

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



Q3 2013 vs. Q2 2013



Q3 2013 vs. Q3 2012



Q4 2013 vs. Q4 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 Strengthens in Q3

Business filings advance in Q3 2013.

New entity filings, trademark filings, and entities in good standing all expanded in third quarter 2013. Colorado recorded 88,715 new entities over the last 12 months ending in September (+10.1% year-over-year) and 20,654 for the quarter (+6.6% year-over-year). Quarterly existing entity renewals increased 4.4% year-over-year in Q2 2013.

New business formation leads to employment growth.

A record number of new entity filings in Q3 2013 points to further employment growth for the next two quarters. Colorado employment reached a new peak as of June 2013. A higher number of new business filings in Q3 2013 suggests that Colorado will set a new employment peak in Q4 2013 and Q1 2014.

Confidence up among Colorado's business leaders.

Measured confidence going into Q4 2013 declined slightly, but remained positive. Although the Leeds Business Confidence Index (LBCI) declined from 60.5 to 59.3 in the Q4 survey, business leaders were positive for all segments of the index, including the national economy. Respondents were most bullish about the overall state economy, which received a reading of 63.9 (50=neutral).

Employment, wealth, and income improves in Q3 2013.

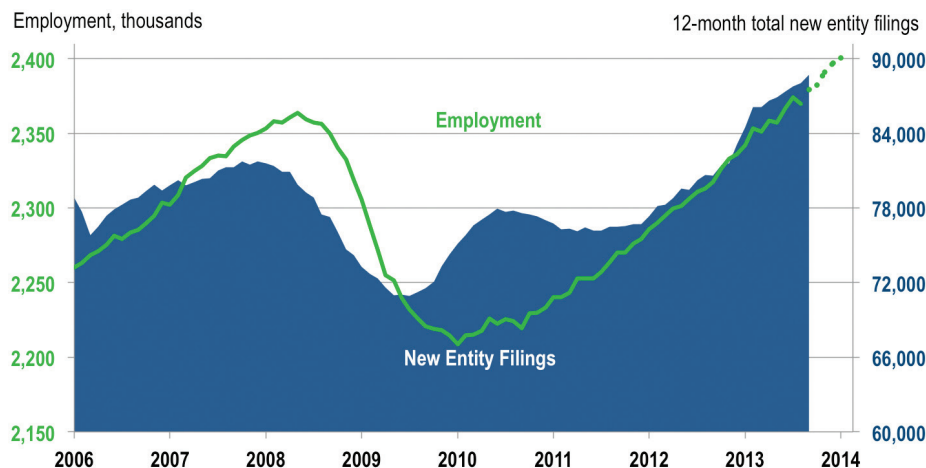
The recession

officially ended in June 2009, and the U.S. economy has now been expanding for 53 months. Q3 exhibited year-over-year growth in employment, personal income, and wealth in Colorado, leading to stronger consumption and construction. Building permits increased 32.5% year-over-year in a 12-month trailing total, and the value of permits increased 42%. More stable households and decreased available inventory are driving appreciation in select Colorado housing markets.

Colorado total nonfarm employment grew 2.5%, or by 56,800 jobs, year-over-year in September, with expected upward revisions reported by the Colorado Department of Labor and Employment. The unemployment rate dropped to 7.2% in September from 8% a year ago. Annual average wages increased 2% and personal income rose 3.1% in Colorado year-over-year, supporting retail sales growth.

Economic risks. Colorado was impacted by various natural disasters in 2013, including drought, fires, and floods. The impacts of these events affect industries ranging from agriculture to tourism. The federal shutdown had a drag on the Colorado economy in Q3, with spending and debt ceiling debates anticipated in Q4 2013 and Q1 2014. The Fed backed away from tapering monetary stimulus in Q3, but inklings of inflation and stronger employment growth could trigger the Fed to change course and begin raising interest rates.

