



**July 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 at a faster rate with an index of 61.9 in July. The Denver Non-Manufacturing PMI in June was 52. 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 52.7 percent, indicating continued growth in the non-manufacturing sector for the 20th consecutive month. This month's index is the lowest reading since January 2010, when the index registered 50.7 percent. ISM's Non-Manufacturing Business Activity Index in July registered 56.1 percent, an increase of 2.7 percentage points when compared to the 53.4 percent registered in June. Twelve industries reported increased business activity, and five industries reported decreased activity for the month of July. Comments from respondents include: "Slightly higher due to increased marketing efforts" and "Increased sales — existing businesses."

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

(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 in July. Prices increased in the Capital Goods, Raw Materials and Components sectors and remained unchanged in the other sectors. The Lead Time Index was 62.3 in July. Lead times increased in the Capital Goods, Raw Materials, Components and Services sectors and remained unchanged in the MRO and Computers sectors.

The New Orders Index was at 66.7 in July. The Raw Materials Inventory and the Finished Goods Inventory Indices increased in July.

The Employment Index registered 62.5 in July. The Availability of Skilled Workers Index remained unchanged and the Availability of Unskilled Workers Index increased in July.

Supplier performance in our Denver survey remained unchanged in all sectors.

ISM's Non-Manufacturing New Orders Index grew in July for the 24th consecutive month. The index registered 51.7 percent, a decrease of 1.9 percentage points from the 53.6 percent reported in June. Comments from respondents include: "Lower demand or budget constraints" and "Uncertainty of funding."

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

Employment activity in the non-manufacturing sector grew in July, as ISM's Non-Manufacturing Employment Index registered 52.5 percent. This reflects a decrease of 1.6 percentage points when compared to the 54.1 percent registered in June. Nine industries reported increased employment, one industry reported decreased employment, and eight industries reported unchanged employment compared to June. Comments from respondents include "Filling some vacancies on a case-by-case basis" and "Slightly lower due to end of assignments/jobs."

The industries reporting an increase in employment in July — listed in order — are: Real Estate, Rental & Leasing; Mining; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Wholesale Trade; Retail Trade; Finance & Insurance; Public Administration; and Accommodation & Food Services. The only industry reporting a reduction in employment in July is 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 July'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.

July 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>July</u>	<u>July</u>	<u>July vs. June</u>	<u>July</u>	<u>July</u>	<u>July vs. June</u>
Purchasing Managers' Index	61.9	Increasing	Faster	52.7*	Increasing	Slightly Slower
Business Activity/ Production	50	No Change	From No Change	56.1	Increasing	Faster
New Orders	66.7	Increasing	From No Change	51.7	Increasing	Slower
Backlog of Orders	33.3	Decreasing	From No Change	44	Decreasing	Faster
Imports	50	No Change	From No Change	47.5	Decreasing	Slower
Prices	62	Increasing	Faster	56.6	Increasing	Slower
Lead Times	62.3	Increasing	Faster	50.5	Increasing	Slower
Raw Material Inventory	75	Increasing	From Decreasing	56.5**	Increasing	Faster
Finished Goods Inventory	60	Increasing	From Decreasing	NA	NA	NA
Employment	62.5	Increasing	Faster	52.5	Increasing	Slower
Availability of Skilled Labor	50	No Change	From Decreasing	NA	NA	NA
Availability of Unskilled Labor	60	Increasing	From No Change	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.

Colo. Index Direction Rate of Change

Prices:

July July July vs. June

MRO Items	50	No Change	From Increasing
Capital Goods	66.7	Increasing	Faster
Raw Materials	83.3	Increasing	From No Change
Components	60	Increasing	From No Change
Computers	50	No Change	From No Change
Services	50	No Change	From Increasing

Lead Times

July Direction Rate of Change

MRO Items	50	No Change	From Increasing
Capital Goods	75	Increasing	Faster
Raw Materials	66.7	Increasing	Slower
Components	70	Increasing	From No Change
Computers	50	No Change	From No Change
Services	58.3	Increasing	Faster

Supplier Performance

July Direction Rate of Change

MRO Items	50	No Change	From Worsening
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 No Change
Services	50	No Change	From Worsening