

INDICATORS

Employment (SA)



vs. prior quarter



vs. prior year

New Entity Filings



vs. prior quarter



vs. prior year

Existing Entity Renewals



vs. prior quarter



vs. prior year

Unemployment



vs. prior quarter



vs. prior year

EMPLOYMENT FORECASTS



Q4 2012 vs. Q3 2012



Q4 2012 vs. Q4 2011



Q1 2013 vs. Q1 2012

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The Secretary of State's office works to grow commerce and foster political freedom by building trust, instilling confidence, and offering innovative, value-driven solutions.

Economy Strengthening

Business filings improve. Year-over-year improvements were recorded for new entity filings, trademarks, trade names, and entities in good standing. Colorado recorded more than 83,000 new entities over the last 12 months ending in December. Quarterly existing entity renewals climbed year-over-year in Q4 2012, while disruptions in the Q2 filings weighed on the 12-month trailing sum.

Predictive model forecasts sustained employment growth. The strong correlation between new entity filings and total nonfarm employment indicates year-over-year employment growth continuing well into 2013. The month-over-month growth rate is expected to slow by mid-year.

Business leaders' optimism tempered. Rounding out 2012, business leaders' expectations reflected an aura of uncertainty related to the political and economic environment as the nation wrangled with the "fiscal cliff" and the debt ceiling. Colorado business leaders' expectations for the economy pulled back slightly in Q1 but remained positive, reaffirming cautious optimism. The sales, profits, and capital expenditures segments of the index all remained positive in the Leeds Business Confidence Index Q1 survey of business leaders, while hiring expectations turned negative. Expectations

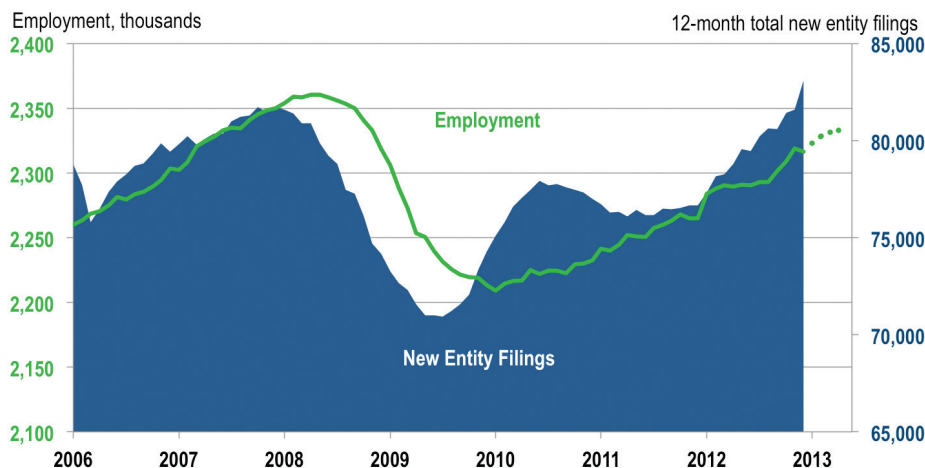
are for the Colorado economy to outperform the nation in 2013.

Colorado housing, employment, income, and wealth make gains.

The housing market, once the bane of this recovery, is on the mend. Building permits increased 59.1% year-over-year, and indices point to increasing home prices in the state. These gains are helped by a positive net migration and employment growth. In Q4, preliminary Colorado total nonfarm employment grew 2.3%, or by 51,300 jobs, year-over-year. Compared to the end of Q3, seasonally adjusted employment increased 0.7%. The unemployment rate dropped from 7.9% at year-end 2011 to 7.6% in 2012. Annual average wages increased 2.4% year-over-year, and personal income rose 3.9% in Colorado, leading to positive growth in retail sales. Fuel prices moderated for the quarter, falling 9.3%, but remained higher than the same period a year ago.

Potential economic disruptions. While the fiscal cliff was technically averted, the last-minute deal resulted in increased taxes and delayed sequestration. March holds the next deadline for budget cuts. The ongoing European debt crisis and slow economic growth continue to pose risks to U.S. and global economic growth.

