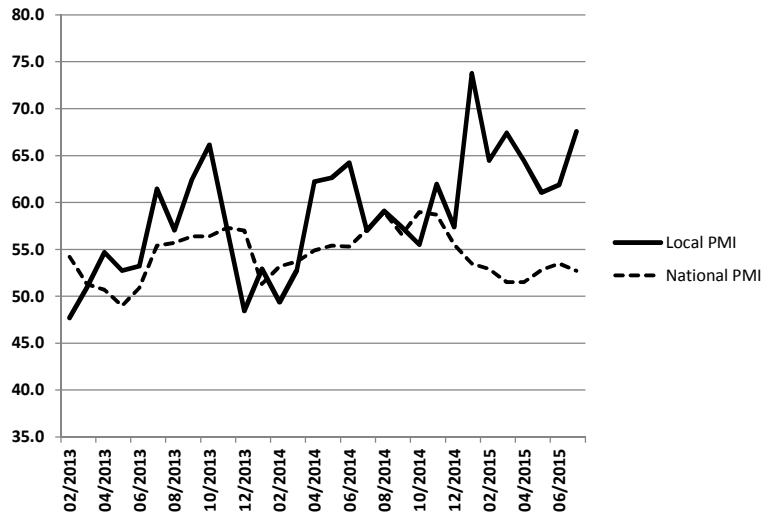


**Institute of Supply Management - Buffalo**  
**July 2015 Business Survey Monthly Comparison Report**

**The PMI Index**

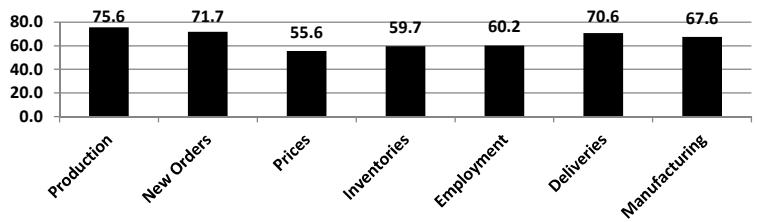
Manufacturing activity in the greater Buffalo-Niagara region increased relative to prior month, with the local manufacturing index registering a 67.6 in July up from 61.9 in June (values of 50.0 or greater denote increases in activity). The national PMI Index was also in increasing territory at 52.7, slightly down from June's 53.5 value with the local PMI index again outperforming the national index. This relates local manufacturing activity in the Buffalo Niagara area increased at a faster pace than the national level. The NY Fed's Empire State Manufacturing report which surveys firms statewide indicated that business conditions improved slightly among manufacturers. Based on the local responses from participants in the ISM survey, Buffalo seems to be outpacing increases in both state and nationwide manufacturing activity.

During July, all remaining seasonally adjusted indices were in expansionary or increasing territory. New Orders showed a strong increase to 71.7 from June's 57.1 level. The Inventories index eased a bit to 59.7 from 68.5 in June, still in expansionary territory but at a slower rate. Employment levels were also higher in July relative to prior month at 60.2, with the rate of expansion among respondents remaining relatively constant. The commodity price index rose into positive territory in July, again showing some inflationary movement relative to June. Generally I'd say this is another solid month among WNY respondents, we continue our generally positive trends and are relating stronger increases in activity than NY state or the nation as a whole based on other regional and national ISM measures.



**This month (Seasonally Adjusted)**

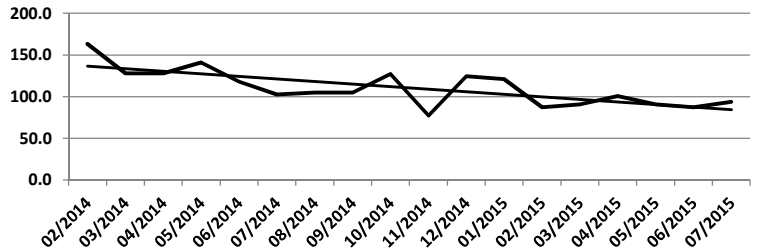
Index	Index	Direction	Rate of Change
Production	75.6	Increasing	Increasing
New Orders	71.7	Increasing	Increasing
Prices	55.6	Increasing	Increasing
Inventories	59.7	Increasing	Decreasing
Employment	60.2	Increasing	Flat
Deliveries	70.6	Increasing	Increasing
Manufacturing	67.6	Increasing	Increasing



**Production Buying Policy**

Survey respondents reported days ahead commitments increased to 93.9 days in July from 87.2 days in June. We broke slightly above the general long term trend line this month. This series has shown less variance in 2015 relative to the movements throughout the latter part of 2014.

