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Review of Colorado Employment Data Through August 2018

Colorado-based Business and Economic Research
Prepared
September 25, 2018

Overview of Analysis

This chartbook provides a series of graphs, charts, discussions, and data that describe the changes in the U.S. and Colorado economies for the first eight months of 2018. It is divided into the two sections listed below. The U.S. and Colorado economies are stronger than in 2017. Because 2017 was somewhat weak, Colorado economists projected weaker job growth in 2018. Fortunately, they were wrong and the current level of strong job growth has been a pleasant surprise! The release of the Colorado employment data for August shows that YTD average employment is 72,800 jobs greater than the same period last year.

U.S. Economy

- ✓ Real Gross Domestic Product and Trade Balance
- ✓ Employment and Unemployment
- ✓ Leading and Coincident Index – U.S. vs. Colorado
- ✓ S&P 500 Performance and Volatility
- ✓ Mortgage Rates, Construction Spending, Housing Prices, and Homeowner Equity
- ✓ Debt and Savings
- ✓ Inflation, Index for Services and Manufacturing, Retail Sales, and Light Truck and Auto Sales
- ✓ Summary

The Colorado Economy

- ✓ Current Situation
- ✓ Change in Employment, Summer Change in Employment, Employment Change by Sector, Unemployment Rate, and Change in the Size of Labor Force
- ✓ Building Permits and Housing Prices
- ✓ Oil Production, DIA Passengers, and Vehicle Registrations
- ✓ Advanced Technology
- ✓ Recessions and Recoveries
- ✓ “Recession-Proof” Sectors
- ✓ Sectors with Solid Growth Despite Recessions
- ✓ Sectors with Long Periods of Stagnancy
- ✓ Sectors that May Not Return to Peak Employment
- ✓ Recessions and Recoveries - Summary
- ✓ Summary

The complete 2018 cber.co forecast can be found at <https://cber.co/economic-forecasts/cber-co-economic-forecast/>
<http://cber.co/economic-forecasts/>



The U.S. Economy

Real Gross Domestic Product and Trade Balance

Quarterly Real GDP Growth Historical United States

Historical annualized real GDP growth by decade was:

- 1990s 3.2% (green line).
- 2000s 1.8% (red line).
- 2010s 2.1% (purple line).

Between 2010 and 2017, the annual real GDP growth ranged from 1.6% to 2.9%.

The 2017 rate of growth by quarter was:

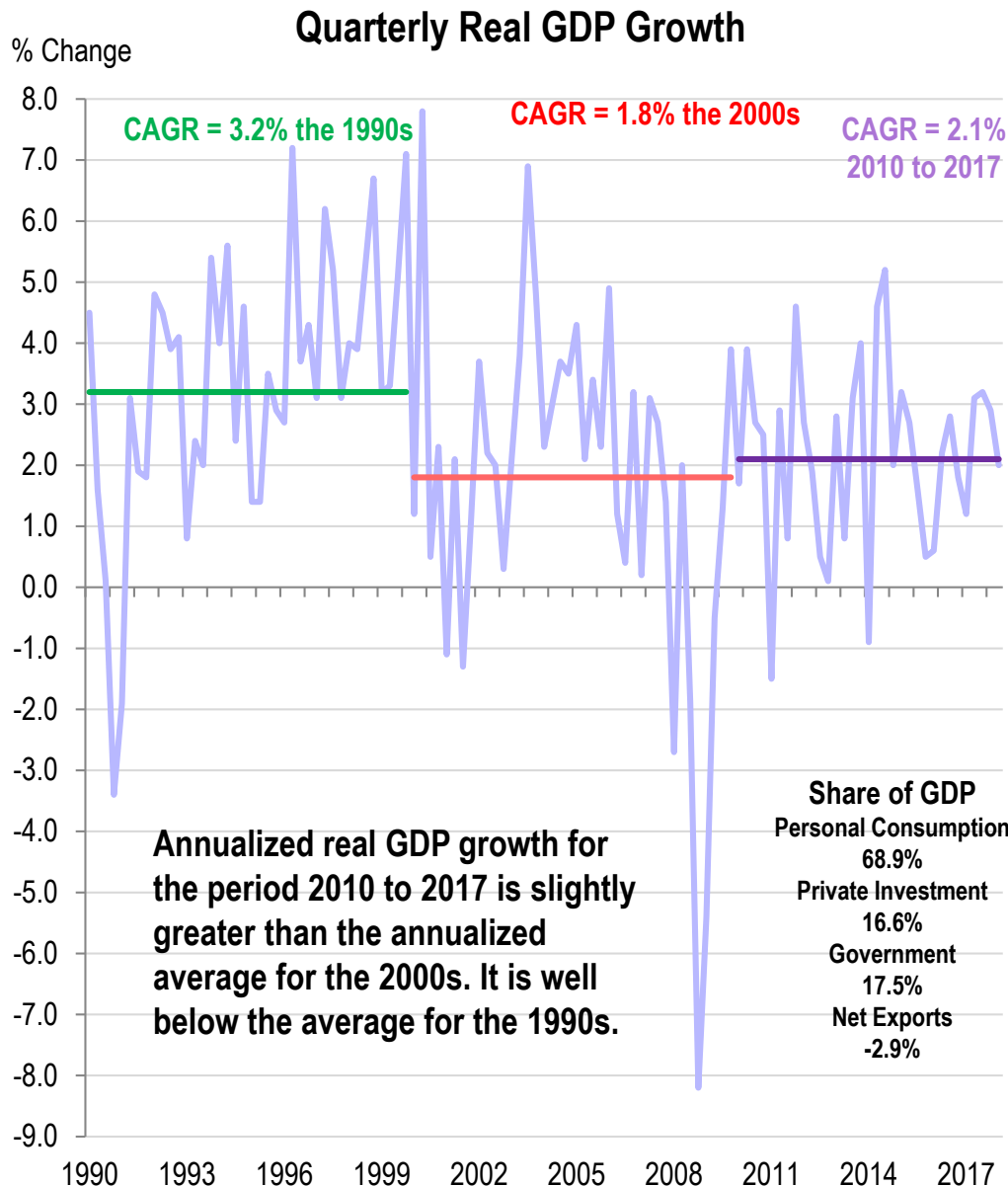
- Q1 1.2%
- Q2 3.1%
- Q3 3.2%
- Q4 2.9%.

Annual real GDP growth for 2017 was 2.3%.

cber.co originally projected the rate of real GDP growth in 2018 would be in the range of 2.3% to 2.7%, with greater upside potential than downside risk.

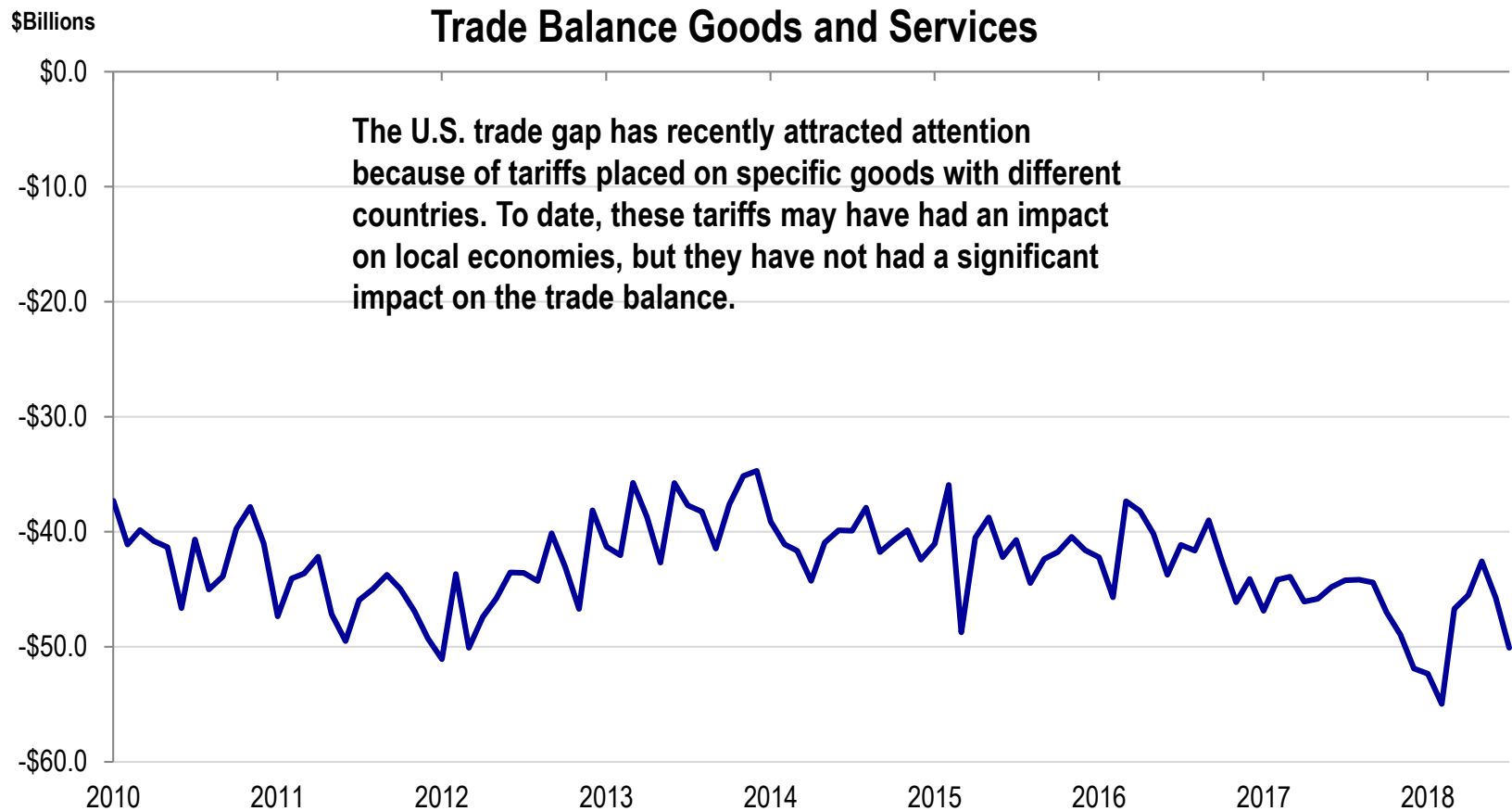
Q1 2018 real GDP growth was 2.2%, followed by 4.2% in Q2. The Conference Board projects there will be 3.9% real GDP growth in Q3, and 3.5% in Q4. Real GDP growth will be 3.0% in 2018 and 3.1% in 2019.

As usual, growth will be driven by consumer spending.



Source: Bureau of Economic Analysis, The Conference Board, cber.co, Note GDP chained on 2009.

Trade Balance: Goods and Services



Source: FRED, SA, cber.co.

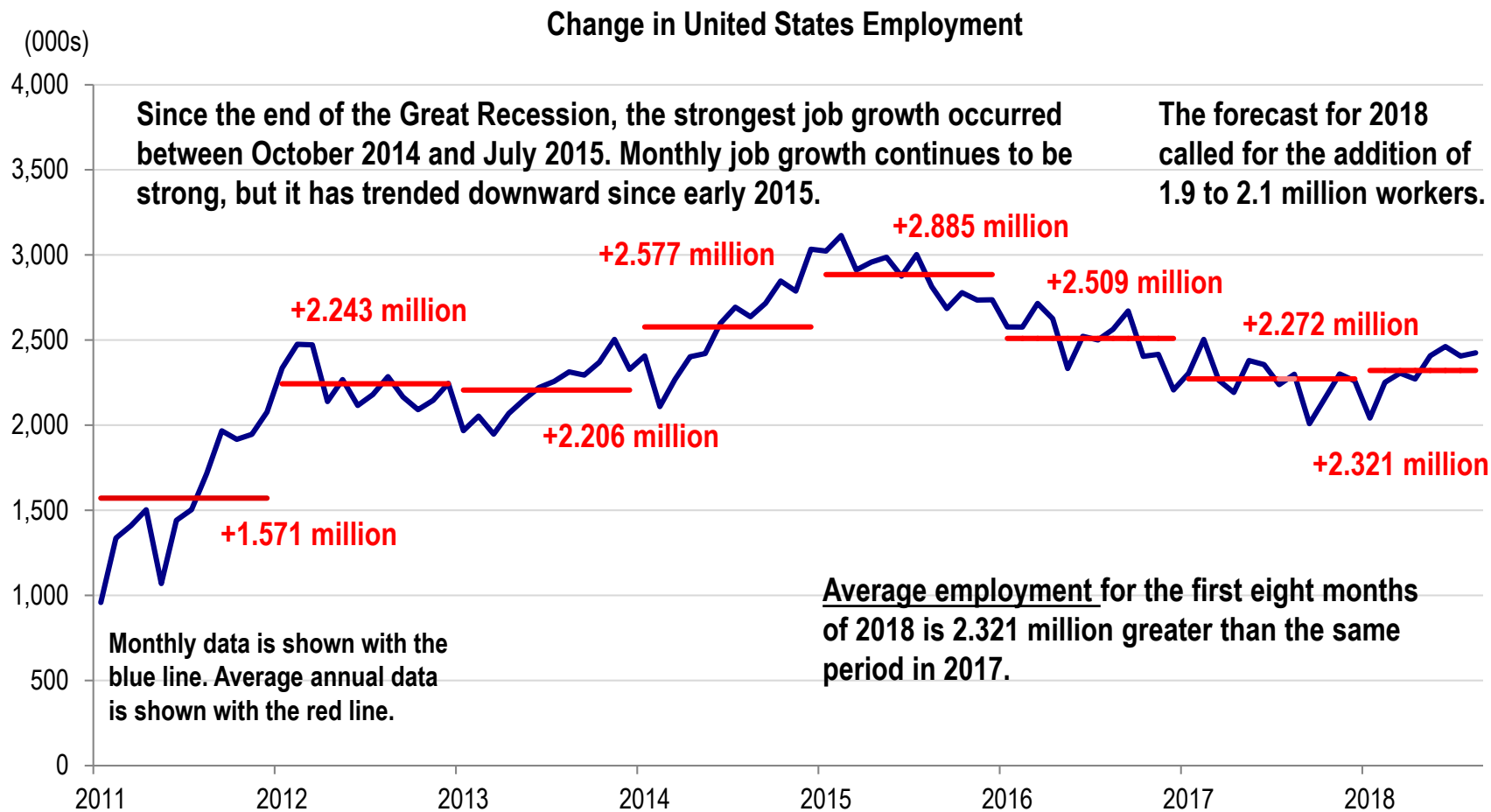


The U.S. Economy

Employment and Unemployment Rate

Change in United States Employment

Year-Over-Year

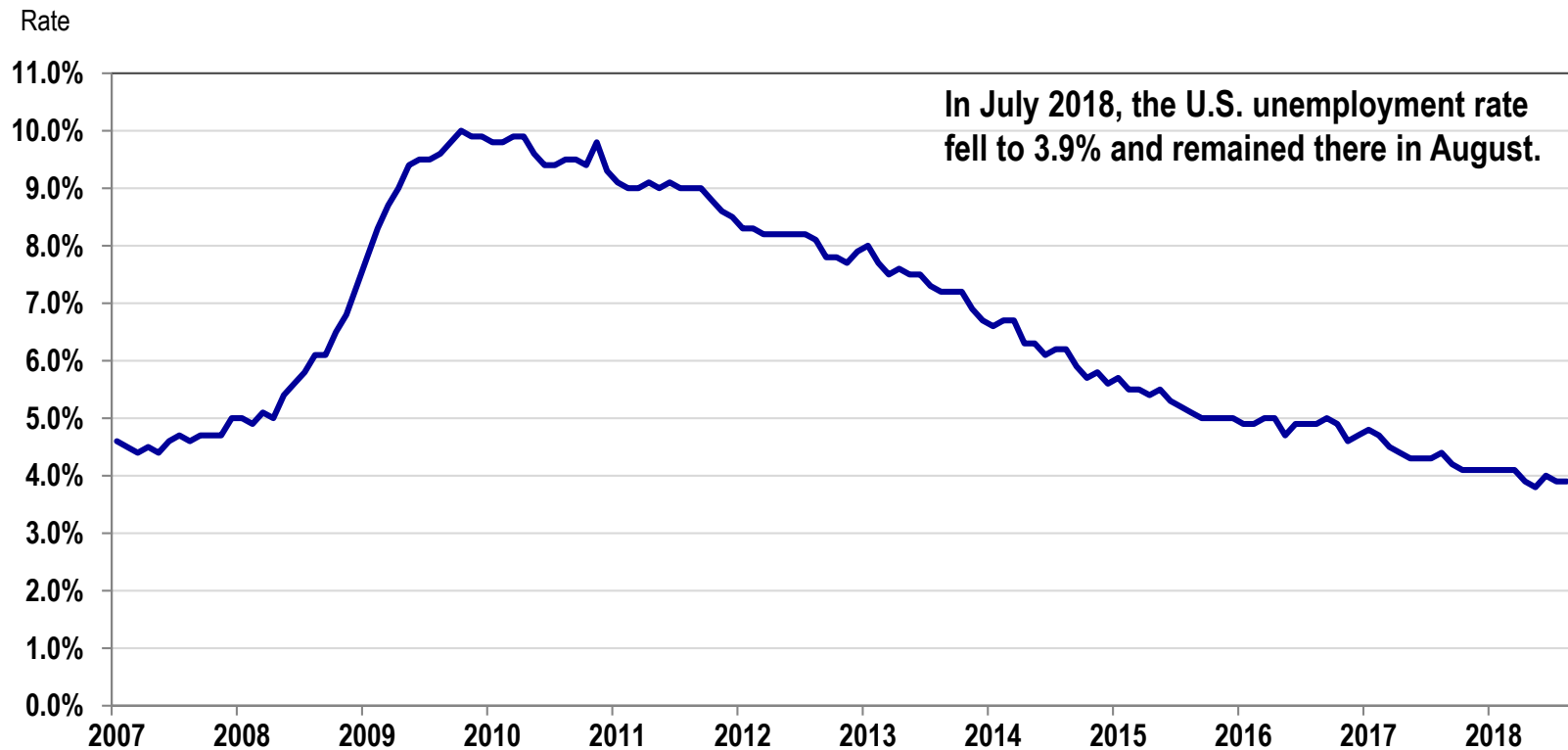


Source: Bureau of Labor Statistics, NSA; cber.co.

Unemployment Rate

United States

Unemployment Rate – U.S.



Source: Bureau of Labor Statistics, cber.co.

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The U.S. Economy

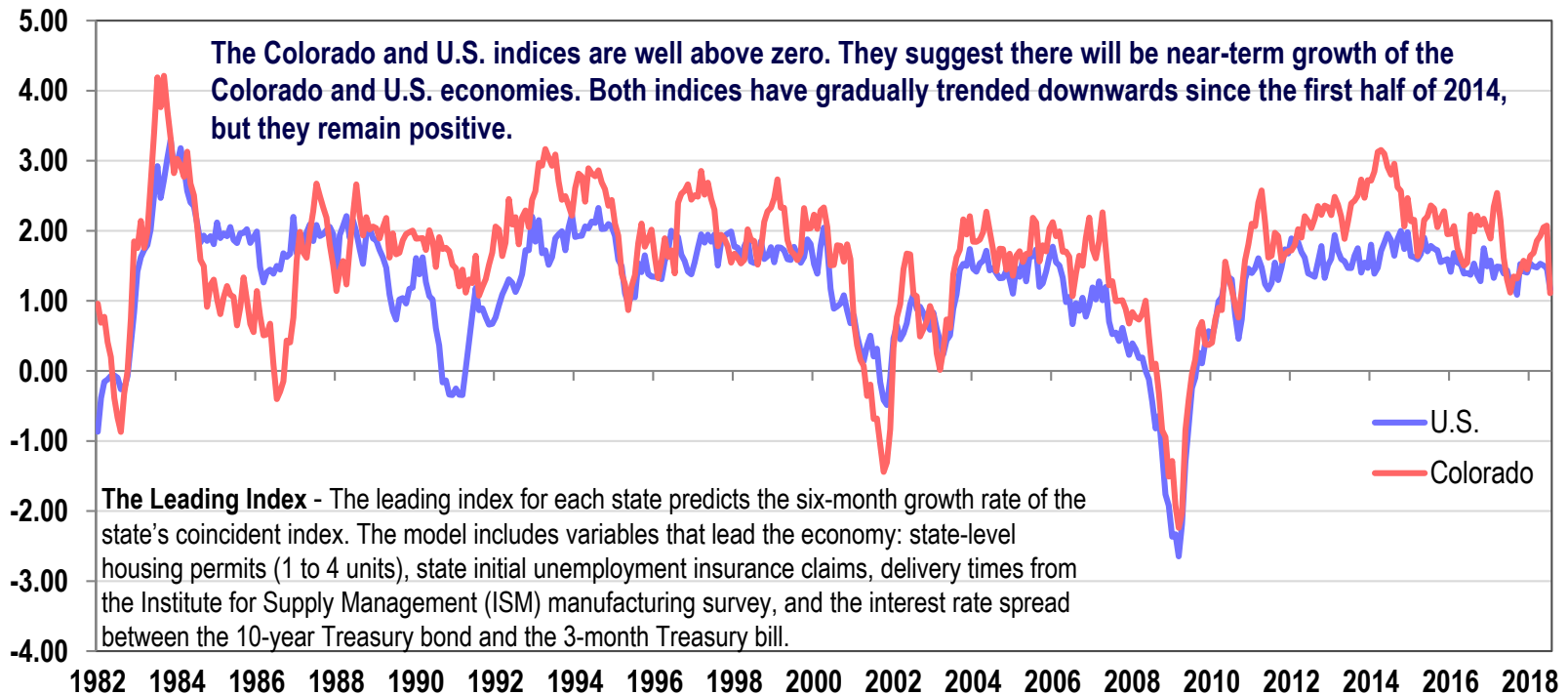
Leading and Coincident Indices (U.S. and Colorado)

Philadelphia Fed Leading Index

Colorado vs. U.S.

Philadelphia Federal Reserve Leading Index – Colorado and U.S.

