



**August 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 increased in August and at a faster rate than in July. The survey indicates a PMI of 61.8 compared to an index of 56.9 in July. The production index also increased with to a rate of 65.6 in August. The Production index in July was 63.3. This month's index compares to the Institute for Supply Management's (ISM) Business Activity/Production Index for August which increased to 65 percent from July's 60.5 percent, indicating a faster rate of growth of activity in August. (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 August at a slightly faster rate than in July. The index for August is 62.1 compared to 61.7 in July. Prices in all sectors increased. Lead times in our Denver survey increased slightly in August. The index for lead times overall was 50.7 compared to 50.4 in July.

The new orders index increased in August at a slower rate than in July. Both the raw materials and the finished goods inventories' indices increased in August.

The Non-Manufacturing index for employment showed an increase at a faster rate than in July. The availability of skilled labor index decreased and the unskilled labor index showed an increase in August.

Supplier performance in our Denver survey for non-manufacturing improved in all sectors except the services sector which showed no change.

ISM's Non-Manufacturing New Orders Index increased to 65.8 percent in August from 61.9 percent in July. ISM'S Employment increased at a faster rate in August compared to July. This was the 23rd consecutive monthly increase in non-manufacturing employment. ISM's Non-Manufacturing Employment Index for August is 59.6 percent, a rise of 3.4 percentage points from July's 56.2 percent. 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.

### August 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>August</u>	<u>August vs. July</u>	<u>August vs. July</u>	<u>August</u>	<u>August vs. July</u>	<u>August vs. July</u>
<b>Purchasing Managers' Index</b>	61.8	Increasing	Faster	NA*	NA	NA
<b>Production</b>	65.6	Increasing	Faster	65	Increasing	Faster
<b>New Orders</b>	60	Increasing	Slower	65.8	Increasing	Faster
<b>Backlog of Orders</b>	54.2	Increasing	From No Change	52	Increasing	Slower
<b>Prices</b>	62.1	Increasing	Slightly Faster	67.1	Increasing	Slower
<b>Lead Times</b>	50.7	Increasing	Slightly Faster	55	Increasing	Slower
<b>Raw Material Inventory</b>	66.7	Increasing	From Decreasing	53.5*	Increasing	Faster
<b>Finished Goods Inventory</b>	53.9	Increasing	From Decreasing	NA	NA	NA
<b>Employment</b>	65.6	Increasing	Faster	59.6	Increasing	Slower
<b>Availability of Skilled Labor</b>	30	Decreasing	Faster	NA	NA	NA
<b>Availability of Unskilled Labor</b>	53.6	Increasing	From Decreasing	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>	<b><u>August</u></b>	<b><u>August vs. July</u></b>	<b><u>August vs. July</u></b>
<b>MRO Items</b>	<b>70</b>	<b>Increasing</b>	<b>Slower</b>
<b>Capital Goods</b>	<b>66.7</b>	<b>Increasing</b>	<b>Slower</b>
<b>Raw Materials</b>	<b>57.1</b>	<b>Increasing</b>	<b>Slower</b>
<b>Components</b>	<b>60</b>	<b>Increasing</b>	<b>Slower</b>
<b>Computers</b>	<b>56.7</b>	<b>Increasing</b>	<b>From Decreasing</b>
<b>Services</b>	<b>66.7</b>	<b>Increasing</b>	<b>No Change</b>

**Lead Times**

<b>MRO Items</b>	<b>46.7</b>	<b>Decreasing</b>	<b>From Increasing</b>
<b>Capital Goods</b>	<b>50</b>	<b>No Change</b>	<b>From Increasing</b>
<b>Raw Materials</b>	<b>56.7</b>	<b>Increasing</b>	<b>From No Change</b>
<b>Components</b>	<b>50</b>	<b>No Change</b>	<b>From Decreasing</b>
<b>Computers</b>	<b>50</b>	<b>No Change</b>	<b>From Decreasing</b>
<b>Services</b>	<b>50</b>	<b>No Change</b>	<b>From Decreasing</b>

<b><u>Supplier Performance</u></b>	<b><u>August</u></b>	<b><u>August vs. July</u></b>	<b><u>August vs. July</u></b>
<b>MRO Items</b>	<b>56.7</b>	<b>Improving</b>	<b>From No Change</b>
<b>Capital Goods</b>	<b>53.3</b>	<b>Improving</b>	<b>Slightly Slower</b>
<b>Raw Materials</b>	<b>64.3</b>	<b>Improving</b>	<b>Faster</b>
<b>Components</b>	<b>55.6</b>	<b>Improving</b>	<b>From No Change</b>
<b>Computers</b>	<b>57.1</b>	<b>Improving</b>	<b>Slower</b>
<b>Services</b>	<b>50</b>	<b>No Change</b>	<b>From Improving</b>