



**December 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 in December with the Denver Non-Manufacturing PMI at 40.6. The Production Index was 44.4. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) registered 50.1 percent, indicating growth in the non-manufacturing sector after one month of contraction. ISM's Non-Manufacturing Business Activity Index in December registered 53.7 percent, an increase of 4.1 percentage points when compared to the 49.6 percent registered in November. Seven industries reported increased business activity, and seven industries reported decreased activity for the month of December. Four industries reported no change from November. Comments from respondents include "General pickup in business" and "Regular seasonal boost, nothing out of the ordinary." (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 registered 42 in December. Prices decreased in the MRO, Capital Goods, Computers and Services sectors and remained unchanged in the Raw Materials and Components sectors. Lead times in our Denver survey increased in December with an index of 59.7. Lead times increased in the MRO, Capital Goods, Raw Materials, Components and Services sectors and remained unchanged in the Computers sector.

The New Orders Index decreased with an index of 33.3 in December. The Finished Goods Inventory Index decreased more slowly in December with an index of 41.7.

The Employment Index decreased faster with an index of 27.8 in December. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices increased in December.

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

ISM's Non-Manufacturing New Orders Index grew in December for the fourth consecutive month. The index registered 52.1 percent, which is a decrease of 3 percentage points from the 55.1 percent reported in November. Comments from respondents include: "Everyone trying to spend out before the year end and holiday vacations" and "Organizations need additional help to complete workload." Employment activity in ISM's non-manufacturing sector contracted in December for the 23rd time in the last 24 months. ISM's Non-Manufacturing Employment Index for December registered 44 percent. This reflects an increase of 2.4 percentage points when compared to the 41.6 percent registered in November. Four industries reported increased employment, 12 industries reported decreased employment, and two industries reported unchanged employment compared to November. Comments from respondents include: "Decrease in occupancy equals decrease in employment" and "Continuing to aggressively manage costs down." 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 December'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.

December 2009 Colorado Front Range Non-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>December</u>	<u>December vs. November</u>	<u>December vs. November</u>	<u>December</u>	<u>December vs. November</u>	<u>December vs. November</u>
Purchasing Managers' Index	40.6	Decreasing	Faster	50.1*	Increasing	From Decreasing
Business Activity/ Production New Orders	44.4	Decreasing	Slower	53.7	Increasing	From Decreasing
Backlog of Orders	33.3	Decreasing	From No Change	52.1	Increasing	Slower
Imports	40	Decreasing	From No Change	48	Decreasing	Slightly Faster
Prices	50	No Change	From No Change	52.5	Increasing	From Decreasing
Lead Times	42	Decreasing	From Increasing	58.7	Increasing	Slightly Faster
Raw Material Inventory	59.7	Increasing	From Decreasing	50.5	Increasing	From Decreasing
Finished Goods Inventory	50	No Change	No Change	51.5**	Increasing	From Decreasing
Employment	41.7	Decreasing	Slower	NA	NA	NA
Availability of Skilled Labor	27.8	Decreasing	Faster	44	Decreasing	Slower
Availability of Unskilled Labor	56.3	Increasing	Slower	NA	NA	NA
	57.1	Increasing	Slower	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.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>December</u>	<u>December</u>	<u>December</u>
			<u>vs.</u>
			<u>November</u>
MRO Items	35.7	Decreasing	From No Change
Capital Goods	42.9	Decreasing	No Change
Raw Materials	50	No Change	From Increasing
Components	50	No Change	From Increasing
Computers	31.3	Decreasing	From No Change
Services	37.5	Decreasing	Slower
<u>Lead Times</u>			
MRO Items	57.1	Increasing	From Decreasing
Capital Goods	57.1	Increasing	Slightly Faster
Raw Materials	70	Increasing	No Change
Components	64.3	Increasing	From Decreasing
Computers	50	No Change	From Decreasing
Services	55.6	Increasing	From Decreasing
<u>Supplier Performance</u>	<u>December</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	42.9	Worsening	Slower
Capital Goods	42.9	Worsening	From No Change
Raw Materials	50	No Change	From Improving
Components	40	Worsening	From Improving
Computers	43.8	Worsening	Slower
Services	50	No Change	From Improving