



**February 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 economy increased in February with the Denver Non-Manufacturing PMI at 55.5. The Production Index was 63.3. The Denver Non-Manufacturing Index compares to the Institute for Supply Management's (ISM) Non-Manufacturing NMI (Non-Manufacturing Index) registered 53 percent, indicating growth in the non-manufacturing sector for the second consecutive month. ISM's Non-Manufacturing Business Activity Index in February registered 54.8 percent, an increase of 2.6 percentage points when compared to the seasonally adjusted 52.2 percent registered in January. Four industries reported increased business activity, and 10 industries reported decreased activity for the month of February. Four industries reported no change from January. Comments from respondents include: "New projects for the year" and "More quoting and shipping." (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 50.4 in February. Prices decreased in the MRO and Computers and Services sectors and increased in the Capital Goods, Raw Materials, and Components sectors. Lead times in our Denver survey increased in February with an index of 50.6. Lead times increased in the Raw Materials and Components sectors, decreased in the MRO, Computers and Services sectors and remained unchanged in the Capital Goods sector.

The New Orders Index increased with an index of 65.4 in February. The Raw Materials Inventory Index remained unchanged and the Finished Goods Inventory Index decreased in February with an index of 45.8.

The Employment Index decreased with an index of 37 in February. The Availability of Skilled Workers and the Availability of Unskilled Workers Indices increased in February.

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

ISM's Non-Manufacturing New Orders Index grew in February for the sixth consecutive month. The index registered 55 percent, which is an increase of 0.3 percentage point from the seasonally adjusted 54.7 percent reported in January. Comments from respondents include: "New customer program ramp up"; "Seeing an increase in business — our customers are feeling more optimistic"; and "Expansion by existing customers and new customers."

Employment activity in the non-manufacturing sector contracted in February for the 26th consecutive month. ISM's Non-Manufacturing Employment Index for February registered 48.6 percent. This reflects an increase of 4 percentage points when compared to the seasonally adjusted 44.6 percent registered in January. Two industries reported increased employment, nine industries reported decreased employment, and seven industries reported unchanged employment compared to January. Comments from respondents include: "Some focused workforce reductions have taken place" and "Due to state budget issues, position vacancies are not being filled unless absolutely necessary." 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 February'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.

February 2010 Colorado Front Range Non-Manufacturing Survey

<i>Series</i>	<i>Colo. Index</i> <u>February</u>	<i>Direction</i>	<i>Rate of Change</i> <u>January vs. December</u>	<i>National Index</i> <u>February</u>	<i>Direction</i>	<i>Rate of Change</i> <u>January vs. December</u>
Purchasing Managers' Index	55.5	Increasing	N/A	53*	Increasing	Faster
Business Activity/ Production	63.3	Increasing	N/A	54.8	Increasing	Faster
New Orders	65.4	Increasing	N/A	55	Increasing	Slightly Faster
Backlog of Orders	40.9	Decreasing	N/A	46	Decreasing	Slightly Slower
Imports	50	No Change	N/A	48.5	Decreasing	Slower
Prices	50.4	Increasing	N/A	60.4	Increasing	Slightly Slower
Lead Times	50.6	Increasing	N/A	53.5	Increasing	Faster
Raw Material Inventory	50	No Change	N/A	45**	Decreasing	Faster
Finished Goods Inventory	45.8	Decreasing	N/A	NA	NA	NA
Employment	37.5	Decreasing	N/A	48.6	Decreasing	Slower
Availability of Skilled Labor	57.1	Increasing	N/A	NA	NA	NA
Availability of Unskilled Labor	58.3	Increasing	N/A	NA	NA	NA

N/A = 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>February</u>		<u>January vs. December</u>
MRO Items	40	Decreasing	N/A
Capital Goods	54.6	Increasing	N/A
Raw Materials	57.1	Increasing	N/A
Components	54.2	Increasing	N/A
Computers	46.2	Decreasing	N/A
Services	45.8	Decreasing	N/A
<u>Lead Times</u>			
MRO Items	40	Decreasing	N/A
Capital Goods	50	No Change	N/A
Raw Materials	58.3	Increasing	N/A
Components	58.3	Increasing	N/A
Computers	46.2	Decreasing	N/A
Services	45.8	Decreasing	N/A
<u>Supplier Performance</u>	<u>February</u>	<u>Direction</u>	<u>Rate of Change</u>
MRO Items	45.5	Worsening	N/A
Capital Goods	50	No Change	N/A
Raw Materials	50	No Change	N/A
Components	54.6	Improving	N/A
Computers	50	No Change	N/A
Services	41.7	Worsening	N/A