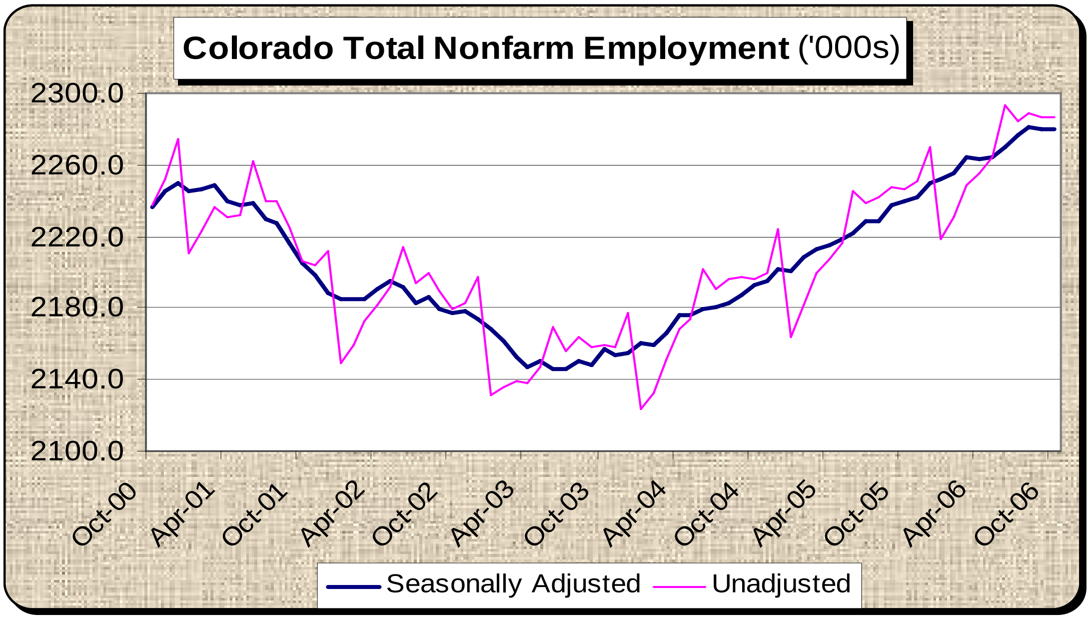
# CES Written Comments for Colorado, October 2006

## Colorado Preliminary Estimates  By: Chris Akers

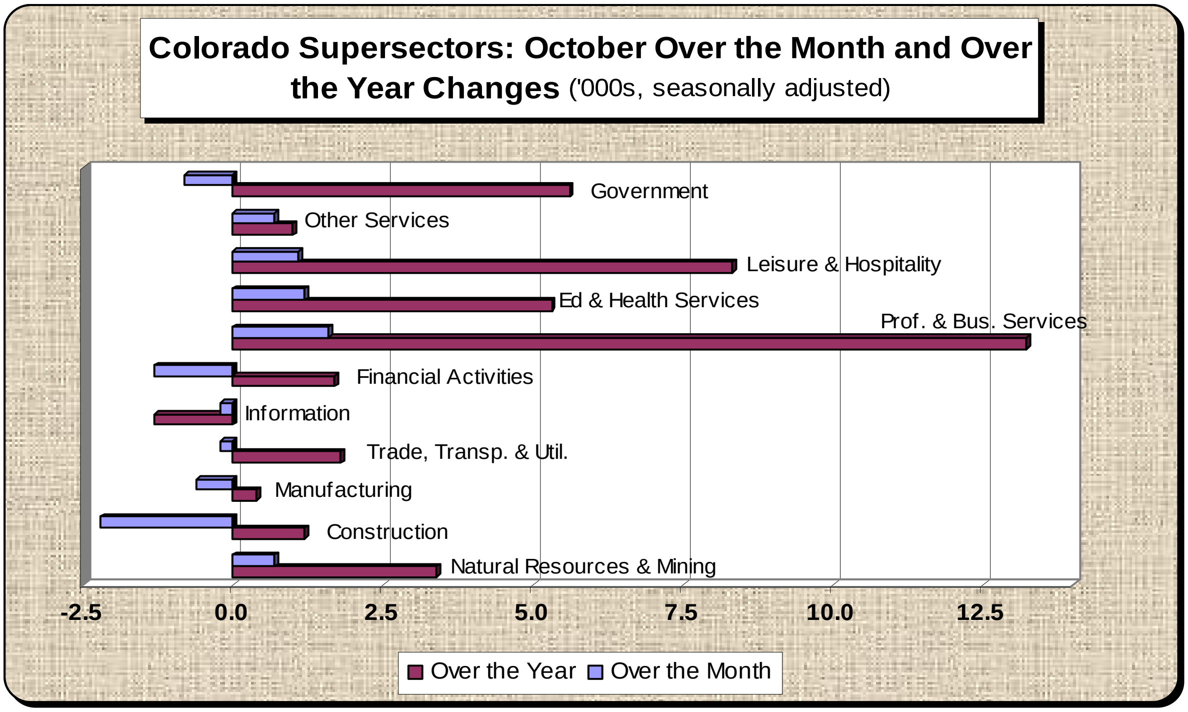
### Total Nonfarm Wage and Salary Employment: - 100 (0.0%)

