

March 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 remained approximately the same in March as in February. The Denver Non-Manufacturing PMI was 49.4. The Production Index remained unchanged with an index of 50. The Denver Non-Manufacturing Production Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing Index of 49.6 percent, indicating a contraction in the non-manufacturing sector. (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 faster rate in March. The MRO, Capital Goods, Components, Computers and Services sectors increased and the Raw Materials sector decreased. Lead times in our Denver survey decreased in March reversing the increase in February. The MRO, Capital Goods and Services sectors decreased, the Raw Materials sector increased and the Components and Computers sectors remained unchanged. The New Orders Index decreased at a slightly slower rate in March. The Raw Materials Inventory Index increased at a faster rate and the Finished Goods Inventory Index increased in March.

The Employment Index decreased at a faster rate in March. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices both decreased in March.

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

ISM's New Orders Index increased to 50.2 percent from the 49.6 percent registered in February. ISM's Employment Index was 46.9 percent, the same as February. 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 March'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 Non-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>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	49.4	Decreasing	Slightly Slower	49.6	Increasing	Slightly Faster
Production	50	No Change	From Increasing	52.2	Increasing	Faster
New Orders	41.7	Decreasing	Slightly Slower	50.2	Increasing	From Decreasing
Backlog of Orders	41.7	Decreasing	Slower	47.5	Decreasing	Faster
Prices	60.1	Increasing	Faster	70.8	Increasing	Faster
Lead Times	38.6	Decreasing	From Increasing	49	Decreasing	From No Change
Raw Material Inventory	100	Increasing	Faster	51.5*	Increasing	From No Change
Finished Goods Inventory	70	Increasing	From No Change	NA	NA	NA
Employment	42.9	Decreasing	Faster	46.9	Decreasing	No Change
Availability of Skilled Labor	35.7	Decreasing	Slower	NA	NA	NA
Availability of Unskilled Labor	33.3	Decreasing	Faster	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.

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	<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	75	Increasing	Faster	
Capital Goods	83.3	Increasing	Faster	
Raw Materials	25	Decreasing	From No Change	
Components	60	Increasing	Slightly Faster	
Computers	57.1	Increasing	Faster	
Services	64.3	Increasing	Faster	
<u>Lead Times</u>				
MRO Items	42.9	Decreasing	Slower	
Capital Goods	41.7	Decreasing	From No Change	
Raw Materials	58.3	Increasing	No Change	
Components	50	No Change	From No Change	
Computers	50	No Change	From Increasing	
Services	42.9	Decreasing	Slower	
	<u>Supplier Performance</u>	<u>March</u>	<u>March vs February</u>	<u>March vs February</u>
MRO Items	50	No Change	From No Change	
Capital Goods	50	No Change	From Worsening	
Raw Materials	50	No Change	From No Change	
Components	40	Worsening	Faster	
Computers	64.3	Improving	Faster	
Services	64.3	Improving	Faster	