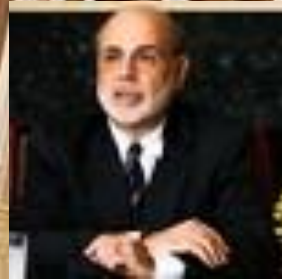




# Trends & Indicators Dashboard

A project of the  
Citizens' Finance Advisory Commission



**City of Loveland**

Updated by









**Alan Krcmarik**

Executive Fiscal Advisor

Draft for the **SEPT 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.
			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	●	▼	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	●	↔			

**One change in the indicators for August. The monthly GEO code count rose to 7.**

**The U.S. Employment August numbers were weaker than expected; prior months revised downward. They need to be 100,000 jobs higher per month to support a robust recovery. In Loveland, building permits are trending lower. Sales and use tax still very good.**

**The situation in Syria has taken over the headlines. The economy still facing headwinds.**

**Europe still in recession, but more stable; Stock Market adjusting; interest rates up.**

# *Summary: Colorado and the Region still look strong; Euro crisis worse – US Job number slips to the downside*

## On one hand . . . .the positives

- Loveland sales tax collections ahead of last year and budget.
- Building permits slipped in August, but use taxes still well above budget projections.
- Housing sector still showing improving but needs more consistency.
- Water supply still not quite average, better than 5 months ago.
- State and local foreclosures way down; much lower than before the recession.
- At mid-year, City revenues still **ahead of expenditures and budget estimates.**

## On the other . . . .same risks remain ahead

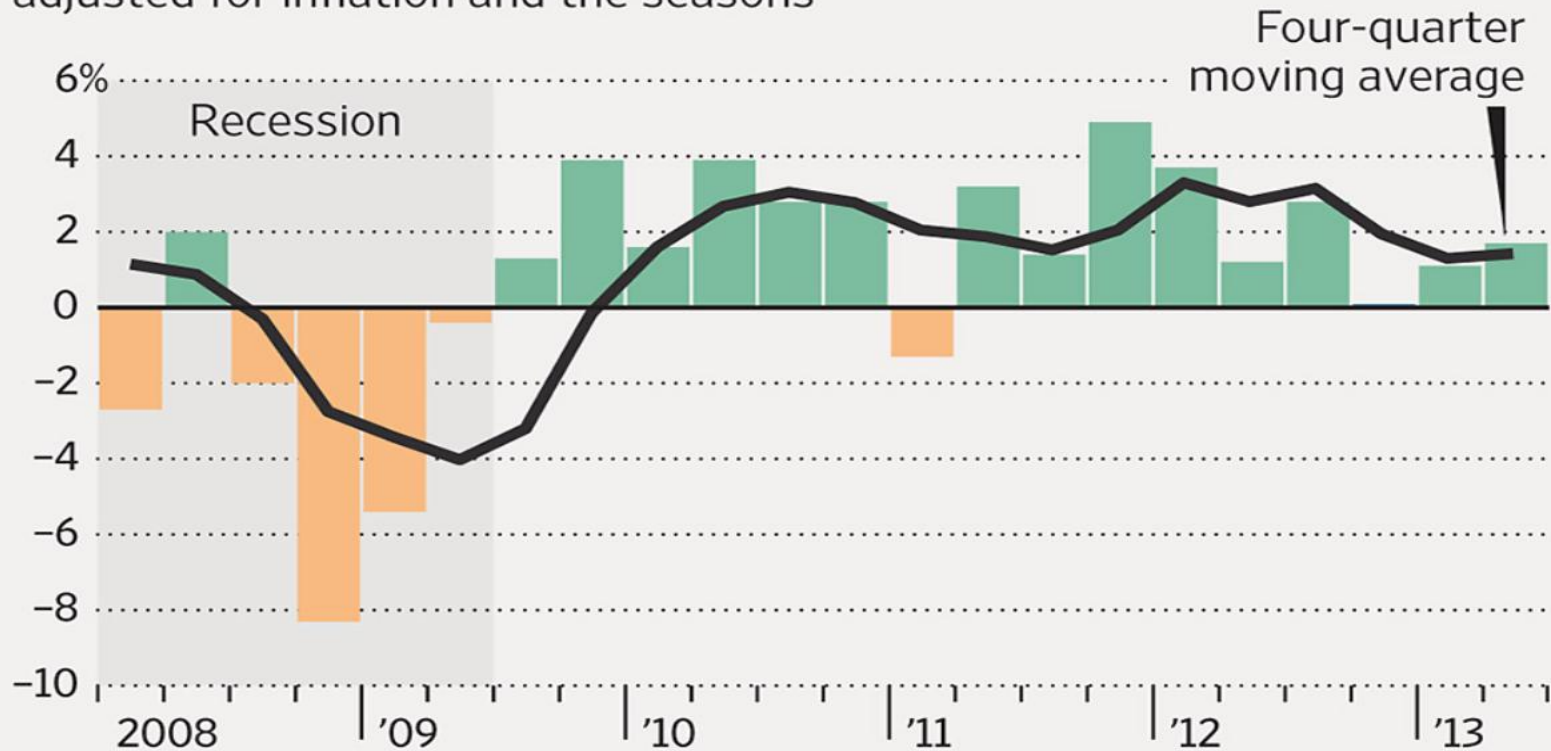
- Jobs growth numbers, at 169,000 were a disappointment. Prior months revised downward; need 100,000 more jobs per month to get back to pre-recession levels in reasonable (5 year) timeframe.
- **The global slowdown may be easing just a bit.**
- Europe's recession continues without an end in sight. China and Latin America have weakened.
- **Unrest in the middle-East has heightened. U.S. may strike Syria, Putin threatens to retaliate. The European zone will require several years to recover and will be a drag on the US.**
- Higher interest rates, especially the jump in mortgage threaten future growth.

# Tepid U.S Economic Growth Restrains Federal Reserve

*Latest data report included revisions to decades of prior data*

## The pace of growth remains sluggish...

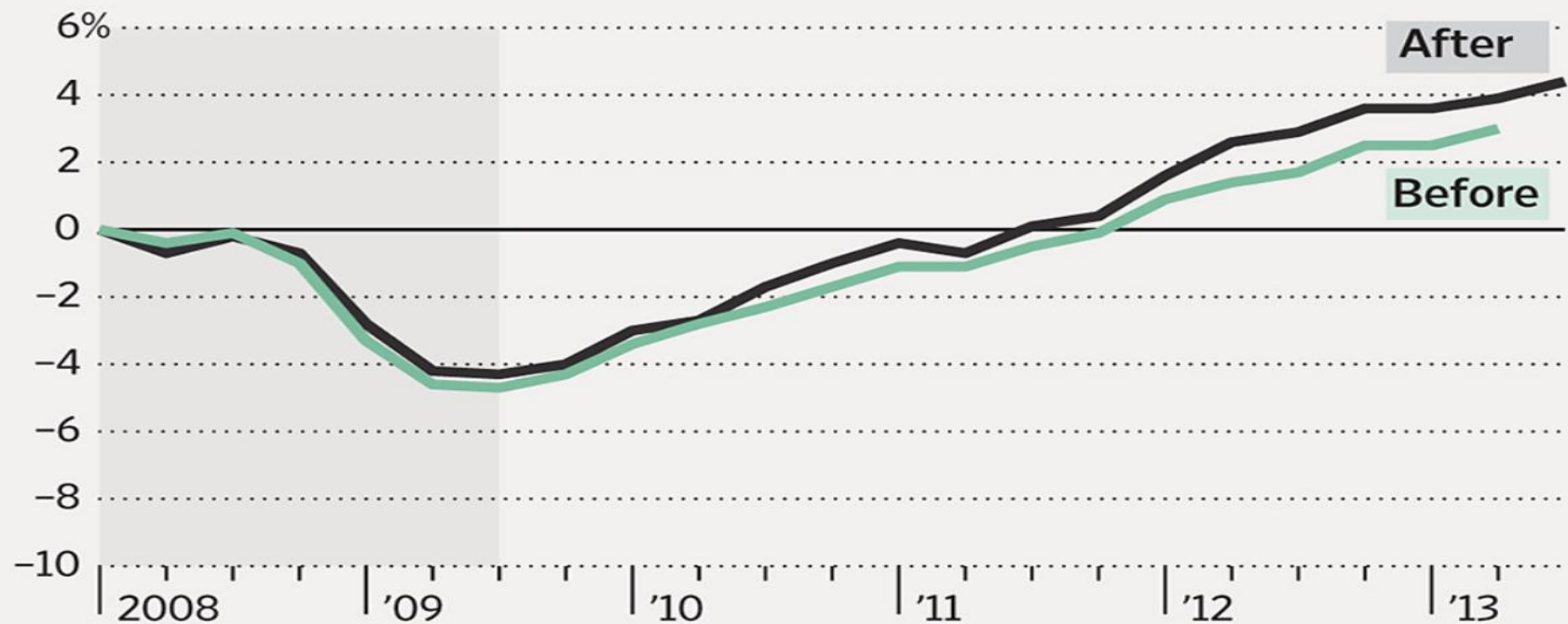
Quarterly change at an annualized rate in gross domestic product; adjusted for inflation and the seasons



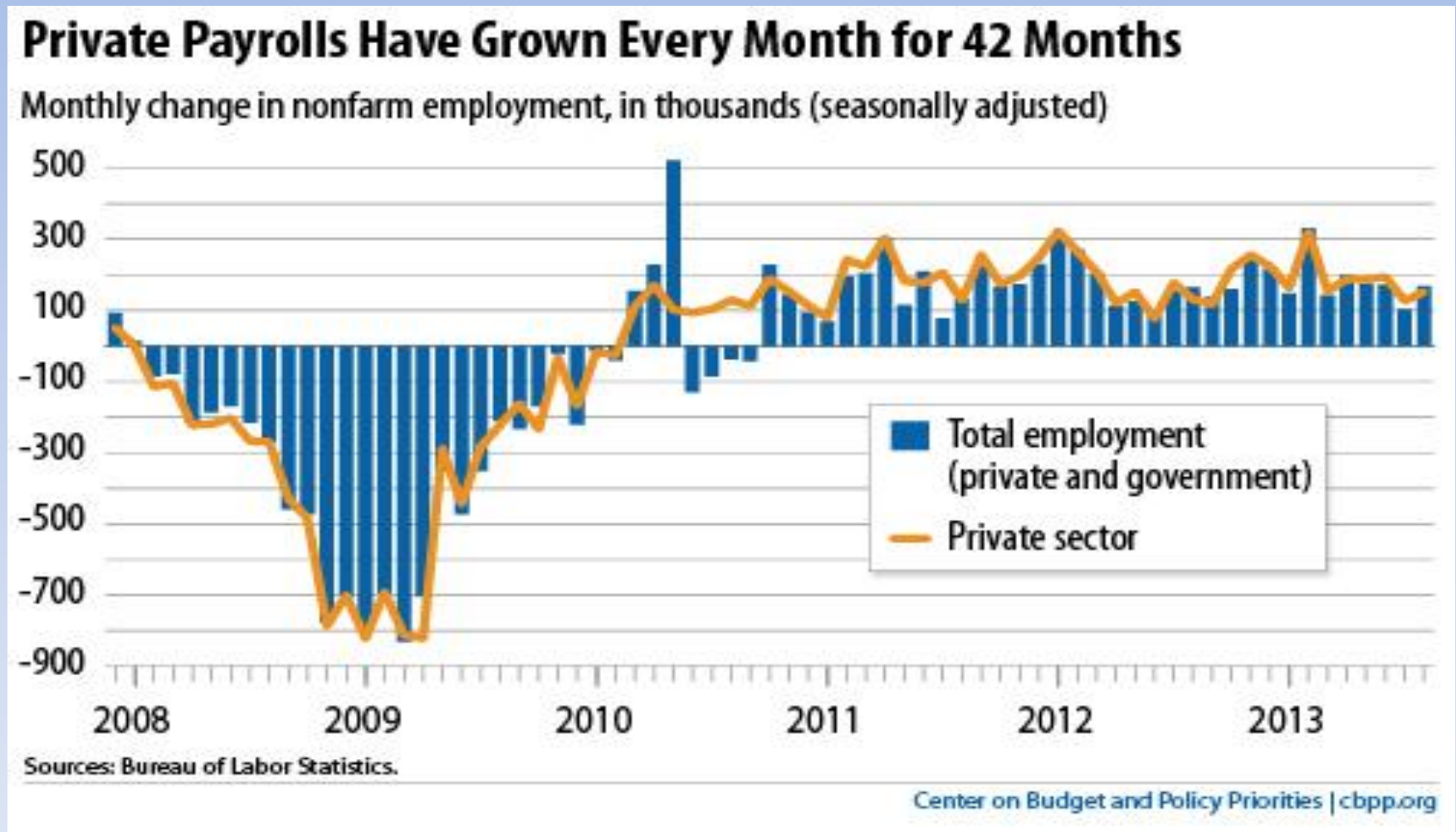
# *Revised numbers make the great recession look slightly milder*

