increasing	Flat



Production Buying Policy

Days ahead production buying commitments among respondents increased to 77.2 days in March, moving back above the long term trendline after the fall to 56.7 days in February. This value appears to be more in line with the overall positive results from the seasonal adjusted indices. Last year during March we had a decline from recent higher commitments and then a slow increase (this year we saw a decline), which may serve as a positive harbinger for the value to increase in the coming months.

Production Buying Policy

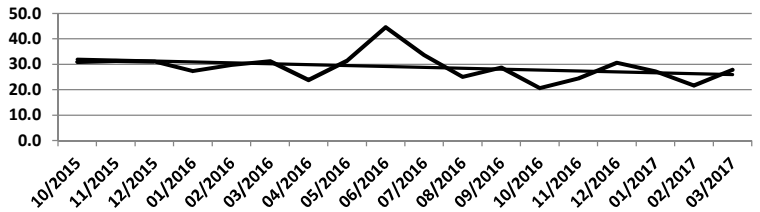


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies on hand increased to 27.8 days among respondents in March. We essentially rebounded to January levels (27.1) after the small dip in February. We continue in the approximate range we've seen over the past 18 months near 20-30 day levels.

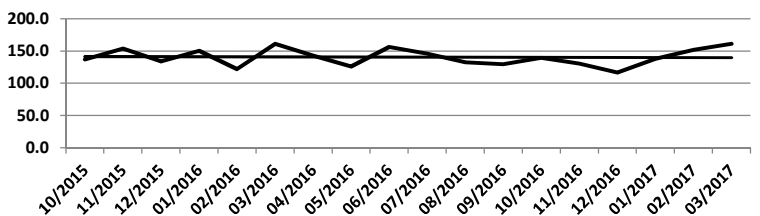
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 161.1 days ahead in March, reflecting a continued steadily increasing trend since December 2016. This value is the second largest number of days ahead (March 2016 was 161.3) within the past 18 months. This might reflect some strength as a breakout from the consistent values we've seen in this series when combined with the other favorable results this month.

Capital Equipment Buying Policy



Institute of Supply Management - Buffalo
March 2017 Business Survey Monthly Comparison Report

The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
March 2017	55.6%	22.2%	22.2%	66.7	50.0
February 2017	44.4%	33.3%	22.2%	61.1	53.3
January 2017	71.4%	14.3%	14.3%	78.6	53.8

The non-seasonally adjusted Production diffusion index registered a value of 66.7 in March, up 5.6 percentage points from February's 61.1 and above the long term trend line. We witnessed smaller variation in this series this month relative to recent fluctuations while comfortably remaining in expansionary territory.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
March 2017	55.6%	33.3%	11.1%	72.2	42.3
February 2017	55.6%	11.1%	33.3%	61.1	33.3
January 2017	71.4%	28.6%	0.0%	85.7	50.0

The non-seasonally adjusted New Orders index increased to 72.2 in March from February's "low" value of 61.1. Over half of respondents reported increased new orders relative to prior month and almost 90% reported having the same or higher. Since August of last year this series has consistently been in expansionary territory, its continued strength bodes well for general activity over the near to medium term.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
March 2017	66.7%	22.2%	11.1%	77.8	50.0
February 2017	44.4%	55.6%	0.0%	72.2	40.0
January 2017	57.1%	28.6%	14.3%	71.4	46.2

The Commodity Price diffusion index registered a value of 77.8 in March, up from February's 72.2. We remain in the the higher range of index values from the past 18 months in this series. While broader economic indices continue to be positive, these inflationary signals remain a concern. The Fed has signaled the possibility of more than one rate increase over the near term, combined with a 4.5% national unemployment rate it is difficult to see how the Fed would not continue tightening monetary policy.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
March 2017	22.2%	22.2%	55.6%	33.3	30.8
February 2017	44.4%	22.2%	33.3%	55.6	50.0
January 2017	14.3%	57.1%	28.6%	42.9	50.0

