



November 2006
Non-Manufacturing
Business Conditions Survey

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

The local Denver area Non-Manufacturing survey continued its negative trend in November. The survey indicates a PMI of 42.7 compared to an index of 39.2 in October. The Production Index also continued its decrease with an index of 25. The Production index in October was 20. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for November of 58.9 percent compared to the 57.1 percent registered in October, indicating a faster rate of growth in business activity in November. (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).

Prices increased overall for non-manufacturing for the Denver Business Survey in November. The index for November is 54 compared to 50 in October. Prices increased in the MRO and Capital Goods sectors and remained unchanged in the Raw Materials, Components, Services, and Computers sectors. Lead times for services in our Denver survey increased in November reversing October's decrease. The November index is 50.3. The October index was 48.5.

The New Orders Index decreased in November with an index of 38.9. October's index was 41.7. The Raw Materials Inventory Index decreased in November at a slower rate and the Finished Goods Inventory Index increased at a faster rate in November than in October.

The Employment Index increased in November with an index of 63.6. October's index was 50.

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

The ISM November New Orders Index increased to 57.1 percent in November from the 56.5 percent registered in October. ISM's Non-Manufacturing Employment Index for November is 51.6 percent, an increase of 0.6 percentage point from the 51 percent reported in October. 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.

November 2006 Colorado Front Range Non-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>November</u>	<u>November vs. Oct</u>	<u>November vs. Oct</u>	<u>November</u>	<u>November vs. Oct</u>	<u>November vs. Oct</u>
Purchasing Managers' Index	42.7	Decreasing	Slower	NA*	NA	NA
Production	25	Decreasing	Slower	58.9	Increasing	Faster
New Orders	38.9	Decreasing	Faster	57.1	Increasing	Slightly Faster
Backlog of Orders	54.6	Increasing	Slower	54.5	Increasing	Faster
Prices	54	Increasing	From No Change	55.6	Increasing	Faster
Lead Times	50.3	Increasing	From Decreasing	50	No Change	From Increasing
Raw Material Inventory	45	Decreasing	Slower	51.5*	Increasing	Slower
Finished Goods Inventory	59.1	Increasing	Slightly Faster	NA	NA	NA
Employment	63.6	Increasing	From No Change	51.6	Increasing	Slightly Faster
Availability of Skilled Labor	41.7	Decreasing	Not Available	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Decreasing	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>November</u>	<u>November vs. Oct</u>	<u>November vs. Oct</u>
MRO Items	60	Increasing	From Decreasing
Capital Goods	60	Increasing	Faster
Raw Materials	50	No Change	From No Change
Components	50	No Change	From No Change
Computers	50	No Change	From No Change
Services	50	No Change	From No Change

Lead Times

MRO Items	56.3	Increasing	From Decreasing
Capital Goods	55	Increasing	From No Change
Raw Materials	65	Increasing	From Decreasing
Components	55	Increasing	From No Change
Computers	20	Decreasing	From Increasing
Services	50	No Change	From Increasing

<u>Supplier Performance</u>	<u>November</u>	<u>November vs. Oct</u>	<u>November vs. Oct</u>
MRO Items	61.1	Improving	From No Change
Capital Goods	61.1	Improving	Faster
Raw Materials	44.4	Worsening	From No Change
Components	55	Improving	From No Change
Computers	60	Improving	From Worsening
Services	41.7	Worsening	Slower