**...but revisions show the recession was less deep than first thought and the recovery has been stronger.**

Change since the start of the recession in inflation-adjusted GDP, before and after the July 31 Commerce Department revisions



*Private employers added just 161,000 jobs to their payrolls in August, while prior months were revised downward*



**Source:** Center on Budget and Policy Priorities web-site, September 6, 2013.

# *August Job Numbers Not so good*

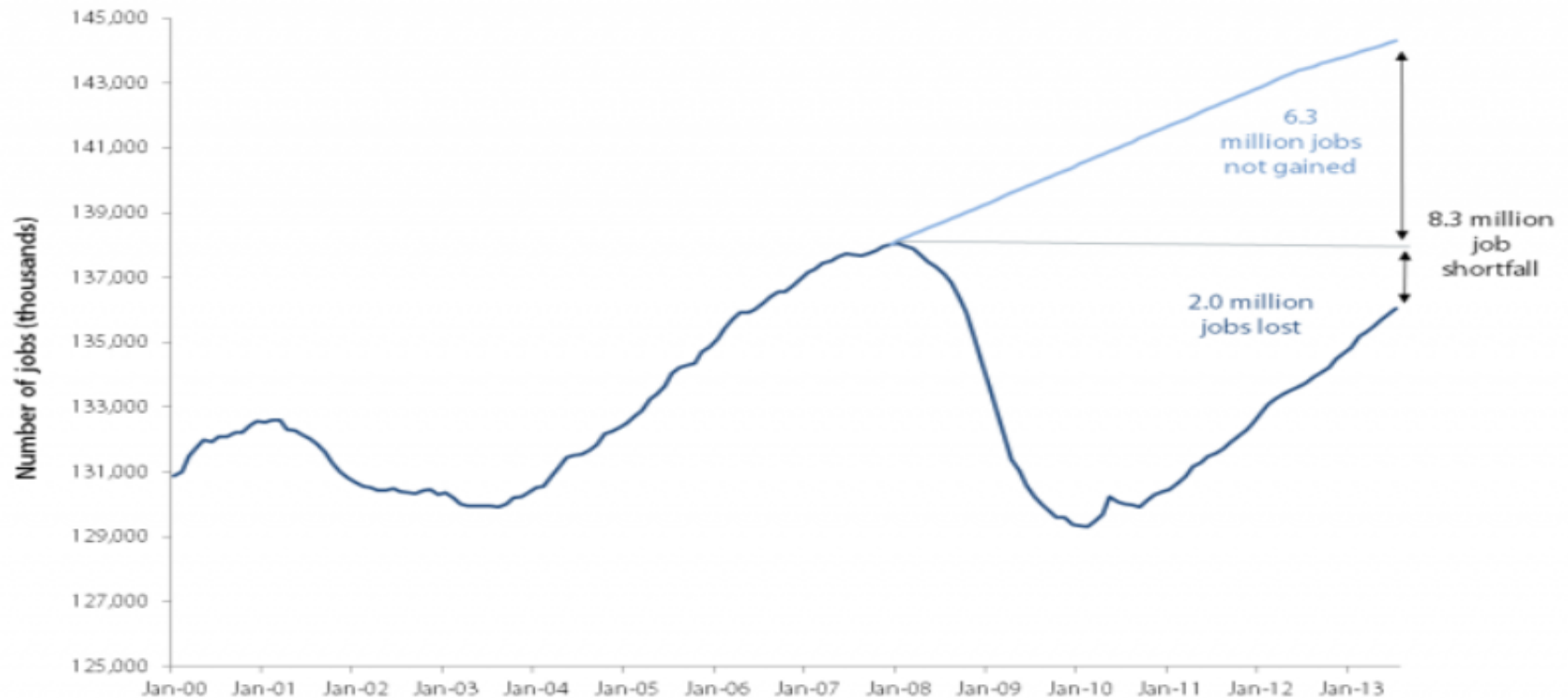
- Just 169,000 jobs created in August, well under the 275,000 needed to drive a robust recovery
- July data revised down to 104,000 from 162,000, the smallest monthly gain since June 2012 June was trimmed down to 172,000 from 188,000
- the labor force participation rate fell to 63.2%, the lowest level since the summer of 1978, as some 312,000 people stopped looking for work.
- The industries that are doing the most hiring, what's more, tend not to be the highest paid. The retail sector, for example, posted the biggest increase in jobs in August with a 44,000 gain.
- “The bottom line is that today’s report paints a picture for the labor market that is not as rosy as most had expected,” said Jim Baird, chief investment officer at Plante Moran Financial Advisors.

Source: Market Watch, THE WALL STREET JOURNAL, September 6, 2013

# The Gap of 8.3 million jobs

## Recession has left in its wake a jobs shortfall of nearly 9 million

Payroll employment and the number of jobs needed to keep up with the growth in the potential labor force, 2000-2013



Note: Congressional Budget Office estimates of the potential labor force (found here:

[http://cbo.gov/sites/default/files/cbofiles/attachments/43910\\_KeyAssumptionsProjectingPotentialGDP.xls](http://cbo.gov/sites/default/files/cbofiles/attachments/43910_KeyAssumptionsProjectingPotentialGDP.xls)) are used to calculate the number of jobs needed to keep up with the growth in the potential labor force.

Source: Authors' analysis of Bureau of Labor Statistics' Current Employment Statistics public data series and Congressional Budget Office data

Updated August 2, 2013

This **National Jobs** chart is an **Economic Indicator**, updated when new data are released. Data are current as of August 2, 2013.

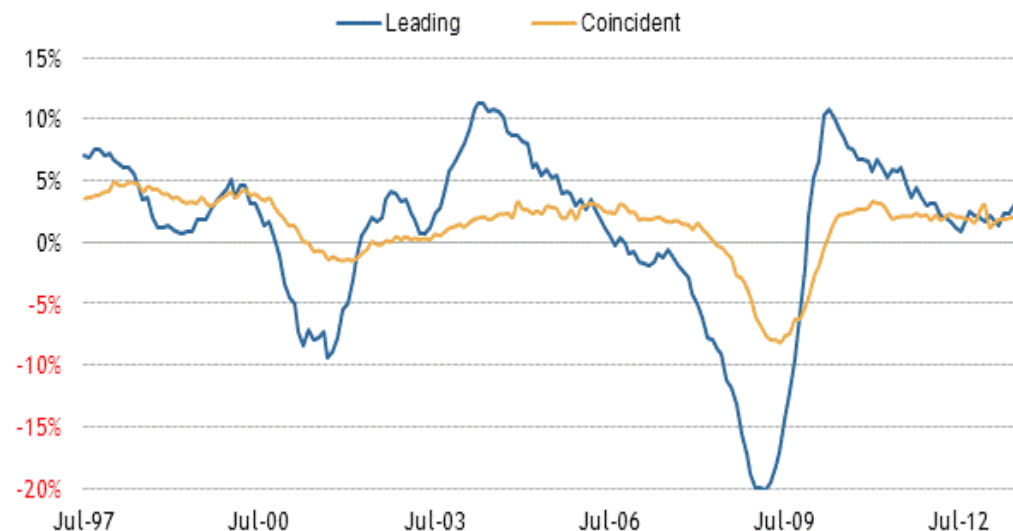
**Highlights:** “The Conference Board's Index of Leading Indicators increased 0.6% in July after holding flat in June. That was the strongest increase since a 0.8% increase in April.

### Big Picture

“Leading Indicators show solid improvement in July.” The rise in the stock market, interest rates, and the Leading Credit Index were the strongest components.