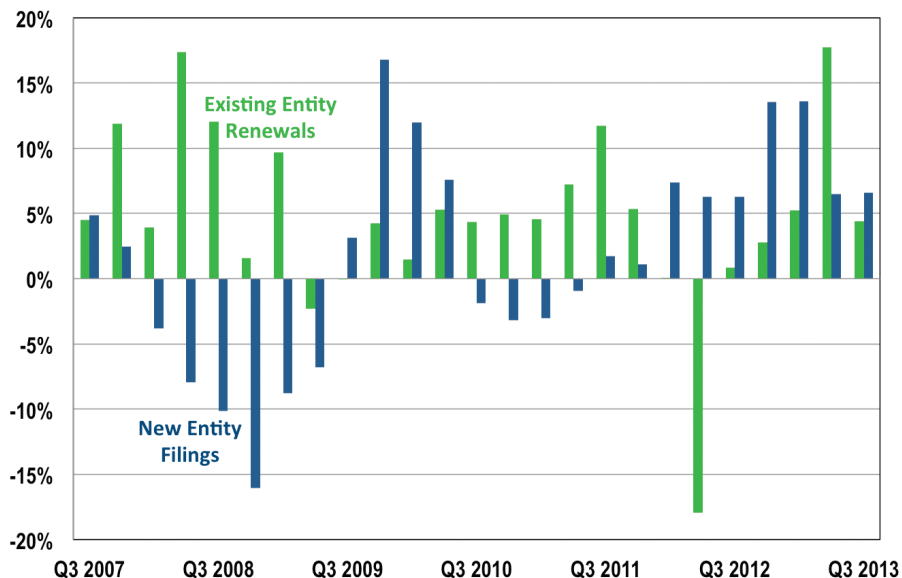
Employment and New Entity Filings



Note: Solid employment line displays actual seasonally adjusted employment numbers; dotted line reflects calculated forecasts. Source: Seasonally adjusted Colorado total nonfarm employees from the Colorado Department of Labor and Employment, Current Employment Statistics (CES), 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 stay on growth trajectory in Q3.

New entity filings rose 6.6% year-over-year in Q3 2013, pointing to further employment expansion in Q4 2013 and Q1 2014. Growth in the trailing four quarters increased 10.1% year-over-year in Q3. Existing entity renewals continued to increase as new business formation a year ago adds to the current existing entity base. Quarterly dissolution filings increased slightly year-over-year. While trademark filings increased, trade name filings significantly declined for the quarter. The number of entities in good standing grew 7.9% over the year.

	Q3 2013	Q2 2013	Q2 2012	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	15,236	16,020	13,949	9.2%	▲	4.7%	▲
Domestic Nonprofit Corporation	748	730	710	5.4%	▲	-0.4%	▼
Domestic Corporation	2,146	2,310	2,253	-4.7%	▼	-6.1%	▼
Other Entity Types	2,524	2,502	2,463	2.5%	▲	5.8%	▲
Total New Entity Filings	20,654	21,562	19,375	6.6%	▲	3.1%	▲
Total New Entity Filings - 12 mo. trailing	88,715	87,436	80,560	10.1%	▲	2.8%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	53,065	48,968	49,121	8.0%	▲	7.7%	▲
Domestic Nonprofit Corporation	10,021	9,389	9,914	1.1%	▲	3.1%	▲
Domestic Corporation	25,290	23,859	25,719	-1.7%	▼	-1.5%	▼
Other Entity Types	13,095	12,334	12,440	5.3%	▲	5.2%	▲
Total Existing Entity Renewals	101,471	94,550	97,194	4.4%	▲	4.2%	▲
Total Existing Entity Renewals - 12 mo. trailing	400,011	395,734	373,469	7.1%	▲	3.3%	▲
Other Business Filings							
Dissolution Filings	4,349	5,624	4,319	0.7%	▲	0.8%	▲
Dissolution Filings - 12 mo. trailing	20,567	20,537	17,928	14.7%	▲	3.0%	▲
Trademarks	787	729	581	35.5%	▲	7.6%	▲
Trademarks - 12 mo. trailing	3,290	3,084	2,494	31.9%	▲	0.3%	▲
Trade Names	10,361	10,404	13,434	-22.9%	▼	-0.9%	▼
Trade Names - 12 mo. trailing	44,635	47,708	49,441	-9.7%	▼	-0.1%	▼
Entities in Good Standing							
Corporation	122,351	122,400	120,325	1.7%	▲	-2.0%	▼
Foreign	52,079	50,021	47,813	8.9%	▲	5.1%	▲
Limited Liability Company	291,037	285,039	260,881	11.6%	▲	7.2%	▲
Nonprofit Corporation	44,286	44,088	42,859	3.3%	▲	2.1%	▲
Other Entity Types	10,559	11,515	9,940	6.2%	▲	1.8%	▲
Total Entities in Good Standing	520,312	513,063	482,083	7.9%	▲	3.9%	▲

