

Buffalo-area manufacturing activity picked up in March. The Buffalo-Niagara Manufacturing index (or PMI[®]) rose sharply to 61.6 in March from 48.3 in February due to the influence of Covid-19. 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, New Orders, Inventories, and Deliveries rose significantly relative to the previous month, while Prices, Production Policy, MRO, and Capital Buying Policy went down.

The national PMI (49.1) is at the level of 49 in March of 2020 and lower than the local PMI. And the national PMI is still lower than the 2-year average level.

This month (seasonally adjusted)

Index Name	Index	Direction	Change in Index From Last Month
PMI	61.6	Increasing	Higher growth rate
Production	69.1	Increasing	Higher growth rate
New Orders	64.7	Increasing	Higher growth rate
Inventories	55.5	Increasing	Higher growth rate
Employment	50.2	No Change	Lower growth rate
Deliveries	68.4	Slower	More slowdown of deliveries
Prices	50.0	No Change	Lower growth rate

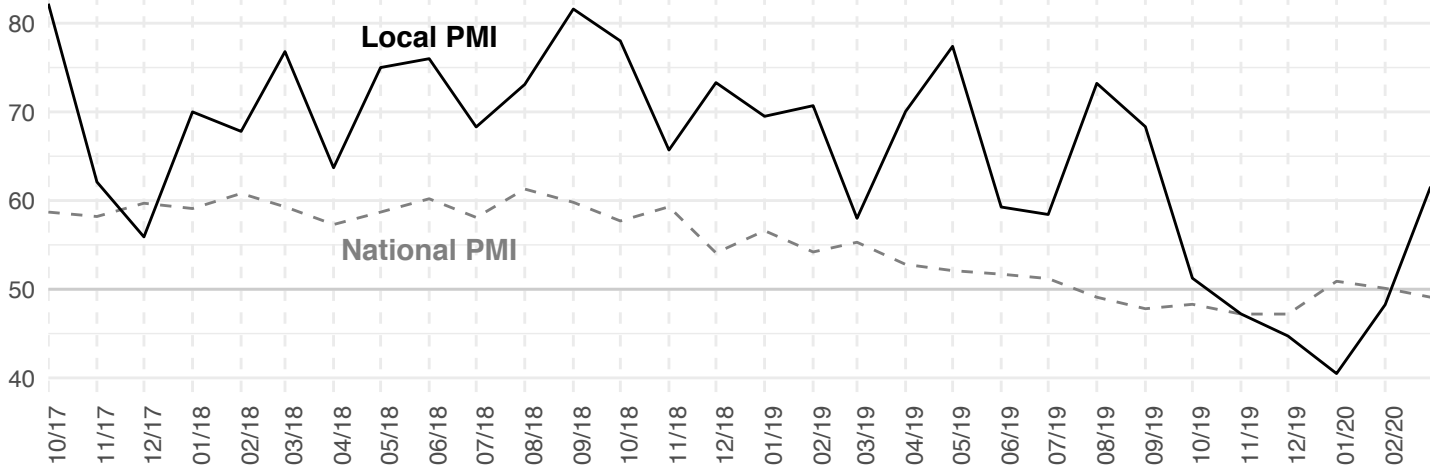


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents dropped to March's 43.0 from February's 52.5. The level is still low comparing to the past two years.

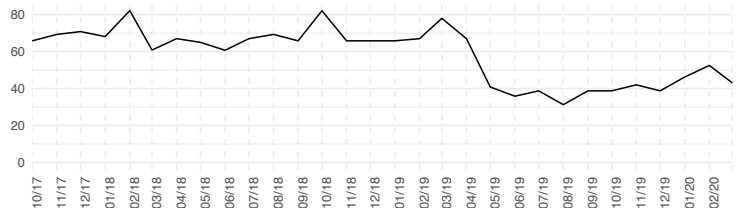


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents fell in March from February's 23.8 days to 20.0 days, which is around the average levels in 2018 and 2019.

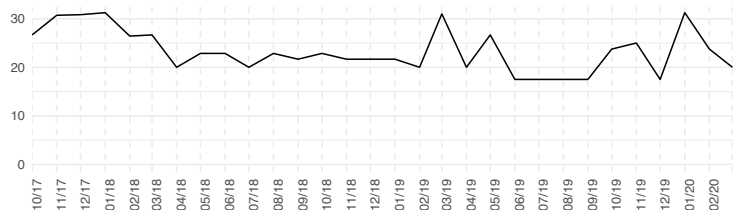


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 84.0 days ahead in March, lower than February's level.

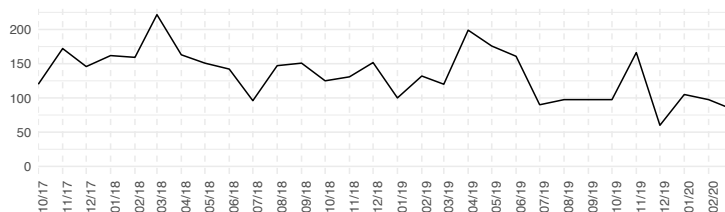


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Mar 2020	60.0%	20.0%	20.0%	70.0
Feb 2020	25.0%	25.0%	50.0%	37.5
Jan 2020	25.0%	25.0%	50.0%	37.5

The Production diffusion index is 70.0 in March, almost doubled last month's 37.5, with 60% of respondents reporting higher production relative to the previous month.