**Production Buying Policy**

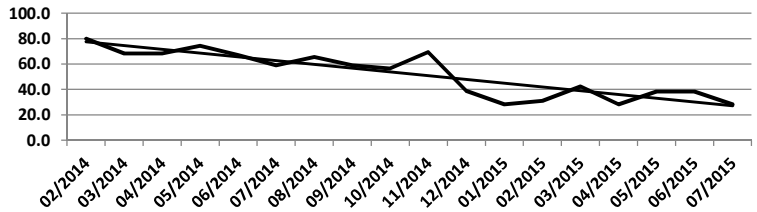


**MRO Buying Policy**

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies dropped to 28.3 in July from last month's 38.3 days. This series seems to have support in the high 20s to 30 day range after what was a general downward trend since early 2014.

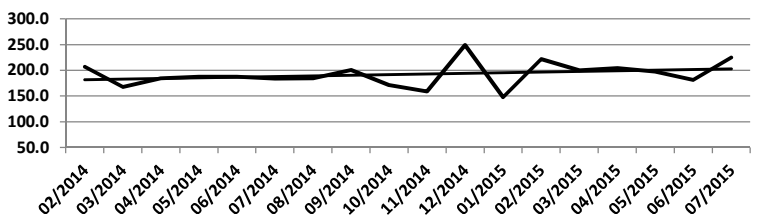
**MRO Buying Policy**



**Capital Equipment Buying Policy**

Manufacturers report making capital equipment buying commitments an average of 225.0 days in July, a break upward following a generally slow downward trend among respondents since February of this year. This is the highest value we've seen since February's 221.7 days ahead. With the strength in recent months we may have some increased interest in capital equipment purchase.

**Capital Equipment Buying Policy**



**Institute of Supply Management - Buffalo**  
**July 2015 Business Survey Monthly Comparison Report**

**The Production level was:**

Period	Higher	Same	Lower	Index	Prior Yr
July 2015	44.4%	55.6%	0.0%	72.2	54.5
June 2015	44.4%	33.3%	22.2%	61.1	70.0
May 2015	55.6%	44.4%	0.0%	77.8	77.8

The Production diffusion index rebounded to 72.2 in July from 61.1 in June. We have not registered a month with decreasing production activity relative to prior month over the 18 month time horizon presented, with the most recent minimum being an index value of 50.0 from August 2014.

**New Orders were reported:**

Period	Higher	Same	Lower	Index	Prior Yr
July 2015	44.4%	44.4%	11.1%	66.7	54.5
June 2015	33.3%	44.4%	22.2%	55.6	70.0
May 2015	33.3%	33.3%	33.3%	50.0	83.3

The non-seasonally adjusted New Orders index converged to the long term trend line in July, more safely above the 50.0 mark this month which denotes increasing New Order activity relative to prior month. New Order strength generally serves as a forward indicator for manufacturing and economic activity in future months, so we can hopefully expect more favorable results over the near term.

**Commodity Prices are:**

Period	Higher	Same	Lower	Index	Prior Yr
July 2015	22.2%	66.7%	11.1%	55.6	68.2
June 2015	0.0%	77.8%	22.2%	38.9	55.0
May 2015	11.1%	77.8%	11.1%	50.0	72.2

The Commodity Price diffusion index rebounded notably off the long term trend which has been generally downward the past 18 months. In July, the index registered a 55.6 up from a recent minimum of 38.9 in June. While not necessarily a strong indicator of future inflation, it may be something to watch and see if this is a change in trend or a single month upward movement.

