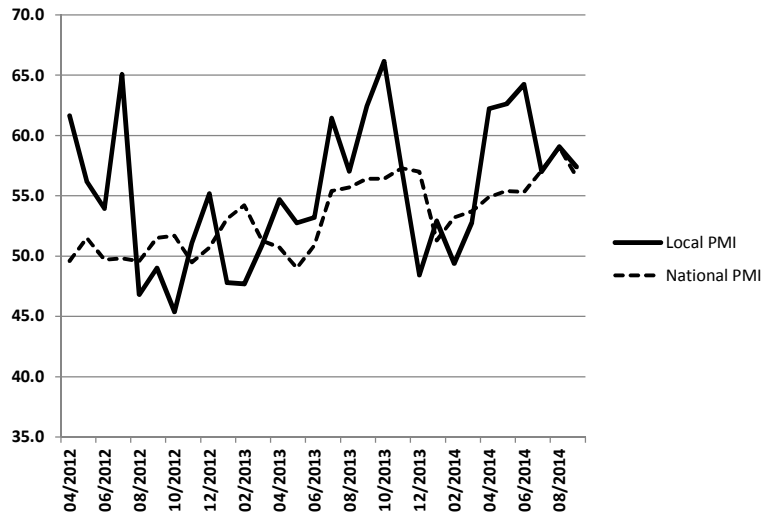


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The PMI Index

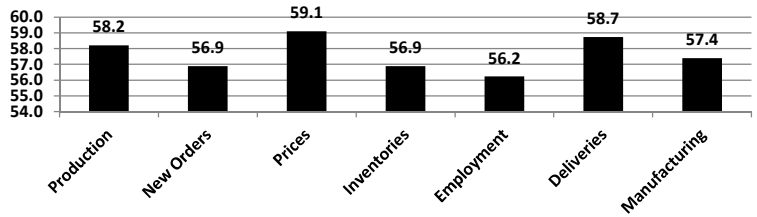
September was the sixth consecutive month the local seasonally adjusted PMI Index was in expansionary territory at 57.4, falling slightly compared to August's 59.1 index value. For the second consecutive month, we moved almost in tandem to the national PMI index, which came in at 56.6 in September. Favorable results are notable in essentially all other survey categories. No truly remarkable movements occurred in any of the indices, although that isn't necessarily a bad thing when the continued trends are favorable. Employment, production, orders, inventories, and deliveries were all in expansionary territory. On a statewide scale, the headline number for business activity from the Empire State Manufacturing Survey continued to signify expansion during September.

Commodity price pressure even seemed to ease a bit during September although remaining in positive territory. Overall these combine for another positive month for manufacturing activity among respondents in western New York.



This month (Seasonally Adjusted)

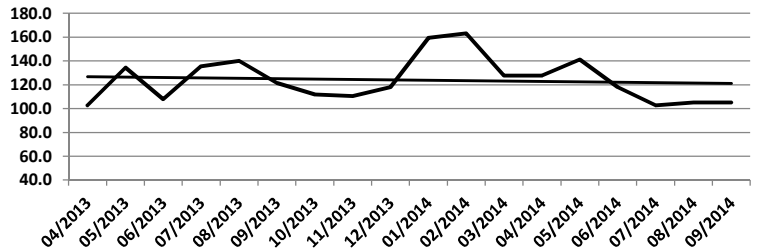
Index	Index	Direction	Rate of Change
Production	58.2	Increasing	Increasing
New Orders	56.9	Increasing	Flat
Prices	59.1	Increasing	Decreasing
Inventories	56.9	Increasing	Flat
Employment	56.2	Increasing	Decreasing
Deliveries	58.7	Increasing	Decreasing
Manufacturing	57.4	Increasing	Flat



Production Buying Policy

Survey respondents report days ahead commitments for production material held steady in September at 105.0 days relative to August's level. We are now registering our fourth month below the long term trend, which has started to show a bit of a decline and seems to signal a general decline in days ahead commitments.

Production Buying Policy

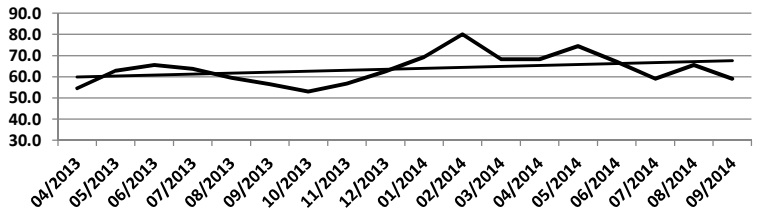


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies fell a bit in September to 59.1 days from last month's 65.6. The long term trend for this series also seems to be flattening a bit with a general decline since approximately February of this year.

