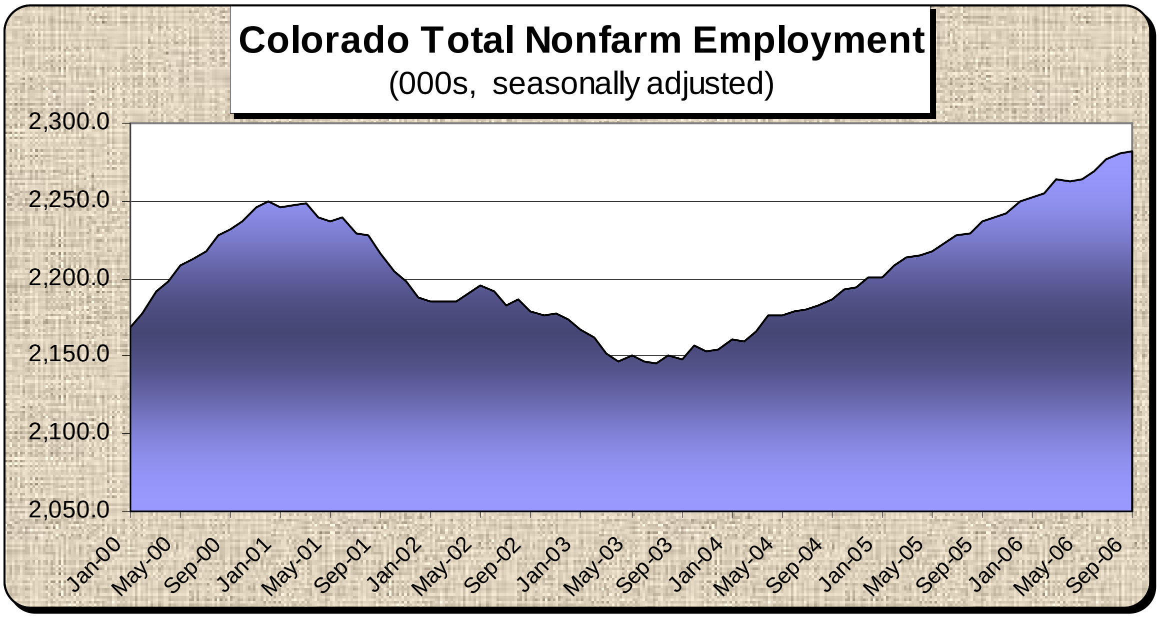
CES Written Comments for Colorado, September 2006

Colorado Preliminary Estimates By: Chris Akers

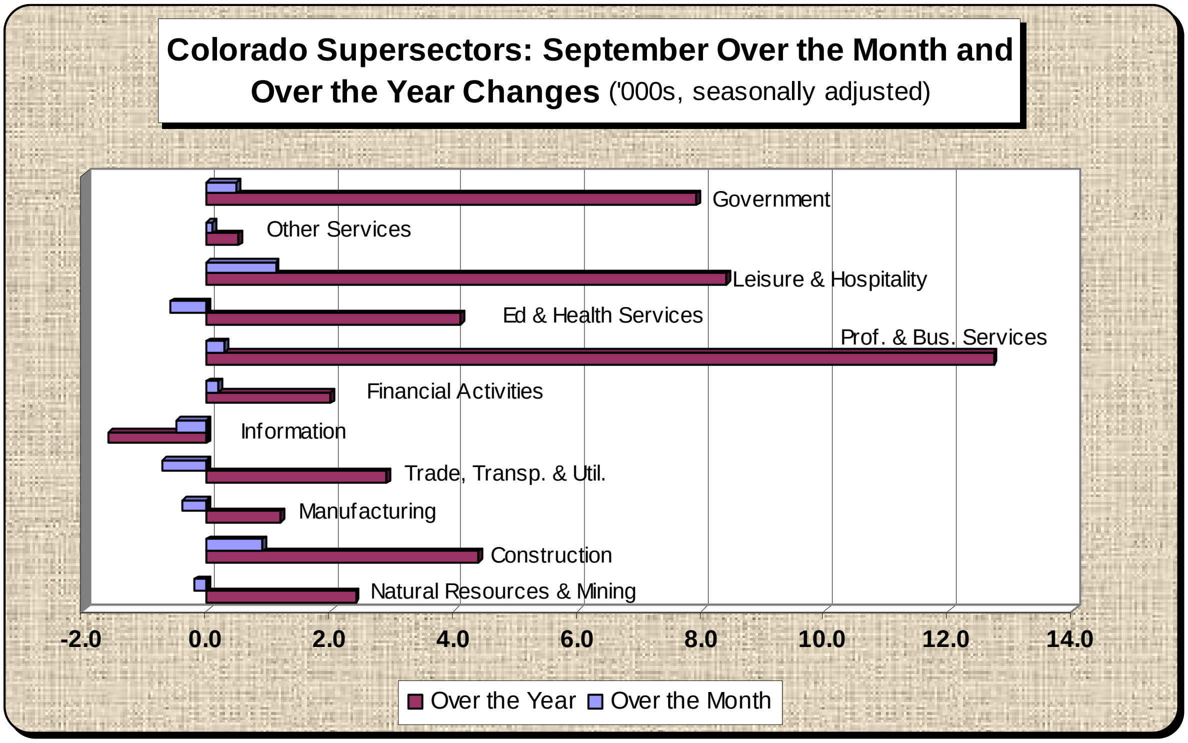
Total Nonfarm Wage and Salary Employment: + 700 (0.0%)

