



June 2006
Manufacturing
Business Conditions Survey

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

The local economy is expanding, although at a slower rate than in May. The June 2006 Denver Manufacturing PMI was 52.5. May's index was 60.2. The Production index increased at a slower rate with an index of 56.9, which compares to May's rate of 67.1. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 53.8 percent, a decrease of 0.6 percentage point when compared to May's reading of 54.4 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 June at a slower rate than in May. All sectors increased, except for the Computers sector which decreased and the Services sector which remained unchanged. The Lead Times Index in our Denver survey increased in June at a slower rate than in May. All sectors increased except for the Computers and Services sectors which remained unchanged. The New Orders Index and the Imports Index remained unchanged. The Raw Materials Inventory Index decreased and the Finished Goods Inventory Index was unchanged from May.

June's Employment Index increased at a slower rate in June. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index increased in June, reversing May's decline.

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

ISM's New Orders Index registered 57.9 percent in June. The index is 4.2 percentage points higher than the 53.7 percent registered in May. June is the 38th consecutive month the index has exceeded 50 percent. The ISM Employment Index contracted in June following 12 consecutive months of growth. The index registered 48.7 percent in June compared to 52.9 percent in May, a decrease of 4.2 percentage points. 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 2006 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	52.5	Increasing	Slower	53.8	Increasing	Slower
Production	56.9	Increasing	Slower	55.1	Increasing	Slower
New Orders	50	No Change	From Increasing	57.9	Increasing	Faster
Backlog of Orders	46.6	Decreasing	From Increasing	54	Increasing	Faster
Prices	55.8	Increasing	Slower	76.5	Increasing	Slightly Slower
Lead Times	53.9	Increasing	Slower	55	Increasing	Slower
Import Orders	50	No Change	From Decreasing	56.5	Increasing	No Change
Raw Material Inventory	48.2	Decreasing	Slower	46.9*	Decreasing	Faster
Finished Goods Inventory	50	No Change	From No Change	NA	NA	NA
Employment	51.7	Increasing	Slower	48.7	Decreasing	From Increasing
Availability of Skilled Labor	48.1	Decreasing	Slower	NA	NA	NA
Availability of Unskilled Labor	51.9	Increasing	From Decreasing	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.

	<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	60.3	Increasing	Slower
Capital Goods	58	Increasing	Slower
Raw Materials	57.1	Increasing	Slower
Components	57.4	Increasing	Slower
Computers	46.3	Decreasing	From Increasing
Services	50	No Change	From Increasing
<u>Lead Times</u>			
MRO Items	51.7	Increasing	From Decreasing
Capital Goods	55.2	Increasing	Faster
Raw Materials	52	Increasing	Slower
Components	60.7	Increasing	Slower
Computers	50	No Change	From Increasing
Services	50	No Change	From Increasing
<u>Supplier Performance</u>	<u>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
MRO Items	50	No Change	From No Change
Capital Goods	48	Decreasing	From No Change
Raw Materials	48.2	Worsening	Slower
Components	50	No Change	From Worsening
Computers	53.7	Improving	From Worsening
Services	53.7	Improving	From No Change