



**April 2011  
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 slightly slower in April with the Denver Non-Manufacturing PMI at 60.9. The Production Index was 68.4.

According to M.P. Parasarathy, Professor of Marketing at the University of Colorado at Denver, "As predicted the Non-manufacturing report is still very positive. The PMI of 60.91 suggests strong growth for April, although the rate of growth has declined slightly. Still the services sector appears to be very healthy and growing at a strong rate. Furthermore, the growth is likely to be sustained and perhaps even augmented for May, as "new orders received" both domestic and foreign, have increased remarkably, suggesting continued growth in the near future".

The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 52.8 percent, indicating continued growth in the non-manufacturing sector for the 17th consecutive month. ISM's Non-Manufacturing Business Activity Index in April was 53.7 percent, a decrease of 6 percentage points when compared to the 59.7 percent registered in March. Seventeen industries reported increased business activity, and one industry reported decreased activity for the month of April. Comments from respondents include: "An increase in business activity requests from existing clients" and "Tick-up in construction activity and capital expenditure activity."

The industries reporting growth of business activity in April — listed in order — are: Management of Companies & Support Services; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Mining; Real Estate, Rental & Leasing; Utilities; Public Administration; Wholesale Trade; Information; Accommodation & Food Services; Educational Services; Other Services; Professional, Scientific & Technical Services; Construction; Transportation & Warehousing; Health Care & Social Assistance; and Finance & Insurance. The only industry reporting decreased business activity in April is Retail Trade.

(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 58.3 in April. Prices increased in the Capital Goods, Raw Materials, Components, and Services sectors and remained unchanged in the MRO and Computers sectors. The Lead Time Index was 62.7 in April. Lead times increased in all sectors except the MRO sector.

The New Orders Index was at 70 in April. The Raw Materials Inventory Index decreased and the Finished Goods Inventory Index increased in April.

The Employment Index registered 50 in April. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index remained unchanged in April.

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

ISM's Non-Manufacturing New Orders Index grew in April for the 21st consecutive month. The index registered 52.7 percent, which is a significant decrease of 11.4 percentage points from the 64.1 percent reported in March. Comments from respondents include: "Customers are more optimistic" and "Improved market conditions."

The 12 industries reporting growth of new orders in April — listed in order — are: Management of Companies & Support Services; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Mining; Real Estate, Rental & Leasing; Wholesale Trade; Information; Health Care & Social Assistance; Public Administration; Construction; Other Services; and Educational Services. The four industries reporting contraction of new orders in April are: Finance & Insurance; Retail Trade; Professional, Scientific & Technical Services; and Utilities.

Employment activity in the non-manufacturing sector grew in April, as ISM's Non-Manufacturing Employment Index registered 51.9 percent. This reflects a decrease of 1.8 percentage points when compared to the 53.7 percent registered in March. Twelve industries reported increased employment, five industries reported decreased employment, and one industry reported unchanged employment compared to March. Comments from respondents include: "More hiring due to budget increase and employee attrition" and "Adding staff selectively."

The industries reporting an increase in employment in April — listed in order — are: Arts, Entertainment & Recreation; Mining; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Other Services; Information; Construction; Accommodation & Food Services; Finance & Insurance; Public Administration; Wholesale Trade; and Transportation & Warehousing. The industries reporting a reduction in employment in April are: Real Estate, Rental & Leasing; Educational Services; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Utilities.

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 April'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.

## April 2011 Colorado Front Range Non-Manufacturing Survey

<i>Series</i>	<i>Colo. Index</i> <u>April</u>	<i>Direction</i> <u>April</u>	<i>Rate of Change</i> <u>April vs. March</u>	<i>National Index</i> <u>April</u>	<i>Direction</i> <u>April</u>	<i>Rate of Change</i> <u>April vs. March</u>
Purchasing Managers' Index	60.9	Increasing	Slightly Slower	52.8*	Increasing	Slower
Business Activity/ Production	68.4	Increasing	Faster	53.7	Increasing	Slower
New Orders	70	Increasing	From No Change	52.7	Increasing	Slower
Backlog of Orders	62.5	Increasing	Slower	55.5	Increasing	Slightly Slower
Imports	75	Increasing	From No Change	57	Increasing	From No Change
Prices	58.3	Increasing	Slower	70.1	Increasing	Slower
Lead Times	62.7	Increasing	Slightly Slower	53	Increasing	Faster
Raw Material Inventory	41.7	Decreasing	From Increasing	55.5**	Increasing	No Change
Finished Goods Inventory	70	Increasing	From No Change	NA	NA	NA
Employment	50	No Change	From Increasing	51.9	Increasing	Slower
Availability of Skilled Labor	45.8	Decreasing	Slower	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Increasing	NA	NA	NA

**N/A = Not Available**

**\*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.**

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>April</u>	<u>April</u>	<u>April vs. March</u>
MRO Items	50	No Change	From No Change
Capital Goods	60	Increasing	Slower
Raw Materials	71.4	Increasing	Slower
Components	60	Increasing	Slower
Computers	50	No Change	From Decreasing
Services	66.7	Increasing	Slower
<u>Lead Times</u>	<u>April</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	50	No Change	From No Change
Capital Goods	72.7	Increasing	Slower
Raw Materials	71.4	Increasing	Slower
Components	65	Increasing	From No Change
Computers	54.2	Increasing	From Decreasing
Services	55.6	Increasing	From No Change
<u>Supplier Performance</u>	<u>April</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	54.6	Improving	From No Change
Capital Goods	50	No Change	From Improving
Raw Materials	50	No Change	From Improving
Components	50	No Change	From No Change
Computers	50	No Change	From Improving
Services	50	No Change	From Improving