



**May 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 slightly slower in May with an index of 42.9. This compares to April's decrease of 42.6. The Production index for May was 50.

The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 53.5 percent, a decrease of 6.9 percentage points when compared to April's reading of 60.4 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 59.5 in May. Prices increased in the Capital Goods, Raw Materials, Components and Services sectors and remained unchanged in the MRO and Computers sectors. The Lead Time Index increased at a slightly faster rate with an index of 64 in May. Lead Times increased in the MRO, Capital Goods, Raw Materials, Components and Services sectors and registered 50 in the Computer sector.

The New Orders Index decreased at a faster rate with an index of 25 in May. The Raw Materials Inventory Index decreased and the Finished Goods Inventory Index increased in May.

May's Employment Index registered 50. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices also registered 50 in May.

Supplier performance in our Denver survey improved in the MRO sector and remained unchanged in all other sectors.

ISM's New Orders Index registered 51 percent in May, which is a decrease of 10.7 percentage points when compared to the 61.7 percent reported in April. This is the 23rd consecutive month of growth in the New Orders Index.

The 11 industries reporting growth in new orders in May — listed in order — are: Nonmetallic Mineral Products; Petroleum & Coal Products; Paper Products; Transportation Equipment; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Primary Metals; Miscellaneous Manufacturing; Chemical Products; Machinery; and Fabricated Metal Products. The four industries reporting decreases in new

orders in May are: Furniture & Related Products; Printing & Related Support Activities; Food, Beverage & Tobacco Products; and Computer & Electronic Products.

ISM's Employment rate registered 58.2 percent in May, which is 4.5 percentage points lower than the 62.7 percent reported in April. This is the 20th consecutive month of growth in manufacturing employment.

Of the 18 manufacturing industries, 11 reported growth in employment in May in the following order: Textile Mills; Nonmetallic Mineral Products; Computer & Electronic Products; Transportation Equipment; Machinery; Primary Metals; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Chemical Products; and Fabricated Metal Products. The two industries reporting a decrease in employment are: Electrical Equipment, Appliances & Components; and Petroleum & Coal Products. Five industries reported no change in employment in May compared to April.

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 May'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.

## May 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>May</u>	<u>May</u>	<u>May vs. April</u>	<u>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
<b>Purchasing Managers' Index</b>	42.9	Decreasing	Slightly Slower	53.5	Increasing	Slower
<b>Production</b>	50	No Change	From Decreasing	54	Increasing	Slower
<b>New Orders</b>	25	Decreasing	Faster	51	Increasing	Slower
<b>Backlog of Orders</b>	25	Decreasing	Slower	50.5	Increasing	Slower
<b>Imports</b>	25	Decreasing	Slower	54.5	Increasing	Slower
<b>Prices</b>	59.5	Increasing	Slower	76.5	Increasing	Slower
<b>Lead Times</b>	64	Increasing	Slightly Faster	55.7	Increasing	Slower
<b>Raw Material Inventory</b>	33.3	Decreasing	From Increasing	48.7*	Decreasing	From Increasing
<b>Finished Goods Inventory</b>	83.3	Increasing	Faster	NA	NA	NA
<b>Employment</b>	50	No Change	From No Change	58.2	Increasing	Slower
<b>Availability of Skilled Labor</b>	50	No Change	From No Change	NA	NA	NA
<b>Availability of Unskilled Labor</b>	50	No Change	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>
<b><u>Prices:</u></b>	<b><u>May</u></b>	<b><u>May</u></b>	<b><u>May vs. April</u></b>
MRO Items	50	No Change	From Increasing
Capital Goods	62.5	Increasing	Slower
Raw Materials	75	Increasing	Faster
Components	60	Increasing	Slower
Computers	50	No Change	From Increasing
Services	62.5	Increasing	Faster
<b><u>Lead Times</u></b>	<b><u>May</u></b>	<b><u>May</u></b>	<b><u>May vs. April</u></b>
MRO Items	62.5	Increasing	Faster
Capital Goods	75	Increasing	Slower
Raw Materials	62.5	Increasing	Faster
Components	70	Increasing	No Change
Computers	50	No Change	From No Change
Services	62.5	Increasing	No Change
<b><u>Supplier Performance</u></b>	<b><u>May</u></b>	<b><u>May</u></b>	<b><u>May vs. April</u></b>
MRO Items	66.7	Improving	Faster
Capital Goods	50	No Change	From Worsening
Raw Materials	50	No Change	From Worsening
Components	50	No Change	From Worsening
Computers	50	No Change	From No Change
Services	50	No Change	From No Change