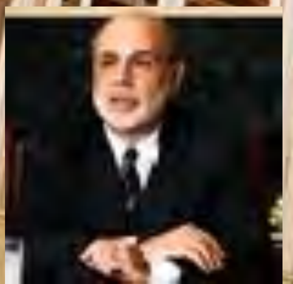



Trends & Indicators Dashboard

A project of the
Citizens' Finance Advisory Commission



City of Loveland

Updated by

Alan Krcmarik

Executive Fiscal Advisor

Draft for the **May 2013**

CFAC Meeting

Indicators Definitions

	Status
	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.
	Amber – This indicator is performing below the fiscal range needed to meet its COL Budget expectations, but is not critical. Projection is important.
	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.

	Projections
	Expected trend will meet to exceed COL Budget requirements.
	Expected trend will meet COL Budget requirements. No changes expected.
	Expected trend is at risk to fall below COL Budget requirements. Corrective actions may be needed to prevent further adverse impact.
	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	Projec-tion	Lagging Indicators	Status	Projec-tion
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 in the indicators for April data; Northern Colorado data still strong.

The Employment numbers from May 3 were better and the April levels were adjusted upward, but are still only about 2/3rds of what they need to be to support recovery.

In Loveland, building permits were softer but still an improvement over last year.

Effects of the Sequestration are yet to be felt.

Europe still risky; Events in Syria are serious; but Stock Market still rising.

Summary: Colorado and the Region still look strong; Euro crisis continues – US Job numbers still soft

On one hand . . . .the positives

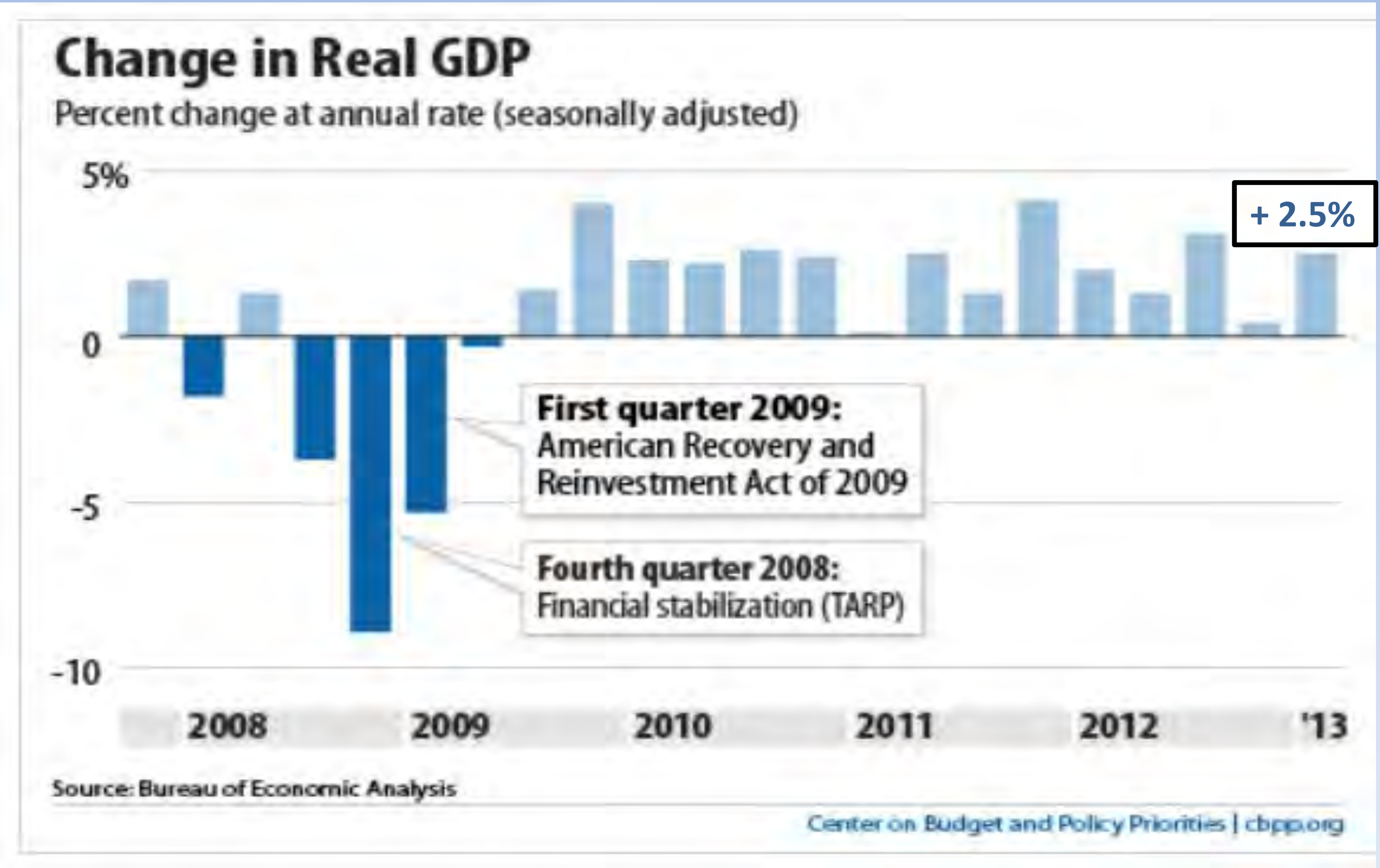
- Loveland sales tax collections ahead of last year and budget.
- Building permits and use taxes well above budget projections.
- Housing sector continues to gain traction.
- Wet weather good news.
- State and local foreclosures continue to shrink; now much lower than before the recession.
- City revenues starts 2013 **ahead of expenditures and estimates.**

On the other . . . .same risks remain ahead

- Jobs growth numbers, at 165,000 were a welcome improvement. Prior months were revised upward, but are still weak; need 100,000 more jobs to get back to pre-recession levels in reasonable timeframe.
- So far the spreading recession in Europe does not appear to be coming to the US.
- **The European zone will require several years to recover and will be a drag on the US. Japan's devaluation will also been a headwind.**

Recovery began in Mid-2009

The economy grew for 15 straight quarters starting in the third quarter of 2009, but the pace of recovery has been modest.



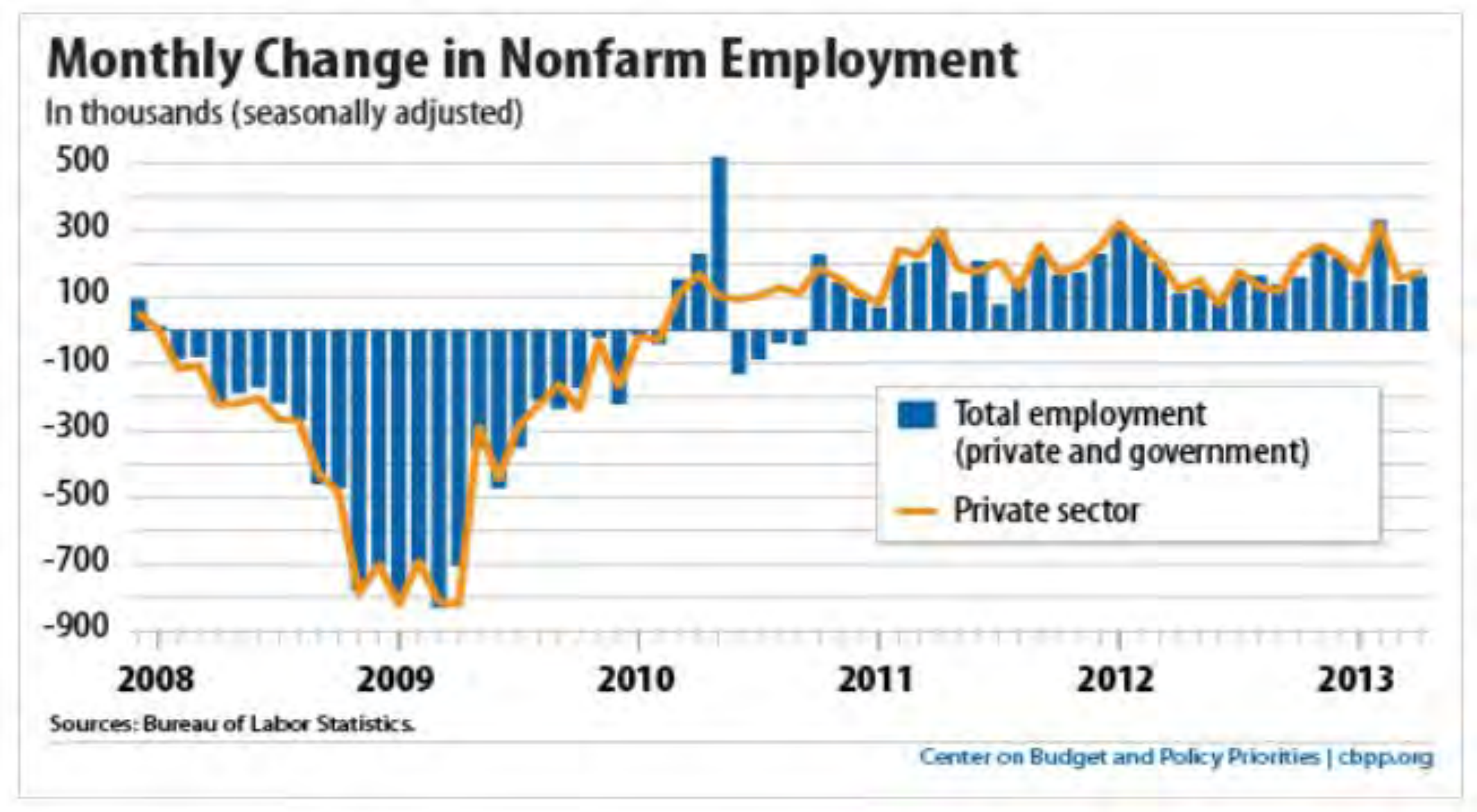
Summary of the April Employment Situation

Data released May 3, 2013

- Initial jobless claims fell to their lowest level since early 2008 and continue their slow but steady march downward.
- Most importantly, April's employment report was better-than-expected and included significant upward revisions to March's previously dismal report and February's already stellar report.
- The economy created 165,000 jobs in April, appreciably above the 140k forecast. In addition and more importantly, the February and March reports were revised upward by a total of 114,000 jobs.
- February's job creation was revised upward to 332,000 from the previously reported 268,000. That makes February's job growth was the biggest since 2010 when census workers stoked the growth, absent the census it was the biggest growth since November 2005.
- March's disappointing 88,000 job growth was revised upward to a still disappointing but more respectable 138,000.
- The unemployment rate fell to 7.5%, its lowest level since 2008. The decline occurred as a result of more jobs found rather than a decline in the denominator. According to the household survey, the labor force grew 210,000 while those employed rose 293,000. The participation rate remained unchanged at 63.3%.
- The employment data was not, however, all roses. Average hours worked dipped to 34.4 from 34.6. While that's a big drop in one month, it leaves average hours near the top of the range seen since 2008. Many are watching to see whether Obamacare pushes employers to increase the ranks of part-time workers, a move which could show up in the data as more employed people but lower average hours worked.

Private Payroll Employment has grown for 38 months

Private employers added 6.8 million jobs to their payrolls in the last 38 months, an average of 178,000 jobs a month. Private employers added 176,000 jobs to their payrolls in April, while a loss of 11,000 government jobs held total nonfarm payroll gains to 165,000.



The Share of the Population with a Job Fell to Levels Not Seen Since the Mid-1980s

The labor force participation rate in April 2013 was lower than it has been at any time since 1978 and the percentage of the population with a job remained near levels last seen in the 1980s.

