

Buffalo-area manufacturing activity again slowed down in May. The Buffalo-Niagara Manufacturing index (or PMI®) declined to 52.9 in May from 53.6 in April continuously 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, Inventories, MRO, Employment, Capital Buying, and Deliveries all went down relative to the previous month, while New Orders and Prices and Capital Buying Policy went up.

The national PMI (43.1) is still significantly lower than the local PMI. And the national PMI is stil lower than the 2-year average level.

This month (seasonally adjusted)

Index Name	Index	Direction	Change in Index From Last Month
PMI	52.9	Increasing	Same growth rate
Production	48.0	Decreasing	Higher growth rate
New Orders	58.2	Increasing	Lower growth rate
Inventories	46.6	Decreasing	Lower growth rate
Employment	36.2	Decreasing	Higher growth rate
Deliveries	75.6	Slower	Less slowdown of deliveries
Prices	62.5	Increasing	Higher growth rate

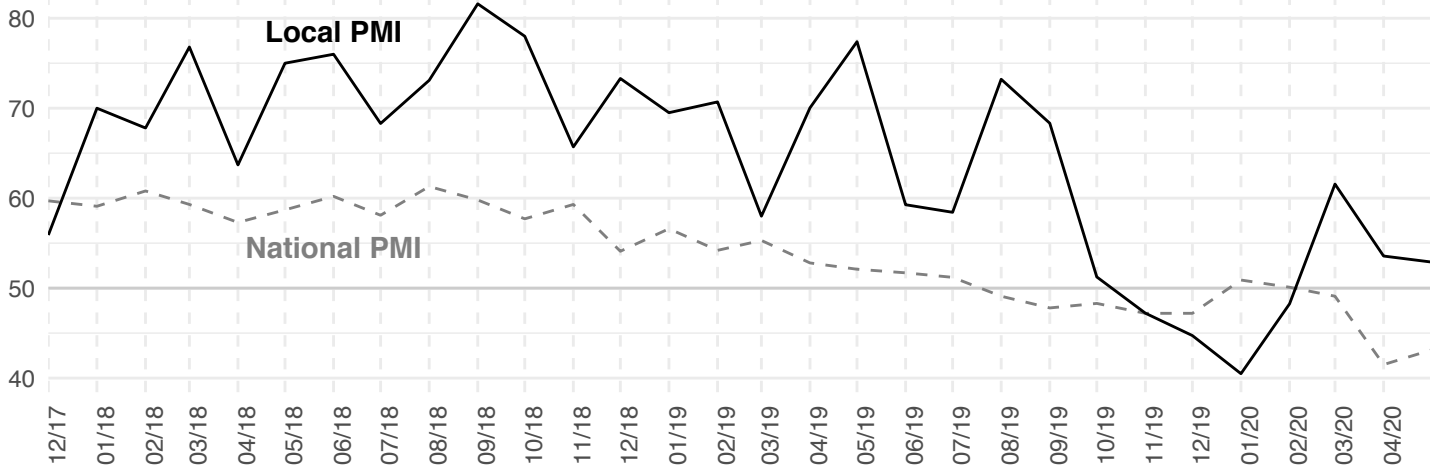


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents went up to May's 60.0 from April's 54.0. The level is higher than most levels for the past year.



Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents decreased in May from April's 31.0 days to 23.8 days, which is still slightly higher than the average levels in 2018 and 2019.

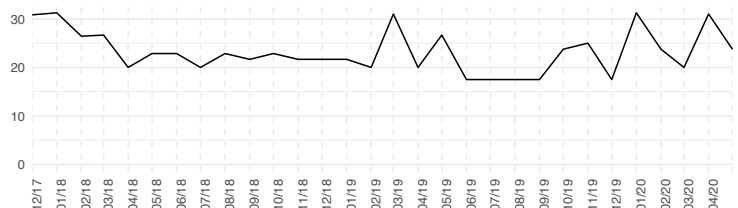


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 112.5 days ahead in May, a big drop from previous month's level.



Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
May 2020	25.0%	50.0%	25.0%	50.0
Apr 2020	20.0%	0.0%	80.0%	20.0
Mar 2020	60.0%	20.0%	20.0%	70.0

The Production diffusion index is 50.0 in May, significantly higher than last month's 20.0, with 25% of respondents reporting lower production relative to the previous month. This level is still lower than most levels from the past two years.

