



**December 2008**  
**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 showed a decrease in December with the Denver Non-Manufacturing PMI at 40. The Production Index decreased in December as the rate was 25. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing PMI/NMI which registered 40.6 percent in December, 3.3 percentage points higher than the 37.3 percent registered in November, indicating contraction in the non-manufacturing sector for the third consecutive month, but at a slightly slower rate. The ISM Non-Manufacturing Business Activity Index increased 6.6 percentage points to 39.6 percent. (ISM publishes the national PMI/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 December. Prices increased in the Computers and Services sectors, decreased in the Raw Materials sector and registered an index of 50 in the MRO, Capital Goods and Components sectors. Lead times in our Denver survey decreased in December. The Raw Materials, Components and Computers sectors registered an index of 50 and the MRO, Capital Goods and Services sectors decreased. The New Orders Index decreased in December. The Raw Materials Inventory and the Finished Goods Inventory Indices decreased in December.

The Employment Index was at 50 in December. The Availability of Skilled Workers Index and the Availability of Unskilled Workers Indices were 50 in December.

Supplier performance in our Denver survey showed improvement in the MRO, Computers and Services sectors, and an index of 50 in the Capital Goods, Raw Materials and Components indices.

ISM's Non-Manufacturing New Orders Index registered 35.4 percent, its lowest level since the index was first reported in 1997. This is a decline of 8.6 percentage points from the 44 percent registered in October. Comments from respondents include: "Budget tightening and overall economy"; "Temporary targeted budget freezes"; and "Reduced funding." ISM's Non-Manufacturing Employment Index for December registered 31.3 percent. This reflects a decrease of 10.2 percentage points when compared to the 41.5 percent registered in October. One industry reported increased employment, 16 industries reported a decrease, and one industry indicated employment is unchanged from October. Comments from respondents include: "Staff adjustments due to fall off in sales"; "Hiring freeze in place. Almost impossible to fill open positions"; and "Restricting new hires unless service/productivity/demand warrants." Go to [www.ism.ws](http://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 2008 Colorado Front Range Non-Manufacturing Survey

<i>Series</i>	<i>Colo. Index</i>	<i>Colo. Index</i>	<i>National Index</i>	<i>Direction</i>	<i>Rate of Change</i>
	<i>December</i>	<i>Direction</i>	<i>December</i>	<i>November vs. October</i>	<i>November vs. October</i>
<b>Purchasing Managers' Index</b>	40	Decreasing	40.6*	Decreasing	Slower
<b>Business Activity/ Production New Orders</b>	25	Decreasing	39.6	Decreasing	Slower
<b>Backlog of Orders</b>	45	Decreasing	39.9	Decreasing	Slower
<b>Prices</b>	50	No Change	42.5	Decreasing	Slower
<b>Lead Times</b>	49	Decreasing	36	Decreasing	Slightly Faster
<b>Raw Material Inventory</b>	46.3	Increasing	48	Decreasing	Faster
<b>Finished Goods Inventory</b>	33.3	Increasing	49**	Decreasing	Slower
<b>Employment</b>	42.9	Decreasing	NA	NA	NA
<b>Availability of Skilled Labor</b>	50	No Change	34.7	Decreasing	Slower
<b>Availability of Unskilled Labor</b>	50	No Change	NA	NA	NA

\*The national index is called the PMI/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>
MRO Items	50	No Change
Capital Goods	50	No Change
Raw Materials	40	Decreasing
Components	50	No Change
Computers	55	Increasing
Services	50	No Change
<u>Lead Times:</u>	<u>Index</u>	<u>Direction</u>
MRO Items	41.7	Decreasing
Capital Goods	40	Decreasing
Raw Materials	50	No Change
Components	50	No Change
Computers	50	No Change
Services	33.3	Decreasing
<u>Supplier Performance:</u>	<u>Index</u>	<u>Direction</u>
MRO Items	57.1	Improving
Capital Goods	50	No Change
Raw Materials	50	No Change
Components	50	No Change
Computers	56.3	Improving
Services	56.3	Improving