



May 2010
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 economic index was 52.7 in May. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 55.4 percent, the same percentage as registered in both April and March, indicating continued growth in the non-manufacturing sector for the fifth consecutive month. ISM's Non-Manufacturing Business Activity Index in May registered 61.1 percent, an increase of 0.8 percentage point when compared to the 60.3 percent registered in April. Sixteen industries reported increased business activity, and one industry reported decreased activity for the month of May. One industry reported no change from April. Comments from respondents include: "Slight increase in orders due to aggressive sales and better economic climate" and "Modest pick-ups in business volumes." (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 was 47.1 in May. Prices increased in the Services sector, decreased in the Computers sector and remained unchanged in the all other sectors.

The New Orders Index was 50 in May. The Raw Materials Inventory was 64.3 and the Finished Goods Inventory Index was 44.4 in May.

May's Employment Index was 50. The Availability of Skilled Workers Index was 50 and the Availability of Unskilled Workers Index was 55.6 in May.

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

ISM's New Orders Index registered 57.1 percent, which is a decrease of 1.1 percentage points from the 58.2 percent reported in April. Comments from respondents include: "New customers ordering more" and "More clients willing to hire." ISM's Employment Index registered 50.4 percent. This reflects an increase of 0.9 percentage point when compared to the 49.5 percent registered in April. Ten industries reported increased employment, four industries reported decreased employment, and three industries reported unchanged employment compared to April. Comments from respondents include: "Adding headcount" and "More job orders have come in." The industries reporting an increase in employment in May — listed in order — are: Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Mining; Retail Trade; Wholesale Trade;

Information; Other Services; Finance & Insurance; Professional, Scientific & Technical Services; and Accommodation & Food Services. The industries reporting a reduction in employment in May are: Educational Services; Transportation & Warehousing; Health Care & Social Assistance; 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 May'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.

May 2010 Colorado Front Range Non-Manufacturing Survey

	<i>Colo. Index</i>	<i>National Index</i>	<i>Direction</i>	<i>Rate of Change</i>
<u>Series</u>	<u>May</u>	<u>May</u>	<u>May vs. April</u>	<u>May vs. April</u>
Purchasing Managers' Index	52.7	55.4*	Increasing	No Change
Business Activity/ Production	55	61.1	Increasing	Slightly Faster
New Orders	50	57.1	Increasing	Slower
Backlog of Orders	55.6	56	Increasing	From Decreasing
Imports	66.7	56.5	Increasing	No Change
Prices	47.1	60.6	Increasing	Slower
Lead Times	N/A	53	Increasing	Slightly Slower
Raw Material Inventory	64.3	62.5**	Increasing	Faster
Finished Goods Inventory	44.4	NA	NA	NA
Employment	50	50.4	Increasing	From Decreasing
Availability of Skilled Labor	50	NA	NA	NA
Availability of Unskilled Labor	55.6	NA	NA	NA

*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>Prices:</u>	<u>May</u>
MRO Items	50
Capital Goods	50
Raw Materials	50
Components	40
Computers	45.5
Services	55.6
<u>Supplier Performance</u>	<u>May</u>
MRO Items	55.6
Capital Goods	50
Raw Materials	57.1
Components	56.3
Computers	55.6
Services	75