

March 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 March. The March 2007 Denver Manufacturing PMI is 59.8. February's index was 56.2. The Production index also increased with an index of 66.7 which compares to February's rate of 57.1. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 50.9 percent, a decrease of 1.4 percentage points when compared to February's seasonally adjusted reading of 52.3 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 at a slower rate in March than February. All sectors increased. The Lead Times Index in our Denver survey increased in March at a faster rate than in February. All sectors increased. The New Orders Index increased at a faster rate in March. The Imports Index increased at a slower rate in March. The Raw Materials Inventory Index increased in March and Finished Goods Inventory Index increased at a slightly faster rate than in February.

March's Employment Index decreased reversing the increase of February. The Availability of Skilled Workers Index decreased at a faster rate and the Availability of Unskilled Workers Index decreased compared to February.

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

ISM's New Orders Index registered 51.6 percent in March. The index is 3.3 percentage points lower than the seasonally adjusted 54.9 percent reported in February. ISM's Employment Index registered 48.7 percent in March, a decrease of 2.4 percentage points when compared to February's seasonally adjusted reading of 51.1 percent. Go to 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 March'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.

March 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>March</u>	<u>March vs. February</u>	<u>March vs. February</u>	<u>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
Purchasing Managers' Index	59.8	Increasing	Faster	50.9	Increasing	Slower
Production	66.7	Increasing	Faster	53	Increasing	Slower
New Orders	65.4	Increasing	Faster	51.6	Increasing	Slower
Backlog of Orders	58.3	Increasing	From Decreasing	47	Decreasing	From Increasing
Prices	60.9	Increasing	Slower	65.5	Increasing	Faster
Lead Times	56.9	Increasing	Faster	51.3	Increasing	Slightly Faster
Import Orders	60	Increasing	Slower	57.5	Increasing	Slower
Raw Material Inventory	57.7	Increasing	From No Change	47.5*	Decreasing	Slower
Finished Goods Inventory	53.9	Increasing	Slightly Faster	NA	NA	NA
Employment	46.2	Decreasing	From Increasing	48.7	Decreasing	From Increasing
Availability of Skilled Labor	42.3	Decreasing	Faster	NA	NA	NA
Availability of Unskilled Labor	45.8	Decreasing	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>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
MRO Items	60.7	Increasing	Slower
Capital Goods	59.1	Increasing	Slower
Raw Materials	67.9	Increasing	Slower
Components	58.3	Increasing	Slower
Computers	58.3	Increasing	Slower
Services	54.2	Increasing	Slower
<u>Lead Times</u>			
MRO Items	54.2	Increasing	From No Change
Capital Goods	53.6	Increasing	Slower
Raw Materials	55	Increasing	Slower
Components	67.9	Increasing	Faster
Computers	53.9	Increasing	No Change
Services	53.9	Increasing	From No Change
<u>Supplier Performance</u>	<u>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
MRO Items	53.9	Improving	From No Change
Capital Goods	55	Improving	From No Change
Raw Materials	50	No Change	From Increasing
Components	54.2	Improving	From No Change
Computers	54.2	Improving	No Change
Services	54.6	Improving	From No Change