

Quarterly Updates and Estimates

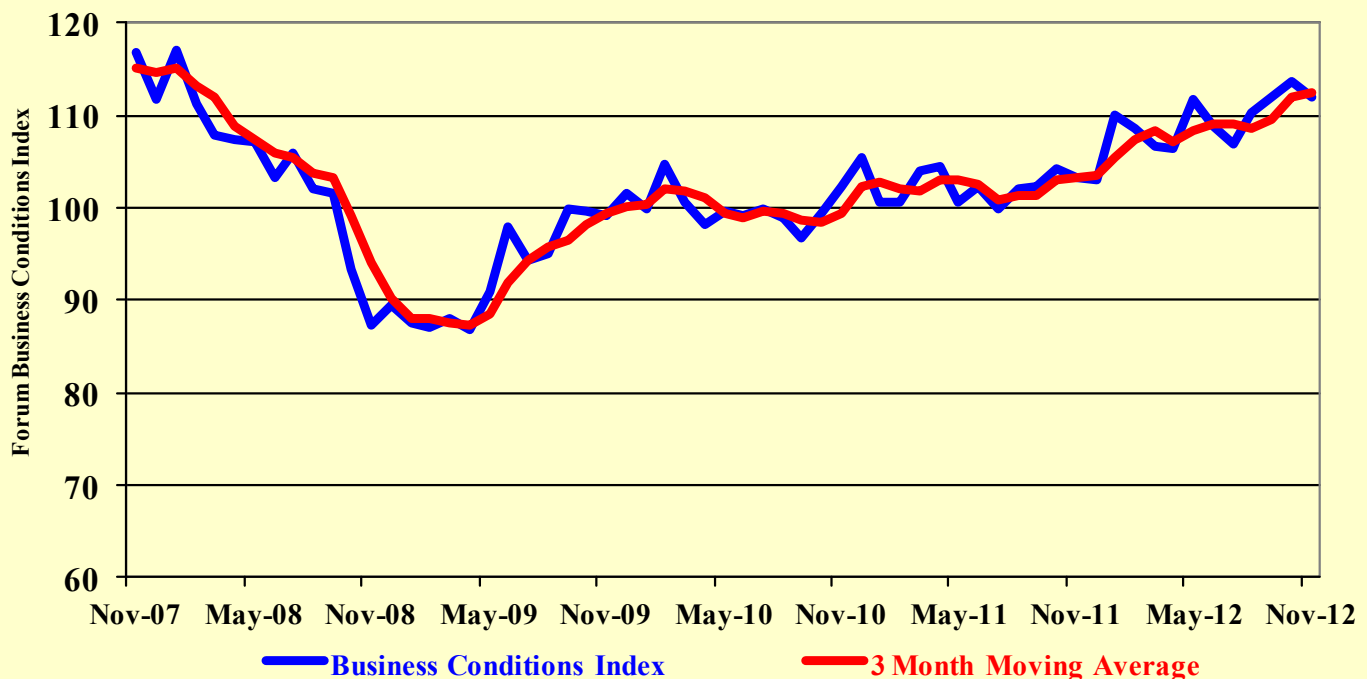
Volume 11 Number 3 January 2013

Fred Crowley - Senior Economist

Update on the El Paso County Economy

The local economy continued its growth trend that resumed in the summer of 2011 after bottoming in February 2009. The Business Conditions Index (BCI) stands at 111.93, up 8.3 percent from November 2011. The best performing indicators were new single family permits (up 26.1%), consumer sentiment (up 29.8%) and new vehicle sales. Sales tax collections in Colorado Springs were 8.9% higher than a year ago. High sales tax revenues reflect This reflects an improved consumer sentiment, higher use taxes on residential construction and expanding retail sales patterns, especially the purchase of new vehicles.

Business Conditions Index
El Paso County (Dec 2007-June 2009 = 100)



¹ The Business Conditions Index (BCI) is a geometric index of ten seasonally adjusted data series. The El Paso County data are single family and town home permits, new car sales, employment rate, foreclosures, QCEW employment and QCEW wages and salaries. Colorado Springs data are sales and use tax collections and airport enplanements. University of Michigan's Consumer Sentiment and the Federal Reserve Bank of Kansas City Manufacturing Index are non-local indicators in the BCI. The BCI is indexed to December 2007—June 2009 = 100. All raw series are seasonally adjusted by UCCS Southern Colorado Economic Forum using the Department of Commerce X12 adjustment process.

Business Conditions Index Components - All Values Indexed: Dec 2007 - June 2009 = 100

| | COS Enplane- ments | El Paso County SF & TH Permits | U Of Mich Con Sent | Kansas City Fed Mfg Index | El Paso <u>Employ-</u> <u>ment</u> Rate | CoSpgs 2% Sales & Use Tax | County New Car Registra- tions | El Paso County Fore- closures | El Paso County Employed | El Paso County Real Wages | BCI |
|--------|--------------------------|---|--------------------------|---------------------------------|---|------------------------------------|---|--|-------------------------------|------------------------------------|--------|
| Aug-11 | 81.07 | 97.83 | 86.75 | 136.30 | 96.86 | 114.94 | 120.80 | 100.68 | 93.91 | 102.35 | 102.01 |
| Sep-11 | 82.26 | 132.77 | 92.67 | 140.06 | 97.13 | 103.48 | 90.94 | 100.66 | 95.28 | 102.53 | 102.45 |
| Oct-11 | 76.93 | 134.32 | 94.70 | 138.55 | 97.01 | 105.91 | 112.04 | 100.64 | 97.25 | 100.44 | 104.37 |
| Nov-11 | 79.34 | 144.70 | 99.21 | 126.51 | 97.37 | 104.41 | 97.08 | 100.67 | 97.06 | 100.10 | 103.35 |
| Dec-11 | 81.73 | 105.27 | 108.87 | 122.74 | 97.17 | 102.05 | 123.21 | 100.66 | 95.76 | 99.73 | 103.05 |
| Jan-12 | 80.72 | 141.02 | 116.81 | 148.34 | 97.46 | 112.86 | 128.61 | 100.71 | 95.30 | 97.83 | 110.11 |
| Feb-12 | 84.55 | 122.62 | 117.28 | 149.10 | 97.67 | 106.39 | 130.13 | 100.65 | 95.89 | 97.75 | 108.75 |
| Mar-12 | 80.78 | 124.95 | 118.68 | 143.83 | 97.37 | 108.45 | 111.05 | 100.86 | 95.30 | 97.59 | 106.60 |
| Apr-12 | 79.79 | 142.40 | 118.99 | 125.75 | 96.92 | 109.58 | 113.99 | 100.79 | 94.71 | 95.88 | 106.54 |
| May-12 | 82.59 | 183.01 | 123.51 | 134.04 | 96.86 | 110.77 | 122.73 | 100.75 | 95.92 | 95.41 | 111.75 |
| Jun-12 | 86.49 | 164.96 | 114.01 | 118.60 | 96.81 | 111.67 | 123.57 | 100.39 | 94.86 | 94.60 | 108.79 |
| Jul-12 | 83.51 | 146.73 | 112.61 | 123.49 | 96.60 | 108.08 | 117.18 | 100.50 | 93.76 | 98.72 | 106.85 |
| Aug-12 | 83.70 | 203.42 | 115.72 | 132.53 | 97.14 | 110.78 | 101.74 | 100.70 | 93.69 | 98.95 | 110.31 |
| Sep-12 | 81.12 | 202.53 | 121.95 | 127.26 | 97.04 | 114.40 | 115.69 | 100.99 | 94.16 | 98.94 | 111.91 |
| Oct-12 | 80.17 | 187.53 | 128.65 | 118.60 | 96.78 | 115.04 | 149.19 | 100.87 | 94.67 | 99.11 | 113.68 |
| Nov-12 | 79.65 | 182.42 | 128.81 | 114.46 | 97.14 | 113.73 | 139.03 | 101.25 | 93.95 | 98.64 | 111.93 |

November 2012 Compared to:

| | | | | | | | | | | | |
|--------|-------|--------|-------|--------|-------|-------|-------|------|-------|-------|-------|
| Oct-12 | -0.7% | -2.7% | 0.1% | -3.5% | 0.4% | -1.1% | -6.8% | 0.4% | -0.8% | -0.5% | -1.5% |
| Aug-12 | -4.8% | -10.3% | 11.3% | -13.6% | 0.0% | 2.7% | 36.7% | 0.5% | 0.3% | -0.3% | 1.5% |
| May-12 | -3.6% | -0.3% | 4.3% | -14.6% | 0.3% | 2.7% | 13.3% | 0.5% | -2.1% | 3.4% | 0.2% |
| Nov-11 | 0.4% | 26.1% | 29.8% | -9.5% | -0.2% | 8.9% | 43.2% | 0.6% | -3.2% | -1.5% | 8.3% |

Real wages in El Paso County were estimated by the Forum for Jun '12 - Nov '12. Emplanements for Oct and Nov were estimated by the Forum.

Regional manufacturing slowed over the last several months. However, it remains 14.5 percent higher than during the recession. Employment and real wage trends are struggling to break out beyond their recession levels. Relative to the recession (base period 12/2007-6/2009), employment declined 6.1 percent while real wages declined 1.4 percent. The Forum expects both employment and real wage levels for 2012 will be revised upward by the Department of Labor when the estimates for 2012 are benchmarked in the first quarter of 2013. This is a normal process by the Department of Labor. Preliminary indications suggest the revised employment and wage data will lead to a revised BCI that will increase to approximately 113 to 115 for November 2012.

In all, six of the ten BCI indicators are higher than a year ago. An unweighted diffusion index that compares the most recent period to the four previous quarterly values stands at 52.5. A value greater than 50 indicates the local economy is expanding. Recovery has been spotty. More consistent improvement among individual components in the BIC is needed before the economic recovery demonstrates significant strength.

