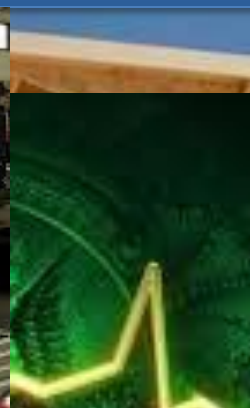




Trends & Indicators Dashboard

A project of the
Citizens' Finance Advisory Commission











City of Loveland

Updated by
Alan Krcmarik

Executive Fiscal Advisor
Draft for the **DECEMBER 2012**
CFAC Meeting



Indicators Definitions

	Status		Projections
	Green – This indicator is performing within the fiscal range needed to meet (or exceed) its COL Budget expectations. Projection should be monitored if it is a declining trend.		Expected trend will meet to exceed COL Budget requirements.
			Expected trend will meet COL Budget requirements. No changes expected.
	Amber – This indicator is performing below the fiscal range needed to meet its COL Budget expectations, but is not critical. Projection is important.		Expected trend is at risk to fall below COL Budget requirements. Corrective actions may be needed to prevent further adverse impact.
	Red – This indicator is performing well below the fiscal range needed to meet its COL Budget expectations. Positive projection is desired, otherwise corrective actions are warranted.		Expected trend is to fall below COL Budget requirements. There is no indication of positive correction.
			Expected trend is to fall significantly below COL Budget requirements. Corrective action is beyond COL ability to effect.

Trends & Indicators Dashboard

Leading Indicators	Status	Proje- ction	Lagging Indicators	Status	Proje- ction
US Unemployment	●	▼	Loveland GEO Area Sales Taxes	●	↗
US Personal Income	●	↔	Use Tax on Building Materials	●	↗
Colorado Sales Tax	●	↗	Building Permits	●	↗
Colorado Unemployment	●	▼	Property Tax Projections	●	↔
Loveland Foreclosures	●	↗	Loveland Employment Outlook	●	↔
Loveland Sales Tax Licenses	●	↔			

No changes since November, but several indicators have improved.

The Employment numbers from December 7th were again better than expected.

The CU Boulder Leeds School of Business released a very positive forecast for 2013.

In Loveland, building permits and use tax have been very good in recent months.

Congress needs to extend the debt limits and address fiscal issues.

Summary: Strong Forecast for Colorado and the Region; Nation faces fiscal concerns, European in recession

On one handthe positives

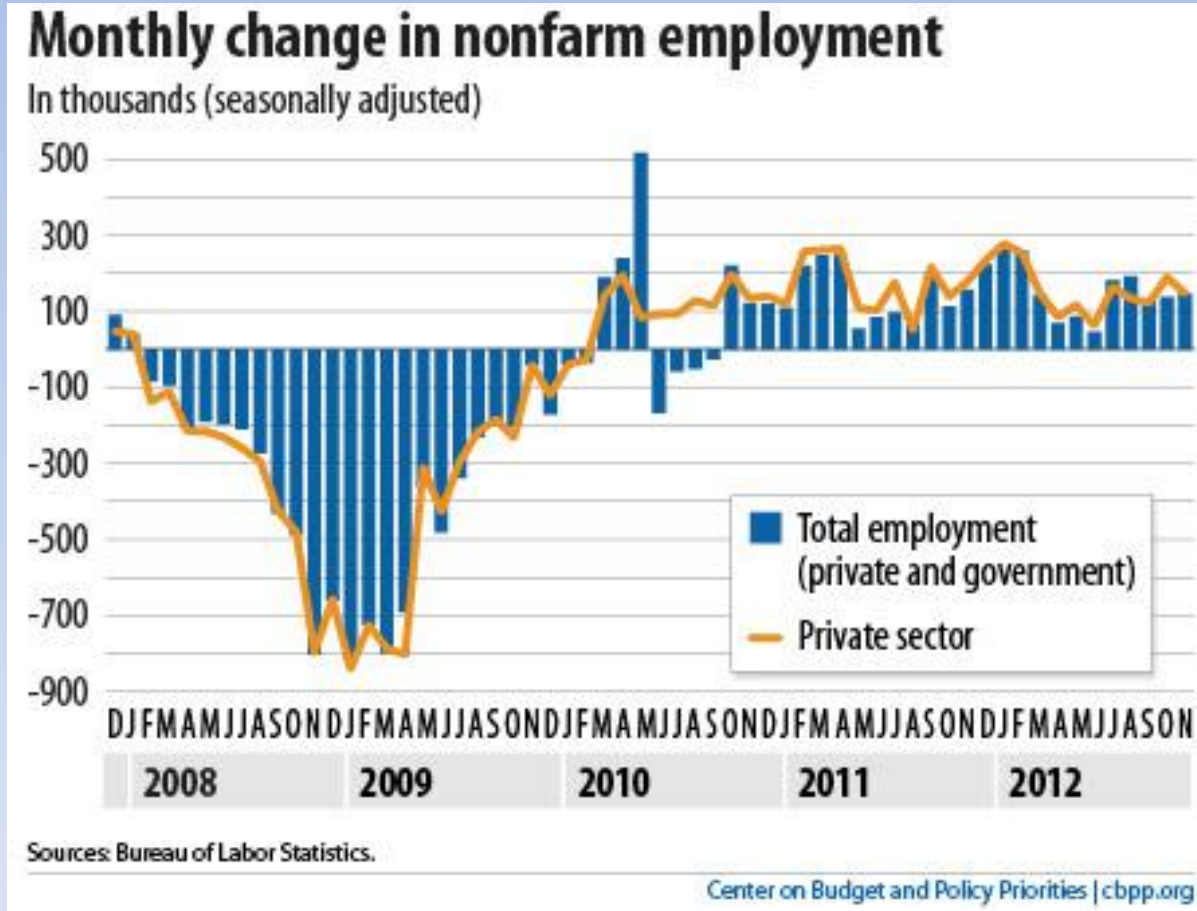
- Loveland sales tax collections ahead of last year and budget.
- Building permits and use taxes well above budget projections.
- Housing sector continues to gain traction.
- National November jobs number better than expected.
- State and local foreclosures are lower again this month, much lower than before the recession.
- City revenues **ahead of expenditures and budget estimates.**

On the otherRisks remain ahead

- The nation's economic future is tied to a solution for fiscal issues and the debt ceiling.
- Jobs growth numbers needs to be even stronger; need 250,000 to 300,000 jobs per month to get back to pre-recession levels in seven years.
- So far the a recession in Europe does not appear to be spreading to the US.
- **The European zone needs several years to recover.**

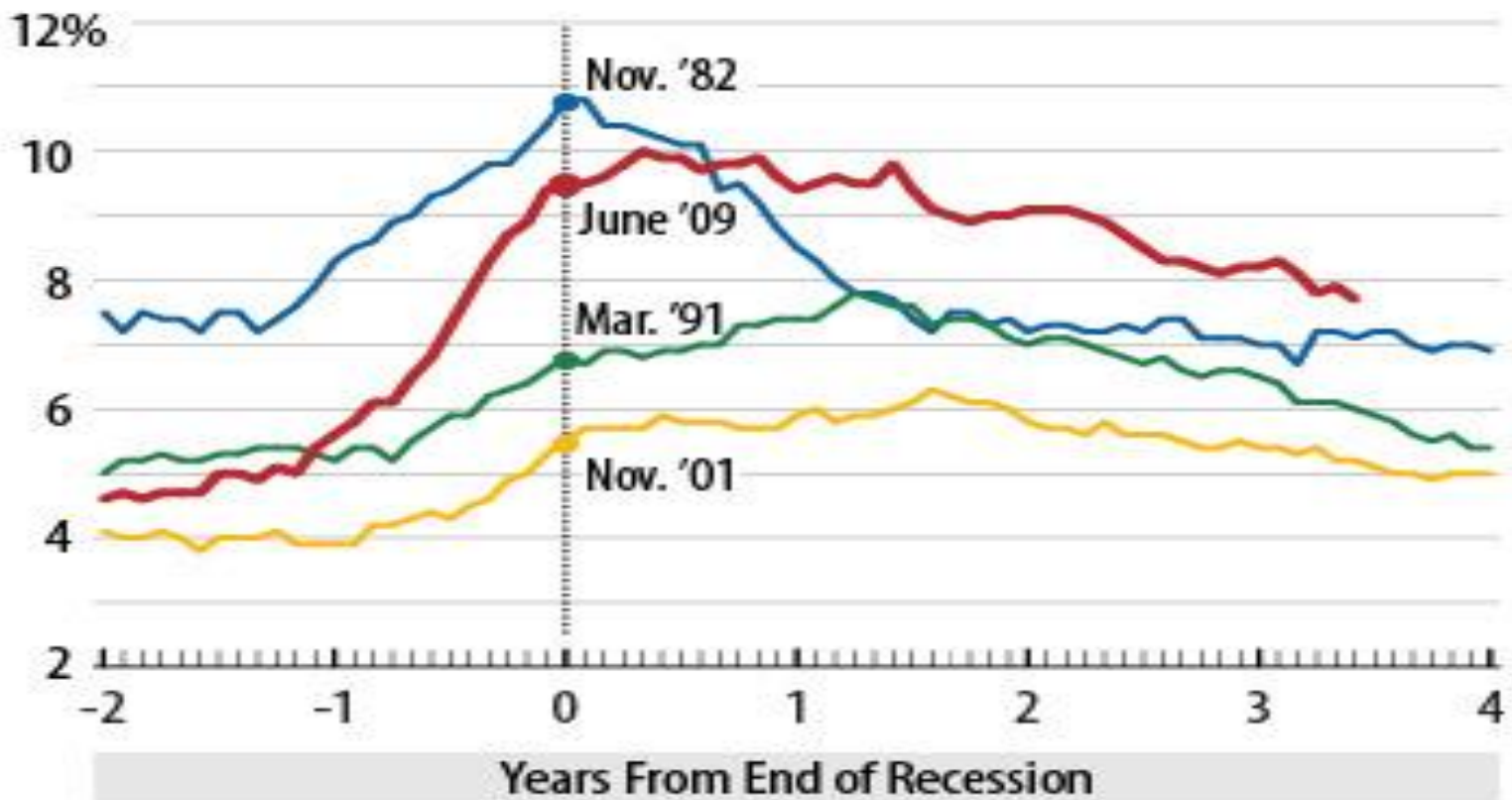
Private Payroll Employment Has Grown For 33 Months

These data do not reflect preliminary estimates of “benchmark” revisions to the payroll employment numbers. Each year, the payroll employment estimates are updated to reflect comprehensive counts of employment for the month of March derived from state unemployment insurance tax records that nearly all employers are required to file. The preliminary estimate of the benchmark revision indicates an upward adjustment to March 2012 total nonfarm employment of 386,000 and to private employment of 453,000. The final benchmark revision will be issued on February 1, 2013.



Unemployment Rate Stubbornly High

Unemployment rates during recessions and recoveries



Source: CBPP calculations from Bureau of Labor Statistics data.

Center on Budget and Policy Priorities | cbpp.org

About the November Jobs Report

- Job growth was moderate in November and the unemployment rate remained below 8 percent, although labor force participation declined.
- Private and government payrolls combined rose by 146,000 jobs in November. Private employers added 147,000 jobs, while government employment fell by 1,000. Federal employment fell by 5,000 and local government employment fell by 2,000, while state government employment rose by 6,000.
- This is the 33rd straight month of private-sector job creation, with payrolls growing by 5.1 million jobs (a pace of 155,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 4.6 million jobs over the same period, or 140,000 a month. Total government jobs fell by 509,000 over this period, dominated by a loss of 370,000 local government jobs.
- These data do not reflect the preliminary estimate of “benchmark” revisions to the payroll jobs count that will be incorporated into the official data in February. The preliminary estimate of the revisions would raise total payroll employment in March 2012 by 386,000 jobs (0.3 percent) and private employment by 453,000 (0.4 percent), while lowering government employment by 67,000 (0.3 percent).

About the November Jobs Report (2)

- Despite the 33 months of private-sector job growth, there were still 4.1 million fewer jobs on nonfarm payrolls and 3.7 million fewer jobs on private payrolls in November than when the recession began in December 2007. Including downward revisions to September and October, job growth averaged 139,000 jobs a month in the past three months — well short of the 200,000 to 300,000 jobs a month that would mark a robust jobs recovery. (All figures exclude the preliminary revisions discussed in the previous bullet.)
- The unemployment rate ticked down to 7.7 percent in November, and the number of unemployed Americans dropped to 12.0 million. However, these decreases reflected people leaving the labor force rather than people finding jobs. The unemployment rate was 6.8 percent for whites (2.4 percentage points higher than at the start of the recession), 13.2 percent for African Americans (4.2 percentage points higher than at the start of the recession), and 10.0 percent for Hispanics or Latinos (3.7 percentage points higher than at the start of the recession).
- The recession and lack of job opportunities drove many people out of the labor force. After two months of modest improvement, the labor force participation rate (the share of people aged 16 and over who are working or actively looking for work) declined to 63.6 percent in November. Prior to this year, it had not been so low since the early 1980s.

About the November Jobs Report (3)

- The labor force fell by 350,000 people in November. The number of people with a job fell by 122,000, and unemployment fell by 229,000, leading to the fall in the unemployment rate. (These numbers come from a different survey from the one used to estimate payroll job growth.)
- The share of the population with a job, which plummeted in the recession from 62.7 percent in December 2007 to levels last seen in the mid-1980s and has remained below 60 percent since early 2009, was 58.7 percent in November.
- The Labor Department's most comprehensive alternative unemployment rate measure — which includes people who want to work but are discouraged from looking (those marginally attached to the labor force) and people working part time because they can't find full-time jobs — was 14.4 percent in November. That's down from its all-time high of 17.2 percent in November 2009 (in data that go back to 1994) but still 5.6 percentage points higher than at the start of the recession. By that measure, roughly 23 million people are unemployed or underemployed.

The three sources of employment data were in synch with the latest release

BACK IN-LINE

► Bounce in Household Report Gets Report Back In-Line with Others



ADP is the largest private payroll company; its numbers should be close to the national statistics.

The Bureau of Labor Statistics releases the Nonfarm payrolls at the beginning of every month. This data is based on payroll data.

The Household line is based on a survey of Household units across the U.S.

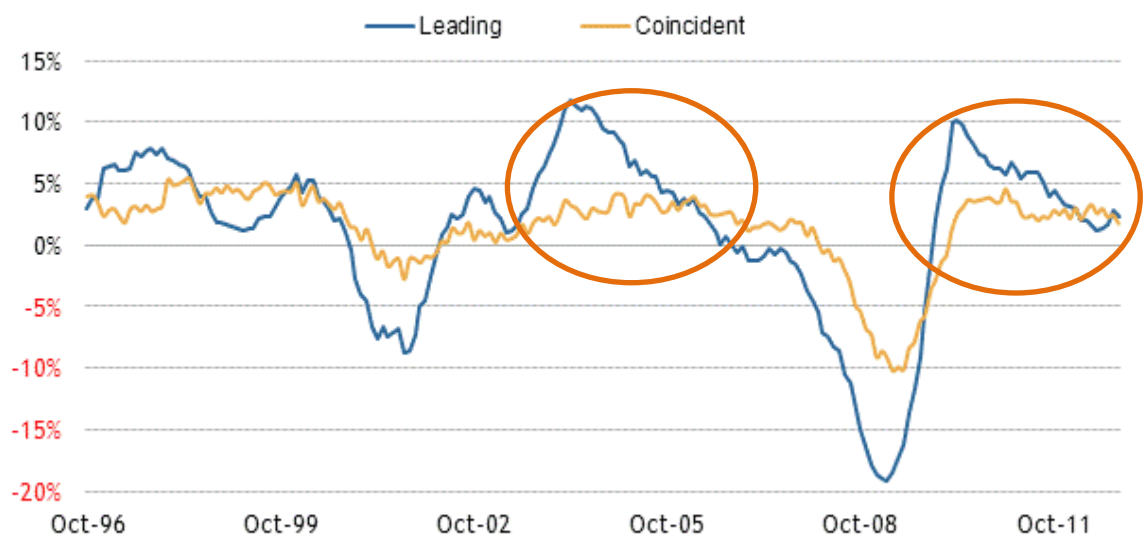
Highlights: The Conference Board's Leading Economic Index

“The reasons for the gain were different than what actually occurred. The building permits data were not released until after economists estimated their leading indicators growth. The permits data was much weaker-than-expected. That unexpected decline, however, was completely offset by stronger-than-expected orders of business capital.”



