

Buffalo-area manufacturing activity fell in September. The Buffalo-Niagara Manufacturing index (or PMI®) fell to 68.3 in September from a high of 73.2 in August. 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 (47.8) 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 second 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	68.3	Increasing	Lower growth rate
Production	76.2	Increasing	Same growth rate
New Orders	76.4	Increasing	Same growth rate
Inventories	63.7	Increasing	Lower growth rate
Employment	63.2	Increasing	Lower growth rate
Deliveries	62.3	Slower	Same slowdown of deliveries
Prices	50.0	No Change	Lower growth rate

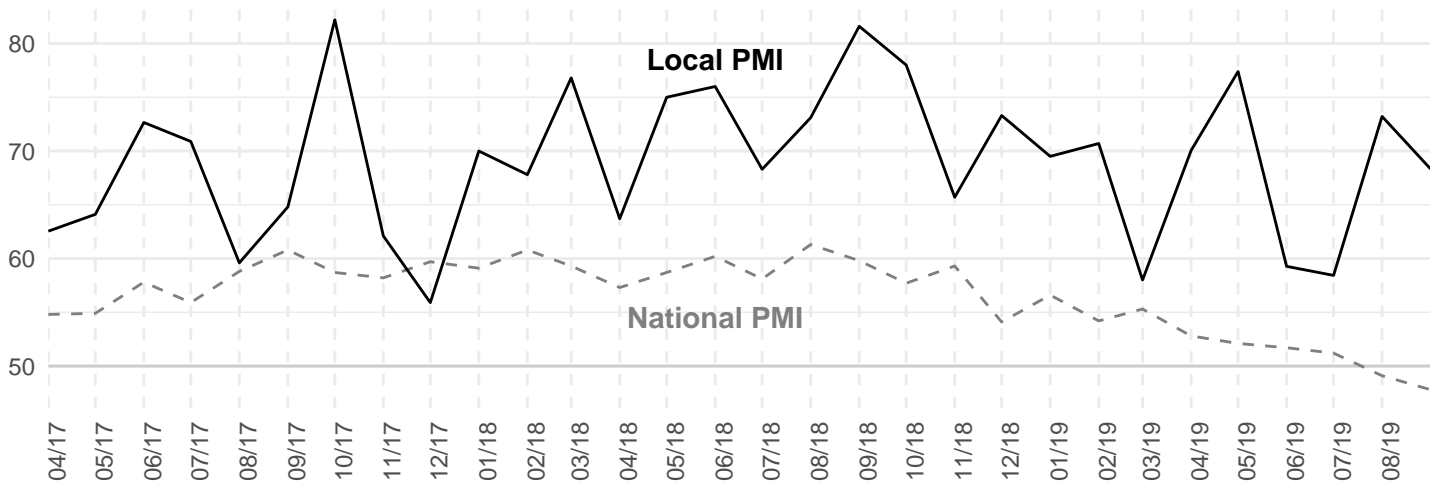


Figure 1: Local and National PMI over the last 2.5 years

Production Buying Policy

Days ahead production buying commitments among respondents rose between August and September from 31.2 to 38.8. The level is still low comparing to the past two years.

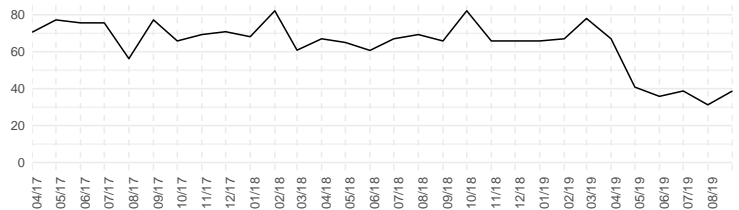


Figure 2: Production Buying Policy

Maintenance, Repair, and Operating Buying Policy

Maintenance, Repair, and Operating supplies on hand among respondents are the same between August and September from 17.5 to 17.5 days, which is lower than the average level in 2018.

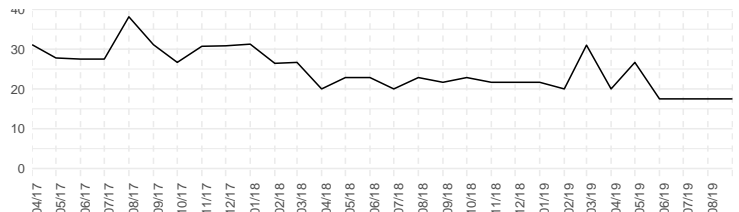


Figure 3: MRO Buying Policy

Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 97.5 days ahead in September, the same as August.

