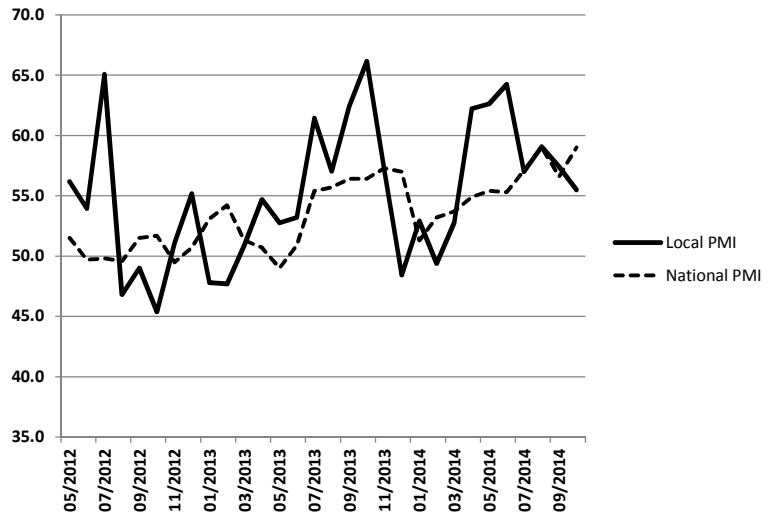


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The PMI Index

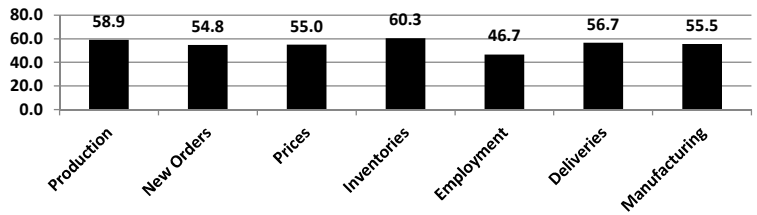
October was the eighth consecutive month survey respondents reported increasing manufacturing activity relative to prior month coming in with an index value of 55.5. The local PMI decreased slightly versus last month's 57.4 index level, splitting a bit from the national PMI which registered 59.0 in October. The local index had closely mirrored the national PMI's movement the past two months. The Empire State Manufacturing Report generated by the NYC Federal Reserve Branch reported that while there remained modest increases in activity, there was a significant drop off to prior month which wasn't evident in the local index. Favorable results are pretty consistent across the other categories excepting the employment index slipping into contractionary territory with a value of 46.7 in October. Employment seems to be the most notable soft spot among the indices, although if you will note the non-seasonally adjusted trend on page 2 (value = 45.0 in October) we had a corresponding decline in 2013 which may point more toward seasonal factors at play.

Western New York manufacturing generally seemed to exhibit another favorable month in terms of manufacturing activity. Maybe the lack of new news is not bad news in this case, with most of the seasonally adjusted indices remained relatively stable to prior month levels.



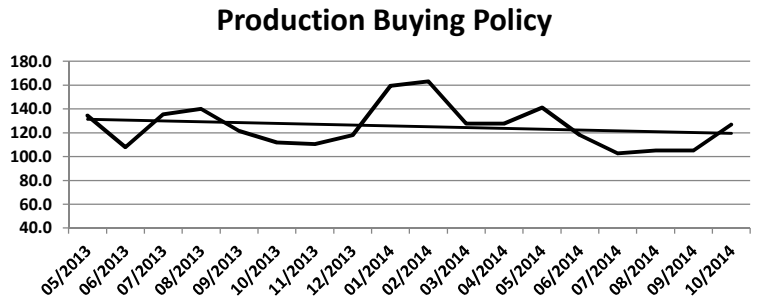
This month (Seasonally Adjusted)

Index	Index	Direction	Rate of Change
Production	58.9	Increasing	Flat
New Orders	54.8	Increasing	Flat
Prices	55.0	Increasing	Flat
Inventories	60.3	Increasing	Flat
Employment	46.7	Decreasing	Increasing
Deliveries	56.7	Increasing	Flat
Manufacturing	55.5	Increasing	Flat



Production Buying Policy

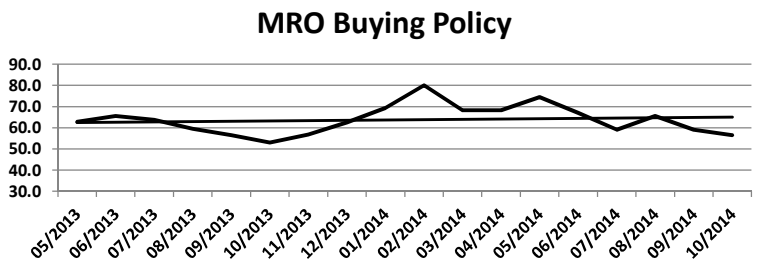
Survey respondents report days ahead commitments for production material jumped notably in October to 127.0 days from September's 105.0 days. Following the recent months below the long term trend line, this might be bit of a break from recent declines in days ahead commitments.



MRO Buying Policy

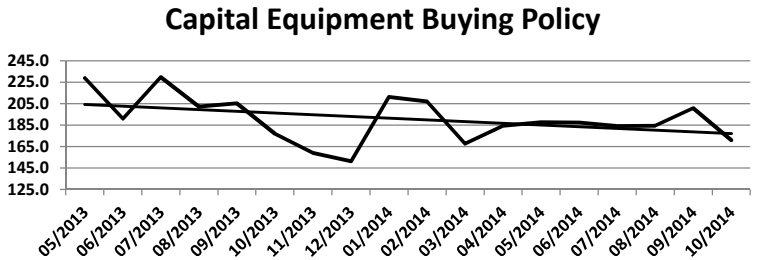
(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies slid a bit more in October to 56.5 days from September's 59.1 days. The slow decline in terms of MRO supplies seems to continue following February's peak earlier this year.