Seasonally adjusted



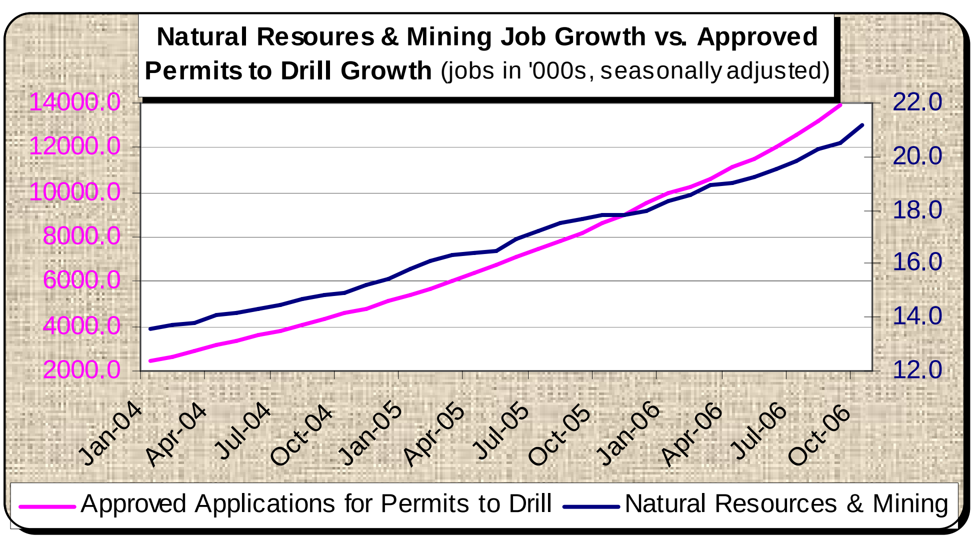

Total nonfarm employment in Colorado was little changed in October, and September revised estimates showed that payrolls fell 800 last month.  The past two months represent a divergence from the prior year average growth of 3,600 jobs per month.  Wage and salary employment changes in the major industries were mixed, with six supersectors contracting and five expanding in October. Construction pared 2,200 positions and was followed by the loss of 1,300 in financial activities. Government employment fell 800, manufacturing declined 600, and information along with trade, transportation & utilities (TTU) shed 200 jobs apiece.  Professional & business services added 1,600 positions, while education & health services and leisure & hospitality payrolls gained 1,200 and 1,100, respectively.  Other services and natural resources & mining both had 700 new hires to round out the monthly gainers.

Since last October, the state has added 40,500 jobs; however this 1.8% expansion is 18% slower than the prior year trend and it matches the slowest twelve-month rate of growth in two years.  Every supersector except information enjoyed over the year employment increases, with professional & business services leading the way with 13,200 new hires.  Leisure & hospitality followed by adding 8,300 positions, while government and education & health services gained 5,600 and 5,300 jobs, respectively.  Natural resources & mining payrolls were up 3,400 for blistering annual growth of 19.1%.  The expansions in both financial activities and other services were only one-nineteenth that of natural resources & mining, with respective employment increases of 1,700 and 1,000.  TTU, construction, and manufacturing each grew at a pace slower than 0.8% and they combined to add 3,400 positions in the past twelve months.  Information shed 1,300 workers, its smallest year over year decline since the industry began contracting in mid-2001.



