



September 2007
Non-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 Non-Manufacturing economy improved in September at a slightly slower rate as the Denver Non-Manufacturing PMI was 55.4. August's index was 56. The Production Index increased at a slower rate with an index of 56 which compares to August's rate of 57.8. The Denver Non-Manufacturing Production Index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index of 54.8 percent, indicating a slower rate of growth in business activity compared to August. (ISM publishes the national Business Activity/Production Non-Manufacturing Index).

(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 Non-Manufacturing Survey increased at a faster rate than in August. All sectors increased. Lead times in our Denver survey increased in September at a slower rate than in August. All sectors increased except the MRO and Services sectors which remained unchanged. The New Orders Index increased in September at a slower rate than in August. The Raw Materials Inventory Index increased in September. The Finished Goods Inventory Index decreased in September.

September's Employment Index increased. The Availability of Skilled Workers and the Availability of Unskilled Workers indices both decreased in September.

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

ISM's New Orders Index decreased to 53.4 percent in September from the 57 percent registered in August. This indicates continued expansion of new orders but at a slower rate than in August. ISM's Employment Index was 52.7 percent, a 4.8 percentage point increase from the 47.9 percent reported in August. 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 2007 Colorado Front Range Non-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>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 | 55.4 | Increasing | Slightly Slower | N/A | N/A | N/A |
| Production | 56 | Increasing | Slower | 54.8 | Increasing | Slower |
| New Orders | 55 | Increasing | Slower | 53.4 | Increasing | Slower |
| Backlog of Orders | 48.7 | Decreasing | From No Change | 47 | Decreasing | From No Change |
| Prices | 57.4 | Increasing | Faster | 66.1 | Increasing | Faster |
| Lead Times | 55.7 | Increasing | Slightly Slower | 50.5 | Increasing | Slower |
| Raw Material Inventory | 60.3 | Increasing | Faster | 50* | No Change | From Increasing |
| Finished Goods Inventory | 48.4 | Decreasing | From No Change | NA | NA | NA |
| Employment | 52.4 | Increasing | Slightly Slower | 52.7 | Increasing | From Decreasing |
| Availability of Skilled Labor | 39.5 | Decreasing | Faster | NA | NA | NA |
| Availability of Unskilled Labor | 44.1 | Decreasing | Faster | NA | NA | NA |

*The national non-manufacturing survey does not list a PMI.

**The national non-manufacturing survey lists only total inventories.

Note: The index for the overall Denver non-manufacturing economy is a composite based on five components: delivery times, inventory levels, new orders, production and employment. An index above 50 means the non-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 | 56.1 | Increasing | Faster |
| Capital Goods | 59 | Increasing | Faster |
| Raw Materials | 59.3 | Increasing | Faster |
| Components | 58.6 | Increasing | Faster |
| Computers | 53.9 | Increasing | Slightly Faster |
| Services | 58.5 | Increasing | Slower |
| <u>Lead Times</u> | | | |
| MRO Items | 50 | No Change | No Change |
| Capital Goods | 52.5 | Increasing | Slightly Slower |
| Raw Materials | 56.4 | Increasing | Slower |
| Components | 58.6 | Increasing | Slower |
| Computers | 60.1 | Increasing | Slightly Faster |
| Services | 50 | No Change | From Decreasing |
| <u>Supplier Performance</u> | <u>September</u> | <u>September vs. August</u> | <u>September vs. August</u> |
| MRO Items | 50 | No Change | From No Change |
| Capital Goods | 50 | No Change | From No Change |
| Raw Materials | 51.9 | Improving | Slightly Slower |
| Components | 48.4 | Worsening | Slightly Slower |
| Computers | 48.7 | Worsening | Slightly Slower |
| Services | 48.7 | Worsening | Slightly Slower |