



# Advisory Commission

 **0.25%**  
**1.00-1.25%**

**Increase Effective**  
**3/22/2018**

**New Range 1.50% to**  
**1.75%**

## City of Loveland

Updated by Alan Krcmarik

Executive Fiscal Advisor

Draft for the

**May 9, 2018**

CFAC Meeting













Photo by Getty Images/Stockphoto

unfinished automobiles in a car plant



# Indicators Definitions

|   | Status  |   | Projections   |
|---|---|---|---|
|    | <p>Green – This indicator is performing within the fiscal range needed to meet (or exceed) its COL Budget expectations. Projection should be monitored if it is a declining trend.</p>        |    | <p>Expected trend will meet to exceed COL Budget requirements.</p>  |
|    | <p>Amber – This indicator is performing below the fiscal range needed to meet its COL Budget expectations, but is not critical. Projection is important.</p>                                  |    | <p>Expected trend will meet COL Budget requirements. No changes expected.</p>   |
|    | <p>Amber – This indicator is performing below the fiscal range needed to meet its COL Budget expectations, but is not critical. Projection is important.</p>                                  |    | <p>Expected trend is at risk to fall below COL Budget requirements. Corrective actions may be needed to prevent further adverse impact.</p> |
|  | <p>Red – This indicator is performing well below the fiscal range needed to meet its COL Budget expectations. Positive projection is desired, otherwise corrective actions are warranted.</p> |  | <p>Expected trend is to fall below COL Budget requirements. There is no indication of positive correction.</p>                              |
|  | <p>Red – This indicator is performing well below the fiscal range needed to meet its COL Budget expectations. Positive projection is desired, otherwise corrective actions are warranted.</p> |  | <p>Expected trend is to fall significantly below COL Budget requirements. Corrective action is beyond COL ability to effect.</p>            |

# Trends & Indicators Dashboard

| Leading Indicators          | Status | Proje-<br>ction | Lagging Indicators            | Status | Proje-<br>ction |
|-----------------------------|--------|-----------------|-------------------------------|--------|-----------------|
| US Unemployment             | ●      | ↗               | GEO Area Sales Taxes          | ●      | ↔               |
| US Personal Income          | ●      | ↔               | Use Tax on Building Materials | ●      | ↔               |
| Colorado Sales Tax          | ●      | ↗               | Building Permits              | ●      | ↔               |
| Colorado Unemployment       | ●      | ↗               | Property Tax Projections      | ●      | ↗               |
| Loveland Foreclosures       | ●      | ↗               | Loveland Employment Outlook   | ●      | ↗               |
| Loveland Sales Tax Licenses | ●      | ↔               |                               |        |                 |

**Indicators:** The global economy is stable and still expanding. Most U.S. economic indicators are still positive. Colorado Legislative forecast still strong, but risk is perceived as higher. Colorado housing market still strong. Foreclosures in Loveland very low, nearly non-existent. *Loveland job market still near full tilt.* Recession more than a year away.

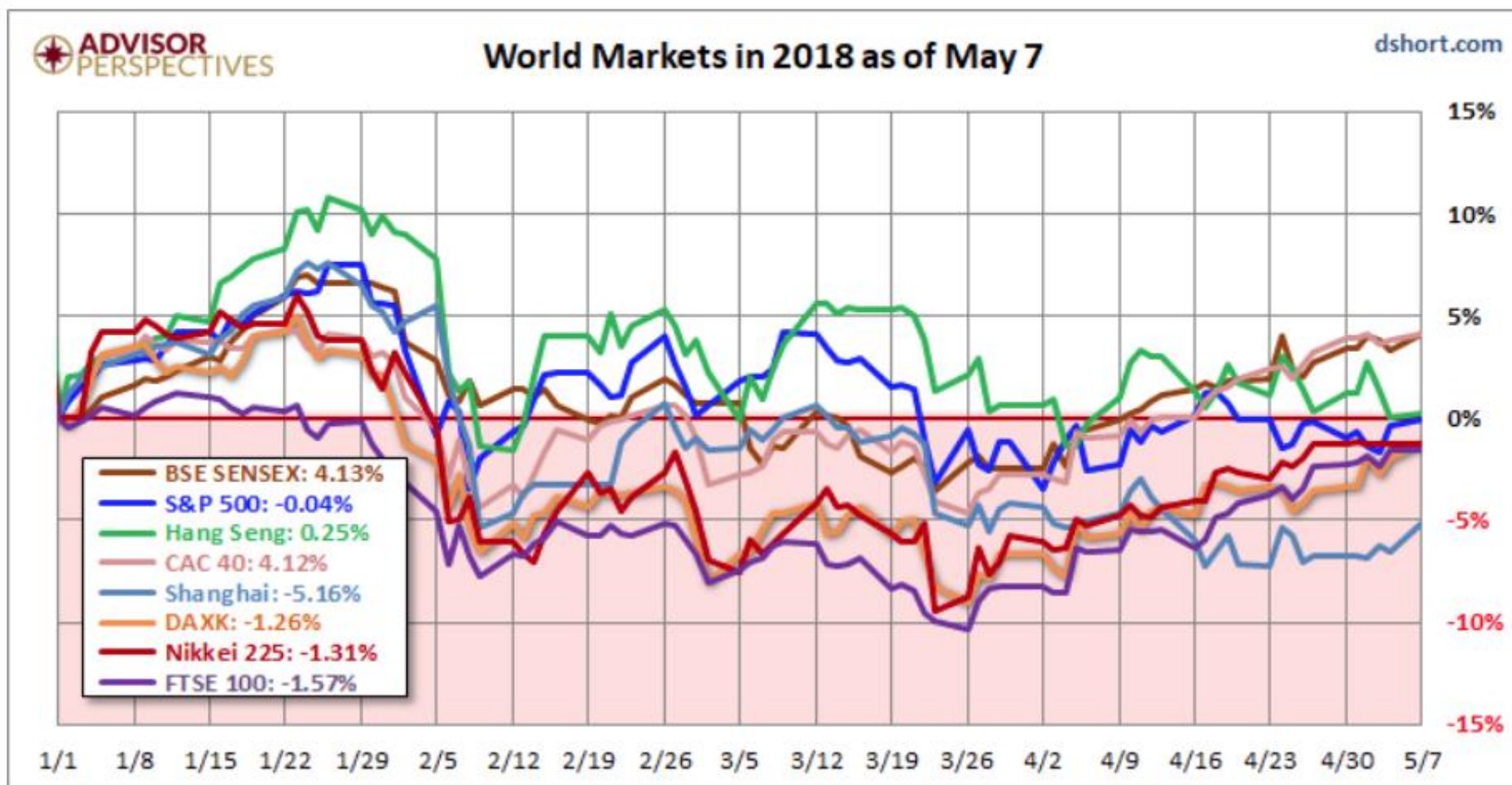
**Sales Tax Licenses, GEO Area, and Use Tax all moved to caution. City sales and use tax on the weaker growth side for the first three months of 2018. Larimer County Temporary Assistance to Needy Families and Food Stamps programs seeing growing demand.**

# World Markets Update by Jill Mislinski, 5/7/18

## *After strong January, markets struggling*

### 2018 Performance

Here is an overlay of the eight illustrating their comparative performance in 2018.





## *Here are all eight world indexes sorted by YTD*

| Index              | 2018 Peak | YTD    |               |
|--------------------|-----------|--------|---------------|
| <b>BSE SENSEX</b>  | 6.95%     | 4.13%  | Bombay, India |
| <b>CAC 40</b>      | 4.32%     | 4.12%  | Paris, France |
| <b>Hang Seng</b>   | 10.81%    | 0.25%  | Hong Kong     |
| <b>S&amp;P 500</b> | 7.45%     | -0.04% | U.S           |
| <b>DAXK</b>        | 4.96%     | -1.26% | Germany       |
| <b>Nikkei 225</b>  | 5.97%     | -1.31% | Japan         |
| <b>FTSE 100</b>    | 1.18%     | -1.57% | London        |
| <b>Shanghai</b>    | 7.63%     | -5.16% | China         |

*As of May 7 2018*

## Asia Pacific Update

# Global Insight

Weekly

- **China's official manufacturing Purchasing Managers' Index (PMI)**, an important leading economic indicator, was steady in April at 51.4 (estimate: 51.3; March: 51.5) and **indicates modestly supportive conditions**. 50 is the dividing line between deteriorating and improving conditions. **The services PMI was a healthy 54.8**. The services sector is the largest part of the Chinese economy. Investors are now focused on the outcome of trade talks between the U.S. and China.
- Mirroring global equity markets, **Asian equities continue to tread water. One interesting opportunity may be in Japanese stocks**. The strength in the dollar has led to a meaningful retreat in the yen, which on balance is positive for Japanese stocks. However, the sustainability of the dollar's recent rally is a matter of debate among investors.
- **The Reserve Bank of Australia left its benchmark rate unchanged** at a record low of 1.5%. The bank noted that employment growth has slowed in 2018 after a bumper year for jobs in 2017. Even so, the bank forecasts economic growth to increase and average over 3% in 2018 and 2019. **Inflation remains at the lower end of the bank's target range** of between 2%–3%. Consequently, the market's **outlook for rate hikes this year is muted**.



## Europe

# Global Insight

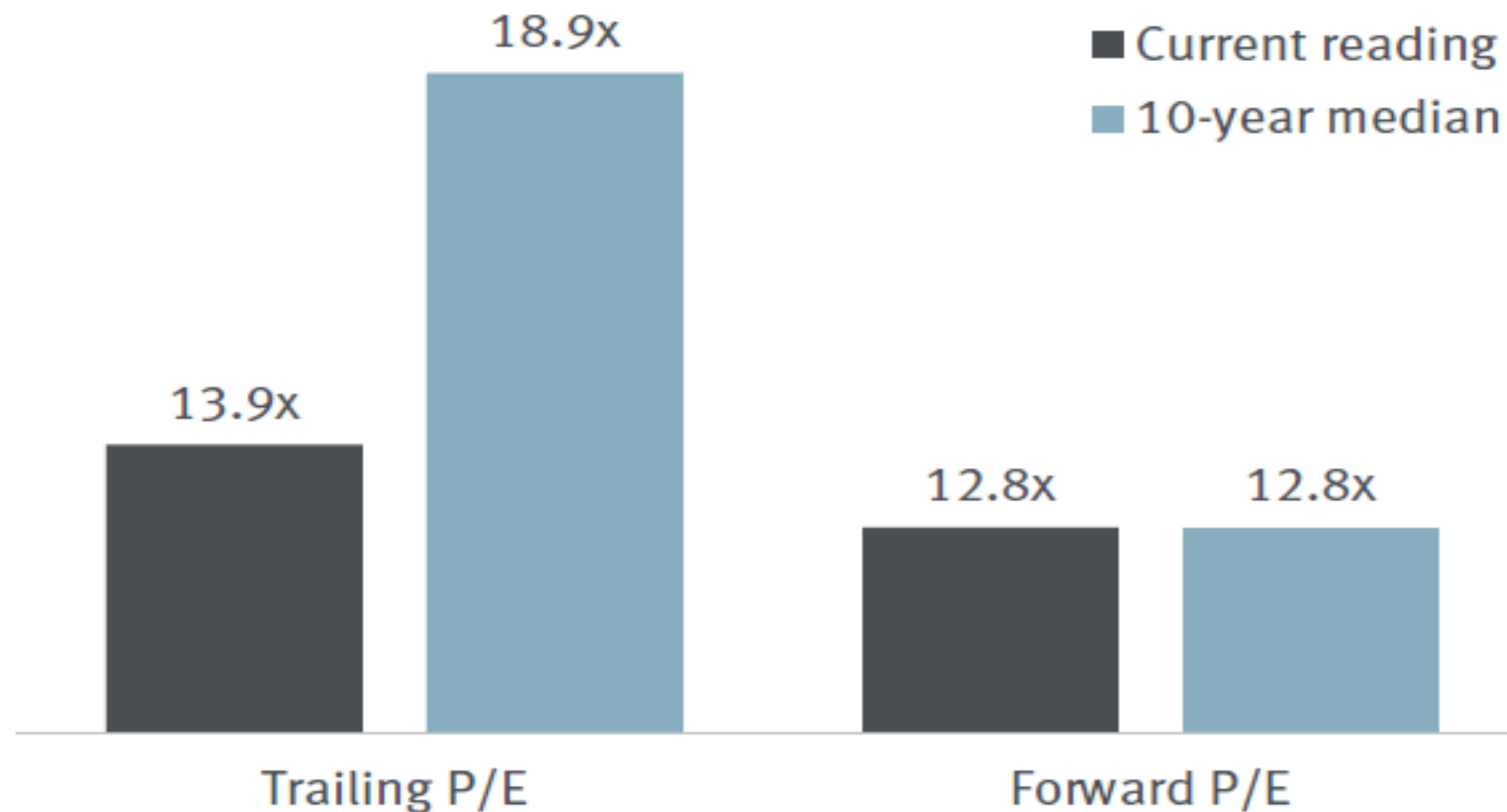
Weekly

- “We recently upgraded U.K. equities to Market Weight, as several valuation metrics were pointing to attractive valuations relative to other markets and historical averages. **Recent corporate activity is another reminder of the value emerging in U.K. equities...While we find valuations interesting, we continue to believe the U.K. faces a period of subdued, sluggish growth.** This has been corroborated by the meagre 0.1% q/q GDP growth in Q1 2018, which disappointed even cautious estimates. Some of the weakness can be blamed on unusually cold weather, but April’s Composite Purchasing Managers’ Index reading of 53.2, up from March’s 51.7, rebounded less than expected and points to Q2 growth of 0.2% q/q. Given this sluggishness, **the probability of a rate hike in May has diminished somewhat.**”
- 
- “**Euro area GDP slowed to 0.4% q/q in Q1**, in line with consensus expectations. Here again, it would seem that weather played a role, though a series of strikes in France may also have impacted activity. With half of the companies in the STOXX Europe 600 ex UK having reported Q1 results, **aggregate earnings per share growth so far is a healthy 11% y/y** with revenues up 5% y/y. Cyclical companies seem to have better earnings momentum so far thanks to the still strong economic momentum of the previous months.”

## *RBC optimistic about the U.K.*

U.K. valuations appear reasonably attractive

FTSE 100 trailing and forward price-to-earnings (P/E) ratio



Source - RBC Wealth Management, Bloomberg; data through 5/3/18



**“Asset manager stocks have underperformed** due to fee pricing pressures and risks from regulators. RBC Capital Markets believes the compression in valuations has made the sector more attractive but contends that investors need to focus on companies with positive fundamentals. **Equity funds posted their third consecutive month of positive net sales** year to date and were the best-selling asset class in March. In addition, there are early signs of optimism for Canadian equities as fund sales continue to improve.”

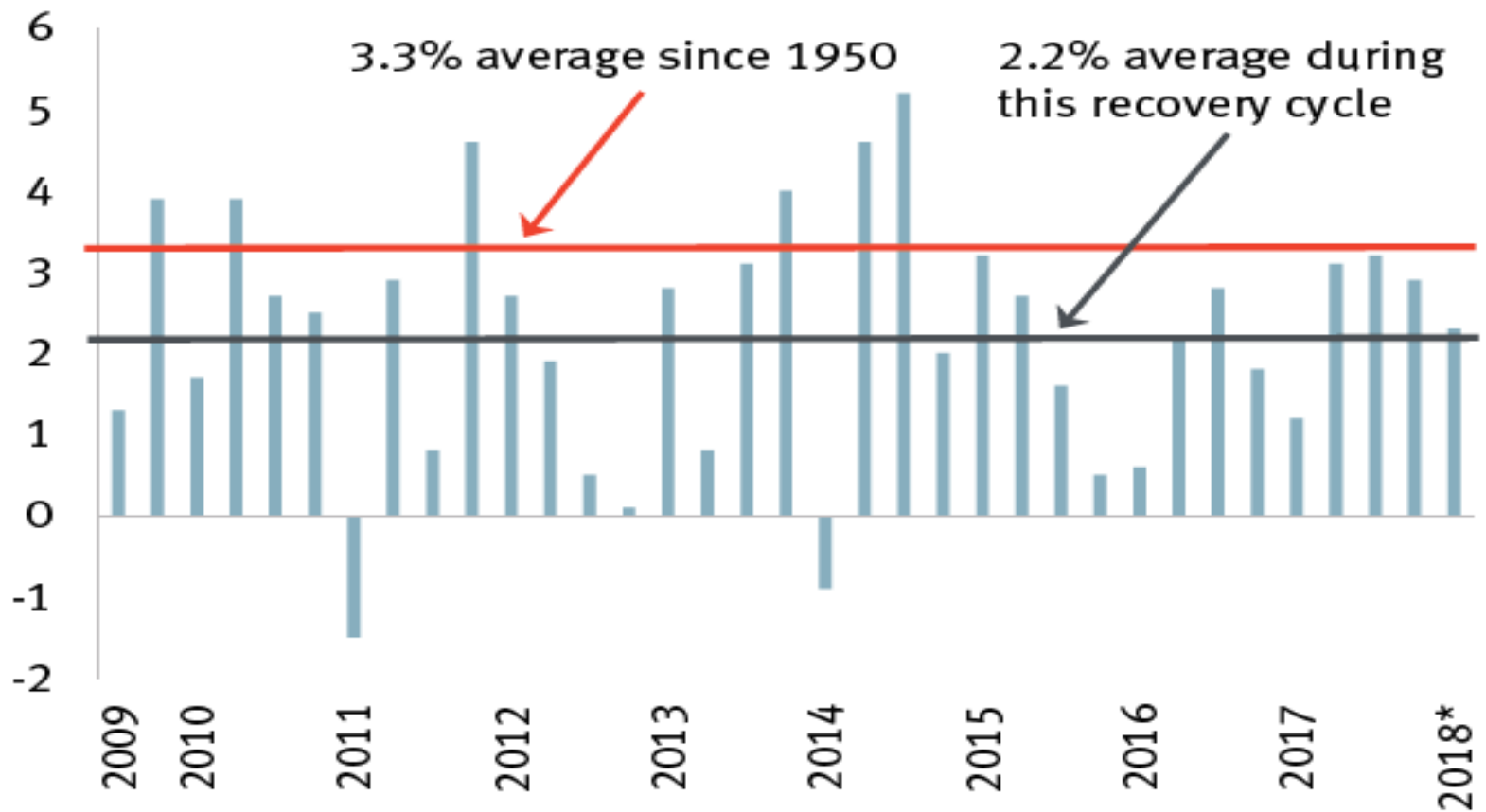
In *The Wall Street Journal* on May 1, Bank of Canada (BoC) Governor Stephen Poloz warned that **high levels of household debt pose growing threats to the Canadian economy. Approximately 8% of borrowers owe 350% of their gross income** while the overall average for Canadians is 170% of disposable income. For the first time in many years, **Canadians are renewing loans at higher interest rates.** Poloz believes high household debt can be managed and that Canada’s financial system remains resilient. The next policy announcement is scheduled for May 30, and the BoC’s benchmark rate stands at 1.25%.

**NAFTA negotiations appear to have struck an optimistic tone** with officials citing they have made solid progress on a high-level deal... **RBC Global Asset Management has revised its probability of NAFTA’s termination from 30% to 15%.”**

# *GDP growth underwhelming is this the “new normal”?*

GDP for the current recovery cycle remains below the long-term trend

U.S. GDP quarter-over-quarter annualized rate (%)

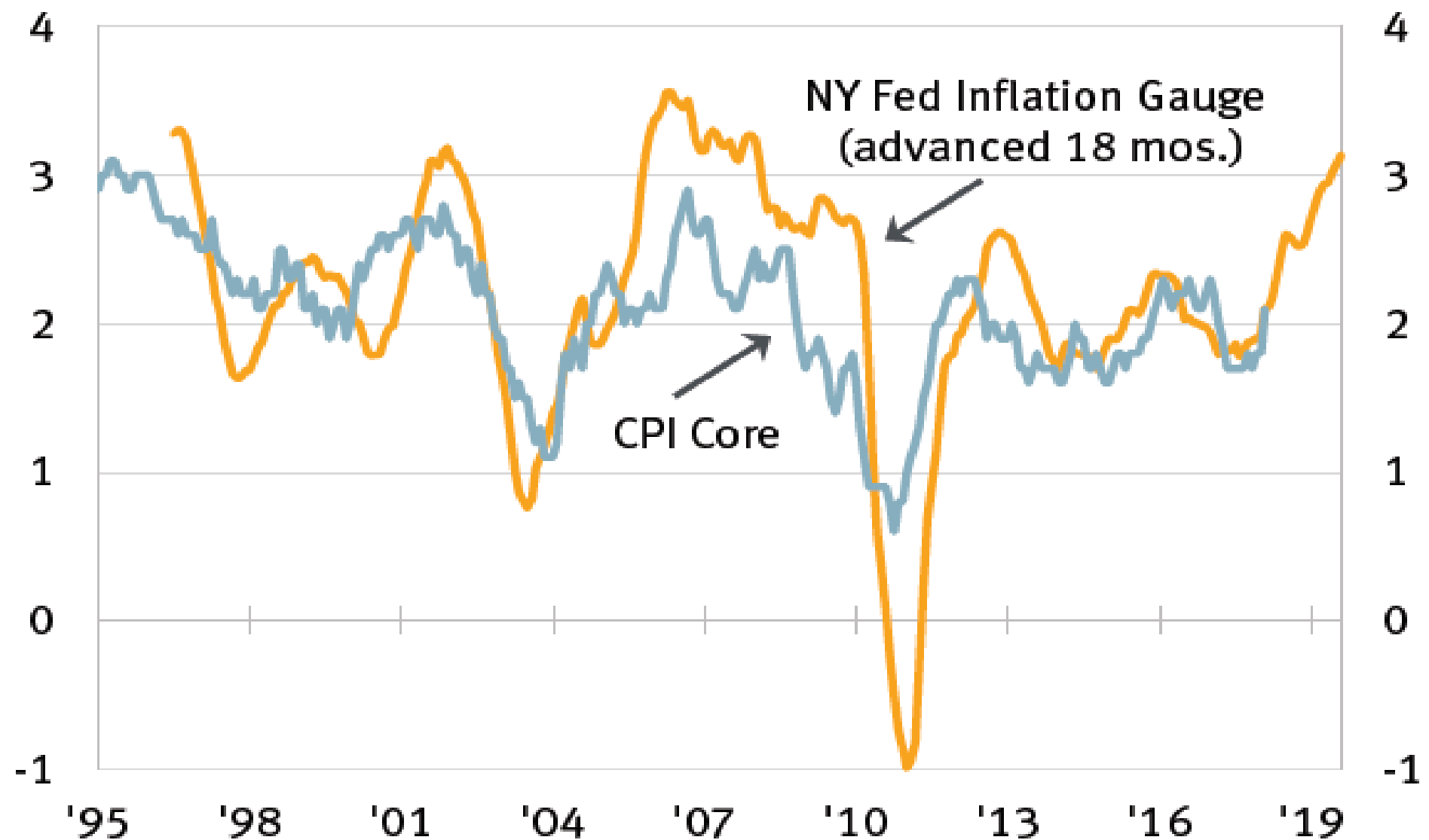


\*Q1 2018 GDP growth of 2.3% is a preliminary figure subject to revision  
Source - RBC Wealth Management, Bloomberg; data period: Q3 2009 through Q1 2018



