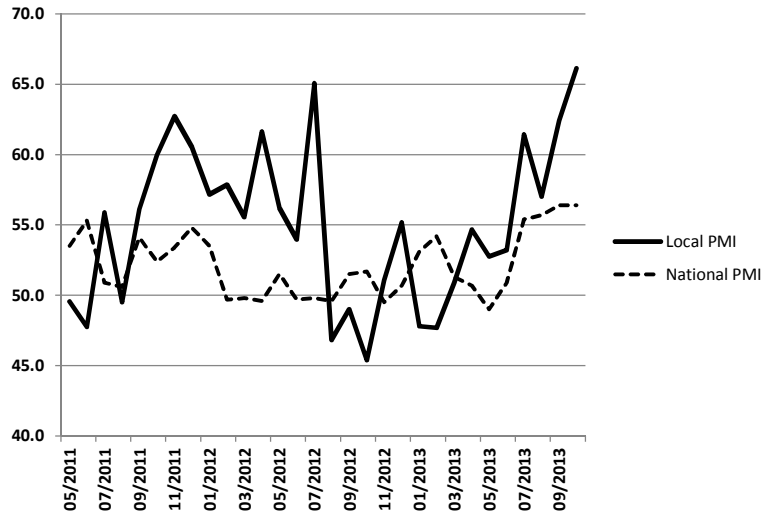


**National Association of Purchasing Management - Buffalo
October 2013 Business Survey Monthly Comparison Report**

The PMI Index

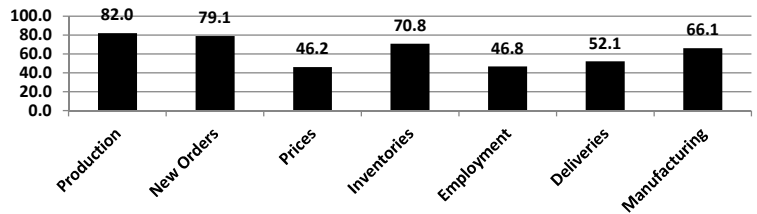
The local seasonally adjusted PMI Index for October continued its upward trend this month to 66.1 from last month's 62.4 for the Buffalo-Niagara region. While the national PMI relates steady increases in production we continued to show manufacturing activity increasing at an increasing rate. This also continues our eight month streak above 50.0 signifying local growth in manufacturing activity.

Monthly seasonally adjusted numbers are featured in the table below. Locally we recorded a fourth straight month in positive territory for New Orders at 79.1, a marked increase from last month's 60.9 value. Seasonally adjusted prices slipped into contractionary territory again in October to 46.2. Employment slipped below the 50.0 mark into contractionary territory at 46.8 and is the sole soft spot in the results. This is likely the most favorable monthly results I've been able to relate during my tenure compiling the report since December 2012. New this month, I've added linear trendlines to the Non Seasonally Adjusted graphs in the remainder of the report to better give a visual indicator of recent trends.



This month (Seasonally Adjusted)

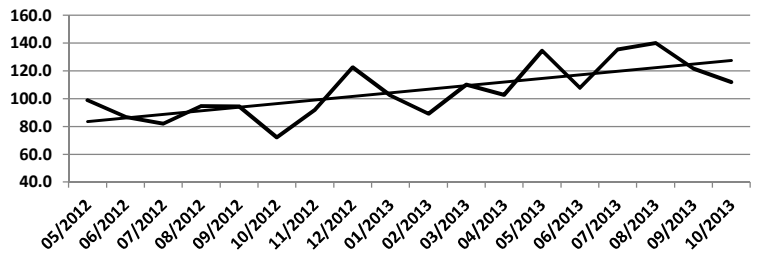
Index	Index	Direction	Rate of Change
Production	82.0	Increasing	Increasing
New Orders	79.1	Increasing	Increasing
Prices	46.2	Decreasing	Decreasing
Inventories	70.8	Increasing	Increasing
Employment	46.8	Decreasing	Increasing
Deliveries	52.1	Increasing	Flat
Manufacturing	66.1	Increasing	Increasing



Production Buying Policy

Survey respondents report days ahead commitments for production material falling to 111.9 in October from 121.5 in September. This month we fell a bit below the overall upward trend.

Production Buying Policy

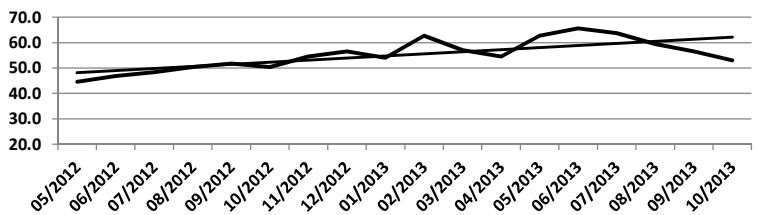


MRO Buying Policy

(Maintenance, Repair, and Operating)

This month respondents report MRO supplies continued its gentle slide a bit more to 53.1 from 56.5 in September. Since June, the long generally upward trend seems to have eased.

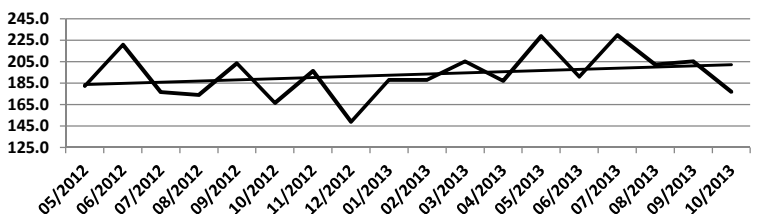
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers are looking out an average of 176.9 days and making commitments for capital equipment, a drop from last month's number of 205.5 and falling below the linear trend. Last year we also had a drop in the 4th quarter to rebound into the New Year, time will tell if we are experiencing seasonal factors or a break from the generally increasing length of time in capital equipment buying policy.

