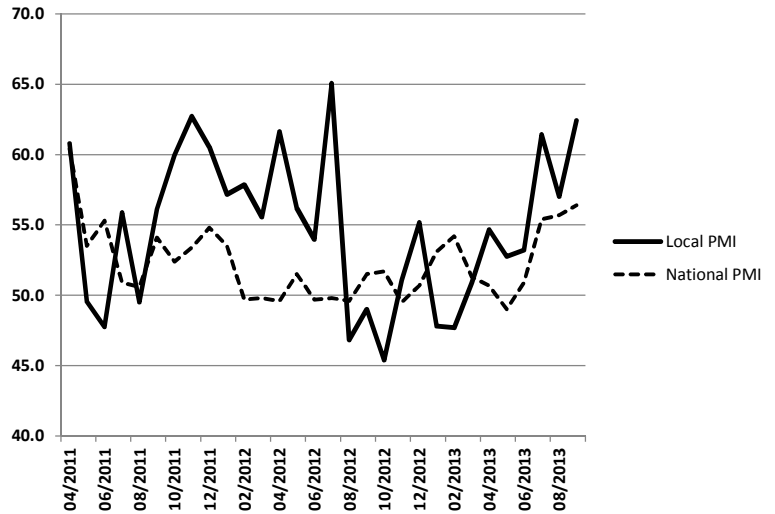


**National Association of Purchasing Management - Buffalo
September 2013 Business Survey Monthly Comparison Report**

The PMI Index

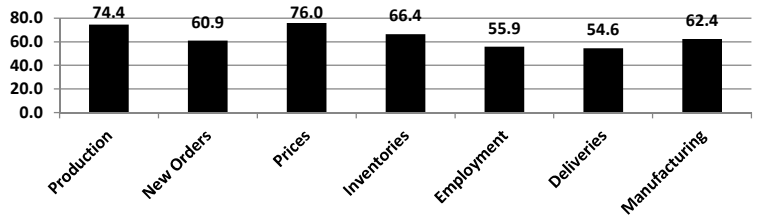
The local seasonally adjusted PMI Index for September increased to 62.4 from last month's 57.0 for the Buffalo-Niagara region. We continue to trend above the national PMI. This also marks the seventh straight month above 50.0 signifying continued local growth in manufacturing activity. The October results of the Empire State Manufacturing Survey (for the state as a whole) claim business conditions generally holding steady, with orders and shipments increasing modestly.

Monthly seasonally adjusted numbers are featured in the table below. Locally we recorded a third straight month in positive territory for New Orders at 60.9. Seasonally adjusted prices rebounded strongly to 76.0 in September from last month's 45.0 result. Employment continues in expansionary territory at 55.9, generally holding steady from August. Deliveries bounced slightly into positive territory to 54.6 in September, up from August's 44.9 mark. The largest driver of macroeconomic news has been the partial government shutdown in recent weeks, although may be much ado about nothing with the majority of government still in operation. The debt ceiling debate is likely the story to watch for the near term, although the long term entitlements issue will have to be resolved at some point. I personally hope sooner than later.



This month (Seasonally Adjusted)

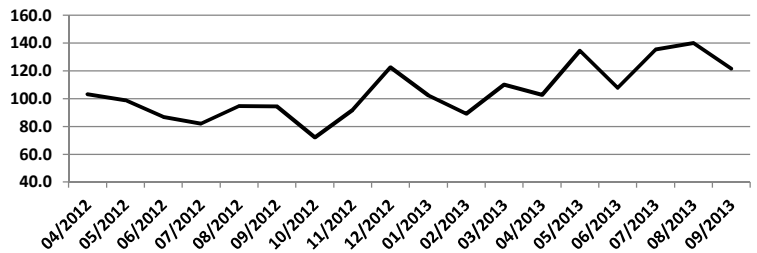
Index	Index	Direction	Rate of Change
Production	74.4	Increasing	Increasing
New Orders	60.9	Increasing	Steady
Prices	76.0	Decreasing	Increasing
Inventories	66.4	Increasing	Increasing
Employment	55.9	Increasing	Steady
Deliveries	54.6	Increasing	Increasing
Manufacturing	62.4	Increasing	Steady



Production Buying Policy

Survey respondents report days ahead commitments for production material falling to 121.5 in September from 140.0 in August. This looks to be a monthly respite from the generally upward trend since the beginning of the year, although still broadly increasing.

Production Buying Policy

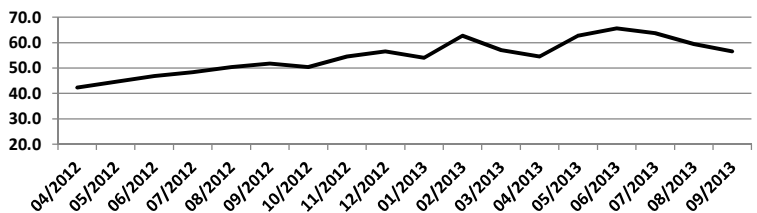


MRO Buying Policy

(Maintenance, Repair, and Operating)

This month respondents report MRO sliding a bit more to 56.5 from 59.5 in August. Since June, the long generally upward trend seems to have eased.

