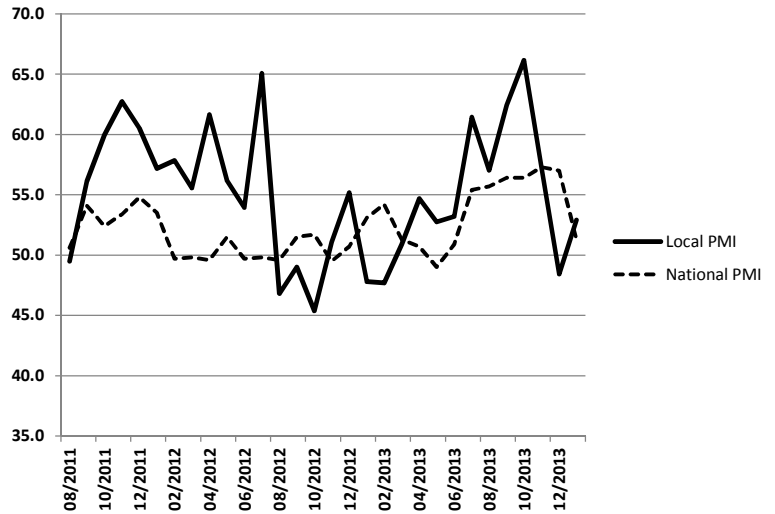


## National Association of Purchasing Management - Buffalo January 2014 Business Survey Monthly Comparison Report

### The PMI Index

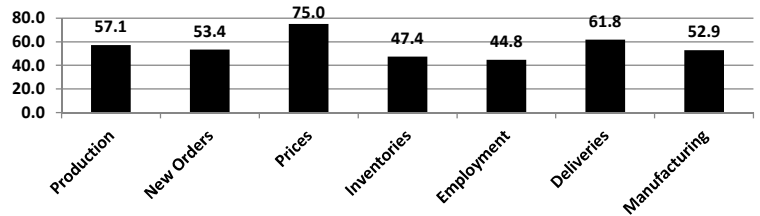
The local seasonally adjusted PMI Index rebounded into expansionary territory in January, rising to 52.9 from last month's 48.4. While not a spectacular increase, this may calm some fears of last month's decline from the increases in activity evident in 2013 Q3/Q4. I'll admit I was a bit concerned regarding this month's results with the weather issues that had been evident across WNY and the northeast during January and whether they would translate into a second month of declining activity. The biggest change in the seasonally adjusted values I see is the increase in commodity prices coming in with an index value of 75.0 this month, up from 56.3 in December.

Employment remains in contractionary territory at 44.8, although creeping closer to the 50.0 mark which would mark expansion. To quickly touch on some other regional indicators, for New York state as a whole, January's Empire State Manufacturing Survey related the fastest rate of expansion in more than a year, also showing strength in New Orders on a statewide basis.



### This month (Seasonally Adjusted)

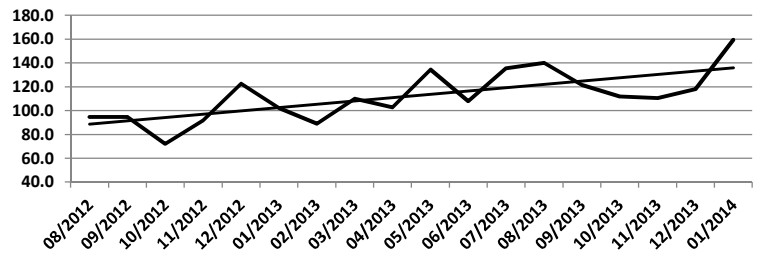
Index	Index	Direction	Rate of Change
Production	57.1	Increasing	Increasing
New Orders	53.4	Increasing	Decreasing
Prices	75.0	Increasing	Increasing
Inventories	47.4	Decreasing	Decreasing
Employment	44.8	Decreasing	Decreasing
Deliveries	61.8	Increasing	Increasing
Manufacturing	52.9	Increasing	Increasing



### Production Buying Policy

Survey respondents report days ahead commitments for production material increased markedly to 159.4, up from 118.1 last month. This is a bit of a break from the recent trend and may signify strength moving into the warmer months this spring with production managers looking further ahead in buying policy.

