



August 2009
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 at a faster rate in August with an index of 35.6. July's index was 48. The Production index of 31.3 compares to July's index of 71.4. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 52.9 percent, which is 4 percentage points higher than the 48.9 percent reported in July. This is the highest reading since June 2007, when the index also registered 52.9 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 was 49.8 in August compared to July's index of 58.1. Prices increased in the Components sector, decreased in the Computers and Services sectors and remained unchanged in the MRO, Capital Goods and Raw Materials sectors. Lead times increased in August at a faster rate than July. Lead times decreased in the MRO sector, increased in the Capital Goods, Raw Materials and Services sectors and remained unchanged in the Components and Computers sectors.

The New Orders Index decreased in August at a faster rate than in July. The Imports Index remained unchanged. The Raw Materials Inventory Index and the Finished Goods Inventory Index decreased at slightly slower rates in August compared to July.

August' Employment Index decreased at a slower rate than in July. The Availability of Skilled Workers Index remained unchanged and the Availability of Unskilled Workers Index decreased at a slightly faster rate in August.

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

ISM's New Orders Index registered 64.9 percent in August, 9.6 percentage points higher than the 55.3 percent registered in July. This represents the second consecutive month of growth in the index and the highest reading since December 2004, when it registered 66.3 percent. ISM's Employment Index registered 46.4 percent in August, which is 0.8 percentage point higher than the 45.6 percent reported in July. This is the 13th consecutive month of decline in employment. 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 August'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.

August 2009 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>August</u>	<u>August vs. July</u>	<u>August vs. July</u>	<u>August</u>	<u>August vs. July</u>	<u>August vs. July</u>
Purchasing Managers' Index	35.6	Decreasing	Faster	52.9	Increasing	From Decreasing
Production	31.3	Decreasing	From Increasing	61.9	Increasing	Faster
New Orders	21.4	Decreasing	Faster	64.9	Increasing	Faster
Backlog of Orders	35.7	Decreasing	Slower	52.5	Increasing	From No Change
Prices	49.8	Decreasing	From Increasing	65	Increasing	Faster
Lead Times	54.6	Increasing	Faster	57.1	Increasing	Faster
Import Orders	50	No Change	From No Change	49.5	Decreasing	From No Change
Raw Material Inventory	43.8	Decreasing	Slower	34.4*	Decreasing	Slightly Slower
Finished Goods Inventory	42.9	Decreasing	Slower	NA	NA	NA
Employment	43.8	Decreasing	Slower	46.4	Decreasing	Slightly Slower
Availability of Skilled Labor	50	No Change	From No Change	NA	NA	NA
Availability of Unskilled Labor	42.9	Decreasing	Slightly Faster	NA	NA	NA

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>August</u>	<u>August vs. July</u>	<u>August vs. July</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From Increasing
Raw Materials	50	No Change	From Increasing
Components	57.1	Increasing	Slower
Computers	41.7	Decreasing	From Increasing
Services	41.7	Decreasing	From No Change
<u>Lead Times</u>			
MRO Items	43.8	Decreasing	Slightly Slower
Capital Goods	66.7	Increasing	From No Change
Raw Materials	62.5	Increasing	From No Change
Components	50	No Change	From Increasing
Computers	50	No Change	From No Change
Services	57.1	Increasing	From No Change
<u>Supplier Performance</u>	<u>August</u>	<u>August vs. July</u>	<u>Rate of Change</u> <u>August vs. July</u>
MRO Items	50	No Change	From Worsening
Capital Goods	50	No Change	From No Change
Raw Materials	37.5	Worsening	Faster
Components	42.9	Worsening	From No Change
Computers	50	No Change	From Worsening
Services	50	No Change	From Worsening