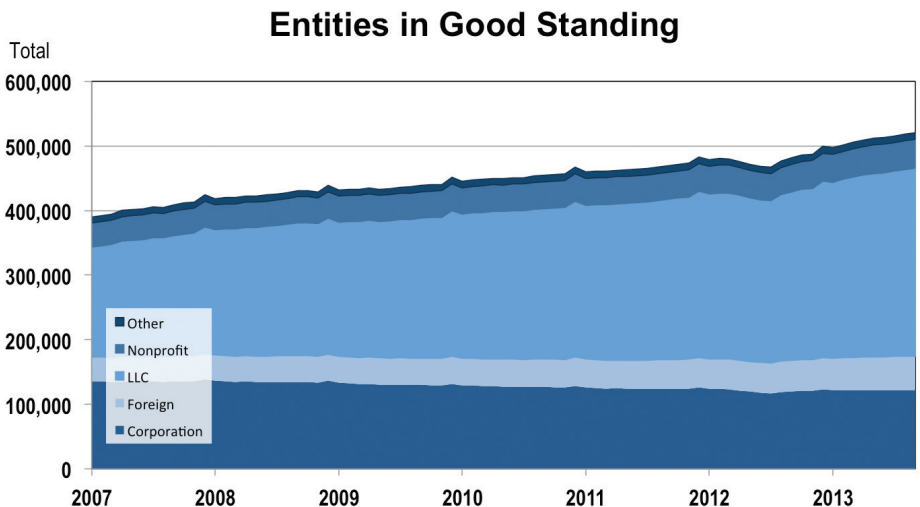
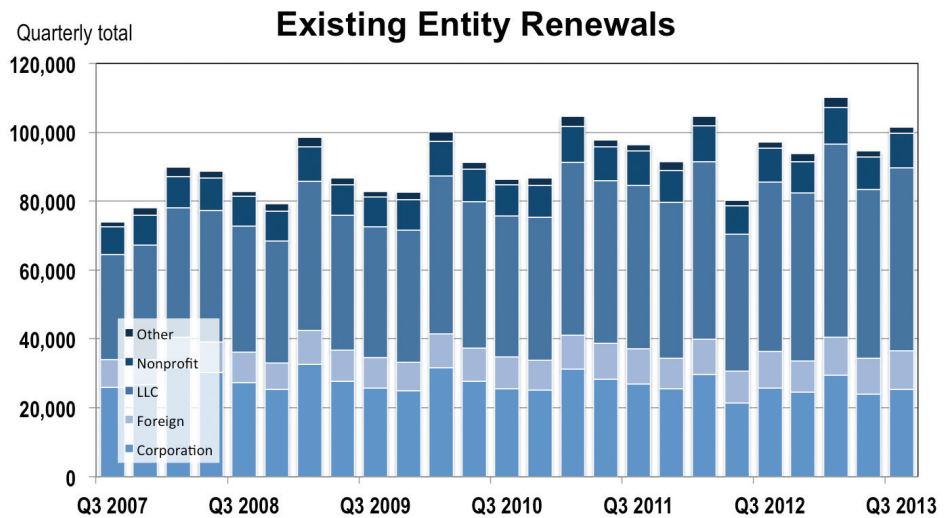
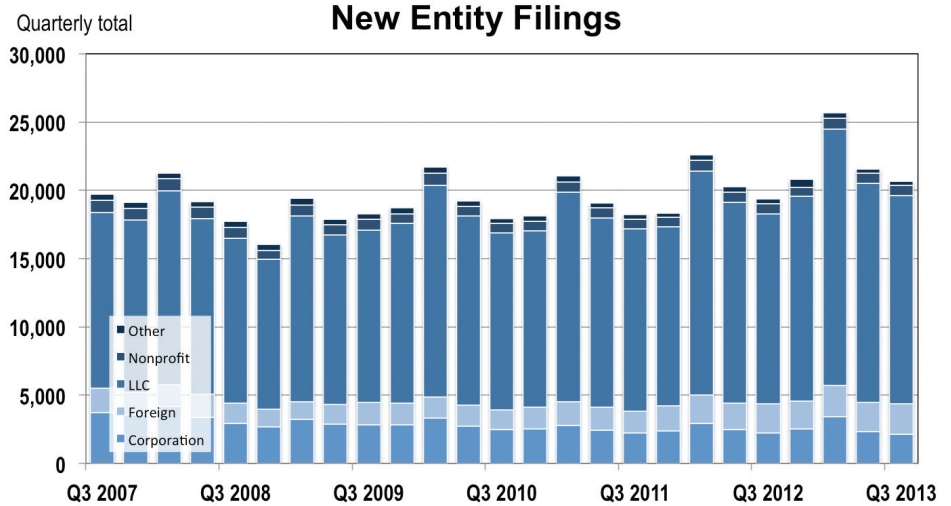
^aCompound Annual Growth Rate.