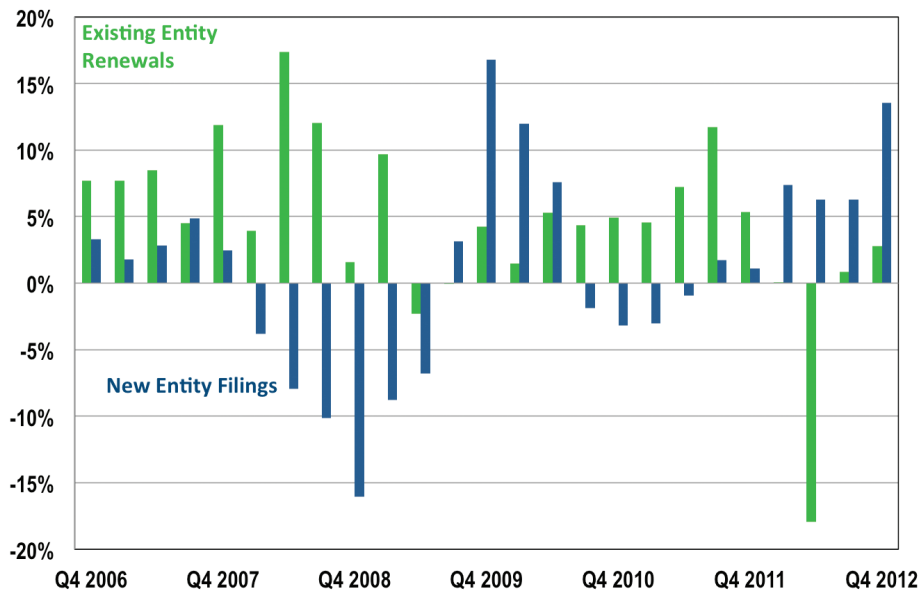
Employment and New Entity Filings



Note: Solid line displays actual employment numbers; dotted line reflects calculated forecasts. Source: Colorado total nonfarm employees from the Bureau of Labor Statistics, Current Employment Statistics (CES) seasonally adjusted, calculations by BRD research team.

Existing Entity Renewals and New Entity Filings

Year-over-year percent change for the quarter



Business Filings Overview

New entity filings surge in Q4. New entity filings increased 13.6% in Q4 2012 compared to Q4 a year ago, boding well for employment growth in the short term. The trailing four quarters of growth ending in Q4 rose 8.3%. Existing entity renewals continued to rebound from a sharp decline recorded in Q2 (attributable to the switch from mail to e-mail renewal reminders), with Q4 filings increasing 2.8% year-over-year. Dissolution filings increased year-over-year. Trademark filings and trade name filings both improved. Overall, the number of entities in good standing increased 3.3% over the year.