April Unemployment Drop

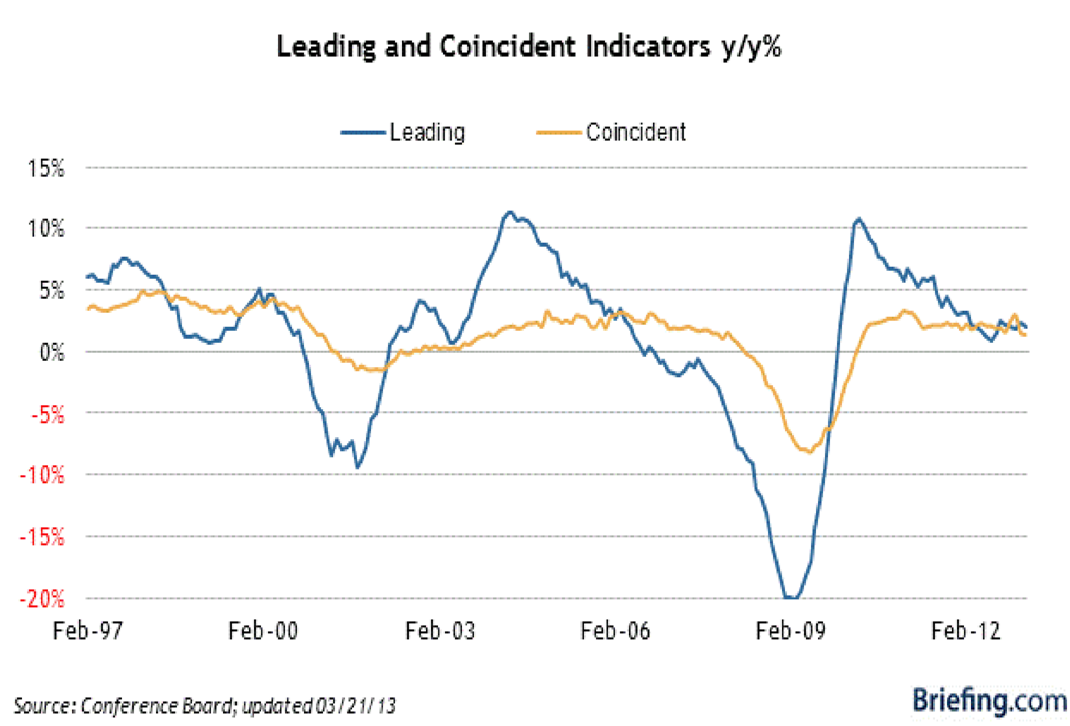
For all the right reasons, not due to people giving up

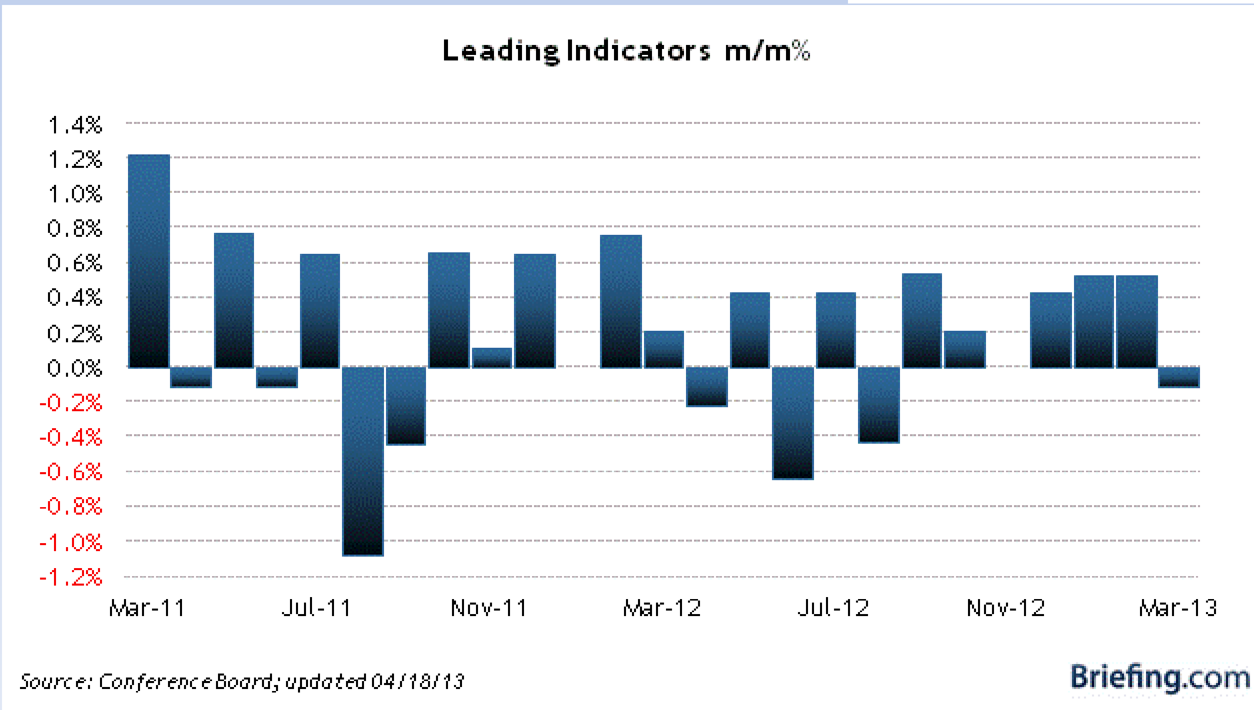
ISM Indices soft

While remaining above 50, ("expansion") they fell in unison

Highlights: "The Conference Board's Index of Leading Indicators declined 0.1% in March after increasing 0.5% in both January and February. The Briefing.com consensus expected the index would be flat.

The pullback in the index was mainly the result of a large reversal in building permits growth. Conditions should improve in the coming months."





The Leading and Coinicident tracking lines (above) have stabilized in the 2 to 3% range.

The coincident indicator is making modest gains. The leading indicator series is also showing a slowly rising trend. Continued slow growth ahead.

Economic Cycle Research Institute

Nominal GDP Growth Falls Again

So, with U.S. GDP growth at 2.5%, how can we be in recession?

Few realize that GDP data for almost all the early quarters of recent recessions have been revised down dramatically.

Recall that the GDP release on August 28, 2008 – with the economy eight months inside the Great Recession – revised Q2/08 GDP growth to 3.3% from 1.9%, up from 0.9% in Q1/08. But both of those data points, as well as GDP data for the first two quarters of the 2001 and 1990-91 recessions, were revised by 2 to 4 percentage points over time. This is how real-time data often behave during recessions.

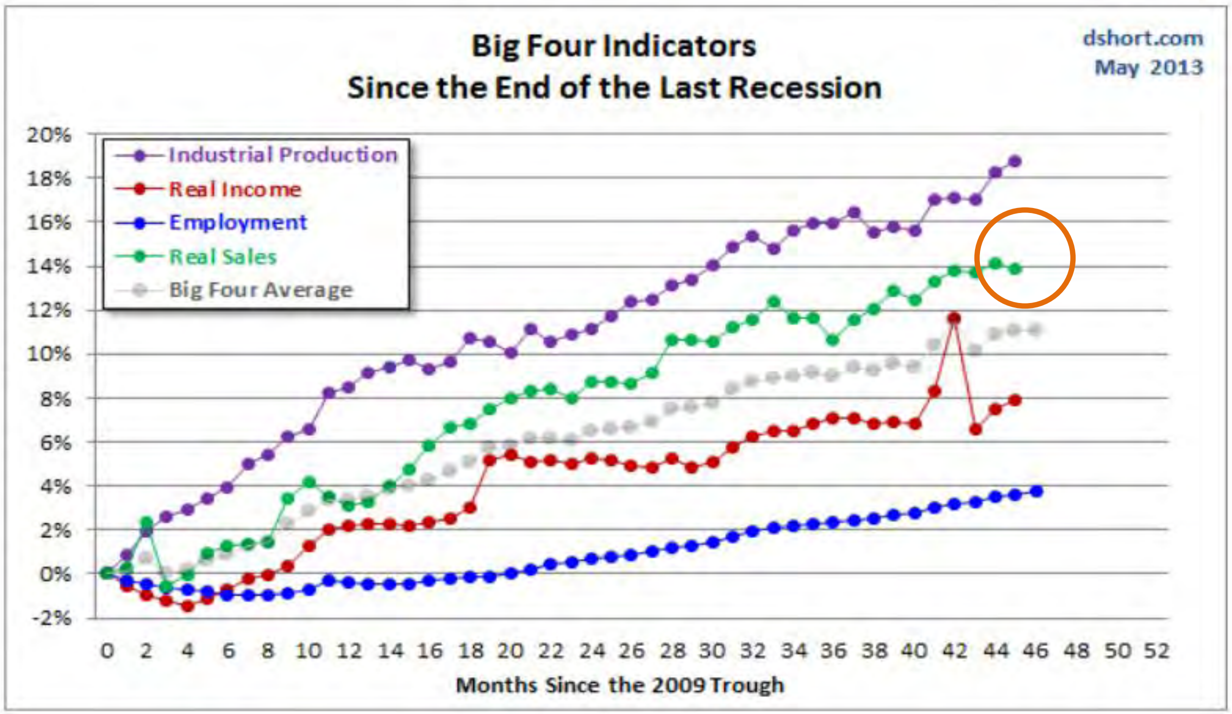
In any case, yoy nominal GDP growth at or below 3.7% has been seen only in recessionary contexts. In Q1 2013, it fell to 3.4%, the second straight quarter below 3.7%.
(**Source**: ECRI News, April 26, 2013.)

Key factors to watch for recession

Are the Big Four Rolling Over? Not Yet!

- Industrial Production has cycled positive and negative in recent months. Positive now.
- Real Income snapped back up after a severe 4.5% drop in January.
- The retail sales indicator slipped last month.
- Employment remains in the slow growth mode.

Four Economic Indicators Provide the Best Prediction of Another Recession



Big Four Indicators Month-over-Month												
Indicator	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Industrial Production	0.3%	0.0%	0.4%	-0.8%	0.2%	-0.1%	1.2%	0.1%	-0.1%	1.1%	0.4%	
Real Income	0.3%	0.2%	0.0%	-0.2%	0.0%	0.0%	1.4%	3.0%	-4.5%	0.9%	0.4%	
Employment	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.1%	0.1%
Real Sales	0.0%	-0.9%	0.8%	0.5%	0.7%	-0.3%	0.7%	0.5%	-0.1%	0.4%	-0.2%	
Big Four Average*	0.2%	-0.1%	0.3%	-0.1%	0.2%	-0.1%	0.9%	0.9%	-1.1%	0.6%	0.3%	

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.*

The most recent data show improvement in three of the four indicators. The data for April was an improvement, however, employment growth needs to be twice as strong to make a dent in the total unemployed.

The number of new jobs was less than half the expectation, and the job declines in retail sales do not augur well for personal consumption data in the months ahead.

