



**September 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 September with an index of 42.3. The August index was 29.8. The Production index for September was 40.

The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 51.6 percent, an increase of 1 percentage point when compared to August's reading of 50.6 percent. 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 28th consecutive month in the overall economy, as well as expansion in the manufacturing sector for the 26th consecutive month. Holcomb stated, "The past relationship between the PMI and the overall economy indicates that the average PMI for January through September (56.2 percent) corresponds to a 4.8 percent increase in real gross domestic product (GDP). In addition, if the PMI for September (51.6 percent) is annualized, it corresponds to a 3.2 percent increase in real GDP annually."

The overall Price Index of the Denver Manufacturing Survey increased slower with an index of 60 in September. Prices increased in all sectors except Components where they remained unchanged. The Lead Time Index increased at a slower rate with an index of 55 in September. Lead Times increased in the MRO and Raw Materials sectors and registered 50 in all other sectors.

The Raw Materials Inventory Index decreased and the Finished Goods Inventory Index remained unchanged in September.

September's Employment Index increased with an index of 60. The Availability of Skilled Workers Index increased and the Availability of Unskilled Workers Index decreased in September.

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

ISM's New Orders Index registered 49.6 percent in September, which represents the same rate as in August. This is the third consecutive month of contraction in the New Orders Index, following 24 months of growth. 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 seven industries reporting growth in new orders in September — listed in order — are: Wood Products; Nonmetallic Mineral Products; Printing & Related Support Activities; Chemical Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Fabricated Metal Products. The nine industries

reporting decreases in new orders in September — listed in order — are: Primary Metals; Textile Mills; Apparel, Leather & Allied Products; Paper Products; Transportation Equipment; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; and Plastics & Rubber Products.

ISM's Employment Index registered 53.8 percent in September, which is 2 percentage points higher than the 51.8 percent reported in August. 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, nine reported growth in employment in September in the following order: Wood Products; Petroleum & Coal Products; Transportation Equipment; Food, Beverage & Tobacco Products; Chemical Products; Computer & Electronic Products; Paper Products; Miscellaneous Manufacturing; and Machinery. The six industries reporting a decrease in employment in September — listed in order — are: Primary Metals; Plastics & Rubber Products; Textile Mills; Electrical Equipment, Appliances & Components; Fabricated Metal Products; 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 September'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.

September 2011 Colorado Front Range Manufacturing Survey

<i>Series</i>	<i>Colo. Index</i> <u>September</u>	<i>Direction</i> <u>September</u>	<i>Rate of Change</i> <u>September vs. August</u>	<i>National Index</i> <u>September</u>	<i>Direction</i> <u>September vs. August</u>	<i>Rate of Change</i> <u>September vs. August</u>
Purchasing Managers' Index	42.3	Decreasing	Slower	51.6	Increasing	Faster
Production	40	Decreasing	Slower	51.2	Increasing	From Decreasing
New Orders	30	Decreasing	Slower	49.6	Decreasing	No Change
Backlog of Orders	50	No Change	From Decreasing	41.5	Decreasing	Faster
Imports	50	No Change	From Decreasing	54.5	Increasing	Slower
Prices	60	Increasing	Slower	56	Increasing	Slightly Faster
Lead Times	55	Increasing	Slower	51.4	Increasing	Slightly Faster
Raw Material Inventory	30	Decreasing	From Increasing	52*	Increasing	Slightly Slower
Finished Goods Inventory	50	No Change	From Decreasing	NA	NA	NA
Employment	60	Increasing	From Decreasing	53.8	Increasing	Faster
Availability of Skilled Labor	60	Increasing	From No Change	NA	NA	NA
Availability of Unskilled Labor	40	Decreasing	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>September</u>	<u>September</u>	<u>September vs. August</u>
MRO Items	60	Increasing	No Change
Capital Goods	70	Increasing	Faster
Raw Materials	60	Increasing	Slower
Components	50	No Change	From Increasing
Computers	60	Increasing	From No Change
Services	60	Increasing	From No Change
<u>Lead Times</u>	<u>September</u>	<u>September</u>	<u>September vs. August</u>
MRO Items	62.5	Increasing	From No Change
Capital Goods	50	No Change	From Increasing
Raw Materials	62.5	Increasing	Faster
Components	50	No Change	From Increasing
Computers	50	No Change	From No Change
Services	50	No Change	From No Change
<u>Supplier Performance</u>	<u>September</u>	<u>September</u>	<u>September vs. August</u>
MRO Items	60	Improving	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From Worsening
Components	50	No Change	From Worsening
Computers	60	Improving	From No Change
Services	50	No Change	From No Change