	Q4 2012	Q3 2012	Q4 2011	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	14,995	13,949	13,110	14.4%	▲	3.5%	▲
Domestic Nonprofit Corporation	669	710	694	-3.6%	▼	-4.2%	▼
Domestic Corporation	2,519	2,253	2,358	6.8%	▲	-6.8%	▼
Other Entity Types	2,640	2,463	2,175	21.4%	▲	5.1%	▲
Total New Entity Filings	20,823	19,375	18,337	13.6%	▲	1.7%	▲
Total New Entity Filings - 12 mo. trailing	83,046	80,560	76,669	8.3%	▲	0.3%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	48,730	49,121	45,332	7.5%	▲	8.0%	▲
Domestic Nonprofit Corporation	9,156	9,914	9,144	0.1%	▲	1.3%	▲
Domestic Corporation	24,581	25,719	25,501	-3.6%	▼	-1.7%	▼
Other Entity Types	11,440	12,440	11,409	0.3%	▲	3.7%	▲
Total Existing Entity Renewals	93,907	97,194	91,386	2.8%	▲	3.8%	▲
Total Existing Entity Renewals - 12 mo. trailing	375,990	373,469	390,188	-3.6%	▼	3.7%	▲
Other Business Filings							
Dissolution Filings	5,624	4,319	5,102	10.2%	▲	4.8%	▲