### Production Buying Policy

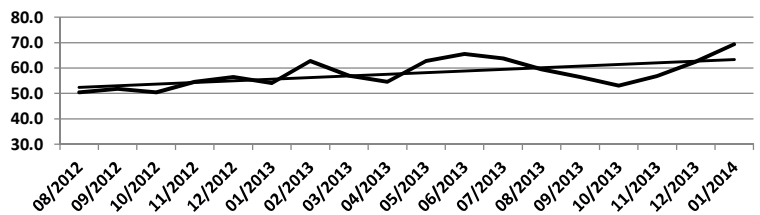


### MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) increased to an average of 69.4 days this month from 62.5 days in December. This index has started to show a bit more variation in recent months while still following the general upward trend line since late 2012.

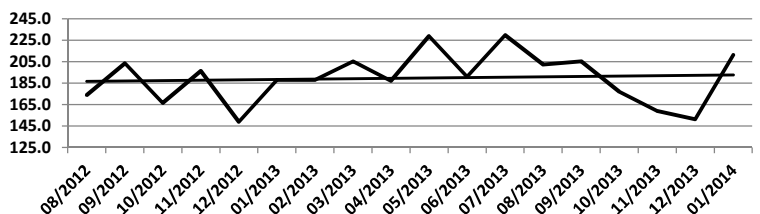
### MRO Buying Policy



### Capital Equipment Buying Policy

Manufacturers are making commitments an average of 211.3 days for capital equipment in January, a sharp increase compared to the decline we realized in Q4 2013. Although exhibiting a sharper and more consistent decline in Q4 2013 than prior year, we exhibited much the same year end performance as 2012.

### Capital Equipment Buying Policy

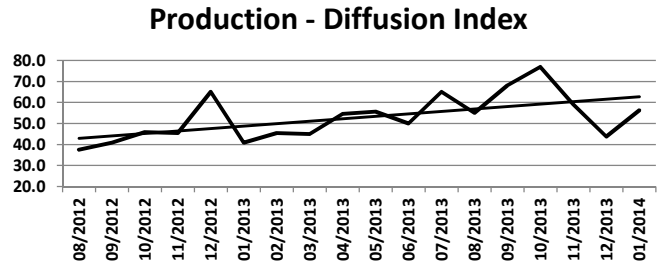


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**The Production level was:**

Period	Higher	Same	Lower	Index	Prior Yr
January 2014	25.0%	62.5%	12.5%	56.3	40.9
December 2013	12.5%	62.5%	25.0%	43.8	65.0
November 2013	36.4%	45.5%	18.2%	59.1	45.5

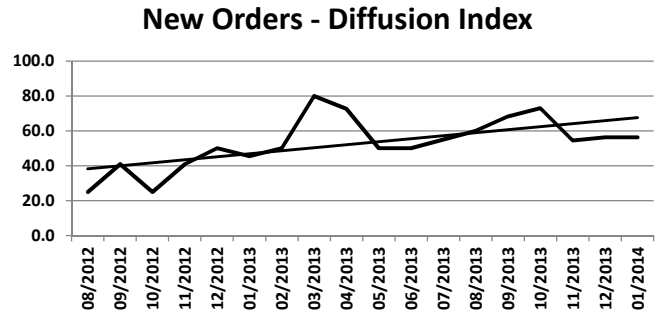
The Production diffusion index rebounded into expansionary territory to open the year following December's contractionary showing. Locally we converged a bit with the upward trend in the diffusion index that has been evident since late 2012.



