

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



Q2 2012 vs. Q1 2012



Q2 2012 vs. Q2 2011



Q3 2012 vs. Q3 2011

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The Secretary of State's office collects, secures, and makes accessible a wide variety of public records. It ensures the integrity of elections, and it enhances commerce.

Recovery building in 2012

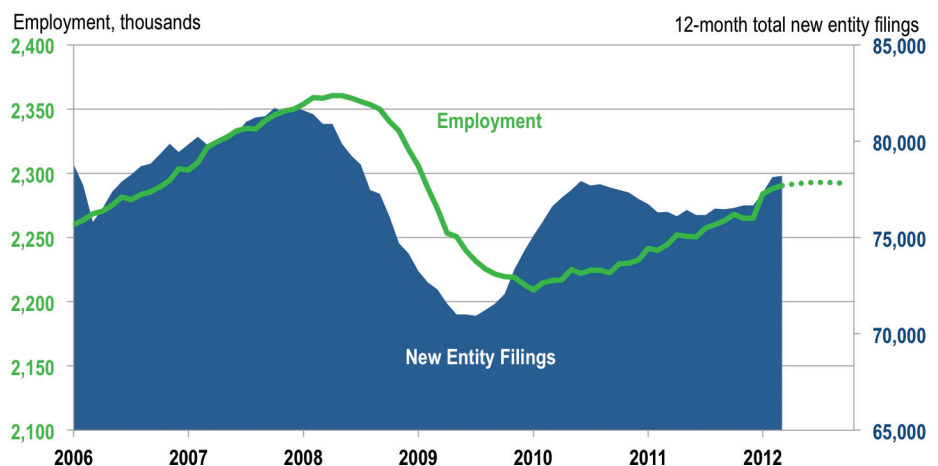
The first quarter of 2012 ended in reasonably good form. The Colorado Secretary of State recorded a slight increase in the number of entities in good standing since year-end 2011. Consistent with the trend over the past five years, much of that growth is attributed to a growing number of limited liability companies. By March 2012, a total of more than 480,000 entities were in good standing.

Predictive models forecast gains in Colorado employment. In a correlation study on business filings, the number of new entity filings and existing entity renewals were found to have significant relationships with various economic metrics. Indeed, new entity filings were observed to be a leading indicator of nonfarm employment. This relationship is particularly apparent when viewing data during the recession—new entity filings peaked several months before employment peaked. Using the most recent filings data, the forecast model indicates that second quarter seasonally adjusted employment will be up year-over-year, but relatively flat compared to Q1 2012 employment. Seasonally adjusted employment for the third quarter of 2012 is expected to continue year-over-year growth.

The state's aggregate economic outlook is looking up. Colorado business leaders are optimistic about economic trends in Q2, reporting higher expectations about sales, profits, hiring, and capital expenditures compared to the previous quarter's expectations, according to the Leeds Business Confidence Index. While the unemployment rate has remained steady at 7.8%, total nonfarm employment has risen to nearly 2.29 million people employed in Colorado. Annual wages, too, have been on an upward trend, reaching more than \$49,400 per employee. These are important positive signals because job creation improves consumer confidence and boosts spending.

Even so, businesses continue to face headwinds. While the data show the economy is generally improving, some metrics warrant pause. High commodity prices are weighing on food and energy costs. Retail gasoline is nearing \$4.00 per gallon in Colorado and nationally. Unemployment and foreclosures continue to plague households. In the macro environment, concerns persist regarding the European debt crisis, global economic growth, and the U.S. deficit and national debt.

