

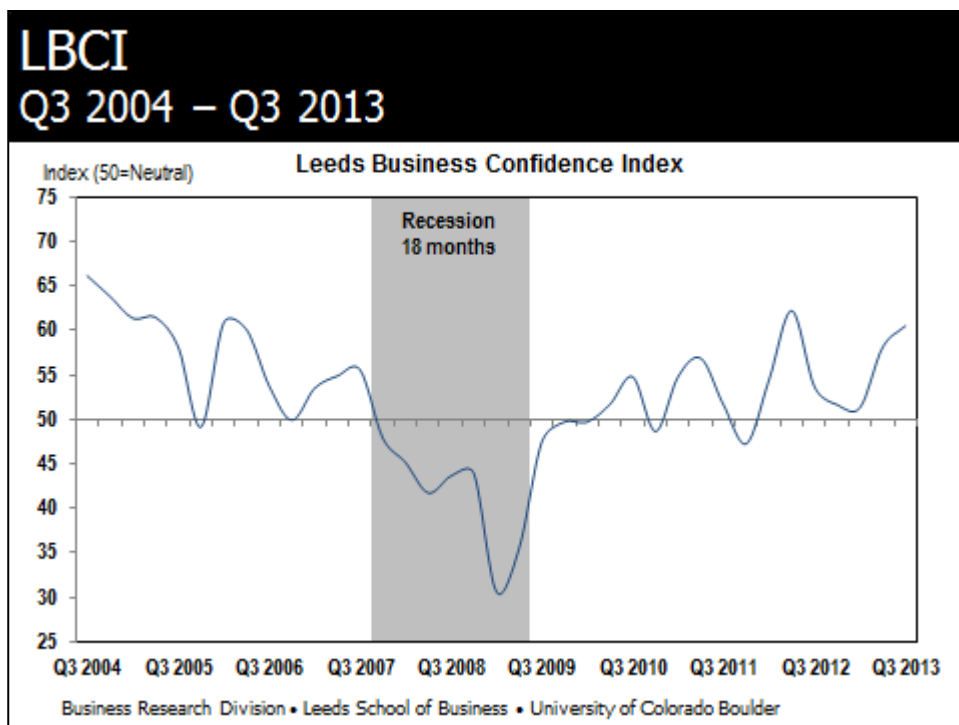
PRESS EMBARGO UNTIL 8:00 a.m., JULY 1, 2013

Overview — National Confidence Surges

Confidence continued its strong upward trend going into Q3 as uncertainty eased and the economy demonstrated more stable footing. Now in its 10th year, the Leeds Business Confidence Index (LBCI) measures the confidence of Colorado business leaders in six categories: national economy, state economy, industry sales, industry profits, hiring plans, and capital expenditures. The LBCI increased, from 58.1 in Q2 2013 to 60.5 in Q3 2013.

Expectations measured positive (above 50) for all metrics, including the national economy and industry hiring plans, which were negative just two quarters ago. Expectations for the national economy marked the greatest quarterly improvement, followed by expectations for the state economy and capital expenditures. While confidence in the state economy continues to outstrip the national economy, expectations for the national economy surged heading into Q3 and narrowed the gap to 6.5.

