



July 2006
Manufacturing
Business Conditions Survey

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

The local economy is expanding at faster rate than in June. The July 2006 Denver Manufacturing PMI was 56.6. June's index was 52.5. The Production index increased also at a faster rate with an index of 61.7, which compares to June's rate of 56.9. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 54.7 percent, an increase of 0.9 percentage point when compared to June's reading of 53.8 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 July at a faster rate than in June. All sectors increased. The Lead Times Index in our Denver survey increased in July at a faster rate than in June. All sectors increased except for the Services sector which decreased. The New Orders Index increased while the Imports Index decreased. The Raw Materials Inventory Index remained unchanged from June and the Finished Goods Inventory Index decreased.

July's Employment Index increased at a faster rate than in June. The Availability of Skilled Workers Index decreased at a faster rate than in June and the Availability of Unskilled Workers Index decreased in July, reversing June's increase.

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

ISM's New Orders Index registered 56.1 percent in July. The index is 1.8 percentage points lower than the 57.9 percent registered in June. July is the 39th consecutive month the index has exceeded 50 percent. The ISM Employment Index contracted registered 50.7 in July, an increase of 2 percentage points when compared to June's reading of 48.7 percent. 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 July'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.

July 2006 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>July</u>	<u>July vs. June</u>	<u>July vs. June</u>	<u>July</u>	<u>July vs. June</u>	<u>July vs. June</u>
Purchasing Managers' Index	56.6	Increasing	Faster	54.7	Increasing	Faster
Production	61.7	Increasing	Faster	57.6	Increasing	Faster
New Orders	55	Increasing	From No Change	56.1	Increasing	Slower
Backlog of Orders	55	Increasing	From Decreasing	50.5	Increasing	Slower
Prices	64.6	Increasing	Faster	78.5	Increasing	Faster
Lead Times	59.9	Increasing	Faster	55.4	Increasing	Slightly Faster
Import Orders	45.8	Decreasing	From No Change	57.5	Increasing	Faster
Raw Material Inventory	50	No Change	From Decreasing	50.5*	Increasing	From Decreasing
Finished Goods Inventory	41.7	Decreasing	From No Change	NA	NA	NA
Employment	53.3	Increasing	Faster	50.7	Increasing	From Decreasing
Availability of Skilled Labor	46.3	Decreasing	Faster	NA	NA	NA
Availability of Unskilled Labor	44	Decreasing	From Increasing	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>July</u>	<u>July vs. June</u>	<u>July vs. June</u>
MRO Items	65	Increasing	Faster
Capital Goods	66.7	Increasing	Faster
Raw Materials	71.7	Increasing	Faster
Components	65.5	Increasing	Faster
Computers	54	Increasing	From Decreasing
Services	61.7	Increasing	From No Change
<u>Lead Times</u>			
MRO Items	53.5	Increasing	Faster
Capital Goods	53.5	Increasing	Slower
Raw Materials	58.3	Increasing	Faster
Components	73.3	Increasing	Faster
Computers	60.7	Increasing	From No Change
Services	47.8	Decreasing	From No Change
<u>Supplier Performance</u>	<u>July</u>	<u>July vs. June</u>	<u>July vs. June</u>
MRO Items	50	No Change	From No Change
Capital Goods	47.9	Worsening	Slightly Faster
Raw Materials	45	Worsening	Faster
Components	53.5	Improving	From No Change
Computers	54.2	Improving	Slightly Faster
Services	56	Improving	Faster