

**May 2007**  
**Manufacturing**  
**Business Conditions Survey**

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

The local manufacturing economy's PMI index continued its positive trend in May at a slower rate. The May 2007 Denver Manufacturing PMI is 55.8. April's index was 58.9. The Production index increased at a slightly slower rate with an index of 58.3 which compares to April's rate of 59.1. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 55 percent, an increase of 0.3 percentage point when compared to April's reading of 54.7 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 at a faster rate in May than April. All sectors increased. The Lead Time Index in our Denver survey increased in May reversing the decreasing rate in April. The MRO, Capital Goods, Raw Materials and Components Sectors increased, while the Services Sector decreased and the Computers Sectors remained unchanged. The New Orders Index increased at a slower rate than in April. The Imports Index increased in May reversing the decrease shown in April. The Raw Materials Inventory Index decreased in May and the Finished Goods Inventory Index increased in May.

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

Supplier performance in our Denver survey increased in the MRO and Services Sectors, decreased in the Computers Sector and remained unchanged in all other sectors.

ISM's New Orders Index registered 59.6 percent in May. The index is 1.1 percentage points higher than the 58.5 percent reported in April. ISM's Employment Index registered 51.9 percent in May, which is a decrease of 1.2 percentage points when compared to April's reading of 53.1 percent. Go to [www.ism.ws](http://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 2007 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>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>
<b>Purchasing Managers' Index</b>	55.8	Increasing	Slower	55	Increasing	Slightly Faster
<b>Production</b>	58.3	Increasing	Slightly Slower	58.3	Increasing	Faster
<b>New Orders</b>	57.1	Increasing	Slower	59.6	Increasing	Faster
<b>Backlog of Orders</b>	44.4	Decreasing	From Increasing	52.5	Increasing	Slower
<b>Prices</b>	63.7	Increasing	Faster	71	Increasing	Slower
<b>Lead Times</b>	53	Increasing	From Decreasing	50.3	Increasing	Slightly Faster
<b>Import Orders</b>	53.1	Increasing	From Decreasing	57.5	Increasing	Slightly Slower
<b>Raw Material Inventory</b>	48.1	Decreasing	From No Change	46.1*	Decreasing	Slightly Faster
<b>Finished Goods Inventory</b>	52	Increasing	From Decreasing	NA	NA	NA
<b>Employment</b>	56.7	Increasing	Slower	51.9	Increasing	Slower
<b>Availability of Skilled Labor</b>	48.2	Decreasing	Slower	NA	NA	NA
<b>Availability of Unskilled Labor</b>	53.9	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>
<b><u>Prices</u></b>	<b><u>May</u></b>	<b><u>May vs. April</u></b>	<b><u>May vs. April</u></b>
MRO Items	59.6	Increasing	From No Change
Capital Goods	66.7	Increasing	Slower
Raw Materials	74.1	Increasing	Faster
Components	66	Increasing	Faster
Computers	52.3	Increasing	Slower
Services	59.3	Increasing	Faster
<b><u>Lead Times</u></b>			
MRO Items	51.9	Increasing	From Decreasing
Capital Goods	51.9	Increasing	From Decreasing
Raw Materials	57.1	Increasing	From No Change
Components	53.9	Increasing	Slightly Slower
Computers	50	No Change	From No Change
Services	47.3	Decreasing	Slower
<b><u>Supplier Performance</u></b>	<b><u>May</u></b>	<b><u>May vs. April</u></b>	<b><u>May vs. April</u></b>
MRO Items	51.9	Improving	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From Worsening
Components	50	No Change	From Worsening
Computers	47.7	Worsening	From No Change
Services	52.3	Improving	From No Change