The Federal Reserve is focused on the unemployment rate and a 2% inflation target.

dshort.com
ADVISOR PERSPECTIVES

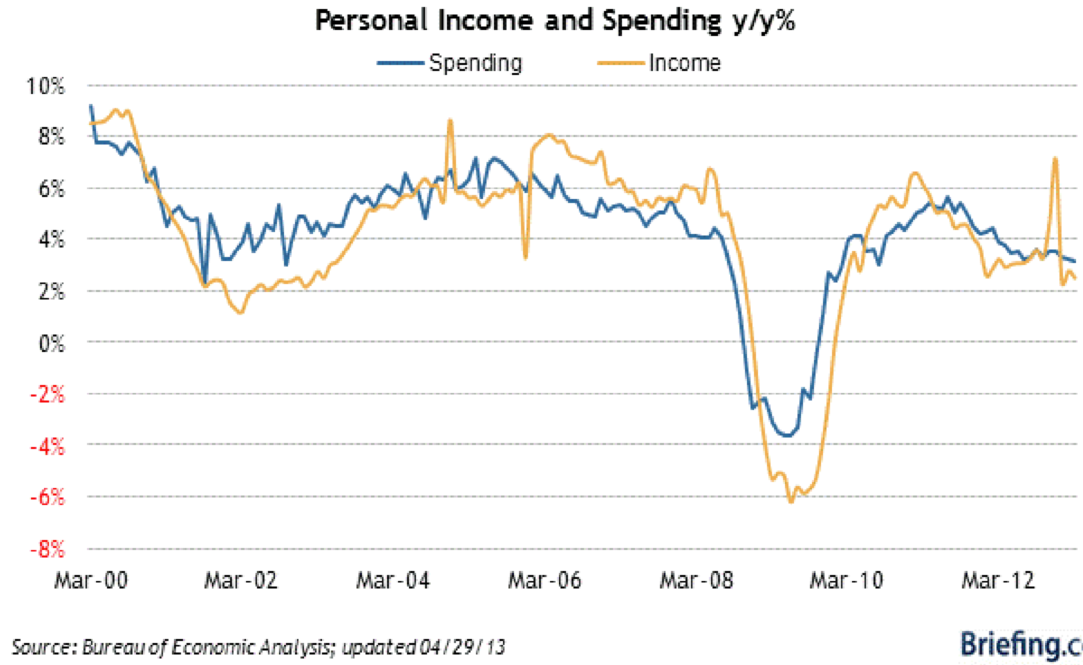
Highlights

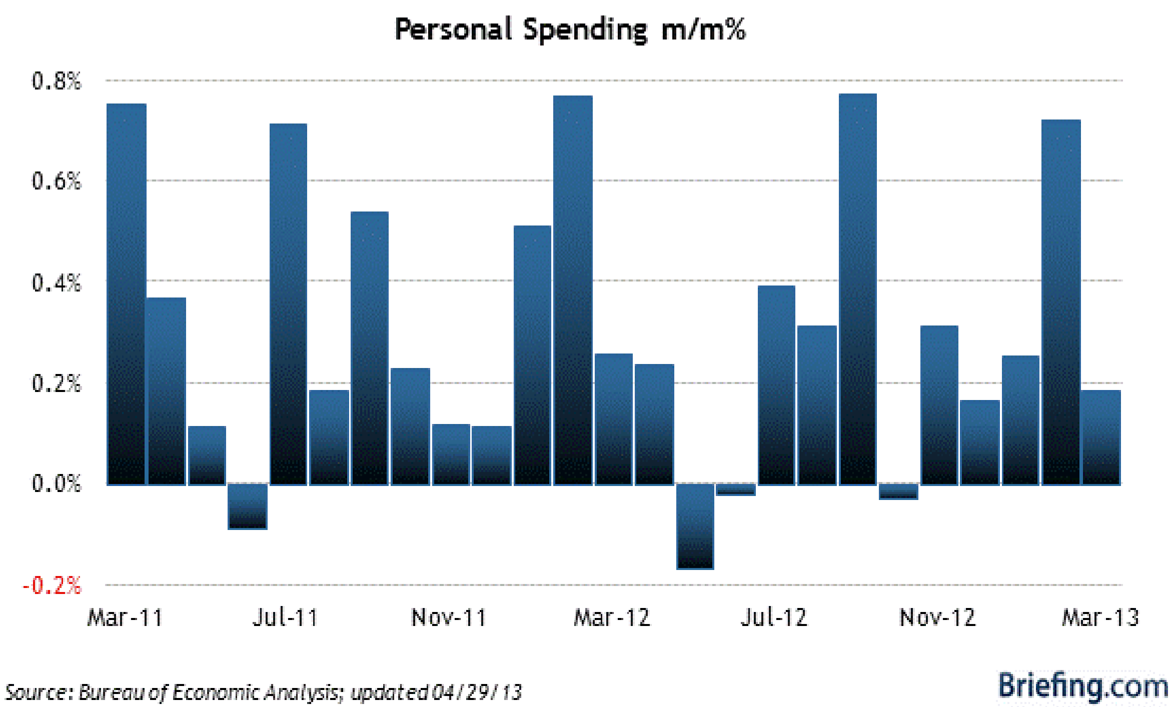
Personal Income increased 0.1% in March after rising 1.1% in February. The expected number was 0.3%.

Personal Spending also ***increased*** **0.2%** in March after growing 0.7% in February .

The Briefing.com consensus expected the 0.1% level.

The ***personal savings*** rate was 2.7%, the same as the revised February level – well below the 4% average in 2012.





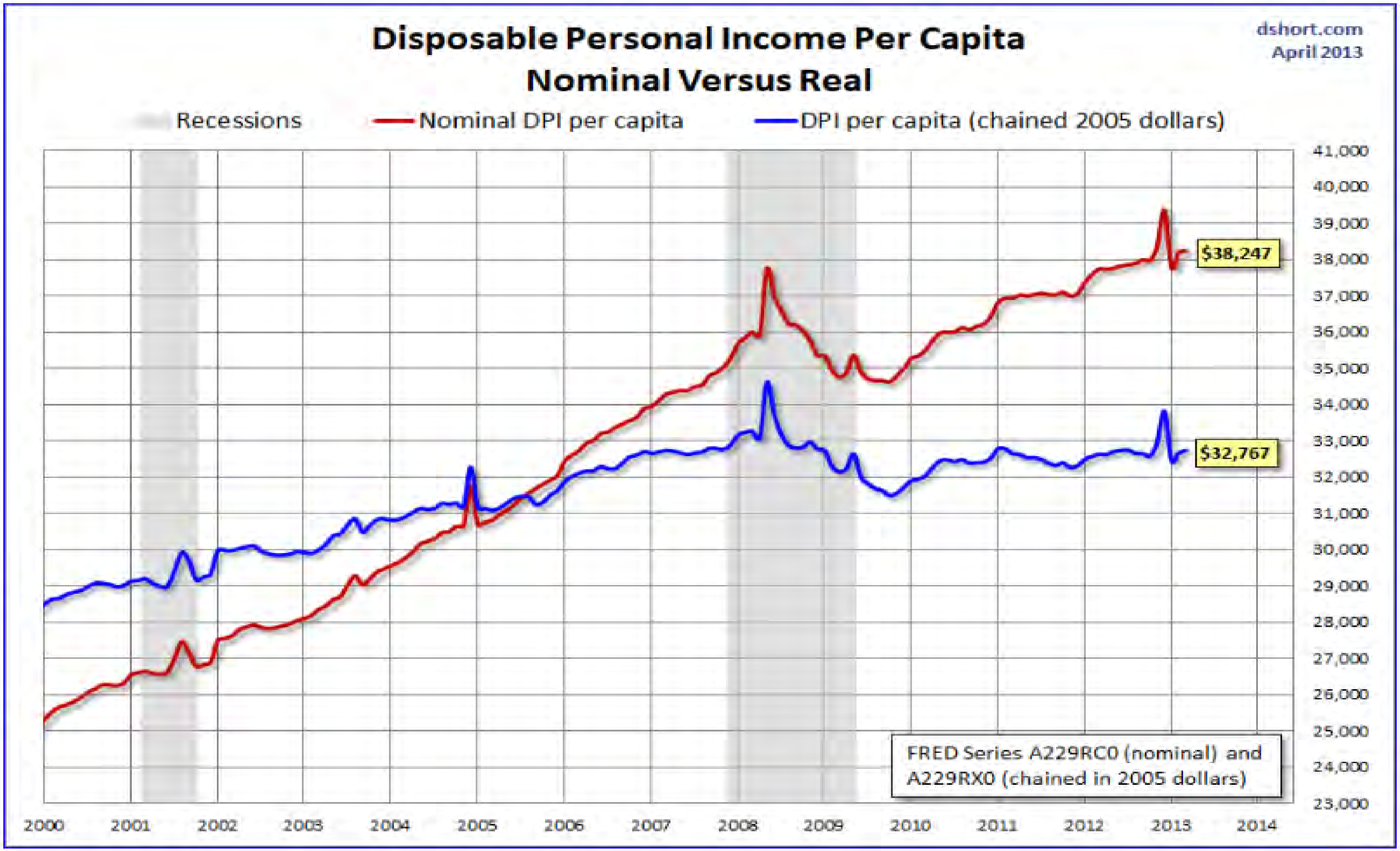
The March income and spending data were very muted and inline with economists expectations.

Inflation levels softened in March. Core price growth was flat after increasing just 0.1% in February.

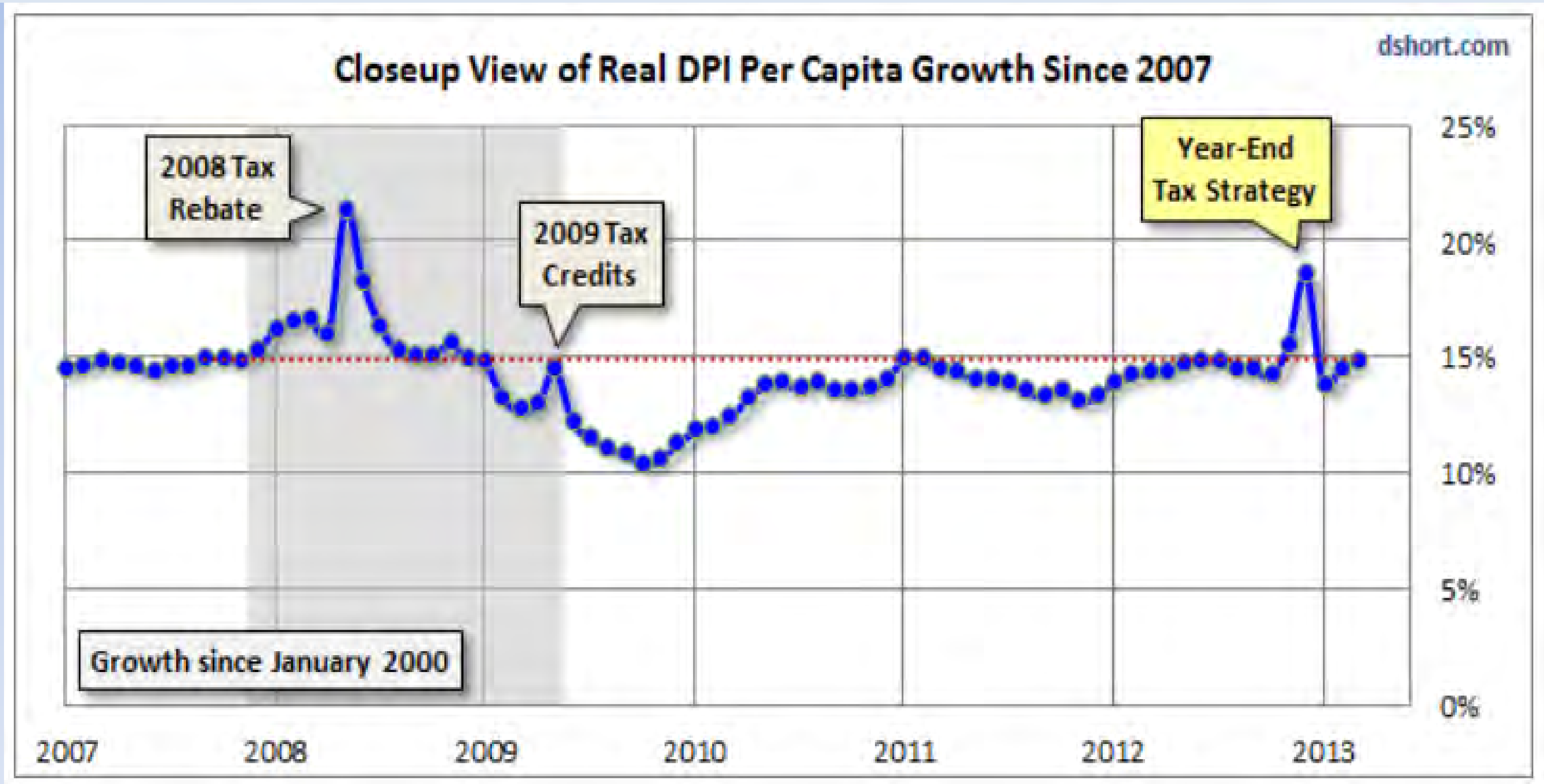
The effects of the tax increases will weaken consumption growth over the next couple of months.

This data means the FED needs to be concerned about deflation and will continue its efforts to stimulate growth through monetary policy.

This chart shows both the nominal per capita disposable income and the real (inflation-adjusted) equivalent since 2000. The 0.12 percent nominal month-over-month increase is a return to a more normal trend after the oscillation during the November-to-February caused by year-end 2012 tax management strategies.



Here is a closer look at the real series since 2007. Suffice to say that we need this indicator to continue to show some solid improvement in the months ahead . . . An economy without real disposable income growth is heading for trouble.



