

**August 2007**  
**Manufacturing**  
**Business Conditions Survey**

**A Joint Project of the College of Business**  
**At the University of Colorado at Denver**  
**And NAPM-Denver**

The local Denver manufacturing economy continued its improvement in August although again at a slower rate as the Denver Manufacturing PMI was 51. July's index was 56.7. The Production index remained unchanged in August. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 52.9 percent, a decrease of 0.9 percentage point when compared to July's reading of 53.8 percent. (ISM publishes the national PMI).

(As a reminder to our readers, an index below 50 indicates the majority of our respondents reported a decline versus the previous month. The further below 50, the greater the number of respondents reporting a decline. An index over 50 indicates growth, increase, or improvement).

The overall Price Index of the Denver Manufacturing Survey increased at a slower rate than in July. All sectors increased except for the computers sector which decreased. Lead times in our Denver survey increased in August at a faster rate than in July. All sectors increased except the Services sectors which remained unchanged. The New Orders Index decreased in August reversing the increasing trend of the past seven months. The Imports Index at a slower rate than in July. The Raw Materials Inventory Index increased. The Finished Goods Inventory Index decreased at a slower rate than in July.

August's Employment Index was unchanged in August. The Availability of Skilled Workers Index decreased at a slower rate than in August and the Availability of Unskilled Workers Index was unchanged.

Supplier performance in our Denver survey improved in the Raw Materials and Components sectors and remained unchanged in the MRO, Capital Goods, Services and Computers sectors.

ISM's New Orders Index declined to 55.3 percent in August. The index is 2.2 percentage points lower than the 57.5 percent reported in July. ISM's Employment Index registered 51.3 percent in August, which is an increase of 1.1 percentage points when compared to July's reading of 50.2 percent. Go to [www.ism.ws](http://www.ism.ws) for the complete ISM report.

The Business Conditions Survey is a joint project of University of Colorado at Denver and NAPM-Denver. Dr. M.P. Parthasarathy of the College of Business conducted August's survey at the University of Colorado at Denver. For further information on the survey, or to participate in it, call Dr. Parthasarathy at 303-556-5849.

\*Note: In the below tables, an index over 50 indicates growth, increase, or improvement. Below 50 is indicative of decrease or worsening.

### August 2007 Colorado Front Range Manufacturing Survey

|  | <i>Colo. Index</i> | <i>Direction</i>       | <i>Rate of Change</i>  | <i>National Index</i> | <i>Direction</i>       | <i>Rate of Change</i>  |
|--|--------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|
| <u>Series</u>                          | <u>August</u>      | <u>August vs. July</u> | <u>August vs. July</u> | <u>August</u>         | <u>August vs. July</u> | <u>August vs. July</u> |
| <b>Purchasing Managers' Index</b>      | 51                 | Increasing             | Slower                 | 52.9                  | Increasing             | Slightly Slower        |
| <b>Production</b>                      | 50                 | No Change              | From Increasing        | 56.1                  | Increasing             | Slightly Faster        |
| <b>New Orders</b>                      | 47.6               | Decreasing             | From Increasing        | 55.3                  | Increasing             | Slower                 |
| <b>Backlog of Orders</b>               | 54.8               | Increasing             | Slightly Slower        | 50.5                  | Increasing             | Slower                 |
| <b>Prices</b>                          | 53                 | Increasing             | Slower                 | 63                    | Increasing             | Slower                 |
| <b>Lead Times</b>                      | 58.3               | Increasing             | Faster                 | 50                    | No Change              | From Decreasing        |
| <b>Import Orders</b>                   | 54.6               | Increasing             | Slower                 | 52.5                  | Increasing             | Slower                 |
| <b>Raw Material Inventory</b>          | 55                 | Increasing             | From No Change         | 45.4*                 | Decreasing             | Faster                 |
| <b>Finished Goods Inventory</b>        | 44.7               | Decreasing             | Slower                 | NA                    | NA                     | NA                     |
| <b>Employment</b>                      | 50                 | No Change              | From Decreasing        | 51.3                  | Increasing             | Faster                 |
| <b>Availability of Skilled Labor</b>   | 38.1               | Decreasing             | Slower                 | NA                    | NA                     | NA                     |
| <b>Availability of Unskilled Labor</b> | 50                 | No Change              | From Decreasing        | NA                    | NA                     | NA                     |

**\*The national index surveys only total inventories.**

**Note: The index for the overall economy is a composite based on five components: delivery times, inventory levels, new orders, production and employment. It is constructed to parallel the national overall index. An index above 50 means the manufacturing economy is generally expanding.**

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|                                    | <u>Colo. Index</u> | <u>Direction</u>       | <u>Rate of Change</u>  |
|------------------------------------|--------------------|------------------------|------------------------|
| <b><u>Prices:</u></b>              |                    |                        |                        |
|                                    | <u>August</u>      | <u>August vs. July</u> | <u>August vs. July</u> |
| MRO Items                          | 52.4               | Increasing             | Slower                 |
| Capital Goods                      | 55                 | Increasing             | Slower                 |
| Raw Materials                      | 55.3               | Increasing             | Slower                 |
| Components                         | 54.8               | Increasing             | Slower                 |
| Computers                          | 47.5               | Decreasing             | From No Change         |
| Services                           | 54.8               | Increasing             | Slower                 |
| <b><u>Lead Times</u></b>           |                    |                        |                        |
| MRO Items                          | 52.6               | Increasing             | From No Change         |
| Capital Goods                      | 55.3               | Increasing             | Faster                 |
| Raw Materials                      | 60.5               | Increasing             | Slower                 |
| Components                         | 60                 | Increasing             | Faster                 |
| Computers                          | 63.2               | Increasing             | Faster                 |
| Services                           | 50                 | No Change              | From No Change         |
| <b><u>Supplier Performance</u></b> |                    |                        |                        |
|                                    | <u>August</u>      | <u>August vs. July</u> | <u>August vs. July</u> |
| MRO Items                          | 50                 | No Change              | From Worsening         |
| Capital Goods                      | 50                 | No Change              | From Worsening         |
| Raw Materials                      | 52.6               | Improving              | From No Change         |
| Components                         | 52.6               | Improving              | From No Change         |
| Computers                          | 50                 | No Change              | From No Change         |
| Services                           | 50                 | No Change              | From Worsening         |