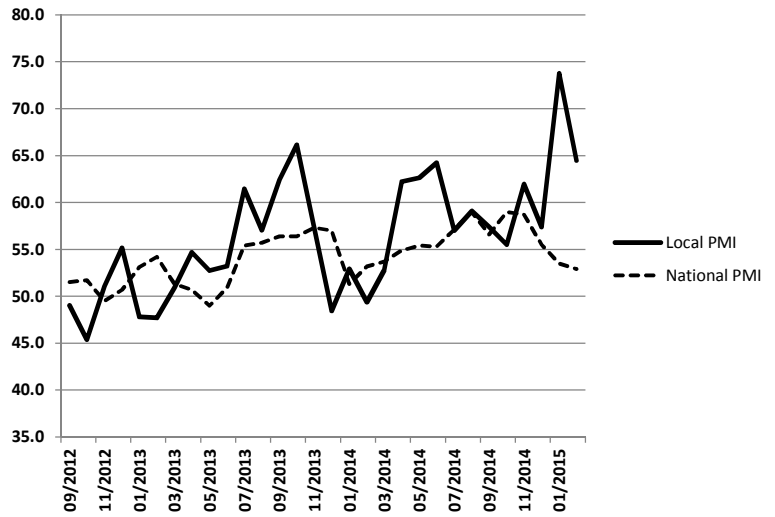


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The PMI Index

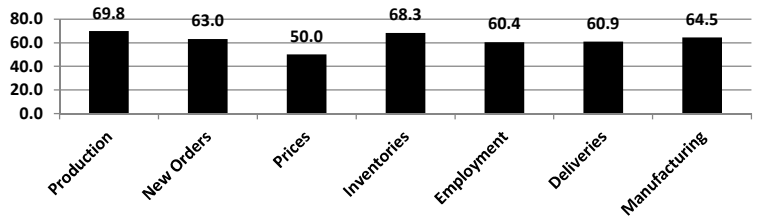
Manufacturing activity increased relative to January's levels, with the rate of increase slowing. The local index declined to 64.5 from January's value of 73.7, while the national PMI Index registered a more modestly increasing value at 52.9. In looking at February's statewide index, the Empire State Manufacturing Report generated by the NYC Federal Reserve Branch also related increasing activity in line with the national report. The most notable macroeconomic news stories remain the future plans of the Federal Reserve as regards to interest rates. With unemployment rates nearing the five percent mark, it does lead to a question of when rather than if.

For the other seasonally adjusted indices, favorable results generally prevailed. The impact of lower oil prices have been slow to appear, although this month local respondents related lower commodity price increases with an index value of 50.0 (which just denotes increases). It appears oil prices have mostly stabilized for the near term. Production, New Orders, and Employment again had increases to prior month although slowing in the pace of increase.



This month (Seasonally Adjusted)

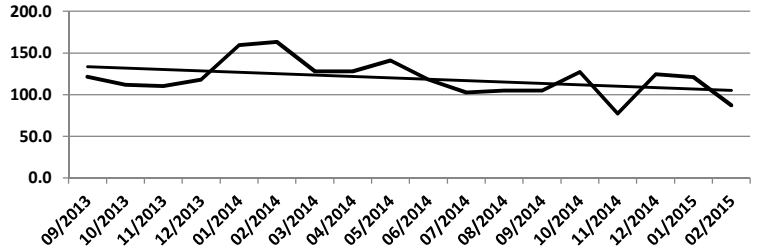
Index	Index	Direction	Rate of Change
Production	69.8	Increasing	Decreasing
New Orders	63.0	Increasing	Decreasing
Prices	50.0	Increasing	Decreasing
Inventories	68.3	Increasing	Flat
Employment	60.4	Increasing	Decreasing
Deliveries	60.9	Increasing	Flat
Manufacturing	64.5	Increasing	Decreasing



Production Buying Policy

Survey respondents reported days ahead commitments slid in February to 87.2 days from January's 121.1 days. This series again slid below its long term trend following two solid months above. We are notably below average days ahead commitments than at this point in the year in 2014.

Production Buying Policy

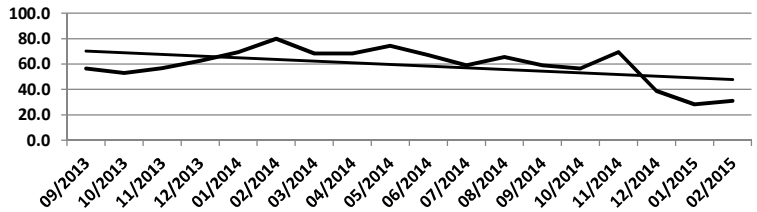


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies increased during February to 31.1 days from January's 28.8. We rebounded a bit from the bottom during January, converging somewhat toward the long term time trend of gradually decreasing supplies over the past 18 months.