Capital Equipment Buying Policy



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

The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
October 2013	53.8%	46.2%	0.0%	76.9	45.8
September 2013	54.5%	27.3%	18.2%	68.2	40.9
August 2013	50.0%	10.0%	40.0%	55.0	37.5

The Production diffusion index increased to 76.9 in October, with no individual respondents reporting lower production levels. Production continues to expand among respondents in the Buffalo-Niagara region against the steady statewide results reported in the October Empire State Manufacturing Survey.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
October 2013	53.8%	38.5%	7.7%	73.1	25.0
September 2013	63.6%	9.1%	27.3%	68.2	40.9
August 2013	50.0%	20.0%	30.0%	60.0	25.0

The New Orders index continued its three month increasing trend in October, relating continuing expansion. Compared to 2012 when there had been a generally decreasing trend, we are showing an expansion coming into the fourth quarter. This could foreshadow continued strength in production levels for the near term.

Commodity prices are:

Period	Higher	Same	Lower	Index	Prior Yr
October 2013	7.7%	76.9%	15.4%	46.2	66.7
September 2013	9.1%	81.8%	9.1%	50.0	54.5
August 2013	10.0%	70.0%	20.0%	45.0	70.8

Commodity prices have started to show some general weakness in the last few months, I have personally been hawkish on inflation and have found this to be a bit surprising. This series has shown a noticeable decline from the peak in the first quarter of 2013.

Inventories of purchased goods were:

Period	Higher	Same	Lower	Index	Prior Yr
October 2013	46.2%	38.5%	15.4%	65.4	37.5
September 2013	18.2%	54.5%	27.3%	45.5	59.1
August 2013	30.0%	50.0%	20.0%	55.0	66.7

The Inventories of purchased goods index increased in October with the index increasing to 65.4. With the strong increases in orders, inventories of production materials may be increasing in anticipation of future production.

Employment levels were:

Period	Higher	Same	Lower	Index	Prior Yr
October 2013	15.4%	61.5%	23.1%	46.2	45.8
September 2013	27.3%	45.5%	27.3%	50.0	45.5
August 2013	40.0%	40.0%	20.0%	60.0	45.8

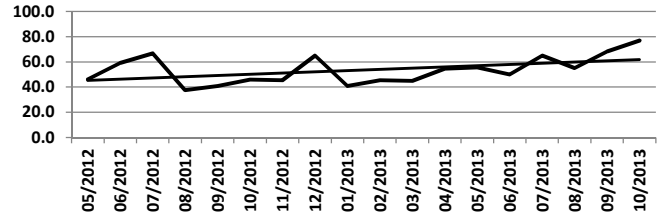
Employment fell below the 50 mark this month to 46.2 relating some contraction locally among respondents. This number doesn't relate a very strong decline, and is in line with last year's results at this time of year so may be a result of seasonal factors.

Vendor Deliveries were:

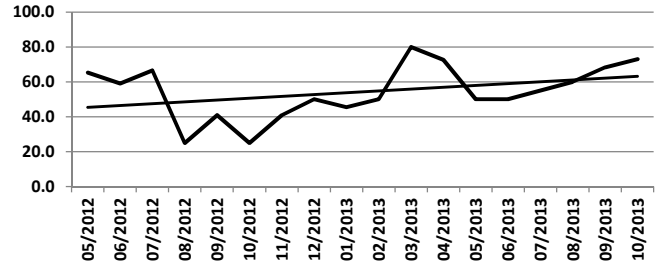
Period	Higher	Same	Lower	Index	Prior Yr
October 2013	7.7%	84.6%	7.7%	50.0	58.3
September 2013	9.1%	90.9%	0.0%	54.5	54.5
August 2013	0.0%	90.0%	10.0%	45.0	58.3

Vendor deliveries remain in expansionary territory, however slightly, at the 50.0 mark. This series has exhibited itself to be relatively flat toward a slight decline over the past 18 months without exhibiting the variability many of the other series have shown.

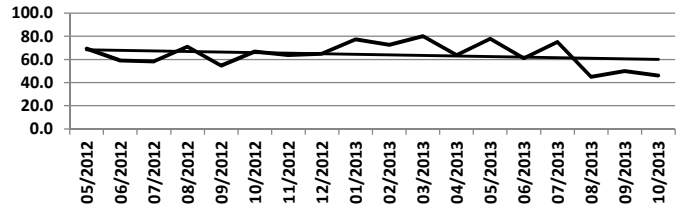
Production - Diffusion Index



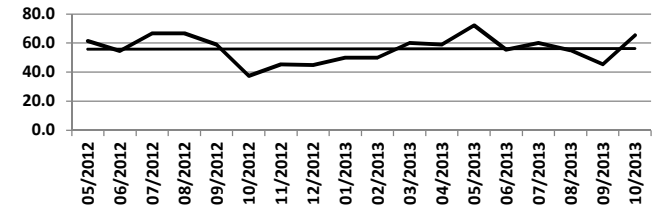
New Orders - Diffusion Index



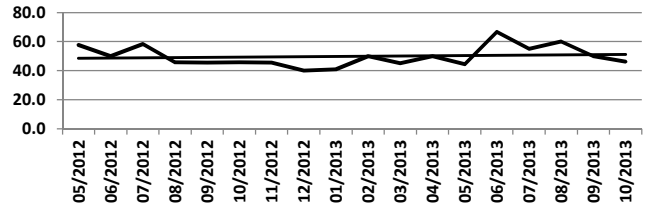
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

