



**March 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 slower in March with an index of 49.2. This compares to February's decrease of 46.7. The Production index was 50.

According to MP Parasarathy, Professor of Marketing at the University of Colorado at Denver, "Since new orders received continued to decline with a score of 35.7, a significant recovery is unlikely to occur for April. Good news is that the number of employees is increasing and prices, while increasing, are doing so at a reduced rate suggesting that the long-term outlook may be positive."

The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 61.2 percent, a decrease of 0.2 percentage point when compared to February's reading of 61.4 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 increased slower with an index of 59.1 in March. Prices increased in all sectors except the Computers sector where they remained unchanged. The Lead Time Index increased at a slightly slower rate with an index of 61.8 in March. Lead Times increased in the Capital Goods, Raw Materials, Components and Services sectors and registered 50 in the MRO and Computers sector.

The New Orders Index decreased at a faster rate with an index of 35.7 in March. The Raw Materials Inventory and the Finished Goods Inventory Indices both decreased in March.

March's Employment Index increased faster with an index of 68.8. The Availability of Skilled Workers Index increased and the Availability of Unskilled Workers Index decreased in March.

Supplier performance in our Denver survey decreased in the Raw Materials sector and remained unchanged in all other sectors.

ISM's New Orders Index registered 63.3 percent in March, which is a decrease of 4.7 percentage points when compared to the 68 percent reported in February. This is the 21st consecutive month of growth in the New Orders Index.

The 14 industries reporting growth in new orders in March — listed in order — are: Apparel, Leather & Allied Products; Furniture & Related Products; Transportation Equipment; Fabricated Metal Products; Textile Mills; Paper Products; Printing & Related Support Activities; Miscellaneous Manufacturing; Petroleum & Coal Products; Computer & Electronic Products; Chemical Products; Machinery; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products. The two industries reporting decreases in new orders in March are: Wood Products and Primary Metals

ISM's Employment rate registered 63 percent in March, which is 1.5 percentage points lower than the 64.5 percent reported in February. This is the 18th consecutive month of growth in manufacturing employment.

Of the 18 manufacturing industries, 12 reported growth in employment in March in the following order: Apparel, Leather & Allied Products; Machinery; Transportation Equipment; Textile Mills; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Paper Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Printing & Related Support Activities; and Fabricated Metal Products. The two industries reporting a decrease in employment during March are: Wood Products; and Petroleum & Coal Products.

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 March'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.

### March 2011 Colorado Front Range Manufacturing Survey

<i>Series</i>	<i>Colo. Index</i> <u>March</u>	<i>Direction</i> <u>March</u>	<i>Rate of Change</i> <u>March vs. February</u>	<i>National Index</i> <u>March</u>	<i>Direction</i> <u>March vs. February</u>	<i>Rate of Change</i> <u>March vs. February</u>
<b>Purchasing Managers' Index</b>	49.2	Decreasing	Slower	61.2	Increasing	Slightly Slower
<b>Production</b>	50	No Change	From No Change	69	Increasing	Faster
<b>New Orders</b>	35.7	Decreasing	Faster	63.3	Increasing	Slower
<b>Backlog of Orders</b>	50	No Change	From No Change	52.5	Increasing	Slower
<b>Imports</b>	50	No Change	From Decreasing	56.5	Increasing	Faster
<b>Prices</b>	59.1	Increasing	Slower	85	Increasing	Faster
<b>Lead Times</b>	61.8	Increasing	Slightly Slower	63.1	Increasing	Faster
<b>Raw Material Inventory</b>	30	Decreasing	Slower	47.4*	Decreasing	Faster
<b>Finished Goods Inventory</b>	40	Decreasing	Slower	NA	NA	NA
<b>Employment</b>	68.8	Increasing	Faster	63	Increasing	Slower
<b>Availability of Skilled Labor</b>	56.3	Increasing	Slower	NA	NA	NA
<b>Availability of Unskilled Labor</b>	43.8	Decreasing	From Increasing	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>March</u></b>	<b><u>March</u></b>	<b><u>March vs. February</u></b>
MRO Items	57.1	Increasing	Slower
Capital Goods	57.1	Increasing	Slower
Raw Materials	68.8	Increasing	Slower
Components	62.5	Increasing	Faster
Computers	50	No Change	From No Change
Services	57.1	Increasing	Slower
<b><u>Lead Times</u></b>	<b><u>March</u></b>	<b><u>March</u></b>	<b><u>March vs. February</u></b>
MRO Items	50	No Change	From Increasing
Capital Goods	71.4	Increasing	Faster
Raw Materials	62.5	Increasing	From No Change
Components	75	Increasing	Faster
Computers	50	No Change	From No Change
Services	57.1	Increasing	Slower
<b><u>Supplier Performance</u></b>	<b><u>March</u></b>	<b><u>March</u></b>	<b><u>March vs. February</u></b>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	43.8	Worsening	From No Change
Components	50	No Change	From No Change
Computers	50	No Change	From No Change
Services	50	No Change	From No Change