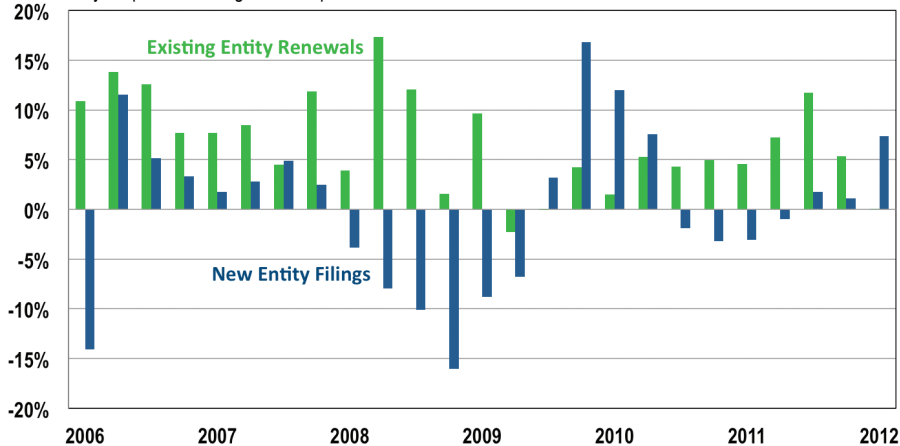
Employment and New Entity Filings



Note: Solid employment line displays actual seasonally adjusted employment numbers; dotted line reflects calculated forecasts. Source: Seasonally adjusted Colorado total nonfarm employees from the Bureau of Labor Statistics, 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 and existing entity renewals were up in Q1 2012. In Q1 2012, new entity filings rose 7.4% compared to Q1 2011, and existing entity renewals increased by 0.1%. Existing entity renewals have increased for 10 consecutive quarters, while new entity filings have recorded three consecutive quarters of growth. Dissolution filings, trademark filings, and trade name filings all improved in Q1 2012 over the prior quarter. Entities in good standing increased for foreign entities, limited liability companies, and nonprofit corporations, but decreased for corporations.

	Current Period ^a	Prior Period ^a	1 Year Ago	Percent Change over Prior Period		5-Year CAGR ^b	
New Entity Filings							
Domestic Limited Liability Company	16,364	13,110	15,337	24.8%	▲	2.8%	▲
Domestic Nonprofit Corporation	828	694	766	19.3%	▲	-1.4%	▼
Domestic Corporation	2,909	2,358	2,797	23.4%	▲	-9.0%	▼
Other Entity Types	2,498	2,175	2,149	14.9%	▲	1.6%	▲
Total New Entity Filings	22,599	18,337	21,049	23.2%	▲	0.4%	▲
Total New Entity Filings - 12 mo. trailing	78,219	76,344	76,344	2.5%	▲	-0.4%	▼
Existing Entity Renewals							
Domestic Limited Liability Company	51,486	45,332	50,154	13.6%	▲	8.5%	▲
Domestic Nonprofit Corporation	10,444	9,144	10,472	14.2%	▲	2.8%	▲
Domestic Corporation	29,704	25,501	31,189	16.5%	▲	-1.7%	▼
Other Entity Types	12,955	11,409	12,756	13.6%	▲	3.8%	▲
Total Existing Entity Renewals	104,589	91,386	104,571	14.4%	▲	3.9%	▲
Total Existing Entity Renewals - 12 mo. trailing	390,206	368,836	368,836	5.8%	▲	5.6%	▲
Other Business Filings							
Dissolution Filings	4,956	5,102	4,977	-2.9%	▼	3.0%	▲
Dissolution Filings - 12 mo. trailing	20,026	18,028	18,028	11.1%	▲	6.3%	▲
Trademarks	760	555	712	36.9%	▲	7.1%	▲
Trademarks - 12 mo. trailing	2,360	2,419	2,419	-2.4%	▼	3.5%	▲
Trade Names	12,698	9,961	12,898	27.5%	▲	0.0%	▼
Trade Names - 12 mo. trailing	45,367	47,084	47,084	-3.6%	▼	-0.8%	▼
Entities in Good Standing							
Corporation	123,066	126,085	124,511	-2.4%	▼	-1.8%	▼
Foreign	46,587	46,222	43,496	0.8%	▲	4.4%	▲
Limited Liability Company	257,306	257,164	240,502	0.1%	▲	8.1%	▲
Nonprofit Corporation	43,044	43,412	42,038	-0.8%	▼	2.7%	▲
Other Entity Types	10,227	10,405	10,084	-1.7%	▼	1.1%	▲
Total Entities in Good Standing	480,230	483,288	460,631	-0.6%	▼	4.0%	▲

