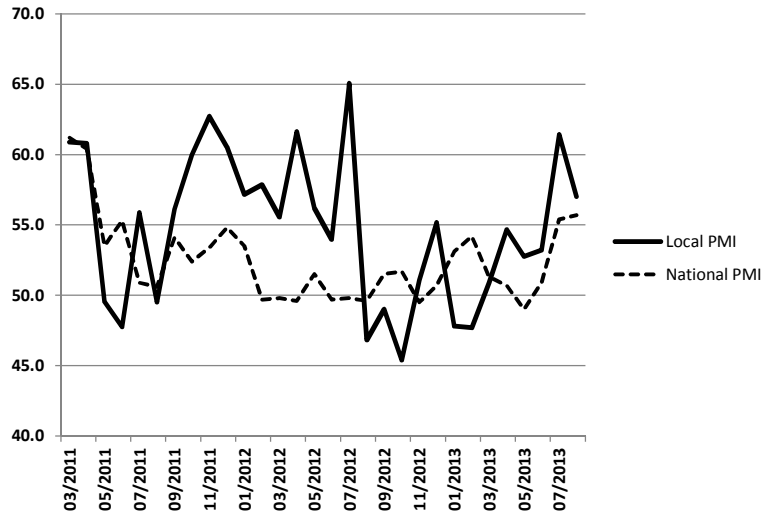


**National Association of Purchasing Management - Buffalo
August 2013 Business Survey Monthly Comparison Report**

The PMI Index

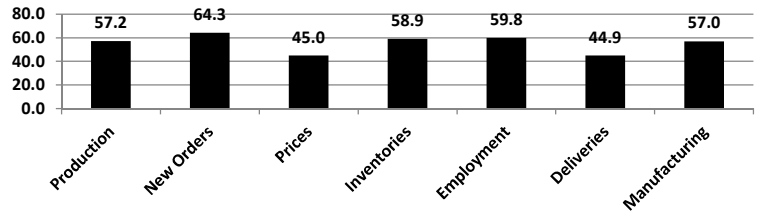
The local seasonally adjusted PMI Index for August is 57.0 trailing a bit from last month's 61.4 for the Buffalo-Niagara region. We remain above the national PMI average for the sixth straight month, although appear to be converging toward the national average. This also marks the sixth straight month above 50.0 signifying continued local growth in manufacturing activity. Locally we seem to be broadly in line with statewide manufacturing from the September version of the Empire State manufacturers survey which also logged a month of expanding production and a notable increase in shipments for responding firms.

Monthly seasonally adjusted numbers are featured in the table below. Locally we recorded a second straight month in positive territory for New Orders at 64.3. A bit of an unexpected change this month was the fall into decreasing territory for the commodity price index to 45.0 following many months above 50.0. Employment continues in expansionary territory at 59.8, up a bit from last month's results. Deliveries slowed in August, falling into negative territory at 44.9. With the danger of conflict in Syria appearing to lessen and a frontrunner for Fed chair becoming more clear, some of the uncertainty in the macroeconomy may be lessening.



This month (Seasonally Adjusted)

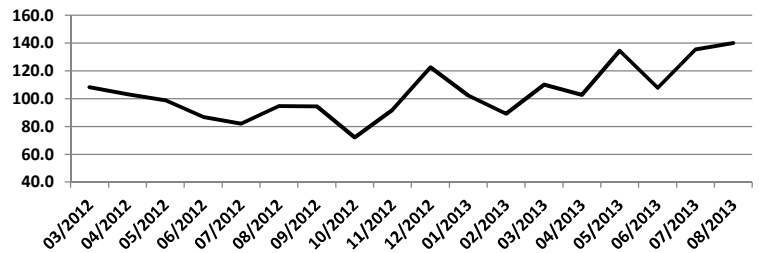
Index	Index	Direction	Rate of Change
Production	57.2	Increasing	Decreasing
New Orders	64.3	Increasing	Increasing
Prices	45.0	Decreasing	Increasing
Inventories	58.9	Increasing	Decreasing
Employment	59.8	Increasing	Increasing
Deliveries	44.9	Decreasing	Decreasing
Manufacturing	57.0	Increasing	Decreasing



Production Buying Policy

Survey respondents report days ahead commitments for production material eased upward to 140.0 in August from 135.4 in July, continuing a broad longer term positive trend from the trough in October 2012.