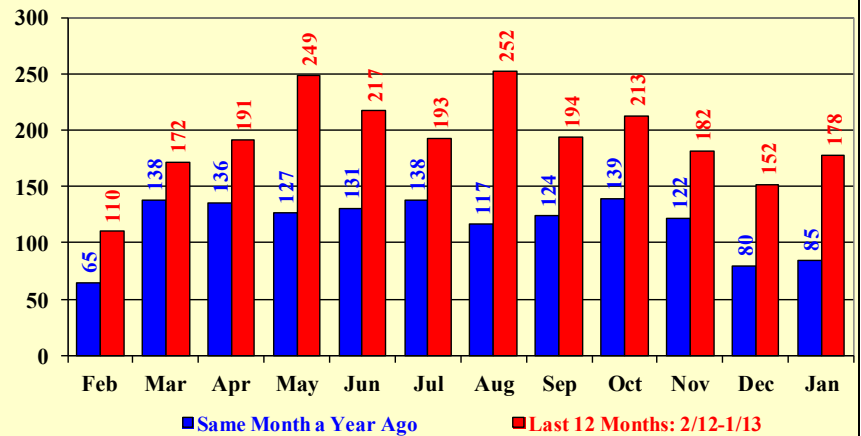
Analysis of the El Paso County Residential Housing Market

Detached, single family permit activity picked up noticeably in March 2011. Strength continued through all of 2012. New residential permits were 819 higher in 2012 than in 2011 (up 58.5%). 2013 is starting off strong. Support for residential construction is attributed to pent up demand, attractive pricing and record low mortgage rates.

Using the X12 forecast model, the Forum generated a twelve month forecast for detached, single family building permits in El Paso County. The forecast for the next six months is shown in the adjacent chart. The forecast calls for an increase of 382 permits in 2013. If the forecast holds, a total of 2,592 permits will be pulled in 2013 compared to 2,210 in 2012. Please refer to page 5 for a month by month forecast for 2013.

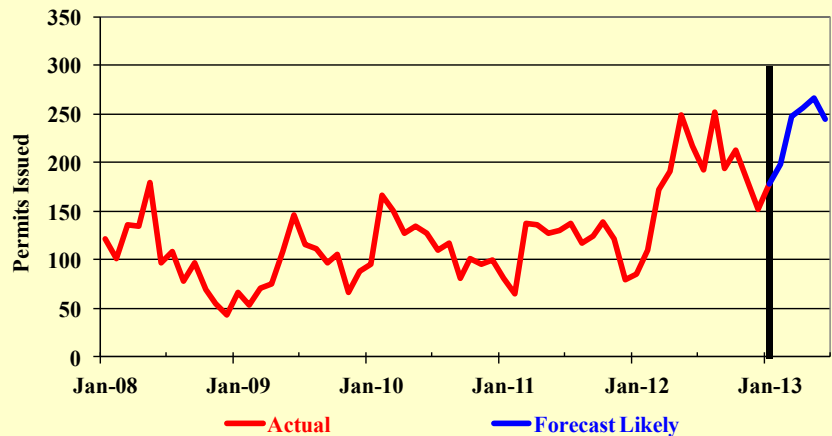
Townhome permit volume was extremely low in 2011 (162 units). It was barely higher in 2012 with 166 units. The additional 4 units were welcome but represented a modest 2.5 percent increase. January 2013 is off to a slow start. The erratic nature of these permits with no permits issued in some months prevents making a forecast for townhome permits. Historic volume, vis-à-vis detached new permits, suggests the number of townhome permits issued in 2013 will increase by at least 10 percent.

Single Family-Detached
Building Permits in El Paso County



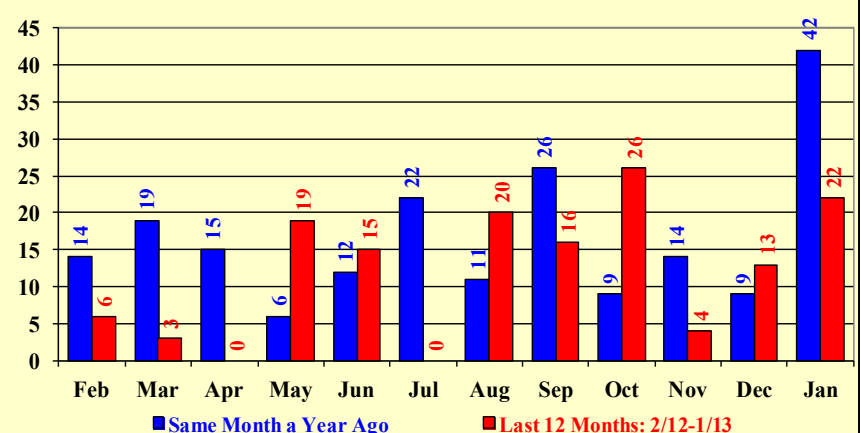
Source: Pikes Peak Rgl Bldg Dept, and UCCS Southern Colorado Economic Forum

Detached Single Family Permit Trends
Actual and Forecast in El Paso County



Source: Pikes Peak Regional Bldg Dept, and UCCS Southern Colorado Economic Forum

Single Family-Townhomes
Building Permits in El Paso County



Source: Pikes Peak Rgl Bldg Dept, and UCCS Southern Colorado Economic Forum

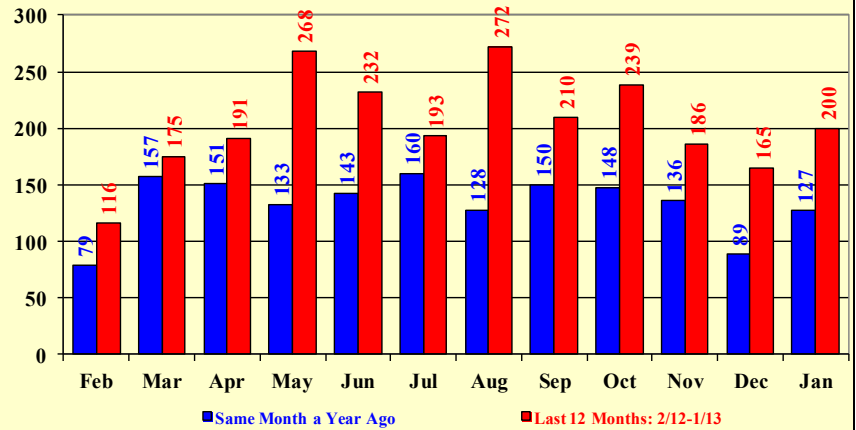
Despite the low number of townhome permits, combined detached and attached single family permit activity finished 2012 with 823 more units than were issued in 2011. Each of the past twelve months was higher than year ago levels.

While early in the year, combined single family permit activity is off to a strong start for 2013. The Forum expects there will be approximately 420 more detached single family and townhome permits issues in 2013 than in 2012.

The 260 new multi-family housing units permitted in January 2013 point the third consecutive 600 plus year for El Paso County. Initial strength in 2011 (659 units) was reinforced in 2012 (601 units). Expectations for a third strong year are supported by:

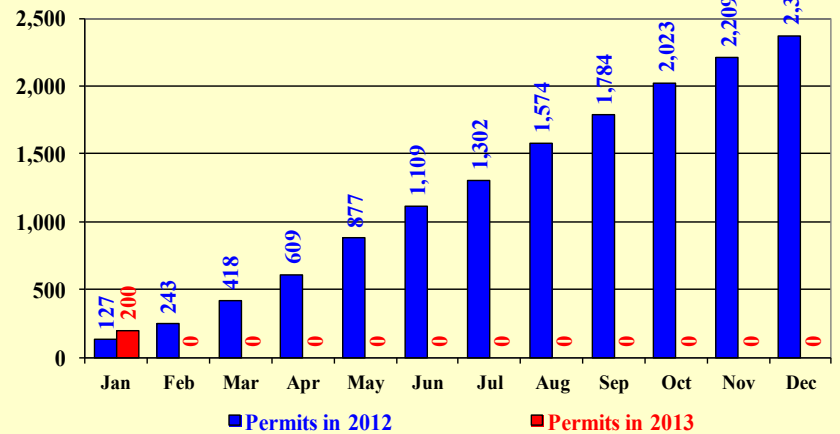
1. the lack of multi-family construction during the recession
2. vacancies that declined to the 6 percent range
3. rising rents
4. investor interest in the Colorado Springs market

Single Family Detached & Townhomes Building Permits in El Paso County



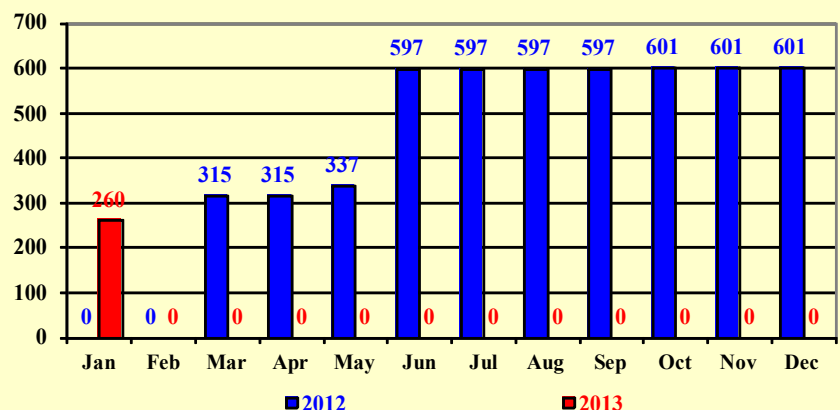
Source: Pikes Peak Rgl Bldg Dept, and UCCS Southern Colorado Economic Forum

Single Family Detached and Townhome Permits in El Paso County: Cumulative Comparison



Source: Pikes Peak Regional Building department and UCCS Southern Colorado Economic Forum

Multi-Family Housing Units in El Paso County - Year to Date Comparison



Source: Pikes Peak Rgl Bldg Dept, and UCCS Southern Colorado Economic Forum

Single Family Permit Forecast

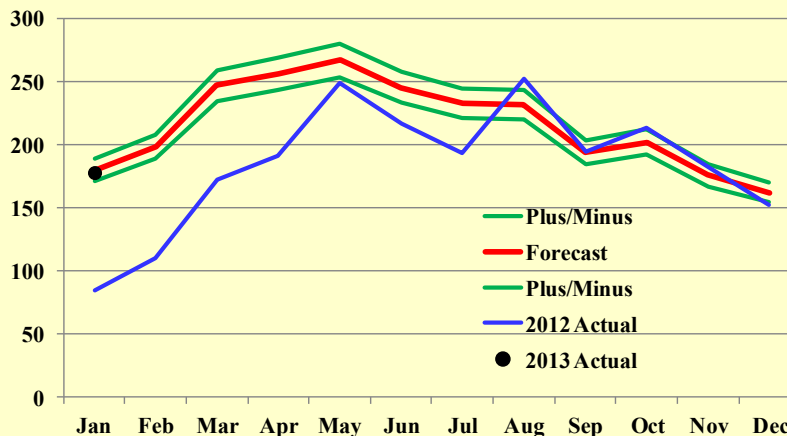
At its Sixteenth Annual Forum on September 28, 2012, the Forum forecasted growth in single family home permits would be 6.5 percent in 2013. The forecast at the time was clouded by concerns over the fiscal cliff. Congress has at least temporarily kicked the cliff down the road.