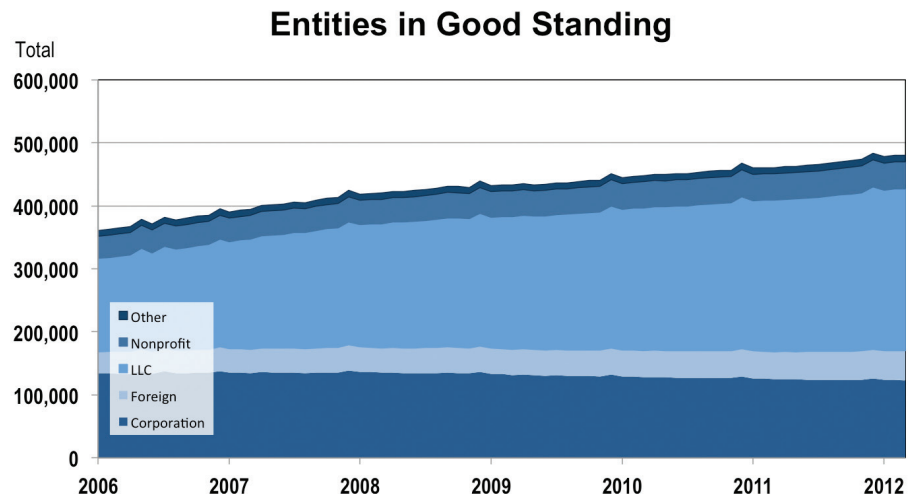
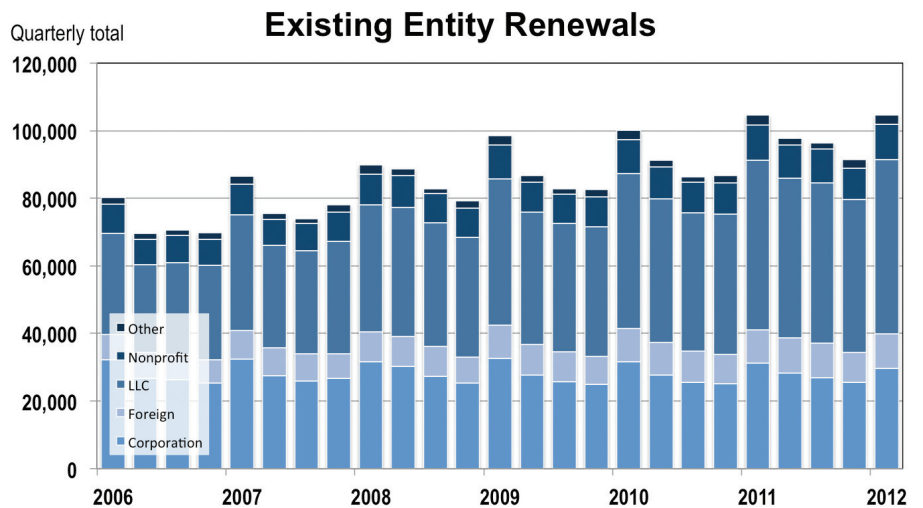
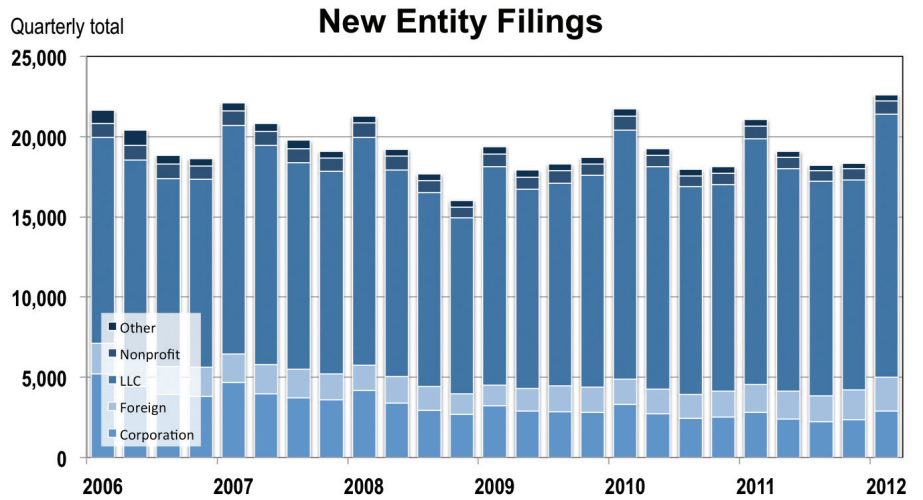
^aPeriods are quarters unless otherwise noted. ^bCompound Annual Growth Rate.

