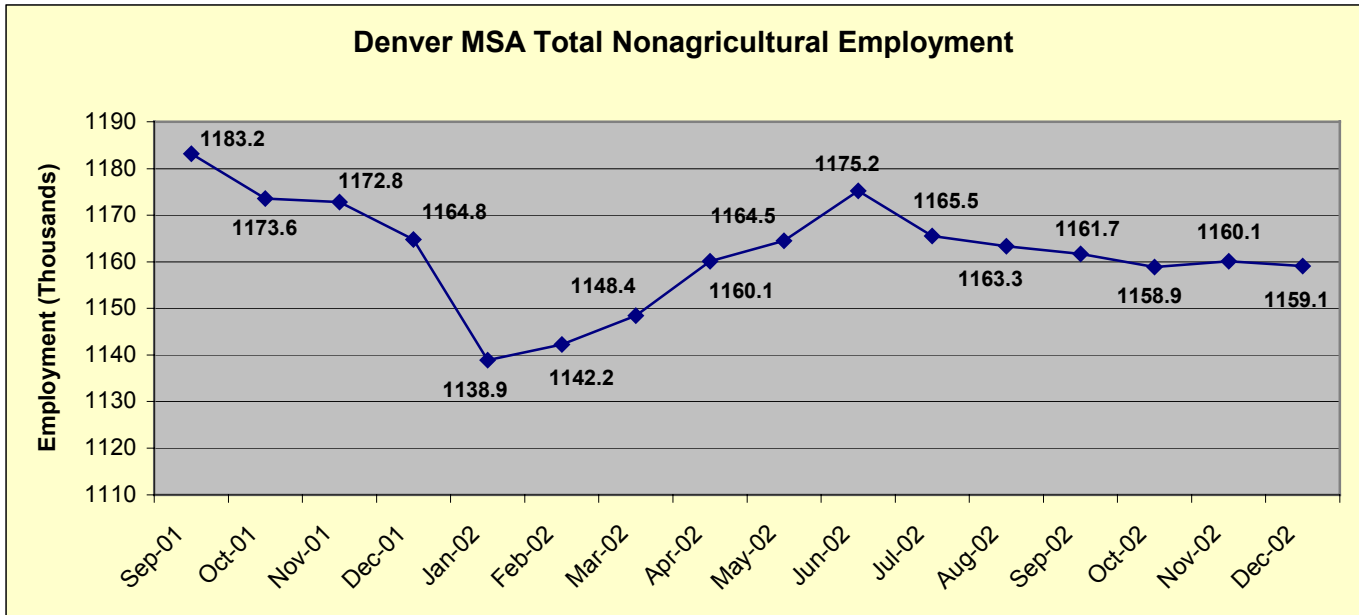


CES Written Comments for Denver MSA, December 2002

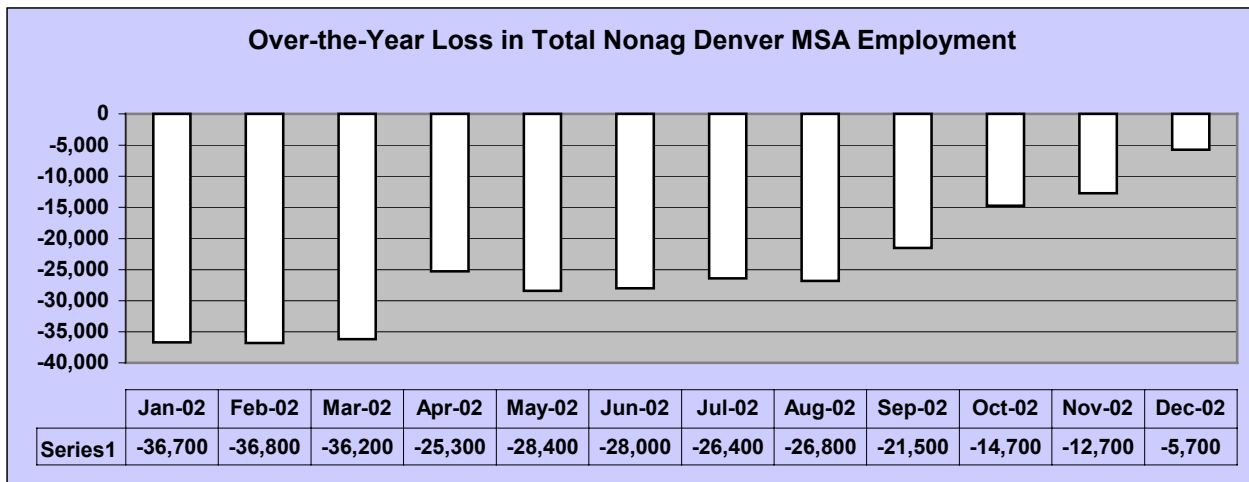
Denver MSA Preliminary Estimates: (Not Seasonally Adjusted)