Index Value



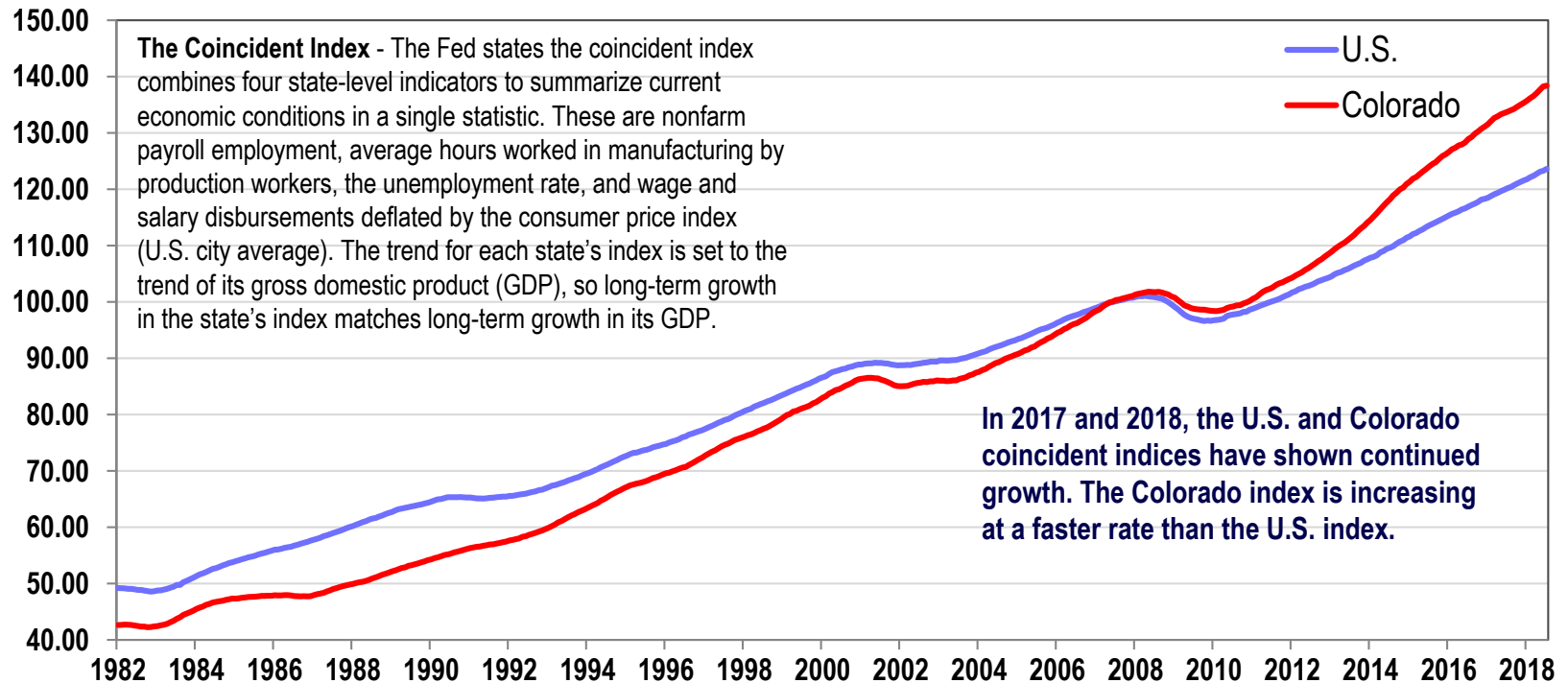
Source: Philadelphia Federal Reserve, cber.co. Note: The leading index predicts the six-month growth rate of the U.S. and state's coincident index.

Philadelphia Fed Coincident Index

Colorado vs. U.S.

Philadelphia Federal Reserve Coincident Index – Colorado and U.S.

Index Value



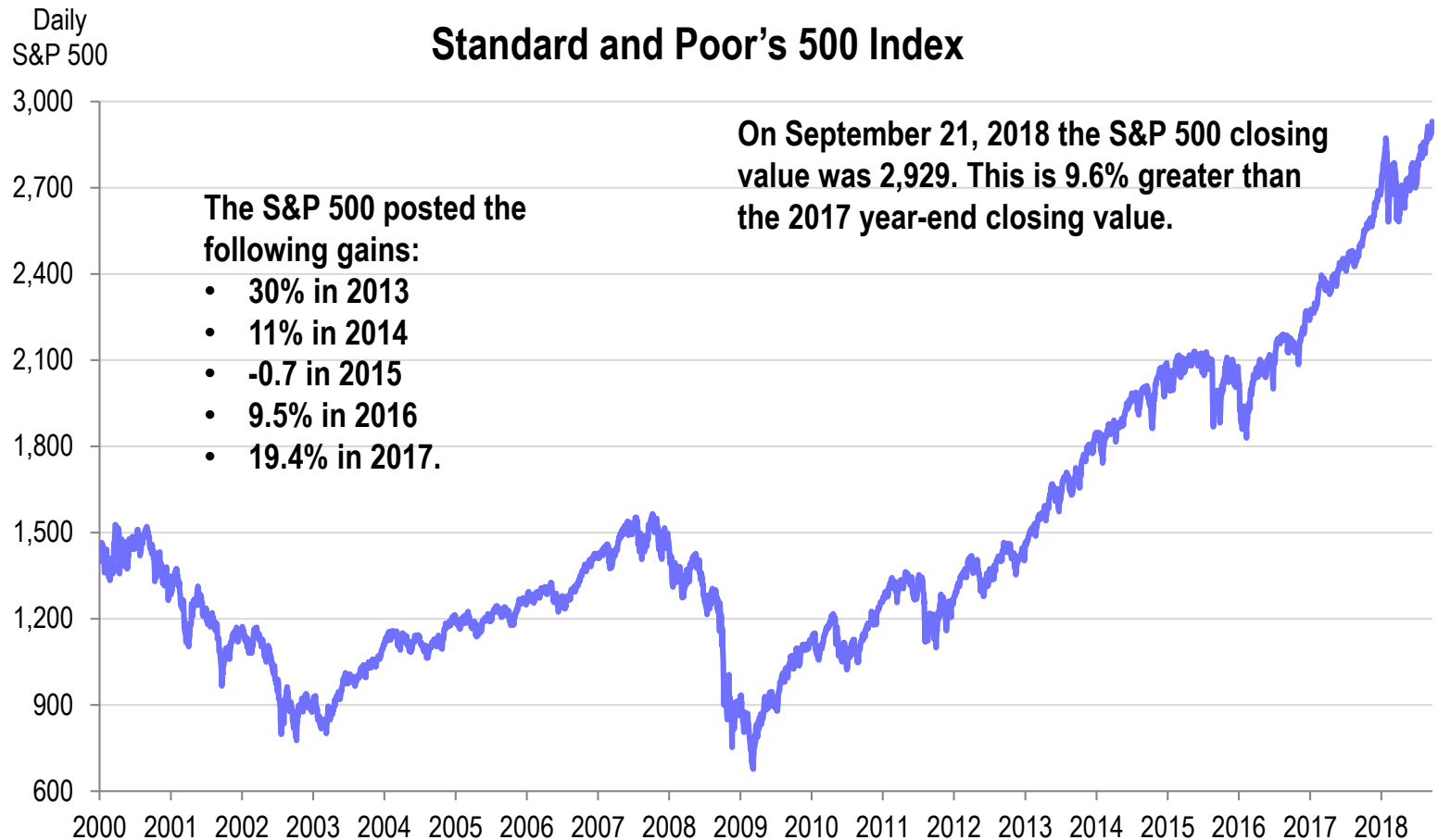
Source: Philadelphia Federal Reserve, cber.co. Note: The leading index predicts the six-month growth rate of the U.S. and state's coincident index.



United States Economy

S&P Performance and Volatility

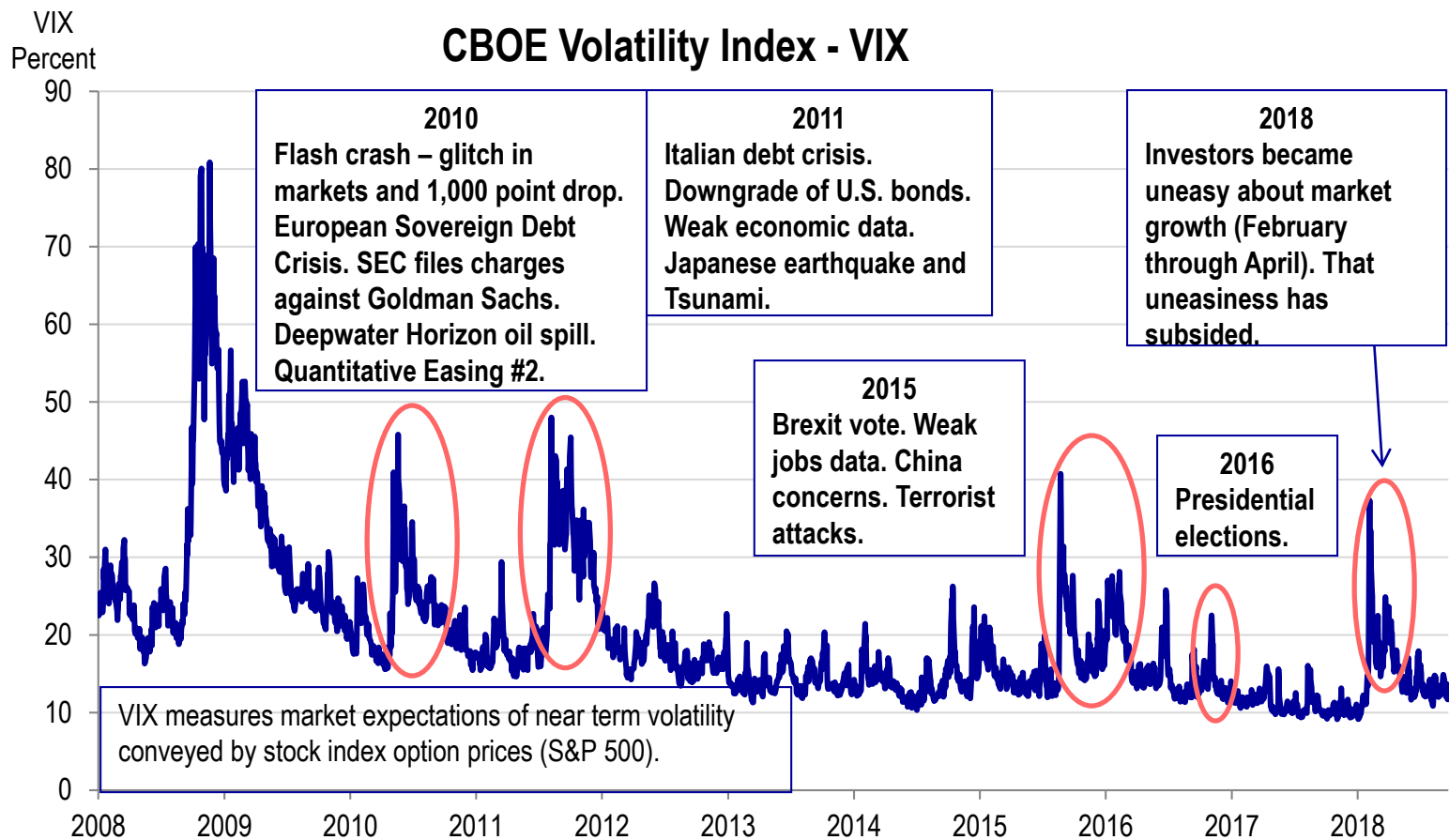
● Standard and Poor's 500 Index



Source: FRED, S&P 500, cber.co.

CBOE Volatility Index

VIX (VIXCLS)



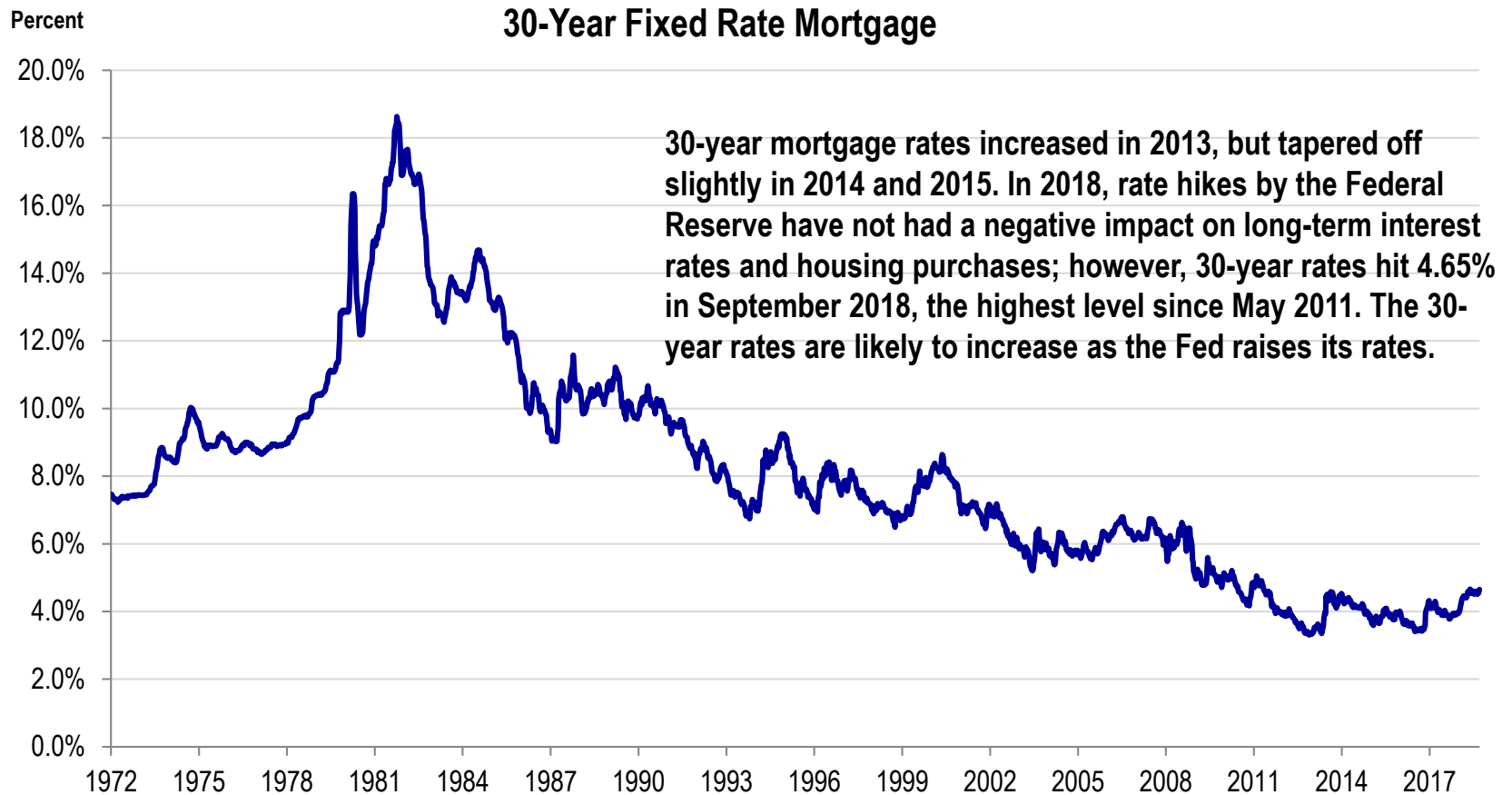
Source: FRED, Chicago Board Options Exchange, cber.co.



The U.S. Economy

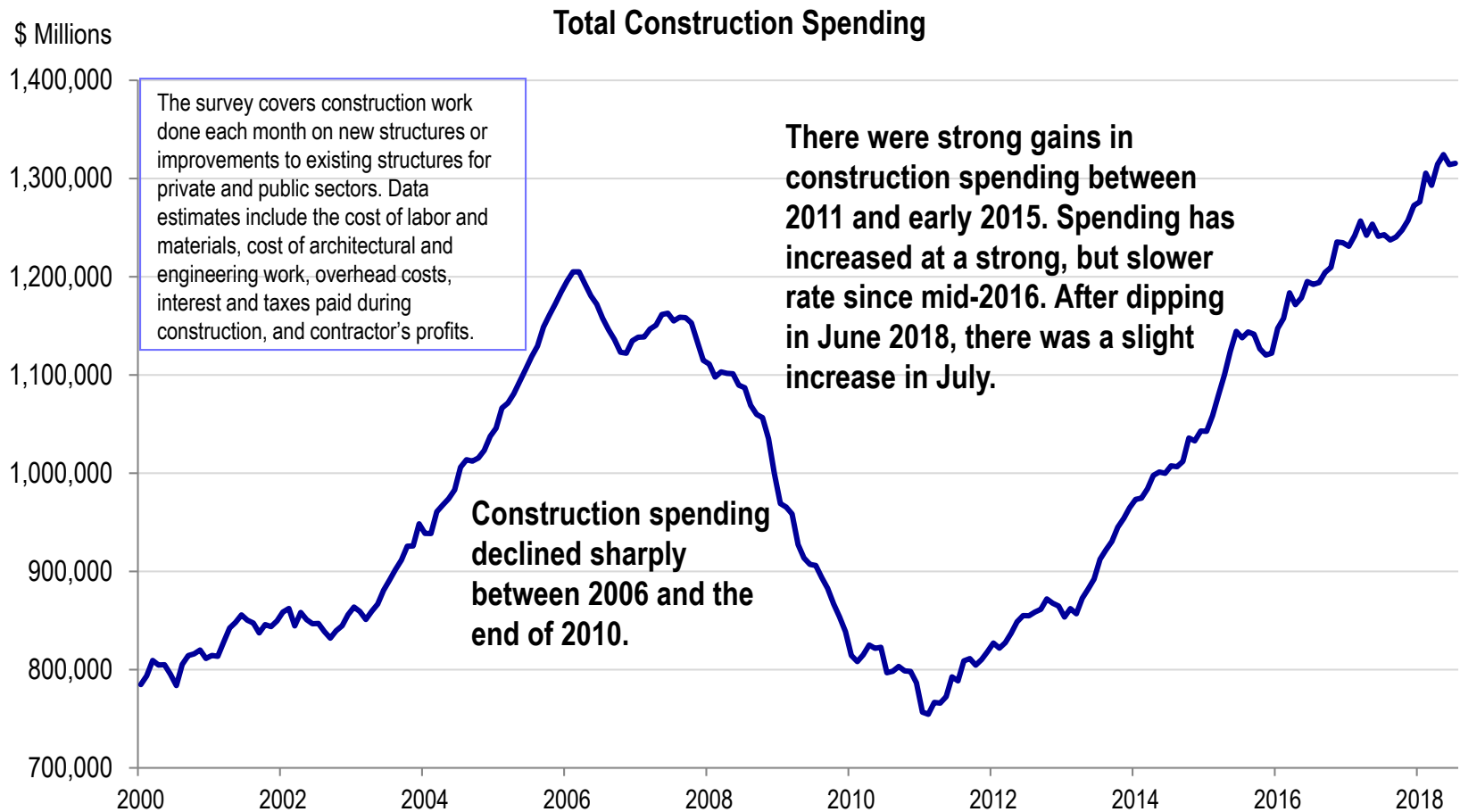
Mortgage Rates, Construction Spending, Housing Prices,
Homeowner Equity

30-Year Fixed Rate Mortgage



Source: FRED, Freddie MAC, cber.co.

Total U.S. Construction Spending



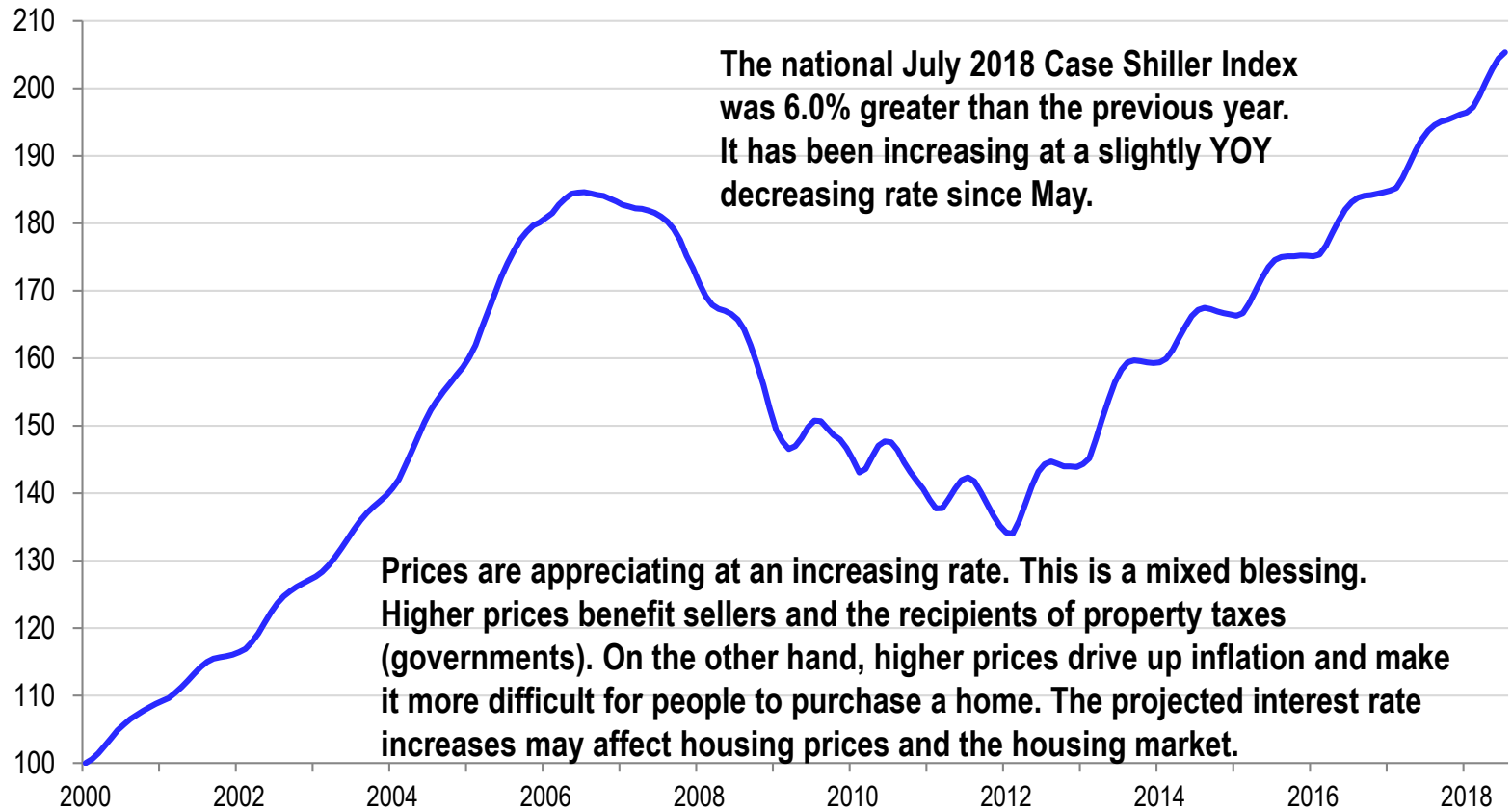
Source: FRED, Census Bureau, not adjusted for inflation, SAAR, cber.co.

Case Shiller Home Price Index

National Index

Q1 2000=100

Case Shiller Home Price Index - National



Source: S&P Case-Shiller, cber.co.

CoreLogic Homeowner Equity Insights

Key Findings Q2 2018

National Homeowner Equity

- Approximately 64% of homeowners have mortgages.
- In Q2 2018, their cumulative equity increased by 12.3%, or a total of \$980.9 billion vs. Q2 2017.
- Overall, the average YOY increase in equity is \$16,200.
- The average Q2 2018 YOY increase in homeowner equity in Colorado was \$21,847.
- A sample of increases in homeowner equity in other states follows:
 - \$48,832 in California
 - \$41,138 in Washington (state)
 - \$32,193 in Nevada
 - \$25,354 in Utah
 - \$13,009 in Florida
 - \$7,817 in Illinois
 - -\$1,078 in Louisiana.

Negative Equity

- The negative equity share is declining, especially in states with strong appreciation.
- Compared to Q2 2017, negative equity in Q2 2018 decreased 20.1% from 2.8 million homes.
- The decrease was 562,800 homes.
- The Q2 2018 national aggregate of negative equity was \$285.3 billion.
- The negative equity share in Colorado was 1.6% in Q2 2018. It was 1.3% in Denver.
- A sample of negative equity share in other states is:
 - 10.4% in Louisiana
 - 7.8% in Florida
 - 7.2% in Illinois
 - 5.7% in Nevada
 - 2.4% in California
 - 1.5% in Texas and Oregon.

Source: Corelogic, cber.co.



