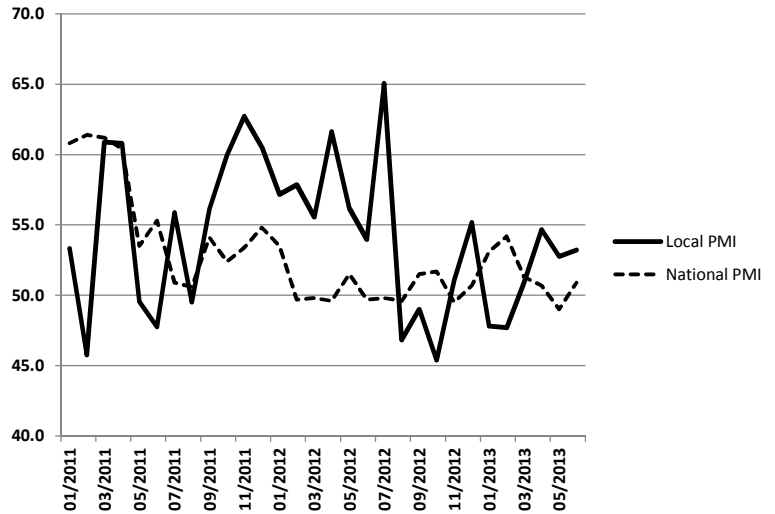


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The PMI Index

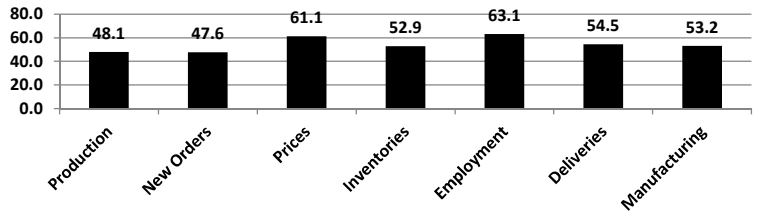
The local seasonally adjusted PMI Index for June is 53.2. Buffalo-Niagara continues to outpace the national index for the fourth straight month, moving up slightly from last month's 52.8. An index value above 50.0 signifies growth in manufacturing activity. The expansion locally is in line with the Federal Reserve Bank of New York's recently released July Empire State Manufacturing survey which also claimed modest expansion for manufacturing activity statewide.

Monthly seasonally adjusted numbers are featured in the table below. The New Orders index is slightly below the 50.0 mark at 47.6, slightly up from last month's 46.0 index value. Upward price pressures continue, although with an index value of 61.1 this is off a bit from last month's 77.8. Employment was a bit of a bright spot locally, easing above the 50 mark from last month's 42.8 to 63.1 in June marking expansion. Deliveries also stayed in positive territory decreasing slightly to 54.5 from 59.0. The postponement of the inception of the Obamacare employer mandate for businesses with 50 or more employees by one year until 2015 may aid some smaller employers in the coming months and have some marginal impact on employment.



This month (Seasonally Adjusted)

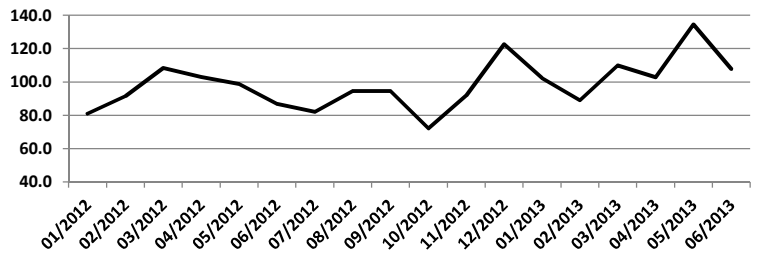
Index	Index	Direction	Rate of Change
Production	48.1	Decreasing	Relatively flat
New Orders	47.6	Decreasing	Decreasing
Prices	61.1	Increasing	Decreasing
Inventories	52.9	Increasing	Decreasing
Employment	63.1	Increasing	Increasing
Deliveries	54.5	Increasing	Decreasing
Manufacturing	53.2	Increasing	Relatively flat



Production Buying Policy

Survey respondents report days ahead commitments for production material fell to 107.7 from 134.4 days in May. The longer term trend from 3rd quarter 2012 of generally increasing lengths of commitments seems to be continuing, with last month's large increase seeming to be a bit of an outlier.

Production Buying Policy

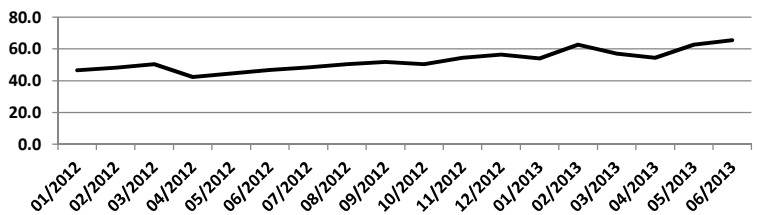


MRO Buying Policy

(Maintenance, Repair, and Operating)

This month respondents report once again report increased days ahead for MRO supplies at 65.6 days, ticking up from April's 62.8 days. The slow and steady upward trend since last year's bottom in April seems to be generally holding.

