



The Tatum Survey of Business Conditions

As of August 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.

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 August 1, 2009

The fragile recovery has resumed as of August 1 following a modest stall a month ago. The summary Index rose again following last month's decline, but consistent with the prior six months. Employment looks a bit better; backlogs recovered some (although the outlook remains weak for backlogs). Capital Expenditure commitments declined, and we think this is associated with the economic stalling we saw a month ago. Financing conditions are improving again.

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 up almost to the "out-of-Recession" zone. The 3-month moving average has risen for the 7th consecutive month, a very strong indication that a business recovery is under way. 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 August 1, order backlogs were flat to slightly weaker in our survey. The outlook for the next 60 days is positive, suggesting that new orders are expected to rise in the near future. This represents a return from last month to the positive trend seen most of this year. **{More about Order Backlogs}**



Capital Expenditure Commitments

Capital Expenditure Commitments declined, but the outlook improved. We believe the commitments made in July were based on authorizations approved in the prior two months when there was a temporary lull in confidence about the developing recovery. The decline might also reflect a seasonal (mid-summer) slump in new commitments. [{More about Capital Expenditure Commitments}](#)

Employment

Employment is again looking more positive in our survey. This upward turn follows a lull a month ago in the positive direction seen in late spring and early summer. This lagging indicator needs to continue in a positive direction for a sustainable recovery to be assured. [{More about Employment}](#)

Capital Availability and Pricing

Capital availability and pricing are again on the positive track and are expected to continue to improve. While underwriting standards are tougher than before the Recession, money is again available to those who qualify, and interest rates are moderate. These conditions are an essential ingredient, along with Employment, for a sustained recovery. [{More about Capital Availability and Pricing}](#)

Segments, Regions and Markets

The Wholesale and Retail segments remain terribly weak. The strongest segments among our respondents are Government (surprise, surprise) and Service. The Mid-west region of the U.S. is experiencing much tougher conditions due to the extended effects of the auto-related problems. Businesses serving international markets are experiencing much better conditions than those in domestic markets due, in large part, to weakness in the U.S. dollar and a more rapid Asian economic recovery. [{More about Demographics}](#)

We hope you found Tatum's Commentary interesting and useful. We welcome your comments and questions. Click on [{August 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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