The U.S. Economy

Inflation, Index for Services and Manufacturing,
Retail Sales, and Light Truck and Auto Sales

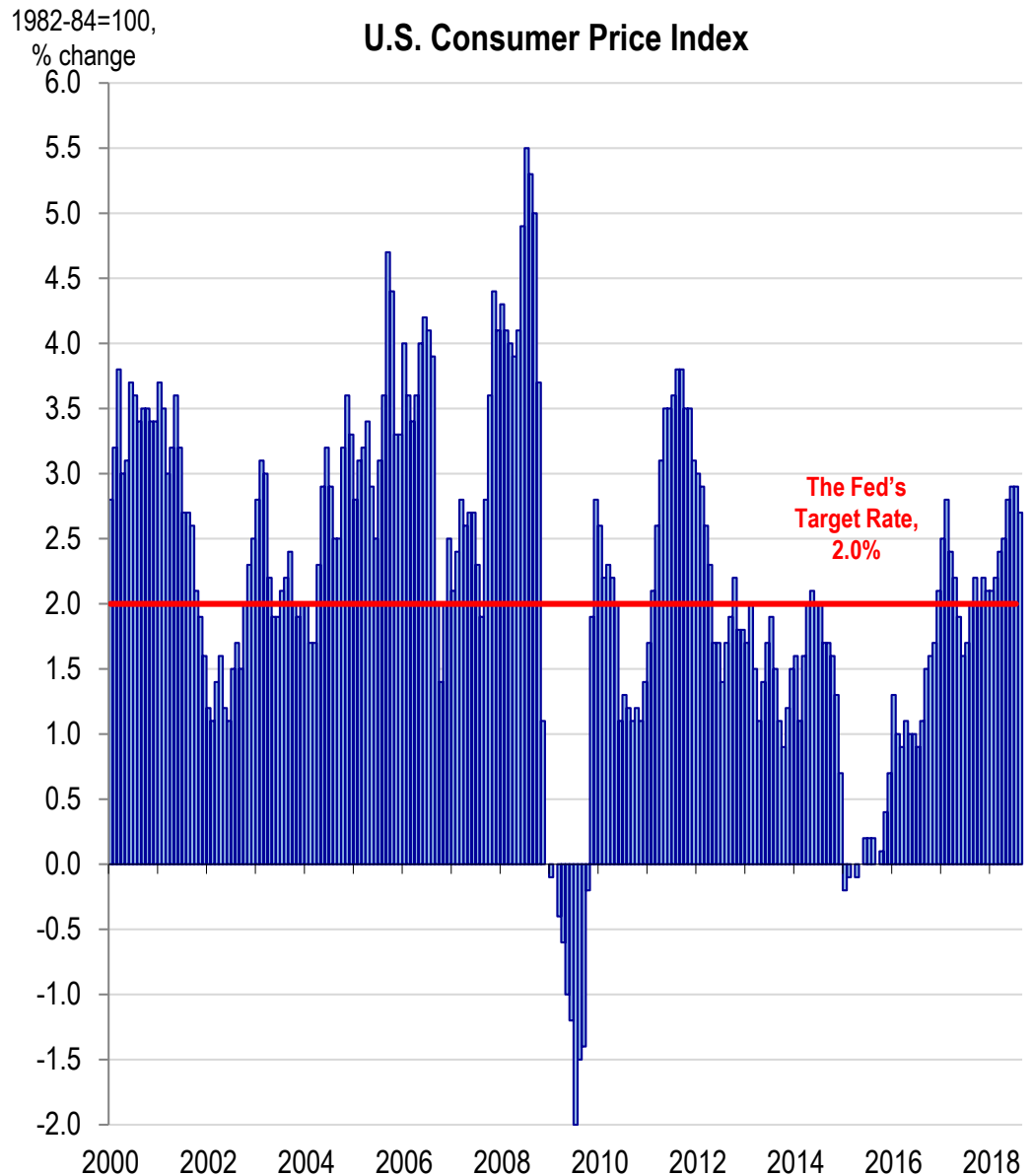
Consumer Price Index (CPI)

U.S. inflation, as measured by the seasonally adjusted CPI, will increase by 2.3% in 2018 (forecast). This is greater than the Fed's target rate of 2.0%. Increases in 2018 will be a result of higher interest rates, housing costs, health care costs, and gasoline prices.

The increase in the August 2018 CPI rate was 2.7%. The average rate for the first half of the year is 2.5%.

Recent annual rates are:

- 2012 2.1%
- 2013 1.5%
- 2014 1.6%
- 2015 0.1%
- 2016 1.3%
- 2017 2.1%
- 2018 2.3 %.



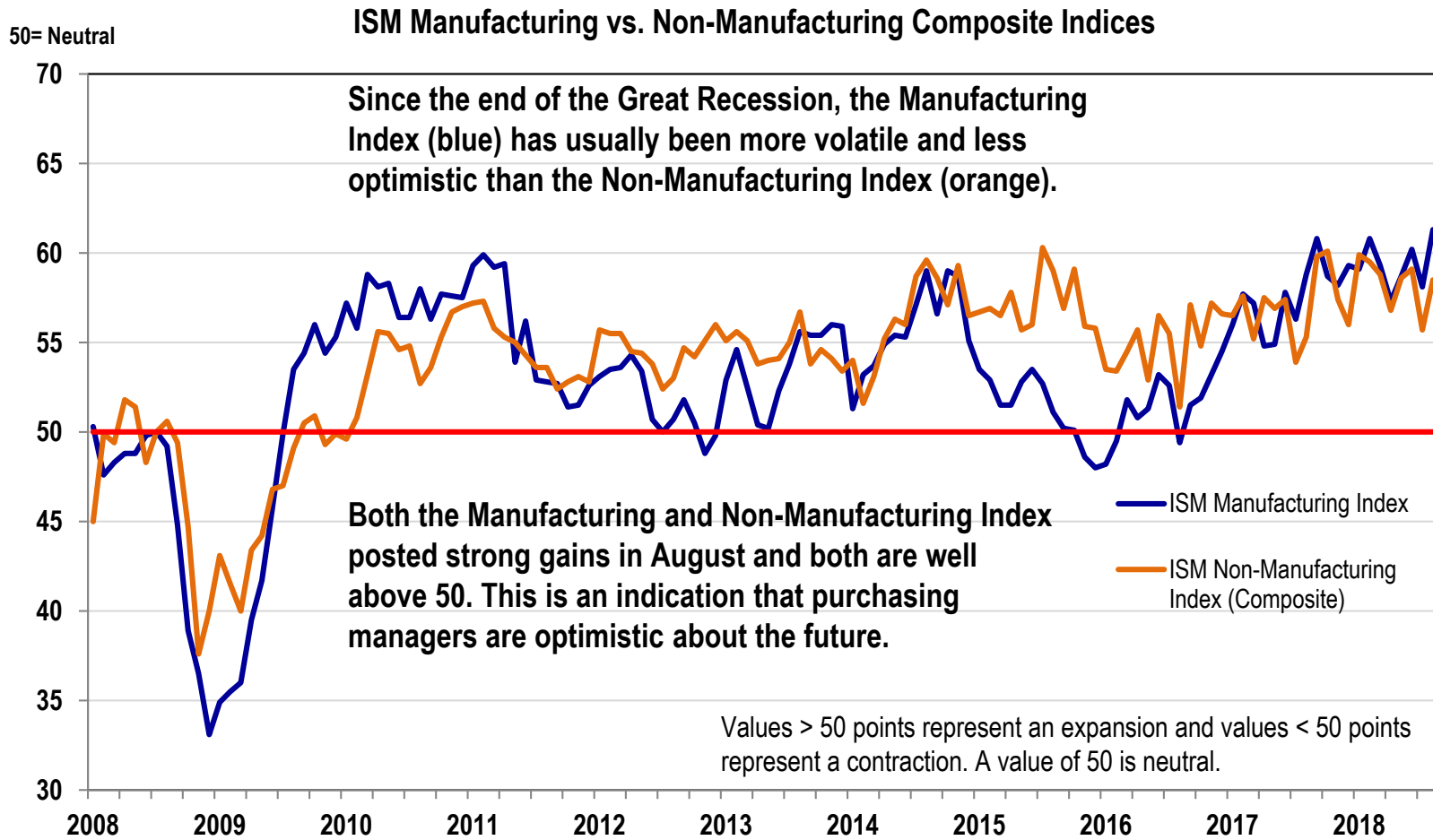
Source: Bureau of Labor Statistics, SA, cber.co.

Note: the Federal Reserve uses the PCE for establishing inflation target rates; the CPI tends to be slightly higher than the CPE.

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ISM PMI Composite Indices

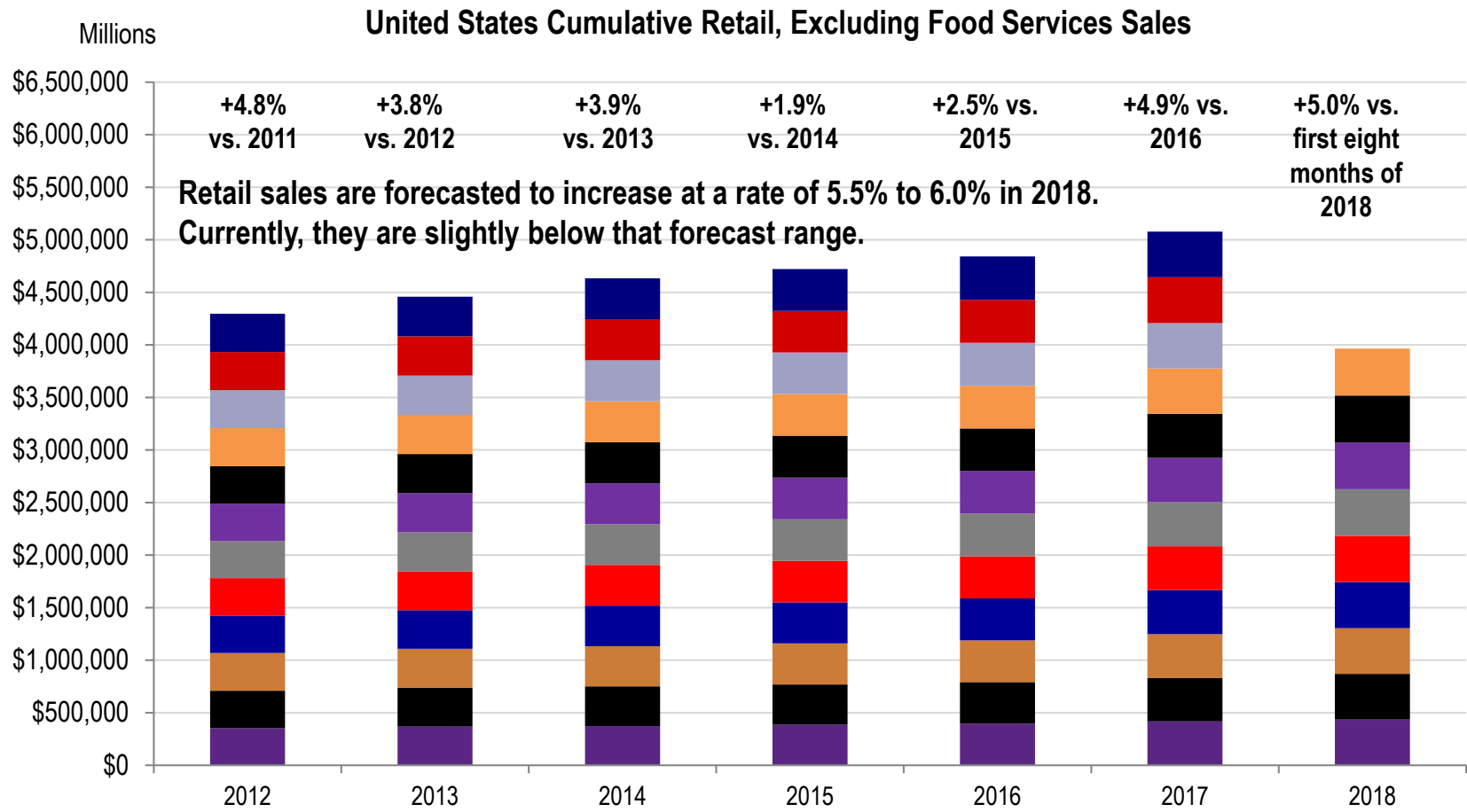
Manufacturing vs. Non-manufacturing



Sources: Institute for Supply Management (ISM), FRED, cber.co.

Cumulative Retail, Excluding Food Services Sales

Monthly

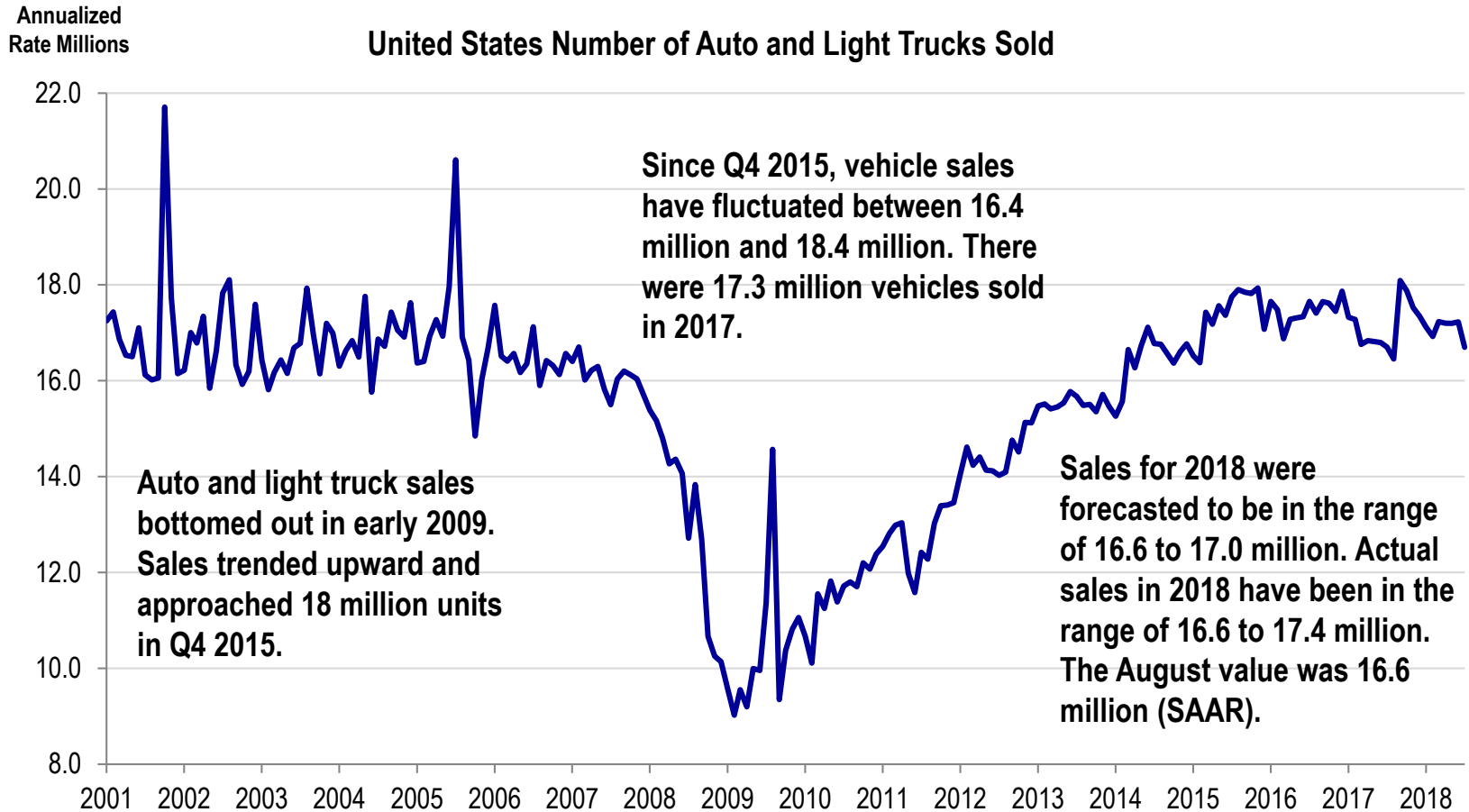


Source: U.S. Census Bureau, FRED, cber.co.

Note: Data is in descending order with December at the top and January at the bottom, not adjusted for inflation.

U.S. Weekly Auto and Light Truck Sales

Monthly (Annualized Rate Millions)



Source: FRED, BEA, cber.co.

Note: Seasonally Adjusted Annualized Rate.

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The U.S. Economy

Summary

The United States Economy

Summary

Despite the Political Turbulence, The U.S. Economy is Currently on Solid Footing

Positives

The current strengths of the U.S. economy are:

- Job growth is solid.
- Job growth is diversified across industries and geographic regions.
- Real GDP growth is robust and expected to remain that way over the next 18 months.
- Retail sales (consumption) is strong.

In addition, business leaders are confident and the Philadelphia Federal Reserve leading and coincident indicators point to continued growth.

The Conference Board is bullish on the U.S. economy. TCB projects 3.0% real GDP growth in 2018 and 3.1% growth in 2019. Over time, their forecasts have been conservative and reasonably accurate.

Headwinds

Even strong economies have economic headwinds. The following challenges are unlikely to derail the economy during the next 18 months:

- Worker shortages in many parts of the country.
- Level of public and private debt – long-term issue.
- Boomers moving into retirement years without savings.
- Rate hikes by the Federal Reserve – to date the impact has been minimal.
- Trade conflicts (tariffs) – to date the impact has been limited.
- Rapid appreciation in housing prices in some parts of the U.S. – The rate of appreciation is reported by some sources to be slowing.
- Moderation in the growth of the European economy and slower growth in emerging countries.



The Colorado Economy

Current Situation and Recessions and Recoveries

Colorado Economy

Current Situation

September 2018 marked the 17th anniversary of the 9/11 terrorist attacks and the 10th anniversary of the collapse of Lehman Brothers. These events were man-made and caused by greed and the quest for power. This month, the state analysis will look at both the current economic situation and how Colorado fared in the most recent recessions and recoveries.

Current Situation

As usual this analysis looks at the following fundamentals of the Colorado economy:

- Change in Employment, Summer Change in Employment, Employment Change by Sector, Unemployment Rate, and Change in the Size of Labor Force.
- Housing Prices and Building Permits.
- Oil Production and Prices, DIA Passengers, and Vehicle Registrations.
- Advanced Technology Employment.

Recessions and Recoveries

This part of the analysis looks at the performance of 21 sectors. It begins in 1990 and includes the 1991, 2001, and 2007 recessions and the subsequent recoveries. The analysis categorizes sectors by their economic growth and employment share:

- Sectors that were “recession-proof”.
- Sectors that had solid expansion, despite the recessions.
- Sectors with extended periods of stagnancy.
- Sectors that peaked, bottomed out, and may never recover to their peak.

Because of these differences in the way sectors add jobs, the structure of the Colorado economy has changed significantly since 1990.

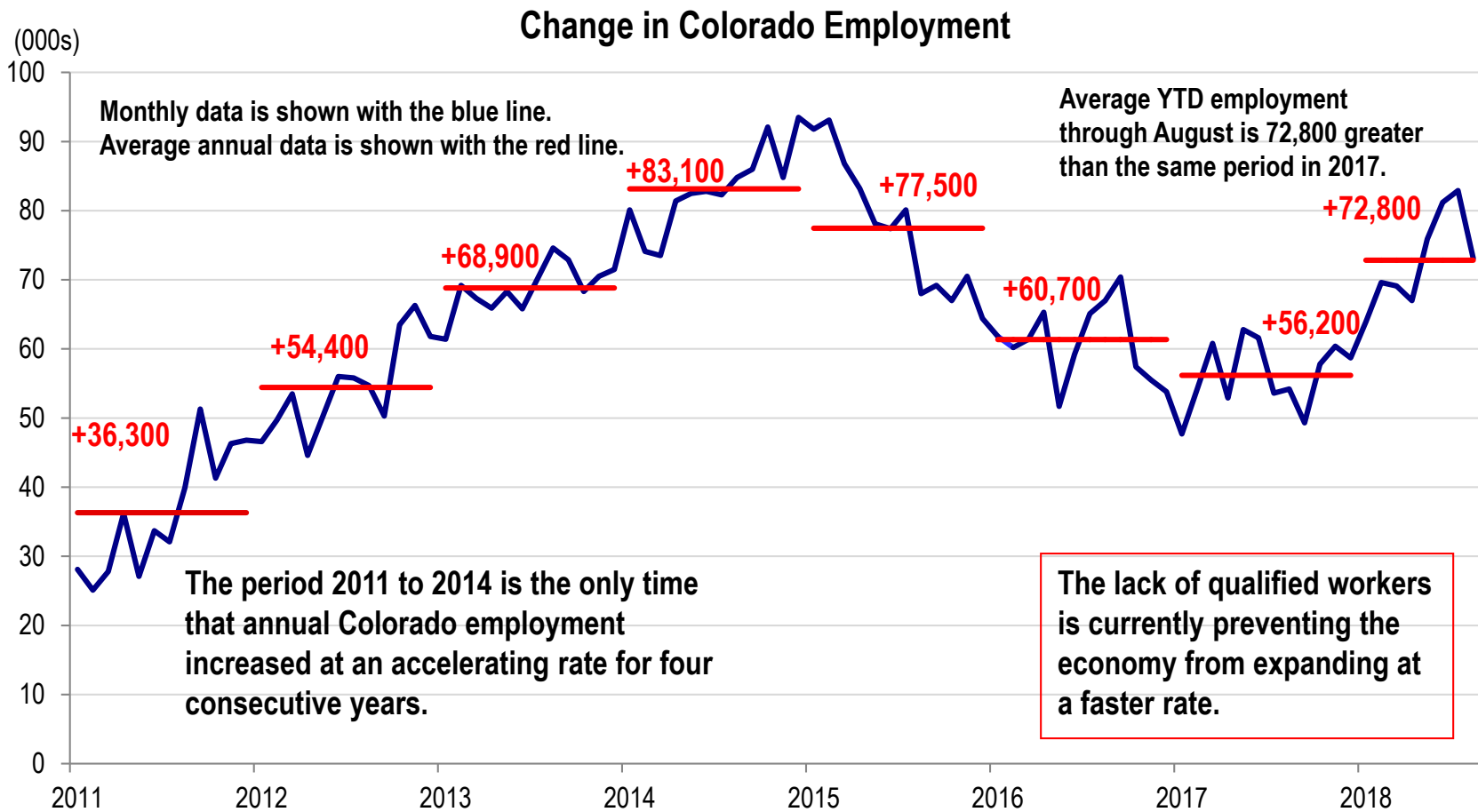


The Colorado Economy – Current Situation

Change in Employment, Summer Change in Employment, Employment Change by Sector, Unemployment Rate, and Change in the Size of Labor Force

Change in Colorado Employment

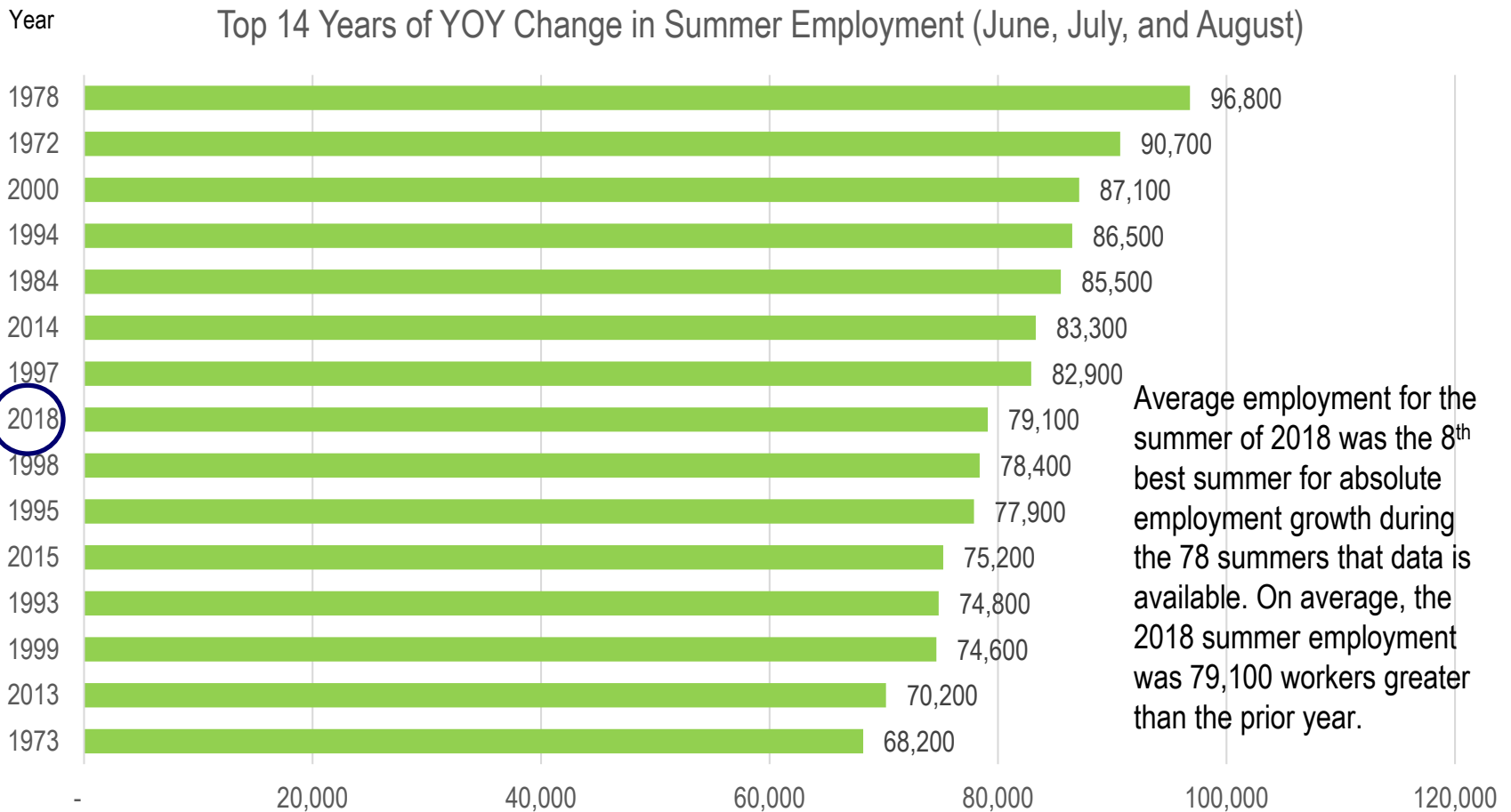
Year Over Year



Source: Bureau of Labor Statistics, NSA, cber.co. Note: Monthly and annual data is YOY.

