



# The Tatum Survey of Business Conditions

*As of July 1, 2009*

## Introduction

Tatum conducts a monthly survey of its executives and consulting professionals regarding current business and economic conditions. The survey looks back at the past 30 days and forward to the next 60 days. With our executives and consulting professionals serving a broad base of industries in every geographic region of the United States, the Tatum Survey of Business Conditions takes a representative pulse of economic activity at the first day of every month. Results are published the first week of each month at [www.TatumLLC.com](http://www.TatumLLC.com).

Arrows are used in this report to illustrate at a glance the direction of the indicators for the 30 prior days and the next 60 days (see legend at the end of this document).

## Summary as of July 1, 2009

The nascent recovery in business conditions stalled as of July 1, and the outlook turned down for the first time this year. The symptoms of recovery (rising demand, commodity prices, gas prices and interest rates) are also the seeds that are slowing the pace of the fragile recovery, possibly even extending the Recession into next year. Employment had been looking modestly more positive in the prior two months, but as of July 1, the prior 30 days and the next 60 look disappointingly negative.

## Index of Business Conditions

Tatum's **Index of Business Conditions** combines elements of the past 30 days and the next 60 days into one number, summarizing our view of the current overall trend. The current month's index moved down for the first time this year due primarily to the outlook for the next 60 days. While business conditions of the past 30 days (month of June) were about flat with the prior month's report, the outlook declined significantly. The outlook caused the Index to return to the zone of probable recession out of which it had climbed just a month ago. To view the Tatum Index of Business Conditions, please click on [{Index of Business Conditions}](#).

## Order Backlogs

**Order Backlogs** are normally the most tangible indication of relative strength or weakness in near-term deliveries of products and services. As of July 1, order backlogs were flat to slightly weaker in our survey, looking back 30 days after several months of strong improvements. The outlook for the next 60 days turned negative, suggesting that new orders are expected to slow in the near future. This represents a reversal from last month when the outlook was quite positive. [{More about Order Backlogs}](#)



## Capital Expenditure Commitments

**Capital Expenditure Commitments** continued to improve, but the outlook flattened. We believe the commitments made in June were based on authorizations approved in the prior two months when optimism about an imminent recovery was gaining momentum. That optimism became more tepid in the month of June and cooled further after our survey based on the Employment report in early July. [{More about Capital Expenditure Commitments}](#)

## Employment

**Employment** had finally begun to look more positive in our survey in the prior two months. However, this indicator flattened as of July 1, suggesting that the first phase of the recovery, which we believe was starting to get some traction in March, April and May, has hit at least a temporary snag. This lagging indicator needs to turn more positive again for a more sustainable recovery to take hold. [{More about Employment}](#)

## Capital Availability and Pricing

**Capital Availability and Pricing** reversed direction this month as long term rates rose and banks continued to tighten their underwriting standards with more intensive due diligence reviews. [{More about Capital Availability and Pricing}](#)

## Segments, Regions and Markets

There were only three segments showing significant distinctions in our analysis this month. Small and mid-sized businesses were having a much tougher time than large ones, businesses serving local markets reported weaker conditions than those serving international markets, and the Southwest region was suffering distinctly more than any other region. [{More about Demographics}](#)

We hope you found Tatum's Commentary interesting and useful. We welcome your comments and questions. Click on [{July 2009 Tatum Survey of Business Conditions}](#) to view the complete report.

Sam Norwood, Senior Partner [{link to send comments to Sam Norwood}](#)

Glen Passin, Partner [{link to send comments to Glen Passin}](#)

Legend  Conditions improved or will improve  Conditions worsened or will worsen  
 Conditions remained about the same or will remain the same

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