

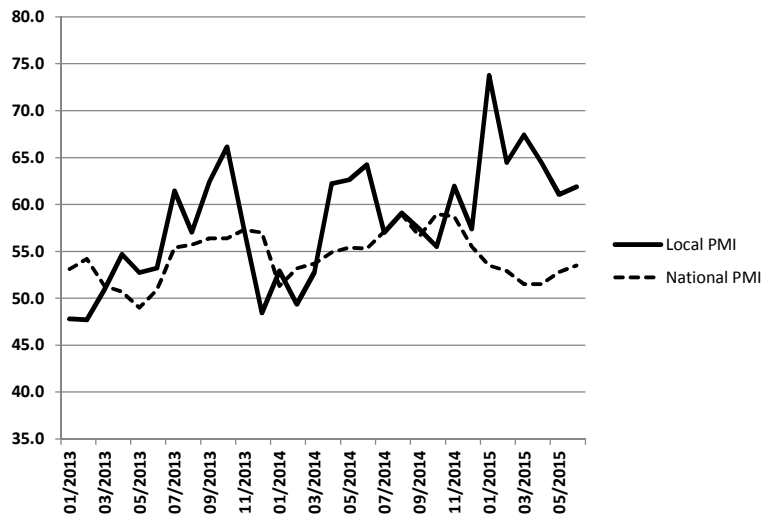
Institute of Supply Management - Buffalo
June 2015 Business Survey Monthly Comparison Report

The PMI Index

Manufacturing activity in the greater Buffalo-Niagara region once again showed an expansionary index value at 61.9 in June, essentially flat to May's 61.1 value. The national PMI Index was also in increasing territory at 53.5, slightly up from May's 52.8 value. The local PMI index continues its streak of outperforming the national index since November of 2014 (expansion is denoted by an index value of 50.0 or greater). Locally we have a bit of a contrarian finding relative to the NY Fed's Empire State Manufacturing report, which surveys firms statewide. The June Empire State report related that business conditions worsened, its second negative contractionary result out of the past three months.

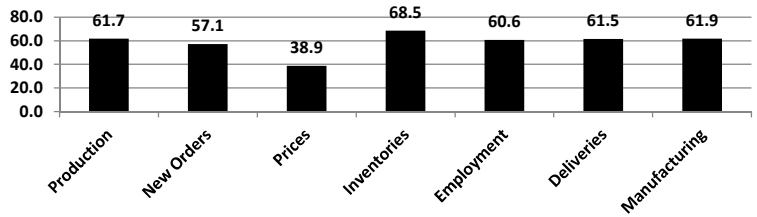
Favorable results were evident across all the remaining seasonally adjusted indices during June. New Orders increased back into expansionary territory above the 50.0 mark from May's contractionary result. The local Price index fell into contractionary territory this month showing some easing inflationary pressures. The Inventories index increased to 68.5 in June from 53.9 in May, relating increases at an increasing rate. Lastly, employment activity increased relative to prior month at 60.6 although the pace eased. Overall, another solid month for the local indices.

The most significant macroeconomic challenges for the near term appear to be out of the eurozone with Greece and the instability arising from China's stock market correction. This may not necessarily threaten WNY directly, but with the interconnectedness of the modern economy they are the two big stories I'll be watching.



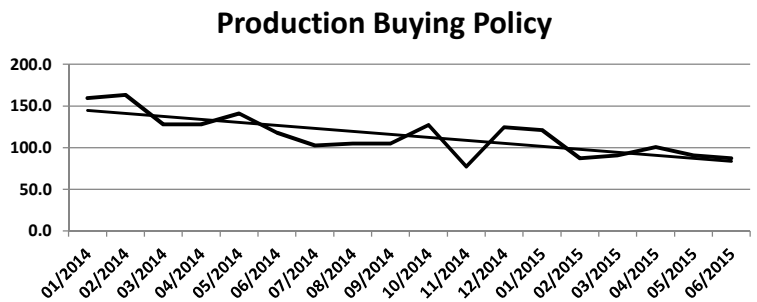
This month (Seasonally Adjusted)