Average YOY Summer Employment Increases

June, July, and August

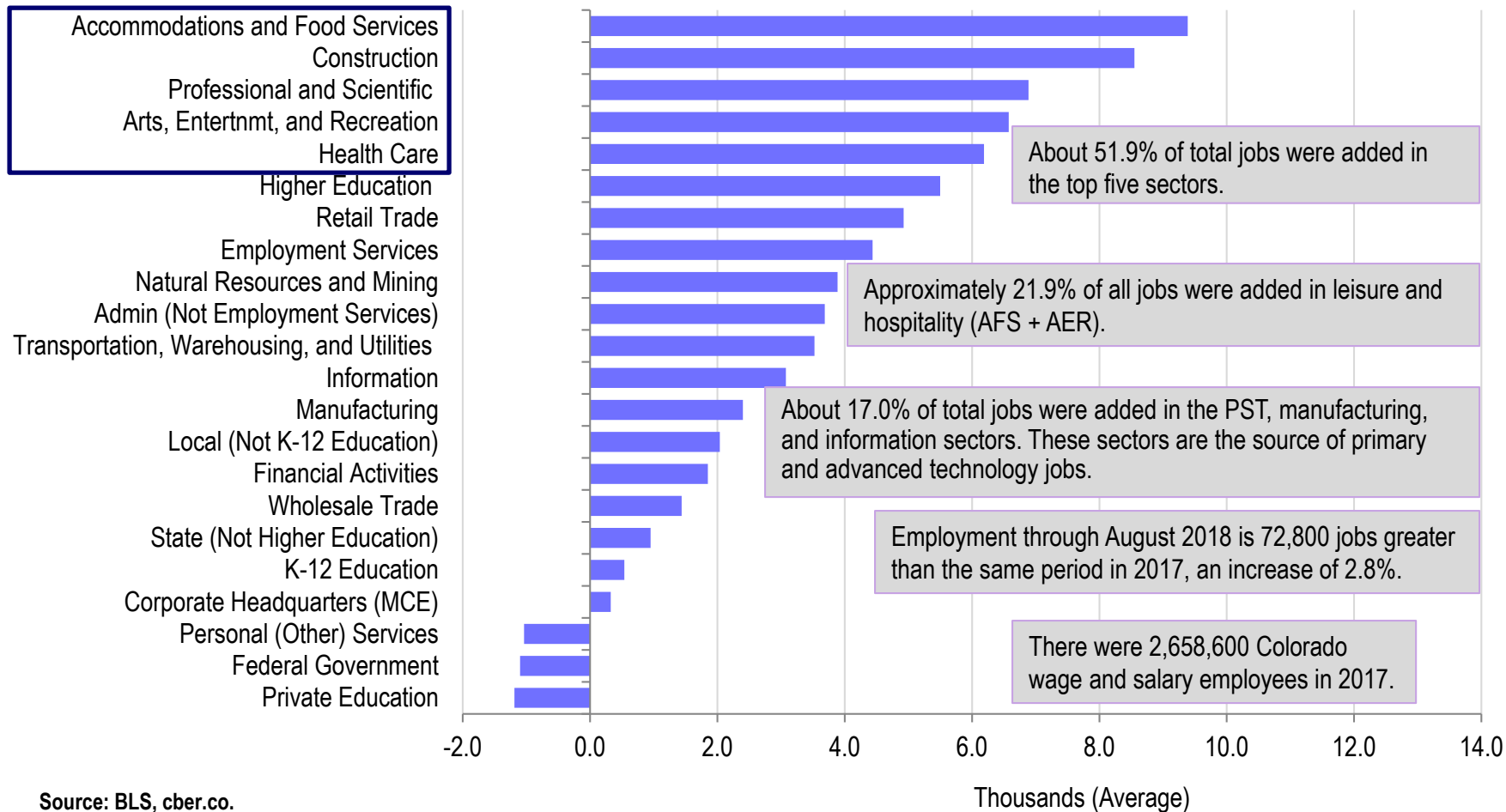


Source: BLS, cber.co.

Change in Employment

First 8 Months of 2018 vs. Same Period of 2017

Job Change All Sectors



About 51.9% of total jobs were added in the top five sectors.

Approximately 21.9% of all jobs were added in leisure and hospitality (AFS + AER).

About 17.0% of total jobs were added in the PST, manufacturing, and information sectors. These sectors are the source of primary and advanced technology jobs.

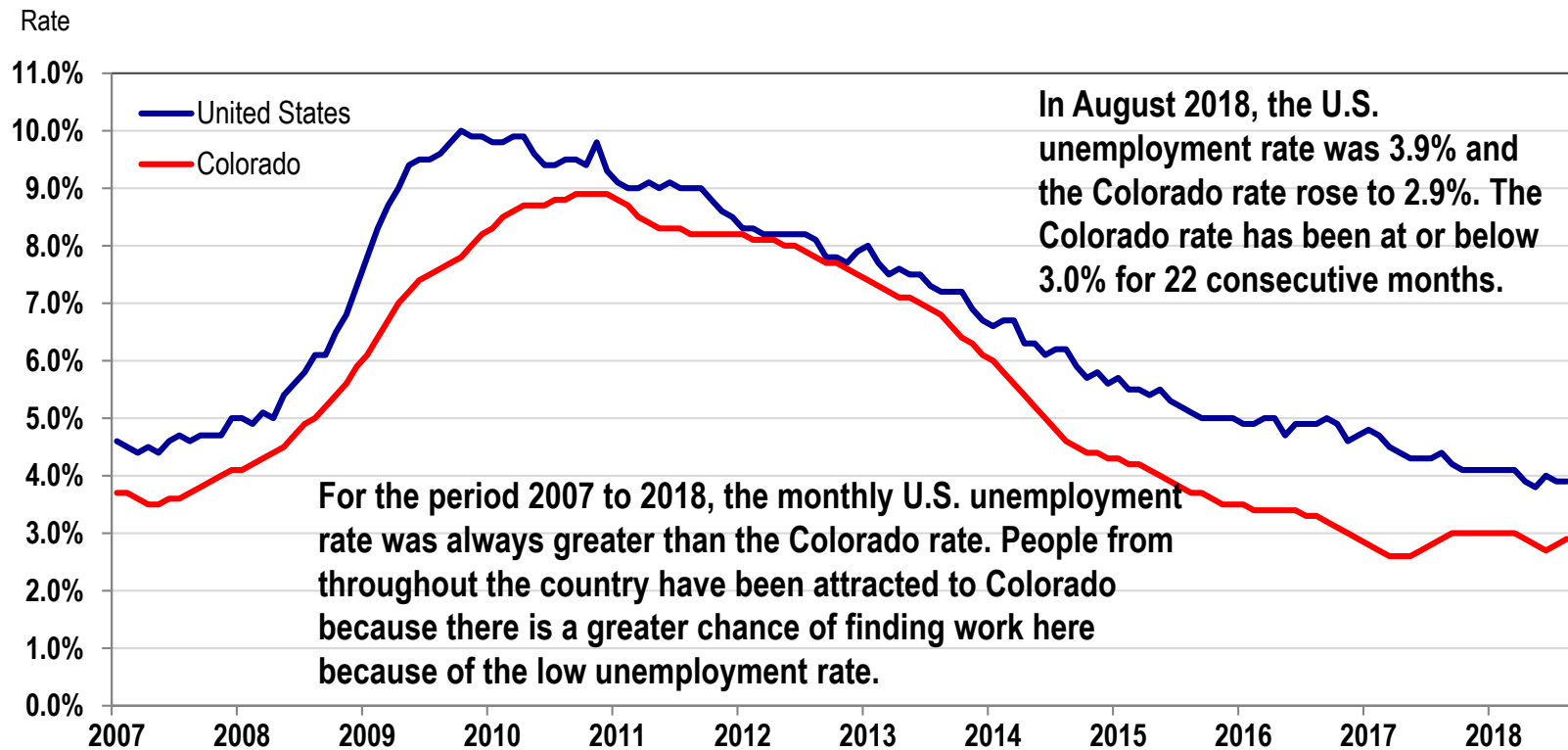
Employment through August 2018 is 72,800 jobs greater than the same period in 2017, an increase of 2.8%.

There were 2,658,600 Colorado wage and salary employees in 2017.

Unemployment Rate

Colorado vs. U.S.

Unemployment Rate – Colorado vs. U.S.



Source: Bureau of Labor Statistics, cber.co.

Colorado Unemployment Rate

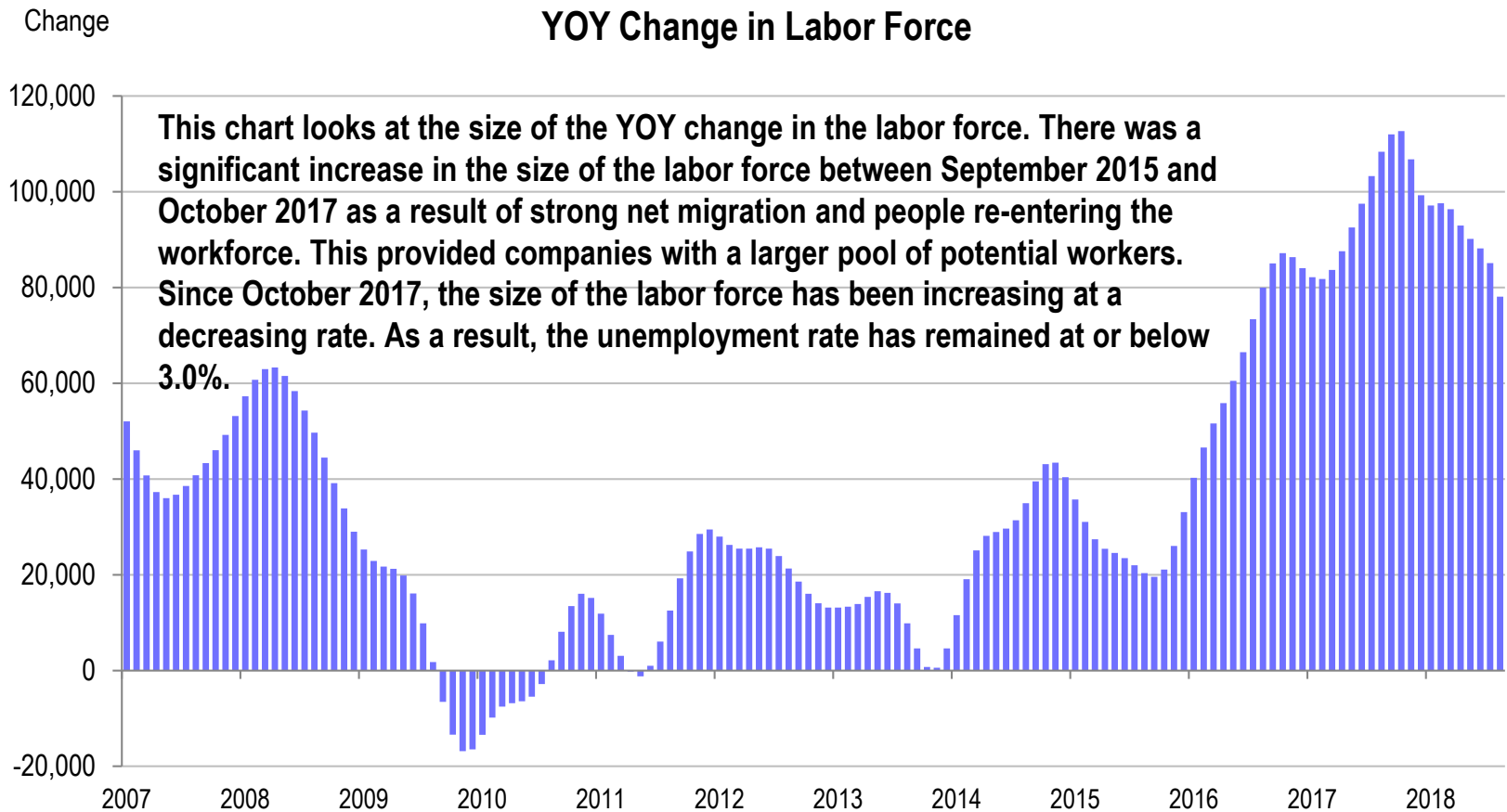
Unemployment will continue to remain low for an extended period. As a result, the state economy will continue to perform in an inefficient manner.

There are companies in all sectors that are not adequately staffed. Unfortunately, their customers often have to deal with poor service and long wait times – in some cases there is even no service.

Given the U.S. unemployment rate of 3.9%, most states are facing similar challenges as Colorado. There are low unemployment rates in key occupations, key industries, and in most geographic areas of the state and U.S.

Just as there was no place to hide from the Great Recession, there is no place to hide from the ill effects of an unemployment rate that is too low. Having said that, it is much better to deal with an unemployment rate that is too low than to deal with one that is too high.

YOY Change in Colorado Labor Force



Source: Bureau of Labor Statistics, LAUS, SA, cber.co.

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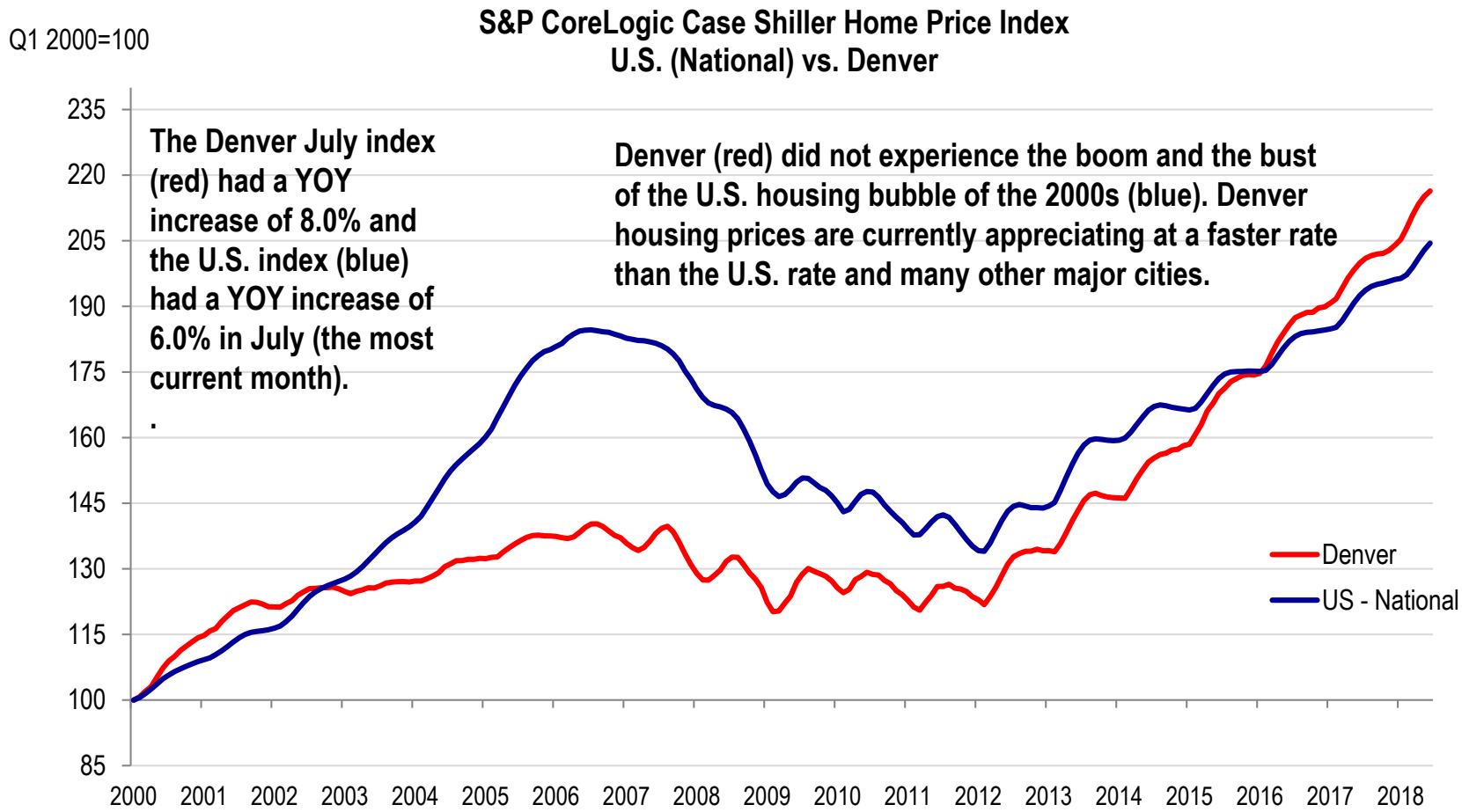


The Colorado Economy – Current Situation

Housing Prices and Building Permits

Case Shiller Home Price Index

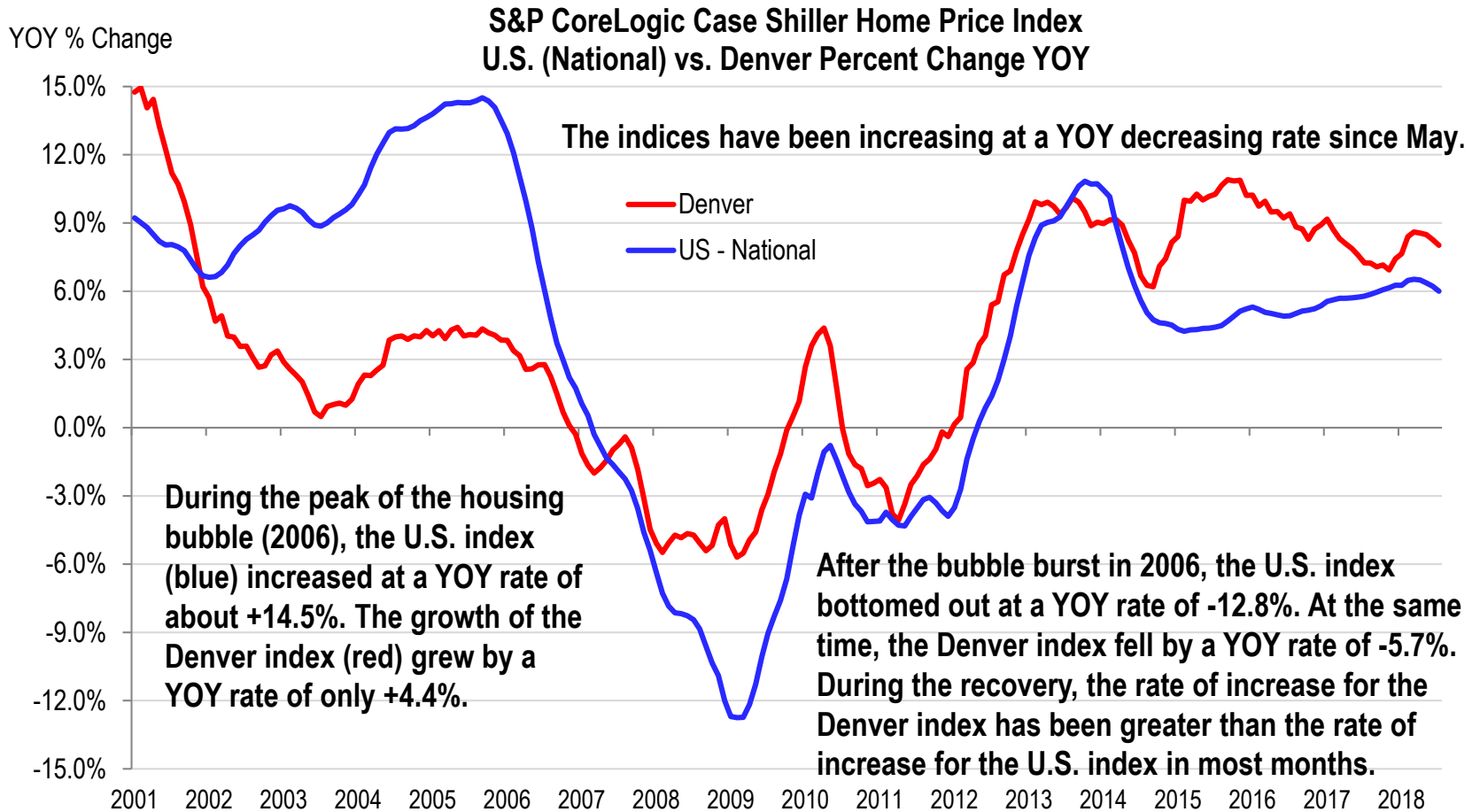
National vs. Denver Index Value



Source: S&P Core-Logic Case-Shiller, cber.co.

