

Trends & Indicators Dashboard

A project of the
Citizens' Finance Advisory Commission



City of Loveland

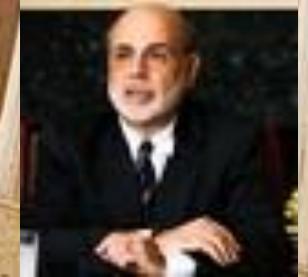
Updated by

Alan Krcmarik

Executive Fiscal Advisor

Draft for the **JANUARY 2013**

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.
	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	Projection	Lagging Indicators	Status	Projection
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 for December, but several indicators have improved.

The Employment numbers from January 4th were stable.

The Federal Reserve Bank-Philadelphia released state leading indicators; Colorado strong.

In Loveland, building permits and use tax finished 2012 at very good levels.

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

Summary: Strong Forecast for Colorado and the Region; Nation faces fiscal concerns, Europe's economy 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 December jobs number showed moderate growth.
- State and local foreclosures continue to shrink, much lower than before the recession.
- City revenues finish 2012 ahead of expenditures and estimates.

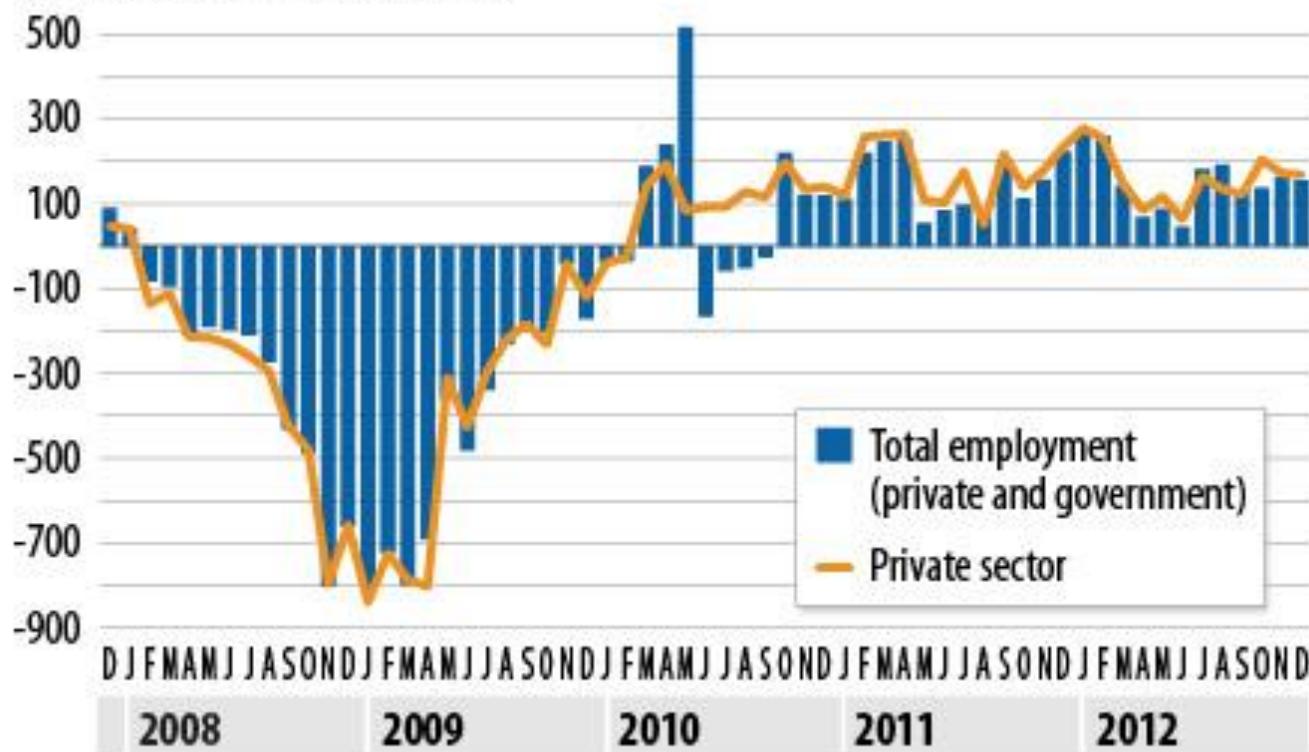
On the othersame risks remain ahead

- 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 will require several years to recover.**

Private Payroll Employment Has Grown For 34 Months

Monthly change in nonfarm employment

In thousands (seasonally adjusted)



“Private employers added 5.3 million jobs to their payrolls in the last 34 months, an average of 157,000 jobs a month.

Private employers added 168,000 jobs to their payrolls in December, while a loss of 13,000 government jobs held total nonfarm payroll gains to 155,000.

Sources: Bureau of Labor Statistics.

Center on Budget and Policy Priorities | cbpp.org

Summary of Key Employment Data

EMPLOYMENT DATA

- ▶ ADP ECI +215k
- ▶ Non-farm Payrolls +155k
- ▶ Hours Worked 34.5
- ▶ Unemployment Rate 7.8%
- ▶ Participation Rate 63.6%

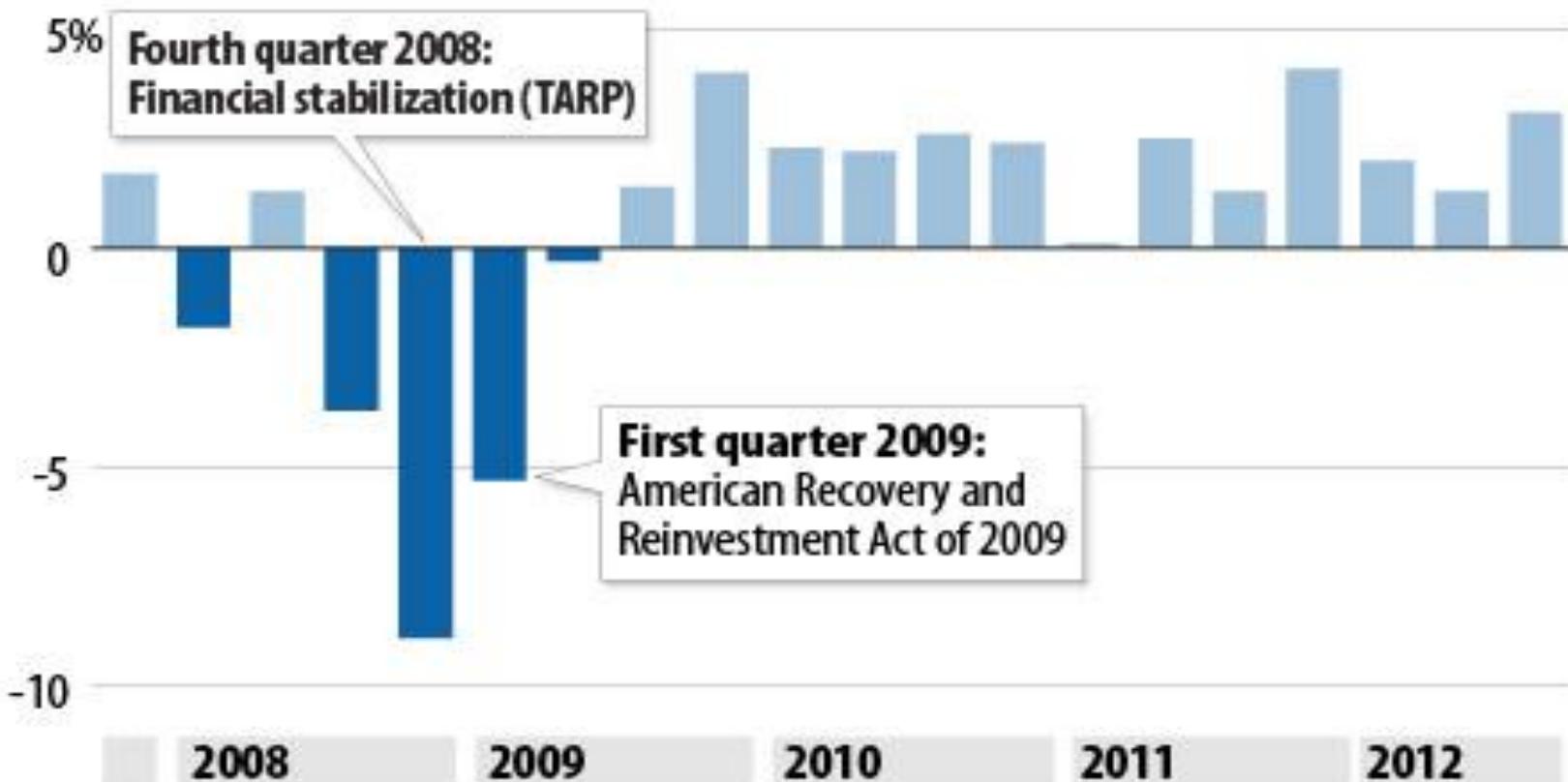


January 7, 2013

The Economy Has Been Growing, Since Mid-2009, but the pace has been modest

Change in Real GDP

Percent change at annual rate (seasonally adjusted)

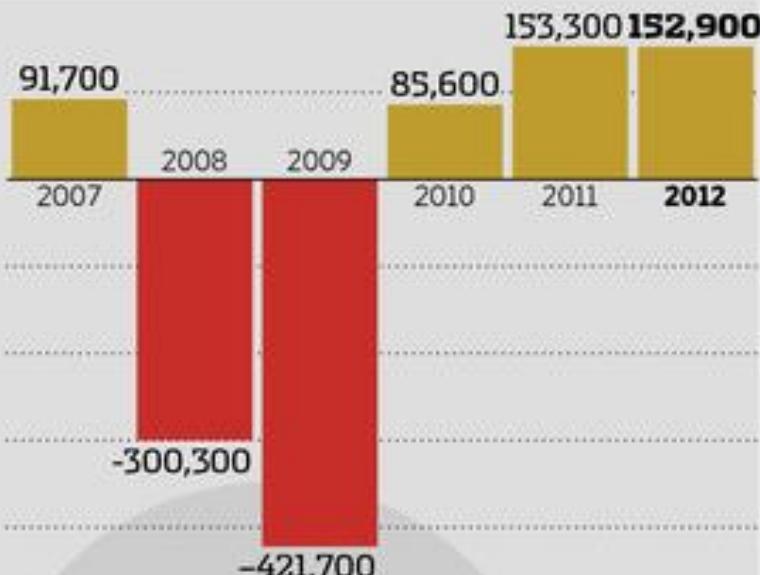


Source: Bureau of Economic Analysis

The Wall Street Journal graphics provide history and context

Putting 2012 in Perspective

AVERAGE MONTHLY JOB GAIN OR LOSS



UNEMPLOYMENT RATE

Monthly (—) and at yearend (7.8%)



THE NET RESULTS

U.S. jobs
December 2007

137,982,000

Note: Seasonally adjusted data. Source: Labor Dept.

