

Buffalo-area manufacturing activity accelerated in September. The Buffalo-Niagara Manufacturing index (or PMI®) rose to 66.1 in September from 59.0 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.

Production Buying Policy, New Orders, Inventories, Employment Levels, Vendor Deliveries, and Commodity Prices went up comparing to the previous month's levels, while Production level, MORB and Capital Buying Policy decreased.

The national PMI (55.4) slowed down and 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	66.1	Increasing	Higher growth rate
Production	51.0	No Change	Lower growth rate
New Orders	64.6	Increasing	Higher growth rate
Inventories	64.6	Increasing	Higher growth rate
Employment	76.1	Increasing	Higher growth rate
Deliveries	74.0	Slower	More slowdown of deliveries
Prices	87.5	Increasing	Higher growth rate

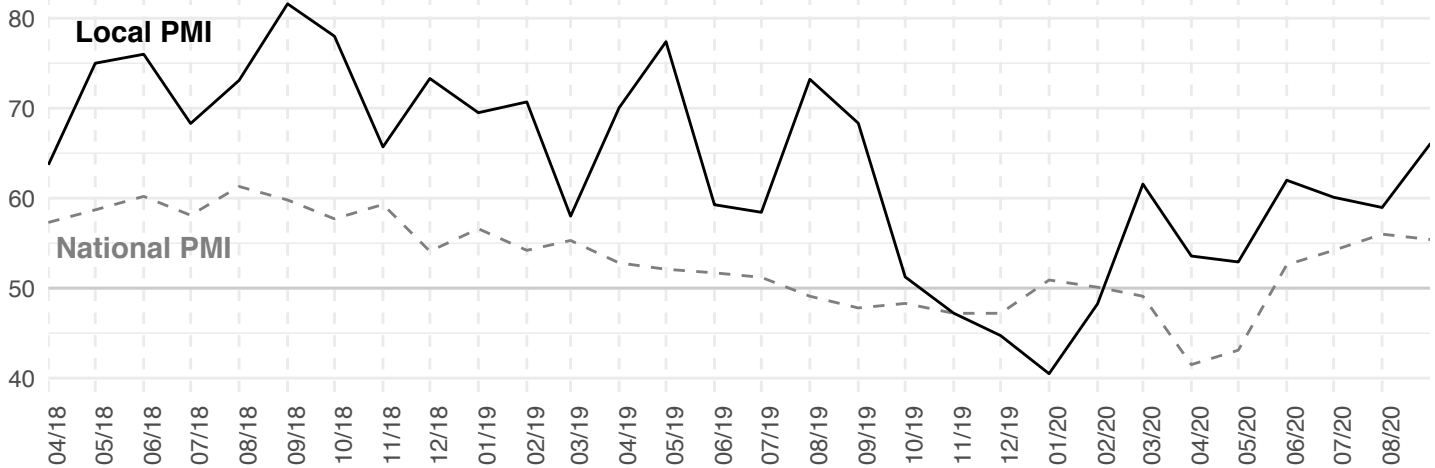


Figure 1: Local and National PMI over the last 2.5 years

**Production Buying Policy**

Days ahead production buying commitments among respondents increased to September's 60.0 from August's 54.0. The level is still higher than most levels for the past year.

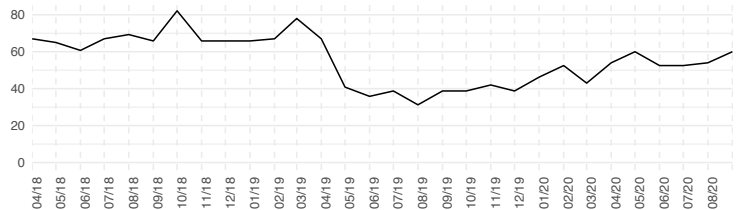


Figure 2: Production Buying Policy

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

Maintenance, Repair, and Operating supplies on hand among respondents dropped significantly in September from August's 55.0 days to 30.0 days, which is still higher than the average levels of 2018 and 2019.

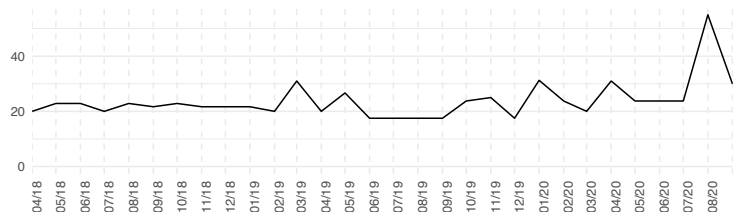


Figure 3: MRO Buying Policy

### Capital Equipment Buying Policy

Manufacturers reported making capital equipment buying commitments an average of 166.2 days ahead in September, almost the same as the previous month's level.

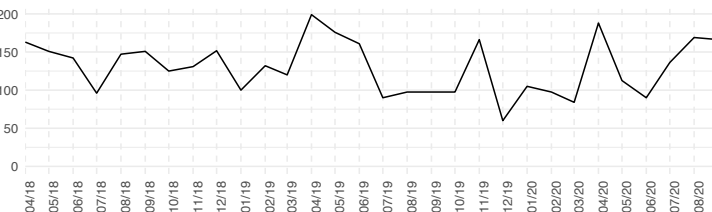


Figure 4: Capital Buying Policy

### Production Level

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

The Production diffusion index is 50.0 in September, much lower than last month's 70.0, with 25% of respondents reporting lower production relative to the previous month.

