

**November 2006
Manufacturing
Business Conditions Survey**

**A Joint Project of the College of Business
At the University of Colorado at Denver
And NAPM-Denver**

The local manufacturing economy's PMI index increased at a faster rate in November than in October. The November 2006 Denver Manufacturing PMI is 59. October's index was 54.6. The Production index also increased at a faster rate with an index of 65.2 which compares to October's rate of 57.9. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 49.5 percent, a decrease of 1.7 percentage points when compared to October's reading of 51.2 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 in November at a slower rate than in October. All sectors increased. The Lead Times Index in our Denver survey increased in November at a very slightly slower rate than in October. All sectors increased except the Services sector which decreased. The New Orders Index increased, reversing October's decrease. The Imports Index increased. The Raw Materials Inventory Index increased at a faster rate than in October while the Finished Goods Inventory Index decreased.

November's Employment Index increased at a slower rate than in October. The Availability of Skilled Workers Index decreased at a slightly slower rate than in October and the Availability of Unskilled Workers Index remained unchanged in November.

Supplier performance in our Denver survey improved in the Capital Goods, Computers and Services sectors, worsened in the Raw Materials and Components sectors and was unchanged in the MRO sector.

ISM's New Orders Index registered 48.7 percent in November. The index is 3.4 percentage points lower than the 52.1 percent reported in October. ISM's Employment Index registered 49.2 percent in November, a decrease of 1.6 percentage points when compared to October's reading of 50.8 percent. 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 2006 Colorado Front Range Manufacturing Survey

	<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>Series</u>	<u>November</u>	<u>November vs. Oct</u>	<u>November vs. Oct</u>	<u>November</u>	<u>November vs. Oct</u>	<u>November vs. Oct</u>
Purchasing Managers' Index	59	Increasing	Faster	49.5	Decreasing	From Increasing
Production	65.2	Increasing	Faster	48.5	Decreasing	From Increasing
New Orders	56.5	Increasing	From Decreasing	48.7	Decreasing	From Increasing
Backlog of Orders	45.7	Decreasing	Faster	46.5	Decreasing	Slower
Prices	61.4	Increasing	Slower	53.5	Increasing	From Decreasing
Lead Times	55.5	Increasing	Slightly Slower	52.8	Increasing	Faster
Import Orders	65	Increasing	From No Change	56.5	Increasing	Slightly Slower
Raw Material Inventory	60.9	Increasing	Faster	49.7*	Decreasing	Slightly Slower
Finished Goods Inventory	38.6	Decreasing	From Increasing	NA	NA	NA
Employment	56.5	Increasing	Slower	49.2	Decreasing	From Increasing
Availability of Skilled Labor	47.6	Decreasing	Slightly Slower	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Decreasing	NA	NA	NA

*The national index surveys only total inventories.

Note: The index for the overall economy is a composite based on five components: delivery times, inventory levels, new orders, production and employment. It is constructed to parallel the national overall index. An index above 50 means the manufacturing economy is generally expanding.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>November</u>	<u>November vs. Oct</u>	<u>November vs. Oct</u>
MRO Items	58.3	Increasing	Slower
Capital Goods	66.7	Increasing	No Change
Raw Materials	68.8	Increasing	Slower
Components	60.9	Increasing	Slower
Computers	52.3	Increasing	From Decreasing
Services	58.3	Increasing	Slower
<u>Lead Times</u>			
MRO Items	52.4	Increasing	Slightly Slower
Capital Goods	52.2	Increasing	From No Change
Raw Materials	57.1	Increasing	Slightly Faster
Components	56.5	Increasing	Slower
Computers	59.1	Increasing	Slightly Faster
Services	47.5	Decreasing	Slightly Slower
<u>Supplier Performance</u>	<u>November</u>	<u>November vs. Oct</u>	<u>November vs. Oct</u>
MRO Items	50	No Change	From No Change
Capital Goods	52.4	Improving	From No Change
Raw Materials	47.8	Worsening	Slightly Slower
Components	40.9	Worsening	From Improving
Computers	52.4	Improving	Slower
Services	52.4	Improving	Slower