Production Buying Policy

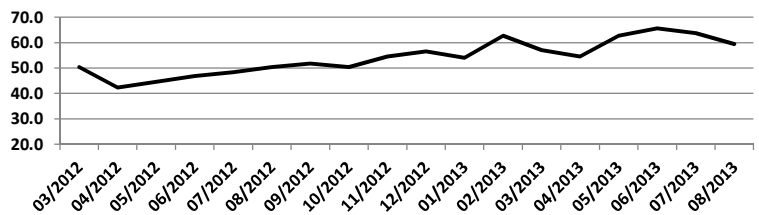


MRO Buying Policy

(Maintenance, Repair, and Operating)

This month respondents report MRO sliding a bit more to 59.8 from 63.8 in July. Since June the long upward trend seems to have eased.

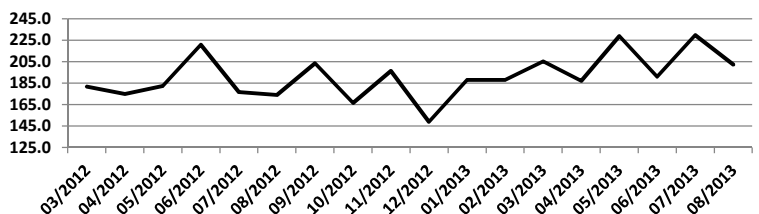
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers are looking out an average of 202.5 days and making commitments for capital equipment, falling from July levels but continuing the alternating monthly trend beginning in April. There seems to be a general increasing trend of days ahead purchases among respondents since year end 2012.

Capital Equipment Buying Policy

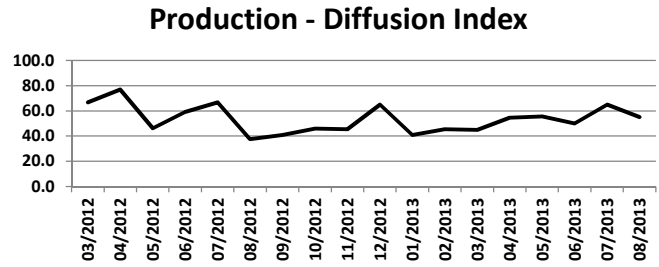


**National Association of Purchasing Management - Buffalo
August 2013 Business Survey Monthly Comparison Report**

The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
August 2013	50.0%	10.0%	40.0%	55.0	37.5
July 2013	50.0%	30.0%	20.0%	65.0	66.7
June 2013	33.3%	33.3%	33.3%	50.0	59.1

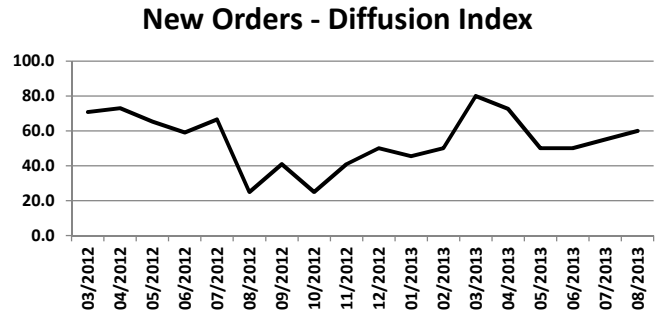
The Production diffusion index trailed to 55.0 in August, remaining in positive territory. Production continues to expand among respondents in the Buffalo-Niagara region, although at a slower rate.