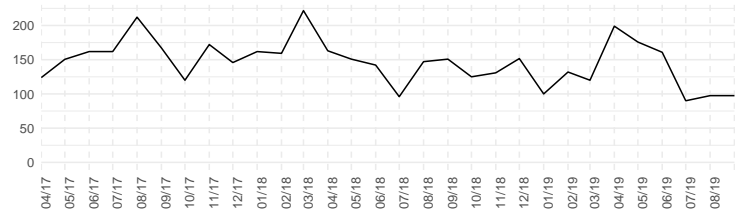


Figure 4: Capital Buying Policy

Production Level

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

The Production diffusion index is 75.0 in September, and stayed the same as 75.0, with 75% of respondents reporting increased production relative to the previous month.

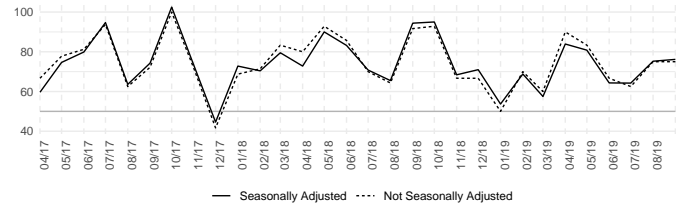


Figure 5: Production Diffusion Index

New Orders

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

The non-seasonally-adjusted New Orders index was 75.0 in September, the same as August's 75.0.

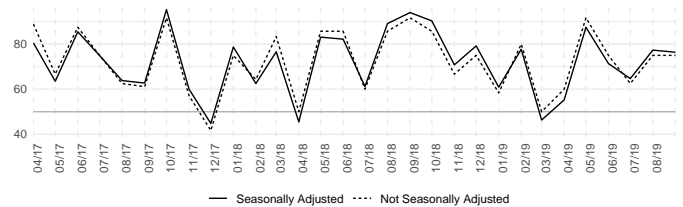


Figure 6: New Orders Diffusion Index

Inventories of Purchased Goods

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

The Inventories of Purchased Goods index declined to 62.5 in September. Half of respondents reported a higher level of inventories.

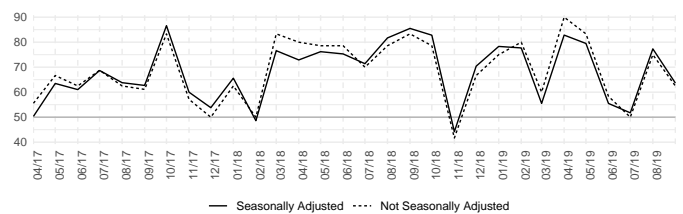


Figure 7: Purchased Inventories Diffusion Index

Employment Levels

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

The non-seasonally adjusted Employment index was 62.5 in September, which is lower than August's level of 75.0. 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.

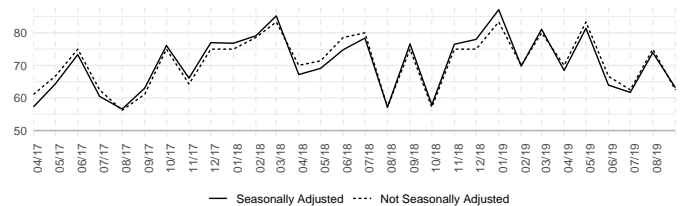


Figure 8: Employment Diffusion Index

Vendor Deliveries

Month	Slower	Same	Faster	Index
Sep 2019	25.0%	75.0%	0.0%	62.5
Aug 2019	25.0%	75.0%	0.0%	62.5
Jul 2019	0.0%	100.0%	0.0%	50.0

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

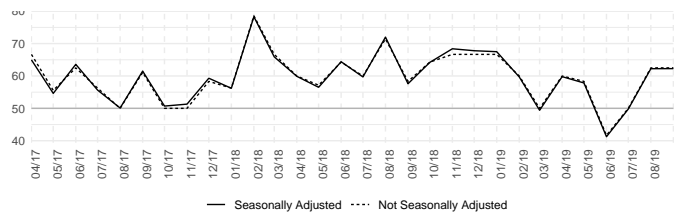


Figure 9: Vendor Deliveries Diffusion Index

Commodity Prices

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

Commodity Prices dropped with 50% of the respondents in September, and 25% respondent reported facing higher commodity prices, and another 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.

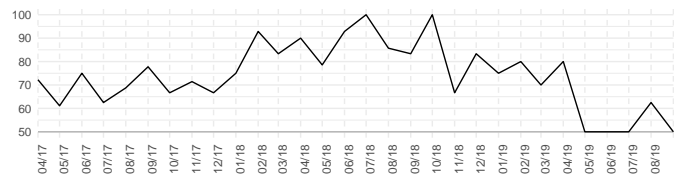


Figure 10: Commodity Prices Diffusion Index