Dissolution Filings - 12 mo. trailing	18,450	17,928	20,047	-8.0%	▼	3.1%	▲
Trademarks	729	581	555	31.4%	▲	-12.2%	▼
Trademarks - 12 mo. trailing	2,668	2,494	2,312	15.4%	▲	-5.7%	▼
Trade Names	10,404	13,434	9,961	4.4%	▲	-1.4%	▼
Trade Names - 12 mo. trailing	49,884	49,441	45,567	9.5%	▲	1.2%	▲
Entities in Good Standing							
Corporation	122,960	120,325	126,085	-2.5%	▼	-2.4%	▼
Foreign	49,376	47,813	46,222	6.8%	▲	4.2%	▲
Limited Liability Company	272,605	260,881	257,164	6.0%	▲	6.8%	▲
Nonprofit Corporation	43,734	42,859	43,412	0.7%	▲	2.1%	▲
Other Entity Types	10,579	9,940	10,405	1.7%	▲	1.0%	▲
Total Entities in Good Standing	499,254	482,083	483,288	3.3%	▲	3.3%	▲

^aCompound Annual Growth Rate.

New Entity Filings & Existing Entity Renewals

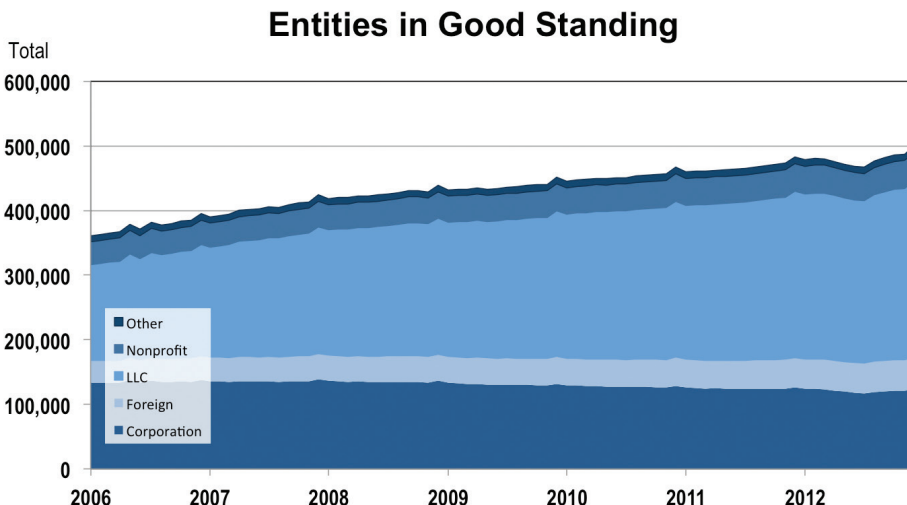
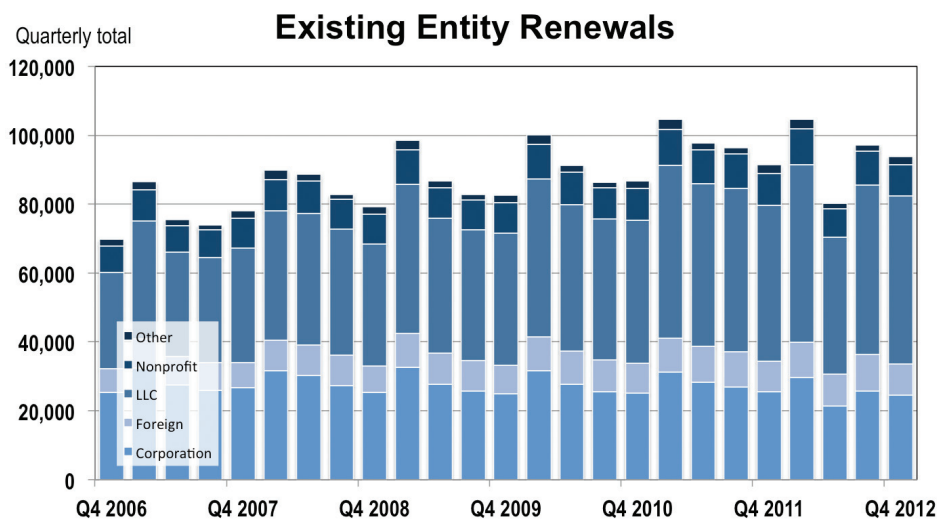
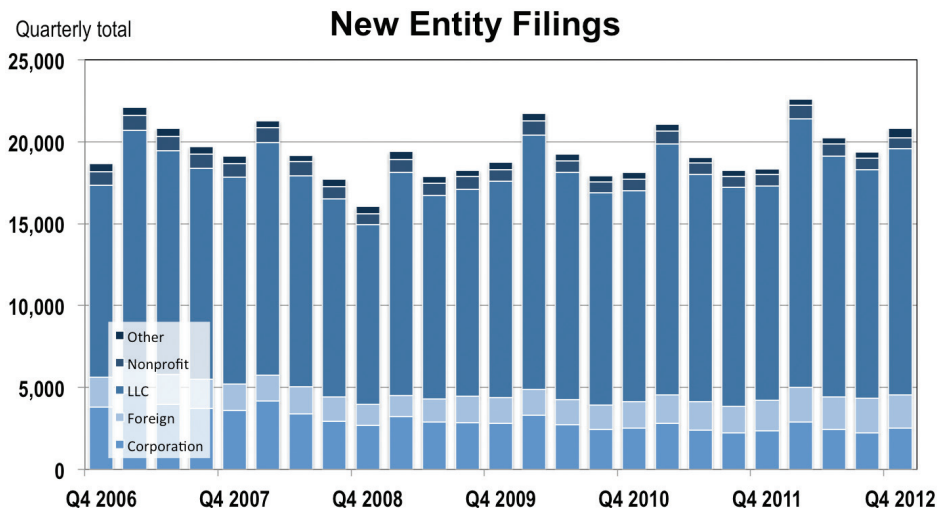
New entity filings increased 13.6% year-over-year in Q4 2012.

