

THE ROCKY MOUNTAIN ECONOMY: UPDATE

November 2011 (see Economic Indicators data below)

Economic conditions in the Rocky Mountain region have improved during the past year, although recent job growth has slowed somewhat. Seasonally adjusted nonfarm payrolls for September 2011 were essentially unchanged from a month earlier, at about 4.99 million jobs, but payrolls were up by 97,200 jobs, or 2 percent, from a year ago. The largest year-over-year increases occurred in Utah, Colorado and North Dakota, where nonfarm payrolls rose by 35,200, 23,100 and 20,000 jobs, or increases of 3, 1 and 5.3 percent, respectively. In South Dakota, Montana, and Wyoming, nonfarm payrolls increased by 3,100, 7,400, and 8,400 jobs, or increases of 0.8, 1.7, and 3 percent, respectively. The unemployment rate for the region as of September 2011 was 7.3 percent, which was down slightly from a month earlier, and down from the 7.6-percent rate of a year ago. State unemployment rates ranged from 3.5 percent in North Dakota to 8.3 percent in Colorado, but all states in the region continue to have rates well below the national average of 9.1 percent.

For the U.S., nonfarm payrolls increased by 158,000 jobs in September 2011, compared with a month earlier, and payrolls were up by 1.59 million jobs from a year ago. All of the gains occurred in the private sector, which added 191,000 jobs during the month. This was partly offset by a loss of 33,000 jobs in the public sector. Within the goods-producing sectors, the manufacturing sector lost 3,000 jobs, but construction sector payrolls rose by 27,000 jobs. In the service-providing sectors, the education and health services sector grew by 58,000 jobs, and the professional and business services sector added 50,000 jobs. These gains were partly offset by losses in the financial activities and wholesale trade sectors of 5,000 and 6,000 jobs, respectively.

Real Gross Domestic Product (GDP) rose 2.5 percent nationally in the third quarter of 2011, which was an increase from the 1.3-percent growth rate in the previous quarter. GDP growth was helped by improvements in personal consumption expenditures, nonresidential fixed investment, federal government spending, and exports. These were partly offset by weaker private inventory investment and state and local government spending. Imports, which are subtracted from GDP, increased. The Conference Board's Index of Leading Economic Indicators rose by 0.2 percent in September to 116.4, after increasing by 0.6 and 0.3 percent in July and August, respectively. The Reuters/University of Michigan preliminary consumer sentiment index rose slightly to 57.8 in September, compared with 55.7 in August. The recent drop, to levels last seen in late-2008, was a least partly a result of the summer's debt ceiling debate and the resulting economic uncertainty.

The annualized rate of new-home starts in the U.S. in September was up 15 percent from August, to 658,000 units, and up 10.2 percent from the year-ago rate of 597,000 units. Homebuilding within the region in third quarter 2011 was up 25.9 percent from a year ago. All states in the region except Montana reported increases from a year ago in residential permits issued, ranging from 10.9 percent in Utah to 59.6 percent in Wyoming. In Montana, housing permits declined by 21.4 percent. In third quarter 2011, apartment vacancy rates were down throughout much of the region, and rental conditions generally range from balanced to tight. The Denver-Boulder, Salt Lake City and Colorado Springs areas had vacancy rates of 4.9, 5.2 and 5.4 percent, respectively, representing declines of 0.5 percent or more from a year ago. Existing home sales in the Denver and Salt Lake City areas in September 2011 were up 15.9 and 18.3 percent, respectively, from a year earlier.

According to data from LPS Applied Analytics, rates of distressed mortgages for both the region and the U.S. declined in September 2011. The 0.5-percentage-point decrease from a year ago in the Rocky Mountain region was slightly less than the 0.7 percentage point drop for the nation. U.S. consumer prices were up by 3.9 percent from a year ago. Excluding the volatile energy and food sectors, the core inflation index rose 2 percent from a year earlier. The average 30-year fixed mortgage interest rate continues to decline, and now stands at 4.11 percent, which is down 24 basis points from the 4.35 percent average rate for September 2010.