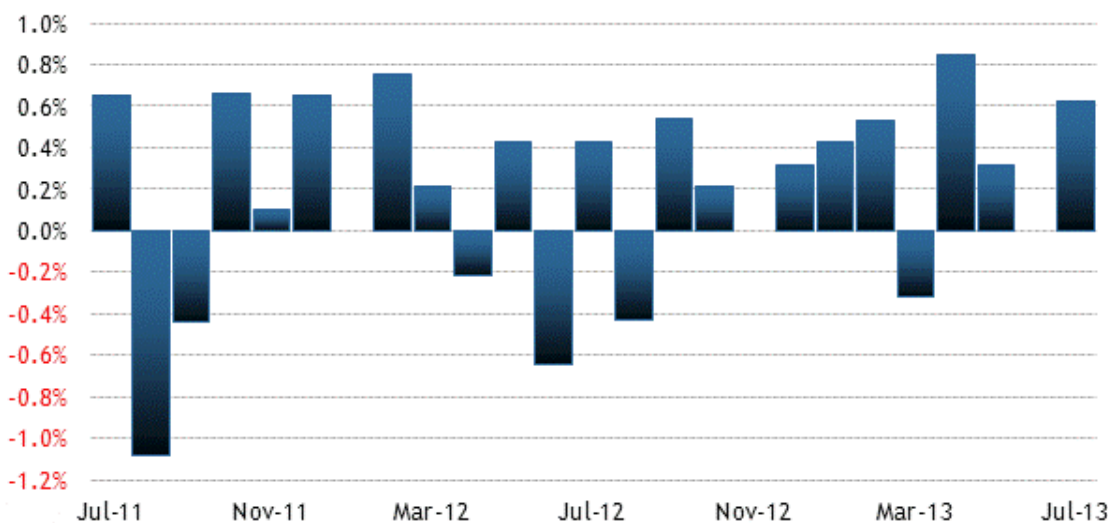
Leading and Coincident Indicators y/y%



Source: Conference Board; updated 08/22/13

Briefing.com

Leading Indicators m/m%



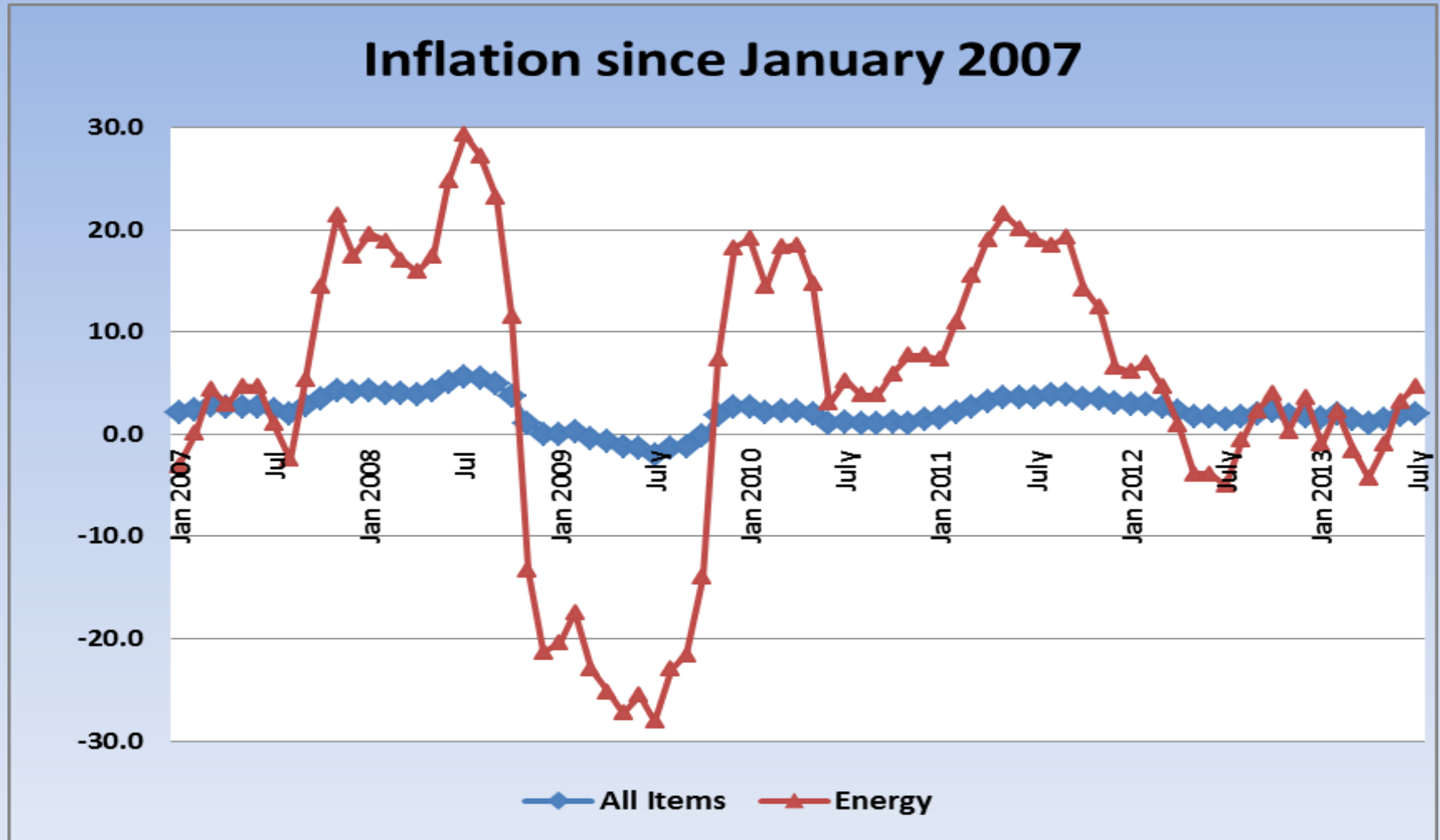
### Key Factors

A smaller than expected decline in manufacturers' new orders of nondefense capital goods excluding aircraft was the likely cause for the upside surprise.

The Index of Leading Indicators remains on a solid expansionary trend with only two components, the capital investments and average workweek negatively contribution to the index.

# *US Inflation: Fed concerned inflation too low*

*all items up just 2.0% up yoy; energy up 4.7% yoy*



# ECRI's analysis of the economy

- The U.S. and other major developed economies have experienced slower growth in the last five years than Japan experienced in its lost decades (red bar). Chinese GDP growth has also declined.

Posted August 22, 2013

## Revisions Reveal Recessions

- The recent U.S. GDP release (refer back to the chart on page 6) featured significant revisions, with extensive conceptual changes enacted back to 1929. ECRI believes the revised data supports its belief that the economy is more volatile and recessions will be more frequent.



### FEATURED ECRI COMPOSITE INDEXES



## *Key factors to watch for recession*

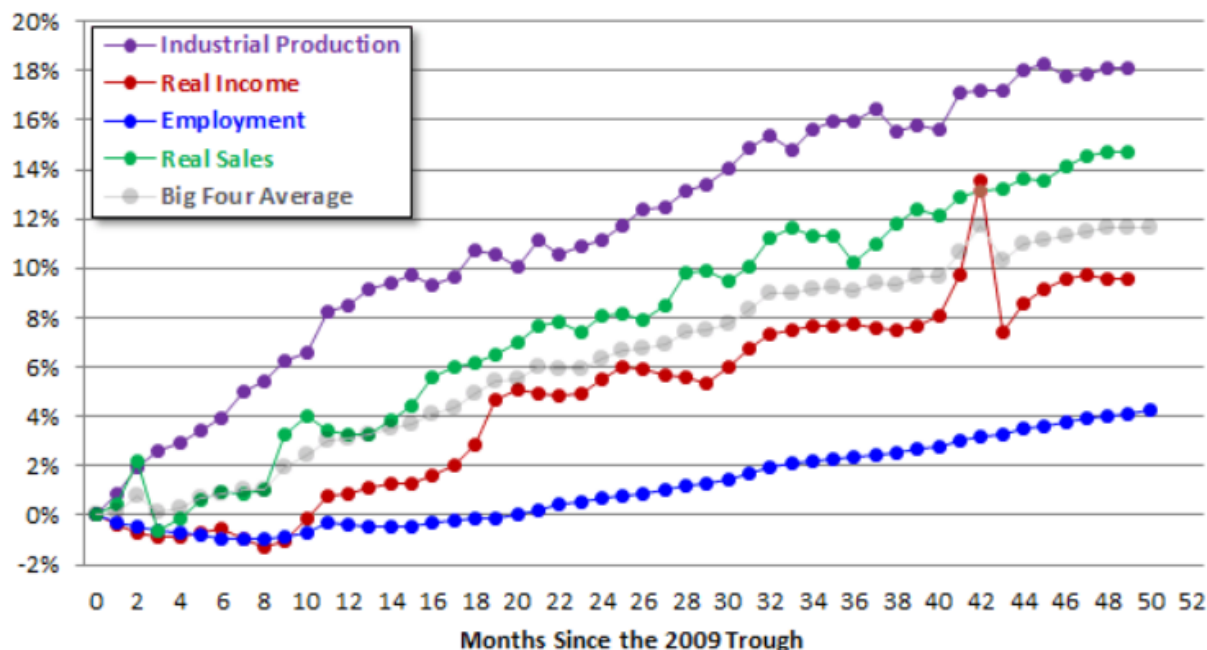
**Are the Big Four Rolling Over? No, but growth has stalled.**

- Industrial Production has cycled positive and negative in recent months. Now at zero.
- Real Income, after climbing from the severe 5.5% drop in January, also at 0 for July.
- The retail sales indicator was also 0 for July.
- **Employment remains in the slow growth mode.**
- On average, the Big Four barely continue to inch along.

# Big Four Economic Indicators continue to show the exasperatingly slow recovery from the Great Recession

**Big Four Indicators**  
Since the End of the Last Recession

dshort.com  
September 2013



The chart and table (left) illustrate the performance of the Big Four and simple average of the four since the end of the Great Recession.

The data points show the percent cumulative percent change from a zero starting point for June 2009. The latest data point is for the 49th month.

In addition to the four indicators, I've included an average of the four, which, as we can see, was influenced by the anomaly of the Personal Income data points, which reflect 2012 year-end income increases, at the expense of early 2013, as a tax management strategy.

Doug Short August 2, 2013

**Big Four Indicators Month-over-Month**

Indicator	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Industrial Production	0.2%	-0.1%	1.3%	0.0%	0.0%	0.7%	0.2%	-0.4%	0.0%	0.2%	0.0%	
Real Income	0.2%	0.3%	1.5%	3.5%	-5.4%	1.1%	0.5%	0.4%	0.1%	-0.1%	0.0%	
Employment	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Real Sales	0.5%	-0.2%	0.6%	0.3%	0.1%	0.4%	-0.1%	0.5%	0.3%	0.1%	0.0%	
Big Four Average*	0.3%	0.0%	0.9%	1.0%	-1.3%	0.6%	0.2%	0.2%	0.2%	0.1%	0.0%	0.0%

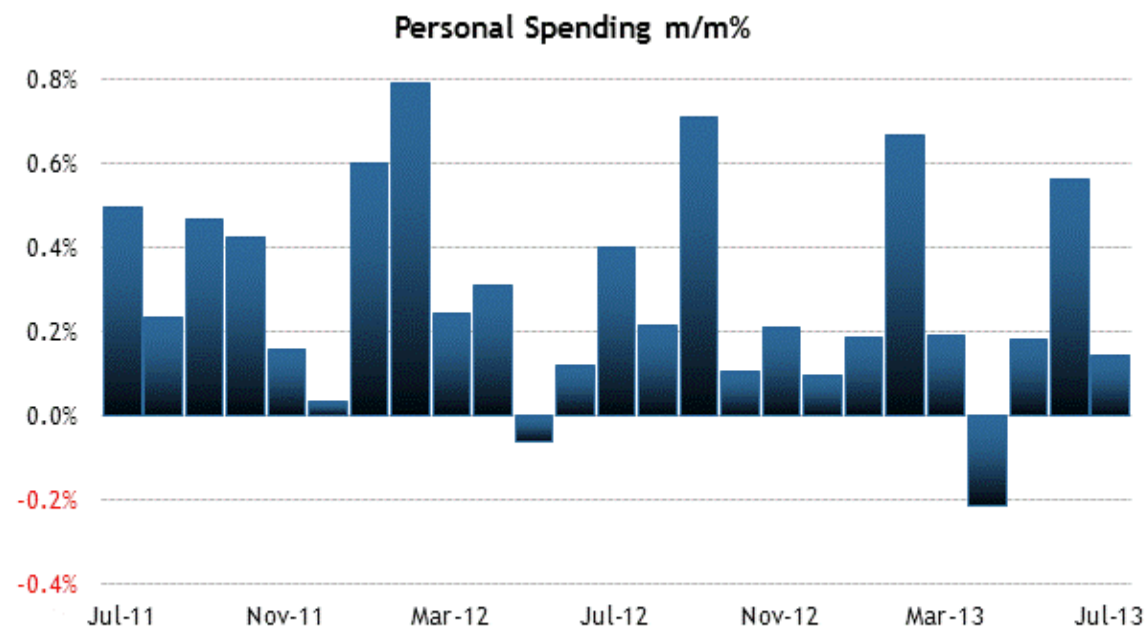
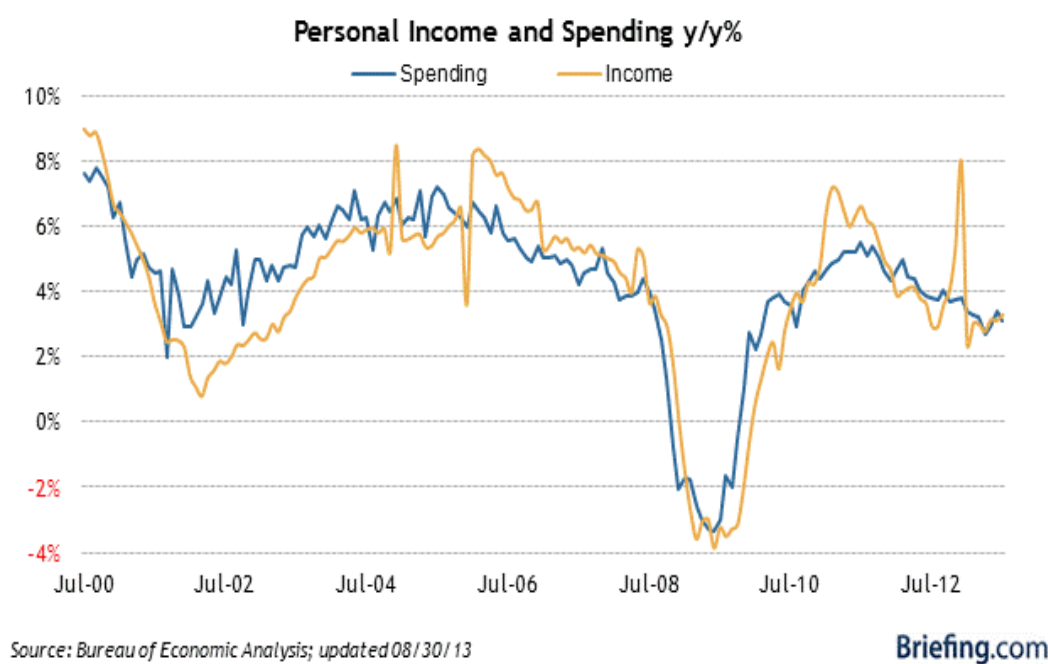
Employment is released the first week of the month, Income the last week, Industrial Production and Sales mid-month.