New entity filings demonstrated broad improvement in Q4, with domestic nonprofit corporations showing the only decline year-over-year. Over the three months ending December, a total of 20,823 new entities were filed with the Colorado Secretary of State. This is the highest number of Q4 new entity filings on record. Domestic limited liability companies represent 72% of the new filings and grew 14.4% year-over-year in Q4.

Existing entity renewals were up 2.8% year-over-year in Q4 2012.

For the three months ending December, 93,907 entities filed annual reports, an increase compared to a year ago. This figure is the highest on record for the fourth quarter. The 12-month trailing total will continue to be depressed by the anomaly in Q2 2012 caused by the change in how renewal notices are sent.

The number of entities in good standing increased in Q4. The cumulative number of firms in good standing totaled 499,254 in Q4, increasing 3.3% year-over-year and 3.6% quarter-over-quarter. Limited liability companies continue to gain market share in the state (55%). While corporations represent 25% of entities in the state, their market share has been on a general trajectory of decline over the past seven years. Corporations recorded the only decline, falling 2.5% year-over-year, while foreign entities made the greatest gains in good standing (6.8%).



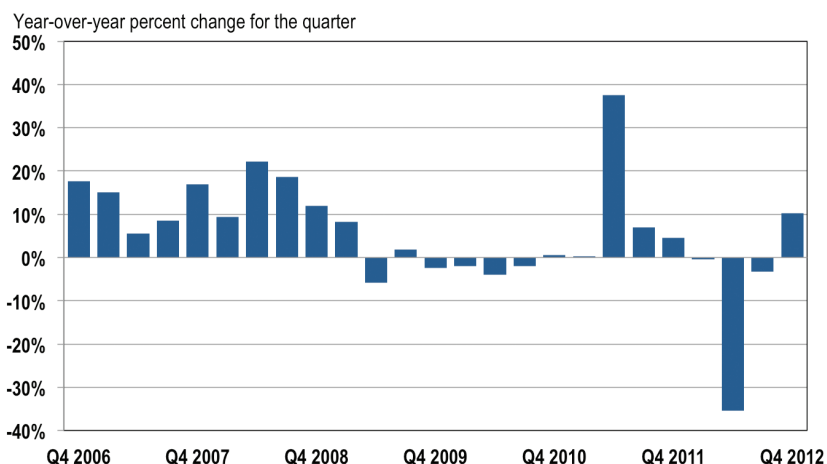
Dissolutions, Trade Names, & Trademarks

Dissolution filings tick up in Q4. The number of dissolution filings in Q4 2012 increased 10.2% year-over-year following three quarters of improvement. However, the annual dissolutions (12 months ending Q4 2012) were down 8% compared to the previous year, buoyed by a strong decrease in Q2 2012. During Q4 2012, a total of 5,624 businesses dissolved. However, this is not necessarily indicative of a weak economy as dissolution filings often lag the actual business dissolution.

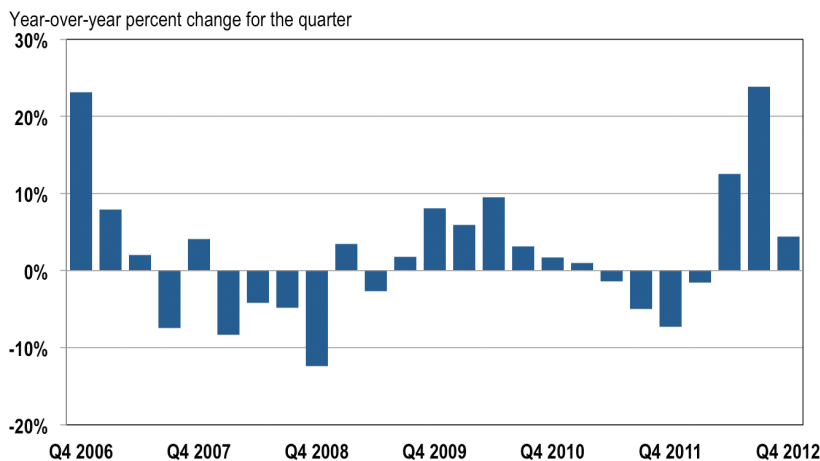
Trade name filings expanded at a slower rate in Q4 2012. In order to register the name a business operates under, entities must file a statement of trade name. The Colorado Secretary of State received 10,404 trade name filings in Q4, an increase of 4.4% year-over-year. These filings are volatile from quarter to quarter.

Trademark filings accelerated in Q4. Registering a trademark protects symbols and words that an entity uses in commerce. In Q4 2012, there were 729 trademark filings, a 31.4% increase year-over-year. Trademark filings for the 12 months ending Q4 2012 totaled 2,668, or 15.4% higher than the previous year's number.