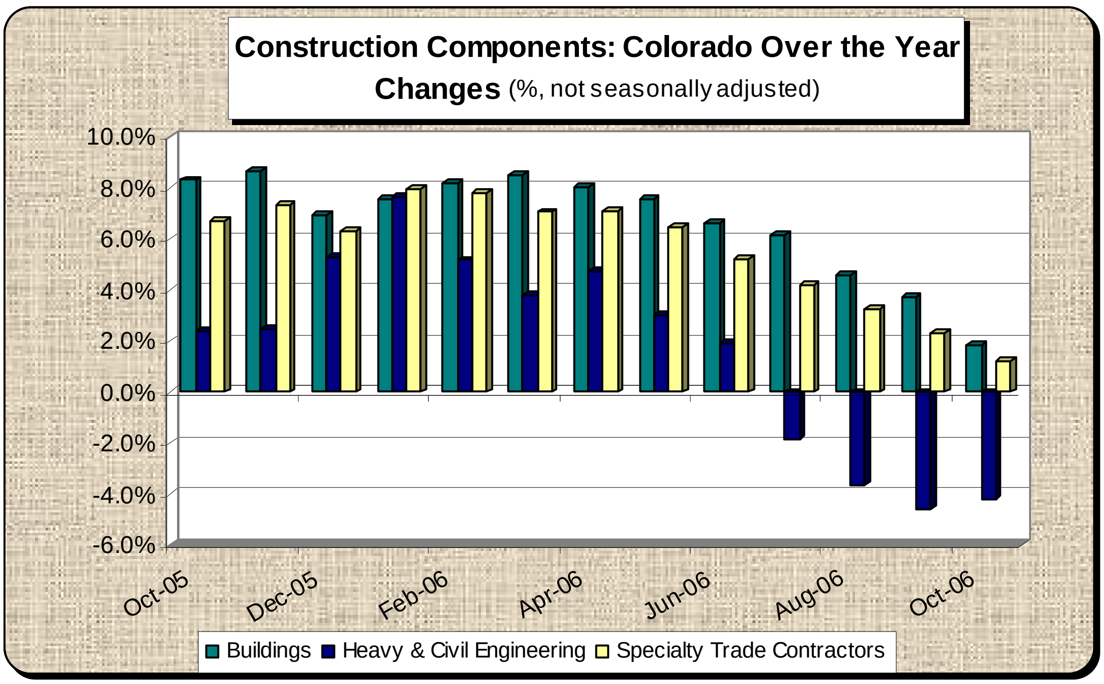

## Natural Resources & Mining: + 700 (3.4%)

Natural resources & mining added 700 positions in October to record its strongest over the month increase in the past sixteen years, and this gain is three times larger than the average monthly increase over the past year. Over the last twelve months, this industry has added 3,400 new hires for growth of 19.1%. This represents the supersector's fastest expansion in one year and the pace is 16.5% faster than the prior twelve-month trend. Most of this increase is attributable to strong growth in support for mining activities, a component that includes drilling oil and gas wells. Sixty-two percent of the positions created in natural resources & mining during the first two quarters of 2006 have come from this component, according to QCEW data. This is expected given the frenzied pace of drilling the state has experienced during the past few years. October data from the Oil & Gas Conservation Commission indicate that the state is on track to approve 5,760 Applications for Permits-to-Drill ("APDs") in 2006. Currently the state has approved more APDs than last year's record of 4,363, which was an increase of about 50% over the 2004 level.



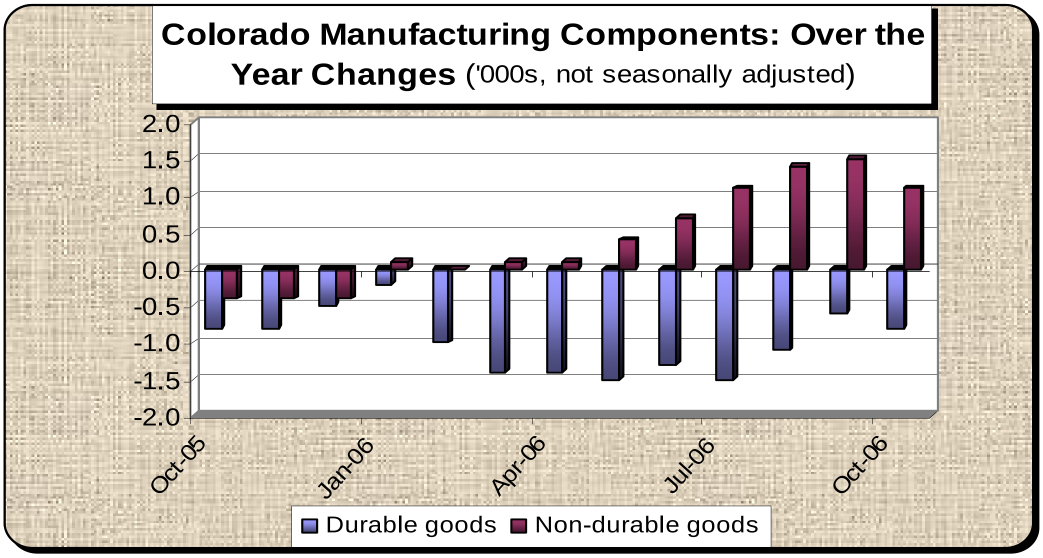
## **Construction:** - 2,200 (1.3%)

Construction realized its largest over the month decline since March 2003 by paring 2,200 positions in October. On an unadjusted basis, heavy & civil engineering and construction of buildings each shed 400 workers, while specialty trade contractor payrolls fell by 1,900 for the second consecutive month. While this was a typical decline for heavy & civil engineering, the declines in the other two sectors were about five times stronger than normal. With this October's contraction, it has now been four months since any of these sectors has enjoyed an over the month employment increase. Due to these declines over the past quarter of the year, industry payrolls are only 1,200 higher than they were twelve months ago, and this 0.7% expansion is only one-eighth the prior year trend. Although specialty trade contractors added the most unadjusted positions (1,400) over the year, its 1.2% expansion lagged construction of buildings' 1.8% (600 jobs) advance. Heavy & civil engineering employment has fallen 900 (4.2%) since last October, representing the fourth consecutive month without over the year growth. It is possible that the completion of the Fast Tracks highway and light rail expansion has contributed to the recent employment decline in this sector.