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

## Highlights – July numbers weak

*Personal Income* **increased 0.1% in July, down from a 0.3% increase in June.** The expected number was 0.1%.

*Personal Spending* **increased 0.1% in July** after a 0.6% increase in June. The Briefing.com consensus expected a 0.3% growth level. The *personal savings* rate was up to 4.4% about the same as the prior month.



### Key Factors

Employee compensation fell 0.2% as wages and salaries declined by 0.3%. The fall was offset by rising equity values. The weak spending report was a distinct contrast to the retail sales report.

### Big Picture

Inflation trends remain well below the Fed target and suggest no quick end to quantitative easing.

# Colorado Economy at a Glance

Key Indicator	Direction	Assessment
Employment	Up	Good
Unemployment Rate	Up	Bad
Mortgage Rates	Up	Bad*
Home Resales	Up	Good**
Housing Inventory	Up	Bad
Denver/Boulder Inflation	Up	Bad
OVERALL RATING	Up	Improving

\* Rising rates hurting refinancings.

\*\*For Sale supply too low to meet buyers' wants.

# *Home Prices Continue Climbing in June 2013*

## *According to the S&P/Case-Shiller Home Price Indices*

*Data released August 27, 2013*

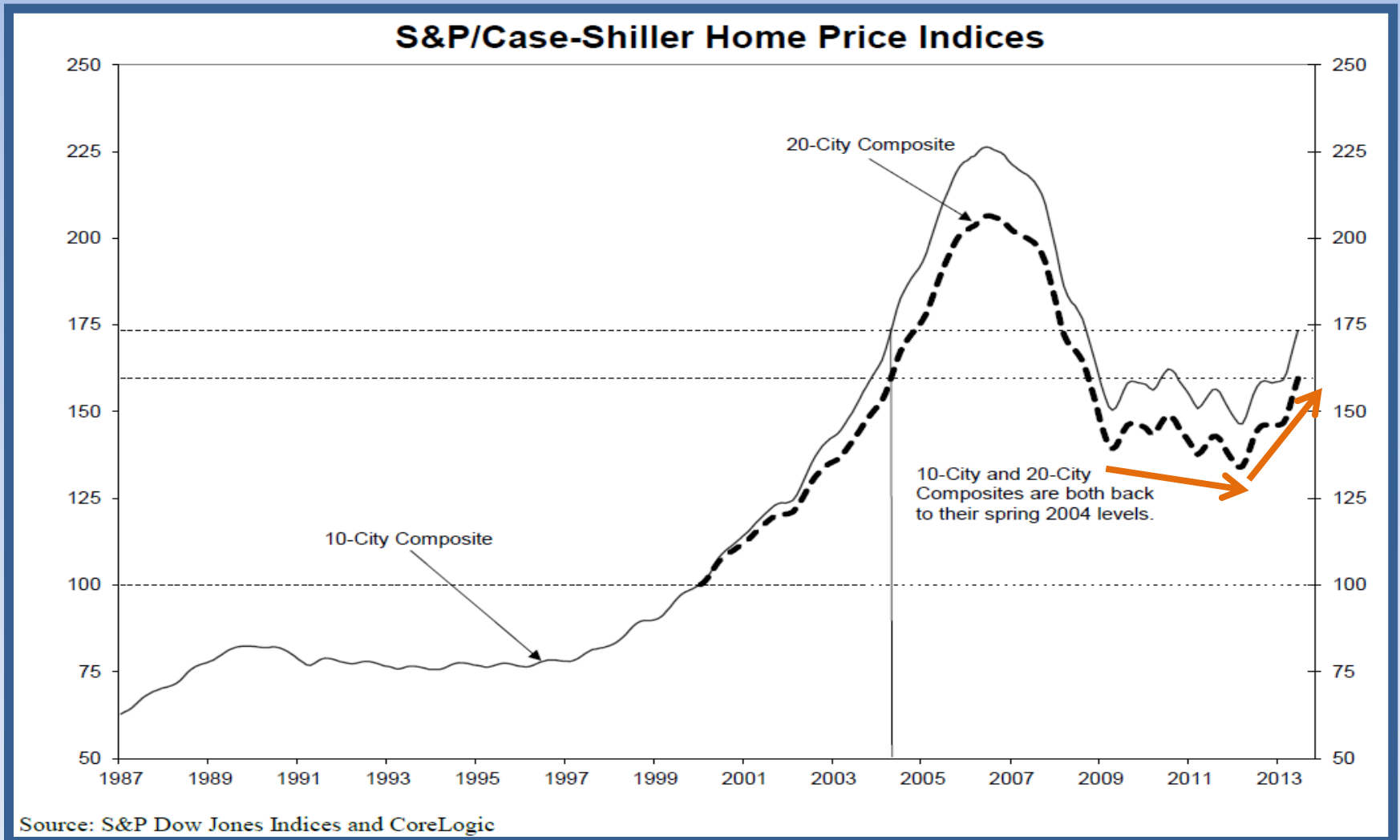
“Data through June 2013, released today by S&P Dow Jones Indices for its S&P/Case-Shiller<sup>1</sup> Home Price Indices, the leading measure of U.S. home prices, showed that prices continue to increase. The National Index grew 7.1% in the second quarter and 10.1% over the last four quarters. The 10-City and 20-City Composites posted returns of 2.2% for June and 11.9% and 12.1% over 12 months.”

“National home prices rose more than 10% annually in each of the last two quarters,” says David M. Blitzer, Chairman of the Index Committee at S&P Dow Jones Indices. “However, the monthly city by city data show the pace of price increases is moderating.

“The Southwest and California have consistently led the recovery with Las Vegas, Los Angeles, Phoenix and San Francisco posting at least 15 months of gains. Looking at the cities, New York recorded its highest monthly return since 2002. Atlanta was up the most at +3.4% and Washington DC had the lowest return at +1.0%. In terms of annual rates of change, San Francisco lost its leadership position with Las Vegas showing the highest post-recession gain of 24.9%.

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

*Due to recent price growth, the trend since 2009 is starting to rise, now back to spring 2004*



*Case Shiller Index shows Sustained Recovery In Home Prices;  
Denver's 9.4% annual growth rate ranks 13<sup>th</sup> of the 20 cities*



	Denver Home Prices	National Composite (20 cities)
Monthly Change:	+ 1.7 percent	+ 2.2 percent
Yearly Change:	+ 9.4 percent	+12.1 percent

# ***Mountain States Index Stood at a very healthy level***

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

## **Business Conditions Index**

The overall index, or Business Conditions Index, *slipped* to 53.6 from 55.1 in July. (50.0 is growth neutral.)

““Even though growth will continue for the remainder of 2013, it will be at a slower pace,” said Goss of the three-state region. “On the other hand, construction activity continues to trend higher and add to overall regional growth.”

**Source: The Goss Institute for Economic Research Creighton University  
September 3, 2013**

## Colorado:

*The state's leading economic indicator, the Business Conditions Index climbed to 56.5 up from 54.8 in July*

Components of the Colorado Business Conditions Index for June were:

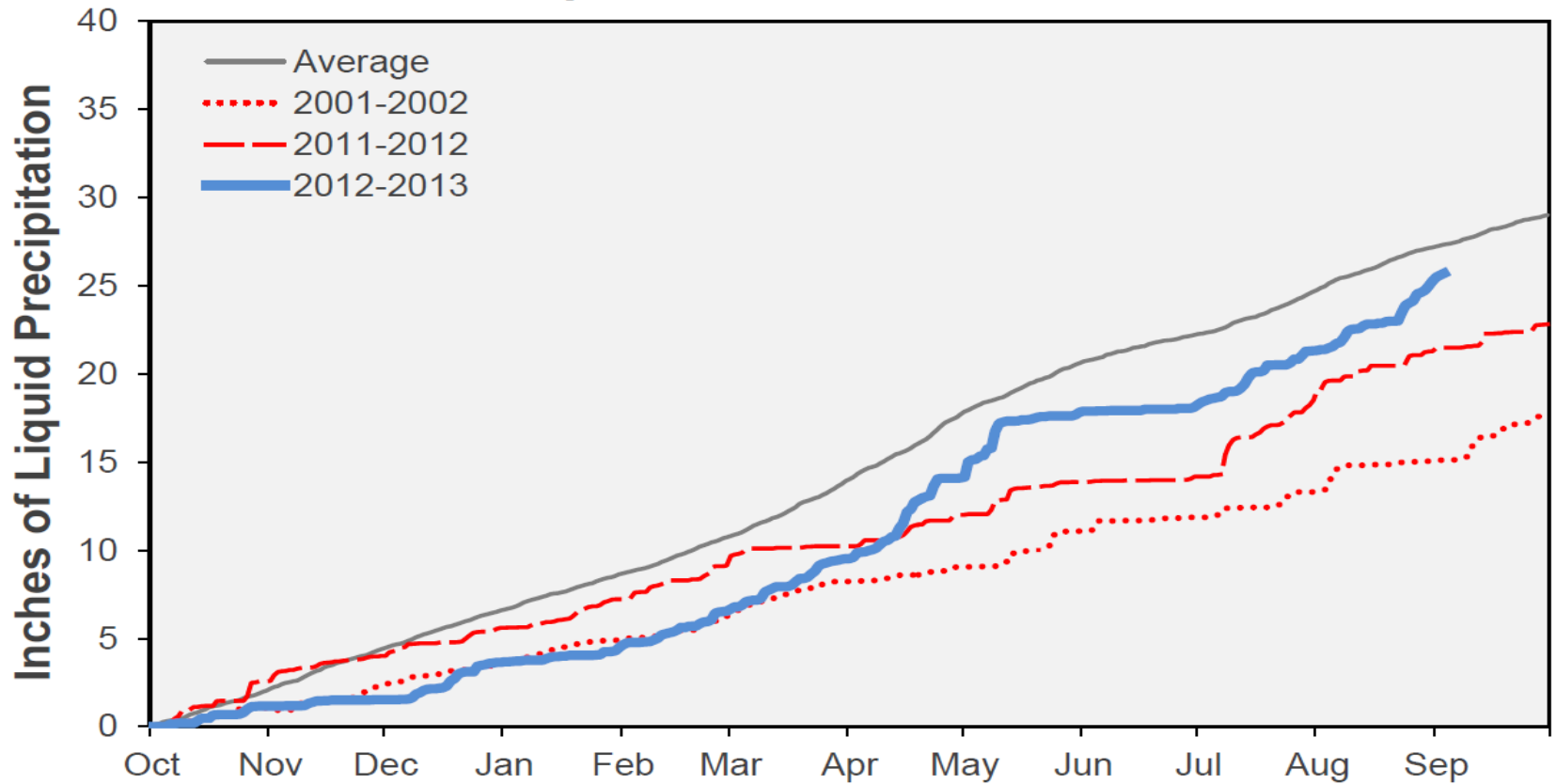
- new orders at 52.2 **up** from 52.1;
- production or sales at 53.7 **up** from 49.6;
- delivery lead time at 79.7 **up** from 59.4;
- inventories at 43.5 **down** from 61.9; and
- employment at 53.3 **up** from 50.7

“The state is adding jobs at an annual pace exceeding 2.0 percent, well above the region and nation,” said Ernie Goss, research director for the Goss Institute for Economic Research. Growth in manufacturing and mining continue at a slow pace while businesses tied to construction are experiencing upturns in business activity,” said Goss.

