

## **THE ROCKY MOUNTAIN ECONOMY: UPDATE**

August 2011 (see Economic Indicators data below)

Economic conditions in the Rocky Mountain region have improved in recent months, and employment has increased from a year ago. Seasonally adjusted nonfarm payrolls for June 2011 were up by about 13,000 jobs, or 0.3 percent, from a month earlier, to 4.96 million jobs. Payrolls were also up by 67,900 jobs, or 1.4 percent, from a year ago. The largest increases occurred in North Dakota and Colorado, where nonfarm payrolls expanded by 4,500 jobs in each state, representing increases of 1.2 and 0.2 percent, respectively, from the previous month. In South Dakota, Montana, and Wyoming, nonfarm payrolls increased by 3,200, 1,000, and 400 jobs, for increases of 0.8, 0.2, and 0.1 percent, respectively. Nonfarm payrolls in Utah declined by 600 jobs, the only monthly decrease among states in the region. The unemployment rate for the region as of June 2011 was 7.3 percent, unchanged from the previous month, but down slightly from the 7.6-percent rate of a year ago. State unemployment rates ranged from 3.2 percent in North Dakota to 8.5 percent in Colorado, and all states in the region continue to have rates below the national average of 9.1 percent.

For the U.S., nonfarm payrolls increased by 117,000 jobs in July 2011 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 154,000 jobs from a month earlier. This was partly offset by a loss of 37,000 jobs in the public sector. Within the goods-producing sectors, during the past 12 months the manufacturing sector added 165,000 jobs, and construction sector payrolls were up by 32,000 jobs. In the service-providing sectors, the education and health services sector expanded by 405,000 jobs, while the professional and business services sector added 512,000 jobs. Temporary services, which is a leading indicator for employment overall, added 156,600 jobs.

Real Gross Domestic Product (GDP) rose 1.3 percent nationally in the second quarter of 2011, which was an improvement from the 0.4-percent increase for the previous quarter, but below the 3.8 percent growth of a year ago. The stronger growth in GDP during the second quarter primarily reflects a reduction in imports, along with a rise in government spending, partly offset by a sharp downturn in consumer expenditures. The Conference Board's Index of Leading Economic Indicators rose by 0.3 percent in June to 115.3, after increasing 0.8 percent in May and declining 0.3 percent in April. The Consumer Confidence Index rose 1.9 points to 59.5 in July. These measures suggest that moderate economic growth is expected to continue.

The annualized pace of new-home starts in June 2011 was up 14.6 percent from May, to 629,000 units, and up 16.7 percent from the year-ago rate of 539,000 units. Homebuilding activity within the region during second quarter 2011 was up 10.4 percent from a year earlier. Colorado, Montana, North Dakota, and Utah all reported increases from a year ago in the number of residential building permits issued, ranging from 1.1 percent in Montana to 48.4 percent in North Dakota. In the second quarter of 2011, apartment vacancy rates in the Colorado Springs area rose slightly to 5.8 percent, but vacancy rates declined in the Denver-Boulder and Salt Lake City areas, to 5 and 5.4 percent, respectively. Existing home sales in June 2011 in the Denver and Salt Lake City metro areas were down 7.9 and 4.5 percent, respectively, from a year ago.

