

September 2005
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 improved again in September as the Denver Manufacturing PMI was 56.8. August's index was 54.6. The Production index also increased with an index of 60.9 which compares to August's rate of 58. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 59.4 percent, an increase of 5.8 percentage points when compared to August's reading of 53.6 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 continued to increase, and at a faster rate than in August. All sectors increased except for the computers sector which remained unchanged. Lead times in our Denver survey increased in September at a faster rate than in August. All sectors increased except the services sector which showed a decrease. The New Orders and the Imports indices increased in September reversing the setbacks noted in August. The raw materials inventory increased while the finished goods inventory remained unchanged from the rate in August.

September's Employment Index was unchanged from August. The availability of skilled workers and unskilled workers indices both decreased at a faster rate in September.

Supplier performance in our Denver survey improved in the MRO, capital goods, computers and services sectors and decreased in the raw materials and components sectors from August's index.

ISM's New Orders Index grew in September with a reading of 63.8 percent. The index is 7.4 percentage points higher than the 56.4 percent registered in August, and September is the 29th consecutive month the index has exceeded 50 percent. ISM's Employment Index registered growth in September for the third consecutive month. The index registered 53.1 percent in September compared to 52.6 percent in August, an increase of 0.5 percentage point. 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 2005 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>September</u>	<u>September vs. August</u>	<u>September vs. August</u>	<u>September</u>	<u>September vs. August</u>	<u>September vs. August</u>
Purchasing Managers' Index	56.8	Increasing	Faster	59.4	Increasing	Faster
Production	60.9	Increasing	Faster	63.1	Increasing	Faster
New Orders	56.3	Increasing	From Decreasing	63.8	Increasing	Faster
Backlog of Orders	52.1	Increasing	From No Change	55	Increasing	Faster
Prices	62.4	Increasing	Faster	78	Increasing	Faster
Lead Times	59	Increasing	Faster	59.3	Increasing	Faster
Import Orders	55	Increasing	From Decreasing	53.4	Increasing	No Change
Raw Material Inventory	58.3	Increasing	Slightly Faster	49.6*	Decreasing	Slower
Finished Goods Inventory	50	No Change	From Increasing	NA	NA	NA
Employment	50	No Change	From Increasing	53.1	Increasing	Slightly Faster
Availability of Skilled Labor	43.2	Decreasing	Faster	NA	NA	NA
Availability of Unskilled Labor	43.2	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>September</u>	<u>September vs. August</u>	<u>September vs. August</u>
MRO Items	64	Increasing	No Change
Capital Goods	61.4	Increasing	Slightly Slower
Raw Materials	72	Increasing	Faster
Components	64.5	Increasing	Faster
Computers	50	No Change	From No Change
Services	60	Increasing	Slower
<u>Lead Times</u>			
MRO Items	52.3	Increasing	Slower
Capital Goods	54.2	Increasing	No Change
Raw Materials	52.2	Increasing	Slower
Components	76	Increasing	Faster
Computers	60.4	Increasing	Faster
Services	47.7	Decreasing	Slower
<u>Supplier Performance</u>			
	<u>September</u>	<u>September vs. August</u>	<u>September vs. August</u>
MRO Items	52.2	Improving	From No Change
Capital Goods	52.2	Improving	Slightly Faster
Raw Materials	45.7	Worsening	From Improving
Components	45.5	Worsening	From Improving
Computers	54.6	Improving	Slower
Services	54.8	Improving	No Change