

ROCKY MOUNTAIN ECONOMY: UPDATE

August 2012 (see Economic Indicators data below)

Economic conditions in the Rocky Mountain region have improved significantly in the past year, but job growth has slowed in recent months. Seasonally adjusted nonfarm payrolls in July 2012 were essentially unchanged from a month earlier, at about 5.08 million jobs, but this reflected an increase of 97,000 jobs from a year ago. North Dakota and Utah had the fastest rates of job growth, with nonfarm payrolls increasing by 26,000 and 25,000 jobs, or 6.7 and 2.1 percent, respectively, from a year ago. In Colorado, Montana and South Dakota, payrolls increased by 37,000, 7,000, and 2,000 jobs, or 1.7, 1.6 and 0.5 percent, respectively. In Wyoming, payrolls decreased slightly, to 286,000 jobs. The unemployment rate for the region in July 2012 was 6.8 percent, up slightly from the previous month, but down from 7.1 percent a year ago. State unemployment rates ranged from 3 percent in North Dakota to 8.3 percent in Colorado. All states except Colorado had unemployment rates below the national average of 8.3 percent.

U.S. nonfarm payrolls were up by 1.84 million jobs in July, compared with a year ago, and payrolls were up by 163,000 jobs from a month earlier. During the previous 3 months, by comparison, payrolls increased by an average of 105,000 jobs a month. The professional and business services sector grew by 49,000 jobs in July, followed by education and health services, leisure and hospitality, and manufacturing, which added 38,000, 27,000, and 25,000 jobs, respectively. Growth in these sectors was partly offset by losses in the government, utilities, and construction sectors, which declined by 9,000, 8,100, and 1,000 jobs, respectively.

Real Gross Domestic Product (GDP) in the U.S. grew at a 1.5-percent annual rate during the second quarter of 2012, a slowdown from the 2-percent growth of the previous quarter, and below the 2.5-percent growth rate of a year earlier. Although residential and nonresidential fixed investment, private inventory investment, personal consumption, and exports all increased, these were partly offset by declines in state and local government spending, and an increase in imports (which are a subtraction in the GDP calculation). The Conference Board's Index of Leading Economic Indicators rose 0.4 percent in July, to 95.8, after decreasing 0.4 percent in June and increasing 0.3 percent in May. The University of Michigan Index of Consumer Sentiment declined to 72.3 in July, compared with 73.2 in June, but the index was up significantly from 63.7 a year earlier. While these measures do not indicate a significant economic slowdown in the foreseeable future, they suggest that economic growth will remain sluggish through the end of 2012.

The U.S. annualized pace of new-home starts in July 2012 was down 1.1 percent from June, to 746,000 units, but up 21.5 percent from the rate of 614,000 units in July 2011. Within the region, homebuilding in second quarter 2012 was up strongly compared with a year ago, based on permits issued, with increases ranging from 17 percent in Utah to 102 percent in Colorado. Only Wyoming had a decrease in building activity, declining by 3 percent. While single-family construction was up 42 percent for the region in the second quarter, multifamily building activity increased 61 percent from a year ago. In second quarter 2012, apartment vacancy rates in the Denver-Boulder and Salt Lake City areas decreased to 4.9 and 4.0 percent, respectively, but increased in Colorado Springs to 6.4 percent, partly as a result of new units coming online. Existing home sales in June were up 14 percent from a year ago in Denver, and 11 percent in Salt Lake City. Average home prices increased 16 percent in Denver, and 9.7 percent in Salt Lake City.

Based on data from LPS Applied Analytics, the rates of distressed mortgages for both the region and the U.S. decreased slightly in June 2012, compared with a month earlier. The rates were also down from a year ago. The 0.3-percentage point decrease for the Rocky Mountain region was larger than the national decline of 0.1 percentage points. U.S. consumer prices were up 1.4 percent from a year ago, indicating that inflation remains subdued. The average 30-year fixed mortgage rate is very low, at 3.55 percent, a decline of 1 percentage point from a year ago. On August 1st, the Federal Reserve Open Market Committee (FOMC) communicated its intention to maintain, "a highly accommodative stance for monetary policy", through at least late-2014, reflecting expectations of continued subdued inflation and low rates of resource utilization.