Case Shiller Home Price Index

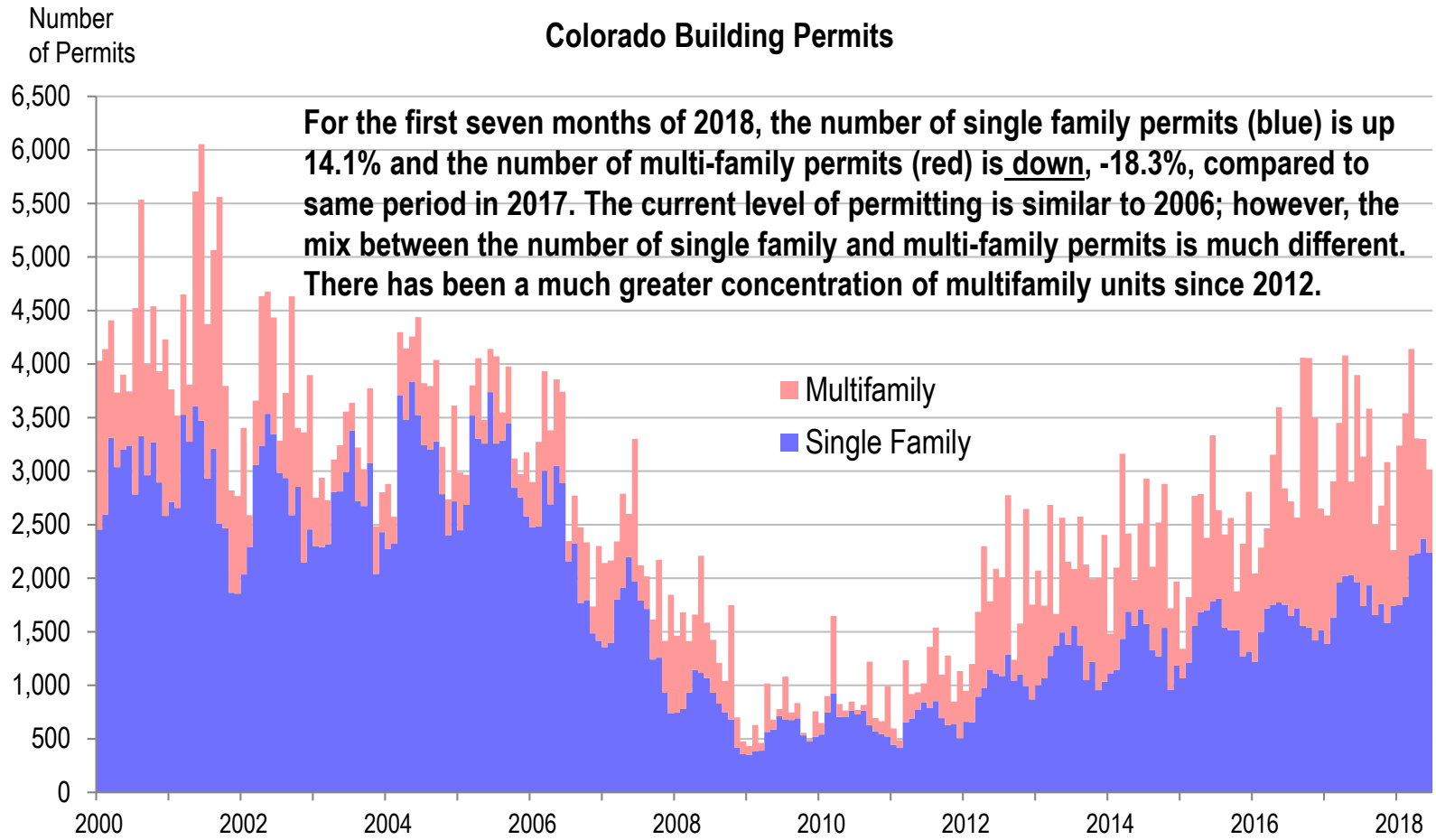
National vs. Denver Rate of Change



Source: S&P Core-Logic Case-Shiller, cber.co.

Colorado Residential Building Permits

Units



Source: TAMU Real Estate Center, U.S. Census Bureau, cber.co.



Housing

There is word on the streets that the Colorado housing market is beginning to slow. The Case Shiller index for Colorado and the U.S. has increased at a decreasing rate for May, June, and July.

Is this an anomaly or the beginning of a trend?

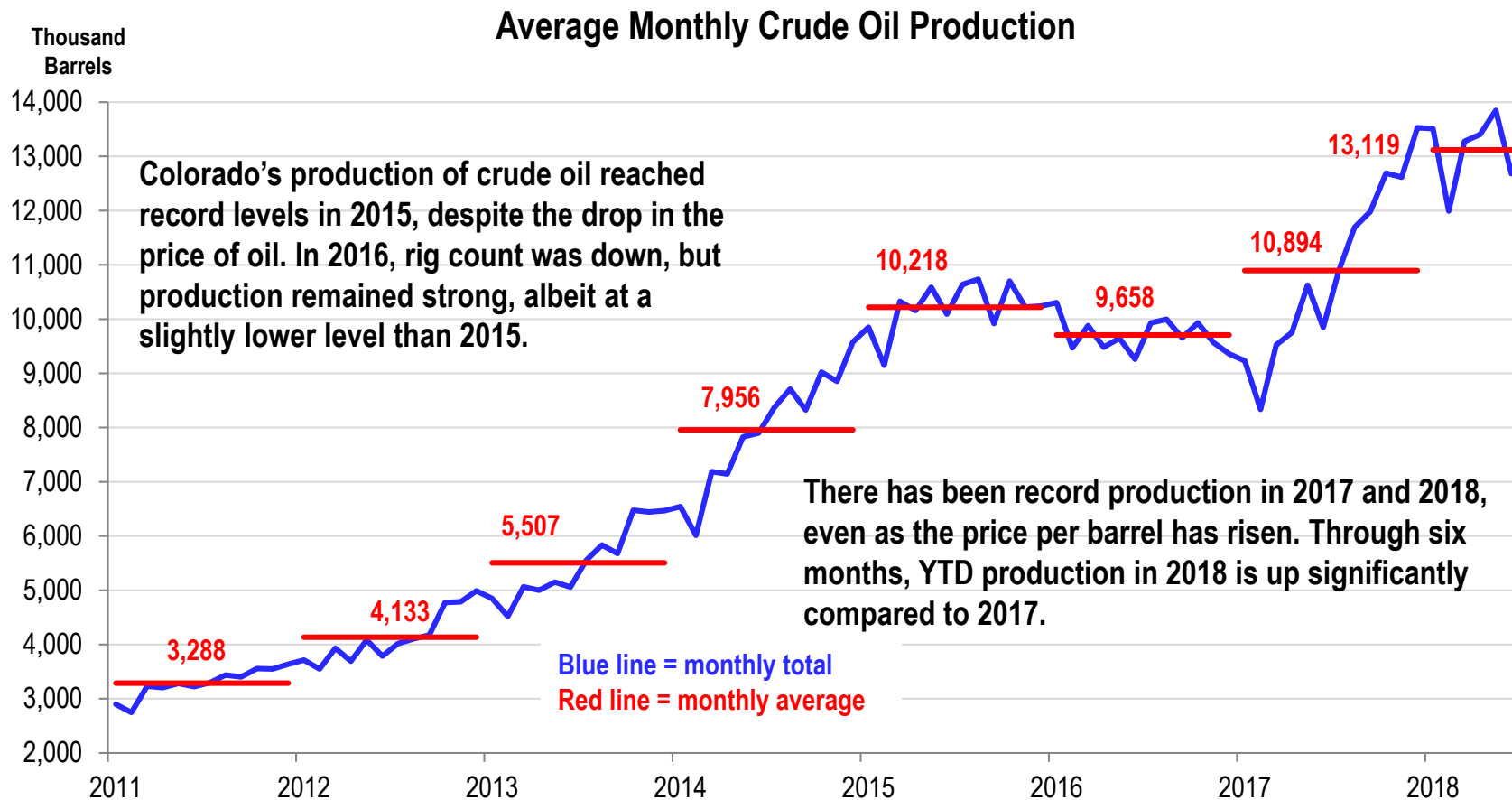


The Colorado Economy – Current Situation

Oil Production and Prices, DIA Passengers, and Vehicle Registrations

Average Monthly Field Production of Crude Oil

2011 to 2018 (Thousand Barrels)

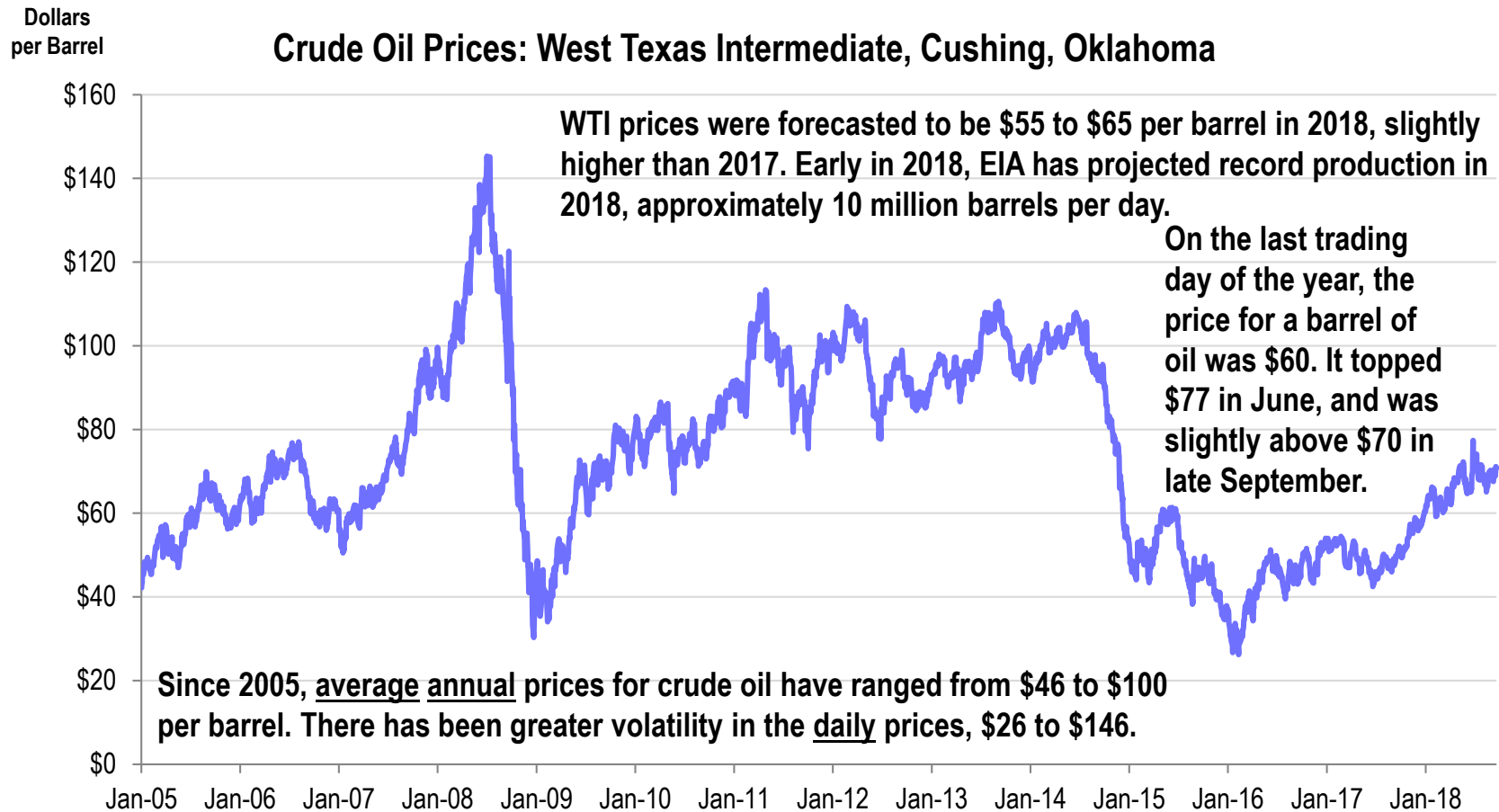


Source: EIA, cber.co.

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Crude Oil Prices

West Texas Intermediate

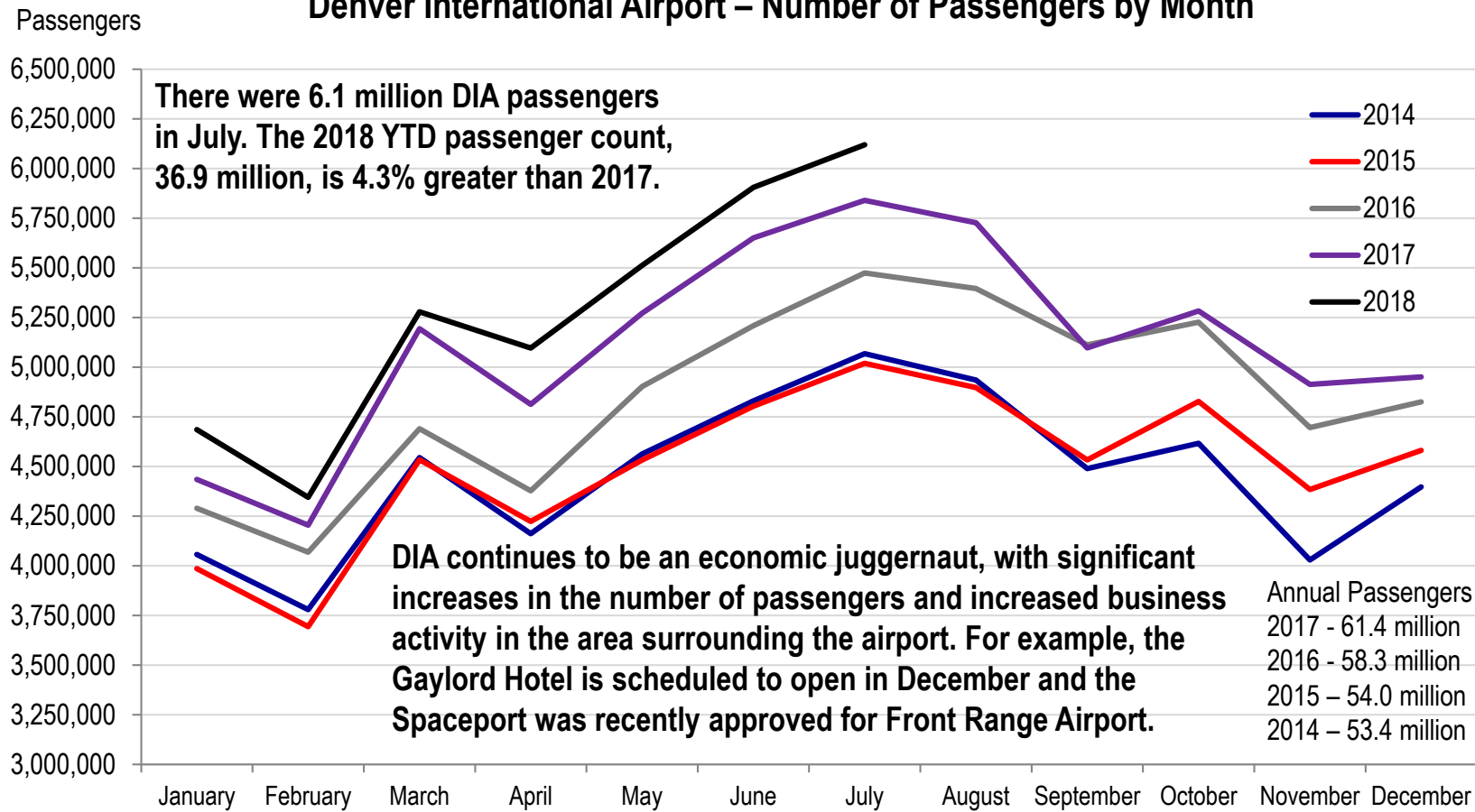


Source: FRED, EIA, cber.co.

Denver International Airport

Passengers

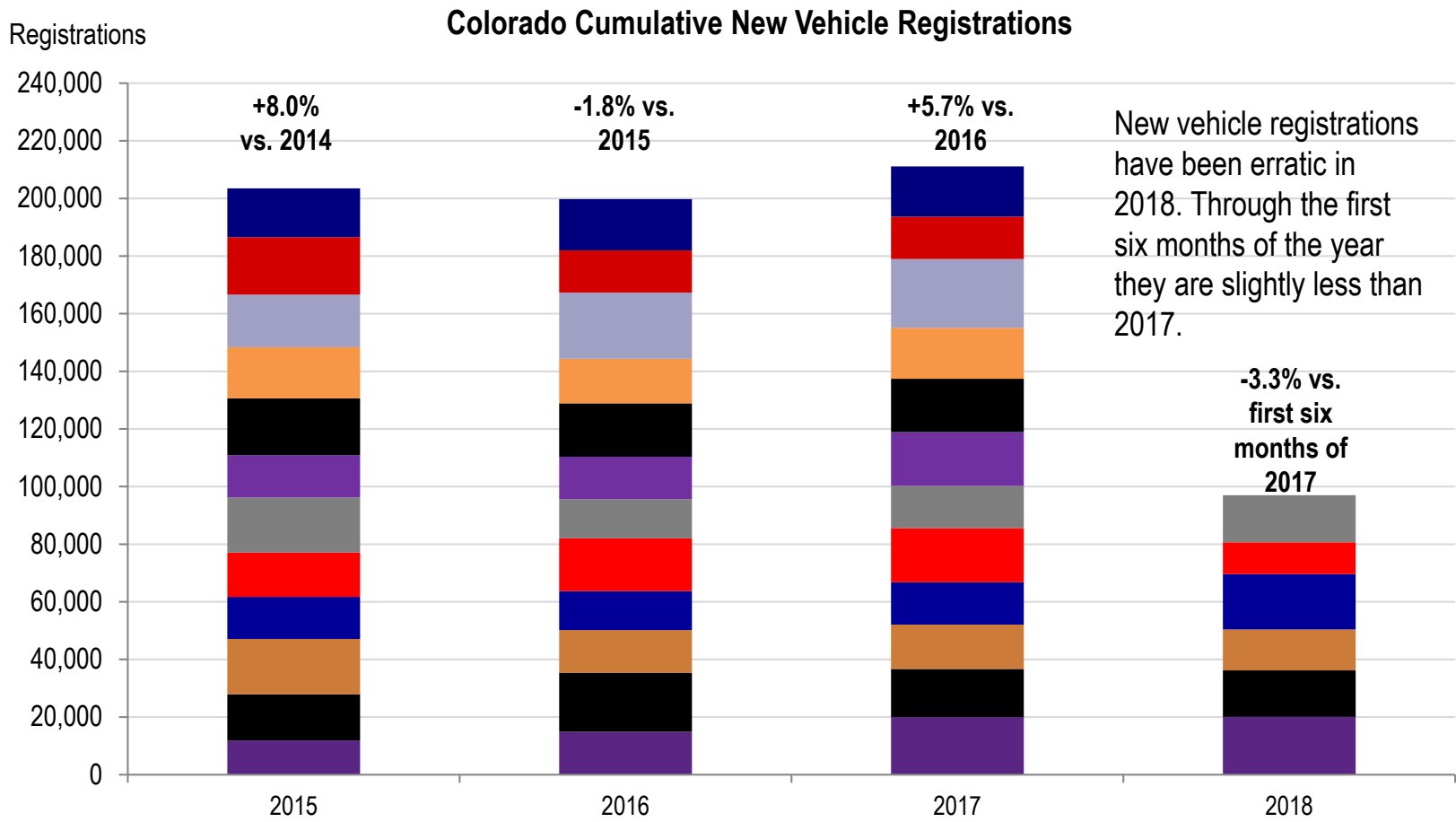
Denver International Airport – Number of Passengers by Month



Source: FlyDenver.com, cber.co.

Cumulative Colorado New Vehicle Registrations

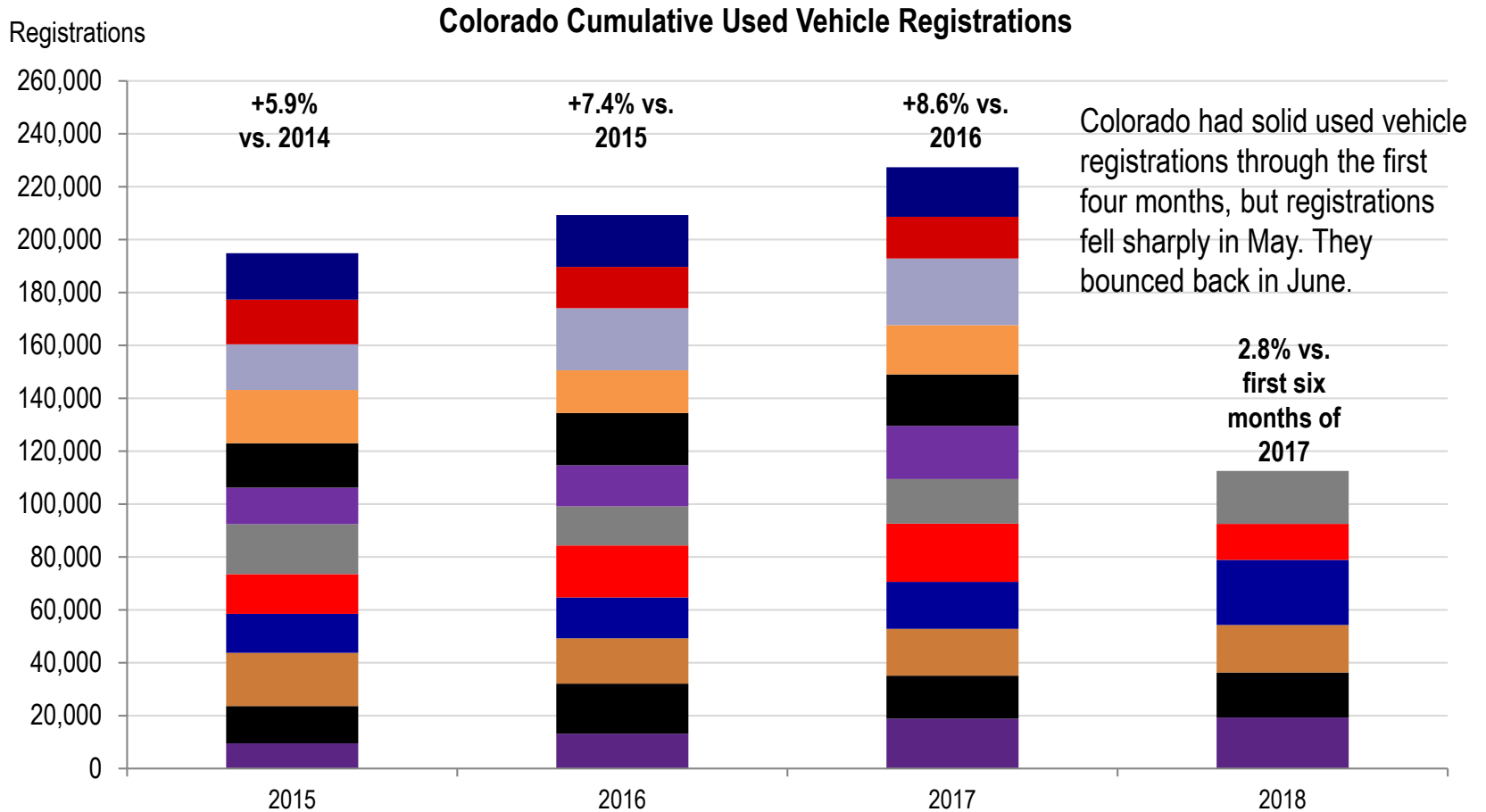
Monthly Registrations



Source: Colorado Auto Dealers Association, cber.co. Note: Data is in descending order with December at the top and January at the bottom, not adjusted for inflation.

