

THE ROCKY MOUNTAIN ECONOMY: UPDATE

February 2011 (see Economic Indicators data below)

Economic conditions in the Rocky Mountain region have stabilized in recent months, and employment remains above the level of a year ago. During 2010, nonfarm employment in the region increased by about 36,000 jobs or 0.7 percent, to 4.89 million jobs. The gain followed a 3.6 percent decrease in 2009. Most of the job gains were concentrated in North Dakota and Wyoming, which added 6,400 and 3,800 jobs, representing increases of 1.7 and 1.4 percent, respectively. In Montana, South Dakota, and Utah, nonfarm employment increased by 3,700, 4,800, and 12,500 jobs, showing increases of 0.9, 1.2, and 1.1 percent, respectively. Nonfarm employment in Colorado increased by 5,100 jobs, or 0.2 percent, the smallest increase among states in the region. The increase in the number of jobs in the Rocky Mountain region is in contrast to the slight increase in the unemployment rate, from 6.7 percent in 2009 to 7.5 percent in 2010, the result of an increase in the labor force. State unemployment rates ranged from 3.8 percent in North Dakota to 8.8 percent in Colorado, but all states in the region recorded unemployment rates well below the national average of 9.4 percent.

The nation's economy gained 121,000 nonfarm payrolls in December 2010, compared with the previous month, and gained 884,000 jobs compared with December 2009. From November to December a loss in the government sector of 18,000 jobs was offset by a gain in the private sector of 103,000 jobs. Manufacturing employment has increased in the past year, with the sector adding 107,000 jobs in 2010, while construction payrolls have remained essentially flat since March. The education and health services sector expanded by 397,000 jobs in 2010, with 23,000 jobs created in December, while the professional and business services sector added 54,000 jobs in December. Temporary services, which is a leading indicator for employment overall, rose by 16,000 payrolls in December and has added 495,000 jobs since the recent low in September 2009. Since the most recent low in December 2009, overall private sector payrolls have risen by over 1 million and other indicators suggest that a slow recovery is continuing.

Real GDP rose 3.2 percent in the fourth quarter of 2010, characterized by increases in personal consumption expenditures, exports, and nonresidential fixed investment. The increase in GDP growth primarily reflected an increase in consumer spending of 4.4 percent resulting in a 21.6 percent jump in durable goods purchases, due to increased auto sales.

Housing starts in the U.S. dropped 4.3 percent to an annualized rate of 529,000 units in December 2010, which is low by historical standards. Building permit activity for the Rocky Mountain region for the year was up by 5.5 percent from 2009 levels. During the past quarter apartment vacancy rates in the Denver-Boulder area remained a constant 5.4 percent. In Colorado Springs and Salt Lake City, the vacancy rate declined to 6.8 and 6.6 percent, respectively. Existing single-family home sales in the Denver metro area declined by 7.7 percent in 2010, while the average sales price increased 6.5 percent to \$282,080, and the inventory of unsold homes increased by 11 percent.

According to the Mortgage Bankers Association, foreclosure rates for both the region and the U.S. decreased in the third quarter of 2010. The decrease of 0.16 percentage points from a year ago for the Rocky Mountain region was double the 0.08 percentage point decline nationally. U.S. consumer prices were up 0.5 percent in January from a month earlier, and were up 1.4 percent from a year ago. The Federal Reserve maintained its target range for federal funds at 0 to 0.25 percent. The average 30-year fixed mortgage rate was 4.71 percent in December, down 0.22 percentage points from the average a year ago.