.....Briefing.com November 21, 2012

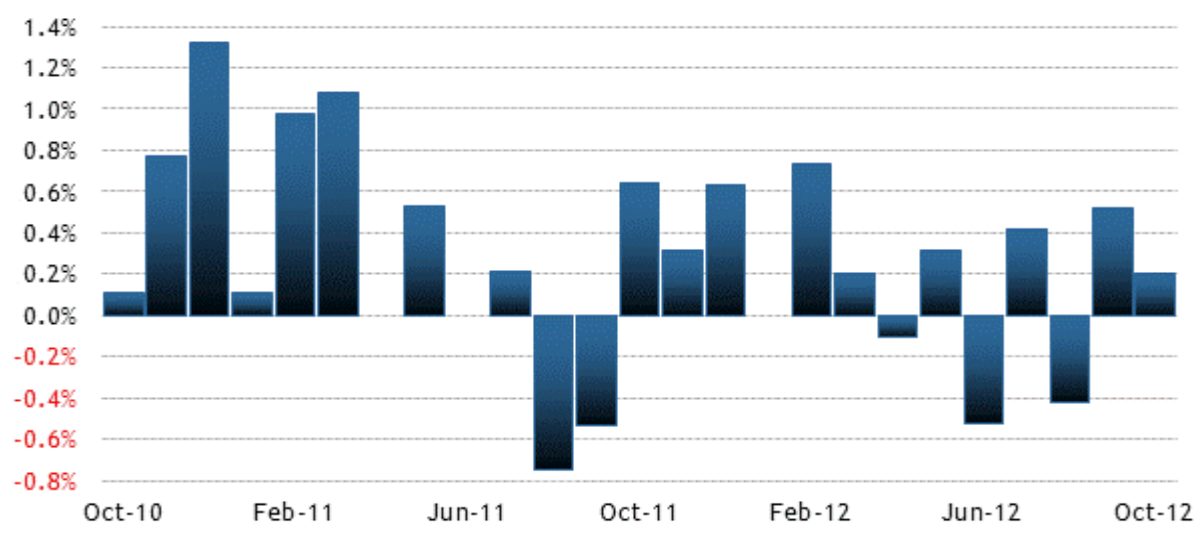
Leading and Coincident Indicators y/y%



Source: Conference Board; updated 11/21/12

Briefing.com

Leading Indicators m/m%



Source: Conference Board; updated 11/21/12

Briefing.com



The coincident indicator remains flat and the comparison to the period prior to the 2007 recession is still very similar.

The underlying details show that economic growth is uneven, but still not a recession.

Economic **Cycle** Research Institute:

Weekly Leading Indicator picked up last week



“The Tell-Tale Chart

Following our September 2011 recession call, we clarified its likely timing in December 2011. Based on the historical lead times of ECRI’s leading indexes, we concluded that, if it didn’t start in the first quarter of 2012, it was very likely to begin by mid-year. “

(Source: ECRI, December 7, 2012)

ECRI is the world's leading authority on business cycles.

Our state-of-the-art analytical framework is unmatched in its ability to forecast cycle turning points.

» UNDERSTAND OUR APPROACH

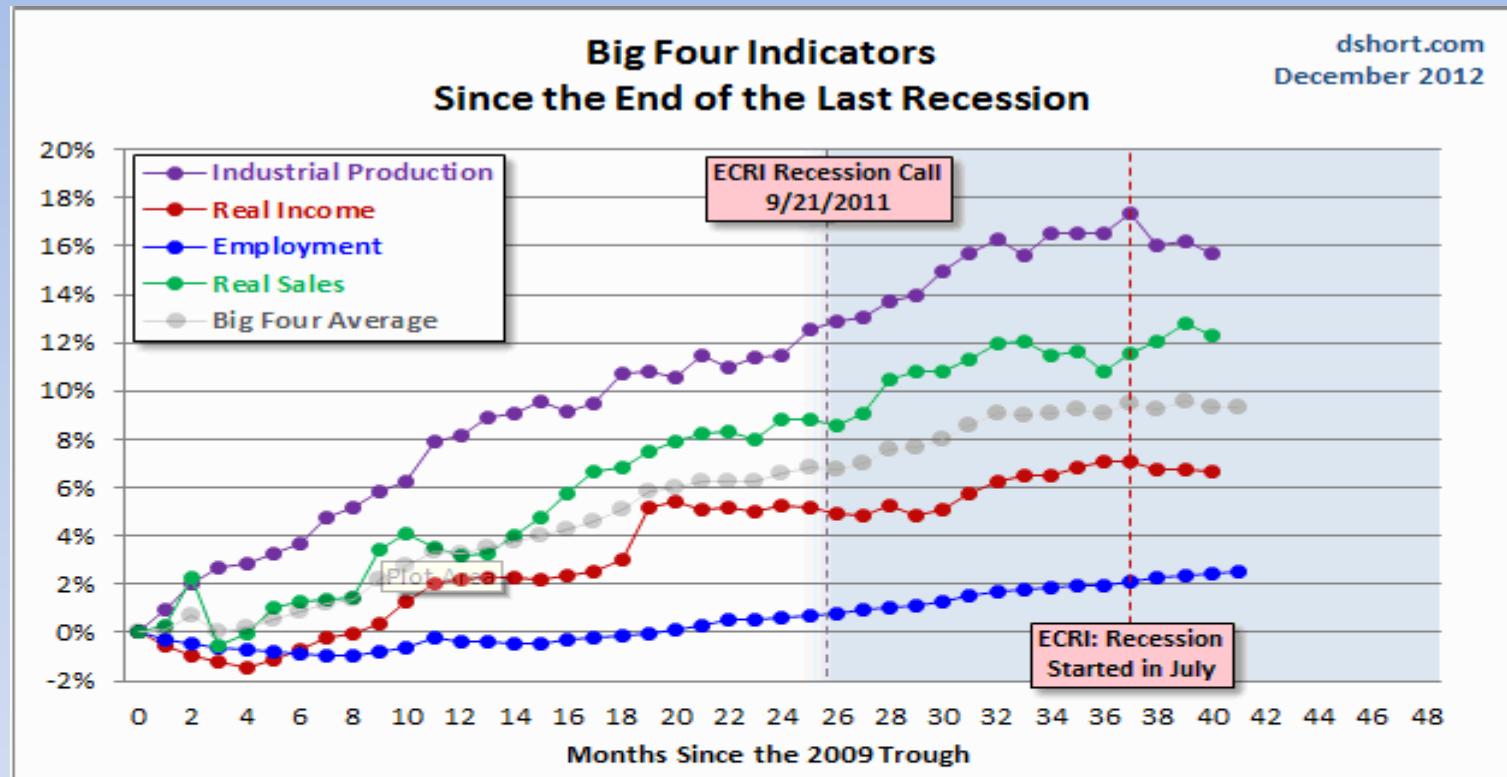
» VIEW OUR TRACK RECORD

Key factors to watch for recession

Are the Big Four Rolling Over?

- Industrial Production negative in two of the last three months
- Real Income negative four months months in a row
- Average of the big four negative for two months.
- Employment barely in the growth mode.
- Real retail sales tipped into the negative for the last month.
- A post-Sandy rebound, satisfactory holiday sales and an intelligent outcome to Fiscal Cliff negotiations could easily put the economy into indisputable expansion

Four Economic Indicators Provide the Best Prediction of Another Recession



Big Four Indicators Month-over-Month in 2012												
Indicator	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Industrial Production	0.7%	0.5%	-0.6%	0.8%	0.0%	0.0%	0.7%	-1.1%	0.2%	-0.4%		
Real Income	0.7%	0.4%	0.3%	0.0%	0.3%	0.2%	0.0%	-0.3%	0.0%	-0.1%		
Employment	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	
Real Sales	0.4%	0.6%	0.1%	-0.5%	0.2%	-0.8%	0.7%	0.4%	0.7%	-0.5%		
Big Four Average*	0.5%	0.4%	0.0%	0.1%	0.1%	-0.1%	0.4%	-0.2%	0.2%	-0.2%	-0.2%	

Employment is released the first week of the month, Income the last week, Industrial Production and Sales mid-month.

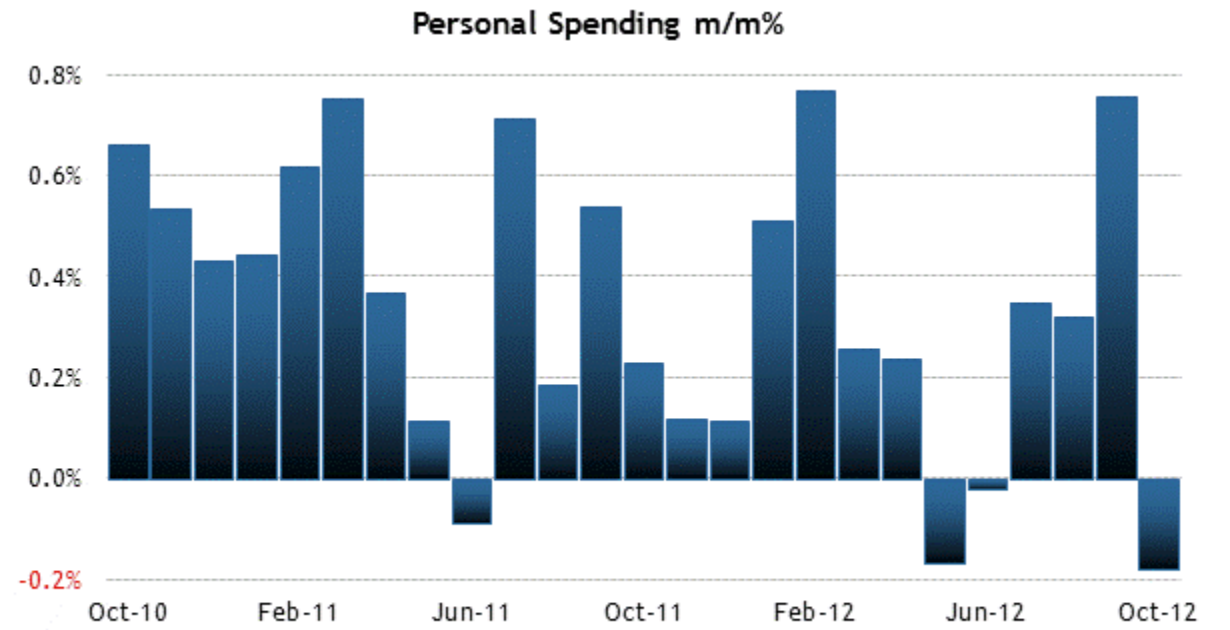
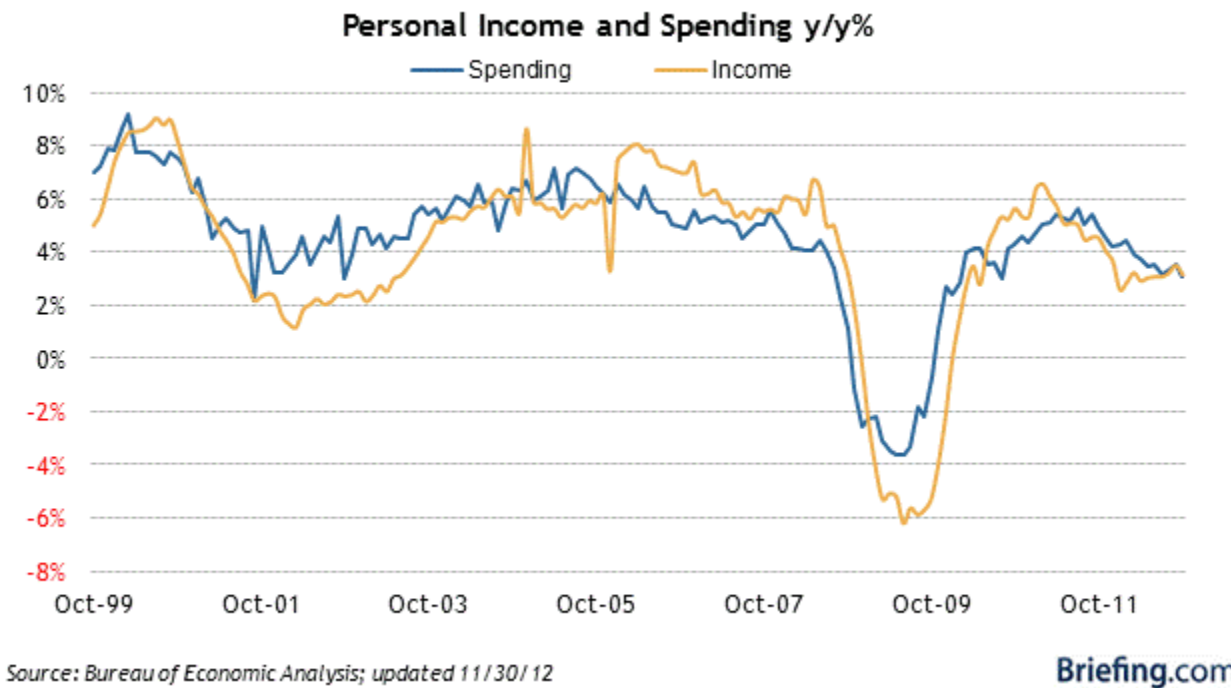
*The Big Four Average is based on four data points, the most recent in each series.

Highlights

Personal Income growth was flat in October, down from 0.4% in September.

Personal Spending increased 0.2% in October after 0.8% in September.

The *personal savings* rate decreased from 3.4% in October compared to 3.3% in September August. The high was June 2011 when it reached 4.7%.



According to the BEA, Hurricane Sandy reduced wages by \$18.0M in October. Without the storm, income would have risen 0.1%.

Big Picture: The effects of the hurricane cannot be teased out of the data, but a rebound in spending is likely to occur in November as consumers buy goods that they were unable to purchase during the hurricane.

