



March 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 economy index declined in March again reversing the positive trend of February. March's index is 44.5. February's index was 58.1. The Production index remained unchanged in March with a rate of 50. February's Production index was 61.5. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 48.6 percent, which is an increase of 0.3 percentage point when compared to February's seasonally adjusted reading of 48.3 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 decreased at a faster rate than in February. The Capital Goods sector decreased, the Raw Materials sector increased and the other sectors remained unchanged. Lead times in our Denver survey increased in March at a faster rate than in February. The Raw Materials and Computers sectors increased while the other sectors remained unchanged. The New Orders Index decreased in March. The Imports Index decreased at a faster rate in March compared to February. Both the Raw Materials Inventory Index and the Finished Goods Inventory Index declined in March at a faster rate than in February.

March's Employment Index decreased. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index remained unchanged in March.

Supplier performance in our Denver survey worsened in the Capital Goods sector and remained unchanged in all other sectors.

ISM's New Orders Index 46.5 percent in March. The index is 2.6 percentage points lower than the seasonally adjusted 49.1 percent reported in February. ISM's Employment Index registered 49.2 percent in March, which is an increase of 3.2 percentage points when compared to February's seasonally adjusted reading of 46 percent. 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 April'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.

March 2008 Colorado Front Range 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>March</u>	<u>March vs. February</u>	<u>March vs. February</u>	<u>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
Purchasing Managers' Index	44.5	Decreasing	From Increasing	48.6	Decreasing	Slightly Slower
Production	50	No Change	From Decreasing	48.7	Decreasing	From Increasing
New Orders	57.7	Increasing	From Increasing	46.5	Decreasing	Faster
Backlog of Orders	41.7	Decreasing	From No Change	47.5	Decreasing	Slower
Prices	49.7	Decreasing	From Increasing	83.5	Increasing	Faster
Lead Times	58	Increasing	Faster	53.6	Increasing	Faster
Import Orders	33.3	Decreasing	Faster	45	Decreasing	Faster
Raw Material Inventory	25	Decreasing	Faster	44.9*	Decreasing	Slightly Faster
Finished Goods Inventory	20	Decreasing	Faster	NA	NA	NA
Employment	41.7	Decreasing	From Increasing	49.2	Decreasing	Slower
Availability of Skilled Labor	41.7	Decreasing	Faster	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.

April 2008

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
MRO Items	50	No Change	From Increasing
Capital Goods	40	Decreasing	From Increasing
Raw Materials	58.3	Increasing	Slower
Components	50	No Change	From Increasing
Computers	50	No Change	From Increasing
Services	50	No Change	From Increasing

Lead Times

MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From Increasing
Raw Materials	70	Increasing	Faster
Components	50	No Change	From Increasing
Computers	70	Increasing	Faster
Services	50	No Change	From No Change

<u>Supplier Performance</u>	<u>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
MRO Items	50	No Change	From Worsening
Capital Goods	40	Worsening	Faster
Raw Materials	50	No Change	From Decreasing
Components	50	No Change	From Decreasing
Computers	50	No Change	From No Change
Services	50	No Change	From No Change