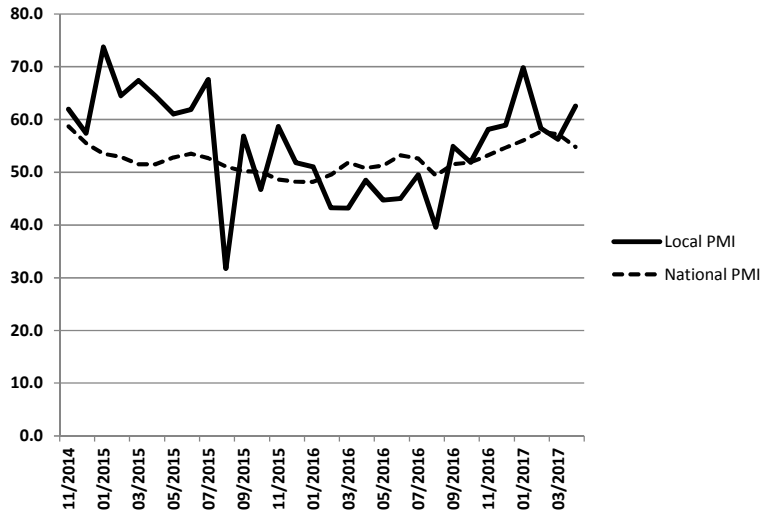


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The PMI Index

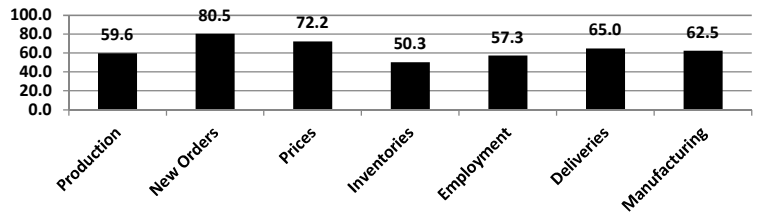
The Buffalo-Niagara Manufacturing index registered a nice uptick in April, rising to a 62.5 (where values of 50.0 or greater indicate increased activity relative to prior month), marking our seventh straight month of expansionary activity relative to prior month results. We see a bit of divergence relative to the national ISM number which we have had comparable values to the past two months. The national ISM index which registered a 54.8 and on a statewide level, the NY Fed's Empire State Manufacturing Survey's general business index signaled continuing positive results, albeit at a slower pace than recent months.

Looking to the other local indices, Production again marks another month with increasing activity with an index value of 59.6. The local New Orders index comes in with an impressive value of 80.5, up again from even last month's expansionary 69.0. Employment registered a 57.3, slightly off from last month but still comfortably in expansionary territory. Inventories, after registering a single contractionary month, move back into expansionary territory at 50.3. While the cold weather has seemed particularly stubborn in leaving this year, it would seem as if business conditions among WNY respondents continue to be favorably warm to sunny....



This month (Seasonally Adjusted)

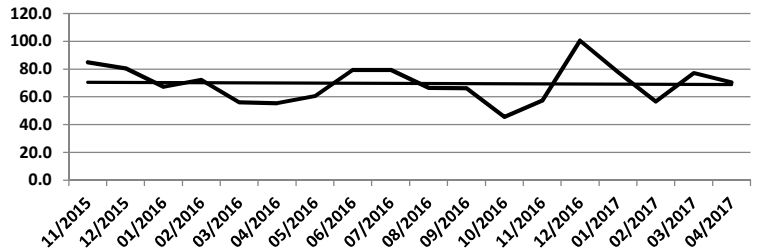
Index	Index	Direction	Rate of Change
Production	59.6	Increasing	Flat
New Orders	80.5	Increasing	Increasing
Prices	72.2	Increasing	Decreasing
Inventories	50.3	Increasing	Increasing
Employment	57.3	Increasing	Flat
Deliveries	65.0	Faster	Increasing
Manufacturing	62.5	Increasing	Increasing



Production Buying Policy

Days ahead production buying commitments among respondents decreased to 70.6 days in April, off from 77.2 days in March. We converged to the long term trend line which is essentially flat over the past 18 months. This value is in line with historical values and above where we were at this point last year. With the generally positive results continuing overall and the continuing positive responses regarding New Orders it would not surprise me to see this value increase over the near term.