## NY Fed data pointing toward higher inflation

Consumer Price Index excluding food and energy tends to follow a similar path as the New York Federal Reserve's Inflation Gauge

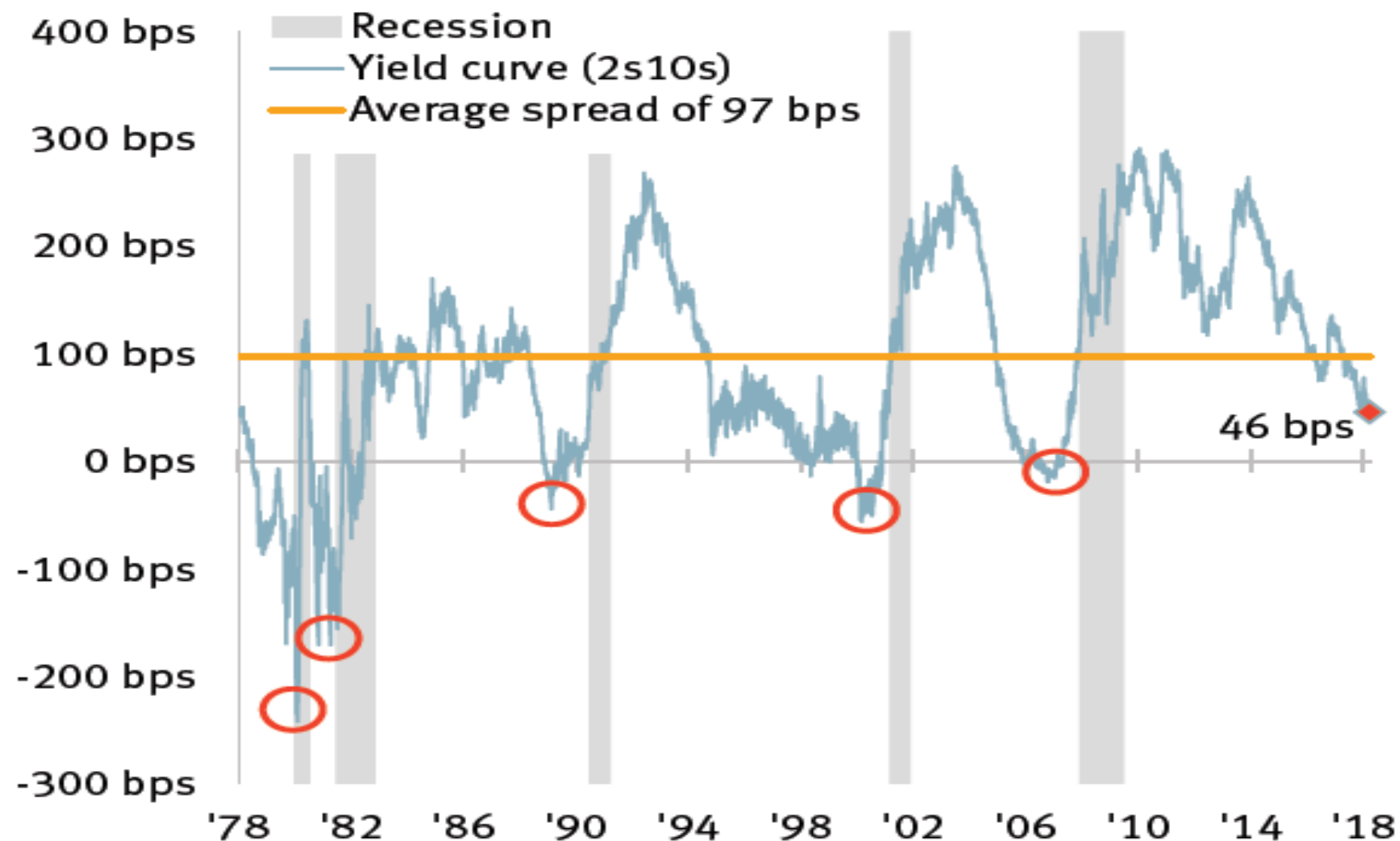


Source - RBC Wealth Management, New York Federal Reserve, Bloomberg;  
CPI Core data through March 2018

# What about the flat yield curve—is a recession coming?

An inverted yield curve typically leads to a recession

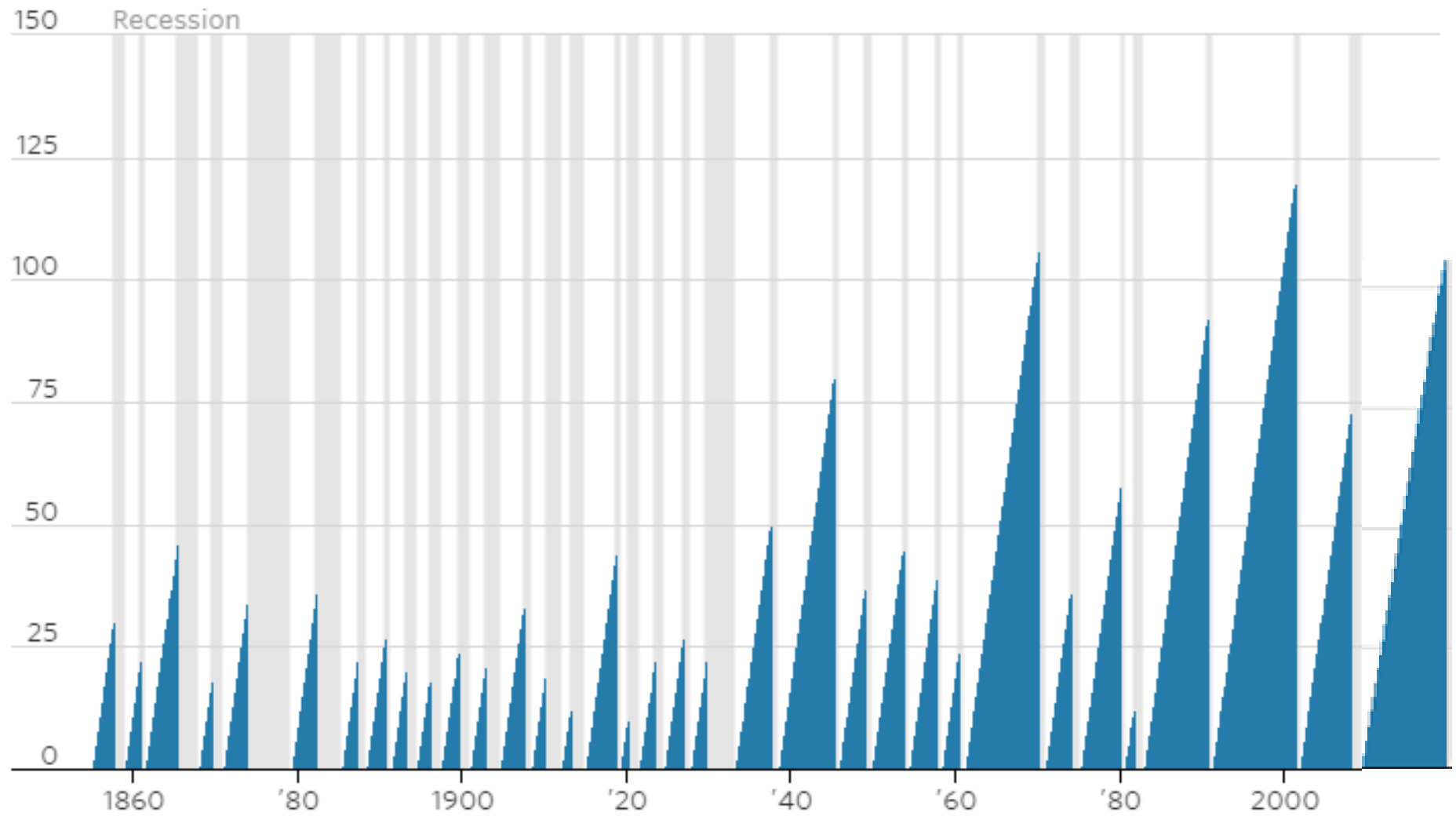
2Y to 10Y Treasury yield curve in basis points with recession periods



Source - RBC Wealth Management, Bloomberg; data through 5/1/18

# U.S. Economy is now in the 2<sup>nd</sup> Longest Expansion on Record

Number of months the economy has been in expansion



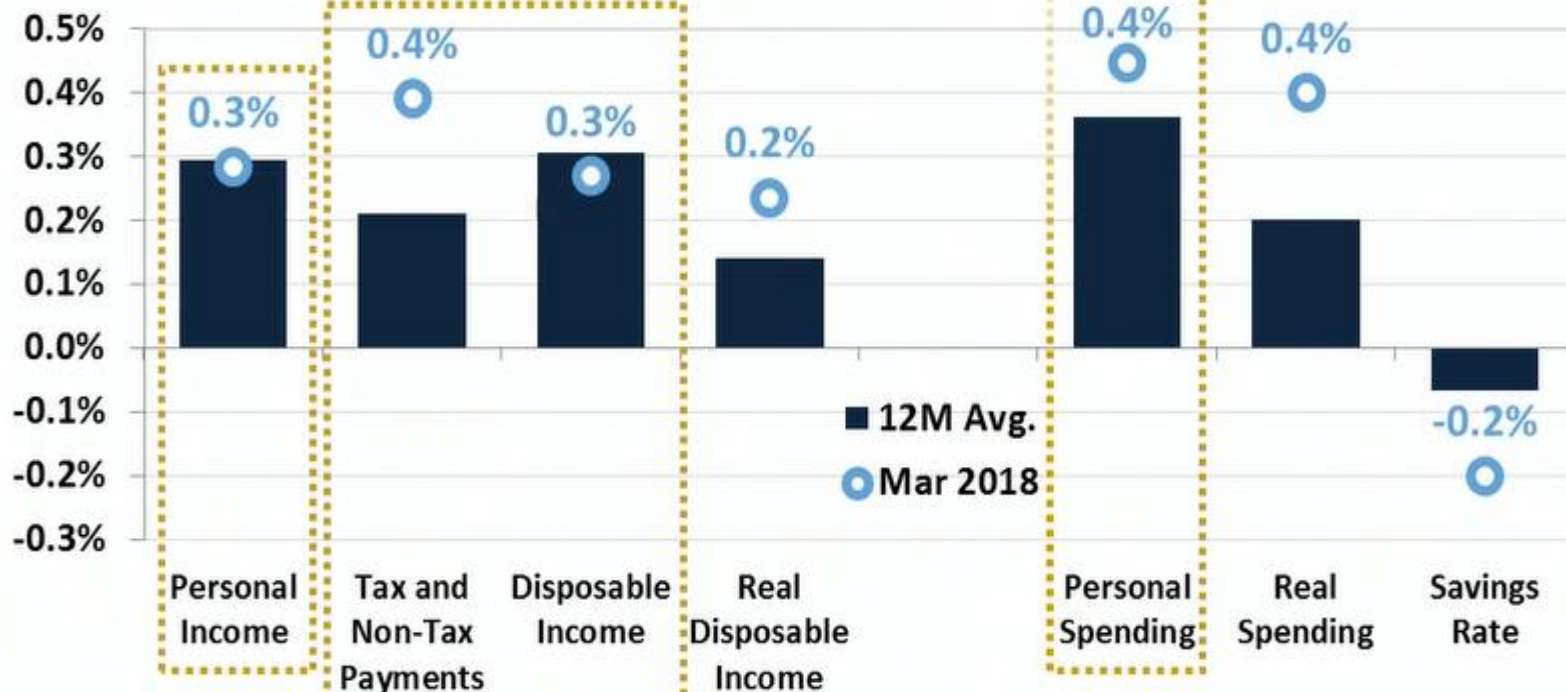
Source: National Bureau of Economic Research