Seasonally adjusted



The growth in Colorado's payrolls continued in September, with total nonfarm employment inching up 700. However this increase is 91.4% smaller than last year and it represents the smallest September advance in fifteen years. Employment changes in the supersectors were generally small and mixed, with six industries growing and five contracting. Leisure & hospitality enjoyed the biggest monthly expansion by adding 1,100 positions and was closely followed by 900 new hires in construction. The start of the school year allowed government payrolls to edge up 500, and professional & business services notched up 300. Financial activities gained 200 jobs and other services inched up 100. A sizeable drop in retail trade employment caused trade, transportation & utilities (TTU) payrolls to fall by 700. Similarly, decreases in health care led to a 600 position decline in education & health services. Information lost 500 jobs, manufacturing shed 400, and 200 were pared from natural resources & mining.

Over the year employment has grown by 44,900. This 2.0% expansion is the weakest twelve-month growth rate since last June and it is only 91% of the prior year trend. Three industries accounted for nearly two-thirds of this growth; professional & business services contributed 12,700 jobs to this increase, leisure & hospitality donated 8,400 and government chipped in 7,900. Construction and education & health services experienced payroll growth of 4,400 and 4,100, respectively, and TTU increased by 2,900. With 2,400 new hires, natural resources & mining added twice as many positions as manufacturing and experienced the fastest growth of all industries at 13.6%. Financial activities added 2,000 jobs and other services gained 500 positions to round out the over the year gainers. Information experienced its sixty-second consecutive month of year over year losses, shedding 1,600 positions since last September.



Natural Resources & Mining: - 200 (1.0%)

Natural resources & mining eliminated 200 jobs to experience its first over the month employment contraction since November 2002. At that point in time, the price of West Texas Intermediate (WTI) crude oil fell from around $30 per barrel in October to about $25, a 16.7% decline. Similar forces could be driving this current employment decrease as the price of WTI crude fell about $13 per barrel (16.7%) from August 7th through September 18th. However Colorado has a greater concentration of natural gas wells than oil wells, so the drop in natural gas prices could bear more responsibility for this payroll decline. Future prices on the New York Mercantile Exchange settled in at less than $4.50 per thousand cubic feet on September 26th. This represented the lowest close in 3 years and was 211% lower than one year ago.[1] Pipeline disruptions caused the average price of natural gas to plunge even further in Colorado, with the price per thousand cubic feet closing just below $2.00 on September 18th.[2] It is possible that these lower commodity prices caused employment in this industry to ebb for the first time in nearly four years. This supersector has exhibited the fastest annual growth of all supersectors since October 2003. Industry payrolls have expanded by 2,400 in the last twelve months. Annual growth of 13.6% is nearly three and a half times stronger than the next fastest expanding industry, professional & business services. However this is the slowest expansion since October 2004 and it is almost one-fifth slower than the prior year trend.

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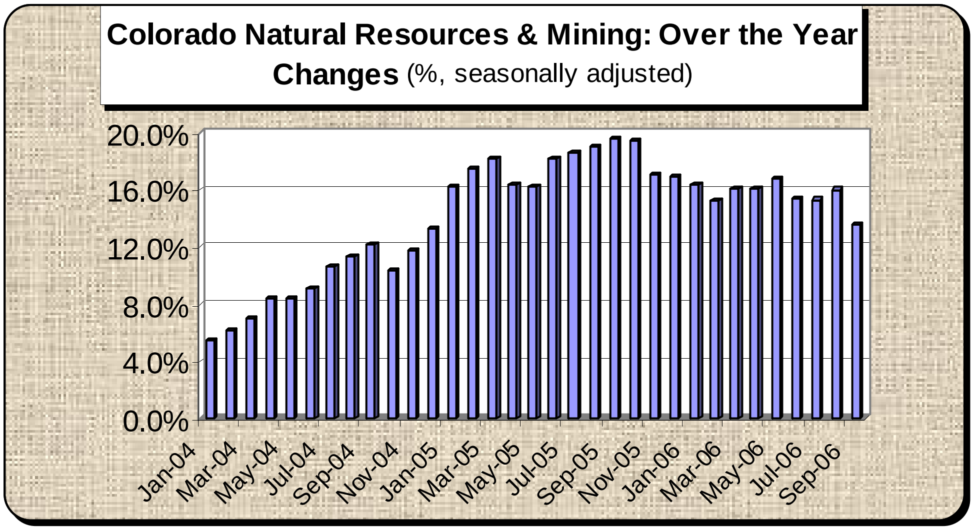
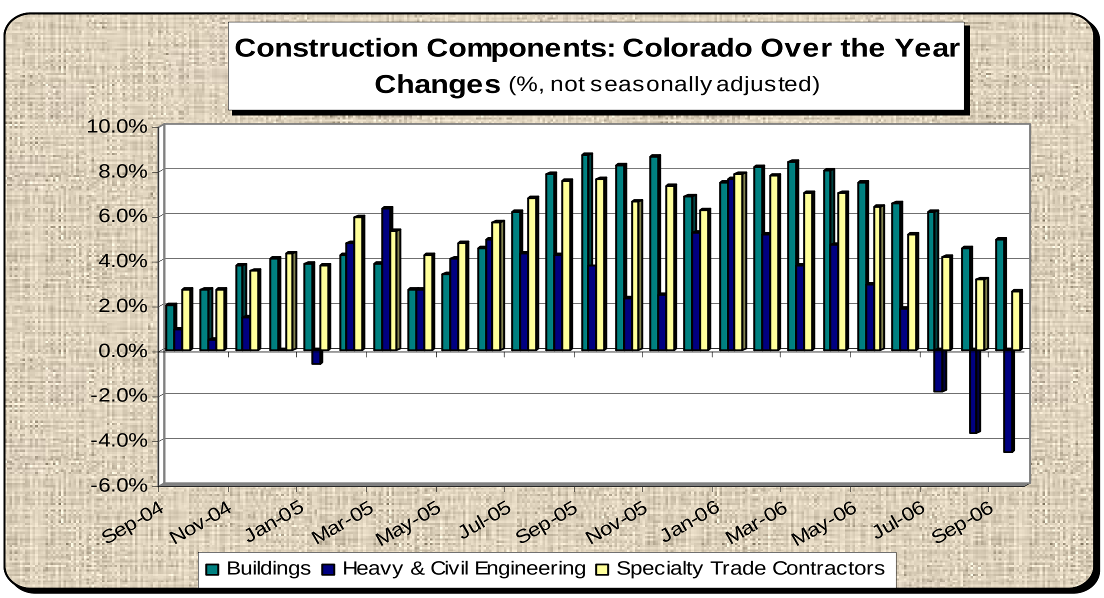
[1] Source: Denver Business Journal 9/29/06
[2] Source: Denver Post 9/19/06