Home Prices Rise for the Sixth Straight Month According to the S&P/Case-Shiller Home Price

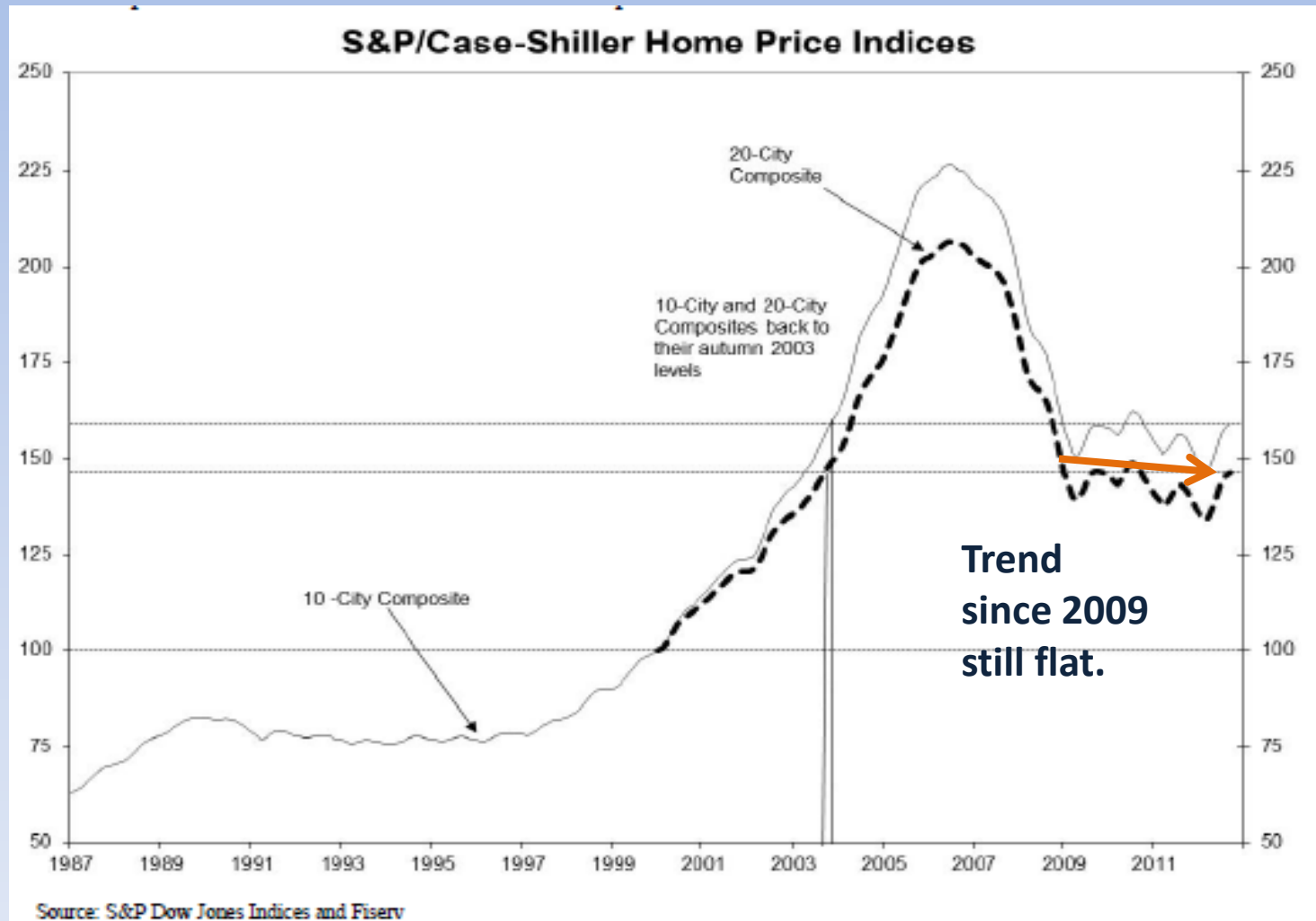
Data released November 27, 2012

The leading measure of U.S. home prices, showed that home prices continued to rise in the third quarter of 2012.

- The national composite was up 3.6% in the third quarter of 2012 versus the third quarter of 2011, and was up 2.2% versus the second quarter of 2012.
- In September 2012, the 10- and 20-City Composites showed annual returns of +2.1% and +3.0%. Average home prices in the 10- and 20-City Composites were each up by 0.3% in September versus August 2012.
- Seventeen of the 20 MSAs and both Composites posted better annual returns in September versus August 2012; Detroit and Washington D.C. recorded a slight deceleration in their annual rates, and New York saw no change.
- “We are entering the seasonally weak part of the year. The headline figures, which are not seasonallyadjusted, showed five cities with lower prices in September versus only one in August; in the seasonally adjusted data the pattern was reversed: one city fell in September versus two in August. Despite the seasons, housing continues to improve.”

Source: David M. Blitzer, Chairman of the Index Committee at S&P Dow Jones Indices.

*Even with the improvement in the numbers,
has a decade of value been lost?*



Case Shiller Index shows the 6th consecutive month of growth; Now about level with late 2003 levels



	Denver Home Prices	National Composite
Monthly Change:	+ 0.4 percent	+ 0.3 percent
Yearly Change:	+ 6.7 percent	+ 3.0 percent

Mountain States' Leading Economic Indicator Slips: Economic Confidence Sinks

November survey results at a glance:

- Leading economic indicator dips to healthy level remaining well above national index.
- Approximately 30 percent of supply managers expect no pay raise next year.
- On average, supply managers project a 1.6 percent wage gain for the next year.
- New export orders remain very healthy.
- Business confidence index plummets.

“The region has grown at a pace exceeding that of the nation. Our regional survey results over the past several months, compared to national surveys, indicate that the regional economy will continue to outperform the national economy. Even so, regional growth over the next 3 to 6 months will slow, but remain positive.

For Immediate Release: December 3, 2012

Source: Goss Institute of Economic Research Creighton University December 3, 2012.

Mountain States Index Rose in October

Colorado, Utah, and Wyoming above growth neutral

Source: Goss Institute of Economic Research Creighton University December 3, 2012

Business Conditions Index

Fell slightly to to a still solid 55.9 down from 58.6.

- Employment at 52.1 **down** from 57.6;
- Wholesale prices 69.7 **down** from 71.8;
commodities pressing on inflation;
- Business Confidence at 48.9 **down** from 56.0;
- Inventories at 62.4 **up** from 60.8; and
- Trade export numbers at 57.1 **down** from 56.6.

“Both the fiscal cliff and the uncertainty surrounding healthcare reform were reported by supply managers as negatively affecting their economic outlook,” said Goss Institute for Economic Research Director Dr. Ernie Goss said today.”

Colorado:

*The state's leading economic indicator, the Business Conditions Index **dipped** to 54.0 from 56.7 in November.*

Components of the Business Conditions Index for October were:

- new orders at 42.2 **down** from 51.1;
- production or sales at 51.5 **down** from 54.0;
- delivery lead time at 50.1 equal to the prior month;
- inventories at 59.4 **up** from 52.1; and
- employment at 71.3 **down** from 75.9.

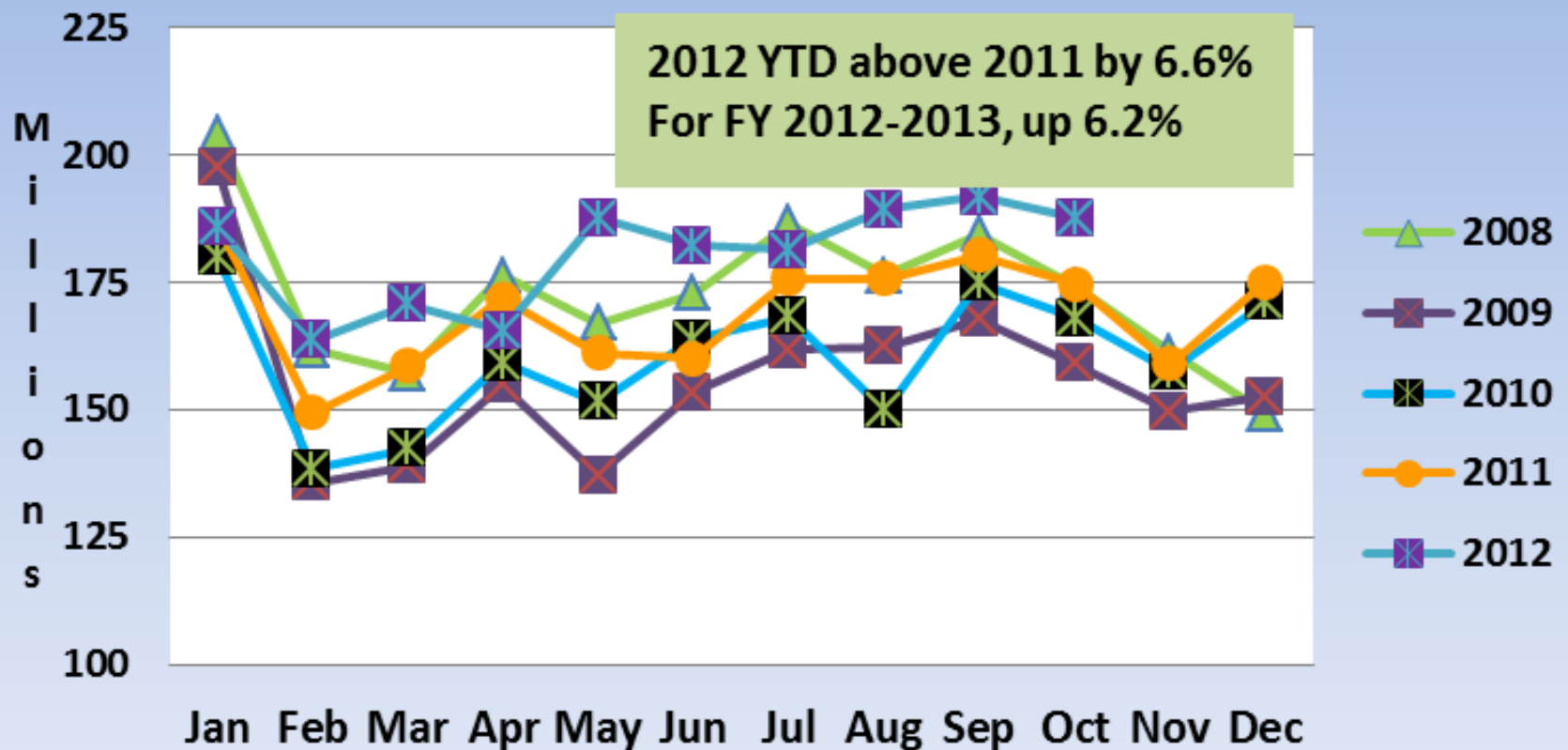
“Expanding business growth was reported across a broad range of industries in the state including mining, durable goods manufacturing, and non-durable goods manufacturing. Furthermore, an advancing construction industry is having positive impacts on firms linked to this industry,” said Goss.

**Source: Goss Institute of Economic Research Creighton University
December 3, 2012**

State Collections exceed FY 2011-2012 collections

2012 Calendar year over 2011

Colorado Sales Tax Collections



Philly Fed: Leading index for Colorado lags nation, most states

TUESDAY, JULY 31, 2012

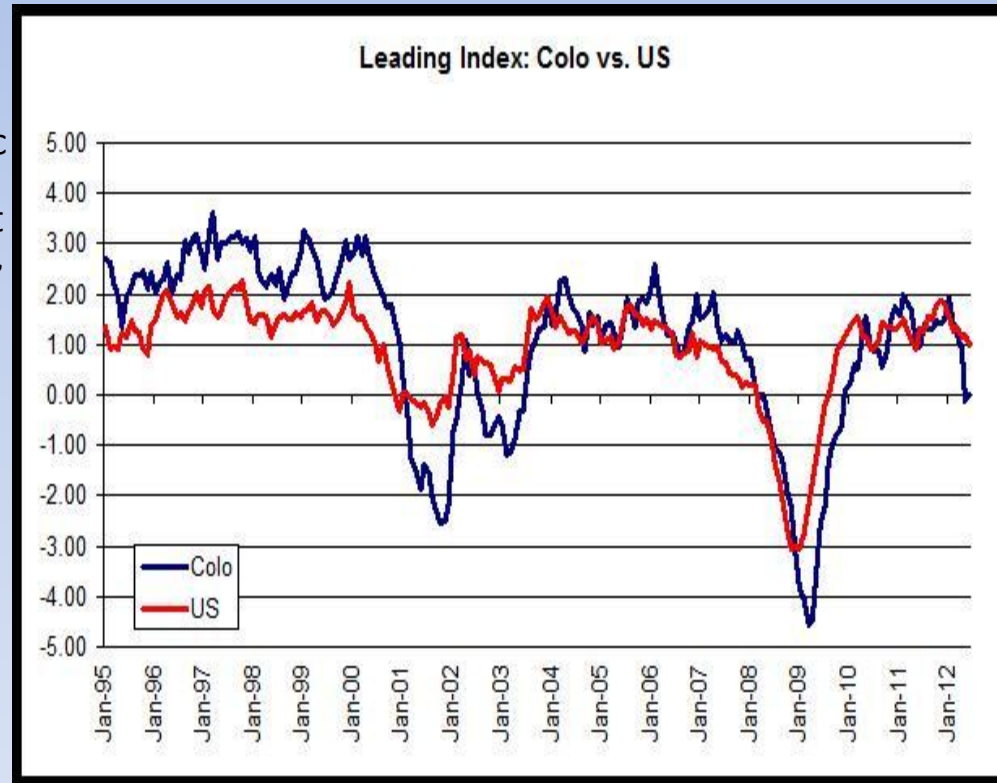
The Philadelphia Fed released its June Leading Index for the 50 states and the nation today. Colorado's index value was 0.0, putting it behind 33 states with higher index values, and behind the US's leading index value of 1.01

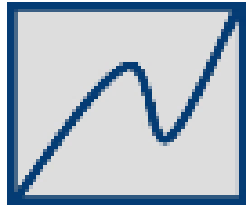
The Philly Fed's Leading Index is "a six-month forecast of the state coincident indexes."

The coincident index is a general measure of economic activity based on a variety of factors. The leading index is a prediction of future growth in the coincident index (based on salary, employment and housing info), and as of June, Colorado places in the bottom half of states according to the index.

As can be seen in the graph, Colorado's leading index was occasionally higher than the national index in recent years and has tended overall to track closely with the national index. The Colorado index has fallen below the national index recently, however, signaling that Fed analysts see potential obstacles to economic growth in Colorado.

In short: The Philly Fed's report indicates that the Fed prediction of economic growth in Colorado has turned negative recently, and if correct, the index signals that Colorado will be lagging the nation in economic growth over the next six months. Indeed, with an index number of zero, the Philly Fed is saying that it expects the coincident index to be flat in Colorado over the next six months.





Great Marks for November

6 of 6 indicators up for the month Colorado Improving

Colorado Economy at a Glance

November 2012

Key Indicator	Direction	Assessment
Employment	Up	Good
Unemployment Rate	Down	Good
Mortgage Rates	Down	Very Low
Home Resales	Up	Good
Housing Inventory	Down	Good
Denver/Boulder Inflation	Up	Rising
OVERALL RATING	Up	Improving

