

February 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 rebounded in February to a positive outlook. The February 2007 Denver Manufacturing PMI is 56.2. January's index was 46.4. The Production index also rebounded with an index of 57.1 which compares to January's rate of 42.9. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 52.3 percent, an increase of 3 percentage points when compared to January's seasonally adjusted reading of 49.3 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 increased in February at a higher rate than in January. All sectors increased. The Lead Times Index in our Denver survey increased in February at a slower rate than in January. All sectors increased except the MRO and Services Sectors which remained unchanged from January. The New Orders Index increased reversing the negative outlook of the previous two months. The Imports Index increased. The Raw Materials Inventory Index and Finished Goods Inventory Index increased at the same rate as in January.

February's Employment Index increased reversing the decrease of the previous two months. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index remained unchanged in February.

Supplier performance in our Denver survey increased in the Raw Material, Computers and Services Sectors and remained unchanged in the MRO, Capital Goods and Components Sectors.

ISM's New Orders Index registered 54.9 percent in February. The index is 4.6 percentage points higher than the seasonally adjusted 50.3 percent reported in January. ISM's Employment Index registered 51.1 percent in February as the Index increased 1.6 percentage points when compared to January's seasonally adjusted reading of 49.5 percent. Go to [www.ism.ws/Manufacturing Survey](http://www.ism.ws/Manufacturing_Survey) 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 February'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.

February 2007 Colorado Front Range 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>February</u>	<u>February vs. Jan</u>	<u>February vs. Jan</u>	<u>February</u>	<u>February vs. Jan</u>	<u>February vs. Jan</u>
Purchasing Managers' Index	56.2	Increasing	From Decreasing	52.3	Increasing	From Decreasing
Production	57.1	Increasing	From Decreasing	54.1	Increasing	From Decreasing
New Orders	57.1	Increasing	From Decreasing	54.9	Increasing	Faster
Backlog of Orders	42.9	Decreasing	No Change	51.5	Increasing	From Decreasing
Prices	65.6	Increasing	Faster	59	Increasing	Faster
Lead Times	55.8	Increasing	Slower	50.8	Increasing	Slower
Import Orders	66.7	Increasing	From Decreasing	61.5	Increasing	Faster
Raw Material Inventory	50	No Change	From Decreasing	44.6*	Decreasing	Slower
Finished Goods Inventory	53.6	Increasing	No Change	NA	NA	NA
Employment	57.1	Increasing	From Decreasing	51.1	Increasing	From Decreasing
Availability of Skilled Labor	45.8	Decreasing	From No Change	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From No Change	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>
<u>Prices:</u>	<u>February</u>	<u>February vs. Jan</u>	<u>February vs. Jan</u>
MRO Items	65.4	Increasing	Faster
Capital Goods	72.7	Increasing	Faster
Raw Materials	71.4	Increasing	Faster
Components	64.3	Increasing	Faster
Computers	54.2	Increasing	Slower
Services	61.5	Increasing	Faster
<u>Lead Times</u>			
MRO Items	50	No Change	From Increasing
Capital Goods	57.7	Increasing	Faster
Raw Materials	63.6	Increasing	Faster
Components	53.6	Increasing	Slower
Computers	53.9	Increasing	No Change
Services	50	No Change	From No Change
<u>Supplier Performance</u>	<u>February</u>	<u>February vs. Jan</u>	<u>February vs. Jan</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From Improving
Raw Materials	53.9	Improving	Slightly Faster
Components	50	No Change	From Improving
Computers	54.2	Improving	No Change
Services	54.6	Improving	Slightly Faster