

July 2008
Non-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 Non-Manufacturing economy increased in July at a faster rate than in June. The Denver Non-Manufacturing PMI was 62.6. The June index was 57.8. The Production Index increased in July as the rate was 70. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing PMI/NMI which registered 49.5 percent, indicating contraction for the second consecutive month in the non-manufacturing sector. (ISM publishes the national Business Activity/Production Non-Manufacturing Index).

(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 Non-Manufacturing Survey increased at a faster rate in July. Prices in all sectors increased except in the Computers sector which decreased. Lead times in our Denver survey increased at a slightly faster rate in July than in June. The MRO and Capital Goods sectors increased, the Raw Materials, Components and Computers sectors remained unchanged and the Services sector decreased. The New Orders Index increased at a faster rate in July. The Raw Materials Inventory and the Finished Goods Inventory Indices remained unchanged in July.

The Employment Index decreased in July reversing the increasing rate of June. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index remained unchanged in July.

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

ISM's Non-Manufacturing New Orders Index contracted in July for the second consecutive month. The index decreased 0.7 percentage point to 47.9 percent from the 48.6 percent registered in June. Comments from respondents include: "Mid-market business is very slow"; "Advertisers cutting spending"; and "Business is slowing." ISM's Non-Manufacturing Employment Index for July registered 47.1 percent. This reflects an increase of 3.3 percentage points when compared to the 43.8 percent registered in June. Seven industries reported increased employment, seven industries reported a decrease, and four industries indicated employment is unchanged from June. Comments from respondents include: "Continued cost reductions"; "Positions left vacant, not being filled"; and "Hiring freeze in place." 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 2008 Colorado Front Range Non-Manufacturing Survey

<u>Series</u>	<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	62.6	Increasing	Faster	49.5*	Decreasing	Slower
Production	70	Increasing	From No Change	49.6	Decreasing	Slightly Faster
New Orders	80	Increasing	Faster	47.9	Decreasing	Slightly Faster
Backlog of Orders	37.5	Decreasing	From No Change	52	Increasing	From Decreasing
Prices	64.3	Increasing	Faster	80.8	Increasing	Slower
Lead Times	54	Increasing	Slightly Faster	53.5	Increasing	Faster
Raw Material Inventory	50	No Change	From Increasing	54.5**	Increasing	Faster
Finished Goods Inventory	50	No Change	From Decreasing	NA	NA	NA
Employment	40	Decreasing	From Increasing	47.1	Decreasing	Slower
Availability of Skilled Labor	40	Decreasing	From No Change	NA	NA	NA
Availability of Unskilled Labor	40	Decreasing	Faster	NA	NA	NA

*The national index is called the NMI (Non-Manufacturing Index)

**The national non-manufacturing survey lists only total inventories.

Note: The index for the overall Denver non-manufacturing economy is a composite based on five components: delivery times, inventory levels, new orders, production and employment. An index above 50 means the non-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	70	Increasing	Faster
Capital Goods	70	Increasing	Faster
Raw Materials	75	Increasing	From No Change
Components	66.7	Increasing	From No Change
Computers	40	Decreasing	From No Change
Services	70	Increasing	Faster
<u>Lead Times</u>			
MRO Items	60	Increasing	Faster
Capital Goods	60	Increasing	From No Change
Raw Materials	50	No Change	From Decreasing
Components	50	No Change	From Increasing
Computers	50	No Change	From No Change
Services	40	Decreasing	From No Change
<u>Supplier Performance</u>	<u>July</u>	<u>July vs. June</u>	<u>July vs. June</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	75	Improving	From No Change
Components	50	No Change	From No Change
Computers	60	Improving	Faster
Services	40	Worsening	From Improving