New Entity Filings & Existing Entity Renewals

Business formation continues in Q3. New entity filings increased 6.6% year-over-year for the quarter in Q3 2013, while the 12-month trailing sum of new entity filings rose 10.1% year-over-year. New entity filings demonstrated consistent overall improvement in Q3, marking the greatest number of both Q3 quarterly filings and annual filings. Only domestic corporations showed declines year-over-year (-4.7%). Over the three months ending September 30, a total of 20,654 new entities were filed with the Colorado Secretary of State. This represents a five-year compound annual growth rate of 3.1%. Domestic limited liability companies represent 73.8% of the new filings and grew 9.2% year-over-year.

Existing entity renewals add to the growing base of Colorado businesses. Existing entity renewals were up 4.4% year-over-year for the third quarter 2013, while the 12-month trailing sum of renewals were up 7.1% compared to the previous year. For the three months ending September, 101,471 entities filed annual reports, an increase of 4,277 compared to a year ago.

The number of entities in good standing increased in Q3. The cumulative number of firms in good standing totaled 520,312 in Q3, increasing 7.9% year-over-year and 1.4% quarter-over-quarter. Limited liability companies (LLC) continue to gain market share in the state (56%). While corporations represent 24% of entities in the state, their market share has been on a general trajectory of decline over the past seven years. In Q3, however, corporations recorded 1.7% increase year-over-year, while LLCs and foreign entities marked the greatest gains in good standing (11.6% and 8.9%, respectively).



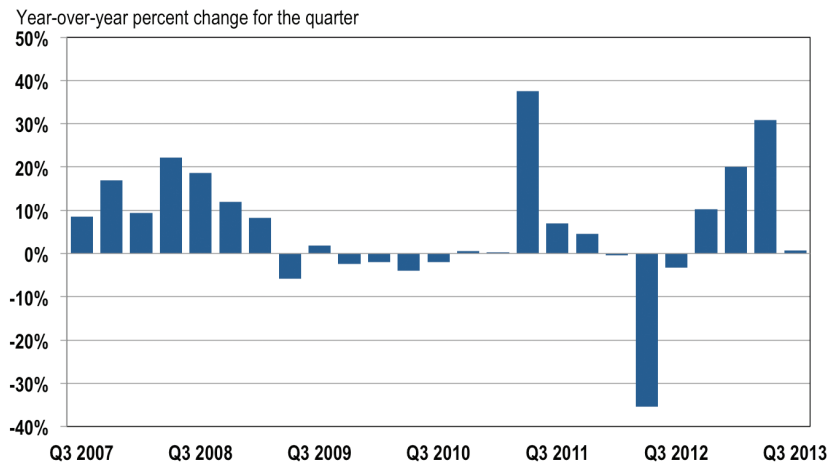
Dissolutions, Trade Names, & Trademarks

Dissolution filings were up slightly in Q3. Dissolution filings in Q3 2013 rose by 30 (+0.7%) year-over-year for the quarter following a strong increase in Q2. In the 12 months ending Q3 2013, dissolutions were up 14.7% compared to the previous 12 months. During Q3 2013, a total of 4,349 businesses dissolved. This is not, however, indicative of a weak economy as entities do not always voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