THE WALL STREET JOURNAL

May 7, 2018

## INCOME ▲ SPENDING ▲

▶ ISM Indices Both Fall More-than-Expected, Remain a Positive Indicator





May 7, 2018

## PCE INFLATION REBOUNDS

▶ The Fed's Preferred Measure of Inflation Now Closing in on 2.0% Target



May 7, 2018

## ISM INDICES DISAPPOINT

▶ ISM Indices Both Fall More-than-Expected, Remain a Positive Indicator



Sources: ISM, Vining Sparks

# Still pointing toward 3% GDP Growth

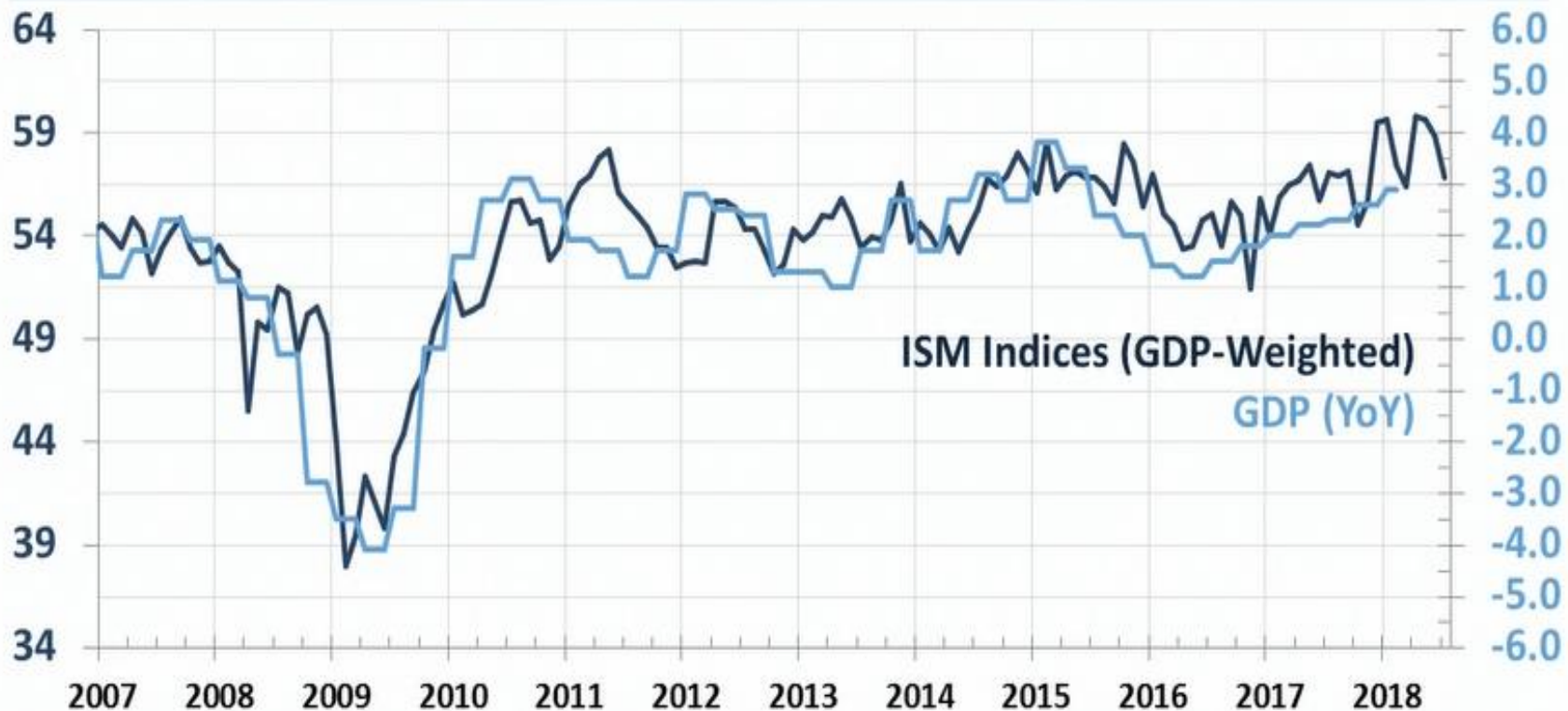
Market Watch

VINING  SPARKS

May 7, 2018

## ISM INDICES DISAPPOINT

▶ ISM Indices Both Fall More-than-Expected, Remain a Positive Indicator



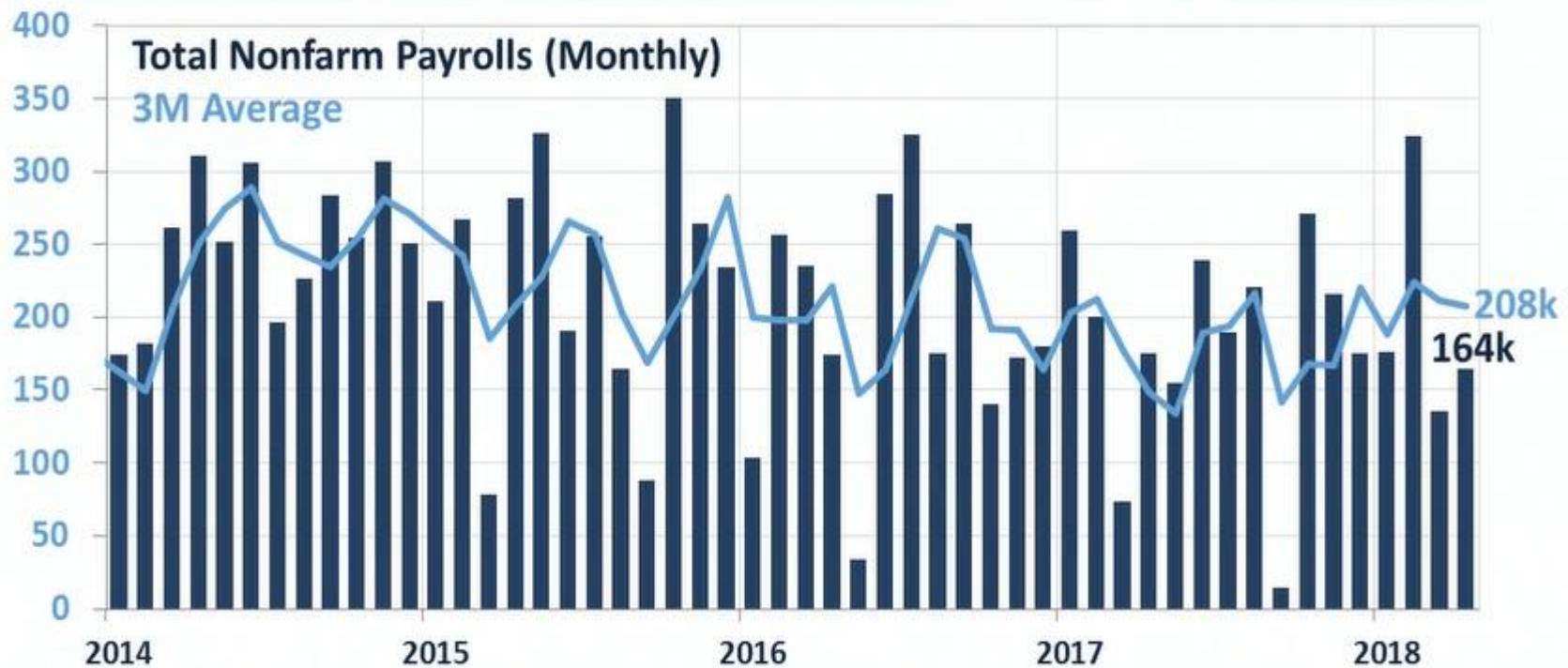
# Monthly number weaker than expected

## Market Watch

May 7, 2018

# NONFARM PAYROLLS

▶ Total Nonfarm Payrolls Grow 164k Bringing 3-Month Average to 208k





# U.S. Employment Rate now below 4%

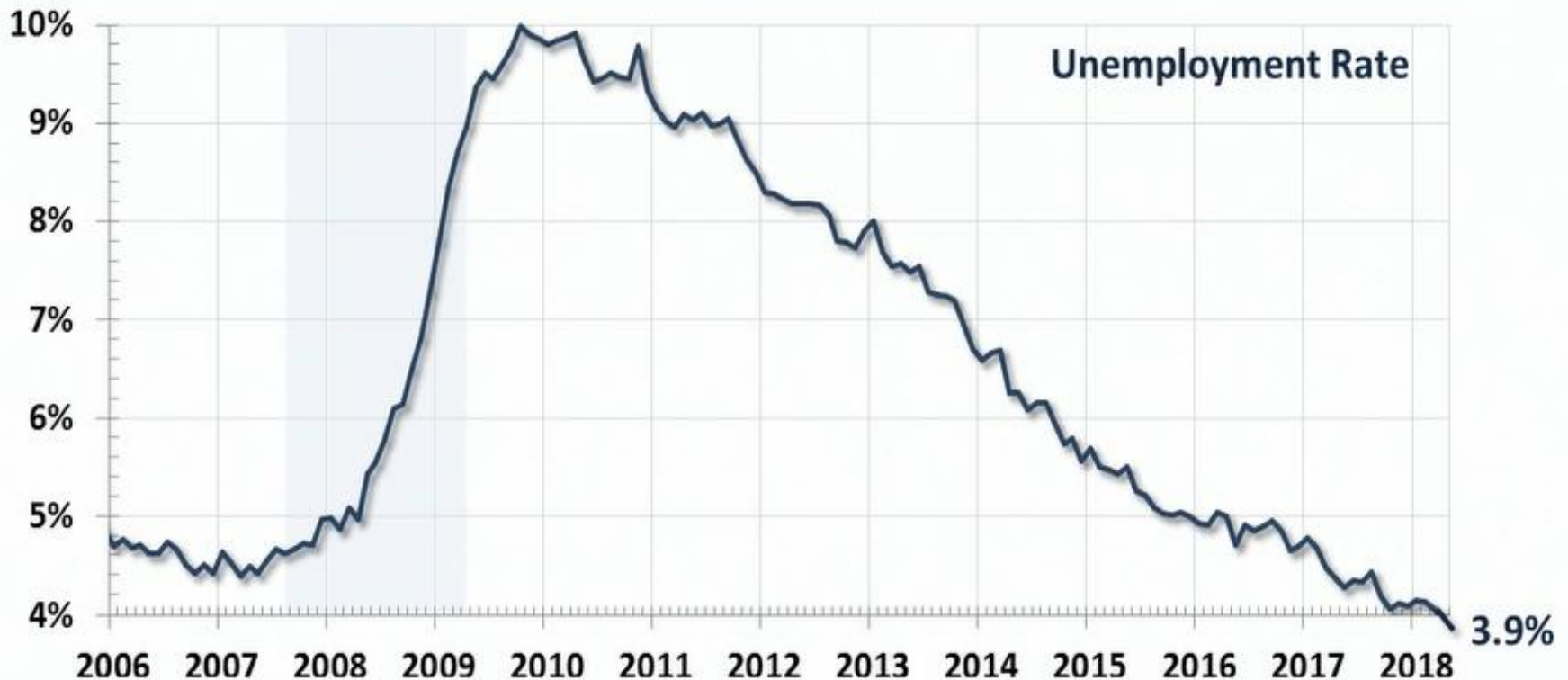
Market Watch

VINING  SPARKS

May 7, 2018

## UNEMPLOYMENT RATE ▼

► Unemployment Rate Drops from 4.1% to 3.9% as People Leave Labor Force



# Increase in Not in Labor Force the reason for the lower Unemployment Rate

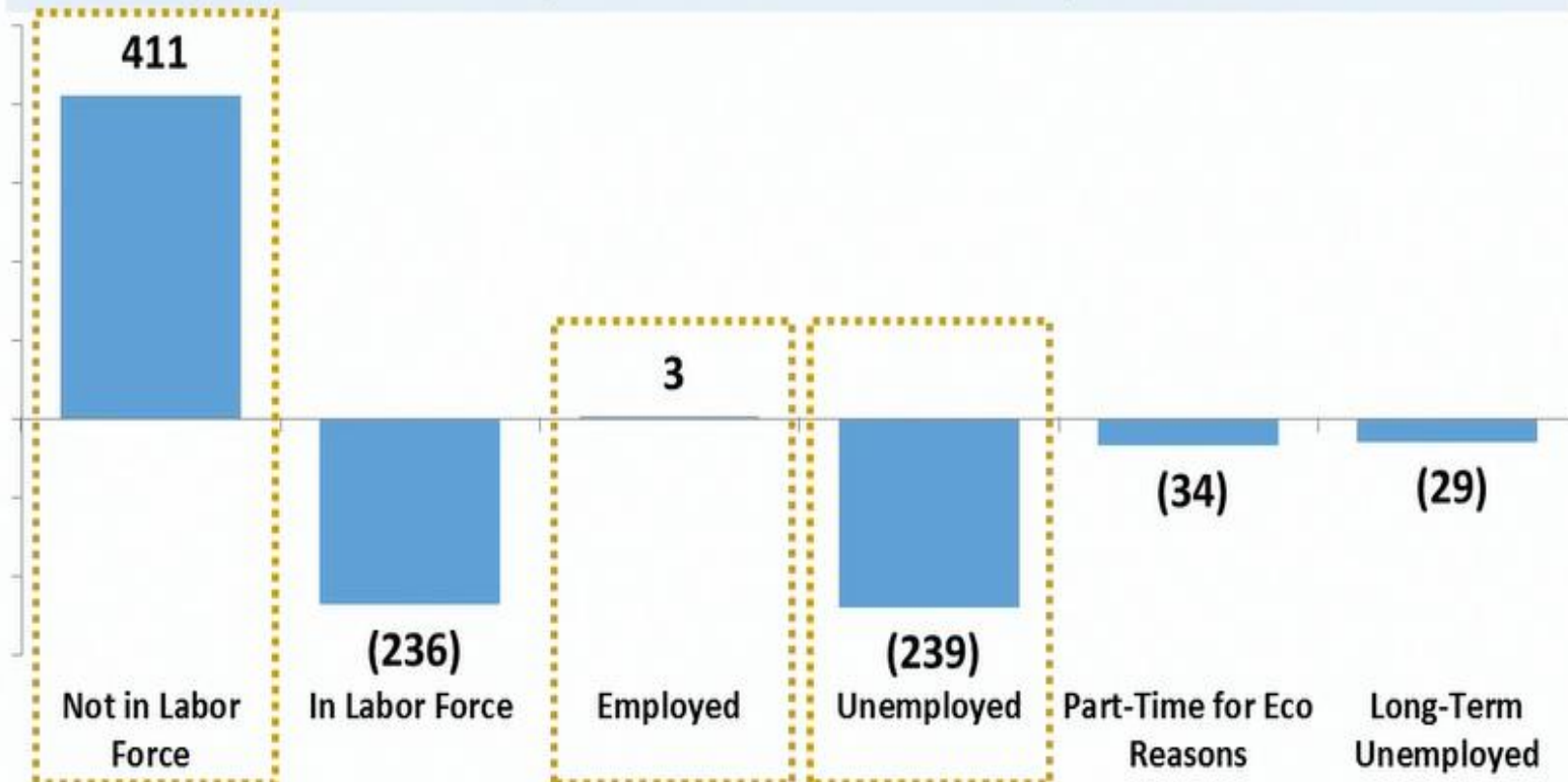
Market Watch



May 7, 2018

## UNEMPLOYMENT RATE ▼

► Unemployment Rate Drops from 4.1% to 3.9% as People Leave Labor Force



# Most important number is slow earnings growth

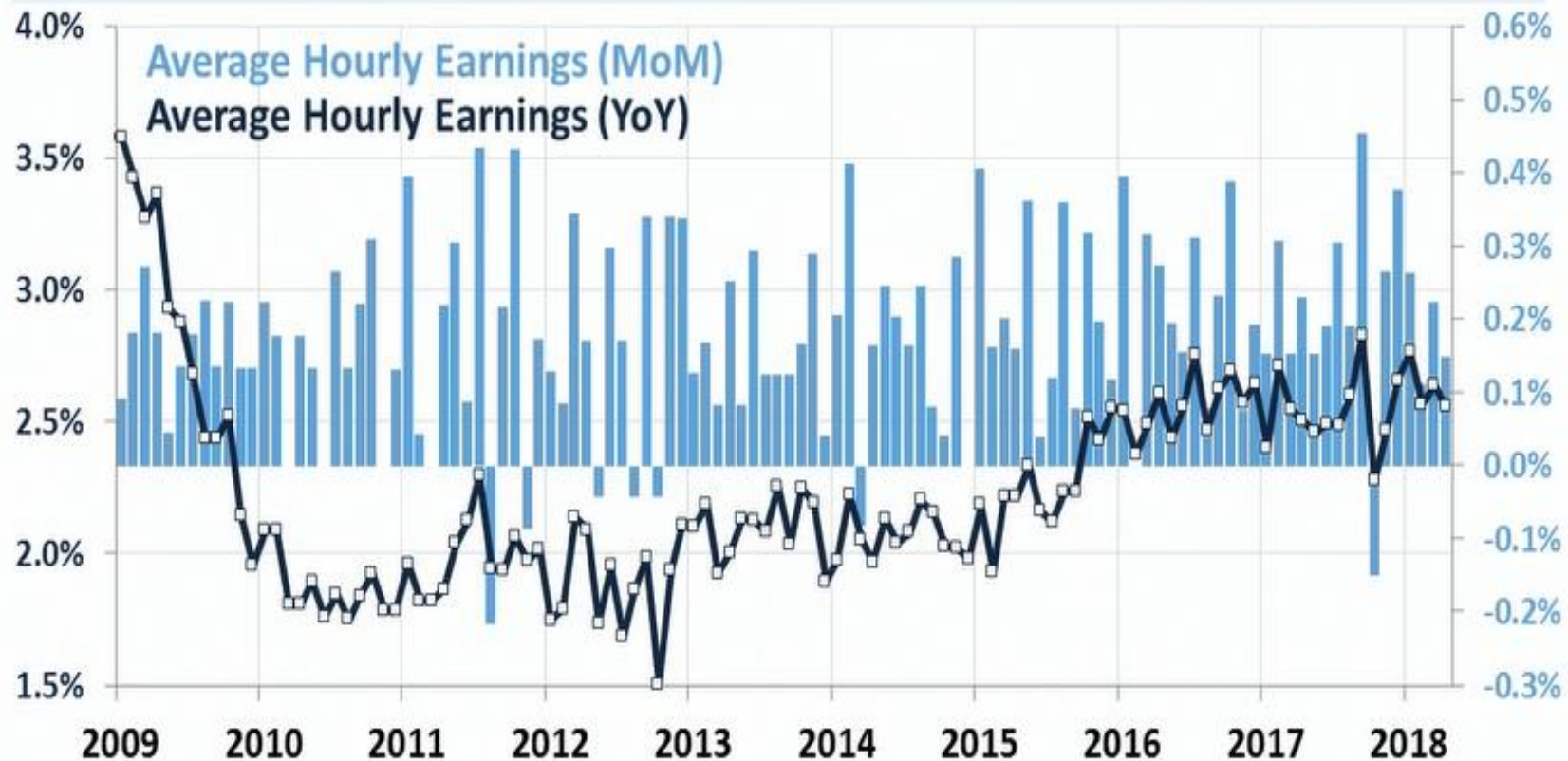
## Market Watch



May 7, 2018

# HOURLY EARNINGS SLOW

▶ Average Hourly Earnings Put Recent Wage/Inflation Fears on Hold



# APRIL LABOR DATA

▶ Labor Market Remains Strong but Earnings Growth Not Yet Accelerating

## Nonfarm Payroll Growth

3M Average: 208k

Likely slowing to 170k per month

## Unemployment Rate

Below 4.0%

## Average Hourly Earnings

Down to 2.6%

Less wage pressure than January report implied



# *June rate increase “baked in” and September likely*

Market Watch

VINING  SPARKS

May 7, 2018

## FOMC STATEMENT

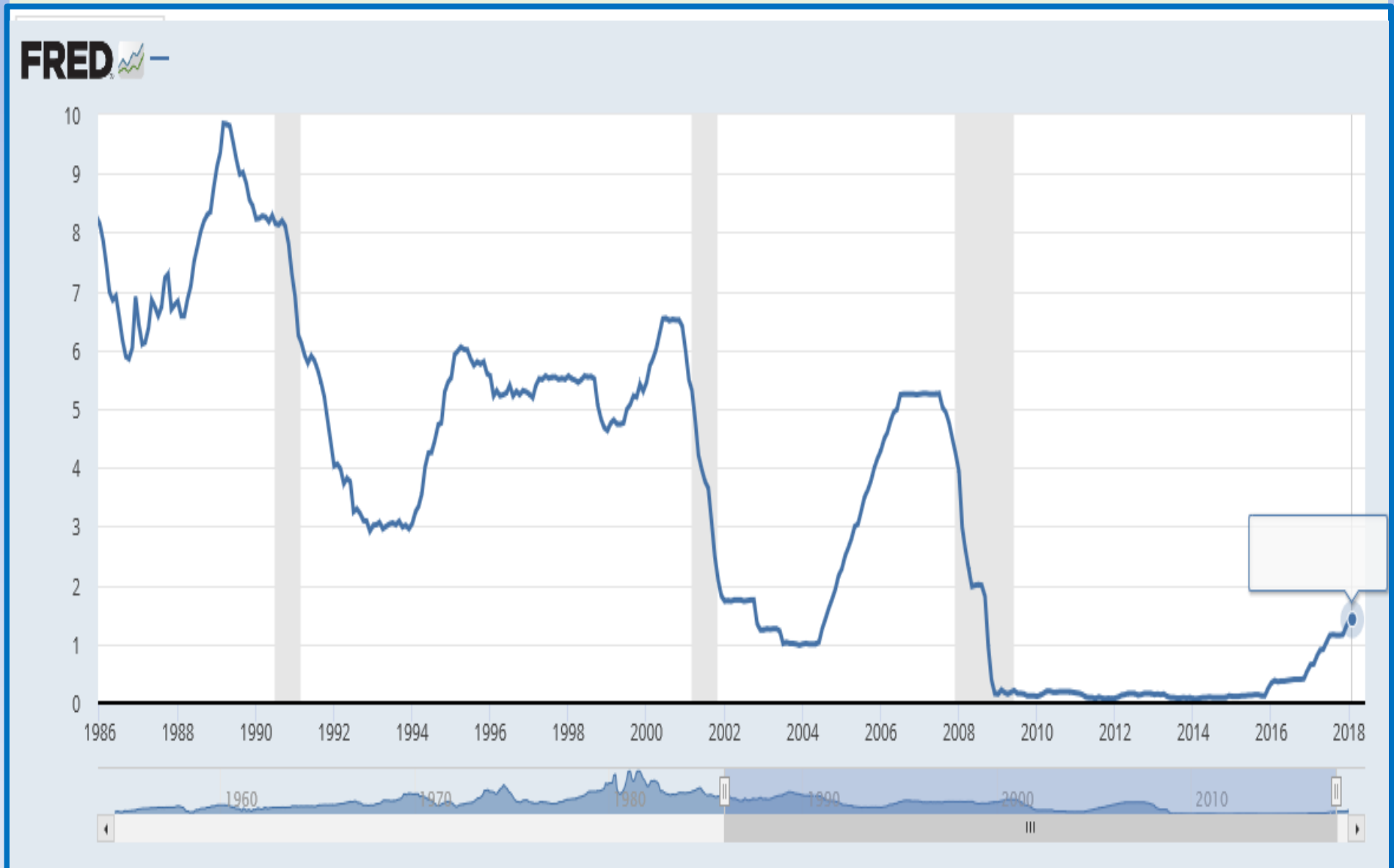
▶ Fed Continues to Expect Gradual Hikes as Confidence in Inflation Builds

- ▶ **Headline and core inflation** - “moved close to 2 percent”
- ▶ **Inflation expected to** “run near the Committee’s symmetric 2 percent objective over the medium term”
- ▶ ~~“Committee is monitoring inflation developments closely”~~
- ▶ **“Market-based measures of inflation compensation remain low”**

***FOMC raised the Federal Funds Rate in March,  
the 1st bump in 2018, and the 6<sup>th</sup> since late 2015  
Two or Three more on the table in 2018***



# *Federal Funds Rate still well below “normal” pre-recession levels - 32 years of history*



# Market signals show no sign of recession

Short-term Technical Health "Bearish" (Table from May 6, 2018 blog)

| Risk Indicator                       | Current   | Last Week | Last Month | Last Quarter | Interpretation               |
|--------------------------------------|-----------|-----------|------------|--------------|------------------------------|
| <b>Valuation</b>                     |           |           |            |              |                              |
| Ten-year note yield                  | 2.95%     | 2.96%     | 2.78%      | 2.84%        |                              |
| S&P 500                              | 2663      | 2670      | 2604       | 2762         |                              |
| S&P Forward Earnings                 | 162       | 162       | 158        | 154          |                              |
| S&P Earnings yield                   | 6.10%     | 6.07%     | 6.07%      | 5.56%        |                              |
| Equity Risk Premium                  | 3.15%     | 3.11%     | 3.30%      | 2.72%        | Very High                    |
| <b>Economy</b>                       |           |           |            |              |                              |
| C-Score                              | 360       | 367       | 362        | 404          | 9 MoRecession Prob about 18% |
| Leading SuperIndex*                  | 0.71%     | 0.71%     | 0.48%      | 0.53%        | 3-4 MoRecession Prob         |
| BCIip                                | 100.0     | 100.0     | 88.7       | 100.0        | No recession indicated       |
| SLFSI                                | -1.042    | -1.068    | -0.919     | -1.431       | Very Low Risk                |
| <b>Anticipated Inflation</b>         | 2.16%     | 2.18%     | 2.08%      | 2.11%        |                              |
| <b>VIX</b>                           | 15.90%    | 16.24%    | 18.94%     | 13.47%       |                              |
| <b>Historical S&amp;P Volatility</b> |           |           |            |              |                              |
| Last Five Days                       | 7.88%     | 13.61%    | 28.61%     | 14.13%       |                              |
| Last Twenty Days                     | 12.40%    | 17.48%    | 23.36%     | 12.06%       |                              |
| <b>Technical Health</b>              |           |           |            |              |                              |
| Short-term                           | 5         | 3.5       | 5          | 1            | Bearish                      |
| Long-term                            | 1         | 1         | 2          | 1            | Strongly Bullish             |
| <b>Overall Outlook</b>               | Str. Bull | Str. Bull | Str. Bull  | Str. Bull    |                              |

Sources: Stlouisfed.org, RecessionAlert.com, iMarket Signals, fundamentalis.com, and NewArc Investments, Inc. ©2018

\*SuperIndex is the public value, delayed one month



# No Recession Is Signaled By iM's Business Cycle Index Updated to May 3, 2018

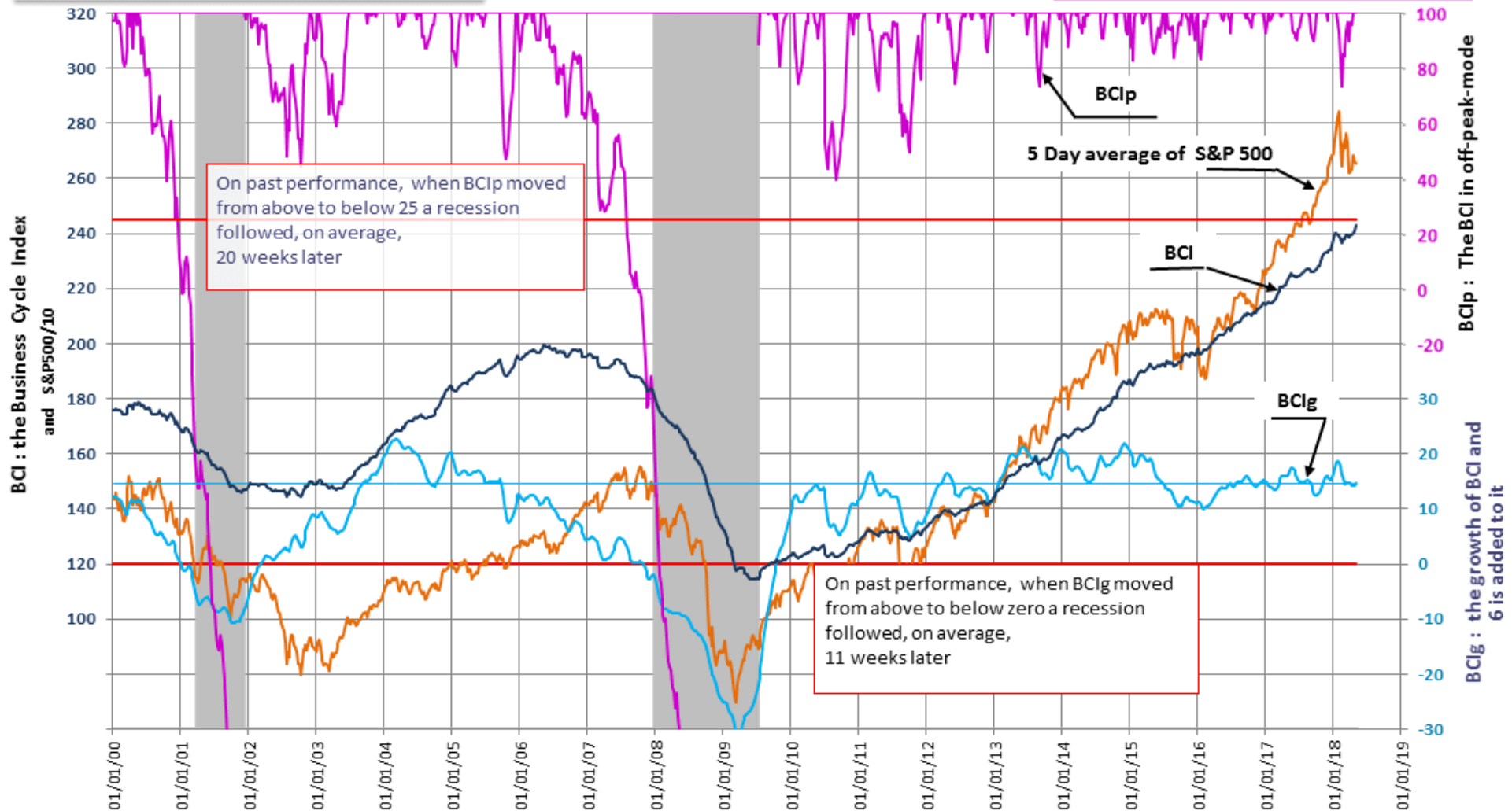
iM imarketsignals.com

Fig 1: iM's Business Cycle Index (BCI)

| Date | 04/05 | 04/12 | 04/19 | 04/26 | 05/03 |
|------|-------|-------|-------|-------|-------|
| BCIp | 96.7  | 95.8  | 100.0 | 100.0 | 100.0 |
| BCI  | 239.8 | 239.6 | 240.3 | 241.2 | 242.9 |
| BCIg | 14.6  | 14.3  | 14.1  | 14.3  | 14.7  |

BCIp, BCI and BCIG  
updated to May 03, 2018

On past performance, BCIp = 100 can be interpreted as an average one year "time-to-live" to a recession.



# None of the Conditions for a Recession Start are Present By iM's Unemployment Rate Index

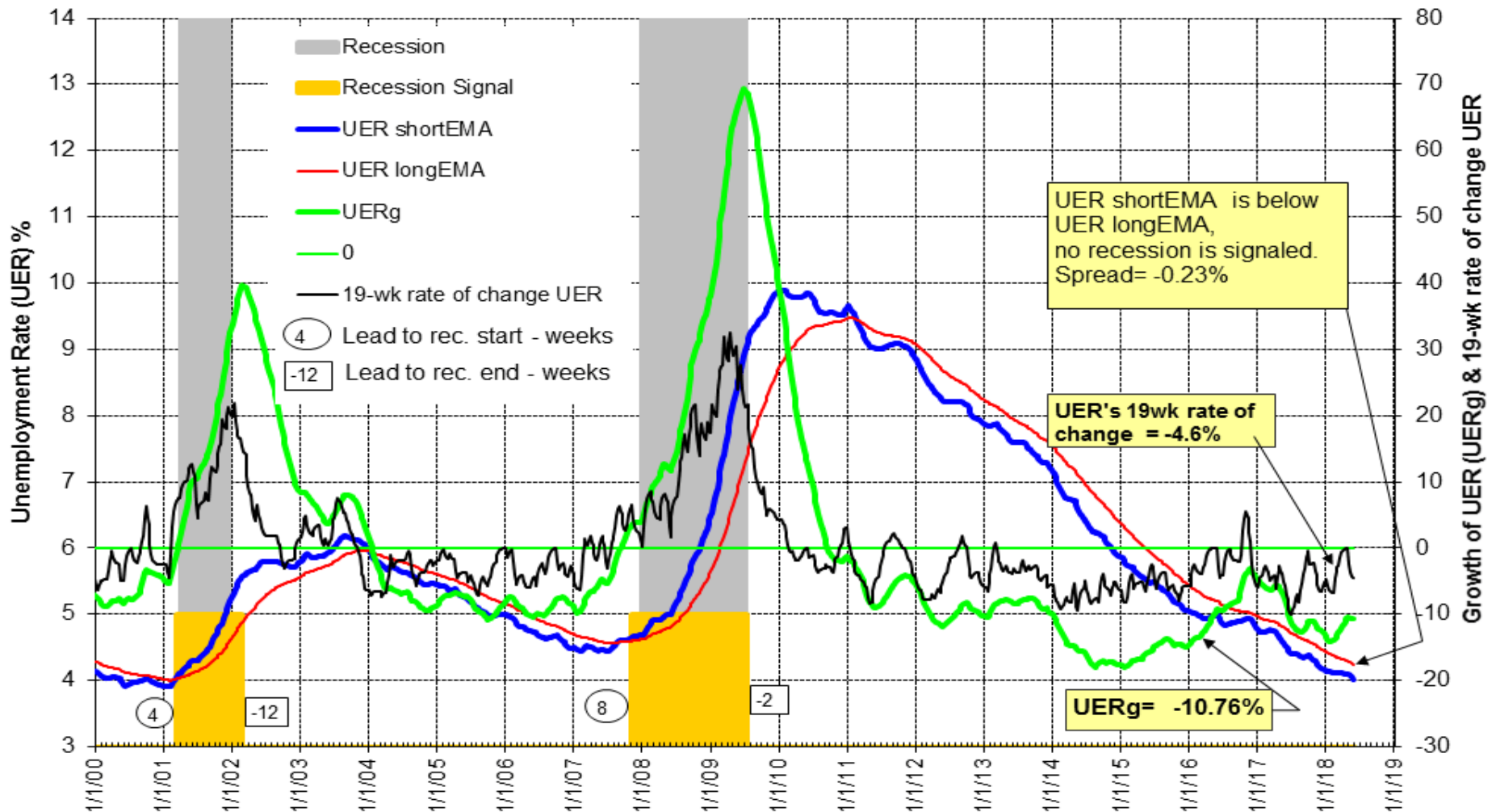
Update May 6, 2018

iM imarketsignals.com

**Fig-8 Unemployment Rate and Recessions (real-time) 2000-2018**

Leads to recession starts and to recession ends are positive numbers in weeks, lags are negative numbers.

updated to 5-25-2018 with April UER= 3.9%



# RECORD LEVEL OF SMALL BUSINESSES EXPERIENCING PROFIT GROWTH

**REPORTS OF IMPROVED EARNINGS REACH HIGHEST LEVELS IN 45-YEAR HISTORY OF SMALL BUSINESS ECONOMIC TRENDS SURVEY**

“Never in the history of this survey have we seen profit trends so high”, said **NFIB President and CEO Juanita Duggan**. “The optimism small businesses owners have about the economy is turning into new job creation, increased wages and benefits, and investment.”

