



## The Tatum Survey of Business Conditions

*As of December 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 December 1, 2009

Looking back 30 days, our respondents reported a continuation of slow, gradual recovery, with most indicators about flat or slightly better than the prior month. However, the outlook for the next 60 days is more cautious than the recent recovery trend. Backlogs and financing conditions are the weakest individual indicators in the overall subdued outlook. The Technology sector remains significantly stronger than all others. The northeast region is showing much more strength than any other. Businesses with international markets are experiencing relatively better conditions than in domestic markets. Manufacturing is weak except in technology and exports.

### 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 due to the weakness in the outlook overwhelming the mild uptick of the past 30 days. 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. Our respondents reported the trend in backlogs was little changed from a month ago. However, the outlook for the next 60 days was sharply down. [{More about Order Backlogs}](#).

### Capital Expenditure Commitments

**Capital Expenditure Commitments:** We are seeing a bifurcation in capital expenditures which is similar to the pattern in Order Backlogs. About an equal portion reported stronger and weaker commitments when considering the past 30 days. At first we interpret this as overall "flat". But, what may be a more accurate



description is that some sectors and regions are feeling the recovery and others still in the pits. The 60 day outlook, as with Backlogs, is trending distinctly down. **{More about Capital Expenditure Commitments}**

## Employment

**Employment** trended down slightly in the past 30 days and is expected to remain flat overall for the next sixty days, with some bifurcation as seen in backlogs and capital expenditure commitments. **{More about Employment}**

## Capital Availability and Pricing

The most negative indicator in our Survey related to financing conditions. The banks, generally, remain very tight as they try to rebuild their capital, remain cautious about the general economy and the capabilities of many customers to weather the current storm, and are very concerned about the potential defaults possibly looming in their commercial real estate loans. There also is a general concern about the prospect for inflation as this is already being reflected in the declining purchasing power of the U.S. dollar in international markets. **{More about Capital Availability and Pricing}**

## Segments, Regions and Markets

Our opening commentary described the most striking differences among segments, regions, and markets. We will add here that in the midst of this depressed economic time, our firm is helping a number of new companies get going. These are our “pre-revenue” size, and for the past two months this segment has been reporting better overall conditions than any other. While our sample size is not sufficient to regard this as a trend, we mention it here as a matter of information. **{More about Demographics}**

We hope you found Tatum’s Commentary interesting and useful. We welcome your comments and questions. Click on **{December 2009 Tatum Survey of Business Conditions}** to view the complete report.

Sam Norwood, Senior Partner **{link to send comments to Sam Norwood}**

Mark Rosenman, Director of Knowledge Management **{link to 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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