



September 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 turned around in September. The PMI increased reversing the decrease in August. The survey indicates a PMI of 57.1 compared to an index of 43.7 in August. The Production Index also reversed its August reading with an index of 66.7. The Production index in August was 40. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for September of 52.9 percent compared to the 57 percent registered in August, indicating a slower rate of growth in business activity in September. (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 September at a slower rate than in August. The index for September is 52.1 compared to 53.5 in August. Prices increased in the MRO and Capital Goods sectors, decreased in the Raw Materials sector and remained unchanged in the Components, Services, and Computers sectors. Lead times for services in our Denver survey decreased in September. The September index is 43.9. The August index was 50.

The New Orders Index increased in September with an index of 56.3. August's index was 34.6. The Raw Materials Index remained unchanged and the Finished Goods Index increased at a slower rate in September than in August.

The Employment Index increased in September with an index of 60. August's index was 50. The Availability of Skilled Labor Index and the Availability of Unskilled Labor Index both increased in September.

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

The ISM September New Orders Index increased to 57.2 percent in September from the 52.1 percent registered in August. ISM's Non-Manufacturing Employment Index for September is 53.6 percent, an increase of 2.2 percentage points from the 51.4 percent reported in August. 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.

September 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>September</u>	<u>Sept vs. August</u>	<u>Sept vs. August</u>	<u>September</u>	<u>Sept vs. August</u>	<u>Sept vs. August</u>
Purchasing Managers' Index	57.1	Increasing	From Decreasing	NA*	NA	NA
Production	66.7	Increasing	From Decreasing	52.9	Increasing	Slower
New Orders	56.3	Increasing	From Decreasing	57.2	Increasing	Faster
Backlog of Orders	59.1	Increasing	From Decreasing	53	Increasing	From Decreasing
Prices	52.1	Increasing	Slower	56.7	Increasing	Slower
Lead Times	43.9	Decreasing	From No Change	54	Increasing	Slightly Faster
Raw Material Inventory	50	No Change	From Increasing	50.5*	Increasing	Slower
Finished Goods Inventory	55	Increasing	Slower	NA	NA	NA
Employment	60	Increasing	From No Change	53.6	Increasing	Faster
Availability of Skilled Labor	58.3	Increasing	From Decreasing	NA	NA	NA
Availability of Unskilled Labor	58.3	Increasing	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.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>September</u>	<u>Sept vs. August</u>	<u>Sept vs. August</u>
MRO Items	55.6	Increasing	Slower
Capital Goods	65	Increasing	Faster
Raw Materials	40	Decreasing	From Increasing
Components	50	No Change	From Increasing
Computers	50	No Change	From Decreasing
Services	50	No Change	From Increasing

Lead Times

MRO Items	58.3	Increasing	Faster
Capital Goods	50	No Change	From Decreasing
Raw Materials	50	No Change	From No Change
Components	61.1	Increasing	From No Change
Computers	50	No Change	From No Change
Services	60	Increasing	Faster

<u>Supplier Performance</u>	<u>September</u>	<u>Sept vs. August</u>	<u>Sept vs. August</u>
MRO Items	50	No Change	From Worsening
Capital Goods	50	No Change	From Worsening
Raw Materials	45	Worsening	Slower
Components	60	Improving	From Worsening
Computers	55	Improving	Slower
Services	50	No Change	From Improving