The frequency of positive profit trends went up three points in April due to gains in operating productivity and stronger sales as well as the newly implemented tax law...

“There is no question that small business is booming,” said NFIB Chief Economist Bill Dunkelberg. “Consumer spending, the new tax law, and lower regulatory barriers are all supporting the surge in optimism across all small business industry sectors.”

## Small Business Optimism

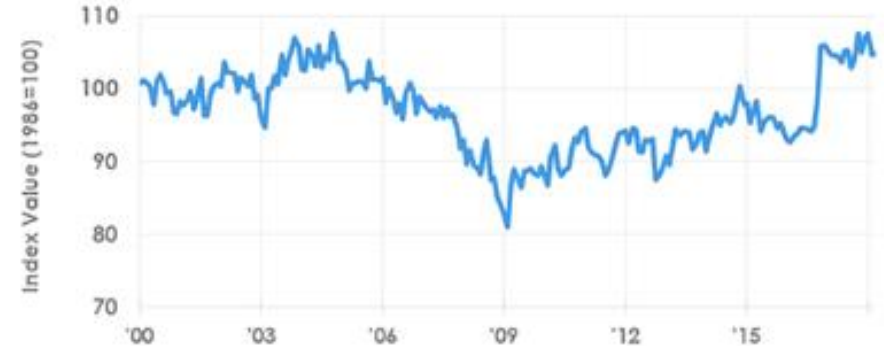
### Record Level Profit Growth in April

| Index Component                   | Net % | Change From Mar. |
|-----------------------------------|-------|------------------|
| Job Creation Plans                | 16%   | ▼ -4             |
| Capital Expenditure Plans         | 29%   | ▲ 3              |
| Inventory Plans                   | 1%    | — 0              |
| Job Openings                      | 35%   | — 0              |
| Inventory Satisfaction            | -4%   | ▲ 2              |
| Good Time to Expand               | 27%   | ▼ -1             |
| Expect Better Business Conditions | 30%   | ▼ -2             |
| Sales Expectations                | 21%   | ▲ 1              |
| Expect Easier Credit Conditions   | -6%   | — 0              |
| Actual Earnings Trends            | -1%   | ▲ 3              |

**NFIB.com/sboi**

## Small Business Optimism Index Maintains at 104.8

Based on 10 survey indicators, seasonally adjusted, Jan. '00 – April, '18

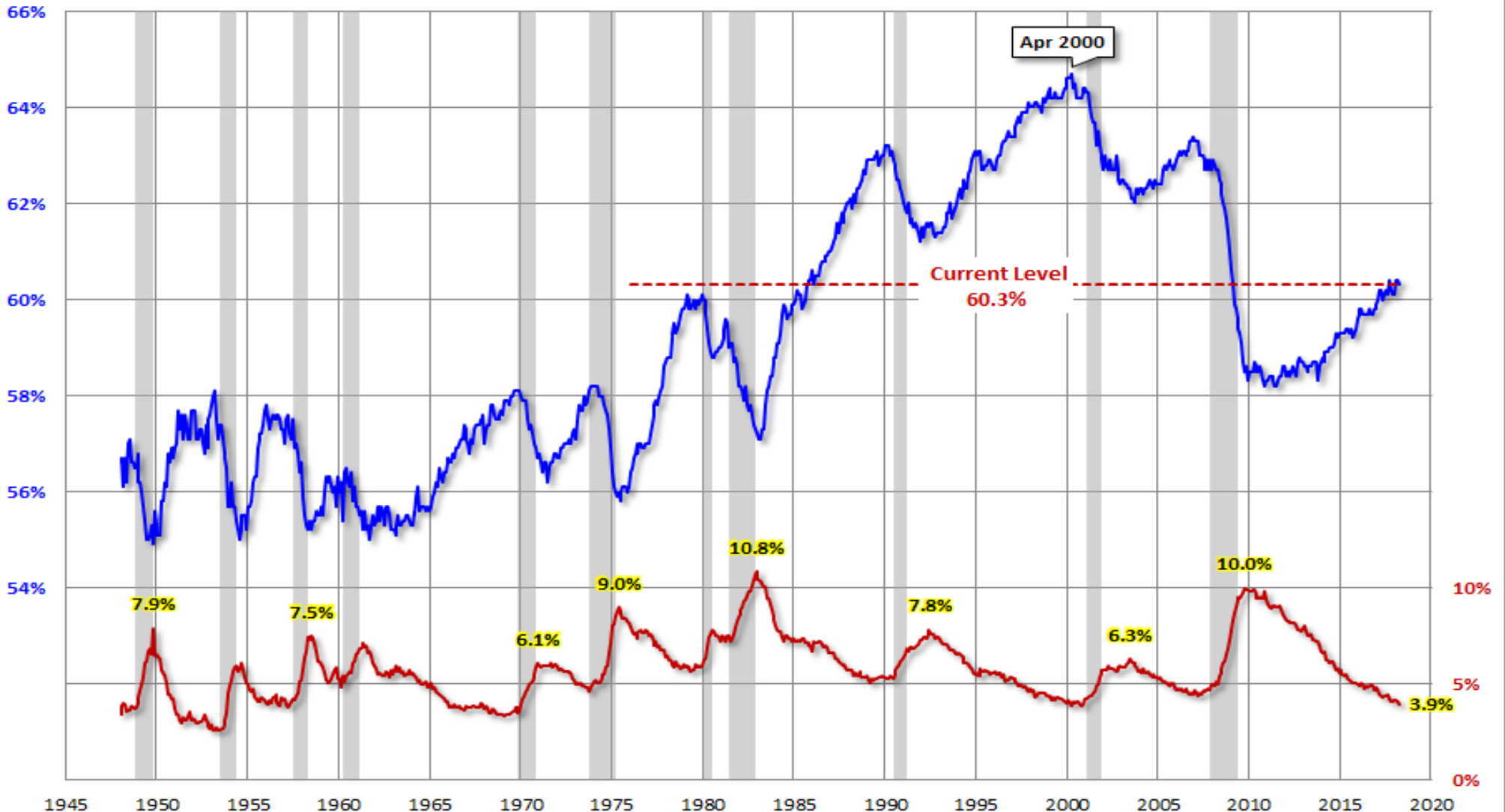


**NFIB.com/sboi**

# Employment to Population Ratio showing slow recovery – the current level edged up to 60.3%

## Employment to Population Ratio

Recessions    Employment-Population Ratio    Unemployment Rate



What is U-6 unemployment rate? The U-6 unemployment rate counts not only people without work seeking full-time employment (the more familiar U-3 rate), but also counts "marginally attached workers and those working part-time for economic reasons." Note that some of these part-time workers counted as employed by U-3 could be working as little as an hour a week. And the "marginally attached workers" include those who have gotten discouraged and stopped looking, but still want to work. The age considered for this calculation is 16 years and over.

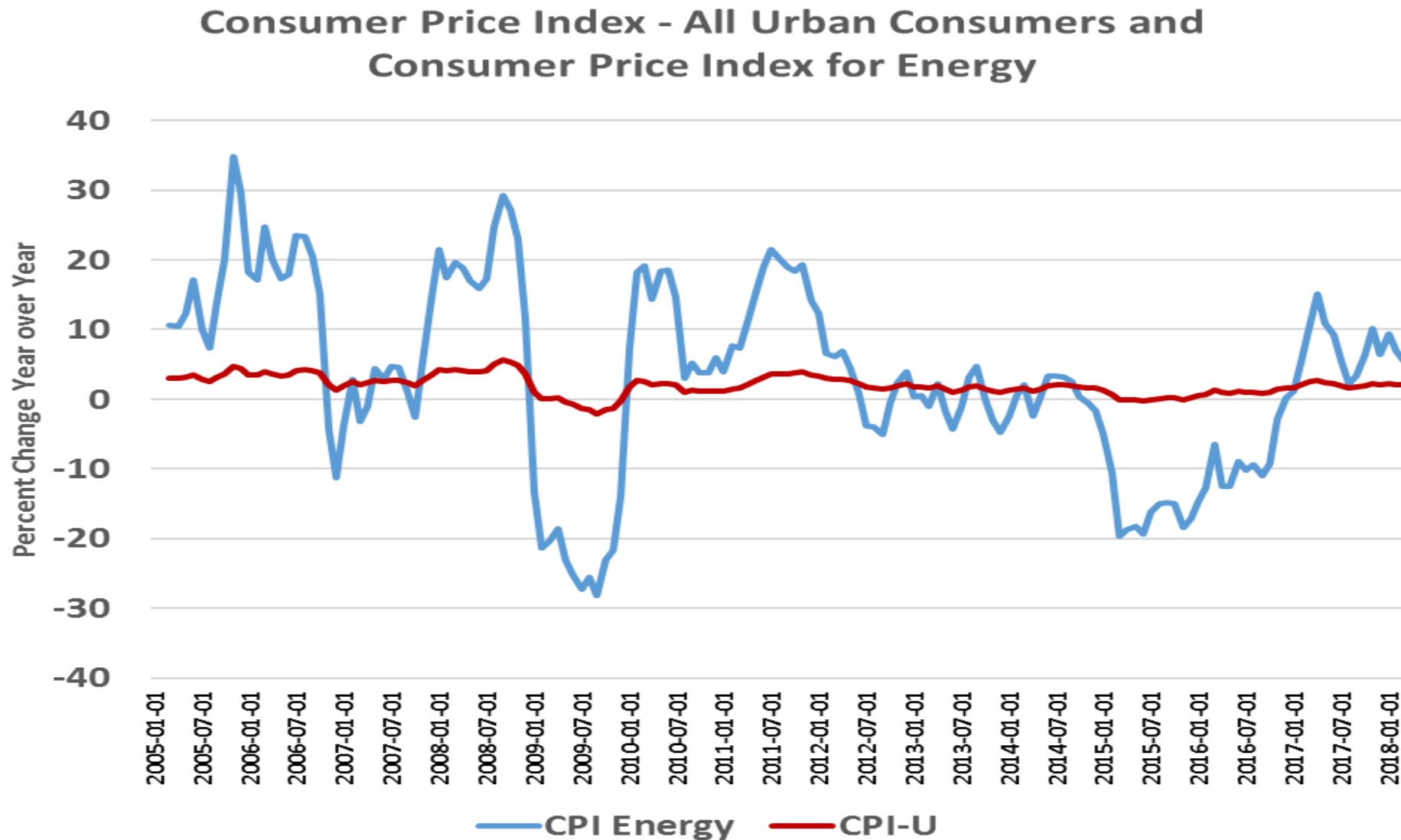
**PORTAL SEVEN**

| Year | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  | Year |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2000 | 7.1  | 7.2  | 7.1  | 6.9  | 7.1  | 7.0  | 7.0  | 7.1  | 7.0  | 6.8  | 7.1  | 6.9  | 2000 |
| 2001 | 7.3  | 7.4  | 7.3  | 7.4  | 7.5  | 7.9  | 7.8  | 8.1  | 8.7  | 9.3  | 9.4  | 9.6  | 2001 |
| 2002 | 9.5  | 9.5  | 9.4  | 9.7  | 9.5  | 9.5  | 9.6  | 9.6  | 9.6  | 9.6  | 9.7  | 9.8  | 2002 |
| 2003 | 10.0 | 10.2 | 10.0 | 10.2 | 10.1 | 10.3 | 10.3 | 10.1 | 10.4 | 10.2 | 10.0 | 9.8  | 2003 |
| 2004 | 9.9  | 9.7  | 10.0 | 9.6  | 9.6  | 9.5  | 9.5  | 9.4  | 9.4  | 9.7  | 9.4  | 9.2  | 2004 |
| 2005 | 9.3  | 9.3  | 9.1  | 8.9  | 8.9  | 9.0  | 8.8  | 8.9  | 9.0  | 8.7  | 8.7  | 8.6  | 2005 |
| 2006 | 8.4  | 8.4  | 8.2  | 8.1  | 8.2  | 8.4  | 8.5  | 8.4  | 8.0  | 8.2  | 8.1  | 7.9  | 2006 |
| 2007 | 8.4  | 8.2  | 8.0  | 8.2  | 8.2  | 8.3  | 8.4  | 8.4  | 8.4  | 8.4  | 8.4  | 8.8  | 2007 |
| 2008 | 9.2  | 9.0  | 9.1  | 9.2  | 9.7  | 10.1 | 10.5 | 10.8 | 11.0 | 11.8 | 12.6 | 13.6 | 2008 |
| 2009 | 14.2 | 15.1 | 15.7 | 15.9 | 16.4 | 16.5 | 16.5 | 16.7 | 16.7 | 17.1 | 17.1 | 17.1 | 2009 |
| 2010 | 16.7 | 17.0 | 17.0 | 17.1 | 16.6 | 16.5 | 16.5 | 16.5 | 16.8 | 16.7 | 16.9 | 16.6 | 2010 |
| 2011 | 16.2 | 16.0 | 15.8 | 16.0 | 15.8 | 16.1 | 16.0 | 16.1 | 16.3 | 16.0 | 15.5 | 15.2 | 2011 |
| 2012 | 15.1 | 15.0 | 14.5 | 14.5 | 14.8 | 14.8 | 14.9 | 14.7 | 14.7 | 14.5 | 14.4 | 14.4 | 2012 |
| 2013 | 14.4 | 14.3 | 13.8 | 13.9 | 13.8 | 14.3 | 14.0 | 13.6 | 13.6 | 13.7 | 13.1 | 13.1 | 2013 |
| 2014 | 12.7 | 12.6 | 12.7 | 12.3 | 12.2 | 12.1 | 12.2 | 12.0 | 11.7 | 11.5 | 11.4 | 11.2 | 2014 |
| 2015 | 11.3 | 11.0 | 10.9 | 10.8 | 10.8 | 10.5 | 10.4 | 10.3 | 10.0 | 9.8  | 9.9  | 9.9  | 2015 |
| 2016 | 9.9  | 9.7  | 9.8  | 9.7  | 9.7  | 9.6  | 9.7  | 9.7  | 9.7  | 9.5  | 9.3  | 9.2  | 2016 |
| 2017 | 9.4  | 9.2  | 8.9  | 8.6  | 8.4  | 8.6  | 8.6  | 8.6  | 8.3  | 7.9  | 8.0  | 8.1  | 2017 |
| 2018 | 8.2  | 8.2  | 8.0  |      |      |      |      |      |      |      |      |      |      |



# *US Inflation: the trend is still up, finally back to 2% target*

*For March 2017, All-Items up 2.4 year-over-year and energy up 7.0 year-over-year*



*Key factors to watch for recession – One of the four shows contraction, but a weak Employment report for March*

## Are the Big Four Rolling Over? No!

- Employment numbers (Apr) +0.11%
- Industrial Production (Mar) +0.51%
- Real Retail Sales (Mar) +0.62%
- Real Household Income (Mar) +0.22%

Industrial Production negative five of the last 11 months.

Real Retail Sales negative five of the last 11 months.

Real Household Income negative two of the last 11 months.

**Source:** The Big Four Economic Indicators from Advisor Perspectives, May 8, 2018. <https://www.advisorperspectives.com/dshort>

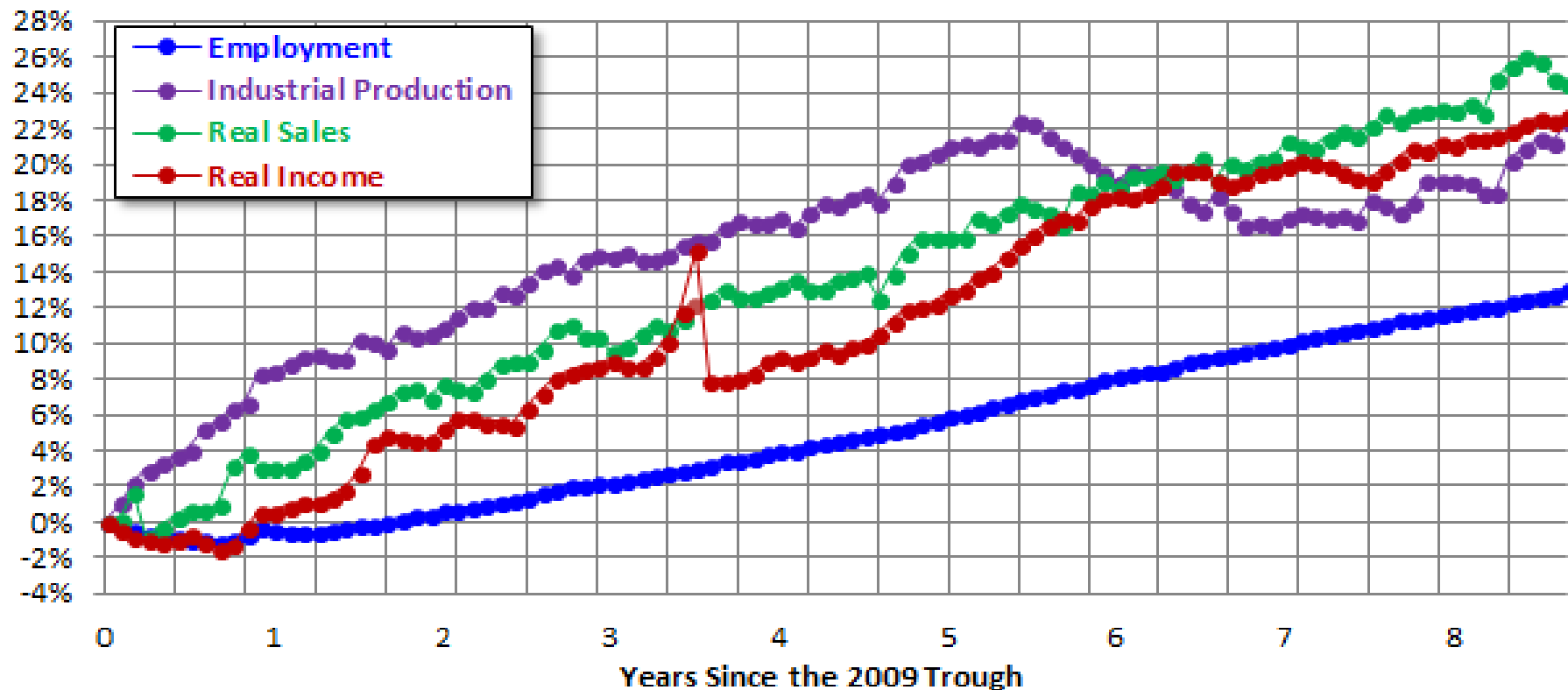
# Key factors to watch for recession

Indicators shift to the positive



dshort.com  
May 2018

## Big Four Indicators Since the End of the Last Recession



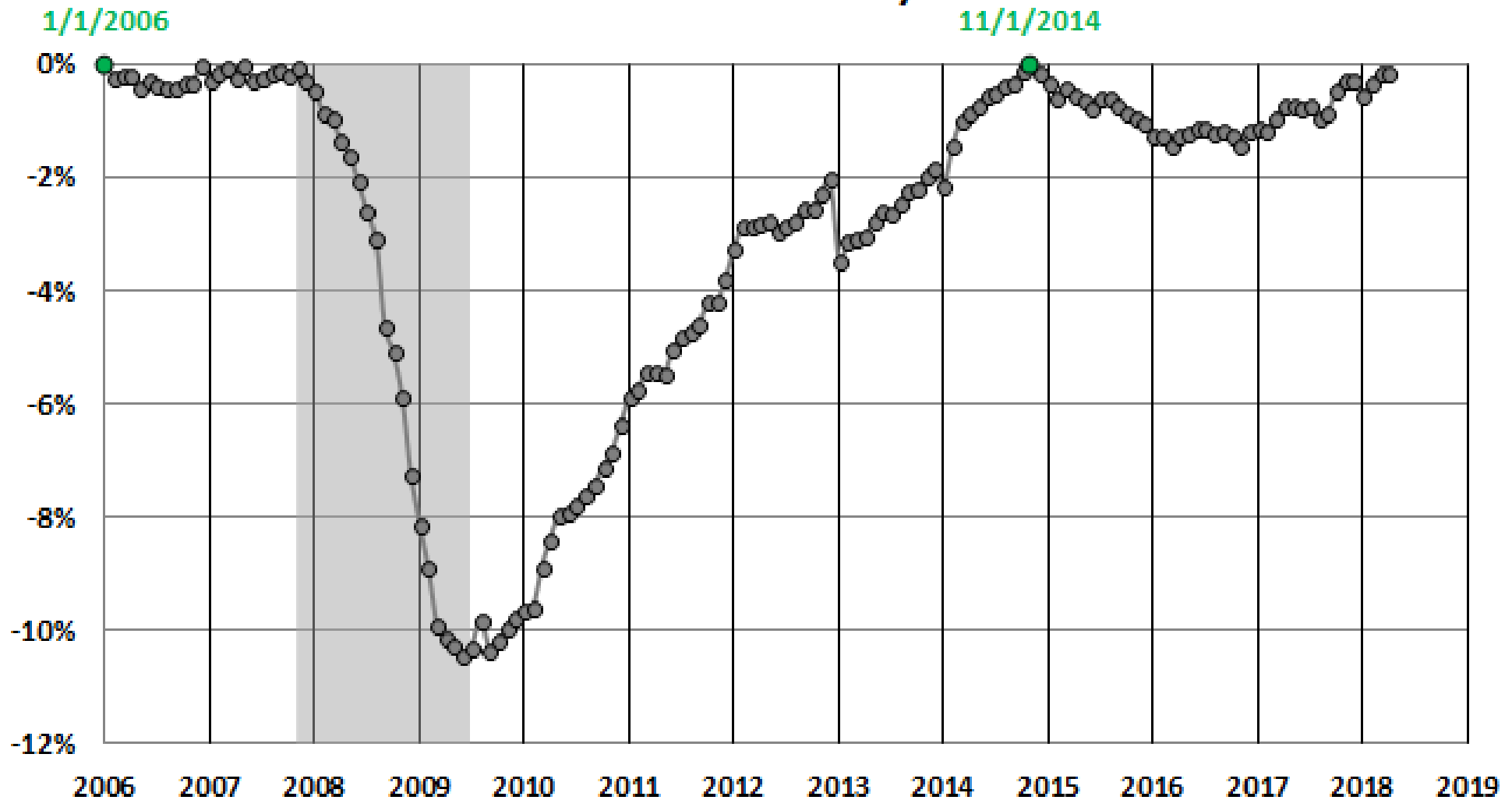
### Big Four Indicators Month-over-Month

| Indicator             | May   | Jun    | Jul    | Aug    | Sep    | Oct   | Nov   | Dec    | Jan    | Feb    | Mar   | Apr   |
|-----------------------|-------|--------|--------|--------|--------|-------|-------|--------|--------|--------|-------|-------|
| Employment            | 0.11% | 0.16%  | 0.13%  | 0.15%  | 0.01%  | 0.18% | 0.15% | 0.12%  | 0.12%  | 0.22%  | 0.09% | 0.11% |
| Industrial Production | 0.00% | 0.06%  | -0.14% | -0.41% | -0.02% | 1.54% | 0.51% | 0.45%  | -0.20% | 1.00%  | 0.51% |       |
| Real Sales            | 0.12% | -0.11% | 0.39%  | -0.47% | 1.57%  | 0.59% | 0.42% | -0.25% | -0.69% | -0.23% | 0.62% |       |
| Real Income           | 0.35% | -0.10% | 0.33%  | 0.03%  | 0.06%  | 0.19% | 0.35% | 0.31%  | -0.18% | 0.24%  | 0.22% |       |

