



**October 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 economy increased faster in October with the Denver Non-Manufacturing PMI at 55.2. The Production Index increased with an index of 60.7. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) registered 54.3 percent, indicating continued growth in the non-manufacturing sector for the 10th consecutive month. ISM's Non-Manufacturing Business Activity Index in October registered 58.4 percent, an increase of 5.6 percentage points when compared to the 52.8 percent registered in September. Ten industries reported increased business activity, and three industries reported decreased activity for the month of October. Five industries reported no change from September. Comments from respondents include: "Continued strength in core businesses and capital expenditures for balance of 2010" and "Increase in service calls/requests for service." (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 50.6 in October. Prices decreased in the Computers and Services sectors, increased in the Components sector and remained unchanged in the MRO, Capital Goods and Raw Materials sectors. Lead times in our Denver survey increased in October with an index of 51.5. Lead times increased in the Raw Materials sector, decreased in the Computers and Services sectors and remained unchanged in the MRO, Capital Goods and Components sectors.

The New Orders Index increased with an index of 54.6 in October. The Raw Materials Inventory Index increased with an index of 66.7 and the Finished Goods Inventory Index decreased in October with an index of 35.

The Employment Index decreased with an index of 46.4 in October. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index increased slower in October.

Supplier performance in our Denver survey improved in the Computers sector and remained unchanged in all other sectors.

ISM's Non-Manufacturing New Orders Index grew in October for the 14th consecutive month. The index registered 56.7 percent, which is an increase of 1.8 percentage points from the 54.9 percent reported in September. Comments from respondents include: "Orders awarded that have been on customer hold" and "New projects approved."

Employment activity in the non-manufacturing sector grew in October, as ISM's Non-Manufacturing Employment Index registered 50.9 percent. This reflects an increase of 0.7 percentage point when compared to the 50.2 percent registered in September. Seven industries reported increased employment, eight industries reported decreased employment, and three industries reported unchanged employment compared to September. Comments from respondents include: "Continue moderate hire increases of hourly workers per business increases" and "Slight lessening of hiring restrictions due to improved economic climate." 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 October'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.

October 2010 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>October</u>	<u>October</u>	<u>October vs. September</u>	<u>October</u>	<u>October</u>	<u>October vs. September</u>
Purchasing Managers' Index	55.2	Increasing	Faster	54.3*	Increasing	Faster
Business Activity/ Production New Orders	60.7	Increasing	From No Change	58.4	Increasing	Faster
Backlog of Orders	54.5	Increasing	From Decreasing	56.7	Increasing	Faster
Imports	50	No Change	From Decreasing	52	Increasing	From Decreasing
Prices	100	Increasing	From No Change	54	Increasing	Faster
Lead Times	50.6	Increasing	Slower	68.3	Increasing	Faster
Raw Material Inventory	51.5	Increasing	Slightly Slower	51	Increasing	Slower
Finished Goods Inventory	66.7	Increasing	No Change	47.5**	Decreasing	Slightly Slower
Employment	35	Decreasing	From Increasing	NA	NA	NA
Availability of Skilled Labor	46.4	Decreasing	From Increasing	50.9	Increasing	Slightly Faster
Availability of Unskilled Labor	42.3	Decreasing	From Increasing	NA	NA	NA
	60	Increasing	Slower	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>October</u>	<u>October</u>	<u>October vs. September</u>
MRO Items	50	No Change	From Increasing
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From Increasing
Components	57.1	Increasing	From No Change
Computers	45.8	Decreasing	Slower
Services	45.5	Decreasing	Slower
<u>Lead Times</u>			
MRO Items	50	No Change	From Decreasing
Capital Goods	50	No Change	From No Change
Raw Materials	66.7	Increasing	From No Change
Components	50	No Change	From Increasing
Computers	40.9	Decreasing	From Increasing
Services	40	Decreasing	From No Change
<u>Supplier Performance</u>	<u>October</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From No Change
Components	50	No Change	From No Change
Computers	54.2	Improving	From No Change
Services	50	No Change	From Worsening