

Buffalo-area manufacturing activity continued to grow in March, but the data are consistent with slower growth than in 2018. The Buffalo-Niagara Manufacturing index (or PMI®) fell to 58.0 in March from 70.7 in February. 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.

Most of the components of the index show evidence of lower growth in business activity. The Production and New Orders indices returned to their January slump, and the Inventories index and Vendor Deliveries index fell. Reports of commodity price growth were still common but less common than in the last year. Growth in employment remained the norm.

The national PMI (55.3) has been steady since December at a level below the previous six quarters. The drop in index values is in contrast to a recently-released 3.2% real GDP growth estimate for the first quarter of 2019 for the US (Bureau of Economic Analysis, *Gross Domestic Product, First Quarter 2019 (Advance Estimate)*), which is well above the 2.2% estimate from the last quarter of 2018, but the *Advanced Estimate* also pointed out “decelerations in nonresidential fixed investment,” consistent with the downturns in both the local and national PMI.

This month (seasonally adjusted)

Index Name	Index	Direction	Change in Index From Last Month
PMI	58.0	Increasing	Lower growth rate
Production	57.5	Increasing	Lower growth rate
New Orders	46.3	Decreasing	Lower growth rate
Inventories	55.5	Increasing	Lower growth rate
Employment	81.1	Increasing	Higher growth rate
Deliveries	49.4	No Change	Less slowdown of deliveries
Prices	70.0	Increasing	Lower growth rate

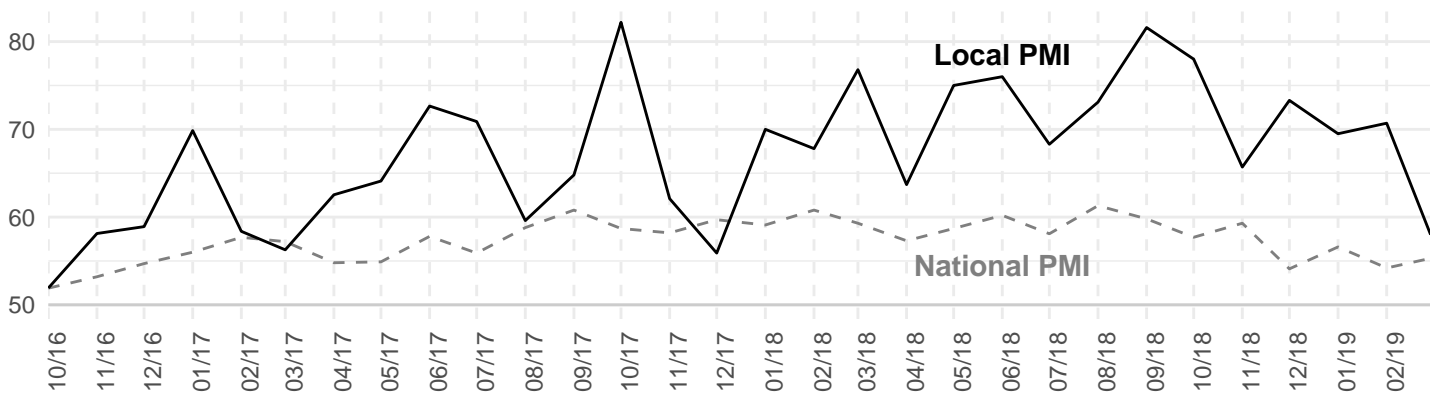


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents rose slightly between February and March from 67.0 to 78.0.

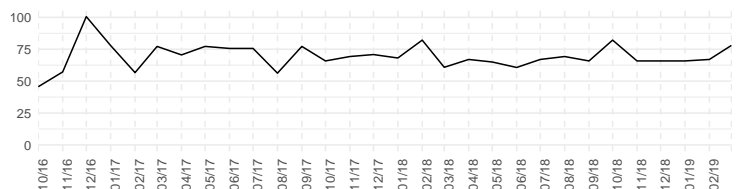


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents grew between February and March from 20.0 to 31.0 days, returning to levels from 2017.

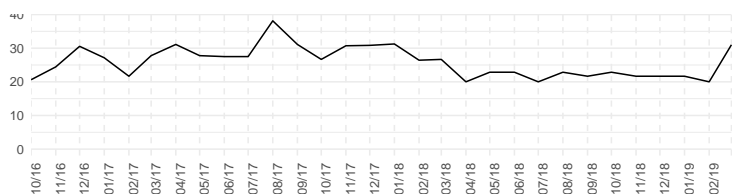


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 120.0 days ahead in March.

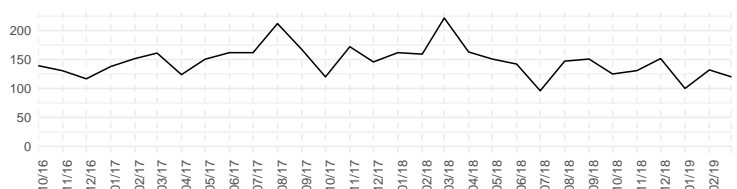


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Mar 2019	40.0%	40.0%	20.0%	60.0
Feb 2019	60.0%	20.0%	20.0%	70.0
Jan 2019	33.3%	33.3%	33.3%	50.0

The Production diffusion index fell from 70.0 to 60.0 in March. The average value over the quarter was lower than in any quarter of the last year.