ROCKY MOUNTAIN ECONOMIC INDICATORS

Indicator	Data as of	Most Recent Mth./Qtr.	Previous Mth./Qtr.	Year Ago	Change		Source
					Last Mth/Qtr	Year Ago	
Nonfarm Employment (thousands, seas. adj.):							
Colorado	December-10	2,209.4	2,208.9	2,204.3	0.0%	0.2%	BLS
Montana	December-10	426.0	421.0	422.3	1.2%	0.9%	BLS
North Dakota	December-10	373.0	372.8	366.6	0.1%	1.7%	BLS
South Dakota	December-10	405.0	405.5	400.2	-0.1%	1.2%	BLS
Utah	December-10	1,190.5	1,192.7	1,178.0	-0.2%	1.1%	BLS
Wyoming	December-10	284.0	283.2	280.2	0.3%	1.4%	BLS
Rocky Mountain Region	December-10	4,887.9	4,884.1	4,851.6	0.1%	0.7%	BLS
United States	December-10	130,712	130,609	129,588	0.1%	0.9%	BLS
Unemployment Rate (seasonally adjusted):							
Colorado	December-10	8.8	8.6	7.3	0.2	1.5	BLS
Montana	December-10	7.2	7.2	6.7	0.0	0.5	BLS
North Dakota	December-10	3.8	3.7	4.3	0.1	-0.5	BLS
South Dakota	December-10	4.6	4.5	4.7	0.1	-0.1	BLS
Utah	December-10	7.5	7.5	6.6	0.0	0.9	BLS
Wyoming	December-10	6.4	6.6	7.5	-0.2	-1.1	BLS
Rocky Mountain Region	December-10	7.5	7.5	6.7	0.0	0.8	BLS
United States	December-10	9.4	9.8	9.9	-0.4	-0.5	BLS
GDP Growth Rate (%) - United States	4th Qtr 10	3.2	2.6	5.0	0.6	-1.8	BEA
U.S. Housing Starts (Annual rate)	December-10	529,000	553,000	576,000	-4.3%	-8.2%	Census
Residential Building Permits:							
Colorado	YTD-Dec-10	11,779	na	9,393	na	25.4%	Census
Montana	YTD-Dec-10	2,196	na	1,745	na	25.8%	Census
North Dakota	YTD-Dec-10	3,558	na	3,065	na	16.1%	Census
South Dakota	YTD-Dec-10	2,913	na	3,529	na	-17.5%	Census
Utah	YTD-Dec-10	9,441	na	10,627	na	-11.2%	Census
Wyoming	YTD-Dec-10	2,126	na	1,975	na	7.6%	Census
Rocky Mountain Region	YTD-Dec-10	32,013	na	30,334	na	5.5%	Census
Apartment Vacancy Rates:							
Colorado Springs Metro	4th Qtr 10	6.8	6.6	7.4	0.2	-0.6	Apartment Insights
Denver/Boulder area	4th Qtr 10	5.4	5.4	7.5	0.0	-2.1	Apartment Insights
Salt Lake City Metro	4th Qtr 10	6.6	6.5	7.2	0.1	-0.6	Reis, Inc.
United States	3rd Qtr 10	10.3	10.6	11.4	-0.3	-1.1	Census
Existing Single-Family Sales: Denver PMSA							
Active Listings	December-10	20,419	21,838	19,750	-6.5%	3.4%	MetroList, Inc.
Number of Sales	YTD-Dec-10	38,818	na	42,070	na	-7.7%	MetroList, Inc.
Average Price	YTD-Dec-10	\$282,080	na	\$264,803	na	6.5%	MetroList, Inc.
Existing Home Sales: United States							
Annual Rate of Sales (SA)	December-10	5,280,000	4,700,000	5,440,000	12.3%	-2.9%	NAR
Average Price	December-10	\$217,900	\$218,100	\$218,700	-0.1%	-0.4%	NAR
Residential (1-4 Family) Foreclosure Rate:							
Rocky Mountain Region	3rd Qtr 10	2.44	2.65	2.60	-0.21	-0.16	MBA Survey
United States	3rd Qtr 10	4.39	4.57	4.47	-0.18	-0.08	MBA Survey
Consumer Price Index - All Items:							
Denver-Boulder CMSA	1st Half 10	211.0	209.7	207.4	0.6%	1.7%	BLS
United States (SA)	December-10	220.3	219.1	217.2	0.5%	1.4%	BLS
Avg. 30-Year Mortgage Interest Rate:	December-10	4.71	4.30	4.93	0.41	-0.22	Freddie Mac