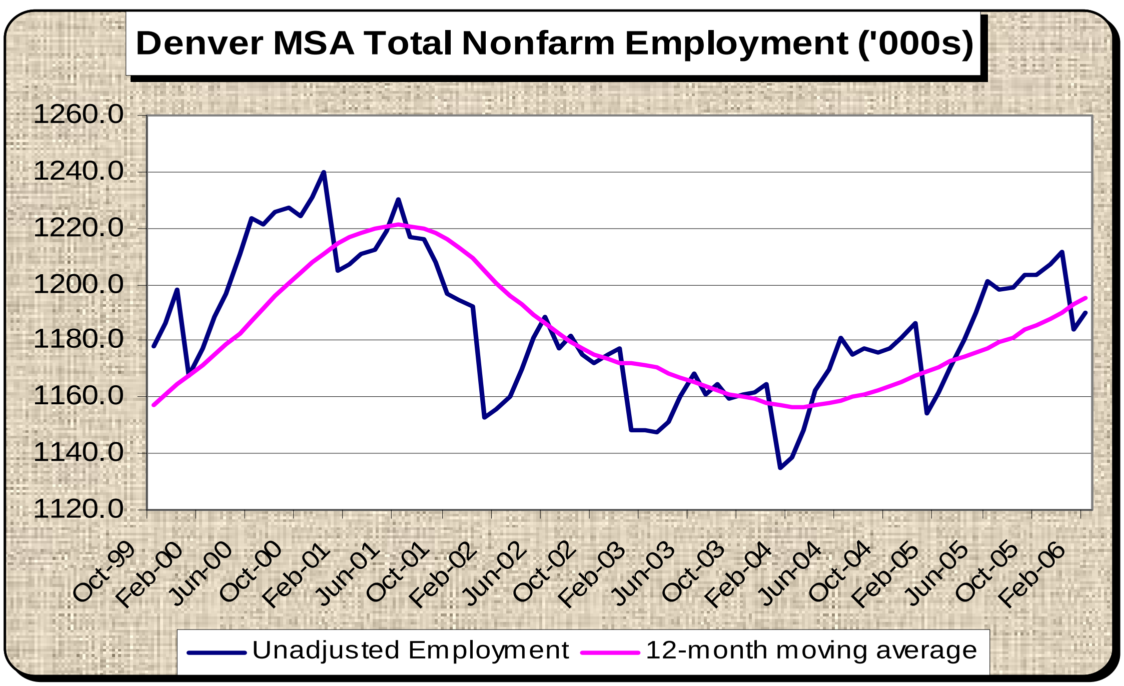
CES Written Comments for Denver, February 2006