Cumulative Colorado Used Vehicle Registrations

Monthly Registrations



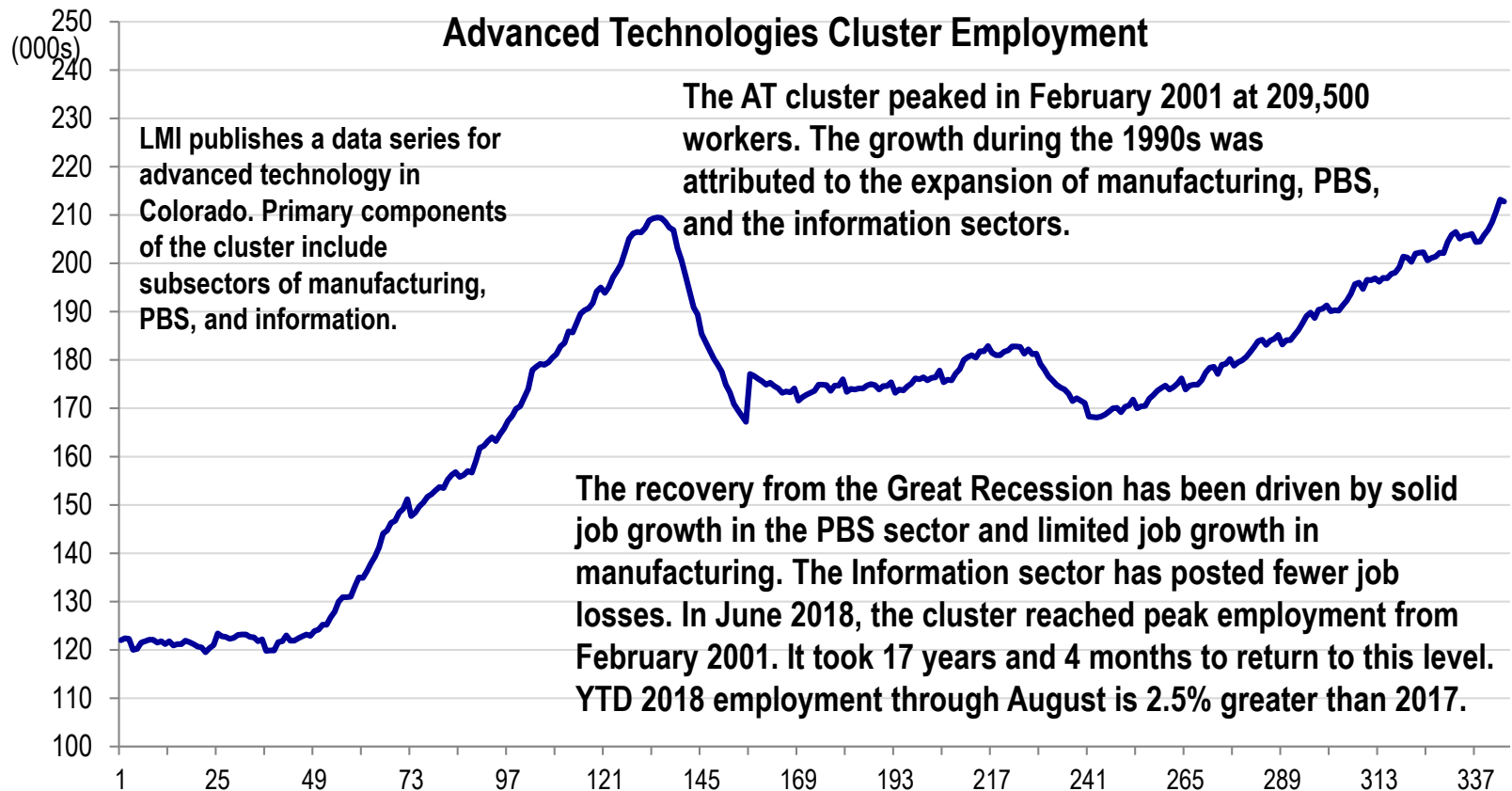
Source: Colorado Auto Dealers Association, cber.co. Note: Data is in descending order with December at the top and January at the bottom, not adjusted for inflation.



The Colorado Economy – Current Situation

Advanced Technology

Advanced Technologies Employment



Source: Labor Market Information, <https://www.colmigateway.com/gsipub/index.asp?docid=368>, cber.co.



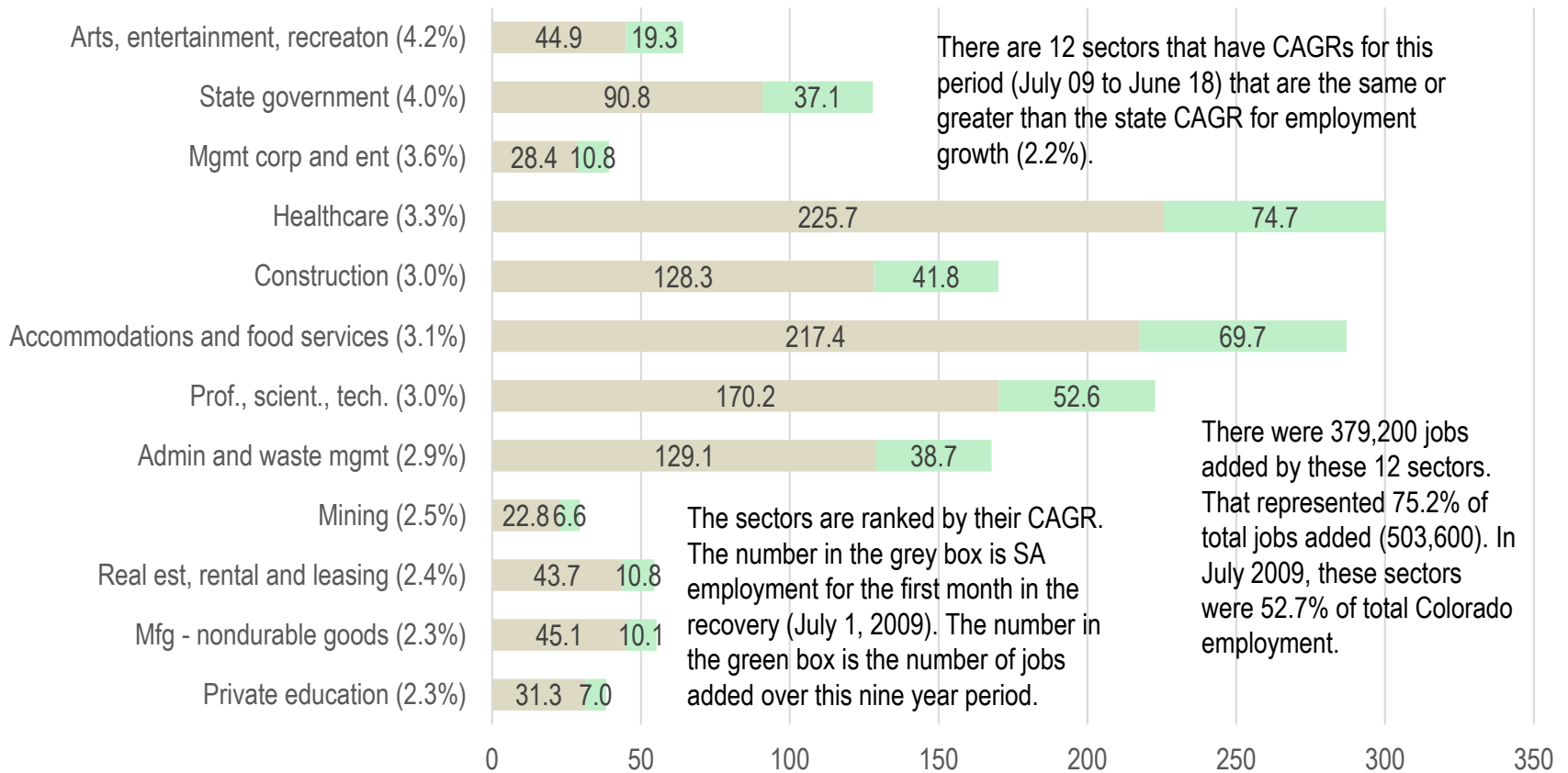
The Colorado Economy - Recessions and Recoveries

Overview of 2009 Recovery

Change in Employment

July 2009 to June 2018 – First Nine Years of Economic Recovery for Top Sectors

Employment and Jobs Added During First Nine Years of 2009 Recovery – Sorted by CAGR

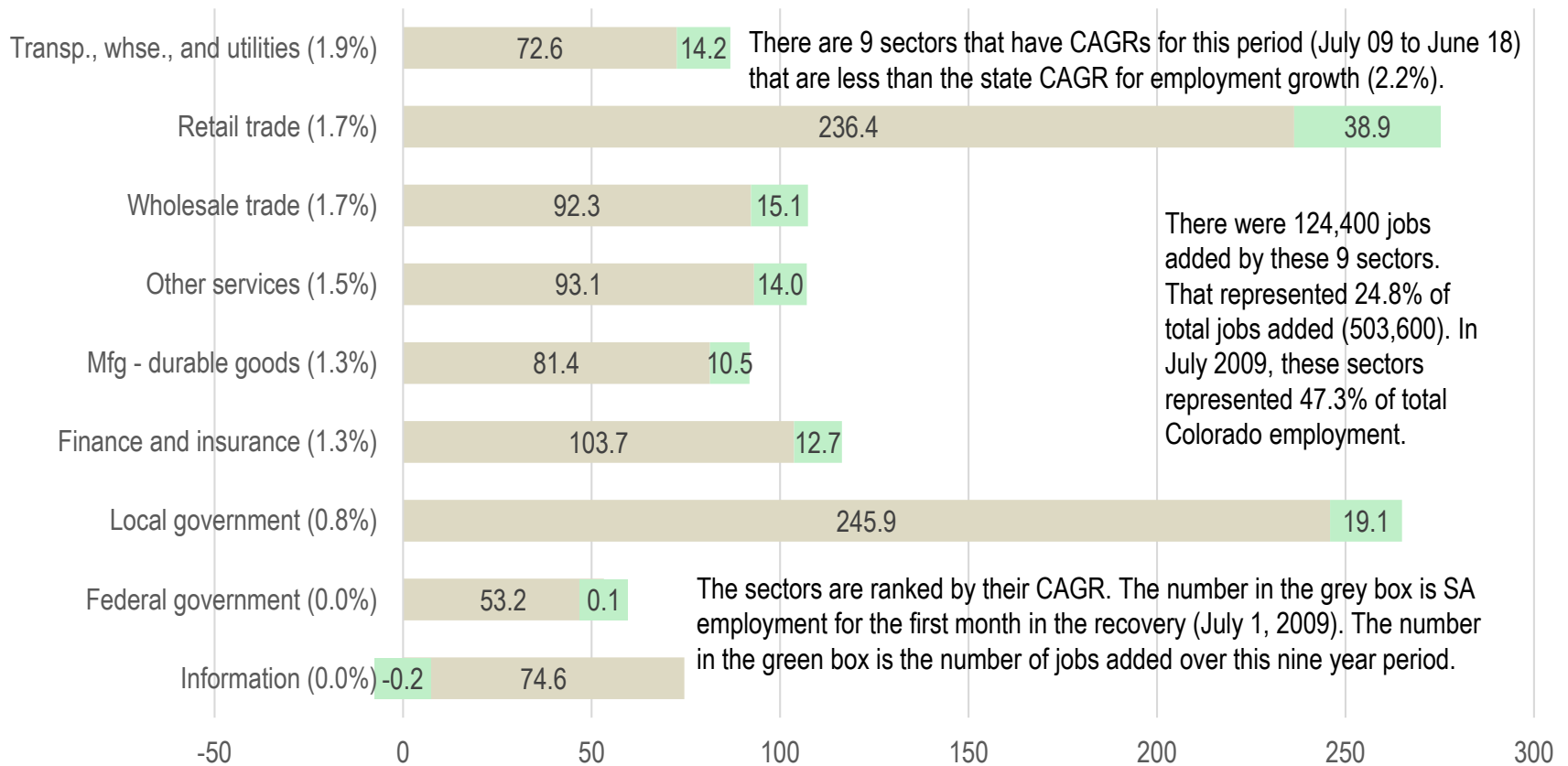


Source: Bureau of Labor Statistics, SA, NBER, cber.co. Note CAGR = Compound Annualize Growth Rate.

Change in Employment

July 2009 to June 2018 – First Nine Years of Economic Recovery for Bottom Sectors

Employment and Jobs Added During First Nine Years of 2009 Recovery



Source: Bureau of Labor Statistics, SA, NBER, cber.co. Note CAGR = Compound Annualize Growth Rate.



Change in Employment

The Recovery (June 2009 to June 2018)

For the period June 2009 to June 2018 there were 503,600 jobs added.

- There were 379,200 jobs added in 12 sectors, that had a CAGR greater than the state average. In July 2009, these sectors represented 52.7% of total Colorado employment. About 75.2% of total jobs were added in these 12 sectors.
- There were 124,400 jobs added in 9 sectors that had a CAGR less than the state average. In July 2009, these sectors represented 47.3% of total Colorado employment. About 24.8% of total jobs were added in these 9 sectors.

To understand how the structure of the economy has changed the sectors were classified into the following groups based on their employment growth patterns:

- Sectors that were “recession proof”
- Sectors with long periods of stagnancy
- Sectors with solid job growth despite recessions
- Sectors that may not return to peak employment

The analysis of these categories is included on the following pages.

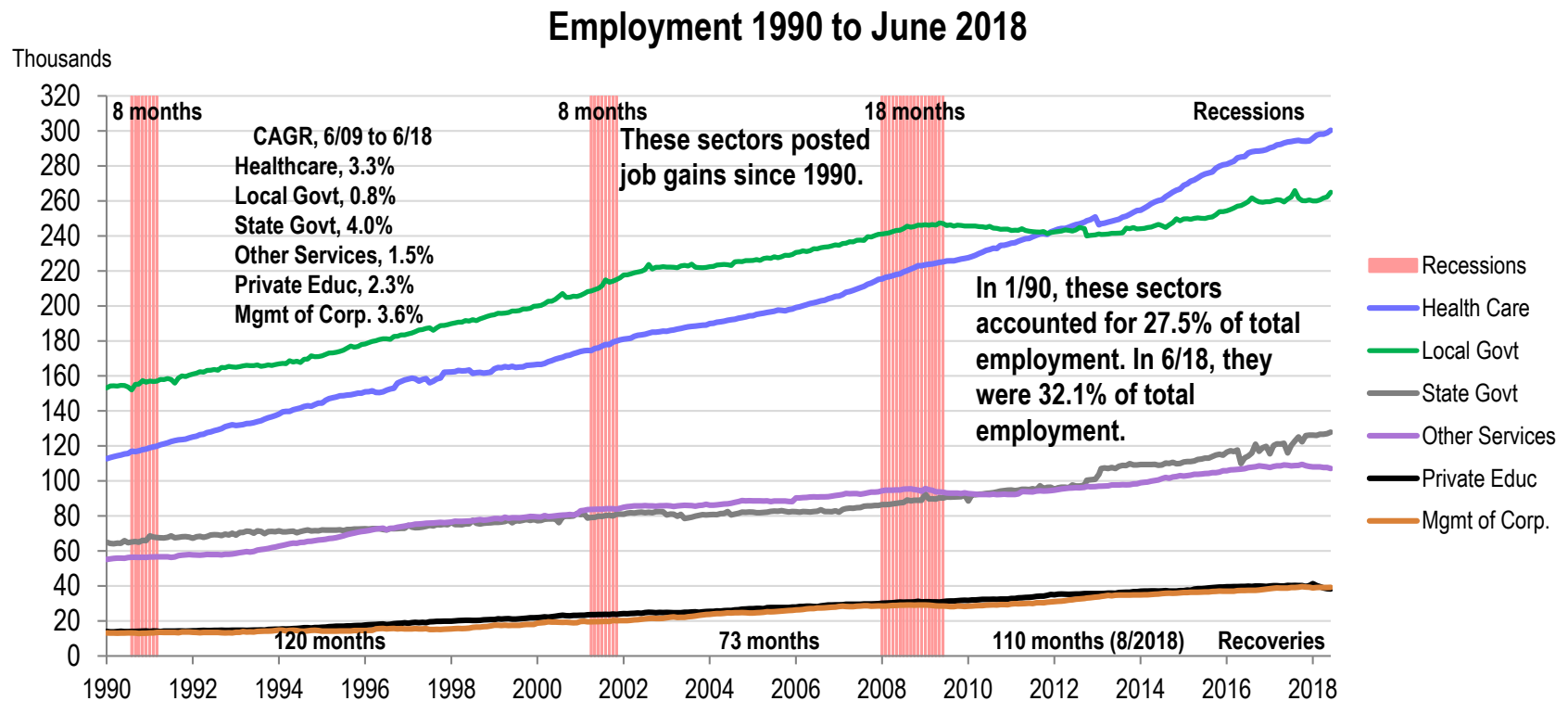


The Colorado Economy - Recessions and Recoveries

“Recession-Proof” Industries

Employment (1990 to 2018)

Sectors that were "Recession Proof"



Source: Bureau of Labor Statistics, SA, cber.co.

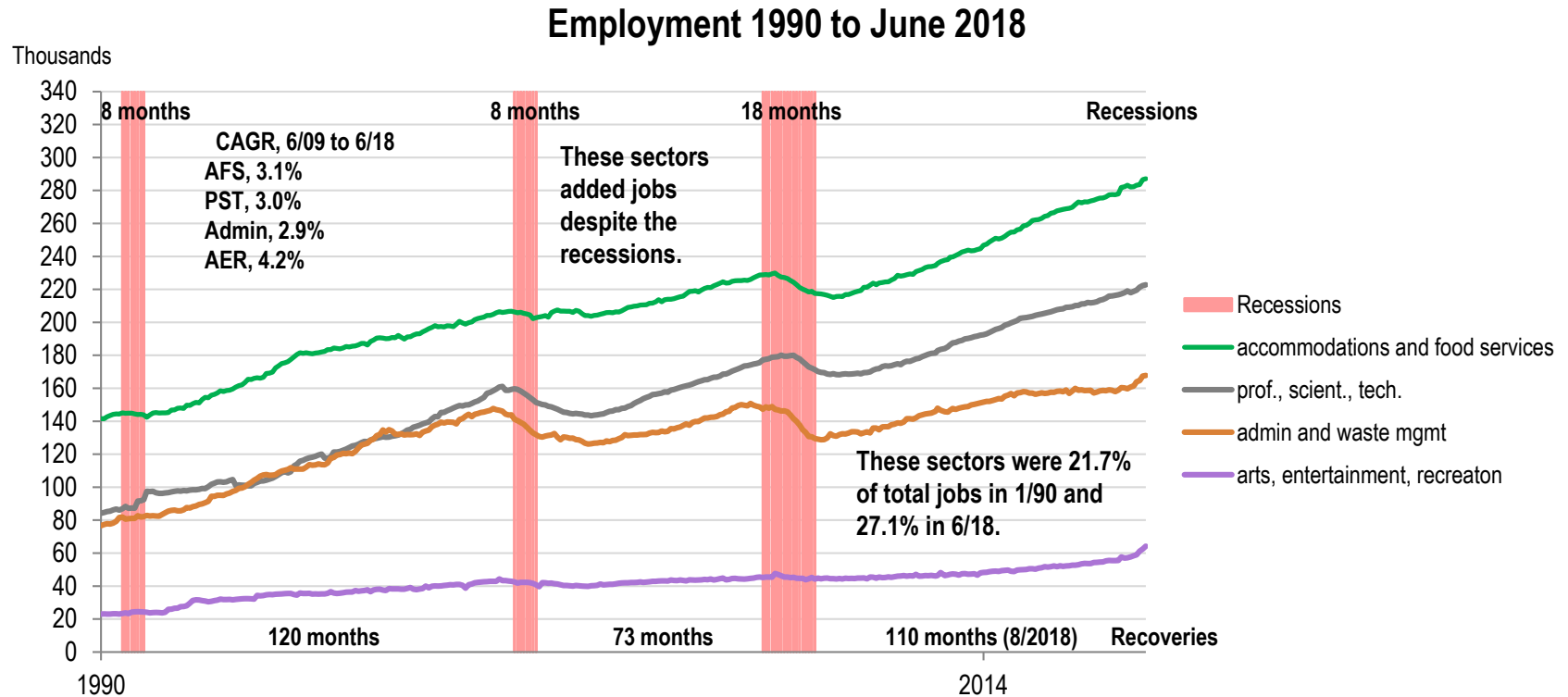
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The Colorado Economy - Recessions and Recoveries Sectors with Solid Job Growth Despite Recessions

Employment (1990 to 2018)

Sectors With Solid Job Growth Despite Recessions



Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>



The Colorado Economy - Recessions and Recoveries

Sectors with Long Periods of Stagnancy

Employment (1990 to 2018)

Sectors With Long Periods of Stagnancy

The following sectors had extended periods of stagnancy, for a variety of reasons, between 1990 and 2016. These sectors accounted for 36.1% of total employment in January 1990 and 32.7% of total employment in June 2018. Those periods of stagnancy caused them to lose employment share during that period.

Federal Government (not shown)

- 1/1990 to 6/2018 – entire period.

Construction

- 3/2001 to 1/2018
- 203 months or 16 years and 11 months.

Extractive Industries (Mining)

- 3/1990 to 8/2005
- 186 months or 15 years and 6 months.

Wholesale Trade

- 2/2001 to 12/2014
- 166 months or 13 years and 10 months.

Transportation, Warehousing, and Utilities

- 1/2001 to June 2014
- 161 months or 13 years and 5 months.

Retail Trade

- 12/2000 to 12/2013
- 157 months or 13 years and 1 month.

Finance and Insurance

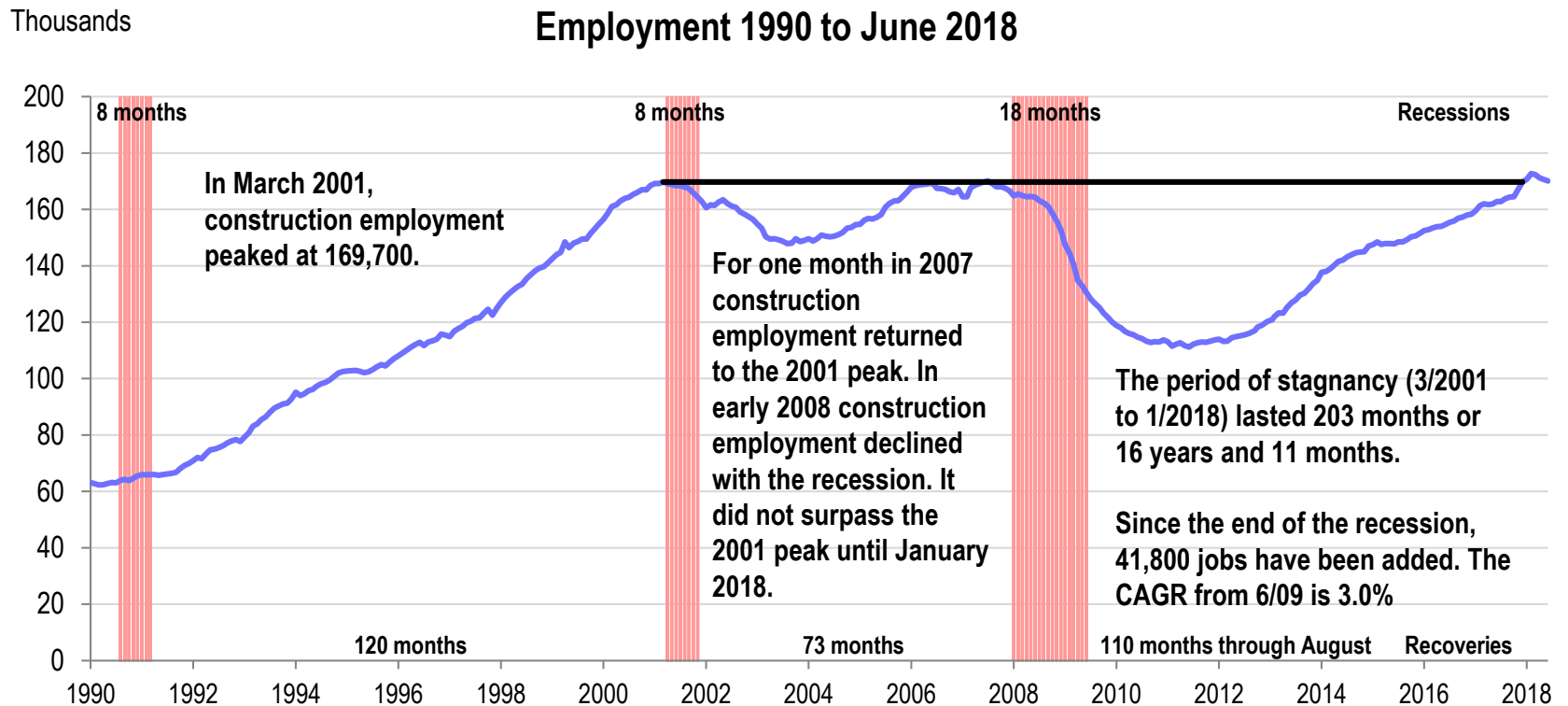
- 12/2005 to 1/2016
- 107 months or 8 years and 11 months.