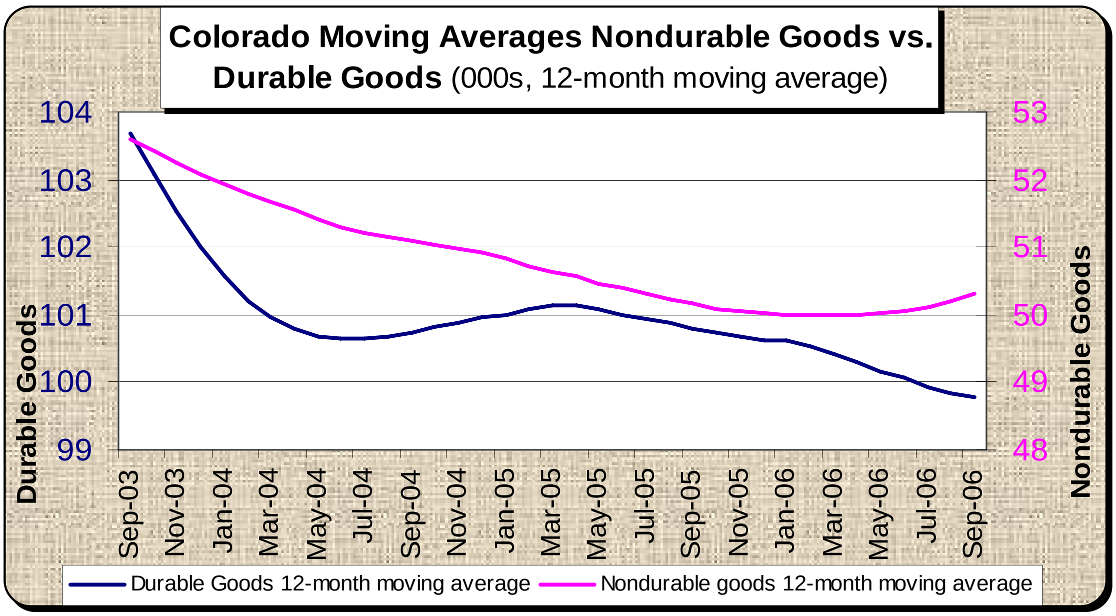
Construction: + 900 (0.5%)

Construction payrolls rose 900 in September, recovering nearly all of the positions that were eliminated last month. Construction of buildings is largely responsible for this increase as its unadjusted 200 job decline is only one-third of the normal drop and is the smallest September decline since 1997. Heavy & civil engineering realized its largest September employment decline in four years by trending down 200. Specialty trade contractors pared 1,500 positions in a typical seasonal decline; however its decrease over the past two months was seven times stronger than last year and about double the normal decline. Over the year 4,400 jobs have been created in this industry, growth of 2.7%. This represents the slowest twelve-month advance in nearly two years and it is 56% slower than the prior year trend. Similarly, specialty trade contractors' 2.6% year over year growth (3,000 jobs) is the weakest since August 2004 and is 59% weaker than the average over the past year. This sector comprises over two-thirds of industry employment and is a bellwether of supersector trends. Heavy & civil engineering also bears responsibility for construction's smaller expansion as there are an unadjusted 1,000 (4.5%) fewer people working in this sector than one year ago. Construction of buildings exhibited relative strength by adding 1,600 positions. This 4.9% advance is marginally faster than last month, but is about one-third slower than the prior year trend. Presumably this sector is mirroring the national trend and benefiting from strength in the nonresidential market.