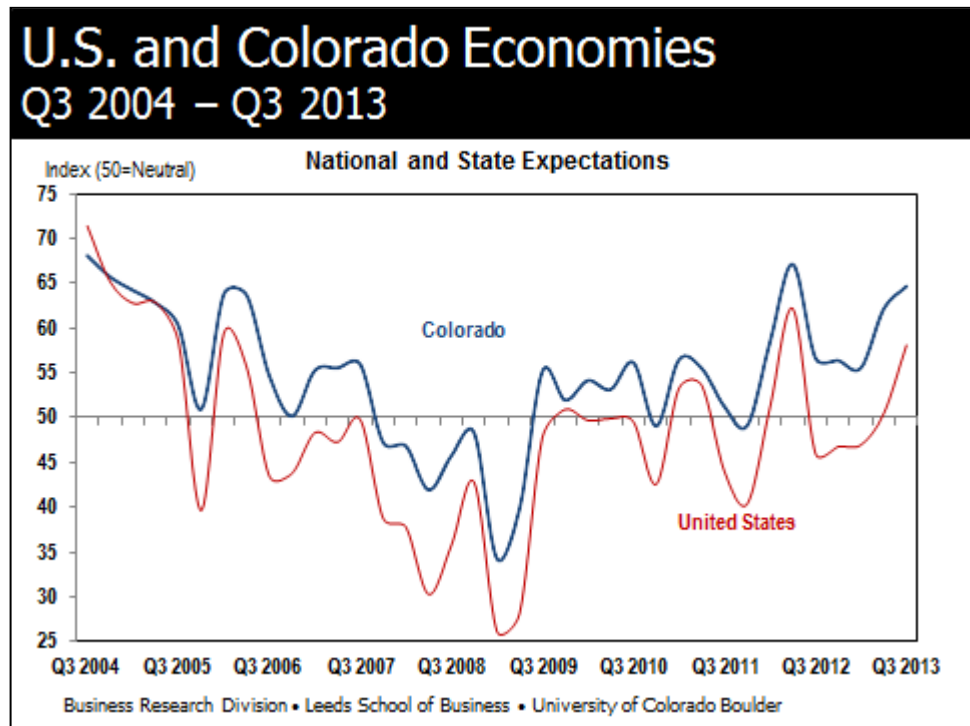
After confidence teetered in the beginning of this year, the Q3 index reading marks seven consecutive quarters of positive expectations. As the economy heads into third quarter, month-over-month employment is recording moderate growth and jobless claims continue to fall, demonstrating stronger footing in the labor market. The nation's GDP growth in Q1 2013 was 2.4%, with expectations pointing to improving growth in late 2013 and 2014. Economic risks include the drag of cuts in federal spending and the European debt crisis, although respondents indicated these concerns are subordinate to overall employment and consumer confidence. The Federal Reserve also recently signaled its intent to potentially begin drawing back its expansionary policy by the end of 2013, which will create some uncertainty moving forward.



National and State Economies — Boost in Optimism

Panelists have a positive outlook for the national and state economies for Q3. Optimism about the local economy continues to outstrip that for the nation—a 33-quarter occurrence in the index, despite the surge in national expectations.

Confidence in the state economy increased to 64.6, the highest reading in over a year. Approximately 32% of respondents are neutral regarding the state economy, while 60.2% expect expansion (up from 55% in Q2). Interestingly, 6.4% of respondents expect a strong increase, while only 0.7% expect a strong decrease.



Confidence in the national economy surged 7.7 points, to 58.1, with optimists outweighing pessimists, 47.8% to 17.1%. Roughly 35% of survey respondents remain neutral.

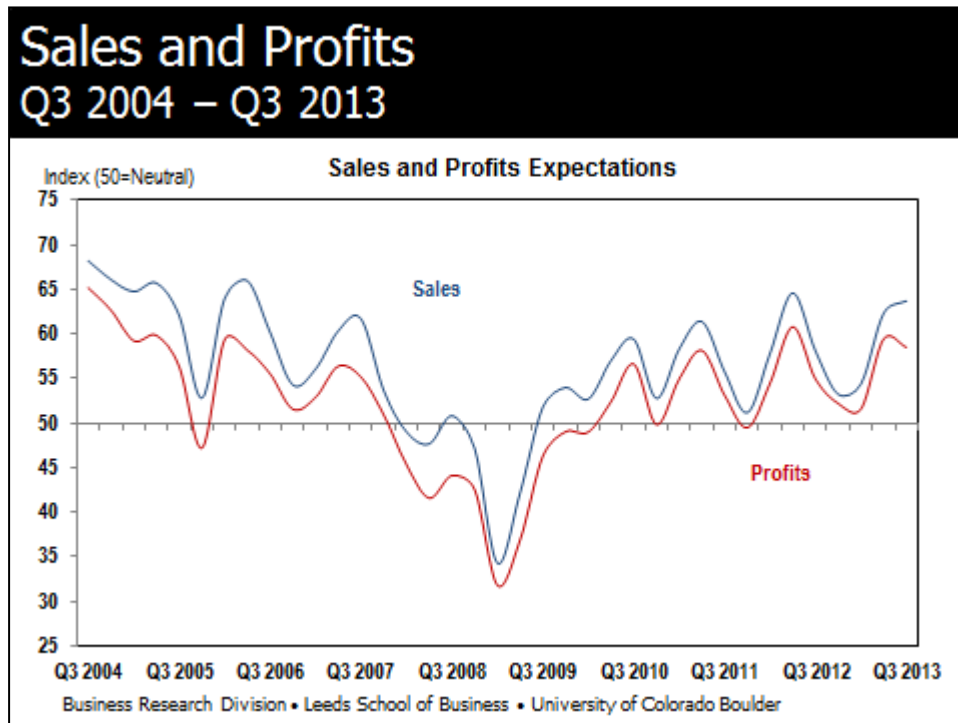
Economic data released during the second quarter indicated acceleration in economic activity. The Bureau of Economic Analysis (BEA) reported U.S. real GDP expanded at an annual rate of 1.8% in Q1 2013, an acceleration following just 0.4% GDP growth in Q4 2012. The steady growth at the start of 2013 is expected to be maintained throughout the rest of the year, based on employment growth and investment. The National Association for Business Economics projects that real GDP will grow at an annualized rate of 2.5% in Q3 2013, 2.8% in Q4, and 2.1% overall for the year. GDP growth is expected to increase to 2.9% next year.