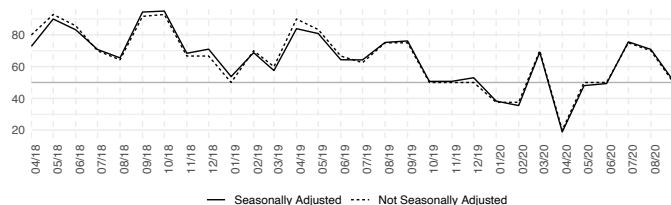


Figure 5: Production Diffusion Index

### New Orders

Month	Higher	Same	Lower	Index
Sep 2020	50.0%	25.0%	25.0%	62.5
Aug 2020	40.0%	20.0%	40.0%	50.0
Jul 2020	50.0%	25.0%	25.0%	62.5

The non-seasonally-adjusted New Orders index was 62.5 in September, a rise from August's 50.0.

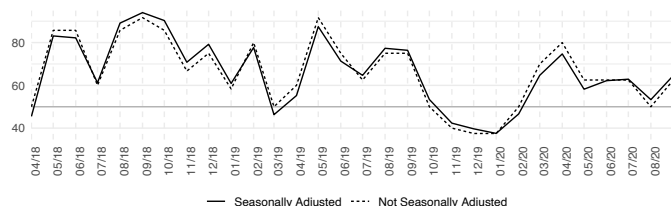


Figure 6: New Orders Diffusion Index

### Inventories of Purchased Goods

Month	Higher	Same	Lower	Index
Sep 2020	50.0%	25.0%	25.0%	62.5
Aug 2020	40.0%	20.0%	40.0%	50.0
Jul 2020	50.0%	25.0%	25.0%	62.5

The Inventories of Purchased Goods index increased to 62.5 in September, higher than last month's level. About 50% of the respondents reported a higher level of inventories.

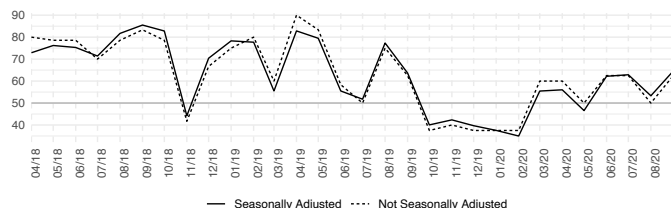


Figure 7: Purchased Inventories Diffusion Index

### Employment Levels

Month	Higher	Same	Lower	Index
Sep 2020	50.0%	50.0%	0.0%	75.0
Aug 2020	20.0%	60.0%	20.0%	50.0
Jul 2020	0.0%	75.0%	25.0%	37.5

The non-seasonally adjusted Employment index rose sharply to 75.0 in September comparing to August's level of 50.0. 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.

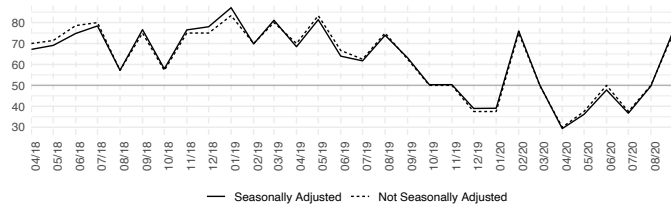


Figure 8: Employment Diffusion Index

### Vendor Deliveries

Month	Slower	Same	Faster	Index
Sep 2020	50.0%	50.0%	0.0%	75.0
Aug 2020	40.0%	60.0%	0.0%	70.0
Jul 2020	25.0%	75.0%	0.0%	62.5

The Vendor Deliveries index was 75.0 in September, about 5% higher than last month's level. Again, 0% of the respondents indicated that delivery times were slower than expected while 50% reported deliveries as expected.

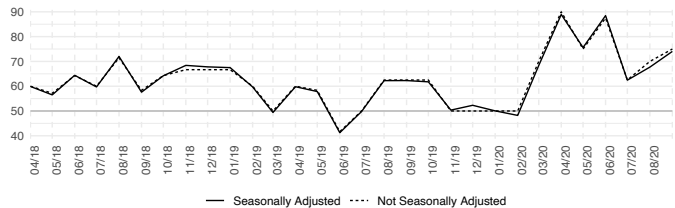


Figure 9: Vendor Deliveries Diffusion Index

### Commodity Prices

Month	Higher	Same	Lower	Index
Sep 2020	75.0%	25.0%	0.0%	87.5
Aug 2020	40.0%	60.0%	0.0%	70.0
Jul 2020	25.0%	75.0%	0.0%	62.5

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

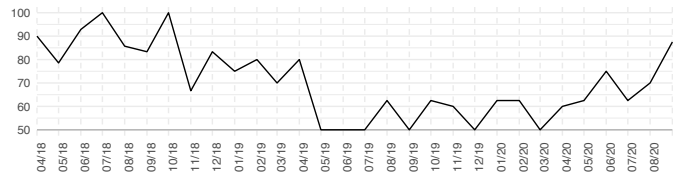


Figure 10: Commodity Prices Diffusion Index