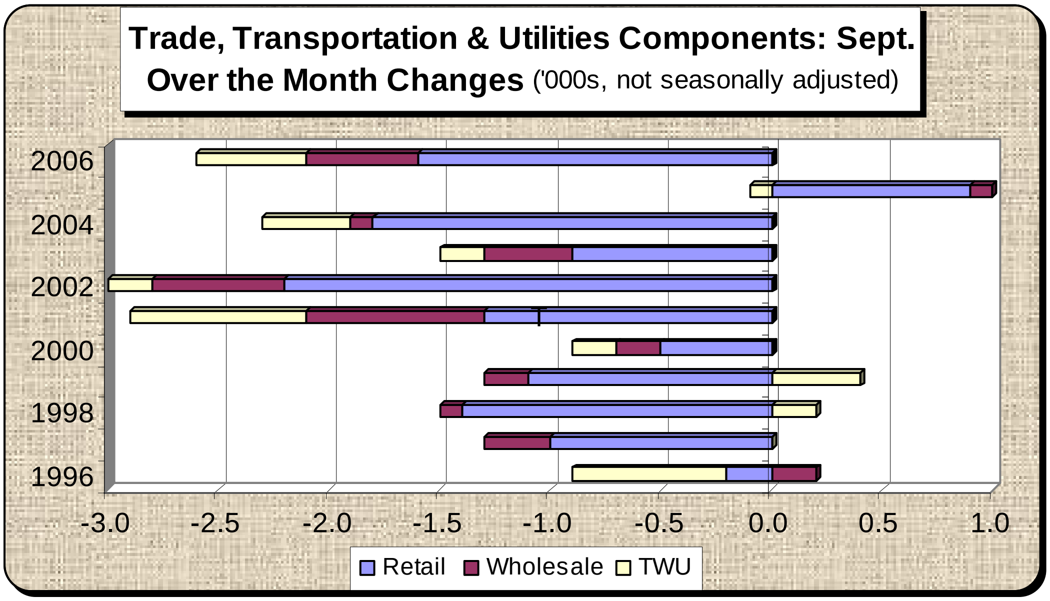
Manufacturing: - 400 (0.3%)

After three months of expanding employment, manufacturing shed 400 positions in September. On an unadjusted basis, both durable and nondurable goods manufacturing pared 200 jobs. Computer & electronic product manufacturing lost 500 workers, but this was partially offset by the 200 new hires in fabricated metal products. In the last twelve months, 1,200 have been added to supersector payrolls. This 0.8% growth is slightly slower than in August, but it is a considerable improvement over the 0.6% contraction over the past year. Nondurable goods drove all of this growth by adding an unadjusted 1,300 new hires since last September, a 2.6% expansion. This sector has now realized annual growth in each month of 2006. With 700 (0.7%) fewer employees than this time last year, durable goods experienced its smallest twelve-month contraction since January. Computer & electronic product manufacturing continued to be a drag on this sector, paring 2,500 positions (6.7%) over the year.



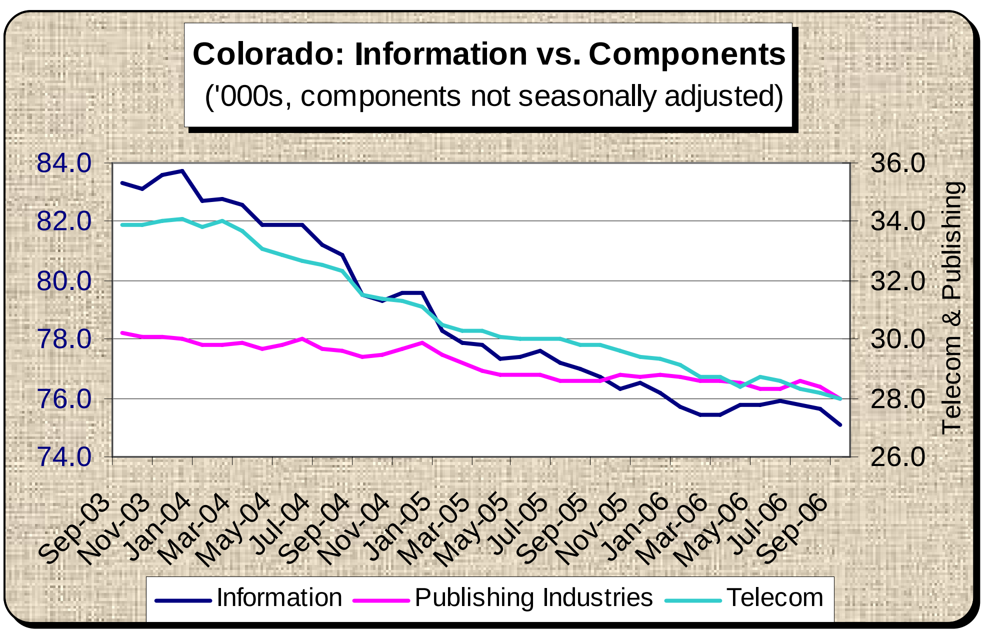
Trade, Transportation, & Utilities (TTU): - 700 (0.2%)

