



Business Conditions as of July 1, 2011

As of July 1, the previous 30 days appear to have been slightly better (while remaining in the same depressed zone as a month ago), but the outlook for the next 60 days continued to decline. The outlook caused the Tatum Index of Business Conditions to decline into the zone of no growth. Uncertainty about the near-term future is influencing the decline. Factors of uncertainty may include the effects of rising energy and commodity prices, concern about the Federal debt limit, the end of QE2, a developing slowdown in the Far East, the troubling debt issues in the Euro-zone and the political turmoil in the Middle East and North Africa. [\[download report\]](#)

The Tatum Index of Business Conditions

Tatum's Index of Business Conditions combines indicators of the past 30 days and the next 60 days into one number, summarizing our view of the current overall trend. At July 1, the Index showed its 5th consecutive month of decline after peaking as of February 1.



ECONOMIC INDICATORS: The 30-day look-back shows flat to slightly better conditions; however the 60-day outlook is flat to down enough to drag the Index down for the 5th consecutive month.

| Indicator | Past 30 days | 60 day outlook | Comments |
|---|--------------|----------------|--|
| <u>Business Conditions</u> | ↗ | ↘ | Slightly better looking back; worse looking forward |
| <u>Order Backlogs</u> | ↔ | ↔ | Effectively flat, with wider divergence in the outlook |
| <u>Capital Expenditure Commitments</u> | ↗ | ↔ | Very slight improvement last month but neutral outlook |
| <u>Employment</u> | ↗ | ↔ | Slightly better past 30 days; Less hiring but fewer layoffs / terminations in the next 60 days |
| <u>Capital Availability & Pricing</u> | ↔ | ↘ | No change during the past month; slight decline in the outlook being driven, we think, by rising uncertainty |

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