



Review of the Colorado Economy Preliminary Estimate of Job Growth in 2014

Colorado-based Business and Economic Research

December 20, 2014



Overview

This monthly review of the employment data is abbreviated because of the release of *cber.co Analysis of Colorado and U.S. Gross Domestic Product by Sector 1997 Through 2013* (<http://cber.co/research/special-reports/>)

On December 19, 2014 the Colorado Department of Labor and Employment released a report stating that Colorado employment dropped by 2,500 jobs while the unemployment rate decreased from 4.3% to 4.1%. Earlier this month the Bureau of Labor Statistics reported the U.S. gained 321,000 jobs this month.

In addition, there is too much hustle and bustle (shopping bags, delivery trucks, lines in restaurants) for the state to have lost 2,500 jobs.

It is clear that the CDLE numbers just don't make sense! They will be revised and meaningful numbers for 2014 will be published in March. We have to be patient.

This brief analysis provides a preliminary estimate about how cber.co thinks Colorado employment will finish 2014. In short, the state will add 73,000 jobs and 2014 will be the fourth year of *accelerating* job growth for the state. Greater than 231,000 jobs have been added during that four year period.



On an annual basis, the growth over the past four years has not been spectacular, but it has been steady and it has added up over time. As the hare can attest to, the tortoise sometimes wins the race.



Overview of Job Creation by Performance Category

Twenty-two sectors are classified into one of three categories based on their past performance:

- Strong growth.
- Solid growth.
- Volatile.

The following charts look at a preliminary estimate of the change in jobs for these three categories for 2014.

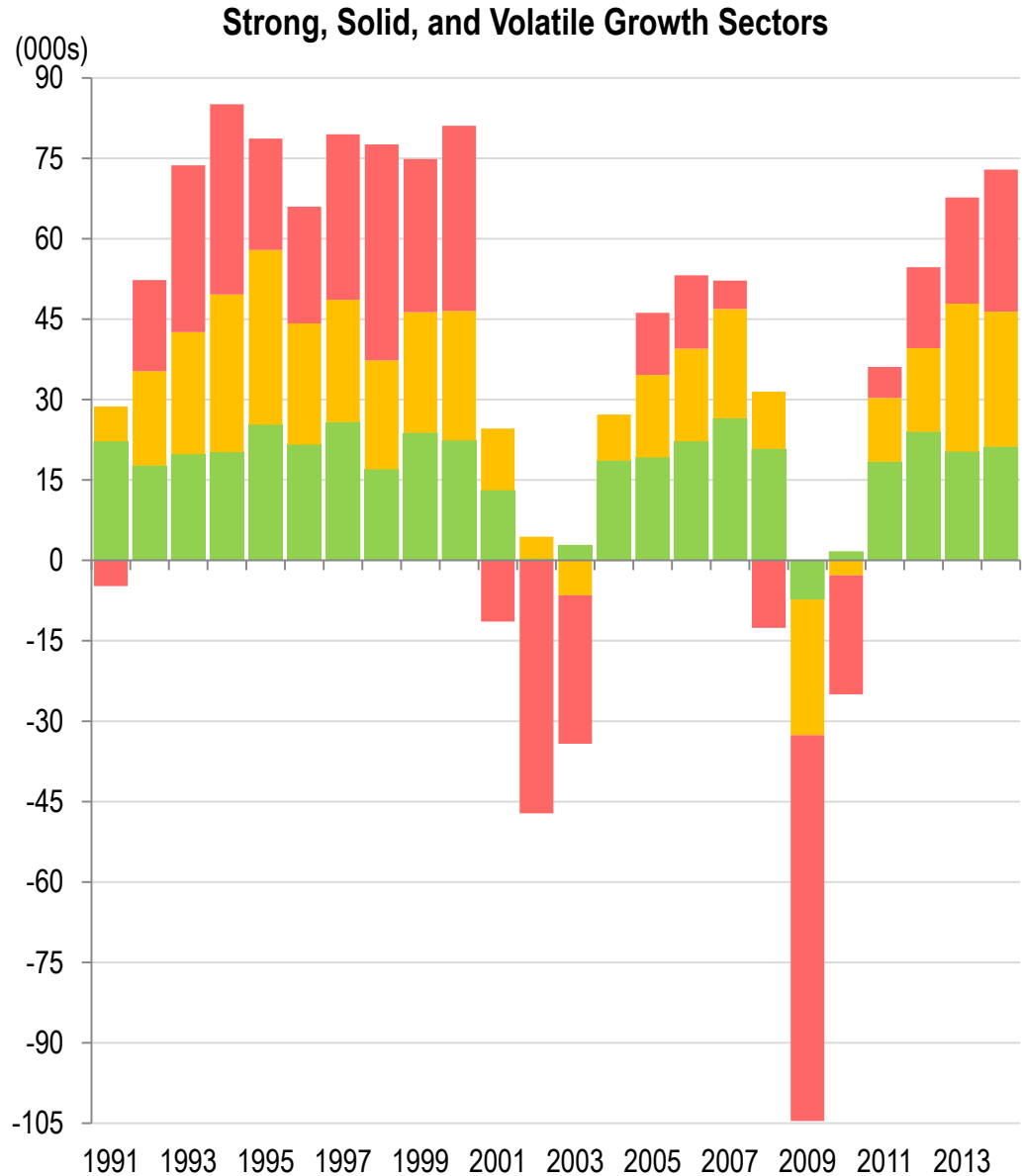


Summary of Strong, Solid, and Volatile Growth Sectors

The Strong Growth Category of sectors (green) has performed consistently over time. The category has added jobs at a rate slightly slower than expected.