The Inventories of Purchased Goods index fell well below the 50.0 mark in March with over half of firms participating reporting lower inventories of purchased goods relative to February levels. Fresh on the heels of the first value above 50.0 during February over the past 18 months, inventory levels remain lean(er) among respondents.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
March 2017	44.4%	33.3%	22.2%	61.1	46.2
February 2017	22.2%	77.8%	0.0%	61.1	33.3
January 2017	57.1%	28.6%	14.3%	71.4	46.2

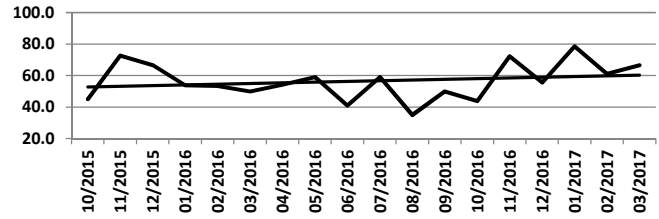
The non-seasonally adjusted Employment index stayed flat to February levels in March, registering a 61.1. Almost 80% of respondents reported having employment levels that were the same or higher to February levels. We remain broadly in line with the long term trend line and comfortably in increasing territory.

Vendor Deliveries were:

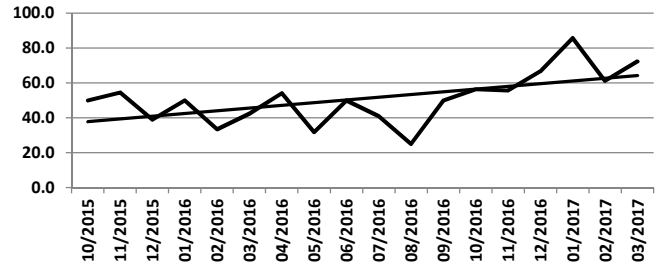
Period	Faster	Same	Slower	Index	Prior Yr
March 2017	11.1%	88.9%	0.0%	55.6	57.7
February 2017	11.1%	88.9%	0.0%	55.6	53.3
January 2017	14.3%	85.7%	0.0%	57.1	53.8

The Vendor Deliveries index registered a value of 55.6 in March, the second month in a row where no respondents reported vendors being slower than prior month relative to promised delivery date.

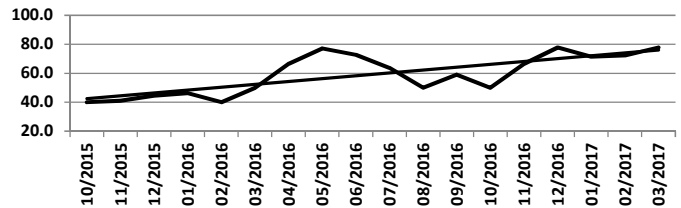
Production - Diffusion Index



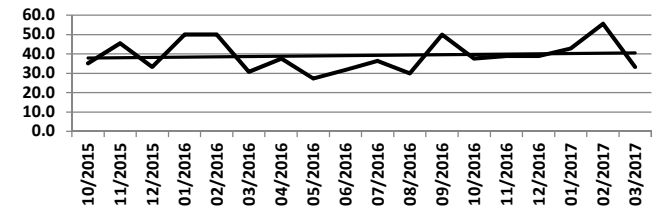
New Orders - Diffusion Index



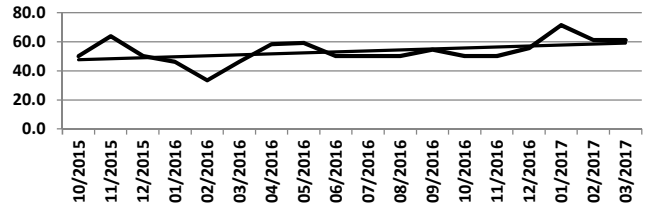
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