Summit Economics LLC

Tucker Hart Adams
Dave Bamberger
Mike Anderson
Tom Binnnings
Paul Rochette

Colorado Economy at a Glance

April 2013

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	Down	Good
OVERALL RATING	**Up**	**Slow Improvement**

Focus Colorado: Economic and Revenue Forecast

Colorado Legislative Council Staff
Economics Section

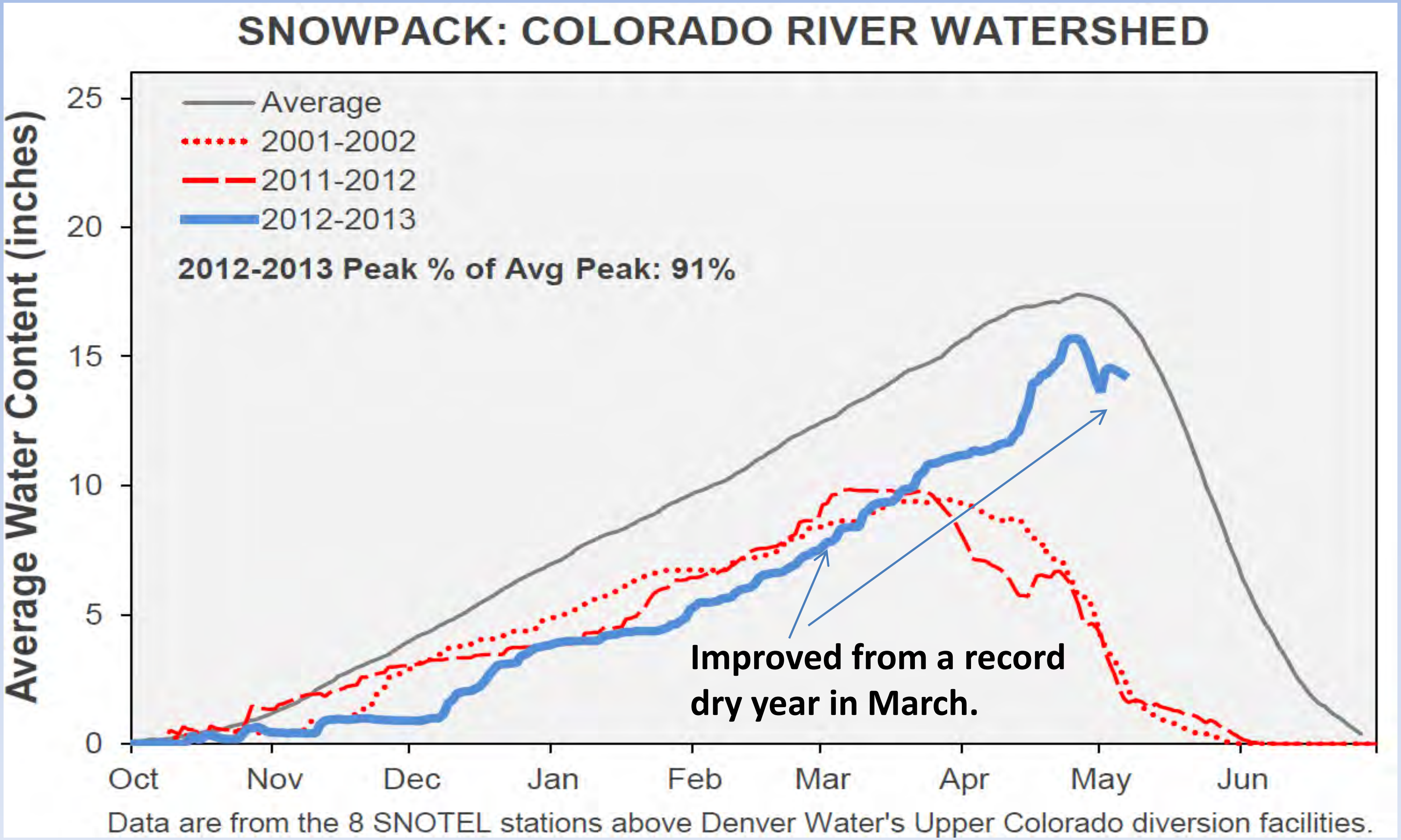
March 18, 2013

This is a molting Mountain Goat in Colorado.

Colorado’s economy continues to improve at a faster pace than the nation as a whole.

- Employment growth is helping to lower the unemployment rate and support growth in retail sales.
- Price appreciation in the Colorado housing market is among the strongest in the nation, which has caused the housing market to go from being a drag on the Colorado economy to helping boost it.
- Federal housing policies aimed at a national housing market still struggling from the recent recession are helping Colorado homeowners build equity in their homes.
- The agricultural sector suffered through a drought, which reduced production but also helped lift prices.
- Colorado exports continue to grow despite a weak global economy.

Recent Precipitation has helped still in a drought



Home Prices Accelerate in February 2013 According to the S&P/Case-Shiller Home Price Indices

Data released April 30, 2013

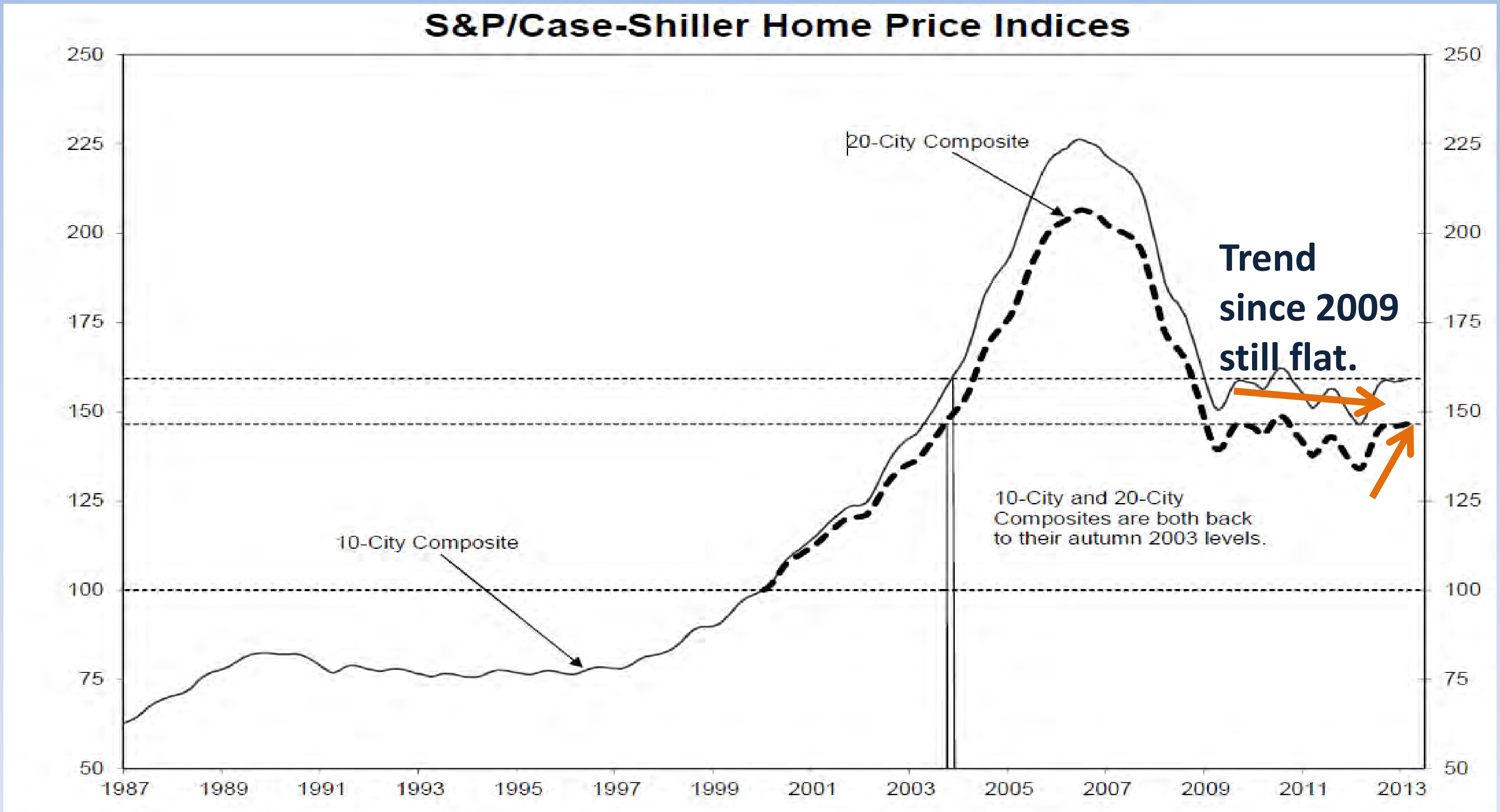
"Data through February 2013, released today by S&P Dow Jones Indices for its S&P/Case-Shiller[1] Home Price Indices, the leading measure of U.S. home prices, showed average home prices increased 8.6% and 9.3% for the 10- and 20-City Composites in the 12 months ending in February 2013. The 10- and 20-City Composites rose 0.4% and 0.3% from January to February."

"All 20 cities covered by the indices posted year-over-year increases for at least two consecutive months. In 16 of the 20 cities annual growth rates rose from the last month; Detroit, Miami, Minneapolis and Phoenix saw slight annual deceleration ranging from -0.1 to -0.4 percentage points. Phoenix continued to stand out with an impressive year-over-year return of +23.0% while Atlanta and Dallas had the highest annual growth rates in the history of these indices since 1992 and 2001, respectively."

"Despite some recent mixed economic reports for March, housing continues to be one of the brighter spots in the economy. The 2013 first quarter GDP report shows that residential investment accelerated from the 2012 fourth quarter and made a positive contribution to growth. One open question is the mix of single family and apartments; housing starts data show a larger than usual share is apartments."

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?



Source: S&P Dow Jones Indices and CoreLogic

Case Shiller Index shows Sustained Recovery In Home Prices; Denver's 9.9% annual growth rate ranks 11th of the 20 cities

	Denver Home Prices	National Composite (20)
Monthly Change:	**- 0.2** percent	+ 0.3 percent
Yearly Change:	+ 9.9 percent	+ 9.3 percent

Mountain States Indicator Healthy for April: Inflation Pressure Cools Again

April survey data at a glance:

- Leading economic indicator points to continuing growth among for the next 3 to 6 months.
- More than 70 percent of businesses report that the federal spending sequestration has had no impact on their business.
- Inflationary pressures at the wholesale declined again.

For Immediate Release: May 1, 2013

Source: The Goss Institute for Economic Research Creighton University.

Mountain States Index Rose

Colorado, Utah, and Wyoming continue to exceed the national index and point to growth significantly exceeding that of the U.S.

Business Conditions Index

The overall index, or Business Conditions Index, climbed to 58.3 in April from 56.2 March. (50.0 is growth neutral.)

- Employment at 56.2 **down** from 57.3;
- Wholesale prices 65.7 **down** from 67.5;
- Business Confidence at 58.2 ***up*** from 53.8;
- Inventories at 65.6 ***up*** from 60.6; and
- Trade export numbers at 52.1 **down** from 54.2.

"Companies with close ties to housing and agriculture are benefiting from the rebound in housing and the expansion in the agriculture sector," Goss Institute for Economic Research Director Dr. Ernie Goss said today.