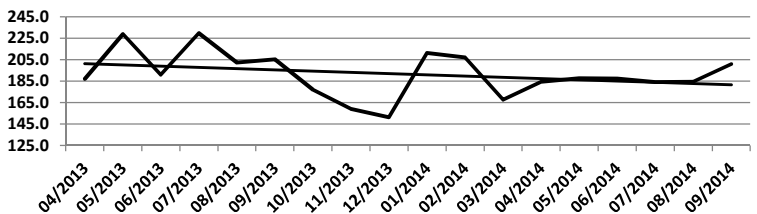
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers are making commitments an average of 200.9 days for capital equipment in September, finally showing a spark of fluctuation after essentially being flat for the past four to five months. This series had held very consistent since April of this year following the declines to end 2013.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
September 2014	36.4%	36.4%	27.3%	54.5	68.2
August 2014	33.3%	33.3%	33.3%	50.0	55.0
July 2014	45.5%	18.2%	36.4%	54.5	65.0

The Production diffusion index continued its ninth straight month in expansionary territory, bouncing back a bit from last month's 50.0 value. We do remain below the general long term trend, closing the gap a bit following the declines off of April's recent high.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
September 2014	36.4%	36.4%	27.3%	54.5	68.2
August 2014	44.4%	11.1%	44.4%	50.0	60.0
July 2014	45.5%	18.2%	36.4%	54.5	55.0

The non-seasonally adjusted New Orders index again reflected an expansionary result easing a bit further into expansionary territory. This series, much like the others seems to have hit a bit of a favorable general expansionary trend without large amounts of variation the past 2-3 months.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
September 2014	27.3%	63.6%	9.1%	59.1	50.0
August 2014	33.3%	66.7%	0.0%	66.7	45.0
July 2014	36.4%	63.6%	0.0%	68.2	75.0

The Commodity Price diffusion index continues in expansionary territory at 59.1, although easing its rate of increase from the past two months. Commodity prices have been consistently expansionary through 2014, with August to December 2013 having a bit of softness.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
September 2014	36.4%	36.4%	27.3%	54.5	45.5
August 2014	33.3%	44.4%	22.2%	55.6	55.0
July 2014	18.2%	45.5%	36.4%	40.9	60.0

The Inventories of Purchased Goods index remained in positive territory in September, almost in line with August's index value. While the long term general trend has been downward, the July value still seems a bit out of sync with recent results.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
September 2014	27.3%	54.5%	18.2%	54.5	50.0
August 2014	22.2%	77.8%	0.0%	61.1	60.0
July 2014	27.3%	54.5%	18.2%	54.5	55.0

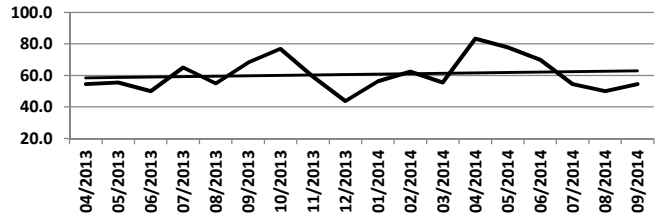
The non-seasonally adjusted Employment index came in at 54.5 during September signifying continued expansion. This index continued its four month streak in expansionary territory, with this month's value converging toward the long term linear trend.

Vendor Deliveries were:

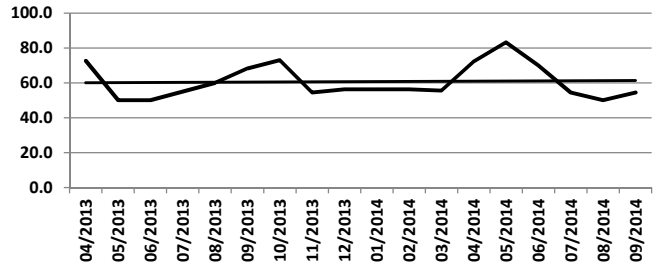
Period	Higher	Same	Lower	Index	Prior Yr
September 2014	18.2%	81.8%	0.0%	59.1	54.5
August 2014	33.3%	66.7%	0.0%	66.7	45.0
July 2014	36.4%	63.6%	0.0%	68.2	55.0

The Vendor Deliveries index fell a bit in September to 54.5 from 61.1 in August, again in expansionary territory. The index fell a bit below the long term trend line, although remaining broadly increasing.

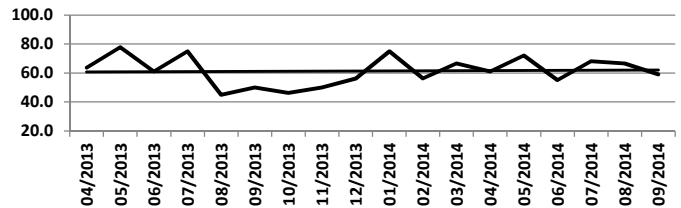
Production - Diffusion Index



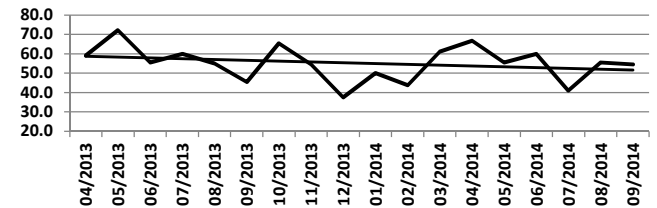
New Orders - Diffusion Index



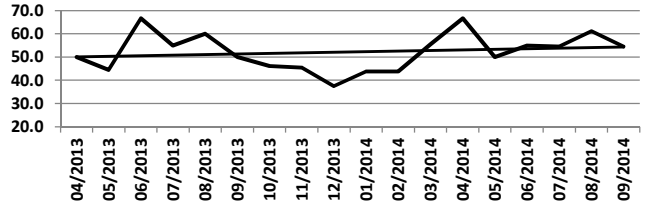
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

