

Buffalo-area manufacturing activity fell in October. The Buffalo-Niagara Manufacturing index (or PMI®) fell to 51.2 in October from a high of 68.3 in September. 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 (48.3) 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 fourth 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	51.2	No Change	Lower growth rate
Production	50.7	No Change	Lower growth rate
New Orders	53.4	Increasing	Lower growth rate
Inventories	40.0	Decreasing	Lower growth rate
Employment	50.3	No Change	Lower growth rate
Deliveries	61.8	Slower	Same slowdown of deliveries
Prices	62.5	Increasing	Higher growth rate

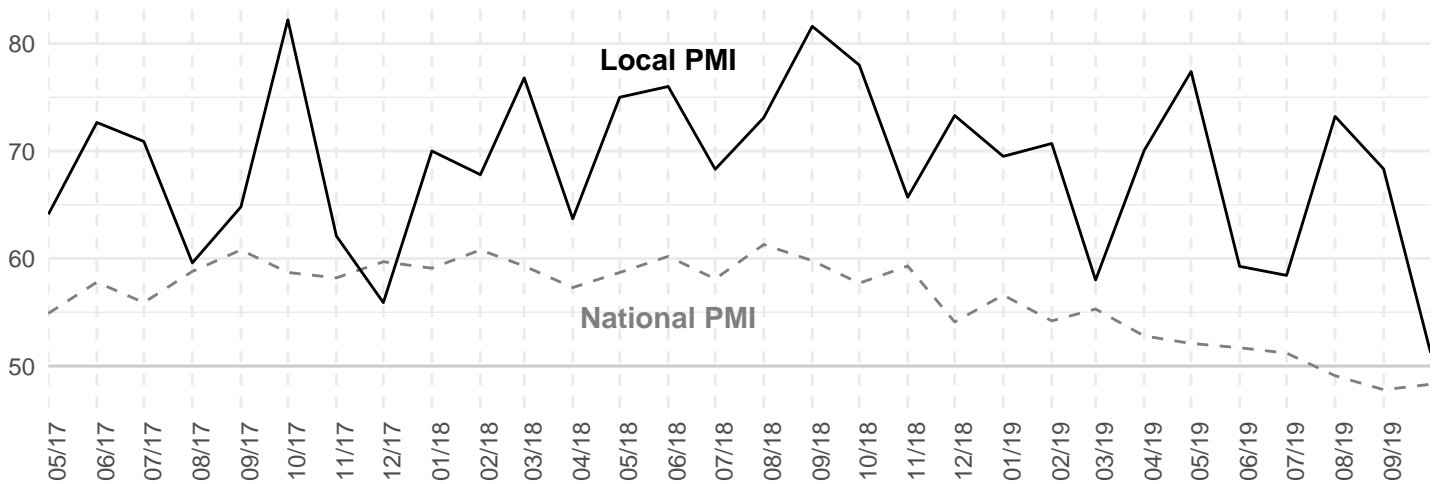


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents stayed flat with September being 38.8 and October being 38.8. The level is still low comparing to the past two years.

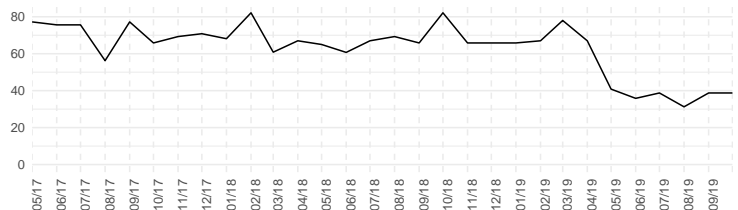


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents increased in September from October from 17.5 to 23.8 days, which is around the average level in 2018 and 2019.

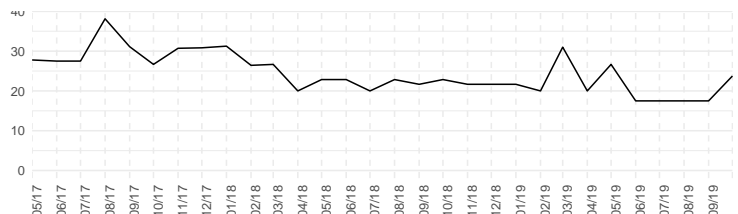


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 97.5 days ahead in October, the same as last two months.

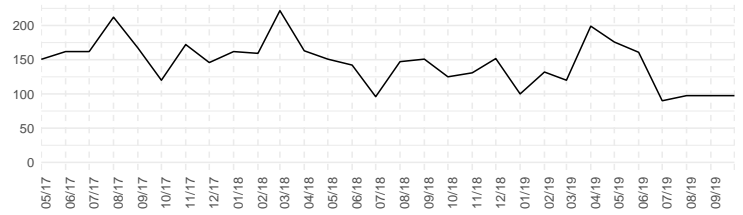


Figure 4: Capital Buying Policy

Production Level

Month	Higher	Same	Lower	Index
Oct 2019	50.0%	0.0%	50.0%	50.0
Sep 2019	75.0%	0.0%	25.0%	75.0
Aug 2019	75.0%	0.0%	25.0%	75.0

The Production diffusion index is 50.0 in October, dropped significantly from 75.0, with 50% of respondents reporting increased production relative to the previous month.

