



**September 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 decreased slightly faster with an index of 45 in September. The Denver Non-Manufacturing PMI in August was 45.8. The Production Index in September was 45.5. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 53 percent, indicating continued growth in the non-manufacturing sector for the 22nd 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 September registered 57.1 percent, an increase of 1.5 percentage points when compared to the 55.6 percent registered in August. Nine industries reported increased business activity, and four industries reported decreased activity for the month of September. Comments from respondents include: "Sales have continued to increase slightly" and "New business activities."

The industries reporting growth of business activity in September — listed in order — are: Mining; Utilities; Wholesale Trade; Management of Companies & Support Services; Construction; Transportation & Warehousing; Information; Health Care & Social Assistance; and Finance & Insurance. The four industries reporting decreased business activity in September are: Arts, Entertainment & Recreation; Educational Services; Other Services; and Professional, Scientific & Technical Services. Five industries reported no change in Business Activity in September compared to August.

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

The overall Price Index of the Denver Non-Manufacturing Survey registered 51.9 in September. Prices increased in the Capital Goods and Components sectors, decreased in the Computers sector and remained unchanged in the MRO, Raw Materials and Services sectors. The Lead Time Index was 54.1 in September. Lead times increased in the Capital Goods and Raw Materials sectors, remained unchanged in the MRO, Components and Services sectors and decreased in the Computers sector.

The New Orders Index decreased with an index of 40 in September. The Raw Materials Inventory and the Finished Goods Inventory Indices decreased in September.

The Employment Index increased with an index of 55 in September. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices increased in September.

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

ISM's Non-Manufacturing New Orders Index grew in September for the 26th consecutive month. The index registered 56.5 percent, an increase of 3.7 percentage points from the 52.8 percent reported in August. Comments from respondents include: "Expansion of procurement activity" and "Unplanned maintenance work."

The nine industries reporting growth of new orders in September — listed in order — are: Information; Retail Trade; Transportation & Warehousing; Management of Companies & Support Services; Construction; Mining; Utilities; Wholesale Trade; and Health Care & Social Assistance. The five industries reporting contraction of new orders in September are: Arts, Entertainment & Recreation; Educational Services; Professional, Scientific & Technical Services; Other Services; and Finance & Insurance.

Employment activity in the non-manufacturing sector contracted in September for the first time since August 2010, as ISM's Non-Manufacturing Employment Index registered 48.7 percent. This reflects a decrease of 2.9 percentage points when compared to the 51.6 percent registered in August. Six industries reported increased employment, 11 industries reported decreased employment, and one industry reported unchanged employment compared to August. Comments from respondents include "Reduction in department staff due to budget" and "Continue to control expenses through attrition."

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

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 September'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.

## September 2011 Colorado Front Range Non-Manufacturing Survey

<i>Series</i>	<i>Colo. Index</i> <u>September</u>	<i>Direction</i> <u>September</u>	<i>Rate of Change</i> <u>September vs. August</u>	<i>National Index</i> <u>September</u>	<i>Direction</i> <u>September</u>	<i>Rate of Change</i> <u>September vs. August</u>
<b>Purchasing Managers' Index</b>	45	Decreasing	Slightly Faster	53*	Increasing	Slightly Slower
<b>Business Activity/ Production</b>	45.5	Decreasing	Slower	57.1	Increasing	Faster
<b>New Orders</b>	40	Decreasing	From No Change	56.5	Increasing	Faster
<b>Backlog of Orders</b>	20	Decreasing	Slower	52.5	Increasing	From Decreasing
<b>Imports</b>	50	No Change	From No Change	47.5	Decreasing	From Increasing
<b>Prices</b>	51.9	Increasing	From Decreasing	61.9	Increasing	Slower
<b>Lead Times</b>	54.1	Increasing	Slightly Slower	49.5	Decreasing	From Increasing
<b>Raw Material Inventory</b>	25	Decreasing	No Change	51.5**	Increasing	Slower
<b>Finished Goods Inventory</b>	44.4	Decreasing	Slower	NA	NA	NA
<b>Employment</b>	55	Increasing	Slower	48.7	Decreasing	From Increasing
<b>Availability of Skilled Labor</b>	55.6	Increasing	From Decreasing	NA	NA	NA
<b>Availability of Unskilled Labor</b>	68.8	Increasing	Faster	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.

Colo. Index   Direction   Rate of Change

Prices:   September   September   September vs. August

MRO Items	50	No Change	From Decreasing
Capital Goods	56.3	Increasing	From Decreasing
Raw Materials	50	No Change	From Increasing
Components	58.3	Increasing	From Decreasing
Computers	45	Decreasing	Slower
Services	50	No Change	From Decreasing

Lead Times   September   Direction   Rate of Change

MRO Items	50	No Change	From Decreasing
Capital Goods	55.6	Increasing	Slower
Raw Materials	75	Increasing	No Change
Components	50	No Change	From No Change
Computers	40	Decreasing	From No Change
Services	50	No Change	From Decreasing

Supplier Performance   September   Direction   Rate of Change

MRO Items	55.6	Improving	From No Change
Capital Goods	50	No Change	From No Change
Raw Materials	50	No Change	From No Change
Components	60	Improving	From No Change
Computers	50	No Change	From No Change
Services	42.9	Worsening	From Improving