Capital Equipment Buying Policy

Manufacturers are making capital equipment buying commitments an average of 171.1 days ahead, dropping a bit following September's 200.9 days. Following the very stable period from April to August of this year there has been a bit of fluctuation in September and October although still remaining in pattern with the slow decline over the past 18 months.



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
October 2014	40.0%	30.0%	30.0%	55.0	76.9
September 2014	36.4%	36.4%	27.3%	54.5	68.2
August 2014	33.3%	33.3%	33.3%	50.0	55.0

The Production diffusion index continued its tenth straight month in expansionary territory at 55.0, holding virtually in line with last month's index value of 54.5. We held below the general long term trend, while remaining in positive territory.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
October 2014	40.0%	20.0%	40.0%	50.0	73.1
September 2014	36.4%	36.4%	27.3%	54.5	68.2
August 2014	44.4%	11.1%	44.4%	50.0	60.0

The non-seasonally adjusted New Orders index reflected an expansionary result while remaining tepidly in positive territory. We fell back to the 50.0 mark this month, which just denotes expansion (index values less than 50.0 denote contraction). The past 2-3 months have been markedly less strong than the period from April to July of this year.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
October 2014	20.0%	70.0%	10.0%	55.0	46.2
September 2014	27.3%	63.6%	9.1%	59.1	50.0
August 2014	33.3%	66.7%	0.0%	66.7	45.0

The Commodity Price diffusion index continues in expansionary territory at 55.0, again easing its rate of increase. The commodity price index has consistently related increasing prices in 2014.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
October 2014	40.0%	30.0%	30.0%	55.0	65.4
September 2014	36.4%	36.4%	27.3%	54.5	45.5
August 2014	33.3%	44.4%	22.2%	55.6	55.0

The Inventories of Purchased Goods index remained in positive territory in October, increasing slightly from September's index value. While the long term general trend remains downward, we seem to have stabilized with mildly expanding inventories following July's contraction.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
October 2014	10.0%	70.0%	20.0%	45.0	46.2
September 2014	27.3%	54.5%	18.2%	54.5	50.0
August 2014	22.2%	77.8%	0.0%	61.1	60.0

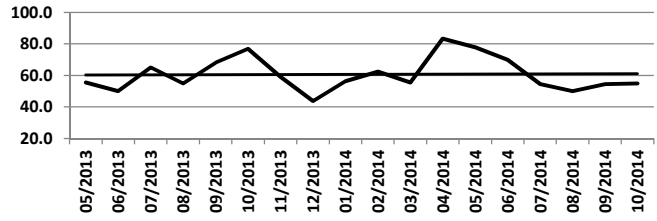
The non-seasonally adjusted Employment index came in at 45.0 during October signifying contracting employment levels among manufacturers. This index ended its four month streak in expansionary territory, somewhat mirroring what occurred seasonally in 2013.

Vendor Deliveries were:

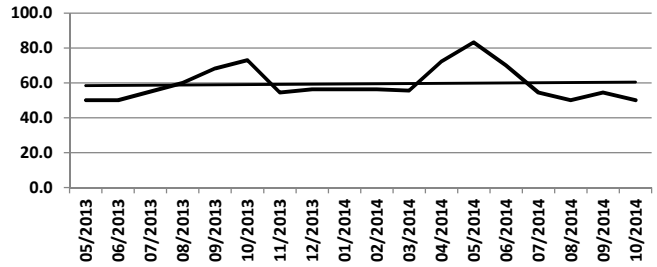
Period	Higher	Same	Lower	Index	Prior Yr
October 2014	10.0%	90.0%	0.0%	55.0	50.0
September 2014	18.2%	81.8%	0.0%	59.1	54.5
August 2014	33.3%	66.7%	0.0%	66.7	45.0

The Vendor Deliveries index fell a bit in October to 55.0 from September's 59.1 continuing along in expansionary territory. The index registered a second month below the long term trend, and may be a series to watch as it seems to have been consistently declining since July's peak.

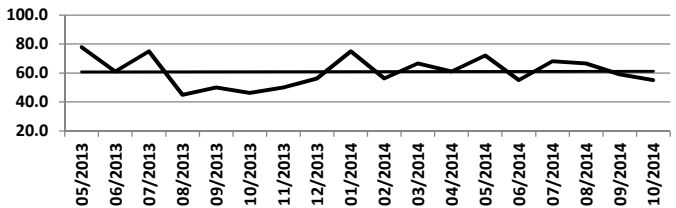
Production - Diffusion Index



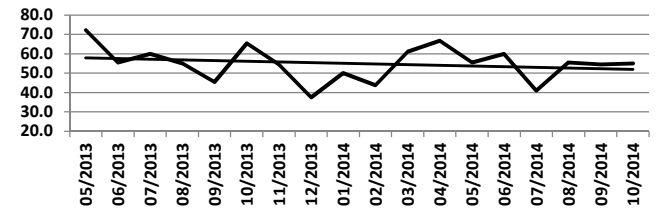
New Orders - Diffusion Index



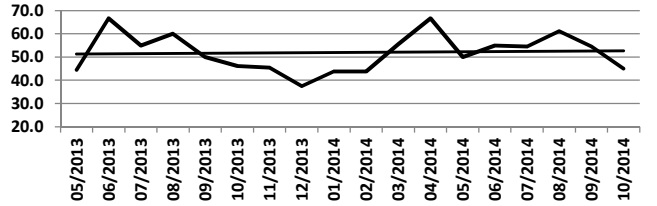
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

