



**July 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 increased in July with the Denver Non-Manufacturing PMI at 52.8. The Production Index was 62.5. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI which registered 46.4 percent, indicating contraction in the non-manufacturing sector at a faster rate compared to June's reading of 47 percent. ISM's Non-Manufacturing Business Activity Index in July registered 46.1 percent, a decrease of 3.7 percentage points when compared to the 49.8 percent registered in June. Six industries reported increased business activity, and eight industries reported decreased activity for the month of July. Four industries reported no change from June. Comments from respondents include: "Reductions in revenue and staff" and "Lower customer demand." (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 47.1 in July. Prices decreased in the Capital Goods and Computers sectors, and registered 50 in all other sectors. Lead times in our Denver survey decreased in July. Lead times decreased in the MRO, Capital Goods, Raw Materials and Services sectors, increased in the Computers sector and registered 50 in the Components sector. The New Orders Index increased with an index of 57.1 in July. The Raw Materials Inventory Index was 50 and the Finished Goods Inventory Index decreased in July with an index of 41.7.

The Employment Index decreased with an index of 43.8 in July. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices both increased in July.

Supplier performance in our Denver survey improved in the Computers and Services sectors and registered 50 in all other sectors.

ISM's Non-Manufacturing New Orders Index contracted in July for the 10th consecutive month. The index registered 48.1 percent, which is a decrease of 0.5 percentage point from the 48.6 percent registered in June. Comments from respondents include: "Lower bid opportunities" and "Orders are being placed on hold pending economic recovery."

Employment activity in ISM's non-manufacturing sector contracted in July for the 18th time in the last 19 months. ISM's Non-Manufacturing Employment Index for July registered 41.5 percent. This reflects a decrease of 1.9 percentage points when compared to the 43.4 percent registered in June. Six industries reported increased employment, 11 industries reported decreased employment, and one industry reported unchanged employment compared to June. Comments from respondents include: "Continued attrition and layoffs due to economic conditions" and "Hiring freeze in place, and we are unable 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 July'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.

July 2009 Colorado Front Range Non-Manufacturing Survey

| <u>Series</u> | <i>Colo. Index</i> | <i>National Index</i> | <i>Direction</i> | <i>Rate of Change</i> |
|--|--------------------|-----------------------|----------------------|-----------------------|
| | <u>July</u> | <u>July</u> | <u>July vs. June</u> | <u>July vs. June</u> |
| Purchasing Managers' Index | 52.8 | 46.4* | Decreasing | Slightly Faster |
| Business Activity/ Production New Orders | 62.5 | 46.1 | Decreasing | Faster |
| Backlog of Orders | 57.1 | 48.1 | Decreasing | Slightly Faster |
| Prices | 57.1 | 42 | Decreasing | Faster |
| Lead Times | 47.1 | 41.3 | Decreasing | From Increasing |
| Raw Material Inventory | 42.1 | 50 | No Change | From Decreasing |
| Finished Goods Inventory | 50 | 47** | Decreasing | Slower |
| Employment | 41.7 | NA | NA | NA |
| Availability of Skilled Labor | 43.8 | 41.5 | Decreasing | Faster |
| Availability of Unskilled Labor | 68.8 | NA | NA | NA |
| | 71.4 | 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.

July 2009 Colorado Front Range Non-Manufacturing Survey

Colo. Index

| <u>Prices</u> | <u>Index</u> | <u>Direction</u> | <u>Rate of Change</u> |
|-----------------------------------|--------------|----------------------|-----------------------|
| | <u>July</u> | <u>July vs. June</u> | <u>July vs. June</u> |
| MRO Items | 50 | No Change | No Change |
| Capital Goods | 42.9 | Decreasing | Slower |
| Raw Materials | 50 | No Change | From Decreasing |
| Components | 50 | No Change | From No Change |
| Computers | 42.9 | Decreasing | Slower |
| Services | 50 | No Change | From No Change |
| <u>Lead Times</u> | <u>Index</u> | <u>Direction</u> | <u>Rate of Change</u> |
| | <u>July</u> | <u>July vs. June</u> | <u>July vs. June</u> |
| MRO Items | 35.7 | Decreasing | From Increasing |
| Capital Goods | 42.9 | Decreasing | From Increasing |
| Raw Materials | 25 | Decreasing | From No Change |
| Components | 50 | No Change | From Increasing |
| Computers | 57.1 | Increasing | Slower |
| Services | 43.8 | Decreasing | From Increasing |
| <u>Supplier Performance Index</u> | <u>Index</u> | <u>Direction</u> | <u>Rate of Change</u> |
| | <u>July</u> | <u>July vs. June</u> | <u>July vs. June</u> |
| MRO Items | 50 | No Change | From Worsening |
| Capital Goods | 50 | No Change | From Worsening |
| Raw Materials | 50 | No Change | From No Change |
| Components | 50 | No Change | From No Change |
| Computers | 64.3 | Improving | From Worsening |
| Services | 62.5 | Improving | From Worsening |