FORTY-EIGHTH ANNUAL

COLORADO

BUSINESS ECONOMIC
OUTLOOK

2013



Leeds School of Business
UNIVERSITY OF COLORADO BOULDER

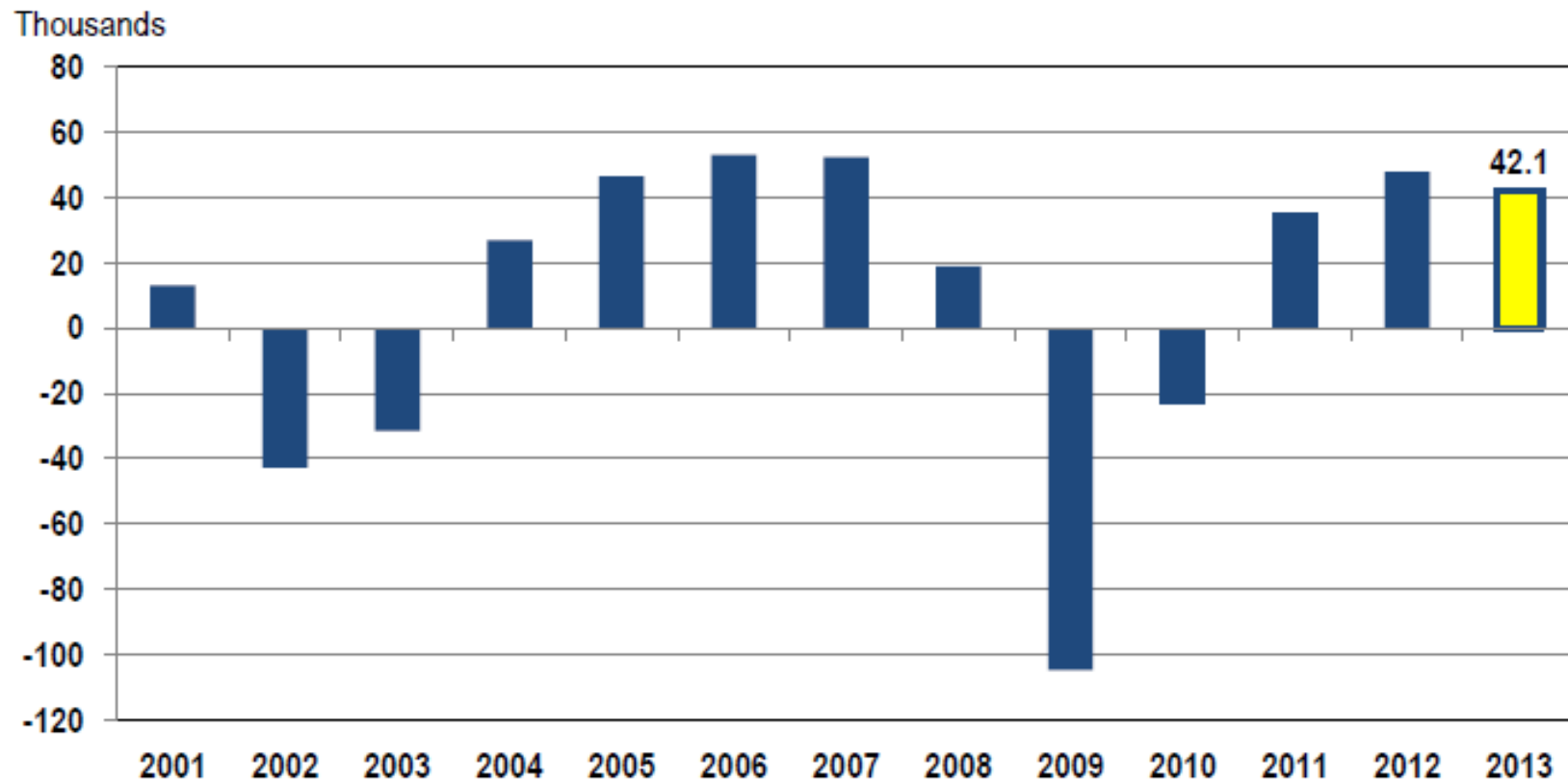
BUSINESS RESEARCH DIVISION

Colorado Population, Employment, and Prices



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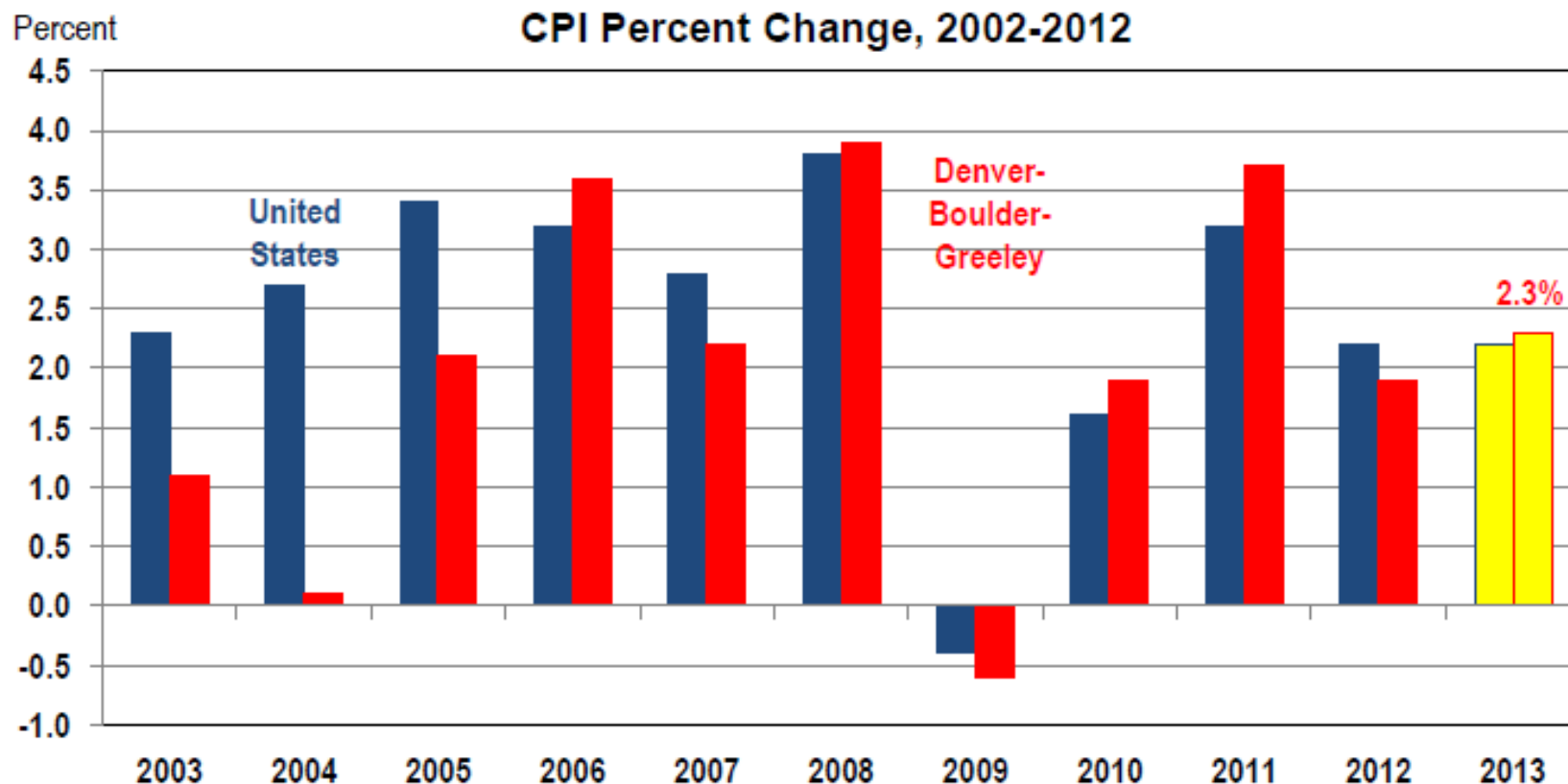
Colorado Employment 2001-2013



Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.
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Consumer Price Index

All Items

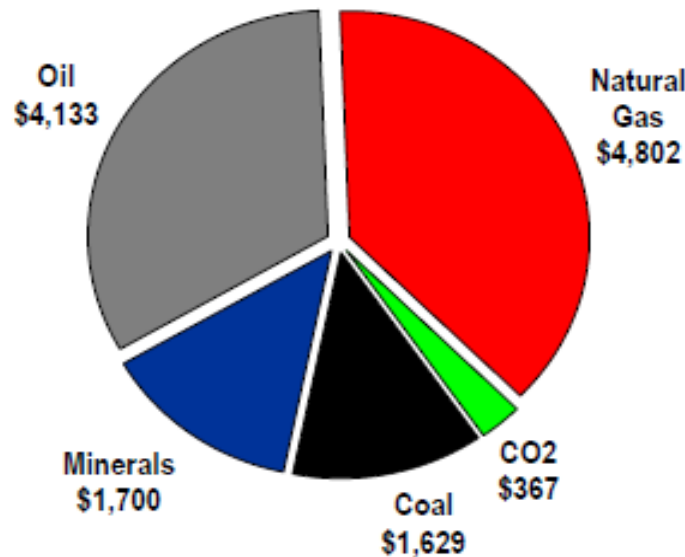


Sources: Bureau of Labor Statistics and Colorado Business Economic Outlook Committee.

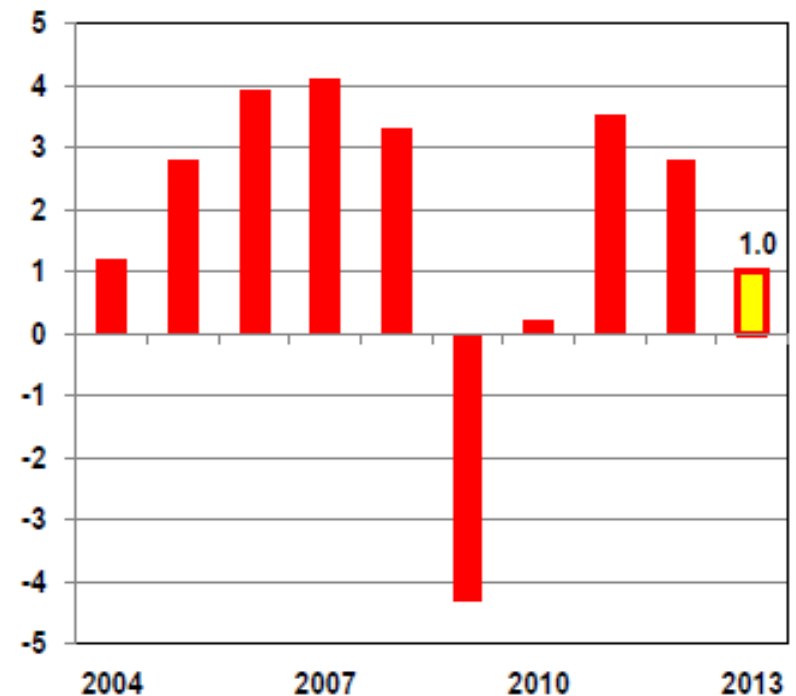
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Natural Resources and Mining Valuation and Employment

Value of Resources
(In Millions of Dollars)
\$12.6 Billion



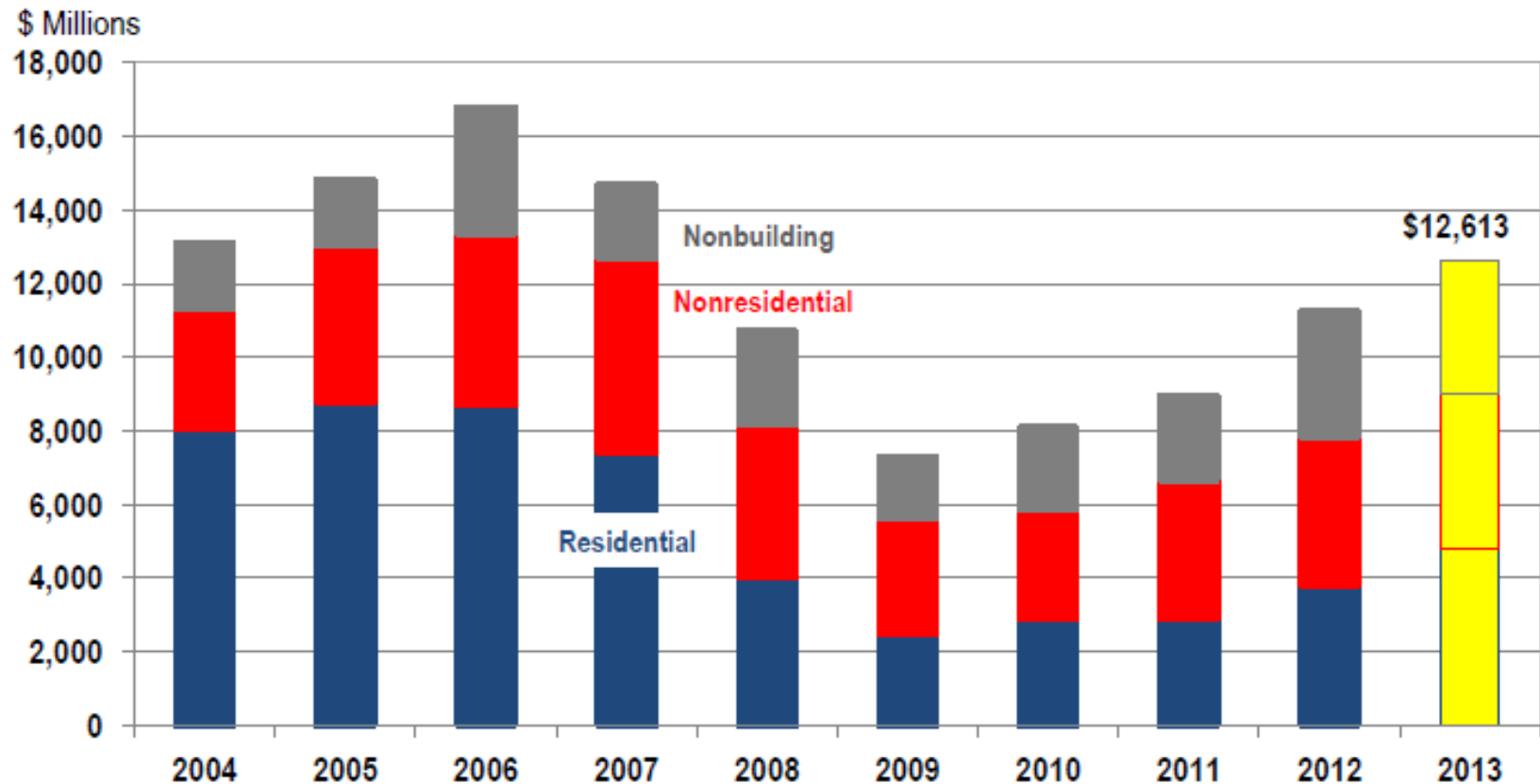
**Natural Resources and Mining
Workers Added, 2004-2013**
Thousands



Sources: Colorado Geological Survey Mineral and Mineral Fuel Activity Reports, Colorado Oil and Gas Conservation Commission, Department of Minerals and Geology, and Colorado Business Economic Outlook Committee.

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Value of Construction

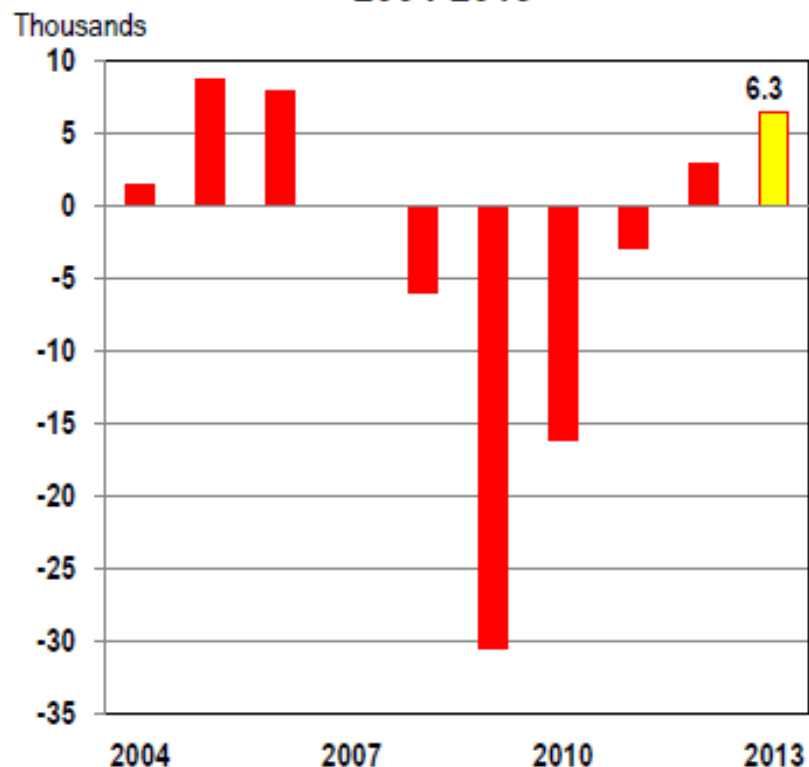


Sources: McGraw-Hill Construction Dodge Research and Analytics and Colorado Business Economic Outlook Committee.

