



**June 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 reversed itself again with an increase in the index to 51.1 in June. The Denver Non-Manufacturing PMI for May was 42.3. 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 53.3 percent, indicating continued growth in the non-manufacturing sector for the 19th consecutive month. ISM's Non-Manufacturing Business Activity Index in June was 53.4 percent, a decrease of 0.2 percentage point when compared to the 53.6 percent registered in May. Ten industries reported increased business activity, and five industries reported decreased activity for the month of June. Comments from respondents include: "More consumer sales" and "Planned capital expenditures."

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

(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 52 in June. Prices increased in the MRO, Capital Goods and Services sectors and remained unchanged in all other sectors. The Lead Time Index was 59 in June. Lead times increased in the MRO, Capital Goods, Raw Materials and Services sectors and remained unchanged in the Components and Computers sectors.

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

The Employment Index registered 53.9 in June. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index remained unchanged in June.

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

ISM's Non-Manufacturing New Orders Index grew in June for the 23rd consecutive month. The index registered 53.6 percent, a decrease of 3.2 percentage points from the 56.8 percent reported in May. Comments from respondents include: "Higher level of spending due to more budgets approved for this fiscal year" and "Increase in national accounts business."

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

Employment activity in the non-manufacturing sector grew in June, as ISM's Non-Manufacturing Employment Index registered 54.1 percent. This reflects an increase of 0.1 percentage point when compared to the 54 percent registered in May. Fourteen industries reported increased employment, three industries reported decreased employment, and one industry reported unchanged employment compared to May. Comments from respondents include: "Continuing to fill backlog of positions" and "Hiring to get back to required staffing levels."

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

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 June'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.

June 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>June</u>	<u>June</u>	<u>June vs. May</u>	<u>June</u>	<u>June</u>	<u>June vs. May</u>
Purchasing Managers' Index	51.1	Increasing	From Decreasing	53.3*	Increasing	Slower
Business Activity/ Production	50	No Change	From No Change	53.4	Increasing	Slightly Slower
New Orders	50	No Change	From Decreasing	53.6	Increasing	Slower
Backlog of Orders	50	No Change	From No Change	48.5	Decreasing	From Increasing
Imports	50	No Change	From No Change	46.5	Decreasing	From Increasing
Prices	52	Increasing	Slower	60.9	Increasing	Slower
Lead Times	59	Increasing	Faster	52	Increasing	Slower
Raw Material Inventory	40	Decreasing	From No Change	53.5**	Increasing	Slower
Finished Goods Inventory	44.4	Decreasing	Slower	NA	NA	NA
Employment	53.9	Increasing	From Decreasing	54.1	Increasing	Slightly Faster
Availability of Skilled Labor	42.3	Decreasing	Slower	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Increasing	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>June</u>	<u>June</u>	<u>June vs. May</u>
MRO Items	54.6	Increasing	From Decreasing
Capital Goods	55.6	Increasing	No Change
Raw Materials	50	No Change	From Increasing
Components	50	No Change	From No Change
Computers	50	No Change	From Decreasing
Services	55	Increasing	From No Change
<u>Lead Times</u>	<u>June</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	55	Increasing	From Decreasing
Capital Goods	65	Increasing	From No Change
Raw Materials	75	Increasing	Faster
Components	50	No Change	From Increasing
Computers	50	No Change	From No Change
Services	54.6	Increasing	From Decreasing
<u>Supplier Performance</u>	<u>June</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	45	Worsening	From No Change
Capital Goods	55	Improving	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	45.5	Worsening	From No Change