

**National Association of Purchasing Management - Buffalo
April 2013 Business Survey Monthly Comparison Report**

The PMI Index

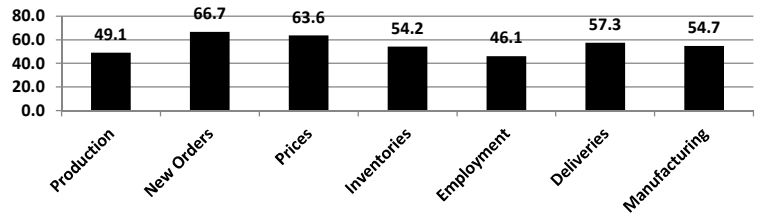
The seasonally adjusted PMI Index for the local manufacturing sector eased further into positive territory to 54.7, a 3.8 point increase from March's 50.9 level. The local index has varied a good amount in recent months, but does seem to be generally increasing since the recent bottom in September at 45.4. The recent record highs in the U.S. stock markets may foreshadow strength if the increased wealth of investors bleeds into increased expectations and increased consumer spending. Continued downside potential resides in the eurozone, with a Pew study released the past few days titled "The New Sick Man of Europe: the European Union" relating how widespread the discontent is among member countries' citizens outside of Germany.

Monthly seasonally adjusted numbers are featured in the table below. New Orders stay strong at 66.7, slightly off from last month's 72.2 but still well in positive territory. Deliveries pulled into positive territory from 42.7 last month to 57.3. It seems the strength in New Orders may have started to turn into increased deliveries. Employment remains below 50.0 in slightly contractionary territory at 46.2, and has been relatively unchanged the last three months. Manufacturing activity generally seems to be warming up along with the temperatures as we head into the summer months.



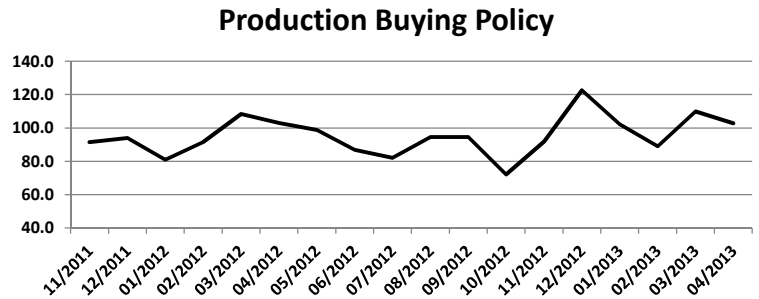
This month (Seasonally Adjusted)

Index	Index	Direction	Rate of Change
Production	49.1	Decreasing	Decreasing
New Orders	66.7	Increasing	Decreasing
Prices	63.6	Increasing	Decreasing
Inventories	54.2	Increasing	Steady
Employment	46.1	Decreasing	Decreasing
Deliveries	57.3	Increasing	Increasing
Manufacturing	54.7	Increasing	Increasing



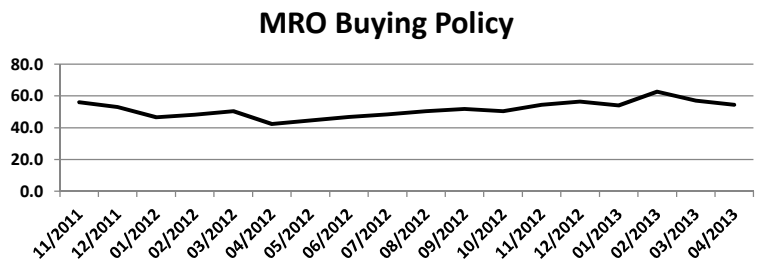
Production Buying Policy

Survey respondents report days-ahead commitments for production material slid slightly from 110.0 to 102.7 days. While off from last month, there has been a broad upward trend since the third quarter of 2012 began.



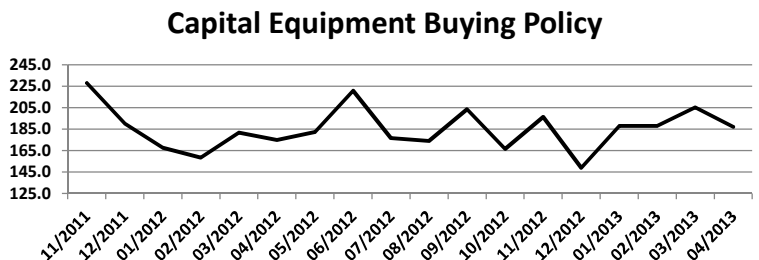
MRO Buying Policy

This month respondents report having 54.5 days ahead for MRO supplies, slightly off from March's index value of 57.0. Again, the slow but steady upward trend since last year's bottom in April seems to be generally holding.



Capital Equipment Buying Policy

Manufacturers are looking out an average of 187.3 days and making commitments for capital equipment, virtually in line with February's 188 days. March represented a slight upward tick, although the large variations from second half 2012 may have muted. No average value in 2013 has fallen below 185.0.



