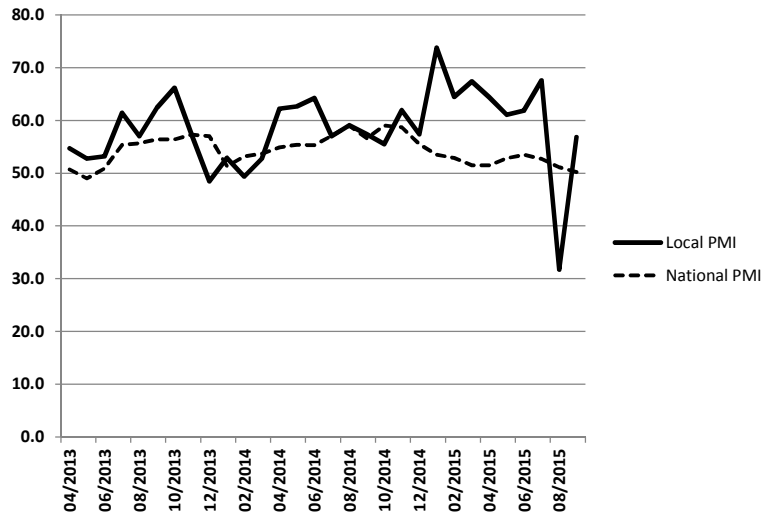


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The PMI Index

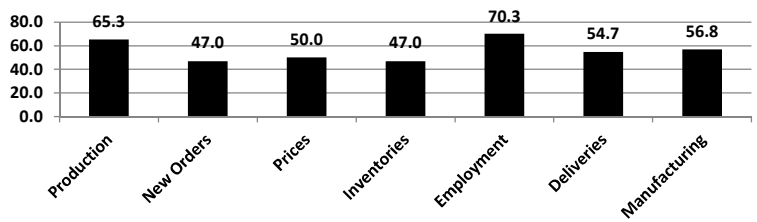
Following August's notable decline in the Buffalo Niagara Manufacturing index to 31.7 we've rebounded back into expansionary territory in September with a value of 56.8. Nationally the PMI Index continues in expansionary territory at 50.2, sliding a bit from August's 51.1. Regionally, the NY Fed's Empire State Manufacturing report general business conditions index stayed in contractionary territory for the second month. Although we have improved conditions among respondents in the manufacturing index, regionally there continues to be weakness and on a national level we eased closer to the 50.0 demarcation of contraction. Even though results are more positive this month locally, the lessened strength nationally and weakness statewide are concerning.

Looking to the other local indices, New Orders and Inventories again register contractionary index values less than 50.0. The New Orders index is generally one I watch more closely as it could serve as a sign of future employment and manufacturing activity, and according to ones interpretation inventories can be viewed as either good (higher demand than expected) or bad (drawing down in face of weak orders). Lastly, current month employment shows strong increases relative to prior month with an index value of 70.3, as does the production index at 65.3.



This month (Seasonally Adjusted)

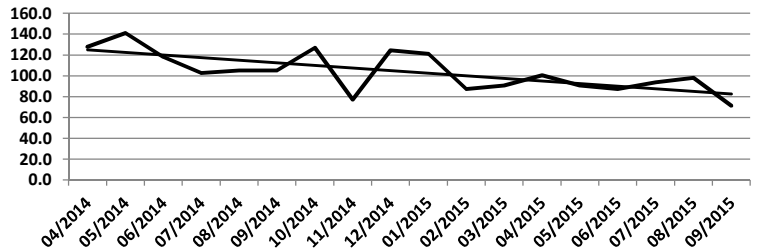
Index	Index	Direction	Rate of Change
Production	65.3	Increasing	Increasing
New Orders	47.0	Decreasing	Decreasing
Prices	50.0	Increasing	Increasing
Inventories	47.0	Decreasing	Decreasing
Employment	70.3	Increasing	Increasing
Deliveries	54.7	Increasing	Increasing
Manufacturing	56.8	Increasing	Increasing



Production Buying Policy

Survey respondents reported days ahead production commitments dropped to 71.4 days in September from 98.1 days in August. This month's value is showing some downward movement after remaining in the 80-100 day range since November of last year. The number of days of production buying has generally trended down over the past 18 months, reflecting what appears to be a shorter term horizon of production planning.

Production Buying Policy

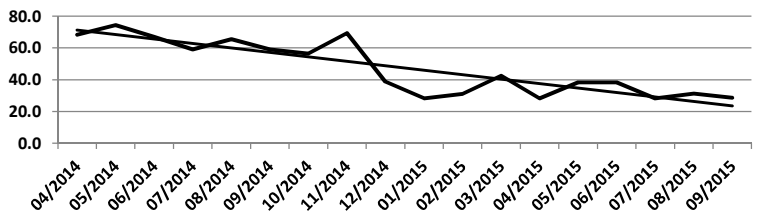


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies eased slightly to 28.6 days in September from 31.3 days in August. MRO supplies on hand levels continue to hold in the high 20s to 40 day range which we've been witnessing since the closing months of 2014.