Recent global data suggest Europe is bottoming out and is likely to grow slowly in 2013. Growth in China is accelerating. Employment gains in the U.S. are improving. Initial claims for unemployment insurance continue to drop. The Federal Reserve has repeatedly assured financial markets it will continue to pursue an aggressive pro-growth monetary policy. Inflation concerns appear to be minimal. The emerging economic recovery makes it appropriate to revise the 2013 forecast for single family permits in El Paso County.

The Forum used the X12 ARIMA package to forecast single family permits in El Paso County for 2013. The forecast was completed prior to the release of the January 2013 actual permit numbers. The model forecasts 180 permits in January vs. the actual 178 permits in January. *While one month is a very limited sample, back-testing of the model suggests it is reliable for at least six months into the future.* Monthly forecasts are in the table to the right.

The Forum's latest forecast indicates permits in 2013 will be 17.3 percent higher than in 2012. This is an increase of 382 permits. At a minimum, the Forum expects 252 (11.4%) more permits in 2013 than in 2012. The maximum increase is expected to be 512 (23.2%) over 2012. The Forum will monitor economic conditions and revise its forecast as needed.

Forecast of Monthly Detached Single Family Permits for 2013
El Paso County



Data Source: PPRBD. Forecast by UCCS Forum

Forecast of Detached Single Family Permits for 2013
in El Paso County

| 2013 Forecast | | | | | | | |
|---------------|-------|--------|-------|-------------|----------------|------------------|-------------|
| Month | Low | Likely | High | 2013 Actual | Forecast Error | Cumulative Error | 2012 Actual |
| Jan | 171 | 180 | 189 | 178 | 2 | 2 | 85 |
| Feb | 188 | 198 | 208 | | | | 110 |
| Mar | 234 | 247 | 259 | | | | 172 |
| Apr | 243 | 256 | 269 | | | | 191 |
| May | 254 | 267 | 281 | | | | 249 |
| Jun | 233 | 245 | 258 | | | | 217 |
| Jul | 221 | 233 | 245 | | | | 193 |
| Aug | 220 | 232 | 243 | | | | 252 |
| Sep | 184 | 194 | 204 | | | | 194 |
| Oct | 192 | 202 | 212 | | | | 213 |
| Nov | 167 | 176 | 185 | | | | 182 |
| Dec | 154 | 162 | 170 | | | | 152 |
| Total | 2,462 | 2,592 | 2,722 | | | | 2,210 |

The strength of the rebuilding in Mountain Shadows tends to make the forum more bullish than bearish.

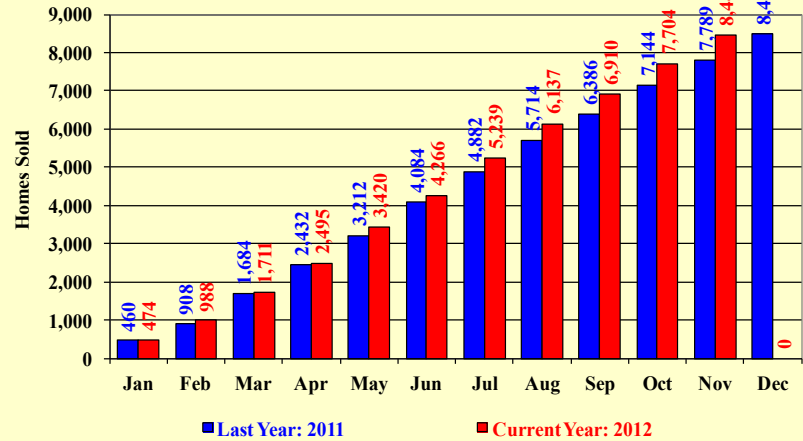
MLS Activity

The trend in home sales continues to improve. Through November, there were 756 (9.7%) more homes sold than the same period in 2011. While not a record pace, this is a significant departure from the weak sales trends over the last five years. Low inventory levels (listings) may constrain sales growth in 2013.

In 10 of the last 12 months, monthly home sales were higher than year earlier number. The demand for housing was consistently stronger in 2012 compared to 2011.

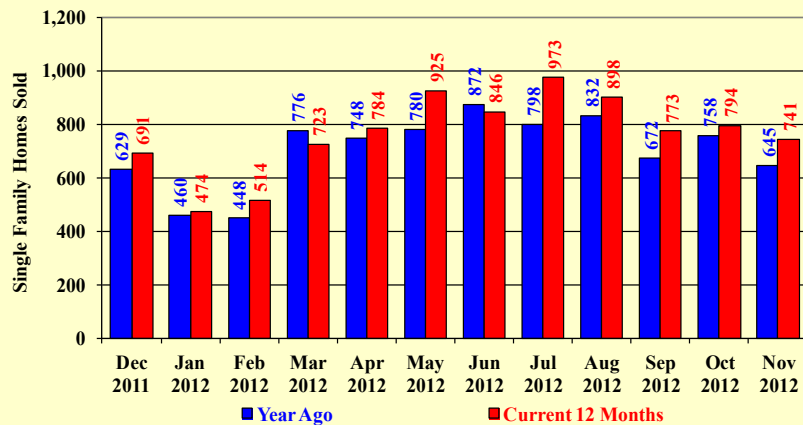
Since March of 2011, active listings of homes have been significantly lower than the year ago month. As of November 2012, there were 345, or 9.4 percent, fewer homes listed for sale than there were in November 2011. This is part of a consistent trend for over a year. The decrease in supply of homes for sale coupled with an increase in sales of homes suggests equilibrium is returning to the local housing market. As expected, this was accompanied by an increase in the price of homes sold.

Year to Date Sales
(Pikes Peak Region)



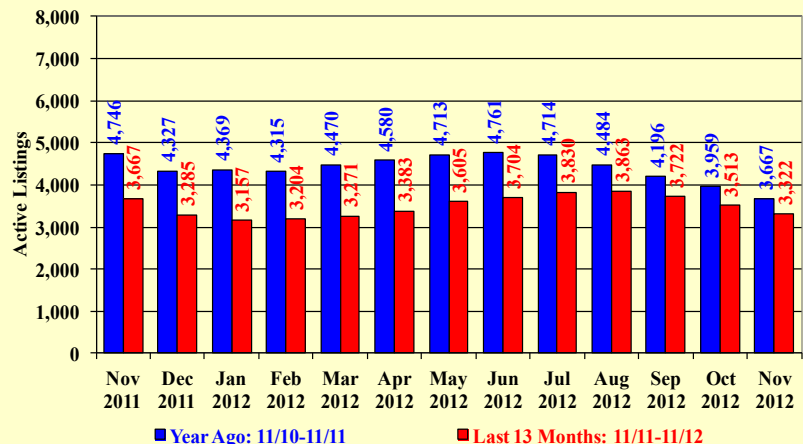
Source: Pikes Peak REALTOR Services Corp. and UCCS Southern Colorado Economic Forum

Monthly Single Family Home Sales
(Pikes Peak Region)



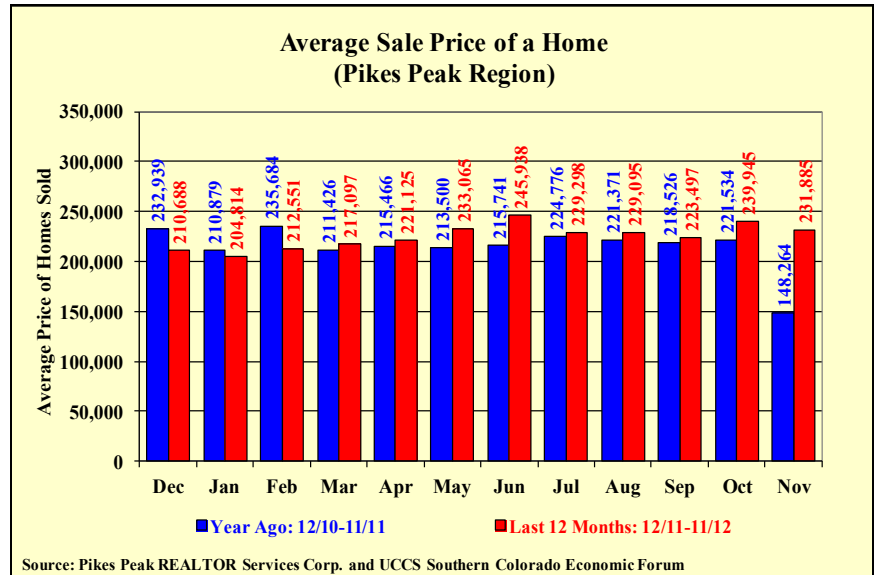
Source: Pikes Peak REALTOR Services Corp. and UCCS Southern Colorado Economic Forum

Active Listings of Homes
(Pikes Peak Region)

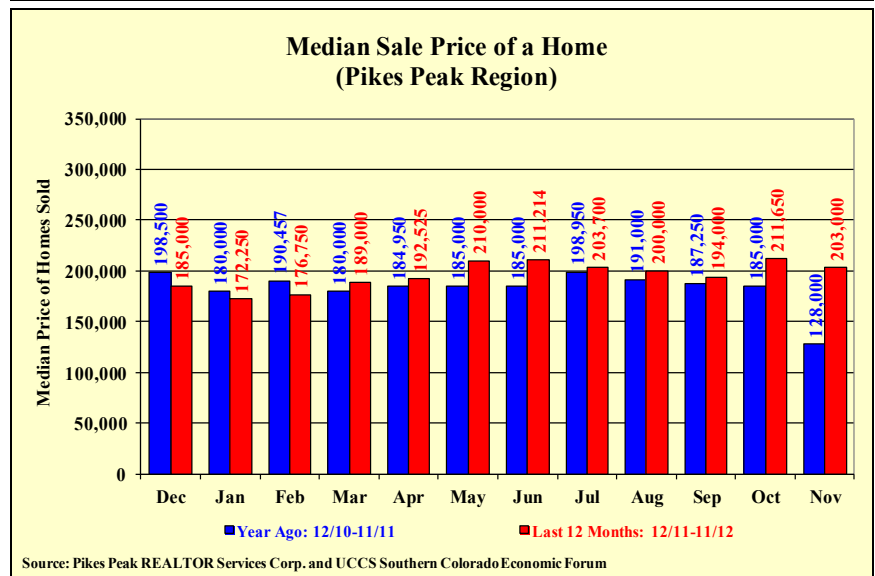


Source: Pikes Peak REALTOR Services Corp. and UCCS Southern Colorado Economic Forum

