



**January 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 increased slower with an index of 55.4 in January. This compares to December's increase of 60.8. The Production index was 61.1, a faster increase than December's 60 rate. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 60.8 percent, an increase of 2.3 percentage points when compared to December's seasonally adjusted reading of 58.5 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 with an index of 64.6 in January. Prices increased in all sectors except the Computers sector where they remained unchanged. The Lead Time Index was 56.4 in January. 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 remained unchanged with an index of 50 in January. The Raw Materials Inventory and the Finished Goods Inventory Indices both increased in January.

January's Employment Index increased slower with an index of 54.6. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices both registered 59.1 in January.

Supplier performance in our Denver survey improved in the Components sector and was at 50 in all other sectors.

ISM's New Orders Index registered 67.8 percent in January, which is an increase of 5.8 percentage points when compared to the seasonally adjusted 62 percent reported in December. This is the 19th consecutive month of growth in the New Orders Index. The 12 industries reporting growth in new orders in January — listed in order — are: Petroleum & Coal Products; Primary Metals; Computer & Electronic Products; Transportation Equipment; Wood Products; Machinery; Fabricated Metal Products; Miscellaneous Manufacturing; Chemical Products; Paper Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products. The three industries reporting decreases in new orders in January are: Textile Mills; Plastics & Rubber Products; and Nonmetallic Mineral Products.

ISM's Employment Index 61.7 percent in January, which is 2.8 percentage points higher than the seasonally adjusted 58.9 percent reported in December. This is the 16th consecutive month of growth in manufacturing employment. Of the 18 manufacturing industries, 11 reported growth in employment in January in the following order: Apparel, Leather & Allied Products; Wood Products; Petroleum & Coal Products; Primary Metals; Miscellaneous Manufacturing; Computer & Electronic Products; Nonmetallic Mineral Products; Fabricated Metal Products; Transportation Equipment; Machinery; and Food, Beverage & Tobacco Products. The two industries reporting a decrease in employment during January are: Chemical Products and Paper 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 January'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.

January 2011 Colorado Front Range Manufacturing Survey

<i>Series</i>	<i>Colo. Index January</i>	<i>Direction January</i>	<i>Rate of Change January vs. December</i>	<i>National Index January</i>	<i>Direction January vs. December</i>	<i>Rate of Change January vs. December</i>
Purchasing Managers' Index	55.4	Increasing	Slower	60.8	Increasing	Faster
Production	61.1	Increasing	Faster	63.5	Increasing	Slightly Faster
New Orders	50	No Change	From Increasing	67.8	Increasing	Faster
Backlog of Orders	50	No Change	From Increasing	58	Increasing	From Decreasing
Imports	60	Increasing	Slower	55	Increasing	Faster
Prices	64.6	Increasing	From No Change	81.5	Increasing	Faster
Lead Times	56.4	Increasing	N/A	58.6	Increasing	Faster
Raw Material Inventory	57.1	Increasing	Slower	52.4*	Increasing	Slightly Faster
Finished Goods Inventory	71.4	Increasing	From No Change	NA	NA	NA
Employment	54.5	Increasing	Slower	61.7	Increasing	Faster
Availability of Skilled Labor	59.1	Increasing	From No Change	NA	NA	NA
Availability of Unskilled Labor	59.1	Increasing	From No Change	NA	NA	NA

*ISM has one category only for Inventory.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>January</u>	<u>January</u>	<u>January vs. December</u>
MRO Items	63.6	Increasing	From No Change
Capital Goods	59.1	Increasing	From No Change
Raw Materials	72.7	Increasing	From No Change
Components	77.3	Increasing	From No Change
Computers	50	No Change	From No Change
Services	54.6	Increasing	Slower
<u>Lead Times</u>	<u>January</u>	<u>January</u>	<u>January vs. December</u>
MRO Items	54.6	Increasing	N/A
Capital Goods	59.1	Increasing	N/A
Raw Materials	59.1	Increasing	N/A
Components	59.1	Increasing	N/A
Computers	50	No Change	N/A
Services	50	No Change	N/A
<u>Supplier Performance</u>	<u>January</u>	<u>January</u>	<u>January vs. December</u>
MRO Items	50	No Change	From Improving
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From Improving
Components	54.6	Improving	From No Change
Computers	50	No Change	From No Change
Services	50	No Change	From Improving