

July 2007
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 continued its improvement in July although at a slower rate as the Denver Manufacturing PMI was 56.7. June's index was 60. The Production index increased at a faster rate with an index of 66.7 which compares to June's rate of 64.8. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 53.8 percent, a decrease of 2.2 percentage points when compared to June's reading of 56 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 June. All sectors increased except for the computers sector which remained unchanged. Lead times in our Denver survey increased in July at a faster rate than in June. All sectors increased except the MRO and Services sectors which remained unchanged. The New Orders Index increased in July at a slower rate than in June. The Imports Index remained the same. The Raw Materials Inventory Index remained unchanged and the Finished Goods Inventory Index decreased at a faster rate than in June.

July's Employment Index showed a decrease which reversed the trend of the past three months. The Availability of Skilled Workers and the Availability of Unskilled Workers indices both decreased in July at faster rates than in June.

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

ISM's New Orders Index declined to 57.5 percent in July. The index is 2.8 percentage points lower than the 60.3 percent reported in June. ISM's Employment Index registered 50.2 percent in July, which is a decrease of 0.9 percentage point when compared to June's reading of 51.1 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 July'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.

July 2007 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>July</u> | <u>July vs. June</u> | <u>July vs. June</u> | <u>July</u> | <u>July vs. June</u> | <u>July vs. June</u> |
| Purchasing Managers' Index | 56.7 | Increasing | Slower | 53.8 | Increasing | Slower |
| Production | 66.7 | Increasing | Faster | 55.6 | Increasing | Slower |
| New Orders | 57.1 | Increasing | Slower | 57.5 | Increasing | Slower |
| Backlog of Orders | 55 | Increasing | Slower | 52 | Increasing | Slower |
| Prices | 59.5 | Increasing | Slower | 65 | Increasing | Slower |
| Lead Times | 55.6 | Increasing | Faster | 52 | Increasing | From Decreasing |
| Import Orders | 60.7 | Increasing | No Change | 54.5 | Increasing | No Change |
| Raw Material Inventory | 50 | No Change | From Increasing | 48.5* | Decreasing | Slower |
| Finished Goods Inventory | 40 | Decreasing | Faster | NA | NA | NA |
| Employment | 47.5 | Decreasing | From Increasing | 50.2 | Increasing | Slightly Slower |
| Availability of Skilled Labor | 33.3 | Decreasing | Faster | NA | NA | NA |
| Availability of Unskilled Labor | 36.8 | Decreasing | Faster | 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>July</u> | <u>July vs. June</u> | <u>July vs. June</u> |
| MRO Items | 57.1 | Increasing | Slower |
| Capital Goods | 61.8 | Increasing | Slightly Faster |
| Raw Materials | 67.5 | Increasing | Faster |
| Components | 61.1 | Increasing | Slower |
| Computers | 50 | No Change | From Increasing |
| Services | 57.9 | Increasing | Slower |
| <u>Lead Times</u> | | | |
| MRO Items | 50 | No Change | From Decreasing |
| Capital Goods | 52.4 | Increasing | From No Change |
| Raw Materials | 64.7 | Increasing | Faster |
| Components | 52.5 | Increasing | Slower |
| Computers | 58.3 | Increasing | Faster |
| Services | 50 | No Change | From No Change |
| <u>Supplier Performance</u> | <u>July</u> | <u>July vs. June</u> | <u>July vs. June</u> |
| MRO Items | 47.6 | Worsening | Slightly Faster |
| Capital Goods | 47.1 | Worsening | From No Change |
| Raw Materials | 50 | No Change | From Improving |
| Components | 50 | No Change | From Improving |
| Computers | 50 | No Change | From Improving |
| Services | 47.4 | Worsening | From Improving |