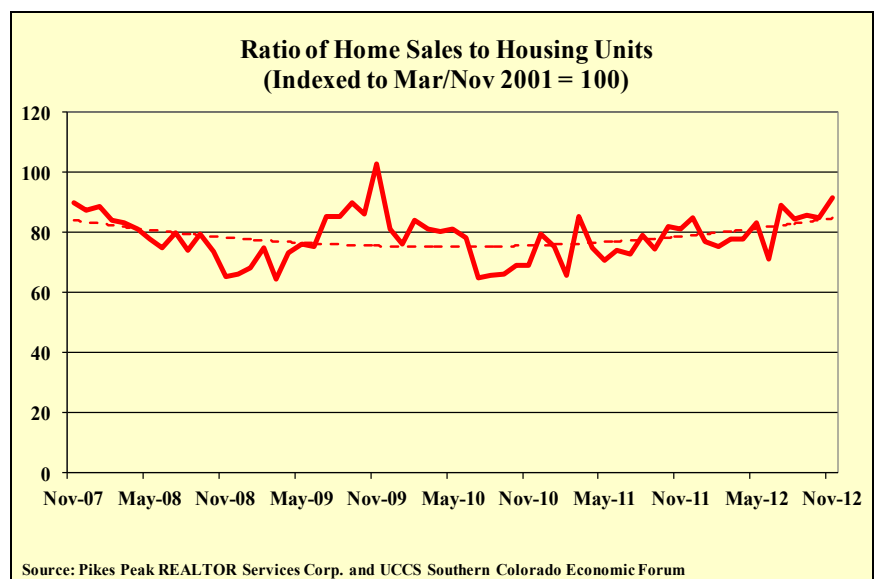
Prices have been trending up since early 2011. The average price of a home sold was \$231,885 in November. There appears to be a price anomaly in the November 2011 average sales price. The precludes a comparison with that month.



Trends in median prices of homes sold are behaving similarly to the average price trend. The median price in November 2012 was \$203,000. This marked the 9th consecutive month in which prices were higher than the year before.

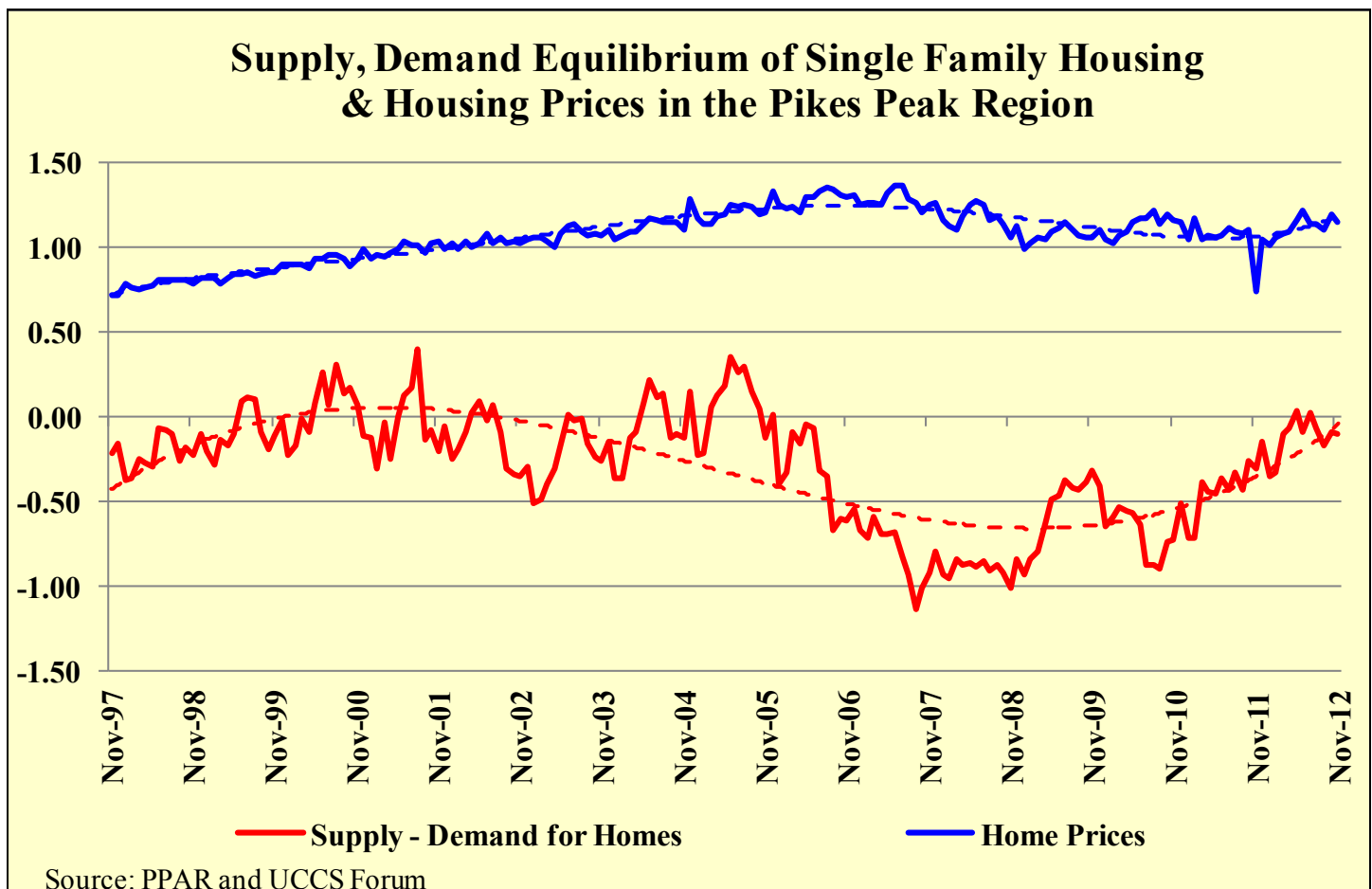


The ratio of homes sold to total single family homes in El Paso County has proven to be a good indicator of strength/weakness in housing. Spikes caused by home buyer tax credits can be seen in late 2009 and early 2010. The trend (dashed line) continues to suggest there is a stable-to-improving local housing market compared to a flat/declining market over the last few years.



Housing Price Equilibrium in the Region

The relation between supply and demand for private residential housing in the region was out of balance because of a significant oversupply in late 2006. This persisted through the middle of 2009. The excess supply of housing contributed to declines in housing prices (blue line) through the end of 2008. Tax credits stimulated an increase in demand through the first half of 2010. Since then, market forces appear to have driven supply/demand to equilibrium as of June 2012. The movement toward supply/demand balance was noted in the last several issues of the *QUE*. Continued improvement in housing prices will depend on low mortgage rates and income and job growth.



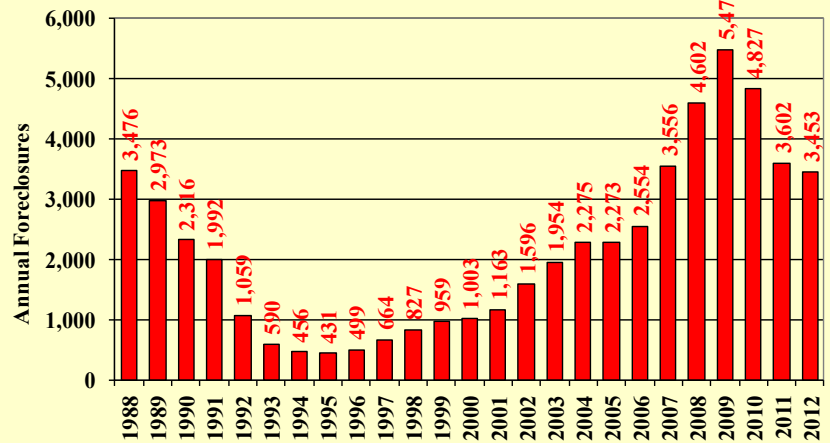
Explanation of Data and Process

The Forum was asked to study the effect demand and supply of single family housing has on housing prices. The Forum gathered monthly demand, supply and price data from the Pikes Peak Association of REALTORS® and its Pikes Peak REALTOR® Services Corporation (RSC) for this study. Demand was identified as actual sales reported by RSC. Supply was identified as the number of active listings by RSC. Price is the average price of an MLS facilitated sale in the region. Demand, supply and price data were seasonally adjusted and indexed. If sustained demand exceeded supply the excess demand would suggest prices would trend upward. If sustained demand is less than supply, the excess supply would suggest prices would trend downward. If trends in supply and demand of housing were roughly equal, prices should behave “normally” with limited plus and minus variations around an upward price trend. Supply/demand equilibrium takes place on the graph at the horizontal “0” value. Relative supply/demand equilibrium tends to be observed in a band +/- 0.25 around “0.”

Foreclosures

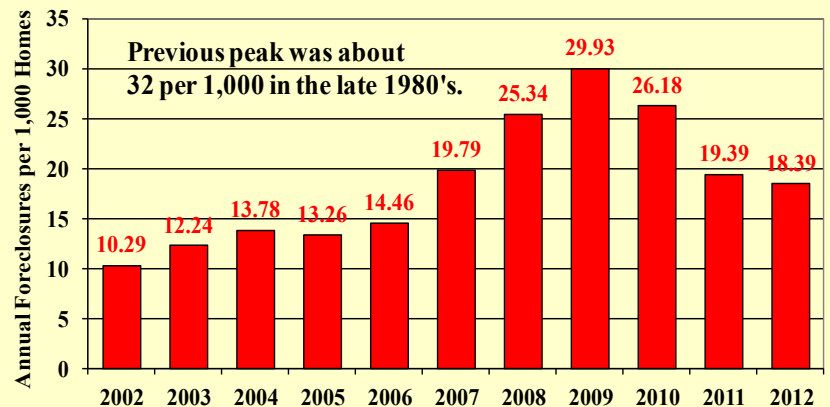
Foreclosures continue to trend downward. As with other recent housing trends, this suggests the local housing market is improving. The return of Fort Carson troops from deployments in the middle east might contribute to additional improvements in 2013. Sequestration numbers at Fort Carson, and its effects on housing/sales/prices are not known. Foreclosures in 2013 are expected to decline, perhaps to 3,000-3,200.

