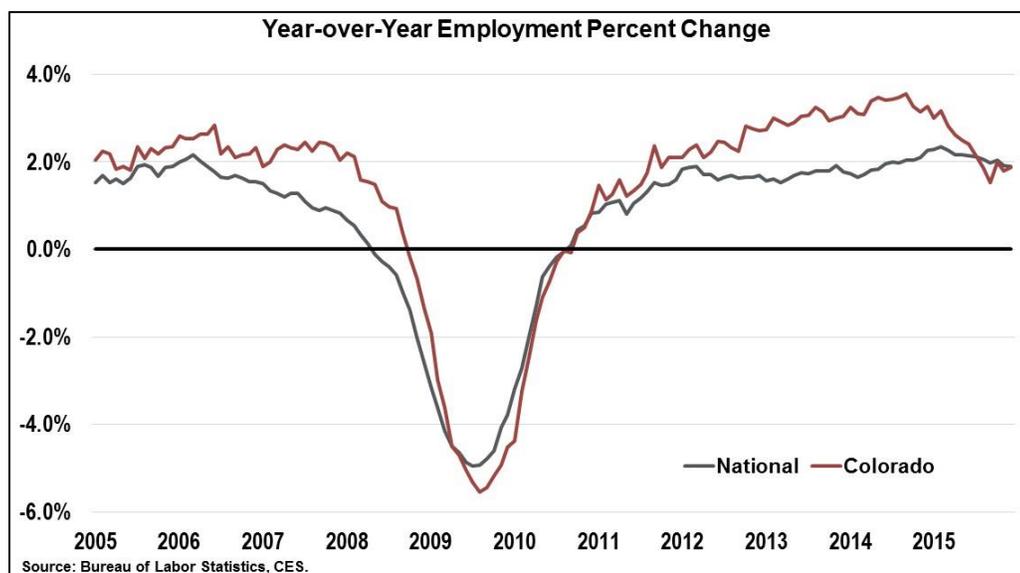


Colorado December Jobs Report Analysis and Other Economic Indicators—January 26, 2016

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The December state jobs report was released today with the preliminary numbers showing a month-over-month increase in employment (10,700 jobs, 0.4%) and an upward revision (300 jobs) to the November estimates. According to data from the Colorado Department of Labor and Employment (CDLE) and the Bureau of Labor Statistics (BLS), January recorded 46,600 more jobs than the same month in 2014, increasing 1.9% year-over-year—an acceleration from November.

Colorado has been firmly entrenched in sub-3% growth for 10 consecutive months. Year-over-year growth in December ranked Colorado 20th nationally.



Three ups:

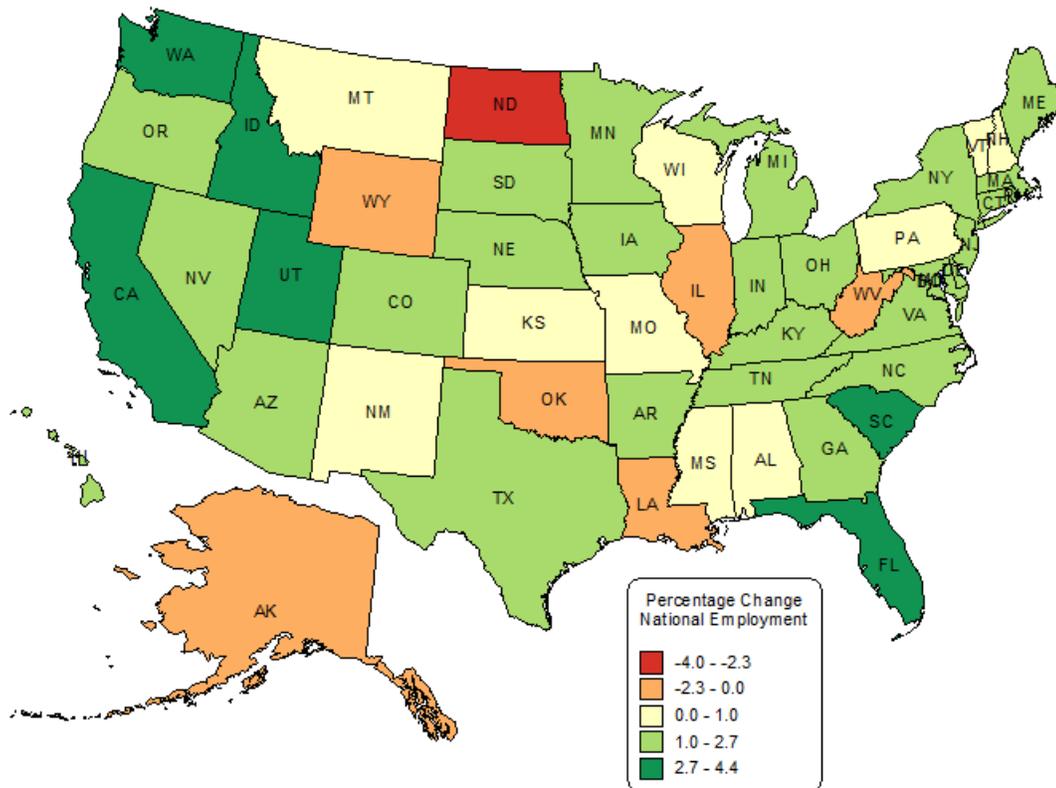
- The state unemployment rate improved to 3.5%.
- Inflation has remained subdued in the state, with prices in the Denver-Boulder-Greeley area increasing 1.2% year-over-year overall, core inflation increasing 3.3%, and shelter increasing 5.7%.
- Labor force participation increased by 7,600 in December.