The Solid Growth Category of sectors (yellow) has been more volatile than the Strong Growth Sector. In 2014, this category has performed stronger than anticipated.

Finally, the Volatile Category of sectors (red) has expanded at a faster rate than projected.



Source: Bureau of Labor Statistics, cber.co.



Annual Employment Situation for Strong Growth Sectors

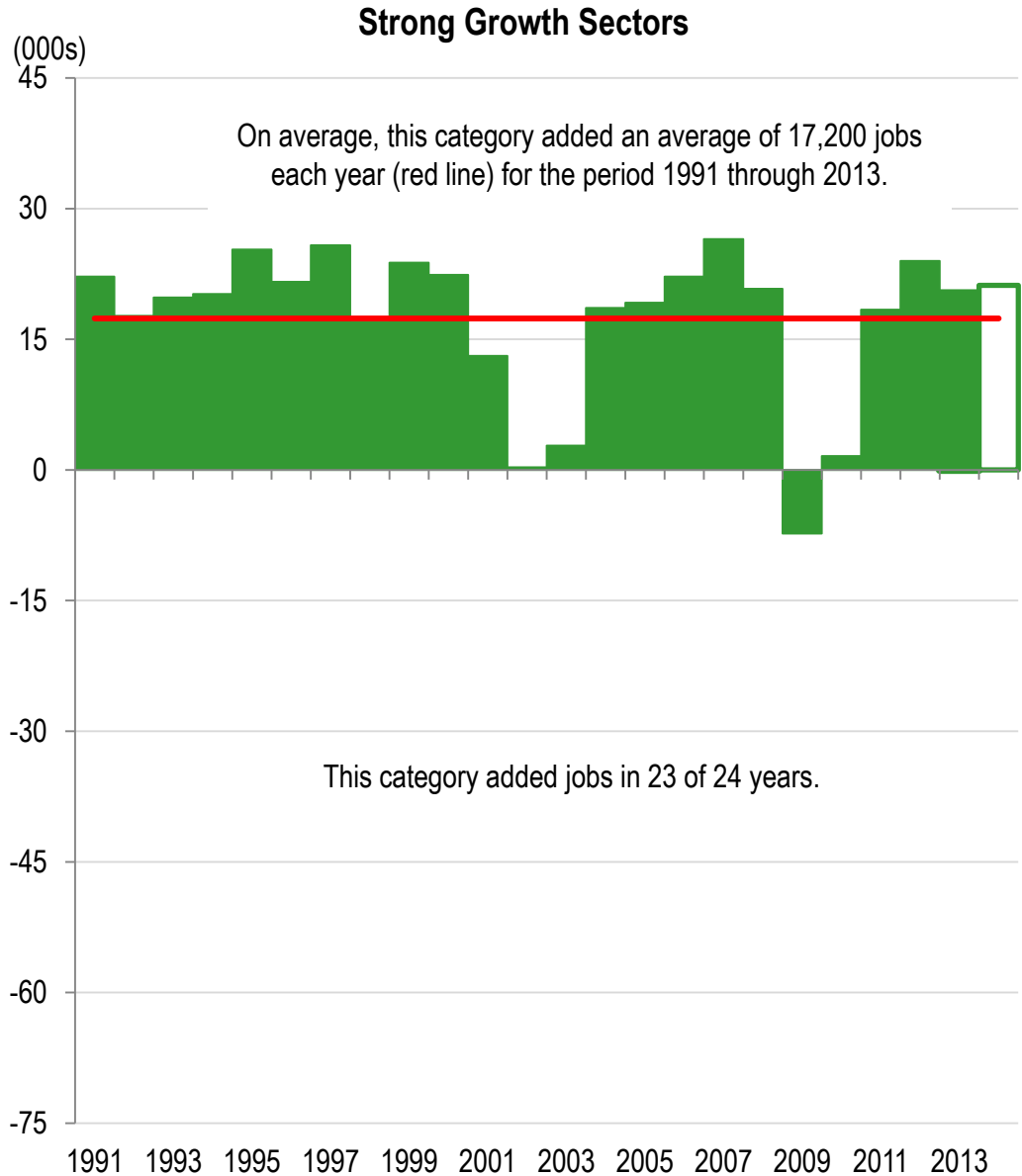
Over the past two decades the following sectors have been the foundation of consistent growth in Colorado employment.

- Professional, Scientific, and Technical Services
- Management of Companies and Enterprises
- Administrative - Business to Business (Not Employment Services)
- Private Education
- Health Care
- Arts, Entertainment, and Recreation
- Other Services.

Total employment for this category was:

1993 425,000 workers, 25.4% of total employment
 2003 597,300 workers, 27.7% of total employment
 2013 761,600 workers, 32.0% of total employment.

Forecast: Growth of this category in 2014 will be comparable to the stronger years during the past two decades. Between 24,000 and 28,000 workers will be added at a rate of 3.3% to 3.5%.