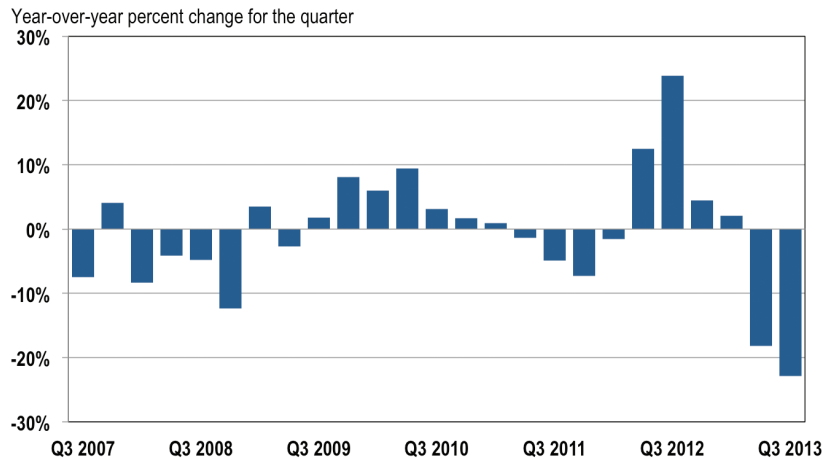
Trade name filings contracted in Q3 2013 year-over-year. Entities must file a statement of trade name when operating under any name other than their true name, the name provided on their business filing. The Colorado Secretary of State received 10,361 trade name filings in Q3, a decrease of 22.9% year-over-year, marking two consecutive quarters of strong decline for this volatile metric.

Trademark filings accelerate in Q3. Safeguarding the symbols and words that an entity employs in commerce, trademark filings numbered 787 in Q3 2013, a 35.5% increase year-over-year. Trademark filings for the 12 months ending Q3 2013 totaled 3,290, which was 31.9% higher than the previous year's number.

