

**October 2005**  
**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 decreased in October. This is the first month since January 2005 that the index has been below 50. The survey indicates a PMI of 47.3 compared to an index of 52.7 in September. The production index also showed a decrease for the second month in a row. The rate in October was 38.5. The Production index in September was 44.7. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for October of 60 percent which compares to September's index of 53.3 percent, indicating a faster rate of growth of activity in October. (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 October at a faster rate than in September. The index for October is 69.4 compared to 59.1 in September. Prices in all sectors increased. Lead times in our Denver survey also increased in October. The index for lead times overall was 56.5 compared to 55.5 in September.

The new orders index remained unchanged from September. The raw materials index remained unchanged from September and the finished goods inventories index decreased in October.

The Non-Manufacturing index for employment showed a decrease in October. The availability of skilled labor index remained unchanged while the availability of unskilled labor increased.

Supplier performance in our Denver survey for non-manufacturing showed improvement in the computers and services sectors, remained unchanged in the MRO, raw materials and components sectors and worsened in the capital goods sector.

ISM's Non-Manufacturing New Orders Index increased to 58.2 percent in October from 56.6 percent in September. This indicates continued expansion of new orders at a faster rate of growth than in September. ISM's report showed employment activity in the non-manufacturing sector increased, but at a slower rate in October compared to September. This was the 25th consecutive monthly increase in non-manufacturing employment. For the complete ISM report, go to [www.ism.ws](http://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.

### October 2005 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>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>
<b>Purchasing Managers' Index</b>	47.3	Decreasing	From Increasing	NA*	NA	NA
<b>Production</b>	38.5	Decreasing	Faster	60	Increasing	Faster
<b>New Orders</b>	50	No Change	From No Change	58.2	Increasing	Faster
<b>Backlog of Orders</b>	33.3	Decreasing	From No Change	55	Increasing	Faster
<b>Prices</b>	69.4	Increasing	Faster	78	Increasing	Slower
<b>Lead Times</b>	56.5	Increasing	Faster	58.5	Increasing	Faster
<b>Raw Material Inventory</b>	50	No Change	From No Change	50*	No Change	From No Change
<b>Finished Goods Inventory</b>	25	Decreasing	From No Change	NA	NA	NA
<b>Employment</b>	45.8	Decreasing	From Increasing	52.9	Increasing	Slower
<b>Availability of Skilled Labor</b>	50	No Change	From Increasing	NA	NA	NA
<b>Availability of Unskilled Labor</b>	61.5	Increasing	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>
<b><u>Prices:</u></b>	<u>October</u>	<u>October vs. September</u>	<u>October vs. September</u>
MRO Items	63.6	Increasing	Slower
Capital Goods	75	Increasing	Faster
Raw Materials	75	Increasing	Faster
Components	75	Increasing	Faster
Computers	58.3	Increasing	Faster
Services	66.7	Increasing	Faster
<b><u>Lead Times</u></b>			

MRO Items	54.2	Increasing	Slower
Capital Goods	55	Increasing	Faster
Raw Materials	65	Increasing	From No Change
Components	58.3	Increasing	Slower
Computers	50	No Change	From Increasing
Services	54.2	Increasing	Faster

<u>Supplier Performance</u>	<u>September</u>	<u>October vs. September</u>	<u>October vs. September</u>
MRO Items	50	No Change	From Worsening
Capital Goods	45	Worsening	From No Change
Raw Materials	50	No Change	From No Change
Components	50	No Change	From Worsening
Computers	58.3	Improving	Slightly Faster
Services	62.5	Improving	Faster