Seasonally adjusted month-over-month U.S. employment gains were recorded for the 32nd consecutive month in May. The data indicate strength, with gains surpassing 100,000 every month since July 2012, and growing by 175,000 jobs in May 2013. Not seasonally adjusted, Colorado's month-over-month gains totaled 9,200 in April, and the state added 51,800 jobs (2.3%) in 2012. Over the past three and a half years, the average monthly employment gains for the country grew from 85,000 per month in 2010, to 175,000 in 2011, 183,000 in 2012, and 189,000 so far in 2013. Nationwide consumer prices and inflation-adjusted core consumption levels are expected to grow at 1.7% and 1.6%, respectively, in 2013.

Sales and Profits — Slight Divergence

Panelists' responses on sales and profits stayed stable in Q3, remaining well in positive territory. The sales index recorded a reading of 63.7 and profits, 58.5.

The positive sales index was buoyed by 59.5% of respondents who expect an increase in sales in Q3 versus only 10.4% who anticipate a decline. Roughly 30% remain neutral. Strong optimism for sales was expressed by 6.4% of respondents, while just 0.7% expect strong decreases.



The profit index decreased to 58.5. Those expecting growth dropped from 47.8% in Q2 to 45.2%, and those expecting decline decreased to 14.4%. Roughly 41% remain neutral. Profits and sales are largely dependent on consumer strength, which is then contingent on employment. The U.S. unemployment rate stood at 7.6% in May, seasonally adjusted.

In Colorado, employment decreased in May, and the statewide rate of unemployment held at 6.9%, seasonally adjusted. According to The Conference Board, the Consumer Confidence Index increased from 74.3 in May to 81.4 in June for the nation, a five-year high, while the Mountain Region increased as well, from 87.1 in May to 92.3 in June.

