

**June 2006**  
**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 area Non-Manufacturing survey decreased in June. That reverses the increase in May. The survey indicates a PMI of 49.8 compared to an index of 53.2 in May. The Production Index also was on the negative side with an index of 45.5. The Production index in May was 52.9. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for June of 57 percent compared to the 60.1 percent registered in May, indicating a slower rate of growth in business activity in June... (ISM publishes the national non-manufacturing survey).

(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).

Prices increased overall at a slightly slower rate for non-manufacturing for the Denver Business Survey in June. The index for June is 60 compared to 60.3 in May. Prices in all non-manufacturing sectors increased. Lead times for services in our Denver survey increased in June at a faster rate than in May. The index for lead times overall was 56.6 compared to 53.9 in May.

The New Orders Index decreased in June reversing May's increase. The Raw Materials Index and the Finished Goods Index both decreased in June.

The Employment Index increased in June. The Availability of Skilled Labor Index increased in June at a slower rate than in May. The Availability of Unskilled Labor Index increased in June, which is a change from May's decline.

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

The ISM June New Orders Index decreased to 56.6 percent in June from the 59.6 percent registered in May. This indicates continued expansion of new orders, but at a slower rate of growth than in May. ISM's Non-Manufacturing Employment Index for June is 52 percent, a decrease of 6 percentage points from the 58 percent reported in May. For the complete ISM report, go to [www.ism.ws](http://www.ism.ws)

For further information on the Denver non-manufacturing survey, or to participate in it, call Dr. MP 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 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>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>	49.8	Decreasing	From Increasing	NA*	NA	NA
<b>Production</b>	45.5	Decreasing	From Increasing	57	Increasing	Slower
<b>New Orders</b>	45.2	Decreasing	From Increasing	56.6	Increasing	Slower
<b>Backlog of Orders</b>	38.1	Decreasing	Faster	55.5	Increasing	Faster
<b>Prices</b>	60	Increasing	Slightly Slower	73.9	Increasing	Slower
<b>Lead Times</b>	56.6	Increasing	Faster	56	Increasing	Slightly Slower
<b>Raw Material Inventory</b>	45.8	Decreasing	From No Change	51.5*	Increasing	Slower
<b>Finished Goods Inventory</b>	44.7	Decreasing	From Increasing	NA	NA	NA
<b>Employment</b>	59.1	Increasing	Faster	52	Increasing	Slower
<b>Availability of Skilled Labor</b>	54.6	Increasing	Slower	NA	NA	NA
<b>Availability of Unskilled Labor</b>	56.8	Increasing	From Decreasing	NA	NA	NA

\*The national non-manufacturing survey does not list a PMI.

\*\*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.**

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<b><u>Prices:</u></b>	<b><u>June</u></b>	<b><u>June vs. May</u></b>	<b><u>June vs. May</u></b>
MRO Items	64.3	Increasing	Slightly Faster
Capital Goods	61.9	Increasing	Slightly Faster
Raw Materials	62.5	Increasing	Slower
Components	58.8	Increasing	Slower
Computers	52.4	Increasing	From No Change
Services	54.8	Increasing	Slower

**Lead Times**

MRO Items	47.6	Decreasing	From Increasing
Capital Goods	59.5	Increasing	Faster
Raw Materials	62.5	Increasing	Faster
Components	60	Increasing	Faster
Computers	53.1	Increasing	From No Change
Services	45.2	Decreasing	From Increasing

**Supplier Performance**

	<u>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
MRO Items	50	No Change	From Improving
Capital Goods	50	No Change	From Improving
Raw Materials	46.2	Worsening	From No Change
Components	50	No Change	From Improving
Computers	57.1	Improving	Faster
Services	57.1	Improving	Slower