



**February 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 with an index of 46.7 in February. This compares to January's increase of 55.4. The Production index was 50. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 61.4 percent, an increase of 0.6 percentage point when compared to January's reading of 60.8 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 66 in February. Prices increased in all sectors except the Computers sector where they remained unchanged. The Lead Time Index increased faster with an index of 62 in February. Lead Times increased in the MRO, Capital Goods, Components and Services sectors and registered 50 in the Raw Materials and Computers sector.

The New Orders Index decreased with an index of 37.5 in February. The Raw Materials Inventory and the Finished Goods Inventory Indices both decreased in February.

February's Employment Index increased faster with an index of 60. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices both registered 60 in February.

Supplier performance in our Denver survey was at 50 in all sectors.

ISM's New Orders Index registered 68 percent in February, which is an increase of 0.2 percentage point when compared to the 67.8 percent reported in January. This is the 20th consecutive month of growth in the New Orders Index.

The 13 industries reporting growth in new orders in February — listed in order — are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Wood Products; Printing & Related Support Activities; Machinery; Transportation Equipment; Chemical Products; Paper Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Miscellaneous Manufacturing. The four industries reporting decreases in new orders in February are: Primary Metals; Nonmetallic Mineral Products; Furniture & Related Products; and Plastics & Rubber Products.

ISM's Employment registered 64.5 percent in February, which is 2.8 percentage points higher than the 61.7 percent reported in January. This is the 17th consecutive month of growth in manufacturing employment.

Of the 18 manufacturing industries, 14 reported growth in employment in February in the following order: Textile Mills; Petroleum & Coal Products; Transportation Equipment; Apparel, Leather & Allied Products; Computer & Electronic Products; Machinery; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Printing & Related Support Activities; Nonmetallic Mineral Products; Paper Products; Fabricated Metal Products; Chemical Products; and Miscellaneous Manufacturing. The two industries reporting a decrease in employment during February are: Plastics & Rubber Products; and Furniture & Related Products.

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 2011 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	46.7	Decreasing	From Increasing	61.4	Increasing	Slightly Faster
Production	50	No Change	From Increasing	66.3	Increasing	Faster
New Orders	37.5	Decreasing	From No Change	68	Increasing	Slightly Faster
Backlog of Orders	50	No Change	From No Change	59	Increasing	Faster
Imports	16.7	Decreasing	From Increasing	55	Increasing	No Change
Prices	66	Increasing	Faster	82	Increasing	Slightly Faster
Lead Times	62	Increasing	Faster	59.4	Increasing	Slightly Faster
Raw Material Inventory	16.7	Decreasing	From Increasing	48.8*	Decreasing	From Increasing
Finished Goods Inventory	33.3	Decreasing	From Increasing	NA	NA	NA
Employment	60	Increasing	Faster	64.5	Increasing	Faster
Availability of Skilled Labor	60	Increasing	Slightly Faster	NA	NA	NA

Availability of Unskilled Labor	60	Increasing	Slightly Faster	NA	NA	NA
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*ISM has one category only for Inventory.

	<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	70	Increasing	Faster
Capital Goods	80	Increasing	Faster
Raw Materials	70	Increasing	Slower
Components	60	Increasing	Slower
Computers	50	No Change	From No Change
Services	70	Increasing	Faster
<u>Lead Times</u>	<u>February</u>	<u>February</u>	<u>February vs. January</u>
MRO Items	70	Increasing	Faster
Capital Goods	70	Increasing	Faster
Raw Materials	50	No Change	From Increasing
Components	70	Increasing	Faster
Computers	50	No Change	From No Change
Services	60	Increasing	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 Improving
Components	50	No Change	From Improving
Computers	50	No Change	From Improving
Services	50	No Change	From Improving