



January 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 economy declined in January with an index rate of 39. December's index was 51.7. The Production index also reversed itself in January with a rate of 22.2. December's Production index was 53.2. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 50.7 percent, an increase of 2.3 percentage points when compared to December's seasonally adjusted reading of 48.4 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 slower rate than in December. All sectors increased except for the Computers sector which decreased at a faster rate than in December. Lead times in our Denver survey increased in January at a faster rate than in December. The MRO and Raw Materials sectors remained unchanged, while the other sectors increased. The New Orders Index declined greatly from January. The Imports Index increased at a faster rate in January compared to December. The Raw Materials Inventory Index declined in January. The Finished Goods Inventory Index decreased at a faster rate than in December.

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

Supplier performance in our Denver survey worsened in the MRO and Raw Materials sectors and remained unchanged in the other sectors.

ISM's New Orders Index registered 49.5 percent in January. The index is 2.6 percentage points higher than the seasonally adjusted 46.9 percent reported in December. ISM's Employment Index registered 47.1 percent in January, which is a decrease of 1.6 percentage points when compared to December's seasonally adjusted reading of 48.7 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 January'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.

January 2008 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>January</u>	<u>January vs. December</u>	<u>January vs. December</u>	<u>January</u>	<u>January vs. December</u>	<u>January vs. December</u>
Purchasing Managers' Index	39	Decreasing	From Increasing	50.7	Increasing	From Decreasing
Production	22.2	Decreasing	From Increasing	55.2	Increasing	From Decreasing
New Orders	27.8	Decreasing	From No Change	49.5	Decreasing	Slower
Backlog of Orders	37.5	Decreasing	Faster	44	Decreasing	Slower
Prices	55	Increasing	Slower	76	Increasing	Faster
Lead Times	60.7	Increasing	Faster	52.8	Increasing	Slightly Slower
Import Orders	66.7	Increasing	Faster	52.5	Increasing	From Decreasing
Raw Material Inventory	37.5	Decreasing	From No Change	49.1*	Decreasing	Slower
Finished Goods Inventory	37.5	Decreasing	Faster	NA	NA	NA
Employment	61.1	Increasing	From Decreasing	47.1	Decreasing	Faster
Availability of Skilled Labor	44.4	Decreasing	Slower	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Decreasing	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>January</u>	<u>January vs. December</u>	<u>January vs. December</u>
MRO Items	56.3	Increasing	Slower
Capital Goods	57.1	Increasing	Slower
Raw Materials	62.5	Increasing	Slightly Slower
Components	56.3	Increasing	Slightly Slower
Computers	42.9	Decreasing	Faster
Services	62.5	Increasing	Faster
<u>Lead Times</u>			
MRO Items	50	No Change	From Decreasing
Capital Goods	56.3	Increasing	Faster
Raw Materials	50	No Change	From Increasing
Components	72.2	Increasing	Faster
Computers	75	Increasing	Faster
Services	56.3	Increasing	From Decreasing
<u>Supplier Performance</u>			
	<u>January</u>	<u>January vs. December</u>	<u>January vs. December</u>
MRO Items	43.8	Worsening	From Improving
Capital Goods	50	No Change	From Worsening
Raw Materials	37.5	Worsening	From No Change
Components	50	No Change	From No Change
Computers	50	No Change	From No Change
Services	50	No Change	From Improving