



December 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 improved in December with an index rate of 51.7. November's index was 50. The Production index increased in December with a rate of 53.2. This reversed November's decline. November's Production index was 47.5. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 47.7 percent, a decrease of 3.1 percentage points when compared to November's reading of 50.8 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 slightly slower rate than in November. All sectors increased except for the Computers sector which decreased. Lead times in our Denver survey increased in December at a slightly slower rate than in November. The MRO and Services sectors decreased and the other sectors increased. The New Orders Index remained unchanged in December. The Imports Index increased at a slower in December compared to November. The Raw Materials Inventory Index remained unchanged in December. The Finished Goods Inventory Index decreased at a slower rate than in November.

December's Employment Index decreased in December. The Availability of Skilled Workers Index decreased at a slower rate than in November and the Availability of Unskilled Workers Index decreased reversing the increasing rate in November.

Supplier performance in our Denver survey improved in the MRO and Services sectors, worsened in the Capital Equipment sector, and remained unchanged in the other sectors.

ISM's New Orders Index registered 45.7 percent in December. The index is 6.9 percentage points lower than the 52.6 percent reported in November. ISM's Employment Index registered 48 percent in December, which is an increase of 0.2 percentage point when compared to November's reading of 47.8 percent. 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 December'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.

December 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>December</u>	<u>December vs. November</u>	<u>December vs. November</u>	<u>December</u>	<u>December vs. November</u>	<u>December vs. November</u>
Purchasing Managers' Index	51.7	Increasing	Faster	47.7	Decreasing	From Increasing
Production	53.2	Increasing	From Decreasing	47.3	Decreasing	From Increasing
New Orders	50	No Change	From Decreasing	45.7	Decreasing	From Increasing
Backlog of Orders	45.7	Decreasing	Faster	43	Decreasing	Slower
Prices	56.9	Increasing	Slightly Slower	68	Increasing	Slightly Faster
Lead Times	57.6	Increasing	Slightly Slower	53.3	Increasing	Faster
Import Orders	51.9	Increasing	Slower	48	Decreasing	Slightly Slower
Raw Material Inventory	50	No Change	From Increasing	45.5*	Decreasing	Faster
Finished Goods Inventory	45.5	Decreasing	Slightly Slower	NA	NA	NA
Employment	48.9	Decreasing	From No Change	47.8	Decreasing	From Increasing
Availability of Skilled Labor	43	Decreasing	Slightly Slower	NA	NA	NA
Availability of Unskilled Labor	48.8	Decreasing	From Increasing	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>
<u>Prices:</u>			
	<u>December</u>	<u>December vs. November</u>	<u>December vs. November</u>
MRO Items	57.5	Increasing	No Change
Capital Goods	58.8	Increasing	Slightly Slower
Raw Materials	62.8	Increasing	Slightly Faster
Components	56.5	Increasing	Slower
Computers	48.8	Decreasing	Slightly Slower
Services	56.5	Increasing	Slower
<u>Lead Times</u>			
MRO Items	48.8	Decreasing	From No Change
Capital Goods	55.2	Increasing	Slightly Slower
Raw Materials	62.2	Increasing	Faster
Components	60.6	Increasing	Slightly Slower
Computers	60.9	Increasing	Slower
Services	47.6	Decreasing	Faster
<u>Supplier Performance</u>			
	<u>December</u>	<u>December vs. November</u>	<u>December vs. November</u>
MRO Items	51.1	Improving	Slightly Slower
Capital Goods	48.7	Worsening	Slightly Slower
Raw Materials	50	No Change	From No Change
Components	50	No Change	From No Change
Computers	50	No Change	From No Change
Services	51.3	Improving	Slightly Slower