



**April 2009
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 Non-Manufacturing economy decreased at a faster rate in April with the Denver Non-Manufacturing PMI at 39.8. The Production Index decreased at a slower rate in April with an index of 46.2. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI which registered 43.7 percent, indicating contraction in the non-manufacturing sector at a slower rate compared to March's reading of 40.8 percent. The ISM Non-Manufacturing Business Activity Index registered 45.2 percent, an increase of 1.1 percentage points when compared to the 44.1 percent registered in March. Nine industries reported increased business activity, and 7 industries reported decreased activity for the month of April. Two industries reported no change from March. Comments from respondents include: "Increased sales and prospect activity" and "Government intervention with funding — beginning to thaw credit markets." (ISM publishes the national NMI and the Business Activity/Production Non-Manufacturing Index).

(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 Non-Manufacturing Survey decreased in April at a faster rate. Prices decreased in the Capital Goods, Raw Materials, Components, Computers and Services sectors, and remained unchanged in the MRO sector. Lead times in our Denver survey decreased in April. Lead times decreased in all sectors. The New Orders Index decreased at a faster rate in April. The Raw Materials Inventory Index increased and the Finished Goods Inventory Index decreased in April.

The Employment Index decreased at a faster rate in April. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices both increased in April.

Supplier performance in our Denver survey improved in the Capital Goods and Services sectors and remained unchanged in all other sectors.

ISM's Non-Manufacturing New Orders Index contracted in April for the seventh consecutive month. The index registered 47 percent, which is an increase of 8.2 percentage points from the 38.8 percent registered in March. Comments from respondents include: "Increase in projects being started"; "Projected higher sales due to promotions"; and "Less demand, business trends down."

ISM's Non-Manufacturing Employment activity in the non-manufacturing sector contracted in April for the 15th time in the last 16 months. ISM's Non-Manufacturing Employment Index for April registered 37 percent. This reflects an increase of 4.7 percentage points when compared to the 32.3 percent registered in March. Four industries reported increased employment, 12 industries reported decreased employment, and two industries reported unchanged employment for the month of April. Comments from respondents include: "Some attrition in employee numbers has taken place"; "Right-sizing to sales level"; and "Hiring freeze in place. "Almost impossible to fill open positions." 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 2009 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>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	39.8	Decreasing	Faster	43.7*	Decreasing	Slower
Business Activity/ Production New Orders	46.2	Decreasing	Slower	45.2	Decreasing	Slower
Backlog of Orders	41.7	Decreasing	Faster	47	Decreasing	Slower
Prices	35	Decreasing	Faster	44	Decreasing	Slower
Lead Times	40.8	Decreasing	Faster	40	Decreasing	Slightly Slower
Raw Material Inventory	39.5	Decreasing	From Increasing	45.5	Decreasing	Faster
Finished Goods Inventory	60	Increasing	From No Change	43**	Decreasing	Slower
Employment	28.6	Decreasing	From Increasing	NA	NA	NA
Availability of Skilled Labor	19.2	Decreasing	Faster	37	Decreasing	Slower
Availability of Unskilled Labor	66.7	Increasing	Faster	NA	NA	NA
	70	Increasing	Faster	NA	NA	NA

*The national index is called the NMI (Non-Manufacturing Index)

**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.

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Colo. Index

<u>Prices</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
	<u>April</u>	<u>April vs. March</u>	<u>April vs. March</u>
MRO Items	50	No Change	No Change
Capital Goods	45	Decreasing	Slower
Raw Materials	25	Decreasing	From Increasing
Components	38.9	Decreasing	From No Change
Computers	45	Decreasing	Slightly Slower
Services	38.5	Decreasing	Faster

<u>Lead Times</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
	<u>April</u>	<u>April vs. March</u>	<u>April vs. March</u>
MRO Items	43.8	Decreasing	From No Change
Capital Goods	40	Decreasing	From No Change
Raw Materials	33.3	Decreasing	From Increasing
Components	45.5	Decreasing	From Increasing
Computers	35	Decreasing	From No Change
Services	42.3	Decreasing	Slower

<u>Supplier Performance Index</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
	<u>April</u>	<u>April vs. March</u>	<u>April vs. March.</u>
MRO Items	50	No Change	From No Change
Capital Goods	55.6	Improving	From No Change
Raw Materials	50	No Change	From No Change
Components	50	No Change	From Improving
Computers	50	No Change	From Worsening
Services	53.9	Improving	Slower