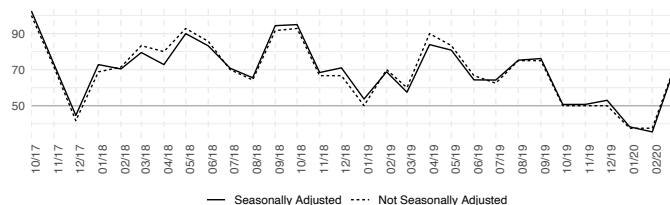


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Mar 2020	60.0%	20.0%	20.0%	70.0
Feb 2020	25.0%	50.0%	25.0%	50.0
Jan 2020	25.0%	25.0%	50.0%	37.5

The non-seasonally-adjusted New Orders index was 70.0 in March, up sharply from February's 50.0.

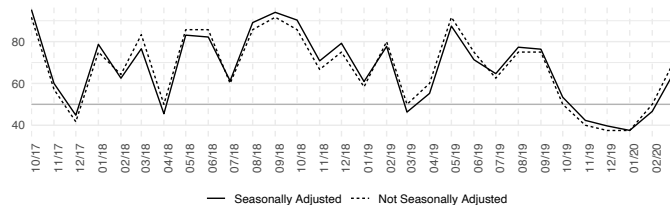


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Mar 2020	40.0%	40.0%	20.0%	60.0
Feb 2020	25.0%	25.0%	50.0%	37.5
Jan 2020	25.0%	25.0%	50.0%	37.5

The Inventories of Purchased Goods index rose notably at 60.0 in March. Again, only 20% of the respondents reported a lower level of inventories.

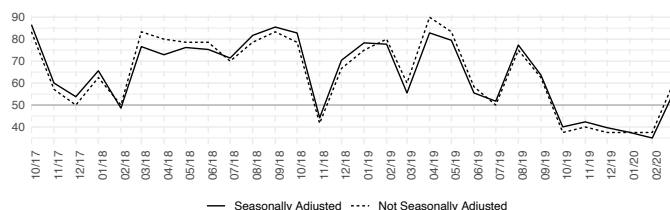


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Mar 2020	20.0%	60.0%	20.0%	50.0
Feb 2020	50.0%	50.0%	0.0%	75.0
Jan 2020	25.0%	25.0%	50.0%	37.5

The non-seasonally adjusted Employment index was 50.0 in March, which is a big drop from February's level of 75.0. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally.

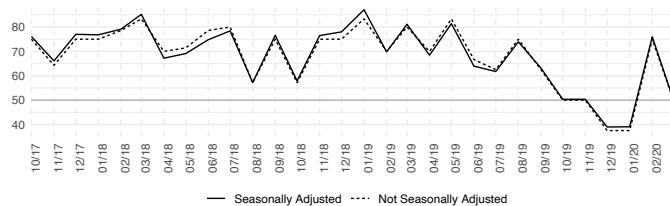


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Mar 2020	40.0%	60.0%	0.0%	70.0
Feb 2020	0.0%	100.0%	0.0%	50.0
Jan 2020	0.0%	100.0%	0.0%	50.0

The Vendor Deliveries index was 70.0 in March, much higher than last month's. 60% of the respondents indicated that delivery times were as expected.

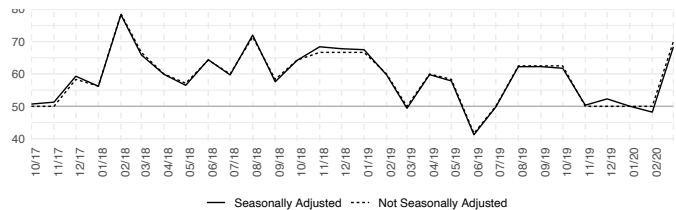


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Mar 2020	20.0%	60.0%	20.0%	50.0
Feb 2020	25.0%	75.0%	0.0%	62.5
Jan 2020	50.0%	25.0%	25.0%	62.5

Commodity Prices went lower with 60% of the respondents in March reported flat commodity prices, and 20% respondent reported higher than expected commodity prices. This inflation has persisted for three years but finally showing sign of coming down.

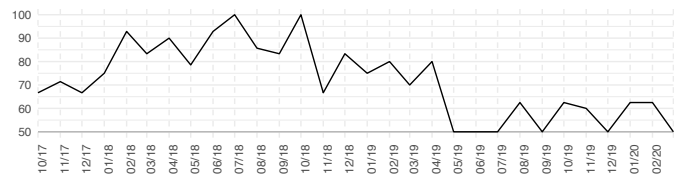


Figure 10: Commodity Prices Diffusion Index