Denver Preliminary Estimates

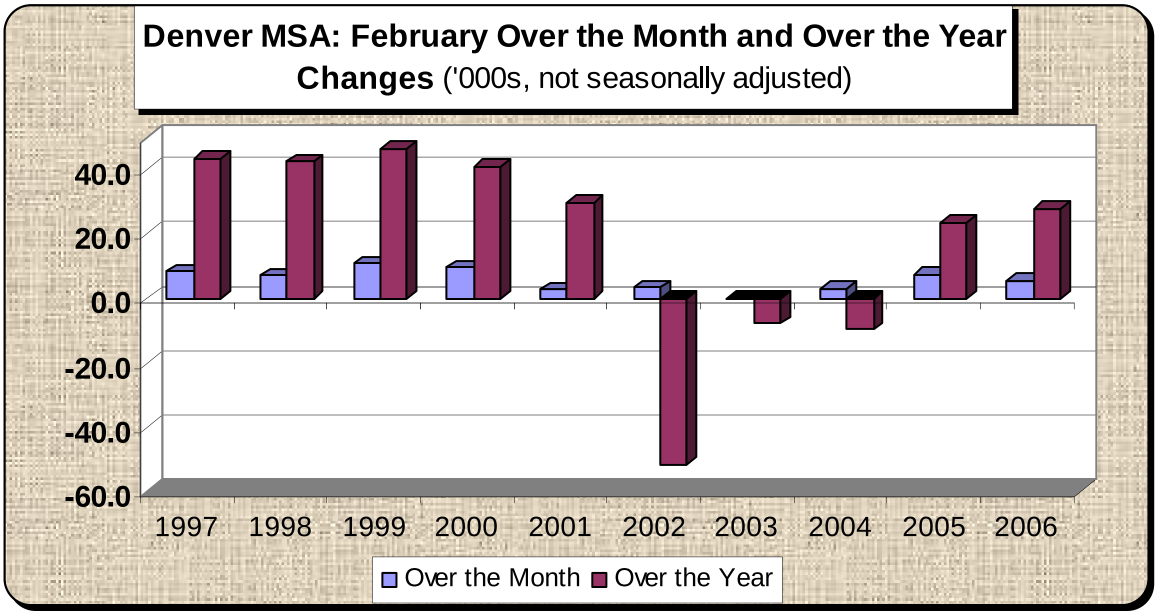
By: Chris Akers

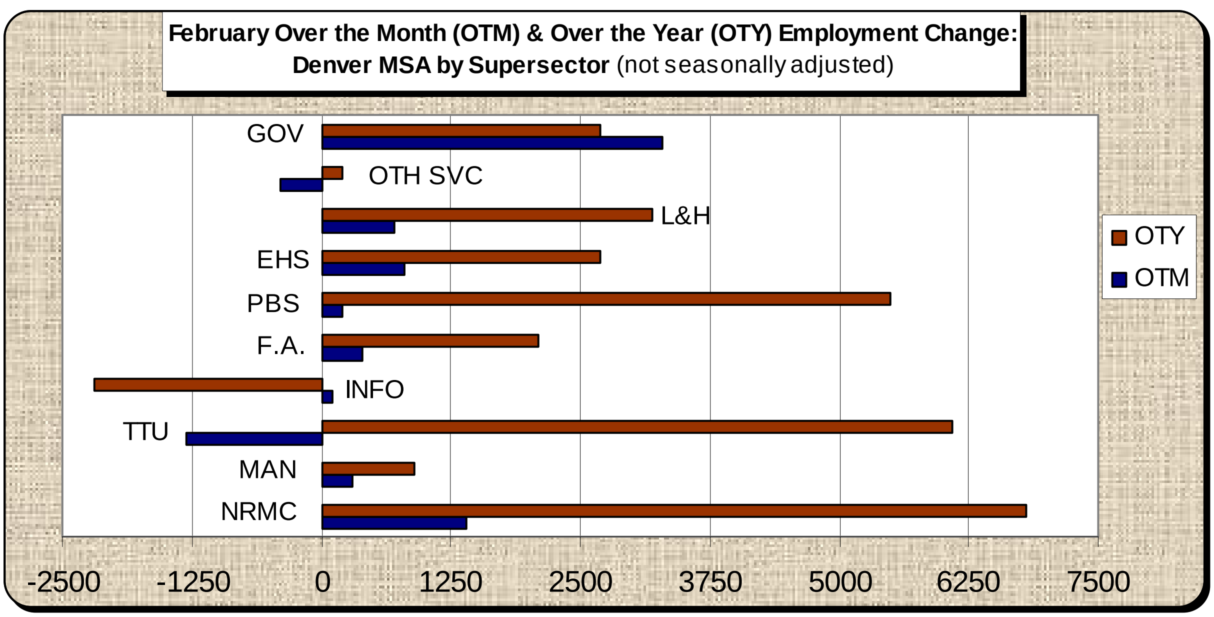
Total Nonfarm Wage and Salary Employment: +5,500 (0.5%)

The Denver MSA added 5,500 to payrolls this month, pushing total nonfarm employment to 1,189,800. This is the second highest February level on record, with only 17,400 (1.4%) fewer workers than five years ago. This employment growth is in line with expectations (10-year average February change), but is one-quarter smaller than last year. Eight supersectors expanded to help stimulate job growth, while two hindered it with contracting employment. Government's 3,300 new hires accounted for a majority of this month's increase, with nearly all of the positions coming from its educational component. Education & health services, also buoyed by gains in education, added 800 and moderate weather enabled natural resources, mining & construction to add 1,400 jobs. Leisure & hospitality donated 700 positions and financial activities, manufacturing, professional & business services and information contributed a combined 1,000 new hires to the monthly expansion. Trade, transportation & utilities (TTU) and other services experienced seasonal declines of 1,300 and 400, respectively.



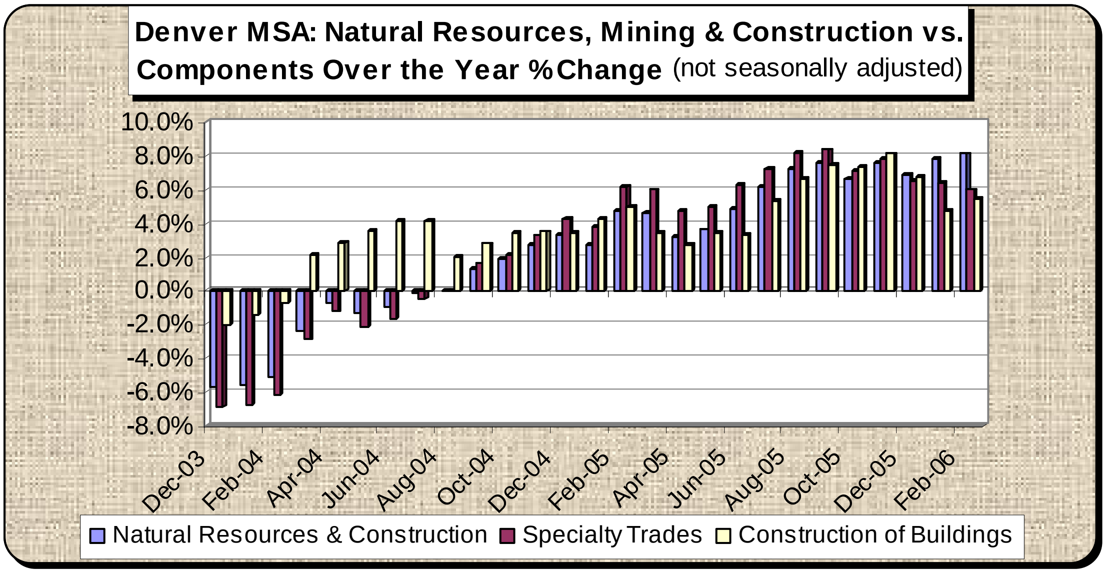
Job gains in the Denver MSA totaled 28,000 over the year, for growth of 2.4%. Although this rate is marginally slower than last month, it represents the second fastest annual expansion in the last sixty months. All but one supersector experienced growth, lead by 6,800 new hires in natural resources, mining & construction and 6,100 in TTU. Professional & business services donated 5,500 jobs, leisure & hospitality chipped in 3,200 and government and education & health services added 2,700 apiece to the over the year growth. Financial activities expanded by 2,100, while manufacturing and other services had a combined gain of 1,100. Information continued its contraction, eliminating 2,200 positions since last February.





