



December 2008
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 economic index decreased in December's index is 33.8. The Production index decreased in December at a slower rate with an index of 39.3. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 32.4 percent, 3.8 percentage points lower than the 36.2 percent reported in November. This is the lowest reading since June 1980 when the PMI registered 30.3 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 in December with an index of 52.2. All the sectors except MRO increased. The MRO sector index was 50. Lead times decreased in December. The MRO and Capital Goods sectors increased, the Raw Materials, Components and Services sectors decreased and the Computers sector remained unchanged. The New Orders Index decreased in December. The Imports Index decreased in December. The Raw Materials Inventory and the Finished Goods Inventory Indices decreased in December.

December's Employment Index decreased. The Availability of Skilled Workers Index and the Availability of Unskilled Workers Indices both decreased in December.

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

ISM's New Orders Index registered 22.7 percent in December, 5.2 percentage points lower than the 27.9 percent registered in November. This is the lowest reading on record for this index going back to January 1948. ISM's Employment Index registered 29.9 percent in December, which is a decrease of 4.3 percentage points when compared to the 34.2 percent reported in November. This is the lowest reading for the Employment Index since November 1982 when the index registered 28.2 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 2008 Colorado Front Range Manufacturing Survey

	<i>Colo. Index</i>	<i>Direction</i>	<i>National Index</i>	<i>Direction</i>	<i>Rate of Change</i>
<u>Series</u>	<u>December</u>	<u>December</u>	<u>December</u>	<u>October vs. September</u>	<u>October vs. September</u>
Purchasing Managers' Index	33.8	Decreasing	32.4	Decreasing	Faster
Production	39.3	Decreasing	25.5	Decreasing	Faster
New Orders	30	Decreasing	32.2	Decreasing	Faster
Backlog of Orders	21.4	Decreasing	22.7	Decreasing	Faster
Prices	52.2	Increasing	18	Decreasing	Faster
Lead Times	47.2	Decreasing	44.9	Decreasing	Faster
Import Orders	37.5	Decreasing	39	Decreasing	Slower
Raw Material Inventory	23.1	Decreasing	38.8*	Decreasing	Slightly Faster
Finished Goods Inventory	34.6	Decreasing	NA	NA	NA
Employment	28.1	Decreasing	29.9	Decreasing	Faster
Availability of Skilled Labor	35.7	Decreasing	NA	NA	NA
Availability of Unskilled Labor	45.5	Decreasing	NA	NA	NA

	<u>Colo. Index</u>	<u>Direction</u>
<u>Prices:</u>	<u>December</u>	<u>October vs. September</u>
MRO Items	50	No Change
Capital Goods	57.1	Increasing
Raw Materials	46.9	Decreasing
Components	53.3	Increasing
Computers	53.9	Increasing
Services	56.7	Increasing
<u>Lead Times</u>		
MRO Items	57.7	Increasing
Capital Goods	45.8	Decreasing
Raw Materials	43.3	Decreasing
Components	39.3	Decreasing
Computers	50	No Change
Services	42.9	Decreasing
<u>Supplier Performance</u>	<u>December</u>	<u>October vs. September</u>
MRO Items	57.7	Improving
Capital Goods	57.7	Improving
Raw Materials	43.3	Worsening
Components	39.3	Worsening
Computers	50	No Change
Services	42.9	Worsening