



**February 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 slower rate in February with the Denver Non-Manufacturing PMI at 43. The Production Index increased with an index of 53.3. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing PMI/NMI which registered 41.6 percent indicating contraction in the non-manufacturing sector at a slightly faster rate compared to January's reading of 42.9 percent. The ISM Non-Manufacturing Business Activity Index registered 40.2 percent, a decrease of 4 percentage points when compared to the 44.2 percent registered in January. Three industries reported increased business activity, and 14 industries reported decreased activity for the month of February. One industry reported no change from January. Comments from respondents include: "General business activity continues to slow"; and "Capital spending has been severely cut back." (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 February at a slightly slower rate. Prices decreased in the Capital Goods, Raw Materials, Components and Computers sectors, increased in the Services sector and remained unchanged in the MRO sector. Lead times in our Denver survey decreased at a slower rate in February. Lead times decreased in the MRO, Capital Goods and Computers sectors, increased in the Components sector and remained unchanged in the Raw Materials and Services sectors. The New Orders Index decreased at a slower rate in February. The Raw Materials Inventory and the Finished Goods Inventory Indices decreased at slower rates than in February.

The Employment Index decreased at a slower rate in February with an index of 28.6. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices both increased in February.

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

ISM's Non-Manufacturing New Orders Index contracted in February for the fifth consecutive month. The index registered 40.7 percent, which is a decrease of 0.9 percentage point from the 41.6 percent registered in January. Comments from respondents include: "Lower sales than anticipated"; "Reduced funding"; and "Overall lack of demand."

ISM's Non-Manufacturing Employment activity in the non-manufacturing sector contracted in February for the 13th time in the last 14 months. ISM's Non-Manufacturing Employment Index for February registered 37.3 percent. This reflects an increase of 2.9 percentage points when compared to the 34.4 percent registered in January. Two industries reported increased employment, 14 industries reported decreased employment, and two industries reported unchanged employment for the month of February. Comments from respondents include: "We continue with limited, conservative hiring"; and "Recently reduced the corporate staff." 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 February'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.

### February 2009 Colorado Front Range Non-Manufacturing Survey

<i>Series</i>	<i>Colo. Index February</i>	<i>Direction February vs. January</i>	<i>Rate of Change February vs. January</i>	<i>National Index February</i>	<i>Direction February vs. January</i>	<i>Rate of Change February vs. January</i>
Purchasing Managers' Index	43	Decreasing	Slower	41.6*	Decreasing	Faster
Business Activity/ Production New Orders	53.3	Increasing	From Decreasing	40.2	Decreasing	Faster
Backlog of Orders	42.3	Decreasing	Slower	40.7	Decreasing	Slightly Faster
Prices	29.2	Decreasing	Faster	36.5	Decreasing	Faster
Lead Times	44	Decreasing	Slightly Slower	48.1	Decreasing	Slower
Raw Material Inventory	47.6	Decreasing	Slower	48	Decreasing	From Increasing
Finished Goods Inventory	41.7	Decreasing	Slower	39**	Decreasing	Faster
Employment	45	Decreasing	Slower	NA	NA	NA
Availability of Skilled Labor	28.6	Decreasing	Slower	37.3	Decreasing	Slower
Availability of Unskilled Labor	53.6	Increasing	Slightly Slower	NA	NA	NA
	62.5	Increasing	From Decreasing	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>	<u>Rate of Change</u>
	<u>February</u>	<u>Feb vs. Jan</u>	<u>Feb. vs. Jan.</u>
MRO Items	50	No Change	From Decreasing
Capital Goods	45.8	Decreasing	Slightly Slower
Raw Materials	43.8	Decreasing	Slower
Components	37.5	Decreasing	From No Change
Computers	42.9	Decreasing	Slower
Services	53.6	Increasing	From Decreasing

<u>Lead Times</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
	<u>February</u>	<u>Feb vs. Jan</u>	<u>Feb. vs. Jan.</u>
MRO Items	40.9	Decreasing	Slower
Capital Goods	45.8	Decreasing	Slower
Raw Materials	50	No Change	From Decreasing
Components	58.3	Increasing	From Decreasing
Computers	42.9	Decreasing	From No Change
Services	50	No Change	From Decreasing

<u>Supplier Performance Index</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
	<u>February</u>	<u>Feb vs. Jan</u>	<u>Feb. vs. Jan.</u>
MRO Items	58.3	Improving	From Worsening
Capital Goods	54.2	Improving	From Worsening
Raw Materials	50	No Change	From No Change
Components	54.2	Improving	From Worsening
Computers	46.4	Worsening	Slightly Faster
Services	50	No Change	From Worsening