Real Estate, Rental, and Leasing

- 7/2007 to 5/2016
- 106 months or 8 years and 10 months.

Construction Employment

1990 to June 2018

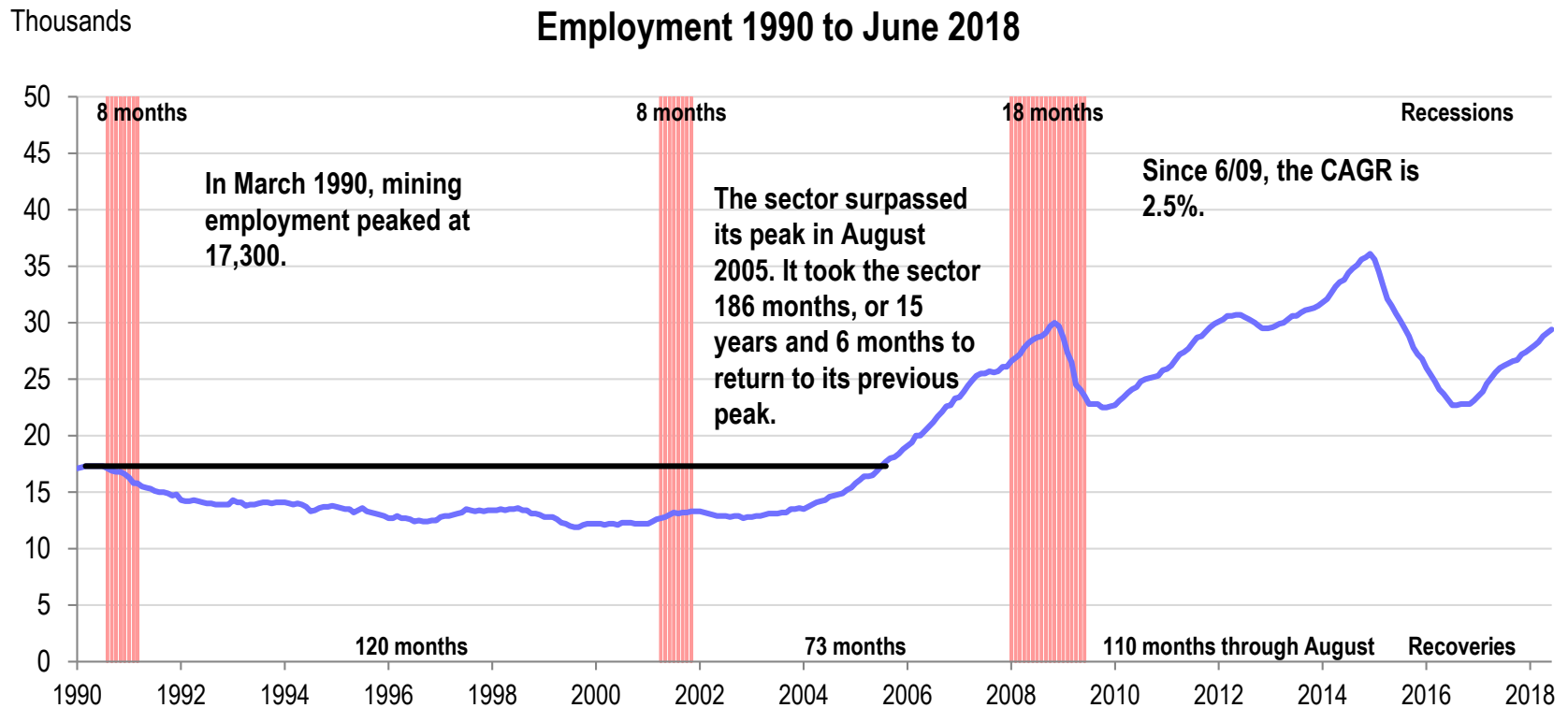


Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>

Extractive Industries (Mining)

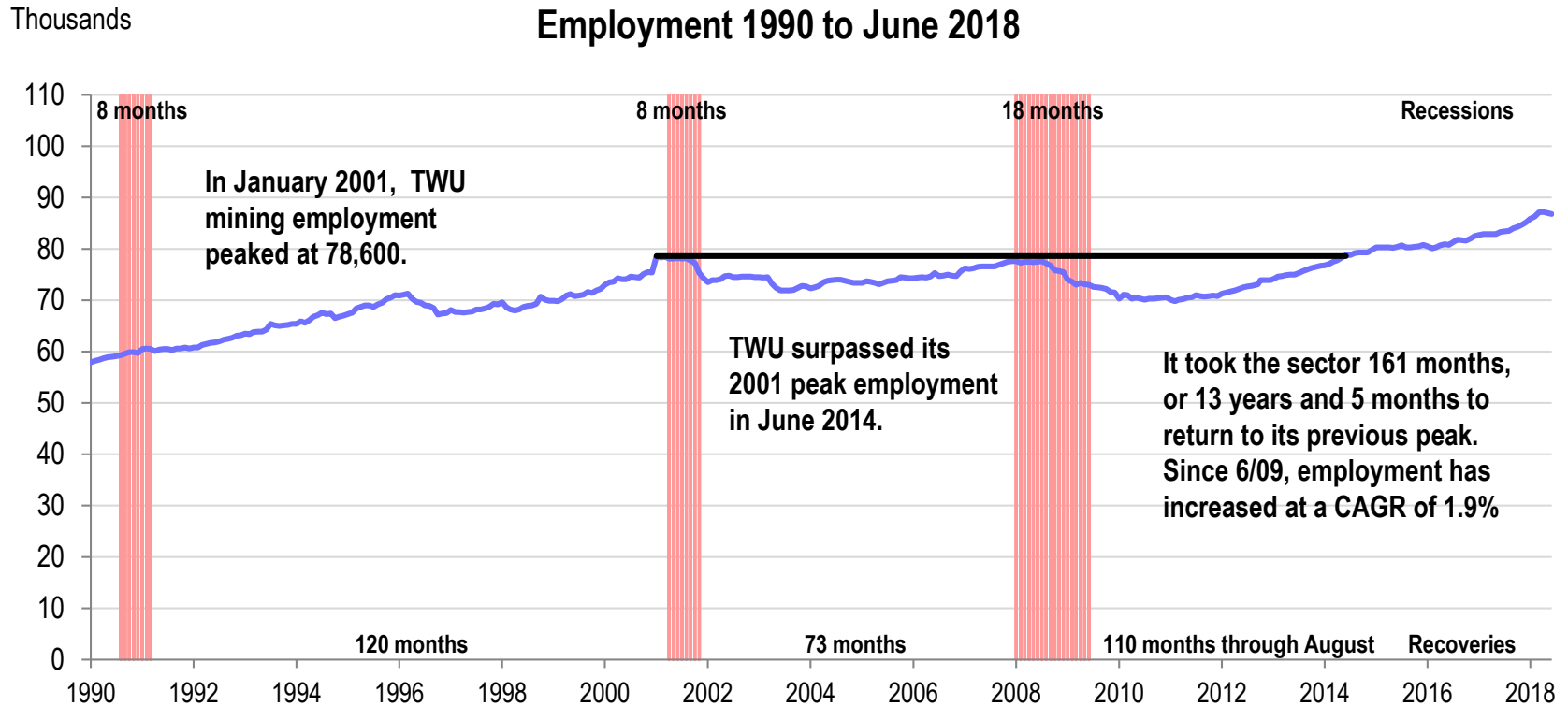
1990 to June 2018



Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>

Transportation, Warehousing, and Utilities



Source: Bureau of Labor Statistics, SA, cber.co.

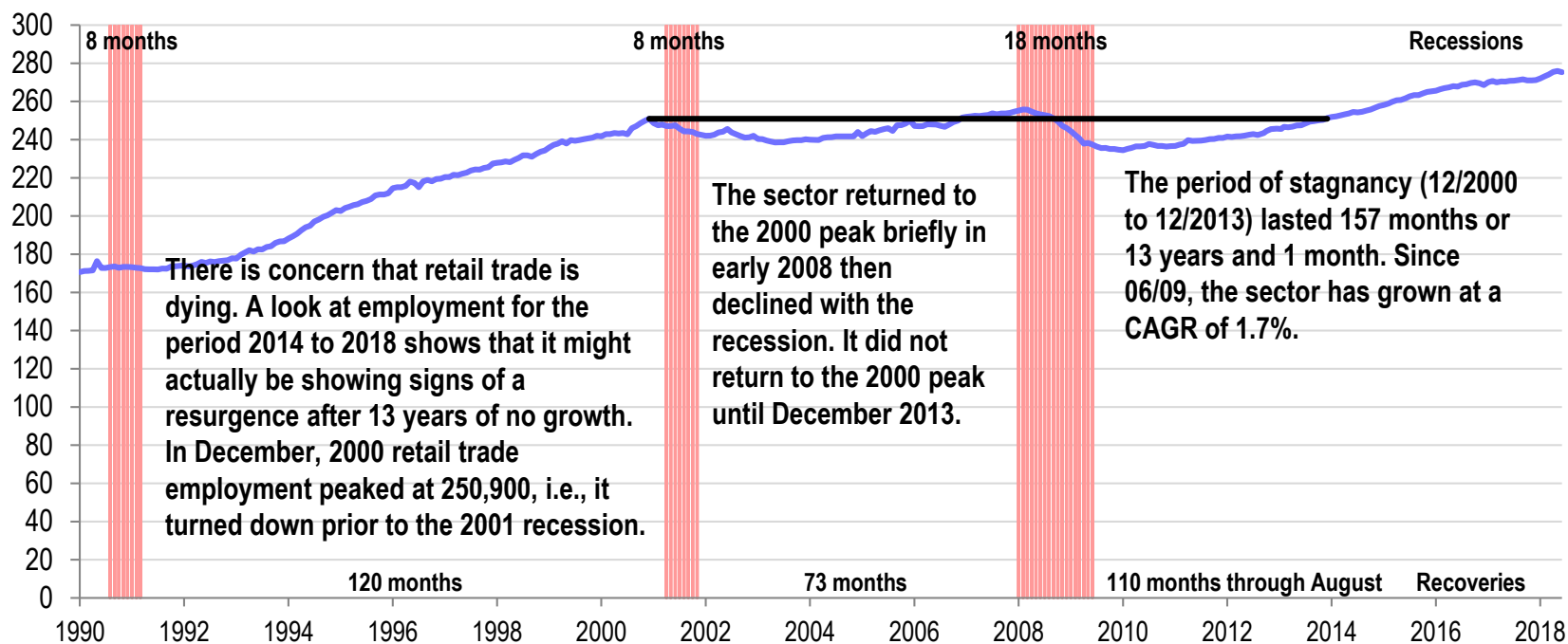
Colorado-based Business and Economic Research <http://cber.co>

Retail Trade Employment

1990 to June 2018

Thousands

Employment 1990 to June 2018

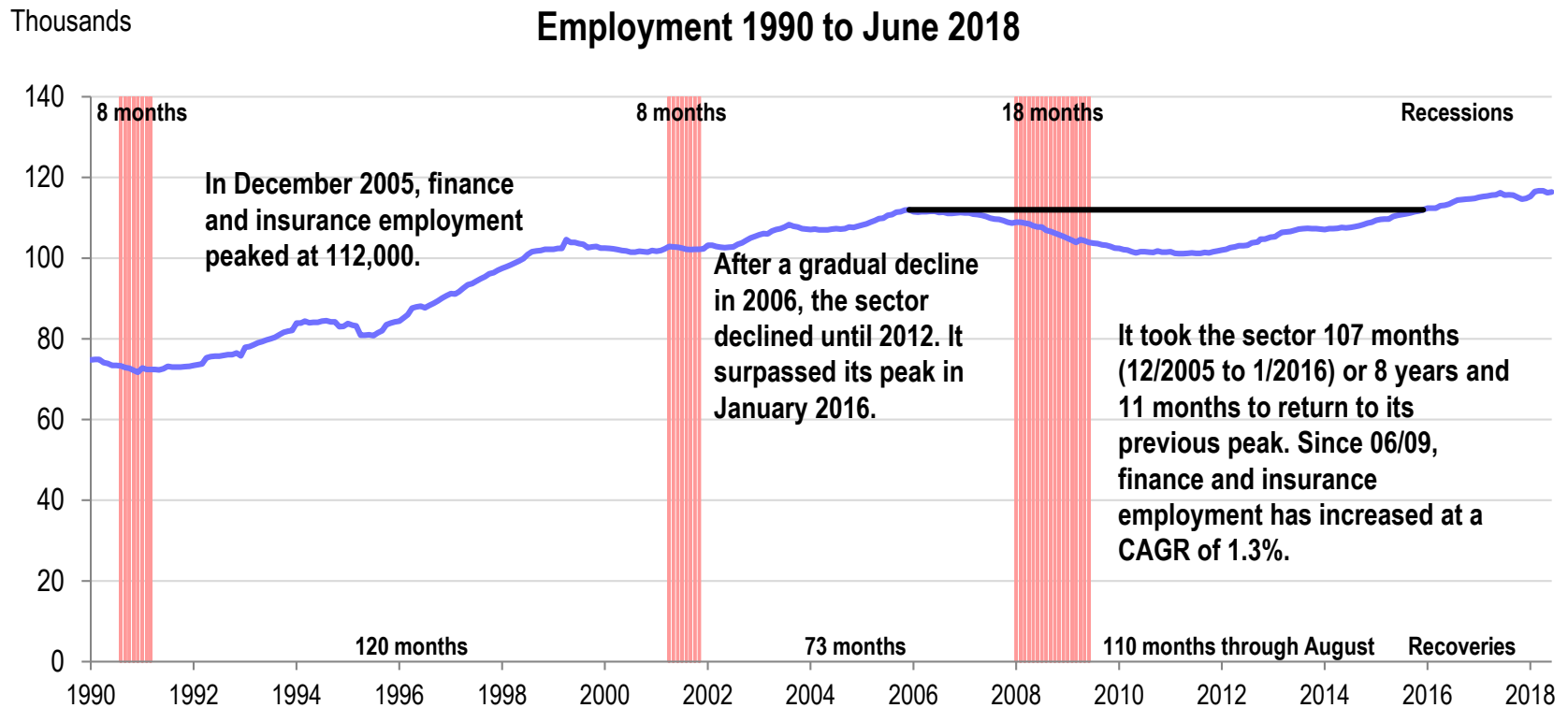


Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>

Finance and Insurance Employment

1990 to June 2018

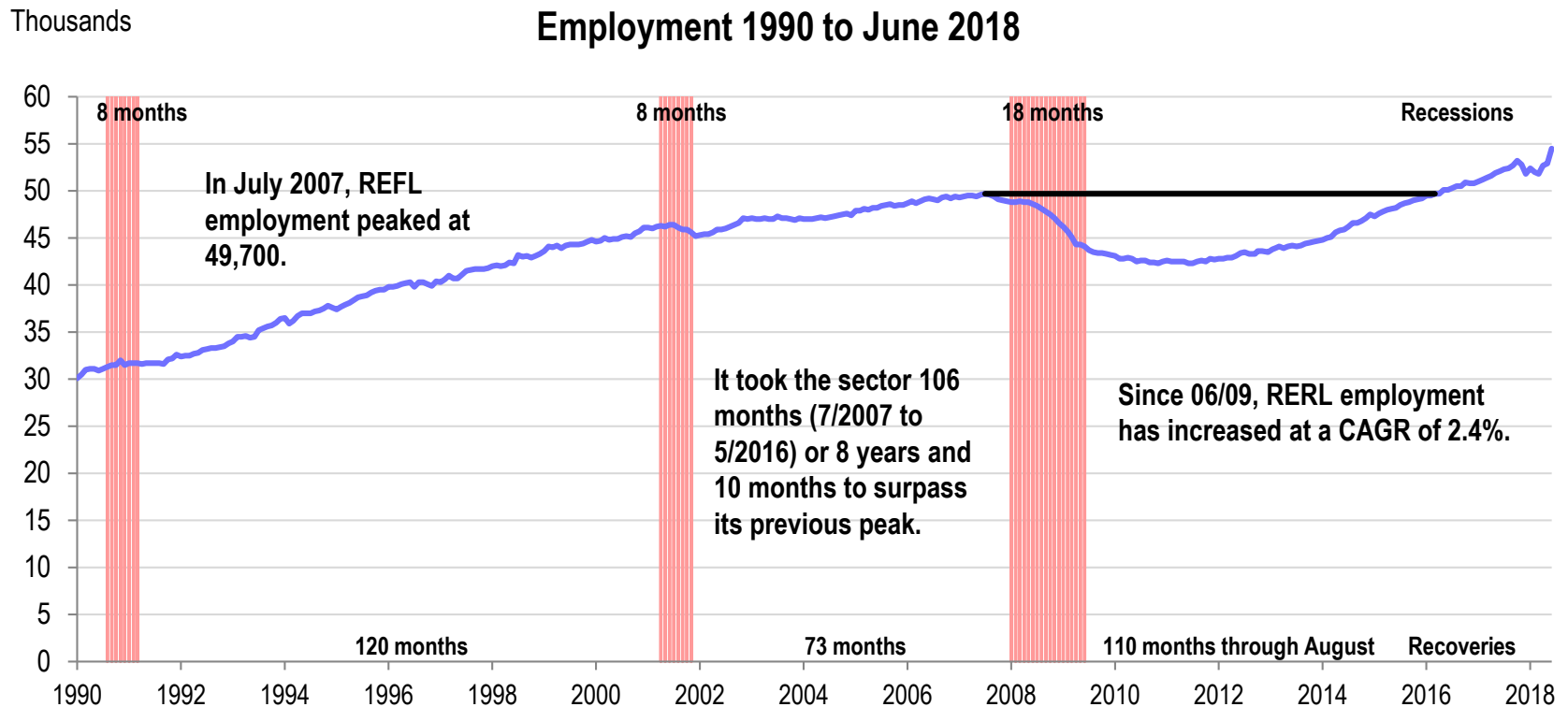


Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>

Real Estate, Rental, and Leasing Employment

1990 to June 2018



Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>



The Colorado Economy - Recessions and Recoveries

Sectors That May Not Return to Peak Employment

Employment (1990 to 2018)

Sectors That May Not Return to Peak Employment

The following sectors peaked and suffered significant declines for a variety of reasons. These sectors accounted for 14.8% of total employment in January 1990 and 8.1% of total employment in June 2018. It is possible they will not return to peak employment.

Information

- Peak employment, 113,000 in January 2001.
- 17 years and 5 months since peak.
- June 30, 2018 employment 74,400.

Durable Goods

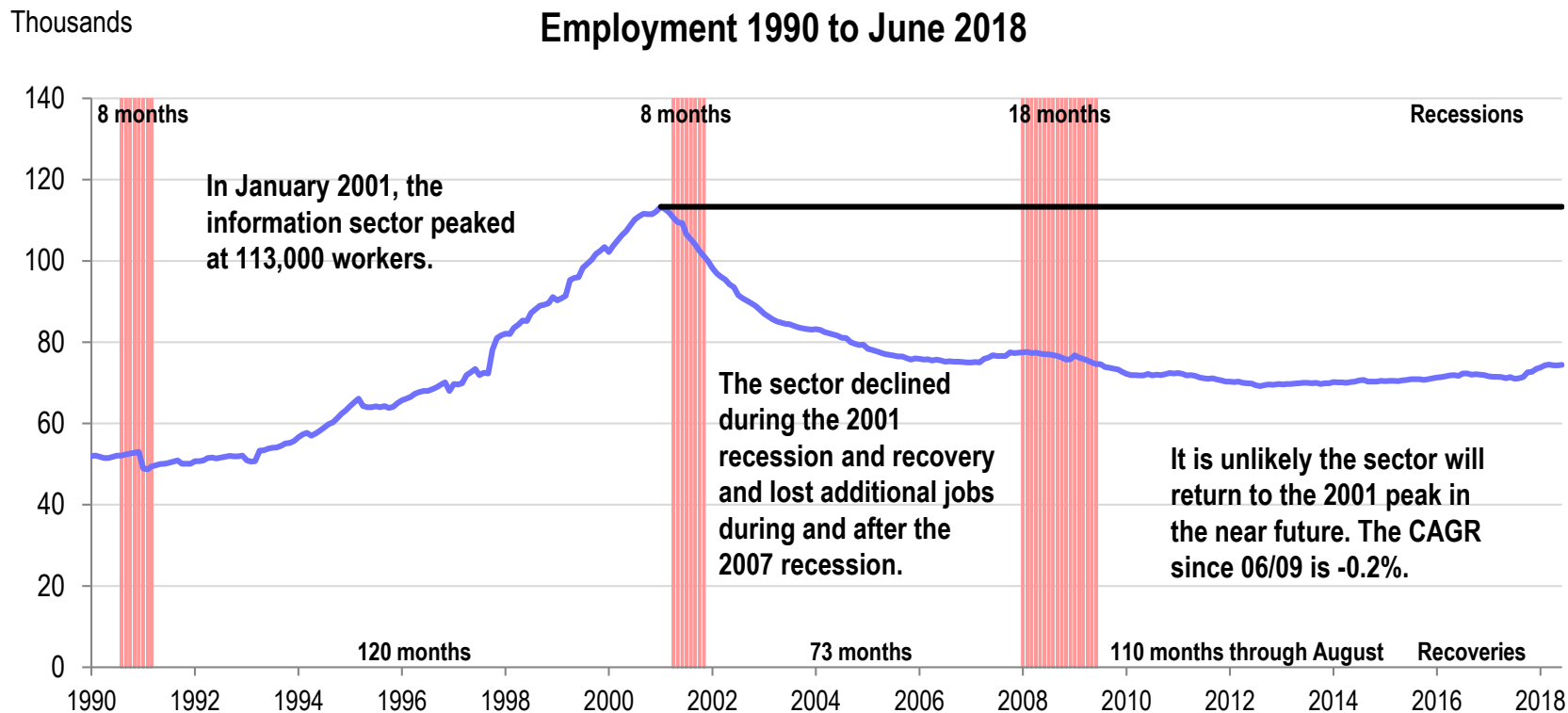
- Peak employment, 129,700 in December 2000.
- 17 years and 7 months since peak.
- June 30, 2018 employment 92,000.

Nondurable Goods

- Peak employment, 62,700 in September 1998.
- 13 years and 10 months since peak.
- June 30, 2018 employment 55,400.