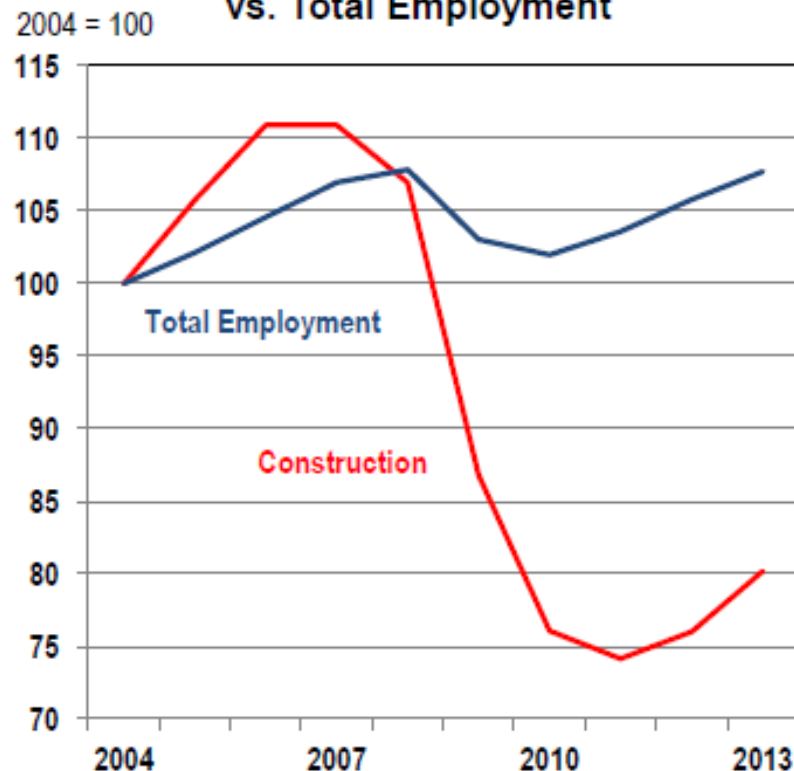
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Construction Employment

Construction Workers Added
2004-2013



Index of Construction Employment
vs. Total Employment

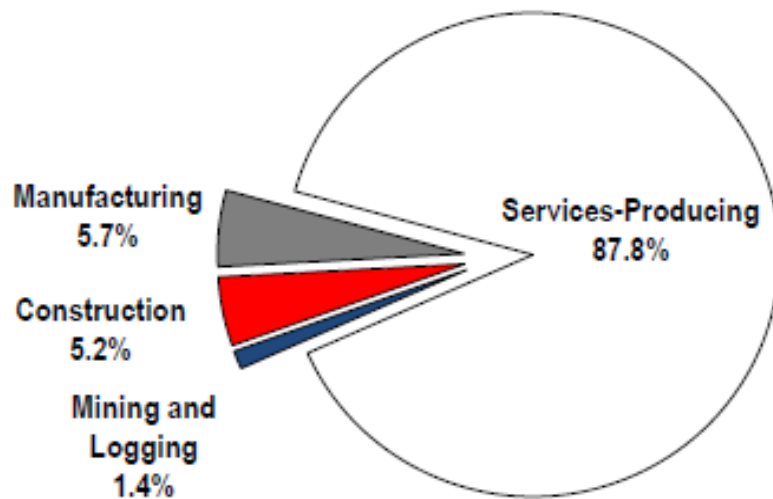


Sources: Bureau of Labor Statistics and Colorado Business Economic Outlook Committee.

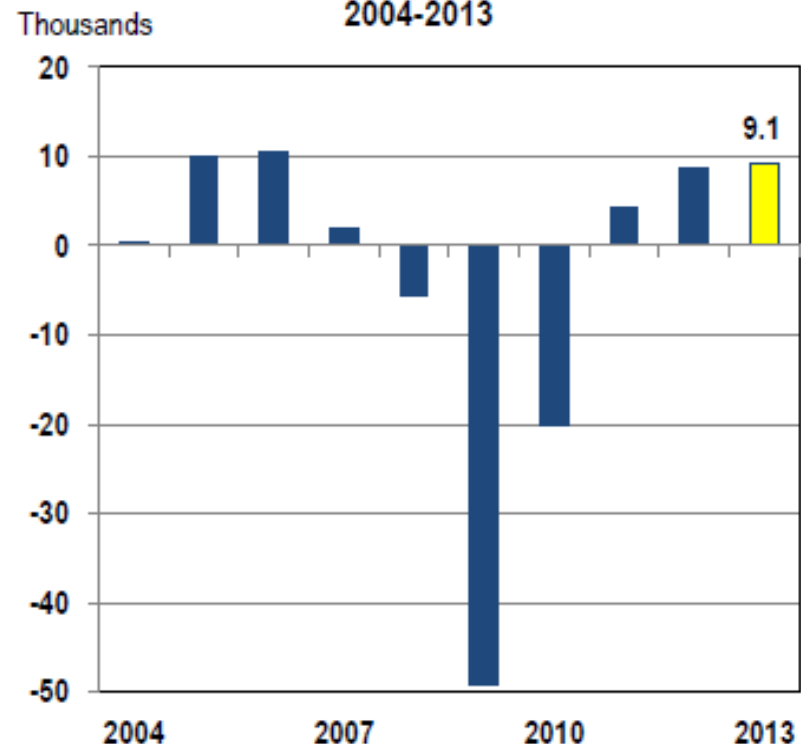
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Goods-Producing Employment

Goods-Producing Share of Colorado Employment

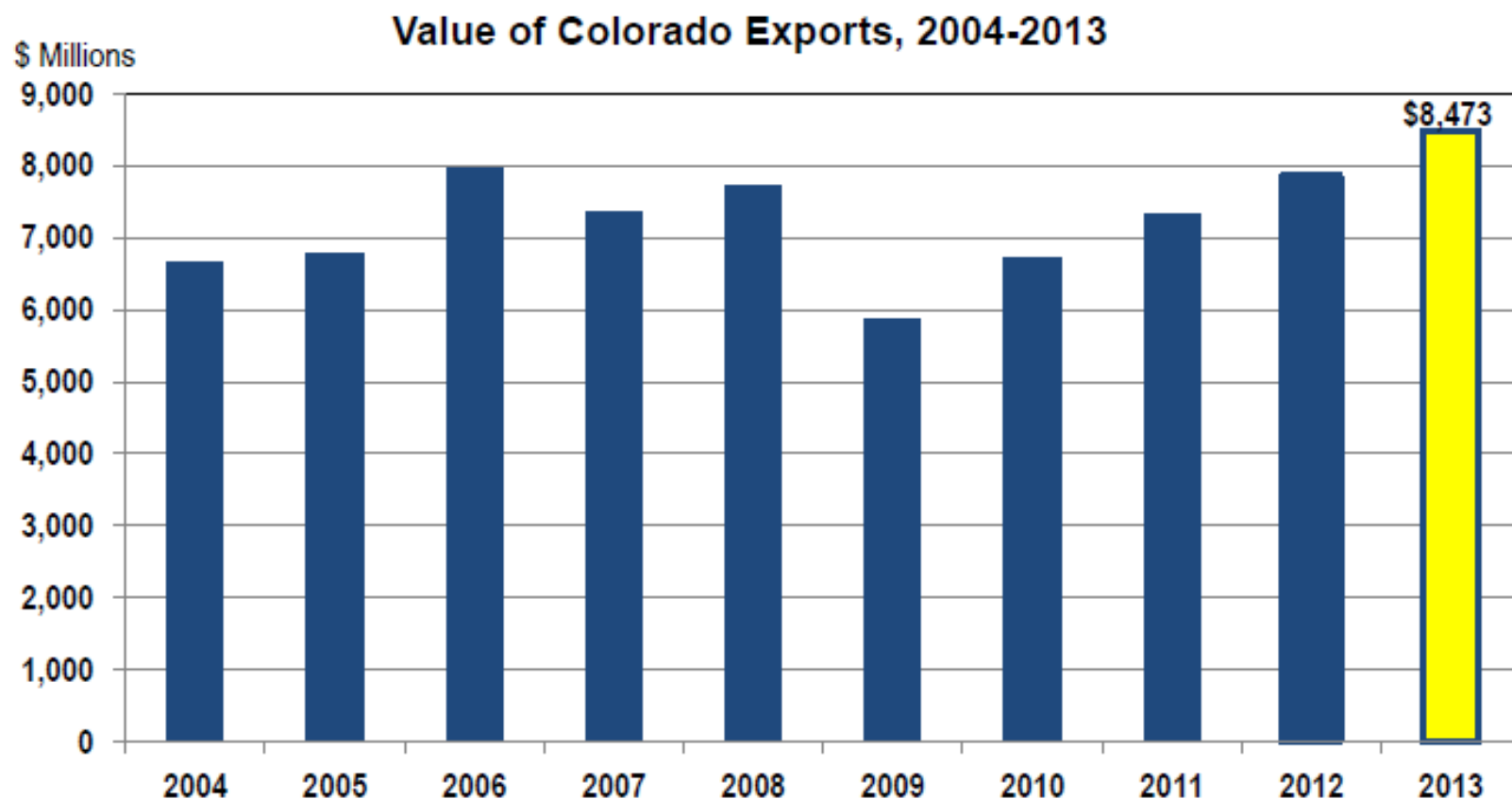


Goods-Producing Workers Added 2004-2013



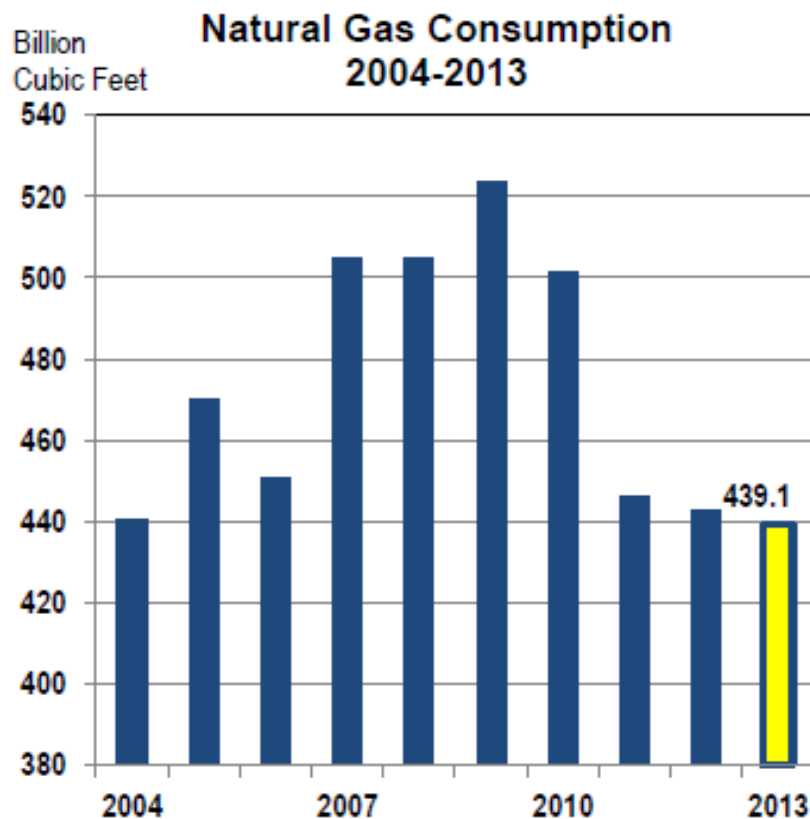
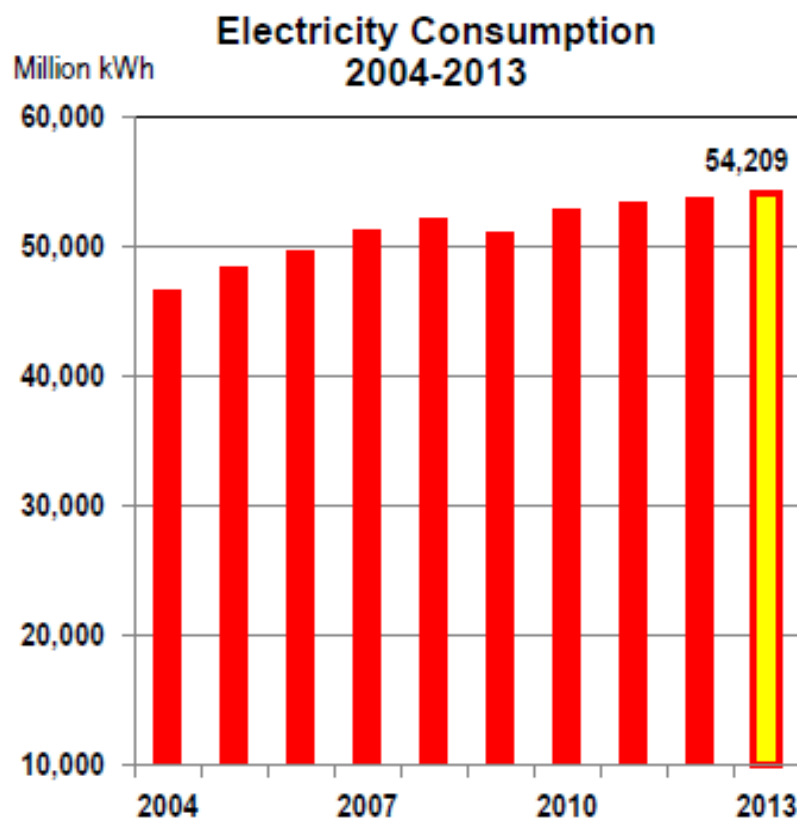
Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.
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Colorado Exports



Sources: World Institute for Strategic Economic Research and Colorado Business Economic Outlook Committee.
Business Research Division • Leeds School of Business • University of Colorado

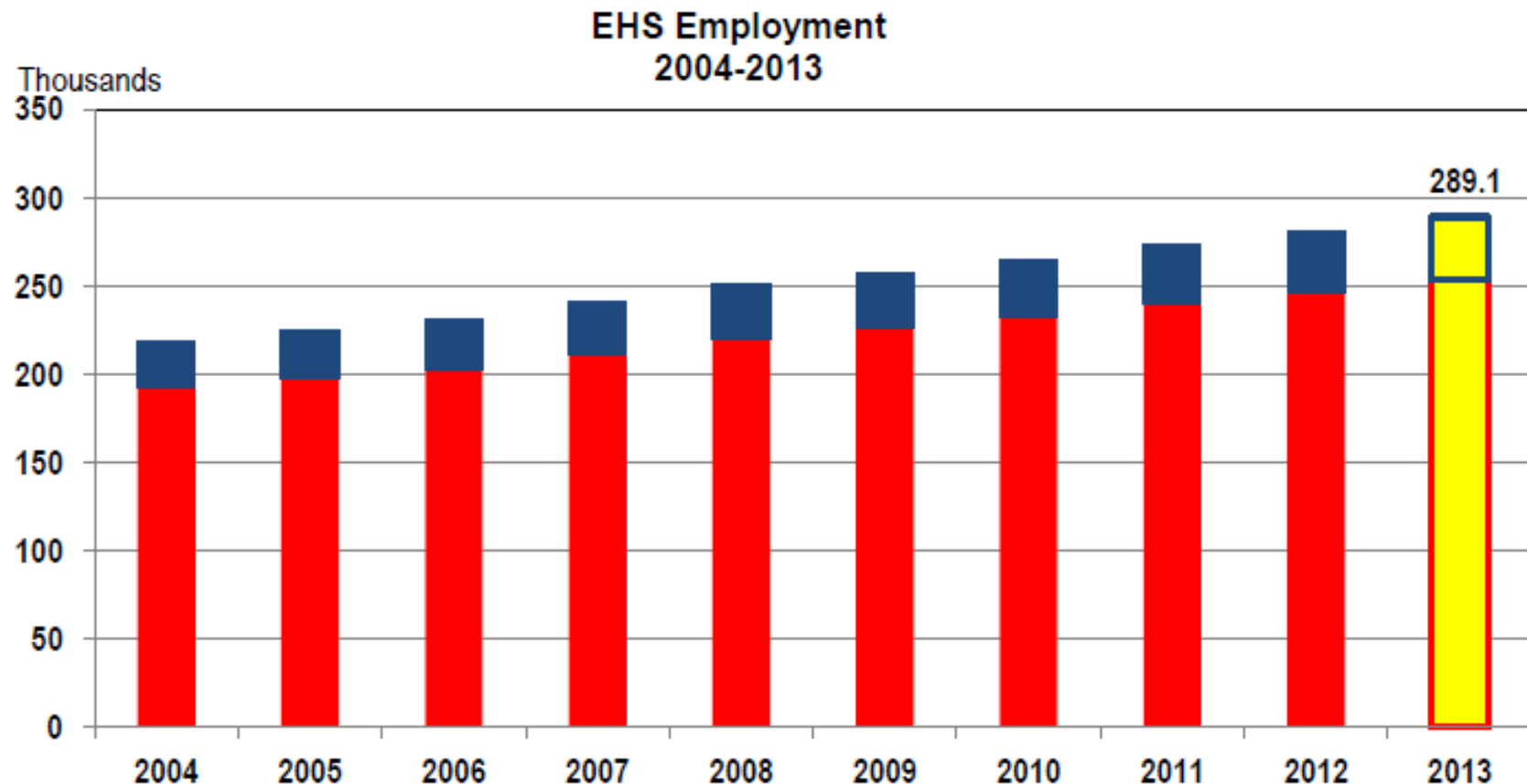
Electricity and Natural Gas Consumption



Sources: Edison Electrical Institute Statistical Yearbook, Xcel Energy, and Colorado Business Economic Outlook Committee.