New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
August 2013	50.0%	20.0%	30.0%	60.0	25.0
July 2013	50.0%	10.0%	40.0%	55.0	66.7
June 2013	44.4%	11.1%	44.4%	50.0	59.1

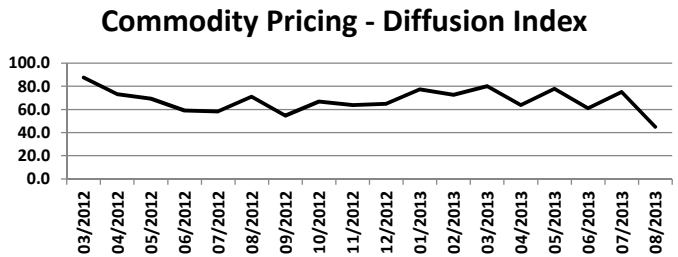
New Orders crept up again in August, relating a continuing expansion with the past three months at the 50.0 mark or above. Last year there was a notable drop in New Orders in August, although this year appear to be gradually increasing as cooler days start drawing nearer for WNY.



Commodity prices are:

Period	Higher	Same	Lower	Index	Prior Yr
August 2013	10.0%	70.0%	20.0%	45.0	70.8
July 2013	50.0%	50.0%	0.0%	75.0	58.3
June 2013	33.3%	55.6%	11.1%	61.1	59.1

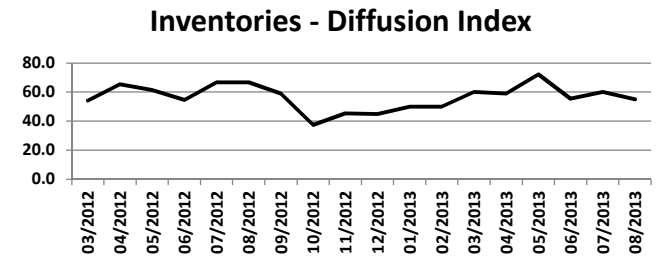
In the first easing of commodity price pressures locally in a number of months, we slipped below the 50.0 mark in August. With continued open market purchases by the fed, this could signal a bit of slack in aggregate demand resulting in less upward pressure in commodity prices, while not necessarily showing up in production results as of yet.



Inventories of purchased goods were:

Period	Higher	Same	Lower	Index	Prior Yr
August 2013	30.0%	50.0%	20.0%	55.0	66.7
July 2013	30.0%	60.0%	10.0%	60.0	66.7
June 2013	22.2%	66.7%	11.1%	55.6	54.5

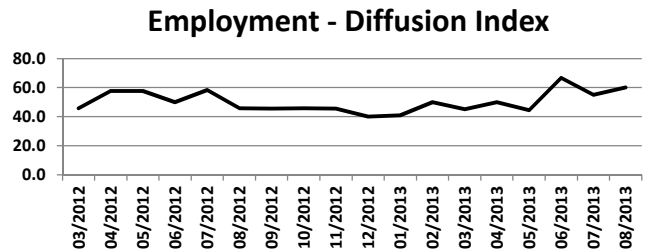
The Inventories of purchased goods index stayed in expansionary territory, although at a slower rate of expansion than in recent months. Not only is manufacturing activity increasing, there also appears to be increasing inventories of purchased goods.



Employment levels were:

Period	Higher	Same	Lower	Index	Prior Yr
August 2013	40.0%	40.0%	20.0%	60.0	45.8
July 2013	20.0%	70.0%	10.0%	55.0	58.3
June 2013	33.3%	66.7%	0.0%	66.7	50.0

Employment reported its third straight month in expansionary territory with the index increasing from 55.0 to 60.0. Two of the last three months' index values have been as high as any in the past eighteen months. As of July the Fed reported Buffalo MSA unemployment at 7.4% continuing in its slow downward trend.



Vendor Deliveries were:

Period	Higher	Same	Lower	Index	Prior Yr
August 2013	0.0%	90.0%	10.0%	45.0	58.3
July 2013	10.0%	90.0%	0.0%	55.0	58.3
June 2013	11.1%	88.9%	0.0%	55.6	59.1

Vendor deliveries fell below 50.0 into contractionary territory in August to 45.0. No respondents relate a greater number of deliveries with the vast majority reporting the same amount of vendor deliveries as July.