New Entity Filings & Existing Entity Renewals

New entity filings climbed 2.5% year-over-year in March 2011. As these filings are a leading indicator, this jump augurs well for Colorado's economic picture. Nearly 22,600 startups submitted filings over the three months ending March 2012. With this rebound, new entity filings are at their highest quarterly level since Q1 2005. However, these filings are not seasonally adjusted. Despite this seasonality, filings jumped 23% from Q4 2011 to Q1 2012, exceeding Q1 growth from years past.

Existing entity renewals also rose first quarter. The number of existing entity renewals climbed 14.4% during the first quarter of 2012 compared to the three months ending December 2011. For the 12 months ending March 2012, some 390,000 entities filed annual reports. As existing entity renewals tend to follow the greater economy, this growth reaffirms a strengthening business climate in Colorado.

Limited liability companies continue their ascent. New domestic limited liability companies accounted for the lion's share of new entity filings. Likewise, roughly half of existing entity filings were from domestic limited liability companies. Limited liability companies did not always dominate the Colorado business scene. Corporations have been on the decline over recent years, making way for an escalating number of limited liability companies.



Dissolutions, Trade Names, & Trademarks

Dissolution filings show slight improvement year-over-year.

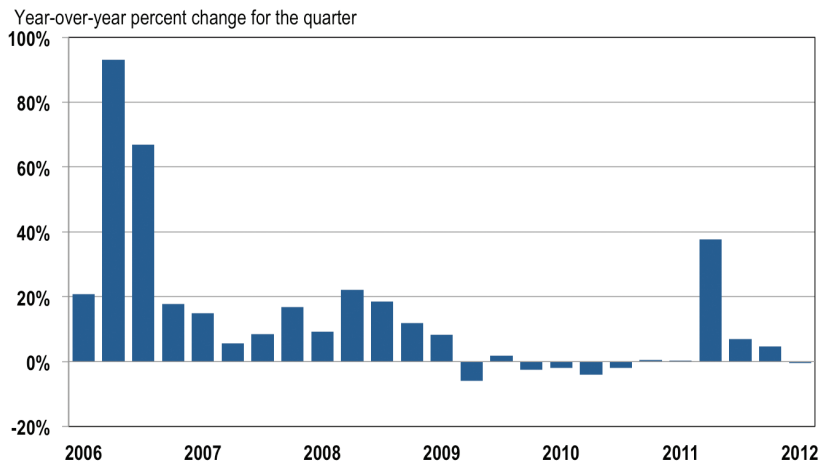
Dissolution filings were down in Q1 2012 compared to Q4 2011 and compared to Q1 2011 (year-over-year). However, total filings for the past 12 months ending Q1 2012 were significantly higher than the previous 12 months ending Q1 2011. During the quarter ending March 2012, a total of 4,956 businesses submitted dissolution filings. As entities do not always voluntarily dissolve without delay, dissolution filings often lag the actual business dissolution.

Trade name filings showed a mixed picture.

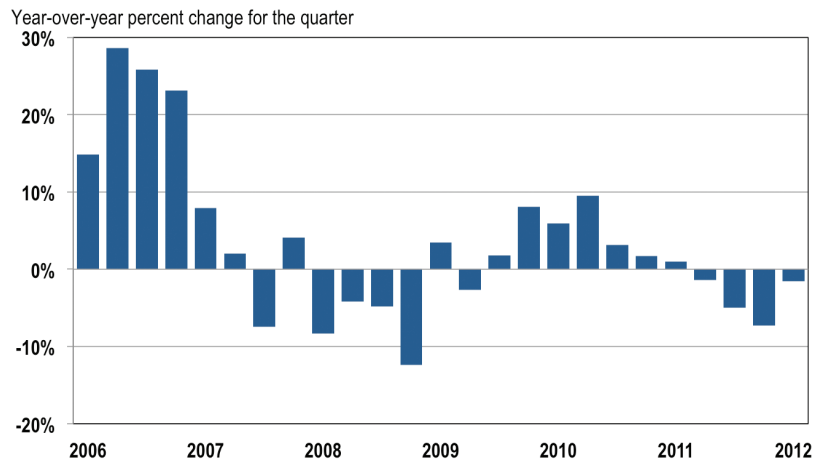
In order to register the name a business operates under, entities must file a statement of trade name. For the quarter ending March 2012, the Colorado Secretary of State received 12,698 trade name filings; this represented an increase of 27.5% versus the previous quarter. Despite that, the year ending March 2012 was down 3.6% compared to the previous year. Over the past five years, trade name filings remain slightly down.