Source: Bureau of Labor Statistics, cber.co.



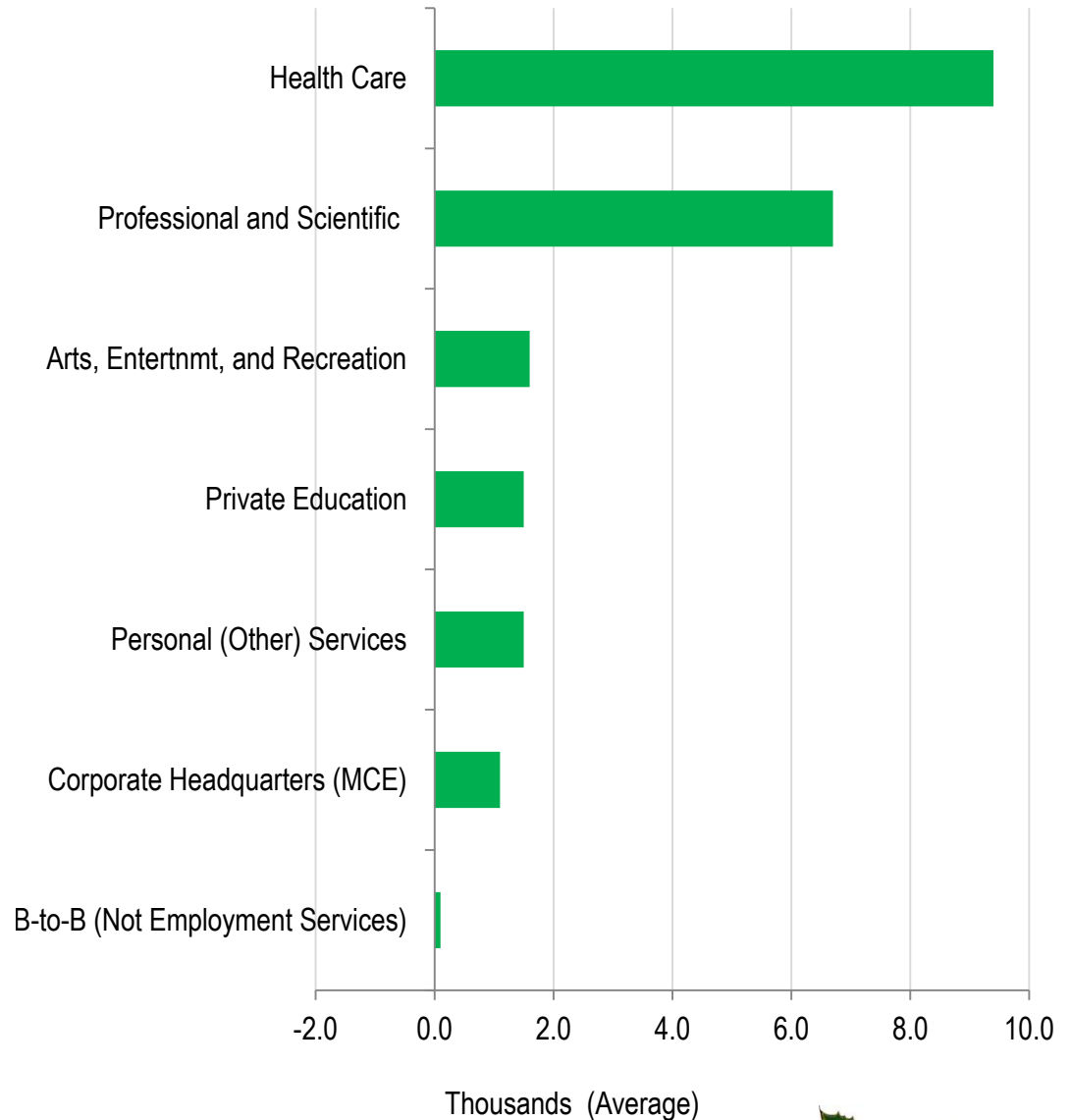
● Solid Growth Sectors

- In 2014 this category of industries will add 21,900 jobs compared to 2013, slightly below the projected range.
- This category was projected to add 24,000 to 28,000 jobs for the year.
- The major contributors to job growth in this category will be the Health Care and Professional and Scientific and Technical Services sectors.

Note: Throughout the year, BLS consistency overestimated the growth of the Health Care, PST, and B-to-B sectors.

Source: Bureau of Labor Statistics.

Job Change
2014 vs. 2013



Annual Employment Situation for Solid Growth Sectors

Over the past two decades the following sectors usually added jobs. As a group their job gains were stronger during the 1990s than the 2000s.

