



August 2007
Non-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 Non-Manufacturing economy improved in August at a slower rate as the Denver Non-Manufacturing PMI was 56. July's index was 58.5. The Production Index increased at a slower rate with an index of 57.8 which compares to July's rate of 60. The Denver Non-Manufacturing Production Index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index of 55.8 percent, indicating the same rate of growth in business activity compared to July. (ISM publishes the national Business Activity/Production Non-Manufacturing Index).

(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 Non-Manufacturing Survey increased at a slower rate than in July. All sectors increased. Lead times in our Denver survey increased in August at a faster rate than in July. All sectors increased except the MRO sector which remained unchanged and the Services sector that decreased. The New Orders Index increased in August at a slower rate than in July. The Raw Materials Inventory Index increased in August. The Finished Goods Inventory Index was unchanged from the rate in July.

August's Employment Index increased. The Availability of Skilled Workers and the Availability of Unskilled Workers indices both decreased in August.

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

ISM's New Orders Index increased to 57 percent in August from the 52.8 percent registered in July. This indicates continued expansion of new orders and at a faster rate than in July. ISM's Employment Index was 47.9 percent, a 3.8 percentage point decrease from the 51.7 percent reported in July. Go to 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 Non-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>
Purchasing Managers' Index	56	Increasing	Slower	N/A	N/A	N/A
Production	57.8	Increasing	Slower	55.8	Increasing	No Change
New Orders	56.3	Increasing	Slower	57	Increasing	Faster
Backlog of Orders	50	No Change	From Decreasing	50	No Change	From Increasing
Prices	55.1	Increasing	Slower	58.6	Increasing	Slower
Lead Times	56.5	Increasing	Faster	50.5	Increasing	Slower
Raw Material Inventory	55.8	Increasing	Slower	57*	Increasing	Faster
Finished Goods Inventory	50	No Change	From Decreasing	NA	NA	NA
Employment	53	Increasing	From No Change	47.9	Decreasing	From Increasing
Availability of Skilled Labor	40.9	Decreasing	Slower	NA	NA	NA
Availability of Unskilled Labor	45.3	Decreasing	Slower	NA	NA	NA

*The national non-manufacturing survey does not list a PMI.

**The national non-manufacturing survey lists only total inventories.

Note: The index for the overall Denver non-manufacturing economy is a composite based on five components: delivery times, inventory levels, new orders, production and employment. An index above 50 means the non-manufacturing economy is generally expanding.

August 2007 Colorado Front Range Non-Manufacturing Survey

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>August</u>	<u>August vs. July</u>	<u>August vs. July</u>
MRO Items	53.2	Increasing	Slower
Capital Goods	56.9	Increasing	Slower
Raw Materials	56.5	Increasing	Slower
Components	55.4	Increasing	Slower
Computers	53.3	Increasing	Slightly Slower
Services	59.7	Increasing	Faster
<u>Lead Times</u>			
MRO Items	50	No Change	No Change
Capital Goods	53.3	Increasing	From No Change
Raw Materials	58.6	Increasing	Faster
Components	60.4	Increasing	Slightly Faster
Computers	60	Increasing	Faster
Services	48.3	Decreasing	From Increasing
<u>Supplier Performance</u>			
	<u>August</u>	<u>August vs. July</u>	<u>August vs. July</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	52.2	Improving	From No Change
Components	48	Worsening	From No Change
Computers	48.3	Worsening	From No Change
Services	48.3	Worsening	From No Change