According to data from LPS Applied Analytics, foreclosure rates for both the region and the U.S. declined in June 2011. The decrease of 0.5 percentage points from a year earlier in the Rocky Mountain region was slightly less than the 0.7 percentage point national decline. U.S. consumer prices were up by 3.4 percent from a year ago. Excluding the volatile energy and food sectors, the core inflation index rose 1.6 percent from a year ago. In a recent statement, the Federal Reserve announced its determination to keep short-term interest rates low through at least mid-2013, a response to stronger economic headwinds. The average 30-year fixed mortgage interest rate remains low, at 4.55 percent, which is just 32 basis points above the recent record low of 4.23 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	
<b>Nonfarm Employment (seasonally adjusted):</b>							
Colorado	June-11	2,236.2	2,231.7	2,221.9	0.2%	0.6%	BLS
Montana	June-11	434.6	433.6	428.2	0.2%	1.5%	BLS
North Dakota	June-11	394.0	389.5	375.5	1.2%	4.9%	BLS
South Dakota	June-11	406.6	403.4	403.5	0.8%	0.8%	BLS
Utah	June-11	1,202.2	1,202.8	1,182.3	0.0%	1.7%	BLS
Wyoming	June-11	288.3	287.9	282.6	0.1%	2.0%	BLS
Rocky Mountain Region	June-11	4,961.9	4,948.9	4,894.0	0.3%	1.4%	BLS
United States	July-11	131,190	131,073	129,932	0.1%	1.0%	BLS
<b>Unemployment Rate (seasonally adjusted):</b>							
Colorado	June-11	8.5	8.7	8.8	-0.2	-0.3	BLS
Montana	June-11	7.5	7.3	7.2	0.2	0.3	BLS
North Dakota	June-11	3.2	3.2	3.9	0	-0.7	BLS
South Dakota	June-11	4.8	4.8	4.7	0	0.1	BLS
Utah	June-11	7.4	7.3	7.7	0.1	-0.3	BLS
Wyoming	June-11	5.9	6.0	7.0	-0.1	-1.1	BLS
Rocky Mountain Region	June-11	7.3	7.3	7.6	-0.1	-0.3	BLS
United States	June-11	9.1	9.2	9.5	-0.1	-0.4	BLS
GDP Growth Rate (%) - United States	2nd Qtr 2011	1.3	0.4	3.8	0.9	-2.5	BEA
U.S. Housing Starts (Annual rate)	June-11	629,000	549,000	539,000	14.6%	16.7%	Census
<b>Residential Building Permits:</b>							
Colorado	2nd Qtr 11	2,904	2,324	2,439	25.0%	19.1%	Census
Montana	2nd Qtr 11	547	225	541	143.1%	1.1%	Census
North Dakota	2nd Qtr 11	1,134	318	764	256.6%	48.4%	Census
South Dakota	2nd Qtr 11	702	336	920	108.9%	-23.7%	Census
Utah	2nd Qtr 11	2,495	1,323	2,319	88.6%	7.6%	Census
Wyoming	2nd Qtr 11	530	231	548	129.4%	-3.3%	Census
Rocky Mountain Region	2nd Qtr 11	8,312	4,757	7,531	74.7%	10.4%	Census
<b>Apartment Vacancy Rates:</b>							
Colorado Springs Metro	2nd Qtr 11	5.8	5.3	5.8	0.5	0.0	Apartment Insights
Denver / Boulder area	2nd Qtr 11	5.0	5.5	6.4	-0.5	-1.4	Apartment Insights
Salt Lake City Metro	2nd Qtr 11	5.4	5.8	6.9	-0.4	-1.5	Reis, Inc.
United States	2nd Qtr 11	9.2	9.7	10.6	-0.5	-1.4	Census
<b>Existing Single-Family Home Sales: Denver PMSA</b>							
Active Listings	June-11	19,580	19,580	23,300	0.0%	-16.0%	MetroList, Inc.
Number of Sales	June-11	3,329	3,296	3,614	1.0%	-7.9%	Hanley Wood LLC
Median Price	June-11	\$241,265	\$234,794	\$241,320	2.8%	0.0%	Hanley Wood LLC
<b>Existing Single-Family Home Sales: Salt Lake City MSA</b>							
Number of Sales	June-11	1,350	1,332	1,413	1.4%	-4.5%	Hanley Wood LLC
Median Price	June-11	\$206,486	\$195,895	\$221,054	5.4%	-6.6%	Hanley Wood LLC
<b>Existing Single-Family Home Sales: United States</b>							
Annual Rate of Sales (SA)	June-11	4,770,000	4,810,000	5,230,000	-0.8%	-8.8%	NAR
Average Price	June-11	\$184,300	\$169,300	\$182,900	8.9%	0.8%	NAR
<b>Residential (1-4 Family) Foreclosure Rate:</b>							
Rocky Mountain Region	June-11	4.40	4.50	4.90	-0.10	-0.50	LPS Applied Analytics
United States	June-11	7.80	7.80	8.50	0.00	-0.70	LPS Applied Analytics
<b>Consumer Price Index - All Items:</b>							
Denver-Boulder CMSA	nd Half 2010	213.9	211.0	209.7	1.4%	2.0%	BLS
United States (SA)	June-11	224.3	224.8	216.9	-0.2%	3.4%	BLS
Avg. 30-Year Mortgage Interest Rate:	July-11	4.55	4.51	4.56	0.04	-0.01	Freddie Mac