- Wholesale Trade
- Retail Trade
- State (Not Higher Education)
- Higher Education
- Local (Not K-12 Education)
- K-12 Education
- Accommodations and Food Services

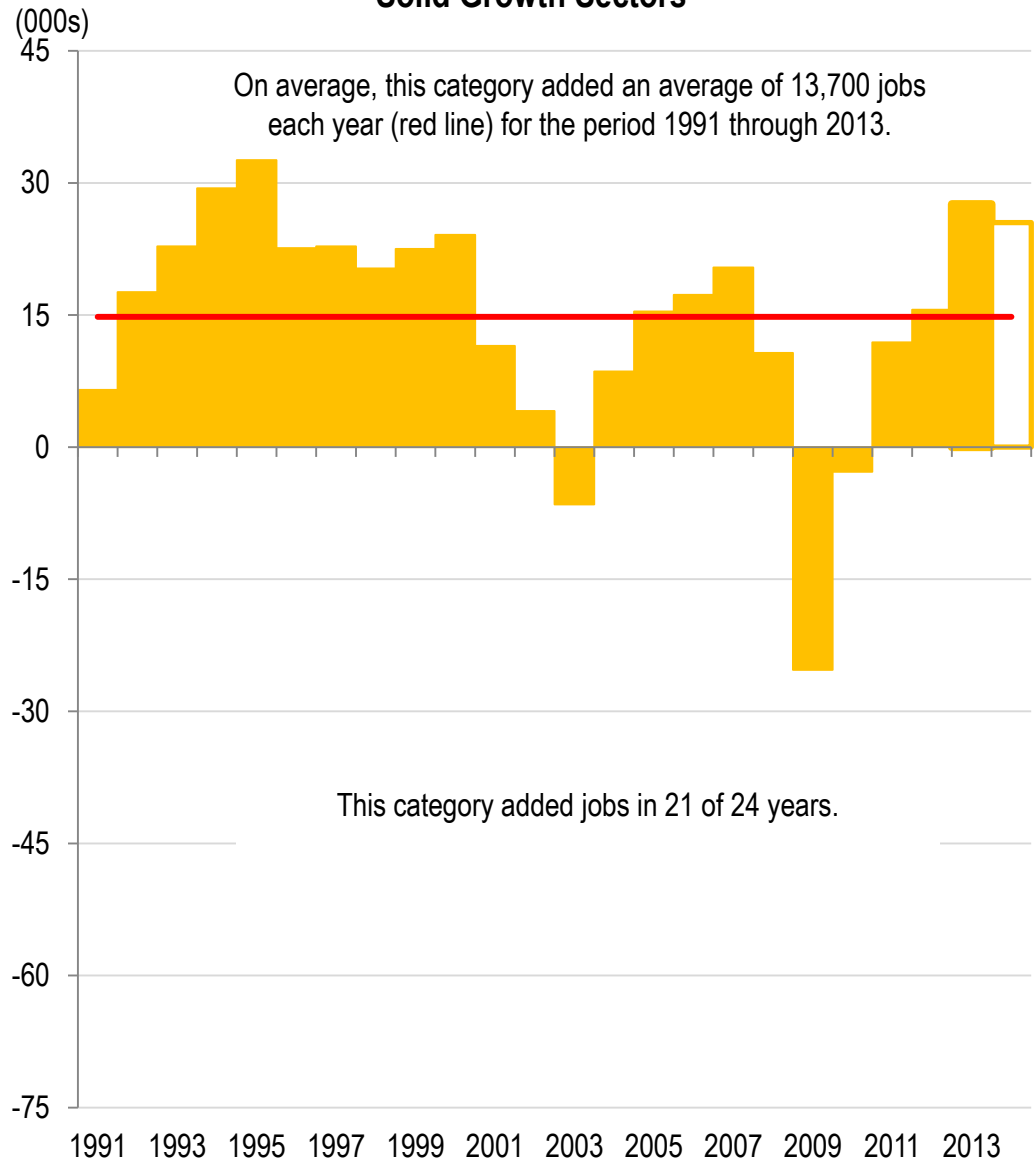
Employment in some of these sectors has remained flat during most of the past decade.

Total employment for this category was:

1993 656,000 workers, 39.3% of total employment
 2003 839,400 workers, 39.0% of total employment
 2013 938,800 workers, 39.4% of total employment

Forecast: Growth of this category in 2014 will be slightly above average for the past two decades. Between 18,000 and 22,000 jobs will be added at a rate of 2.0% to 2.2%.

Solid Growth Sectors



Source: Bureau of Labor Statistics, cber.co.

