



**September 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 increased in September with the Denver Non-Manufacturing PMI at 56.4. The Production Index was 66.7. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) registered 50.9 percent in September, 2.5 percentage points higher than the 48.4 percent registered in August, indicating growth in the non-manufacturing sector after 11 consecutive months of contraction. ISM's Non-Manufacturing Business Activity Index in September registered 55.1 percent, an increase of 3.8 percentage points when compared to the 51.3 percent registered in August. Eight industries reported increased business activity, and eight industries reported decreased activity for the month of September. Two industries reported no change from August. Comments from respondents include: "More business development activity" and "Increased demand 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 55.9 in September. Prices decreased in the Computer sector, increased in the Raw Materials, Components and Services and registered 50 in all other sectors. Lead times in our Denver survey increased overall in September. Lead times decreased in the Capital Goods and Computers sectors, increased in the Raw Materials and Components sectors and registered 50 in the MRO and Services sectors. The New Orders Index increased with an index of 65 in September. The Raw Materials Inventory Index was 50 and the Finished Goods Inventory Index decreased in September with an index of 40.

The Employment Index decreased with an index of 37.5 in September. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices both increased in September.

Supplier performance in our Denver survey improved in the Services sector, worsened in the Computers sector and registered 50 in all other sectors.

ISM's Non-Manufacturing New Orders Index grew in September after 11 consecutive months of contraction. The index registered 54.2 percent, which is an increase of 4.3 percentage points from the 49.9 percent registered in August. Comments from respondents include: "Increased traffic" and "Promotional activity."

Employment activity in ISM's non-manufacturing sector contracted in September for the 20th time in the last 21 months. ISM's Non-Manufacturing Employment Index for September registered 44.3 percent. This reflects an increase of 0.8 percentage point when compared to the 43.5 percent registered in August. Three industries reported increased employment, 12 industries reported decreased employment, and three industries reported unchanged employment compared to August. Comments from respondents include: "New business needs" and "Positions previously frozen are now approved to be filled." 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 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 2009 Colorado Front Range Non-Manufacturing Survey

<u>Series</u>	<i>Colo. Index</i>	<i>National Index</i>	<i>Direction</i>	<i>Rate of Change</i>
	<u>September</u>	<u>September</u>	<u>September vs. August</u>	<u>September vs. August</u>
Purchasing Managers' Index	56.4	50.9*	Increasing	From Decreasing
Business Activity/ Production New Orders	66.7	55.1	Increasing	Faster
Backlog of Orders	65	54.2	Increasing	From Decreasing
Prices	55.9	48.8	Decreasing	From Increasing
Lead Times	51.7	50	No Change	From Decreasing
Raw Material Inventory	50	47.5**	Decreasing	Slower
Finished Goods Inventory	40	NA	NA	NA
Employment	37.5	44.3	Decreasing	Slightly slow
Availability of Skilled Labor	58.3	NA	NA	NA
Availability of Unskilled Labor	60	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>Prices:</u>	<u>September</u>	<u>September</u>
MRO Items	50	No Change
Capital Goods	50	No Change
Raw Materials	75	Increasing
Components	64.3	Increasing
Computers	40	Increasing
Services	54.6	Increasing
<u>Lead Times</u>		
MRO Items	50	No Change
Capital Goods	44.4	Decreasing
Raw Materials	62.5	Increasing
Components	57.1	Increasing
Computers	44.4	Decreasing
Services	50	No Change
<u>Supplier Performance</u>	<u>September</u>	<u>September</u>
MRO Items	50	No Change
Capital Goods	50	No Change
Raw Materials	50	No Change
Components	50	No Change
Computers	43.8	Worsening
Services	55	Improving