

Business Conditions as of October 1, 2010

Introduction

Tatum conducts a monthly survey of its executive 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 executive 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 October 1, 2010

As of October 1, Business Conditions were about flat with the prior month, a better situation than had been forecast a month ago. The outlook for the next 60 days, however, has become much more optimistic. According to the Bureau of Economic Research, the recession ended in June 2009. The recovery period since then has been uneven and lethargic. The slowdown in the recovery in the summer was duly recorded in the Tatum Survey. Now we are back on track with the average pace of the past 12 months, not wonderful but better than the negative alternative.

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 October 1 the Index turned up again after a 4-month decline. The increase this month is entirely attributable to a much-improved outlook. 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. At October 1, order backlogs were down slightly from a month ago due to a rise in those reporting worsening backlogs. However, the outlook is now much better than a month ago. [More about Order Backlogs](#).

Capital Expenditure Commitments

Capital expenditure commitments rose slightly over the last 30 days, and the outlook improved materially. Our theory is that businesses, while not needing more capacity, are committing more for efficiency-related equipment and systems to extend the productivity gains experienced during the past couple of years and to extend the life of existing equipment. [More about Capital Expenditures](#).

Employment



Finally we have some good news on employment, however modest. This is better than in recent months but about in line with the averages of the past year so it is not yet time to celebrate, just to feel a bit better. [More about Employment.](#)

Capital Availability and Pricing






Interest rates continue to drift even slightly lower as the Fed is doing its part to try to stimulate growth. While continued uncertainty limits banks' willingness to lend, a general improvement in optimism about the near-term future helps in capital availability. Businesses that are deemed credit-worthy are locking in on low interest rates on loans and bonds whether they need the money right now or not, fearing higher rates are coming in 2011. [More about Capital Availability and Pricing.](#)

Segments, Regions and Markets

The Southeast region was the strongest in the past 30 days, while the weakest region was the Pacific. Manufacturing and Processing companies were strongest, a good sign for capital expenditures and employment in better paying jobs. Technology companies, somewhat surprisingly, fell to the weakest category overall. [More about Demographics.](#)

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

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

Legend  positive movement  negative movement  fairly constant state

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