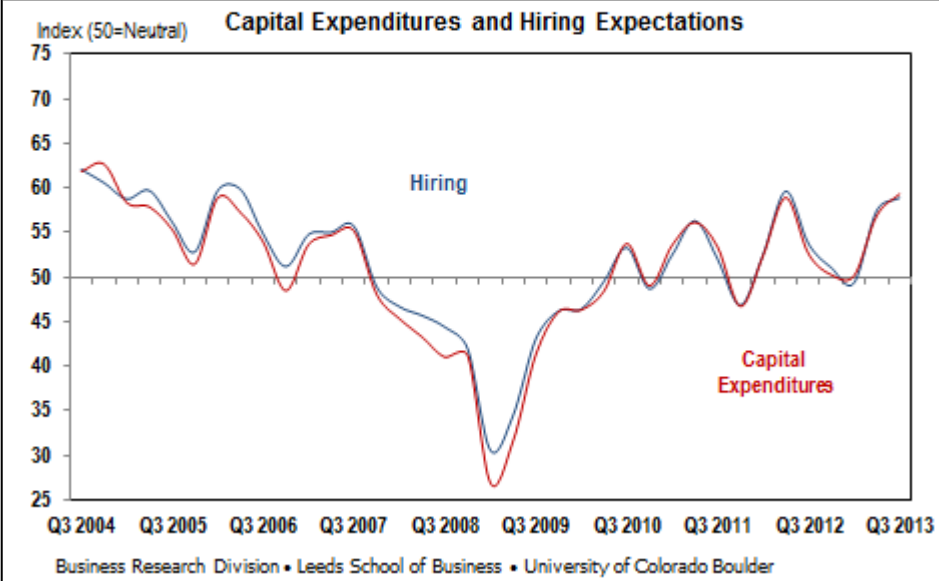
According to the BEA, personal income rose in all 366 of the nation's metropolitan statistical area (MSAs) in 2012. Personal income increased year-over-year for Colorado in Q4 2012, as well as for the nation in Q1 2013. Home prices in the state remain 3.9% below the peak reached in Q1 2008, but were up 1.2% over Q4 2012 and 4.3% year-over-year, according to the Federal Housing Finance Authority (FHFA) all-transactions index. Colorado home prices have thus recovered significantly better than those for the nation, which remain 15.8% below their Q1 2007 peak. In the labor market, employment gains in the state are projected to continue into 2013, and wages are showing similar progress. Through March 2013, Colorado taxable retail sales were up 4.0% from the previous peak in May 2008 based on rolling annual sales.

Capital Expenditures and Hiring — Moving in Tandem

The expectations for capital expenditures and hiring registered higher heading into Q3 2013. The capital expenditures index climbed to 59.3, and the hiring plans index increased to 58.9.

Capital investment expectations increased from 56.9 in Q2 to 59.3 in Q3 2013. Just under 44% of panelists remain neutral, while 45.8% of respondents expect a boost in capital expenditures. The split between the two tails of the survey, strong increase and strong decrease, is tilted positive at 4.3% and 2.7%, respectively.

Capital Expenditures and Hiring Q3 2004 – Q3 2013



Hiring expectations increased from 57.5 in Q2 to 58.9 in Q3. Over 46% of the panelists are neutral on hiring, up from 42.4% in Q2. The positive trend in the hiring index is driven by the 44.8% of respondents who expect an increase in hiring, with only 9.0% expecting a decrease.

Despite month-to-month employment volatility, numbers from the Bureau of Labor Statistics show that Colorado turned the corner on jobs in October 2010. Colorado exhibited growth of 35,900 jobs (1.6%) in 2011 and 51,800 jobs (2.3%) in 2012.

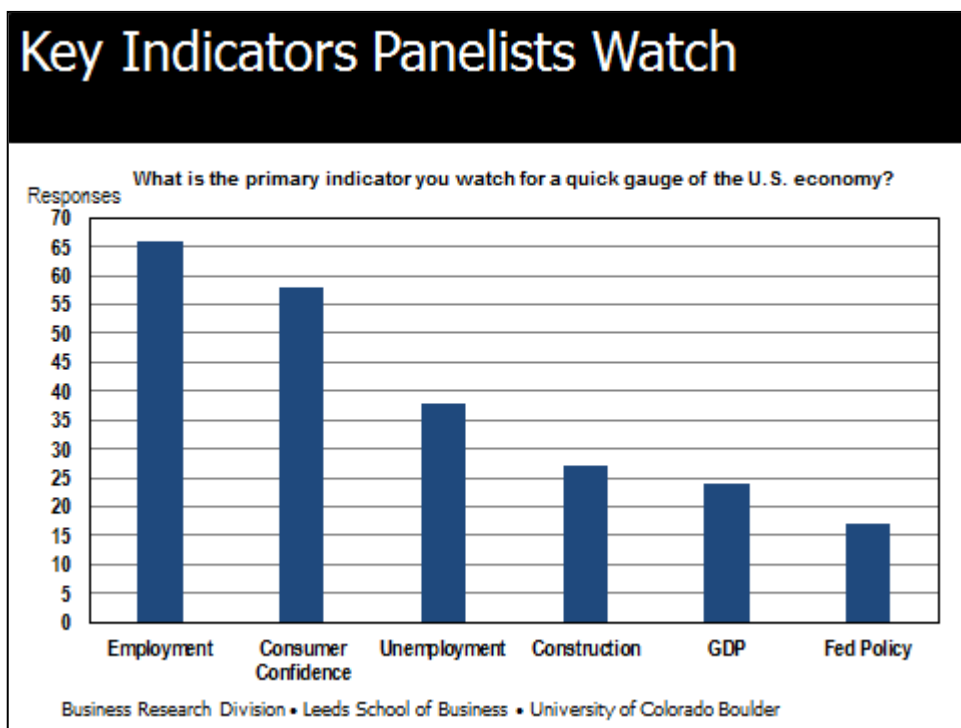
While Colorado employment figures vary greatly by industry and by MSA, all Colorado MSAs recorded year-over-year growth in May 2013. Seasonally adjusted May numbers showed the highest year-over-year growth rates were in the Denver-Aurora-Broomfield (+2.9%), Fort Collins-Loveland (+2.5%), and Boulder (+2.4%) MSAs. The Pueblo (+1.7%), Colorado Springs (+1.3%), Greeley (+1.3%), and Grand Junction (0.2%) MSAs complete the list. Not seasonally adjusted, the Boulder (5.1%), Fort Collins-Loveland (5.5%), and Denver-Aurora-Broomfield (6.7%) MSAs enjoyed the lowest unemployment rates in the state as of April, while Pueblo (9.5%), Grand Junction (8.2%), Colorado Springs (8.1%), and Greeley (7.5%) have the highest.