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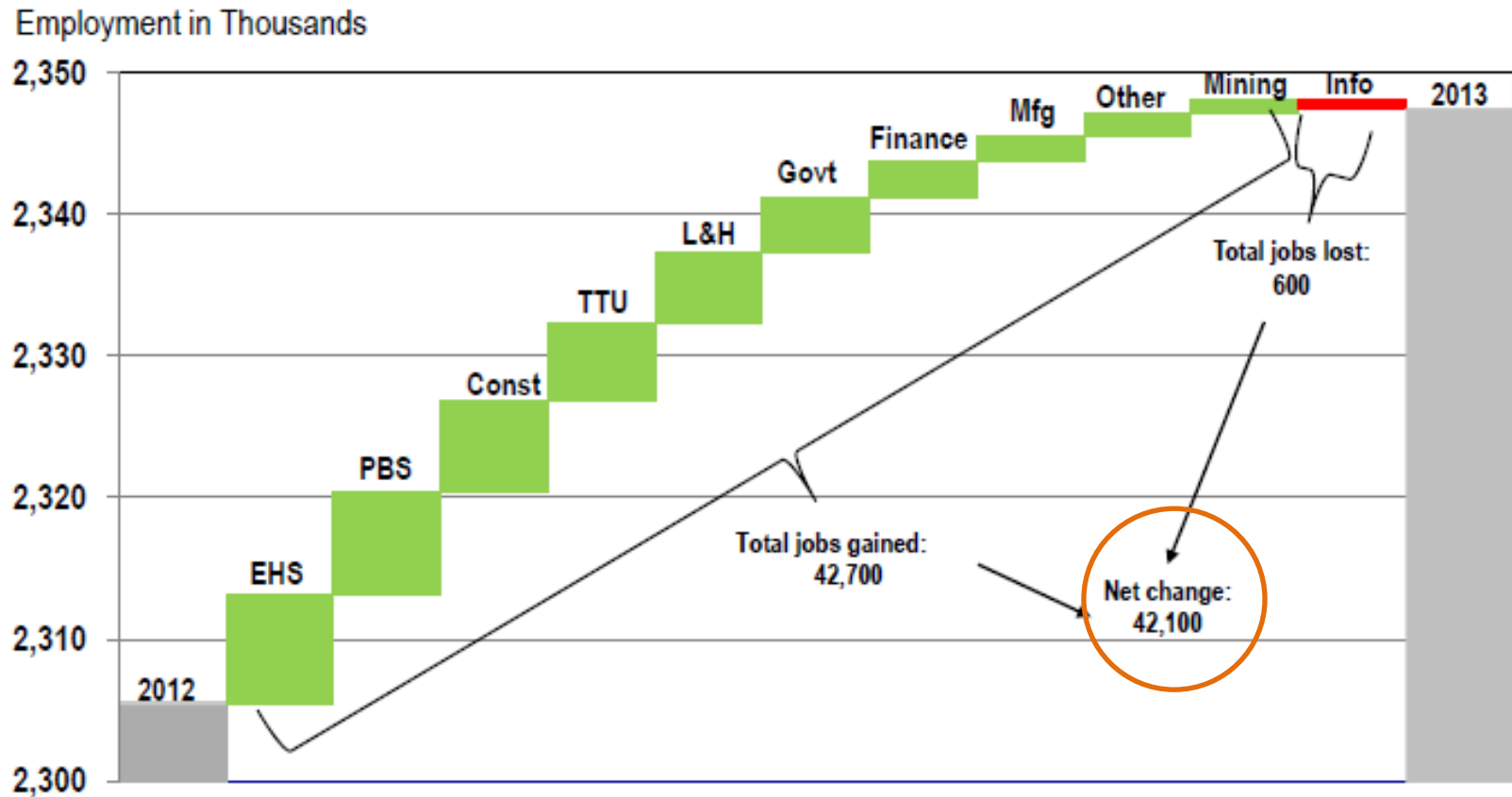
Education and Health Services Employment



Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

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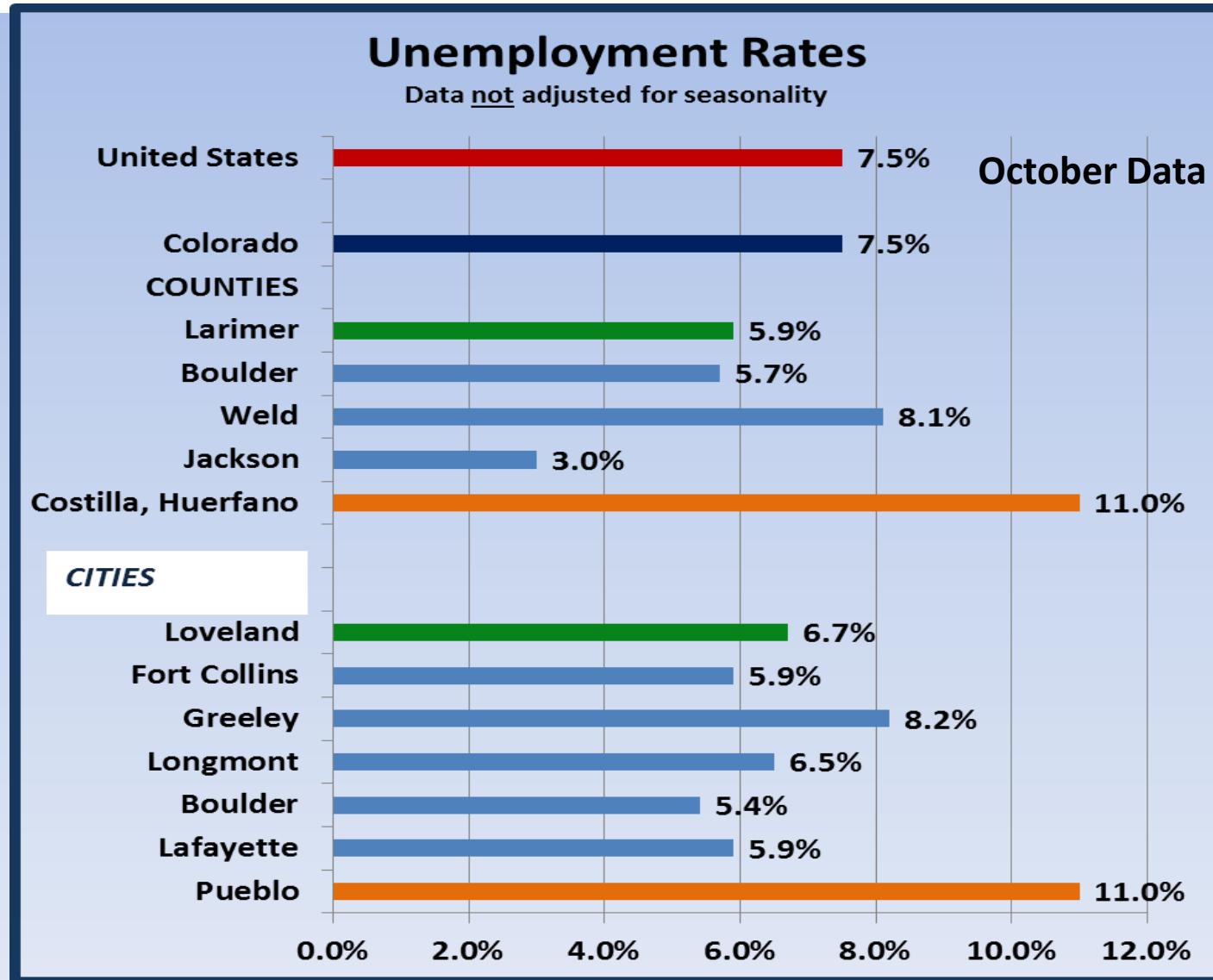
Employment Change 2012-2013



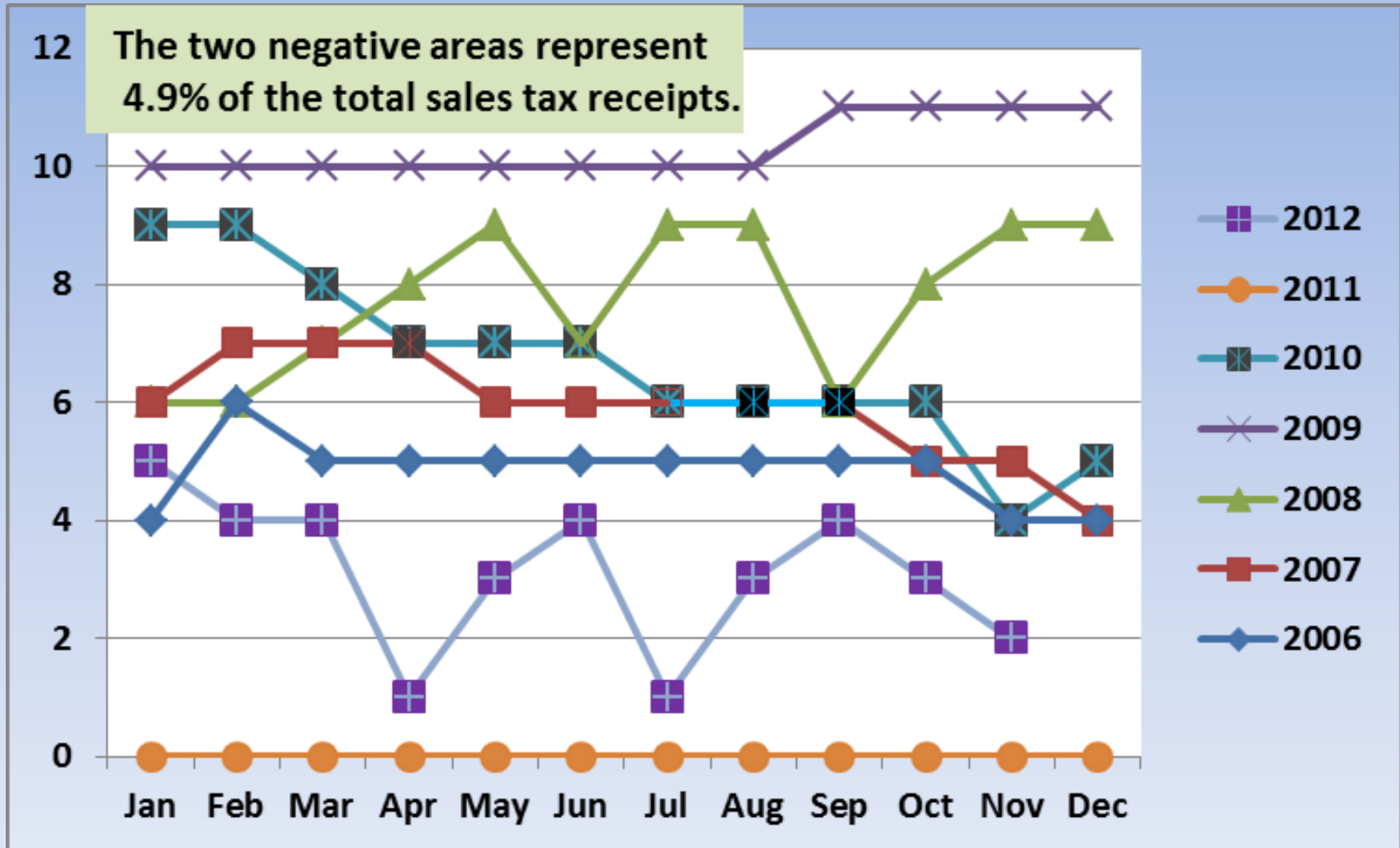
Source: Bureau of Labor Statistics, Current Employment Statistics (NSA).

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Re-benchmarked Unemployment Data Released by Colorado Department of Labor & Employment

