



**February 2009
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 at a slower rate in February with an index of 38.5. January's index was 31.2. The Production index decreased in February 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 35.8 percent, which is 0.2 percentage point higher than the 35.6 percent reported in January. This is the 13th consecutive month of contraction in the manufacturing sector. (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 decreased in February with an index of 40.3. Prices decreased in all sectors. Lead times decreased in February. All sectors decreased except for the Services sector which remained unchanged. The New Orders Index decreased in February at a slower rate than in January. The Imports Index decreased in February at a slower rate. The Raw Materials Inventory Index decreased at a slower rate and the Finished Goods Inventory Index decreased at a faster rate in February compared to January.

February's Employment Index decreased at a slower rate than in January. The Availability of Skilled Workers Index and the Availability of Unskilled Workers Indices both remained unchanged in February.

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

ISM's New Orders Index registered 33.1 percent in February, 0.1 percentage point lower than the 33.2 percent registered in January. This is the 15th consecutive month of contraction in the New Orders Index. ISM's Employment Index registered 26.1 percent in February, which is 3.8 percentage points lower than the 29.9 percent reported in January. This is the seventh consecutive month of decline in employment. 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 2009 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	38.5	Decreasing	Slower	35.8	Decreasing	Slightly Slower
Production	39.3	Decreasing	Slower	36.3	Decreasing	Slower
New Orders	35.7	Decreasing	Slower	33.1	Decreasing	Slightly Faster
Backlog of Orders	35.7	Decreasing	Slower	31	Decreasing	Slower
Prices	40.3	Decreasing	From Increasing	29	Decreasing	No Change
Lead Times	44.6	Decreasing	From Increasing	46.7	Decreasing	Slower
Import Orders	35	Decreasing	Slower	32	Decreasing	Faster
Raw Material Inventory	34.6	Decreasing	Slower	37.0*	Decreasing	Slightly Faster
Finished Goods Inventory	35.7	Decreasing	Faster	NA	NA	NA
Employment	39.3	Decreasing	Slower	26.1	Decreasing	Faster
Availability of Skilled Labor	50	No Change	From Decreasing	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Decreasing	NA	NA	NA

	<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	38.5	Decreasing	From Increasing
Capital Goods	46.2	Decreasing	From No Change
Raw Materials	39.3	Decreasing	Faster
Components	32.1	Decreasing	From Increasing
Computers	45.5	Decreasing	From No Change
Services	38.5	Decreasing	From Increasing
<u>Lead Times</u>			
MRO Items	46.2	Decreasing	From Increasing
Capital Goods	42.3	Decreasing	From Increasing
Raw Materials	46.2	Decreasing	From No Change
Components	42.9	Decreasing	From Increasing
Computers	45.5	Decreasing	From No Change
Services	50	No Change	From No Change
<u>Supplier Performance</u>			
	<u>February</u>	<u>February vs. January</u>	<u>Rate of Change</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From Improving
Raw Materials	53.6	Improving	From No Change
Components	53.6	Improving	From No Change
Computers	54.6	Improving	From No Change
Services	53.9	Improving	From No Change