



June 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 economic index decreased in June with an index of 47.7. This compares to the index of 52.7 in May. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) of 53.8 percent, indicating continued growth in the non-manufacturing sector for the sixth consecutive month, but at a slightly slower rate than in May. ISM's Non-Manufacturing Business Activity Index in June registered 58.1 percent, a decrease of 3 percentage points when compared to the 61.1 percent registered in May. Fourteen industries reported increased business activity, and two industries reported decreased activity for the month of June. Two industries reported no change from May. Comments from respondents include: "Promotions and sales activity from months ago starting to pay off" and "Increasing demand." (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 decreased in June with an index of 44. Prices increased in the Services sector, decreased in the Raw Materials, Components and Computers sectors and remained unchanged in the MRO and Capital Goods sectors.

The New Orders Index was 28.6 in June. The Raw Materials Inventory was 50 and the Finished Goods Inventory Index was 31.3 in June.

June's Employment Index was 50. The Availability of Skilled Workers Index was 35.7 and the Availability of Unskilled Workers Index was 41.7 in June.

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

ISM's New Orders Index registered 4.4 percent, which is a decrease of 2.7 percentage points from the 57.1 percent reported in May. Comments from respondents include: "Increasing demand" and "Greater utilization of strategic sourcing opportunities." The 10 industries reporting growth of new orders in June — listed in order — are: Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Mining; Information; Transportation & Warehousing; Accommodation & Food Services; Management of Companies & Support Services; Wholesale Trade; and Public Administration. The only industry reporting

contraction of new orders in June is Other Services. ISM's Non-Manufacturing Employment Index for June registered 49.7 percent. This reflects a decrease of 0.7 percentage point when compared to the 50.4 percent registered in May. Eight industries reported increased employment, seven industries reported decreased employment, and three industries reported unchanged employment compared to May. Comments from respondents include: "All open positions either frozen or being eliminated. New early retirement incentives will further deplete the workforce" and "Result of attrition and hiring freeze."

. 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 June'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.

June 2010 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>June</u>	<u>May</u>	<u>June vs. May</u>	<u>June</u>	<u>June vs. May</u>		<u>June vs. May</u>
Purchasing Managers' Index	47.7	Decreasing	From Increasing	53.9*	Increasing		Slower
Production	66.7	Increasing	Faster	58.1	Increasing		Slower
New Orders	28.6	Decreasing	From No Change	54.4	Increasing		Slower
Backlog of Orders	25	Decreasing	From Increasing	55.5	Increasing		Slower
Imports	33.3	Decreasing	From Increasing	48	Decreasing		From Increasing
Prices	44	Decreasing	Faster	53.9	Increasing		Slower
Lead Times	No Report			53	Increasing		No Change
Raw Material Inventory	50	No Change	From Increasing	58.5**	Increasing		Slightly Slower
Finished Goods Inventory	31.3	Decreasing	Faster	NA	NA		NA
Employment	50	No Change	From No Change	49.8	Decreasing		From Increasing
Availability of Skilled Labor	35.7	Decreasing	From No Change	NA	NA		NA

Availability of
Unskilled Labor

41.7

Decreasing

From
Increasing

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>June</u>		<u>June vs. May</u>
MRO Items	50	No Change	No Change
Capital Goods	50	No Change	No Change
Raw Materials	37.5	Decreasing	From No Change
Components	43.8	Decreasing	Slower
Computers	38.9	Decreasing	Faster
Services	66.7	Increasing	Faster
<u>Supplier Performance</u>	<u>June</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	66.7	Improving	Faster
Capital Goods	50	No Change	No Change
Raw Materials	50	No Change	From Improving
Components	58.3	Improving	Faster
Computers	58.3	Improving	Faster
Services	66.7	Improving	Faster