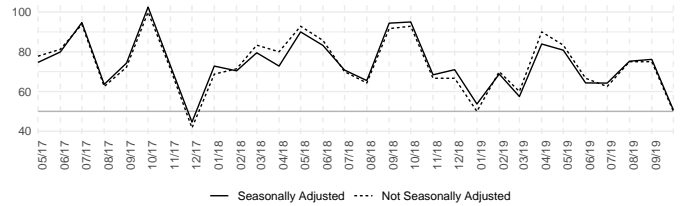


Figure 5: Production Diffusion Index

New Orders

Month	Higher	Same	Lower	Index
Oct 2019	50.0%	0.0%	50.0%	50.0
Sep 2019	75.0%	0.0%	25.0%	75.0
Aug 2019	75.0%	0.0%	25.0%	75.0

The non-seasonally-adjusted New Orders index was 50.0 in October, fell sharply from September's 75.0.

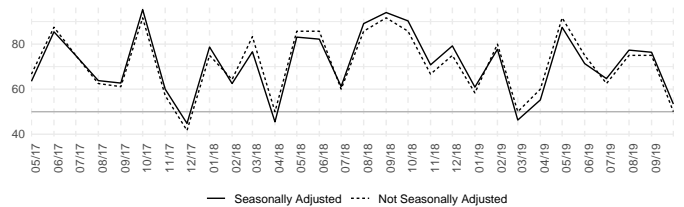


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Oct 2019	25.0%	25.0%	50.0%	37.5
Sep 2019	50.0%	25.0%	25.0%	62.5
Aug 2019	75.0%	0.0%	25.0%	75.0

The Inventories of Purchased Goods index declined tremendously to 37.5 in October. Half of respondents reported a lower level of inventories.

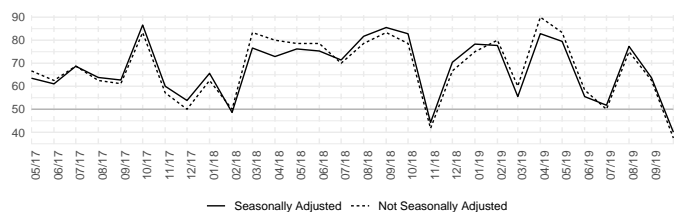


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

Month	Higher	Same	Lower	Index
Oct 2019	50.0%	0.0%	50.0%	50.0
Sep 2019	50.0%	25.0%	25.0%	62.5
Aug 2019	75.0%	0.0%	25.0%	75.0

The non-seasonally adjusted Employment index was 50.0 in October, which is lower than September's level of 62.5. 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.

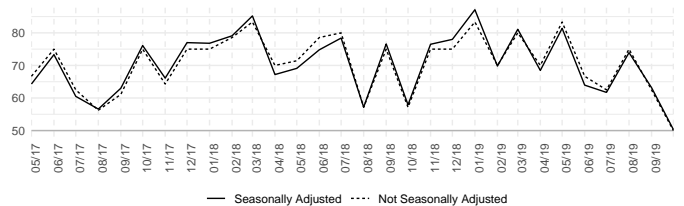


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Oct 2019	25.0%	75.0%	0.0%	62.5
Sep 2019	25.0%	75.0%	0.0%	62.5
Aug 2019	25.0%	75.0%	0.0%	62.5

The Vendor Deliveries index was 62.5 in October, the same as August. 75% of the respondents indicated that delivery times were as expected while 25% reported slower than expected delivery time.

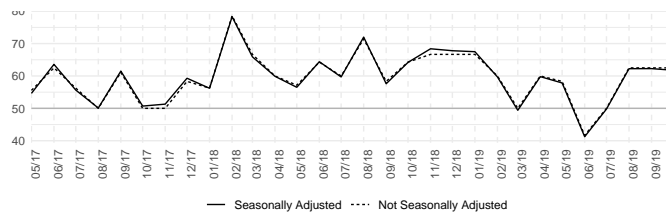


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

Month	Higher	Same	Lower	Index
Oct 2019	50.0%	25.0%	25.0%	62.5
Sep 2019	25.0%	50.0%	25.0%	50.0
Aug 2019	25.0%	75.0%	0.0%	62.5

Commodity Prices rose with 50% of the respondents in October reported facing higher commodity prices, and 25% respondent reported facing lower 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.

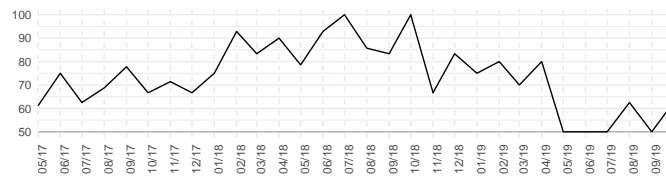


Figure 10: Commodity Prices Diffusion Index