



**January 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 faster in January with the Denver Non-Manufacturing PMI at 56.1. The Production Index increased faster with an index of 70.8. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 59.4 percent, indicating continued growth in the non-manufacturing sector for the 14th consecutive month. ISM's Non-Manufacturing Business Activity Index in January registered 64.6 percent, an increase of 1.7 percentage points when compared to the seasonally adjusted 62.9 percent registered in December. Ten industries reported increased business activity, and three industries reported decreased activity for the month of January. Five industries reported no change from December. Comments from respondents include: "New projects continue to develop and gain approval" and "New year capital budget funds available."

The industries reporting growth of business activity in January — listed in order — are: Real Estate, Rental & Leasing; Transportation & Warehousing; Utilities; Finance & Insurance; Wholesale Trade; Information; Management of Companies & Support Services; Retail Trade; Accommodation & Food Services; and Public Administration. The industries reporting decreased business activity in January are: Other Services; Arts, Entertainment & Recreation; and Health Care & Social Assistance.

(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 62.6 in January. Prices increased in all sectors. The Lead Time Index was 50.3 in January. Lead times increased in the MRO, Capital Goods, Computers and Services sectors and decreased in the Raw Materials and Components sectors.

The New Orders Index was at 44.4 in January. Both the Raw Materials Inventory and the Finished Goods Inventory Indices increased in January.

The Employment Index registered 59.1 in January. The Availability of Skilled Workers Index remained the same and the Availability of Unskilled Workers Index was at 56.3 in January.

Supplier performance in our Denver survey improved in the Computers sector, worsened in the MRO, Raw Materials, Components and Services sectors and was unchanged in the Capital Goods sector.

ISM's Non-Manufacturing New Orders Index grew in January for the 18th consecutive month. The index registered 64.9 percent, which is an increase of 3.5 percentage points from the seasonally adjusted 61.4 percent reported in December. Comments from respondents include: "Increase in customer activity" and "Clients feeling better about economy and beginning to release orders."

The 13 industries reporting growth of new orders in January — listed in order — are: Mining; Real Estate, Rental & Leasing; Utilities; Finance & Insurance; Construction; Transportation & Warehousing; Accommodation & Food Services; Information; Management of Companies & Support Services; Educational Services; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Wholesale Trade. The four industries reporting contraction of new orders in January are: Arts, Entertainment & Recreation; Other Services; Retail Trade; and Public Administration.

Employment activity in the non-manufacturing sector grew in January, as ISM's Non-Manufacturing Employment Index registered 54.5 percent. This reflects an increase of 1.9 percentage points when compared to the 52.6 percent registered in December (seasonally adjusted). Six industries reported increased employment, eight industries reported decreased employment, and four industries reported unchanged employment compared to December. Comments from respondents include: "Filling a few key vacancies" and "Increased project activity."

The industries reporting an increase in employment in January — listed in order — are: Management of Companies & Support Services; Mining; Other Services; Information; Transportation & Warehousing; and Retail Trade. The industries reporting a reduction in employment in January — listed in order — are: Educational Services; Construction; Arts, Entertainment & Recreation; Professional, Scientific & Technical Services; Wholesale Trade; Health Care & Social Assistance; Finance & Insurance; 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 January'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.

January 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>January</u>	<u>January</u>	<u>January vs. December</u>	<u>January</u>	<u>January</u>	<u>January vs. December</u>
Purchasing Managers' Index	56.1	Increasing	Faster	59.4*	Increasing	Faster
Business Activity/ Production	70.8	Increasing	Faster	64.6	Increasing	Faster
New Orders	44.4	Decreasing	From No Change	64.9	Increasing	Faster
Backlog of Orders	41.7	Decreasing	From No Change	50.5	Increasing	From Decreasing
Imports	75	Increasing	No Change	53.5	Increasing	Faster
Prices	62.6	Increasing	From Decreasing	72.1	Increasing	Faster
Lead Times	50.3	Increasing	N/A	53.5	Increasing	Faster
Raw Material Inventory	57.1	Increasing	Slower	49**	Decreasing	From Increasing
Finished Goods Inventory	66.7	Increasing	Faster	NA	NA	NA
Employment	59.1	Increasing	From No Change	54.5	Increasing	Faster
Availability of Skilled Labor	50	No Change	From Decreasing	NA	NA	NA
Availability of Unskilled Labor	56.3	Increasing	From No Change	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>January</u>	<u>January</u>	<u>January vs. December</u>
MRO Items	65	Increasing	From No Change
Capital Goods	66.7	Increasing	From Decreasing
Raw Materials	70	Increasing	From Decreasing
Components	56.3	Increasing	From No Change
Computers	55	Increasing	From No Change
Services	59.1	Increasing	From Decreasing

	<u>January</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Lead Times</u>			
MRO Items	55.6	Increasing	N/A
Capital Goods	66.7	Increasing	N/A
Raw Materials	30	Decreasing	N/A
Components	43.8	Decreasing	N/A
Computers	55.6	Increasing	N/A
Services	54.6	Improving	N/A

	<u>January</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Supplier Performance</u>			
MRO Items	45	Worsening	From No Change
Capital Goods	50	No Change	From Improving
Raw Materials	40	Worsening	From No Change
Components	43.8	Improving	No Change
Computers	55	Improving	From No Change
Services	36.4	Worsening	From No Change