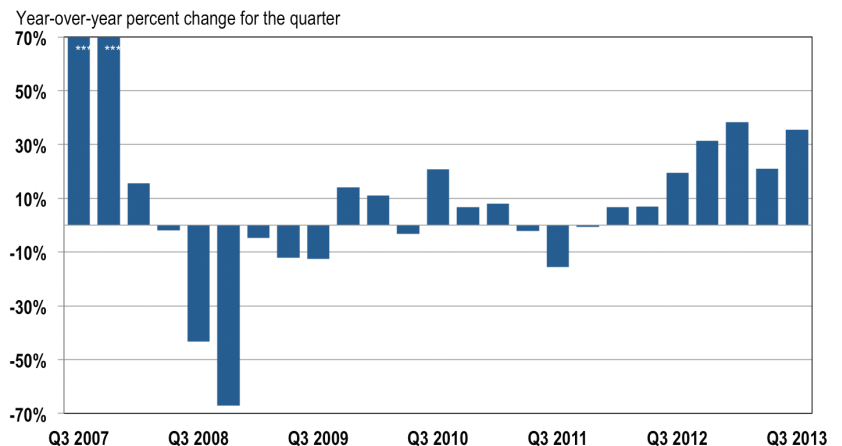
Dissolution Filings



Trade Name Filings

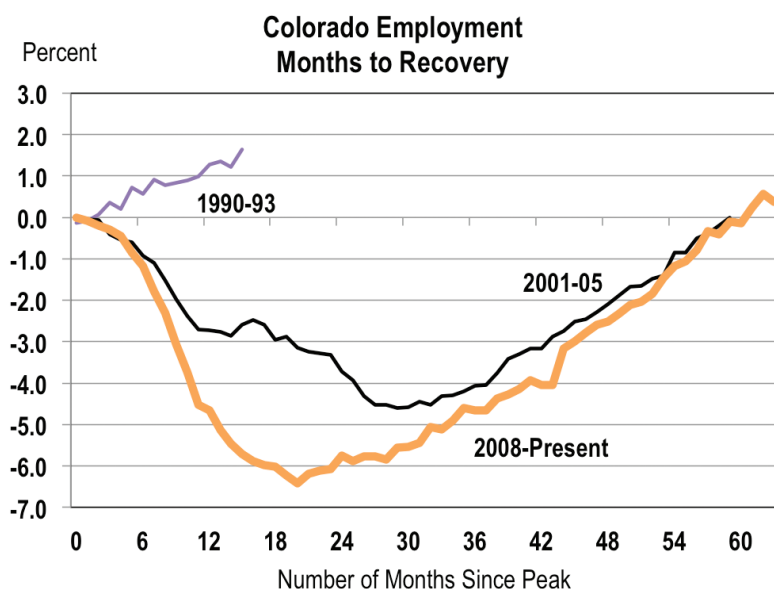


Trademark Filings



***Actual value exceeds 100%.

Colorado Economic Indicators



Source: Bureau of Labor Statistics (Seasonally Adjusted).

Colorado jobless claims plummet in Q3.

Colorado employment currently stands 0.4% above 2008 pre-recession levels. The state economy continues upward, buoyed by growth in employment, building permits, and consumption. Preliminary August figures show Colorado's employment growth at 2.5% over the same period last year. Residential building permits have increased 32.5% over the same period, jumping \$1.6 billion in valuation since August 2012. Consumption continues its upward trend, growing 3.9% over the last year. Gas prices in Colorado dropped 7.9% over the last year. Continuing jobless claims and foreclosure filings dropped 23.3% and 11.9%, respectively, in the last quarter, showing a significant uptick in the economy. The state economy expectations, as shown by the LBCI, still remain above 50, although they have dropped 1.1% compared to last quarter. Profit expectations are expected to rise 1.3%, yet sales expectations are projected to drop 2.7% compared to Q2's expectations.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (millions of dollars)	242,934	240,537	1.0%	▲	3.1%	▲	2.2%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	166,383	163,956	1.5%	▲	3.9%	▲	1.7%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	76,381	75,066	1.8%	▲	4.8%	▲	1.3%	▲
Sales Expectations (LBCI) ^b	62.0	63.7	-2.7%	▼	16.5%	▲	5.6%	▲
Profit Expectations (LBCI)	59.3	58.5	1.3%	▲	13.6%	▲	6.9%	▲
Business Outlays								
Annual Wages Per Employee	49,750	49,699	0.1%	▲	2.0%	▲	2.0%	▲
Hiring Expectations (LBCI)	57.8	58.9	-1.8%	▼	13.3%	▲	6.6%	▲
Capital Expenditures Expectations (LBCI)	57.4	59.3	-3.2%	▼	14.3%	▲	6.9%	▲
Retail Gasoline Price (dollars per gallon)	3.40	3.58	-5.2%	▼	-7.9%	▼	2.8%	▲
Economic Overview								
Employment (in thousands)	2,369.7	2,357.3	0.5%	▲	2.5%	▲	0.1%	▲
Unemployment Rate	7.0%	6.9%	0.1%	▲	-1.0%	▼	--	--
Initial Jobless Claims	2,783	3,199	-13.0%	▼	-20.1%	▼	3.4%	▲
Continuing Jobless Claims	37,026	48,304	-23.3%	▼	-9.3%	▼	7.0%	▲
Building Permits, Number of Units, 12 mo. trailing	25,289	24,942	1.4%	▲	32.5%	▲	1.8%	▲
Valuation (millions of dollars), 12 mo. trailing	5,547	5,243	5.8%	▲	42.0%	▲	2.8%	▲
FHFA Purchase-Only Home Price Index	297	291	1.9%	▲	9.3%	▲	1.8%	▲
Foreclosure Filings	4,025	4,571	-11.9%	▼	-50.1%	▼	-18.1%	▼
Foreclosure Sales	2,658	2,935	-9.4%	▼	-28.1%	▼	-7.4%	▼
Total Business Bankruptcy Filings	180	205	-12.2%	▼	-17.8%	▼	0.7%	▲
Chapter 7	134	143	-6.3%	▼	-26.4%	▼	-1.6%	▼
Chapter 11	34	50	-32.0%	▼	36.0%	▲	8.1%	▲
Chapter 13	11	10	10.0%	▲	-8.3%	▼	17.1%	▲
State Economy Expectations (LBCI)	63.9	64.6	-1.1%	▼	13.4%	▲	5.8%	▲

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) (Q2 13); Colorado Department of Revenue (NSA) (7/13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q4 13); Colorado Department of Labor and Employment, QCEW (NSA) (Q1 13); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (10/29/13); Bureau of Labor Statistics, CES (SA) (9/13); Bureau of Labor Statistics (SA) (9/13); U.S. Department of Labor, Employment and Training Administration (NSA) (10/29/13); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (8/13); FHFA Purchase-Only Home Price Index (SA) (Q2 13); Colorado Department of Local Affairs, Colorado Division of Housing (Q2 13); Administrative Office of the U.S. Courts (Q2 13); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q4 13); ^aCompound Annual Growth Rate.