TTU relinquished last month's gain by trimming 700 positions in September. Wholesale trade and transportation, warehousing & utilities (TWU) payrolls each edged down an unadjusted 500 in a month that they typically trend down 200 apiece. Merchant wholesalers of durable goods shed 400 jobs, while nondurable wholesalers remained unchanged. Retail trade's 1,600 position decline in September was about 60% grater than the 10-year average for this month, but this drop was not reflected in its published components. A 400 position over the month gain in general merchandise stores was negated by contractions of 200 in both building materials & garden suppliers and food & beverage stores. Since last September, 2,900 have been added to industry payrolls, growth of 0.7%. This is the slowest twelve-month expansion in the past twenty-three months and it is only one-third of the prior year trend. TWU outpaced the industry by adding 1,200 new hires for growth of 1.6%. Couriers & messengers accounted for 300 of these positions and 200 came from utilities. Retail trade's 0.4% (1,000 positions) increase is less than one-fifth of the prior year trend and marks its slowest growth since March 2004. Building materials & garden suppliers drove this advance with a 1,900 job annual increase, but much of this component's strong performance was negated by the loss of 800 (1.7%) positions in general merchandise stores. TWU payrolls inched up 200 over the year. This 0.2% expansion is only one-thirteenth of the average over the previous twelve months and is this sector's slowest annual advance since July 2004.



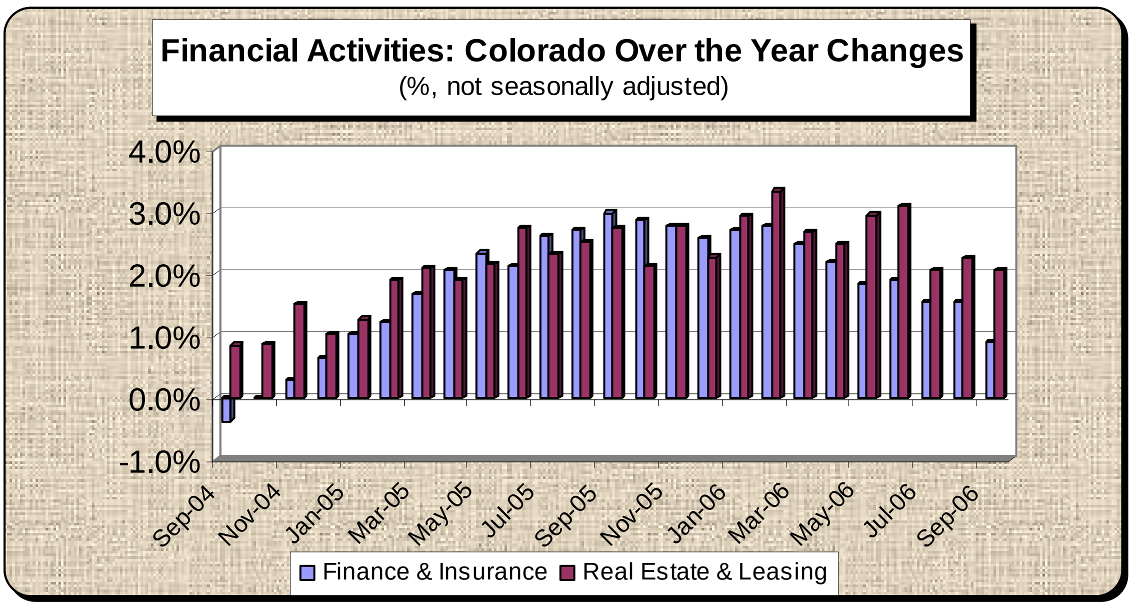
Information**: - 500 (0.7%)

Information employment trended down for the third straight month, falling 500 in September. Publishing industries pared 400 positions and telecommunications shaved off 200, marking the second consecutive month that the losses in publishing industries were greater than those in telecom. There are now 28,000 people working in each of these industries and together they comprise 75% of information employment. Five years ago, there were 25% more people working in telecommunications than in publishing industries. The protracted declines in these sectors have translated into a continued contraction in supersector employment. Over the year 1,600 information jobs have been eliminated, a 2.1% decline. Publishing industries experienced its largest drop in seven months and mirrored the industry's pace by shedding 600 positions since last September. Telecom's 6.0% contraction (1,800 jobs) is its strongest in ten months and is 12% above than the prior year trend.



