

This is the 1st National Bank Economy Tracker. The Economy Tracker is a monthly report that focuses on the Denver metro economy. Within this monthly report we will provide vital economic data, as well as specifics on job growth, retail sales, housing data, and so on. In addition to the local economic information, regional and national data are also included.

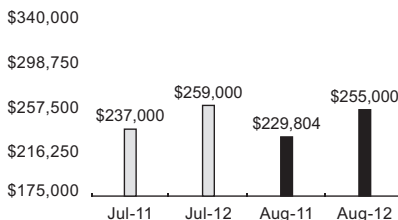
This report is intended to provide you with a comprehensive overview so that you can be informed on the economic and business conditions that affect your organization.

At 1st National Bank are truly your business partner. We hope this helps.

Denver Economic Benchmarks

Denver Median Home Price*

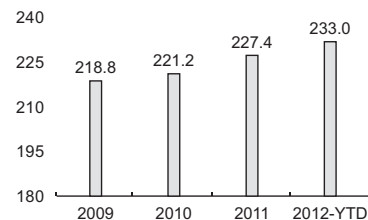
U.S. Median: \$187,400 in August



Source: Denver Board of REALTORS*
*Median sale price for existing single-family home
Most recent data available

Denver* Consumer Price Index

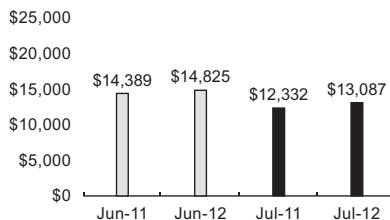
1982-84 = 100 (U.S. Average 231.4) NSA



Source: Bureau of Labor Statistics
*West Urban Region NSA = not seasonally adjusted

Colorado Retail Sales*

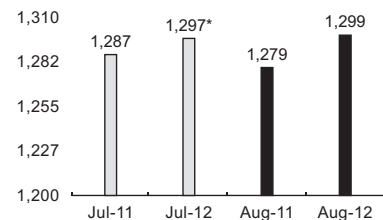
In Millions (000,000s) NSA



Source: Colorado Department of Revenue
NSA = not seasonally adjusted *Most recent data available

Denver Employment

In Thousands (000s) NSA



Source: Bureau of Labor Statistics
NSA = not seasonally adjusted *revised data

Denver Home Sales

Existing Single-Family Homes—NSA

	Sep-11	Sep-12
Inventory	12,631	8,700
Under contract	3,075	3,845
Sales	2,610	3,147
Days on the market	99	64

Source: Denver Board of REALTORS* NSA = not seasonally adjusted
Most recent data available

Denver Home Permits

Authorized Units Privately Owned—NSA

	Total	Y-Y Change
Jul-11	607	
Jul-12	1,096	+80.5%
Aug-11	802	
Aug-12	1,871	+133.2%

Source: U.S. Census Bureau NSA = not seasonally adjusted

Denver Employment

National Unemployment Average 7.8%—Sep 2012—NSA

	Employment Change*	Unemployment Rate
Jul-11	+993	8.4%
Jul-12 (r)	-3,617	8.2%
Aug-11	-7,943	8.3%
Aug-12	+1,810	7.7%

Source: Bureau of Labor Statistics NSA = not seasonally adjusted
*Change from prior month (r) = revised data

Carlson Index

In the month of July each job in Colorado generated an average of \$5,197 in retail sales expenditures. This represents a 6% increase from July 2011.

Source: The Carlson Group

U.S. Employment By The Numbers

Nonfarm payroll employment: +114,000 ▲ Civilian labor force participation rate: 63.6% ▲

Source: Bureau of Labor Statistics, September 2012

Inside The Economy

A SILVER LINING, SLIGHTLY TARNISHED

The latest unemployment report from the Bureau of Labor Statistics came in at 7.8 percent for September 2012, down from 8.1 percent for August 2012. The rate is calculated by dividing the number of unemployed by the number of people in the civilian labor force. In the latest figures, the number of unemployed decreased by about 450,000 and the number of people in the labor force increased by about 418,000 (the numbers don't match because there are a lot of factors that need to be taken into account). So, the September report was pretty good news on the employment front. And, of course, the current presidential candidates put their own spins on the report – which are not worth reporting here, given the plethora of paid political commercials on the subject available to the public. In general, as I've expressed before, I really don't think that any president will have a particular impact on the unemployment rates, so I tend to shrug my shoulders at these reports insofar as politics is concerned. (They do matter in terms of the economic recovery.) However, with all the positive indicators in the BLS report, I found one item most curious. One aspect of the employment figures is that part-time workers are counted as "employed," even though not employed 40 hours or more a week. For September 2012, this figure increased by about 600,000 workers. The total, 8.6 million workers, reverses a downward trend in this statistic that started in September 2011. So, while the total employment picture has seemed to improve, there is an upward trend in those workers who have to accept part-time work in lieu of full-time work. Is this good news? Well, sorta/maybe. Having a part-time job is often better than not having a job. However, this large increase in part-time employment is perhaps an indicator in the lack of confidence by employers in the future economic recovery. Employers are either not hiring as many full-time employees or are relegating existing employees to a part-time status. This reflects the old adage that every silver lining has a cloud.