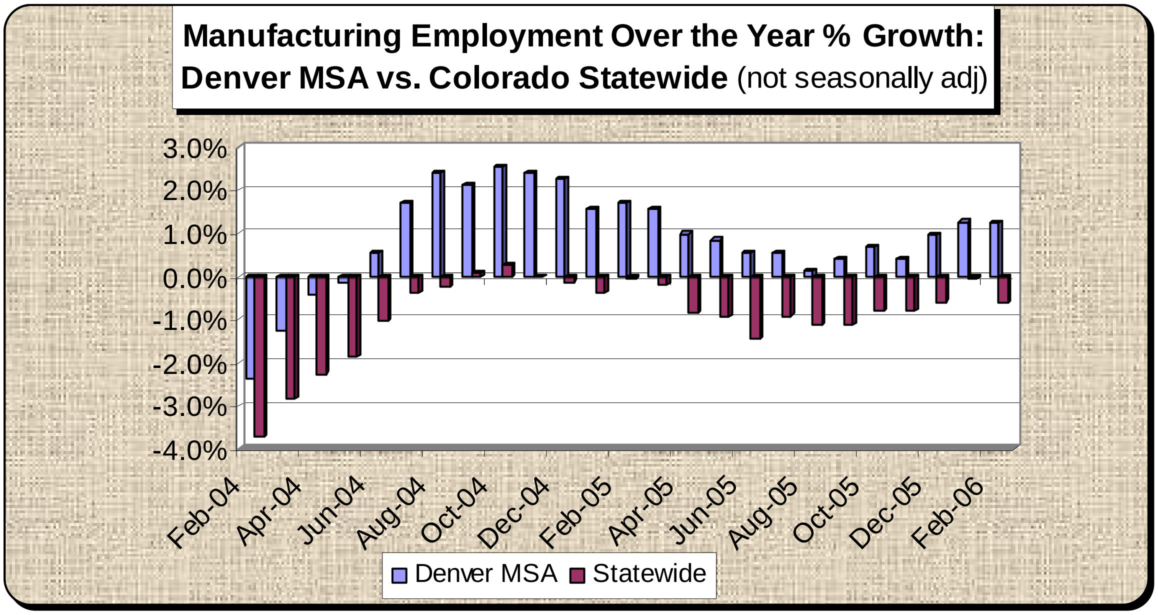
Natural Resources, Mining & Construction: + 1,400 (1.6%)

Natural resources, mining & construction experienced its largest February job gain in six years, adding 1,400. Specialty trade contractors' payrolls rose by an expected 600 and construction of building's 200 growth was slightly more than anticipated. However, the strongest expansion came from heavy & civil engineering, which is not directly estimated. This component comprises 18.2% of industry employment, but the 600 over the month expansion accounted for 42.9% of the supersector advance. Natural resources, mining & construction experienced the strongest over the year growth in the Denver MSA in both magnitude and percentage, with 6,800 new hires. Annual growth of 8.1% marks the first time in more than five years that this rate has exceeded 8.0%, and is 37.3% faster than the prior twelve-month average. Similar to the monthly gain, the driving force behind this robust annual gain came from the non-estimated component. This sector has 2,700 more employees than at this time last year, for growth of 19.6%. This rate was 4.5% in October 2005, advanced to 8.1% in December and grew to 16.9% last month. Specialty trade contractors' 6.0% annual expansion (3,300 jobs) was 9% slower than the prior year average, while construction of buildings growth of 5.4% (800 positions) was in line with its trend.