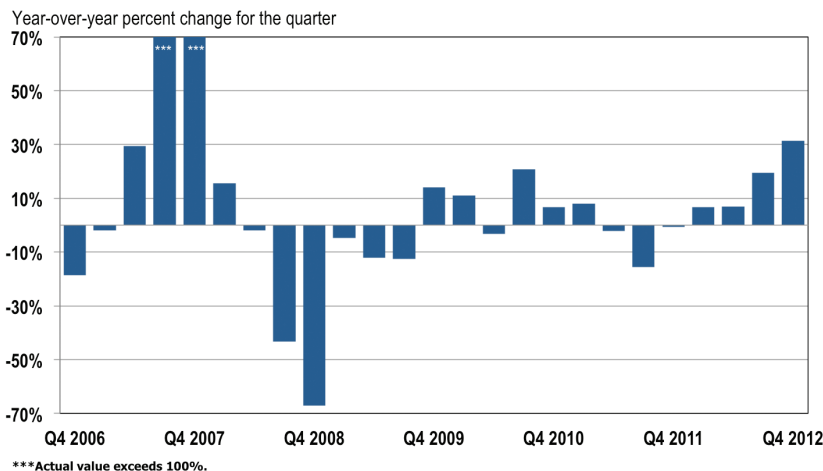
Dissolution Filings



Trade Name Filings



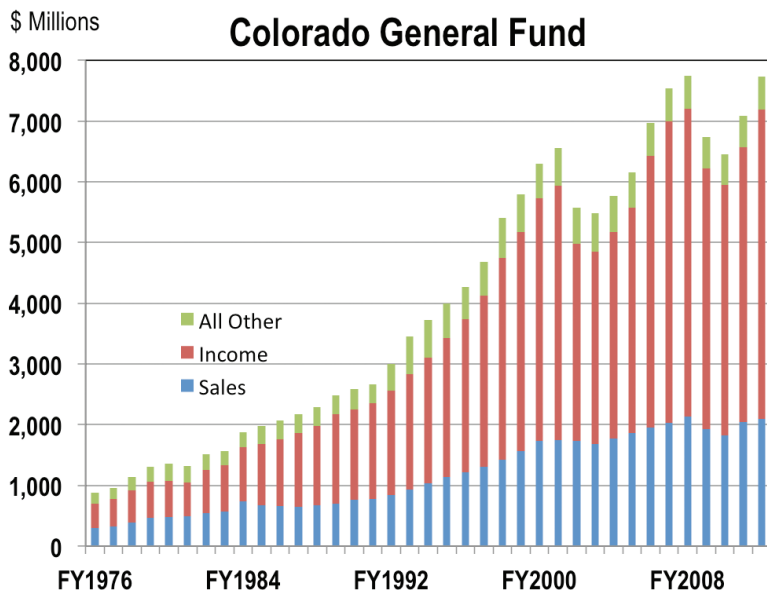
Trademark Filings



Colorado Economic Indicators

Colorado economy continues to expand.

Colorado is experiencing a sustained economic recovery, supported by growth in employment, personal income, wages, and construction. Preliminary December figures peg Colorado as the 6th-fastest in employment growth (13th in absolute number of new jobs). The state benefits from continued positive net migration that leads to a population growth rate of 1.5% projected for 2013. Colorado taxable retail sales now exceed the previous peak by 1.5%—a sign that consumers are recovering. Residential building permits increased 73% in 2012 and valuations rose 61%, while home price indices point to home appreciation year-over-year. The Colorado general fund was near its all-time high in fiscal year 2012. Despite encouraging economic metrics, uncertainty caused by the fiscal cliff, debt ceiling, and health care reform are impacting confidence as reflected in the Q1 2013 Leeds Business Confidence Index.

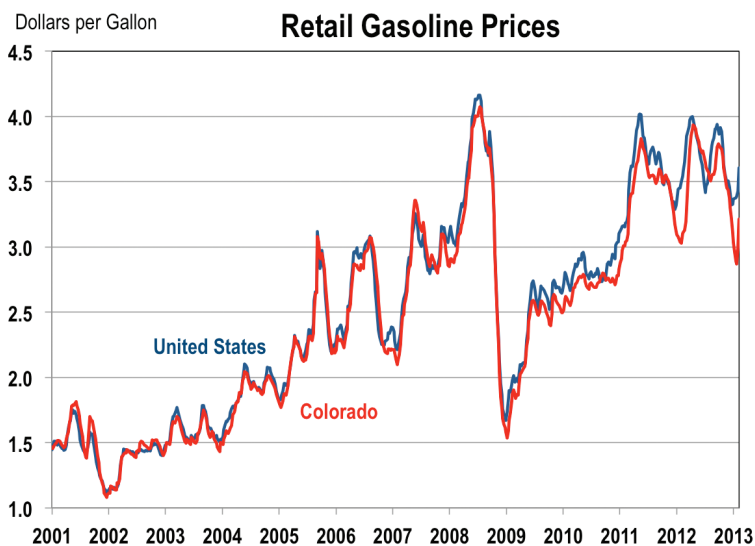


Note: State Education Fund subtracted from income taxes beginning in FY2001.
Sources: Colorado Office of State Planning and Budgeting; Controller's Annual Reports, Accounts