El Paso County Foreclosure Proceedings



Source: El Paso County Public Trustee and UCCS Southern Colorado Economic Forum.
*2012 are projections by the Forum.

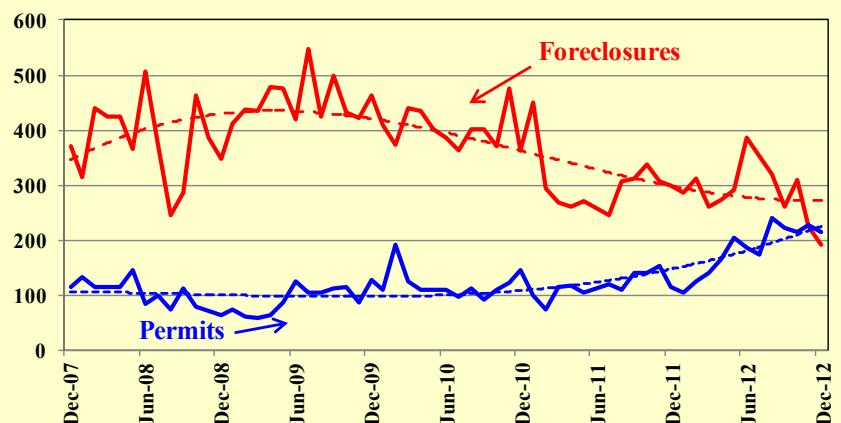
El Paso County, Foreclosure Proceedings per 1,000 Single Family Homes (Detached + Townhomes)



Source: El Paso County Public Trustee and UCCS Southern Colorado Economic Forum
*Projection

An alternative view that supports an improving trend in the area's single family housing market is illustrated in the chart to the right. New residential permits and foreclosures appear to be inversely related. After peaking in mid 2009, foreclosures have trended down. Single family permits bottomed out in 2009 before beginning to increase slowly. The downward trend in foreclosures through 2012 was accompanied by an increase in new permits. This is expected to continue in 2013.

Detached Single Family Permits and Initiated Foreclosure Proceedings in El Paso County (Seasonally Adjusted)



Source: El Paso County Trustee, PPRBD and UCCS Forum

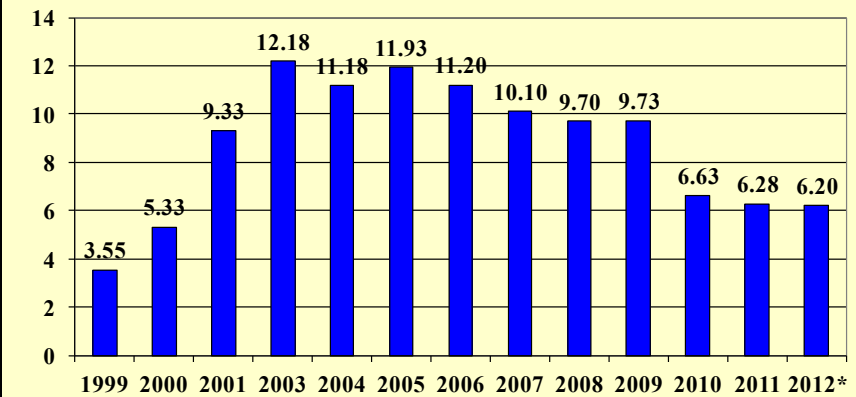
Multi-family Market

The market for multi-family housing continues to tighten. The Forum estimated the December 2012 vacancy rate at 6.3 percent (6.7% in December 2011) and apartment rents at \$785 (\$777 in December 2011). Recent and planned multi-family permit activity will alleviate some of the pressure on this market. However, it is not expected to offset the increase of troops at Fort Carson who will be at the base rather than being deployed in the middle east. The market for multi-family housing is expected to remain tight through 2013.

A large unknown about multi-family housing in 2013 is the effect federal budget cuts will have on the number of active military stationed at the region's bases. The Department of Defense examined a scenario in which troop levels at Fort Carson might be reduced by 8,000. Some cuts can be expected. If cuts do occur, they may take place over several years.

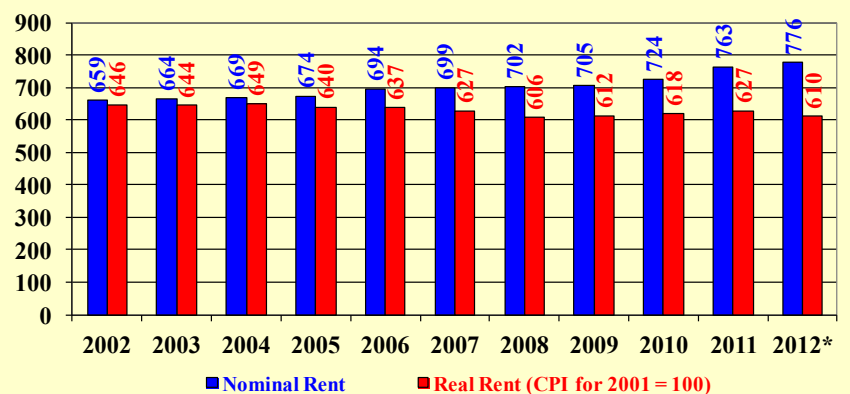
Alternatively, Fort Carson might see an increase of 3,000 troops as part of the sequestration process. This scenario was also considered by the Department of Defense. If this happens, the market for multi-family housing will tighten in 2013 and 2014.

Multi-Family Annual Vacancy Rates in El Paso County



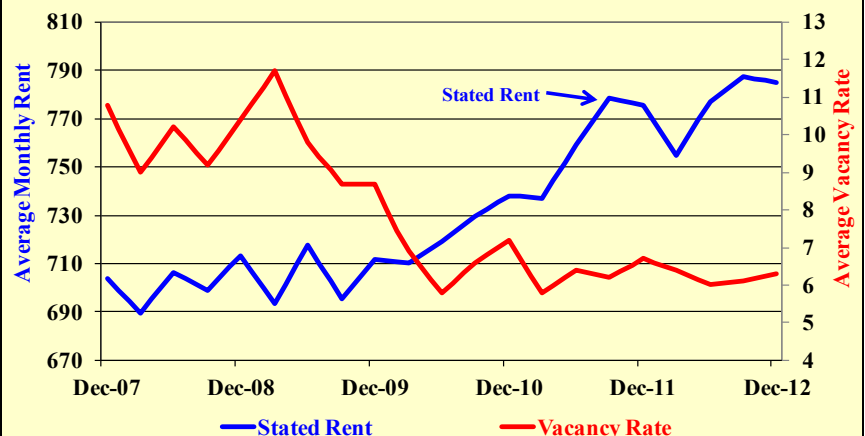
Source: Colorado Division of Housing
*Estimate by UCCS Forum

Annual Nominal & Real Multi-Family Rents in El Paso County



Source: Colorado Division of Housing
*Estimated by the Forum

Monthly Apartment Rents and Vacancy Rates in El Paso County



Source: Colorado Division of Housing, UCCS Forum estimated for latest quarter

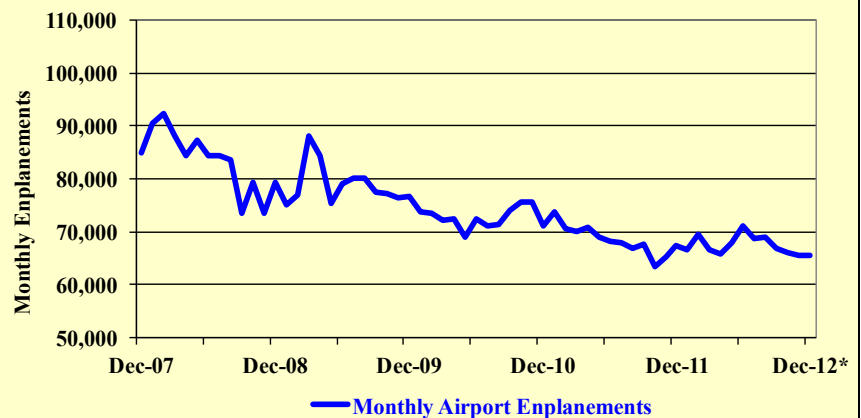
Colorado Springs Airport Trends

Enplanements at the Colorado Springs Airport continued a downward trend. This is believed to be the result of:

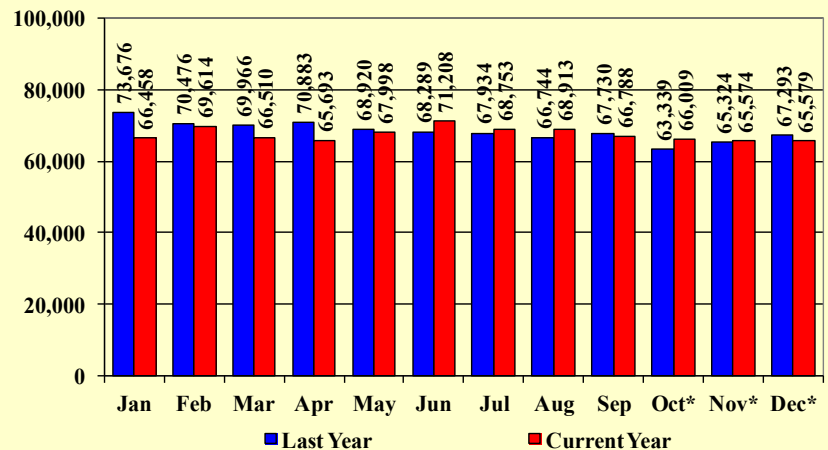
1. the slow economy
2. decline in business travel
3. weak tourism activity
4. high fuel prices
4. fewer strategic carriers
5. reduced flights.

Frontier Airlines announced in February 2012 that it would offer four new non-stop routes from Colorado Springs to Phoenix, Los Angeles, Portland and Seattle. Frontier announced in January 2013 that it would only keep the Phoenix and Los Angeles routes. This stems from disappointing ticket sales. Frontier's September load factor was 63.3 percent vs. 75.4 percent for all other air carriers at the airport. Without new carriers or replacement routes, enplanements at the airport will decline in 2013.