Statewide, the greatest employment gains year-over-year in May were in Professional and Business Services (+15,700 jobs); Leisure and Hospitality (+10,500 jobs); Education and Health Services (+7,600); and Trade, Transportation, and Utilities (+7,400 jobs), while losses were recorded in Mining (-700 jobs) and Information (-200 jobs).

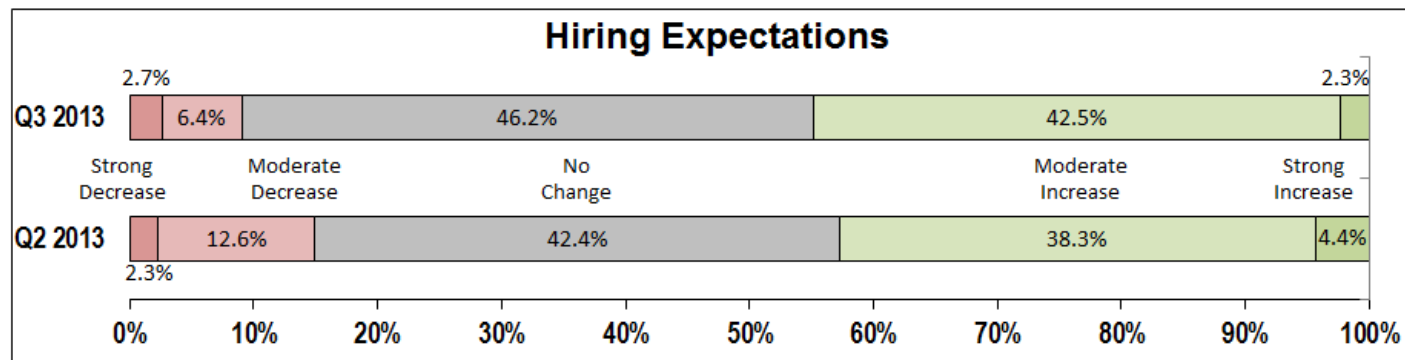
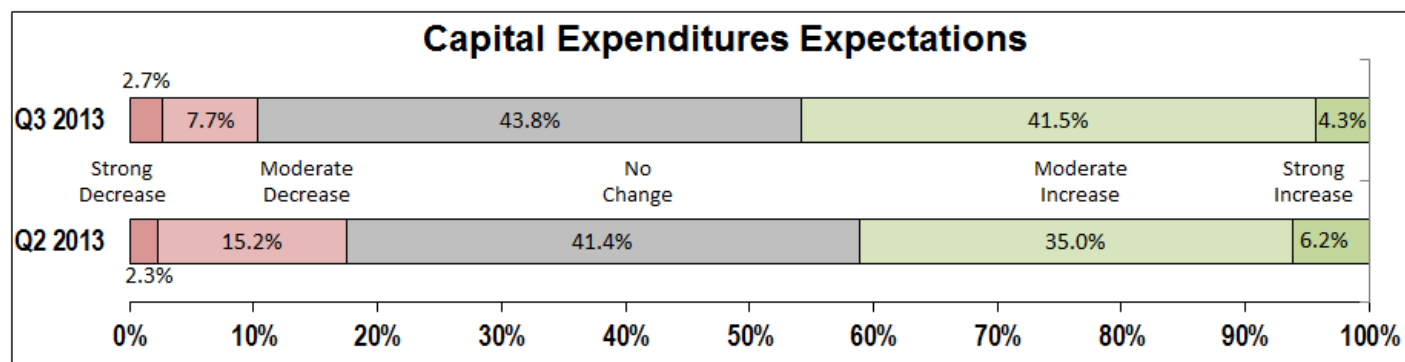
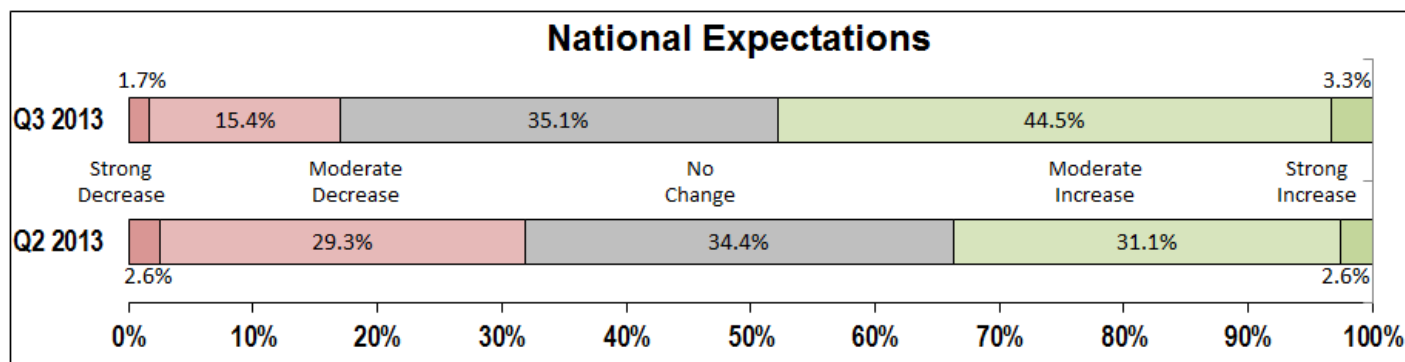
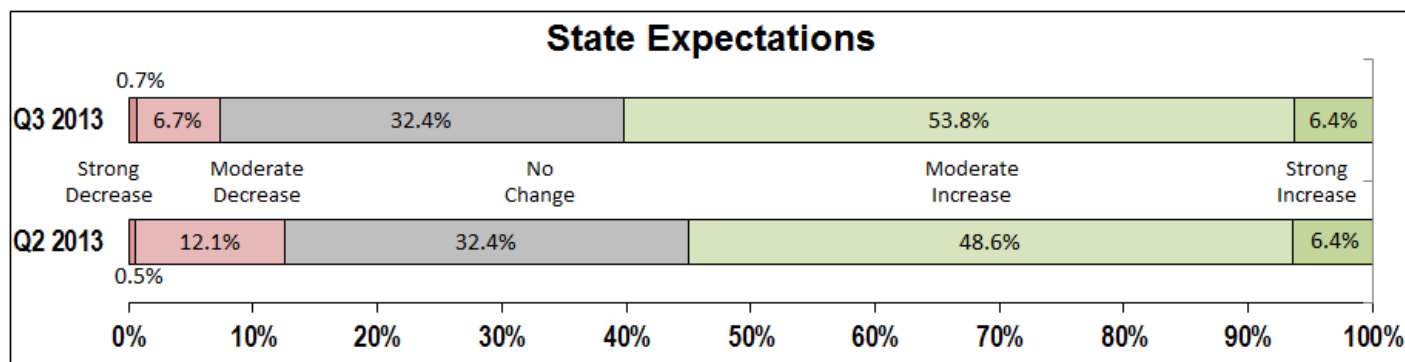
Additional Question on Key Indicators