Employment is released the first week of the month. Income the last week. Industrial Production and Sales mid-month

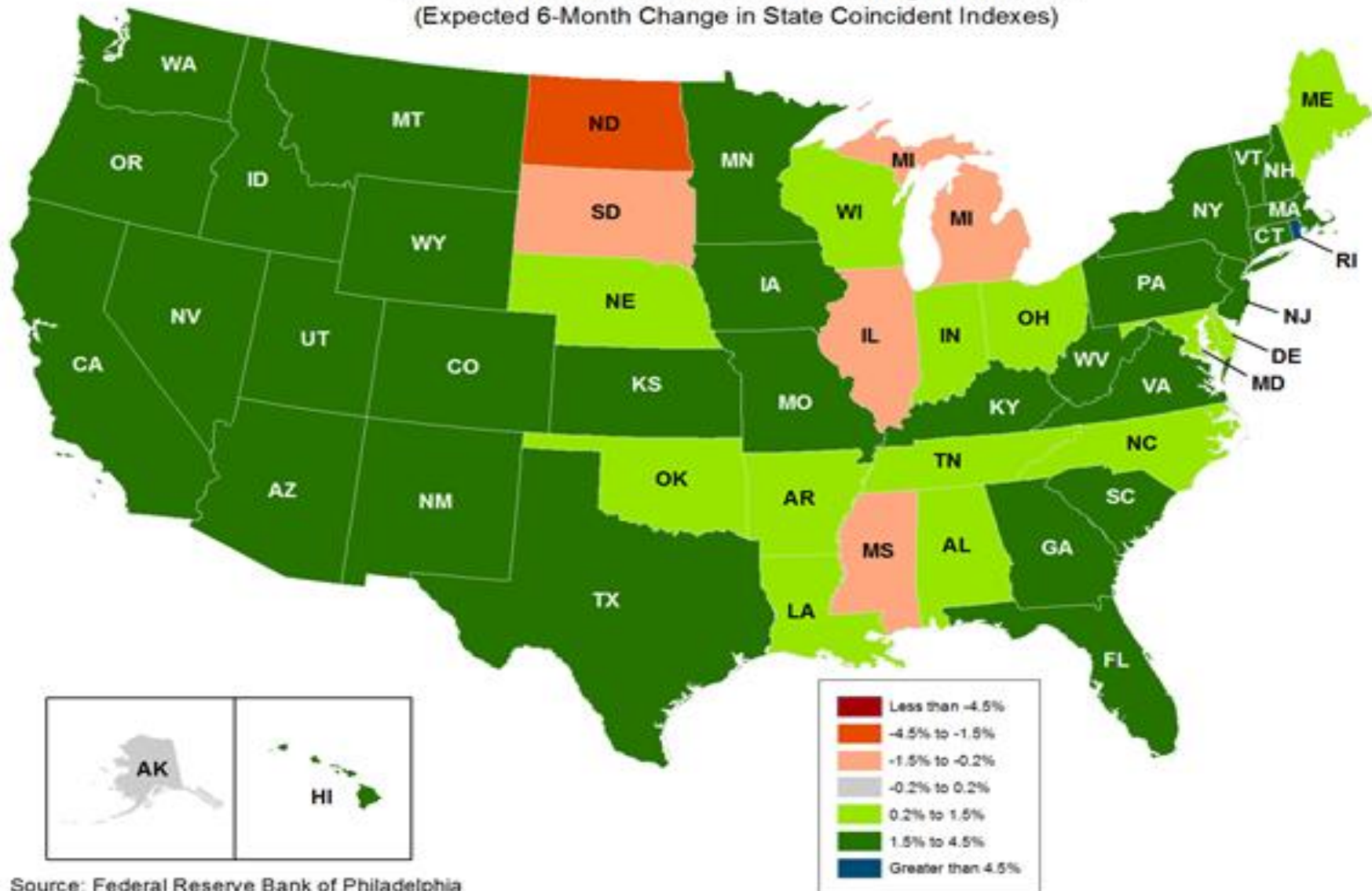
*The post-recession recovery peaked in November 2014; the last time the average of the four set an all-time high was in January 2006, nearly two years before the great recession.*

Recession in Gray



# 31 States Now in Dark Green or Blue

**December 2016 State Leading Indexes**  
(Expected 6-Month Change in State Coincident Indexes)

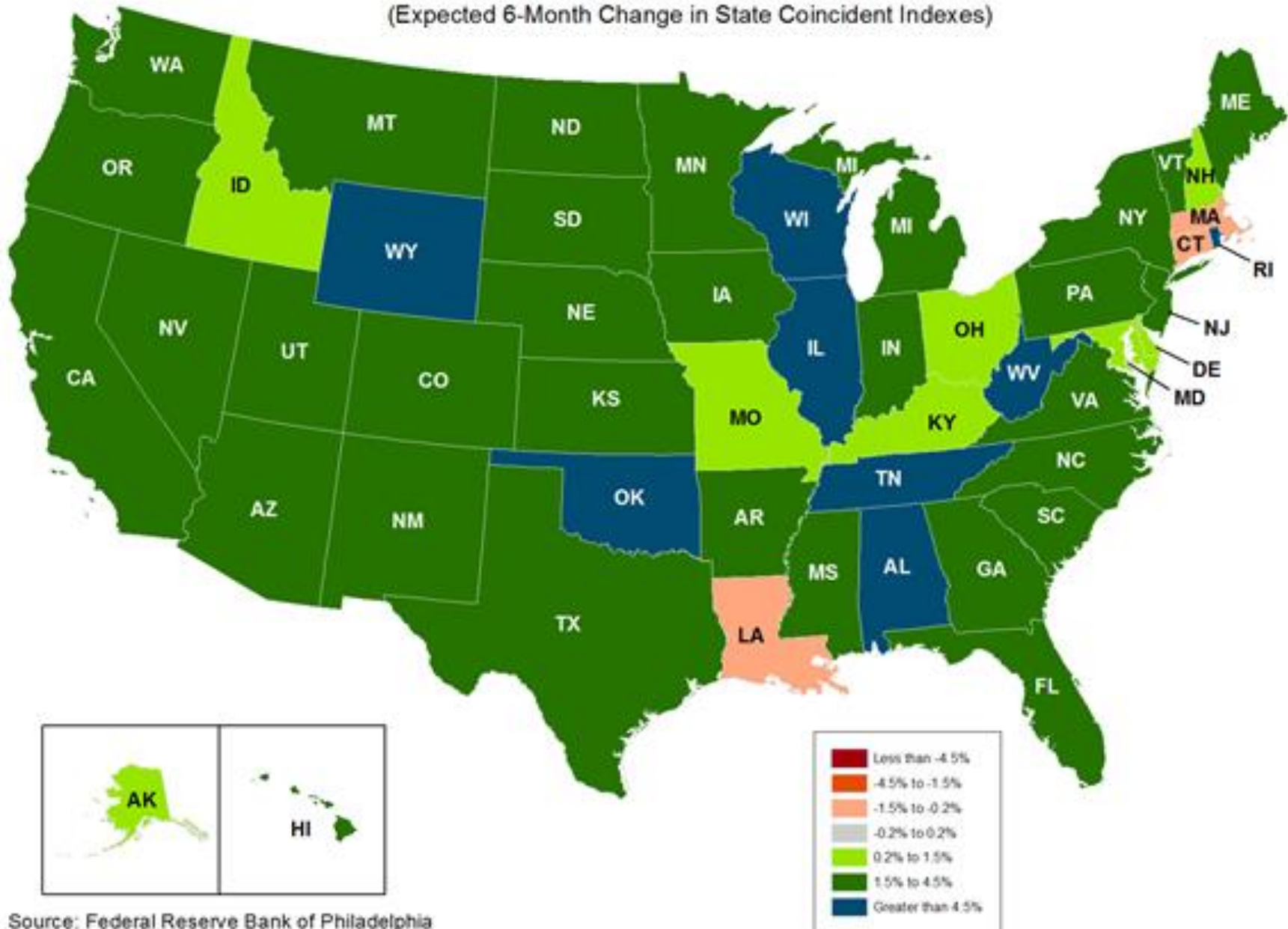


Source: Federal Reserve Bank of Philadelphia



# 8 States Dark Blue (the highest growth category) and 31 States Now in Dark Green

**March 2017 State Leading Indexes**  
 (Expected 6-Month Change in State Coincident Indexes)

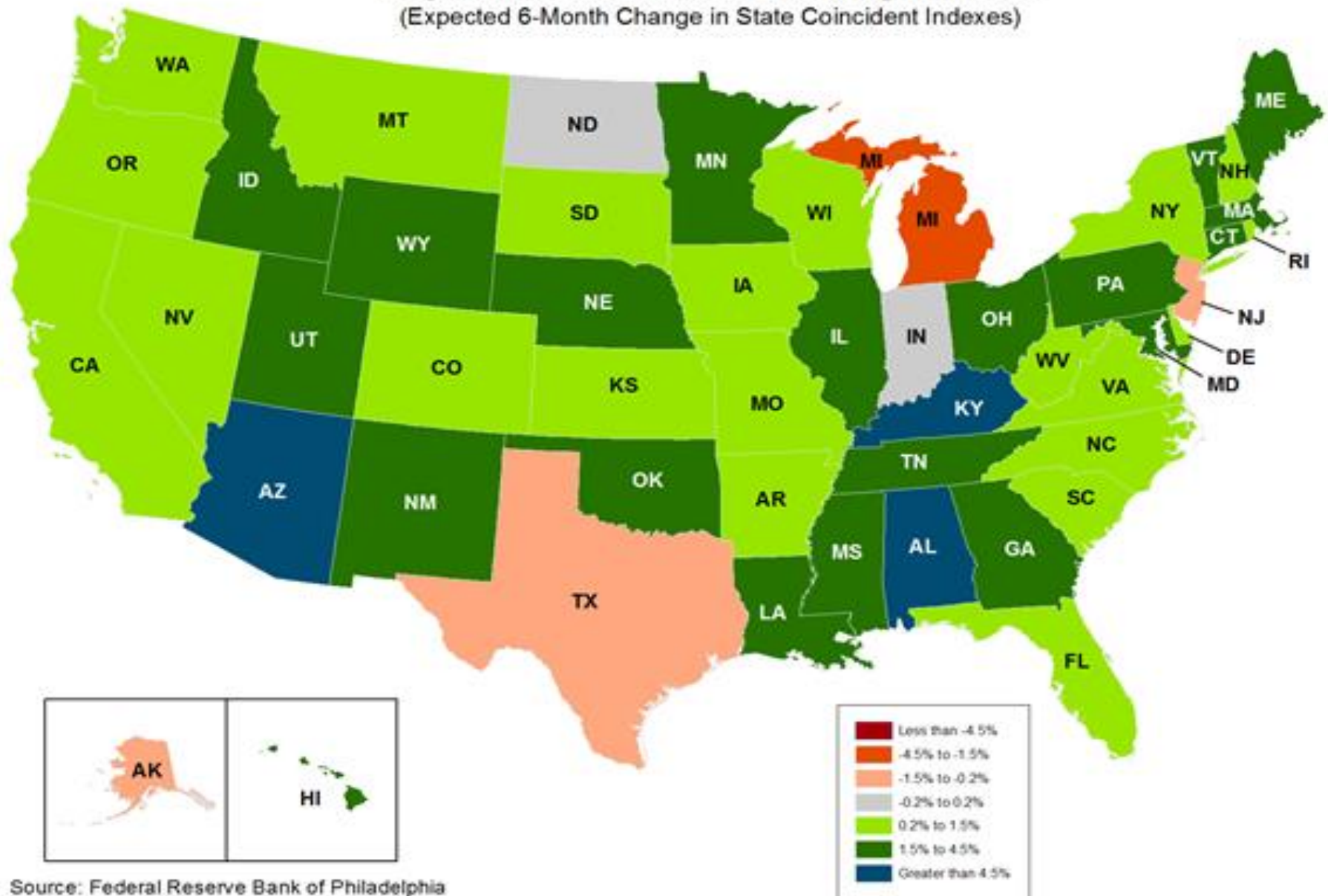


Source: Federal Reserve Bank of Philadelphia



## September 2017 State Leading Indexes

(Expected 6-Month Change in State Coincident Indexes)

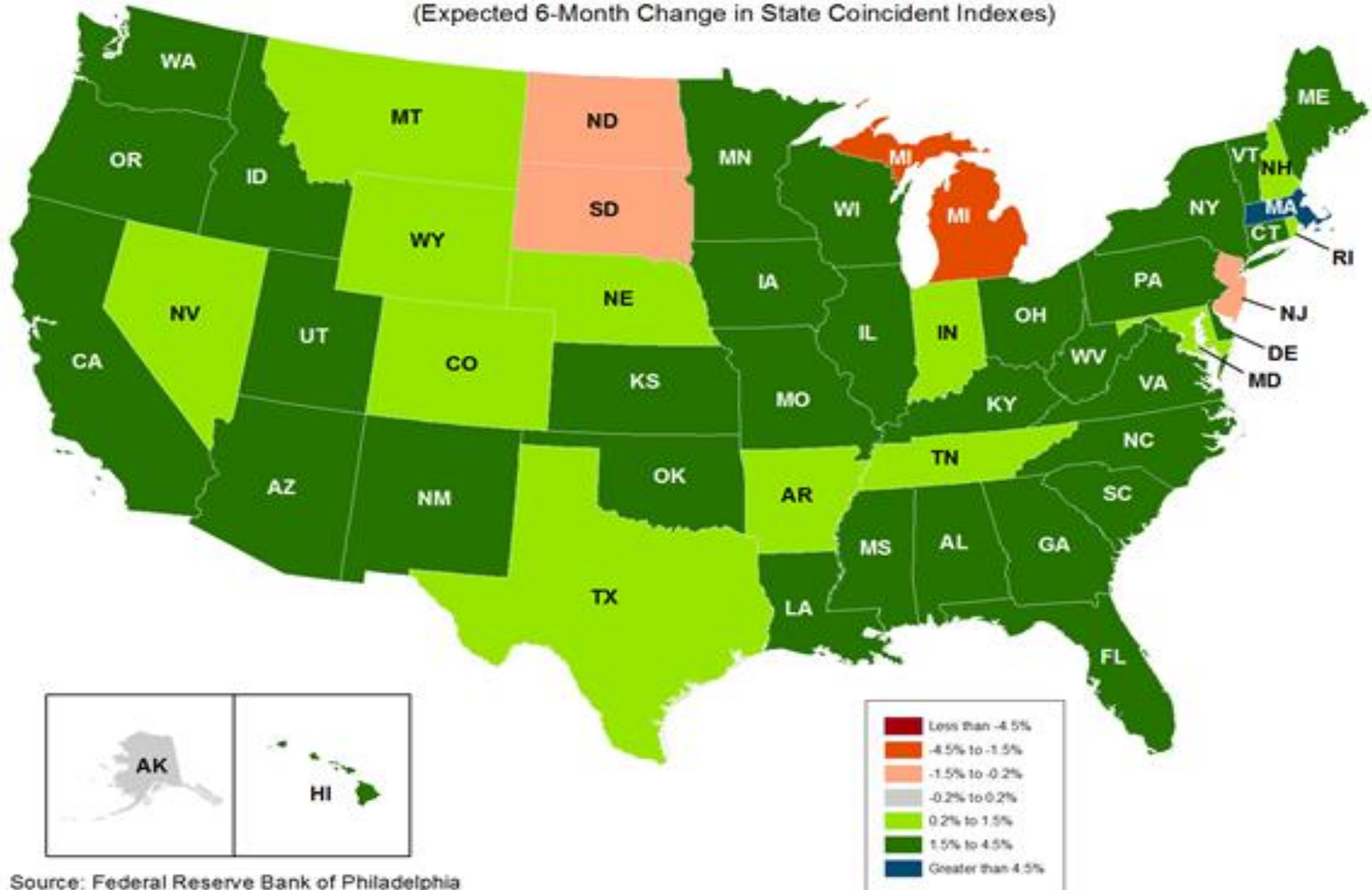


Source: Federal Reserve Bank of Philadelphia



# 30 States Back to Dark Green or Better — Only a few slipping lower

**October 2017 State Leading Indexes**  
(Expected 6-Month Change in State Coincident Indexes)

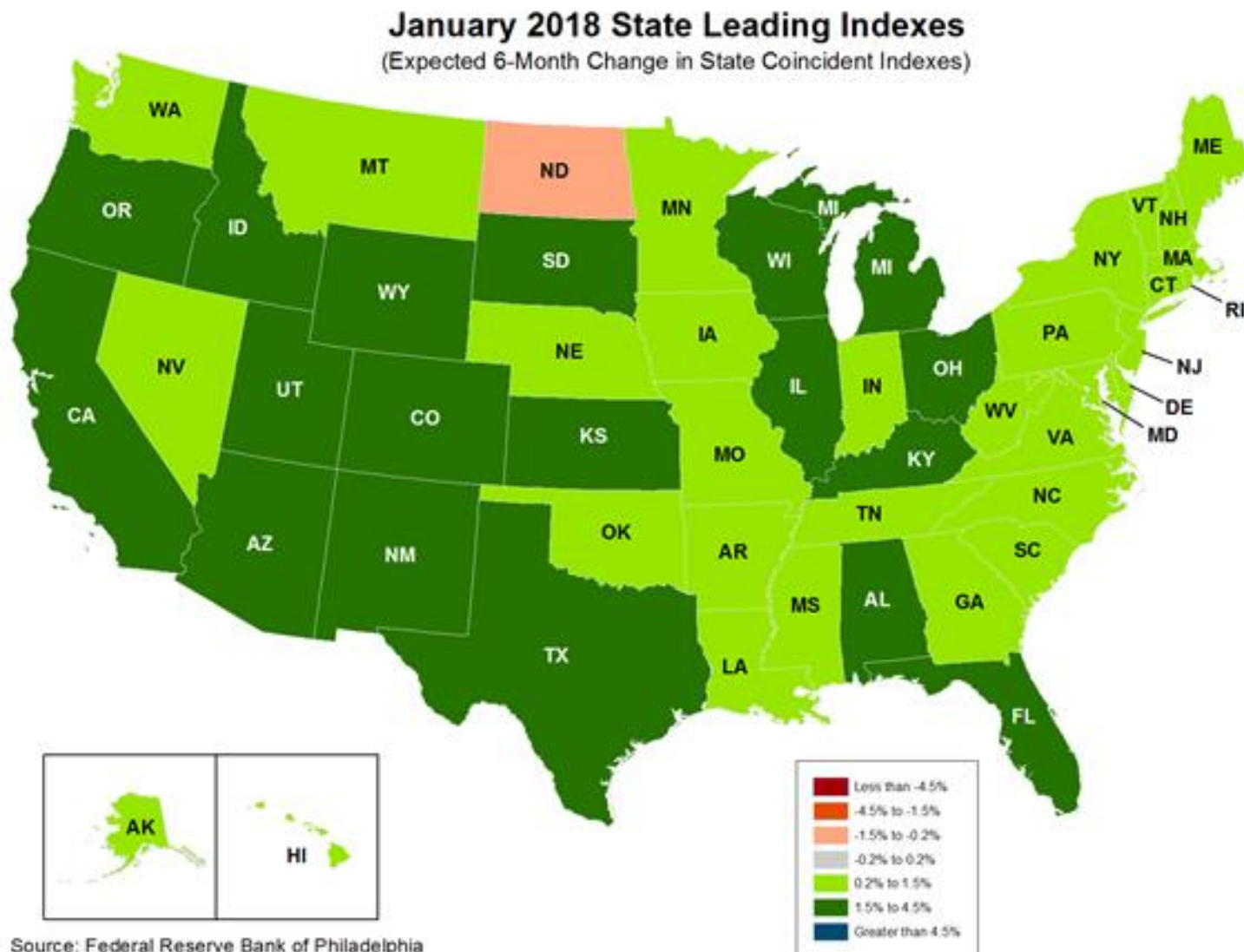


Source: Federal Reserve Bank of Philadelphia





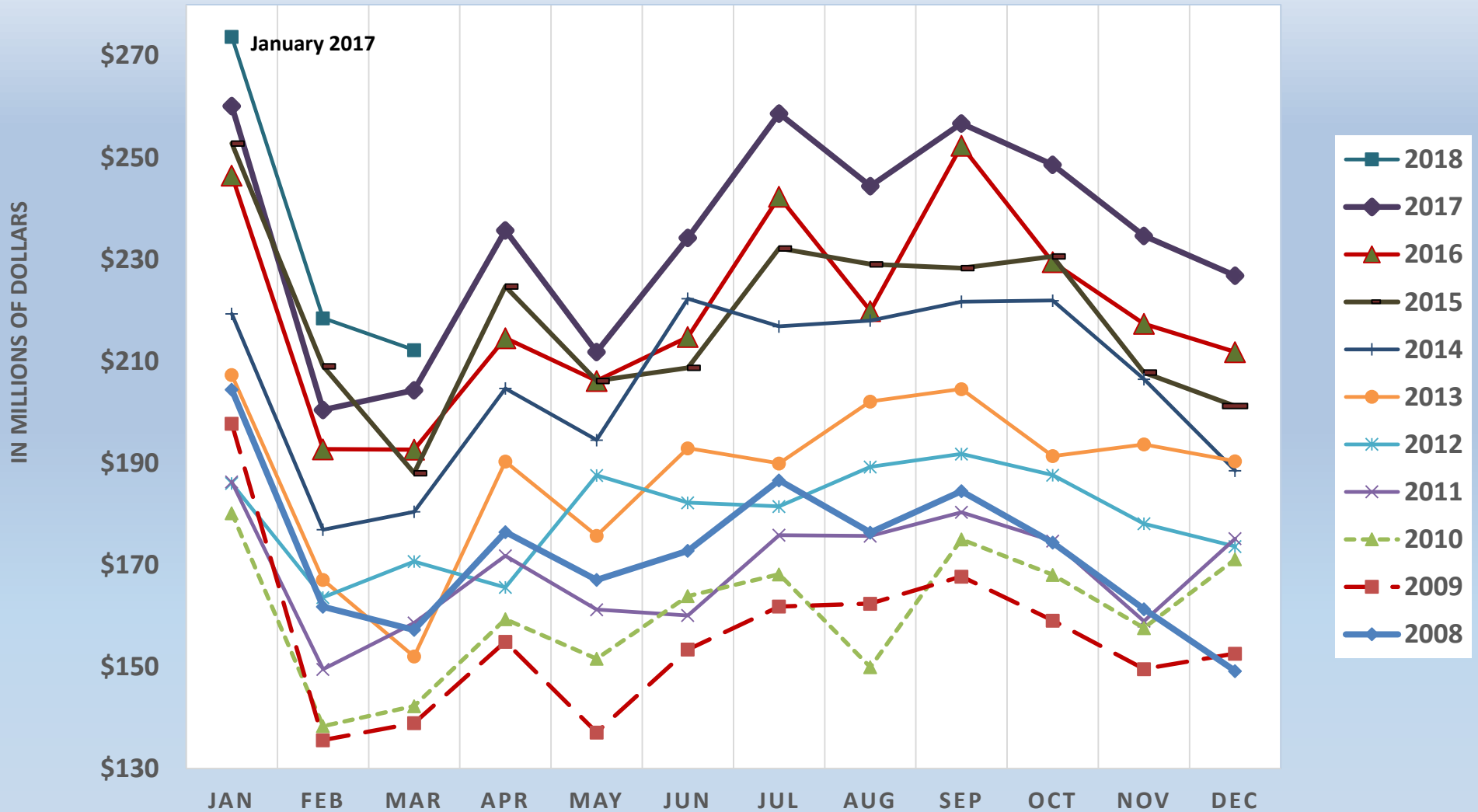
# States now dark Green or Blue drops to 18 – A little weaker, but only one state negative