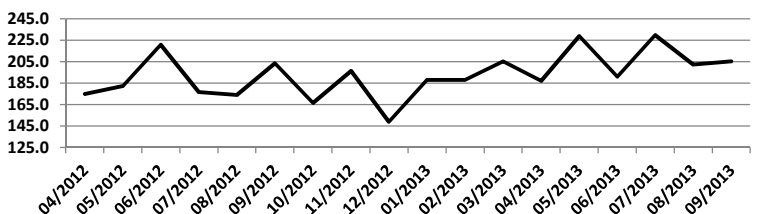
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers are looking out an average of 205.5 days and making commitments for capital equipment, generally flat to last month's results. This seems in line with the broader increase that has been underway since the beginning of the year.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
September 2013	54.5%	27.3%	18.2%	68.2	40.9
August 2013	50.0%	10.0%	40.0%	55.0	37.5
July 2013	50.0%	30.0%	20.0%	65.0	66.7

The Production diffusion index increased to 68.2 in September, continuing in expansionary territory. Production continues to expand among respondents in the Buffalo-Niagara region, and are much improved compared to last year's contraction at the same time of year.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
September 2013	63.6%	9.1%	27.3%	68.2	40.9
August 2013	50.0%	20.0%	30.0%	60.0	25.0
July 2013	50.0%	10.0%	40.0%	55.0	66.7

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

Commodity prices are:

Period	Higher	Same	Lower	Index	Prior Yr
September 2013	9.1%	81.8%	9.1%	50.0	54.5
August 2013	10.0%	70.0%	20.0%	45.0	70.8
July 2013	50.0%	50.0%	0.0%	75.0	58.3

We did not witness the same uptick in commodity price pressures here for the month as the seasonally adjusted number. An index value of 50.0 relates a series that is increasing territory, although not by much.

Inventories of purchased goods were:

Period	Higher	Same	Lower	Index	Prior Yr
September 2013	18.2%	54.5%	27.3%	45.5	59.1
August 2013	30.0%	50.0%	20.0%	55.0	66.7
July 2013	30.0%	60.0%	10.0%	60.0	66.7

The Inventories of purchased goods index fell below the fifty mark with a monthly value of 45.5. New orders and production levels relate continued expansion, although inventories seem a bit lagging. A single data point doesn't relate a trend, but it may be something to watch.

Employment levels were:

Period	Higher	Same	Lower	Index	Prior Yr
September 2013	27.3%	45.5%	27.3%	50.0	45.5
August 2013	40.0%	40.0%	20.0%	60.0	45.8
July 2013	20.0%	70.0%	10.0%	55.0	58.3

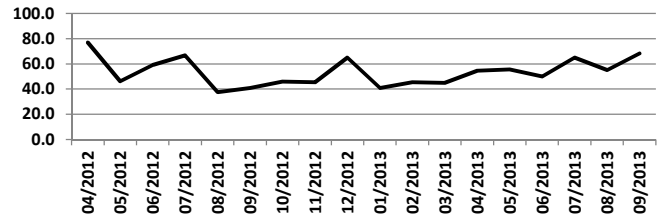
Employment reported its fourth straight month in expansionary territory with the index falling a bit to 50.0. This relates employment as being in increasing territory, although barely. BLS estimates were delayed this month for the MSA due to the partial government shutdown for comparison purposes.

Vendor Deliveries were:

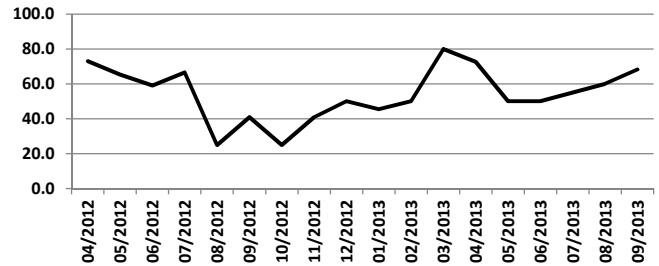
Period	Higher	Same	Lower	Index	Prior Yr
September 2013	9.1%	90.9%	0.0%	54.5	54.5
August 2013	0.0%	90.0%	10.0%	45.0	58.3
July 2013	10.0%	90.0%	0.0%	55.0	58.3

Vendor deliveries pulled above 50.0 into expansionary territory in September at 54.5. The vast majority of respondents report deliveries being steady to prior month.

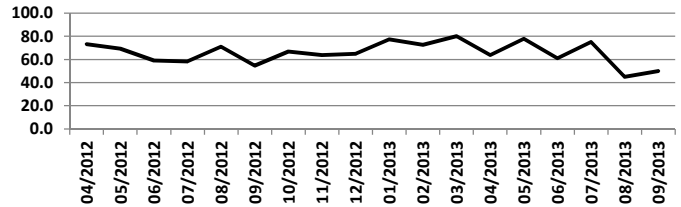
Production - Diffusion Index



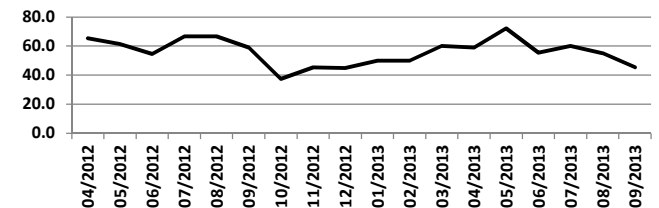
New Orders - Diffusion Index



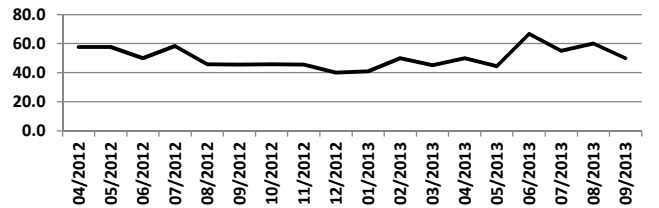
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

