



**February 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 in February with the Denver Non-Manufacturing PMI at 43.9. The Production Index was 50. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 59.7 percent, indicating continued growth in the non-manufacturing sector for the 15th consecutive month. ISM's Non-Manufacturing Business Activity Index in February registered 66.9 percent, an increase of 2.3 percentage points when compared to the 64.6 percent registered in January. Thirteen industries reported increased business activity, and four industries reported decreased activity for the month of February. One industry reported no change from January. Comments from respondents include: "Capital projects moved from inactive to active" and "Award of long-awaited contracts."

The industries reporting growth of business activity in February — listed in order — are: Real Estate, Rental & Leasing; Accommodation & Food Services; Utilities; Educational Services; Professional, Scientific & Technical Services; Public Administration; Mining; Finance & Insurance; Wholesale Trade; Transportation & Warehousing; Management of Companies & Support Services; Other Services; and Information. The industries reporting decreased business activity in February are: Construction; Health Care & Social Assistance; Arts, Entertainment & Recreation; 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 66.4 in February. Prices increased in the Capital Goods, Raw Materials, Components, and Services sectors, decreased in the Computers sector and remained unchanged in the MRO sector. The Lead Time Index was 59.6 in February. Lead times increased in the Capital Goods, Raw Materials and Components sectors, and decreased in the MRO, Computers and Services sectors.

The New Orders Index was at 28.6 in February. The Raw Materials Inventory Index remained the same and the Finished Goods Inventory Index increased in February.

The Employment Index registered 44.4 in February. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index was at 57.1 in February.

Supplier performance in our Denver survey improved in the Capital Goods sector, worsened in the MRO and Services sectors and was unchanged in all other sectors.

ISM's Non-Manufacturing New Orders Index grew in February for the 19th consecutive month. The index registered 64.4 percent, which is a decrease of 0.5 percentage point from the 64.9 percent reported in January. Comments from respondents include: "Market share gains and economy" and "Business is growing."

The 11 industries reporting growth of new orders in February — listed in order — are: Real Estate, Rental & Leasing; Accommodation & Food Services; Utilities; Educational Services; Mining; Professional, Scientific & Technical Services; Other Services; Transportation & Warehousing; Public Administration; Finance & Insurance; and Wholesale Trade. The three industries reporting contraction of new orders in February are: Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; and Retail Trade

Employment activity in the non-manufacturing sector grew in February, as ISM's Non-Manufacturing Employment Index registered 55.6 percent. This reflects an increase of 1.1 percentage points when compared to the 54.5 percent registered in January. Nine industries reported increased employment, five industries reported decreased employment, and four industries reported unchanged employment compared to January. Comments from respondents include: "Starting to fill positions reduced from 2009/2010 season" and "To handle the new influx of sales and sales activity."

The industries reporting an increase in employment in February — listed in order — are: Mining; Accommodation & Food Services; Transportation & Warehousing; Management of Companies & Support Services; Other Services; Retail Trade; Finance & Insurance; Professional, Scientific & Technical Services; and Wholesale Trade. The industries reporting a reduction in employment in February are: Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Construction; Information; and Public Administration.

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 February'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.

## February 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>February</u>	<u>February</u>	<u>February vs. January</u>	<u>February</u>	<u>February</u>	<u>February vs. January</u>
Purchasing Managers' Index	43.9	Decreasing	From Increasing	59.7*	Increasing	Slightly Faster
Business Activity/ Production	50	No Change	From Increasing	66.9	Increasing	Faster
New Orders	28.6	Decreasing	Faster	64.4	Increasing	Slightly Slower
Backlog of Orders	16.7	Decreasing	Faster	52	Increasing	Faster
Imports	50	No Change	From Increasing	53.5	Increasing	No Change
Prices	66.4	Increasing	Faster	73.3	Increasing	Faster
Lead Times	59.6	Increasing	Faster	52	Increasing	Slower
Raw Material Inventory	50	No Change	From Increasing	55.5**	Increasing	From Decreasing
Finished Goods Inventory	60	Increasing	Slower	NA	NA	NA
Employment	44.4	Decreasing	From Increasing	55.6	Increasing	Faster
Availability of Skilled Labor	37.5	Decreasing	From No Change	NA	NA	NA
Availability of Unskilled Labor	57.1	Increasing	Slightly Faster	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>February</u>	<u>February</u>	<u>February vs. January</u>
MRO Items	50	No Change	From Increasing
Capital Goods	64.3	Increasing	Slower
Raw Materials	100	Increasing	Faster
Components	75	Increasing	Faster
Computers	42.9	Decreasing	From Increasing
Services	71.4	Increasing	Faster
<u>Lead Times</u>	<u>February</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	42.9	Decreasing	From Increasing
Capital Goods	54.1	Increasing	Slower
Raw Materials	66.7	Increasing	From Decreasing
Components	87.5	Increasing	From Decreasing
Computers	43.8	Decreasing	From Increasing
Services	35.7	Decreasing	From Increasing
<u>Supplier Performance</u>	<u>February</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	43.8	Worsening	Faster
Capital Goods	57.1	Improving	From No Change
Raw Materials	50	No Change	From Worsening
Components	50	No Change	From Worsening
Computers	50	No Change	From Improving
Services	42.9	Worsening	Slower