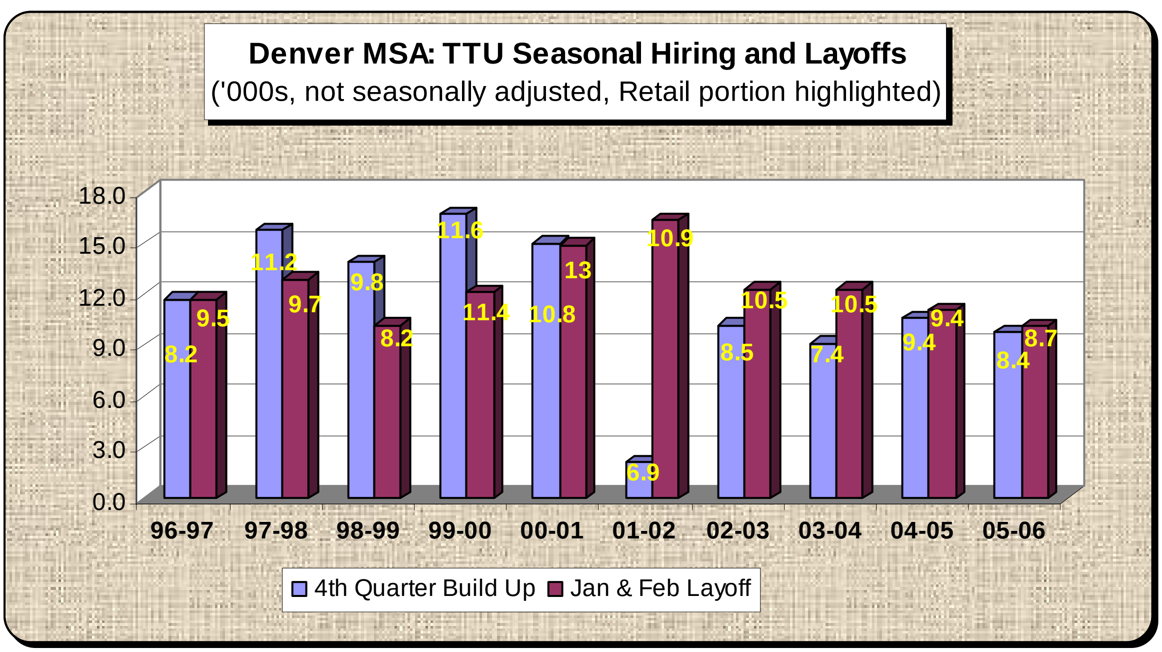
Manufacturing: + 300 (0.4%)

Manufacturing employment rose by 300, matching last February's gain and recovering half of the positions shed last month. The smaller non-durable goods manufacturing component accounted for a majority of these new hires, while durable goods added 100 (0.2%). Since last February, this industry has added 900 positions, for growth of 1.3%. This rate is unchanged from last month and is the fastest such pace since March 2005. Unlike statewide manufacturing, which has experienced a negative rate of growth for sixteen months, this industry has enjoyed positive annual expansion for the last twenty-one months. Most of this strength was found in durable goods, whose growth offset contractions in non-durables over much of this period. The tide has turned of late in non-durable goods, with annual growth averaging 0.3% during the last six months. This component's 0.7% (200 jobs) over the year expansion in February lagged the supersector, but represents its fastest pace of growth since August 2004. Durable goods experienced faster growth than the industry for the twenty-third consecutive month with a 1.6%, or 700 jobs, expansion.



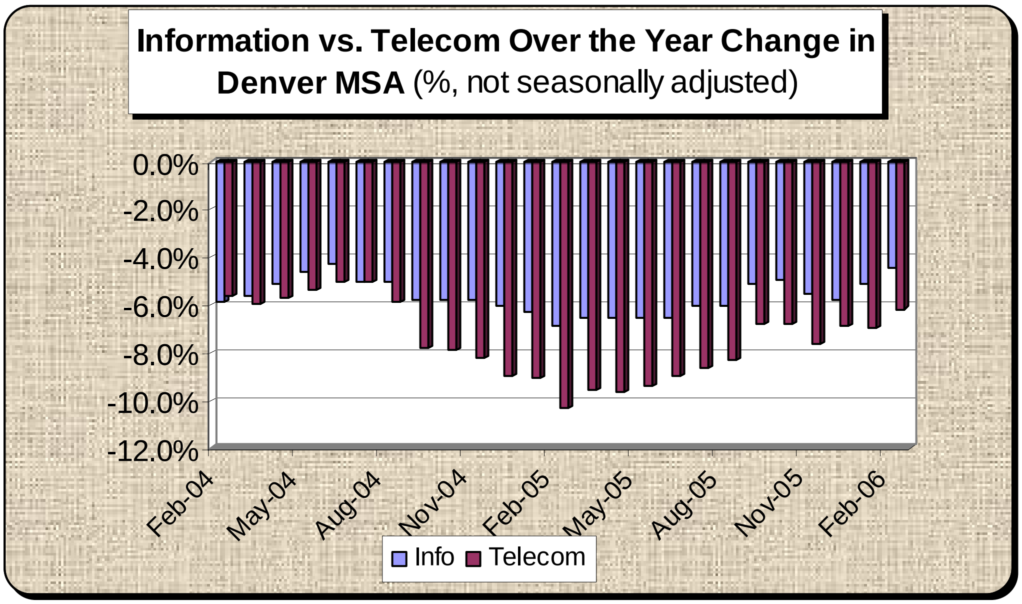
Trade, Transportation, & Utilities (TTU): - 1,300 (0.5%)

Trade, transportation & utilities payrolls declined by a smaller than expected 1,300 in February. Retail trade accounted for the entire loss, shedding 1,500 (1.2%). This is the smallest such drop this component has seen in six years and is 32% less than anticipated. The seasonal build-up in retail trade began in September, one month earlier than usual, and added 8,400 positions over four months. Over the last two months, layoffs have totaled 8,700, for a net drop of 300. However, this year's layoffs in both retail and the industry are the smallest they have been in the last seven. Wholesale trade and transportation, warehousing & utilities (TWU) each added 100 positions this month, partially offsetting retail's contraction. There are 6,100 more employees working in TTU than at this time last year, growth of 2.6%. Wholesale trade experienced the fastest growth of industry components, at 2.9% (1,800 jobs). Retail trade barely outpaced the supersector, adding 3,300, with food & beverage stores and general merchandise stores driving most of this job growth. TWU payrolls overcame declines in air transportation and warehousing & storage, to gain 1,000 positions (2.0%) over the year.