Author: Ken Maxey

Local Trends

Denver Employment Private - Sector Workers		Denver Employment Building Construction		Denver Employment Education and Health Services	
2006	1,048,700	2006	15,700	2006	123,100
2007	1,071,600	2007	15,500	2007	128,000
2008	1,079,400	2008	14,500	2008	133,500
2009	1,022,300	2009	11,400	2009	137,700
2010	1,019,100	2010	10,400	2010	141,100
2011	1,022,300	2011	11,400	2011	137,700
2012-YTD	1,084,800	2012-YTD	9,800	2012-YTD	153,400

Source: Bureau of Labor Statistics

Colorado Employment Growth Rates Change from Prior Year

	Q2-12	Q1-12	Q2-11	2011	2010
Total nonfarm	1.5%	2.1%	1.4%	1.5%	-1.0%
Manufacturing (6%)	2.5%	2.9%	3.0%	2.8%	-3.2%
Other (nonmanufacturing) goods-producing (5%)	4.2%	4.8%	0.0%	0.3%	-10.3%
Private service-producing (72%)	1.6%	2.4%	2.0%	1.9%	-0.4%
Government (17%)	0.0%	0.0%	-0.8%	-0.3%	0.9%
Unemployment rate (percent of labor force)	8.1%	8.7%	8.4%	8.3%	8.9%

Source: FDIC

Quick Fact

4.6%

The increase in weekly wages for the state of Colorado between August 2011 and August 2012. The current average weekly wage for the private sector is \$854.

Source: U.S. Census Bureau

National Trends

CEO Survey—Third Quarter 2012

	Increase	No Change	Decrease
How do you expect your company's sales to change in the next six months?	58%	27%	15%
How do you expect your company's U.S. capital spending to change in the next six months?	30%	51%	19%
How do you expect your company's U.S. employment to change in the next six months?	29%	37%	34%

Source: Business Roundtable Q3 2012. Survey is a forecast of economic conditions in the next six months. Percentages may not equal 100 due to rounding.

U.S. Job Openings, SAAR

Survey Date	Job Openings (000s)
August 2012	3,561
July 2012	3,664
June 2012	3,762
May 2012	3,642
April 2012	3,447
March 2012	3,498
February 2012	3,477
January 2012	3,498

Source: Bureau of Labor Statistics SAAR = seasonally adjusted annual rate

Employment Cost Index, NSA

	Index Number	12-Month Change
Q3-2011	115.2	2.8%
Q4-2011	115.5	2.0%
Q1-2012	116.5	2.0%
Q2-2012	116.8	1.7%

Source: Bureau of Labor Statistics 2005 = 100.0 NSA = not seasonally adjusted

Consumer Price Index Medical, NSA

	Aug-11	Aug-12	Y-Y Change
Medical care	400.3	417.1	+4.1%
Medical care services	424.5	442.4	+4.2%
Hospital services*	242.0	253.3	+4.7%
U.S. all items	226.5	230.3	+1.7%

Source: Bureau of Labor Statistics NSA = not seasonally adjusted *1996 = 100.0

Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
July-11	234.0	339.9	774.7
July-12	385.9	424.1	827.5
Aug-11	264.6	343.8	558.8
Aug-12	344.1	447.9	849.4

Source: Bureau of Economic Analysis

Personal Income

In Billions of Dollars, SAAR

	Mar-12	Apr-12 (r)	May-12 (r)	Jun-12	Jul-12 (r)	Aug-12
Personal income	13,298 ▲	13,355 ▲	13,396 ▲	13,415 ▲	13,447 ▲	13,430 ▼
Disposable personal income	11,837 ▲	11,855 ▲	11,884 ▲	11,919 ▲	11,934 ▲	11,947 ▲
Personal consumption expenditures	11,054 ▲	11,080 ▲	11,061 ▼	11,059 ▲	11,104 ▲	11,162 ▲

Source: Bureau of Economic Analysis

SAAR = seasonally adjusted annual rate

(r) = revised

Gross Domestic Product

Q2-11	1.3%
Q3-11	1.8%
Q4-11	3.0%
Q1-12	2.0%
Q2-12 (r)	1.3%

Source: Bureau of Economic Analysis (p) = preliminary (r) = revised

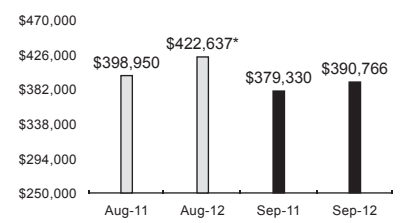
Consumer Confidence Index

May-12	64.4
Jun-12	62.0
Jul-12	65.4
Aug-12	60.6
Sep-12 (p)	61.3

Source: The Conference Board 1985 = 100 (p) = preliminary (r) = revised

Total U.S. Retail Sales

In Millions (000,000s) NSA



Source: U.S. Department of Commerce NSA = not seasonally adjusted *revised data Most recent data available