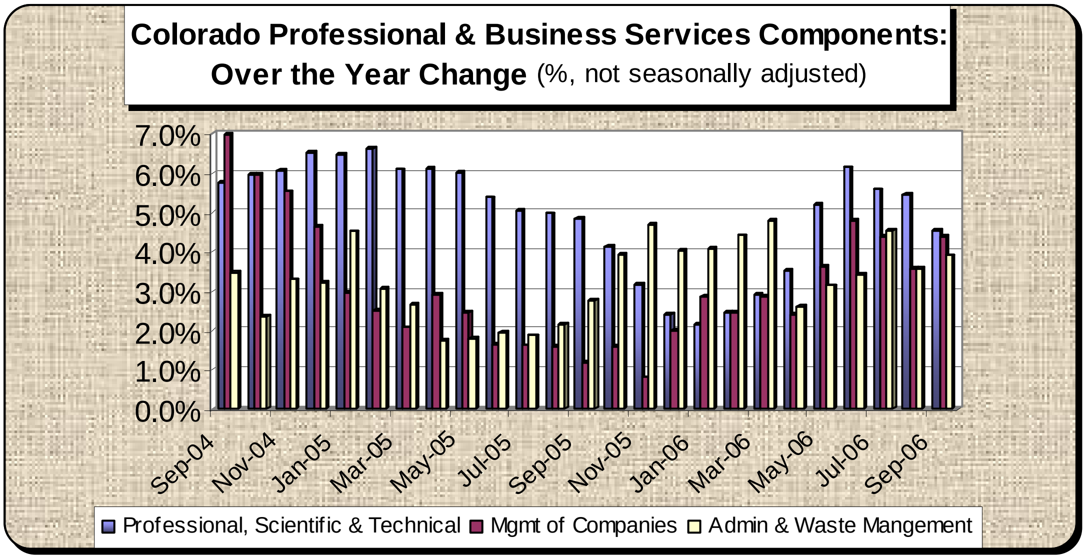
Financial Activities: + 200 (0.1%)

Financial activities experienced normal September payroll growth, edging up 200. Finance & insurance shed an unadjusted 600 positions, a decline that is double the typical monthly change. Credit intermediation accounted for two-thirds of this decrease and the remaining third came from insurance carriers. Real estate, rental & leasing compensated for the weakness in its counterpart by trending down a mere 400 positions in a month that it normally loses 700. In the last twelve months, 2,000 have been added to industry payrolls. The 1.3% over the month expansion is this industry's slowest twelve-month advance since January 2005. Slower growth in finance & insurance is the culprit behind much of this weakness. This component added an unadjusted 1,000 jobs (0.9%) since last September, after average annual growth of 2,600 over the prior year. Credit intermediation's 100 new hires (0.2%) over the year are 1,000 less than the twelve-month trend. Real estate, rental & leasing also added 1,000 positions (2.1%), with 70% of them found in its real estate component.



Professional & Business Services: + 300 (0.1%)

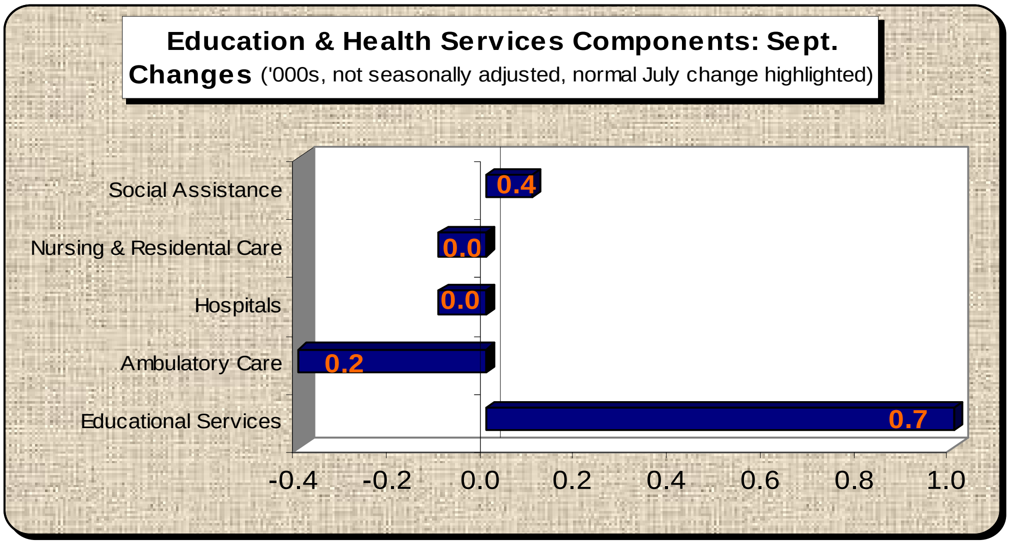
Professional & business services' employment grew by 300 in September. This represents its slowest advance in one year and is only 25% of the average monthly increase over that period. Management of companies is the only sector that realized an unadjusted payroll increase, but it only inched up 100. The 1,700 positions shed in professional, scientific & technical services is a drop nearly three times larger than normal, and matches the largest September decline in five years. Computer systems design pared 400 jobs, while legal services, architecture & engineering, and management, scientific & technical consulting services each lost 200 positions. The catchall administrative, support, waste management & remediation sector experienced its smallest September employment contraction in six years, falling by 800. Services to buildings & dwellings and employment services both saw smaller than normal seasonal declines of 1,100 and 300, respectively.



Since last September, 12,700 new positions have been added in professional & business services, giving it the largest growth of all supersectors. It also is the second fastest expanding industry and its 4.0% annual increase is exactly twice the pace of the State's, but this is the industry's slowest advance since May. Professional, scientific & technical services contributed an unadjusted 7,100 new hires to the industry's twelve-month growth, and this 4.6% expansion is 15% faster than its prior year average. Architecture & engineering accounted for 41% of this advance with a 7.4% over the year expansion. Growth in the catchall administrative sector lagged the industry for the sixth consecutive month after outpacing it in the previous six. However it was only marginally slower this month and its 3.9% (5,500 jobs) expansion is slightly faster than the average over the past year. There are 1,100 more people working in the management of companies sector than in last September; this 4.4% over the year growth is nearly two-thirds faster than the prior year average.