**Inventories of Purchased Goods were:**

Period	Higher	Same	Lower	Index	Prior Yr
July 2015	22.2%	66.7%	11.1%	55.6	40.9
June 2015	44.4%	44.4%	11.1%	66.7	60.0
May 2015	22.2%	66.7%	11.1%	55.6	55.6

The Inventories of Purchased Goods index again registered an index in expansionary territory at 55.6 in July. The majority of respondents reported no changes in inventories relative to prior month. This index has been relatively stable since April of this year.

**Employment Levels were:**

Period	Higher	Same	Lower	Index	Prior Yr
July 2015	33.3%	55.6%	11.1%	61.1	54.5
June 2015	22.2%	77.8%	0.0%	61.1	55.0
May 2015	44.4%	55.6%	0.0%	72.2	50.0

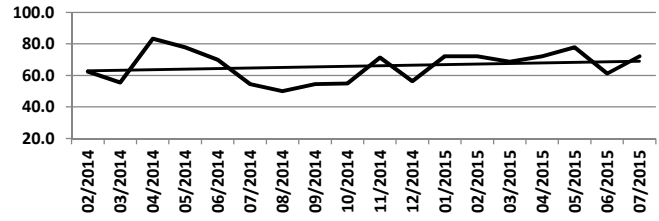
The non-seasonally adjusted Employment index registered 61.1 again in July, yet another month in expansionary territory. This continues seven straight months of expansionary employment activity, since 2015 has began every month has registered increases in employment levels among respondents compared to prior month.

**Vendor Deliveries were:**

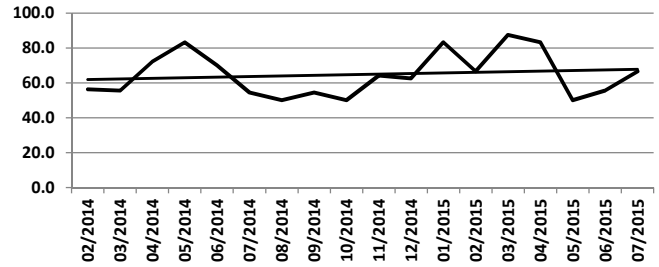
Period	Higher	Same	Lower	Index	Prior Yr
July 2015	44.4%	55.6%	0.0%	72.2	68.2
June 2015	33.3%	55.6%	11.1%	61.1	65.0
May 2015	22.2%	77.8%	0.0%	61.1	61.1

The Vendor Deliveries index had a notable upward movement this month, with not quite half of respondents reporting higher vendor deliveries. After what had been a relatively stable index value in 2015, there was finally some movement and to what I would consider to the positive.

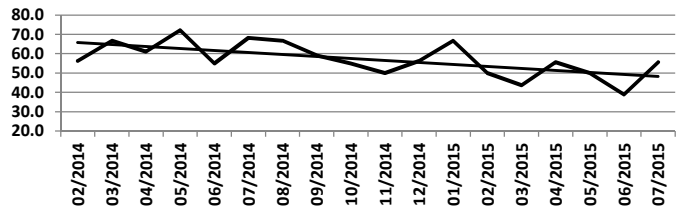
**Production - Diffusion Index**



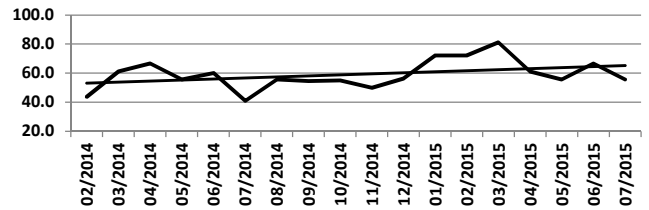
**New Orders - Diffusion Index**



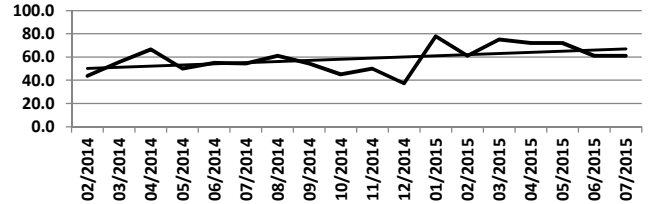
**Commodity Pricing - Diffusion Index**



**Inventories - Diffusion Index**



**Employment - Diffusion Index**



**Vendor Deliveries - Diffusion Index**