Jobs lost
in the recession

7.479
million

Jobs gained in
the recovery

3.518m

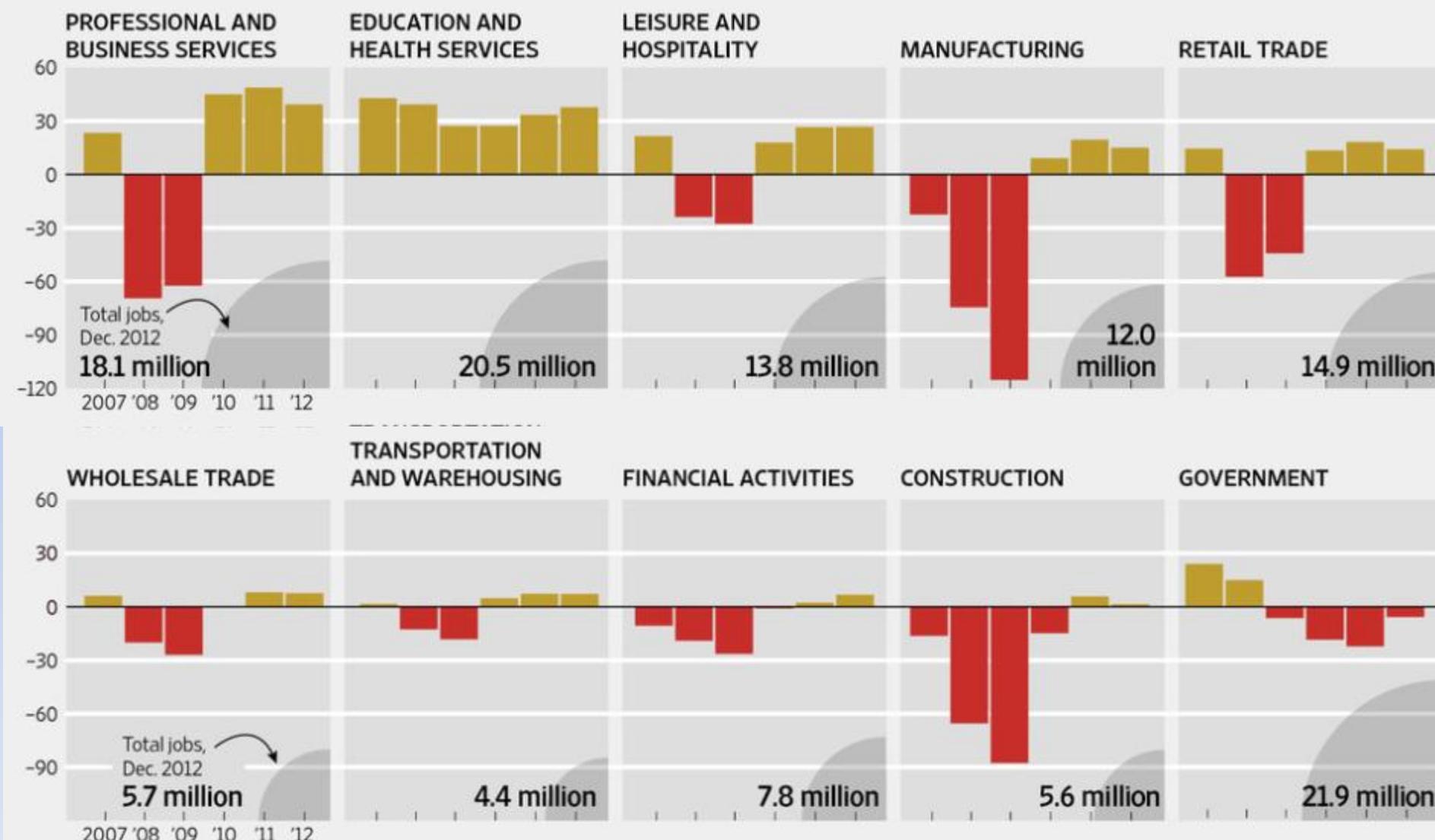
U.S. jobs
December 2012

134,021,000

The Wall Street Journal

Where Jobs Are | Average monthly job gain or loss each year

Chart data are in thousands



Note: Data are seasonally adjusted

Source: Labor Department

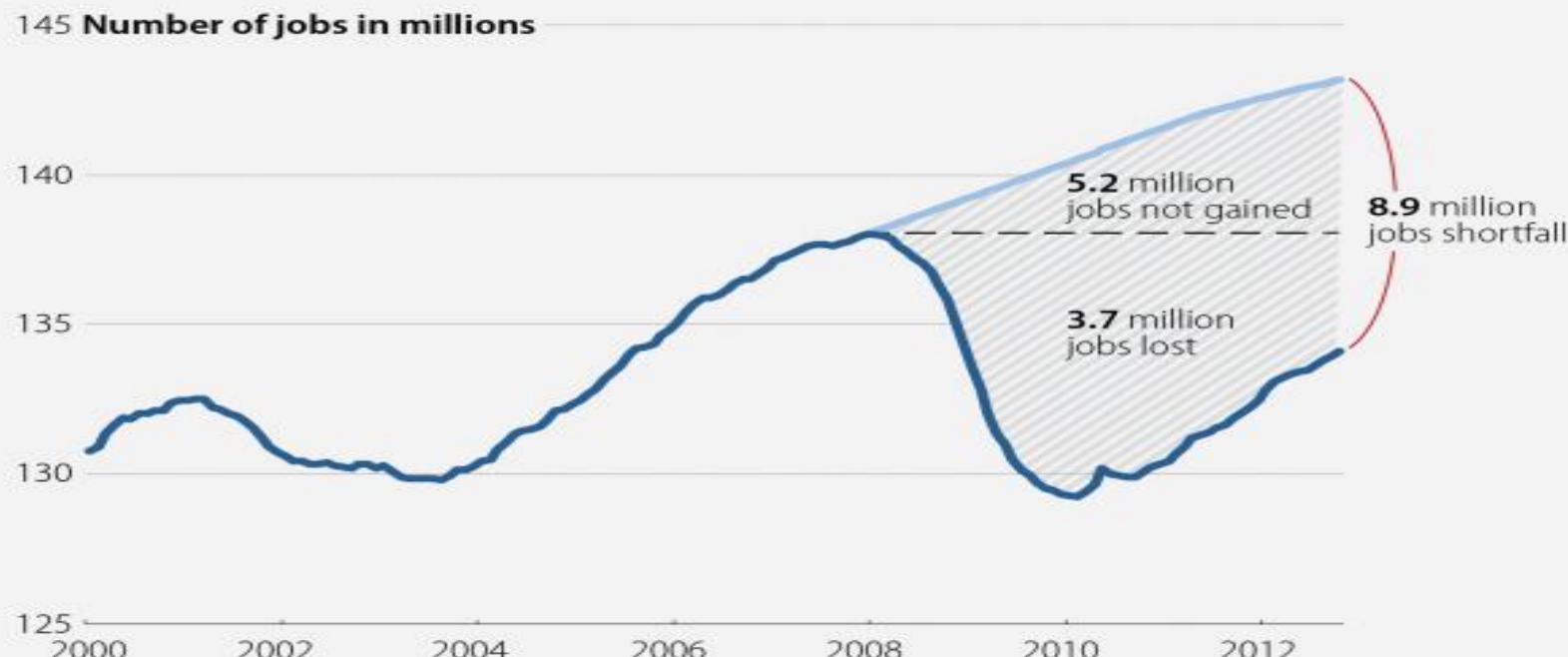
The Wall Street Journal

The Recession caused a Jobs Shortfall of nearly 9 million

#1 | EPI'S TOP CHARTS OF 2012

8.9 million jobs shortfall shows U.S. economy is far from full recovery

Payroll employment and the number of jobs needed to keep up with the growth in the potential labor force, 2000–2012



Note: Data incorporate the Bureau of Labor Statistics' preliminary estimates of upcoming annual benchmark revisions to the Current Employment Statistics (www.bls.gov/ces/cesprel.htm).

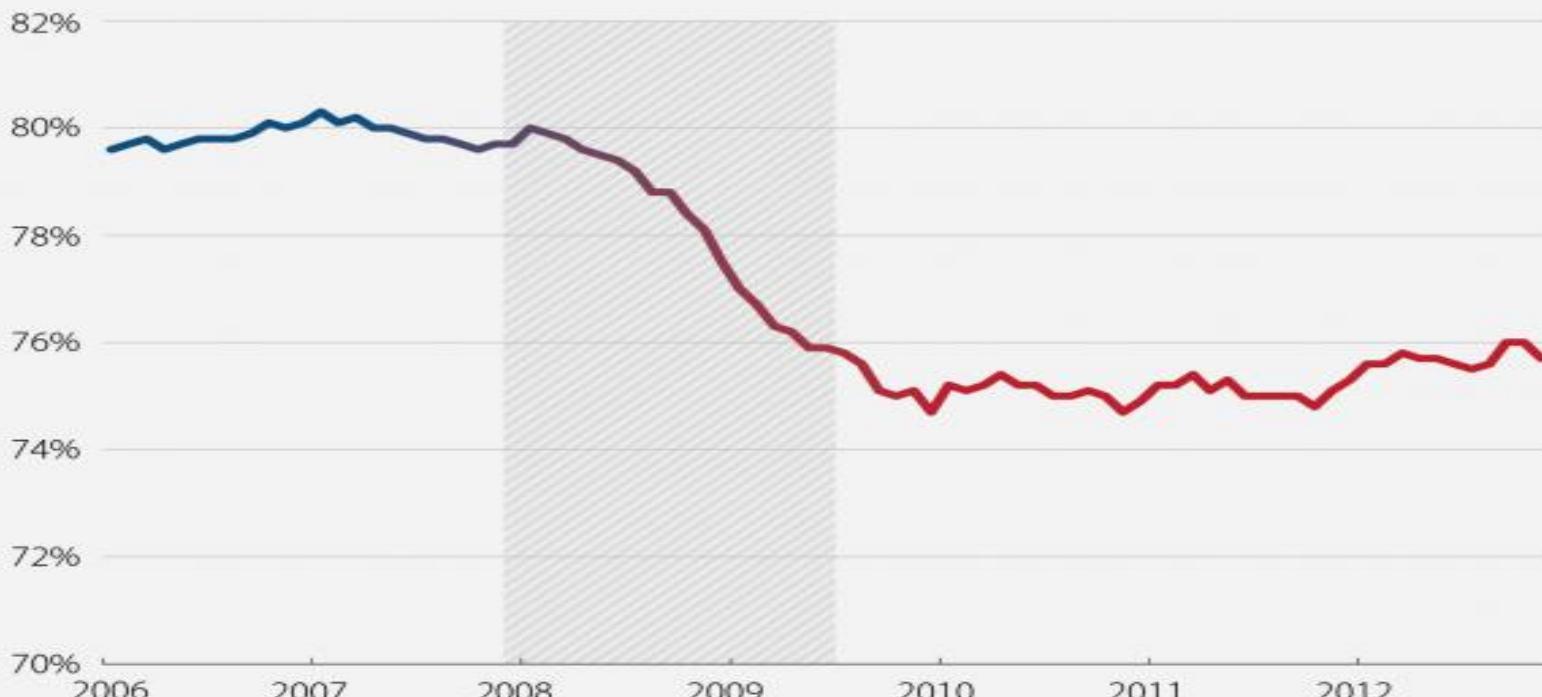
Source: EPI analysis of Bureau of Labor Statistics Current Employment Statistics and Congressional Budget Office *Budget and Economic Outlook: Fiscal Years 2012 to 2022*.

The Blow to the Economy Hit 'Prime Age' workers very hard

#3 | EPI'S TOP CHARTS OF 2012

2007 recession led to stunning and persistent drop in employment of 'prime-age' workers

Employment-to-population ratio of workers age 25 to 54, 2006–2012

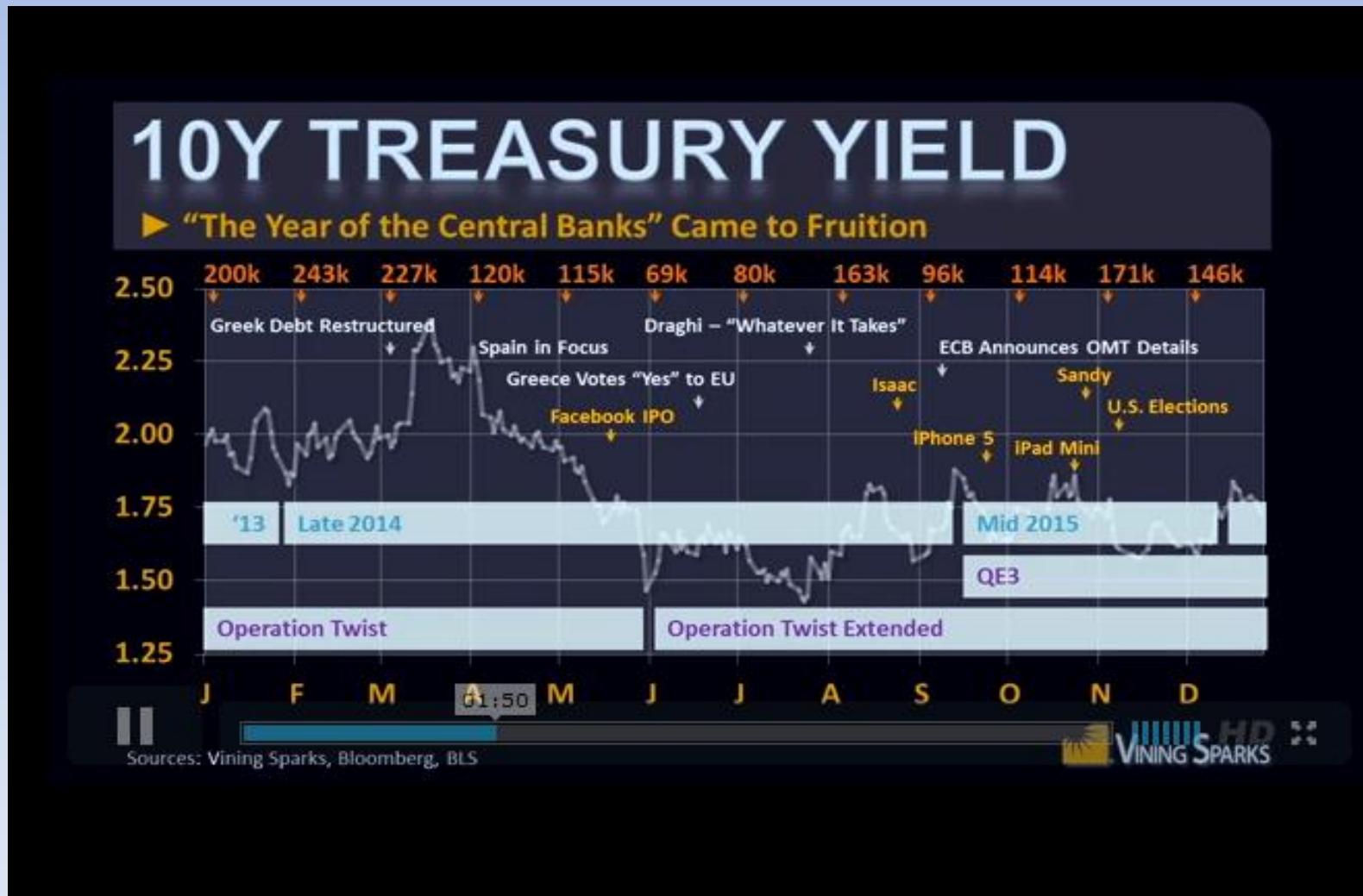


Note: Shaded area denotes recession.

Source: EPI analysis of Bureau of Labor Statistics Current Population Survey public data series

ECONOMIC POLICY INSTITUTE

Interest Rates moved lower; the FED employed several techniques



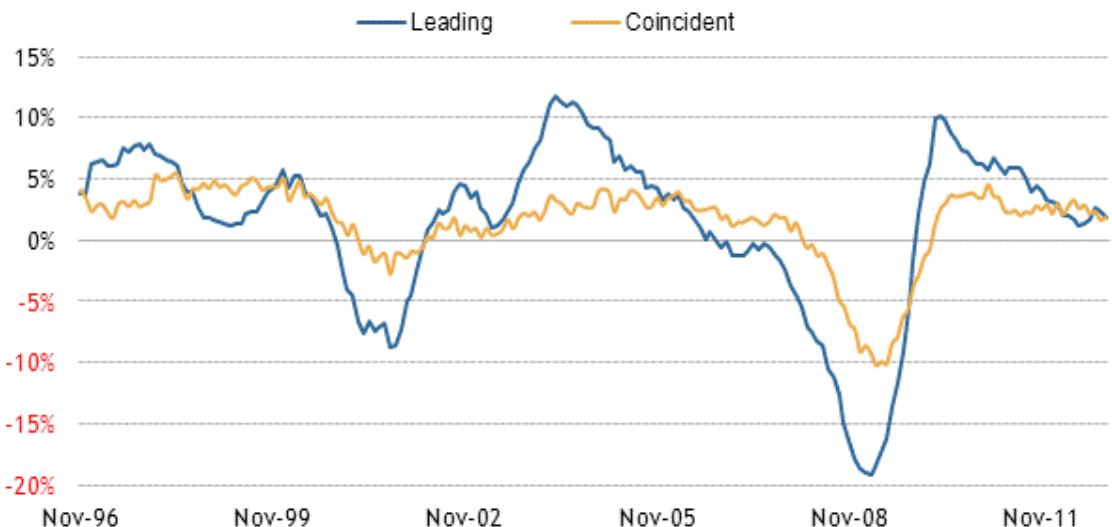
Highlights: The Conference Board's Leading Economic Index

"The pullback in the leading indicators was the direct result of economic disruptions from Hurricane Sandy and not from an overall softening in economic conditions."

