



January 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 showed a decrease in January with the Denver Non-Manufacturing PMI at 24.9. The Production Index remained unchanged at an index of 25. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing PMI/NMI which registered 42.9 percent indicating contraction in the non-manufacturing sector, but at a slightly slower rate compared to December's seasonally adjusted reading of 40.1 percent. 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 January. Prices decreased in the all sectors except the Components sector which remained at an index of 50. Lead times in our Denver survey decreased in January. Lead times decreased in the all sectors except the Computers sector which remained at an index of 50. The New Orders Index decreased in January. The Raw Materials Inventory and the Finished Goods Inventory Indices decreased in January.

The Employment Index decreased in January with an index of 18.8. The Availability of Skilled Workers Index increased and the Availability of Unskilled Workers Index decreased in January.

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

ISM's Non-Manufacturing New Orders Index contracted in January for the fourth consecutive month. The index registered 41.6 percent, which is an increase of 2.7 percentage points from the seasonally adjusted 38.9 percent registered in December. Comments from respondents include: "Light activity due to poor economy"; "Customers holding off on improvements/new work"; and "Customers are adopting a wait-and-see attitude with the economy, as well as a tentative approach to the New Year."

ISM's Non-Manufacturing Employment Index for January contracted in January for the 12th time in the last 13 months. ISM's Non-Manufacturing Employment Index for January registered 34.4 percent. This reflects a decrease of 0.1 percentage point when compared to the seasonally adjusted 34.5 percent registered in December. One industry reported increased employment, 15 industries reported decreased employment, and two industries reported unchanged employment for the month of December. Comments from respondents include: "General economy resulting in a freeze on vacant positions"; "Holding off on new hiring given

economic environment"; and "Lower backlog and fewer opportunities." 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 January'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.

January 2009 Colorado Front Range Non-Manufacturing Survey

<i>Series</i>	<i>Colo. Index</i>	<i>Direction</i>	<i>National Index</i>	<i>Direction</i>	<i>Rate of Change</i>
	<u>January</u>	<u>January vs. December</u>	<u>January</u>	<u>January vs. December</u>	<u>January vs. December</u>
Purchasing Managers' Index	24.9	Decreasing	42.9*	Decreasing	Slower
Business Activity/ Production New Orders	25	No Change	44.2	Decreasing	Slower
Backlog of Orders	23.3	Decreasing	41.6	Decreasing	Slower
Prices	46.4	Decreasing	37.5	Decreasing	Faster
Lead Times	43.4	Decreasing	42.5	Decreasing	Slower
Raw Material Inventory	38.5	Decreasing	51.5	Increasing	From Decreasing
Finished Goods Inventory	21.4	Decreasing	41.5**	Decreasing	Faster
Employment	22.7	Decreasing	NA	NA	NA
Availability of Skilled Labor	18.8	Decreasing	34.4	Decreasing	Slightly Faster
Availability of Unskilled Labor	53.9	Increasing	NA	NA	NA
	45.6	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>
MRO Items	40.9	Decreasing	From No Change
Capital Goods	45.5	Decreasing	From No Change
Raw Materials	38.9	Decreasing	Faster
Components	50	No Change	From No Change
Computers	41.7	Decreasing	From Increasing
Services	43.3	Decreasing	From No Change
<u>Lead Times</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	31.8	Decreasing	Faster
Capital Goods	40.9	Decreasing	Slightly Slower
Raw Materials	33.3	Decreasing	From No Change
Components	36.4	Decreasing	From No Change
Computers	50	No Change	From No Change
Services	35.7	Decreasing	Slower
<u>Supplier Performance Index</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	45.5	Worsening	From Improving
Capital Goods	45.8	Worsening	From No Change
Raw Materials	50	No Change	From No Change
Components	50	No Change	From No Change
Computers	45.8	Worsening	From Improving
Services	46.7	Worsening	From Improving