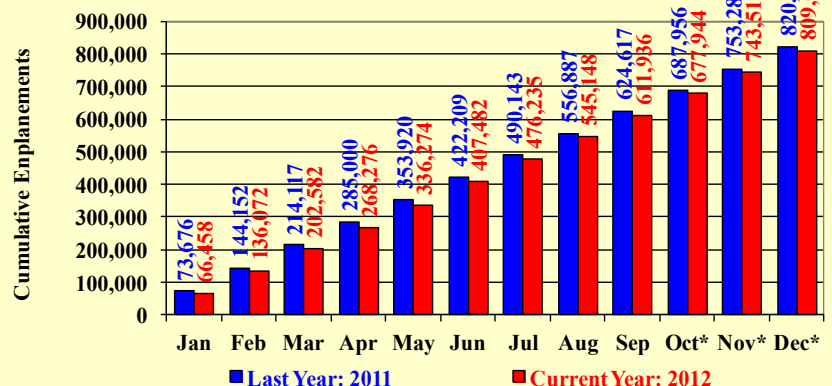
Enplanement Trends at Colorado Springs Airport (Seasonally Adjusted)



Colorado Springs Airport Enplanements Monthly Comparisons: Current & Previous Year



Colorado Springs Airport Enplanements Year to Date Comparison



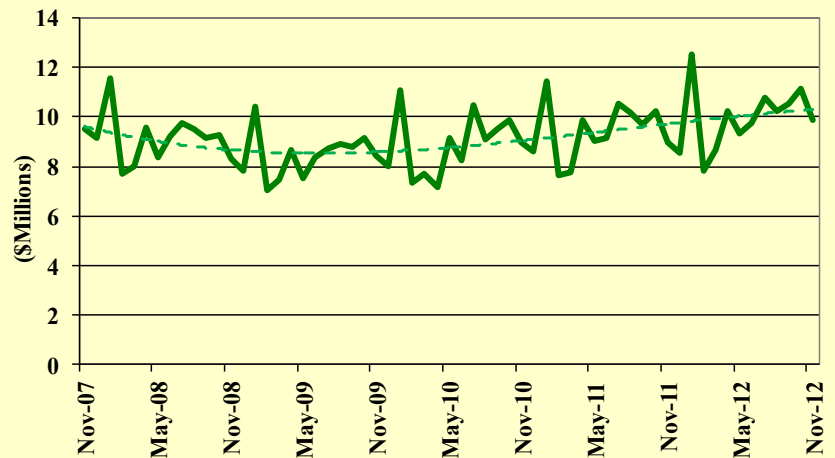
Colorado Springs Sales Taxes

Local gasoline prices in the \$2.65 range over the last few months increased discretionary spending in the area. The growth in retail sales spurred sales tax collection for Colorado Springs to repeated increases for the current month over the year ago month. The growth is attributed to a recovering economy, pent up consumer demand, purchases of new automobiles and strong growth in sales tax collections on materials used in new residential construction.

Very modest gains in year over year monthly sales tax revenues for Colorado Springs took place in the post Waldo Canyon fire months of July and August. The Forum did a time series analysis of the data and estimated that there were at least 20,000 lost occupied room nights as a result of cancelled reservations due to the fire. At an average peak summer room rate in the county of \$98 a night plus related expenditures for car rentals, meals, tourism and other local services, Colorado Springs incurred approximately \$75,000 to \$100,000 in lost sales tax collections.

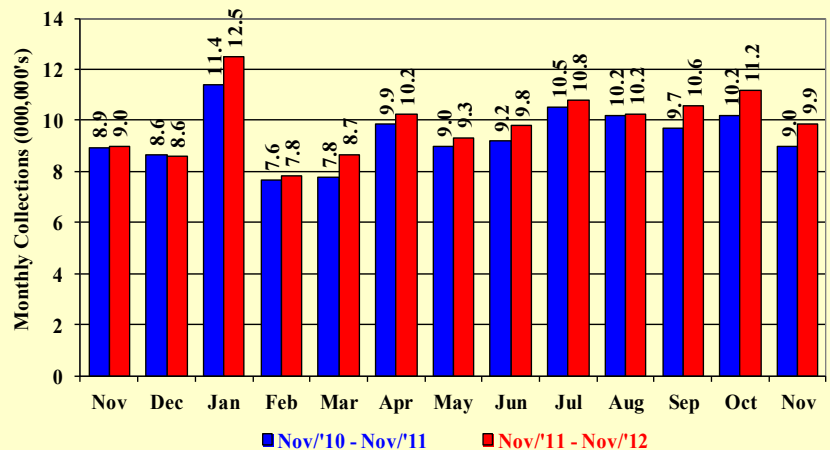
A year-to-date comparison indicates sales tax collections are 6.2 percent higher than in 2011. The gains are attributed to increased tax revenues from building materials (new permit activity) and automobile sales (returning troops). There is evidence that more broadly based sales tax revenue patterns are emerging.

Colorado Springs
2% Monthly Sales Tax Collections



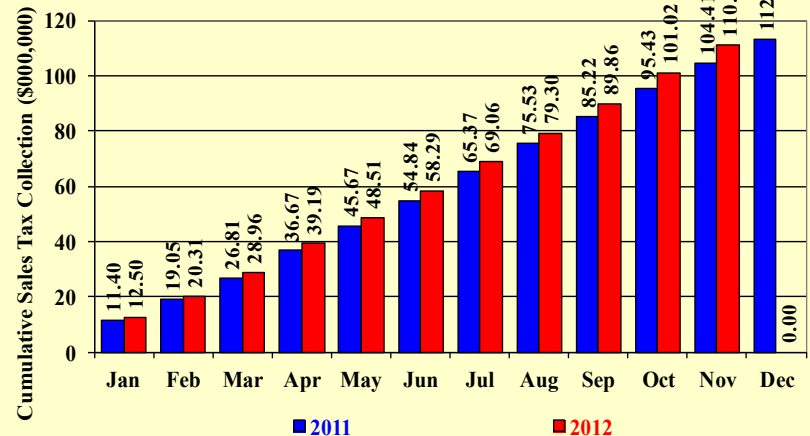
Source: City of Colorado Springs and UCCS Southern Colorado Economic Forum

Sales Tax Collections City of Colorado Springs



Source: City of Colorado Springs and UCCS Southern Colorado Economic Forum

Colorado Springs Cumulative Sales Tax Collections:
Prior and Current Year



Source: City of Colorado Springs and UCCS Southern Colorado Economic Forum

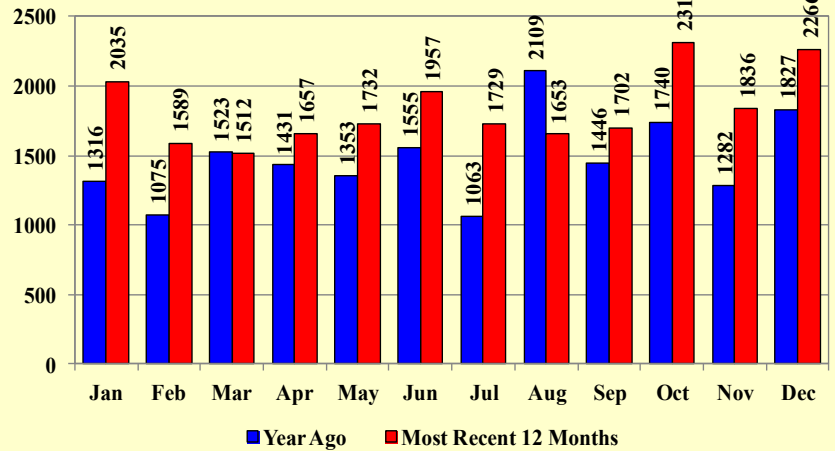
New Car Registration Trends

Registrations reflect a two month lag from the time a vehicle is sold until it is registered. As with most other indicators the Forum monitors, new vehicle registrations in El Paso County bottomed out around the first quarter of 2009. Increased new car sales and registrations are believed to reflect rising consumer sentiment, the return of troops at Fort Carson and the inevitable pent up demand that developed over the last several years. The average age of a vehicle in the U.S. is 10.8 years. Registrations have been higher in 10 of the last 12 months vs. year ago registrations. Registrations in 2012 were up 24.1 percent over 2011.

As expected, new vehicle registrations increased significantly in 2012. New registrations were 21,985 in 2012 compared to 17,720 in 2011. Also expected, the growth rate in new vehicle registrations began to slow over the last few months.

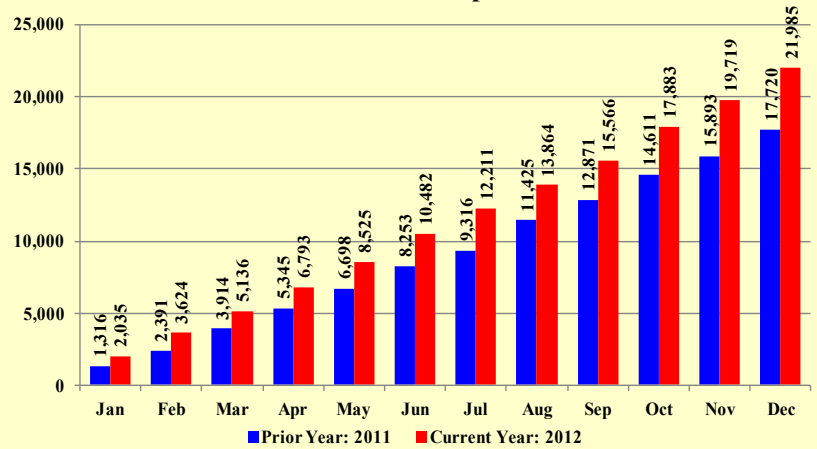
An alternative measure of the strength in new vehicle registrations is registrations per capita. There were more than 140 new registrations per 1,000 residents in December. This is more than twice the level at the bottom of the recession in the summer of 2009.

