

Buffalo-area manufacturing activity fell in November. The Buffalo-Niagara Manufacturing index (or PMI®) fell to 47.2 in November from a high of 51.2 in October. 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.

Employment Levels, Commodity Prices, and Inventories indexes dropped relative to the previous month, and Vendor Delivery, Production Level, Capital Buying Policy, and MROB stayed flat.

The national PMI (47.2) has been on a steadily decline relative to the local PMI since December 2018 at a level below the previous six quarters. And for the fifth time in a row, it dropped further below the level of 50.

This month (seasonally adjusted)

Index Name	Index	Direction	Change in Index From Last Month
PMI	47.2	Decreasing	Lower growth rate
Production	50.7	No Change	Same growth rate
New Orders	42.3	Decreasing	Lower growth rate
Inventories	42.3	Decreasing	Higher growth rate
Employment	50.3	No Change	Same growth rate
Deliveries	50.4	No Change	Less slowdown of deliveries
Prices	60.0	Increasing	Lower growth rate

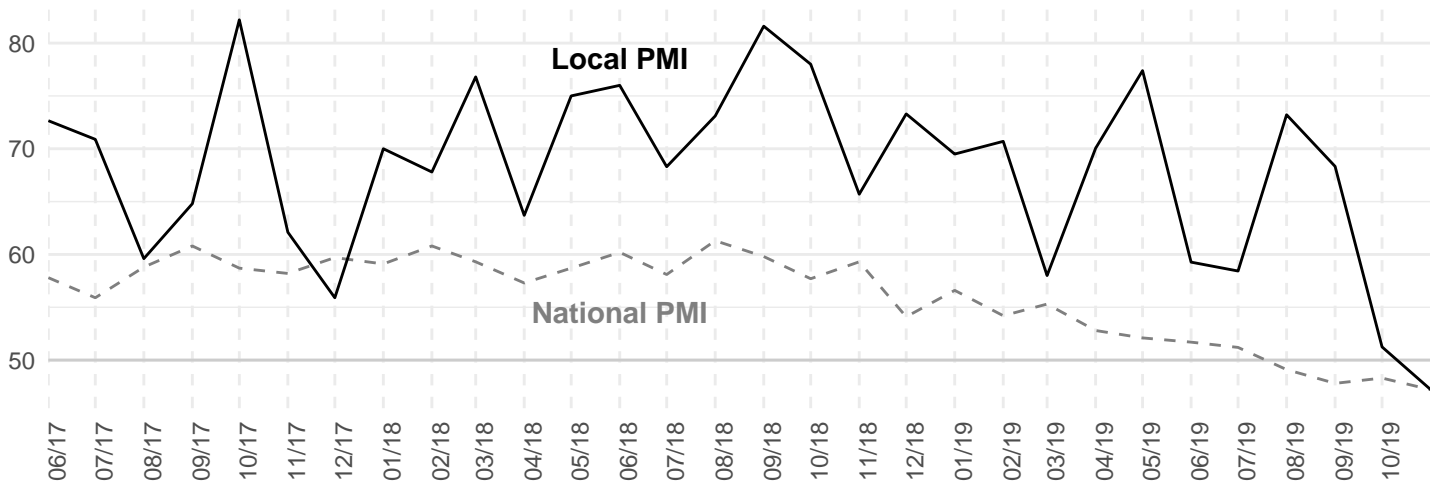


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents increased slightly with October being 38.8 and November being 42.0. The level is still low comparing to the past two years.

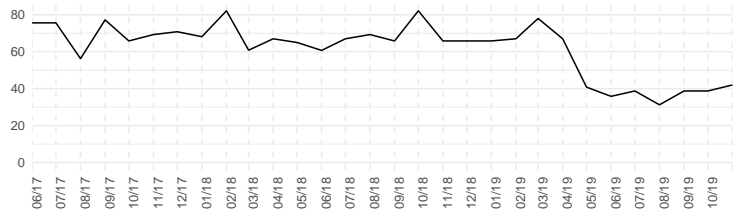


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents rose slightly in October from November from 23.8 to 25.0 days, which is around the average level in 2018 and 2019.

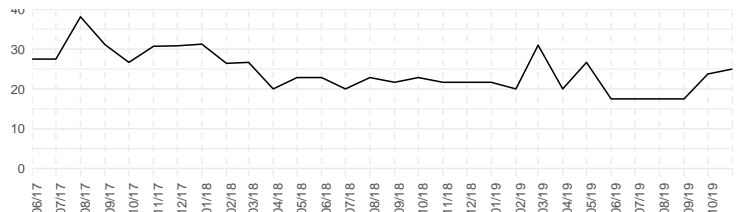


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 166.2 days ahead in November, a much higher level than last two months.

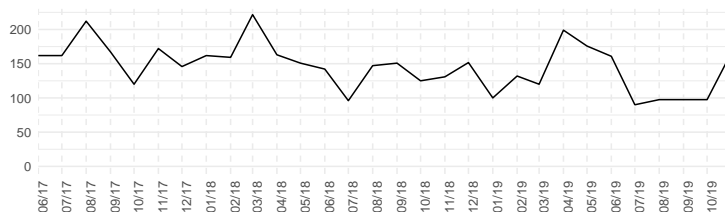


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Nov 2019	40.0%	20.0%	40.0%	50.0
Oct 2019	50.0%	0.0%	50.0%	50.0
Sep 2019	75.0%	0.0%	25.0%	75.0

The Production diffusion index is 50.0 in November, the same as last month's 50.0, with 40% of respondents reporting increased production relative to the previous month.

