



**March 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 March with the Denver Non-Manufacturing PMI at 44.8. The Production Index decreased with an index of 37.5. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI which registered 40.8 percent indicating contraction in the non-manufacturing sector at a slightly faster rate compared to February's reading of 41.6 percent. The ISM Non-Manufacturing Business Activity Index registered 44.1 percent, an increase of 3.9 percentage points when compared to the 40.2 percent registered in February. Four industries reported increased business activity, and 8 industries reported decreased activity for the month of March. Six industries reported no change from February. Comments from respondents include: "No one is spending"; "Severe slowdown in new business"; and "Weak economy, projects on hold." (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 decreased in March at a slower rate. Prices decreased in the Capital Goods, Computers and Services sectors, increased in the Raw Materials sector and remained unchanged in the MRO and the Components sectors. Lead times in our Denver survey increased in March. Lead times decreased in the Services sector, increased in the Raw Materials and Components sectors and remained unchanged in the MRO, Capital Goods and Computers sectors. The New Orders Index decreased at a slower rate in March. The Raw Materials Inventory Index remained unchanged and the Finished Goods Inventory Index increased in March reversing February's decreasing index.

The Employment Index decreased at a slower rate in March with an index of 45.8. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices both increased in March.

Supplier performance in our Denver survey improved in the Services sector and remained unchanged in all other sectors.

ISM's Non-Manufacturing New Orders Index contracted in March for the sixth consecutive month. The index registered 38.8 percent, which is a decrease of 1.9 percentage points from the 40.7 percent registered in February. Comments from respondents include: "Economy is forcing serious budget restraints"; "Customer requirements are not meeting forecasted anticipation"; and "Capital purchases have been curtailed."

ISM's Non-Manufacturing Employment activity in the non-manufacturing sector contracted in March for the 14th time in the last 15 months. ISM's Non-Manufacturing Employment Index for March registered 32.3 percent. This reflects a decrease of 5 percentage points when compared to the 37.3 percent registered in February. One industry reported increased employment, 14 industries reported decreased employment, and three industries reported unchanged employment for the month of March. Comments from respondents include: "Significant RIF [reduction in force] activity" and "Tightening up staff replacement processes due to lower volume." 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 March'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.

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

<u>Series</u>	<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>March</u>	<u>March vs. February</u>	<u>March vs. February</u>	<u>March</u>	<u>March vs. February</u>	<u>March vs. February</u>
Purchasing Managers' Index	44.8	Decreasing	Slower	40.8*	Decreasing	Slightly Faster
Business Activity/ Production New Orders	37.5	Decreasing	From Increasing	44.1	Decreasing	Slower
Backlog of Orders	44.4	Decreasing	Slower	38.8	Decreasing	Faster
Prices	40.9	Decreasing	Slower	41	Decreasing	Slower
Lead Times	49.7	Decreasing	Slower	39.1	Decreasing	Faster
Raw Material Inventory	52.5	Increasing	From Decreasing	48	Decreasing	No Change
Finished Goods Inventory	50	No Change	From Decreasing	40**	Decreasing	Slower
Employment	60	Increasing	From Decreasing	NA	NA	NA
Availability of Skilled Labor	45.8	Decreasing	Slower	32.3	Decreasing	Faster
Availability of Unskilled Labor	54.6	Increasing	Slightly Faster	NA	NA	NA
	65	Increasing	Faster	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.

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### Colo. Index

<u>Prices</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
	<u>March</u>	<u>March vs. Feb</u>	<u>March vs. Feb</u>
MRO Items	50	No Change	From No Change
Capital Goods	41.7	Decreasing	Faster
Raw Materials	62.5	Increasing	From Decreasing
Components	50	No Change	From Decreasing
Computers	44.4	Decreasing	Slower
Services	45	Decreasing	From Increasing
<u>Lead Times</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
	<u>March</u>	<u>March vs. Feb</u>	<u>March vs. Feb</u>
MRO Items	50	No Change	From Decreasing
Capital Goods	50	No Change	From Decreasing
Raw Materials	58.3	Increasing	From No Change
Components	54.2	Increasing	Slower
Computers	50	No Change	From Decreasing
Services	40.9	Decreasing	From No Change
<u>Supplier Performance Index</u>	<u>Index</u>	<u>Direction</u>	<u>Rate of Change</u>
	<u>March</u>	<u>March vs. February</u>	<u>March vs. February.</u>
MRO Items	50	No Change	From Improving
Capital Goods	50	No Change	From Improving
Raw Materials	50	No Change	From No Change
Components	50	No Change	From Improving
Computers	50	No Change	From Worsening
Services	55	Improving	From No Change