**New Vehicle Registrations in El Paso County:
Previous and Current Twelve Months**



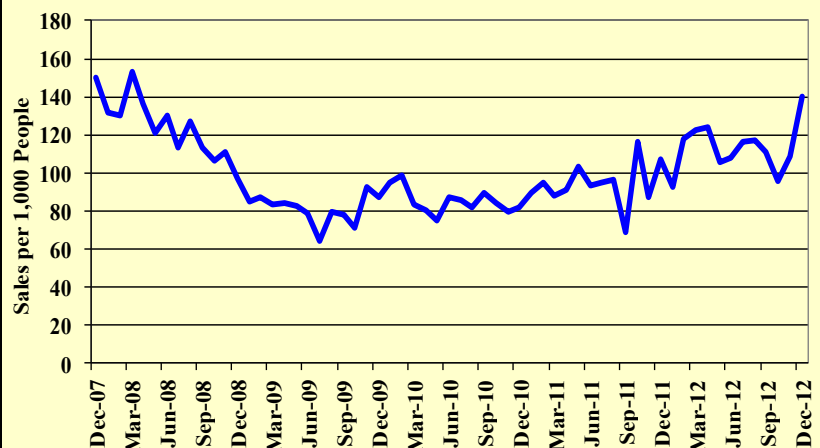
Source: El Paso County Clerk and Recorder and UCCS Forum

**New Vehicle Registrations In El Paso County
Year to Date Comparison**



Source: El Paso County Clerk and Recorder and UCCS Southern Colorado Forum

**Monthly, Per Capita New Vehicle Registrations
in El Paso County, SA & Indexed: 12/07-6/09 = 100**



Source: El Paso County Clerk and Recorder, CO DOLA and UCCS Southern Colorado Economic Forum

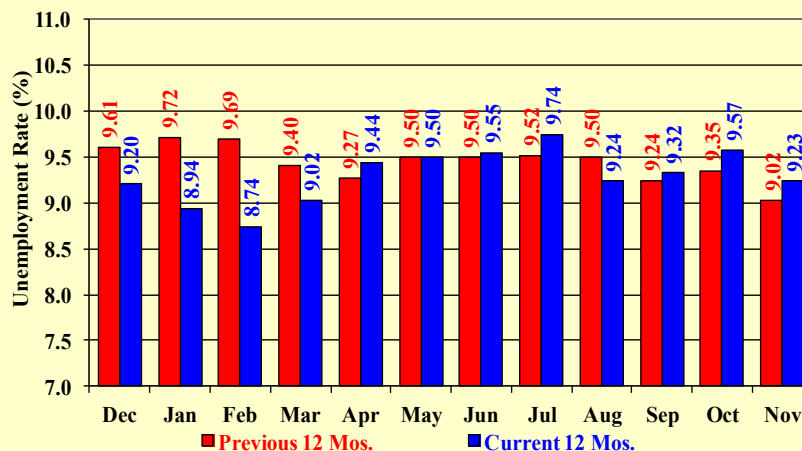
Employment Trends and Wages

The seasonally adjusted unemployment rate for November was 9.23 percent. This is part of a 9+ percent unemployment rate plateau that has marked most of the local labor market since May 2009. The lack of employment growth has been a continuing drag on the local economy.

While the improvement in local unemployment rates has stalled, it should be noted that employment in El Paso County continues to be well below the levels experienced in 2007. Employment in November 2012 is 23,727 lower than the peak employment level of 290,544 in September 2007. Put into context, the county's population grew approximately 67,000 since 2007. A population increase of 67,000 would normally translate to an increase in the labor force of 33,000. The labor force actually shrank by 15,743 from its peak of 308,305 in June 2009. The effective decrease of 48,743 (33,000 + 15,241) indicates there is a large number of people who are no longer looking for work.

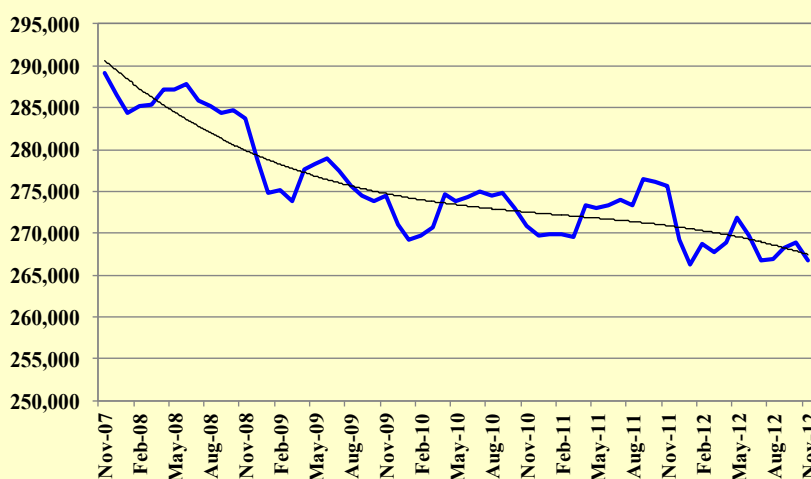
Preliminary estimates of real wages suggest wages decreased approximately 1.5 percent in 2012. If this holds through the traditional series of benchmark revisions, it will be disappointing news for the local economy. Upward revisions are expected. This would be consistent with increases in regional retail sales activities. The Forum will monitor this in the coming months.

El Paso County Unemployment Rate:
(Seasonally Adjusted)



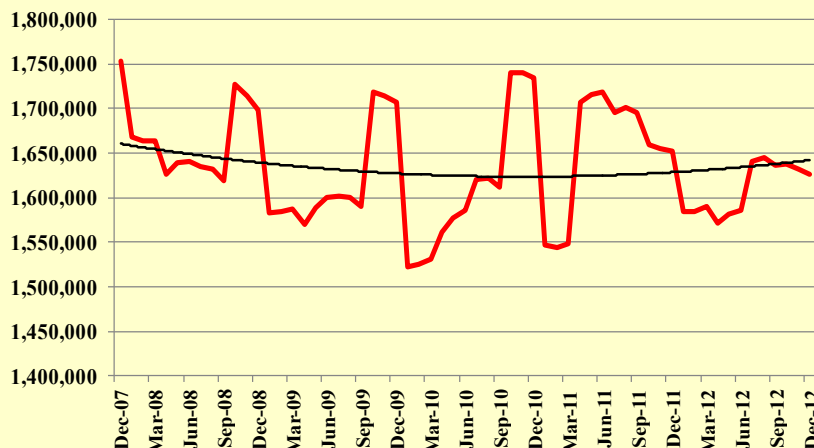
Source: CO LMI and UCCS Forum

Employment Trends in El Paso County



Source: CO LMI and UCCS Forum

Total Monthly Real Wages in El Paso County (000's)



Source: Colorado LMI and UCCS Forum.
July 2012 - December 2012 values were estimated by UCCS Forum.

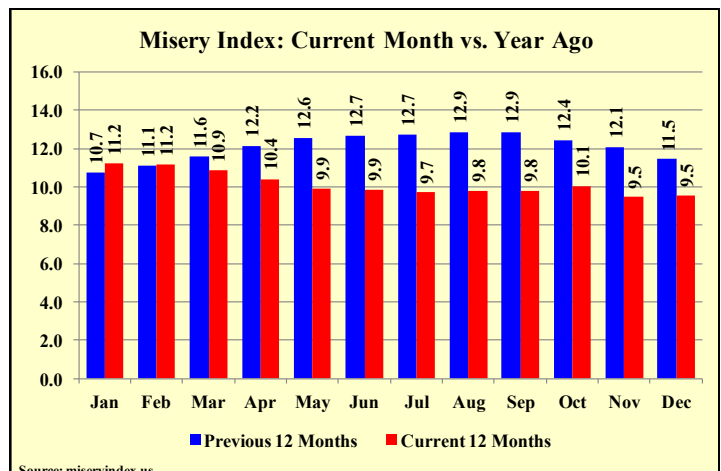
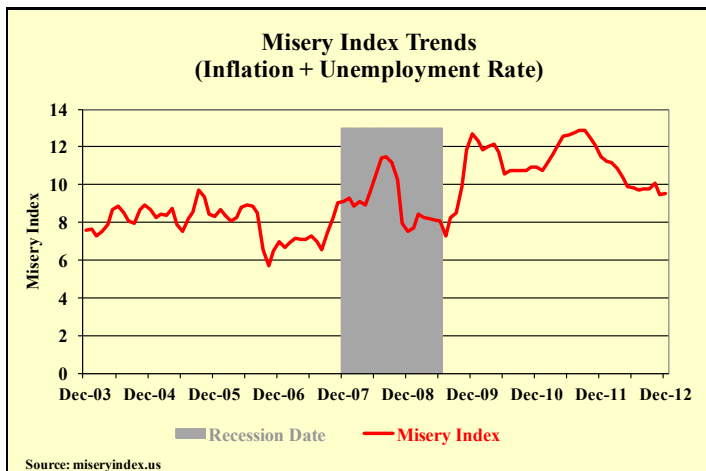
National Expectations

The Federal Reserve Bank of Philadelphia August 2012 *Survey of Professional Economists* (<http://www.philadelphiafed.org/index.cfm>) points toward an improving national economy. A lower unemployment rate, higher GDP and industrial output are expected with inflation of about 2.1 to 2.3 percent. Higher interest rates are expected to accompany the growing demand for money as the economy expands. Concern about a near-term recession is waning. This might be related to diminished concerns about the fiscal cliff and improving economic conditions in Europe and China.

| Annualized Rate for | | | | | |
|---|-------|-------|-------|-------|-------|
| | Q4-12 | Q1-13 | Q2-13 | Q3-13 | Q4-13 |
| 10-Year T-Bond Rate (%) | 1.80 | 1.80 | 1.90 | 2.10 | 2.30 |
| 3-Month T-Bill Rate (%) | 0.10 | 0.10 | 0.11 | 0.11 | 0.12 |
| AAA Corp Bond Rate (%) | 3.51 | 3.62 | 3.74 | 3.90 | 4.08 |
| New Private Housing Starts (Annualized Rate Millions) | 0.82 | 0.84 | 0.89 | 0.93 | 0.95 |
| Industrial Production Index (2007=100) | 97.6 | 98.3 | 99.1 | 99.9 | 100.7 |
| CPI Annual Rate % | 2.3 | 2.1 | 2.2 | 2.2 | 2.3 |
| Real GDP Growth % | 1.8 | 1.7 | 2.0 | 2.7 | 2.8 |
| Unemployment Rate % | 7.9 | 7.9 | 7.8 | 7.8 | 7.6 |
| Employment Growth | | | | | |
| Nonfarm Payroll Employment Growth (000's) | 148.7 | 127.4 | 146.1 | 170.2 | 178.3 |
| Nonfarm Payroll Employment Growth (%) | 1.3 | 1.1 | 1.3 | 1.5 | 1.6 |
| Likelihood of Decline in Real GDP | | | | | |
| Mean Likelihood of a Decline in Real GDP (%) | 13.5 | 23.0 | 21.7 | 17.9 | 16.4 |

Misery Index

The Misery Index, a consumer economic wellness measure (www.miseryindex.us), defines consumer misery as the sum of the rate of unemployment and the rate of inflation. The lower left chart illustrates the historical values for the last ten years through December 2012. Futures prices are pointing to increases in food prices due to the effects of last year's drought in the Midwest. The global demand for oil is helping to push oil prices up quickly. Increases in food and energy prices will exert upward pressure on inflation. Slow job growth will help reduce the Misery Index slightly. The index is expected to remain in the 9.0 to 9.5 range for the next few months.