ROCKY MOUNTAIN ECONOMIC INDICATORS

Indicator	Data as of	Most Recent Month/Qtr	Previous Month/Qtr	Year Ago	Change		Source
					Last Mo/Qtr	Year Ago	
Nonfarm Employment (thousands, seasonally adjusted):							
Colorado	Jul-12	2,295	2,290	2,258	0.2%	1.7%	BLS
Montana	Jul-12	432	432	425	0.1%	1.6%	BLS
North Dakota	Jul-12	420	420	394	0.1%	6.7%	BLS
South Dakota	Jul-12	409	411	407	-0.5%	0.5%	BLS
Utah	Jul-12	1,235	1,233	1,210	0.1%	2.1%	BLS
Wyoming	Jul-12	286	287	287	-0.5%	-0.5%	BLS
Rocky Mountain Region	Jul-12	5,077	5,073	4,980	0.1%	1.9%	BLS
United States	Jul-12	133,245	133,082	131,407	0.1%	1.4%	BLS
Unemployment Rate (seasonally adjusted %):							
Colorado	Jul-12	8.3	8.2	8.3	0.1	0.0	BLS
Montana	Jul-12	6.4	6.3	7.0	0.1	-0.6	BLS
North Dakota	Jul-12	3.0	2.9	3.6	0.1	-0.6	BLS
South Dakota	Jul-12	4.4	4.3	4.6	0.1	-0.2	BLS
Utah	Jul-12	6.0	6.0	6.8	0	-0.8	BLS
Wyoming	Jul-12	5.6	5.4	6.0	0.2	-0.4	BLS
Rocky Mountain Region	Jul-12	6.8	6.7	7.1	0.1	-0.3	BLS
United States	Jul-12	8.3	8.2	9.1	0.1	-0.8	BLS
GDP Growth Rate (% SAAR) - United States	2nd Qtr 2012	1.5	2.0	2.5	-0.5	-1.0	BEA
U.S. Housing Starts (Annual Rate, SA)	Jul-12	746,000	754,000	614,000	-1.1%	21.5%	Census Bureau
Residential Building Permits:							
Colorado	2nd Qtr 2012	5,801	3,862	2,872	50%	102%	Census Bureau
Montana	2nd Qtr 2012	633	418	518	51%	22%	Census Bureau
North Dakota	2nd Qtr 2012	1,482	1,169	1,166	27%	27%	Census Bureau
South Dakota	2nd Qtr 2012	1,105	426	684	159%	62%	Census Bureau
Utah	2nd Qtr 2012	3,227	2,255	2,762	43%	17%	Census Bureau
Wyoming	2nd Qtr 2012	456	327	468	39%	-3%	Census Bureau
Rocky Mountain Region	2nd Qtr 2012	12,704	8,457	8,470	50%	50%	Census Bureau
Apartment Vacancy Rates (%):							
Colorado Springs Metro	2nd Qtr 2012	6.4	7.0	5.8	-0.6	0.6	Apartment Insights
Denver / Boulder area	2nd Qtr 2012	4.9	5.3	5.0	-0.4	-0.1	Apartment Insights
Salt Lake City Metro	2nd Qtr 2012	4.0	4.4	5.6	-0.4	-1.6	Reis, Inc.
United States	2nd Qtr 2012	4.7	4.9	5.9	-0.2	-1.2	Reis, Inc.
Existing Single-Family Home Sales: Denver-Aurora MSA							
Number of Sales	Jun-12	3,524	3,678	3,086	-4.2%	14.2%	Hanley Wood LLC
Average Price	Jun-12	\$323,689	\$302,511	\$278,727	7.0%	16.1%	Hanley Wood LLC
Existing Single-Family Home Sales: Salt Lake City MSA							
Number of Sales	Jun-12	1,439	1,404	1,297	2.5%	10.9%	Hanley Wood LLC
Average Price	Jun-12	\$264,886	\$279,832	\$241,467	-5.3%	9.7%	Hanley Wood LLC
Existing Single-Family Home Sales: United States							
Annual Rate of Sales (SA)	Jun-12	4,370,000	4,620,000	4,180,000	-5.4%	4.5%	NAR
Average Price	Jun-12	\$238,800	\$229,600	\$226,000	4.0%	5.7%	NAR
Mortgages 90+ days delinquent, foreclosed, or REO:							
Rocky Mountain Region	Jun-12	4.1%	4.2%	4.4%	-0.1%	-0.3%	LPS Applied Analytics
United States	Jun-12	7.7%	7.8%	7.8%	-0.1%	-0.1%	LPS Applied Analytics
Consumer Price Index - All Items:							
Denver-Boulder CMSA	1st half 2012	223.0	221.5	219.1	0.7%	1.8%	BLS
United States (SA)	Jul-12	228.7	228.6	225.5	0.0%	1.4%	BLS
Avg. 30-Year Mortgage Interest Rate:	Jul-12	3.55	3.68	4.55	-0.13	-1.00	Freddie Mac