

April 2006
Manufacturing
Business Conditions Survey

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

The local economy keeps rolling along. The local Denver manufacturing economy index continued its upward trend in April. The April 2006 Denver Manufacturing PMI was 64.8. March's index was 56.8. The Production index increased at a faster rate with an index of 75, which compares to March's rate of 68.2. The Denver Manufacturing PMI compares to the Institute for Supply Management's (ISM) PMI of 57.3 percent, an increase of 2.1 percentage points when compared to March's reading of 55.2 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 increased in April at a faster rate than in March. All sectors increased. The Lead Times Index in our Denver survey increased in April at a slower rate than in March. All sectors increased except for the Services and the MRO sectors which remained unchanged. The New Orders Index increased at a faster rate and the Imports Index remained unchanged from March. Both the Raw Materials Inventory and the Finished Goods Inventory Indices increased at faster rates than in April.

April's Employment Index increased in April reversing the decreasing trend of the previous month. Both the Availability of Skilled Workers and the Availability of Unskilled Workers indices decreased in April.

Supplier performance in our Denver survey improved in the MRO, Computers and Services sectors, worsened in the Components and Raw Materials sectors and remained unchanged in the Capital Goods sector.

ISM's New Orders Index registered 57.6 percent in April. The index is 0.8 percentage point lower than the 58.4 percent registered in March. ISM's Employment Index expanded for the 11th consecutive month in April. The index registered 55.8 percent in April compared to 52.5 percent in March, 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 April'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.

April 2006 Colorado Front Range Manufacturing Survey

<i>Series</i>	<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>April</u>	<u>April vs. March</u>	<u>April vs. March</u>	<u>April</u>	<u>April vs. March</u>	<u>April vs. March</u>
Purchasing Managers' Index	64.8	Increasing	Faster	57.3	Increasing	Faster
Production	75	Increasing	Faster	60.4	Increasing	Faster
New Orders	67.9	Increasing	Faster	57.6	Increasing	Slower
Backlog of Orders	55.6	Increasing	From Decreasing	57	Increasing	Slower
Prices	62	Increasing	Faster	71.5	Increasing	Faster
Lead Times	59.1	Increasing	Slower	57.7	Increasing	Faster
Import Orders	50	No Change	From No Change	59	Increasing	Faster
Raw Material Inventory	64.3	Increasing	Faster	51.3*	Increasing	From Decreasing
Finished Goods Inventory	60.7	Increasing	Faster	NA	NA	NA
Employment	51.8	Increasing	From Decreasing	55.8	Increasing	Faster
Availability of Skilled Labor	43.5	Decreasing	Faster	NA	NA	NA
Availability of Unskilled Labor	47.9	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.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>April</u>	<u>April vs. March</u>	<u>April vs. March</u>
MRO Items	62.5	Increasing	Faster
Capital Goods	59.6	Increasing	Slightly Slower
Raw Materials	67.2	Increasing	Faster
Components	68.5	Increasing	Faster
Computers	52.1	Increasing	From Decreasing
Services	66.7	Increasing	Faster
<u>Lead Times</u>			
MRO Items	50	No Change	From Increasing
Capital Goods	53.5	Increasing	Slightly Slower
Raw Materials	56.1	Increasing	Slower
Components	74.1	Increasing	Slower
Computers	61.5	Increasing	Faster
Services	50	No Change	From Decreasing
<u>Supplier Performance</u>	<u>April</u>	<u>April vs. March</u>	<u>April vs. March</u>
MRO Items	51.8	Improving	Slower
Capital Goods	50	No Change	From Improving
Raw Materials	41.4	Worsening	Faster
Components	46.3	Worsening	From No Change
Computers	52	Improving	Slower
Services	52	Improving	Slower