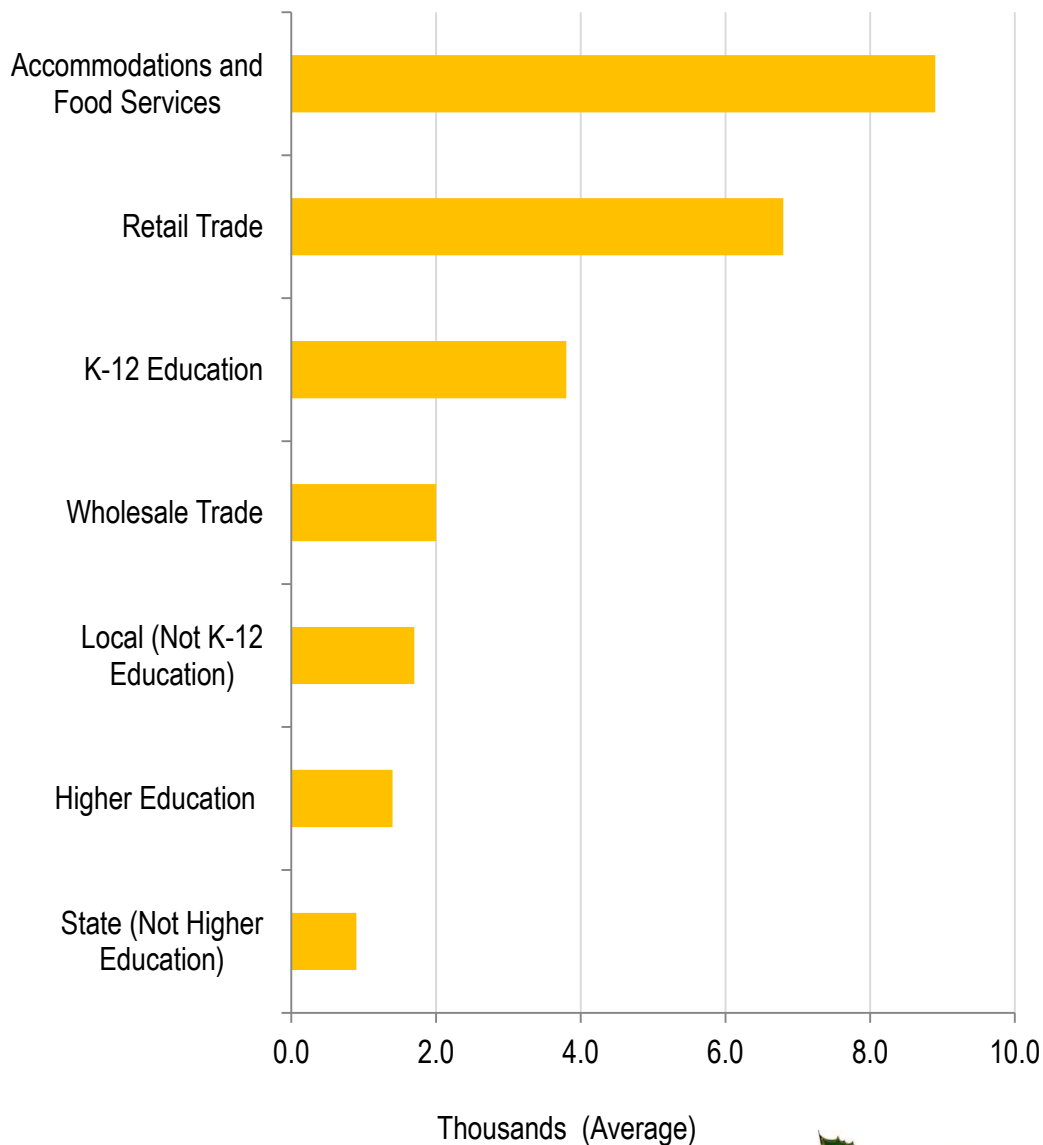


Solid Growth Sectors

- In 2014 this category of industries will add 25,500 jobs compared to 2013.
- This category was projected to add 18,000 to 22,000 jobs for the year.
- The major contributors to job growth in this category will be the Accommodations and Food Services and Retail Trade sectors.

Note: Throughout the year, BLS consistency overestimated the growth of the AFS sector.

Job Change
2014 vs. 2013



Source: Bureau of Labor Statistics.



Annual Employment Situation for Volatile Growth Sectors

Over the past two decades the sectors listed below were the source of volatility.

The sectors are:

- Natural Resources and Mining
- Construction
- Manufacturing
- Transportation, Warehousing, and Utilities
- Employment Services
- Financial Activities
- Information
- Federal Government

