

Business Conditions as of January 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 January 1, 2010

As of January 1, 2010, our survey respondents reported the best business conditions in over two years, in line with the trend that began a year ago. More significantly, the outlook for the next 60 days is materially more robust than any we have seen in this business cycle. The jump was like an exclamation point following 12 months of a gradual uptrend. Almost all indicators regarding the outlook are positive.

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 up sharply, reflecting continued recovery in the past 30 days and a major positive move in the outlook for the next 60 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. Order backlogs were reported to be less weak during the past 30 days (a positive development). More significant is the outlook for the next 60 days. Respondents indicating stronger expectations soared from 36% to 59%, one of the largest one-month changes we have ever seen. Respondents who expect order backlogs to decline went from 11% a month ago to only 4% as of January 1. [More about Order Backlogs](#).

Capital Expenditure Commitments

Compared to December, a smaller portion of our respondents reported lower commitments for capital projects for the past 30 days. We view this as a mildly positive indication. Very positive, however, is the outlook for capital expenditure commitments that is materially stronger. [More about Capital Expenditure Commitments](#).

Employment

Employment trended better slightly in the past 30 days and is now expected to improve significantly overall for the next sixty days. This indicator is especially good news not only for workers but also for the overall business conditions outlook. [More about Employment.](#)

Capital Availability and Pricing

Financing conditions remained challenging in the past 30 days, but the outlook is for improvements in availability if not pricing. Availability is determined by many factors, but general improvements in the economy tend to raise confidence and a sense of visibility that can be expected to loosen the banking purse strings. [More about Capital Availability and Pricing.](#)




Segments, Regions and Markets

Small businesses seem to be rebounding more quickly than large ones, and it is the small businesses that are most likely to add to payrolls as the recovery gains steam. Technology and services industries reported the best improvements, and even manufacturing reported better conditions. Healthcare remained relatively weak. The northeastern region again reported the most improved conditions while the southeastern region was least positive in its trends. [More about Demographics.](#)

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