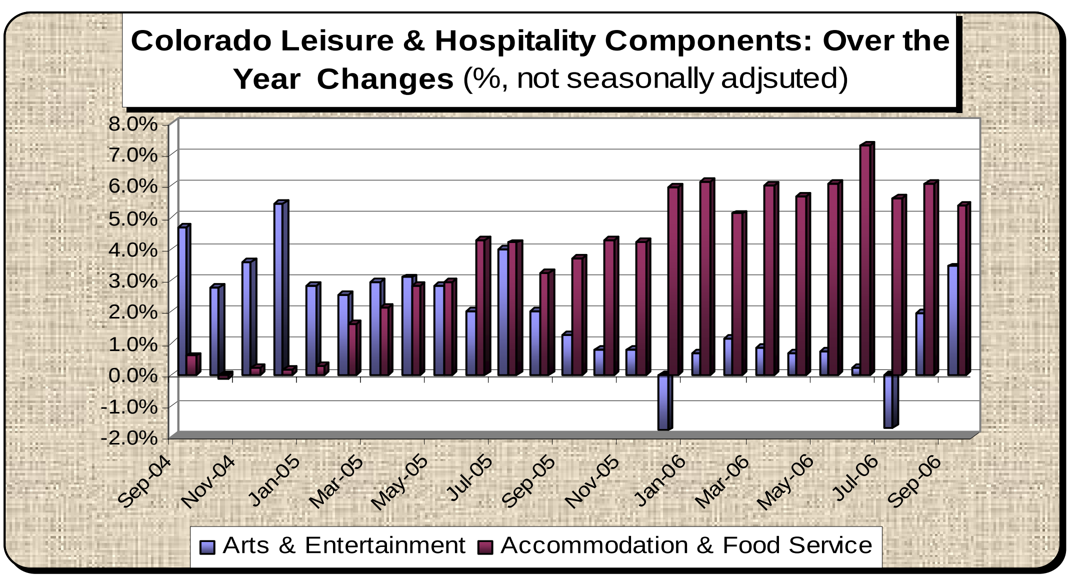
Education & Health Services: - 600 (0.3%)

Education & health services lost 600 positions to experience its first payroll decline since January. Educational services realized its largest September employment gain in twelve years with the addition of 1,000 positions. Health care & social assistance, on the other hand, pared 500 jobs this month to experience its largest such decline in five years. All of these losses came from its health care components, with the largest drop (400 jobs) found in ambulatory care. Social assistance offset part of this contraction by inching up 100. Over the year, supersector employment has grown by 4,100 (1.8%), the industry's slowest annual expansion since May. Educational services' strong September increase allowed this sector to post its fastest twelve-month advance since last August. Its 5.1% (1,400 positions) growth is 76% greater than the prior year trend. Conversely, the 1.4% (2,800 jobs) expansion in health care & social assistance is its weakest since the beginning of 2000. Much of this malaise comes from the hospitals component, which has pared 300 (0.6%) from payrolls over the year. Nursing & residential care grew in tandem with the industry by adding 500 new hires. Ambulatory care donated 1,600 positions (2.0%) to the sector's increase and social assistance added 1,000 jobs to give it the fastest growth rate of the components at 3.1%.



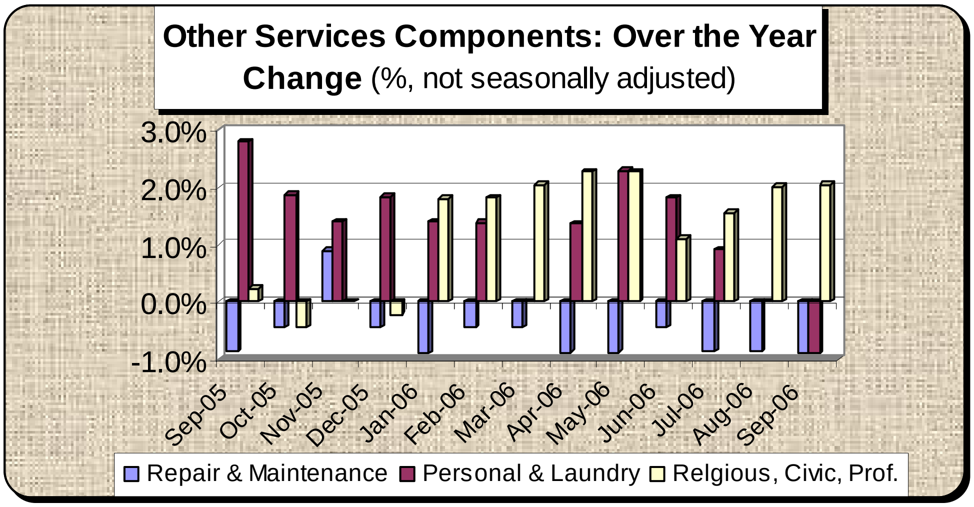
Leisure & Hospitality: + 1,100 (0.4%)

