



**January 2006**  
**Manufacturing**  
**Business Conditions Survey**

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

Good News! The local Denver manufacturing economy index rebounded from the downturn in December. The January 2006 Denver Manufacturing PMI was 53.1. December's index was 46.9. The Production index also rebounded with an index of 53.8, which compares to December's rate of 48.3. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 54.8 percent, a decrease of 0.8 percentage point when compared to December's seasonally adjusted reading of 55.6 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 January, at a slower rate than in December. All sectors increased except for the computers sector which remained unchanged from December. Lead times in our Denver survey increased in January also at a slower rate than in December. All sectors increased except for the MRO sector which remained unchanged from December. The New Orders index increased and the Imports index decreased in January. The raw materials inventory index decreased and the finished goods inventory index showed no change from December.

January's Employment Index again reversed itself from December's decrease. The availability of skilled workers decreased at a faster rate than in December while the availability of unskilled workers index was unchanged in January.

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

ISM's New Orders Index grew in January with a reading of 58 percent. The index is 1.1 percentage points lower than the seasonally adjusted 59.1 percent registered in December, and January is the 33rd consecutive month the index has exceeded 50 percent. ISM's Employment Index expanded for the eighth consecutive month in January. The index registered 51.3 percent in January compared to the seasonally adjusted 53.6 percent in December, a decrease of 2.3 percentage points. Go to [www.ism.ws](http://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 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>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      | 53.1               | Increasing                  | From Decreasing             | 54.8                  | Increasing                  | Slower                      |
| Production                      | 56.8               | Increasing                  | From Decreasing             | 56.6                  | Increasing                  | Slower                      |
| New Orders                      | 56.8               | Increasing                  | From Decreasing             | 58                    | Increasing                  | Slower                      |
| Backlog of Orders               | 42.9               | Decreasing                  | Slower                      | 53.5                  | Increasing                  | From Decreasing             |
| Prices                          | 59.8               | Increasing                  | Slower                      | 65                    | Increasing                  | Faster                      |
| Lead Times                      | 53.1               | Increasing                  | Slower                      | 55.3                  | Increasing                  | Faster                      |
| Import Orders                   | 45                 | Decreasing                  | From No Change              | 57                    | Increasing                  | Faster                      |
| Raw Material Inventory          | 40.9               | Decreasing                  | From Increasing             | 46.5*                 | Decreasing                  | Faster                      |
| Finished Goods Inventory        | 50                 | No Change                   | From Decreasing             | NA                    | NA                          | NA                          |
| Employment                      | 52.3               | Increasing                  | From Decreasing             | 51.3                  | Increasing                  | Slower                      |
| Availability of Skilled Labor   | 47.6               | Decreasing                  | Slightly Faster             | 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.

## January 2006 Colorado Front Range Manufacturing Survey

|                                    | <u>Colo. Index</u> | <u>Direction</u>            | <u>Rate of Change</u>       |
|------------------------------------|--------------------|-----------------------------|-----------------------------|
| <b><u>Prices:</u></b>              |                    |                             |                             |
|                                    | <u>January</u>     | <u>January vs. December</u> | <u>January vs. December</u> |
| MRO Items                          | 68.2               | Increasing                  | Slightly Slower             |
| Capital Goods                      | 60                 | Increasing                  | Slower                      |
| Raw Materials                      | 61.4               | Increasing                  | Slower                      |
| Components                         | 59.5               | Increasing                  | Slower                      |
| Computers                          | 50                 | No Change                   | From Increasing             |
| Services                           | 52.3               | Increasing                  | Slower                      |
| <b><u>Lead Times</u></b>           |                    |                             |                             |
| MRO Items                          | 50                 | No Change                   | From No Change              |
| Capital Goods                      | 56.8               | Increasing                  | Slightly Slower             |
| Raw Materials                      | 52.5               | Increasing                  | Slower                      |
| Components                         | 56.8               | Increasing                  | Slower                      |
| Computers                          | 52.4               | Increasing                  | Slower                      |
| Services                           | 52.5               | Increasing                  | From No Change              |
| <b><u>Supplier Performance</u></b> |                    |                             |                             |
|                                    | <u>January</u>     | <u>January vs. December</u> | <u>January vs. December</u> |
| MRO Items                          | 50                 | No Change                   | From No Change              |
| Capital Goods                      | 47.5               | Worsening                   | From No Change              |
| Raw Materials                      | 47.7               | Worsening                   | Slightly Faster             |
| Components                         | 50                 | No Change                   | From No Change              |
| Computers                          | 52.5               | Improving                   | From No Change              |
| Services                           | 52.5               | Improving                   | Slower                      |