Source: The Goss Institute for Economic Research Creighton University May 1, 2013

Colorado:

*The state's leading economic indicator, the Business Conditions Index **declined** to a still healthy 58.2 from March's 60.8*

Components of the Business Conditions Index for April were:

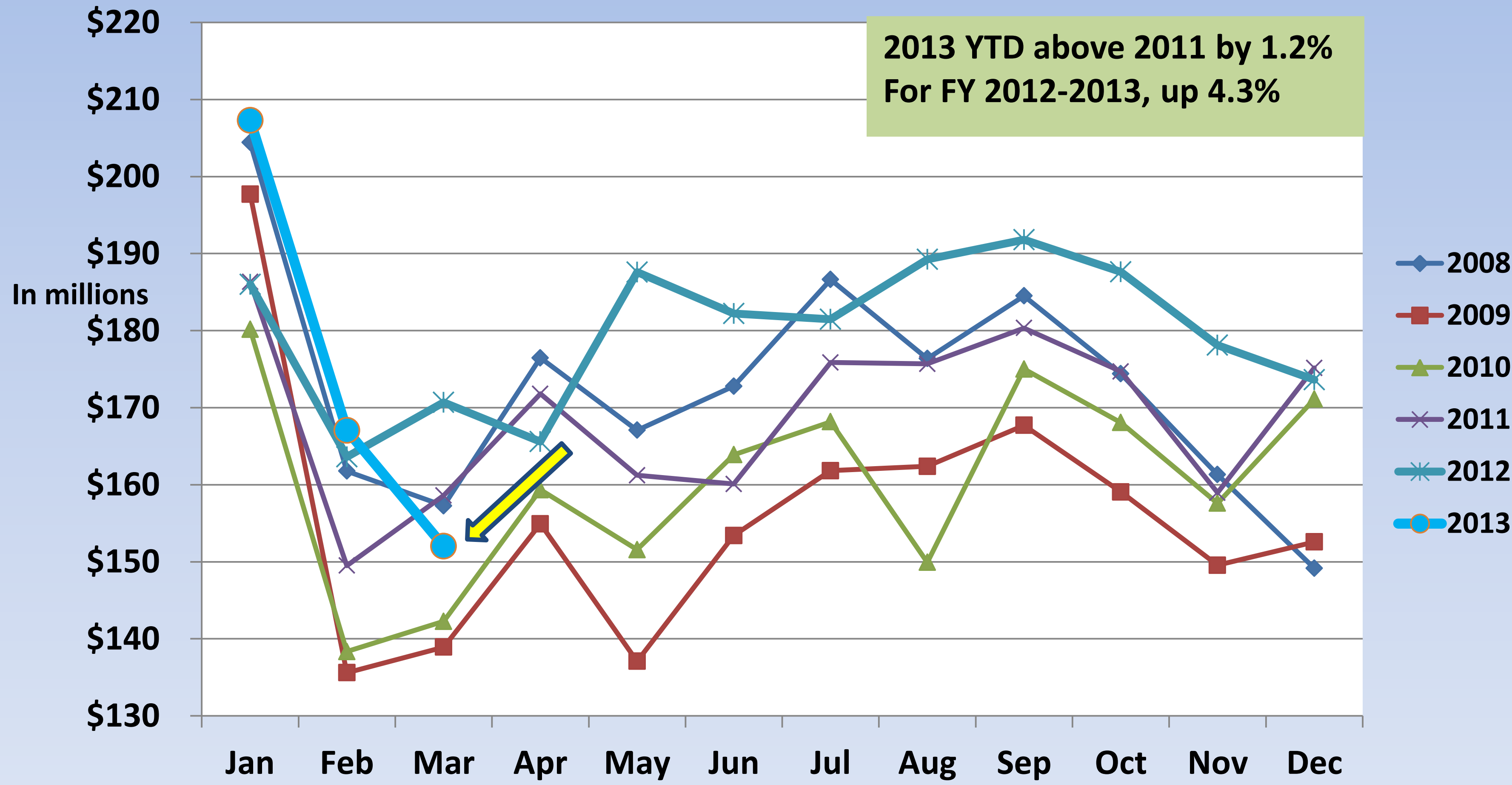
– new orders at	55.8	**down** from 57.3;
– production or sales at	55.6	**down** from 62.3;
– delivery lead time at	49.1	**down** from 63.6;
– inventories at	70.3	***up*** from 65.7; and
– employment at	59.9	***up*** from 54.5.

"The turnaround in the state's construction industry has been an important and positive driver of the economy. Colorado has now regained all of the jobs lost during the national recession. Furthermore, the state is adding jobs at approximately twice the pace of the nation. Our surveys over the past several months indicate that this favorable gap for Colorado will continue for the next 3 to 6 months," said Goss.

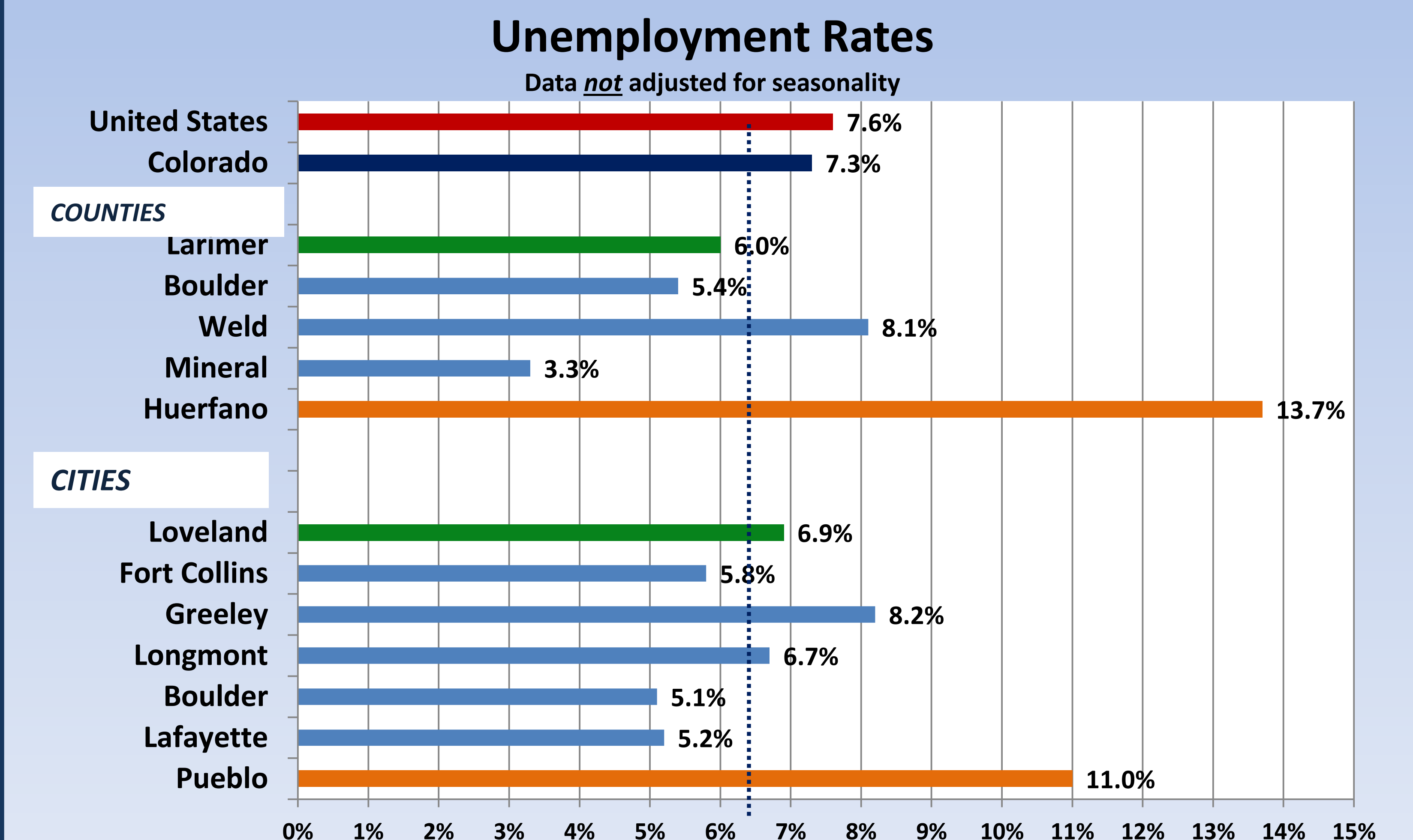
Source: The Goss Institute for Economic Research Creighton University May 1, 2013

State Sales Tax Receipts exceed FY 2011-2012 collections

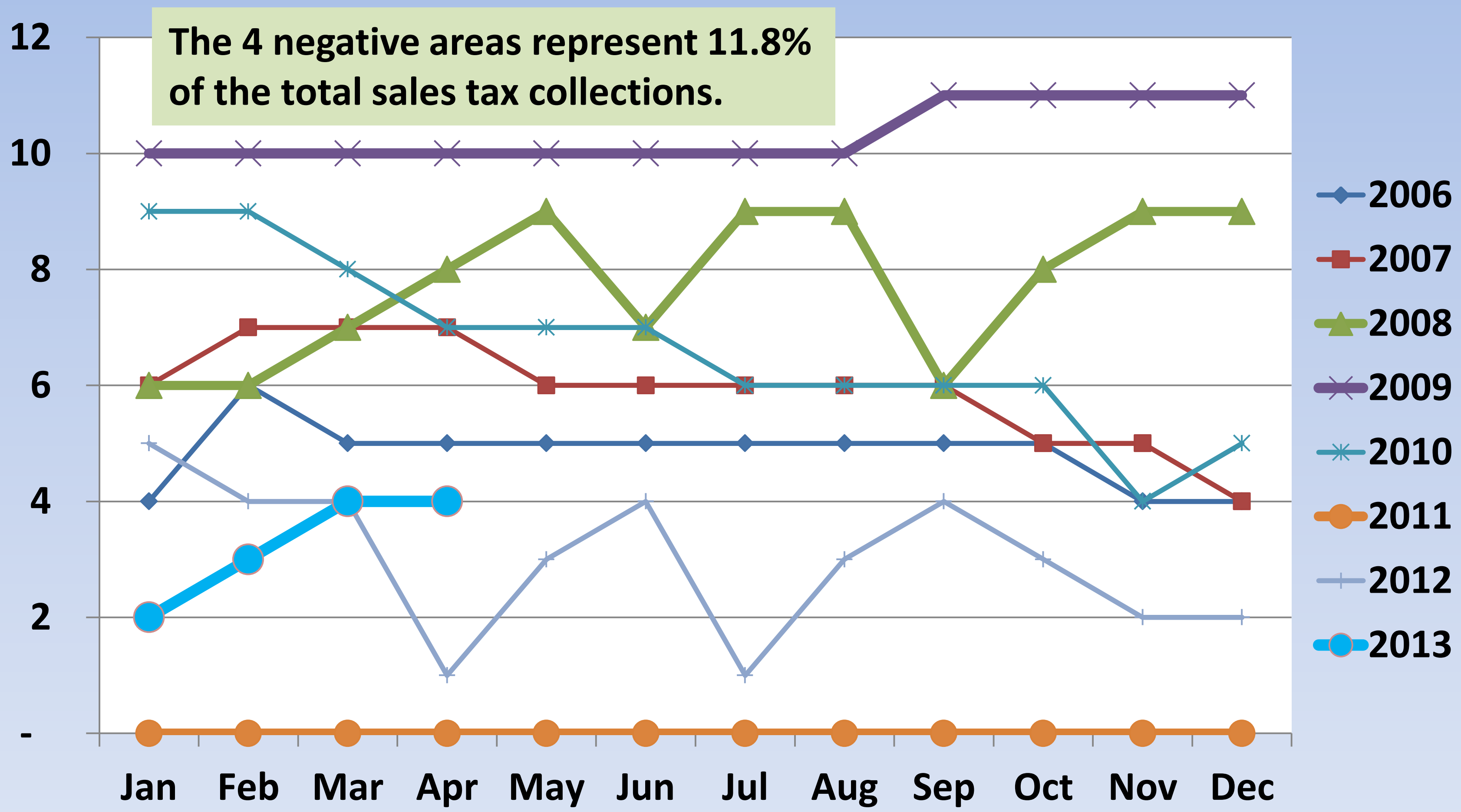
2013 Calendar year started strong, but fell in March



- Loveland's workforce contracted in **March**, down 147 jobs from February.
- Compared to one year ago in March, there are 694 **more** jobs.