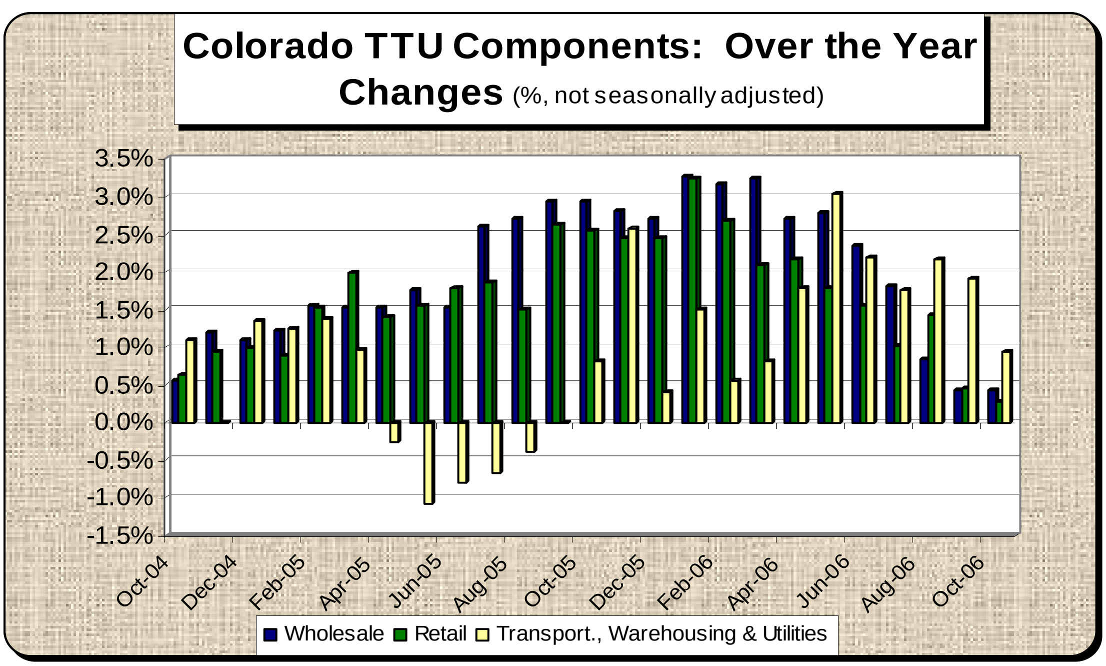

## **Manufacturing:** - 600 (0.4%)

Manufacturers trimmed 600 workers from their payrolls in October. Durable goods unadjusted employment was unchanged this month, despite computer & electronics product manufacturers inching up 100 positions. This marked the first time since 2003 that this sector failed to realize October job growth. Similarly, a decline in food manufacturing employment caused nondurables to shed 100 jobs this month after adding 300 one year ago. Manufacturing payrolls are 400 higher than they were twelve months ago. While this 0.3% expansion is less than half the average pace of the 3$^{rd}$ quarter, it is still a substantial improvement over the 0.4% contraction averaged over the past year. There are now an unadjusted 100,000 people working in durable goods manufacturing, which is 800 (0.8%) less than a year ago and nearly 30,000 fewer than nine years ago. Strong declines in computer & electronic product manufacturing has caused much of this contraction. This component now comprises just over a quarter of the sector's employment, and has pared 2,200 (7.4%) jobs over the year and nearly 18,000 over the past nine years. Nondurable goods manufacturing has enjoyed year over year growth during every month of 2006, and its payrolls are 1,100 (2.2%) higher than a year ago.



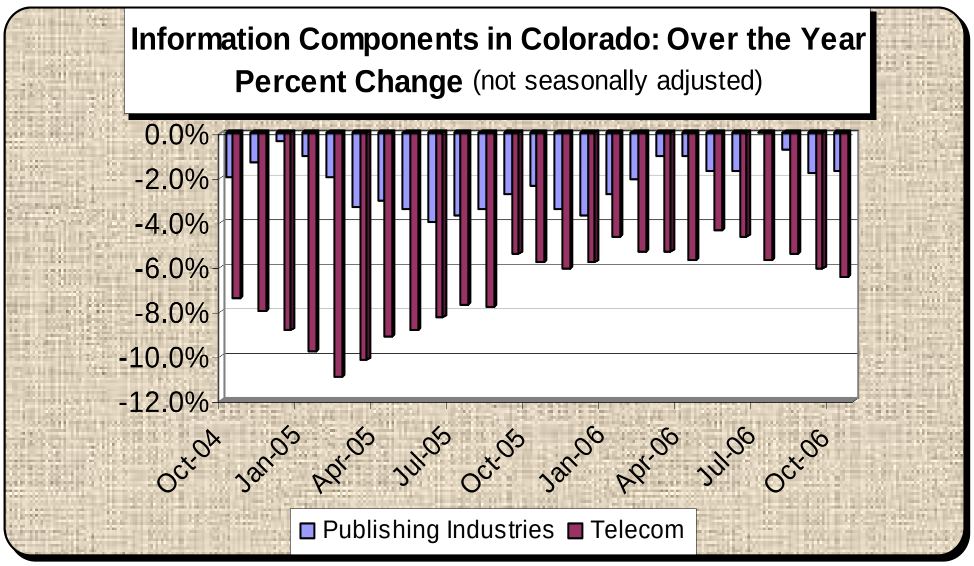

## Trade, Transportation, & Utilities (TTU): - 200 (0.1%)

For the second consecutive month, TTU payrolls fell by 200. On an unadjusted basis, retail trade enjoyed a seasonal increase of 1,500 as employers increased their staffing levels to accommodate holiday shoppers. General merchandise stores accounted for 80% of this gain and food & beverage stores accounted for the remaining 20%. Wholesale trade mirrored the past two Octobers by adding 100 new hires, while transportation, warehousing & utilities (TWU) pared 300 jobs to experience its strongest such decline in five years. Since last October 1,800 jobs have been created in TTU, but this 0.4% annual growth is only one-fifth of the prior year trend. Retail trade is largely to blame for this malaise as its unadjusted 700 new hires (0.4%) represent only one-seventh of the average over the past year; however employment in building materials & garden suppliers and food & beverage stores is up 2,300 (10.4%) and 300 (0.7%), respectively, over the year. TWU payrolls are also 700 (0.9%) above last year's level, with most of this growth occurring in the couriers & messengers component. Wholesale trade gained 400 positions over the year, despite losing 400 jobs in durable goods merchant wholesalers.