**Colorado Sales Tax still doing well at FY 2017/2018 nine month mark**  
**Fiscal Year 2017/18 higher than 2016/17 by 6.9%**  
**2018 year-to-date higher than 2017 by 5.9%**

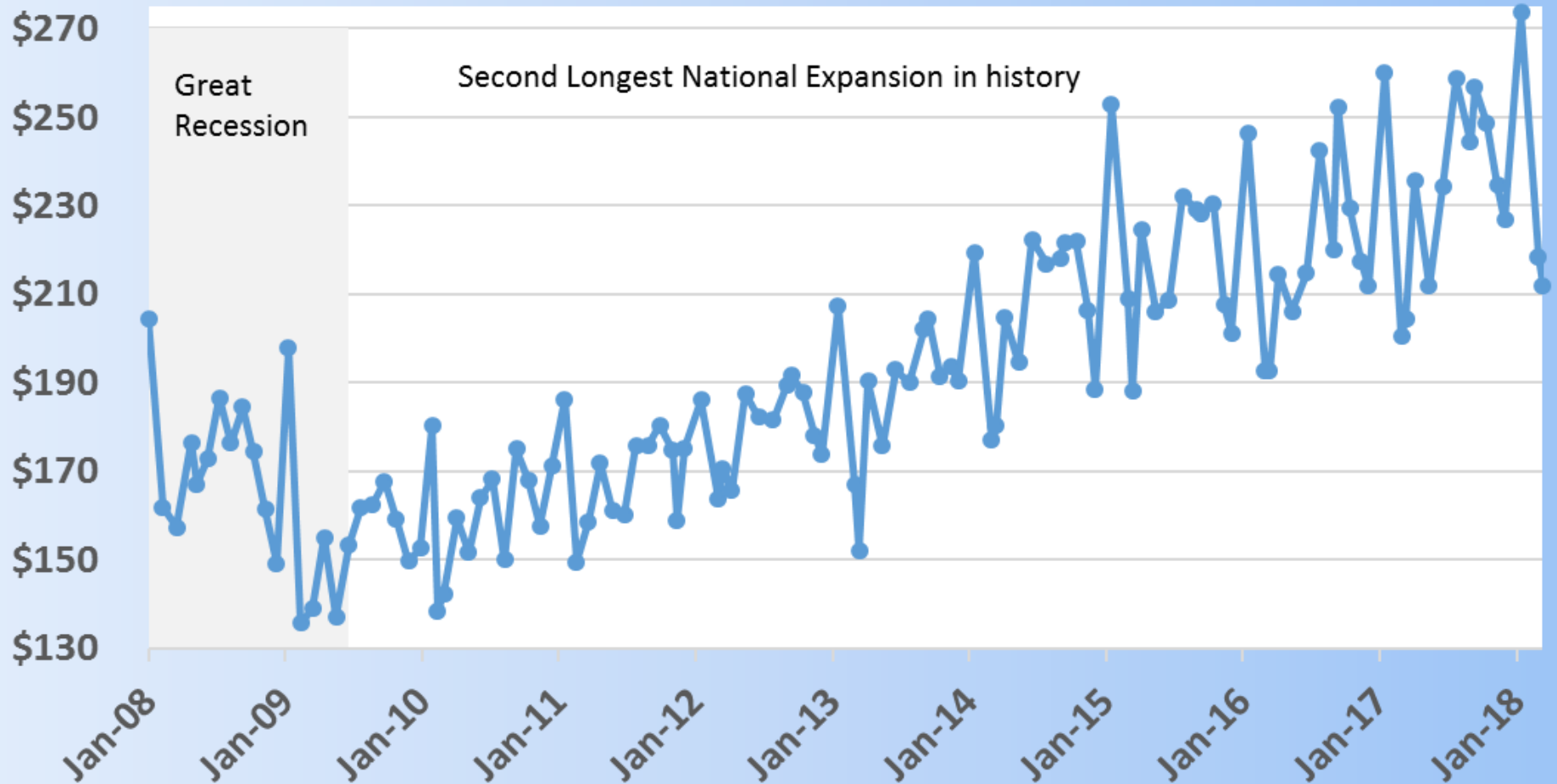
COLORADO STATE SALES TAX COLLECTIONS



# Colorado Sales Tax Trend since 2008

## Since the Recession Trough, over 5% Annual Growth

State of Colorado  
Monthly Sales Tax Collections Since 2008



# S&P CORELOGIC CASE-SHILLER HOME PRICE: CITIES IN THE WEST CONTINUE TO LEAD HOUSING MOMENTUM

*February data released April 24, 2018*

“The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 6.3 annual gain in February, up from 6.1% in the previous month. The 10-City Composite annual increase came in at 6.5%, up from 6.0% in the previous month. The 20-City Composite posted a 6.8% year-over-year gain, up from 6.4% in the previous month.

“Home prices continue to rise across the country,” says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. “The S&P CoreLogic Case-Shiller National Index is up 6.3% in the 12 months through February 2018. Year-over-year prices measured by the National index have increased continuously for the past 70 months, since May 2012. Over that time, the price increases averaged 6% per year. This run, which is still ongoing, compares to the previous long run from January 1992 to February 2007, 182 months, when prices averaged 6.1% annually. With expectations for continued economic growth and further employment gains, the current run of rising prices is likely to continue.”

**Source:** Index Committee at S&P Dow Jones Indices. Data released on April 24, 2018.



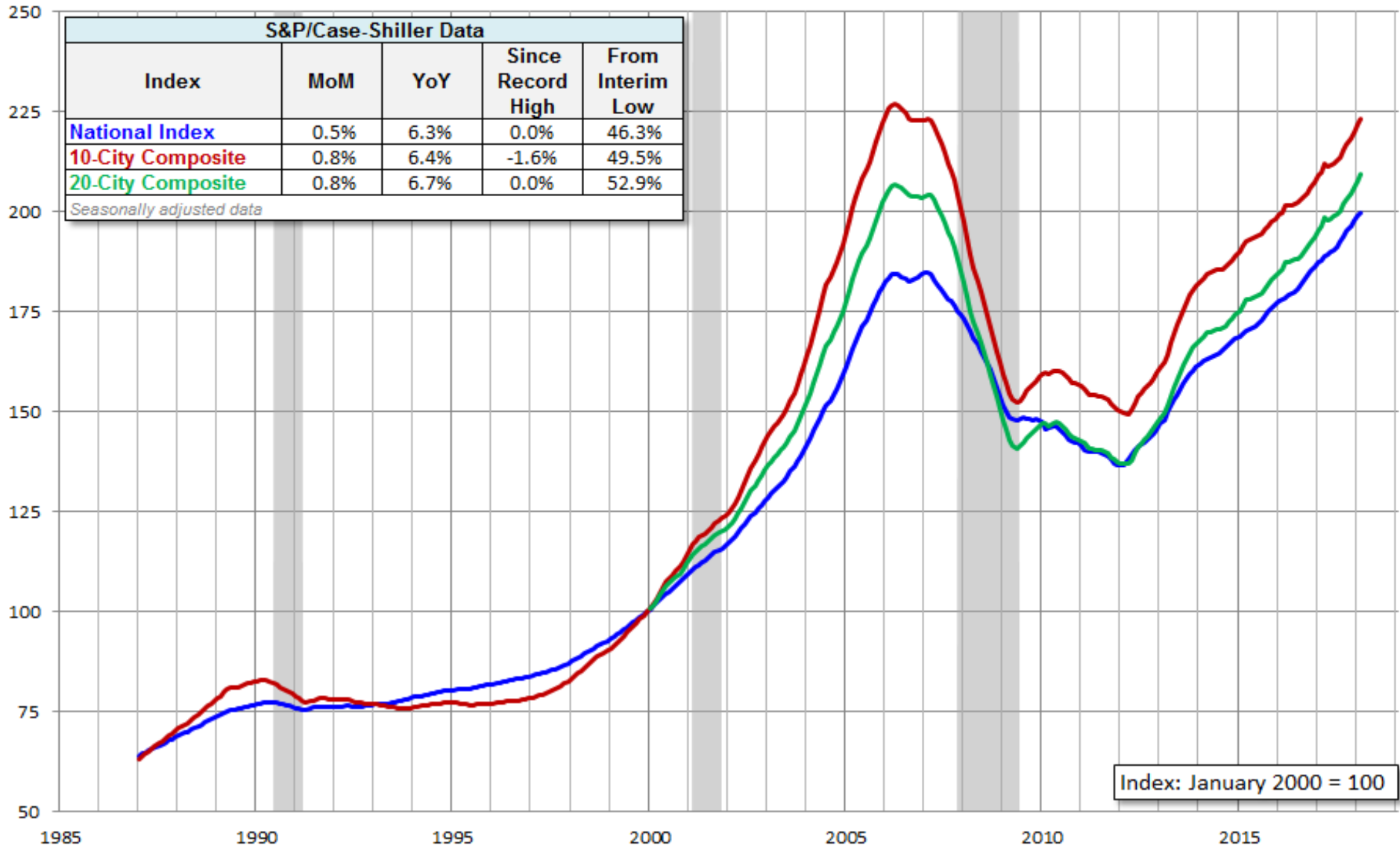
# The National Index & 20-city have reached Pre-recession levels; 10-city still not quite yet there



## S&P/Case-Shiller Home Price Indexes

dshort.com  
April 2018  
As of February

Recessions National Index 10-City Composite 20-City Composite



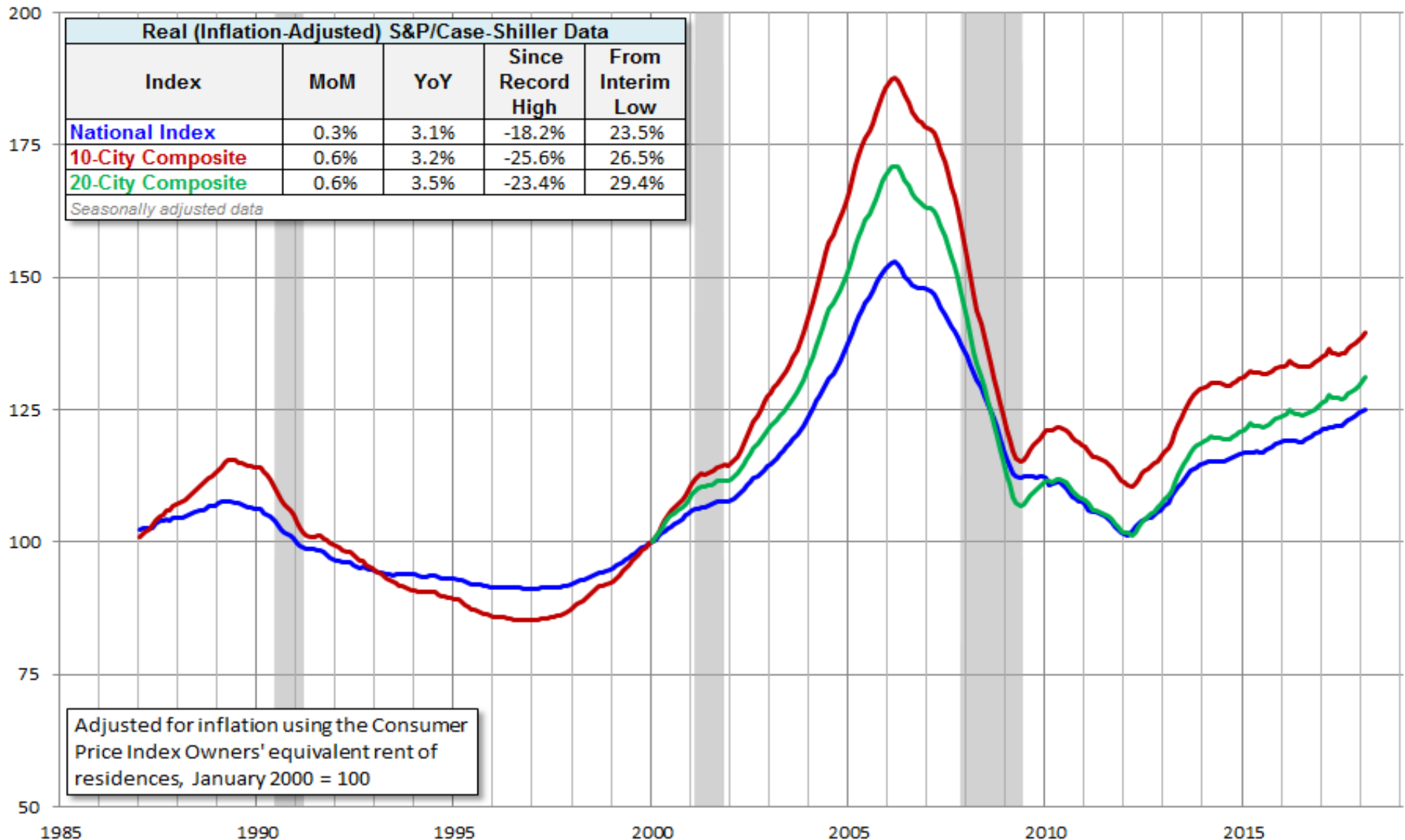
# Real (adjusted for inflation) Home Price Indexes show a different story – still well below the highs



## Real S&P/Case-Shiller Home Price Indexes

dshort.com  
April 2018  
As of February

Recessions National Index 10-City Composite 20-City Composite



*S&P/Case-Shiller National Index for January 2018*  
*Denver's 8.4% 1-Year Change (%) ties for 4<sup>th</sup> of the 20 cities*

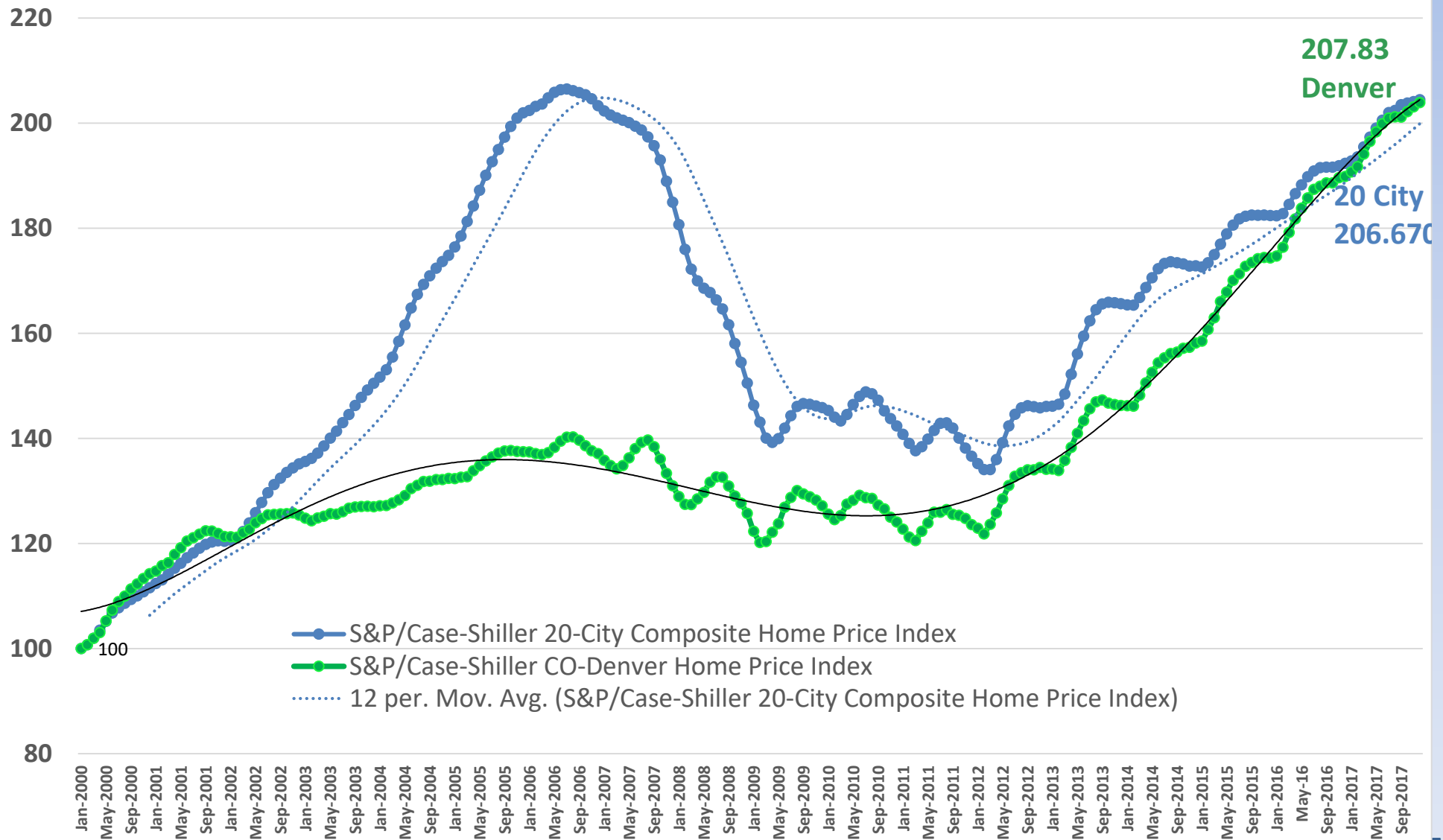


|                 | Denver Home Prices | National Composite (20 cities) |
|-----------------|--------------------|--------------------------------|
| Monthly Change: | + 1.2 percent      | + 0.7 percent                  |
| Yearly Change:  | + 8.4 percent      | + 6.8 percent                  |

*The Denver housing market index sets new all time high in February 2018; 8.4% increase over the prior year.*

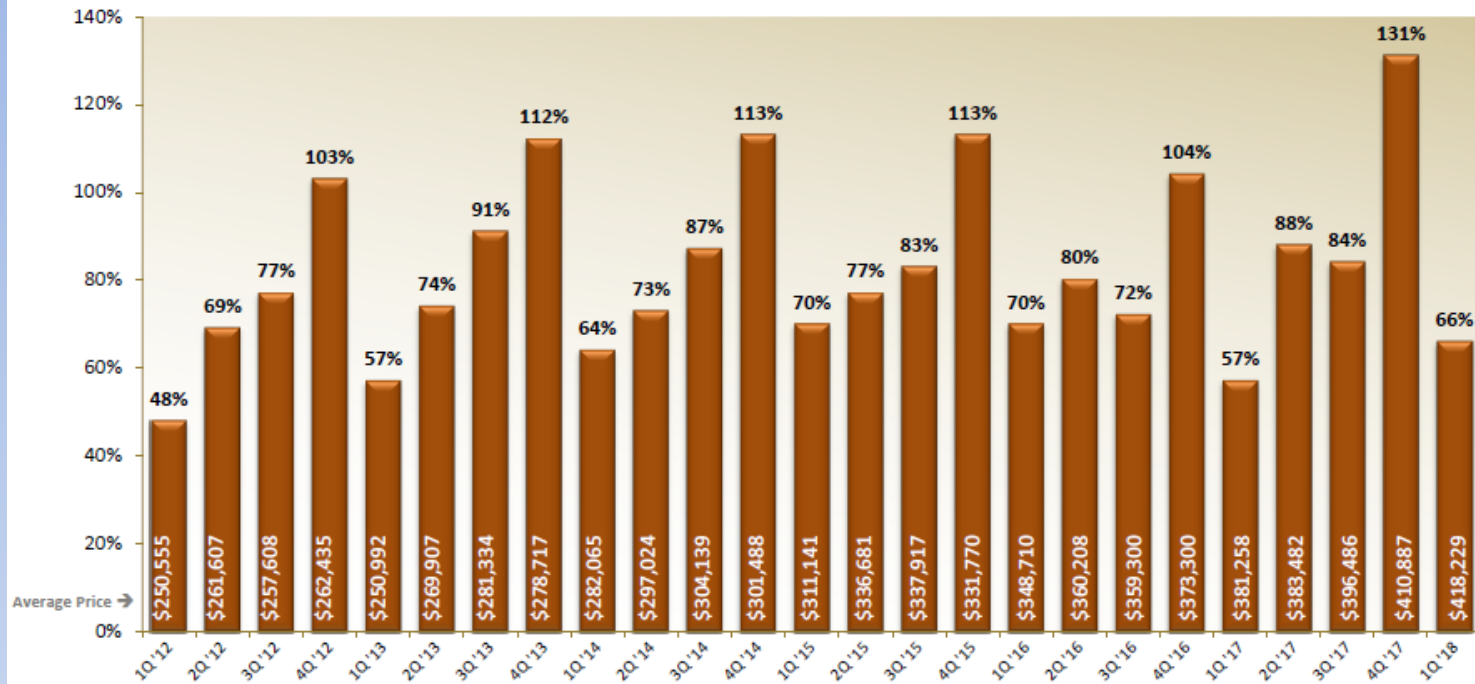
*The national 20-City price composite rose 6.8%*

Case Shiller 20 City Index compared to the Denver Index

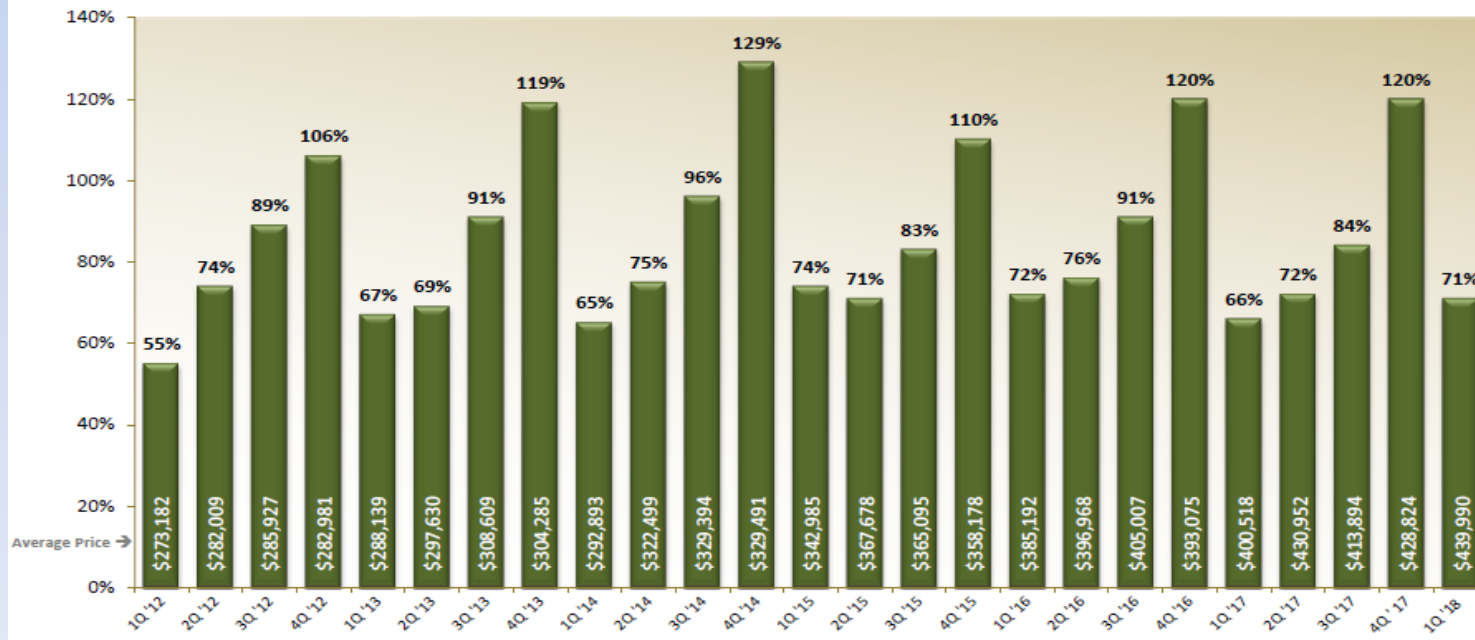




# Single Family Homes Sold ÷ Listed Loveland Area



# Fort Collins Area



## Larimer County Home Price Rise Linked to Supply

### 1<sup>st</sup> Quarter 2018

**Loveland:** Year over year average sales price of \$418,229 is an increase of 9.70% from the 1<sup>st</sup> quarter of 2017.