Briefing.com December 20, 2012



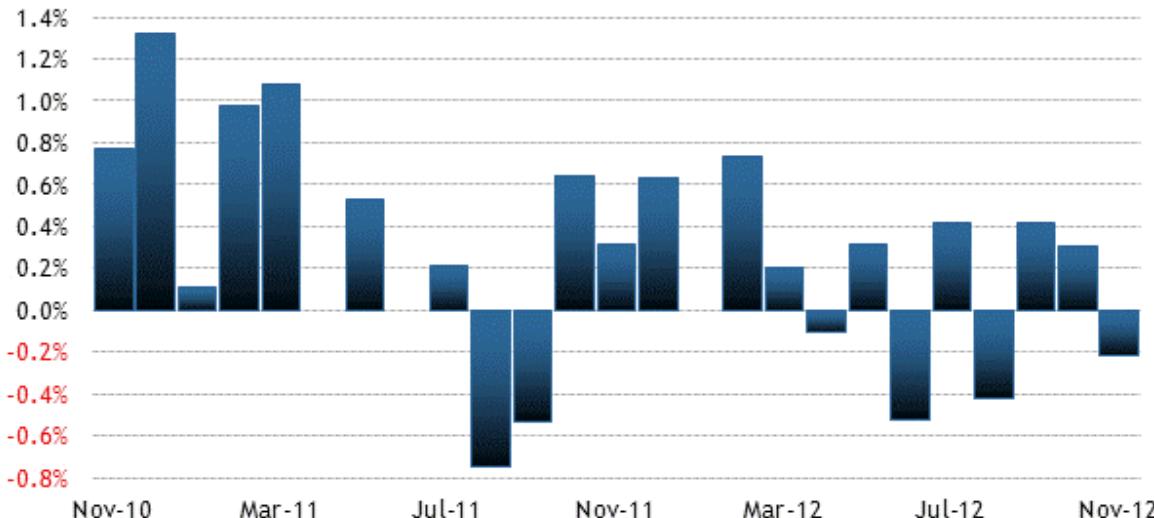
Leading and Coincident Indicators y/y%



Source: Conference Board; updated 12/20/12

Briefing.com

Leading Indicators m/m%



Source: Conference Board; updated 12/20/12

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. Risks to the recovery are many.

Economic Cycle Research Institute: *Weekly Leading Indicator fell up last week*



The Tell-Tale Chart

ECRI's Weekly Leading Index was down in the first weekly report in January by 1.1%. The Inflation pressures index was slightly higher.

ECRI still believes that the economy is in recession and it is just a matter of time before the National Bureau of Economic Research ("NBER") makes a formal determination and announcement

(Source: ECRI, January 4, 2013)

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](#)

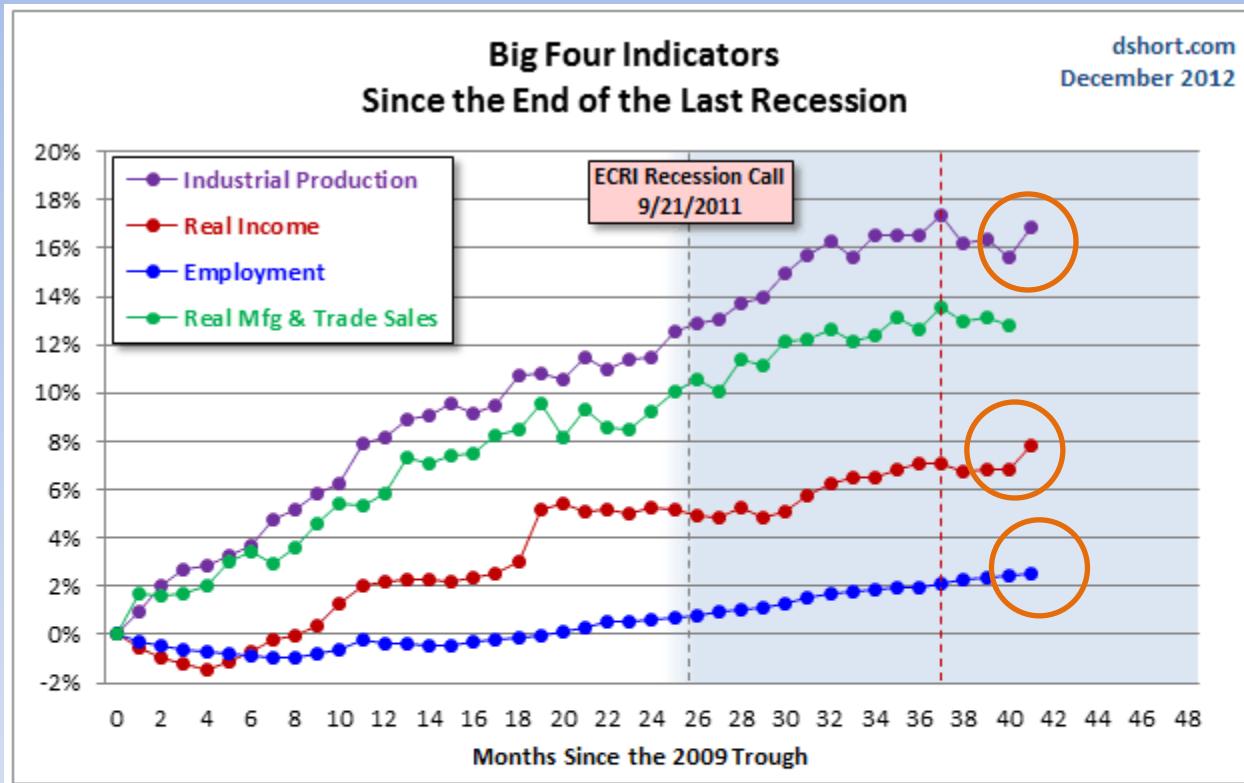
» [VIEW OUR TRACK RECORD](#)

Key factors to watch for recession

Are the Big Four Rolling Over?

- Industrial Production has cycled positive and negative in recent months. For November, it is up.
- Real Income also moved to the positive in November.
- Average of the big four negative for two of the three months prior to November.
- Employment remains barely in the growth mode.
- Last month, the assessment was “A post-Sandy rebound, satisfactory holiday sales and an intelligent outcome to Fiscal Cliff negotiations could easily put the economy into indisputable expansion.” The post-Sandy rebound is starting, holiday sales were okay.

Four Economic Indicators Provide the Best Prediction of Another Recession



The most recent data show improvement in three of the four indicators.

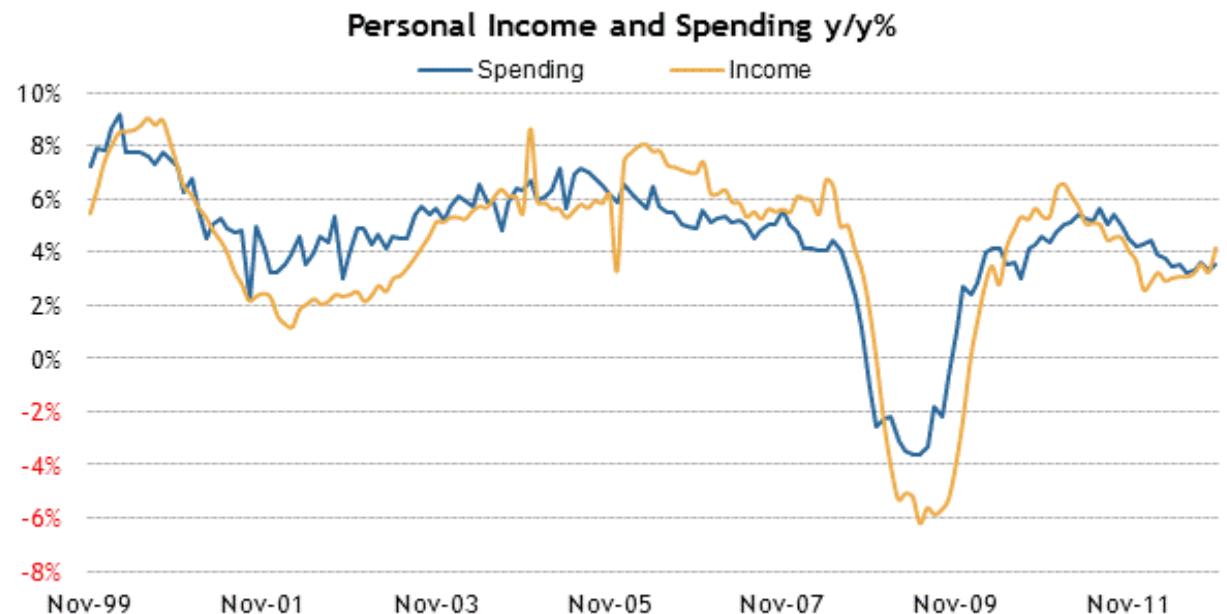
Big Four Indicators Month-over-Month in 2012												
Indicator	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Industrial Production	0.7%	0.5%	-0.6%	0.8%	0.0%	0.0%	0.7%	-1.0%	0.2%	-0.7%	1.1%	
Real Income	0.7%	0.4%	0.3%	0.0%	0.3%	0.2%	0.0%	-0.3%	0.0%	0.0%	0.9%	
Employment	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Real Mfg & Trade Sales	0.5%	2.9%	-3.9%	2.2%	6.3%	-3.9%	7.4%	-4.3%	1.2%	-2.6%		

Employment is released the first week of the month, Income the last week, Industrial Production and Sales mid-month.
Note: Real Manufacturing and Trade Sales data lags by one month

Highlights

Personal Income grew 0.6% in November, down from a flat reading in October.

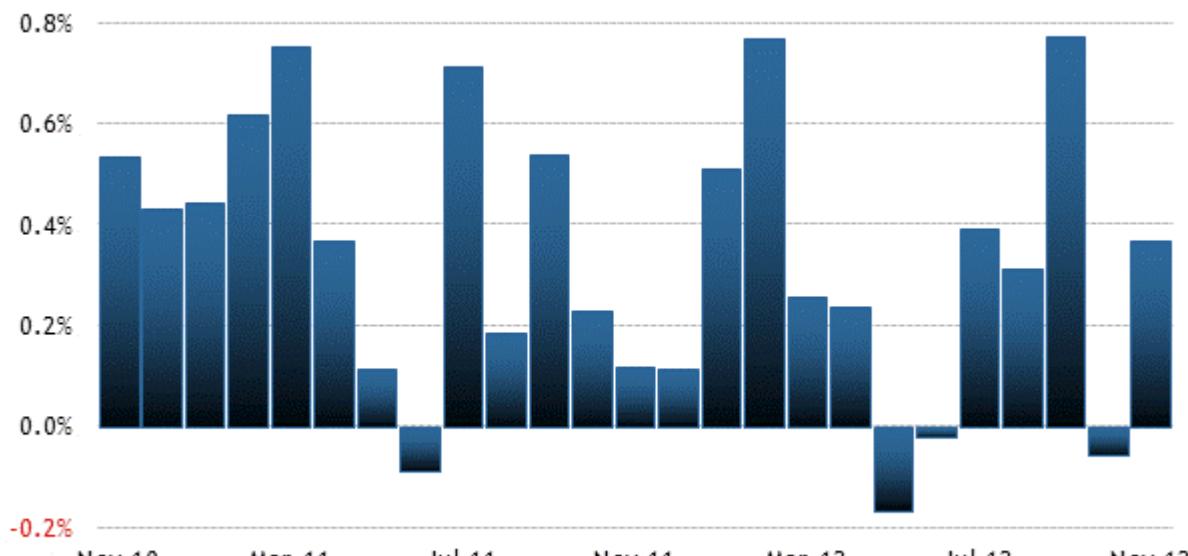
Personal Spending increased 0.4% in November after 0.2% in October. The Briefing.com consensus expected both income and spending to increase 0.3%. The **personal savings** rate rose to 3.6% from 3.4% in October.



Source: Bureau of Economic Analysis; updated 12/21/12

Briefing.com

Personal Spending m/m%



Source: Bureau of Economic Analysis; updated 12/21/12

After adjusting for inflation, consumption levels increased 0.6%. That was the strongest monthly gain in real spending since increasing 1.0% in August 2009.

Big Picture: The large gain in income was the result of businesses returning to normal following disruptions from Hurricane Sandy. Lost income from October was recovered in November, which resulted in strong monthly gains after an easy comparison.

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

Data released December 26, 2012

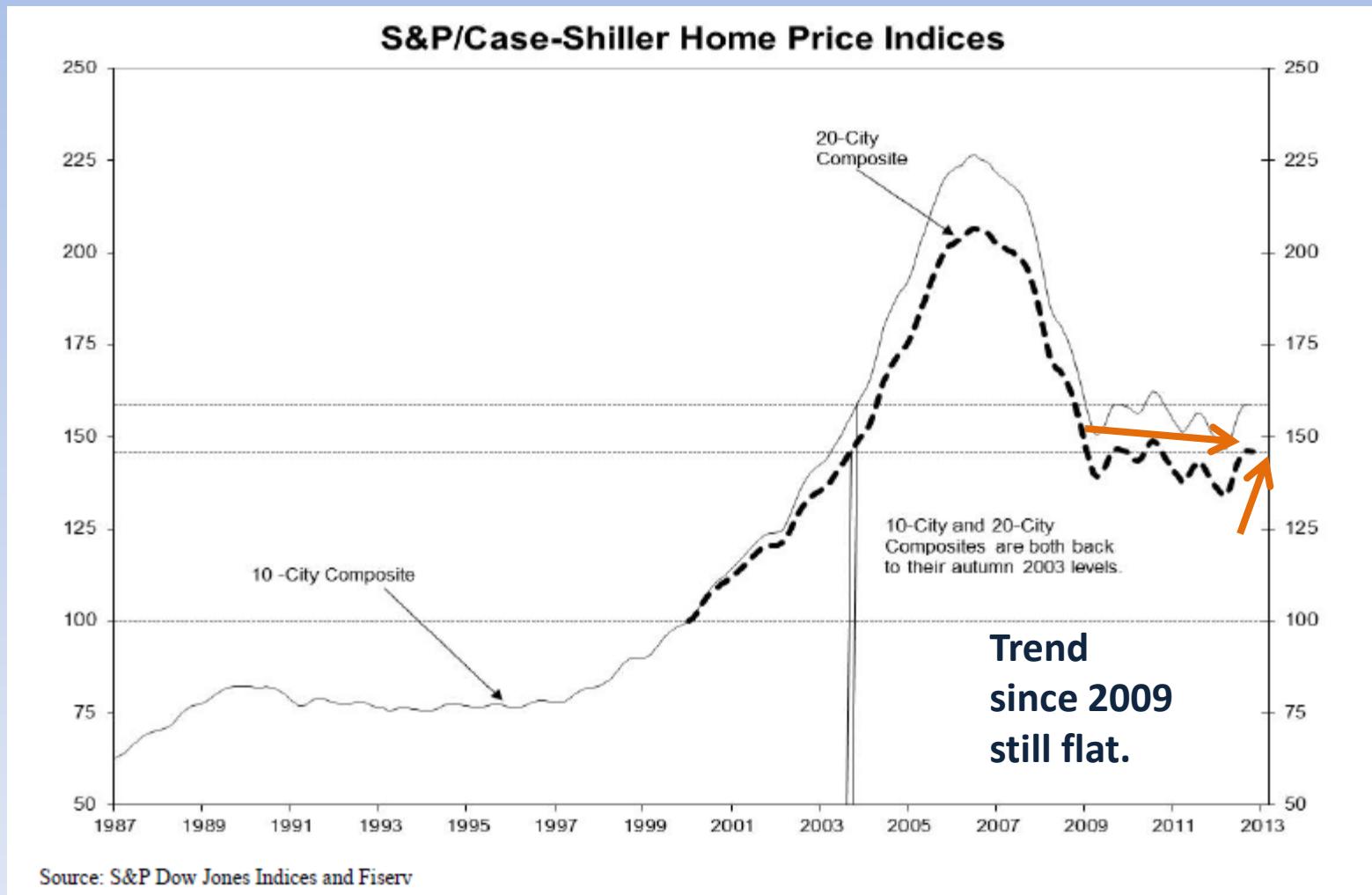
Data through October 2012, released today by S&P Dow Jones Indices for its S&P/Case-Shiller¹ Home Price Indices, the leading measure of U.S. home prices, showed home prices rose 4.3% in the 12 months ending in October in the 20-City Composite, out-distancing analysts' forecasts. Anticipated seasonal weakness appeared as twelve of the 20 cities and both Composites posted monthly declines in home prices in October.

