

Buffalo-area manufacturing activity accelerated in October. The Buffalo-Niagara Manufacturing index (or PMI<sup>®</sup>) rose significantly to 76.8 in October from 66.1 in September. The PMI<sup>®</sup> 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 Buying Policy, New Orders, Inventories, and Production Level went up comparing to the previous month's levels, while Commodity Prices, MORB and Capital Buying Policy decreased.

The national PMI (59.3) also increased. However, the national PMI is still lower than the local PMI. And the national PMI surpassed the 2-year average level.

**This month (seasonally adjusted)**

Index Name	Index	Direction	Change in Index From Last Month
PMI	76.8	Increasing	Higher growth rate
Production	75.2	Increasing	Higher growth rate
New Orders	78.5	Increasing	Higher growth rate
Inventories	78.5	Increasing	Higher growth rate
Employment	75.8	Increasing	Same growth rate
Deliveries	76.0	Slower	More slowdown of deliveries
Prices	75.0	Increasing	Lower growth rate

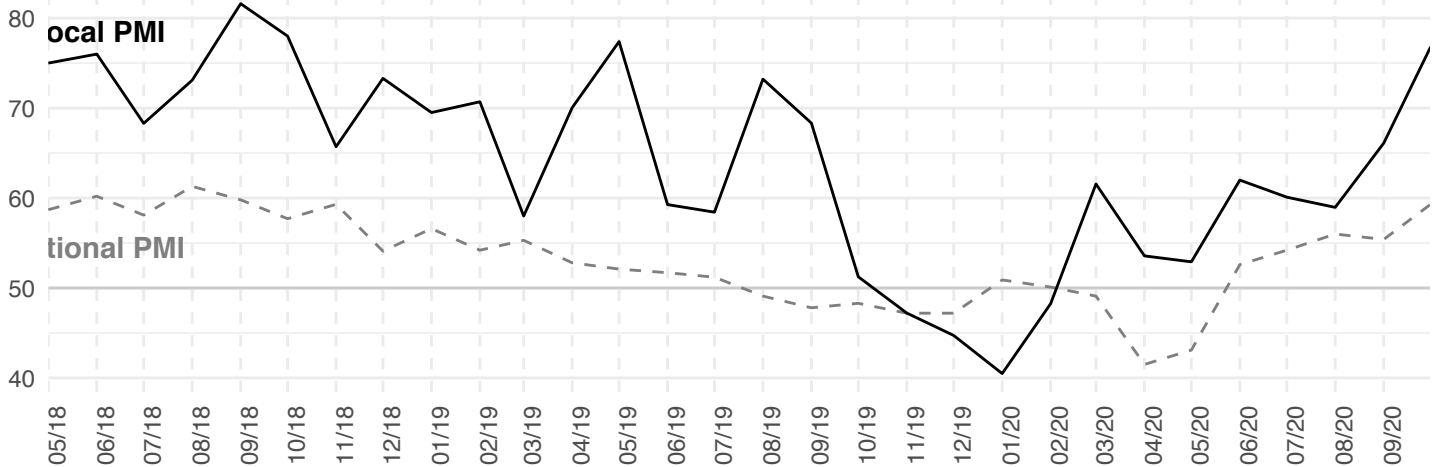


Figure 1: Local and National PMI over the last 2.5 years

**Production Buying Policy**

Days ahead production buying commitments among respondents increased sharply to October's 75.0 from September's 60.0. The level is the highest since May of the past year.

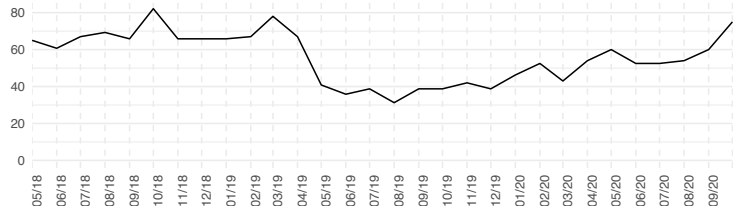


Figure 2: Production Buying Policy

**Maintenance, Repair, and Operating Buying Policy**

Maintenance, Repair, and Operating supplies on hand among respondents dropped significantly in October from September's 30.0 days to 17.5 days, which is approaching the average levels of 2018 and 2019.

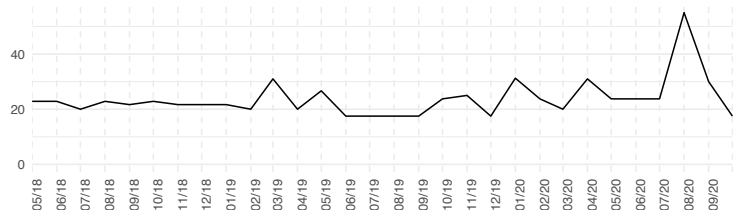


Figure 3: MRO Buying Policy

### Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 120.0 days ahead in October, lower than the previous month's level.

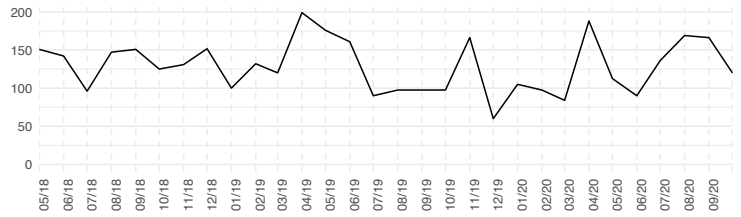


Figure 4: Capital Buying Policy

### Production Level

Month	Higher	Same	Lower	Index
Oct 2020	50.0%	50.0%	0.0%	75.0
Sep 2020	25.0%	50.0%	25.0%	50.0
Aug 2020	40.0%	60.0%	0.0%	70.0

The Production diffusion index is 75.0 in October, much higher than last month's 50.0, with 0% of respondents reporting lower production relative to the previous month.

