



**March 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 in March with the Denver Non-Manufacturing PMI at 61.4. The Production Index was 64.3.

According to M.P. Parasarathy, Professor of Marketing at the University of Colorado at Denver, “The front-range services sector defied expectations and rebounded in March with a score of 61.4, despite suffering a significant dip in February. Historically, the services index has been more volatile than the manufacturing index, and this volatility seems to be reflected in the performance of the index during the past two months. The current spurt restores the index to its pre-dip position and if the growth continues next month, the February decline may well be an anomaly. The good news is that new orders received have stopped declining in March with a score of 50, suggesting that the April index should be stable. However, of some concern is the steady increase in prices, fueled no doubt by the increase in fuel prices.”

The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 57.3 percent, indicating continued growth in the non-manufacturing sector for the 16th consecutive month. ISM's Non-Manufacturing Business Activity Index in March was 59.7 percent, a decrease of 7.2 percentage points when compared to the 66.9 percent registered in February. Fifteen industries reported increased business activity, and two industries reported decreased activity for the month of March. One industry reported no change from February. 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 March — listed in order — are: Real Estate, Rental & Leasing; Mining; Retail Trade; Arts, Entertainment & Recreation; Finance & Insurance; Health Care & Social Assistance; Accommodation & Food Services; Management of Companies & Support Services; Wholesale Trade; Utilities; Information; Construction; Professional, Scientific & Technical Services; Public Administration; and Educational Services. The industries reporting decreased business activity in March are: Other Services; and Transportation & Warehousing.

(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 66.9 in March. 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 62.7 in March. Lead times increased in the Capital Goods and Raw Materials sectors, decreased in the Computers sector and remained unchanged in the MRO, Components and Services sectors.

The New Orders Index was at 50 in March. The Raw Materials Inventory Index increased and the Finished Goods Inventory Index remained unchanged in March.

The Employment Index registered 71.4 in March. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index increased in March.

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

ISM's Non-Manufacturing New Orders Index grew in March for the 20th consecutive month. The index registered 64.1 percent, which is a decrease of 0.3 percentage point from the 64.4 percent reported in February. Comments from respondents include: "Outlook for 2011 and expectations are materializing" and "The turnaround is here."

The 16 industries reporting growth of new orders in March — listed in order — are: Real Estate, Rental & Leasing; Management of Companies & Support Services; Mining; Utilities; Arts, Entertainment & Recreation; Wholesale Trade; Professional, Scientific & Technical Services; Information; Accommodation & Food Services; Finance & Insurance; Health Care & Social Assistance; Retail Trade; Educational Services; Construction; Transportation & Warehousing; and Public Administration. The only industry reporting contraction of new orders in March is Other Services.

Employment activity in the non-manufacturing sector grew in March, as ISM's Non-Manufacturing Employment Index registered 53.7 percent. This reflects a decrease of 1.9 percentage points when compared to the 55.6 percent registered in February. Eleven industries reported increased employment, three industries reported decreased employment, and four industries reported unchanged employment compared to February. Comments from respondents include: "Continue to refill vacancies" and "Still under hiring freeze."

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

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 March'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.

## March 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>March</u>	<u>March</u>	<u>March vs. February</u>	<u>March</u>	<u>March</u>	<u>March vs. February</u>
Purchasing Managers' Index	61.4	Increasing	From Decreasing	57.3*	Increasing	Slower
Business Activity/ Production	64.3	Increasing	From No Change	59.7	Increasing	Slower
New Orders	50	No Change	From Increasing	64.1	Increasing	Slightly Slower
Backlog of Orders	75	Increasing	From Decreasing	56	Increasing	Faster
Imports	50	No Change	From No Change	50	No Change	From Increasing
Prices	66.9	Increasing	Faster	72.1	Increasing	Slower
Lead Times	62.7	Increasing	Faster	51.5	Increasing	Slightly Slower
Raw Material Inventory	66.7	Increasing	From No Change	55.5**	Increasing	No Change
Finished Goods Inventory	50	No Change	From Increasing	NA	NA	NA
Employment	71.4	Increasing	From Decreasing	53.7	Increasing	Slower
Availability of Skilled Labor	42.9	Decreasing	Slower	NA	NA	NA
Availability of Unskilled Labor	58.3	Increasing	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>March</u>	<u>March</u>	<u>March vs. February</u>
MRO Items	50	No Change	From No Change
Capital Goods	66.7	Increasing	Faster
Raw Materials	100	Increasing	No Change
Components	75	Increasing	No Change
Computers	42.9	Decreasing	No Change
Services	70	Increasing	Slower

<u>Lead Times</u>	<u>March</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	50	No Change	From Decreasing
Capital Goods	83.3	Increasing	Faster
Raw Materials	87.5	Increasing	Faster
Components	50	No Change	From Increasing
Computers	42.9	Decreasing	Slightly Faster
Services	50	No Change	From Decreasing

<u>Supplier Performance</u>	<u>March</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	50	No Change	From Worsening
Capital Goods	58.3	Improving	Faster
Raw Materials	62.5	Improving	From No Change
Components	50	No Change	From No Change
Computers	57.1	Improving	From No Change
Services	60	Improving	From Worsening