"The October monthly numbers were weaker than September as 12 cities saw prices drop compared to seven the month before." says David M. Blitzer, Chairman of the Index Committee at S&P Dow Jones Indices. "The five which turned down in October but not in September, were Atlanta, Dallas, Miami, Minneapolis and Seattle. Among all 20 cities, Chicago was the weakest with prices dropping 1.5%, followed by Boston where prices fell 1.4%. Las Vegas saw the strongest one-month gain with prices up 2.8%.

"Looking over this report, and considering other data on housing starts and sales, it is clear that the housing recovery is gathering strength. Higher year-over-year price gains plus strong performances in the southwest and California, regions that suffered during the housing bust, confirm that housing is now contributing to the economy."

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 Sustained Recovery In Home Prices; Now about level with Autumn 2003 levels



	Denver Home Prices	National Composite
Monthly Change:	+ 0.0 percent	- 0.1 percent
Yearly Change:	+ 6.9 percent	+ 4.3 percent

Home Prices Hit a Milestone *Growing Demand, Shrinking Supply Buoy Housing Market; 'Tide Has Changed'*

By Nick Timiraos in *The Wall Street Journal* Updated December 26, 2012, 6:41 p.m. ET

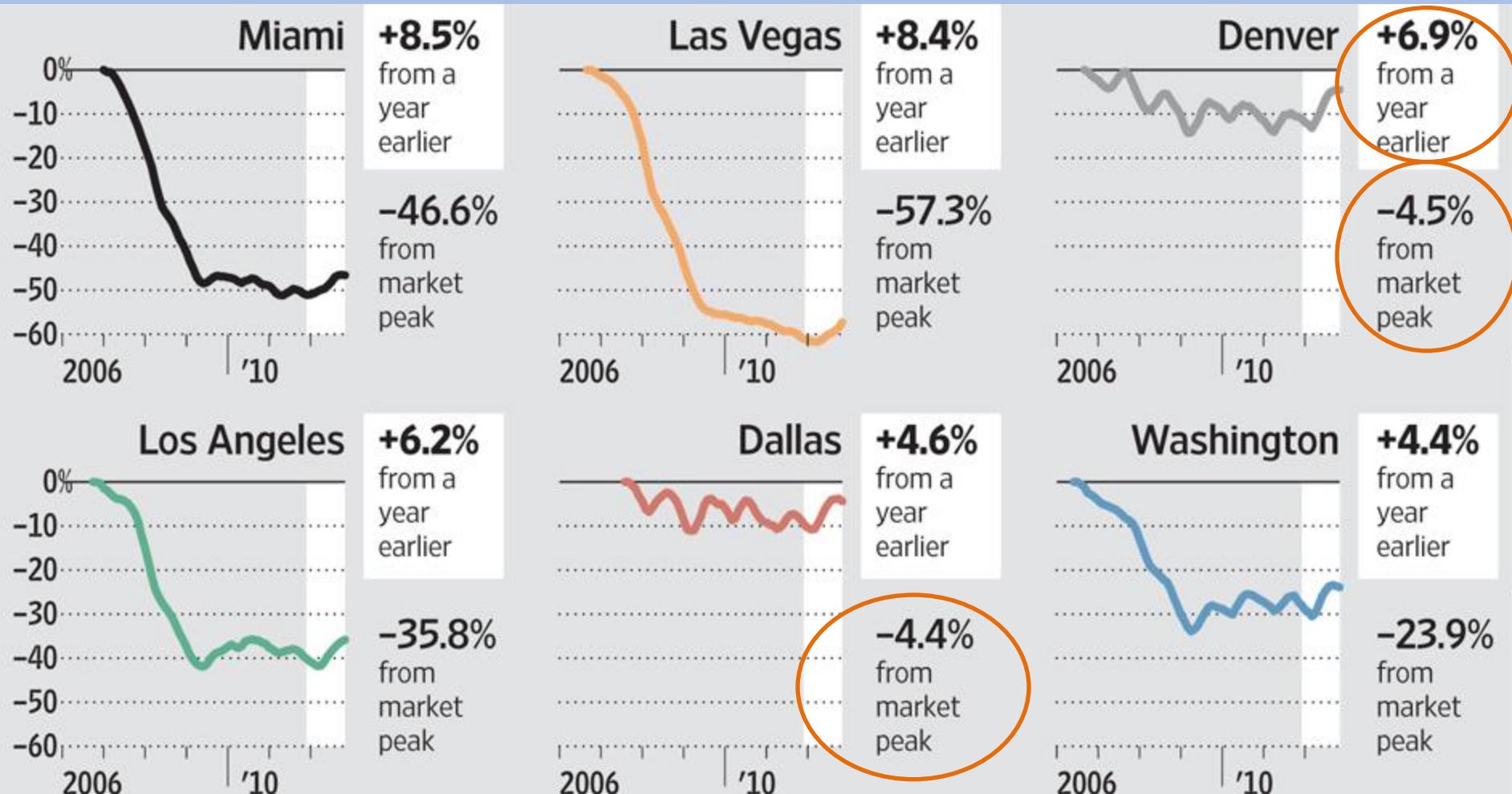
Gaining, but a Ways to Go

Home prices since market's peak in some U.S. metropolitan areas based on the Case-Shiller indexes



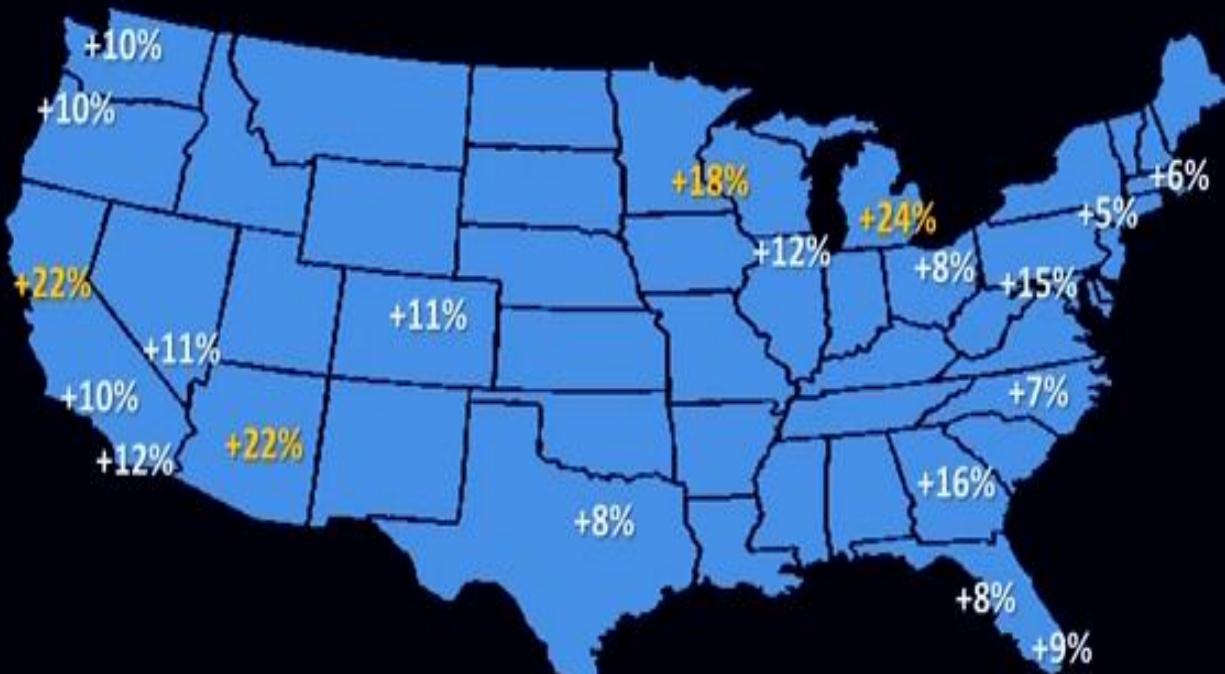
Source: S&P Dow Jones Indices and Fiserv

Denver year over year (6.9%) not as high as others, but recovery to peak only behind Dallas



HOUSING IS REGIONAL

► Percentage Change from Nadir to Current

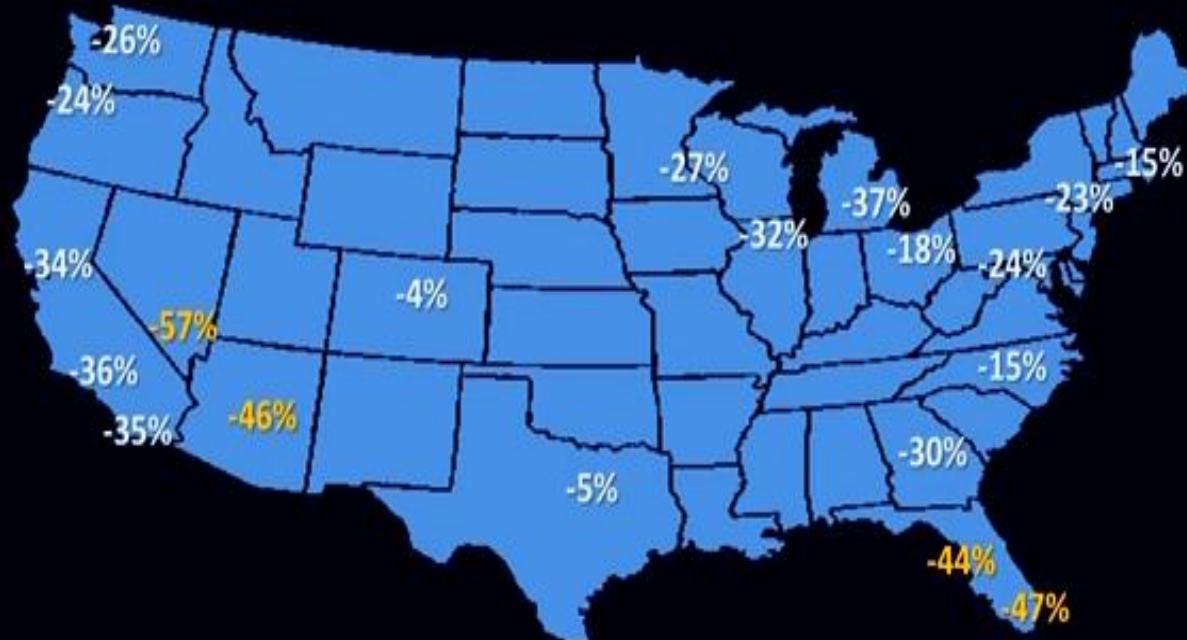


Sources: Vining Sparks, Bloomberg, CaseShiller



HOUSING IS REGIONAL

► Percentage Change from Peak to Current



Sources: Vining Sparks, Bloomberg, CaseShiller



Mountain States Begin 2013 on Strong Note: Economic Confidence Rises

December survey results at a glance:

- Leading economic indicator dips to healthy level and remains well above national index.
- Business confidence rebounds.
- Approximately 21.1 percent of supply managers indicated that the impending longshoreman strike encouraged their company to advance their purchases of raw materials and supplies.

“The region’s manufacturing and value-added services industries, such as systems development companies tied to health care, continue to expand. Based on our survey results over the past several months, I expect both overall job and economic growth to continue well into 2013,” Goss Institute for Economic Research Director Dr. Ernie Goss said today.

For Immediate Release: January 2, 2013

Source: Goss Institute of Economic Research Creighton University.

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 54.4 down from 55.9.

- Employment at 48.3 **down** from 52.1;
- Wholesale prices 69.2 **down** from 69.7; commodities pressing on inflation;
- Business Confidence at 57.7 **up** from 48.9;
- Inventories at 64.2 **up** from 62.4; and
- Trade export numbers at 52.6 **down** from 57.1.

“Slower Mountain State growth restrained imports while slow global growth pulled new export orders growth lower,” said Goss.