By Jessica Wagner

Total Nonagricultural Wage and Salary Employment: -1,000 (0.1%)



Nonagricultural employment in the Denver MSA fell by 1,000 jobs in December to bring total employment to 1,159,100. December's decline follows an increase of 1,200 jobs in November. Losses in Construction accounted for almost all of the December decline; the industry reduced payrolls by 3,700 jobs over the month. In addition to the losses in Construction, Government employment declined by 500 jobs while Finance, Insurance, and Real Estate (FIRE) declined by 400 jobs. Retail Trade, which increased by 3,300 jobs in December, was the only industry to post significant gains. Mining, Manufacturing, TCPU (Transportation, Communications, and Public Utilities), Wholesale Trade, and Services recorded only modest changes in December.



The discrepancy between current and year-ago total nonagricultural employment in the Denver MSA has been improving since August 2002 and continued to narrow in December. The annual growth rate was -0.5% in December, up from -1.1% in November. The Denver MSA has lost 5,700 jobs since December 2001.

Mining: +100 (1.5%)

After remaining level for two straight months, Mining posted a slight gain of 100 jobs in December. Total industry employment is now at 6,700 positions and is 500 greater than December 2001 levels. Mining's annual growth rate increased from 3.1% in November to 8.1% in December.

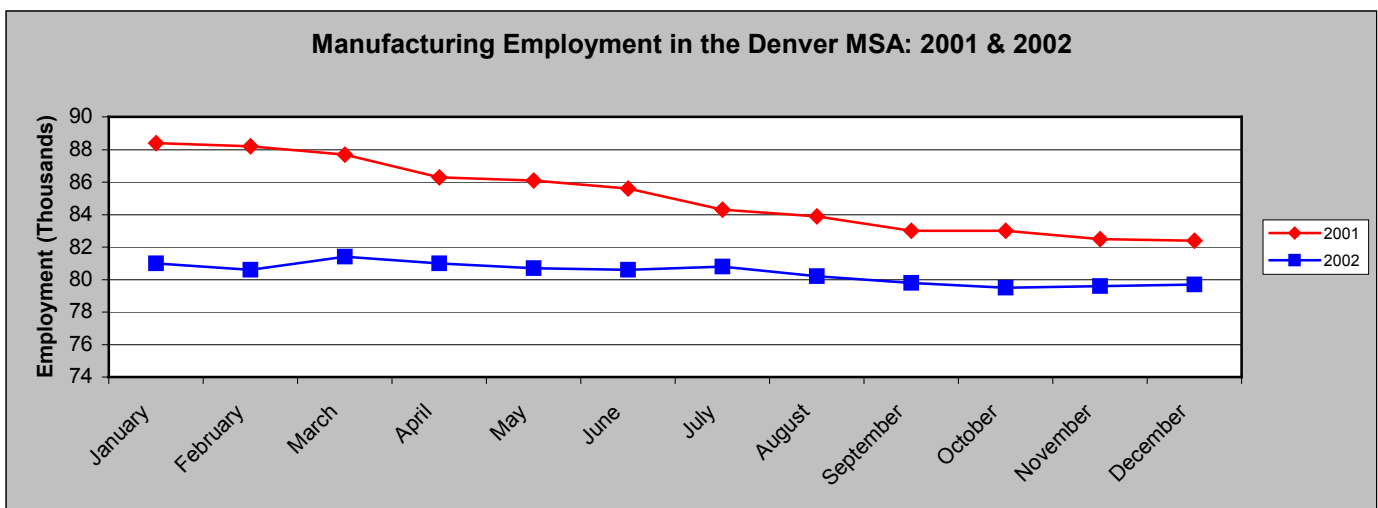
Construction: -3,700 (4.3%)

After cutting 3,400 jobs in November, the Construction industry reduced employment further by cutting 3,700 jobs in December. All areas of Construction reduced payrolls, but the losses were centered in *Special Trades*, which declined by 2,800 positions in December following a loss of 2,300 jobs in November. *Heavy Construction* reduced employment for the fifth straight month by cutting 800 jobs in December. *General Building Contractors* experienced a loss of 100 jobs.

Both *General Building Contractors* and *Heavy Construction* recorded employment above year-ago levels. *Heavy Construction* has added 1,200 jobs since December 2001, while *General Building Contractors* has gained a modest 100 jobs. However, the discrepancy between current and year-ago employment worsened slightly in *Special Trades*, which has lost 6,300 jobs since December 2001. Its annual growth rate decreased from -9.5% in November to -10.1% in December. Hence, the Construction industry continued to record negative annual growth in December (-5.8%) with an over-the-year loss of 5,000 jobs. The industry has not experienced positive annual growth since November 2001.

