



July 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 again was on the positive side in July as the Denver Manufacturing PMI was 50.7. June's index was 54.7. The Production index also increased with an index of 52.9 which compares to June's rate of 54.2. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 56.6 percent, an increase of 2.8 percentage points when compared to June's reading of 53.8 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, but at a slower rate than in June. All sectors increased. Lead times in our Denver survey increased in July at a faster rate than in June. Lead times in the capital goods, raw materials, components and computers sectors increased while they remained unchanged in the MRO and services sectors. The New Orders index increased in July at a slower rate than in June. The Imports index remained unchanged from June. The raw materials inventory and finished goods inventory indices both decreased in July.

July's Employment Index decreased in our Denver survey reversing a four months' long positive trend. The availability of skilled workers and unskilled workers indices both decreased in July.

Supplier performance in our Denver survey improved in all sectors except components where it remained unchanged from June's index.

ISM's New Orders Index grew in July with a reading of 60.6 percent. The index is 3.4 percentage points higher than the 57.2 percent registered in June, and July is the 27th consecutive month the index has exceeded 50 percent. ISM's Employment Index registered growth in July following two consecutive months of contraction. The index registered 53.2 percent in July compared to 49.9 percent in June, an increase of 3.3 percentage points.

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 July'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.

July 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>July</u>	<u>July vs. June</u>	<u>July vs. June</u>	<u>July</u>	<u>July vs. June</u>	<u>July vs. June</u>
Purchasing Managers' Index	50.7	Increasing	Slower	56.6	Increasing	Faster
Production	52.9	Increasing	Slower	61.2	Increasing	Faster
New Orders	52.9	Increasing	Slower	60.6	Increasing	Faster
Backlog of Orders	52.9	Increasing	From Decreasing	49	Decreasing	From Increasing
Prices	56	Increasing	Slower	48.5	Decreasing	From Increasing
Lead Times	53.6	Increasing	Faster	51.8	Increasing	Slower
Import Orders	50	No Change	No Change	54.7	Increasing	Slightly Faster
Raw Material Inventory	47.1	Decreasing	From Increasing	47.5*	Decreasing	Slightly Faster
Finished Goods Inventory	38.2	Decreasing	From No Change	NA	NA	NA
Employment	44.1	Decreasing	From Increasing	53.2	Increasing	From Decreasing
Availability of Skilled Labor	43.8	Decreasing	Faster	NA	NA	NA
Availability of Unskilled Labor	46.9	Decreasing	From No Change	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>July</u>	<u>July vs. June</u>	<u>July vs. June</u>
MRO Items	64.7	Increasing	Slightly Faster
Capital Goods	53.3	Increasing	Slower
Raw Materials	52.9	Increasing	Slower
Components	55.9	Increasing	Slower
Computers	52.9	Increasing	From Decreasing
Services	58.8	Increasing	Slightly Faster
<u>Lead Times</u>			
MRO Items	50	No Change	From Decreasing
Capital Goods	55.9	Increasing	Slightly Slower
Raw Materials	53.1	Increasing	From No Change
Components	55.9	Increasing	Slower
Computers	52.9	Increasing	From No Change
Services	50	No Change	No Change
<u>Supplier Performance</u>	<u>July</u>	<u>July vs. June</u>	<u>July vs. June</u>
MRO Items	58.8	Increasing	From No Change
Capital Goods	59.4	Improving	Faster
Raw Materials	52.9	Improving	From Worsening
Components	50	No Change	From Worsening
Computers	58.8	Improving	Faster
Services	58.8	Improving	Faster