



January 2006
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 area Non-Manufacturing survey continued its positive position. The survey indicates a PMI of 56.8 compared to an index of 55.2 in November. (Editor's Note: Because of technical difficulties, there was no local Denver Non-Manufacturing December 2005 report.) The production index also remained positive with an index of 55. The Production index in November was 53.9. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for January which decreased to 56.8 percent from December's seasonally adjusted 61 percent, indicating a slower rate of growth of activity in January. (ISM publishes the national non-manufacturing survey).

(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).

Prices increased overall for non-manufacturing for the Denver Business Survey in January at a slightly faster rate than in November. The index for January is 58.6 compared to 57.7 in November. Prices in all non-manufacturing sectors except computers increased. Lead times for services in our Denver survey increased in January at a faster rate than in November. The index for lead times overall was 53.9 compared to 52.5 in November.

The new orders index remained unchanged in January from November. The raw materials and finished goods indices increased in January.

The Employment index increased at a slower rate than in November. Both the availability of skilled labor and the unskilled labor indices declined in January.

Supplier performance in our Denver survey for non-manufacturing improved in the capital goods, computers and services sectors and showed no change in the raw materials, components and the MRO sectors.

The ISM January New Orders Index decreased to 56 percent in January from the seasonally adjusted 62.2 percent registered in December. This indicates continued expansion of new orders at a slower rate of growth than in December. For the complete ISM report, go to www.ism.ws

For further information on the Denver non-manufacturing survey, or to participate in it, call Dr. MP 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.

January 2006 Colorado Front Range Non-Manufacturing Survey

<u>Series</u>	<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>January</u>	<u>Jan. vs. Nov.</u>	<u>Jan. vs. Nov.</u>	<u>January</u>	<u>Jan. vs. Dec.</u>	<u>Jan. vs. Dec.</u>
Purchasing Managers' Index	56.8	Increasing	Faster	NA*	NA	NA
Production	55	Increasing	Faster	56.8	Increasing	Slower
New Orders	50	No Change	No Change	56	Increasing	Slower
Backlog of Orders	33.3	Decreasing	From No Change	52.5	Increasing	Slower
Prices	58.6	Increasing	Slightly Faster	67.2	Increasing	No Change
Lead Times	53.9	Increasing	Faster	54.5	Increasing	Slower
Raw Material Inventory	80	Increasing	From No Change	55*	Increasing	Slower
Finished Goods Inventory	60	Increasing	From Decreasing	NA	NA	NA
Employment	60	Increasing	Slower	51.1	Increasing	Slower
Availability of Skilled Labor	25	Decreasing	From No Change	NA	NA	NA
Availability of Unskilled Labor	44.4	Decreasing	From No Change	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.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>January</u>	<u>Jan. vs. Nov.</u>	<u>Jan. vs. Nov.</u>
MRO Items	62.5	Increasing	Slower
Capital Goods	66.7	Increasing	Faster
Raw Materials	66.7	Increasing	Faster
Components	58.3	Increasing	Faster
Computers	38.9	Decreasing	From No Change
Services	66.7	Increasing	Faster

Lead Times

MRO Items	50	No Change	From Decreasing
Capital Goods	55.6	Increasing	From No Change
Raw Materials	55.6	Increasing	Faster
Components	58.3	Increasing	Slower
Computers	50	No Change	From No Change
Services	44.4	Decreasing	From No Change

<u>Supplier Performance</u>	<u>January</u>	<u>Jan. vs. Nov.</u>	<u>Jan. vs. Nov.</u>
MRO Items	50	No Change	From No Change
Capital Goods	55.6	Improving	From No Change
Raw Materials	50	No Change	From Worsening
Components	50	No Change	From Worsening
Computers	72.2	Improving	Faster
Services	61.1	Improving	Slower