Colorado:

*The state's leading economic indicator, the Business Conditions Index **dipped** only slightly to 53.8 from 54.0 in December.*

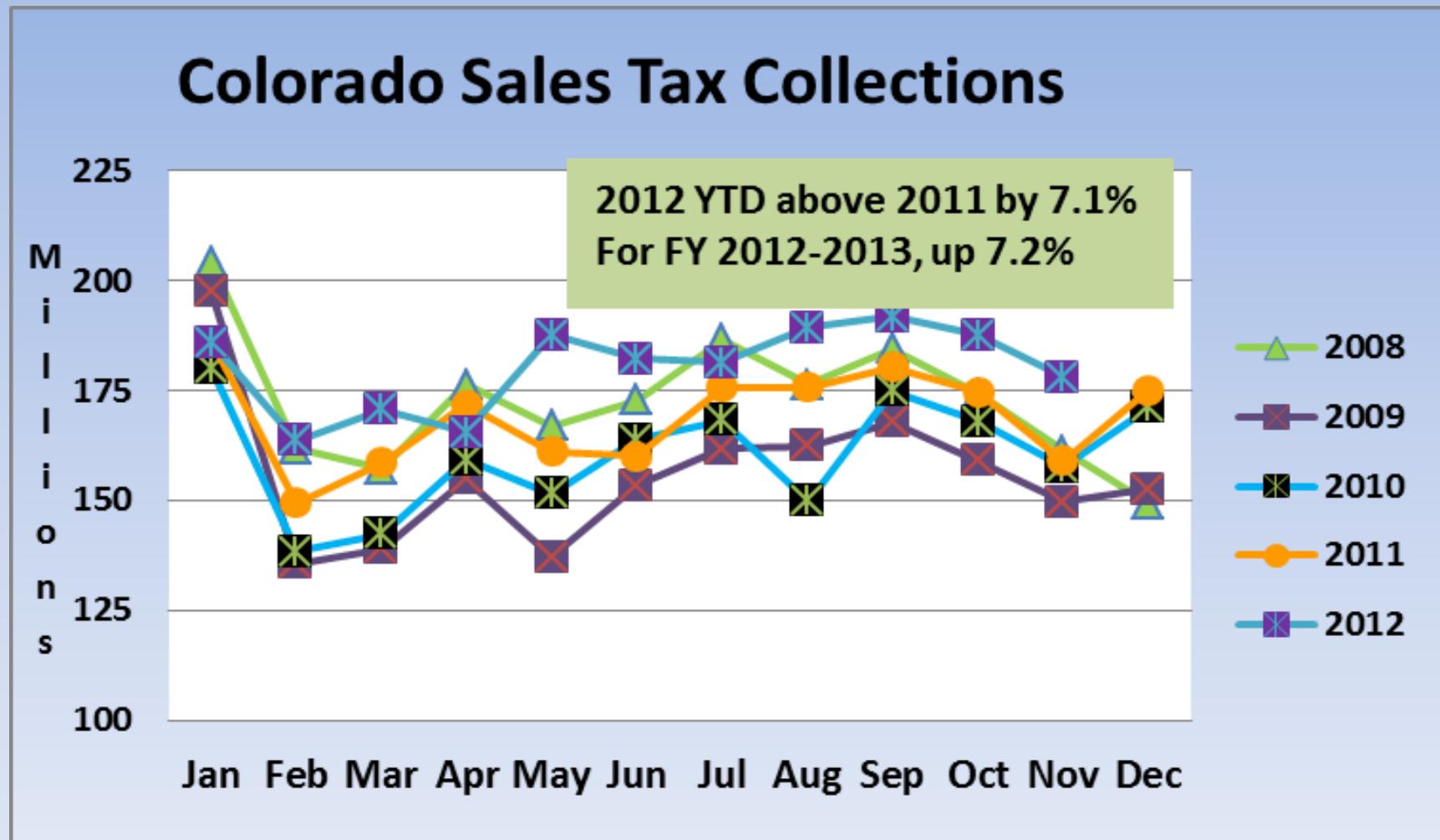
Components of the Business Conditions Index for December were:

- new orders at 49.9 **up** from 42.2;
- production or sales at 50.7 **up** from 51.5;
- delivery lead time at 50.0 **down** from 50.1;
- inventories at 64.2 **up** from 59.4; and
- employment at 50.6 **down** from 71.3.

“The growth of the manufacturing sector, especially for metal producing firms, in the state continues at a healthy pace even as firms tied to the state’s energy sector experienced slower business growth for the month. Importantly, the state’s construction industry is expanding at a solid pace,” said Goss.

**Source: Goss Institute of Economic Research Creighton University
January 2, 2012**

State Collections exceed FY 2011-2012 collections 2012 Calendar year over 2011



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

TUESDAY, JULY 31, 2012

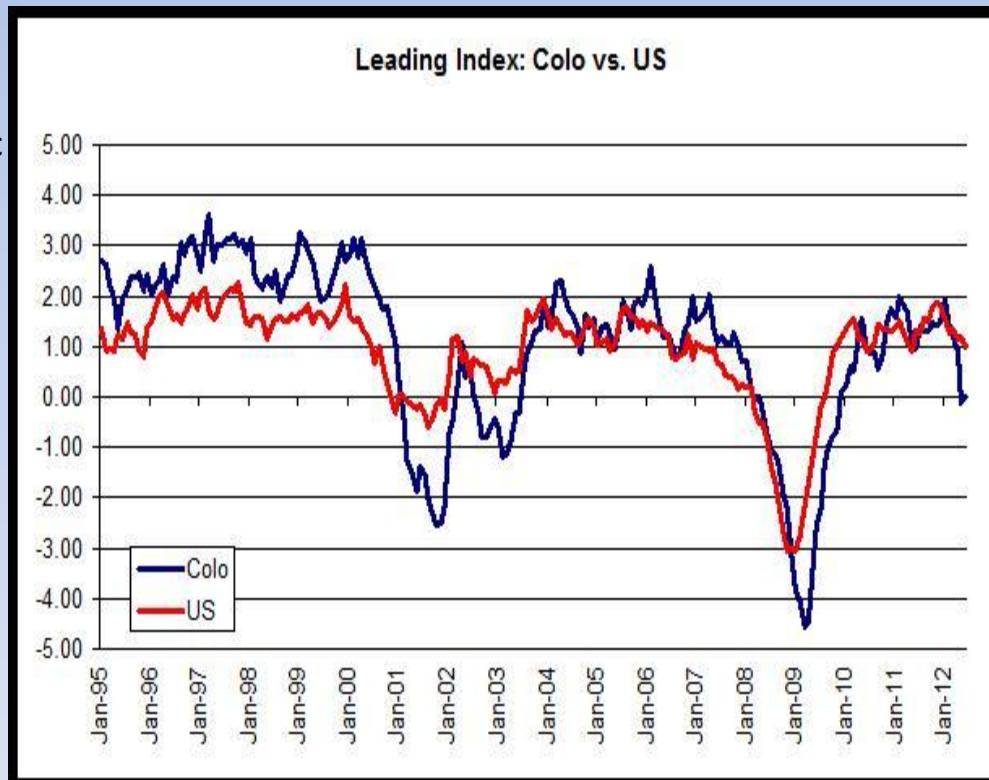
The Philadelphia Fed released its June Leading Index for the 50 states and the nation today. Colorado's index value was 0.0, putting it behind 33 states with higher index values, and behind the US's leading index value of 1.01

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

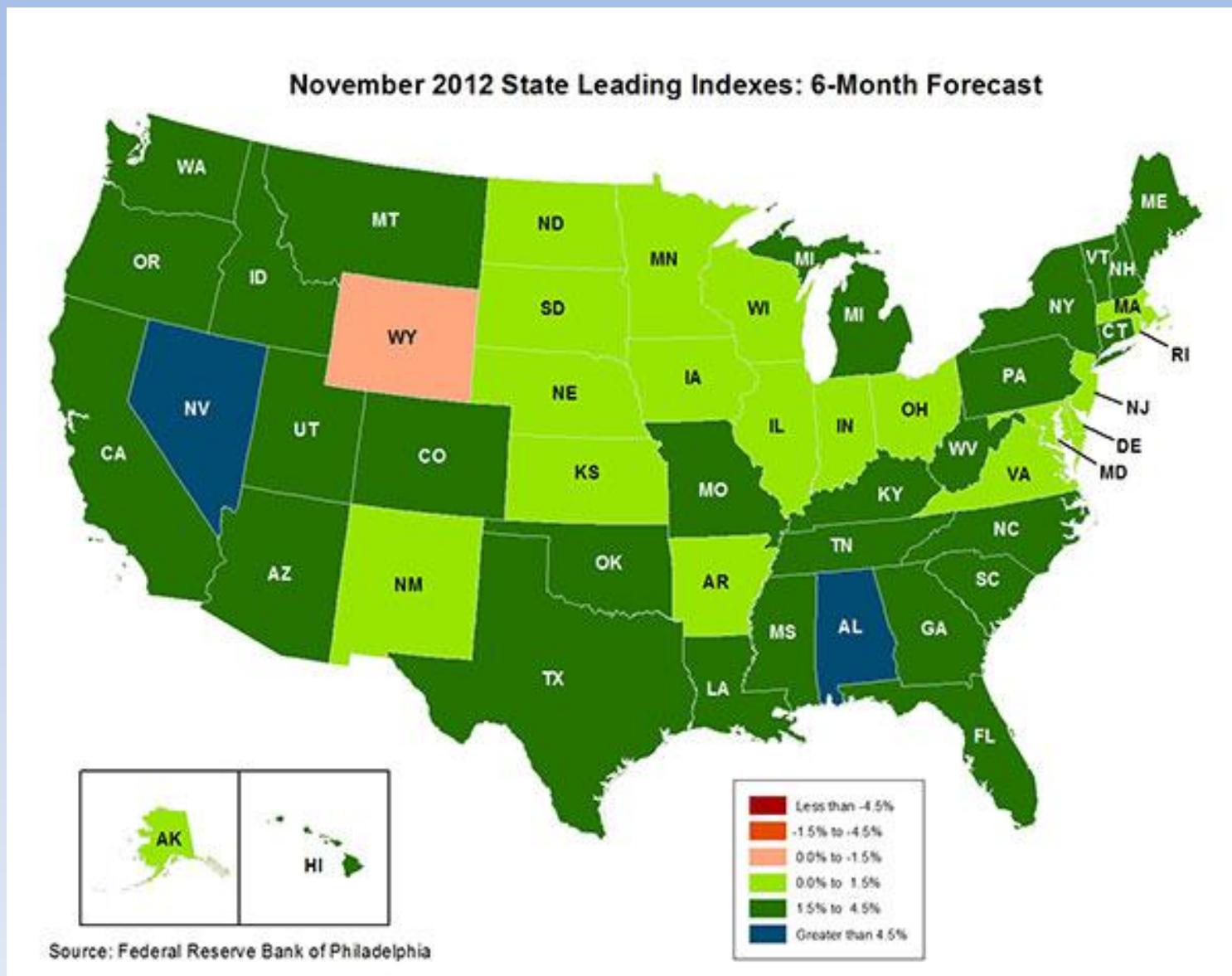
The coincident index is a general measure of economic activity based on a variety of factors. The leading index is a prediction of future growth in the coincident index (based on salary, employment and housing info), and as of June, Colorado places in the bottom half of states according to the index.

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.

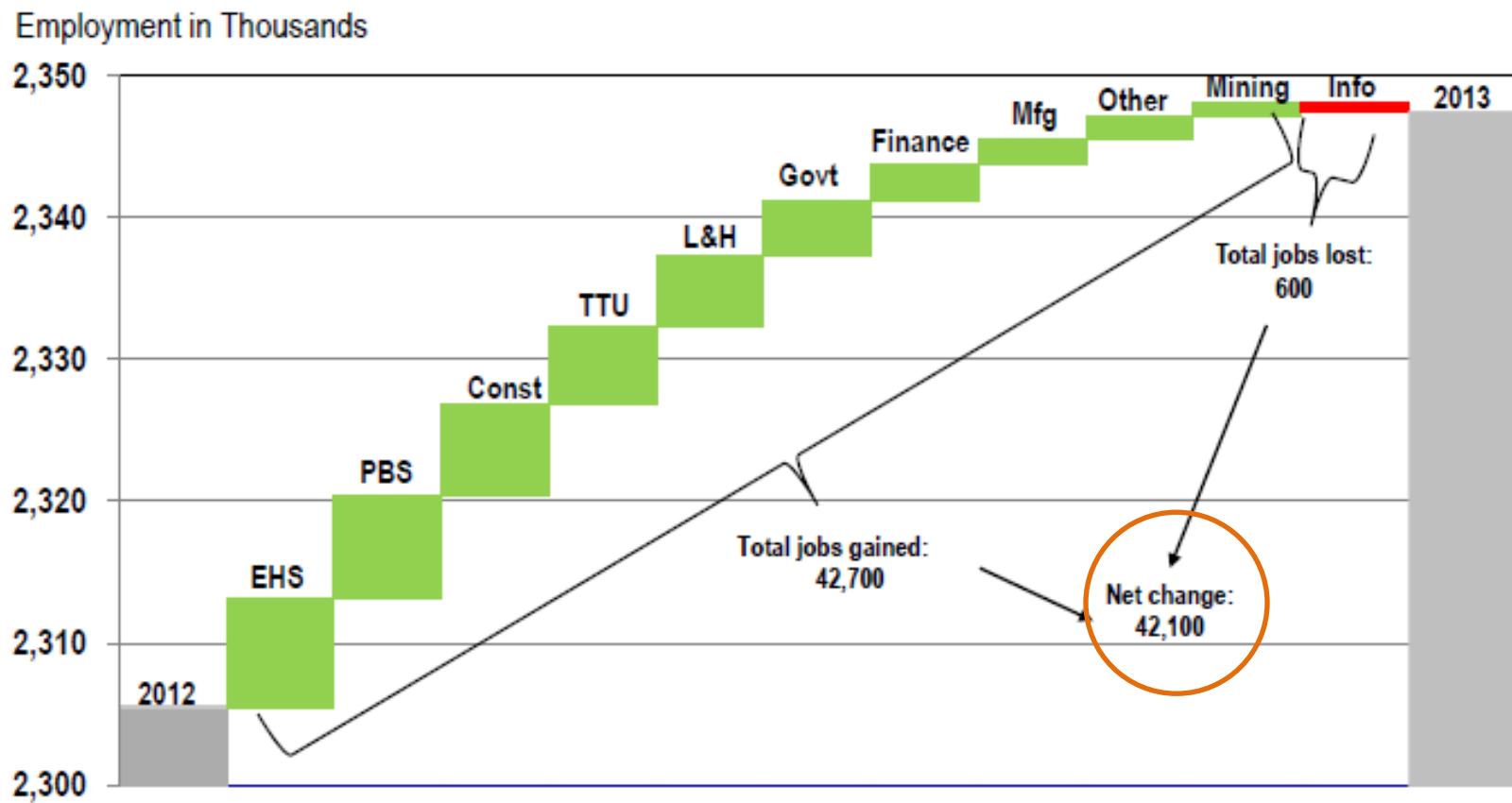
In short: The Philly Fed's report indicates that the Fed prediction of economic growth in Colorado has turned negative recently, and if correct, the index signals that Colorado will be lagging the nation in economic growth over the next six months. Indeed, with an index number of zero, the Philly Fed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