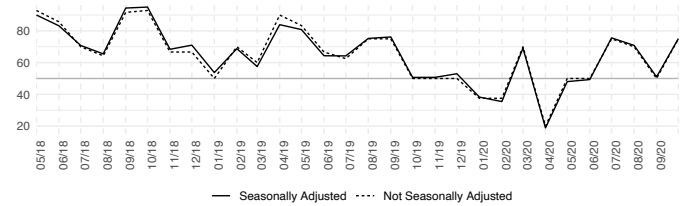


Figure 5: Production Diffusion Index

### New Orders

Month	Higher	Same	Lower	Index
Oct 2020	50.0%	50.0%	0.0%	75.0
Sep 2020	50.0%	25.0%	25.0%	62.5
Aug 2020	40.0%	20.0%	40.0%	50.0

The non-seasonally-adjusted New Orders index was 75.0 in October, a big rise from September's 62.5.

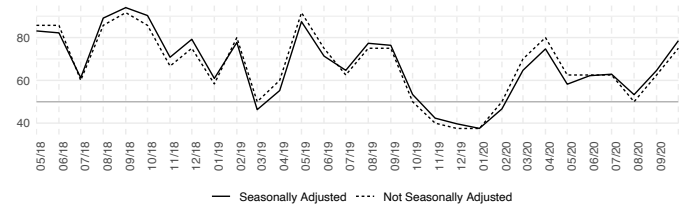


Figure 6: New Orders Diffusion Index

### Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Oct 2020	50.0%	50.0%	0.0%	75.0
Sep 2020	50.0%	25.0%	25.0%	62.5
Aug 2020	40.0%	20.0%	40.0%	50.0

The Inventories of Purchased Goods index increased to 75.0 in October, higher than last month's level. About 50% of the respondents reported a higher level of inventories and no respondents reported a lower level of inventories

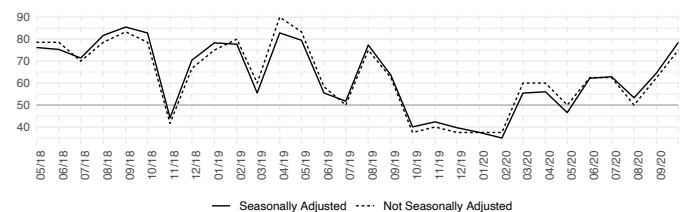


Figure 7: Purchased Inventories Diffusion Index

### Employment Levels

Month	Higher	Same	Lower	Index
Oct 2020	50.0%	50.0%	0.0%	75.0
Sep 2020	50.0%	50.0%	0.0%	75.0
Aug 2020	20.0%	60.0%	20.0%	50.0

The non-seasonally adjusted Employment index stayed the same at 75.0 in October comparing to September's level of 75.0. The last two years have seen consistently-high employment growth both in the Buffalo region and nationally. However, the index starting to fluctuate around 50 since November 2019. Overall the employment had been on an upward trend until November 2019.

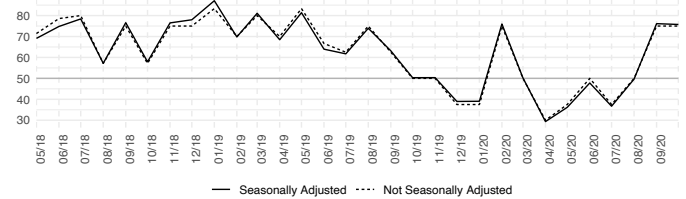


Figure 8: Employment Diffusion Index

**Vendor Deliveries**

Month	Slower	Same	Faster	Index
Oct 2020	50.0%	50.0%	0.0%	75.0
Sep 2020	50.0%	50.0%	0.0%	75.0
Aug 2020	40.0%	60.0%	0.0%	70.0

The Vendor Deliveries index was 75.0 in October, the same as last month's level. Again, 0% of the respondents indicated that delivery times were slower than expected while 50% reported deliveries as expected.

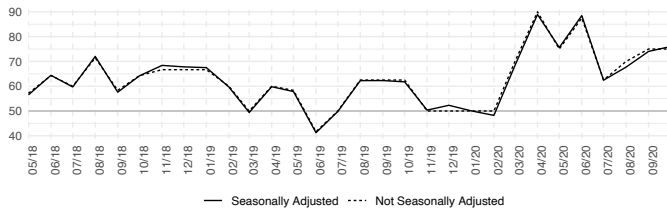


Figure 9: Vendor Deliveries Diffusion Index

**Commodity Prices**

Month	Higher	Same	Lower	Index
Oct 2020	50.0%	50.0%	0.0%	75.0
Sep 2020	75.0%	25.0%	0.0%	87.5
Aug 2020	40.0%	60.0%	0.0%	70.0

Commodity Prices fell with 50% of the respondents in October reported flat commodity prices, and 50% respondent reported higher than expected commodity prices.

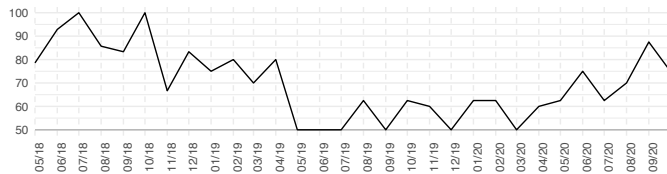


Figure 10: Commodity Prices Diffusion Index