Manufacturing: +100 (0.1%)

With payrolls expanding by 100 positions over the month, Manufacturing employment was essentially unchanged in December. The growth came from Durable Goods, which added 300 jobs. December's increase was the first time Durable Goods has added jobs since July of this year. Employment in Nondurable Goods declined by 200 jobs in December following two months of increased employment. The over-the-month decline came entirely from *Printing & Publishing*, which cut 300 jobs.



While both Durable and Nondurable Goods recorded negative annual growth for all of 2001 and 2002, they have been improving this year and slowly catching up to year-ago levels. Durable Goods' annual growth rate was at its lowest level in February 2002 when it equaled -8.9%. In December, however, it equaled -4.9%. Nondurable Goods' annual growth rate was -1.4% in December, a significant improvement on January's annual growth rate of -8.8% when the discrepancy between current and year-ago employment was at its worst. The Manufacturing industry has experienced negative annual growth since August 2000 but has been improving throughout 2002. In January, employment was 8.4% below year-ago levels. In December, Manufacturing employment was 3.3% below year-ago levels.

Transportation, Communications, and Public Utilities: -100 (0.1%)

Employment in Transportation, Communications, and Public Utilities (TCPU) declined slightly in December due to losses in *Transportation by Air* (-400). The decline in *Transportation by Air* was the first time jobs were cut in this division since March 2002. *Communications* remained level over the month while *Trucking and Warehousing* posted a small gain of 100 jobs.

Both *Trucking and Warehousing* and *Transportation by Air* recorded positive annual growth rates in December. While the annual growth rate for *Transportation by Air* was only 1.0% in December, employment in this division has not been above year-ago levels since August 2001. *Trucking and Warehousing* recorded an annual growth rate of 0.6% in December. This division has not had positive annual growth in a long time as well—March 2001 was the last time employment was above year-ago levels. *Communications* continued to record negative annual growth in December and has lost a total of 1,700 jobs over the year. Even though employment in TCPU declined slightly over the month, the annual growth rate increased from -3.6% in November to -1.4% in December.

Wholesale Trade: -100 (0.1%)

Driven by a loss of 200 jobs in Durable Goods, Wholesale Trade shed 100 jobs over the month. December's decline was partially offset by a gain of 100 positions in Nondurable Goods. Employment in Wholesale Trade increased only four times during 2002. The majority of Wholesale Trade's losses have come from Durable Goods, which continued to post employment below year-ago levels. Durable Goods has cut 1,200 jobs since December 2001. Nondurable Goods, on the other hand, has recorded positive annual growth since August of this year. In December, its annual growth rate equaled 2.6%, with 600 more jobs than December 2001. Due mainly to the losses on the Durable Goods side, employment in the Wholesale Trade industry has been lower than year-ago levels since March 2001. However, the negative annual growth rate in Wholesale Trade has been slowly improving; at -0.9% in December it was close to equaling year-ago levels.

Retail Trade: +3,300 (1.6%)

Holiday hiring helped to boost December employment in Retail Trade; the industry expanded payrolls by 3,300 positions over the month. *General Merchandise, Apparel, and Accessories* experienced the largest job growth within the industry, adding 1,900 jobs in December. Hiring in *Eating and Drinking Places* and *Food Stores* also added jobs to Retail Trade's December payrolls. Combined, they added 900 jobs to the industry. Small losses occurred in *Automotive Dealers and Service Stations* and *Furniture, Homefurnishing, and Equipment Stores*.

The annual growth rate in *General Merchandise* improved markedly in December and recorded its first positive growth rate since June 2001. In October 2002, the annual growth rate was -7.2%; in December it

