



**November 2009  
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 in November with the Denver Non-Manufacturing PMI at 38.2. The Production Index was 40.9. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) registered 48.7 percent, indicating contraction in the non-manufacturing sector after two consecutive months of expansion. ISM's Non-Manufacturing Business Activity Index in November registered 49.6 percent, a decrease of 5.6 percentage points when compared to the 55.2 percent registered in October. Seven industries reported increased business activity, and 10 industries reported decreased activity for the month of November. One industry reported no change from October. Comments from respondents include "Fewer orders" and "Business volumes declining, but slower." (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 56.6 in November. Prices decreased in the Capital Goods and Services sectors, increased in the Raw Materials and Components sectors and remained unchanged in the MRO and Computers sectors. Lead times in our Denver survey decreased overall in November. Lead times increased in the Capital Goods sector, decreased in the MRO, Components, Computers and Services sectors and remained unchanged in the Raw Materials sector.

The New Orders Index remained unchanged with an index of 50 in November. The Finished Goods Inventory Index showed a decrease in November with an index of 30 which was the same as in October.

The Employment Index decreased with an index of 31.8 in November. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices increased in November.

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

ISM's Non-Manufacturing New Orders Index grew in November for the third consecutive month. The index registered 55.1 percent, which is a decrease of 0.5 percentage point from the 55.6 percent registered in October. Comments from respondents include: "Demand for operation-related goods" and "Stocking up on flu supplies." Employment activity in ISM's non-manufacturing sector contracted in November for the 22nd time in the last

23 months. ISM's Non-Manufacturing Employment Index for November registered 41.6 percent. This reflects an increase of 0.5 percentage point when compared to the 41.1 percent registered in October. Three industries reported increased employment, 11 industries reported decreased employment, and four industries reported unchanged employment compared to October. Comments from respondents include: "Permanent and seasonal layoffs" and "Some reduction in workforce due to slow second- and third-quarter sales." 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 2009 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 vs. October</u>	<u>November vs. October</u>	<u>November</u>	<u>November vs. October</u>	<u>November vs. October</u>
<b>Purchasing Managers' Index</b>	38.2	Decreasing	Faster	48.7*	Decreasing	From Increasing
<b>Business Activity/ Production New Orders</b>	40.9	Decreasing	From Increasing	49.6	Decreasing	From Increasing
<b>Backlog of Orders</b>	50	No Change	From No Change	55.1	Increasing	Slightly Slower
<b>Imports</b>	50	No Change	From Increasing	48.5	Decreasing	From Increasing
<b>Prices</b>	50	No Change	From Increasing	46	Decreasing	No Change
<b>Lead Times</b>	56.6	Increasing	Faster	57.8	Increasing	Faster
<b>Raw Material Inventory</b>	44	Decreasing	From Increasing	48.5	Decreasing	From Increasing
<b>Finished Goods Inventory</b>	No Report			45.5**	Decreasing	Slower
<b>Employment</b>	30	Decreasing	No Change	NA	NA	NA
<b>Availability of Skilled Labor</b>	31.8	Decreasing	Faster	41.6	Decreasing	Slightly Slower
<b>Availability of Unskilled Labor</b>	59.1	Increasing	Faster	NA	NA	NA
	68.8	Increasing	From Decreasing	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>Direction</u>	<u>Rate of Change</u>
<u>Prices:</u>	<u>November</u>	<u>November</u>	<u>November vs. October</u>
MRO Items	50	No Change	From Decreasing
Capital Goods	42.9	Decreasing	Faster
Raw Materials	80	Increasing	Faster
Components	60	Increasing	No Change
Computers	50	No Change	From Decreasing
Services	30	Decreasing	From Increasing
<u>Lead Times</u>			
MRO Items	42.9	Decreasing	From No Change
Capital Goods	56.3	Increasing	From No Change
Raw Materials	50	No Change	From Increasing
Components	37.5	Decreasing	From Increasing
Computers	33.3	Decreasing	From No Change
Services	40	Decreasing	From No Change
<u>Supplier Performance</u>			
	<u>November</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	41.7	Worsening	Faster
Capital Goods	50	No Change	From Worsening
Raw Materials	60	Improving	From Worsening
Components	60	Improving	From Worsening
Computers	41.7	Worsening	Faster
Services	55	Improving	From Worsening