



May 2007
Non-Manufacturing
Business Conditions Survey

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

Good news! The local Denver area Non-Manufacturing survey improved in May reversing the decreasing trend of the past five months. The survey indicates a PMI of 59.2. The Production Index is 64.8. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for May of 59.7 percent compared to the 56 percent registered in March, indicating a faster rate of growth in business activity in May. (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

Also, please note there was no report on the local Denver Non-Manufacturing economy in April, so all comparisons on the local survey involve the months of May and March).

The overall price index for non-manufacturing for the Denver Business Survey in May is 56.6. Prices increased in all sectors. Lead times for services in our Denver survey increased at a slower rate than in March. The May index is 52.8.

The New Orders Index increased in May with an index of 56.3. The Raw Materials Inventory Index increased in May and the Finished Goods Inventory Index remained unchanged.

The Employment Index increased in May.

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

The ISM Non-Manufacturing New Orders Sector increased to 57.4 percent in May from the 55.5 percent registered in March. This indicates continued expansion of new orders at a faster rate than in March. ISM's Non-Manufacturing Employment Index for May is 54.9 percent, a 3 percentage point increase from the 51.9 percent reported in March. For the complete ISM report, go to 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.

May 2007 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>May</u>	<u>May vs. March</u>	<u>May vs. March</u>	<u>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
Purchasing Managers' Index	59.2	Increasing	From Decreasing	NA*	NA	NA
Production	64.8	Increasing	From Decreasing	59.7	Increasing	Faster
New Orders	56.3	Increasing	From Decreasing	57.4	Increasing	Faster
Backlog of Orders	52.6	Increasing	From Decreasing	48	Decreasing	From No Change
Prices	56.6	Increasing	Slower	66.4	Increasing	Faster
Lead Times	52.8	Increasing	Slower	49.5	Decreasing	From Increasing
Raw Material Inventory	62.5	Increasing	From Decreasing	61*	Increasing	Faster
Finished Goods Inventory	50	No Change	No Change	NA	NA	NA
Employment	59.6	Increasing	From No Change	54.9	Increasing	Faster
Availability of Skilled Labor	28	Decreasing	Slower	NA	NA	NA
Availability of Unskilled Labor	44	Decreasing	From No Change	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.

Colo. Index Direction Rate of Change

<u>Prices:</u>	<u>May</u>	<u>May vs. March</u>	<u>May vs. March</u>
MRO Items	59.1	Increasing	Slower
Capital Goods	63	Increasing	Slower
Raw Materials	55.6	Increasing	Slower
Components	53.3	Increasing	Slower
Computers	52.2	Increasing	Slower
Services	62	Increasing	Slower

Lead Times

MRO Items	48	Decreasing	From Increasing
Capital Goods	50	No Change	From Increasing
Raw Materials	59.1	Increasing	Slower
Components	50	No Change	From Increasing
Computers	56.7	Increasing	Slower
Services	50	No Change	From No Change

<u>Supplier Performance</u>	<u>May</u>	<u>May vs. March</u>	<u>May vs. March</u>
MRO Items	52.2	Improving	Slower
Capital Goods	45.7	Worsening	From Increasing
Raw Materials	45	Worsening	From Increasing
Components	50	No Change	From Increasing
Computers	54.4	Improving	Slower
Services	52.2	Improving	Slower