| Selected Economic Indicators | | | | | | | | | | | | | |
|---------------------------------------|------------|--------|--------|------------|--------|--------|------------|--------|--------|------------|--------|--------|----------------------|
| National Quarterly Data | 2011 Q4 | | | 2012 Q1 | | | 2012 Q2 | | | 2012 Q3 | | | Change vs. Yr Ago |
| Ttl Loans/Lease Charge-off Rate % | 1.32 | | | 1.23 | | | 1.17 | | | 1.21 | | | -0.33 |
| Loan Delinquency Rate % | 5.43 | | | 5.26 | | | 5.14 | | | 5.03 | | | -0.68 |
| Benefit Costs SA 2005=100 | 116.3 | | | 116.7 | | | 117.4 | | | 118.2 | | | 2.80 |
| Compensation Costs SA 2005=100 | 115.2 | | | 115.7 | | | 116.3 | | | 116.8 | | | 2.20 |
| Retail Sales SA (billions) | 1,112 | | | 1,029 | | | 1,093 | | | 1,081 | | | 40.32 |
| e-Sales SA (billions) | 61.8 | | | 50.3 | | | 51.2 | | | 52.51 | | | 7.64 |
| e-Sales as % of Retail Sales SA | 5.6% | | | 4.9% | | | 4.7% | | | 4.9% | | | 0.01 |
| GDP Real % Growth SA | 4.1% | | | 2.0% | | | 1.3% | | | 2.0% | | | 0.01 |
| Household Debt Service Ratio | 11.0% | | | 10.8% | | | 10.7% | | | 10.6% | | | 0.00 |
| National Monthly Data | Dec-11 | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Change vs. Yr Ago |
| Capacity Utilization SA | 78.30 | 78.70 | 79.00 | 78.40 | 79.00 | 78.90 | 78.80 | 79.20 | 78.30 | 78.40 | 78.00 | 78.70 | 1.00 |
| Car & Lt Trk Sales Millions SA | 13.57 | 13.93 | 14.43 | 14.09 | 14.08 | 13.90 | 14.33 | 14.04 | 14.46 | 14.88 | 14.23 | 15.48 | 1.97 |
| Cons Sent (1966=100) SA | 69.9 | 75.0 | 75.3 | 76.2 | 76.4 | 79.3 | 73.2 | 72.3 | 74.3 | 78.3 | 82.6 | 82.7 | 19.0 |
| CPI-U 1982-84=100 SA | 227.03 | 227.51 | 228.43 | 229.10 | 229.18 | 228.53 | 228.62 | 228.72 | 230.10 | 231.41 | 231.75 | 231.03 | 1.8% |
| Federal Funds Rate (Effective) | 0.07% | 0.08% | 0.10% | 0.13% | 0.14% | 0.16% | 0.16% | 0.16% | 0.13% | 0.14% | 0.16% | 0.16% | 0.2% |
| Gasoline Price per Gal. of Regular | 3.27 | 3.38 | 3.58 | 3.85 | 3.90 | 3.73 | 3.54 | 3.44 | 3.72 | 3.85 | 3.75 | 3.45 | \$0.07 |
| Ind Production (1997=100) SA | 95.94 | 96.59 | 97.05 | 96.47 | 97.27 | 97.26 | 97.28 | 97.93 | 96.97 | 97.17 | 96.84 | 97.84 | 2.7 |
| Inventory/Sales Ratio SA | 1.26 | 1.26 | 1.26 | 1.26 | 1.26 | 1.27 | 1.29 | 1.28 | 1.29 | 1.28 | 1.28 | 1.28 | 0.02 |
| Mtg Rate, 30 Yr Conventional NSA | 3.96 | 3.92 | 3.89 | 3.95 | 3.91 | 3.80 | 3.68 | 3.55 | 3.60 | 3.50 | 3.38 | 3.35 | -0.64 |
| Prime Rate (%) NSA | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 | 0.0 |
| Purch Mgr Index SA | 53.10 | 54.10 | 52.40 | 53.40 | 54.80 | 53.50 | 49.70 | 49.80 | 49.60 | 51.50 | 51.70 | 49.50 | -2.7 |
| Real Rtl/Food Svc Sales SA (billions) | 396.97 | 400.55 | 404.69 | 406.20 | 404.11 | 403.64 | 400.64 | 403.59 | 407.70 | 412.71 | 412.00 | 413.58 | 16.2 |
| S&P500 | 1244.6 | 1257.6 | 1408.0 | 1374.1 | 1408.5 | 1405.8 | 1278.0 | 1362.2 | 1375.1 | 1406.6 | 1444.5 | 1427.6 | 209.3 |
| Tech Index SA - Mar 2001 = 100 | 110.0 | 110.0 | 112.1 | 111.8 | 112.8 | 113.5 | 110.5 | 108.3 | 106.7 | 105.6 | 106.8 | 107.2 | 2.4 |
| Trade Weighted Dollar | 73.2 | 73.3 | 72.3 | 72.9 | 72.8 | 73.9 | 75.0 | 75.2 | 74.2 | 72.6 | 72.7 | 73.6 | 1.4 |
| West Texas Oil Spot Price NSA | 98.6 | 100.2 | 102.3 | 106.2 | 103.3 | 94.7 | 82.4 | 87.9 | 94.2 | 94.7 | 89.6 | 86.7 | -10.6 |
| Colorado Data | Dec-11 | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Change vs. Yr Ago |
| Denver-Boulder CPI SA (est) | 224.75 | 225.68 | 226.62 | 227.55 | 228.49 | 229.43 | 230.36 | 231.32 | 232.28 | 233.24 | 231.54 | 232.68 | 0.04 |
| Kansas City Fed Mfg Index (NSA) | 122.7 | 148.3 | 149.1 | 143.8 | 125.8 | 134.0 | 118.6 | 123.5 | 132.5 | 127.3 | 118.6 | 114.5 | -12.0 |
| Labor Force NSA (000's) | 2,725 | 2,704 | 2,716 | 2,721 | 2,700 | 2,730 | 2,765 | 2,746 | 2,733 | 2,746 | 2,747 | 2,713 | -19.5 |
| Labor Force SA (000's) | 2,734 | 2,730 | 2,731 | 2,735 | 2,731 | 2,738 | 2,741 | 2,733 | 2,722 | 2,722 | 2,726 | 2,719 | -11.4 |
| Employment NSA (000's) | 2,515 | 2,477 | 2,493 | 2,498 | 2,484 | 2,506 | 2,533 | 2,518 | 2,520 | 2,543 | 2,541 | 2,510 | -12.6 |
| Employment SA (000's) | 2,518 | 2,517 | 2,518 | 2,522 | 2,515 | 2,516 | 2,517 | 2,506 | 2,499 | 2,505 | 2,510 | 2,510 | -12.8 |
| Unemployment Rate NSA | 7.7% | 8.4% | 8.2% | 8.2% | 8.0% | 8.2% | 8.4% | 8.3% | 7.8% | 7.4% | 7.5% | 7.5% | -0.2% |
| Unemployment Rate SA | 7.9% | 7.8% | 7.8% | 7.8% | 7.9% | 8.1% | 8.2% | 8.3% | 8.2% | 8.0% | 7.9% | 7.7% | -0.3% |
| Colorado Springs Data | Dec-11 | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Change vs. Yr Ago |
| Business Conditions Index SA | 103.05 | 110.11 | 108.75 | 106.60 | 106.54 | 111.75 | 108.79 | 106.85 | 110.31 | 111.91 | 113.68 | 111.93 | 8.6 |
| Co Spgs Airport Boardings SA | 67,293 | 66,458 | 69,614 | 66,510 | 65,693 | 67,998 | 71,208 | 68,753 | 68,913 | 66,788 | 66,009 | 65,574 | 4,627 |
| Foreclosures SA | 361 | 285 | 301 | 275 | 298 | 278 | 340 | 328 | 339 | 258 | 310 | 212 | -77 |
| New Car Registrations SA | 1,802 | 1,881 | 1,903 | 1,624 | 1,667 | 1,795 | 1,807 | 1,714 | 1,488 | 1,692 | 2,182 | 2,033 | 614 |
| Sales & Use Tax (\$million) SA | 9.793 | 10.831 | 10.210 | 10.407 | 10.517 | 10.630 | 10.717 | 10.372 | 10.631 | 10.979 | 11.040 | 10.915 | 0.895 |
| Single Family & TH Permits SA | 124 | 166 | 144 | 147 | 168 | 216 | 194 | 173 | 240 | 239 | 221 | 215 | 62 |
| Labor Force NSA (000's) | 295.6 | 294.9 | 296.7 | 296.1 | 296.2 | 299.7 | 299.3 | 296.1 | 293.6 | 293.8 | 295.1 | 292.6 | -9.0 |
| Employment NSA (000's) | 269.3 | 266.3 | 268.8 | 267.7 | 269.0 | 271.9 | 269.7 | 266.8 | 266.9 | 268.2 | 268.9 | 266.8 | -8.8 |
| Unemployment Rate NSA | 8.9% | 9.7% | 9.4% | 9.6% | 9.2% | 9.3% | 9.9% | 9.9% | 9.1% | 8.7% | 8.9% | 8.8% | 0.2% |
| Unemployment Rate SA | 9.2% | 8.9% | 8.7% | 9.0% | 9.4% | 9.5% | 9.5% | 9.7% | 9.2% | 9.3% | 9.6% | 9.2% | 0.2% |



About the Forum

The Southern Colorado Economic Forum (SCEF) is part of the College of Business outreach to the Colorado Springs Community. The Forum gathers, analyzes and disseminates information relevant to the economic health of the region. Through its efforts, the Forum has gathered a number of unique data sets. The Forum and its staff are available for fee-for-service work to analyze business situations, develop forecasts, conduct and analyze surveys and develop solutions to other business problems you may have. Examples of prior work include Small Area Forecast for the Pikes Peak Area Council of Governments, Colorado Springs Airport Passenger Survey, exit survey for La-Z-Boy, a Community Audit for the Pikes Peak Workforce Center and the Data Mining Project for the Colorado Workforce Centers. If you would like additional information about how the Forum can assist you, contact Fred Crowley at (719) 255-3531 or e-mail at fcrowley@uccs.edu.

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College of Business
Venkat Reddy, Ph.D., Dean

Faculty Director
Southern Colorado Economic Forum
Professor of Finance
Tom Zwirlein, Ph.D.

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Fred Crowley, Ph.D.

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