**Source: The Goss Institute for Economic Research Creighton University September 3, 2013**

# *Watershed Precipitation still below average, but much better than 2013 First Quarter*

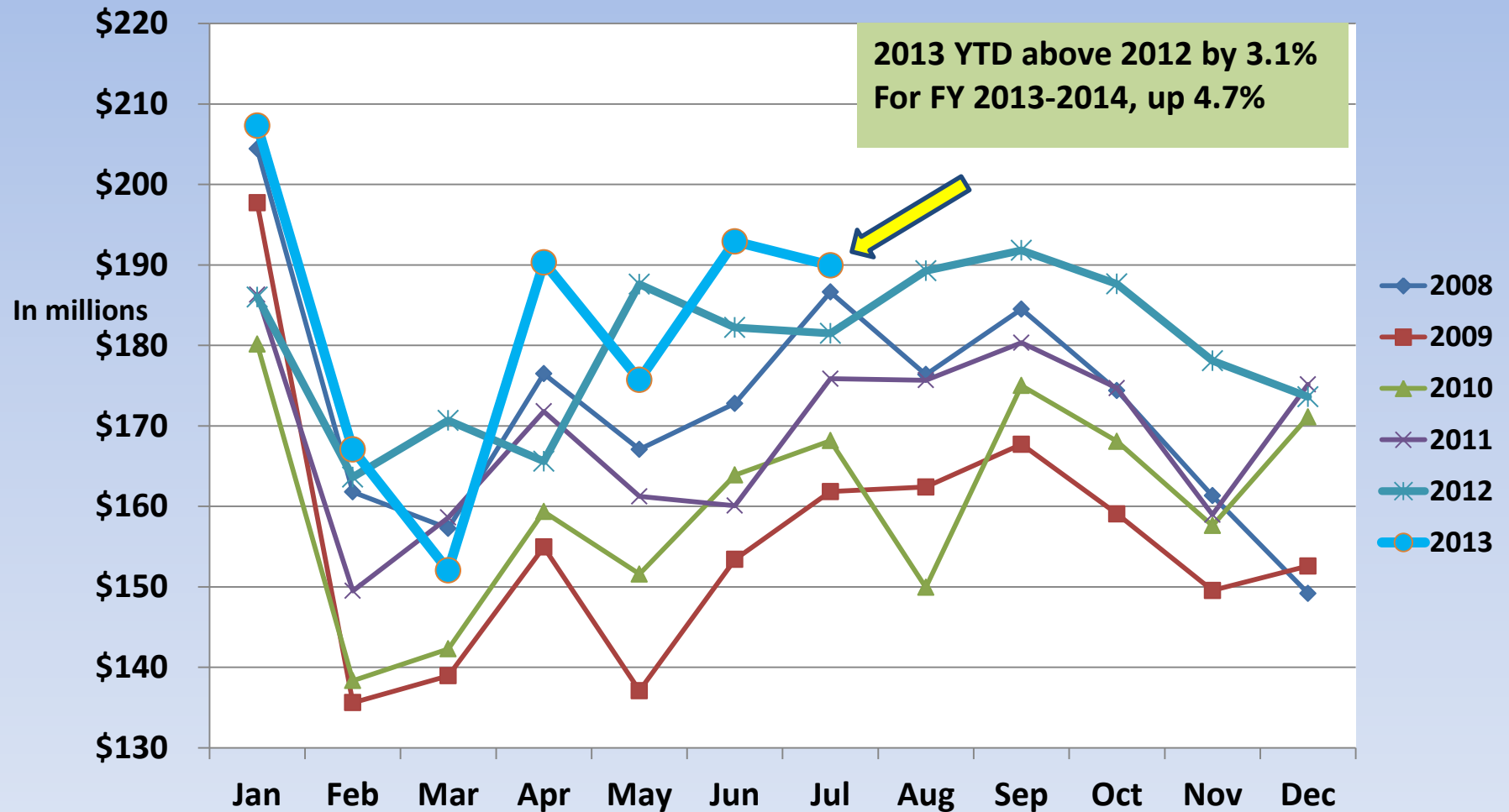
## **Cumulative Precipitation: South Platte River Watershed**



Data are from the 7 SNOTEL stations above Denver Water's Upper South Platte diversion facilities.

# *State Sales Tax Receipts exceed FY 2012-2013 collections*

## *2013 Calendar year started strong; FY 2013/2014 start solid*

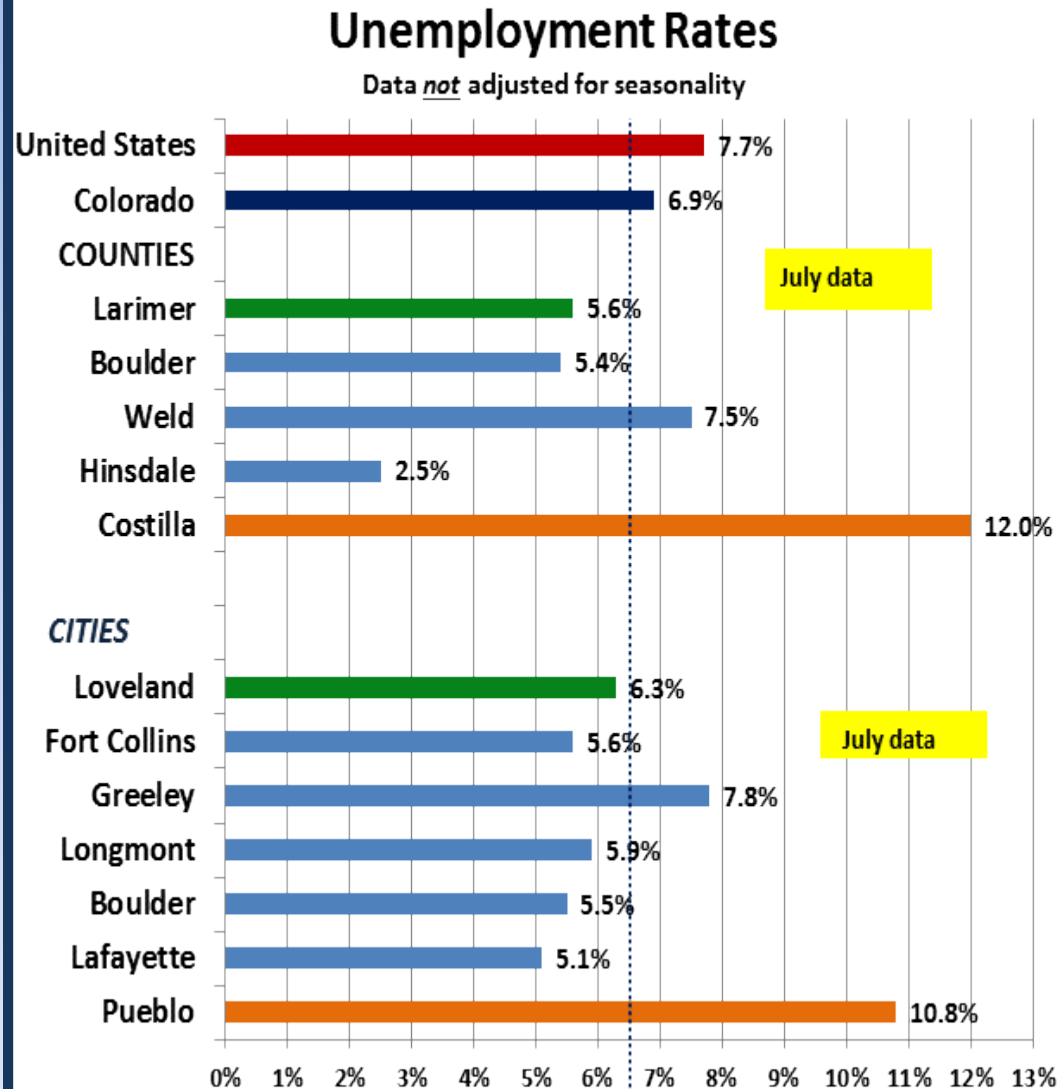


# Updated Colorado Labor Data

❑ Loveland's employed workforce *contracted* in **July**, down 90 jobs from June.

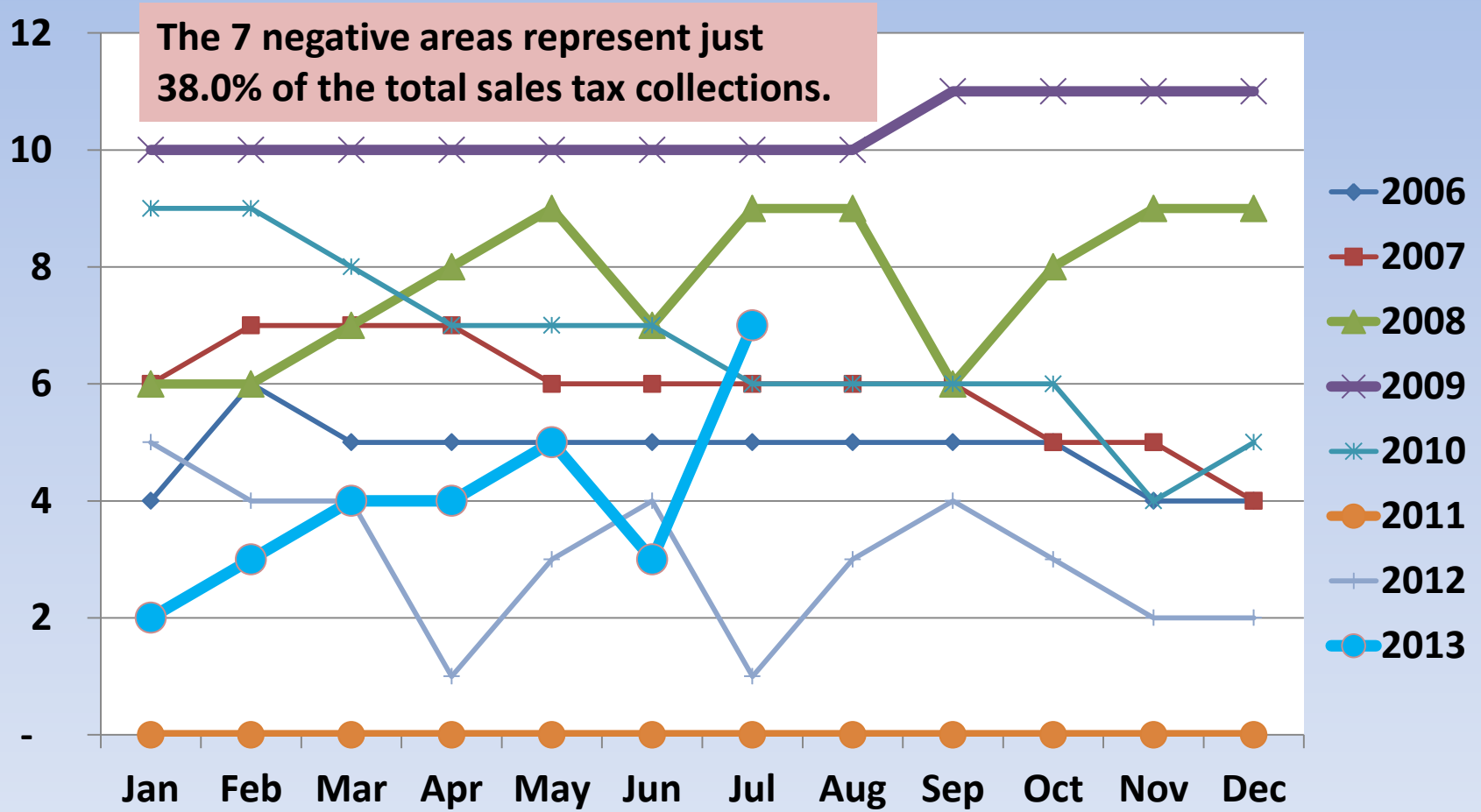
❑ Compared to July 2012, there are 800 **more** jobs.

