



**February 2010
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 slower with an index of 49.4 in February. This compares to January's decrease of 47.2. The Production index was 56.7, a slower increase than January's 58.3 rate. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 56.5 percent, a decrease of 1.9 percentage points when compared to January's seasonally adjusted reading of 58.4 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 decreased with an index of 49.2 in February. Prices decreased in the Capital Goods and Computers sectors, increased in the Components sector and remained unchanged in the MRO, Raw Materials and Services sectors. Lead times increased in February with an index of 57.4. Lead times increased in the Capital Goods, Raw Materials, Components and Computers sectors and remained unchanged in the MRO and Services sectors.

The New Orders Index decreased slower with an index of 42.9 in February. The Raw Materials Inventory and the Finished Goods Inventory Indices decreased in February.

February's Employment Index increased in February with an index of 53.3. This compares to a decrease in January. The Availability of Skilled Workers Index increased and the Availability of Unskilled Workers Index remained unchanged in February.

Supplier performance in our Denver survey worsened in the Components sector, improved in the Computers sector and remained unchanged in all other sectors.

ISM's New Orders Index registered 59.5 percent in February, 6.4 percentage points lower than the seasonally adjusted 65.9 percent registered in January. This is the eighth consecutive month of growth in the New Orders Index. ISM's Employment Index registered 56.1 percent in February, which is 2.8 percentage points higher than the seasonally adjusted 53.3 percent reported in January. This is the third month of growth in manufacturing employment, and the highest reading since January 2005 (58.7 percent). 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 February'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.

February 2010 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>February</u>	<u>February</u>	<u>February vs. January</u>	<u>February</u>	<u>February vs. January</u>	<u>February vs. January</u>
Purchasing Managers' Index	49.4	Decreasing	Slower	56.5	Increasing	Slower
Production	56.7	Increasing	Slower	58.4	Increasing	Slower
New Orders	42.9	Decreasing	Slower	59.5	Increasing	Slower
Backlog of Orders	32.1	Decreasing	From No Change	61	Increasing	Faster
Imports	45.5	Decreasing	From Increasing	56	Increasing	Slightly Faster
Prices	49.2	Decreasing	From Increasing	67	Increasing	Slower
Lead Times	57.4	Increasing	From Decreasing	61.1	Increasing	Faster
Raw Material Inventory	30.8	Decreasing	From No Change	47.3*	Decreasing	Slower
Finished Goods Inventory	45.8	Decreasing	Slower	NA	NA	NA
Employment	53.3	Increasing	From Decreasing	56.1	Increasing	Faster
Availability of Skilled Labor	53.6	Increasing	From No Change	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Decreasing	NA	NA	NA

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>February</u>	<u>February</u>	<u>February vs. January</u>
MRO Items	50	No Change	From Increasing
Capital Goods	42.9	Decreasing	From No Change
Raw Materials	50	No Change	From Increasing
Components	56.7	Increasing	Slower
Computers	46.7	Decreasing	From Increasing
Services	50	No Change	From Increasing
<u>Lead Times</u>	<u>February</u>	<u>February</u>	<u>February vs. January</u>
MRO Items	50	No Change	From Decreasing
Capital Goods	53.6	Increasing	From No Change
Raw Materials	63.3	Increasing	From Decreasing
Components	66.7	Increasing	Faster
Computers	53.3	Increasing	From No Change
Services	50	No Change	From No Change
<u>Supplier Performance</u>	<u>February</u>	<u>February</u>	<u>February vs. January</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From No Change
Components	46.7	Worsening	From No Change
Computers	53.1	Improving	From No Change
Services	50	No Change	From No Change