

## **ROCKY MOUNTAIN ECONOMY: UPDATE**

May 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 March 2012 were essentially unchanged from a month earlier, at about 5.05 million jobs, but this represented an increase of 102,900 jobs from a year earlier. North Dakota and Utah had the fastest rates of job growth, with nonfarm payrolls increasing by 25,400 and 29,000 jobs, or 6.5 and 2.4 percent, respectively, from a year ago. In Colorado, Wyoming and South Dakota, payrolls increased by 45,800, 2,800, and 1,300 jobs, or 2.0, 1.0 and 0.3 percent, respectively. In Montana, payrolls declined by 1,400 jobs, or 0.3 percent. The unemployment rate for the region in March 2012 was 6.5 percent, up slightly from the previous month, but nearly a percentage point below a year ago. State unemployment rates ranged from 3 percent in North Dakota to 7.8 percent in Colorado, but all states in the region continued to have rates below the national average of 8.2 percent.

U.S. nonfarm payrolls were up by 1.9 million jobs in March, compared with a year ago, and payrolls were up by 120,000 jobs from a month earlier. During the previous 3 months, by comparison, payrolls increased by an average of 246,000 jobs a month. The leisure and hospitality sector added 39,000 jobs in March, followed by the manufacturing and the education and health services sectors, both of which added 37,000 jobs, and the professional and business services sector, which added 31,000 jobs. This growth was partly offset by losses of nearly 34,000 jobs in the retail trade sector, 9,000 jobs in the information sector, and 7,000 jobs in the construction sector. Government sector payrolls declined by 1,000 jobs. Although state government payrolls grew by 2,000 jobs, federal payrolls remained flat, and local government payrolls decreased by 3,000 jobs.

Real Gross Domestic Product (GDP) grew by 2.2 percent in the U.S. during first quarter 2012, slower than the 3-percent growth of the previous quarter, but much stronger than the 0.4-percent growth rate of a year earlier. Although exports, private inventory investment, and residential fixed investment all contributed to first quarter GDP growth, this was partly offset by declines in government spending and nonresidential fixed investment. The Conference Board's Index of Leading Economic Indicators rose by 0.3 percent in March, to 95.7, after increasing by 0.7 percent in February and 0.2 percent in January. The University of Michigan Index of Consumer Sentiment was up 1.2 percent in March, to 76.2, and up significantly from 67.5 a year earlier. These measures suggest that, while economic growth is moderate, there is some forward momentum.

The U.S. annualized pace of new-home starts in March 2012 was down 5.8 percent from February, to 654,000 units, but was up 10.3 percent from the year-ago rate of 593,000 units. Within the region, homebuilding in first quarter 2012 was up strongly from a year ago, with increases ranging from 32 percent in South Dakota to a nearly four-fold increase in North Dakota. While single-family construction was up 50 percent for the region in the first quarter, multifamily building activity was more than double that of a year ago. In first quarter 2012, apartment vacancy rates in the Denver-Boulder and Salt Lake City areas decreased to 5.3 and 4.5 percent, respectively, but increased in Colorado Springs to 7.0 percent, partly a result of new units coming online. Existing home sales in March were up 19 percent from a year ago in both Denver and Salt Lake City. Home prices increased by 7.1 percent in Denver, but decreased 1.9 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. increased slightly in March 2012, compared with a month earlier, but rates were down from a year ago. The 0.5-percentage point decrease for the Rocky Mountain region was larger than the national decline of 0.3 percentage points. U.S. consumer prices were up 2.6 percent from a year ago, suggesting that inflation remains subdued. The average 30-year fixed mortgage rate remains low, at 3.95 percent, a decline of 0.89 percentage points from a year ago. In April, 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 its expectations of continued stable inflation and moderate economic growth.