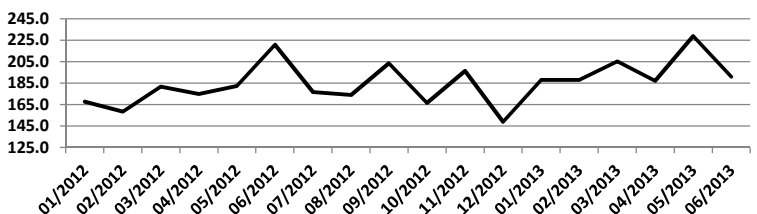
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers are looking out an average of 191.9 days and making commitments for capital equipment, falling back in line with historical values this month after last month's outlier of 228.9 days.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
June 2013	33.3%	33.3%	33.3%	50.0	59.1
May 2013	33.3%	44.4%	22.2%	55.6	46.2
April 2013	27.3%	54.5%	18.2%	54.5	76.9

The Production diffusion index fell slightly in June to the 50.0 mark. This still relates expansion, but we've been relatively close to these levels the past few months. Excepting the volatility at the end of the year, the mildly upward or stable values continue.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
June 2013	44.4%	11.1%	44.4%	50.0	59.1
May 2013	44.4%	11.1%	44.4%	50.0	65.4
April 2013	63.6%	18.2%	18.2%	72.7	73.1

For the second month in a row we have an index of 50.0. New Orders are essentially unchanged, although 50.0 or larger does relate expansion.

Commodity prices are:

Period	Higher	Same	Lower	Index	Prior Yr
June 2013	33.3%	55.6%	11.1%	61.1	59.1
May 2013	55.6%	44.4%	0.0%	77.8	69.2
April 2013	36.4%	54.5%	9.1%	63.6	73.1

Commodity price pressure continues, although weaker this month than in May. For the past 18 months this index has consistently related upward pressure in input prices.

Inventories of purchased goods were:

Period	Higher	Same	Lower	Index	Prior Yr
June 2013	22.2%	66.7%	11.1%	55.6	54.5
May 2013	55.6%	33.3%	11.1%	72.2	61.5
April 2013	27.3%	63.6%	9.1%	59.1	65.4

The Inventories of purchased goods index once again increased, although at a decreasing rate compared to May. This signals less speed in the buildup in inventories than related by survey respondents in May.

Employment levels were:

Period	Higher	Same	Lower	Index	Prior Yr
June 2013	33.3%	66.7%	0.0%	66.7	50.0
May 2013	11.1%	66.7%	22.2%	44.4	57.7
April 2013	18.2%	63.6%	18.2%	50.0	57.7

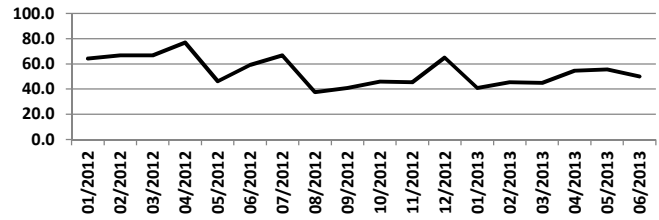
Employment drew back above the 50.0 mark this month to 66.7, with all respondents relating either increases or steady worker employment.

Vendor Deliveries were:

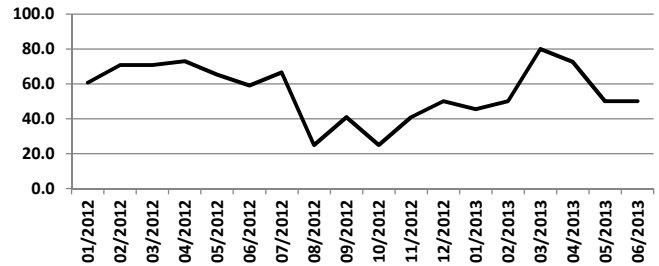
Period	Higher	Same	Lower	Index	Prior Yr
June 2013	11.1%	88.9%	0.0%	55.6	59.1
May 2013	22.2%	77.8%	0.0%	61.1	61.5
April 2013	18.2%	81.8%	0.0%	59.1	61.5

Vendor deliveries fell slightly to 55.6 from last month's 61.1, still above 50.0 and relating expansion. Things seem to have rebounded toward more historical levels from March's dip.

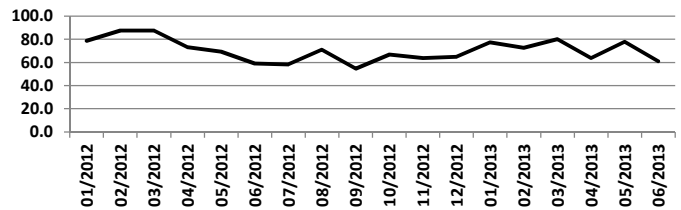
Production - Diffusion Index



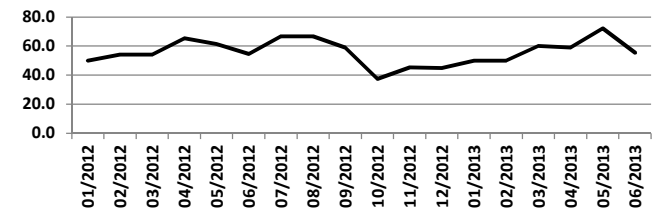
New Orders - Diffusion Index



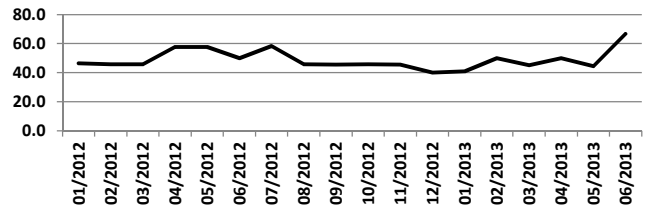
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