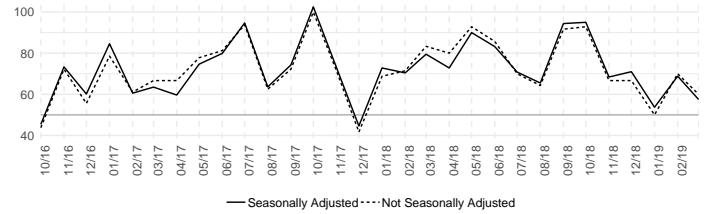


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Mar 2019	40.0%	20.0%	40.0%	50.0
Feb 2019	60.0%	40.0%	0.0%	80.0
Jan 2019	50.0%	16.7%	33.3%	58.3

The non-seasonally-adjusted New Orders index fell to 50.0 in March, indicating that as many respondents reported higher orders as reported lower orders.

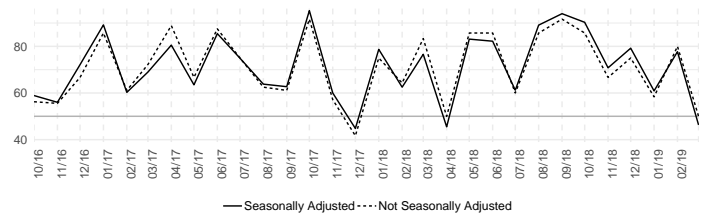


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Mar 2019	40.0%	40.0%	20.0%	60.0
Feb 2019	60.0%	40.0%	0.0%	80.0
Jan 2019	50.0%	50.0%	0.0%	75.0

The Inventories of Purchased Goods index continued to indicate increasing inventories on average for the fourth month in a row in March (60.0), but firms were more likely to report lower inventories in March than in February.

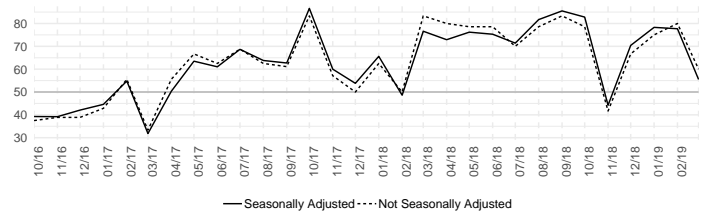


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Mar 2019	60.0%	40.0%	0.0%	80.0
Feb 2019	40.0%	60.0%	0.0%	70.0
Jan 2019	66.7%	33.3%	0.0%	83.3

The non-seasonally adjusted Employment index rose to 80.0 in March from February's level of 70.0. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally.

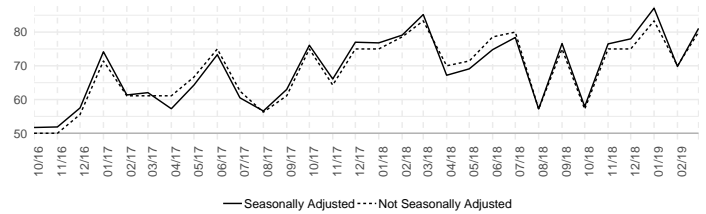


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Mar 2019	0.0%	100.0%	0.0%	50.0
Feb 2019	20.0%	80.0%	0.0%	60.0
Jan 2019	33.3%	66.7%	0.0%	66.7

The Vendor Deliveries index registered a value of 50.0 in March, down from 60.0 in February. All respondents indicated that delivery times were as expected.

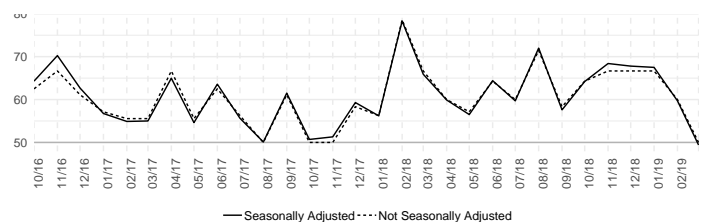


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Mar 2019	40.0%	60.0%	0.0%	70.0
Feb 2019	60.0%	40.0%	0.0%	80.0
Jan 2019	50.0%	50.0%	0.0%	75.0

Commodity Prices grew for 40% of respondents in March (somewhat lower than last month's 60%), and no respondent reported facing lower commodity prices. This inflation has persisted for three years.

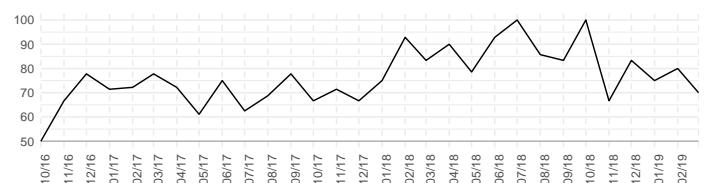


Figure 10: Commodity Prices Diffusion Index