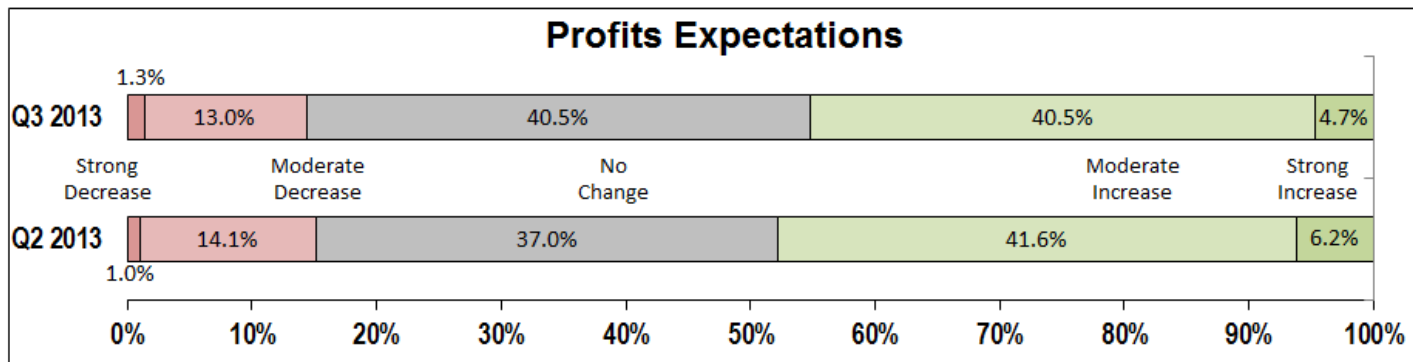
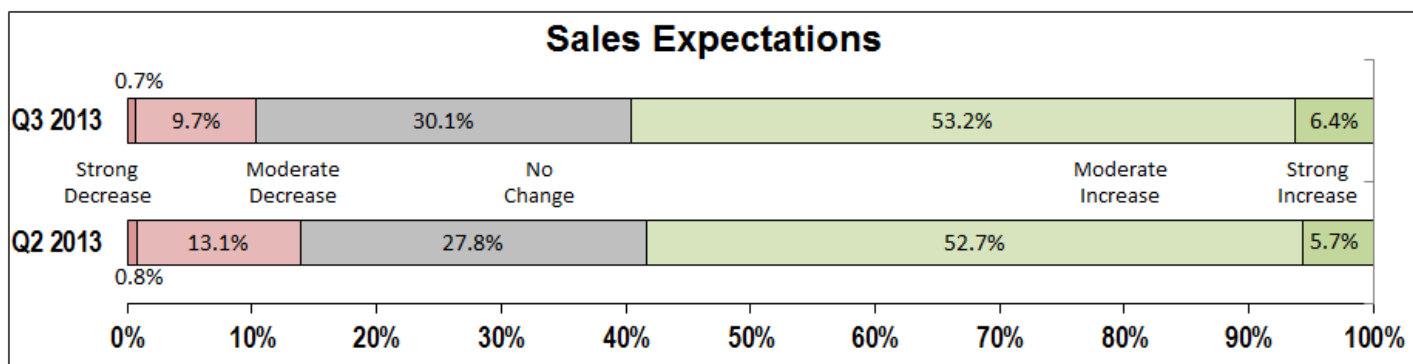
When asked which indicators they use to get a quick gauge of the U.S. economy, respondents overwhelmingly chose measures related to the labor market. The level of employment was cited most frequently as the indicator used to gauge the national economy, while unemployment also figured prominently. Consumer confidence placed a close second to employment, and given the interrelated nature of these three indicators, it is clear respondents prefer to look to labor and consumers for a quick overview of the U.S. economy.

Regarding these three indicators, the United States added 175,000 jobs in May 2013, continuing a trend of 100,000+ job gains since July 2012, The Conference Board's national Consumer Confidence Index increased from 69.0 in April to 76.2 in May, and the national unemployment rate stood at 7.6% in May.



Distribution of Expectations





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For more information about the LBCI and to become a panelist, go to:

<http://leeds.colorado.edu/brd#leedsbusinessconfidenceindex>



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BUSINESS RESEARCH DIVISION