

THE ROCKY MOUNTAIN ECONOMY: UPDATE

May 2011 (see Economic Indicators data below)

Economic conditions in the Rocky Mountain region have improved in recent months, and employment is up from a year ago. Seasonally adjusted nonfarm payrolls for March 2011 increased by about 8,500 jobs, or 0.2 percent, from a month earlier, to 4.93 million jobs. Payrolls are also up by 53,600 jobs, or 1.1 percent, from a year ago. The fastest growth has occurred in North Dakota and Utah, where nonfarm payrolls increased by 1,800 and 4,400 jobs, representing increases of 0.5 and 0.4 percent, respectively, from the previous month. In Montana, Colorado, and Wyoming, nonfarm payrolls increased by 1,500, 500, and 1,000 jobs, or increases of 0.3, 0.2, and 0.4 percent, respectively. Nonfarm payrolls in South Dakota declined by 700 jobs, or 0.2 percent, the only monthly decrease among states in the region. The unemployment rate for the region as of March 2011 was 7.7 percent, which was down slightly from the previous month and compared with a year ago. State unemployment rates ranged from 3.6 percent in North Dakota to 9.2 percent in Colorado, and all states in the region except Colorado continue to have rates below the national average of 9 percent.

For the U.S., nonfarm payrolls increased by 244,000 jobs in April 2010 compared with a month earlier, and payrolls were up by 1.3 million jobs from a year ago. All of the gains were in the private sector, which added 268,000 jobs from a month earlier. This was partly offset by a loss of 24,000 jobs in the public sector. Within the goods-producing sectors, during the past 12 months the manufacturing sector added 197,000 jobs, but construction sector payrolls were down by 42,000 jobs. In the service-providing sectors, the education and health services sector expanded by 432,000 jobs, while the professional and business services sector added 513,000 jobs. Temporary services, which is a leading indicator for employment overall, rose by 222,400 jobs in the 12 months ending April 2011.

Real Gross Domestic Product (GDP) rose 1.8 percent nationally in the first quarter of 2011, which was below the 3.1 percent increase for the previous quarter and below the 4.8 percent growth of a year ago. The deceleration in GDP primarily reflects an upturn in imports, and a slowdown in consumer spending and federal government spending. The Conference Board's Leading Economic Index fell by 0.3 percent in April to 114, after increasing 0.7 percent in March and 0.9 percent in February. The Consumer Confidence Index rose 1.6 points to 65.4 in April. These measures suggest that moderate economic growth is likely to continue.

The annualized pace of new-home starts in March 2011 was up 7.2 percent from February, to 549,000 units, but this was down 13.4 percent from a year ago. Homebuilding activity within the region, year-to-date through March 2011, was down 30 percent from a year ago. Every state in the region reported significant declines in the number of residential building permits issued, with decreases ranging from 14 percent in South Dakota to 59 percent in Wyoming. In first quarter 2011, apartment vacancy rates in the Denver-Boulder area remained constant at 5.4 percent, but vacancy rates declined significantly in Colorado Springs and Salt Lake City, to 5.8 and 6 percent, respectively. Existing home sales in first quarter 2011 in the Denver and Salt Lake City metro areas were down 20 percent from a year ago, due in part to the expiration of the Home Buyer Tax Credit, but average prices for existing homes increased from a year ago in both areas.

According to the Mortgage Bankers Association, foreclosure rates for both the region and the U.S. declined in the first quarter of 2011. The decrease of 0.21 percentage points from a year earlier in the Rocky Mountain region was much larger than the 0.05 percentage point national decline. U.S. consumer prices were up by 3.1 percent from a year ago. Excluding the volatile energy and food sectors, the core inflation index rose 1.3 percent from a year ago. In April, the Federal Reserve determined that the economic recovery is proceeding at a moderate pace, and it will conclude the second round of quantitative easing ("QE2") in June 2011. The average 30-year fixed mortgage interest rate remains low, at 4.84 percent, which is just 13 basis points above the recent record low of 4.71 percent recorded in October 2010.

