



**August 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 decreased with an index of 45.8 in August. The Denver Non-Manufacturing PMI in July was 61.9. The Production Index in August was 33.3.

The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 53.3 percent, indicating continued growth in the non-manufacturing sector for the 21st consecutive month. ISM's Non-Manufacturing Business Activity Index in August registered 55.6 percent, a decrease of 0.5 percentage point when compared to the 56.1 percent registered in July. Eight industries reported increased business activity, and five industries reported decreased activity for the month of August. Comments from respondents include: "Consumers are pulling back on worries of the economy and possible job layoffs" and "New business and additional capital expense approvals."

The industries reporting growth of business activity in August — listed in order — are: Mining; Accommodation & Food Services; Information; Utilities; Finance & Insurance; Transportation & Warehousing; Wholesale Trade; and Public Administration. The five industries reporting decreased business activity in August are: Arts, Entertainment & Recreation; Educational Services; Construction; Health Care & Social Assistance; and 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 47.7 in August. Prices increased in the Raw Materials sector and decreased in all other sectors. The Lead Time Index was 55 in August. Lead times increased in the Capital Goods and Raw Materials sectors, remained unchanged in the Components and Computers sectors and decreased in the MRO and Services sectors.

The New Orders Index was at 50 in August. The Raw Materials Inventory and the Finished Goods Inventory Indices decreased in August.

The Employment Index registered 58.3 in August. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index increased in August.

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 grew in August for the 25th consecutive month. The index registered 52.8 percent, an increase of 1.1 percentage points from the 51.7 percent reported in July. Comments from respondents include: "More work coming online" and "Increasing capital project expenditures."

The six industries reporting growth of new orders in August — listed in order — are: Accommodation & Food Services; Mining; Transportation & Warehousing; Professional, Scientific & Technical Services; Information; and Wholesale Trade. The six industries reporting contraction of new orders in August — listed in order — are: Educational Services; Health Care & Social Assistance; Finance & Insurance; Public Administration; Retail Trade; and Construction. Six industries reported no change in new orders in August compared to July.

Employment activity in the non-manufacturing sector grew in August, as ISM's Non-Manufacturing Employment Index registered 51.6 percent. This reflects a decrease of 0.9 percentage point when compared to the 52.5 percent registered in July. Six industries reported increased employment, nine industries reported decreased employment, and three industries reported unchanged employment compared to July. Comments from respondents include "Adding staff to keep up with increased customer demand" and "Still understaffed even as business improves."

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

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 August'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.

August 2011 Colorado Front Range Non-Manufacturing Survey

<i>Series</i>	<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>August</u>	<u>August</u>	<u>August vs. July</u>	<u>August</u>	<u>August</u>	<u>August vs. July</u>
Purchasing Managers' Index	45.8	Decreasing	From Increasing	53.3*	Increasing	Slightly Faster
Business Activity/ Production	33.3	Decreasing	From No Change	55.6	Increasing	Slightly Slower
New Orders	50	No Change	From Increasing	52.8	Increasing	Faster
Backlog of Orders	16.7	Decreasing	Faster	47.5	Decreasing	Slower
Imports	50	No Change	From No Change	53.5	Increasing	From Decreasing
Prices	47.7	Decreasing	From Increasing	64.2	Increasing	Faster
Lead Times	55	Increasing	Slower	53	Increasing	Faster
Raw Material Inventory	25	Decreasing	From Increasing	53.5**	Increasing	Slower
Finished Goods Inventory	40	Decreasing	From Increasing	NA	NA	NA
Employment	58.3	Increasing	Slower	51.6	Increasing	Slightly Slower
Availability of Skilled Labor	41.7	Decreasing	From No Change	NA	NA	NA
Availability of Unskilled Labor	58.3	Increasing	Slower	NA	NA	NA

NA = 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>August</u>	<u>August</u>	<u>August vs. July</u>
MRO Items	41.7	Decreasing	From No Change
Capital Goods	30	Decreasing	From Increasing
Raw Materials	100	Increasing	Faster
Components	33.3	Decreasing	From Increasing
Computers	33	Decreasing	From No Change
Services	37.5	Decreasing	From No Change
<u>Lead Times</u>	<u>August</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	41.7	Decreasing	From No Change
Capital Goods	58.3	Increasing	Slower
Raw Materials	75	Increasing	Faster
Components	50	No Change	From Increasing
Computers	50	No Change	From No Change
Services	37.5	Decreasing	From Increasing
<u>Supplier Performance</u>	<u>August</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From No Change
Components	50	No Change	From No Change
Computers	50	No Change	From No Change
Services	50	Improving	From No Change