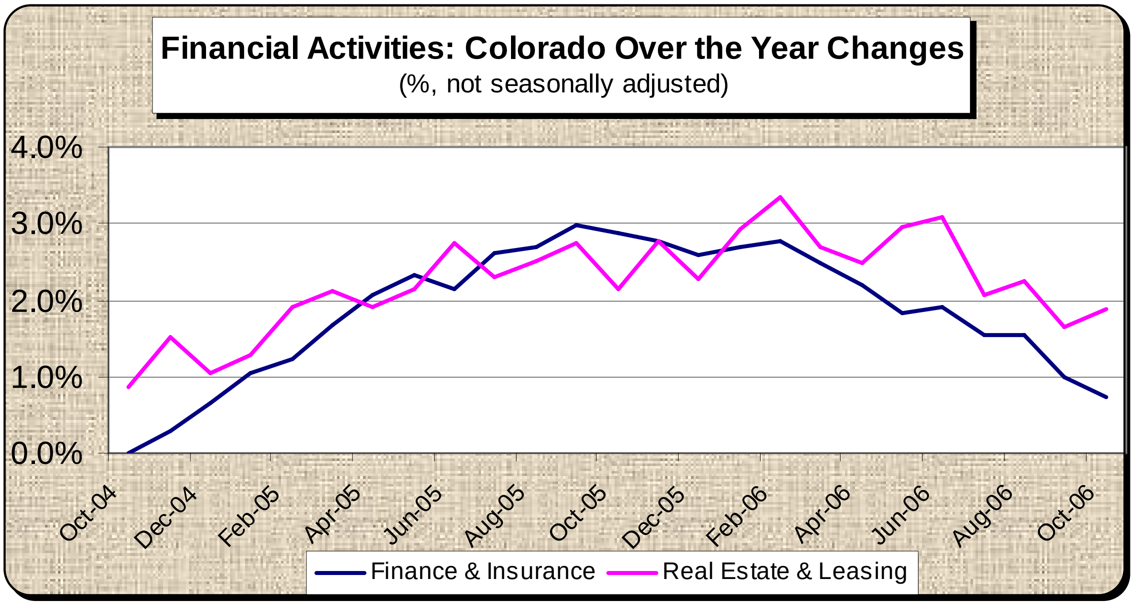
## **Information**:** - 200 (0.3%)

Information payrolls declined for the fourth straight month, trending down 200 in October. Telecommunications experienced its fifth consecutive month with contracting employment by shedding 300 positions; publishing industries added 200 new hires, while 'other' components of the industry pared 100 jobs. In the past twelve months, information payrolls have fallen by 1,300. This 1.7% decline is the slowest since the industry began contracting in mid-2001 and it is nearly 40% below the average over the prior year. Publishing industries declined in tandem with information, and the 500 jobs it shed over the year mimics its prior twelve month trend. Telecommunications, on the other hand, experienced its strongest over the year decline in fourteen months at 6.4% and the 1,900 positions pared are 300 higher than the prior year average. 'Other' components of information, such as broadcasting, ISPs, and motion picture & video industries, have offset much of the weakness in telecom by adding 1,100 (6.1%) jobs since last October.



