

**June 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 June at a slower rate than in May. The Denver Non-Manufacturing PMI was 57.8. The May index was 63.9. The Production Index remained unchanged. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing PMI/NMI which registered 48.2 percent indicating contraction in the non-manufacturing sector after two consecutive months of growth. (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 slower rate in June. The MRO, Capital Goods and Services sectors increased and the Computers, Raw Materials and Components sectors remained unchanged. Lead times in our Denver survey increased in June reversing the decrease in May. The MRO and Components sectors increased, the Capital Goods, Computers and Services sectors remained unchanged and the Raw Materials sector decreased. The New Orders Index increased at a slower rate in June. The Raw Materials Inventory Index increased and the Finished Goods Inventory Index decreased in June.

The Employment Index increased in June at a faster rate than in May. The Availability of Skilled Workers Index remained unchanged and the Availability of Unskilled Workers Index decreased in June.

Supplier performance in our Denver survey improved in the Computers and Services sectors and remained unchanged in all other sectors.

ISM's Non-Manufacturing New Orders Index contracted in June after three consecutive months of growth. The index decreased 5 percentage points to 48.6 percent from the 53.6 percent registered in May. Comments from respondents include: "Customer cutbacks"; "Fewer leads or prospects"; and "General slowdown being observed." ISM's Non-Manufacturing Employment Index for June registered 43.8 percent. This reflects a decrease of 4.9 percentage points when compared to the 48.7 percent registered in May. Six industries reported increased employment, eight industries reported a decrease, and four industries indicated employment is unchanged from May. Comments from respondents include: "Incremental downsizing"; "Some positions eliminated"; and "We still have a significant number of open positions." 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 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 Non-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>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>
<b>Purchasing Managers' Index</b>	57.8	Increasing	Slower	48.2*	Decreasing	From Increasing
<b>Production</b>	50	No Change	From Increasing	49.9	Decreasing	From Increasing
<b>New Orders</b>	56.3	Increasing	Slower	48.6	Decreasing	From Increasing
<b>Backlog of Orders</b>	50	No Change	From No Change	49	Decreasing	No Change
<b>Prices</b>	53.9	Increasing	Slower	84.5	Increasing	Faster
<b>Lead Times</b>	53.2	Increasing	From Decreasing	50.5	Increasing	Slightly Slower
<b>Raw Material Inventory</b>	66.7	Increasing	Faster	53**	Increasing	Slower
<b>Finished Goods Inventory</b>	42.9	Decreasing	Slightly Faster	NA	NA	NA
<b>Employment</b>	68.8	Increasing	Faster	43.8	Decreasing	Faster
<b>Availability of Skilled Labor</b>	50	No Change	From Decreasing	NA	NA	NA
<b>Availability of Unskilled Labor</b>	42.9	Decreasing	From Increasing	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.

## June 2008 Colorado Front Range Non-Manufacturing Survey

	<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	62.5	Increasing	No Change
Capital Goods	57.1	Increasing	No Change
Raw Materials	50	No Change	From Increasing
Components	50	No Change	From No Change
Computers	50	No Change	From Decreasing
Services	56.3	Increasing	Slower
<u>Lead Times</u>			
MRO Items	56.3	Increasing	From No Change
Capital Goods	50	No Change	From Increasing
Raw Materials	42.9	Decreasing	From No Change
Components	66.7	Increasing	From Decreasing
Computers	50	No Change	From No Change
Services	50	No Change	From Decreasing
<u>Supplier Performance</u>	<u>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
MRO Items	50	No Change	From Worsening
Capital Goods	50	No Change	From Worsening
Raw Materials	50	No Change	From Improving
Components	50	No Change	From No Change
Computers	56.3	Improving	No Change
Services	56.3	Improving	Slower

