



**December 2011
Non-Manufacturing
Business Conditions Survey**

**A Joint Project of the College of Business
At the University of Colorado Denver
And NAPM-Denver**

The local Denver Non-Manufacturing economy increased faster with an index of 63.3 in December. The Denver Non-Manufacturing PMI in November was 60.2. The Production Index in December was 75. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing (NMI) of 52.6 percent, indicating continued growth in the non-manufacturing sector for the 25th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.

ISM's Non-Manufacturing Business Activity Index in December registered 56.2 percent, the same percent registered in November. Eleven industries reported increased business activity, and six industries reported decreased activity for the month of December. Comments from respondents include: "End of year spending with remaining budgets" and "Seasonal increases, but no significant increases beyond that."

The industries reporting growth of business activity in December — listed in order — are: Retail Trade; Other Services; Information; Finance & Insurance; Professional, Scientific & Technical Services; Educational Services; Mining; Public Administration; Construction; Wholesale Trade; and Accommodation & Food Services. The industries reporting decreased business activity, in December — listed in order —, are: Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Utilities; Health Care & Social Assistance; Transportation & Warehousing; and Arts, Entertainment & Recreation. (ISM publishes the national NMI and the Business Activity/Production Non-Manufacturing Index).

The overall Price Index of the Denver Non-Manufacturing Survey increased slower with an index of 52.5 in December. Prices increased in the Capital Goods and Services sectors and remained unchanged in all other sectors. The Lead Time Index was 60.8 in December. Lead times increased in the MRO, Capital Goods, Raw Materials, and Components sectors and remained unchanged in the Services and Computers sectors.

The New Orders Index increased slower with an index of 62.5 in December. The Raw Materials Inventory Index and the Finished Goods Inventory Index remained unchanged in December.

The Employment Index increased with an index of 58.3 in December. The Availability of Skilled Workers Index increased and the Availability of Unskilled Workers Index was 50 in December.

Supplier performance in our Denver survey was unchanged.

ISM's Non-Manufacturing New Orders Index grew in December for the 29th consecutive month. The index registered 53.2 percent, an increase of 0.2 percentage point from the 53 percent reported in November. Comments from respondents include: "Increased requisitions" and "Year-end spending requests."

The 10 industries reporting growth of new orders in December — listed in order — are: Arts, Entertainment & Recreation; Retail Trade; Professional, Scientific & Technical Services; Information; Other Services; Finance & Insurance; Wholesale Trade; Public Administration; Construction; and Utilities. The four industries reporting contraction of new orders in December are: Transportation & Warehousing; Health Care & Social Assistance; Management of Companies & Support Services; and Accommodation & Food Services.

ISM reported that employment activity in the non-manufacturing sector contracted in December for the third time in four months, as ISM's Non-Manufacturing Employment Index registered 49.4 percent. This reflects an increase of 0.5 percentage point when compared to the 48.9 percent registered in November. Six industries reported increased employment, nine industries reported decreased employment, and three industries reported unchanged employment compared to November. Comments from respondents include: "Retirees not being replaced" and "Still in holding pattern; positions are available, but are not being filled."

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

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 December'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.

December 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>December</u>	<u>December</u>	<u>December vs. November</u>	<u>December</u>	<u>December</u>	<u>December vs. November</u>
Purchasing Managers' Index	63.3	Increasing	Faster	52.6*	Increasing	Slightly Faster
Business Activity/ Production	75	Increasing	Faster	56.2	Increasing	No Change
New Orders	62.5	Increasing	Slower	53.2	Increasing	Slightly Faster
Backlog of Orders	50	No Change	From Increasing	45.5	Decreasing	Faster
Imports	50	No Change	From Increasing	54	Increasing	From Decreasing
Prices	52.5	Increasing	Slower	61.2	Increasing	Slower
Lead Times	60.8	Increasing	Slightly Faster	51.5	Increasing	From No Change
Raw Material Inventory	50	No Change	From No Change	48.5**	Decreasing	From Increasing
Finished Goods Inventory	50	No Change	From Increasing	NA	NA	NA
Employment	58.3	Increasing	From No Change	49.4	Decreasing	Slightly Slower
Availability of Skilled Labor	58.3	Increasing	From Decreasing	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Decreasing	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>December</u>	<u>December</u>	<u>December vs. November</u>
MRO Items	50	No Change	From Increasing
Capital Goods	68.5	Increasing	From No Change
Raw Materials	50	No Change	From Increasing
Components	50	No Change	From Increasing
Computers	50	No Change	From No Change
Services	60	Increasing	From No Change
<u>Lead Times</u>	<u>December</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	52.5	Increasing	From Decreasing
Capital Goods	52.5	Increasing	Slower
Raw Materials	66.7	Increasing	Slower
Components	62.5	Increasing	Slower
Computers	50	No Change	From No Change
Services	50	No Change	From No Change
<u>Supplier Performance</u>	<u>December</u>	<u>Direction</u>	<u>Rate of Change</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 No Change
Computers	50	No Change	From Improving