Production Buying Policy

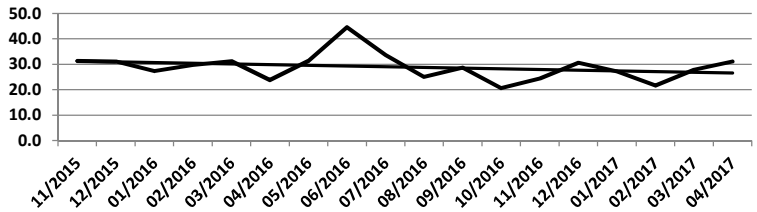


MRO Buying Policy

(Maintenance, Repair, and Operating)

Maintenance, Repair, and Operating (MRO) supplies on hand increased to 31.1 days among respondents in April, up from 27.8 days in March. This month was a small breakout from recent values in that excepting the June 2016 spike we have seen values over the past 18 months ranging between 20-30 day levels.

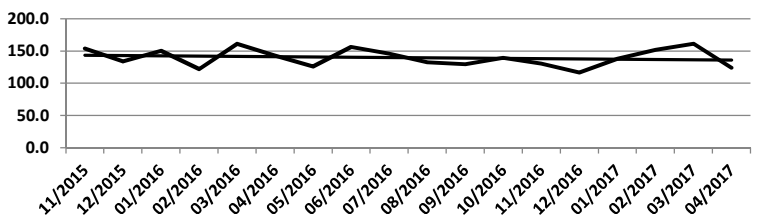
MRO Buying Policy



Capital Equipment Buying Policy

Manufacturers report making capital equipment buying commitments an average of 123.9 days in April, off from 161.1 days ahead in March. This is a notable decline from the consistent increases we've seen past three months, although still above the 116.9 days respondents reported in December. I am a bit surprised by this result in that other indices are strong, although it's possible that to open the year purchasing decisions were being made further into the future and this is a seasonal adjustment as last year April and May were off relative to the March value.

Capital Equipment Buying Policy



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The Production level was:

Period	Higher	Same	Lower	Index	Prior Yr
April 2017	55.6%	22.2%	22.2%	66.7	54.2
March 2017	55.6%	22.2%	22.2%	66.7	50.0
February 2017	44.4%	33.3%	22.2%	61.1	53.3

The non-seasonally adjusted Production diffusion index registered a value of 66.7 for the second straight month in April. We essentially moved laterally, slightly above the long term trend line. For the third straight month we see lessened variation in this series following the alternating up and down movements evident from approximately May of last year through January.

New Orders were reported:

Period	Higher	Same	Lower	Index	Prior Yr
April 2017	77.8%	22.2%	0.0%	88.9	54.2
March 2017	55.6%	33.3%	11.1%	72.2	42.3
February 2017	55.6%	11.1%	33.3%	61.1	33.3

The non-seasonally adjusted New Orders index increased to 88.9 in April, jumping 16.7 percentage points from an already elevated 72.2 in March and February's recent "low" value of 61.1. This series has been remarkably strong since the beginning of the year, and keep in mind these represent changes relative to *prior month*. Thus the strong increases have been on top of already strong New Orders results.

Commodity Prices are:

Period	Higher	Same	Lower	Index	Prior Yr
April 2017	55.6%	33.3%	11.1%	72.2	66.7
March 2017	66.7%	22.2%	11.1%	77.8	50.0
February 2017	44.4%	55.6%	0.0%	72.2	40.0

The Commodity Price diffusion index registered a value of 72.2 in April, off slightly from 77.8 in March. We continue in the higher range of index values from the past 18 months with the long term trend line slightly pulling above this month's index value. I believe this reflects the pressures WNY respondents have been seeing in commodity prices in recent months.