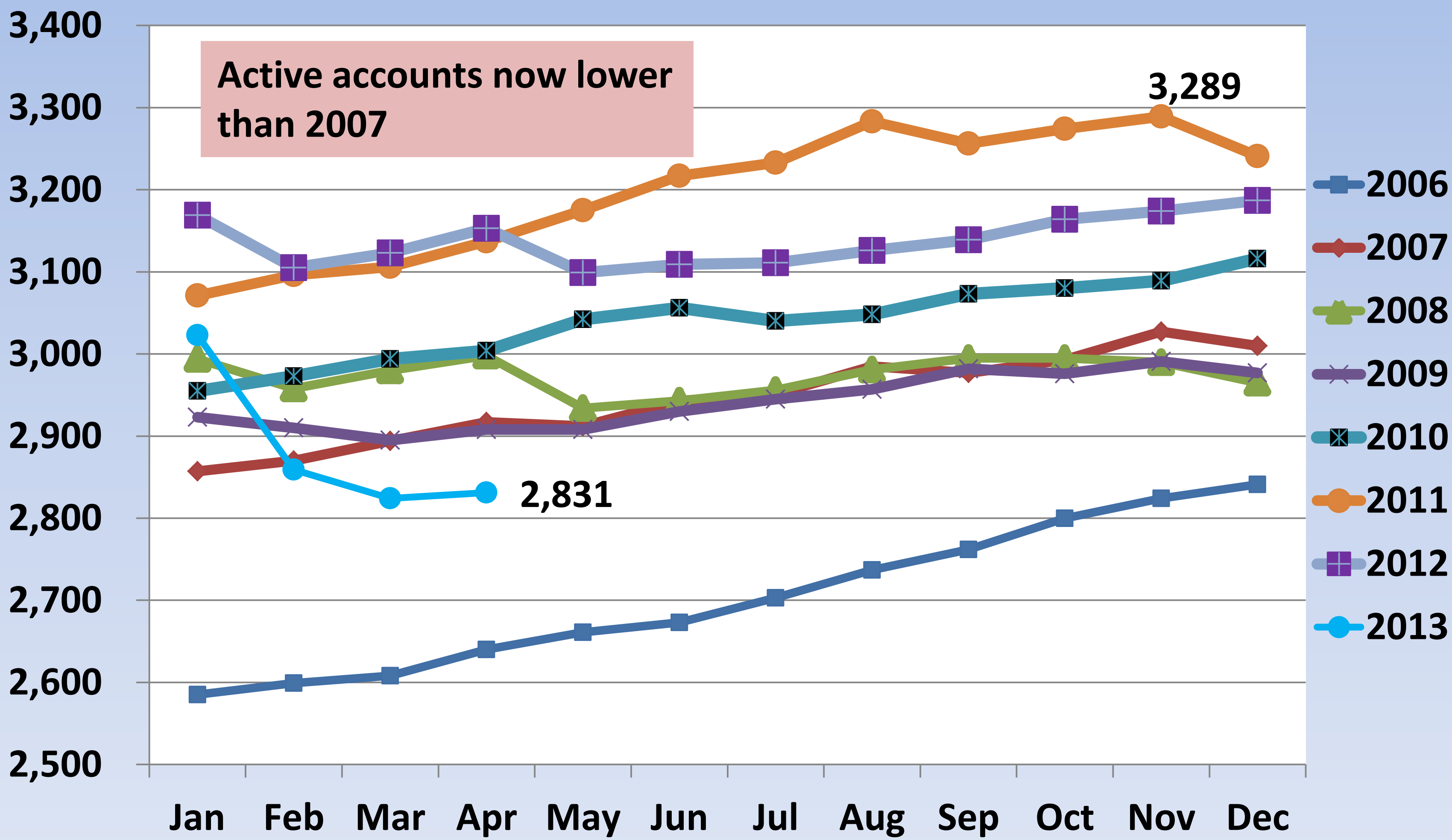


Geo Area Indicator stayed at 4 in April



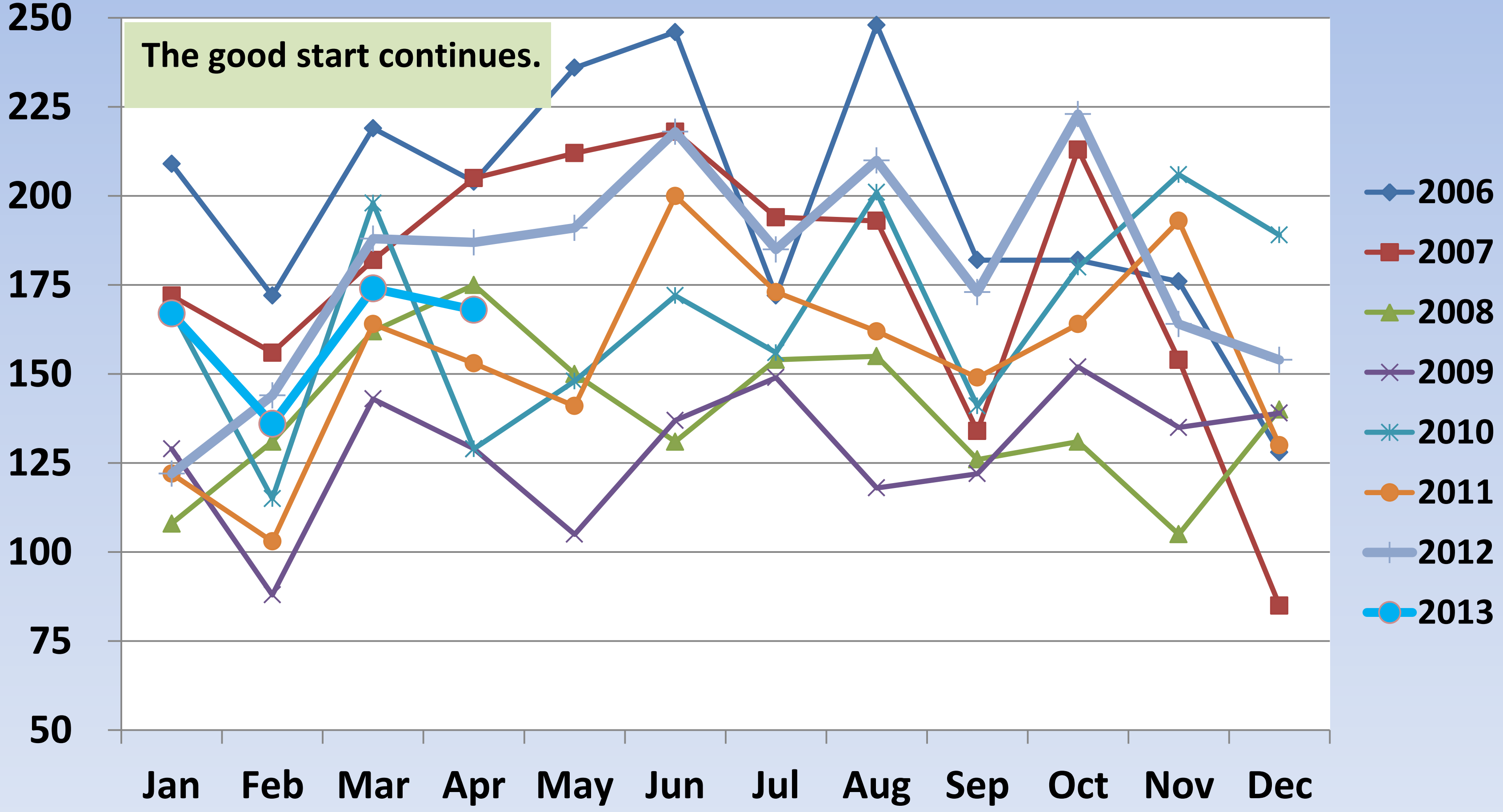
Sales Tax Licenses reset

Due to more terminated accounts, the 2013 start is much lower



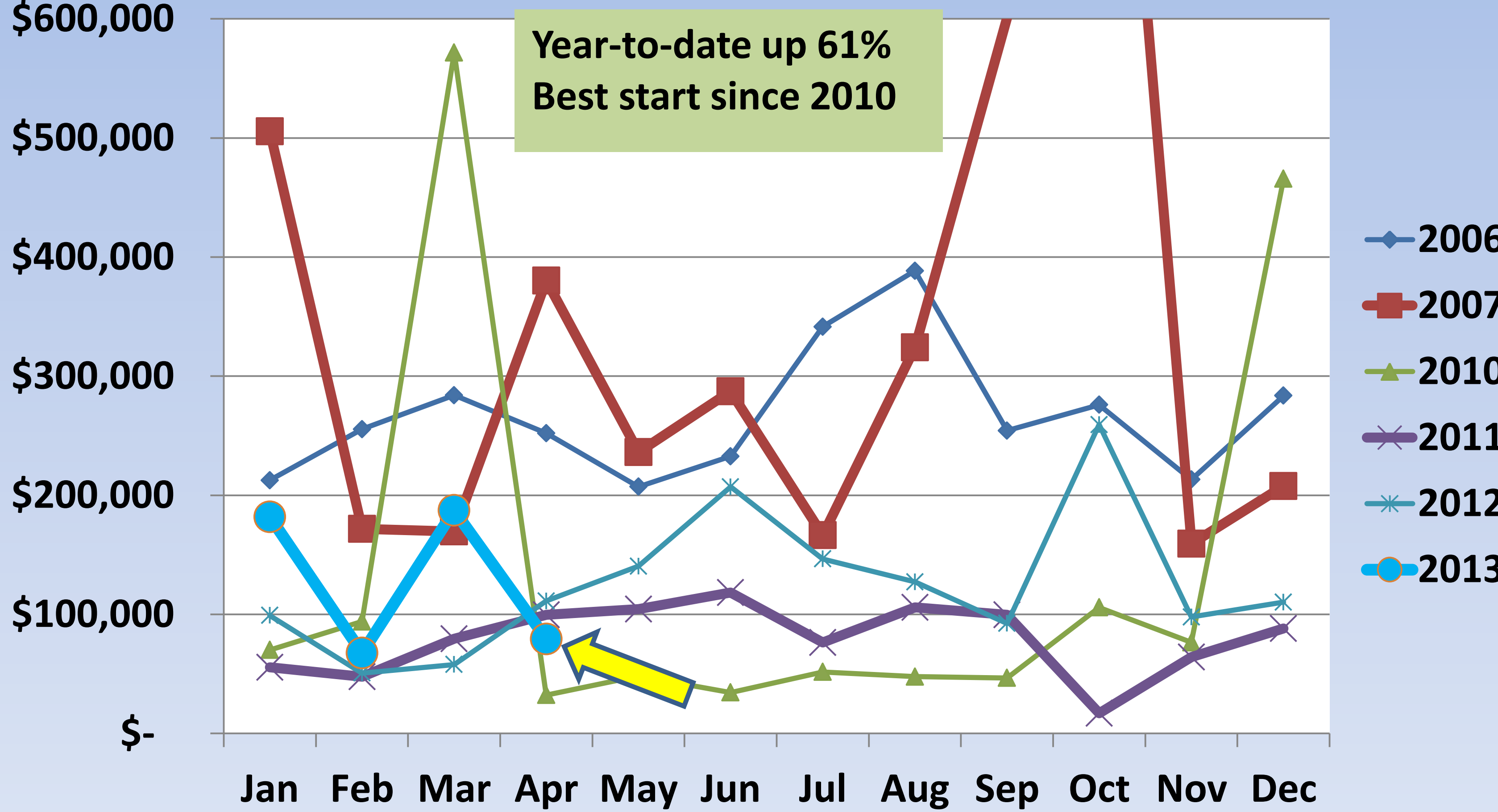
Building Permits start 2013 with strong growth

An improving construction sector for over a year now; April affected by poor weather