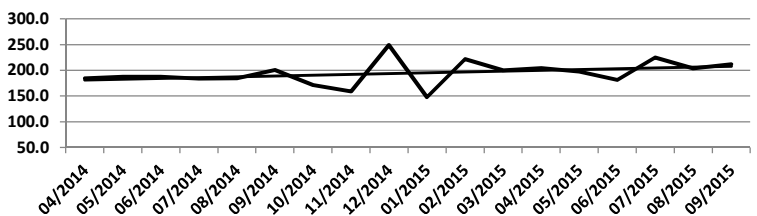
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 211.5 days in September, climbing from 203.8 days in August. Month over month, this increase is virtually in sync with the 18 month linear trend. While production buying commitments have eased of late, this represents a gradual progression in terms of an increased time horizon for capital equipment purchases.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
September 2015	54.5%	18.2%	27.3%	63.6	54.5
August 2015	12.5%	37.5%	50.0%	31.3	50.0
July 2015	44.4%	55.6%	0.0%	72.2	54.5

The Production diffusion index rebounded into expansionary territory in September to 63.6 following last month's value of 31.3. This month's expansion follows the lowest production index value recorded during my three years of producing the report. I remain hopeful of last month being an anomaly, but remain concerned with what still remains to be a bit of a mixed month in terms of performance.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
September 2015	36.4%	18.2%	45.5%	45.5	54.5
August 2015	0.0%	12.5%	87.5%	6.3	50.0
July 2015	44.4%	44.4%	11.1%	66.7	54.5

The non-seasonally adjusted New Orders index rebounded sharply from last month's precipitous drop, but remains in contractionary territory below 50.0. Although over one-third of respondents reported increased New Orders relative to August levels, more concerning is the almost half who reported lower activity relative to prior month.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
September 2015	18.2%	63.6%	18.2%	50.0	59.1
August 2015	0.0%	75.0%	25.0%	37.5	66.7
July 2015	22.2%	66.7%	11.1%	55.6	68.2

The Commodity Price diffusion index rebounded to the 50.0 mark noting increases in commodity prices. This is not a strong overall trend among respondents with the majority reporting either seeing the same or lower prices relative to prior month but there is more price pressure evident than in August.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
September 2015	27.3%	36.4%	36.4%	45.5	54.5
August 2015	12.5%	50.0%	37.5%	37.5	55.6
July 2015	22.2%	66.7%	11.1%	55.6	40.9

The Inventories of Purchased Goods index remained in contractionary territory this month, although contracted at a slower pace relative to August's result. Respondents relatively split on this result, with near the same amount relating higher, same, and lower inventories.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
September 2015	45.5%	45.5%	9.1%	68.2	54.5
August 2015	12.5%	62.5%	25.0%	43.8	61.1
July 2015	33.3%	55.6%	11.1%	61.1	54.5

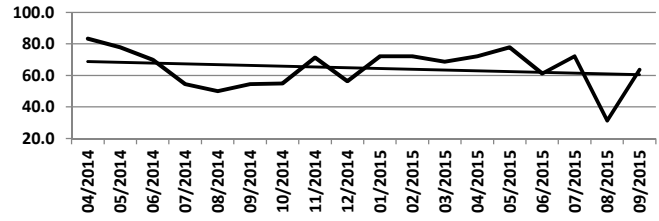
The non-seasonally adjusted Employment index rebounded above 50.0 mark in September denoting increased employment activity among responding manufacturers in the greater Buffalo area. With New Orders remaining weak, I was glad to note this as a sign of some local strength.

Vendor Deliveries were:

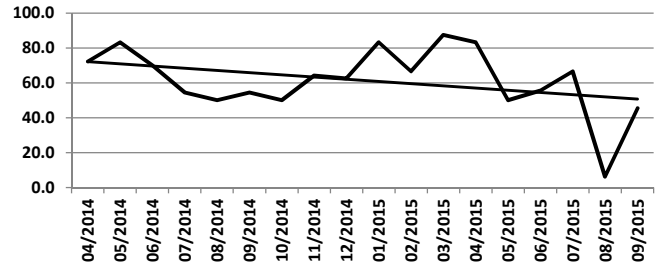
Period	Faster	Same	Slower	Index	Prior Yr
September 2015	9.1%	90.9%	0.0%	54.5	59.1
August 2015	0.0%	75.0%	25.0%	37.5	66.7
July 2015	44.4%	55.6%	0.0%	72.2	68.2

The Vendor Deliveries index reflects faster vendor deliveries relative to expectations. The vast majority of respondents stated vendors performed the same as to on time deliveries compared to August. September's index value marks a rebound to the longer term trend line of generally decreasing vendor performance in terms of speed of delivery.

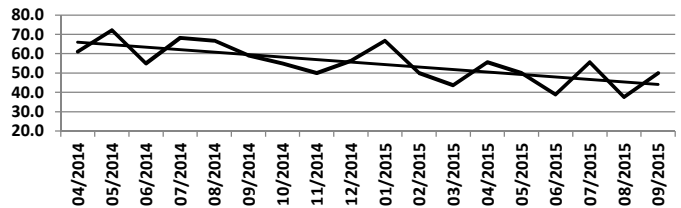
Production - Diffusion Index



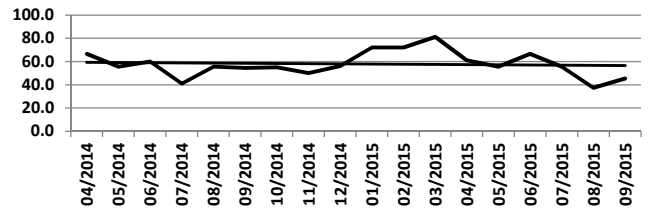
New Orders - Diffusion Index



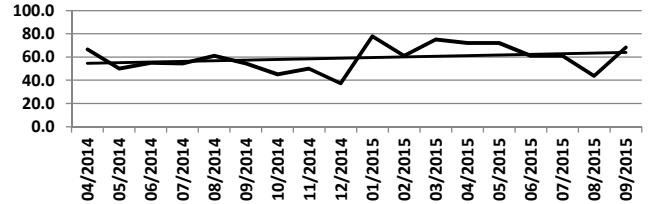
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