Index	Index	Direction	Rate of Change
Production	61.7	Increasing	Decreasing
New Orders	57.1	Increasing	Increasing
Prices	38.9	Decreasing	Increasing
Inventories	68.5	Increasing	Increasing
Employment	60.6	Increasing	Decreasing
Deliveries	61.5	Increasing	Flat
Manufacturing	61.9	Increasing	Flat



Production Buying Policy

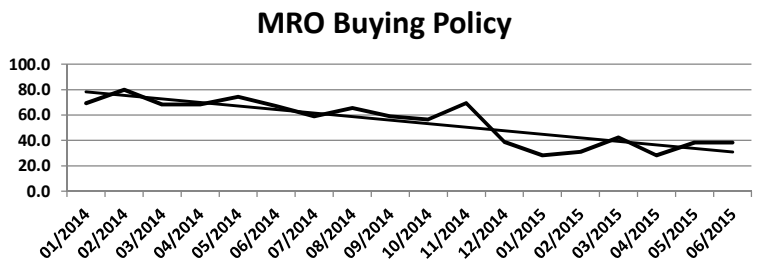
Survey respondents reported days ahead commitments fell slightly to 87.2 days in June from 90.6 days in May. We moved in tandem with the long term linear trend this month as companies again lessened the length of time of future production buying commitments.



MRO Buying Policy

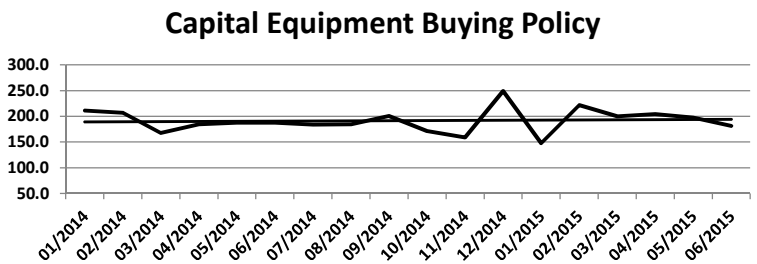
(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies remained flat at 38.3 days in June, the same value that May respondents registered. We may have found a bit of support in terms of days on hand supplies relative to the long term downward trend, even if there is increased pressure to lessen inventories in January and April we reached 28.3 days on hand only to bounce back.



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 181.7 day in June, easing downward over the past two months from where it registered at 204.4 days in April. We again remained relatively stable with the increased variance evident in the 4th quarter of 2014 and 1st quarter 2015 seemingly behind us.



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
June 2015	44.4%	33.3%	22.2%	61.1	70.0
May 2015	55.6%	44.4%	0.0%	77.8	77.8
April 2015	55.6%	33.3%	11.1%	72.2	83.3

The Production diffusion index fell to 61.1 in June from 77.8 in May. We remain well in expansionary territory with the rate of increase in production easing a bit. Production levels relative to prior month have been in increasing territory throughout the past 18 months, with the most recent minimum index value at 50.0 in August of last year.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
June 2015	33.3%	44.4%	22.2%	55.6	70.0
May 2015	33.3%	33.3%	33.3%	50.0	83.3
April 2015	66.7%	33.3%	0.0%	83.3	72.2

The non-seasonally adjusted New Orders index rebounded a bit to 55.6 in June from May's 50.0 value, again in increasing territory. We remain below the long term trend line in terms of the index values, but we might expect some more tempered results following the strong increases in the first quarter of 2015. Remember these questions are worded asking whether new orders were higher, the same, or lower than last month.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
June 2015	0.0%	77.8%	22.2%	38.9	55.0
May 2015	11.1%	77.8%	11.1%	50.0	72.2
April 2015	22.2%	66.7%	11.1%	55.6	61.1