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 (seasonally adjusted):							
Colorado	March-11	2,228.2	2,227.7	2,217.1	0.0%	0.5%	BLS
Montana	March-11	430.2	428.7	428.8	0.3%	0.3%	BLS
North Dakota	March-11	386.7	384.9	371.2	0.5%	4.2%	BLS
South Dakota	March-11	403.7	404.4	400.8	-0.2%	0.7%	BLS
Utah	March-11	1,194.4	1,190.0	1,175.4	0.4%	1.6%	BLS
Wyoming	March-11	284.5	283.5	280.8	0.4%	1.3%	BLS
Rocky Mountain Region	March-11	4,927.7	4,919.2	4,874.1	0.2%	1.1%	BLS
United States	April-11	131,028	130,784	129,715	0.2%	1.0%	BLS
Unemployment Rate (seasonally adjusted):							
Colorado	March-11	9.2	9.3	9.0	-0.1	0.2	BLS
Montana	March-11	7.4	7.4	7.1	0	0.3	BLS
North Dakota	March-11	3.6	3.7	4.0	-0.1	-0.4	BLS
South Dakota	March-11	4.9	4.8	5.1	0.1	-0.2	BLS
Utah	March-11	7.6	7.7	8.0	-0.1	-0.4	BLS
Wyoming	March-11	6.2	6.2	7.3	0	-1.1	BLS
Rocky Mountain Region	March-11	7.7	7.8	7.8	-0.1	-0.1	BLS
United States	March-11	9.0	8.0	9.8	1	-0.8	BLS
GDP Growth Rate (%) - United States	1st Qtr 2011	1.8	3.1	4.8	-1.3	-3	BEA
U.S. Housing Starts (Annual rate)	March-11	549,000	512,000	634,000	7.2%	-13.4%	Census
Residential Building Permits:							
Colorado	YTD, Mar-11	2,281	2,349	3,196	-2.9%	-28.6%	Census
Montana	YTD, Mar-11	236	392	379	-39.8%	-37.7%	Census
North Dakota	YTD, Mar-11	331	823	271	-59.8%	22.1%	Census
South Dakota	YTD, Mar-11	337	424	392	-20.5%	-14.0%	Census
Utah	YTD, Mar-11	1,413	1,793	2,062	-21.2%	-31.5%	Census
Wyoming	YTD, Mar-11	263	419	643	-37.2%	-59.1%	Census
Rocky Mountain Region	YTD, Mar-11	4,861	6,200	6,943	-21.6%	-30.0%	Census
Apartment Vacancy Rates:							
Colorado Springs Metro	1st Qtr 11	5.8	6.8	6.6	-1.0	-0.8	Apartment Insights
Denver / Boulder area	1st Qtr 11	5.4	5.4	6.9	0.0	-1.5	Apartment Insights
Salt Lake City Metro	1st Qtr 11	6.0	6.6	6.9	-0.6	-0.9	Reis, Inc.
United States	1st Qtr 11	9.7	9.4	10.6	0.3	-0.9	Census
Existing Home Sales: Denver PMSA							
Active Listings	March-11	19,320	18,685	20,574	3.4%	-6.1%	MetroList, Inc.
Number of Sales	1st Qtr 2011	6,578	8,182	8,194	-19.6%	-19.7%	Hanley Wood LLC
Average Price	1st Qtr 2011	\$240,316	\$246,142	\$239,133	-2.4%	0.5%	Hanley Wood LLC
Existing Home Sales: Salt Lake City MSA							
Number of Sales	1st Qtr 2011	3,100	4,187	3,871	-26.0%	-19.9%	Hanley Wood LLC
Average Price	1st Qtr 2011	\$247,169	\$245,023	\$241,998	0.9%	2.1%	Hanley Wood LLC
Existing Single-Family Home Sales: United States							
Annual Rate of Sales (SA)	April-11	5,050,000	5,090,000	5,800,000	-0.8%	-12.9%	NAR
Average Price	April-11	\$163,700	\$159,800	\$172,300	2.4%	-5.0%	NAR
Residential (1-4 Family) Foreclosure Rate:							
Rocky Mountain Region	1st Qtr 2011	2.33	2.54	2.72	-0.21	-0.39	MBA Survey
United States	1st Qtr 2011	4.52	4.63	4.63	-0.11	-0.11	MBA Survey
Consumer Price Index - All Items:							
Denver-Boulder CMSA	2nd Half 2010	213.9	211.0	209.7	1.4%	2.0%	BLS
United States (SA)	April-11	224.4	223.5	217.6	0.4%	3.1%	BLS
Avg. 30-Year Mortgage Interest Rate:	April-11	4.84	4.84	5.10	0.00	-0.26	Freddie Mac