

**June 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 outlook, although not as robust as in May. The survey indicates a PMI of 60.7 compared to an index of 66.4 in May. The production also increased with an index of 60 in June. The Production index in May was 73.5. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for June which increased to 62.2 percent from May's 58.5 percent, indicating a faster rate of growth of activity in June. (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 June at a slower rate than in May. The index for June is 54 compared to 55.3 in May. Prices in the capital goods, components, computers and services sectors increased while the raw materials index decreased and the MRO sector was unchanged. Lead times in our Denver survey increased in June at a slightly faster rate than in May. The index for lead times overall was 51.4 compared to 50.6 in May.

The new orders index increased in June at a slower rate than in May. The raw materials index increased at a faster rate than in May and the finished goods inventories' index was unchanged from May.

The Non-Manufacturing index for employment showed an increase at a faster rate than in May. The availability of skilled labor and unskilled labor indices showed decreases in June.

Supplier performance in our Denver survey for non-manufacturing improved in all sectors except raw materials which showed no change.

ISM's Non-Manufacturing New Orders Index decreased to 59.5 percent in June from 59.7 percent in May. This indicates continued expansion of new orders but at a slightly slower rate of growth than in May. Employment activity in the non-manufacturing sector increased at a faster rate in June compared to May. This was the 21st consecutive monthly increase in non-manufacturing employment. For the complete ISM report, go to [www.ism.ws](http://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.

### June 2005 Colorado Front Range Non-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>June</u>	<u>June vs. May</u>	<u>June vs. May</u>	<u>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
<b>Purchasing Managers' Index</b>	60.7	Increasing	Slower	NA*	NA	NA
<b>Production</b>	60	Increasing	Slower	62.2	Increasing	Faster
<b>New Orders</b>	61.1	Increasing	Slower	59.5	Increasing	Slightly Slower
<b>Backlog of Orders</b>	50	No Change	From Increasing	52.5	Increasing	Slower
<b>Prices</b>	54	Increasing	Slower	59.8	Increasing	Faster
<b>Lead Times</b>	51.4	Increasing	Slightly Faster	56.5	Increasing	Faster
<b>Raw Material Inventory</b>	66.7	Increasing	Faster	52.5*	Increasing	Slightly Faster
<b>Finished Goods Inventory</b>	50	No Change	From Increasing	NA	NA	NA
<b>Employment</b>	65	Increasing	Faster	57.4	Increasing	Faster
<b>Availability of Skilled Labor</b>	45	Decreasing	From No Change	NA	NA	NA
<b>Availability of Unskilled Labor</b>	40	Decreasing	From Increasing	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>
<b><u>Prices:</u></b>	<u>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
MRO Items	50	No Change	From Increasing
Capital Goods	55.6	Increasing	Slower
Raw Materials	37.5	Decreasing	From Increasing
Components	71.5	Increasing	Faster
Computers	55.6	Increasing	From Decreasing
Services	66.7	Increasing	Slower

**Lead Times**

MRO Items	43.8	Decreasing	From No Change
Capital Goods	56.3	Increasing	Slightly Slower
Raw Materials	50	No Change	From Increasing
Components	50	No Change	From Decreasing
Computers	57.1	Increasing	Faster
Services	55.6	Increasing	From Decreasing

**Supplier Performance**

	<u>June</u>	<u>June vs. May</u>	<u>June vs. May</u>
MRO Items	55.6	Improving	From No Change
Capital Goods	55.6	Improving	From No Change
Raw Materials	50	No Change	From Improving
Components	57.1	Improving	Faster
Computers	66.7	Improving	Faster
Services	66.7	Improving	Faster