

March 2005
Non Manufacturing
Business Conditions Survey

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

More good news! The local Denver area Non-Manufacturing survey continued its positive trend. The survey indicates a PMI of 53.7 compared to an index of 51.9 in February. The production also increased with an index of 56.7 in March. The Production index in February was 44.5. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for March which increased to 63.1 percent from February's seasonally adjusted 59.8 percent, indicating a faster rate of growth of activity in March. (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 March at a faster rate than in February. The index for March is 63.8 compared to 56.6 in February. Prices in all non-manufacturing sectors increased. Lead times for services in our Denver survey increased in March reversing February's decrease. The index for lead times overall was 54.8 compared to 48.5 in February.

The new orders index decreased in March contrasting to February's increase. The raw materials inventory and the finished goods inventory indices showed increases in February.

The Non-Manufacturing index for employment showed an increase at a slower rate than in February. The availability of skilled and unskilled labor indices both increased.

Supplier performance in our Denver survey for non-manufacturing improved in all sectors except for the MRO sector which worsened.

ISM's Non-Manufacturing New Orders Index increased to 62.1 percent in March from 61.6 percent in February. This indicates continued expansion of new orders but at a faster rate of growth than in February. 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.

March 2005 Colorado Front Range Non-Manufacturing Survey

<u>Series</u>	<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. February</u>	<u>March vs. February</u>	<u>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
Purchasing Managers' Index	53.7	Increasing	Faster	NA*	NA	NA
Production	56.7	Increasing	From Decreasing	63.1	Increasing	Faster
New Orders	45.8	Decreasing	From Increasing	62.1	Increasing	Slightly Faster
Backlog of Orders	45	Decreasing	Slower	56.5	Increasing	Faster
Prices	63.8	Increasing	Faster	65.6	Increasing	Slightly Slower
Lead Times	54.8	Increasing	From Decreasing	53	Increasing	Slightly Faster
Raw Material Inventory	55.6	Increasing	From Decreasing	52.5*	Increasing	Slightly Faster
Finished Goods Inventory	62.5	Increasing	From No Change	NA	NA	NA
Employment	60	Increasing	Slower	57.1	Increasing	Slower
Availability of Skilled Labor	60.7	Increasing	Faster	NA	NA	NA
Availability of Unskilled Labor	57.1	Increasing	Faster	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>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
MRO Items	67.9	Increasing	Faster
Capital Goods	57.7	Increasing	Slower
Raw Materials	68.2	Increasing	Faster
Components	68.2	Increasing	Faster
Computers	57.1	Increasing	From Decreasing
Services	64.3	Increasing	Slower

Lead Times

MRO Items	50	No Change	From Increasing
Capital Goods	57.1	Increasing	From No Change
Raw Materials	57.7	Increasing	From Decreasing
Components	59.1	No Change	From Decreasing
Computers	41.7	Increasing	From Decreasing
Services	50	No Change	From Decreasing

<u>Supplier Performance</u>	<u>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
MRO Items	46.4	Worsening	From Improving
Capital Goods	53.9	Improving	Slower
Raw Materials	54.6	Improving	Slightly Faster
Components	54.6	Improving	From No Change
Computers	64.3	Improving	Slower
Services	64.3	Improving	Slower