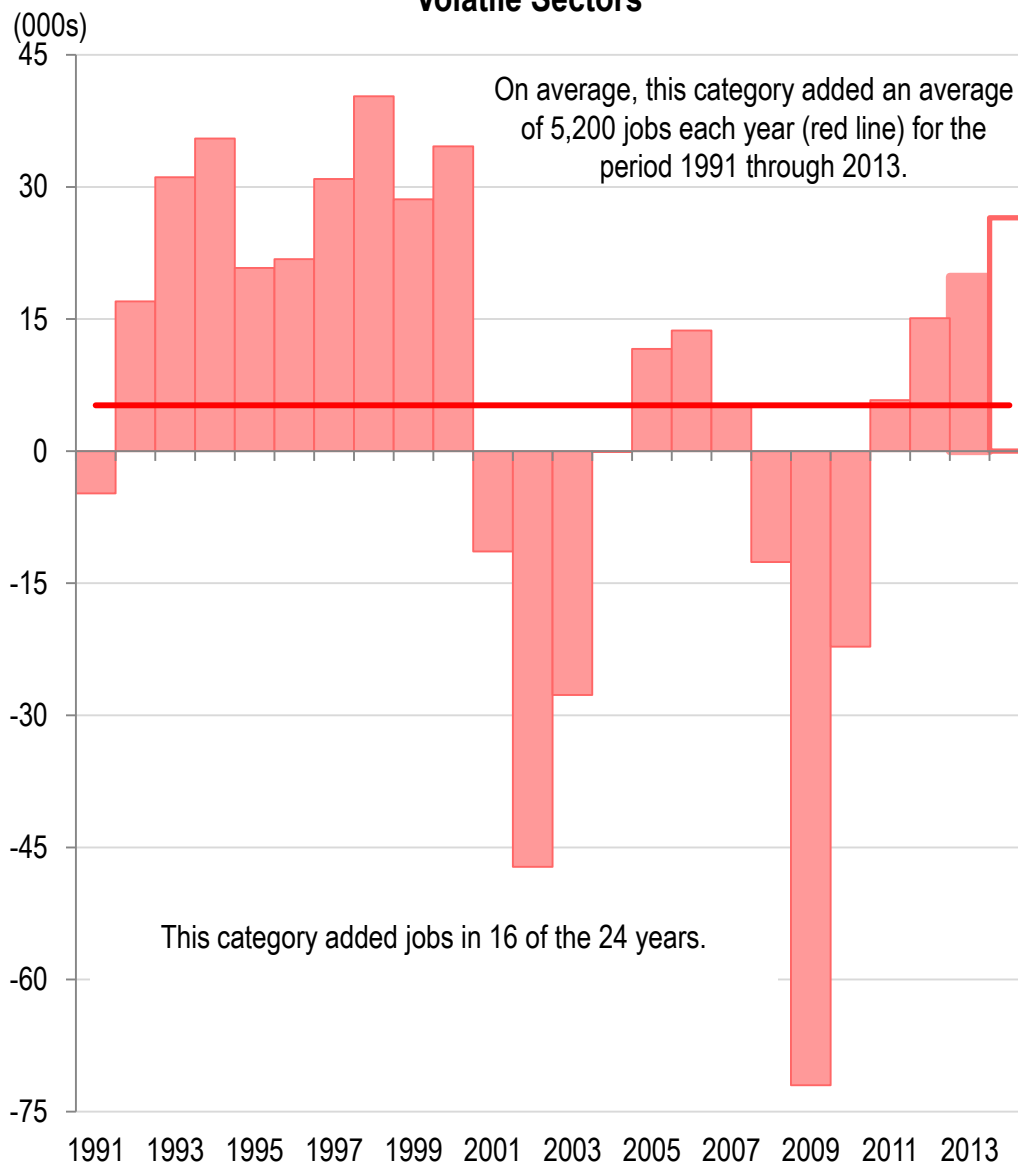
Total employment for this category was:

1993 589,900 workers, 35.3% of total employment
 2003 716,100 workers, 33.3% of total employment
 2013 680,500 workers, 28.6% of total employment.

Forecast: In 2014 this category will add between 23,000 and 27,000 jobs at a rate of 3.6% to 3.8%. Growth in this category will be the strongest since 1999.

Source: Bureau of Labor Statistics, cber.co.