For almost all of the cities and counties in Colorado, the unemployment rates moved lower in July.



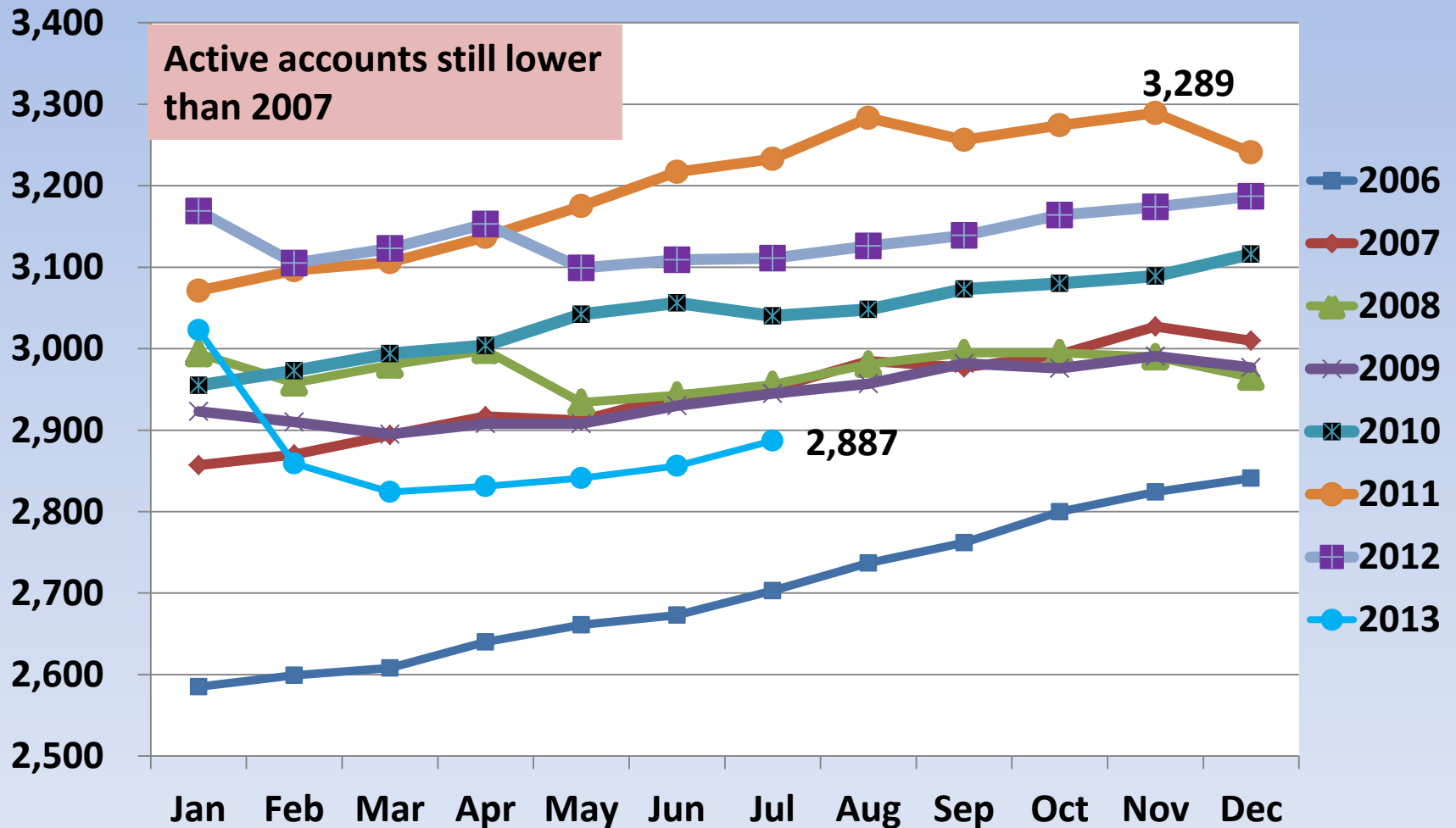
# *Geo Area Indicator jumped to 7 in July*

*The seven categories are 38% of the base*



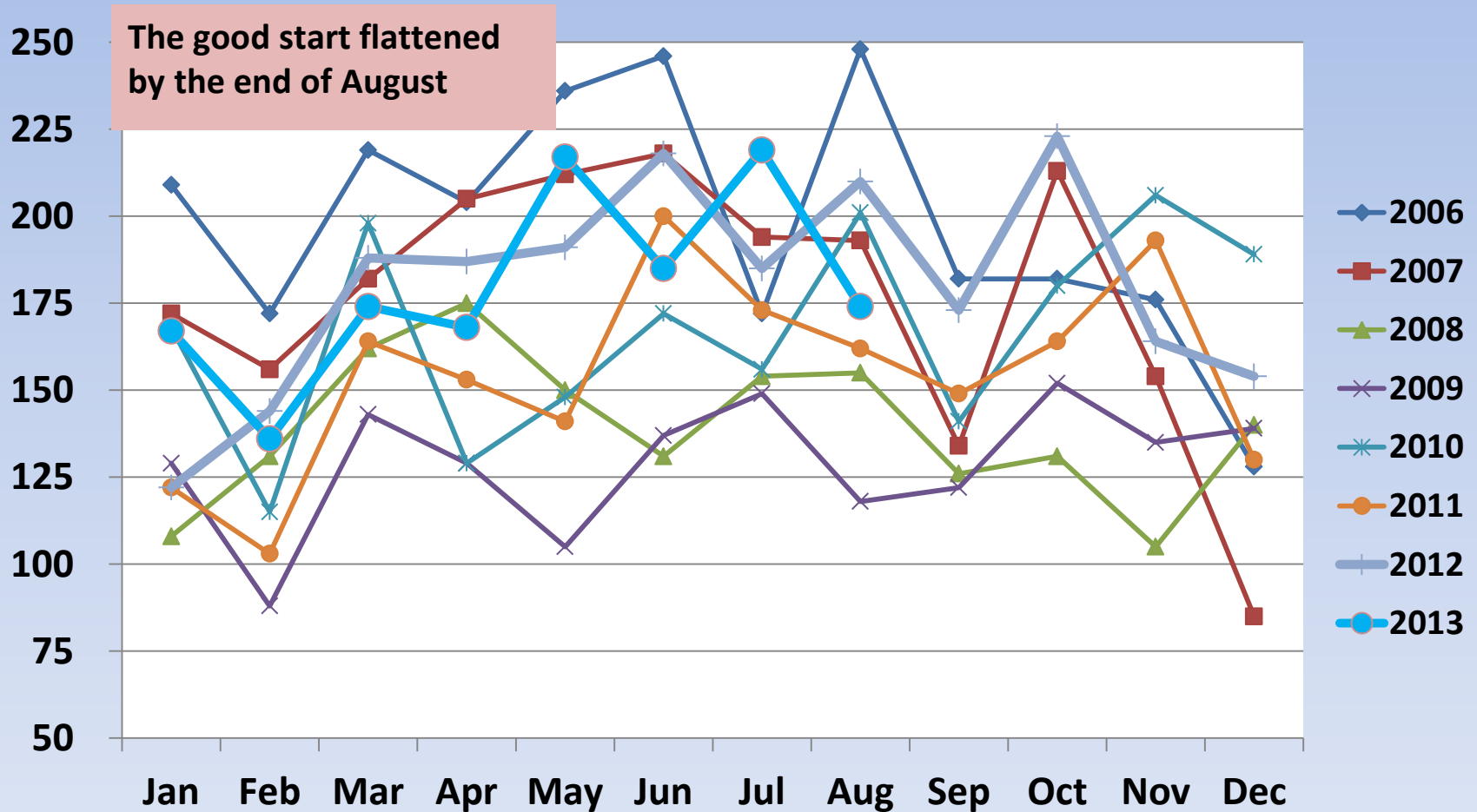
# Sales Tax Licenses reset

*After the reset for terminated accounts, the 2013 is up, growth about 6/10ths percent per month over the last four months*



