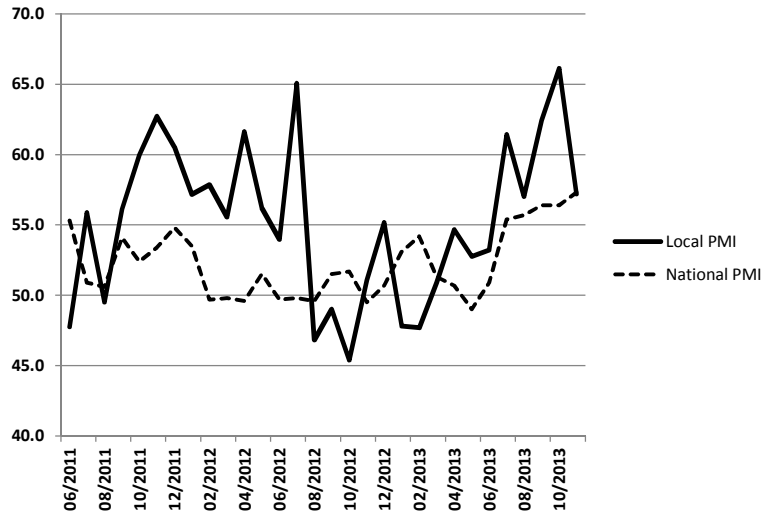


**National Association of Purchasing Management - Buffalo
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The PMI Index

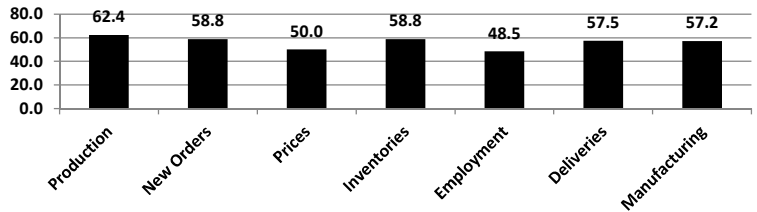
The local seasonally adjusted PMI Index for November converged with the national PMI result, we have a local index value of 57.2 and the national PMI result was 57.3. We eased from last month's strong 66.1 for the Buffalo-Niagara region remaining in expansionary territory. This marks our ninth straight month with respondents reporting local growth in manufacturing activity. The November Empire State Manufacturing Survey put out by the Federal Reserve Bank of NY reported their general business conditions weakening in November, although the weakness doesn't seem to have translated into lessened activity for our local manufacturing respondents.

Monthly seasonally adjusted numbers are featured in the table below. Locally we recorded a fifth straight month in positive territory for New Orders at 58.8 sliding a bit from the strong increase last month. Seasonally adjusted prices pulled up a bit to 50.0 from 46.2, although there doesn't appear to be much inflationary pressure of late. Employment recorded a second straight month below the 50.0 mark, although it remains only slightly contractionary at 48.2 and is the sole soft spot in the results.



This month (Seasonally Adjusted)

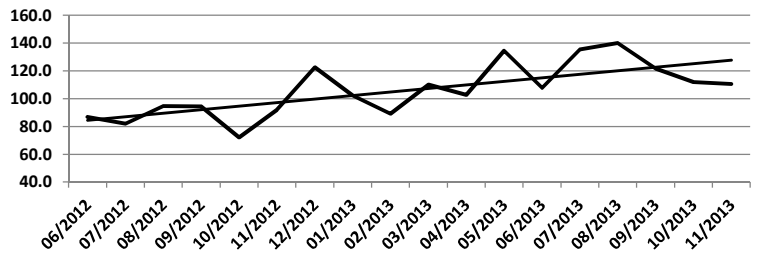
Index	Index	Direction	Rate of Change
Production	62.4	Increasing	Decreasing
New Orders	58.8	Increasing	Decreasing
Prices	50.0	Increasing	Flat
Inventories	58.8	Increasing	Decreasing
Employment	48.5	Decreasing	Flat
Deliveries	57.5	Increasing	Increasing
Manufacturing	57.2	Increasing	Decreasing



Production Buying Policy

Survey respondents report days ahead commitments for production material holding relatively flat at 110.5 this month compared to 111.9 in October. For the second straight month we seem to be below the long term upward trend, and firms may be settling into shorter days ahead commitments for production material.

Production Buying Policy

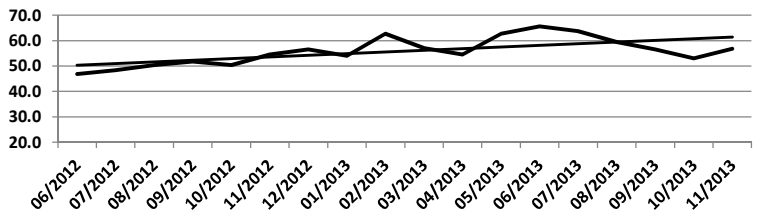


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies ticked up a bit to 56.8 days ahead in November following a couple of declining months below the long term upward trend.

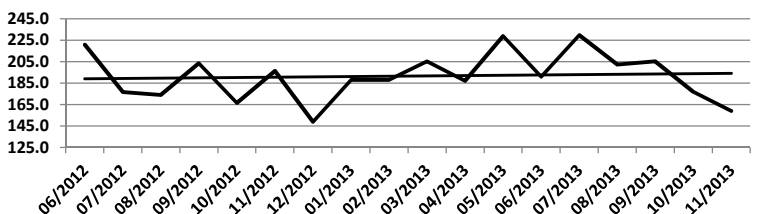
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers are making commitments an average of 159.1 days for capital equipment in November, the second straight month below trend. December's results are in line with what happened last year around this same time, when we also had a drop in the 4th quarter to rebound into the new year.