Colorado Economy Now Near the Top



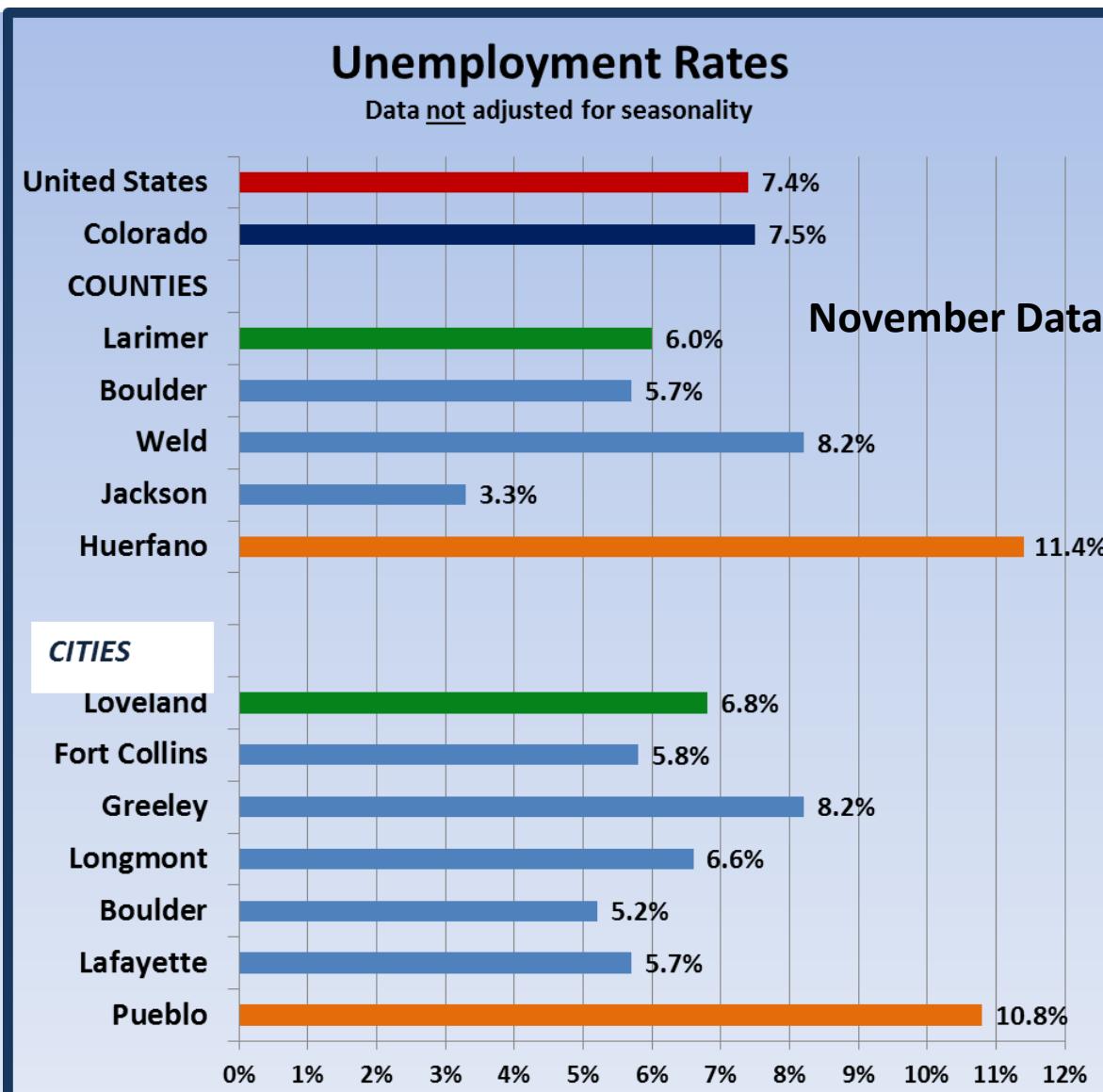
Employment Change 2012-2013



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

Business Research Division • Leeds School of Business • University of Colorado

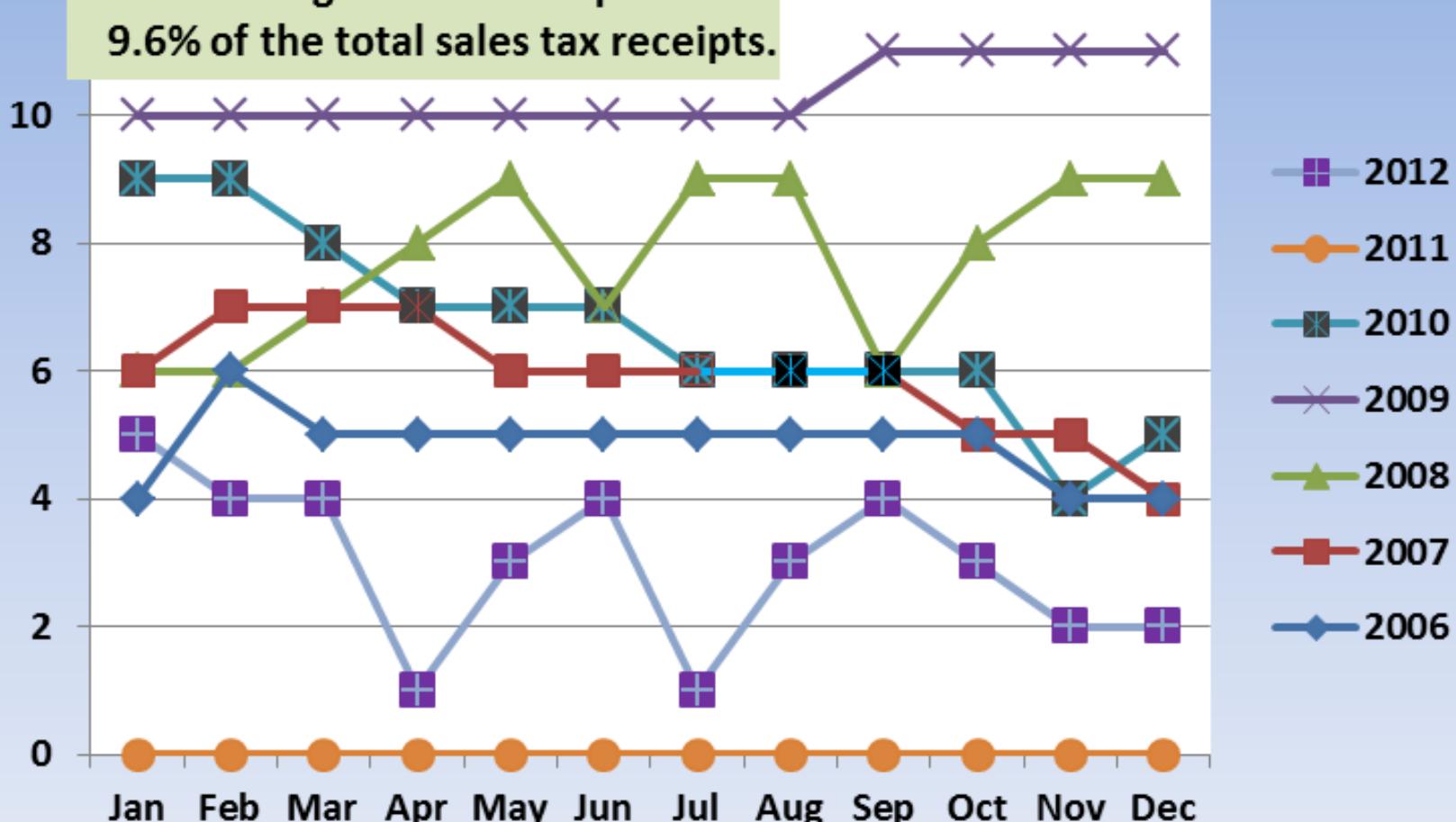
Re-benchmarked Unemployment Data Released by Colorado Department of Labor & Employment



Geo Area Indicator remained at 2 in December

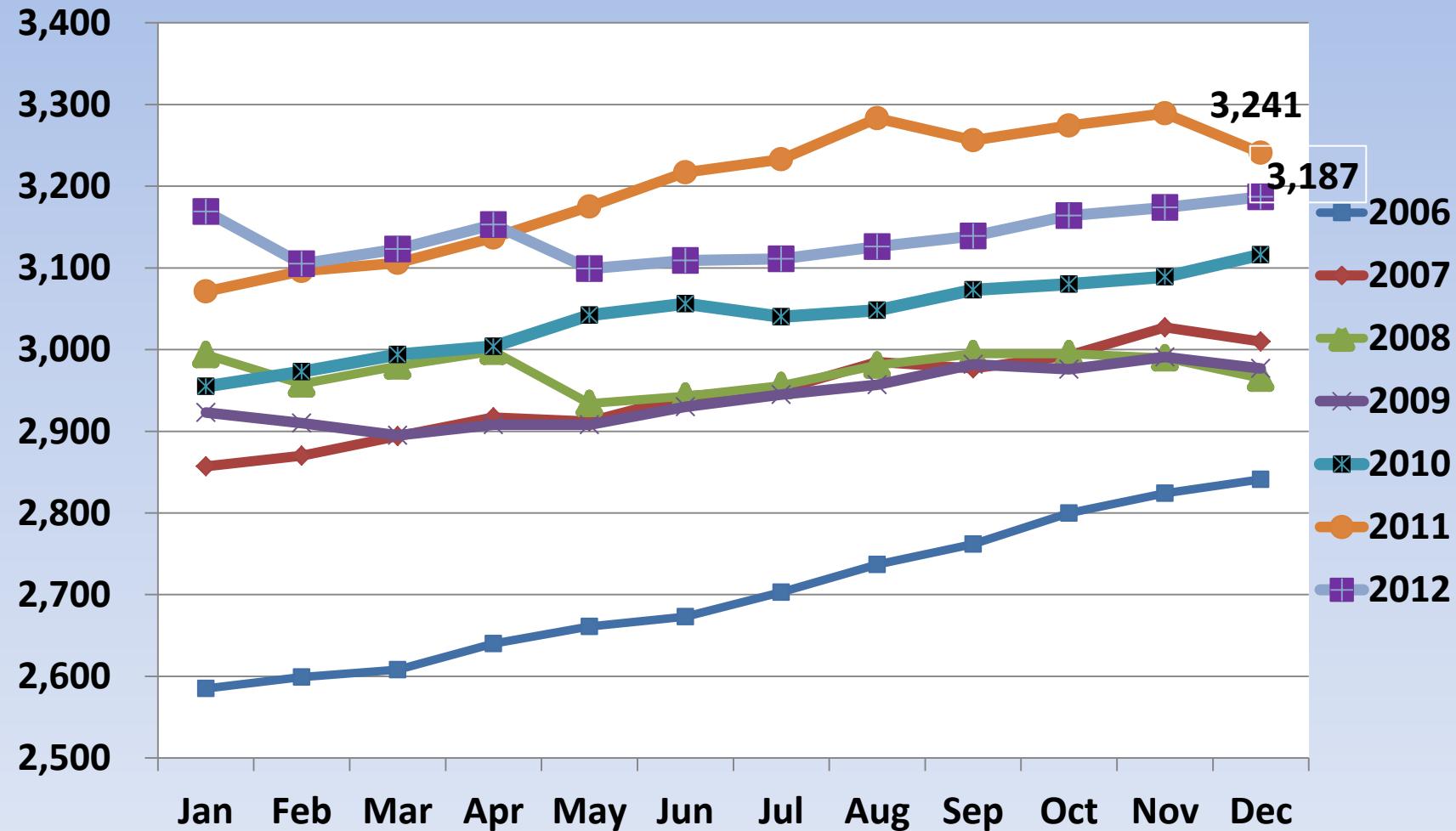
12

The two negative areas represent 9.6% of the total sales tax receipts.