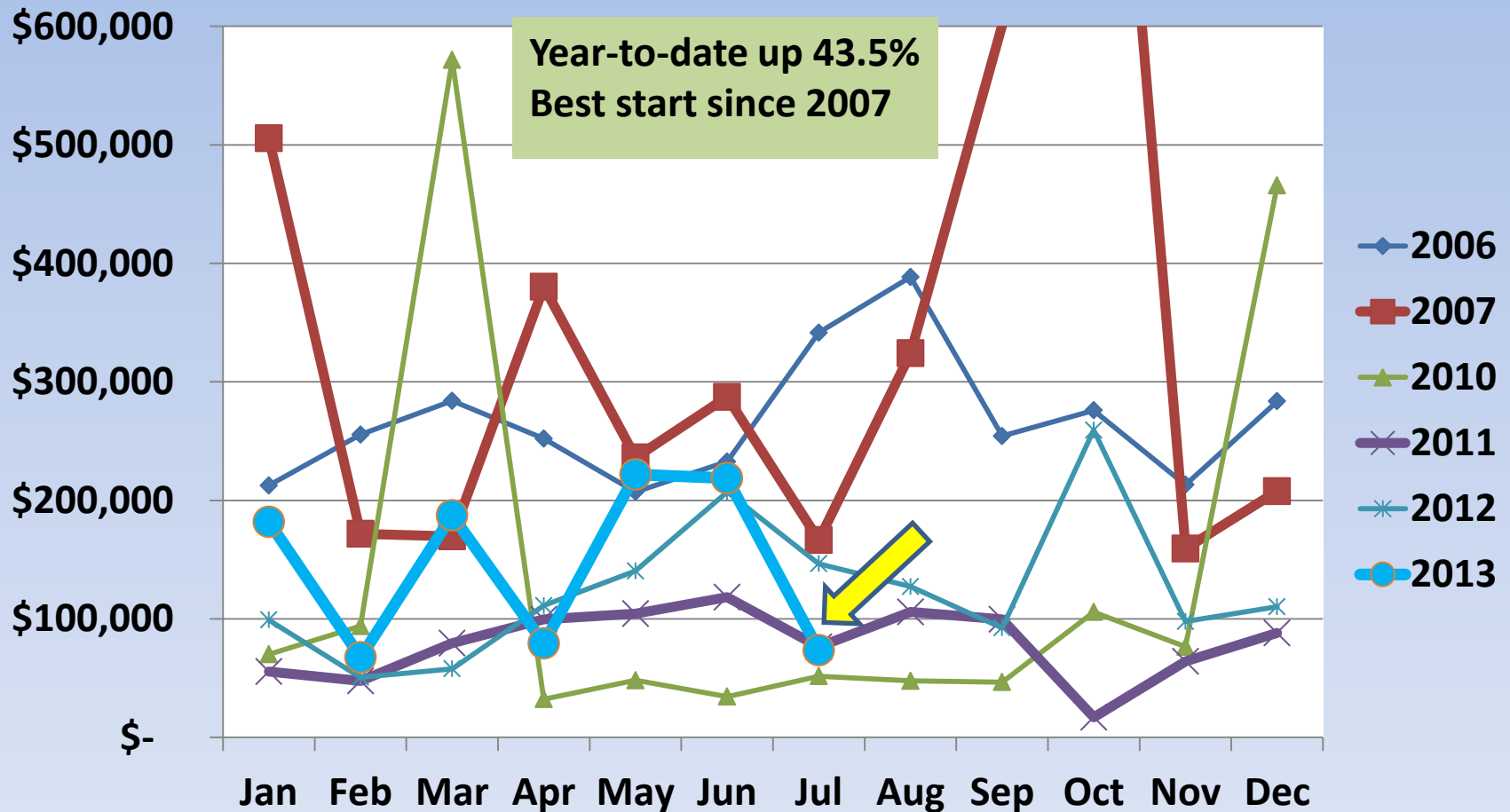
# Building Permits just under the 2012 pace

*August 17.1% lower than August 2012; YTD total 3/10% lower than 2012*

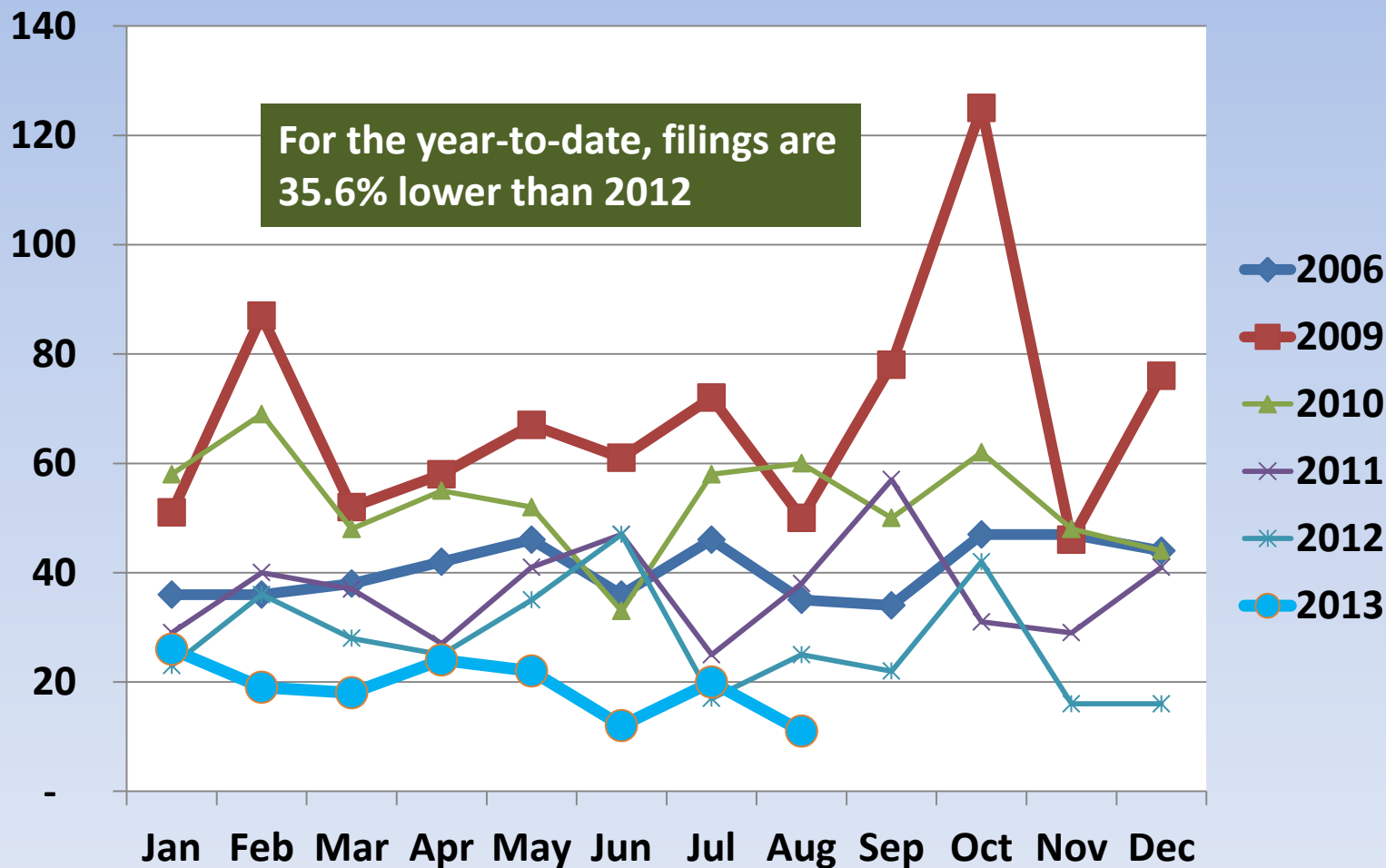


# Building Use Tax Collections

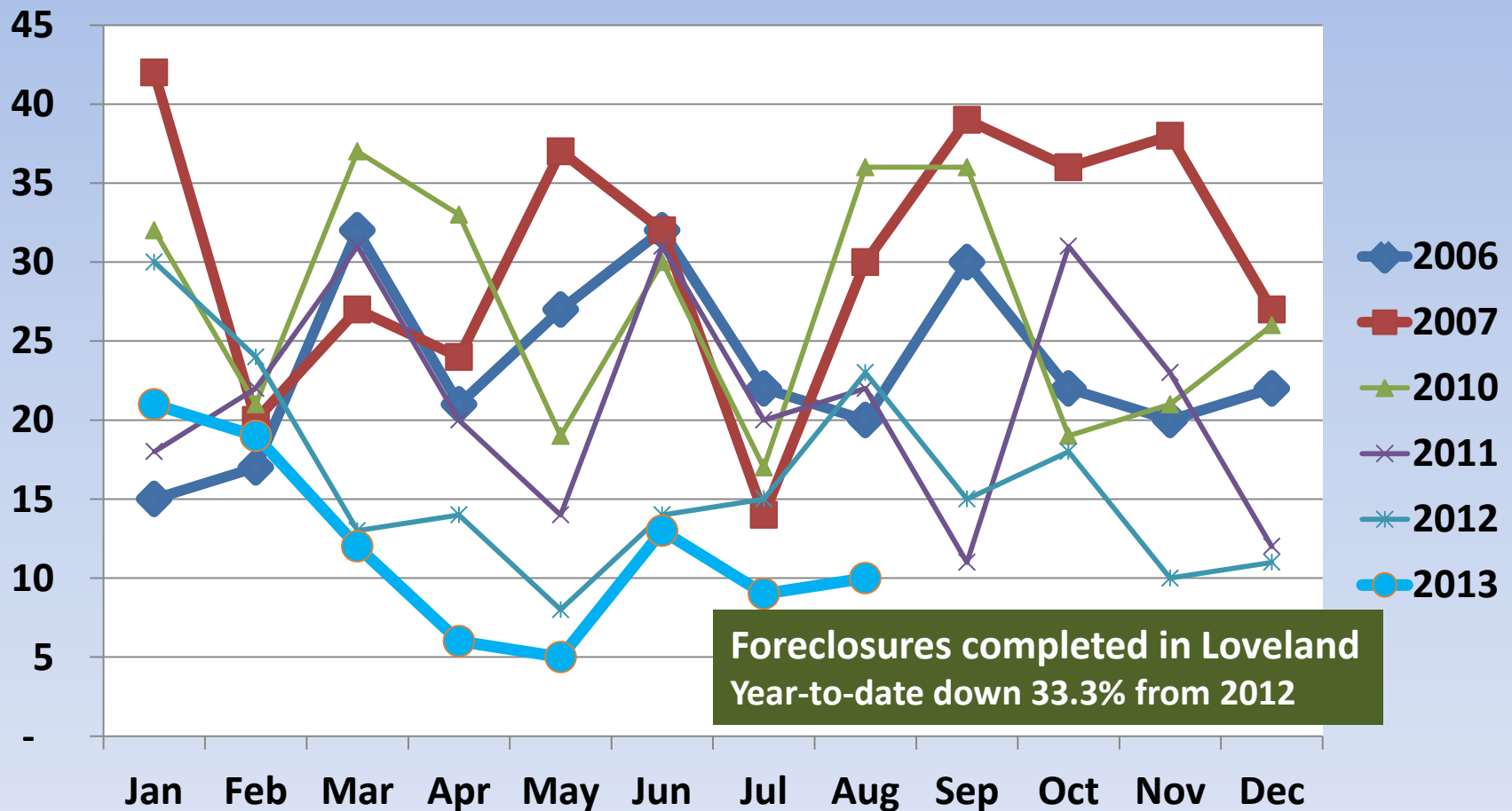
*Strong growth over recent years; way below pre-recession levels*  
*July collections weak, \$73,000 lower than last July*