**Fort Collins:** Year over year average sales price of \$439,990 is an increase of 9.86% from the 1<sup>st</sup> quarter of 2017.



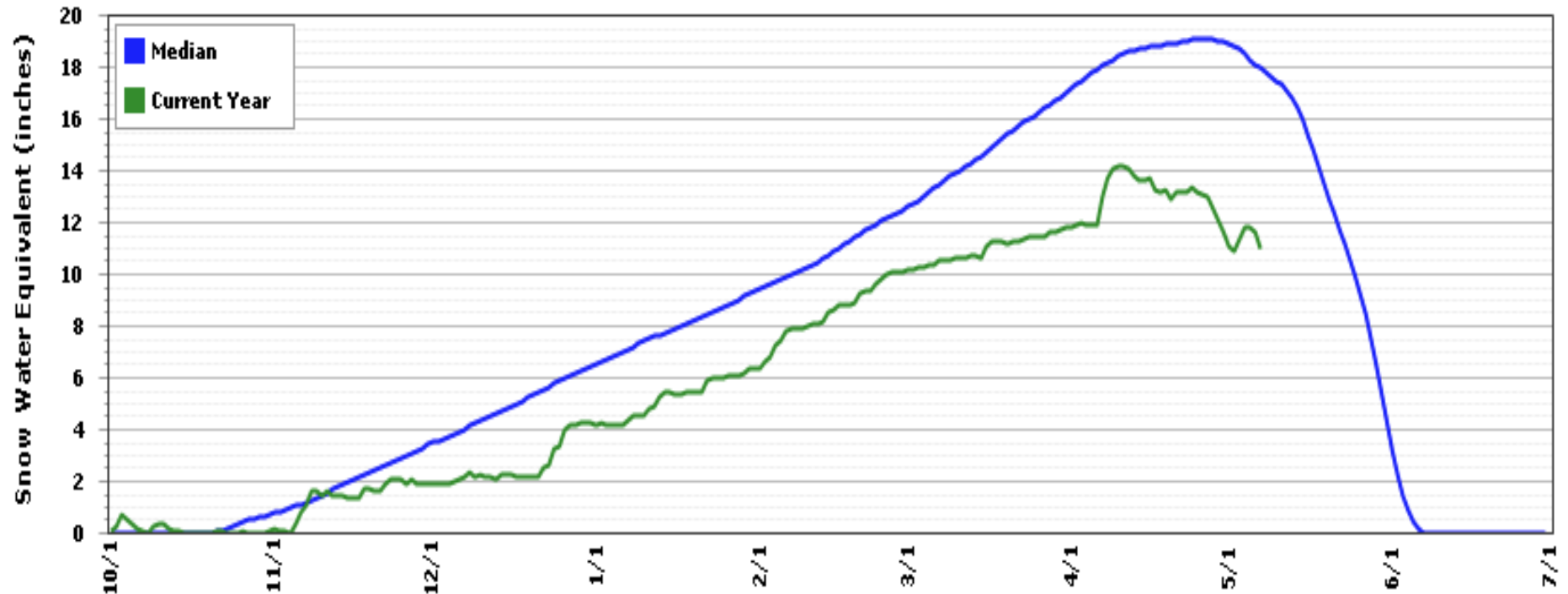
# *Snowpack improves since January 1, but still well below the 30 year median*

## SnoWatch Snowpack Data: Big Thompson River Watershed

Watershed:

Water Year to date = 11.00  
Water Year Median to date = 17.96

Bear Lake SNOTEL Site



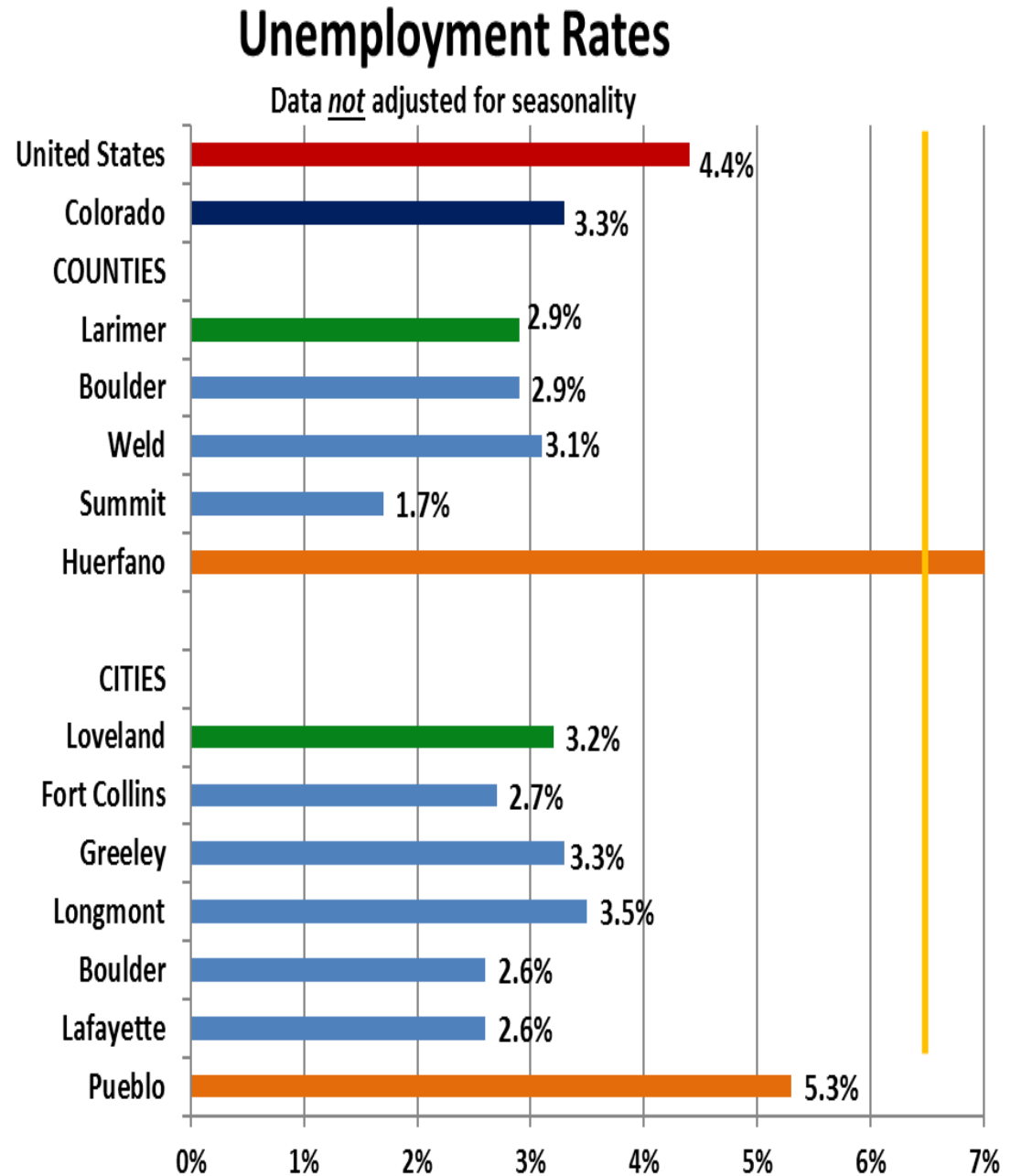
The "Current Year" line on each graph indicates the water content of the snow that has accumulated at each SNOTEL site. The water content is expressed as Snow Water Equivalent (SWE) depth in inches. The composite graph shows several current-year SNOTEL trends together on a single chart for cross-comparisons between SNOTEL sites.

# Updated Colorado Labor Data (April 2018)

- Loveland's employed labor force expanded in March, **up by 207 jobs** compared to February.
- Compared to March 2017, there are now **1,583 more** jobs reported by Loveland residents.

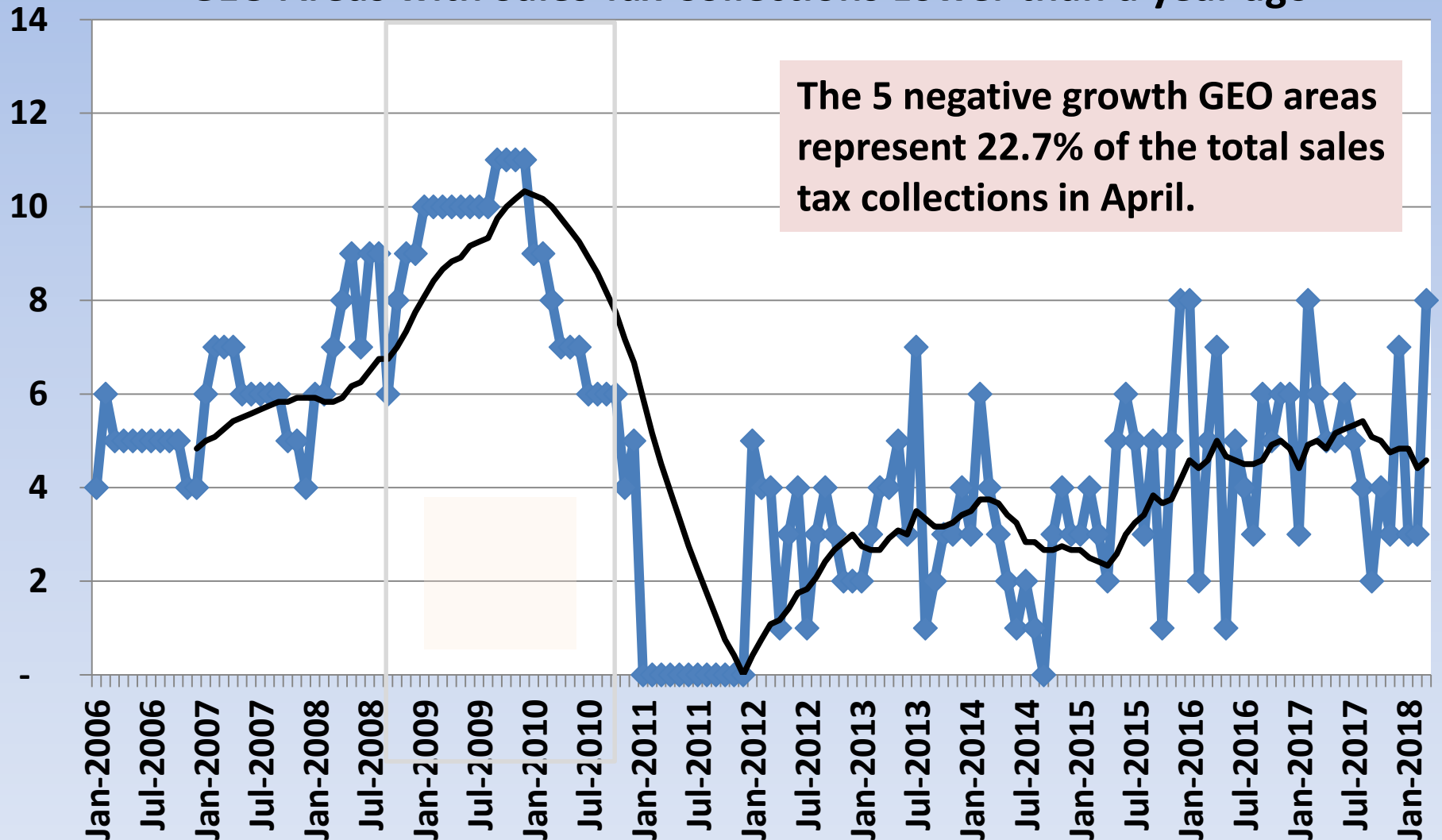
For most of the cities and counties in Colorado, the rate of people unemployed was lower than a month ago. Compared to a year ago, most areas are about the same as they were then.

Next report expected to be released on May 18, 2018.



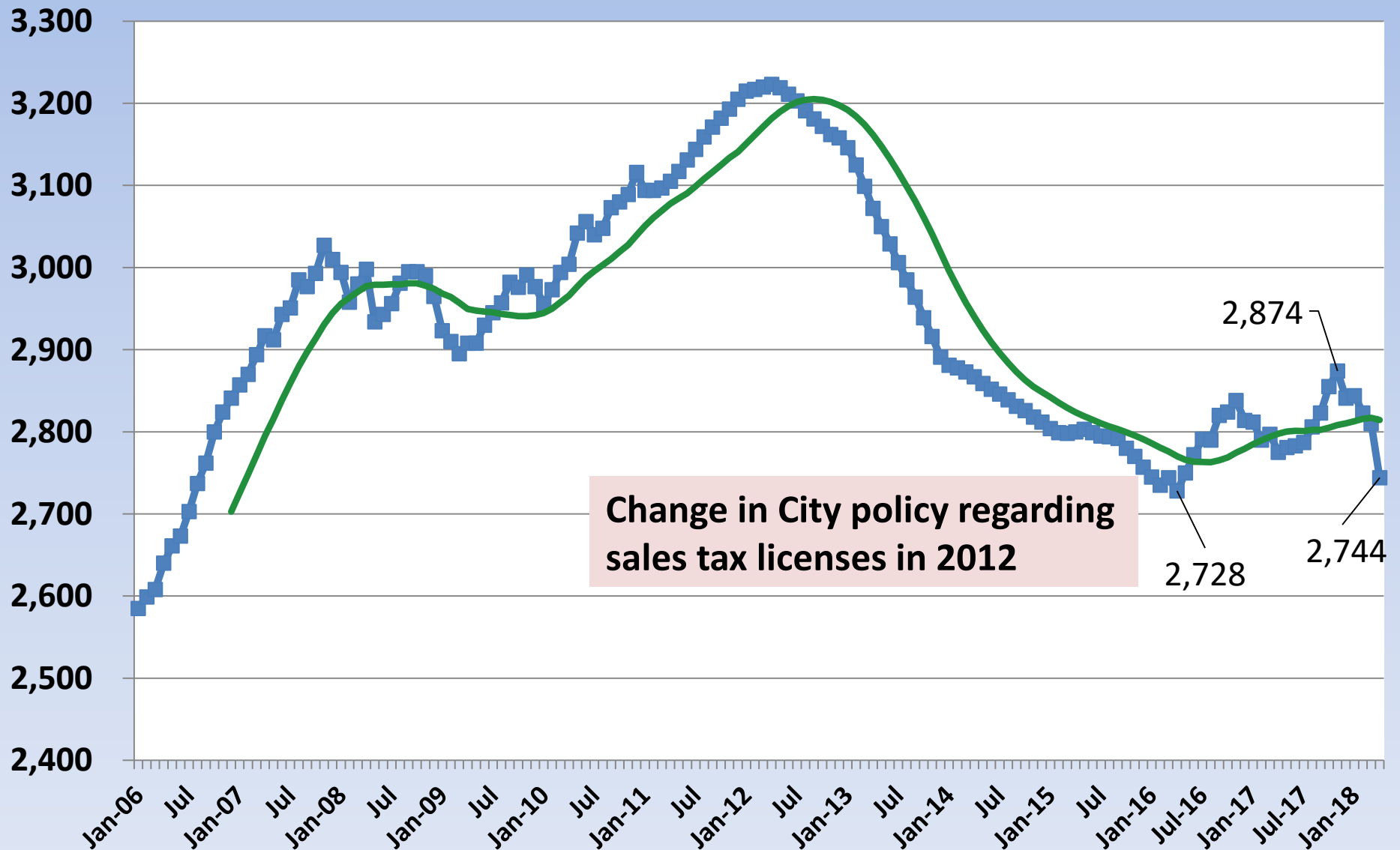
# *Sales Tax Geo Area Indicator dips down to 5 after being at in March*

## GEO Areas with Sales Tax Collections Lower than a year ago



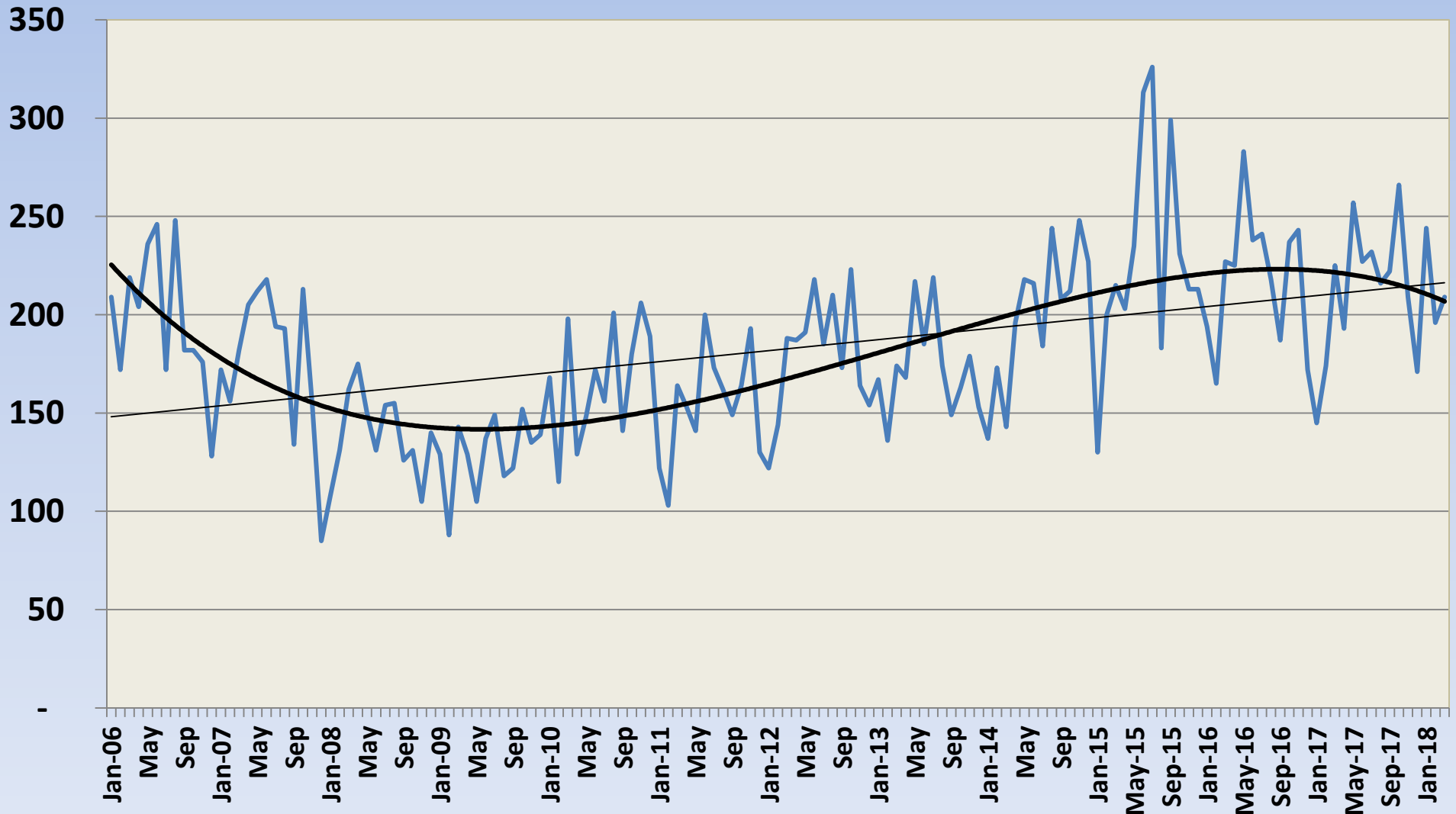
# Sales Tax Licenses reset

After seven months in a row with more licensees, a six-month downward trend



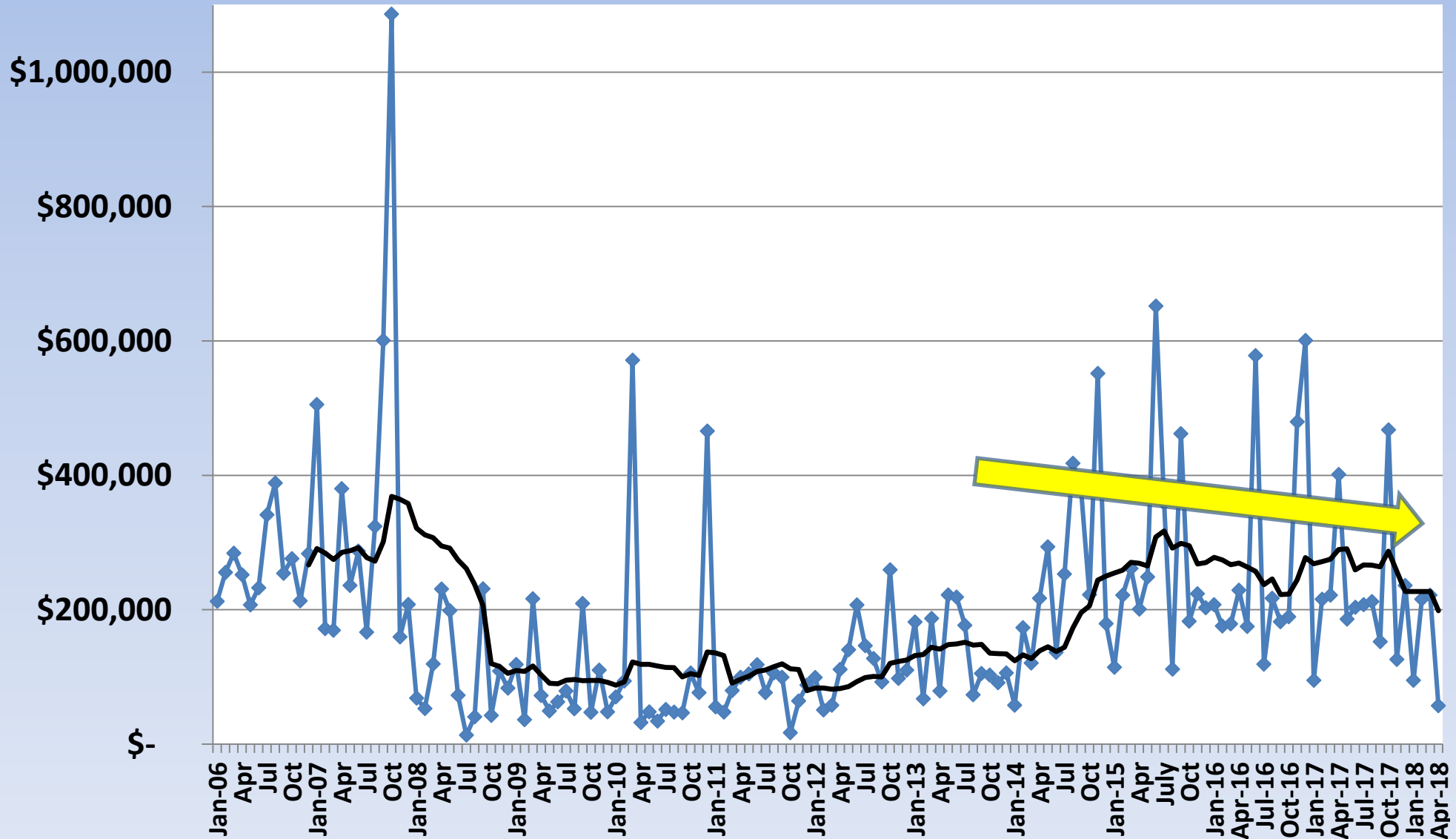
*Monthly Permits Up in First Three Months of 2018  
after being down in December 2017  
Q1 2018 is 38.4% higher than Q1 2017*

