



**October 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 58.1 in October. The Denver Non-Manufacturing PMI in September was 45. The Production Index in October was 56.3. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 52.9 percent, indicating continued growth in the non-manufacturing sector for the 23rd 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 October registered 53.8 percent, a decrease of 3.3 percentage points when compared to the 57.1 percent registered in September. Nine industries reported increased business activity, and five industries reported decreased activity for the month of October. Comments from respondents include: "Aggressive calling on customers" and "More projects started."

The industries reporting growth of business activity in October - listed in order - are: Information; Management of Companies & Support Services; Accommodation & Food Services; Mining; Transportation & Warehousing; Retail Trade; Other Services; Finance & Insurance; and Health Care & Social Assistance. The industries reporting decreased business activity in October are: Educational Services; Public Administration; Wholesale Trade; Construction; and Utilities.

(ISM publishes the national NMI and the Business Activity/Production Non-Manufacturing Index).

The overall Price Index of the Denver Non-Manufacturing Survey registered 47.5 in October. Prices increased in the Components sectors, decreased in the Raw Materials sector and remained unchanged in all other sectors. The Lead Time Index was 48.3 in October. Lead times increased in the Capital Goods sector, remained unchanged in the Raw Materials, Components and Computers sectors and decreased in the MRO and Services sectors.

The New Orders Index increased with an index of 60 in October. The Raw Materials Inventory and the Finished Goods Inventory Indices remained unchanged in October.

The Employment Index increased with an index of 68.8 in October. The Availability of Skilled Workers Index decreased and the Availability of Unskilled Workers Index remained unchanged in October.

Supplier performance in our Denver survey worsened in Components and Services sectors and remained unchanged in all other sectors.

ISM's Non-Manufacturing New Orders Index grew in October for the 27th consecutive month. The index registered 52.4 percent, a decrease of 4.1 percentage points from the 56.5 percent reported in September. Comments from respondents include: "Increased client activity" and "[New orders increased] due to higher occupancy."

The 10 industries reporting growth of new orders in October - listed in order - are: Management of Companies & Support Services; Information; Transportation & Warehousing; Mining; Retail Trade; Other Services; Professional, Scientific & Technical Services; Construction; Wholesale Trade; and Health Care & Social Assistance. The five industries reporting contraction of new orders in October are: Educational Services; Public Administration; Finance & Insurance; Utilities; and Accommodation & Food Services.

ISM reported that Employment activity in the non-manufacturing sector grew in October after one month of contraction, as 15M's Non-Manufacturing Employment Index registered 53.3 percent. This reflects an increase of 4.6 percentage points when compared to the 48.7 percent registered in September.

Eight industries reported increased employment, seven industries reported decreased employment, and three industries reported unchanged employment compared to September. Comments from respondents include: "New positions being created and filled due to increase in business activity and expansion" and "Slowly adding back support staff - still 25 percent below high-water mark of June 2008."

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

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 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>October</u>	<u>October</u>	<u>October vs. September</u>	<u>October</u>	<u>October</u>	<u>October vs. September</u>
Purchasing Managers' Index	58.1	Increasing	From Decreasing	52.9*	Increasing	Slightly Slower
Business Activity/ Production	56.3	Increasing	From Decreasing	53.8	Increasing	Slower
New Orders	60	Increasing	From Decreasing	52.4	Increasing	Slower
Backlog of Orders	25	Decreasing	Slower	47	Decreasing	From Increasing
Imports	50	No Change	From No Change	48	Decreasing	Slightly Slower
Prices	47.5	Decreasing	From Increasing	57.1	Increasing	Slower
Lead Times	48.3	Decreasing	From Increasing	52	Increasing	From Decreasing
Raw Material Inventory	50	No Change	From Decreasing	45.5**	Decreasing	From Increasing
Finished Goods Inventory	50	No Change	From Decreasing	NA	NA	NA
Employment	68.6	Increasing	Faster	53.3	Increasing	From Decreasing
Availability of Skilled Labor	42.9	Decreasing	From Increasing	NA	NA	NA
Availability of Unskilled Labor	50	No Change	From Increasing	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>October</u>	<u>October</u>	<u>October vs. September</u>
MRO Items	50	No Change	From No Change
Capital Goods	50	No Change	From Increasing
Raw Materials	25	Decreasing	From No Change
Components	62.5	Increasing	Faster
Computers	50	No Change	From Decreasing
Services	50	No Change	From No Change
<u>Lead Times</u>	<u>October</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	33.3	Decreasing	From No Change
Capital Goods	58.3	Increasing	Faster
Raw Materials	50	No Change	From Increasing
Components	50	No Change	From No Change
Computers	50	No Change	From Decreasing
Services	41.7	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 Improving
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From No Change
Components	37.5	Worsening	From Improving
Computers	50	No Change	From No Change
Services	33.3	Worsening	Faster