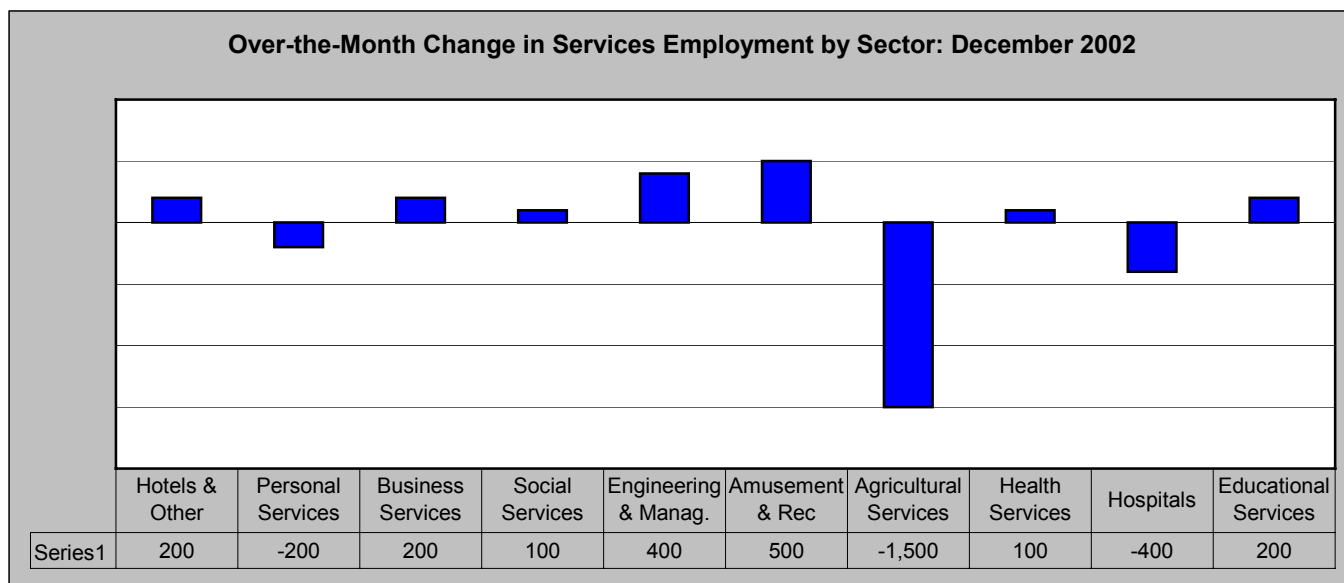
had increased to +5.8%. *Eating and Drinking Places* also posted employment above year-ago levels with 1,000 more jobs than December 2001. Employment in all other areas of Retail Trade, however, was below year-ago levels. *Furniture, Homefurnishing, and Equipment* has lost 1,000 jobs since December 2001 while *Automotive Dealers and Service Stations* has cut 1,600 jobs since last December. For the first time since September 2001, the Retail Trade industry recorded positive annual growth (0.4%) in December.

Finance, Insurance, and Real Estate: -400 (0.4%)

Employment in Finance, Insurance, and Real Estate (FIRE) declined by 400 positions in December; total industry employment is now at 91,400. *Insurance, Real Estate, and Nondepository Institutions* all declined by 100 jobs while *Depository Institutions* added 100 jobs over the month. Insurance was the only division in FIRE to record negative annual growth in December. Both *Real Estate* and *Nondepository Institutions* posted significant gains over year-ago levels in December. *Real Estate* has added 1,100 jobs since last December while *Nondepository Institutions* has added 1,300 jobs. As a result, FIRE recorded an annual growth rate of 0.3% in December. The last time FIRE had a positive annual growth rate was August 2001.

Services: +300 (0.1%)

After declining for three straight months, Services added 300 jobs in December. Gains were spread throughout many divisions, but an offsetting loss was centered mainly in *Agricultural Services*, which cut 1,500 jobs over the month.



In December, two Services divisions passed last year's employment levels after reporting negative annual growth for some time. *Hotels and Other Lodging* recorded an annual growth rate of 3.3% in December. The last time it had employment above year-ago levels was July 2001. *Amusement and Recreation* has had employment below year-ago levels since August 2001 but reported an annual growth rate of 1.2% in December 2002. *Health Services* is one of the few Services divisions to record positive annual growth throughout all of 2002 and had the most over-the-year growth in December. *Health Services* has added 3,600 jobs since December 2001 for a 5.0% annual growth rate. On the other side, *Business Services* has lost the most amount of employment since last year; 6,400 jobs have been cut in this division since last December for an annual growth rate of -5.8%. Although annual growth in the Services industry continued

its negative pattern, it improved slightly from a rate of -0.9% in November to -0.5% in December. Services has not posted positive annual growth since July 2001.

Government: -500 (0.3%)

For the first time since July of this year, employment in Total Government declined and 500 jobs were cut in December. The loss came mainly from cuts at the Local and State Education level. State Government Education declined by 300 jobs in December while Local Government Education lost 700 jobs. These losses were offset somewhat by hiring at the Federal Government level which added 900 jobs. Federal Government employment has increased every month since June 2002.

In December, Total Government employment had 4,000 more jobs compared to year-ago levels. This is the result of expansion at the Local Government level, which has added an equal amount of jobs since last December. Total Federal Government employment increased over the year as well, growing by 700 jobs since last December. Over-the-year losses in Total State Government equaling 700 jobs offset that growth, however. State Government has experienced negative annual growth for five straight months.

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