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 (seasonally adjusted):							
Colorado	Sep-11	2,240.5	2,244.4	2,217.4	-0.2%	1.0%	BLS
Montana	Sep-11	435.6	435.3	428.2	0.1%	1.7%	BLS
North Dakota	Sep-11	396.8	395.4	376.8	0.4%	5.3%	BLS
South Dakota	Sep-11	406.9	406.3	403.8	0.1%	0.8%	BLS
Utah	Sep-11	1,217.3	1,217.7	1,182.1	0.0%	3.0%	BLS
Wyoming	Sep-11	292.7	291.8	284.3	0.3%	3.0%	BLS
Rocky Mountain Region	Sep-11	4,989.8	4,990.9	4,892.6	0.0%	2.0%	BLS
United States	Sep-11	131,436	131,278	129,844	0.1%	1.2%	BLS
Unemployment Rate (seasonally adjusted):							
Colorado	Sep-11	8.3	8.5	8.8	-0.2	-0.5	BLS
Montana	Sep-11	7.7	7.8	7.3	-0.1	0.4	BLS
North Dakota	Sep-11	3.5	3.5	3.9	0	-0.4	BLS
South Dakota	Sep-11	4.6	4.7	4.6	-0.1	0	BLS
Utah	Sep-11	7.4	7.6	7.6	-0.2	-0.2	BLS
Wyoming	Sep-11	5.8	5.8	6.7	0	-0.9	BLS
Rocky Mountain Region	Sep-11	7.3	7.4	7.6	-0.1	-0.3	BLS
United States	Sep-11	9.1	9.1	9.6	0	-0.5	BLS
GDP Growth Rate (%) - United States	3rd Qtr 2011	2.5	1.3	2.5	1.2	0	BEA
U.S. Housing Starts (Annual Rate, SA)	Sep-11	658,000	572,000	597,000	15.0%	10.2%	Census Bureau
Residential Building Permits:							
Colorado	3rd Qtr 2011	3,938	2,872	2,805	37.1%	40.4%	Census Bureau
Montana	3rd Qtr 2011	412	513	524	-19.7%	-21.4%	Census Bureau
North Dakota	3rd Qtr 2011	1,450	1,159	1,133	25.1%	28.0%	Census Bureau
South Dakota	3rd Qtr 2011	809	685	610	18.1%	32.6%	Census Bureau
Utah	3rd Qtr 2011	2,532	2,766	2,284	-8.5%	10.9%	Census Bureau
Wyoming	3rd Qtr 2011	565	462	354	22.3%	59.6%	Census Bureau
Rocky Mountain Region	3rd Qtr 2011	9,706	8,457	7,710	14.8%	25.9%	Census Bureau
Apartment Vacancy Rates:							
Colorado Springs Metro	3rd Qtr 2011	5.2	5.8	6.6	-0.6	-1.4	Apartment Insights
Denver / Boulder area	3rd Qtr 2011	4.9	5.0	5.4	-0.1	-0.5	Apartment Insights
Salt Lake City Metro	3rd Qtr 2011	5.4	5.5	6.8	-0.1	-1.4	Reis, Inc.
United States	3rd Qtr 2011	9.8	9.2	10.3	0.6	-0.5	Census Bureau
Existing Single-Family Home Sales: Denver-Aurora MSA							
Active Listings	Sep-11	14,156	15,533	21,360	-8.9%	-33.7%	MetroList, Inc.
Number of Sales	Sep-11	2,410	2,810	2,079	-14.2%	15.9%	Hanley Wood LLC
Average Price	Sep-11	\$270,806	\$278,172	\$287,937	-2.6%	-5.9%	Hanley Wood LLC
Existing Single-Family Home Sales: Salt Lake City MSA							
Number of Sales	Sep-11	1,112	1,185	940	-6.2%	18.3%	Hanley Wood LLC
Average Price	Sep-11	\$244,081	\$247,412	\$248,014	-1.3%	-1.6%	Hanley Wood LLC
Existing Single-Family Home Sales: United States							
Annual Rate of Sales (SA)	Sep-11	4,330,000	4,490,000	3,860,000	-3.6%	12.2%	NAR
Average Price	Sep-11	\$165,600	\$171,200	\$172,400	-3.3%	-3.9%	NAR
Mortgages 90+ days delinquent, foreclosed, or REO:							
Rocky Mountain Region	Sep-11	4.3%	4.3%	4.8%	0.0%	-0.5%	LPS Applied Analytics
United States	Sep-11	7.7%	7.7%	8.4%	0.0%	-0.7%	LPS Applied Analytics
Consumer Price Index - All Items:							
Denver-Boulder CMSA	1st Half 2011	219.1	213.9	211.0	2.4%	3.8%	BLS
United States (SA)	Sep-11	226.9	226.5	218.4	0.2%	3.9%	BLS
Avg. 30-Year Mortgage Interest Rate:	Sep-11	4.11	4.27	4.35	-0.16	-0.24	Freddie Mac