

April 2005
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 manufacturing economy continued its improvement in April as the Denver Manufacturing PMI was 60.1 in April. This compares to a PMI of 62.5 in March. The Production index also increased with an index of 64.7 which compares to March's rate of 68.5. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 53.3 percent, a decrease of 1.9 percentage points when compared to March's reading of 55.2 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 faster rate than in March. All sectors increased except computers which remain unchanged from March. Lead times in our Denver survey increased in April at a slightly slower rate than in March. Lead times in all sectors increased except the MRO sector which decreased. The New Orders index increased at a slower rate than in March. The Imports index increased in April reversing the decrease in March's index. The raw materials inventory and the finished goods inventory indices increased.

April's Employment Index increased in our Denver survey at a slower rate than in March. The availability of skilled workers index decreased in April reversing March's increase. The availability of unskilled workers index remained unchanged from March.

Supplier performance in our Denver survey worsened in all sectors except services showed no change.

ISM's New Orders Index grew in April with a reading of 53.7 percent. The index is 3.4 percentage points lower than the 57.1 percent registered in March, and it is the 24th 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 April'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.

April 2005 Colorado Front Range 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>April</u>	<u>March vs. March</u>	<u>March vs. March</u>	<u>April</u>	<u>April vs. March</u>	<u>April vs. March</u>
Purchasing Managers' Index	60.1	Increasing	Slower	53.3	Increasing	Slower
Production	64.7	Increasing	Slower	56.7	Increasing	Slightly Faster
New Orders	64.7	Increasing	Slower	53.7	Increasing	Slower
Backlog of Orders	53	Increasing	Slower	53	Increasing	Slower
Prices	63	Increasing	Faster	71	Increasing	Slower
Lead Times	55.7	Increasing	Faster	51.5	Increasing	Slower
Import Orders	55.9	Increasing	From Decreasing	56.7	Increasing	Slower
Raw Material Inventory	58.8	Increasing	Faster	47.9*	Decreasing	From Increasing
Finished Goods Inventory	53	Increasing	From Decreasing	NA	NA	NA
Employment	51.5	Increasing	Slower	52.3	Increasing	Slower
Availability of Skilled Labor	48.5	Decreasing	From Increasing	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Increasing	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.

March 2005 Colorado Front Range Manufacturing Survey

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>March</u>	<u>April vs. March</u>	<u>April vs. March</u>
MRO Items	61.3	Increasing	Faster
Capital Goods	60.3	Increasing	Slower
Raw Materials	74.2	Increasing	Faster
Components	69.4	Increasing	Faster
Computers	50	No Change	From Increasing
Services	56.3	Increasing	Slightly Slower
<u>Lead Times</u>			
MRO Items	48.4	Decreasing	From Increasing
Capital Goods	54.6	Increasing	Slower
Raw Materials	56.7	Increasing	Slower
Components	62.5	Increasing	Faster
Computers	56.5	Increasing	Slightly Faster
Services	51.8	Increasing	From No Change
<u>Supplier Performance</u>	<u>March</u>	<u>April vs. March</u>	<u>April vs. March</u>
MRO Items	46.9	Worsening	From Improving
Capital Goods	48.4	Worsening	From Improving
Raw Materials	45.3	Worsening	Faster
Components	48.4	Worsening	From No Change
Computers	48.3	Worsening	From Improving
Services	56	No Change	From Improving