## 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	Mar-12	2,291	2,288	2,245	0.1%	2.0%	BLS
Montana	Mar-12	426	426	427	0.0%	-0.3%	BLS
North Dakota	Mar-12	413	413	388	0.1%	6.5%	BLS
South Dakota	Mar-12	408	408	406	0.0%	0.3%	BLS
Utah	Mar-12	1,226	1,226	1,197	0.0%	2.4%	BLS
Wyoming	Mar-12	288	289	285	-0.3%	1.0%	BLS
Rocky Mountain Region	Mar-12	5,051	5,049	4,948	0.0%	2.1%	BLS
United States	Mar-12	132,821	132,701	130,922	0.1%	1.5%	BLS
Unemployment Rate (seasonally adjusted):							
Colorado	Mar-12	7.8	7.8	8.5	0	-0.7	BLS
Montana	Mar-12	6.2	6.2	6.8	0	-0.6	BLS
North Dakota	Mar-12	3.0	3.1	3.4	-0.1	-0.4	BLS
South Dakota	Mar-12	4.3	4.3	4.9	0	-0.6	BLS
Utah	Mar-12	5.8	5.7	7.1	0.1	-1.3	BLS
Wyoming	Mar-12	5.3	5.4	6.1	-0.1	-0.8	BLS
Rocky Mountain Region	Mar-12	6.5	6.4	7.3	0.1	-0.8	BLS
United States	Mar-12	8.2	8.3	8.9	-0.1	-0.7	BLS
GDP Growth Rate (% SAAR) - United States	1st Qtr 2012	2.2	3.0	0.4	-0.8	1.8	BEA
U.S. Housing Starts (Annual Rate, SA)	Mar-12	654,000	694,000	593,000	-5.8%	10.3%	Census Bureau
Residential Building Permits:							
Colorado	1st Qtr 2012	3,457	3,145	2,320	9.9%	49.0%	Census Bureau
Montana	1st Qtr 2012	418	526	222	-20.5%	88.3%	Census Bureau
North Dakota	1st Qtr 2012	1,169	997	318	17.3%	267.6%	Census Bureau
South Dakota	1st Qtr 2012	441	391	334	12.8%	32.0%	Census Bureau
Utah	1st Qtr 2012	2,522	2,533	1,319	-0.4%	91.2%	Census Bureau
Wyoming	1st Qtr 2012	444	557	248	-20.3%	79.0%	Census Bureau
Rocky Mountain Region	1st Qtr 2012	8,451	8,149	4,761	3.7%	77.5%	Census Bureau
Apartment Vacancy Rates:							
Colorado Springs Metro	1st Qtr 2012	7.0	6.4	5.8	0.6	1.2	Apartment Insights
Denver / Boulder area	1st Qtr 2012	5.3	5.4	5.4	-0.1	-0.1	Apartment Insights
Salt Lake City Metro	1st Qtr 2012	4.5	4.9	6.0	-0.4	-1.5	Reis, Inc.
United States	1st Qtr 2012	4.9	5.2	6.2	-0.3	-1.3	Reis, Inc.
Existing Single-Family Home Sales: Denver-Aurora MSA							
Number of Sales	Mar-12	2,397	1,931	2,022	24.1%	19%	Hanley Wood LLC
Average Price	Mar-12	\$275,700	\$261,600	\$257,500	5.4%	7.1%	Hanley Wood LLC
Existing Single-Family Home Sales: Salt Lake City MSA							
Number of Sales	Mar-12	1,112	1,040	933	6.9%	19%	Hanley Wood LLC
Average Price	Mar-12	\$237,500	\$244,400	\$242,000	-2.8%	-1.9%	Hanley Wood LLC
Existing Single-Family Home Sales: United States							
Annual Rate of Sales (SA)	Mar-12	4,480,000	4,600,000	4,260,000	-2.6%	5.2%	NAR
Average Price	Mar-12	\$211,500	\$202,100	\$208,300	4.7%	1.5%	NAR
Mortgages 90+ days delinquent, foreclosed, or REO:							
Rocky Mountain Region	Mar-12	4.2%	4.1%	4.7%	0.1%	-0.5%	LPS Applied Analytics
United States	Mar-12	7.8%	7.6%	8.1%	0.2%	-0.3%	LPS Applied Analytics
Consumer Price Index - All Items:							
Denver-Boulder CMSA	2nd Half 2011	221.5	219.1	213.9	1.1%	3.6%	BLS
United States (SA)	Mar-12	229.1	228.4	223.2	0.3%	2.6%	BLS
Avg. 30-Year Mortgage Interest Rate:	Mar-12	3.95	3.89	4.84	0.06	-0.89	Freddie Mac