Inventories of Purchased Goods were:

Period	Higher	Same	Lower	Index	Prior Yr
April 2017	44.4%	22.2%	33.3%	55.6	37.5
March 2017	22.2%	22.2%	55.6%	33.3	30.8
February 2017	44.4%	22.2%	33.3%	55.6	50.0

The Inventories of Purchased Goods index pulled into the increasing range in April following the sharp fall off in the index during March. Slightly less than half of respondents claimed to have higher inventories this month at 44.4%, months with increasing inventory levels still easily remain in the minority during the 18 month window in spite of a couple of recent increases.

Employment Levels were:

Period	Higher	Same	Lower	Index	Prior Yr
April 2017	33.3%	55.6%	11.1%	61.1	58.3
March 2017	44.4%	33.3%	22.2%	61.1	46.2
February 2017	22.2%	77.8%	0.0%	61.1	33.3

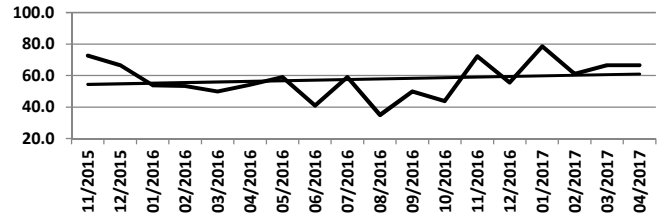
The non-seasonally adjusted Employment index stayed flat to both February and March levels in April, registering the third 61.1 in a row albeit with a different higher/same/lower mix. One in three respondents report higher employment levels relative to prior month, and almost 90 percent report the same or higher.

Vendor Deliveries were:

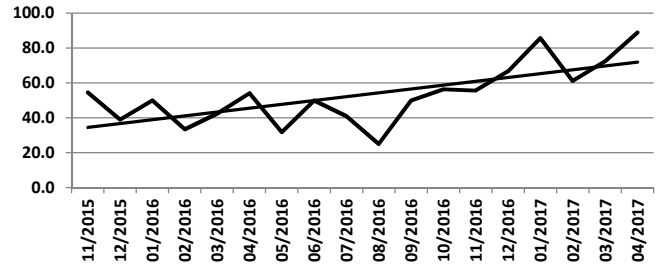
Period	Faster	Same	Slower	Index	Prior Yr
April 2017	33.3%	66.7%	0.0%	66.7	58.3
March 2017	11.1%	88.9%	0.0%	55.6	57.7
February 2017	11.1%	88.9%	0.0%	55.6	53.3

The Vendor Deliveries index registered a value of 66.7 in April, increasing from two consecutive months with a 55.6 value. We again note that no respondents reported vendors performing more slowly relative to promised delivery date.

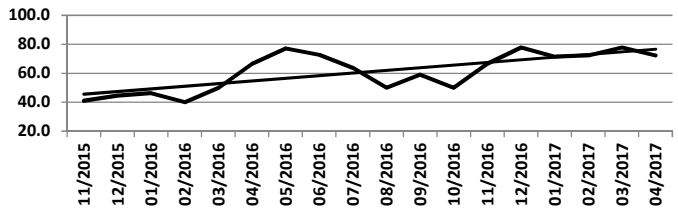
Production - Diffusion Index



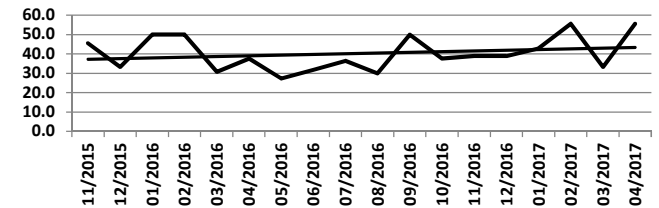
New Orders - Diffusion Index



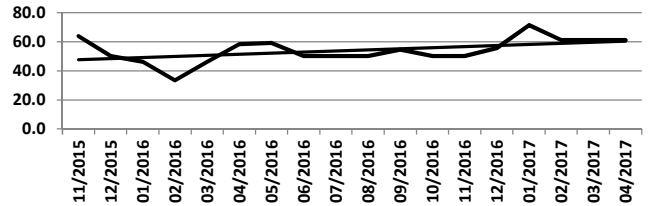
Commodity Pricing - Diffusion Index



Inventories - Diffusion Index



Employment - Diffusion Index



Vendor Deliveries - Diffusion Index