Three downs:

- After outperforming the nation post-recession, Colorado's pace of job growth is now mirroring national growth.
- Employment declined in two of Colorado's metropolitan statistical areas (MSAs) year-over-year.
- Energy prices are leading to a decrease in industry activity across the state.

Industry growth was recorded in 8 of the 11 industries in the state year-over-year, and growth was recorded in 10 industries month-over-month. The velocity of growth increased in seven industries.

December State Employment Growth, Year-over-Year



Data Source: Bureau of Labor Statistics, CES, Seasonally Adjusted.

Year-over-year growth was recorded in five of Colorado's MSAs: Greeley (3.7%), Fort Collins-Loveland (3.6%), Denver-Aurora-Broomfield (1.8%), Colorado Spring (0.8%), and Boulder (0.7%). Declines were recorded in the Pueblo (-0.3%) and Grand Junction (-0.6%) MSAs.

The greatest year-over-year percentage gains were recorded in the Construction (7.9%), Leisure and Hospitality (5.2%), and Education and Health Services (3.6%) industries. The weakest sectors for growth included Mining and Logging (-3.9%) and Professional and Business Services (-1.4%).

Colorado's Manufacturing Sector continued to rank among the best in the nation for industry growth (ranking third), with 3.5% year-over-year growth in December according to the seasonally adjusted statistics.

Colorado home appreciation continues to outpace national growth—the state ranked first for year-over-year growth, 12.7% in Q3 2015, according to the Federal Housing Finance Agency purchase-only index. Construction employment increased 7.9% year-over-year and 1.7% month-over-month, making it the fastest-growing industry in Colorado. The industry remains below the pre-recession peak by 6% or 10,200 jobs. According to data from Dodge Data and Analytics, the value of construction in Colorado increased 15% in 2015.

The fallout in energy prices is weighing on the oil and gas industry in Colorado. The WTI spot price averaged below \$30 per barrel for the past two months (\$37.19 in December, \$32.24 in

January month-to-date), recording year-over-year decreases of 37.3% and 31.7%, respectively. This compares to average prices above \$100 per barrel from February to July 2014. The commodity price decline has driven down drilling applications, rig counts, and severance taxes, and has also weighed on employment. The Baker-Hughes rotary rig count averaged 21.5 in Colorado in January, with 85% of the activity in the Denver-Julesburg basin in Weld County and 15% of the activity in Garfield County during the last week of the month. The rig count averaged 75 from August to November 2014. Coal mining production dropped 16.6% year-to-date in 2015 through November, and the number of miners in the state decreased 8.6% comparing the month of November 2015 to November 2014. Mining and Logging industry peaked at 36,000 jobs in January and recorded 34,100 jobs in December.

National job growth was 1.9% year-over-year in December and 0.2% month-over-month, with the United States adding 292,000 jobs. The three-month moving average ending in December was 284,000 compared to 324,000 for the same three months a year ago.