Leisure & hospitality enjoyed its largest September gain in seven years and led all industries with over the month growth of 1,100. Arts, entertainment & recreation shed an unadjusted 4,300 positions this month, its smallest such decline since 1999. Accommodation & food services' payrolls fell by 6,000, which matches last year, but is 5% less than the 10-year average September decline. Accommodation pared 3,000 jobs, full service restaurants trimmed 2,800, and limited service restaurants remained unchanged over the month. With 8,400 net positions added since last September, leisure & hospitality posted the second largest payroll increase of the State's supersectors. Similarly, this 3.3% annual expansion is the third fastest in the State; however much of this growth is attributable to seasonal adjustment since the unadjusted increase is 2.4% (6,200 jobs). While the seasonally adjusted growth is 74% above the prior year average, the unadjusted growth rate is only 20% greater than the prior year trend. Arts, entertainment & recreation was the pacesetter for the industry, posting an unadjusted 3.3% (1,400 new hires) over the year expansion. Accommodation & food services' 2.2% (4,800 jobs) expansion is marginally faster than in August and is in line with the prior year average. Accommodation shed 400 positions (1.0%) to remain the only component with an over the year payroll contraction. Limited service restaurants added 4,000 positions to grow by 5.9%, while full service restaurants edged up 300 jobs (0.3%).



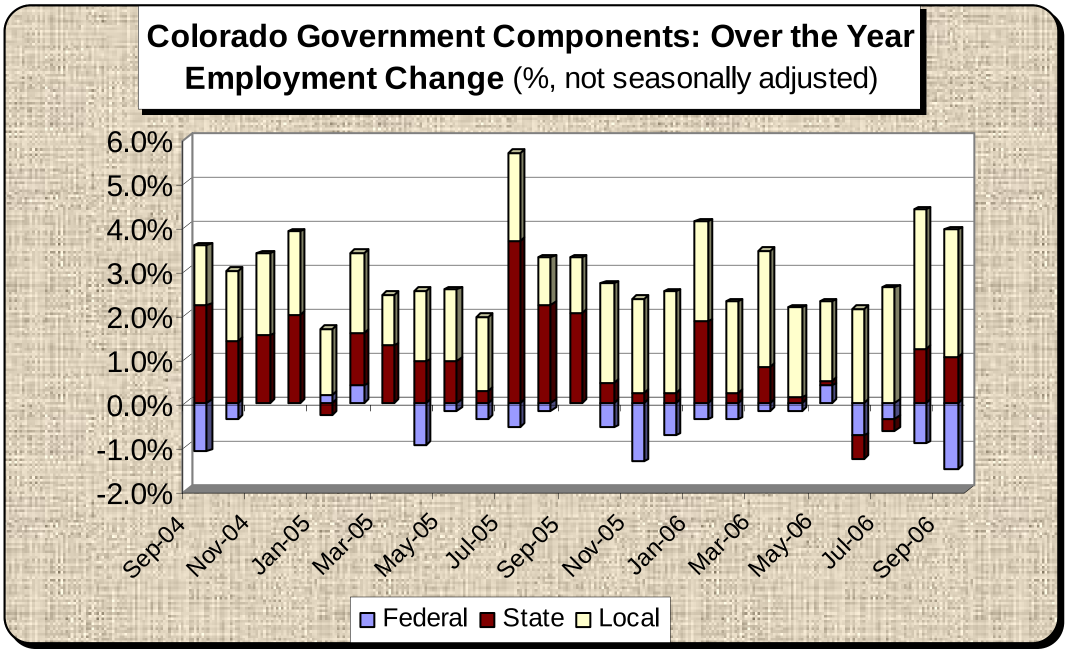
Other Services: + 100 (0.1%)

Other services mimicked last year's employment change by inching up 100 this September. Repair & maintenance shed an unadjusted 200 jobs and personal & laundry services pared 300 in normal season movements. The catchall religious, grantmaking, civic, professional, & similar organizations sector experienced a smaller than typical payroll decline, falling by 600. There are 500 more people working in this industry than at this time last year. This 0.6% growth mirrors July and August, but is 25% slower than the prior year trend. Both repair & maintenance and personal & laundry services had payroll declines of 200 (0.9%), but the catchall organizations sector offset these losses by adding 900 new hires. This 2.0% increase since last September matches last month and is two-thirds faster than the average over the past year.



Government: + 500 (0.1%)

Strong growth in State government employment enabled industry payrolls to rise by 500 this month. The 11,600 jobs that the State government added in September was a gain 10% larger than normal, and all but 1,400 of these positions came from a normal seasonal increase in its education component. Local government added a seasonally expected 8,100 new hires behind the strength of the 12,500 workers that joined local education payrolls. The Federal government, with no boost from an education component, shed 600 jobs. In the last twelve months, the number of people working in the public sector has grown by 7,900. This 2.2% expansion is marginally slower than August, but it is 57% above the prior year average; however it appears that the growth is being inflated by the seasonal adjustment factor. On an unadjusted basis, supersector employment is up 6,600 since last September and this 1.8% advance is 20% stronger than the prior twelve-month average. Federal government shed 800 (1.1%) jobs, but this decline was countered by a 900 (1.1%) position expansion at the State level. The growth of State payrolls occurred despite the loss of 400 (0.7%) educator jobs over the year. Local government was the driving force behind the industry's growth as this sector added 6,500 (2.9%) new hires since last September, with 2,600 (2.2%) of them coming from its educational component.



****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.

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