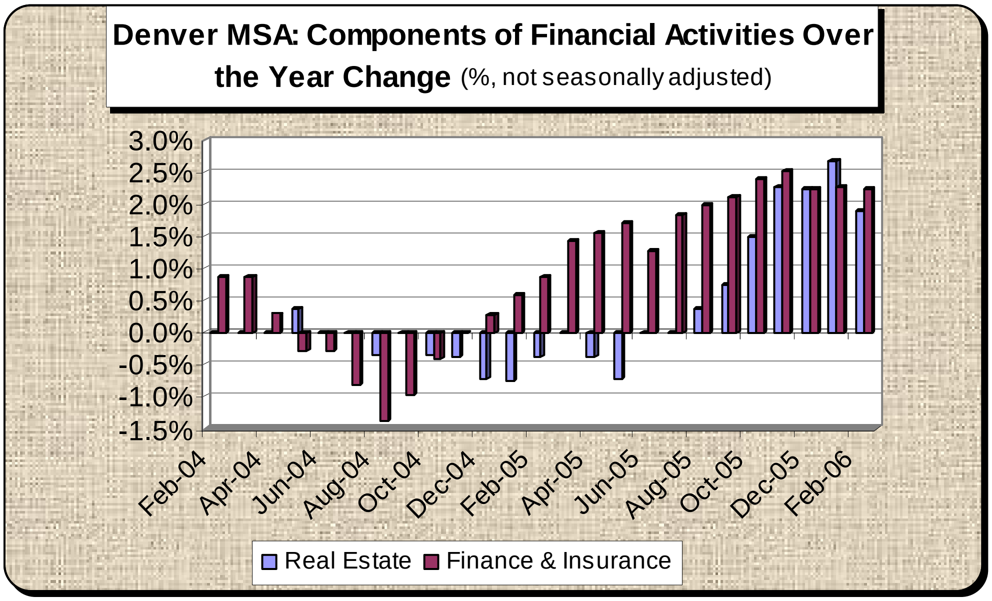
Information: + 100 (0.2%)

Information snapped a streak of eight consecutive monthly declines by edging up 100 in February. This increase occurred in spite of employment decreases of 100 apiece in telecommunications and publishing industries. It has now been 27 months since telecom has seen a monthly expansion and publishing industries has only experienced growth in one of the last twenty months. As a result of the continued weakness in these components, information payrolls are down 2,200 (4.5%) over the year. This annual contraction represents the slowest rate of decline since June 2004; however it has been fifty-seven months since information experienced over the year growth. Similarly, telecommunications' 6.2% (1,400 jobs) decline marks the slowest contraction in nearly a year and a half. Conversely, the 6.0% (800 positions) fall in publishing industries is the strongest decrease in three and a half years. Although the job losses have slowed recently, employment in this industry has declined by 24,700 since the 2001 peak, representing just over a third of the supersector's workers.



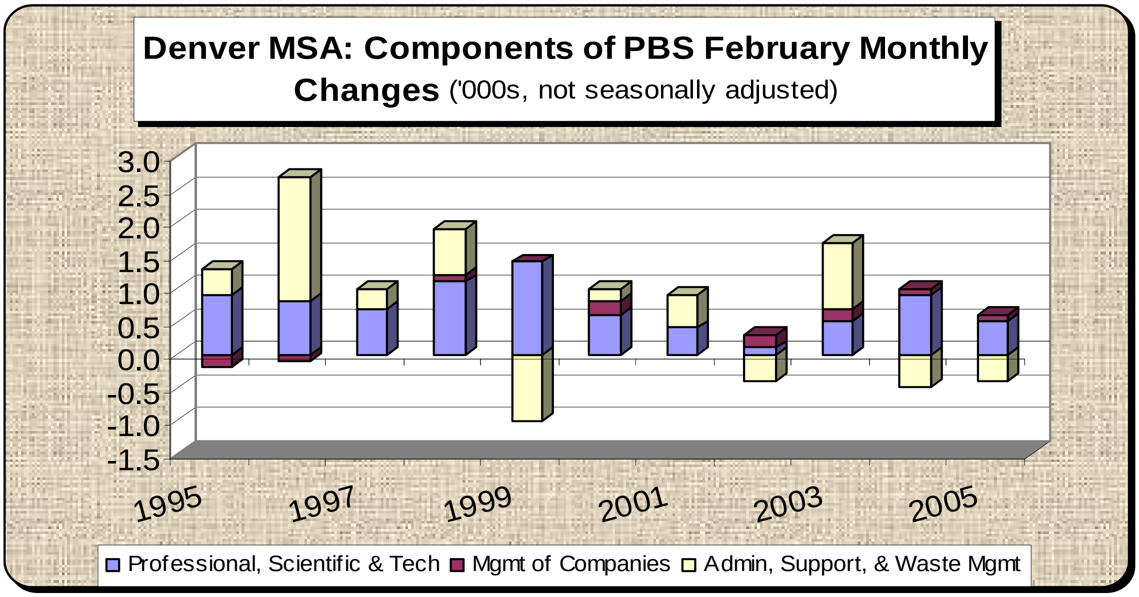
Financial Activities: + 400 (0.4%)

