



**November 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 faster in November with an index of 72.5. The October index was 66. The Production index for November was 75.

The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 52.7 percent, an increase of 1.9 percentage points when compared to October's reading of 50.8 percent. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

A PMI in excess of 42.5 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the PMI indicates growth for the 30th consecutive month in the overall economy, as well as expansion in the manufacturing sector for the 28th consecutive month. Holcomb stated, "The past relationship between the PMI and the overall economy indicates that the average PMI for January through November (55.4 percent) corresponds to a 4.5 percent increase in real gross domestic product (GDP). In addition, if the PMI for November (52.7 percent) is annualized, it corresponds to a 3.6 percent increase in real GDP annually."

The overall Price Index of the Denver Manufacturing Survey increased faster with an index of 70 in November. Prices increased in all sectors. The Lead Time Index increased at a faster rate with an index of 76.7 in November. Lead Times increased in all sectors.

The Raw Materials Inventory Index increased and the Finished Goods Inventory Index decreased in November.

November's Employment Index increased faster with an index of 80. The Availability of Skilled Workers Index increased and the Availability of Unskilled Workers Index remained unchanged in November.

Supplier performance in our Denver survey remained unchanged with an index of 50 in all sectors.

ISM's New Orders Index registered 6.7 percent in November, which is an increase of 4.3 percentage points when compared to the October reading of 52.4 percent, and represents a continuation of growth for the second consecutive month. A New Orders Index above 52.1 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

The five industries reporting growth in new orders in November are: Wood Products; Computer & Electronic Products; Petroleum & Coal Products; Food, Beverage & Tobacco Products; and Chemical Products. The six

industries reporting decreases in new orders in November — listed in order — are: Nonmetallic Mineral Products; Miscellaneous Manufacturing; Printing & Related Support Activities; Paper Products; Machinery; and Plastics & Rubber Products. Seven industries reported no change in new orders in November compared to October.

ISM's Employment Index registered 51.8 percent in November, which is 1.7 percentage points lower than the 53.5 percent reported in October. This is the 26th consecutive month the Employment Index has been above 50 percent. An Employment Index above 50.1 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

Of the 18 manufacturing industries, eight reported growth in employment in November in the following order: Textile Mills; Wood Products; Paper Products; Primary Metals; Food, Beverage & Tobacco Products; Machinery; Fabricated Metal Products; and Computer & Electronic Products. The eight industries reporting a decrease in employment in November — listed in order — are: Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Plastics & Rubber Products; Petroleum & Coal Products; Chemical Products; Transportation Equipment; and Printing & Related Support Activities.

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 November'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.

November 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>November</u>	<u>November</u>	<u>November vs. October</u>	<u>November</u>	<u>November vs. October</u>	<u>November vs. October</u>
Purchasing Managers' Index	72.5	Increasing	Faster	52.7	Increasing	Faster
Production	75	Increasing	No Change	56.6	Increasing	Faster
New Orders	62.5	Increasing	Faster	56.7	Increasing	Faster
Backlog of Orders	62.5	Increasing	Faster	45	Decreasing	Faster
Imports	50	No Change	From Increasing	49	Decreasing	Slightly Faster
Prices	70	Increasing	Faster	45	Decreasing	Slower
Lead Times	76.7	Increasing	Faster	49.9	Decreasing	From Increasing
Raw Material Inventory	75	Increasing	No Change	48.3*	Decreasing	Slower
Finished Goods Inventory	33.3	Decreasing	From Increasing	NA	NA	NA
Employment	80	Increasing	Faster	51.8	Increasing	Slower
Availability of Skilled Labor	75	Increasing	Faster	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Increasing	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>November</u>	<u>November</u>	<u>November vs. October</u>
MRO Items	75	Increasing	Faster
Capital Goods	75	Increasing	No Change
Raw Materials	60	Increasing	Faster
Components	80	Increasing	Faster
Computers	60	Increasing	Faster
Services	60	Increasing	Slower
<u>Lead Times</u>	<u>November</u>	<u>November</u>	<u>November vs. October</u>
MRO Items	83.3	Increasing	Faster
Capital Goods	83.3	Increasing	Faster
Raw Materials	66.7	Increasing	From No Change
Components	83.3	Increasing	From No Change
Computers	66.7	Increasing	From No Change
Services	66.7	Increasing	From No Change
<u>Supplier Performance</u>	<u>November</u>	<u>November</u>	<u>November vs. October</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From Improving
Raw Materials	50	No Change	From Improving
Components	50	No Change	From Improving
Computers	50	No Change	From No Change
Services	50	No Change	From Improving