**New Orders were reported:**

Period	Higher	Same	Lower	Index	Prior Yr
January 2014	25.0%	62.5%	12.5%	56.3	45.5
December 2013	37.5%	37.5%	25.0%	56.3	50.0
November 2013	36.4%	36.4%	27.3%	54.5	40.9

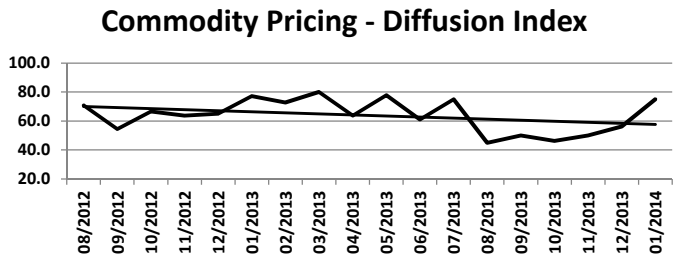
The New Orders index again reflects expansion to open 2014, flat to December's index value. We have been in expansionary territory for approximately the past year in terms of New Orders, with the index broadly increasing from the notable lows in mid to late 2012.



**Commodity Prices are:**

Period	Higher	Same	Lower	Index	Prior Yr
January 2014	50.0%	50.0%	0.0%	75.0	77.3
December 2013	12.5%	87.5%	0.0%	56.3	65.0
November 2013	9.1%	81.8%	9.1%	50.0	63.6

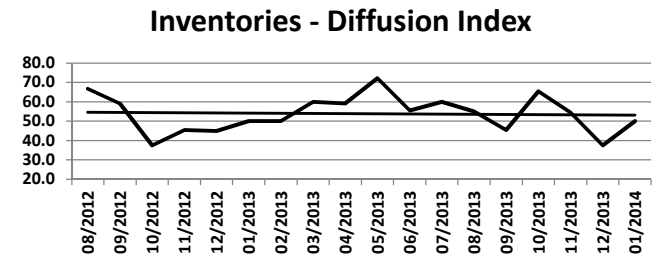
The commodity price diffusion index may have broken trend from its general decline with a sharp increase in January. The index hovered near the expansionary mark in November/December after a short period of declining commodity prices. Could the price pressure evident in the first half of 2012 be returning?



**Inventories of Purchased Goods were:**

Period	Higher	Same	Lower	Index	Prior Yr
January 2014	12.5%	75.0%	12.5%	50.0	50.0
December 2013	12.5%	50.0%	37.5%	37.5	45.0
November 2013	27.3%	54.5%	18.2%	54.5	45.5

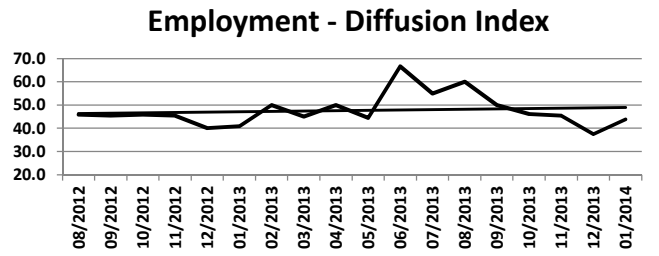
The Inventories of Purchased Goods index pulled up to the 50.0 mark from 37.5 in December, converging toward the long term linear trend. This signifies expansion in inventories, albeit tepidly. Most firms respond that inventories are holding the same in January.



**Employment Levels were:**

Period	Higher	Same	Lower	Index	Prior Yr
January 2014	12.5%	62.5%	25.0%	43.8	40.9
December 2013	0.0%	75.0%	25.0%	37.5	40.0
November 2013	18.2%	54.5%	27.3%	45.5	45.5

Employment marked its fourth straight month in contractionary territory for local respondents, although inched toward expansion at the 50.0 mark. After bouncing off the recent low in December, hopefully manufacturing employment may pick up as spring comes ever closer.



**Vendor Deliveries were:**

Period	Higher	Same	Lower	Index	Prior Yr
January 2014	25.0%	75.0%	0.0%	62.5	59.1
December 2013	12.5%	75.0%	12.5%	50.0	55.0
November 2013	18.2%	72.7%	9.1%	54.5	63.6

Vendor Deliveries remain in expansionary territory, increasing nicely to 62.5 from 50.0 last month. This series continues to relate expansion in local vendor deliveries, with a bit of a break from the long term trend with its sharp increase in January.

