



**November 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 with an index of 60.2 in November. The Denver Non-Manufacturing PMI in October was 58.1. The Production Index in November was 65. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index of 52 percent, indicating continued growth in the non-manufacturing sector for the 24th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.

ISM's Non-Manufacturing Business Activity Index in November registered 56.2 percent, an increase of 2.4 percentage points when compared to the 53.8 percent registered in October. Nine industries reported increased business activity, and eight industries reported decreased activity for the month of November. Comments from respondents include: "Clients deciding to act and not wait any longer" and "Trying to finish projects prior to end of year."

The industries reporting growth of business activity in November — listed in order — are: Retail Trade; Mining; Real Estate, Rental & Leasing; Utilities; Information; Management of Companies & Support Services; Accommodation & Food Services; Public Administration; and Transportation & Warehousing. The industries reporting decreased business activity in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; Other Services; Educational Services; Wholesale Trade; Professional, Scientific & Technical Services; Finance & Insurance; and Construction (ISM publishes the national NMI and the Business Activity/Production Non-Manufacturing Index).

The overall Price Index of the Denver Non-Manufacturing Survey registered 54.5 in November. Prices increased in the MRO, Raw Materials, and Components sectors and remained unchanged in all other sectors. The Lead Time Index was 59.9 in November. Lead times increased in the Capital Goods, Raw Materials, and Components sectors, remained unchanged in the Services and Computers sectors and decreased in the MRO sector.

The New Orders Index increased faster with an index of 67.7 in November. The Raw Materials Inventory Index remained unchanged and the Finished Goods Inventory Index increased in November.

The Employment Index remained unchanged with an index of 50 in November. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices decreased in November.

Supplier performance in our Denver survey improved in the MRO, Capital Goods and Computers sectors and remained unchanged in the other sectors.

ISM's Non-Manufacturing New Orders Index grew in November for the 28th consecutive month. The index registered 53 percent, an increase of 0.6 percentage point from the 52.4 percent reported in October. Comments from respondents include: "New customers and products" and "Building inventories for favorable sales outlook."

The 10 industries reporting growth of new orders in November — listed in order — are: Retail Trade; Real Estate, Rental & Leasing; Information; Arts, Entertainment & Recreation; Mining; Wholesale Trade; Utilities; Professional, Scientific & Technical Services; Health Care & Social Assistance; and Public Administration. The six industries reporting contraction of new orders in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Other Services; Educational Services; Construction; Transportation & Warehousing; and Finance & Insurance.

ISM reported the Employment activity in the non-manufacturing sector contracted in November after one month of growth, as ISM's Non-Manufacturing Employment Index registered 48.9 percent. This reflects a decrease of 4.4 percentage points when compared to the 53.3 percent registered in October. Five industries reported increased employment, eight industries reported decreased employment, and five industries reported unchanged employment compared to October. Comments from respondents include: "Reduction in staff in areas where activity is consistently slow" and "Minor cost reduction effort to ensure year-end targets."

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

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 November'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.

## November 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>November</u>	<u>November</u>	<u>November vs. October</u>	<u>November</u>	<u>November</u>	<u>November vs. October</u>
<b>Purchasing Managers' Index</b>	60.2	Increasing	Faster	52*	Increasing	Slightly Slower
<b>Business Activity/ Production</b>	65	Increasing	Faster	56.2	Increasing	Faster
<b>New Orders</b>	66.7	Increasing	Faster	53	Increasing	Slightly Faster
<b>Backlog of Orders</b>	70	Increasing	From Decreasing	48	Decreasing	Slower
<b>Imports</b>	66.7	Increasing	From No Change	48.5	Decreasing	Slightly Slower
<b>Prices</b>	54.5	Increasing	From Decreasing	62.5	Increasing	Faster
<b>Lead Times</b>	59.9	Increasing	From Decreasing	50	No Change	From Increasing
<b>Raw Material Inventory</b>	50	No Change	From No Change	52.5**	Increasing	From Decreasing
<b>Finished Goods Inventory</b>	58.3	Increasing	From No Change	NA	NA	NA
<b>Employment</b>	50	No Change	From Increasing	48.9	Decreasing	From Increasing
<b>Availability of Skilled Labor</b>	44.4	Decreasing	Slower	NA	NA	NA
<b>Availability of Unskilled Labor</b>	46.3	Decreasing	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.

	<u>Colo. Index</u>	<u>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>November</u>	<u>November</u>	<u>November vs. October</u>
MRO Items	55.6	Increasing	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	60	Increasing	From Decreasing
Components	57.1	Increasing	Slower
Computers	50	No Change	From No Change
Services	50	No Change	From No Change
<u>Lead Times</u>	<u>November</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	43.8	Decreasing	Slower
Capital Goods	71.4	Increasing	Faster
Raw Materials	70	Increasing	From No Change
Components	64.3	Increasing	From No Change
Computers	50	No Change	From No Change
Services	50	No Change	From Decreasing
<u>Supplier Performance</u>	<u>November</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	55.6	Improving	From No Change
Capital Goods	57.4	Improving	From No Change
Raw Materials	50	No Change	From No Change
Components	50	No Change	From Worsening
Computers	55.6	Improving	From No Change
Services	50	No Change	From Worsening