

September 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 increased in September and at a slower rate than in August. The survey indicates a PMI of 52.7 compared to an index of 61.8 in August. The production index declined for the first time in three months. The rate in September was 44.7. The Production index in August was 65.6. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for September which dropped to 53.3 percent from August's 65 percent, indicating a slower rate of growth of activity in September. (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 September at a slower rate than in August. The index for September is 59.1 compared to 62.1 in August. Prices in all sectors increased. Lead times in our Denver survey also increased in September. The index for lead times overall was 55.5 compared to 50.7 in August.

The new orders index remained unchanged from August. Both the raw materials and the finished goods inventories' indices also remained unchanged in September.

The Non-Manufacturing index for employment showed an increase at a slightly faster rate than in August. The availability of skilled labor index increased while the availability of unskilled labor remained unchanged.

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

ISM's Non-Manufacturing New Orders Index declined to 56.6 percent in September from 65.8 percent in August. This indicates continued expansion of new orders but at a slower rate of growth than in August. This was the 24th consecutive monthly increase in non-manufacturing employment. ISM's Non-Manufacturing Employment Index for September is 54.9 percent, a drop of 4.7 percentage points from August's 59.6 percent. 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.

September 2005 Colorado Front Range Non-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>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	52.7	Increasing	Slower	NA*	NA	NA
Production	44.7	Decreasing	From Increasing	53.3	Increasing	Slower
New Orders	50	No Change	From Increasing	56.6	Increasing	Slower
Backlog of Orders	50	No Change	From Increasing	52	Increasing	No Change
Prices	59.1	Increasing	Slower	81.4	Increasing	Faster
Lead Times	55.5	Increasing	Faster	56	Increasing	Faster
Raw Material Inventory	50	No Change	From Increasing	50*	No Change	From Increasing
Finished Goods Inventory	50	No Change	From Increasing	NA	NA	NA
Employment	65.8	Increasing	Slightly Faster	54.9	Increasing	Slower
Availability of Skilled Labor	52.6	Decreasing	From Decreasing	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Increasing	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>September</u>	<u>September vs. August</u>	<u>September vs. August</u>
MRO Items	65.8	Increasing	Slower
Capital Goods	61.8	Increasing	Slower
Raw Materials	59.1	Increasing	Faster
Components	53.3	Increasing	Slower
Computers	55.6	Increasing	Slower
Services	57.9	Increasing	Slower

Lead Times

MRO Items	57.9	Increasing	From Decreasing
Capital Goods	52.6	Increasing	From No Change
Raw Materials	50	No Change	From Increasing
Components	63.6	Increasing	From No Change
Computers	53.3	Increasing	From No Change
Services	52.3	Increasing	From No Change

<u>Supplier Performance</u>	<u>September</u>	<u>September vs. August</u>	<u>September vs. August</u>
MRO Items	47.4	Worsening	From Improving
Capital Goods	50	No Change	From Improving
Raw Materials	50	No Change	From Improving
Components	46.7	Worsening	From Improving
Computers	57.9	Improving	Slightly Faster
Services	57.9	Improving	From No Change