

May 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 May for the second consecutive month. The Denver Non-Manufacturing PMI was 63.9. The Production Index also increased with an index of 72.2. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing PMI/NMI which registered 51.7 percent, indicating growth in the non-manufacturing sector for the second consecutive month. (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 May. The MRO, Capital Goods, Raw Materials and Services sectors increased, the Computers sector decreased and the Components sector remained unchanged. Lead times in our Denver survey decreased in May reversing the increase in April. The MRO, Raw Materials and Computers sectors remained unchanged, decreased, the Capital Goods sector increased and the Components and Services sectors decreased. The New Orders Index increased at a slower rate in May. The Raw Materials Inventory Index increased and the Finished Goods Inventory Index decreased in May.

The Employment Index increased in May. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index increased in May.

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

ISM's Non-Manufacturing New Orders Index grew in May for the third consecutive month. The index increased 3.5 percentage points to 53.6 percent from the 50.1 percent registered in April. Comments from respondents include: "Orders released by customers"; and "New sales people, new customers" ISM's Non-Manufacturing Employment Index for May registered 48.7 percent. This reflects a decrease of 2.1 percentage points when compared to the 50.8 percent registered in April. Eight industries reported increased employment, seven industries reported a decrease, and three industries indicated employment is unchanged from April 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 May'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.

May 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>May</u>	<u>May vs. April</u>	<u>May vs. April</u>	<u>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
Purchasing Managers' Index	63.9	Increasing	Faster	51.7*	Increasing	Slower
Production	72.2	Increasing	Faster	53.6	Increasing	Faster
New Orders	68.8	Increasing	Slower	53.6	Increasing	Faster
Backlog of Orders	50	No Change	From Increasing	49	Decreasing	From No Change
Prices	55.2	Increasing	Slower	77	Increasing	Faster
Lead Times	46.4	Decreasing	From Increasing	51	Increasing	Slower
Raw Material Inventory	60	Increasing	Slower	54**	Increasing	From Decreasing
Finished Goods Inventory	43.8	Decreasing	From Increasing	NA	NA	NA
Employment	61.1	Increasing	Slower	48.7	Decreasing	From Increasing
Availability of Skilled Labor	44.4	Decreasing	From Increasing	NA	NA	NA
Availability of Unskilled Labor	61.1	Increasing	Slower	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.

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	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
MRO Items	62.5	Increasing	Faster
Capital Goods	57.1	Increasing	Slower
Raw Materials	62.5	Increasing	Faster
Components	50	No Change	From Increasing
Computers	43.8	Decreasing	From No Change
Services	68.8	Increasing	Faster
<u>Lead Times</u>			
MRO Items	50	No Change	From Decreasing
Capital Goods	57.1	Increasing	From No Change
Raw Materials	50	No Change	From Increasing
Components	25	Decreasing	From No Change
Computers	50	No Change	From No Change
Services	42.9	Decreasing	From Increasing
<u>Supplier Performance</u>			
	<u>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
MRO Items	42.9	Worsening	From No Change
Capital Goods	42.9	Worsening	From Improving
Raw Materials	62.5	Improving	From Worsening
Components	50	No Change	From Worsening
Computers	56.3	Improving	No Change
Services	62.5	Improving	Faster