**Building Permits since January 2006**



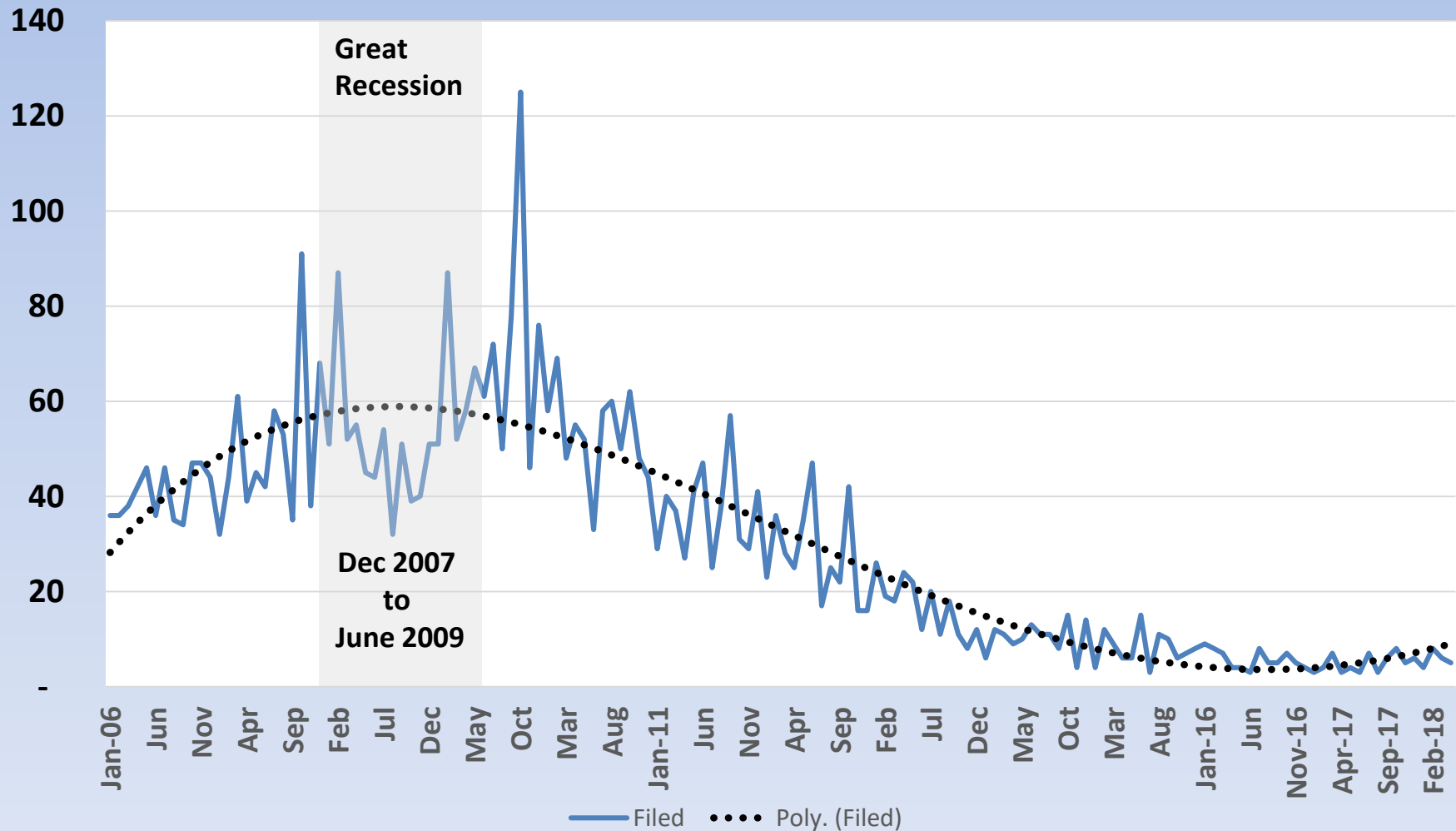


***Building Use Tax Collections down 85.7% in April 2018***  
***January-April 2018 32.1% lower than January-April 2017***  
***2015 was the best showing since the pre-recession boom of 2006 & 2007***

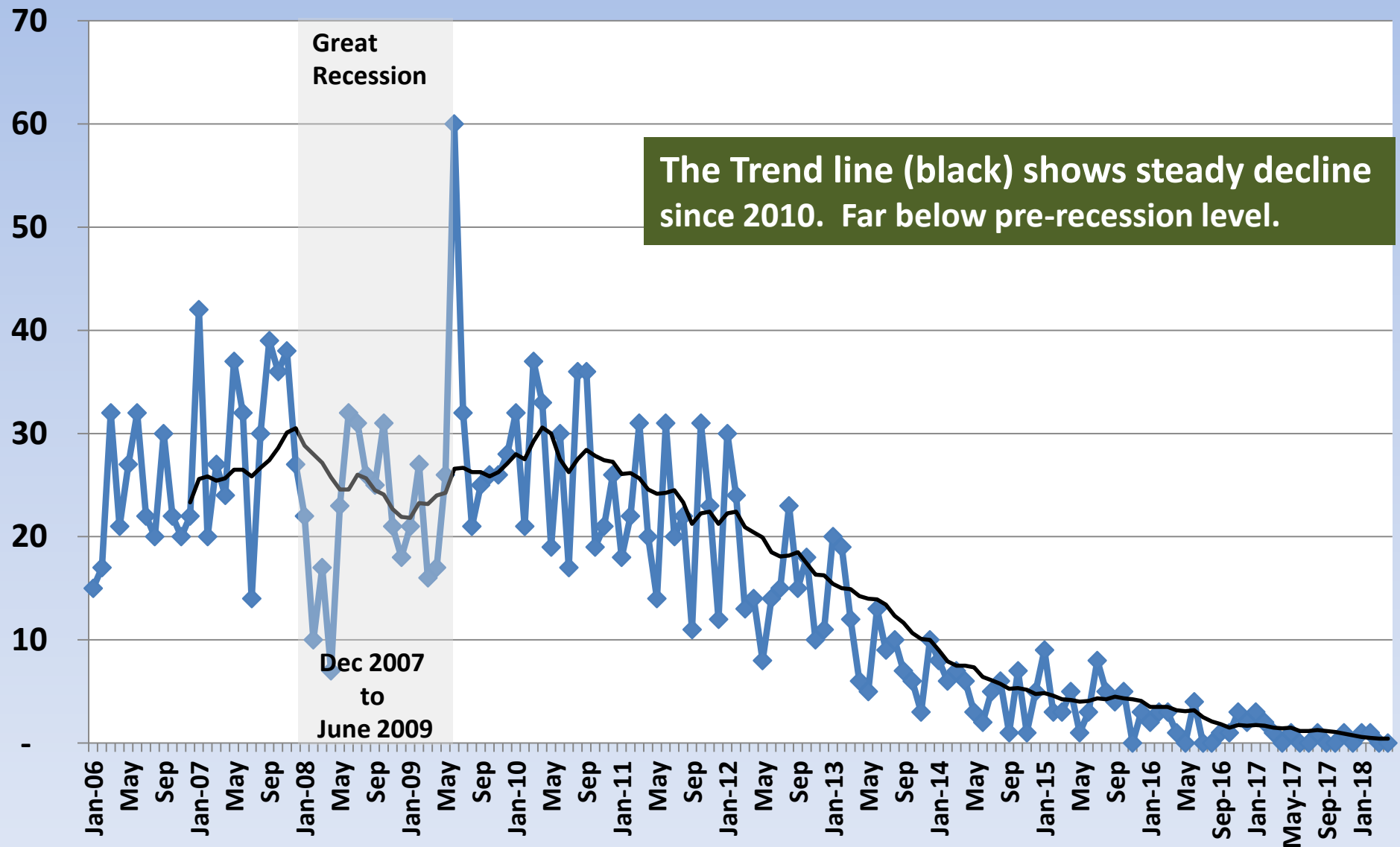


# *Loveland foreclosures filed still at a very low level in the series – 5 in April*

## Foreclosures Filed

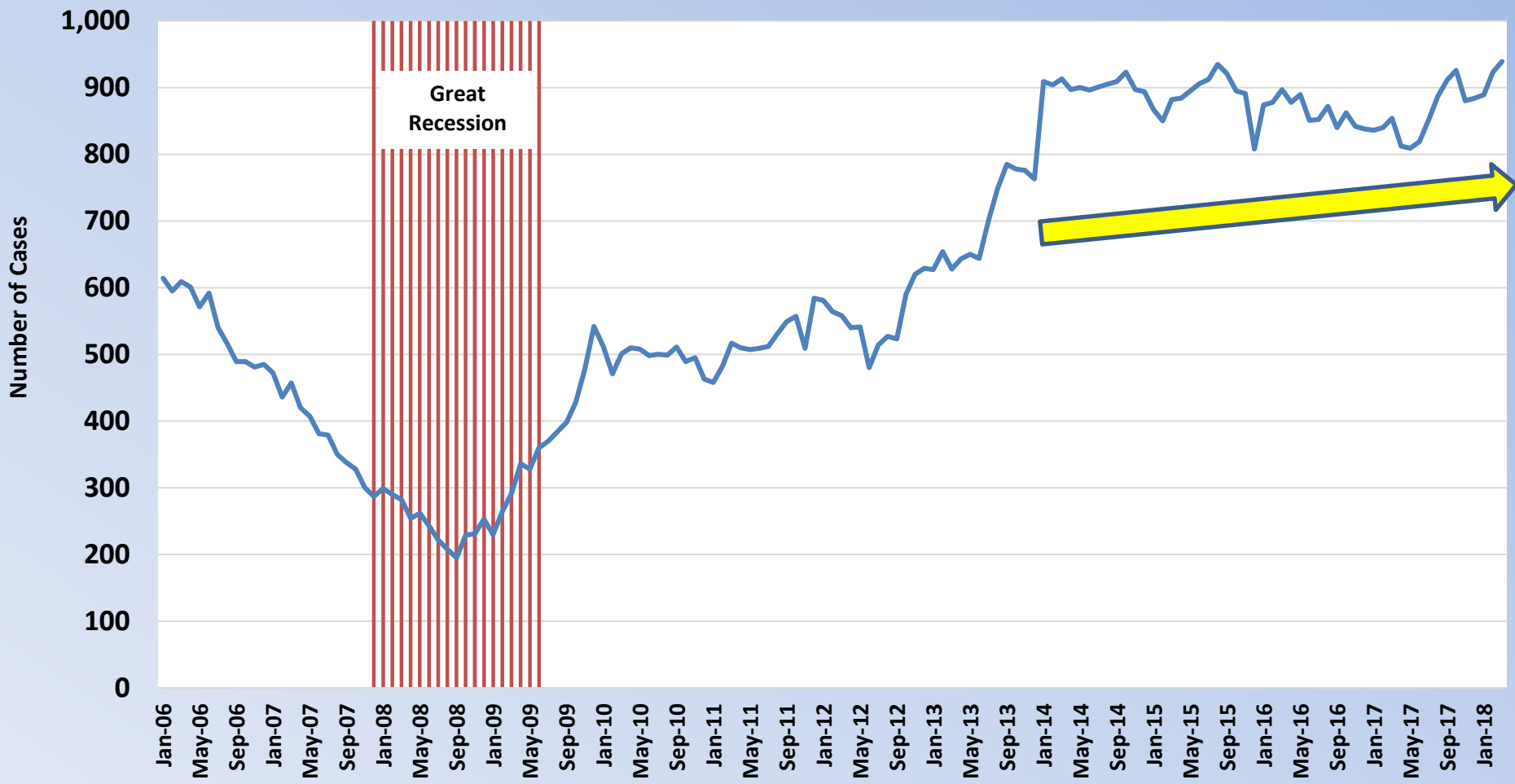


# The Trend in Foreclosures completed continues at a very low level. Zero again in April



# County Temporary Assistance to Needy Families Set a Monthly Record in 2014 Trending higher in recent months

Larimer County Temporary Assistance to Needy Families  
**Annual Record High Set in 2014**  
**Q1 2018 8.7% higher than Q1 2017**

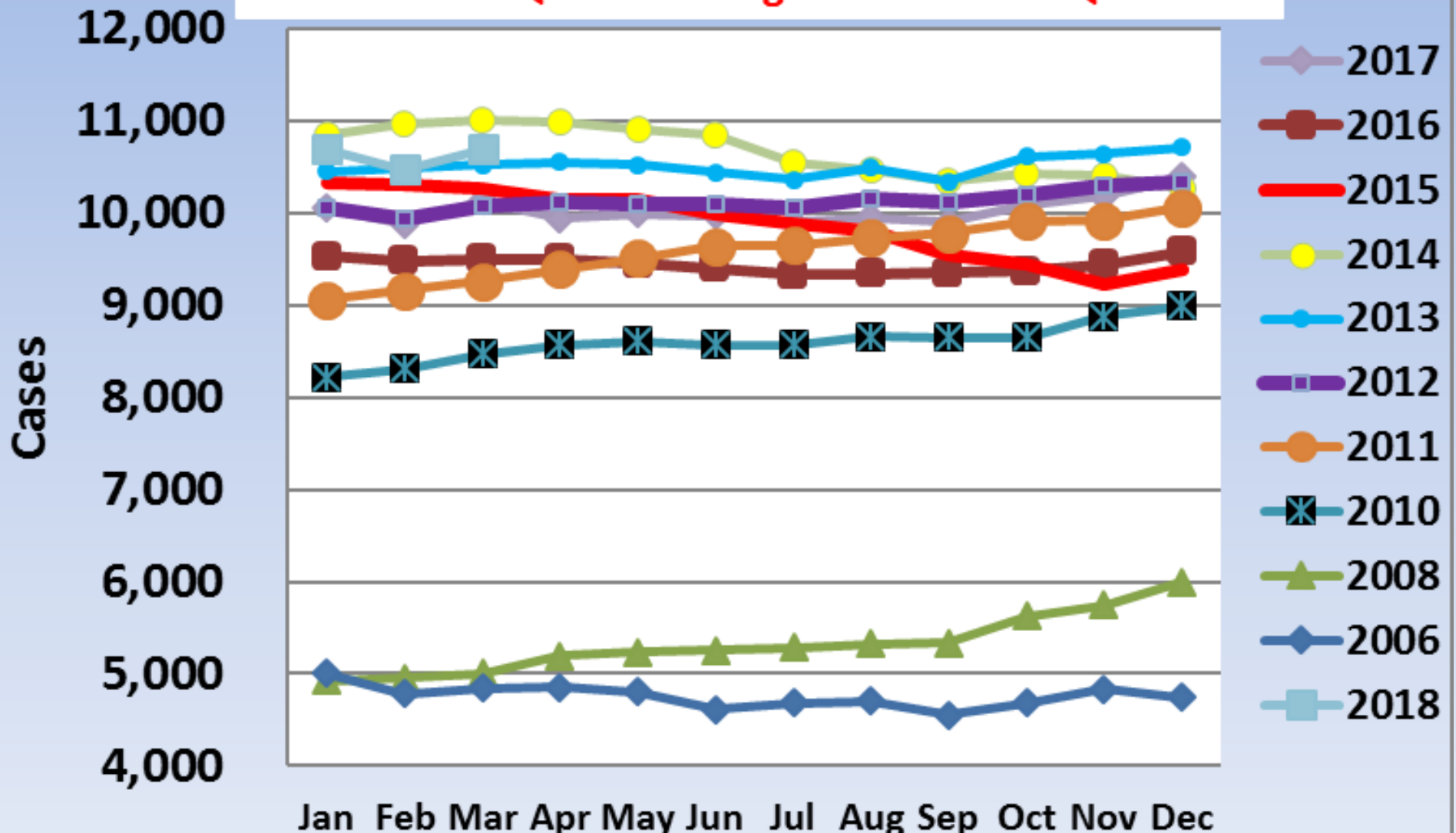


# Total Food Stamp cases peaked in 2014

Down in 2015 and 2016, but rising in 2017 & 2018

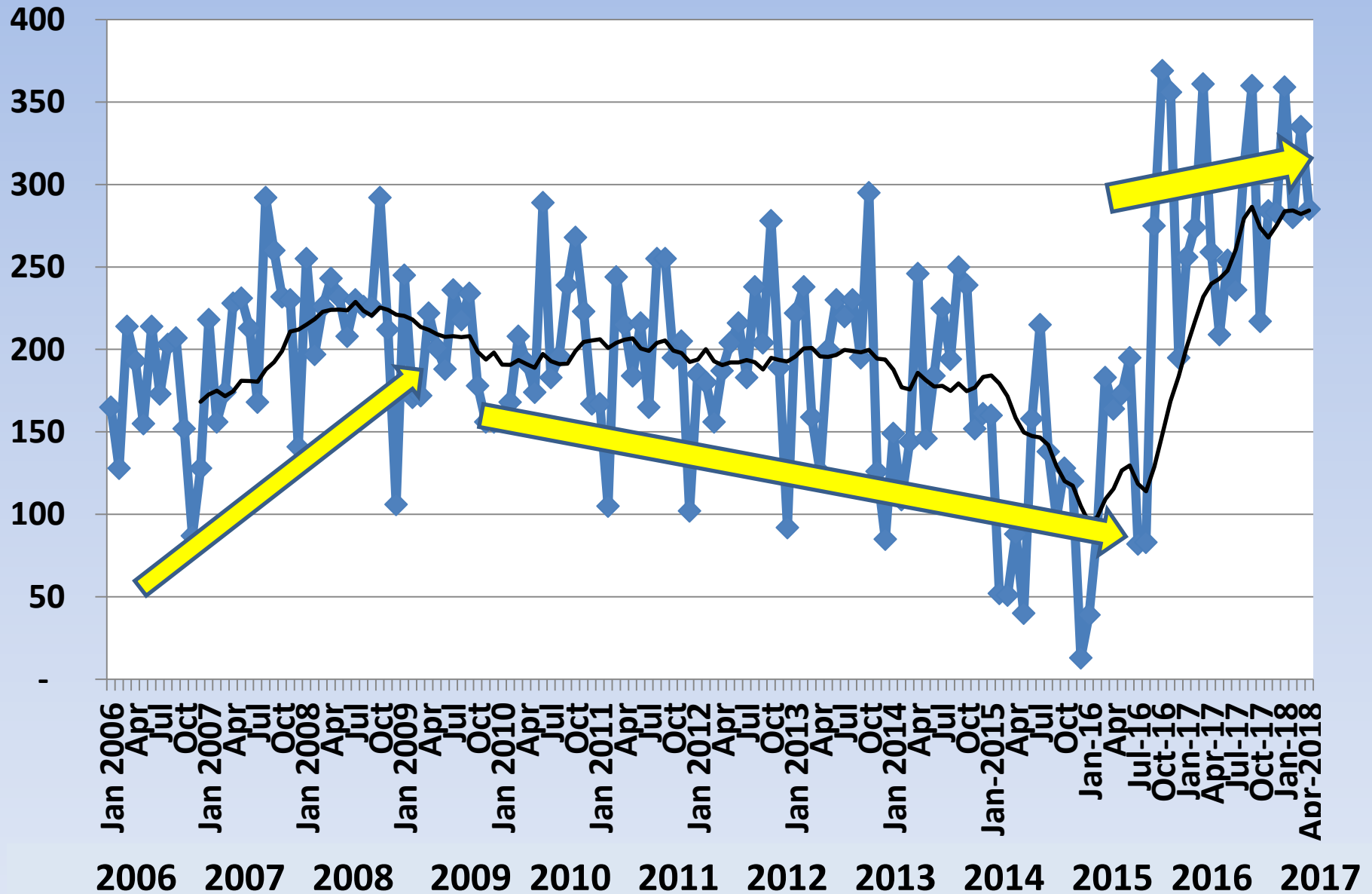
## Food Stamp Cases - Larimer County

Annual Record Set in 2014 2017 up 6.3% from 2016  
2018 Q1 is 5.9% Higher than 2017 Q1





*Disconnects at in 285 in April compared to 335 in March and 259 last April*



# *Time for Questions, Comments, Discussion*

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