With the addition of 400 in February, financial activities recovered one-third of the positions it shed last month. The entire growth came from a seasonally expected increase in finance & insurance, with credit intermediation and insurance carriers experiencing payroll expansions of 200 apiece. Since this time last year, this supersector has added 2,100 jobs. Annual growth of 2.1% is on par with the prior six month average and is considerably stronger than the prior year trend, which was dampened by 0.9% average growth over the first seven months of 2005. Finance & insurance gained 1,600 positions to slightly outpace the industry, despite annual growth of 1.5% in two of its components. Although real estate had 800 new hires for growth of 4.4%, the other 30% of the real estate, rental & leasing sector shed jobs, resulting in an over the year gain of 500 (1.9%) in this subsector.



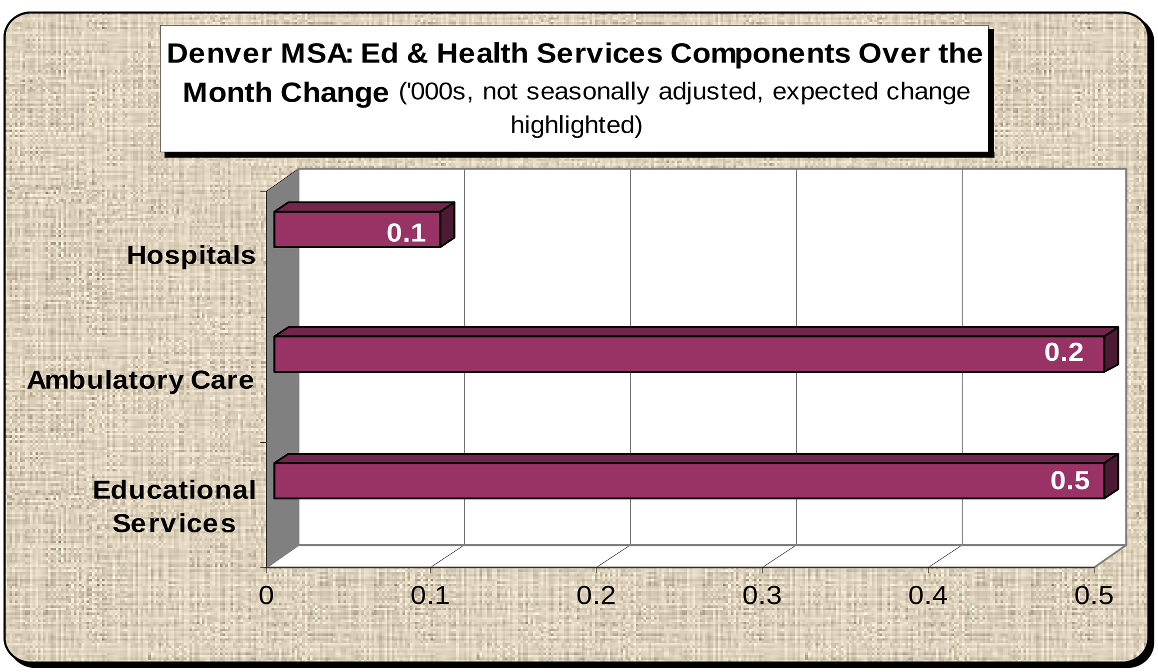
Professional & Business Services: + 200 (0.1%)

Employment in professional & business services edged up 200 in February. This is the weakest such increase on record and is 82% smaller than expected. Professional, scientific & technical services' 500 position gain was the driving force behind this advance, and management of companies also contributed 100. The catchall administrative, support, waste management & remediation sector shed 400 jobs, a change that was considerably weaker than expected. However, this drop follows a smaller than anticipated decline in January and the resulting two month change is in line with its historical averages. A 900 position contraction this month in employment services contributed to this component's weakness. Over the year, professional & business services' payrolls have gained 5,500. Although this annual growth of 3.0% ranks as the second fastest in Denver, it marks the slowest pace of expansion this industry has experienced in twenty-three months. Moderating growth in professional, scientific & technical services bears much of the responsibility for the industry slowdown. This component's 2.5% (2,100 positions) annual expansion is half of the rate experienced six months ago, and is two percentage points less than the prior year average. Management of companies' 400 new hires and growth of 2.1% also lagged the supersector. The catchall administrative & support services sector outpaced the industry and its prior twelve-month trend with over the year growth of 3.8% (2,900 jobs). Employment services and services to buildings & dwellings both grew by an impressive 9.8%, adding 2,100 and 2,000 positions, respectively.



