



June 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 economic index is on a roller coaster ride. It changed course in June by increasing from May's decrease. June's index is 66.1. May's index was 46.6. The Production index also increased in June with a rate of 71.4. May's Production index was 42.3. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 50.2 percent, 0.6 percentage point higher than the 49.6 percent reported in May. (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 June. All sectors increased. Lead times in our Denver survey increased at a faster rate in June compared to May. All sectors increased except the Services sector which remained unchanged. The New Orders Index increased in June. The Imports Index increased in June reversing the decrease in May. The Raw Materials Inventory Index increased. The Finished Goods Inventory Index decreased in June.

June's Employment Index increased at a faster rate in June compared to May. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices remained unchanged in June.

Supplier performance in our Denver survey increased in all sectors except the Raw Materials sector which remained unchanged.

ISM's New Orders Index was 49.6 percent in June, 0.1 percentage point lower than the 49.7 percentage points registered in May. A New Orders Index above 51.6 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars). ISM's Employment Index registered 43.7 percent in June, which is a decrease of 1.8 percentage points when compared to the 45.5 percent reported in May. An Employment Index above 49.5 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing 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 June'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.

June 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>June</u>	<u>June vs. May</u>	<u>June vs. May</u>	<u>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
Purchasing Managers' Index	66.1	Increasing	From Decreasing	50.2	Increasing	From Decreasing
Production	71.4	Increasing	From Decreasing	51.5	Increasing	Slightly Faster
New Orders	71.4	Increasing	From Decreasing	49.6	Decreasing	Slightly Slower
Backlog of Orders	64.3	Increasing	From Decreasing	47.5	Decreasing	Slower
Prices	72.1	Increasing	Faster	91.5	Increasing	Faster
Lead Times	64.8	Increasing	Faster	55.1	Increasing	Faster
Import Orders	62.5	Increasing	From Decreasing	46	Decreasing	Faster
Raw Material Inventory	57.1	Increasing	Slower	51.2*	Increasing	From Decreasing
Finished Goods Inventory	42.9	Decreasing	From Increasing	NA	NA	NA
Employment	57.1	Increasing	Faster	43.7	Decreasing	Faster
Availability of Skilled Labor	50	No Change	From No Change	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Increasing	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>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
MRO Items	71.4	Increasing	Faster
Capital Goods	66.7	Increasing	Faster
Raw Materials	85.7	Increasing	Faster
Components	78.6	Increasing	Faster
Computers	58.3	Increasing	From Decreasing
Services	57.1	Increasing	Slower
<u>Lead Times</u>			
MRO Items	58.3	Increasing	From No Change
Capital Goods	57.1	Increasing	From No Change
Raw Materials	58.3	Increasing	Faster
Components	85.7	Increasing	Faster
Computers	64.3	Increasing	Faster
Services	50	No Change	From No Change
<u>Supplier Performance</u>			
	<u>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
MRO Items	57.1	Improving	From No Change
Capital Goods	57.1	Improving	From Worsening
Raw Materials	50	No Change	From Worsening
Components	57.1	Improving	From No Change
Computers	57.1	Improving	From No Change
Services	57.1	Improving	From No Change