

ROCKY MOUNTAIN ECONOMY: UPDATE
November 2012 (see Economic Indicators data below)

The economy of the Rocky Mountain region continued to expand in the third quarter. Seasonally adjusted nonfarm payrolls for third quarter 2012 were up 0.4 percent from the previous quarter, to about 5.08 million jobs, an increase of 18,300 jobs. Payrolls were up by 94,600 jobs, or 1.9 percent, from a year ago. North Dakota continued to have the fastest rate of job growth in the region (and in the U.S.), with nonfarm payrolls increasing by 25,100 jobs, or 6.3 percent, from a year ago. In Utah, Colorado and Montana, payrolls grew by 21,500, 35,400 and 6,100 jobs, or 1.8, 1.6 and 1.4 percent, respectively. In Wyoming and South Dakota, payrolls grew 1.2 and 0.7 percent, increases of 3,600 and 3,000 jobs, respectively. The unemployment rate for the region averaged 6.7 percent during the third quarter of 2012, up slightly from the previous quarter, but down from 7.0 percent a year earlier. Unemployment rates within the region ranged from 3.0 percent in North Dakota to 8.2 percent in Colorado. The U.S. unemployment rate in third quarter 2012 was 8.1 percent.

U.S. nonfarm payrolls increased by 1.85 million jobs in the third quarter, compared with a year ago, and payrolls were up by 372,700 jobs from the previous quarter. The largest gains occurred in the professional and business services and the education and health services sectors, which grew by 91,300 and 89,700 jobs during the third quarter. In addition, the trade, transportation, and utilities sector and the leisure and hospitality sector added 63,700 and 61,000 jobs, respectively. This growth was partly offset by losses in the construction sector and the mining and logging sector, which declined by 2,700 and 1,300 jobs, respectively.

U.S. Real Gross Domestic Product (GDP) grew at a 2.0-percent annual rate in the third quarter of 2012, an increase from the 1.3-percent revised growth of the previous quarter and the 1.3-percent growth rate of a year earlier. The higher GDP growth reflected increased federal government spending, a slowdown in imports (which are a subtraction in the GDP calculation), acceleration in personal consumption expenditures, an upturn in residential fixed investment, and smaller declines in private inventory investment and in state and local government spending. These improvements were partly offset by slower nonresidential fixed investment. The Conference Board's Index of Leading Economic Indicators rose 0.6 percent in September, to 95.9, which followed a 0.4 percent decline in August and a 0.4 percent increase in July. The University of Michigan Index of Consumer Sentiment rose to 82.6 in October, compared with 78.3 in September, and also up significantly from 60.8 a year earlier. These measures suggest that, despite the threatened "fiscal cliff", as well as concerns about weaker growth in Europe and China, the economy may start to gain speed in 2013.

Housing construction increased in the third quarter. The annualized rate of new-home starts for the U.S. in September was up 15 percent from August, to 872,000 units, and up 35 percent from the rate of 647,000 units a year earlier. Based on permits issued, homebuilding within the region was up strongly in third quarter 2012, compared with a year ago. Increases ranged from 57 percent in Montana to 9 percent in North Dakota. Multifamily building activity was up 27 percent from a year earlier, while single-family construction was up 40 percent. Home sales and rental markets have strengthened in the region. Third quarter apartment vacancy rates were down in the Denver-Boulder metro areas and in Utah's Wasatch Front metro areas (which includes Salt Lake City), but vacancies rose in the Colorado Springs area, a result of new units coming online. Existing home sales in third quarter were up 13 percent from a year ago in both the Denver-Aurora and Salt Lake City metro areas, and existing prices rose 9 and 7 percent, respectively. Nationwide, existing home sales in September were up 11 percent from a year earlier, while prices increased 9 percent. Distressed mortgage rates (defined as home loans 90 or more days delinquent, in foreclosure, or transitioned into REO) were down from a year ago in both the region and the U.S., to 3.9 and 7.5 percent of mortgages, respectively.

U.S. consumer prices were up 2.0 percent from a year ago, which suggests that inflation remains subdued. The average 30-year fixed mortgage rate was 3.47 percent in September, a 0.6-percentage point decline from a year ago. On October 24th, the Federal Reserve Open Market Committee kept its target Fed Funds rate near zero, and communicated its expectation that the rate will remain low through at least mid-2015. In addition, the open-ended QE3 is continuing, and Operation Twist will continue through the end of the year.

