



**April 2011**  
**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 manufacturing economic index decreased faster in April with an index of 42.6. This compares to March's decrease of 49.2. The Production index for April was 33.3.

According to MP Parasarathy, Professor of Marketing at the University of Colorado at Denver, "Unfortunately, the purchasing environment for manufacturing continues to flounder, as predicted. The overall PMI of 42.58 is a further decline from March's number and unfortunately, given a further decline in new orders received, an increase in prices paid, and higher levels of both finished and raw material inventory, the immediate future looks rather grim."

The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 60.4 percent, a decrease of 0.8 percentage point when compared to March's reading of 61.2 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 faster with an index of 69.1 in April. Prices increased in all sectors. The Lead Time Index increased at a faster rate with an index of 63.3 in April. Lead Times increased in the MRO, Capital Goods, Raw Materials, and Components sectors and registered 50 in the Computers and Services sectors.

The New Orders Index decreased at a faster rate with an index of 27.8 in April. The Raw Materials Inventory and the Finished Goods Inventory Indices both increased in April.

April's Employment Index registered 50. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices also registered 50 in April.

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

ISM's New Orders Index registered 61.7 percent in April, which is a decrease of 1.6 percentage points when compared to the 63.3 percent reported in March. A New Orders Index above 52.1 percent, over time, is

generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

The 15 industries reporting growth in new orders in April — listed in order — are: Textile Mills; Primary Metals; Apparel, Leather & Allied Products; Fabricated Metal Products; Transportation Equipment; Wood Products; Paper Products; Plastics & Rubber Products; Miscellaneous Manufacturing; Computer & Electronic Products; Machinery; Chemical Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products. The two industries reporting decreases in new orders in April are: Furniture & Related Products; and Nonmetallic Mineral Products.

ISM's Employment rate registered 62.7 percent in April, which is 0.3 percentage point lower than the 63 percent reported in March. An Employment Index above 50.1 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

Of the 18 manufacturing industries, 15 reported growth in employment in April in the following order: Wood Products; Transportation Equipment; Textile Mills; Nonmetallic Mineral Products; Machinery; Computer & Electronic Products; Printing & Related Support Activities; Fabricated Metal Products; Plastics & Rubber Products; Primary Metals; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Paper Products; Chemical Products; and Miscellaneous Manufacturing. Three industries reported no change, and no industries reported a decrease in employment during April.

Go to [www.ism.ws](http://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 April'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.

## April 2011 Colorado Front Range Manufacturing Survey

<u>Series</u>	<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>April</u>	<u>April</u>	<u>April vs. March</u>	<u>April</u>	<u>April vs. March</u>	<u>April vs. March</u>
<b>Purchasing Managers' Index</b>	42.6	Decreasing	Faster	60.4	Increasing	Slightly Slower
<b>Production</b>	33.3	Decreasing	From No Change	63.8	Increasing	Slower
<b>New Orders</b>	27.8	Decreasing	Faster	61.7	Increasing	Slower
<b>Backlog of Orders</b>	22.2	Decreasing	From No Change	61	Increasing	Faster
<b>Imports</b>	30	Decreasing	From No Change	55.5	Increasing	Slower
<b>Prices</b>	69.1	Increasing	Faster	85.5	Increasing	Slightly Faster
<b>Lead Times</b>	63.3	Increasing	Faster	60.2	Increasing	Slower
<b>Raw Material Inventory</b>	64.3	Increasing	From Decreasing	53.6*	Increasing	From Decreasing
<b>Finished Goods Inventory</b>	57.1	Increasing	From Decreasing	NA	NA	NA
<b>Employment</b>	50	No Change	From Increasing	62.7	Increasing	Slightly Slower
<b>Availability of Skilled Labor</b>	50	No Change	From Increasing	NA	NA	NA
<b>Availability of Unskilled Labor</b>	50	No Change	From Decreasing	NA	NA	NA

\*ISM has one category only for Inventory.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<b><u>Prices:</u></b>	<b><u>April</u></b>	<b><u>April</u></b>	<b><u>April vs. March</u></b>
MRO Items	70	Increasing	Faster
Capital Goods	75	Increasing	Faster
Raw Materials	70	Increasing	Faster
Components	75	Increasing	Faster
Computers	55.6	Increasing	From No Change
Services	56.3	Increasing	Slightly Slower
<b><u>Lead Times</u></b>	<b><u>April</u></b>	<b><u>April</u></b>	<b><u>April vs. March</u></b>
MRO Items	60	Increasing	From No Change
Capital Goods	81.3	Increasing	Faster
Raw Materials	55	Increasing	Slower
Components	70	Increasing	Slower
Computers	50	No Change	From No Change
Services	50	No Change	From Increasing
<b><u>Supplier Performance</u></b>	<b><u>April</u></b>	<b><u>April</u></b>	<b><u>April vs. March</u></b>
MRO Items	60	Improving	From No Change
Capital Goods	43.8	Worsening	From No Change
Raw Materials	45	Worsening	Slower
Components	45	Worsening	From No Change
Computers	50	No Change	From No Change
Services	50	No Change	From No Change