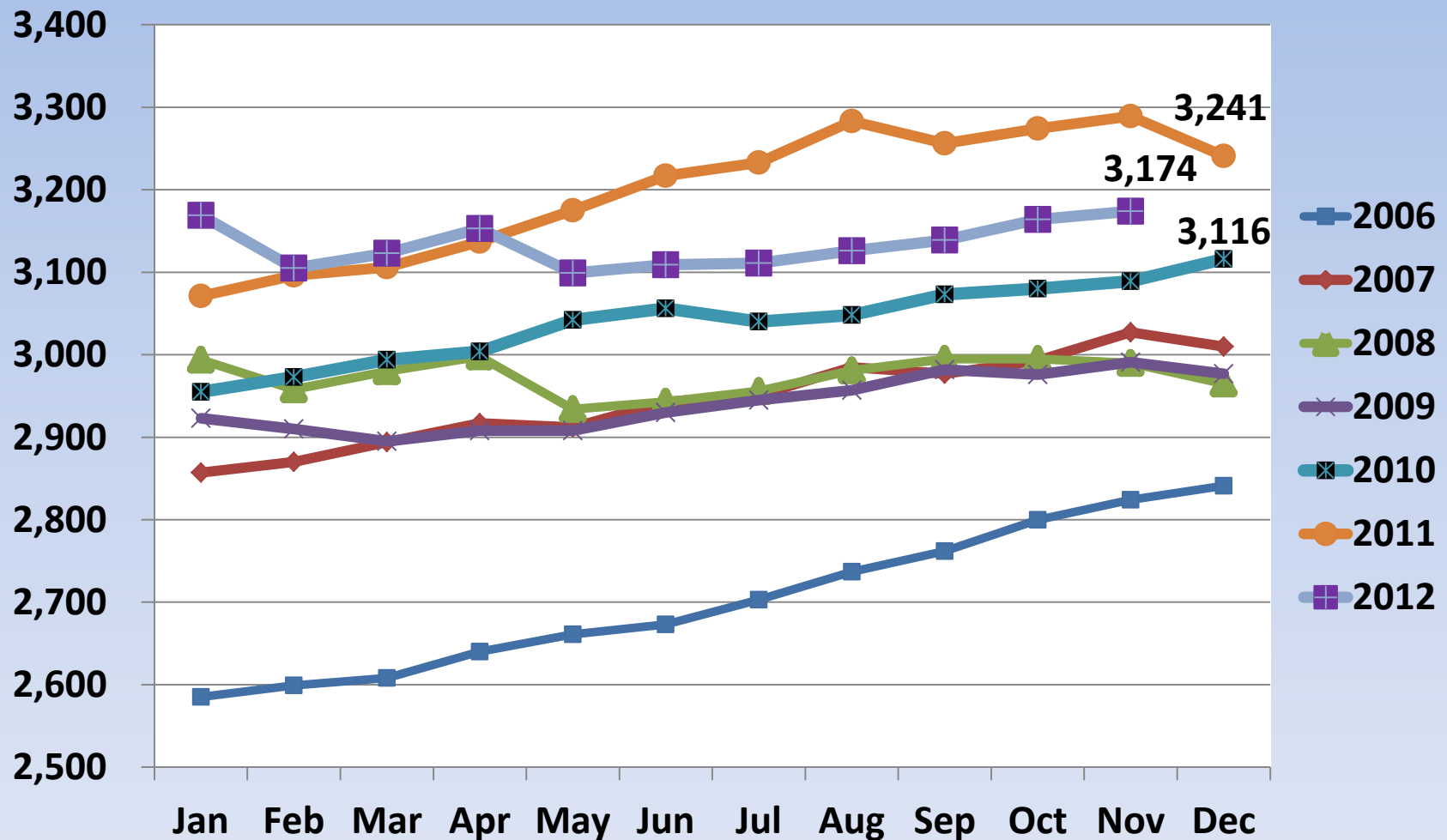


Geo Area Indicator improves to 2 in November



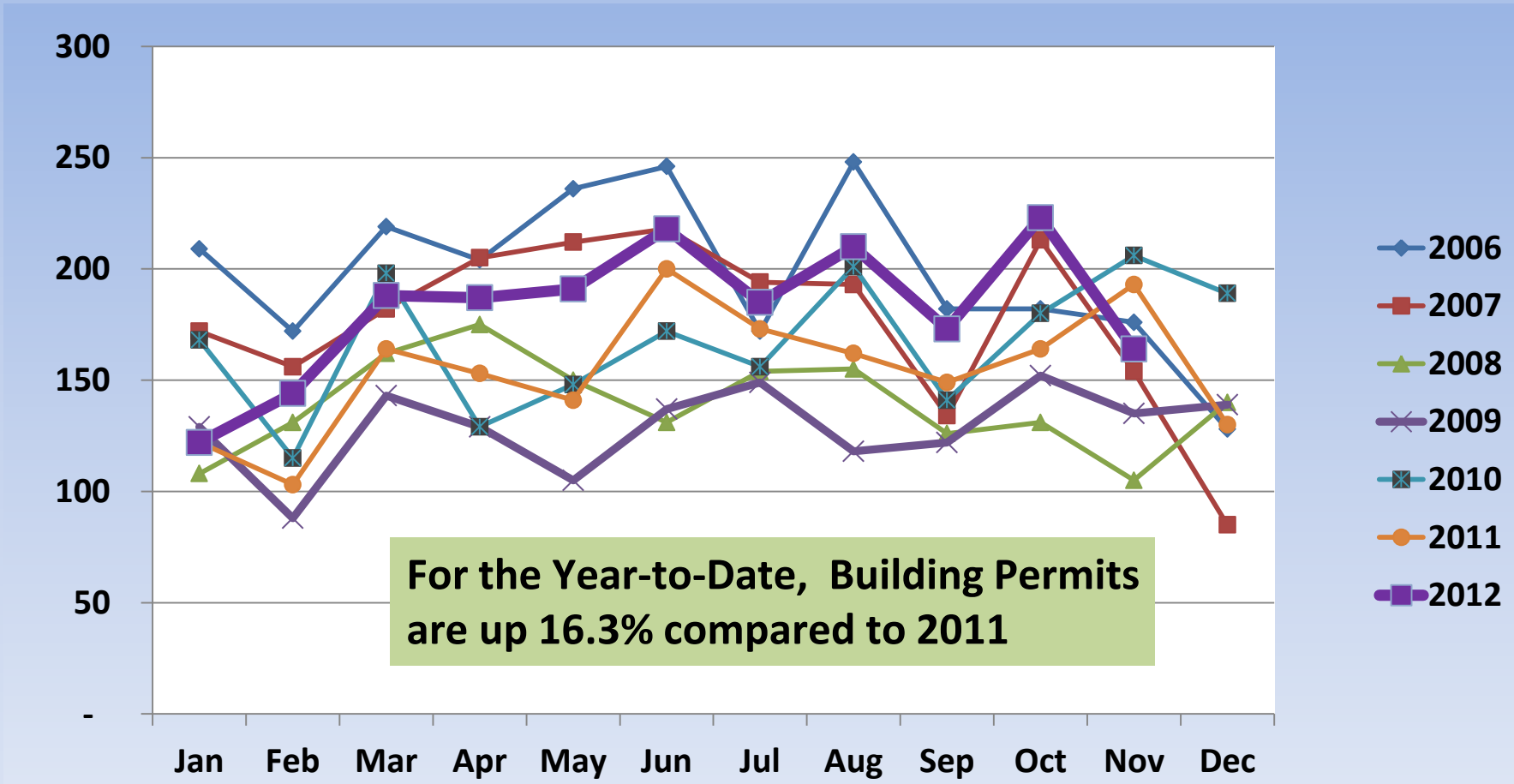
Sales Tax Licenses continue to grow

Due to terminated and inactive accounts, the 2012 trend is under 2011



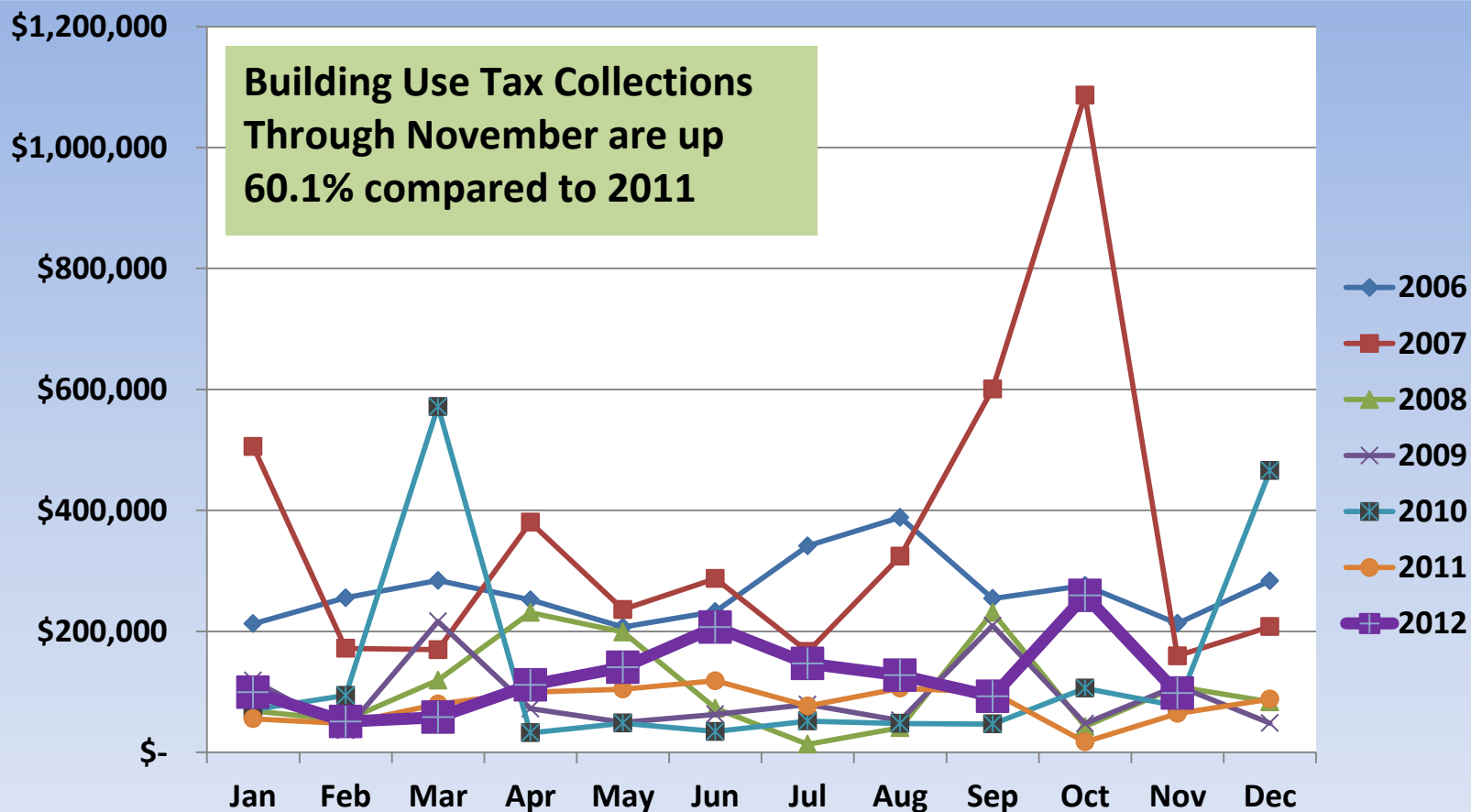
Building Permits now well over 2011

An improving construction sector



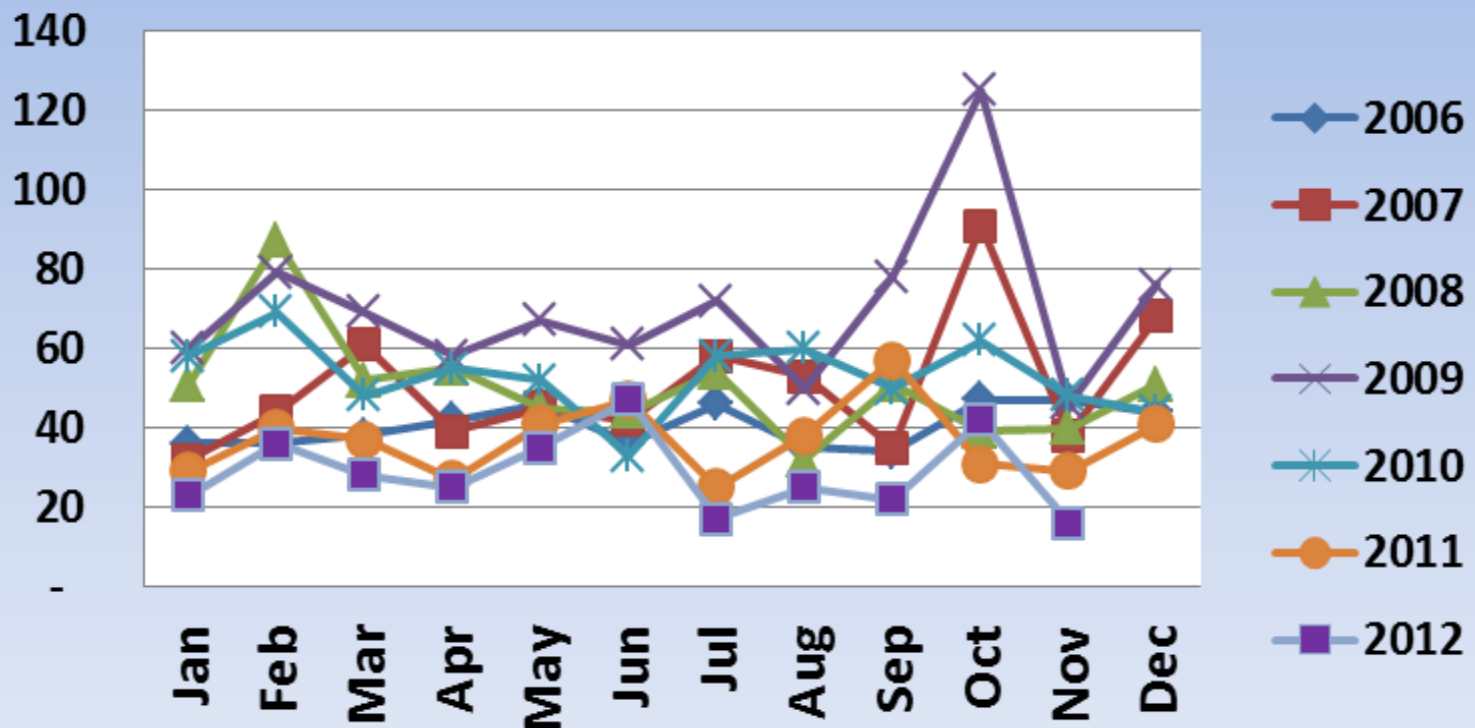
Building Use Tax Collections

*Strong growth over recent years;
not yet near pre-recession levels*



In Loveland foreclosures filed lowest in the seven year series

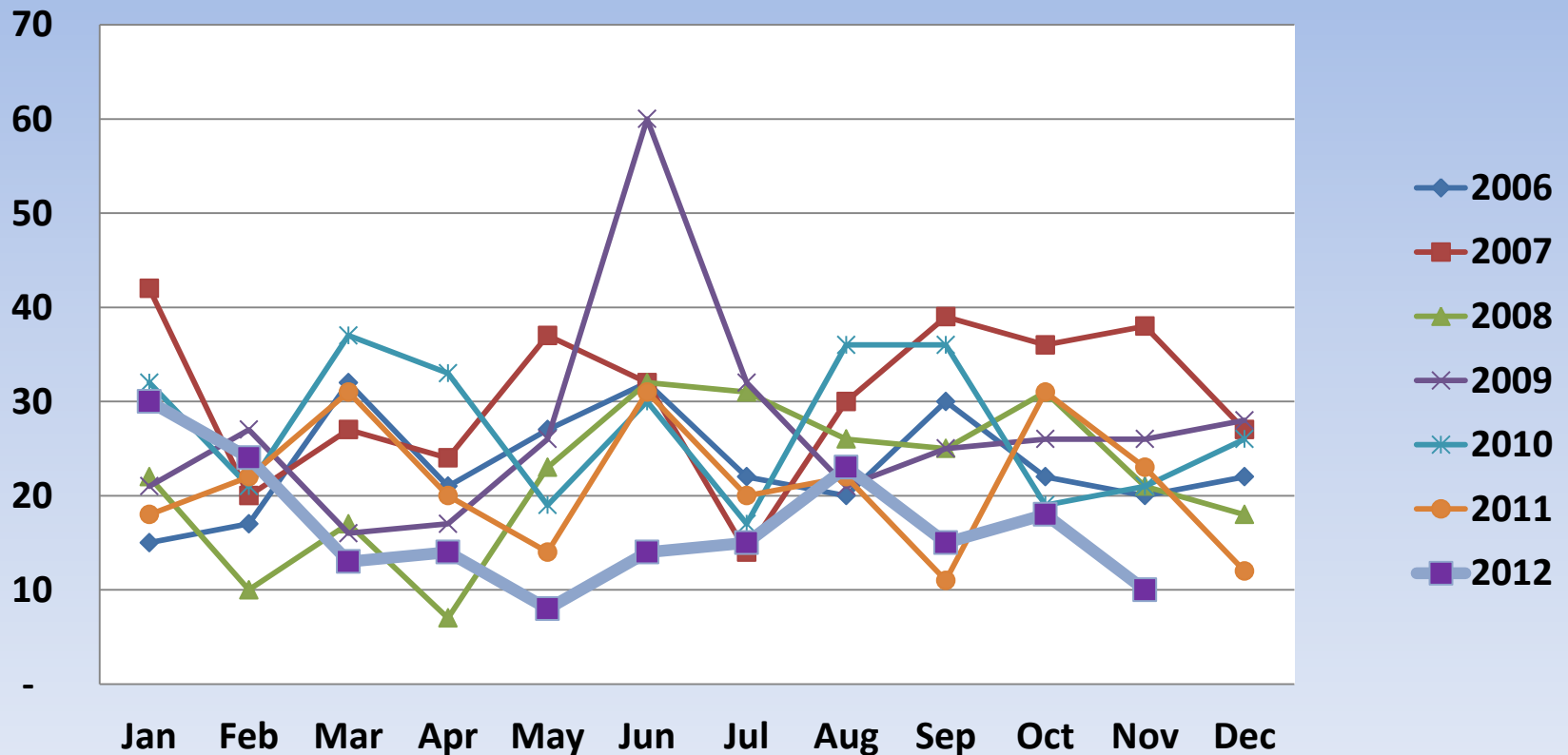
**Foreclosures Filed in Loveland
Through November 2012: 21.2% lower than 2011**



Local foreclosures completed in 2012 lower than 2011

Through November, the total is lower than 2006 (before the recession)

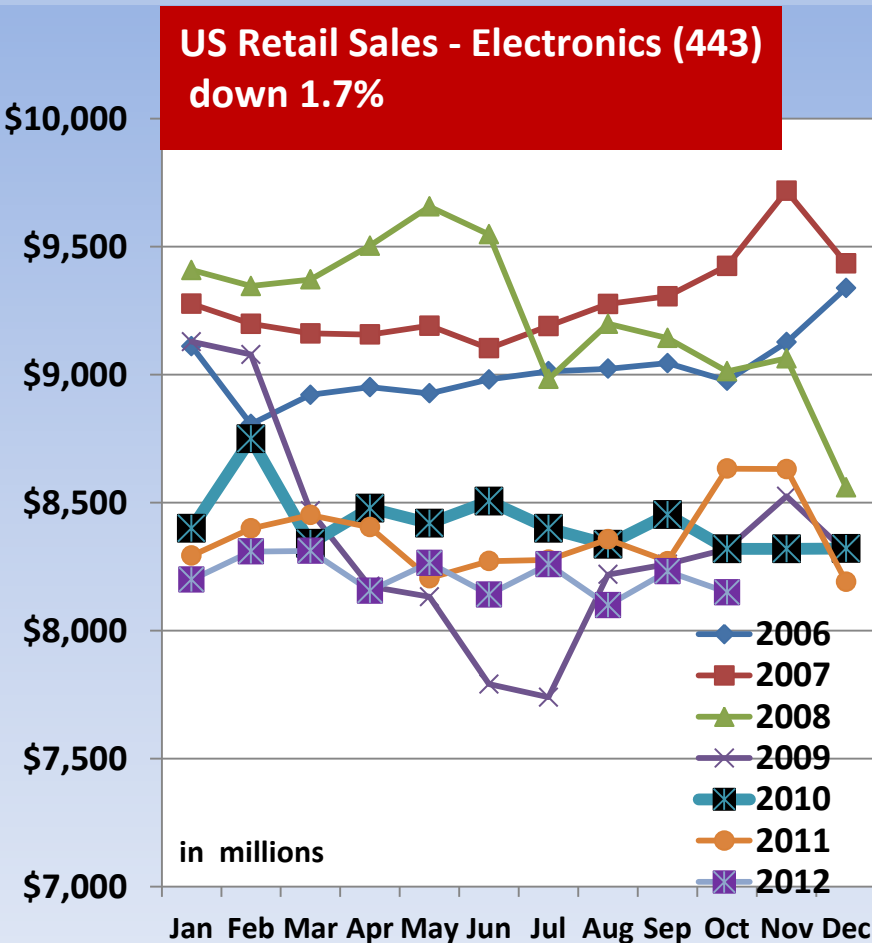
**Foreclosures Completed in Loveland
Through November 2012, down 24.3% from 2011**