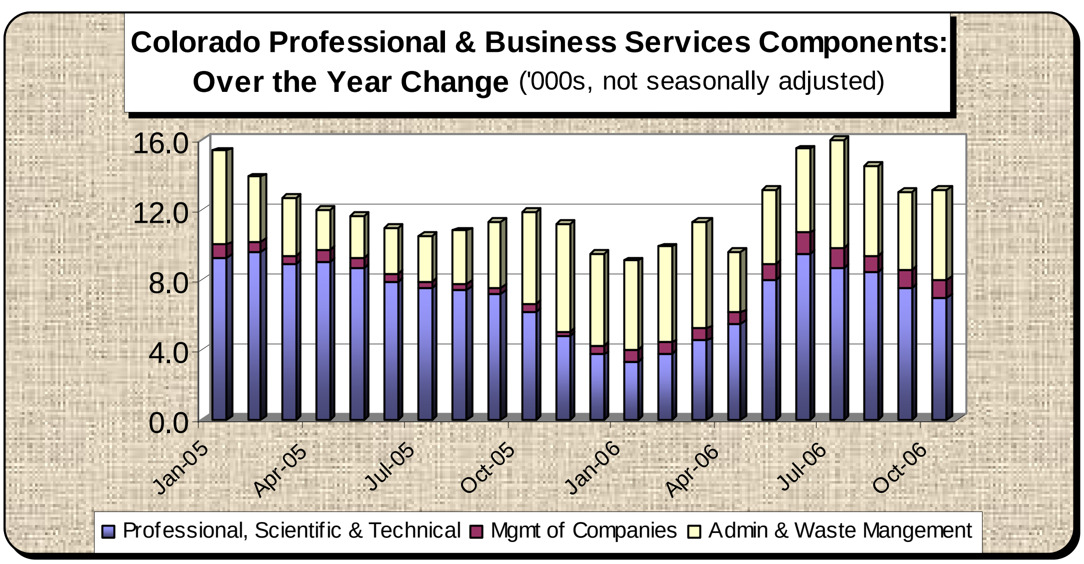

## **Financial Activities:** - 1,300 (0.8%)

Financial activities pared 1,300 positions in October, marking its largest monthly decline in over seven years. Finance & insurance unadjusted payrolls were unchanged, despite 400 new hires in credit intermediation. This sector typically gains 400 jobs this month and this was only the third time in the past eleven Octobers that finance & insurance failed to add positions. This lack of growth likely contributed to the strong seasonally adjusted decline. Real estate, rental & leasing also experienced a slightly stronger than normal payroll decrease this year, paring 600 jobs. The drop was even stronger in real estate, as this component lost 800 positions in October. Over the year, payrolls have risen by 1,700, for growth of 1.1%. This matches the slowest year over year expansion since December 2004 and is less than half of the average increase seen over the prior year. Finance & insurance accounted for 47% of this gain, on an unadjusted basis, and its 0.7% growth is only one-third of the past year trend. Real estate, rental & leasing continued its 2006 trend of outpacing its larger counterpart, expanding 1.9% (900 jobs) since last October. However the real estate component is beginning to exhibit some weakness; its 0.9% (300 positions) twelve-month increase is the slowest in the past two years.




## Professional & Business Services: + 1,600 (0.5%)

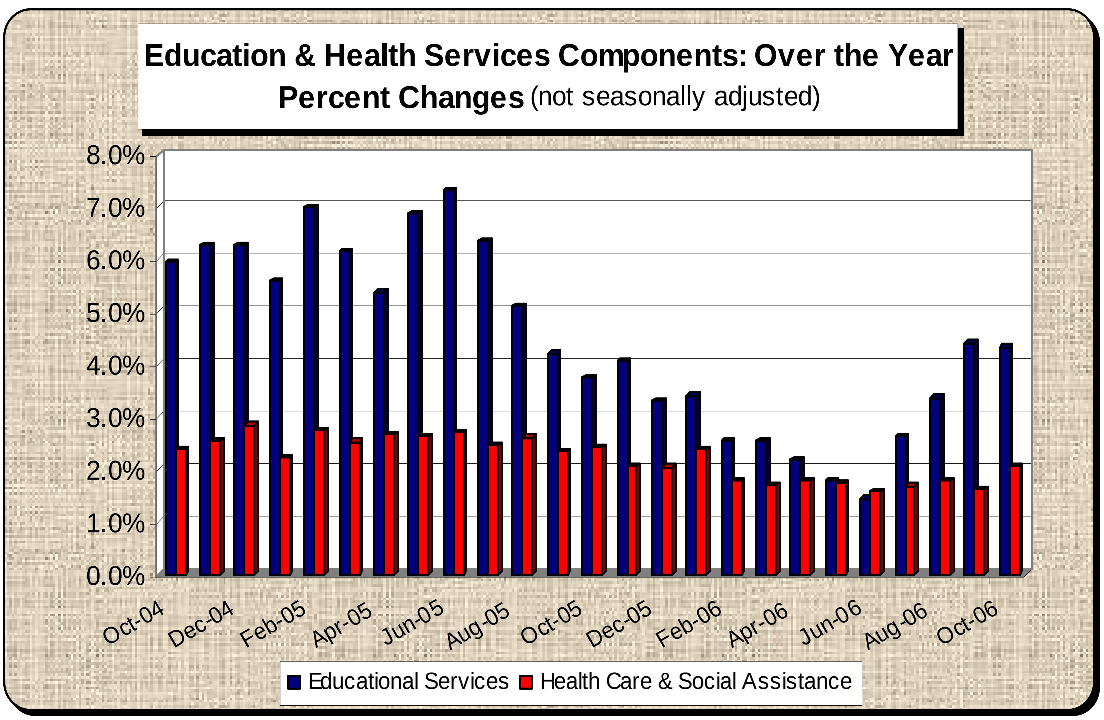
Professional & business services recovered all the positions it pared over the past two months by adding 1,600 new hires in October. Professional, scientific & technical services was the only sector to gain jobs, but its unadjusted 400 position October increase is the smallest in the past four years and only half of the average over the last decade. This moderate weakness was negated by the lack of an employment change in the catch-all administrative, support, waste management, & remediation sector, marking the first time since 1999 that payrolls did not decline from September to October. During the previous 10 years, this employment sector has declined by an average of 1,400 in October, and stable payrolls in 2006 contributed to the large seasonally adjusted advance. The loss of 1,400 positions in the highly seasonal services to buildings and dwellings was partially offset by 1,100 new hires in employment services.




This supersector has accounted for more than one-quarter of the over the year growth in total nonfarm employment in every month since May and the 13,200 positions added since last October comprise nearly one-third of the state's expansion over the same period. This 4.1% growth is marginally faster than in September and the prior twelve-month trend. Professional, scientific & technical services added an unadjusted 7,000 new hires, and enjoyed the fastest growth rate of the three component sectors at 4.5%. Management, scientific & technical consulting services along with architecture & engineering services were the pace setters for this sector with over the year increases of 11.4% (1,800 jobs) and 6.9% (2,700 positions), respectively. Management of companies created 1,000 positions in the last twelve months and this 4.0% increase is one-third faster than the average annual growth. Since it was unchanged over the month, employment in administrative, support, waste management, & remediation is 5,200 or 3.7% higher than one year ago. A 13.2% (2,400 new hires) expansion in business support services, a component that includes telephone call centers, was the driving force behind the growth in the administrative sector.