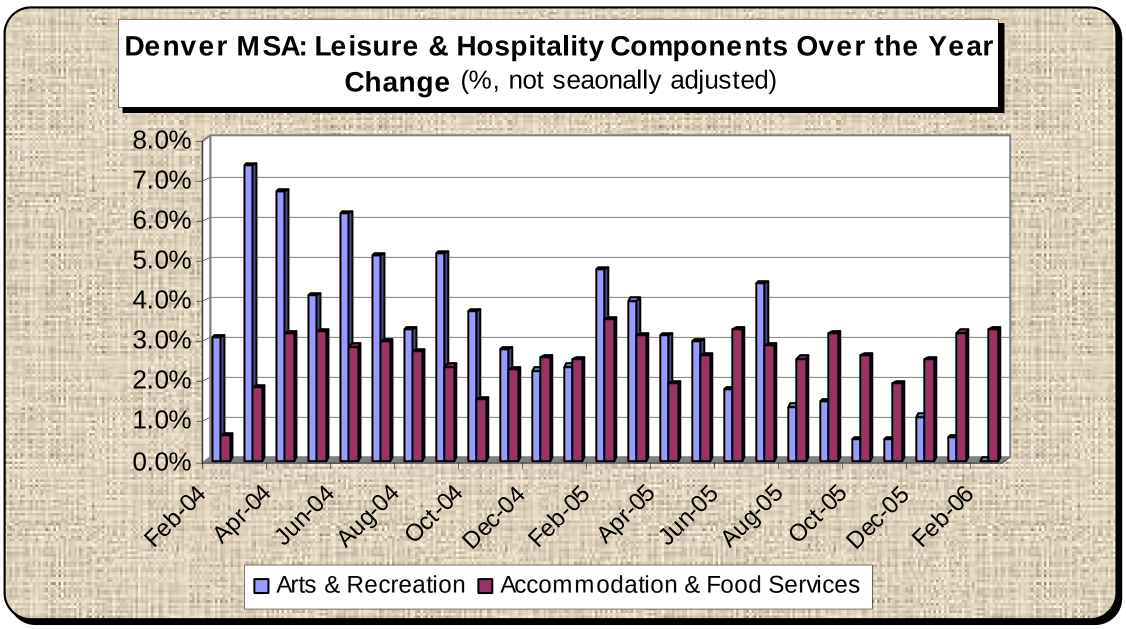
Education & Health Services: + 800 (0.7%)

Education & health services added 800 positions this month, recovering 80% of the positions shed in January. With schools in session for the entire month, educational services' payrolls rose by a seasonally expected 500. The 300 new hires in health care & social assistance were fewer than anticipated, despite respective growth of 500 and 100 in ambulatory care and hospitals. Supersector employment has increased by 2,700 (2.3%) since last February. This is the slowest over the year growth in five months and is 15% slower than the prior year trend. Educational services has expanded at a faster pace than the industry for the last thirty months. However, its 2.8% (500 jobs) year over year growth fell below 3.0% for the first time in two and a half years. In line with its prior year trend, employment in health care & social assistance increased by 2,200 (2.2%), with job gains in ambulatory care and hospitals equal to their share of employment.



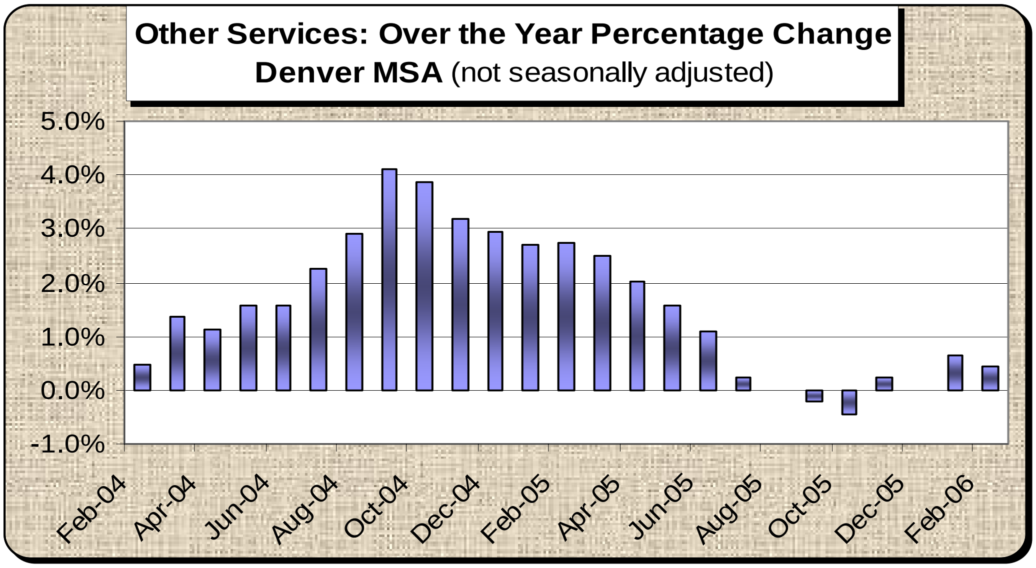
Leisure & Hospitality: + 700 (0.6%)

