

August 2008
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 increased in August at a faster rate than in July. The Denver Non-Manufacturing PMI was 70.4. The July index was 62.6. The Production Index increased at a faster rate in August as the rate was 78.6. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing PMI/NMI which registered 50.6 percent indicating growth in the non-manufacturing sector. (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 in August. Prices in all sectors increased. Lead times in our Denver survey remained unchanged in August. The MRO and Raw Materials sectors increased, the Capital Goods, Services and Computers sectors remained unchanged and the Components sector decreased. The New Orders Index increased at a slower rate in August. The Raw Materials Inventory and the Finished Goods Inventory Indices both increased in August.

The Employment Index increased in August reversing the decreasing rate of July. The Availability of Skilled Workers Index decreased faster and the Availability of Unskilled Workers Index remained unchanged in August.

Supplier performance in our Denver survey improved in all sectors.

ISM's Non-Manufacturing New Orders Index contracted in August for the third consecutive month. The index increased 1.8 percentage points to 49.7 percent from the 47.9 percent registered in July. Comments from respondents include: "Demand continues to ebb"; "Budget constraints"; and "Slower business activity and seasonal impacts." ISM's Non-Manufacturing Employment Index for August registered 45.4 percent. This reflects a decrease of 1.7 percentage points when compared to the 47.1 percent registered in July. Six industries reported increased employment, 10 industries reported a decrease, and two industries indicated employment is unchanged from July. Comments from respondents include: "Cutting back for an expected slow/sluggish fourth quarter"; "Hiring freeze for all but essential positions"; and "We have experienced dismissals and retirements without replacements." 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 2008 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	70.4	Increasing	Faster	50.6*	Increasing	From Decreasing
Production	78.6	Increasing	Faster	51.6	Increasing	From Decreasing
New Orders	71.4	Increasing	Slower	49.7	Decreasing	Slower
Backlog of Orders	50	No Change	From Decreasing	49	Decreasing	From Increasing
Prices	62.5	Increasing	Slower	72.9	Increasing	Slower
Lead Times	50	No Change	From Increasing	55.5	Increasing	Faster
Raw Material Inventory	75	Increasing	From No Change	53.5**	Increasing	Slower
Finished Goods Inventory	58.3	Increasing	From No Change	NA	NA	NA
Employment	71.4	Increasing	From Decreasing	45.4	Decreasing	Faster
Availability of Skilled Labor	28.6	Decreasing	Faster	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Decreasing	NA	NA	NA

*The national index is called the NMI (Non-Manufacturing Index)

**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.

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	<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	66.7	Increasing	Slower
Capital Goods	58.3	Increasing	Slower
Raw Materials	66.7	Increasing	Slower
Components	62.5	Increasing	Slower
Computers	58.3	Increasing	From Decreasing
Services	58.3	Increasing	Slower
<u>Lead Times</u>			
MRO Items	58.3	Increasing	Slower
Capital Goods	50	No Change	From Increasing
Raw Materials	58.3	Increasing	From No Change
Components	33.3	Decreasing	From No Change
Computers	50	No Change	From No Change
Services	50	No Change	From Decreasing
<u>Supplier Performance</u>	<u>August</u>	<u>August vs. July</u>	<u>August vs. July</u>
MRO Items	58.3	Improving	From No Change
Capital Goods	58.3	Improving	From No Change
Raw Materials	66.7	Improving	Slower
Components	62.5	Improving	From No Change
Computers	66.7	Improving	Faster
Services	58.3	Improving	From Worsening