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a		
Wealth									
Personal Income (millions of dollars)	234,776	233,400	0.6%	▲	3.9%	▲	2.6%	▲	
Retail Sales, 12 mo. trailing (millions of dollars)	160,324	158,540	1.1%	▲	4.2%	▲	2.2%	▲	
Taxable Sales, 12 mo. trailing (millions of dollars)	72,791	71,902	1.2%	▲	5.5%	▲	0.9%	▲	
Sales Expectations (LBCI)	54.4	53.2	2.2%	▲	-6.0%	▼	2.1%	▲	
Profit Expectations (LBCI)	51.6	52.2	-1.2%	▼	-5.4%	▼	2.6%	▲	
Business Outlays									
Annual Wages Per Employee	49,959	49,746	0.4%	▲	2.4%	▲	2.4%	▲	
Hiring Expectations (LBCI)	49.3	51.0	-3.4%	▼	-6.1%	▼	1.1%	▲	
Capital Expenditures Expectations (LBCI)	50.1	50.2	-0.2%	▼	-4.4%	▼	2.0%	▲	
Retail Gasoline Price (dollars per gallon)	3.21	3.55	-9.3%	▼	3.6%	▲	1.8%	▲	
Economic Overview									
Employment (in thousands)	2,316.6	2,301.5	0.7%	▲	2.3%	▲	-0.3%	▼	
Unemployment Rate	7.6%	8.0%	-0.4%	▼	-0.3%	▼	--	--	
Initial Jobless Claims	5,197	3,494	48.7%	▲	26.6%	▲	9.6%	▲	
Continuing Jobless Claims	48,828	36,802	32.7%	▲	-12.8%	▼	11.9%	▲	
Building Permits, Number of Units, 12 mo. trailing	21,558	19,427	11.0%	▲	59.1%	▲	-6.6%	▼	
Valuation (millions of dollars), 12 mo. trailing	4,470	4,049	10.4%	▲	50.9%	▲	-6.3%	▼	
FHFA Purchase-Only Home Price Index	278	272	2.1%	▲	6.6%	▲	-0.1%	▼	
Foreclosure Filings	7,076	8,061	-12.2%	▼	-11.8%	▼	-5.7%	▼	
Foreclosure Sales	4,138	3,695	12.0%	▲	-10.6%	▼	-10.3%	▼	
Total Business Bankruptcy Filings	205	237	-13.5%	▼	-22.9%	▼	3.9%	▲	
Chapter 7	143	195	-26.7%	▼	-35.0%	▼	-1.1%	▼	
Chapter 11	50	33	51.5%	▲	61.3%	▲	30.9%	▲	
Chapter 13	10	8	25.0%	▲	-33.3%	▼	14.9%	▲	
State Economy Expectations (LBCI)	55.5	56.3	-1.5%	▼	-4.9%	▼	3.5%	▲	

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q3 12); Colorado Department of Revenue (NSA) (9/12); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 12); Colorado Department of Labor and Employment, QCEW (NSA) (Q2 12); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (2/4/13); Bureau of Labor Statistics, CES (SA) (12/12); Bureau of Labor Statistics (SA) (12/12); U.S. Department of Labor, Employment and Training Administration (NSA) (1/19/13); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (12/12); FHFA Purchase-Only Home Price Index (SA) (Q3 12); Colorado Department of Local Affairs, Colorado Division of Housing (Q3 12); Administrative Office of the U.S. Courts (Q4 12); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 13).

^aCompound Annual Growth Rate.



Source: Energy Information Administration (All Grades/All Formulations).