Capital Equipment Buying Policy

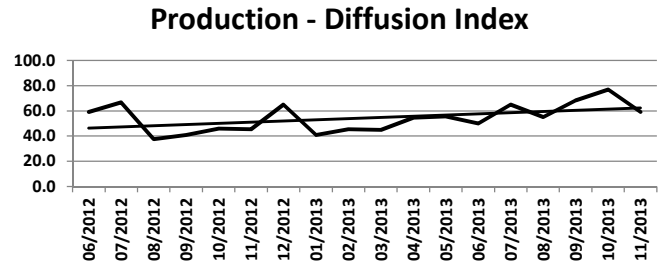


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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
November 2013	36.4%	45.5%	18.2%	59.1	45.5
October 2013	53.8%	46.2%	0.0%	76.9	45.8
September 2013	54.5%	27.3%	18.2%	68.2	40.9

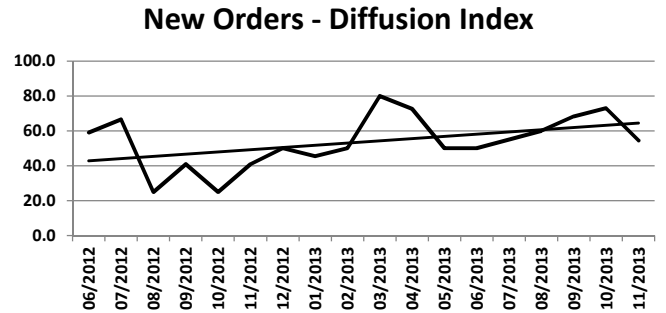
The Production diffusion index continues in positive territory in November although its rate of increase has slowed compared to October. Production continues to expand among respondents in the Buffalo-Niagara region against the slightly contractionary statewide results reported in the November Empire State



New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
November 2013	36.4%	36.4%	27.3%	54.5	40.9
October 2013	53.8%	38.5%	7.7%	73.1	25.0
September 2013	63.6%	9.1%	27.3%	68.2	40.9

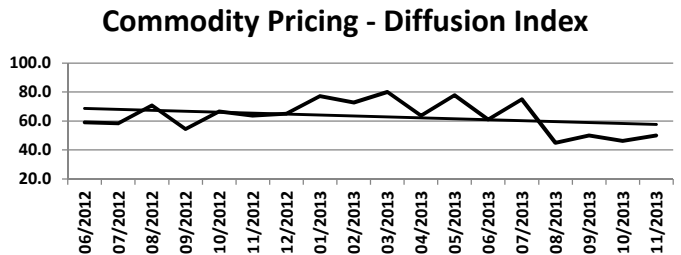
The New Orders index continued its four month trend in expansionary territory in November, although its rate has slowed the 73.1 index value in October. In the prior year during this quarter there had been a generally decreasing trend in new orders although we do not appear to be mirroring last year's declines.



Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
November 2013	9.1%	81.8%	9.1%	50.0	63.6
October 2013	7.7%	76.9%	15.4%	46.2	66.7
September 2013	9.1%	81.8%	9.1%	50.0	54.5

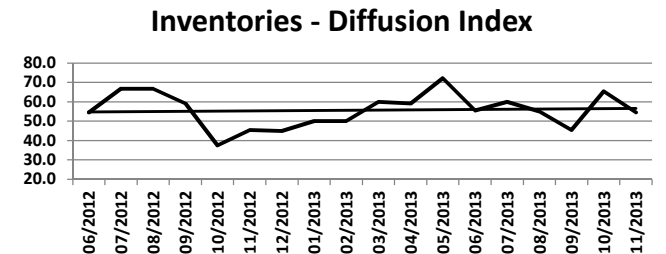
Commodity prices have continued to show general weakness and contractionary months in recent results, as I have personally been hawkish on inflation I found this to be a bit surprising. This series has shown a noticeable decline from the peak in the first quarter of 2013, with the real break near mid year.



Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
November 2013	27.3%	54.5%	18.2%	54.5	45.5
October 2013	46.2%	38.5%	15.4%	65.4	37.5
September 2013	18.2%	54.5%	27.3%	45.5	59.1

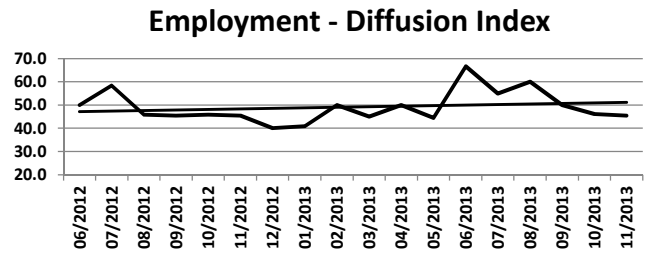
The Inventories of Purchased Goods index increased again in November with an index value of 54.5. We continue to hover in the slightly expansionary territory with the exception of the September result.



Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
November 2013	18.2%	54.5%	27.3%	45.5	45.5
October 2013	15.4%	61.5%	23.1%	46.2	45.8
September 2013	27.3%	45.5%	27.3%	50.0	45.5

Employment continued below the 50 mark for the second straight month at 45.5 relating some contraction among respondents. This number is in line with last year's results at this time of year, and it will be interesting to see if we rebound again coming into the new year as this is non-seasonally adjusted.



Vendor Deliveries were:

Period	Higher	Same	Lower	Index	Prior Yr
November 2013	18.2%	72.7%	9.1%	54.5	63.6
October 2013	7.7%	84.6%	7.7%	50.0	58.3
September 2013	9.1%	90.9%	0.0%	54.5	54.5

Vendor Deliveries remain in expansionary territory, increasing slightly, to 54.5 this month. This series continues to be relatively flat and in expansionary territory over the past 18 months.

