

October 2007
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 economy continued its improvement in October at a faster rate as the Denver Manufacturing PMI was 59.5. September's index was 52.8 The Production index increased in October with a rate of 64.3. September's Production index was 53.7. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 50.9 percent, a decrease of 1.1 percentage points when compared to September's reading of 52 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 at a faster rate than in September. All sectors increased except for the Computers sector which decreased. Lead times in our Denver survey increased in October at a slightly faster rate than in September. The MRO sector decreased, while all other sectors increased. The New Orders Index increased in October at a faster rate than in September. The Imports Index remained unchanged in October. The Raw Materials Inventory Index increased at a slightly slower rate than in September. The Finished Goods Inventory Index decreased at a slower rate than in September.

October's Employment Index was unchanged in October. The Availability of Skilled Workers Index decreased at a slightly slower rate than in September and the Availability of Unskilled Workers Index decreased at a faster rate than in September.

Supplier performance in our Denver survey worsened in the Services sector and remained unchanged in the other sectors.

ISM's New Orders Index registered 52.5 percent in October. The index is 0.9 percentage point lower than the 53.4 percent reported in September. ISM's Employment Index registered 52 percent in October, which is an increase of 0.3 percentage point when compared to September's reading of 51.7 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 October'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.

October 2007 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>October</u>	<u>October vs. September</u>	<u>October vs. September</u>	<u>October</u>	<u>October vs. September</u>	<u>October vs. September</u>
Purchasing Managers' Index	59.5	Increasing	Faster	50.9	Increasing	Slower
Production	64.3	Increasing	Faster	49.6	Decreasing	From Increasing
New Orders	65	Increasing	Faster	52.5	Increasing	Slightly Slower
Backlog of Orders	70	Increasing	Faster	46	Decreasing	From Increasing
Prices	58.3	Increasing	Faster	63	Increasing	Faster
Lead Times	56	Increasing	Slightly Faster	50.6	Increasing	Slower
Import Orders	50	No Change	From No Change	47.5	Decreasing	From Increasing
Raw Material Inventory	54.8	Increasing	Slightly Slower	47.2*	Decreasing	Slower
Finished Goods Inventory	47.5	Decreasing	Slower	NA	NA	NA
Employment	50	No Change	From No Change	52	Increasing	Slightly Faster
Availability of Skilled Labor	38.1	Decreasing	Slightly Faster	NA	NA	NA
Availability of Unskilled Labor	42.5	Decreasing	Faster	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.

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	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>			
	<u>October</u>	<u>October vs. September</u>	<u>October vs. September</u>
MRO Items	57.1	Increasing	Faster
Capital Goods	60.5	Increasing	Faster
Raw Materials	61.9	Increasing	Faster
Components	67.5	Increasing	Faster
Computers	44.4	Decreasing	Faster
Services	63.6	Increasing	Faster
<u>Lead Times</u>			
MRO Items	47.6	Decreasing	From No Change
Capital Goods	52.6	Increasing	Slower
Raw Materials	63.2	Increasing	Faster
Components	61.4	Increasing	Faster
Computers	55.3	Increasing	Slower
Services	52.8	Increasing	From No Change
<u>Supplier Performance</u>			
	<u>October</u>	<u>October vs. September</u>	<u>October vs. September</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From Improving
Components	50	No Change	From Improving
Computers	50	No Change	From No Change
Services	47.2	Worsening	From No Change