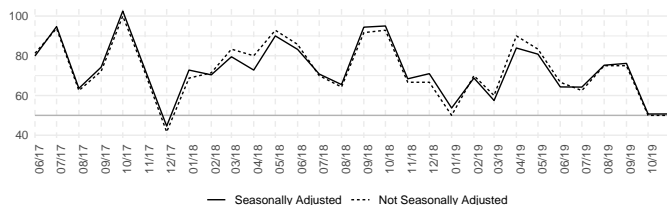


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Nov 2019	20.0%	40.0%	40.0%	40.0
Oct 2019	50.0%	0.0%	50.0%	50.0
Sep 2019	75.0%	0.0%	25.0%	75.0

The non-seasonally-adjusted New Orders index was 40.0 in November, a light drop from October's 50.0.

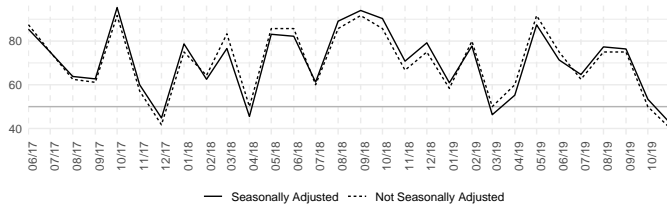


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Nov 2019	20.0%	40.0%	40.0%	40.0
Oct 2019	25.0%	25.0%	50.0%	37.5
Sep 2019	50.0%	25.0%	25.0%	62.5

The Inventories of Purchased Goods index increased by 2.5 points to 40.0 in November. 40% of the respondents reported a lower level of inventories.

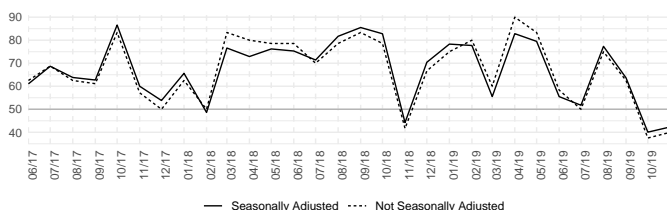


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Nov 2019	40.0%	20.0%	40.0%	50.0
Oct 2019	50.0%	0.0%	50.0%	50.0
Sep 2019	50.0%	25.0%	25.0%	62.5

The non-seasonally adjusted Employment index was 50.0 in November, which is the same as October's level of 50.0. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally, and overall the employment had been on an upward trend until this month

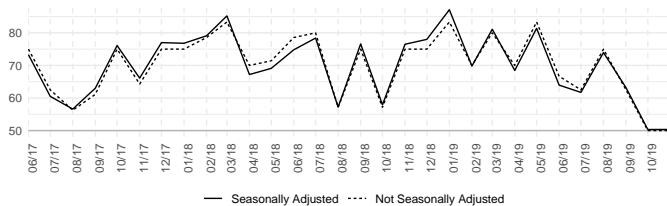


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Nov 2019	0.0%	100.0%	0.0%	50.0
Oct 2019	25.0%	75.0%	0.0%	62.5
Sep 2019	25.0%	75.0%	0.0%	62.5

The Vendor Deliveries index was 50.0 in November, a lower level than last month. 100% of the respondents indicated that delivery times were as expected.

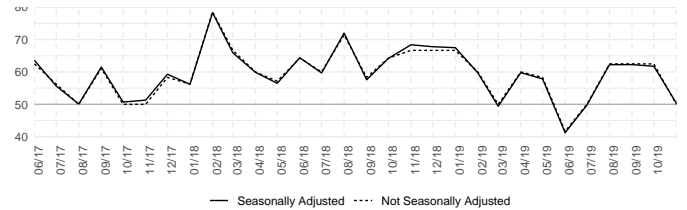


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Nov 2019	20.0%	80.0%	0.0%	60.0
Oct 2019	50.0%	25.0%	25.0%	62.5
Sep 2019	25.0%	50.0%	25.0%	50.0

Commodity Prices dropped with 20% of the respondents in November reported facing higher commodity prices, and 80% respondent reported the same as expected commodity prices. Commodity price growth in 2019 has been on average slower than in 2018 but was still consistently high until May, then it fell flat for three months until August, then dropped in September. This inflation has persisted for three years.

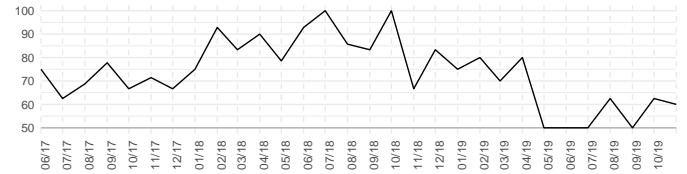


Figure 10: Commodity Prices Diffusion Index