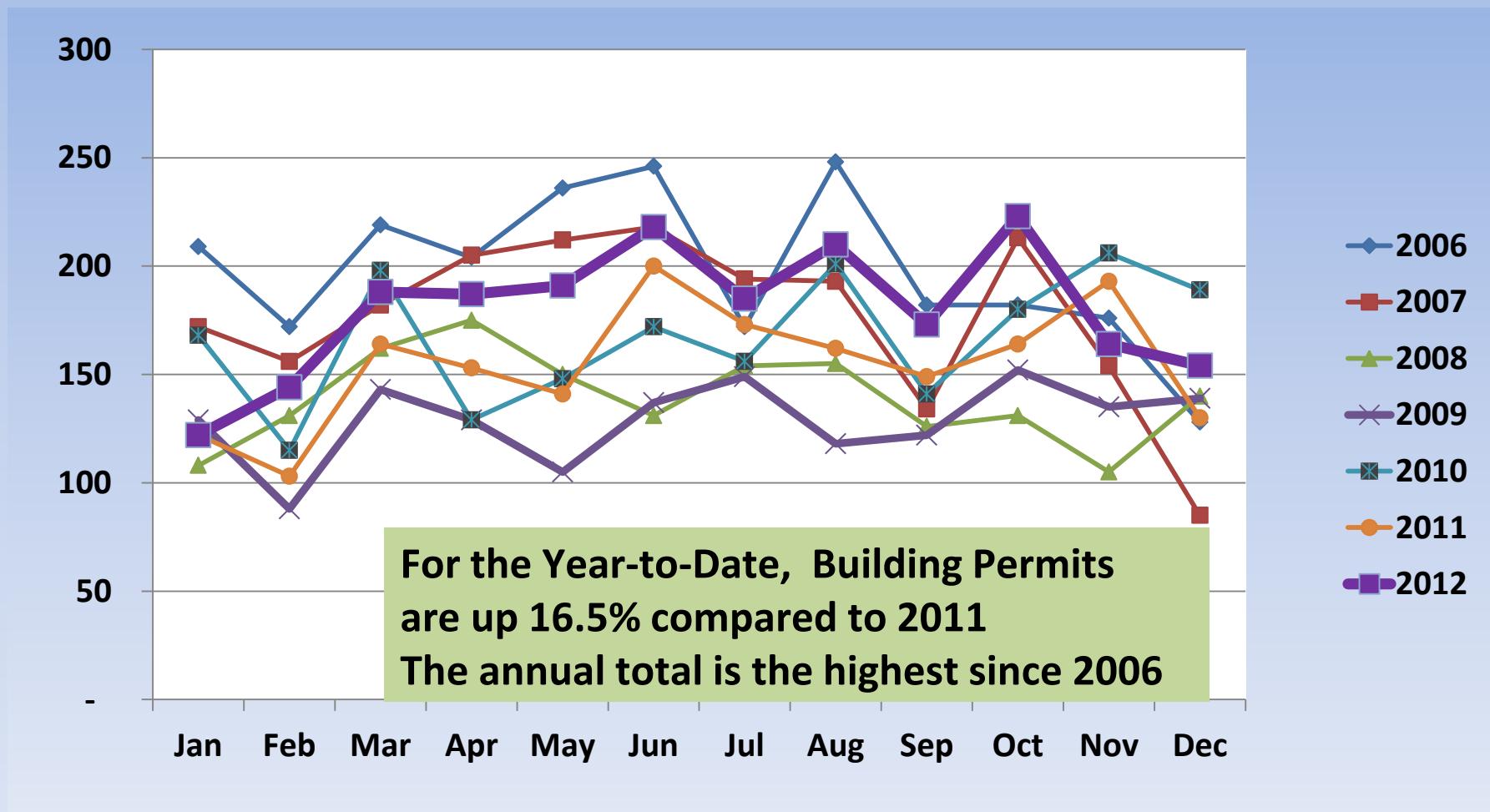
Sales Tax Licenses continue to grow

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



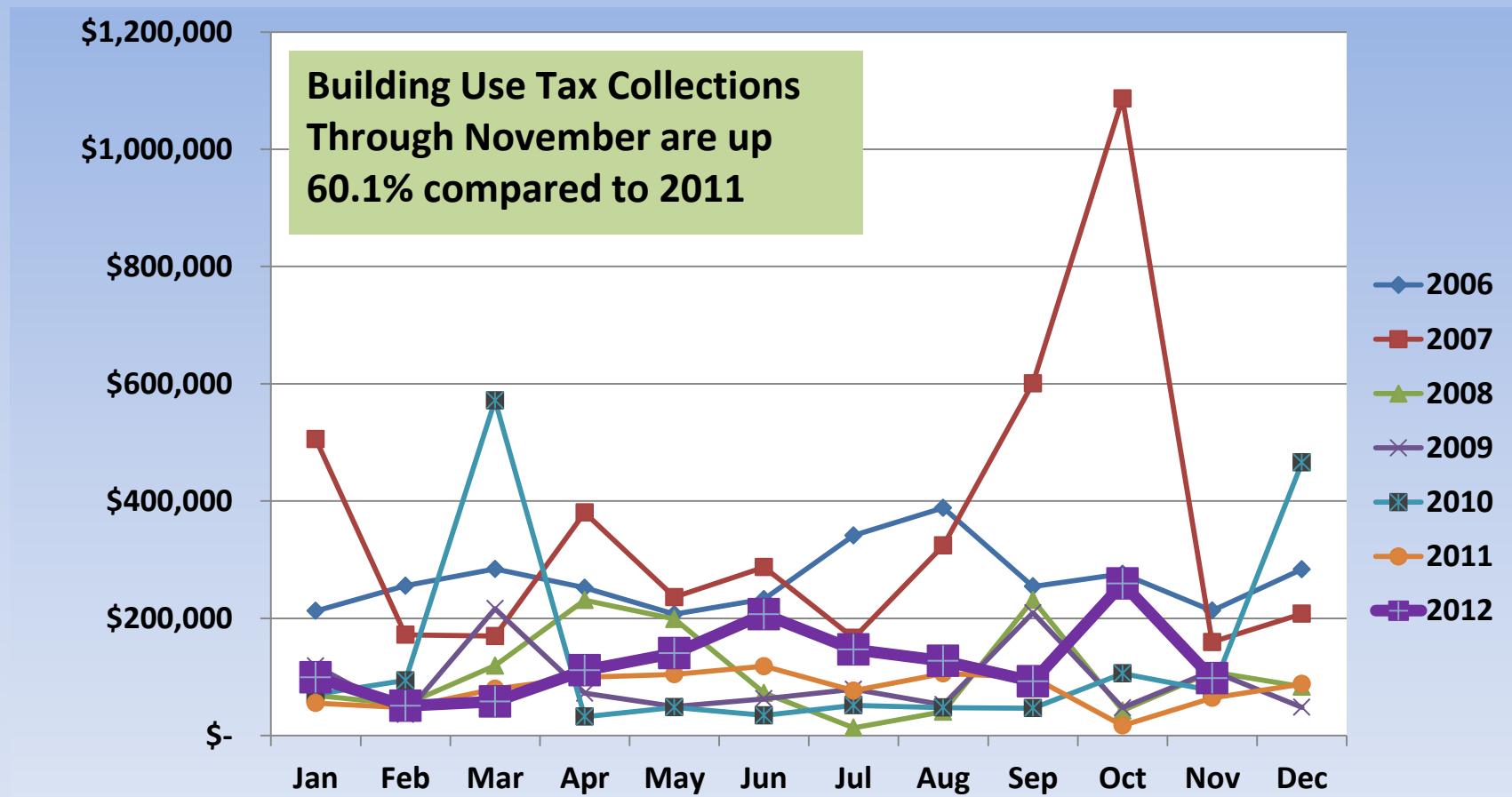
Building Permits now well over 2011

An improving construction sector



Building Use Tax Collections

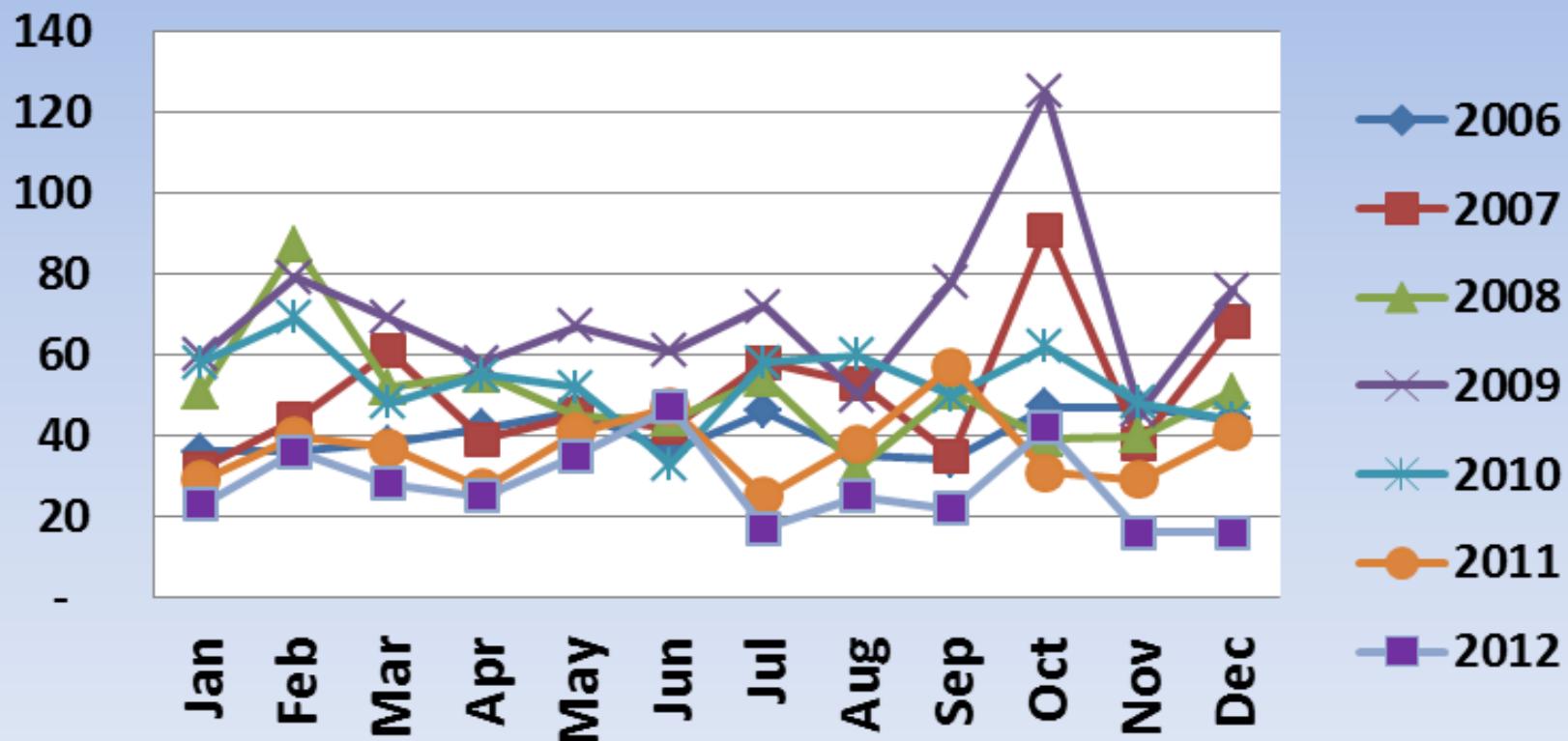
*Strong growth over recent years;
not yet near pre-recession levels*



In Loveland foreclosures filed lowest in the seven year series

Foreclosures Filed in Loveland

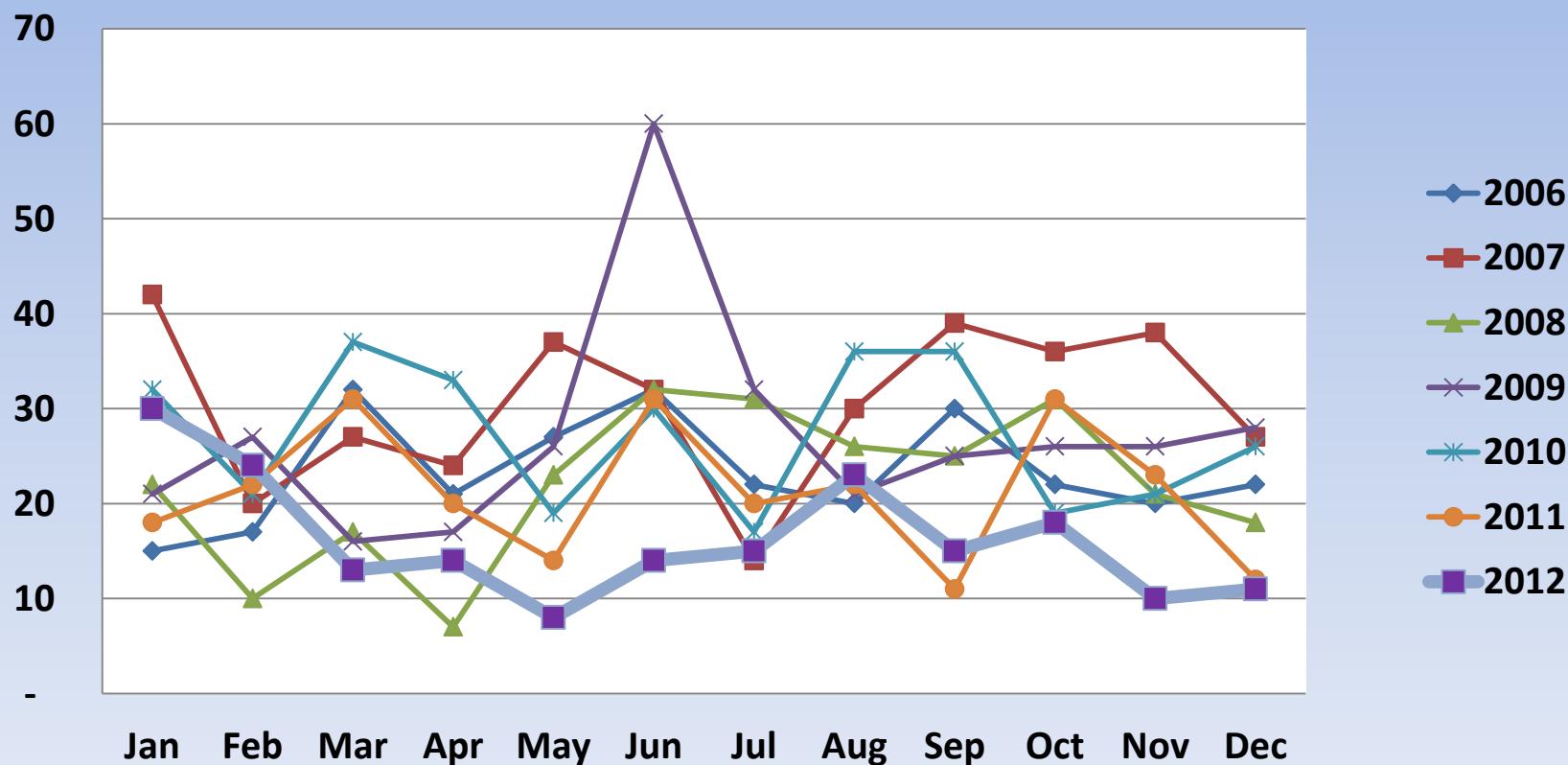
Through December 2012: 24.9% lower than 2011



Local foreclosures completed in 2012 lower than 2011

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

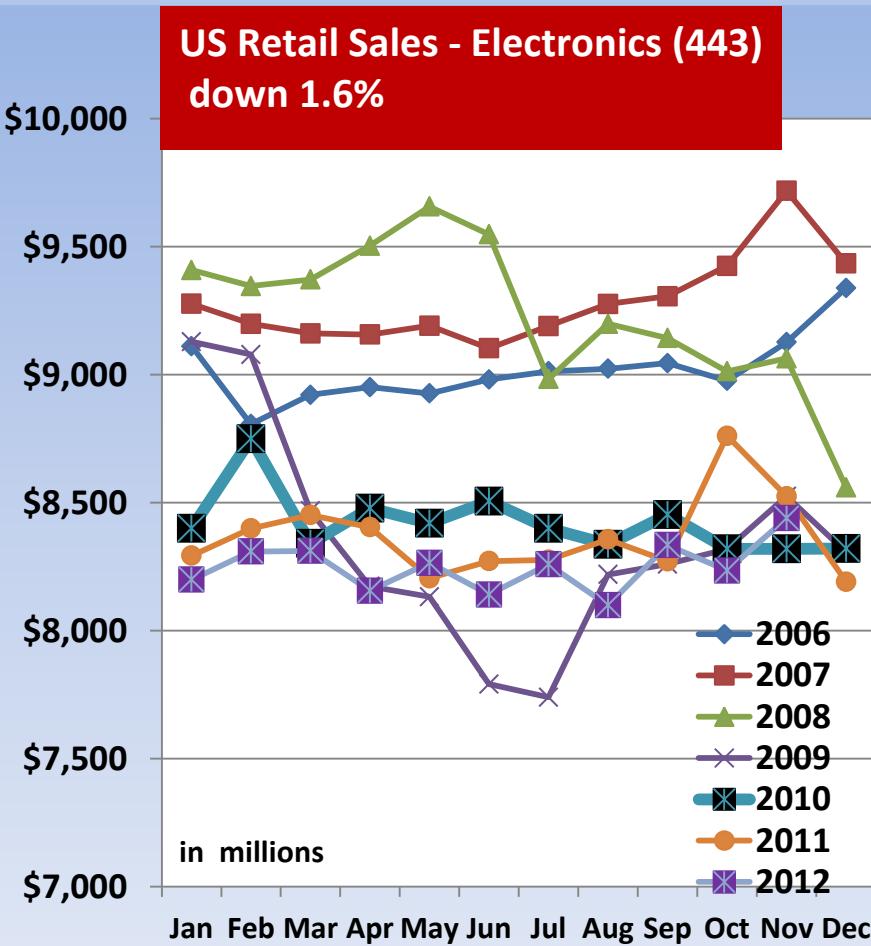
Foreclosures Completed in Loveland Through December 2012, down 23.5% from 2011