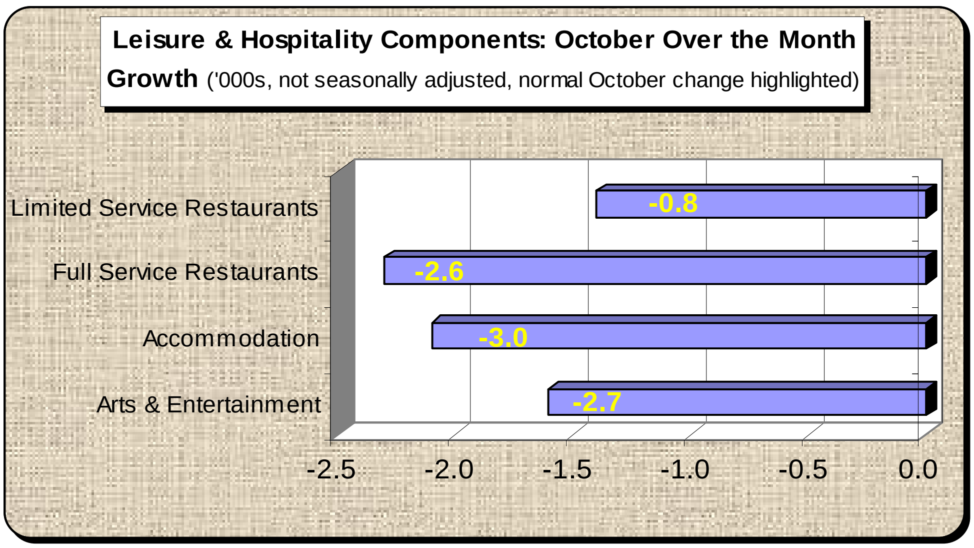
## Education & Health Services: + 1,200 (0.5%)

Education & health services experienced its strongest over the month increase in twenty months with payrolls growing by 1,200 in October. Educational services enjoyed a normal unadjusted seasonal gain of 500 new hires, while the 1,500 jobs added in health care & social assistance are double the typical October gain. Social assistance accounted for just under half of this advance, and recorded its strongest monthly increase in more than five years. Ambulatory care and nursing & residential care employment rose 500 and 300, respectively. In the last twelve months, 5,300 workers have joined education & health services payrolls. This 2.4% growth rate is the strongest in the past year and it is 20% greater than the average annual expansion over that time. Similarly, the 4.3% (1,200 jobs) expansion in educational services marks the second fastest pace in the previous fourteen months. Year over year growth of 2.1% (4,100 positions) in health care & social assistance is the strongest since January and is about 10% above the prior twelve-month trend. Social assistance set the pace for this sector with 1,700 (5.2%) new hires over the year. Ambulatory care payrolls grew by 2,000 (2.5%) with four out of ten of these positions found in offices of physicians. Nursing & residential care employment inched up 400 (0.4%) since last October, while hospitals remained unchanged.



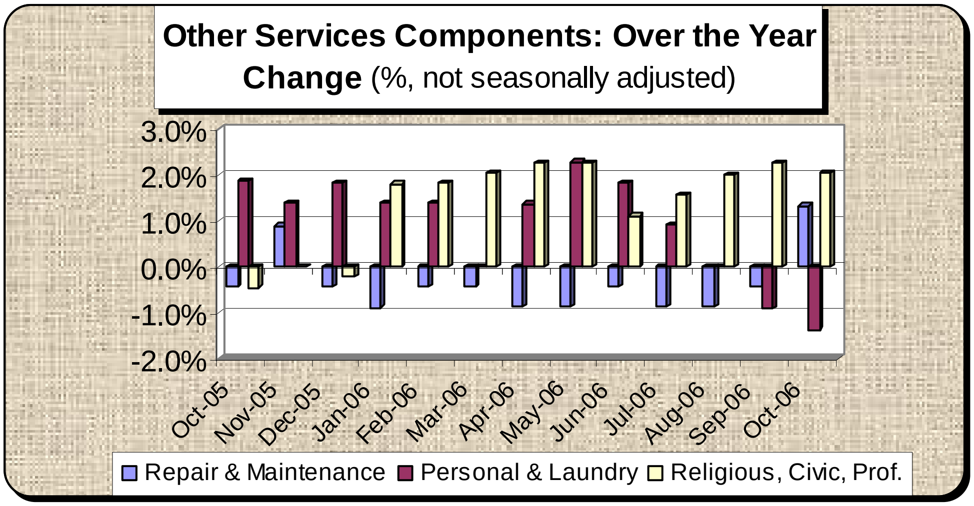
## **Leisure & Hospitality:** + 1,100 (0.4%)

Leisure & hospitality employment rose 1,100 in October. Arts, entertainment & recreation payrolls fell by an unadjusted 1,600, its smallest decline in the past ten years and only 60% of the average October loss. Likewise, the 6,100 positions pared in accommodation & food services are only 74% of the average October change over the past decade and mark the smallest such drop over that period. Food services & drinking places incurred about two-thirds of the decline and the remaining one-third came from accommodation. With 8,300 more people working in this industry than one year ago, leisure & hospitality trails only professional & business services in the number of positions created over the year. This 3.2% expansion is the fastest since December 2004, and it is 60% stronger than the prior year average. Arts, entertainment & recreation comprises about 15% of industry employment, but this sector accounted for one-third of the industry's twelve-month growth with 3,000 (8.0%) new hires. Accommodation & food services contributed 5,200 (2.5%) positions to the supersector's annual expansion, with food services & drinking places accounting for all but 500 of these jobs.