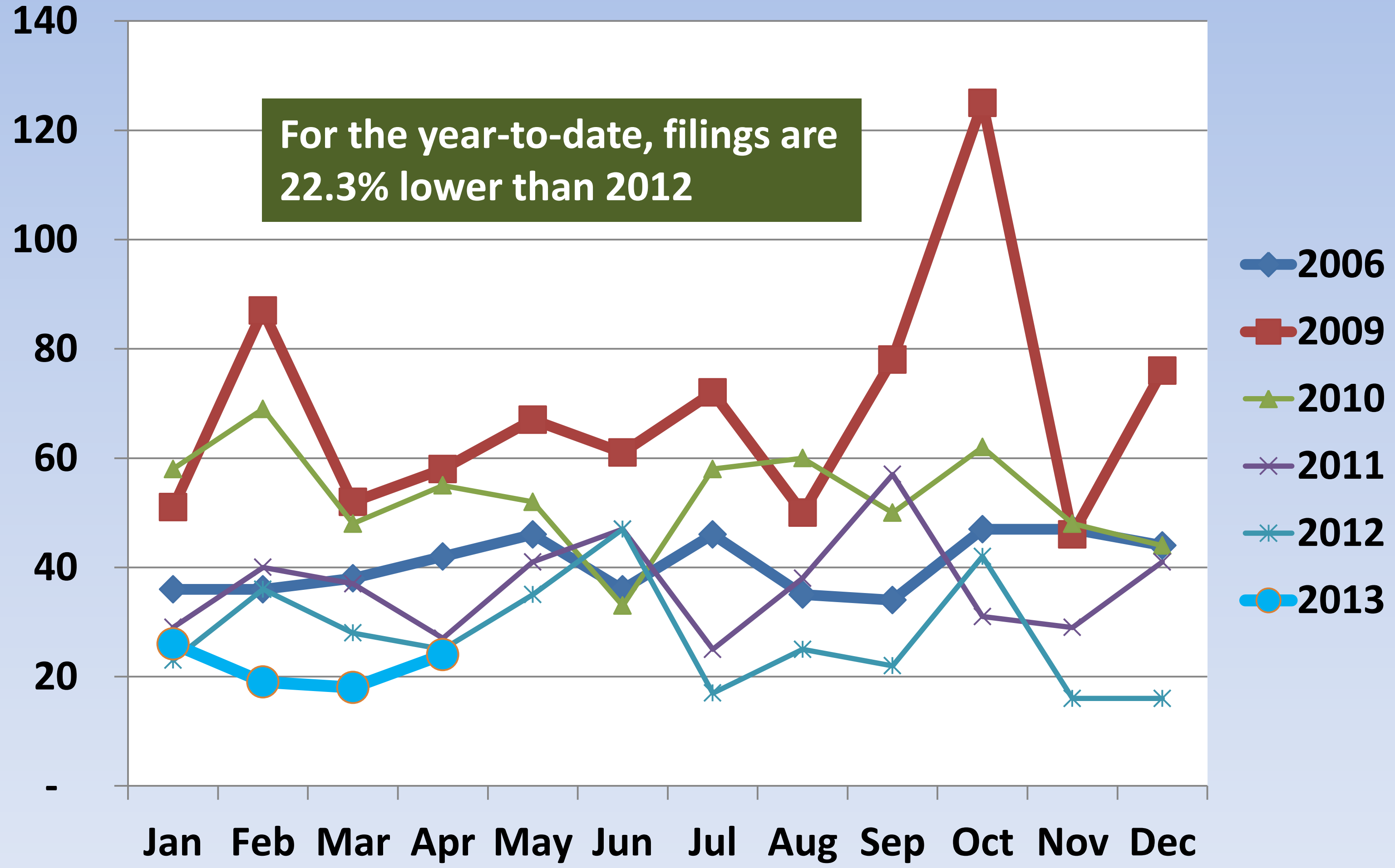


Building Use Tax Collections

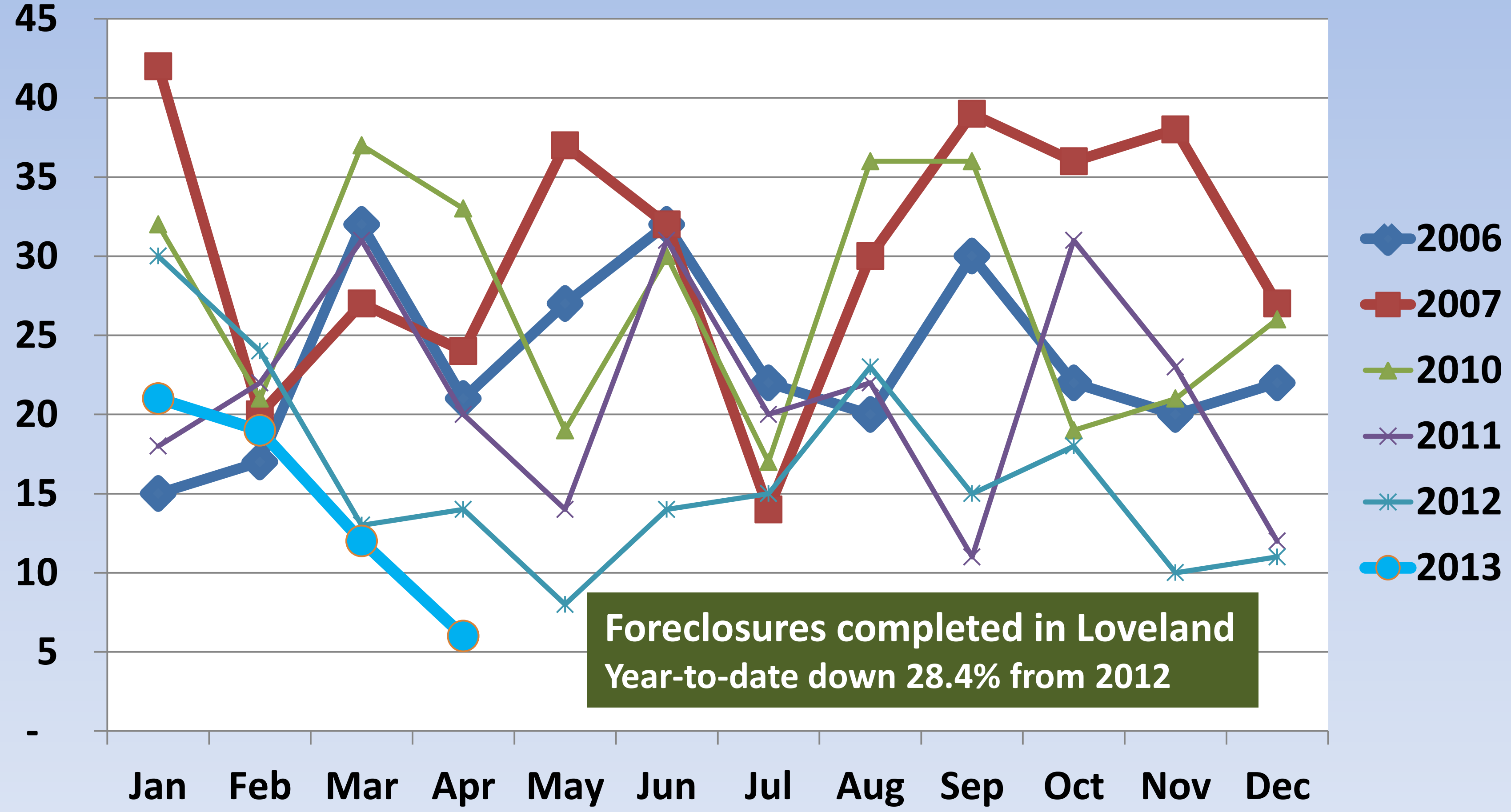
Strong growth over recent years; way below pre-recession levels



2013 Loveland foreclosures filed lowest in the data year series



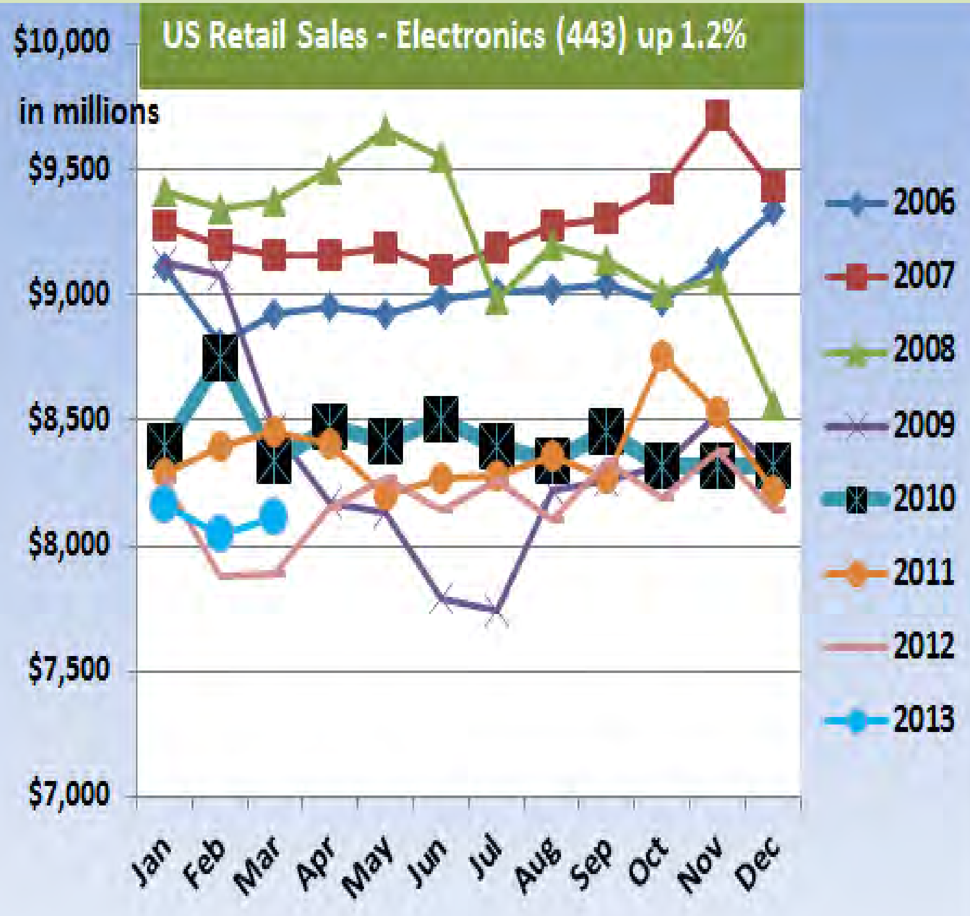
2013 Loveland foreclosures completed lower than start of 2013