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
April 2013	27.3%	54.5%	18.2%	54.5	76.9
March 2013	30.0%	30.0%	40.0%	45.0	66.7
February 2013	27.3%	36.4%	36.4%	45.5	66.7

The Production diffusion index pulled back above the 50 mark into positive territory. While still off last year's results in the same time period, fewer respondents reported lower production levels compared to March causing the increase.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
April 2013	63.6%	18.2%	18.2%	72.7	73.1
March 2013	70.0%	20.0%	10.0%	80.0	70.8
February 2013	36.4%	27.3%	36.4%	50.0	70.8

New orders came in strong again this month, falling a bit from the 80.0 mark to 72.7 relatively in line with last year's level. Broadly it does seem as if there has been increasing activity following the bottom in August to October 2012. Anecdotally, I did speak to a couple of local people in manufacturing the past couple of weeks that reported strength in orders for themselves and competitors.

Commodity prices are:

Period	Higher	Same	Lower	Index	Prior Yr
April 2013	36.4%	54.5%	9.1%	63.6	73.1
March 2013	60.0%	40.0%	0.0%	80.0	87.5
February 2013	54.5%	36.4%	9.1%	72.7	87.5

Commodity price pressure continues, although with less strength for April's survey respondents. I remain concerned about prices as a future issue with continued open ended Federal Reserve treasury purchases.

Inventories of purchased goods were:

Period	Higher	Same	Lower	Index	Prior Yr
April 2013	27.3%	63.6%	9.1%	59.1	65.4
March 2013	40.0%	40.0%	20.0%	60.0	54.1
February 2013	36.4%	27.3%	36.4%	50.0	54.1

The Inventories of purchased goods index remained essentially flat compared to last month at 59.1. The general trend continues that inventories are climbing, hopefully these orders and deliveries that are arriving (as reported above) will head out the door and not end up in increased inventories.

Employment levels were:

Period	Higher	Same	Lower	Index	Prior Yr
April 2013	18.2%	63.6%	18.2%	50.0	57.7
March 2013	0.0%	90.0%	10.0%	45.0	45.9
February 2013	9.1%	81.8%	9.1%	50.0	45.8

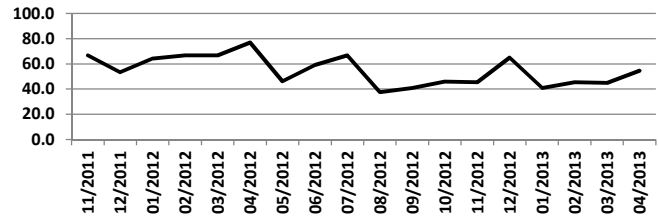
Employment survey bumped back to the 50 mark this month, relating neither contraction or expansion. The increased activity shown elsewhere in the report still hasn't quite gotten to the hiring side.

Vendor Deliveries were:

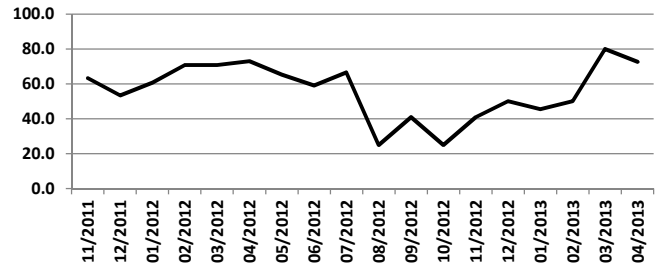
Period	Higher	Same	Lower	Index	Prior Yr
April 2013	18.2%	81.8%	0.0%	59.1	61.5
March 2013	0.0%	90.0%	10.0%	45.0	58.3
February 2013	9.1%	81.8%	9.1%	50.0	66.6

Vendor deliveries pulled above the 50.0 mark showing increases broadly for area respondents. No respondents reported lower vendor deliveries in April.

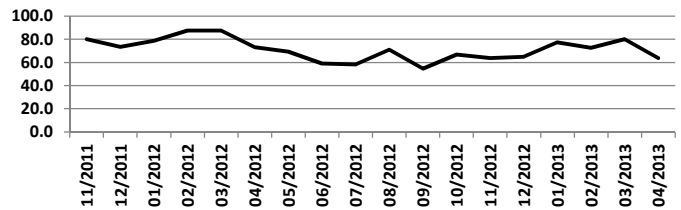
Production - Diffusion Index



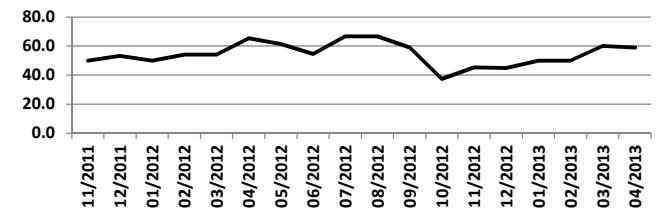
New Orders - Diffusion Index



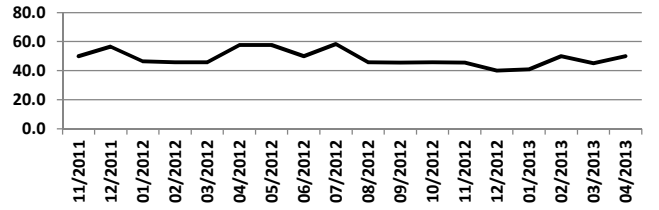
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

