

May 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 continued its positive trend. The survey indicates a PMI of 66.4 compared to an index of 60.8 in April. The production also increased with an index of 73.5 in May. The Production index in April was 67.7. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for May which decreased to 58.5 percent from April's 61.7 percent, indicating a slower rate of growth of activity in May. (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 May at a faster rate than in April. The index for May is 55.3 compared to 52.6 in April. Prices in the every sector increased except for the computers sector which decreased. Lead times for services in our Denver survey increased in May at a slightly slower rate than in April. The index for lead times overall was 50.6 compared to 51.3 in April.

The new orders index increased in May at a faster rate than in April. The raw materials and finished goods inventories' indices showed increases in May.

The Non-Manufacturing index for employment showed an increase at a faster rate than in April. The availability of skilled labor index showed no change, while the availability of unskilled labor index showed an increase from April.

Supplier performance in our Denver survey for non-manufacturing improved in the raw materials, components, computers and services sectors and showed no change in the MRO and capital goods sectors.

ISM's Non-Manufacturing New Orders Index increased to 59.7 percent in May from 58.8 percent in April. This indicates continued expansion of new orders but at a faster rate of growth than in April. 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.

May 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>May</u>	<u>May vs. April</u>	<u>May vs. April</u>	<u>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
Purchasing Managers' Index	66.4	Increasing	Faster	NA*	NA	NA
Production	73.5	Increasing	Faster	58.5	Increasing	Slower
New Orders	73.3	Increasing	Faster	59.7	Increasing	Faster
Backlog of Orders	60.7	Increasing	From No Change	56.5	Increasing	Faster
Prices	55.3	Increasing	Faster	57.9	Increasing	Slower
Lead Times	50.6	Increasing	Slightly Slower	53.5	Increasing	Slightly Faster
Raw Material Inventory	61.1	Increasing	From No Change	51.5*	Increasing	Slower
Finished Goods Inventory	53.1	Increasing	Slower	NA	NA	NA
Employment	61.8	Increasing	Faster	53.4	Increasing	Slightly Faster
Availability of Skilled Labor	50	No Change	From Increasing	NA	NA	NA
Availability of Unskilled Labor	58.8	Increasing	From No Change	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>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
MRO Items	59.4	Increasing	Slightly Faster
Capital Goods	60	Increasing	Faster
Raw Materials	55	Increasing	From No Change
Components	58.3	Increasing	Faster
Computers	43.8	Decreasing	Slower
Services	70	Increasing	Faster
<u>Lead Times</u>			
MRO Items	50	No Change	From No Change
Capital Goods	56.7	Increasing	Slightly Faster
Raw Materials	53.3	Increasing	Slower
Components	38.9	Decreasing	Faster
Computers	54.2	Increasing	Slightly Slower
Services	46.7	Decreasing	Slightly Faster

<u>Supplier Performance</u>	<u>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
MRO Items	50	No Change	From Improving
Capital Goods	50	No Change	From No Change
Raw Materials	61.1	Improving	Faster
Components	54.2	Improving	From No Change
Computers	59.4	Improving	Faster
Services	62.5	Improving	Faster