The Commodity Price diffusion index dropped into contractionary territory in June, mirroring last year's relative change to May's index value. No individual respondents reported higher commodity prices compared to prior month. This index continues to fluctuate around its long term trend, with June the second time since 2015 has begun local respondents have reported falling prices compared to prior month.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
June 2015	44.4%	44.4%	11.1%	66.7	60.0
May 2015	22.2%	66.7%	11.1%	55.6	55.6
April 2015	22.2%	77.8%	0.0%	61.1	66.7

The Inventories of Purchased Goods index continues in expansionary territory, but is below the long term trend line for the second straight month in June. Following the marked increases in the first quarter of the year, this may signify a return to more normal activity in inventory levels.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
June 2015	22.2%	77.8%	0.0%	61.1	55.0
May 2015	44.4%	55.6%	0.0%	72.2	50.0
April 2015	44.4%	55.6%	0.0%	72.2	66.7

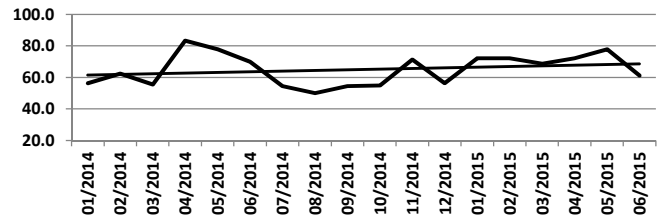
The non-seasonally adjusted Employment index registered 61.1 in June, another month in expansionary territory. This continues six straight months of expansionary employment activity, since 2015 has began every month has registered increases in employment levels among respondents compared to prior month.

Vendor Deliveries were:

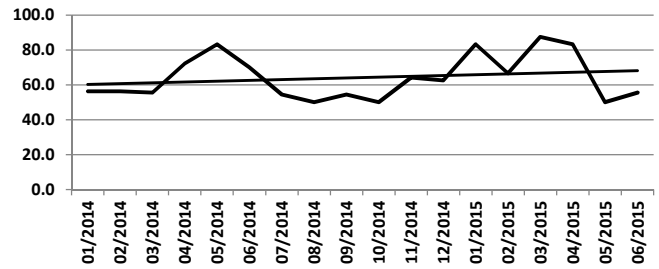
Period	Higher	Same	Lower	Index	Prior Yr
June 2015	33.3%	55.6%	11.1%	61.1	65.0
May 2015	22.2%	77.8%	0.0%	61.1	61.1
April 2015	22.2%	77.8%	0.0%	61.1	55.6

The Vendor Deliveries index is if anything consistent of late, we registered our third straight month at 61.1 following the contractionary result in March, although the mix of responses has changed with 11.1% of respondents relating lower deliveries.

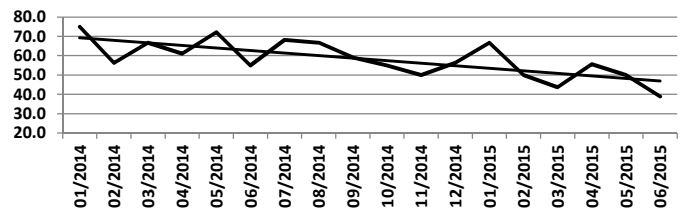
Production - Diffusion Index



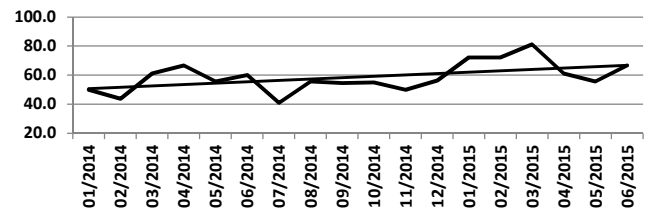
New Orders - Diffusion Index



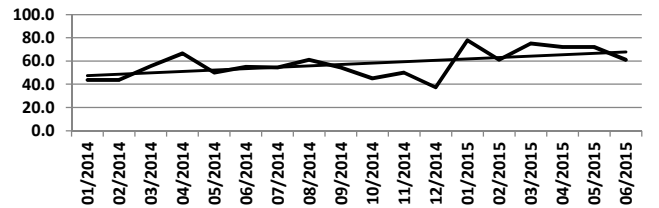
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