Source: Yahoo Finance as of 10/29/2013.

National Economic Indicators

Market continues to rise in Q3 2013. GDP rose at an annualized rate of 2.8% in Q3 2013 according to the advance estimate released by the Bureau of Economic Analysis. Employment numbers continued to trend upward, growing 0.4% quarterly and 1.7% annually, and the unemployment rate has dropped 0.4% quarterly and 0.6% annually. Both initial and continuing jobless claims fell 10.5% and 4.1%, respectively, for the quarter. Housing prices rose, up 2.1% for the quarter and up from a 1.9% increase last quarter. Building permits and valuation extended their upward trend, both increasing for the quarter (3.8% and 5.3%, respectively), yet these increases are smaller than Q2 (6.7% and 8.0%, respectively). The S&P 500 continues to edge higher as it increased 5.1% in Q3 and is up 24.1% annually. The Consumer Price Index continues to rise, up 0.4% for the quarter. The largest increase in consumer prices occurred in the energy sector (0.8%). National economic expectations (LBCI) remain positive, despite a 4.5% drop in Q4 2013 due primarily to concern over macroeconomic factors such as the government shutdown and the debt ceiling crisis.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (billions of dollars)	14,065	13,926	1.0%	▲	3.0%	▲	2.3%	▲
Retail Sales, 12 mo. trailing (billions of dollars)	4,476.1	4,417.3	1.3%	▲	4.0%	▲	2.0%	▲
S&P 500	1,772.0	1,685.7	5.1%	▲	24.1%	▲	13.8%	▲
Business Outlays								
Annual Wages Per Employee	49,370	49,289	0.2%	▲	1.4%	▲	2.0%	▲
Consumer Price Index	233.9	232.9	0.4%	▲	1.2%	▲	1.3%	▲
Energy	247.8	245.9	0.8%	▲	-3.1%	▼	-1.0%	▼
Transportation Services	280.2	279.3	0.3%	▲	2.4%	▲	2.5%	▲
Retail Gasoline Price (dollars per gallon)	3.37	3.72	-9.3%	▼	-7.3%	▼	4.4%	▲
Economic Overview								
Real Gross Domestic Output (billions of chained 2009 dollars)	15,790	15,680	0.7%	▲	1.6%	▲	1.2%	▲
Employment (in thousands)	136,554	135,949	0.4%	▲	1.7%	▲	0.1%	▲
Unemployment Rate	7.2%	7.6%	-0.4%	▼	-0.6%	▼	--	--
Initial Jobless Claims	308,000	344,000	-10.5%	▼	-16.3%	▼	-8.6%	▼
Continuing Jobless Claims	2,902,000	3,027,000	-4.1%	▼	-11.3%	▼	-4.3%	▼
Building Permits, Number of Units, 12 mo. trailing	926,611	892,941	3.8%	▲	27.0%	▲	-2.1%	▼
Valuation (millions of dollars), 12 mo. trailing	163,553	155,370	5.3%	▲	32.1%	▲	0.1%	▲
FHFA Home Price Index	198.8	194.7	2.1%	▲	7.2%	▲	-0.9%	▼
Total Business Bankruptcy Filings	8,119	8,874	-8.5%	▼	-12.2%	▼	-6.7%	▼
Chapter 7	5,314	5,989	-11.3%	▼	-16.4%	▼	-7.7%	▼
Chapter 11	1,983	2,028	-2.2%	▼	-1.8%	▼	-4.4%	▼
Chapter 13	701	728	-3.7%	▼	-4.6%	▼	-6.5%	▼
National Economy Expectations (LBCI)	55.5	58.1	-4.5%	▼	18.7%	▲	9.2%	▲

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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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