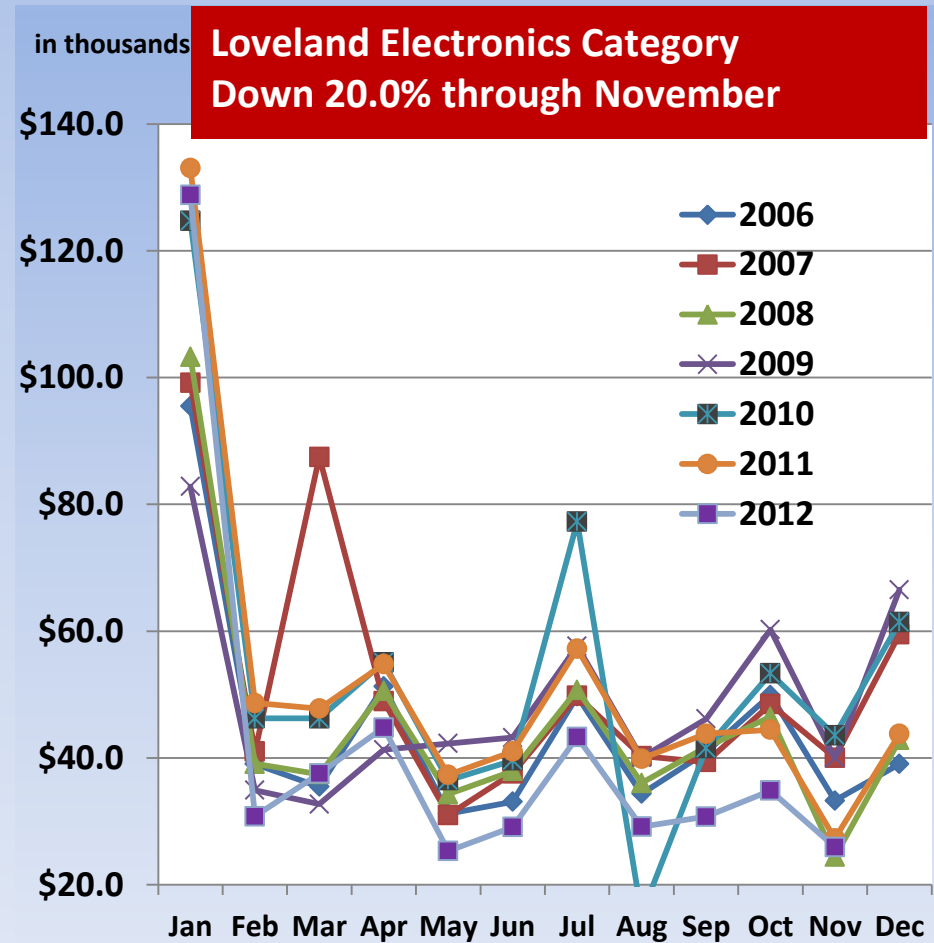
Electronics sales still soft

This sector has not been a leader for some time

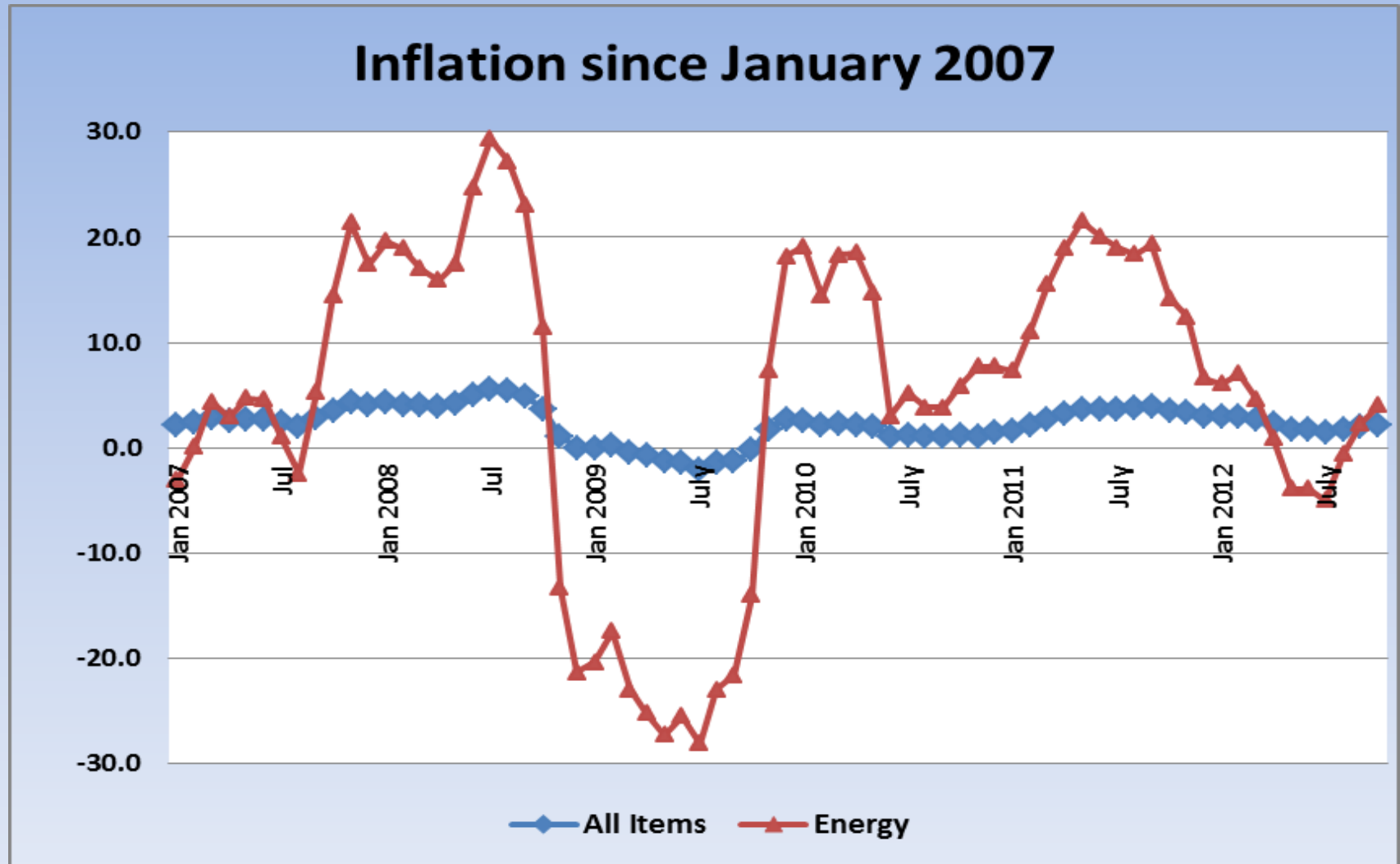
National sales through October are still soft



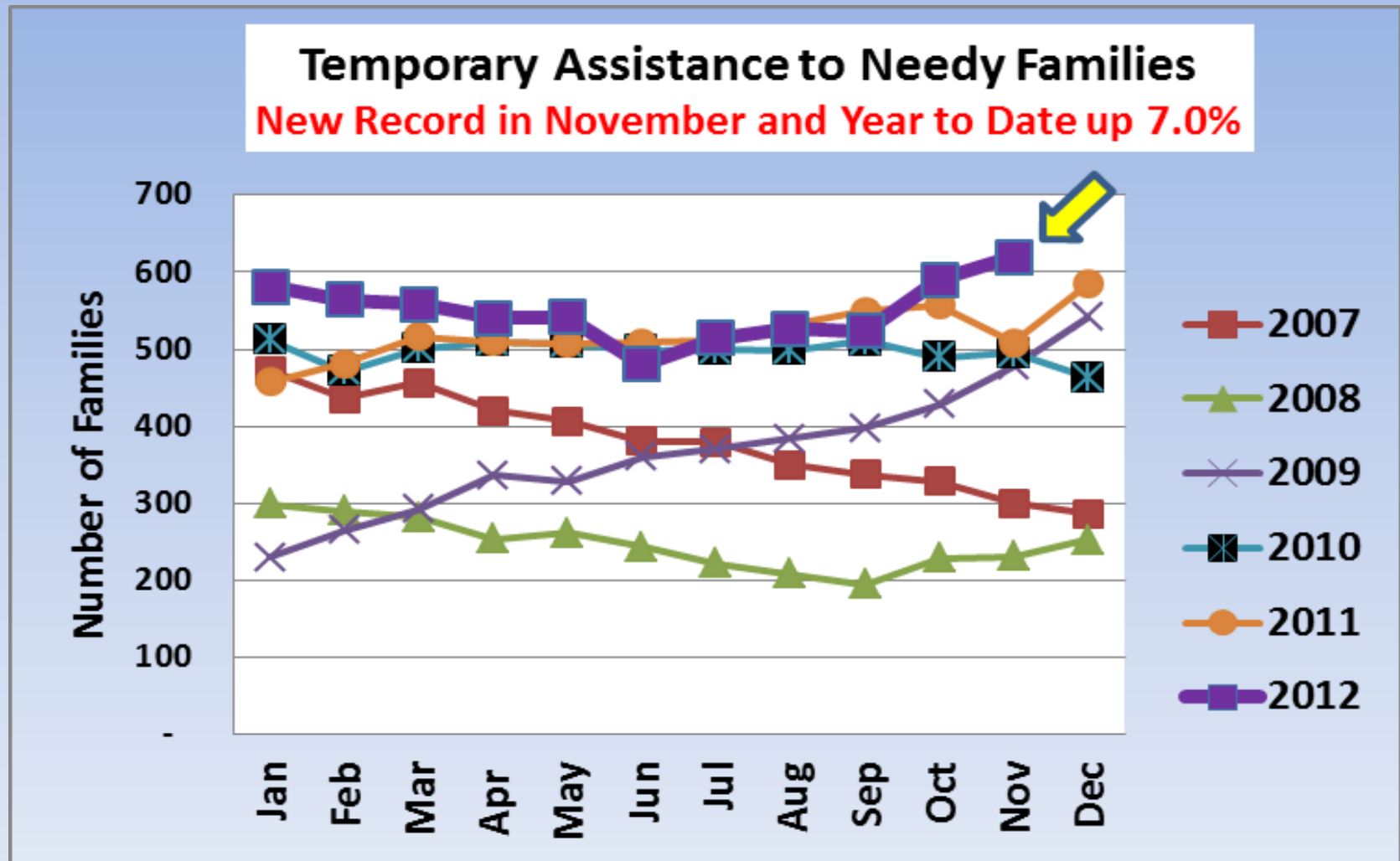
In this retail sales category, Loveland continues the downward trend



US Inflation all items stable; energy moves up
all items up just 2.2% up yoy; energy up 4.0% yoy



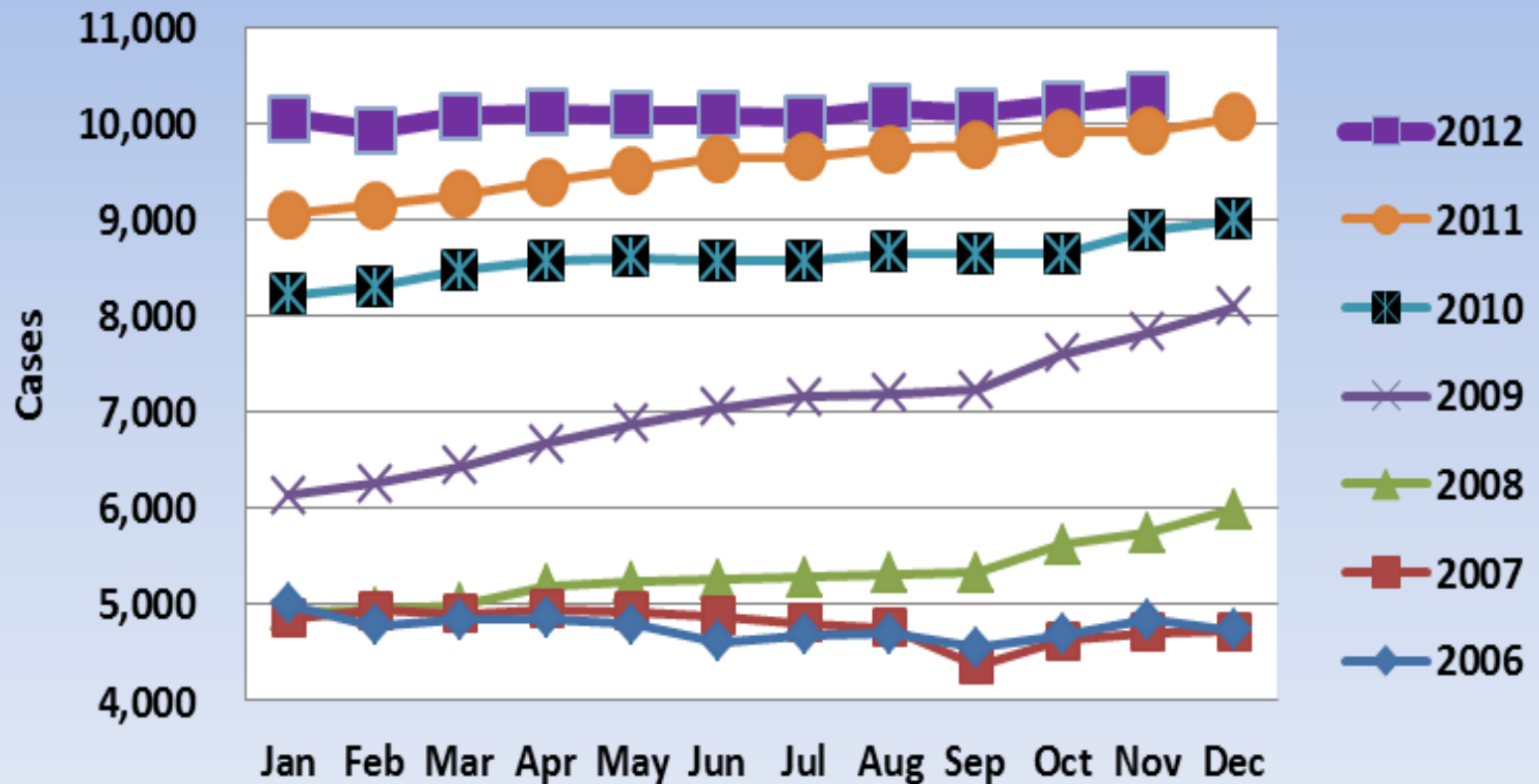
County TANF caseload in 2012 still ahead of 2011 caseload



Food Stamp cases continued to rise in November

Food Stamp Cases - Larimer County

New Monthly Record Through November - Cases Up 5.9%



November disconnects a bit lower, but the YTD total still 0.6% higher than a year ago

Utility Customer Disconnects