Leisure & hospitality payrolls expanded by 700 in February, with most of this growth occurring in accommodation & food services. Respective gains of 600 and 400 in full service and limited service restaurants were the driving force behind the 600 positions created in this sector. Arts, entertainment & recreation employment edged up a proportionally expected 100. Thirty two hundred have been added to industry payrolls since this time last year. Growth of 2.8% is marginally faster than the prior year trend and matches the strongest pace in the last five months. After twenty-four months with expanding annual employment, arts, entertainment & recreation payrolls were stagnant over the year. Accommodation & food services expanded by 3.3%, accounting for all of the industry's new hires. This matches the fastest growth rate in a year, spurred by strong job creation in accommodation. This sector, buoyed by the opening of a new hotel for the Convention Center in Denver, added 900 (6.6%) positions since last February. Full service restaurants expanded at the same pace as the subsector with 1,400 net hires, while limited service restaurants advanced at a slightly faster pace with the addition of 1,200 jobs.



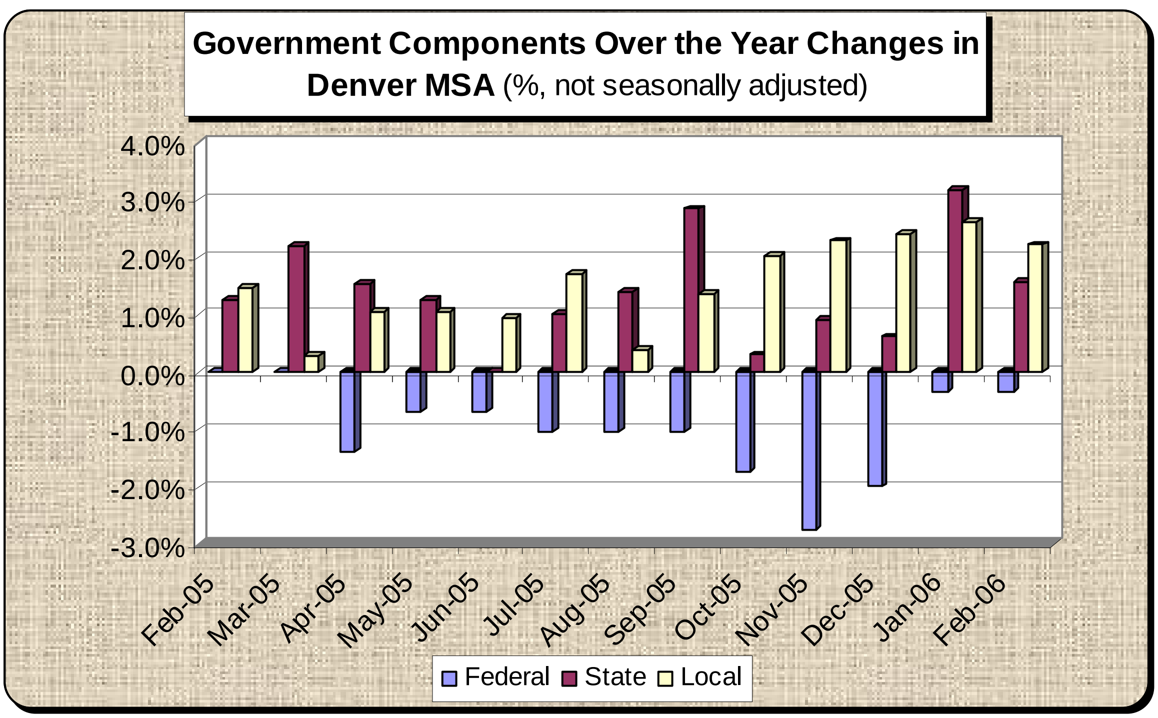
Other Services: - 400 (0.9%)

In line with seasonal expectations, other services shed 400 jobs in February. Repair & maintenance payrolls were unchanged over the month and were also static over the year. Since last February, other services has added 200 positions, for growth of 0.4%. This industry's annual rate of expansion has slowed considerably over the past year and a half. Over the year growth averaged 3.2% during the last six months of 2004, fell to 2.1% in the first half of 2005, and has show virtually zero net growth over the past seven months. Analogously, repair & maintenance experienced average contractions of 0.7%, 0.4% and 0.8% during these same periods.



Government: + 3,300 (2.0%)

With 3,300 new hires this month, government recovered about four-fifths of the positions it shed in January. Nearly all of these jobs came from State and local education, with respective increases of 2,800 and 400. Excluding their education components, local government employment was unchanged and State government edged up an additional 200. A 100 job contraction at the Federal level partially offset these education driven gains.



In the last twelve months, government payrolls have grown by 2,700, or 1.6%. Local government expanded by 2.2% and contributed 2,300 positions, with only 700 of them coming from the education component. State government grew at the same annual pace as the supersector, and all but 100 of its 500 new hires were educators. Similar to its monthly performance, employment at the Federal level decreased by 100 (0.3%) over the year.

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