



February 2006
Manufacturing
Business Conditions Survey

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

More Good News! The local Denver manufacturing economy index continued its upward trend in February. The February 2006 Denver Manufacturing PMI was 57.7. January's index was 53.9. The Production index also increased at a faster rate with an index of 61.5, which compares to January's rate of 56.8. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 56.7 percent, an increase of 1.9 percentage points when compared to January's seasonally adjusted reading of 54.8 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 in February, at a faster rate than in January. All sectors increased except for the computers sector which remained unchanged from January. Lead times in our Denver survey increased in February also at a faster rate than in January. All sectors increased except for the MRO and Services sectors which decreased. The New Orders index increased and the Imports index went from a decreasing position to an increasing rate. Both the raw materials inventory and the finished goods inventory indices increased in February.

February's Employment Index increased at a slightly slower rate in February. Both the availability of skilled workers and the availability of unskilled workers indices decreased in February.

Supplier performance in our Denver survey improved in the MRO, computers and services sectors, worsened in the raw materials and components sectors and remained unchanged in the capital goods sector.

ISM's New Orders Index grew in February with a reading of 61.9 percent. The index is 3.9 percentage points higher than the seasonally adjusted 58 percent registered in January. ISM's Employment Index expanded for the ninth consecutive month in February. The index registered 55 percent in February compared to the seasonally adjusted 51.3 percent in January, an increase of 3.7 percentage points. 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 February'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.

February 2006 Colorado Front Range Manufacturing Survey

<i>Series</i>	<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>February</u>	<u>February vs. January</u>	<u>February vs. January</u>	<u>February</u>	<u>February vs. January</u>	<u>February vs. January</u>
Purchasing Managers' Index	57.7	Increasing	Faster	56.7	Increasing	Faster
Production	61.5	Increasing	Faster	61.9	Increasing	Faster
New Orders	57.7	Increasing	Slightly Faster	57.7	Increasing	Slightly Faster
Backlog of Orders	48	Decreasing	Slower	54.5	Increasing	Faster
Prices	67.9	Increasing	Faster	62.5	Increasing	Slower
Lead Times	56.8	Increasing	Faster	52.2	Increasing	Slower
Import Orders	54.2	Increasing	From Decreasing	57.5	Increasing	Faster
Raw Material Inventory	61.5	Increasing	From Decreasing	49.6*	Decreasing	Slower
Finished Goods Inventory	54	Increasing	From No Change	NA	NA	NA
Employment	51.9	Increasing	Slightly Slower	55	Increasing	Faster
Availability of Skilled Labor	41.3	Decreasing	Faster	NA	NA	NA
Availability of Unskilled Labor	47.8	Decreasing	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.

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	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>February</u>	<u>February vs. January</u>	<u>February vs. January</u>
MRO Items	62	Increasing	Slower
Capital Goods	65.9	Increasing	Faster
Raw Materials	84.6	Increasing	Faster
Components	76.9	Increasing	Faster
Computers	50	No Change	From No Change
Services	66	Increasing	Faster

Lead Times

MRO Items	48.1	Decreasing	From No Change
Capital Goods	53.9	Increasing	Slower
Raw Materials	56.8	Increasing	Faster
Components	65.4	Increasing	Faster
Computers	59.6	Increasing	Faster
Services	45.7	Decreasing	From Increasing

<u>Supplier Performance</u>	<u>February</u>	<u>February vs. January</u>	<u>February vs. January</u>
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MRO Items	51.9	Improving	From No Change
Capital Goods	50	No Change	From Worsening
Raw Materials	48	Worsening	Slightly Slower
Components	46.2	Worsening	From No Change
Computers	61.4	Improving	Faster
Services	58.3	Improving	Faster