Information

1990 to June 2018

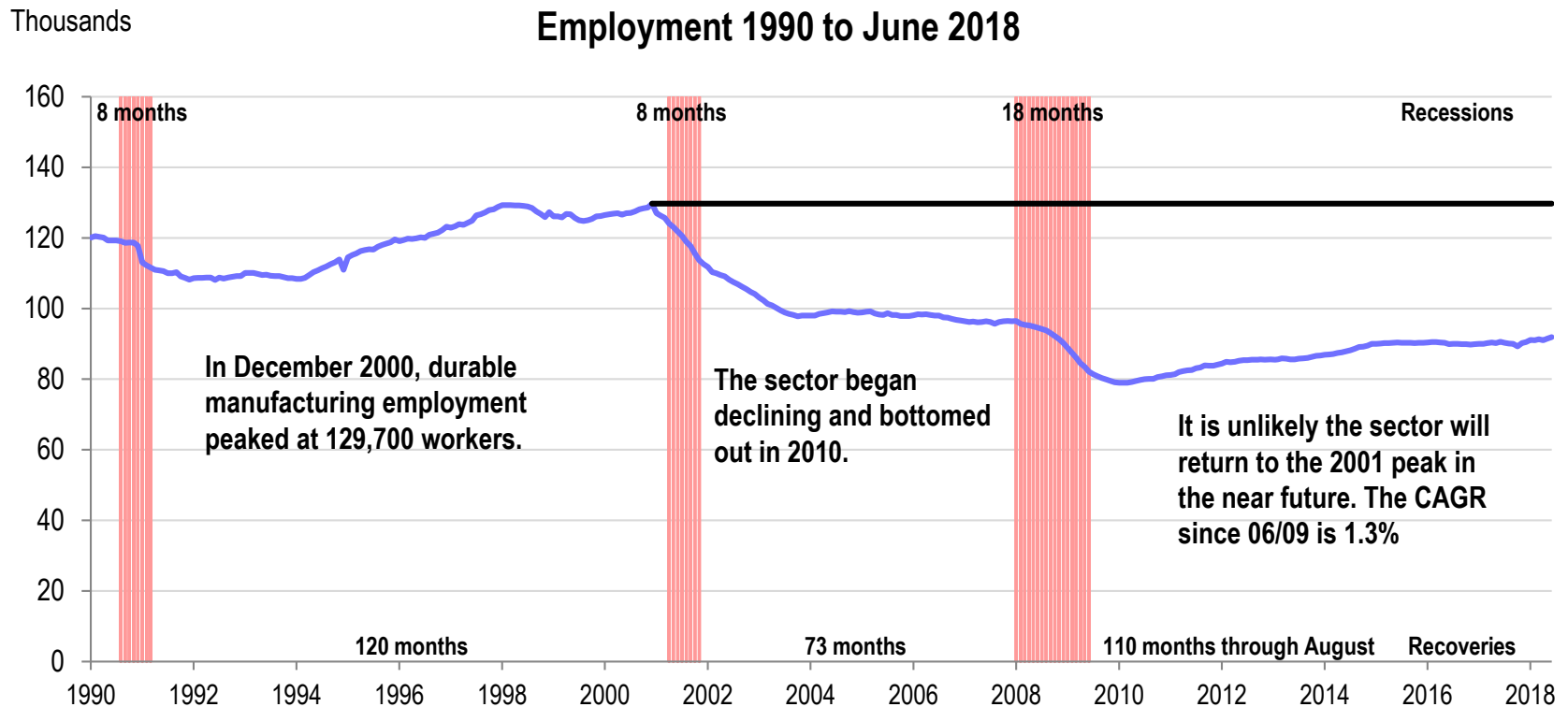


Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>

Manufacturing – Durable Goods

1990 to June 2018

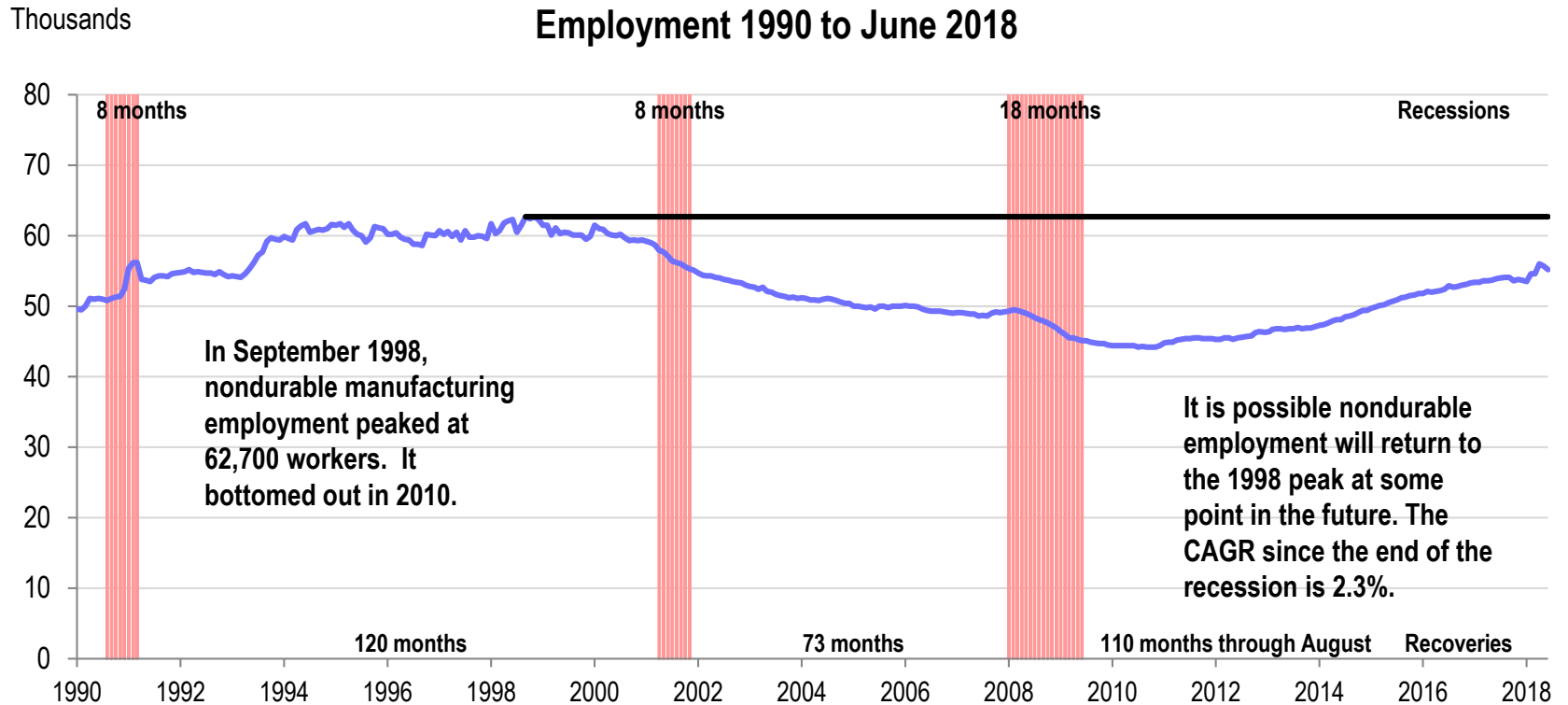


Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>

Manufacturing – Nondurable Goods

1990 to June 2018



Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>



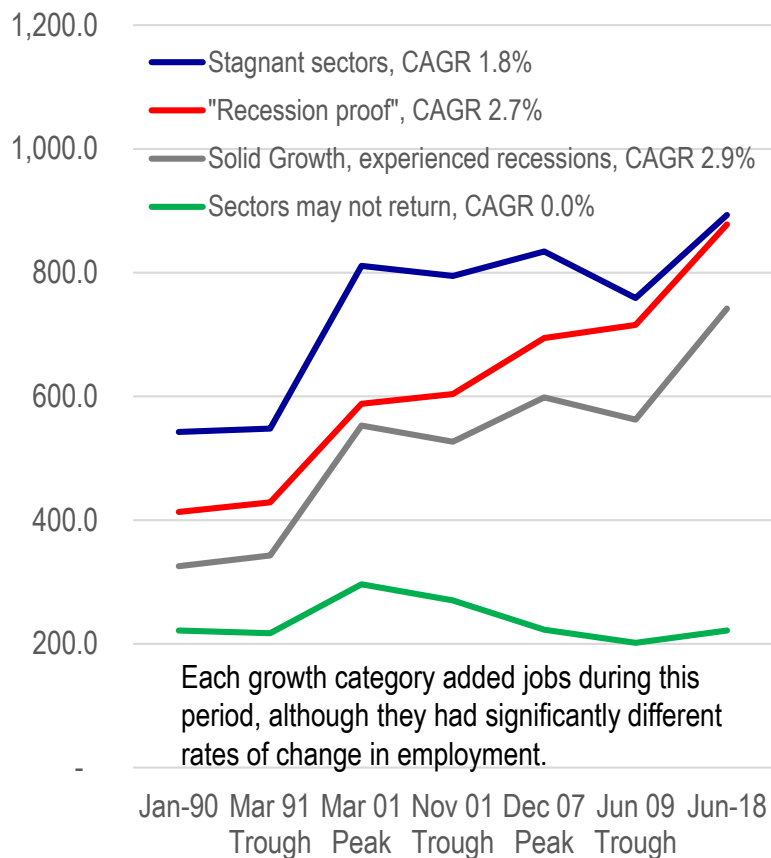
The Colorado Economy - Recessions and Recoveries Summary

● Employment and Employment Share by Growth Category (1/90 to 6/18)

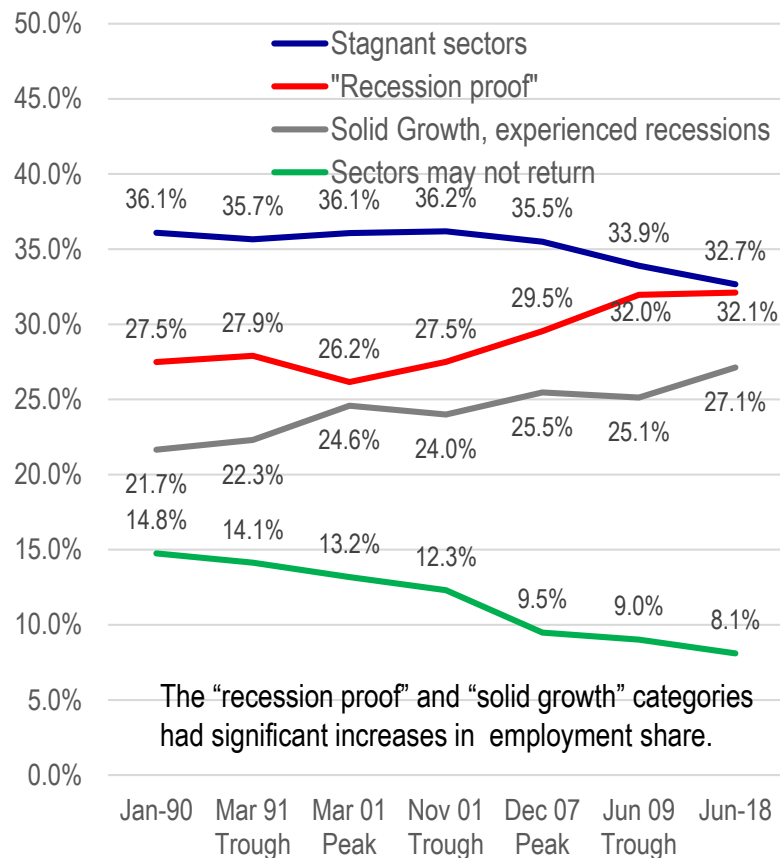
● Intervals are Troughs and Peaks in Recessions and Recoveries

●

Employment by Category



Employment Share by Category



Employment and Employment Share 1990 vs. 2018

Sectors that had a CAGR greater than the state rate of 2.1%, increased their employment share. Only two sectors lost jobs between 1990 and 2018: federal government (3,200) and manufacturing durable goods (28,200).

| Sector | Employment 1990 vs. 2018 (000s) | | | Employment Share 1990 vs. 2018 | | |
|---|---------------------------------|-----------|----------------|--------------------------------|------------|-----------------|
| | 6/18 Employment | 6/18-1/90 | 6/18-1/90 CAGR | 1/90 Share | 6/18 Share | 6/18-1/90 Share |
| Healthcare | 300.4 | 187.7 | 3.5% | 7.50% | 10.99% | 3.49% |
| Professional, scientific, technical | 222.8 | 138.6 | 3.5% | 5.60% | 8.15% | 2.55% |
| Construction | 170.1 | 107.0 | 3.6% | 4.20% | 6.22% | 2.02% |
| Accommodations and food services | 287.1 | 145.5 | 2.5% | 9.42% | 10.50% | 1.08% |
| Administrative services | 167.8 | 91.1 | 2.8% | 5.10% | 6.14% | 1.03% |
| Arts, entertainment, recreaton | 64.2 | 41.2 | 3.7% | 1.53% | 2.35% | 0.82% |
| Management of corporations | 39.2 | 26.0 | 3.9% | 0.88% | 1.43% | 0.56% |
| Private education | 38.3 | 24.3 | 3.6% | 0.93% | 1.40% | 0.47% |
| State government | 127.9 | 62.9 | 2.4% | 4.32% | 4.68% | 0.35% |
| Other services | 107.1 | 52.0 | 2.4% | 3.67% | 3.92% | 0.25% |
| Real estate, rental, and leasing | 54.5 | 24.4 | 2.1% | 2.00% | 1.99% | -0.01% |
| Mining | 29.4 | 12.3 | 1.9% | 1.14% | 1.08% | -0.06% |
| Local Government | 265.0 | 111.8 | 1.9% | 10.19% | 9.69% | -0.50% |
| T ransportation, warehousing, and utilities | 86.8 | 28.9 | 1.4% | 3.85% | 3.17% | -0.68% |
| Finance and insurance | 116.4 | 41.6 | 1.6% | 4.98% | 4.26% | -0.72% |
| Information | 74.4 | 22.4 | 1.3% | 3.46% | 2.72% | -0.74% |
| Wholesale trade | 107.4 | 35.1 | 1.4% | 4.81% | 3.93% | -0.88% |
| Mfg - nondurable goods | 55.2 | 5.6 | 0.4% | 3.30% | 2.02% | -1.28% |
| Retail trade | 275.3 | 104.6 | 1.7% | 11.36% | 10.07% | -1.29% |
| Federal government | 53.3 | -3.2 | -0.2% | 3.76% | 1.95% | -1.81% |
| Mfg - durable goods | 91.9 | -28.2 | -0.9% | 7.99% | 3.36% | -4.63% |
| Total | 2734.5 | 1231.6 | 2.1% | 100.00% | 100.00% | 0.00% |

Sectors that gained more than one percentage point of share were:

- Healthcare
- PST
- Construction
- AFS
- Administrative Services

Sectors that lost more than one percentage point of share were:

- Mfg. Durable Goods
- Federal Government
- Retail Trade
- Mfg. Nondurable Goods

Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>

Employment and Employment Share 6/09 vs. 6/18

Sectors that had a CAGR greater than the state rate of 2.2%, increased their employment share. Only two sectors lost jobs between 1990 and 2018: federal government (200) and manufacturing durable goods.

| Sector | Employment 6/09 vs. 6/18 (000s) | | | Employment Share 6/09 vs. 6/18 | | |
|--|---------------------------------|-----------|----------------|--------------------------------|------------|-----------------|
| | 6/18 Employment | 6/18-6/09 | 6/18-6/09 CAGR | 6/09 Share | 6/18 Share | 6/18-6/09 Share |
| Healthcare | 300.4 | 75.2 | 3.3% | 10.06% | 10.99% | 0.93% |
| Accommodations and food services | 287.1 | 69.6 | 3.1% | 9.72% | 10.50% | 0.78% |
| State government | 127.9 | 37.7 | 4.0% | 4.03% | 4.68% | 0.65% |
| Professional, scientific, technical | 222.8 | 51.5 | 3.0% | 7.65% | 8.15% | 0.50% |
| Construction | 170.1 | 39.6 | 3.0% | 5.83% | 6.22% | 0.39% |
| Arts, entertainment, recreation | 64.2 | 20.0 | 4.2% | 1.97% | 2.35% | 0.37% |
| Administrative services | 167.8 | 38.3 | 2.9% | 5.78% | 6.14% | 0.35% |
| Management of corporations | 39.2 | 10.7 | 3.6% | 1.27% | 1.43% | 0.16% |
| Mining | 29.4 | 5.9 | 2.5% | 1.05% | 1.08% | 0.03% |
| Real estate, rental, and leasing | 54.5 | 10.4 | 2.4% | 1.97% | 1.99% | 0.02% |
| Private education | 38.3 | 7.2 | 2.3% | 1.39% | 1.40% | 0.01% |
| Manufacturing - nondurable goods | 55.2 | 10.1 | 2.3% | 2.01% | 2.02% | 0.00% |
| Transportation, warehousing, and utilities | 86.8 | 13.8 | 1.9% | 3.26% | 3.17% | -0.09% |
| Wholesale trade | 107.4 | 14.4 | 1.6% | 4.15% | 3.93% | -0.23% |
| Other services | 107.1 | 13.6 | 1.5% | 4.18% | 3.92% | -0.26% |
| Manufacturing - durable goods | 91.9 | 9.8 | 1.3% | 3.67% | 3.36% | -0.31% |
| Finance and insurance | 116.4 | 12.5 | 1.3% | 4.64% | 4.26% | -0.38% |
| Federal government | 53.3 | -0.2 | 0.0% | 2.39% | 1.95% | -0.44% |
| Retail trade | 275.3 | 37.9 | 1.7% | 10.60% | 10.07% | -0.54% |
| Information | 74.4 | -0.2 | 0.0% | 3.33% | 2.72% | -0.61% |
| Local government | 265.0 | 17.9 | 0.8% | 11.04% | 9.69% | -1.35% |
| Total | 2734.5 | 495.7 | 2.2% | 100.00% | 100.00% | 0.00% |

Sectors that gained more than .5 percentage points of share were:

- Healthcare
- AFS
- State Government
- PST

Sectors that lost more than .5 percentage points of share were:

- Local Government
- Information
- Retail Trade

Source: Bureau of Labor Statistics, SA, cber.co.

Colorado-based Business and Economic Research <http://cber.co>



The Colorado Economy

Summary

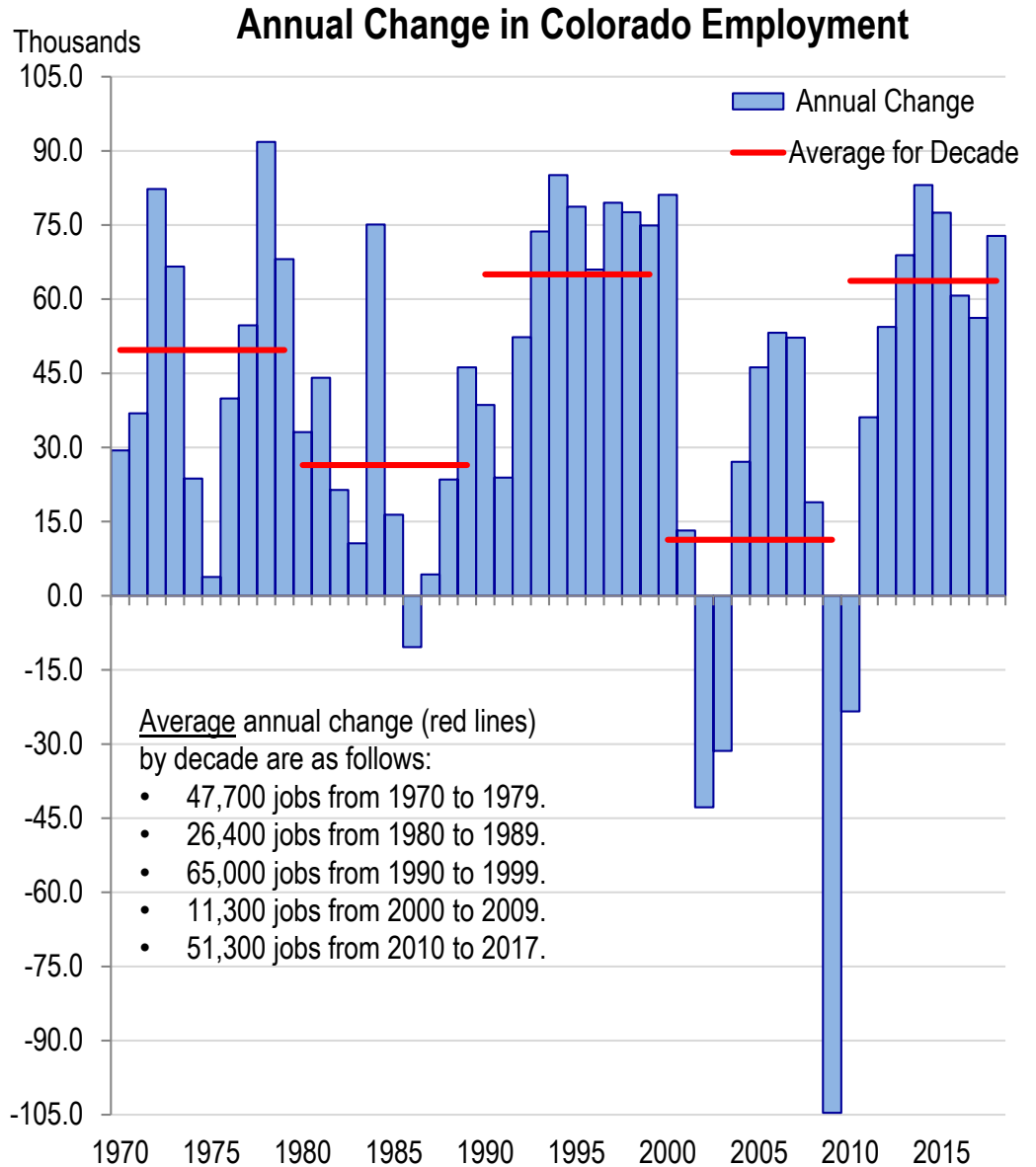
Annual Employment Change in Colorado

Average employment for the first eight months of 2018 is 72,800 jobs greater than the same period in 2017. The number of jobs increased at a rate of 2.8%.

The state added 56,200 jobs in 2017 and employment increased by 2.2%.

The cber.co forecast for 2018 called for slightly slower job growth than 2017, in the range of 1.9% to 2.1%. cber.co and all other state economists underestimated the strength of the economy.

On average, employment for the first 9 years of this decade has increased at an average rate of 63,700 jobs per year.



Source: Bureau of Labor Statistics, cber.co.



Summary

Colorado

The U.S. economy is on solid footing. This provides the foundation for continued robust growth in the Colorado economy. As always, there are many positives (left column) as well as headwinds (right column).

Positives

- Solid and broad-based job growth.
- Solid and diversified GDP growth. Colorado real GDP growth for 2017 was 3.0% compared to 2.3% for the U.S.
- Wage growth improved in 2017, which supported stronger than expected job growth in 2018.
- Indirect and induced job growth resulting from the creation of primary jobs.
- Strong consumption.
- Strong reputation as a place to live and do business.

Headwinds

- Companies have struggled to find qualified and clean workers because of the low unemployment rate.
- Colorado's rate of inflation is greater than the U.S.
- On average, there has been no real wage growth in Colorado since 2010.
- The number of in-migrants is trending downwards.
- Housing has become more unaffordable and unattainable for newcomers and first time buyers.
- The state has allocated insufficient funds to support maintenance and upgrades for its transportation infrastructure.
- The structure of the economy is changing.

There will be new leadership in the executive and legislative branches of the state government in January 2019. The change in leadership will be evident.



cber.co Review of Colorado Employment Data through August 2018

This analysis is for informational purposes only. Any opinions or interpretations of data are those of the presenter. As such, they do not represent the viewpoints of any group or particular organization.

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For additional information contact cber.co at cber@cber.co.

ABOUT THE AUTHOR

Gary Horvath has produced annual employment forecasts of the state economy for over 25 years. They have been supplemented by monthly economic updates and indices that track economic performance over the short term. In addition, he has directed three statewide analyses that included reviews of all 64 county economies.

Horvath was the principal investigator for a state and federally funded project to prepare a nanotechnology roadmap for Colorado. As well, he was a co-founder of the Colorado Photonics Industry Association, a trade group for Colorado’s Photonics cluster. Horvath has been an active board member of the group since its inception.

Horvath has also served on the Board of Directors for the Economic Development Council of Colorado, Northwest Denver Business Partnership, Adams County Economic Development, and Broomfield Economic Development Corporation. Horvath has also been the lead for the photonics/electronics cluster in OEDIT’s early stage and proof of concept grant programs.