

March 2005
Manufacturing
Business Conditions Survey

A Joint Project of the College of Business
At the University of Colorado at Denver
And NAPM-Denver

Great news continues! The local Denver manufacturing economy continued its rebound in March as the Denver Manufacturing PMI was 62.5 in March. This compares to a PMI of 55 in February. The Production index also increased with an index of 68.5 which compares to February's rate of 53.7. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 55.2 percent, a decrease of 0.1 percentage point when compared to February's seasonally adjusted reading of 55.3 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 slower rate than in February. All sectors increased. Lead times in our Denver survey increased in March at a faster rate than in February. Lead times in all sectors increased except the services sector which remained unchanged. The New Orders index increased at a faster rate than in February. The Imports index decreased in March reversing the increase in February's index. The raw materials inventory index increased, reversing February's decrease. The finished goods inventory index decreased at a slower rate than in February.

March's Employment Index increased in our Denver survey compared to no change in February. The availability of workers indices increased in both the skilled and unskilled categories. This continued February's trend.

Supplier performance in our Denver survey showed improvement in all sectors except raw materials which worsened and the components index which showed no change.

ISM's New Orders Index grew in March with a reading of 57.1 percent. The index is 1.3 percentage points higher than the seasonally adjusted 55.8 percent registered in February, and it is the 23rd consecutive month the index has exceeded 50 percent.

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 March'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.

March 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>March</u>	<u>March vs. March</u>	<u>March vs. March</u>	<u>March</u>	<u>March vs. March</u>	<u>March vs. March</u>
Purchasing Managers' Index	62.5	Increasing	Faster	55.2	Increasing	Slightly Slower
Production	68.5	Increasing	Faster	56.5	Increasing	Slightly Slower
New Orders	68.5	Increasing	Faster	57.1	Increasing	Faster
Backlog of Orders	55.8	Increasing	Faster	56.5	Increasing	Faster
Prices	60.3	Increasing	Slower	73	Increasing	Faster
Lead Times	56.5	Increasing	Faster	52.5	Increasing	Slower
Import Orders	40.9	Decreasing	From Increasing	58.9	Increasing	Slower
Raw Material Inventory	51.9	Increasing	From Decreasing	46*	Decreasing	Slower
Finished Goods Inventory	46.2	Decreasing	Slower	NA	NA	NA
Employment	55.6	Increasing	From No Change	53.3	Increasing	Slower
Availability of Skilled Labor	51.9	Increasing	No Change	NA	NA	NA
Availability of Unskilled Labor	56.3	Increasing	Slightly 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>March</u>	<u>March vs. March</u>	<u>March vs. March</u>
MRO Items	59.3	Increasing	Slower
Capital Goods	66	Increasing	Slower
Raw Materials	61.1	Increasing	Slower
Components	59.3	Increasing	Slower
Computers	56	Increasing	Faster
Services	59.3	Increasing	Slower
<u>Lead Times</u>			
MRO Items	51.9	Increasing	From Decreasing
Capital Goods	57.4	Increasing	No Change
Raw Materials	60	Increasing	Faster
Components	57.4	Increasing	Faster
Computers	55.6	Increasing	Faster
Services	50	No Change	From Decreasing
<u>Supplier Performance</u>	<u>March</u>	<u>March vs. March</u>	<u>March vs. March</u>
MRO Items	51.9	Improving	From Worsening
Capital Goods	54	Improving	Faster
Raw Materials	48.2	Worsening	From Improving
Components	50	No Change	From Improving
Computers	52	Improving	Slower
Services	56	Improving	Faster