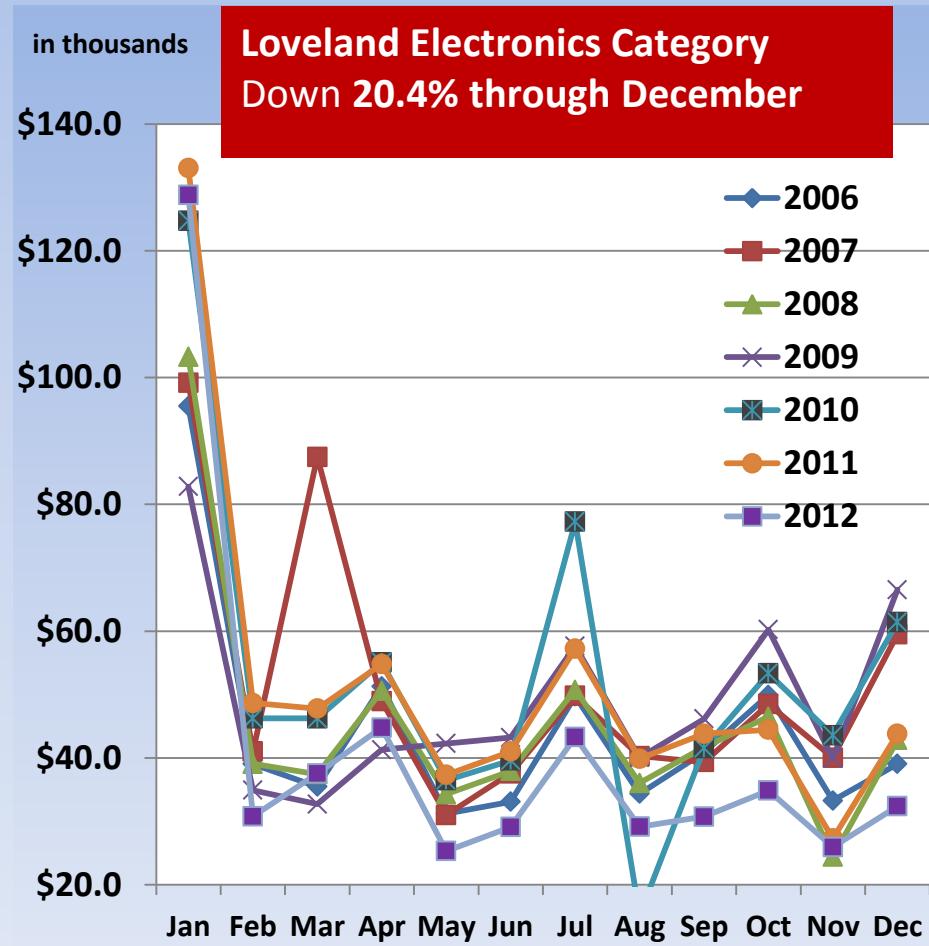
Electronics sales still soft

This sector has not been a leader for some time

National sales through November are still soft

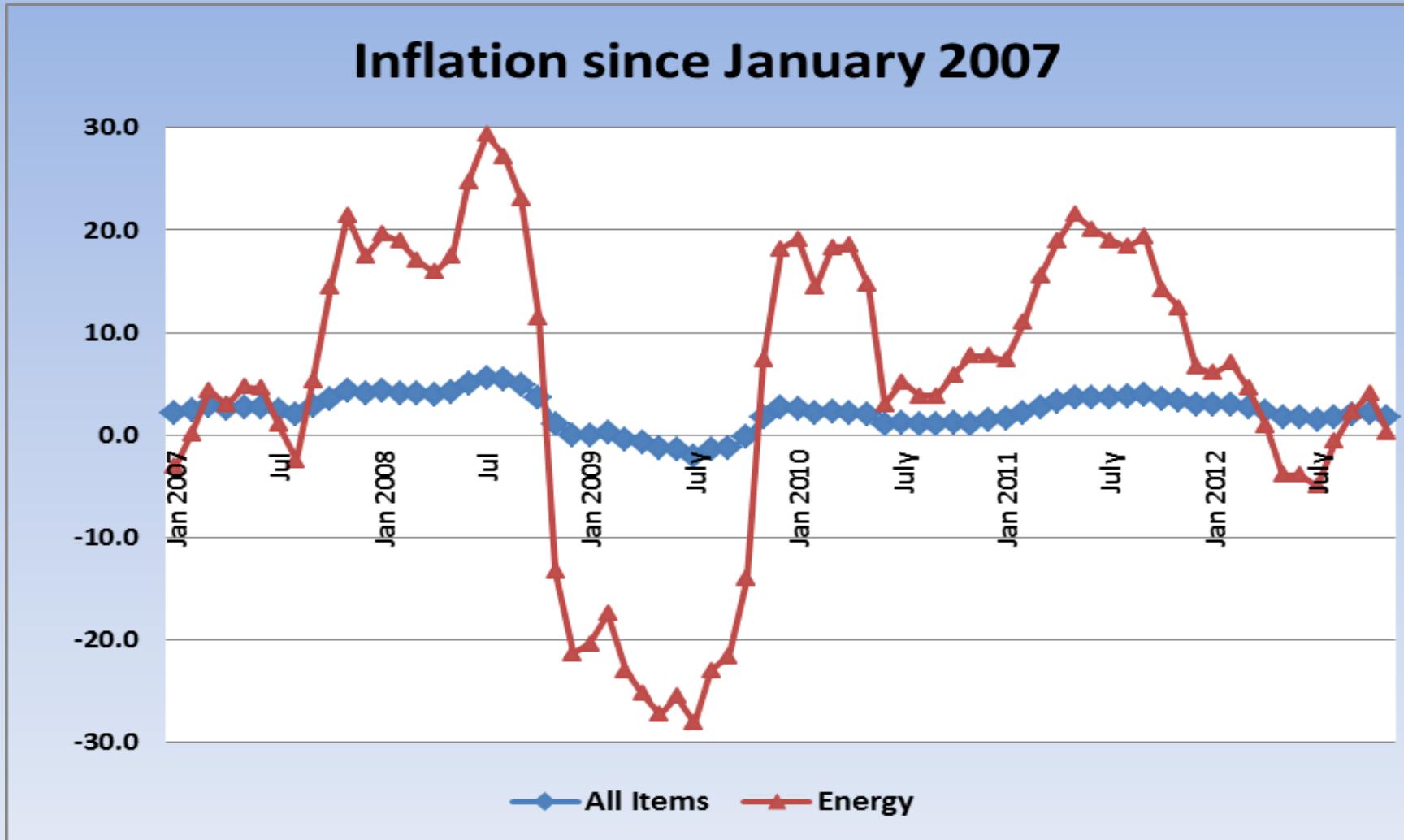


In this retail sales category, Loveland has also been soft

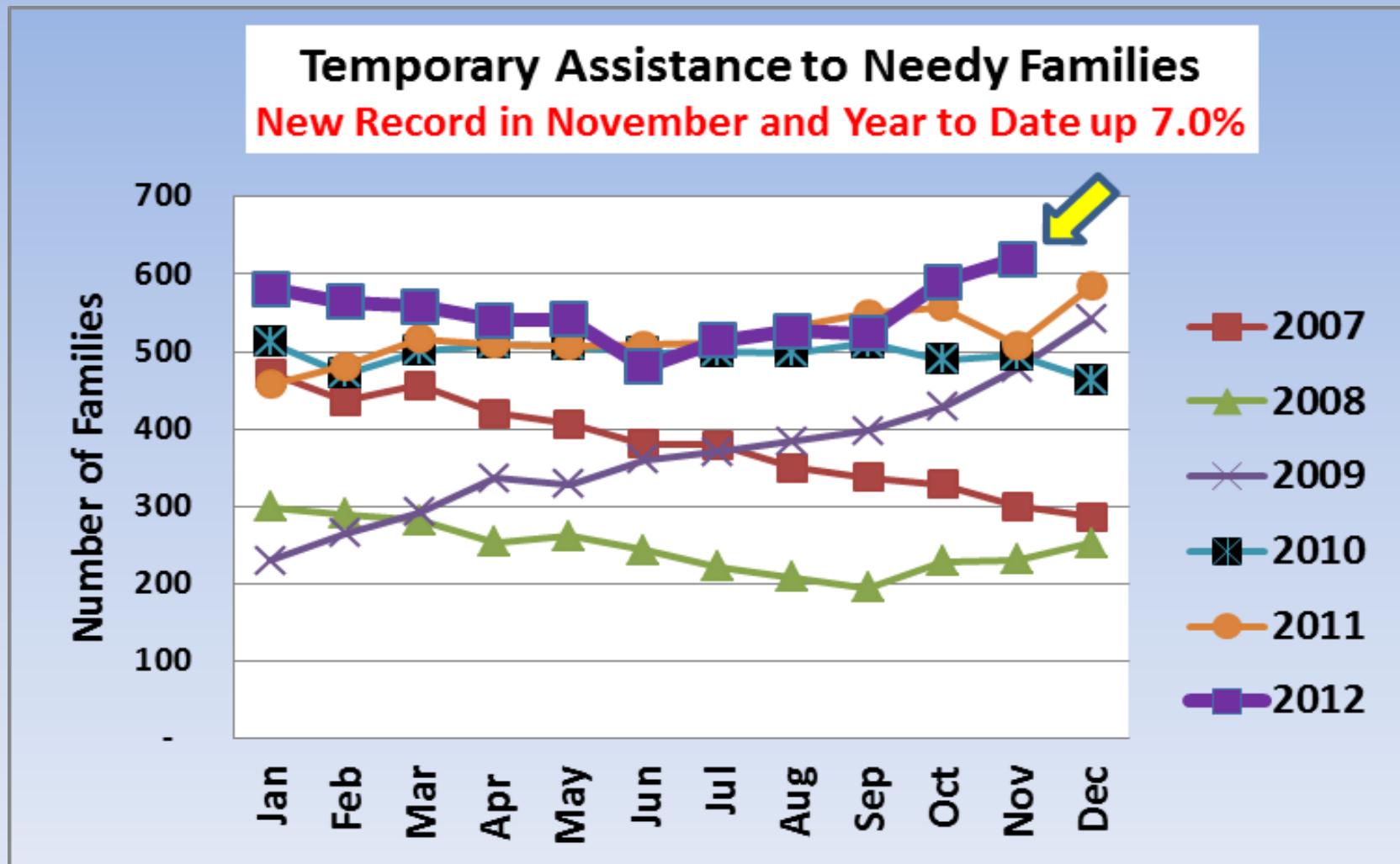


US Inflation all items slips; energy moves down

all items up just 1.8% up yoy; energy down 0.3% yoy



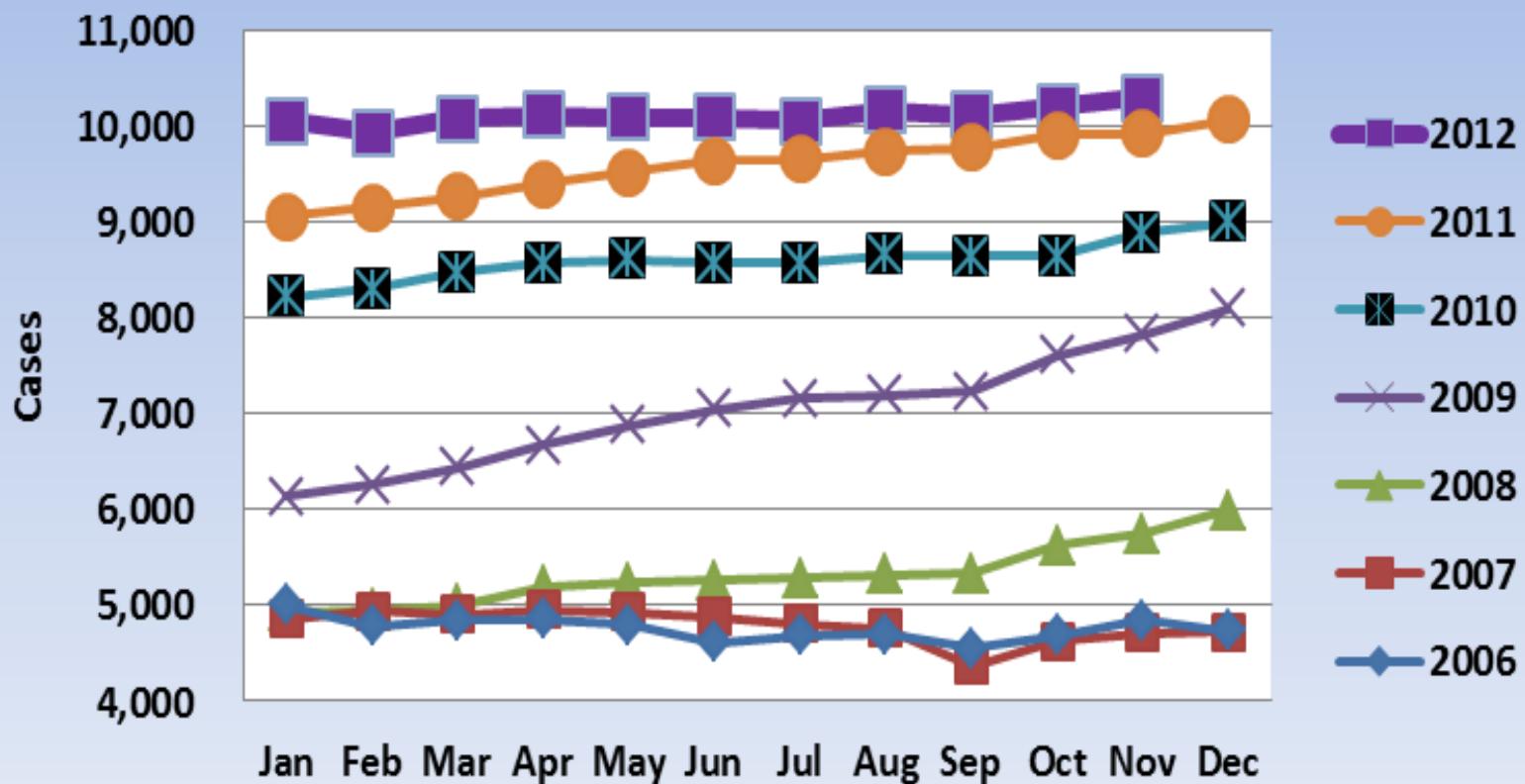
County TANF caseload in 2012 still ahead of 2011 caseload



Food Stamp cases continued to rise in November

Food Stamp Cases - Larimer County

New Monthly Record Through November - Cases Up 5.9%



December disconnects at 7-year low, but the YTD total still 0.2% higher than a year ago

Utility Customer Disconnects