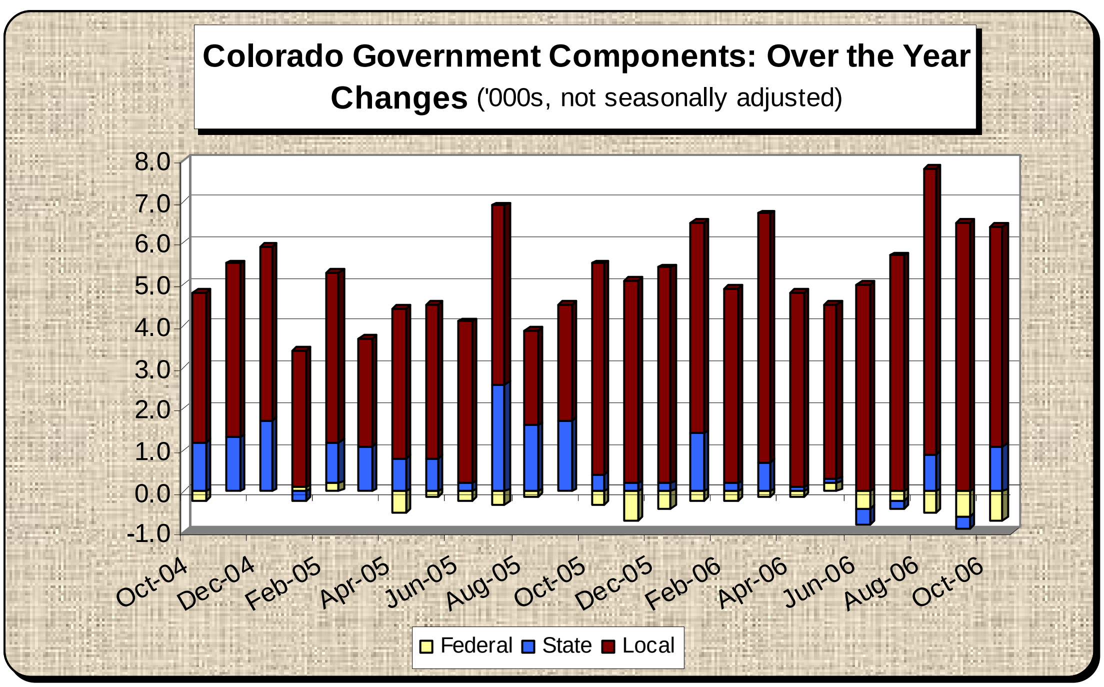

## **Other Services:** + 700 (0.7%)

Other services payrolls rose 700 in October, matching the largest over the month increase since January 2002. An unadjusted 300 new hires in repair & maintenance matches the strongest monthly gain in over six years and contributed to the strong seasonally adjusted advance. Personal & laundry services employment fell 300 for the second consecutive month and the catch-all religious, grant making, civic, professional & other similar organizations shed 200 positions. Since last October, other services employment has edged up 1,000, growth of 1.0%. On an unadjusted basis, the catch-all organizations sector expanded by 2.1% with 900 new hires. Repair & maintenance payrolls are 300 (1.3%) higher than last year, marking the first time since September 2004 that this sector has recorded year over year growth. Conversely, the twelve-month growth rate in personal & laundry services remained negative, at -1.4% (300 jobs), for the second straight month after being positive for the previous three years.




## Government: - 800 (0.2%)

Government pared 800 positions in November, with an unadjusted loss of the same magnitude in the Federal sector. State employment continued to expand, growing by 3,300 with nearly two out of three new hires coming from its education component. Local government payrolls grew by 4,900, with all but 300 of these jobs found in education. In the last twelve months, the number of people working in government has grown by 5,600 (1.5%). On an unadjusted basis Federal government employment continued to trend down and there are now 700 fewer people working in this sector than last October. State government negated these losses by adding 1,100 (1.3%) positions despite the loss of 1,400 jobs in education. Local government continued to account for the vast majority of the industry's annual expansion, with 5,300 (2.3%) new hires. Local government education has grown at a slightly slower pace (1.3%) and has created 1,600 positions over the year.



****Not Seasonally Adjusted:** The information supersector is not seasonally adjusted in Colorado. This supersector does not meet the Federal Bureau of Labor Statistics guidelines that justify applying a seasonal adjustment factor.

Produced By:
State of Colorado: Bill Owens, Governor
Colorado Department of Labor & Employment: Rick Grice, Executive Director
Labor Market Information: Alexandra E. Hall, Director
Current Employment Statistics (CES): Joseph F. Winter, Program Manager

Contact Information:
Visit the CES Home Page: http://www.coworkforce.com/lmi/CES/ceshome.asp
Phone: Labor Market Information (303) 318-8850
Email: lmi@state.co.us