Volatile Sectors



● Volatile Sectors

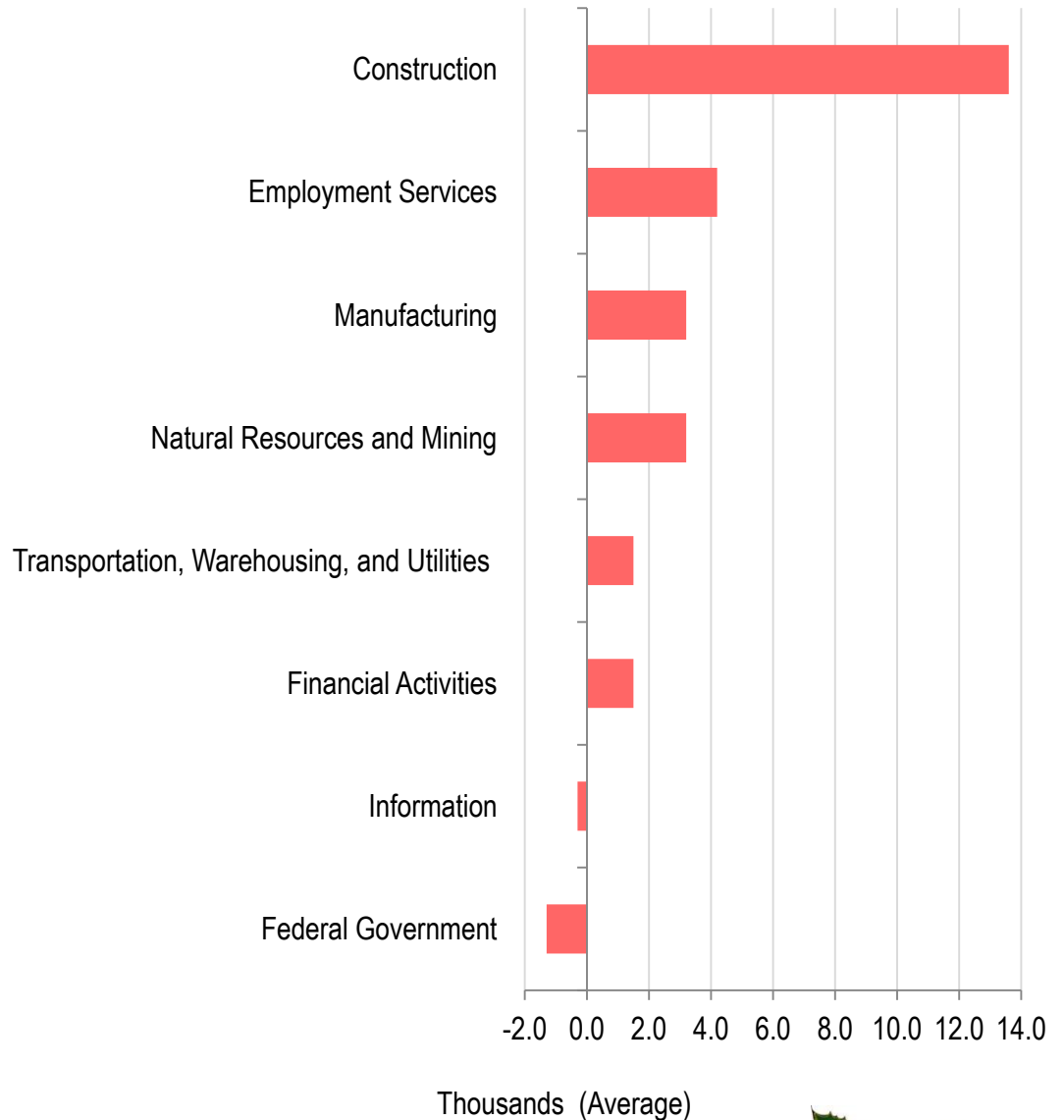


- In 2014 this category of industries will add 25,600 jobs compared to 2013.
- This category was projected to add 23,000 to 27,000 jobs for the year.
- The Construction sector will be the major contributor to job growth in this category.

Note: Throughout the year, BLS consistency underestimated the growth of the Construction sector.

Source: Bureau of Labor Statistics.

Job Change 2014 vs. 2013



Change in Employment for All Sectors – Preliminary Estimate for 2014 vs. 2013

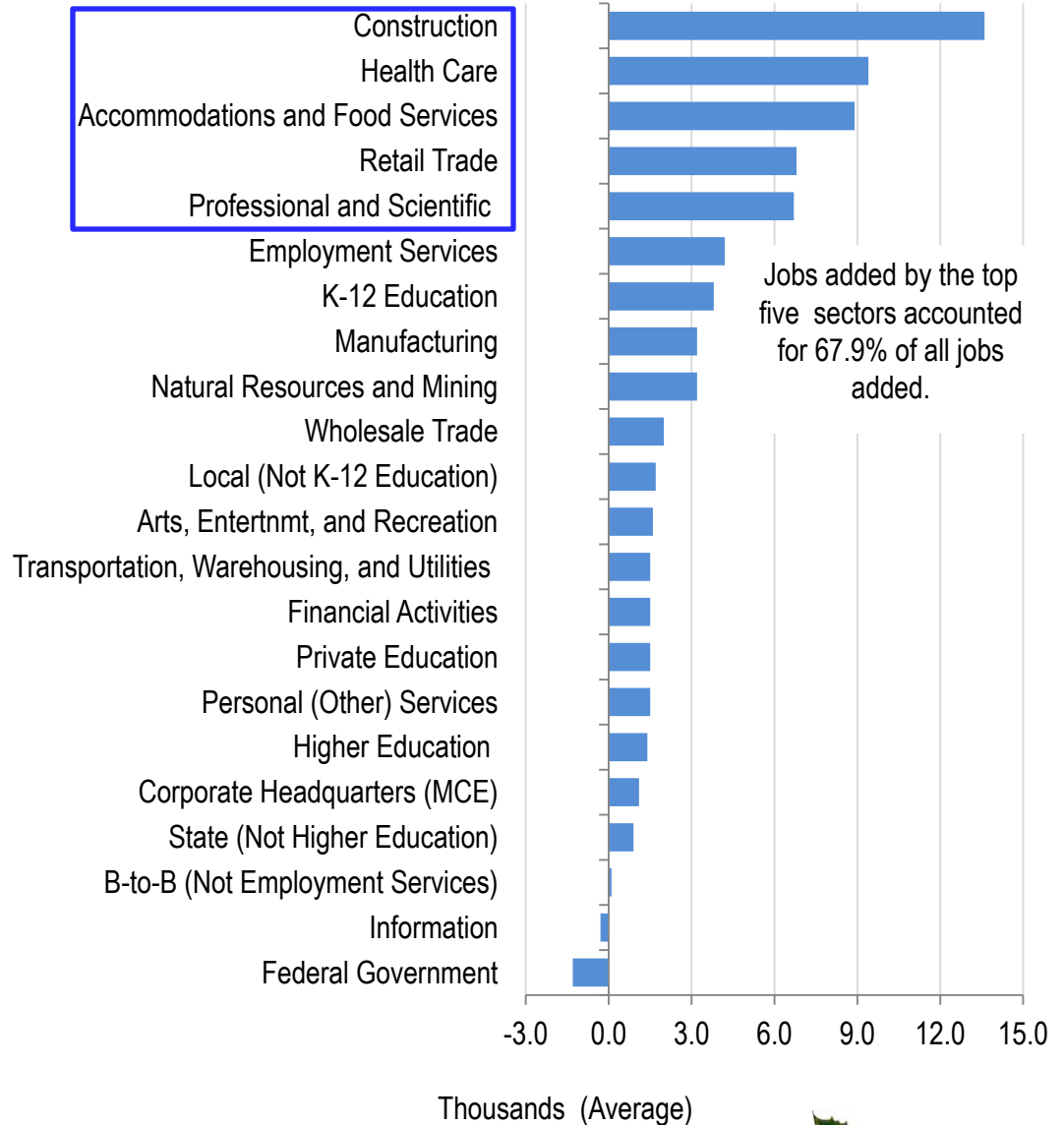
There will be 73,000 jobs added in Colorado in 2014 compared to 2013.

