

**December 2006
Manufacturing
Business Conditions Survey**

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

The local manufacturing economy's PMI index increased at a slower rate in December than in November. The December 2006 Denver Manufacturing PMI is 51.6. November's index was 59. The Production index increased at a slightly faster rate with an index of 65.4 which compares to November's rate of 65.2. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 51.4 percent, an increase of 1.9 percentage points when compared to November's reading of 49.5 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 at a slower rate than in November. All sectors increased. The Lead Times Index in our Denver survey increased in December at a slower rate than in November. The Capital Goods, Raw Materials, and Components Sectors increased, while the MRO and Services Sectors decreased and the Computers Sector remained unchanged. The New Orders Index decreased, reversing November's increase. The Imports Index decreased. The Raw Materials Inventory Index and the Finished Goods Inventory Index decreased.

December's Employment Index decreased, reversing November's increase. The Availability of Skilled Workers Index increased and the Availability of Unskilled Workers Index remained unchanged in December.

Supplier performance in our Denver survey remained unchanged in all sectors.

ISM's New Orders Index registered 52.1 percent in December. The index is 3.4 percentage points higher than the 48.7 percent reported in November. Manufacturers' orders are once again growing after a one-month decline in November. ISM's Employment Index registered 49.7 percent in December, an increase of 0.5 percentage point when compared to November's reading of 49.2 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 2006 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. Nov</u>	<u>December vs. Nov</u>	<u>December</u>	<u>December vs. Nov</u>	<u>December vs. Nov</u>
Purchasing Managers' Index	51.6	Increasing	Slower	51.4	Increasing	From Decreasing
Production	65.4	Increasing	Slightly Faster	51.8	Increasing	From Decreasing
New Orders	46.2	Decreasing	From Increasing	52.1	Increasing	From Decreasing
Backlog of Orders	38.5	Decreasing	Faster	45	Decreasing	Faster
Prices	59.3	Increasing	Slower	47.5	Decreasing	From Increasing
Lead Times	53.3	Increasing	Slower	53.4	Increasing	Slightly Faster
Import Orders	41.7	Decreasing	From Increasing	55.5	Increasing	Slower
Raw Material Inventory	42.3	Decreasing	From Increasing	48.4*	Decreasing	Faster
Finished Goods Inventory	46.2	Decreasing	Slower	NA	NA	NA
Employment	46.2	Decreasing	From Increasing	49.7	Decreasing	Slightly Slower
Availability of Skilled Labor	55	Increasing	From Decreasing	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From No Change	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.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>December</u>	<u>December vs. Nov</u>	<u>December vs. Nov</u>
MRO Items	58.3	Increasing	No Change
Capital Goods	60	Increasing	Slower
Raw Materials	69.2	Increasing	Slightly Faster
Components	54.2	Increasing	Slower
Computers	54.6	Increasing	Faster
Services	53.9	Increasing	Slower
<u>Lead Times</u>			
MRO Items	45.8	Decreasing	From Increasing
Capital Goods	53.9	Increasing	Faster
Raw Materials	59.1	Increasing	Faster
Components	57.7	Increasing	Faster
Computers	50	No Change	From Increasing
Services	45.5	Decreasing	Faster
<u>Supplier Performance</u>	<u>December</u>	<u>December vs. Nov</u>	<u>December vs. Nov</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From Improving
Raw Materials	50	No Change	From Worsening
Components	50	No Change	From Worsening
Computers	50	No Change	From Improving
Services	50	No Change	From Improving