## *2013 Loveland foreclosures filed lowest in the data year series*



# ***2013 Loveland foreclosures completed lower than 2012 and all other years***

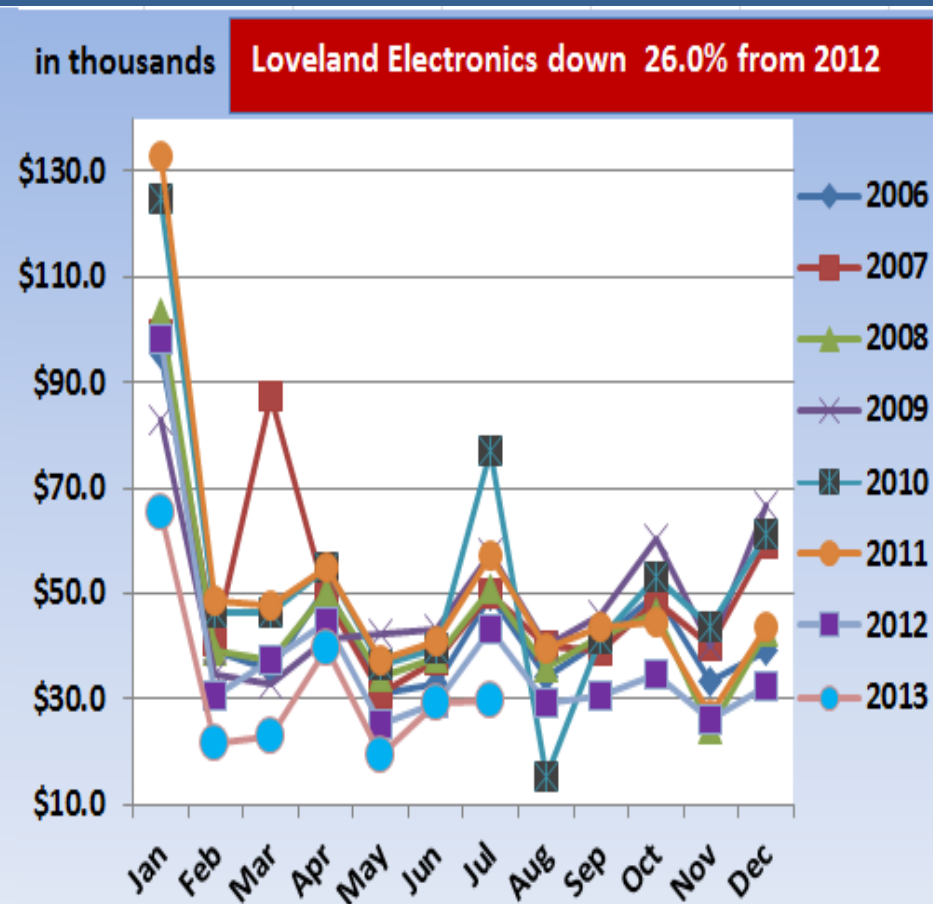
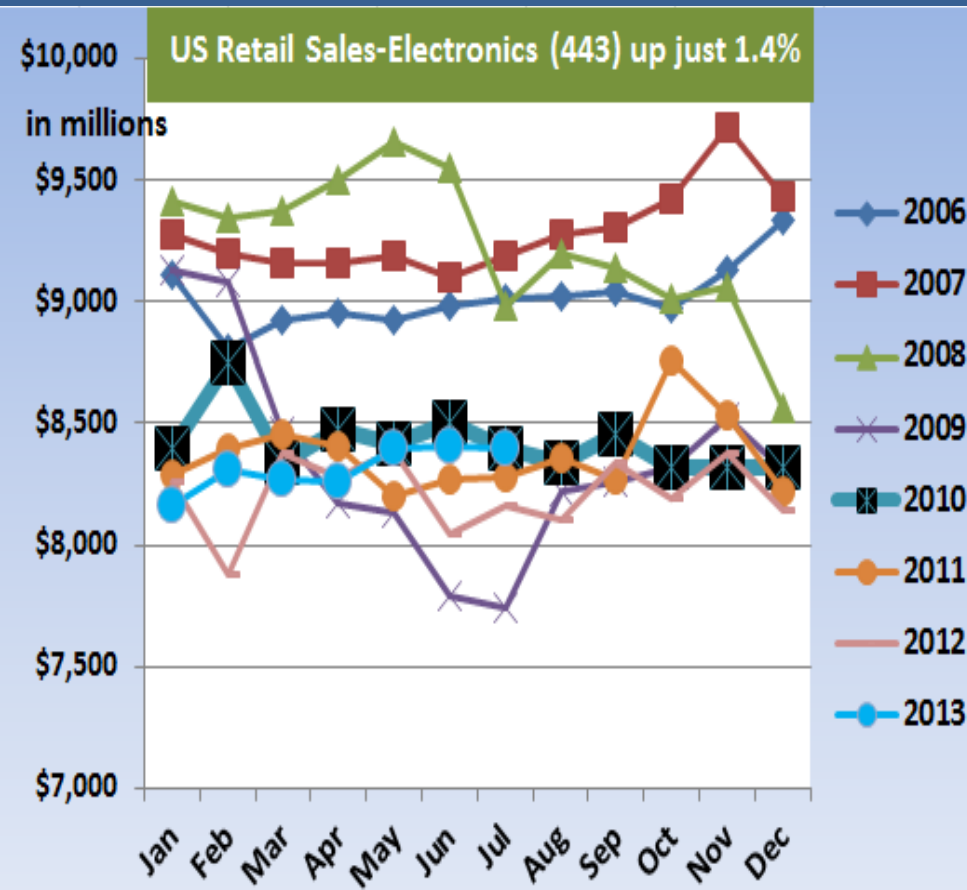


# Electronics sales sector diverging trend

*In Loveland this sector is experiencing price declines*

*National sales now showing a little growth*

*In this retail sales category, Loveland has been decreasing*

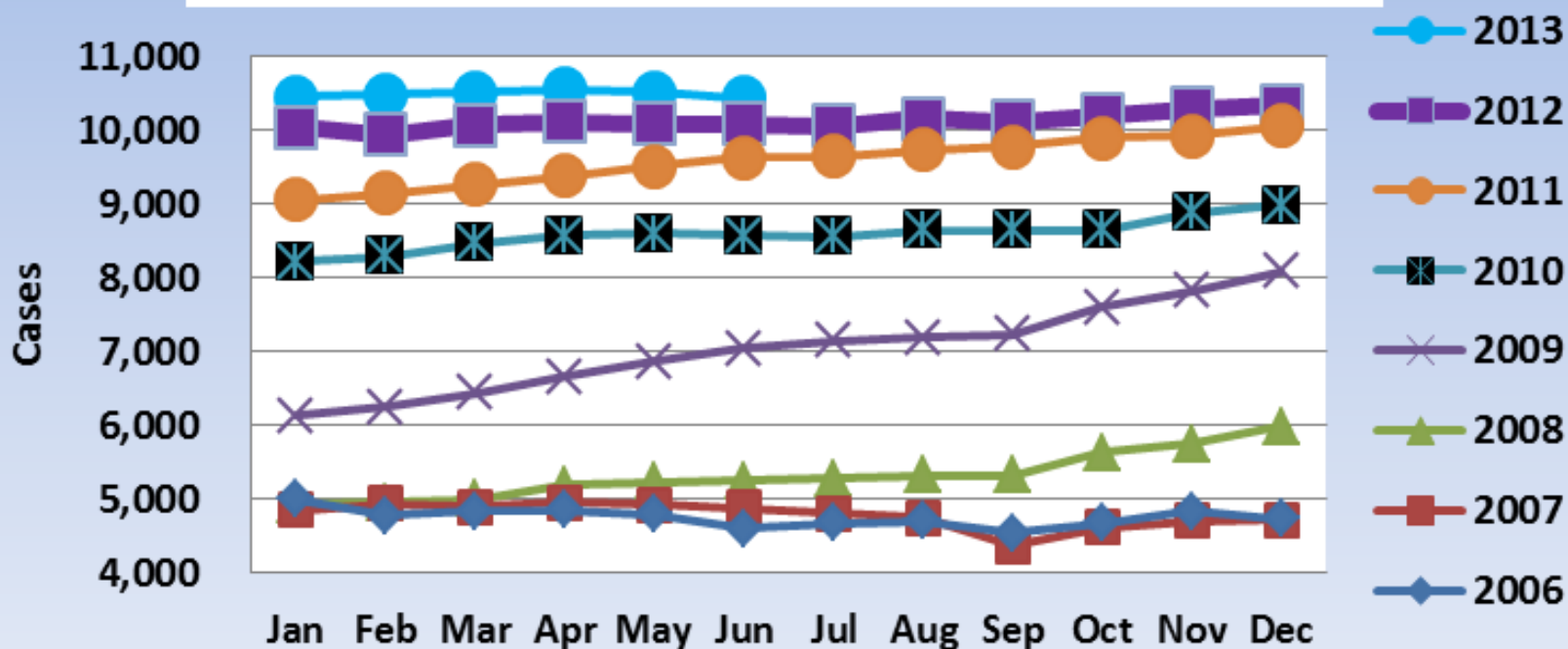


# *Food Stamp cases continue to rise in 2013*

## Food Stamp Cases - Larimer County

After Annual Record in 2012

Year to date 2013 4.3% higher than 2012

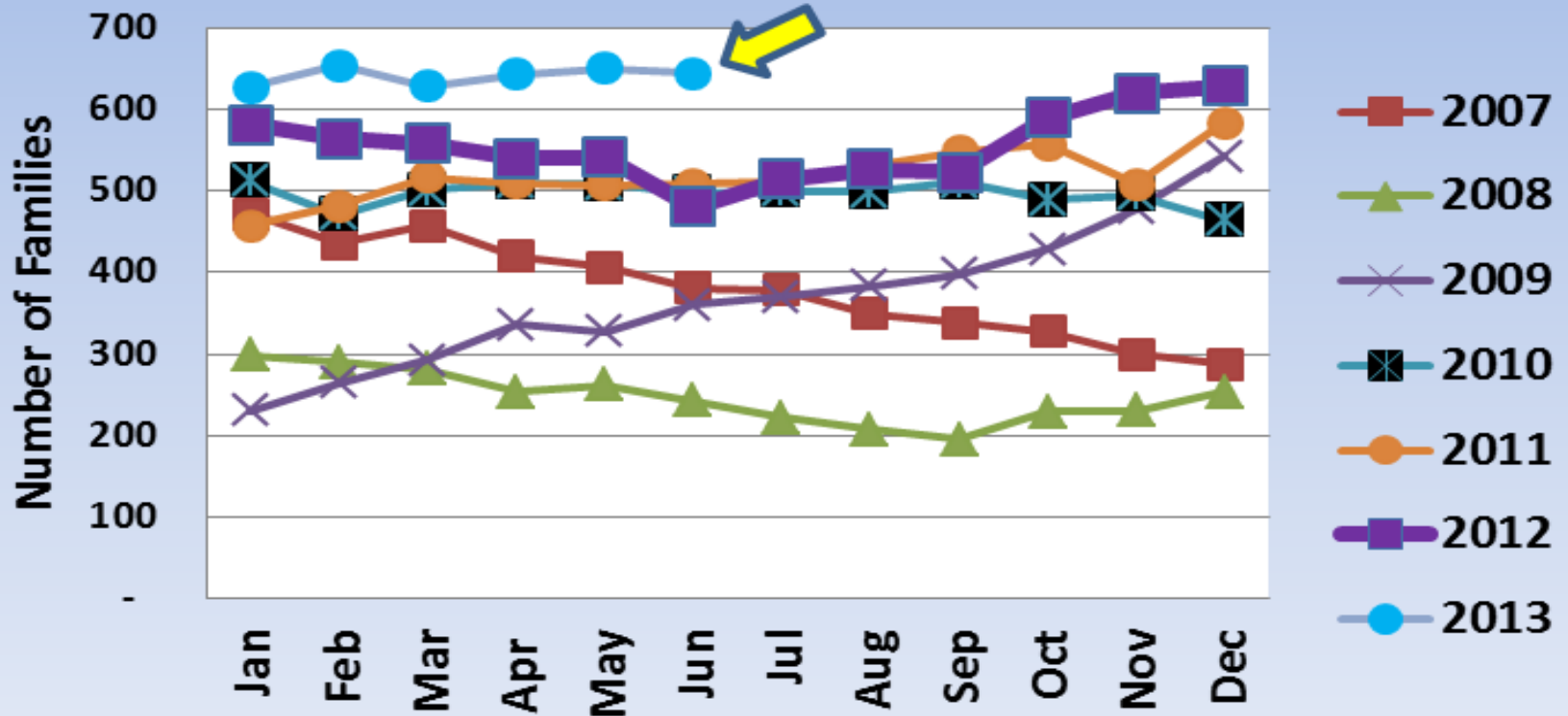


# County TANF caseload continues to grow in 2013

## Temporary Assistance to Needy Families

New Annual Record in 2012

Year to Date 2013 is up 17.8%



# *Combined January-August Disconnects stay ahead of 2012 pace despite improving economy*