Growth will be led by the following sectors:

- Construction
- Health Care,
- Accommodations and Food Services (AFS)
- Retail Trade
- Professional, Scientific, and Technical Services (PST).

About 68% of the jobs will be added in these sectors.

Change in Employment 2013 vs. 2014



Source: Bureau of Labor Statistics, cber.co.



Colorado Employment The Lost Decade and Beyond

Colorado employment declined in 2009 and 2010. The changes for 2011 to 2014 follow:

- + 36,300 jobs in 2011
- +54,400 jobs in 2012
- +68,100 jobs in 2013.
- +73,000 jobs in 2014.

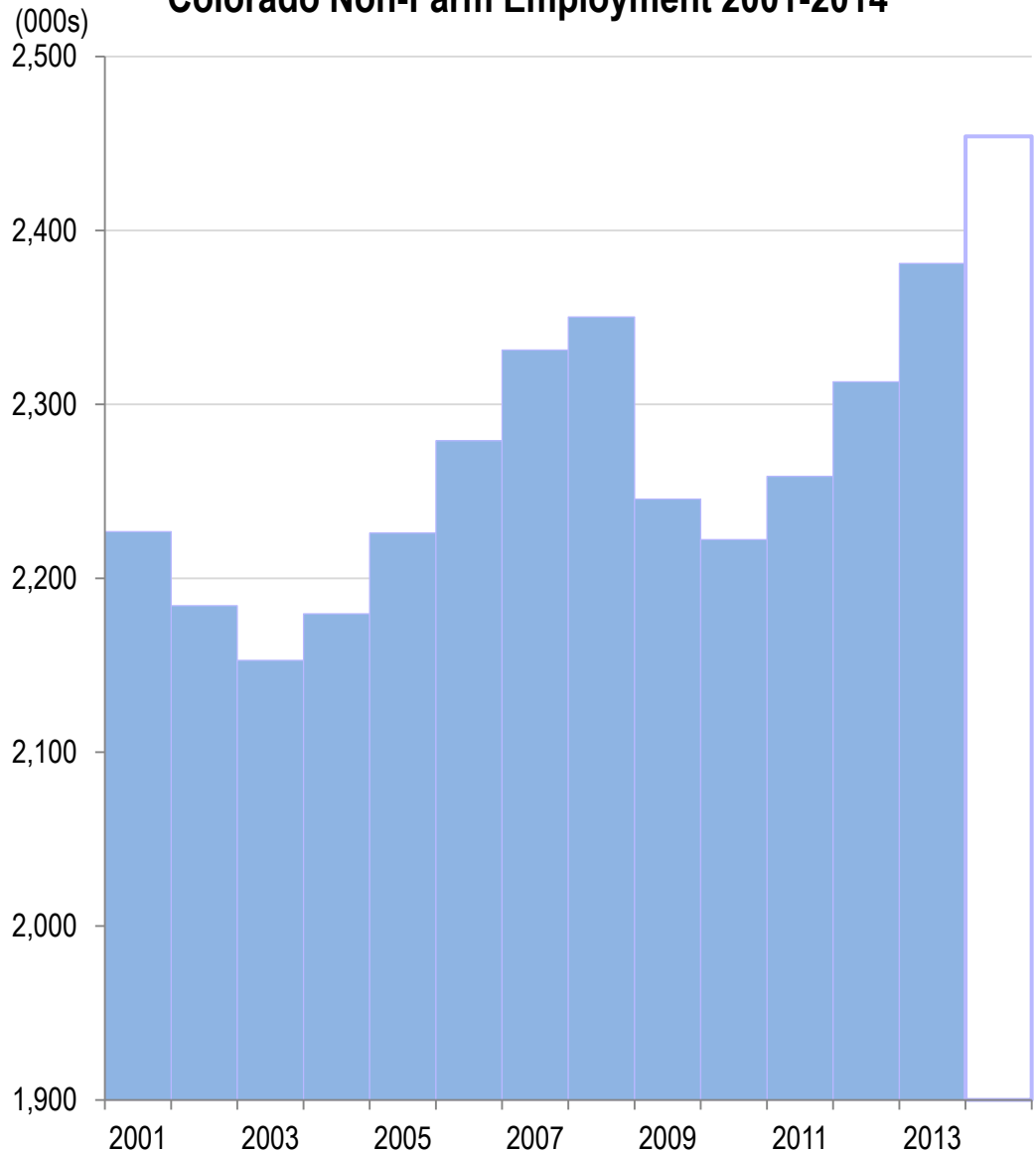
Average annual job growth for these four years is only 58,000 per year.

The number of jobs added has increased at an accelerating rate in each of these four years.

The cber.co forecast was that between 68,000 and 74,000 jobs will be added in 2014.


With a few days left in the year the preliminary estimate for job growth in 2014 is 73,000.

Colorado Non-Farm Employment 2001-2014



Source: Bureau of Labor Statistics, cber.co.





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