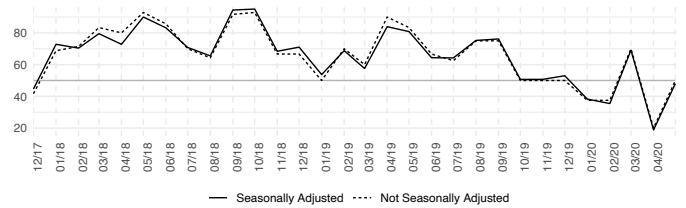


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
May 2020	50.0%	25.0%	25.0%	62.5
Apr 2020	80.0%	0.0%	20.0%	80.0
Mar 2020	60.0%	20.0%	20.0%	70.0

The non-seasonally-adjusted New Orders index was 62.5 in May, a lower level than April's 80.0.

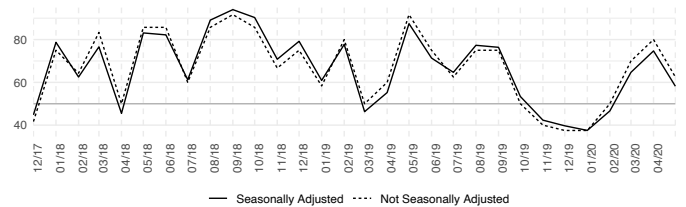


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
May 2020	50.0%	0.0%	50.0%	50.0
Apr 2020	40.0%	40.0%	20.0%	60.0
Mar 2020	40.0%	40.0%	20.0%	60.0

The Inventories of Purchased Goods index dropped to 50.0 in May. 50% of the respondents reported a lower level of inventories.

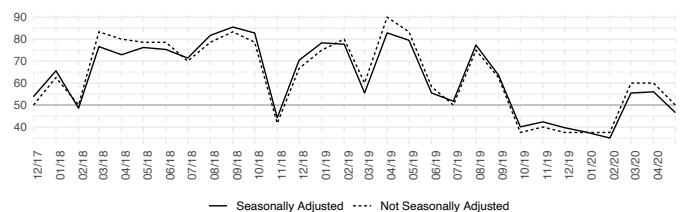


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
May 2020	25.0%	25.0%	50.0%	37.5
Apr 2020	0.0%	60.0%	40.0%	30.0
Mar 2020	20.0%	60.0%	20.0%	50.0

The non-seasonally adjusted Employment index climbed to 37.5 in May, which is higher than April's level of 30.0. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally. However, the index is starting to show a downward trend.

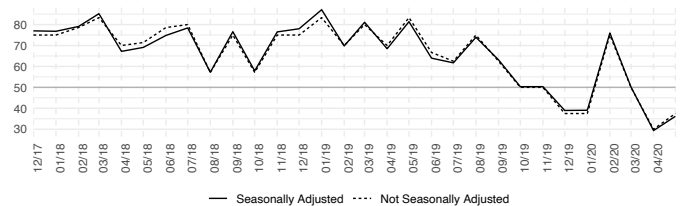


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
May 2020	50.0%	50.0%	0.0%	75.0
Apr 2020	80.0%	20.0%	0.0%	90.0
Mar 2020	40.0%	60.0%	0.0%	70.0

The Vendor Deliveries index was 75.0 in May, lower than last month's level. 50% of the respondents indicated that delivery times were as expected while 50% reported slower deliveries than expected.

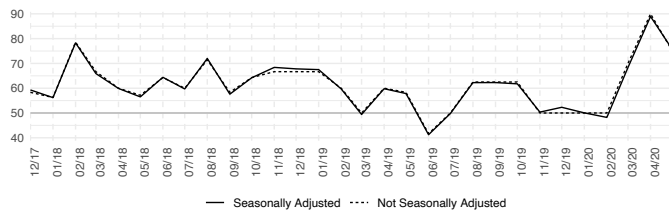


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
May 2020	25.0%	75.0%	0.0%	62.5
Apr 2020	20.0%	80.0%	0.0%	60.0
Mar 2020	20.0%	60.0%	20.0%	50.0

Commodity Prices went higher with 75% of the respondents in May reported flat commodity prices, and 25% respondent reported higher than expected commodity prices.

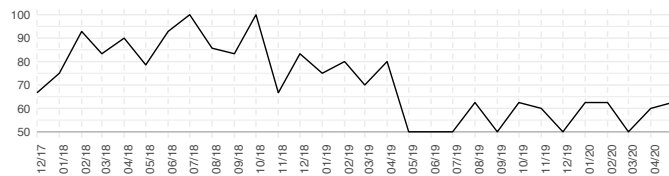


Figure 10: Commodity Prices Diffusion Index