

Business Conditions as of February 1, 2010

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.

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 February 1, 2010

As of February 1 our respondents backed away modestly from the sharply buoyant responses provided a month ago. Although the responses this month were generally down from January, they were almost all higher than in any month of 2009. Combining January and February results probably provides the best indication of current business conditions. In summary, the trend is positive but has lost some strength since January 1. The coming months will provide clearer indications of whether February's reversal was merely a momentary "correction" in the positive trend or the beginning of a new direction. Comparisons to a year ago show the huge change that has taken place.



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 was down from the prior month but remained higher than in any month in 2009. The three-month average is up. 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. Order backlogs were reported to be slightly stronger during the past 30 days. The outlook for the next 60 days, however, was down from January's outlook. The combination of expectations for improvement and staying the same was higher than any previous month in this cycle except for January. [More about Order Backlogs](#).

Capital Expenditure Commitments



Capital expenditure commitments declined in the past 30 days. The outlook, however, remains about flat. [More about Capital Expenditure Commitments](#).

Employment



Employment took a distinct turn downward in the outlook, a major disappointment after the bright report of expectations just a month ago. Anecdotally, we understand that the demand for temporary and part-time help is rising, and this is typical in the early stages of recovery. [More about Employment.](#)

Capital Availability and Pricing



We think that availability continues to be restrained by the regulatory pressures on banks that have significant exposure to commercial real estate. There are also rising concerns about inflationary (and therefore interest rate) pressures in light of the huge governmental deficits. [More about Capital Availability and Pricing.](#)

Segments, Regions and Markets

Small businesses turned from being strongest to weakest this month, and this is where the jobs are normally created. Manufacturing and health care displaced technology and service sectors as being the strongest industries. The southeast displaced the northeast as the strongest region. These are major changes that suggest the advances in recovery may be shuddering unevenly after about a year of fairly consistent improvements. [More about Demographics.](#)

We hope you found Tatum's Commentary interesting and useful. We welcome your comments and questions. Click on [February 2010 Tatum Survey of Business Conditions](#) to view the complete report.

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

Mark Rosenman, Director of Knowledge Management [send comments to Mark Rosenman](#)

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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