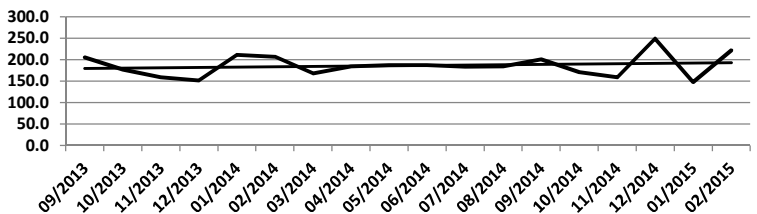
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 221.7 days ahead in February, rebounding from January's 147.8 mark. Again we note a marked change versus prior month in this series, after the numerous months during 2014 with markedly less variance I remain concerned about the increased volatility in not only this series.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
February 2015	55.6%	33.3%	11.1%	72.2	62.5
January 2015	55.6%	33.3%	11.1%	72.2	56.3
December 2014	50.0%	12.5%	37.5%	56.3	43.8

The Production diffusion index stayed flat at 72.2 relative to January's index result. Local production activity continues to increase relative to prior month (signified by index values greater than 50.0), with the vast majority of respondents again reporting higher or the same production levels compared to prior month.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
February 2015	55.6%	22.2%	22.2%	66.7	56.3
January 2015	66.7%	33.3%	0.0%	83.3	56.3
December 2014	50.0%	25.0%	25.0%	62.5	56.3

The non-seasonally adjusted New Orders index fell to 66.7 during February from January's notably high 83.3 value. We remain safely in positive territory while converging toward the long term trend line.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
February 2015	11.1%	77.8%	11.1%	50.0	56.3
January 2015	33.3%	66.7%	0.0%	66.7	75.0
December 2014	12.5%	87.5%	0.0%	56.3	56.3

The Commodity Price diffusion index fell to the demarcation point of increasing prices during February. It is possible that the impact of the lower energy prices have finally started to filter into input and commodity prices for local manufacturers.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
February 2015	44.4%	55.6%	0.0%	72.2	43.8
January 2015	44.4%	55.6%	0.0%	72.2	50.0
December 2014	37.5%	37.5%	25.0%	56.3	37.5

Inventories of Purchased Goods again increased to prior month for local respondents with the index value staying steady to January's index value at 72.2. No individual respondents reported falling inventories during February.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
February 2015	33.3%	55.6%	11.1%	61.1	43.8
January 2015	55.6%	44.4%	0.0%	77.8	43.8
December 2014	12.5%	50.0%	37.5%	37.5	37.5

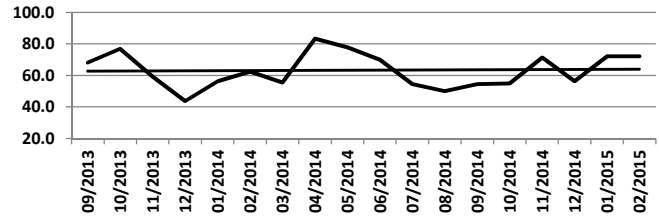
The non-seasonally adjusted Employment index was 61.1 in February, converging toward the long term trend line while staying solidly in expansionary territory. What a marked difference from prior year's performance at this point which had three consecutive months of contraction among respondents. Locally, manufacturers seem to be remaining in step with broader labor market improvements in recent months.

Vendor Deliveries were:

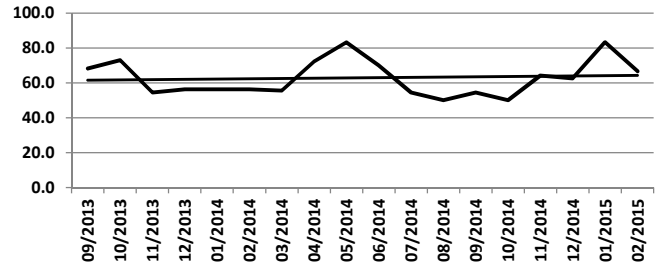
Period	Higher	Same	Lower	Index	Prior Yr
February 2015	22.2%	77.8%	0.0%	61.1	56.3
January 2015	22.2%	77.8%	0.0%	61.1	62.5
December 2014	12.5%	87.5%	0.0%	56.3	50.0

The Vendor Deliveries index held steady at 61.1 consistent with January's value. This signifies continued increases in deliveries for local respondents, and is consistent with the value of the long term trend line.

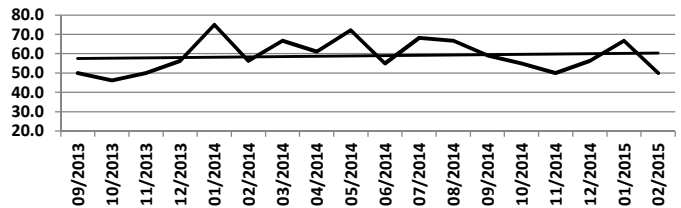
Production - Diffusion Index



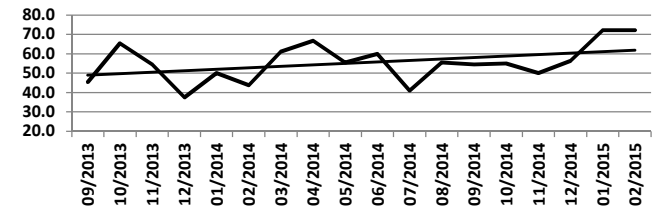
New Orders - Diffusion Index



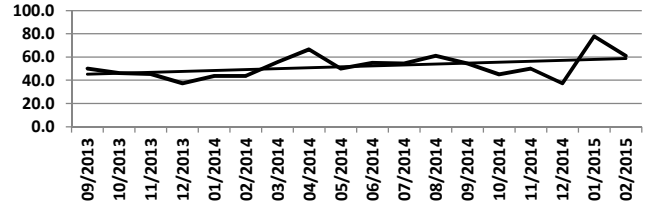
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