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 | 2012:Q3 | 2,296 | 2,290 | 2,260 | 0.2% | 1.6% | BLS |
| Montana | 2012:Q3 | 433 | 430 | 427 | 0.6% | 1.4% | BLS |
| North Dakota | 2012:Q3 | 421 | 418 | 396 | 0.8% | 6.3% | BLS |
| South Dakota | 2012:Q3 | 409 | 410 | 406 | -0.2% | 0.7% | BLS |
| Utah | 2012:Q3 | 1,236 | 1,231 | 1,214 | 0.4% | 1.8% | BLS |
| Wyoming | 2012:Q3 | 290 | 287 | 287 | 1.0% | 1.2% | BLS |
| Rocky Mountain Region | 2012:Q3 | 5,084 | 5,066 | 4,990 | 0.4% | 1.9% | BLS |
| United States | 2012:Q3 | 133,377 | 133,004 | 131,531 | 0.3% | 1.4% | BLS |
| Unemployment Rate (seasonally adjusted %): | | | | | | | |
| Colorado | 2012:Q3 | 8.2 | 8.1 | 8.3 | 0.1 | -0.1 | BLS |
| Montana | 2012:Q3 | 6.3 | 6.2 | 6.9 | 0.1 | -0.6 | BLS |
| North Dakota | 2012:Q3 | 3.0 | 3.0 | 3.6 | 0 | -0.6 | BLS |
| South Dakota | 2012:Q3 | 4.4 | 4.3 | 4.6 | 0.1 | -0.2 | BLS |
| Utah | 2012:Q3 | 5.7 | 6.0 | 6.7 | -0.3 | -1 | BLS |
| Wyoming | 2012:Q3 | 5.6 | 5.3 | 5.9 | 0.3 | -0.3 | BLS |
| Rocky Mountain Region | 2012:Q3 | 6.7 | 6.6 | 7.0 | 0.1 | -0.3 | BLS |
| United States | 2012:Q3 | 8.1 | 8.2 | 9.1 | -0.1 | -1 | BLS |
| GDP Growth Rate (% SAAR) - United States | 2012:Q3 | 2.0 | 1.3 | 1.3 | 0.7 | 0.7 | BEA |
| U.S. Housing Starts (Annual Rate, SA) | Sep-12 | 872,000 | 758,000 | 647,000 | 15% | 35% | Census Bureau |
| Residential Building Permits: | | | | | | | |
| Colorado | 2012:Q3 | 6,053 | 5,803 | 4,000 | 4% | 51% | Census Bureau |
| Montana | 2012:Q3 | 645 | 633 | 412 | 2% | 57% | Census Bureau |
| North Dakota | 2012:Q3 | 1,577 | 1,480 | 1,449 | 7% | 9% | Census Bureau |
| South Dakota | 2012:Q3 | 1,155 | 1,107 | 837 | 4% | 38% | Census Bureau |
| Utah | 2012:Q3 | 3,199 | 3,168 | 2,555 | 1% | 25% | Census Bureau |
| Wyoming | 2012:Q3 | 623 | 457 | 562 | 36% | 11% | Census Bureau |
| Rocky Mountain Region | 2012:Q3 | 13,252 | 12,648 | 9,815 | 5% | 35% | Census Bureau |
| Rental Vacancy Rates (%): | | | | | | | |
| Colorado Springs metro area | 2012:Q3 | 5.8 | 6.4 | 5.2 | -0.6 | 0.6 | Apartment Insights |
| Denver / Boulder metro areas | 2012:Q3 | 4.7 | 4.9 | 4.9 | -0.2 | -0.2 | Apartment Insights |
| Salt Lake City/Wasatch Front metro areas | 2012:Q3 | 3.9 | 4.1 | 4.8 | -0.2 | -0.9 | Reis, Inc. |
| United States | 2012:Q3 | 8.6 | 8.6 | 9.8 | 0.0 | -1.2 | Census Bureau |
| Existing Single-Family Home Sales: Denver-Aurora MSA | | | | | | | |
| Number of Sales | 2012:Q3 | 9,052 | 10,305 | 8,046 | -12.2% | 12.5% | Hanley Wood LLC |
| Average Price | 2012:Q3 | \$301,664 | \$307,948 | \$276,442 | -2.0% | 9.1% | Hanley Wood LLC |
| Existing Single-Family Home Sales: Salt Lake City MSA | | | | | | | |
| Number of Sales | 2012:Q3 | 4,074 | 4,171 | 3,613 | -2.3% | 12.8% | Hanley Wood LLC |
| Average Price | 2012:Q3 | \$268,218 | \$273,482 | \$251,614 | -1.9% | 6.6% | Hanley Wood LLC |
| Existing Single-Family Home Sales: United States | | | | | | | |
| Annual Rate of Sales (SA) | Sep-12 | 4,210,000 | 4,290,000 | 3,800,000 | -1.9% | 10.8% | NAR |
| Average Price | Sep-12 | \$232,500 | \$233,700 | \$212,900 | -0.5% | 9.2% | NAR |
| Mortgages 90+ days delinquent, foreclosed, or REO (%): | | | | | | | |
| Rocky Mountain Region | Sep-12 | 3.9 | 4.1 | 4.3 | -0.2 | -0.4 | LPS Applied Analytics |
| United States | Sep-12 | 7.5 | 7.7 | 7.7 | -0.2 | -0.2 | 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) | Sep-12 | 231.4 | 230.4 | 226.9 | 0.4% | 2.0% | BLS |
| Avg. 30-Year Mortgage Interest Rate: | Sep-12 | 3.47 | 3.60 | 4.11 | -0.13 | -0.64 | Freddie Mac |