National Economic Indicators

Despite the drop in Q4 GDP, there are broad signs of recovery. GDP fell 0.1% in Q4 2012, according to preliminary data released by the Bureau of Economic Analysis, while Q3 2012 was revised up to 3.1%. The impacts of the private inventory investment, federal spending, and exports were cited for the decline. Personal income strengthened in Q4, increasing 1.9% over Q3 and 4.9% year-over-year. Housing prices demonstrated some stability, increasing 4% year-over-year, and building permits and valuation rose 32% and 33.8%, respectively. Total nonfarm employment grew 1.5% year-over-year in January, and the national rate of unemployment stood at 7.9%. National retail sales continued to rise over the quarter (1%) and over the year (5.4%), with little price pressure on consumer goods.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (billions of dollars)	13,656	13,400	1.9%	▲	4.9%	▲	2.4%	▲
Retail Sales, 12 mo. trailing (billions of dollars)	4,351.1	4,306.0	1.0%	▲	5.4%	▲	1.7%	▲
S&P 500	1,495.7	1,417.3	5.5%	▲	11.2%	▲	1.6%	▲
Business Outlays								
Annual Wages Per Employee	48,842	48,687	0.3%	▲	2.5%	▲	2.3%	▲
Consumer Price Index	231.0	231.4	-0.2%	▼	1.7%	▲	1.8%	▲
Energy	243.9	257.9	-5.5%	▼	0.5%	▲	1.6%	▲
Transportation Services	277.4	273.5	1.4%	▲	2.6%	▲	3.2%	▲
Retail Gasoline Price (dollars per gallon)	3.60	3.56	1.2%	▲	1.8%	▲	3.5%	▲
Economic Overview								
Real Gross Domestic Output (billions of chained 2005 dollars)	13,648	13,653	0.0%	▼	1.5%	▲	0.5%	▲
Employment (in thousands)	134,825	134,225	0.4%	▲	1.5%	▲	-0.5%	▼
Unemployment Rate	7.9%	7.9%	0.0%	▷	-0.4%	▼	--	--
Initial Jobless Claims	375,000	342,000	9.6%	▲	-3.8%	▼	1.5%	▲
Continuing Jobless Claims	3,228,000	3,263,000	-1.1%	▼	-7.7%	▼	2.7%	▲
Building Permits, Number of Units, 12 mo. trailing	805,437	749,234	7.5%	▲	32.0%	▲	-10.1%	▼
Valuation (millions of dollars), 12 mo. trailing	137,275	127,041	8.1%	▲	33.8%	▲	-8.9%	▼
FHFA Home Price Index	187.9	185.9	1.1%	▲	4.0%	▲	-3.3%	▼
Total Business Bankruptcy Filings	9,231	9,248	-0.2%	▼	-29.2%	▼	2.9%	▲
Chapter 7	6,288	6,357	-1.1%	▼	-31.2%	▼	3.0%	▲
Chapter 11	2,131	2,020	5.5%	▲	-20.5%	▼	5.7%	▲
Chapter 13	706	735	-3.9%	▼	-28.6%	▼	-4.1%	▼
National Economy Expectations (LBCI)	47.0	46.8	0.4%	▲	-8.2%	▼	4.4%	▲

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q4 12), U.S. Census Bureau (NSA) (11/12), Bloomberg (2/1/13), Bureau of Labor Statistics, OCEW (NSA) (Q2 12); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (12/12); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (2/4/13); Bureau of Economic Analysis (SA) (Q4 12); Bureau of Labor Statistics, CES (SA) (1/13); Bureau of Labor Statistics (SA) (1/13); U.S. Department of Labor, Employment and Training Administration (SA) (12/29/12); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (Q4 12); FHFA Purchase-Only Home Price Index (SA) (Q3 12); Administrative Office of the U.S. Courts (Q4 12); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q1 13). ^aCompound Annual Growth Rate.

The Quarterly Business & Economic Indicators, produced by the Business Research Division (BRD) on behalf of the Colorado Secretary of State, reports on the correlations between various business filing data and economic metrics.

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