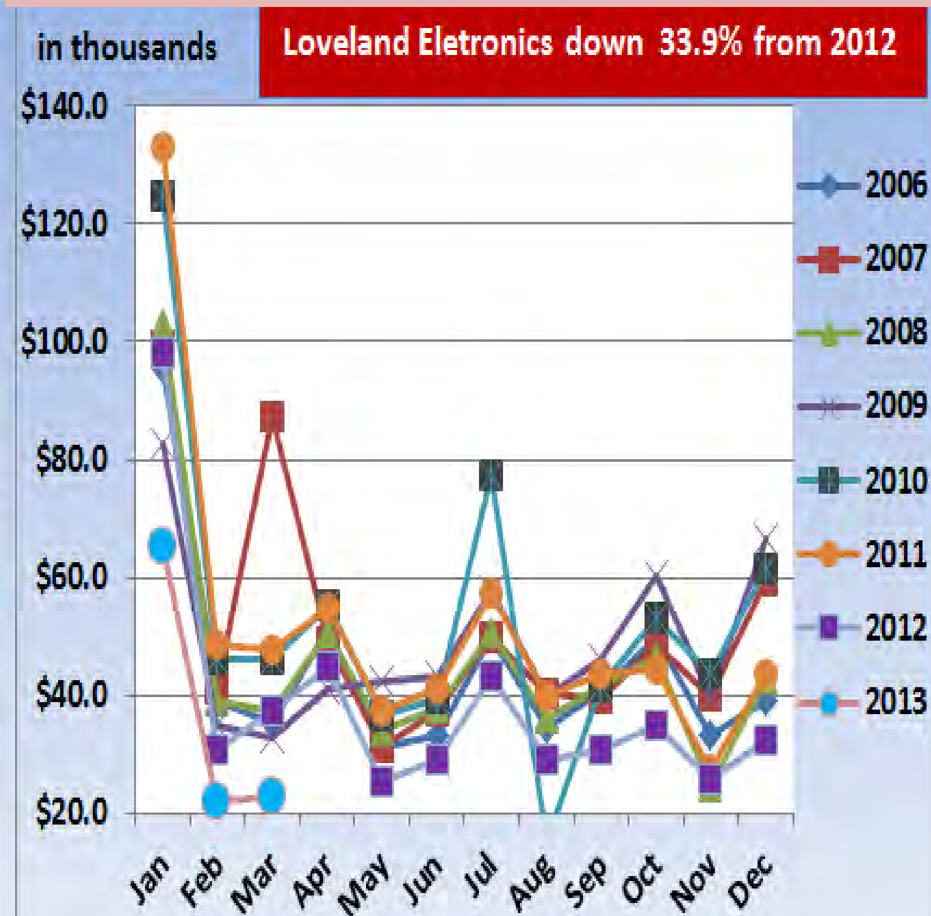
Electronics sector sales still soft

This sector has not been a leader for some time

National sales through March show some growth

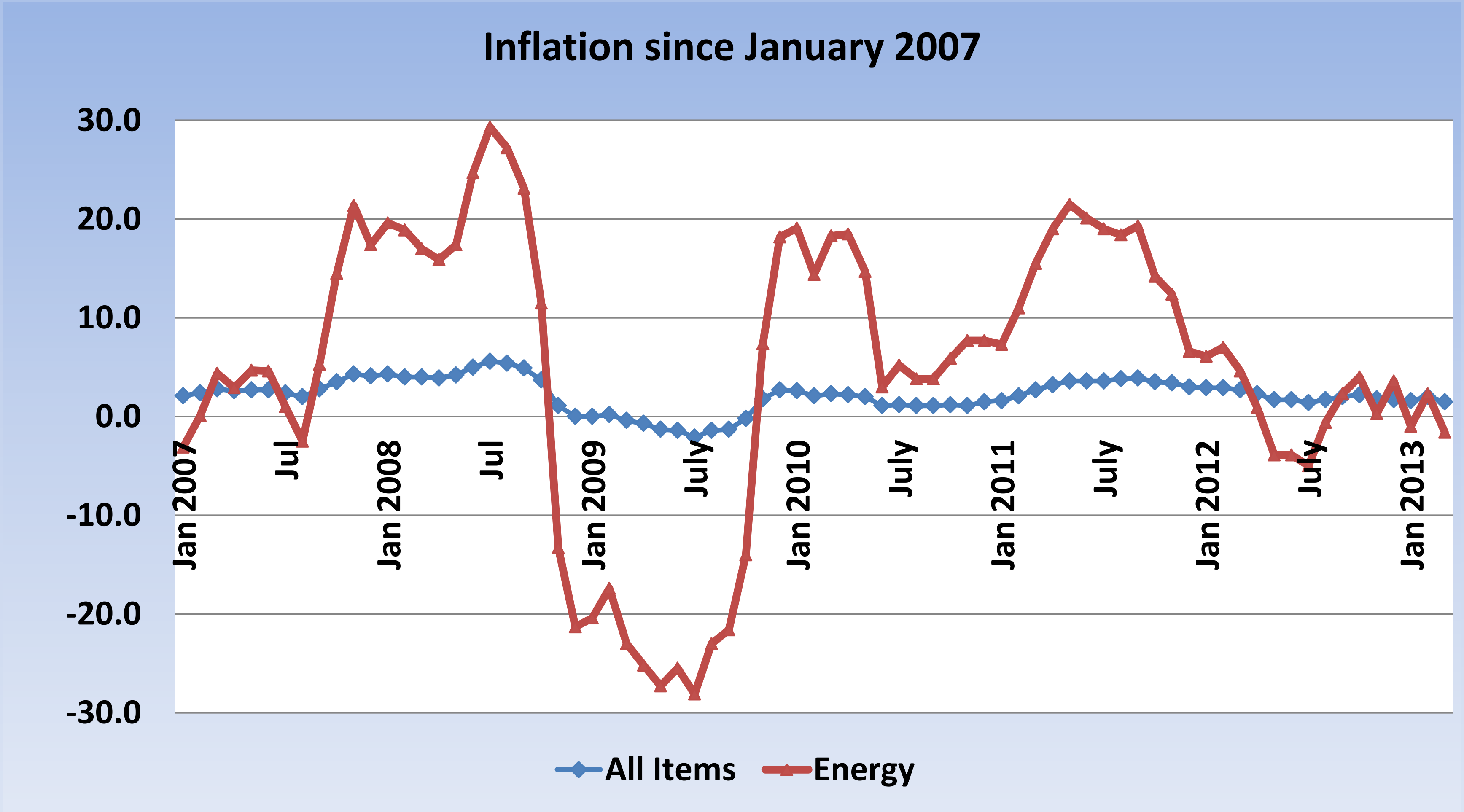


In this retail sales category, Loveland has been decreasing

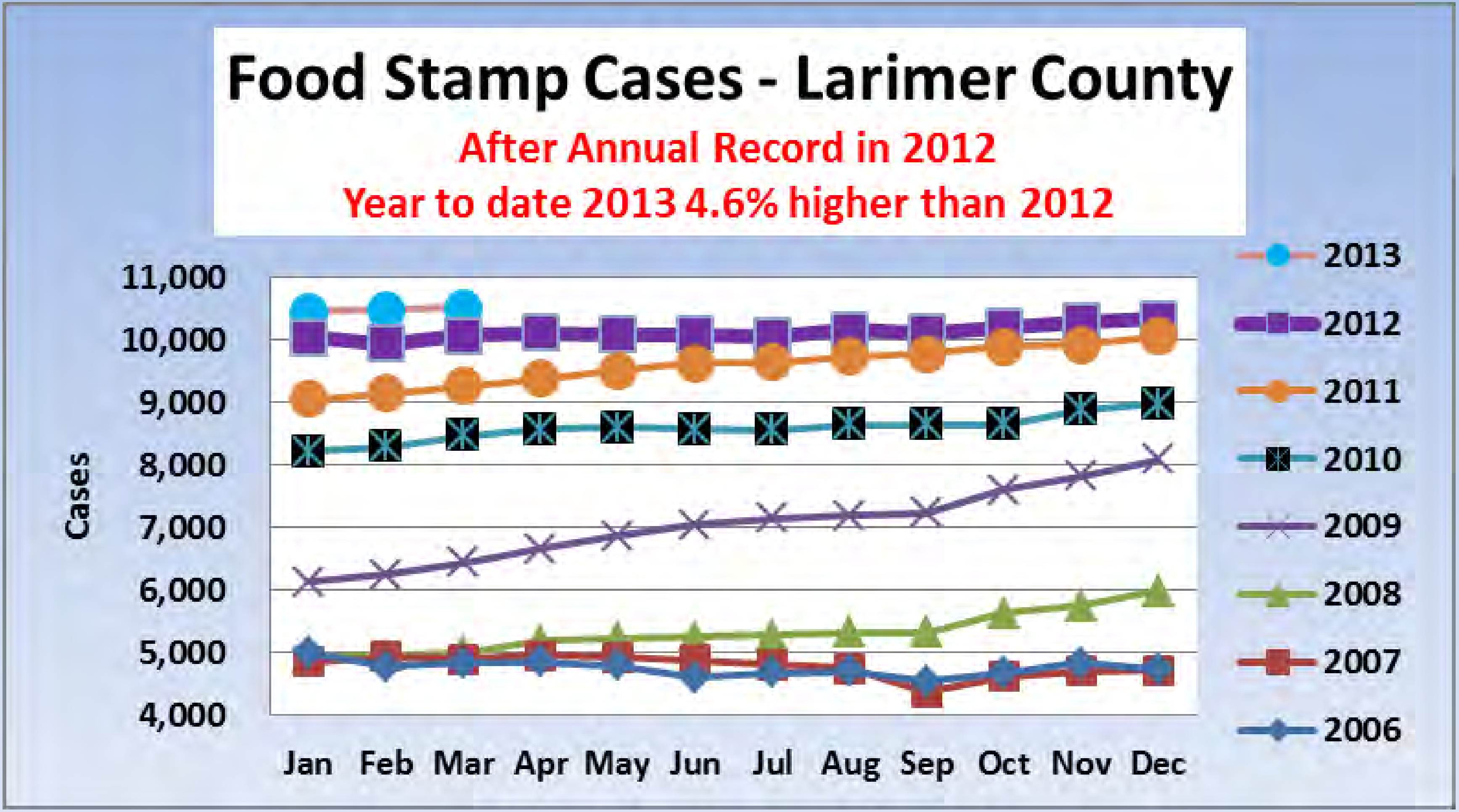


US Inflation all items drifts up a little;

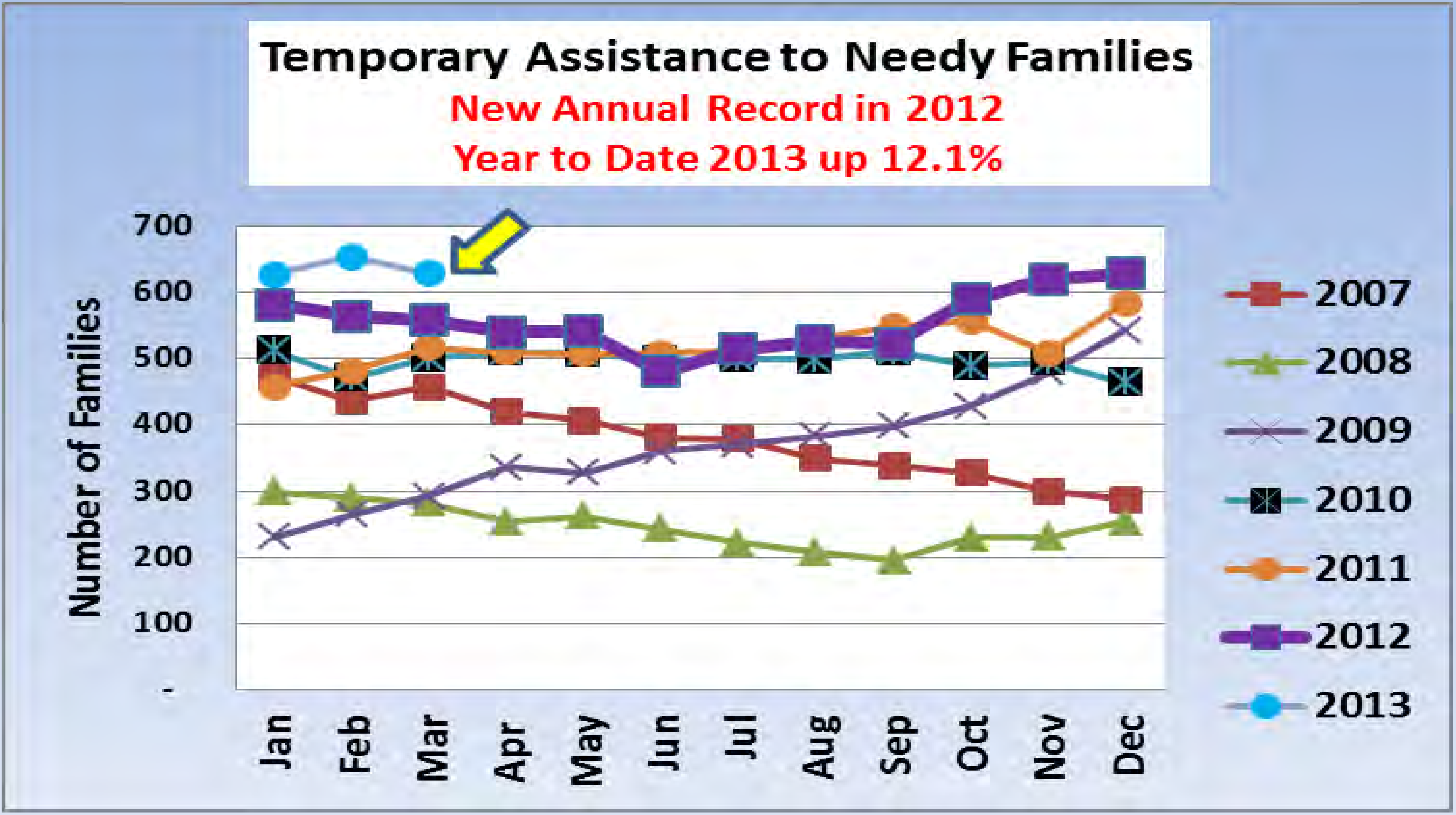
all items up just 1.5% up yoy; energy down 1.6% yoy



Food Stamp cases continue to rise in 2013



County TANF caseload continues to grow in 2013



Combined January-April Disconnects stay ahead of 2012 pace despite snow storms