

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

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Buffalo-area manufacturing activity increased in May. The Buffalo-Niagara Manufacturing index (or PMI®) rose to 77.4 in May from a lower level of 70.0 in April. 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 (52.1) was 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	77.4	Increasing	Higher growth rate
Production	80.8	Increasing	Lower growth rate
New Orders	87.4	Increasing	Higher growth rate
Inventories	79.5	Increasing	Lower growth rate
Employment	81.4	Increasing	Higher growth rate
Deliveries	57.8	Slower	Less slowdown of deliveries
Prices	50.0	No Change	Lower growth rate

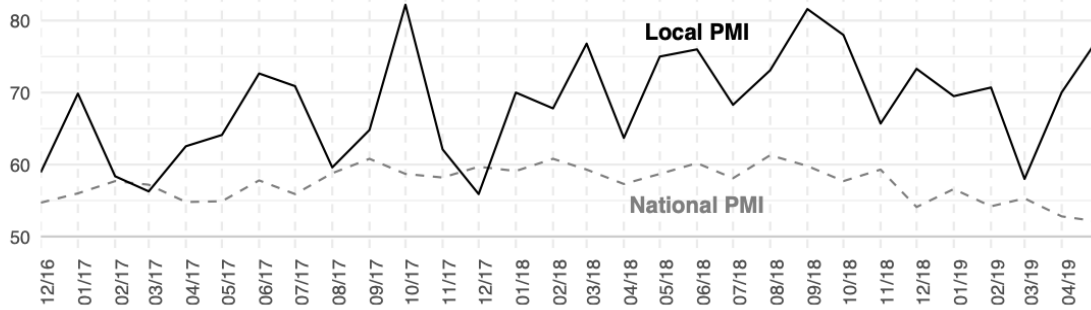


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents fell sharply between April and May from 67.0 to 40.8.

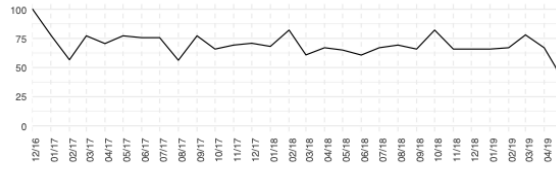


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents rose between April and May from 20.0 to 26.7 days, higher than the average level in 2018.

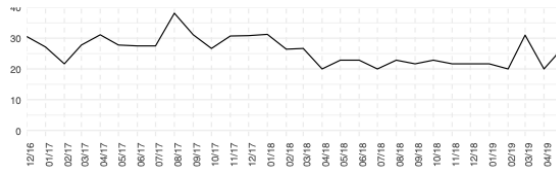


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 175.8 days ahead in May, fell slightly from April.

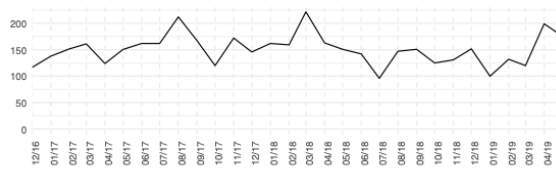


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
May 2019	66.7%	33.3%	0.0%	83.3
Apr 2019	80.0%	20.0%	0.0%	90.0
Mar 2019	40.0%	40.0%	20.0%	60.0

The Production diffusion index fell to 83.3 in May from 90.0, with just 66.7% of respondents reporting increased production relative to the previous month.

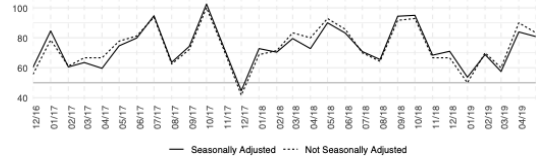


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
May 2019	83.3%	16.7%	0.0%	91.7
Apr 2019	40.0%	40.0%	20.0%	60.0
Mar 2019	40.0%	20.0%	40.0%	50.0

The non-seasonally-adjusted New Orders index rose sharply to 91.7 in May, a big positive change from April's 60.0.

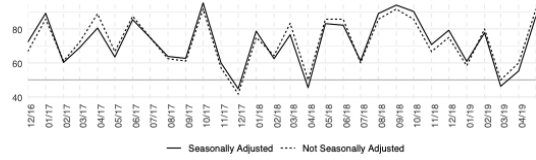


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
May 2019	66.7%	33.3%	0.0%	83.3
Apr 2019	80.0%	20.0%	0.0%	90.0
Mar 2019	40.0%	40.0%	20.0%	60.0

The Inventories of Purchased Goods index dropped to 83.3 in May. As in most of 2017, 2018 and 2019, the majority of respondents reported increasing inventories.

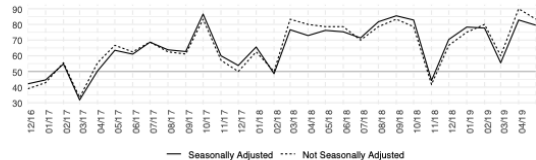


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

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

The non-seasonally adjusted Employment index rose to 83.3 in May from April's level of 70.0. 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.

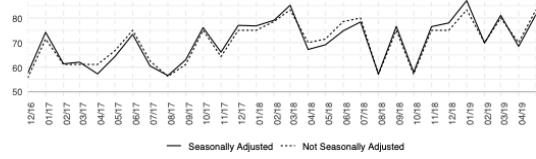


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
May 2019	16.7%	83.3%	0.0%	58.3
Apr 2019	20.0%	80.0%	0.0%	60.0
Mar 2019	0.0%	100.0%	0.0%	50.0

The Vendor Deliveries index fell slightly to 58.3 in May. Most respondents indicated that delivery times were as expected. In addition, 16.7% respondents reported higher than expected delivery in May.

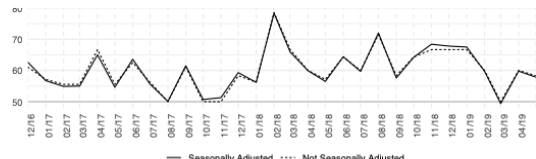


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
May 2019	33.3%	33.3%	33.3%	50.0
Apr 2019	60.0%	40.0%	0.0%	80.0
Mar 2019	40.0%	60.0%	0.0%	70.0

Commodity Prices dropped significantly for most respondents in May, 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.

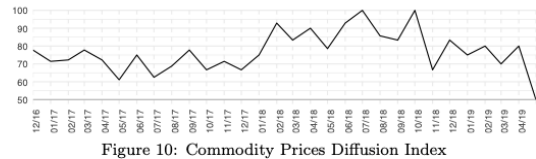


Figure 10: Commodity Prices Diffusion Index