Trademark filings are recovering, but also mixed. Registering a trademark protects symbols and words that an entity uses in commerce. Over the past five years, the number of trademark filings has grown. In the quarter ending March 2012, trademarks amounted to 760 filings, a 37% gain over the previous quarter. Then again, trademark filings during the 12 months ending March 2012 came to 2,360, 2.4% fewer than in the previous year.

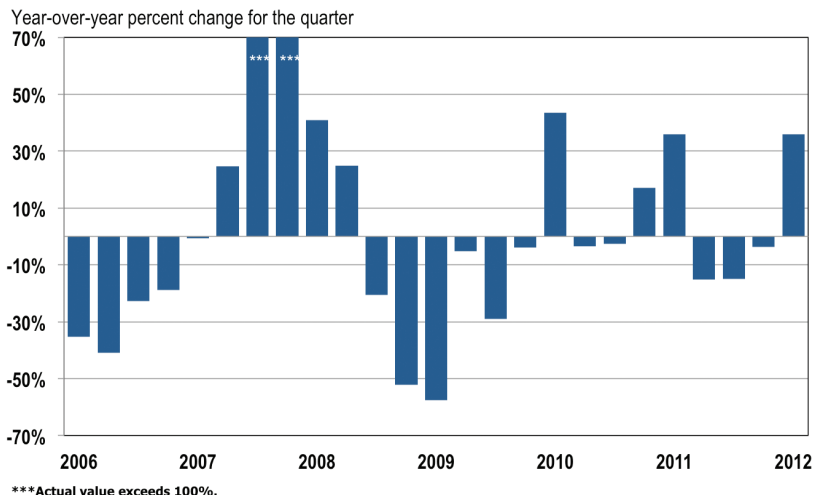
Dissolution Filings



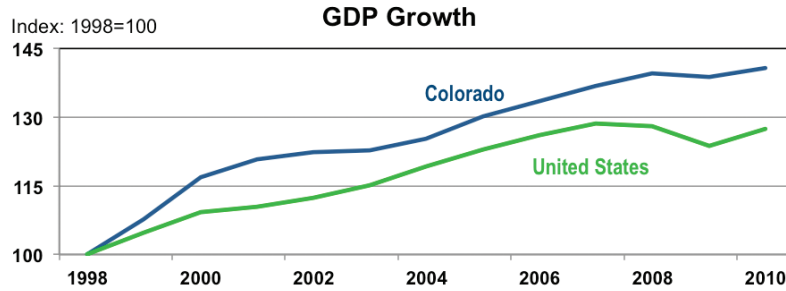
Trade Name Filings



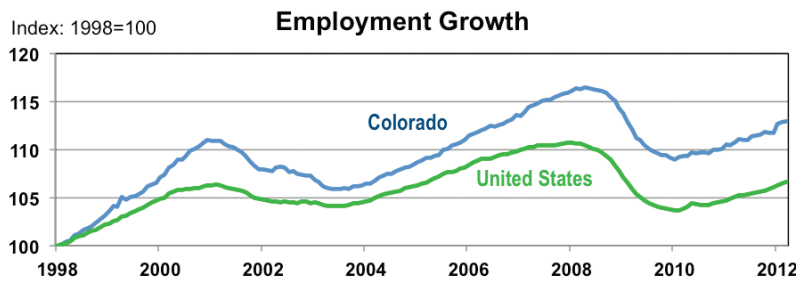
Trademark Filings



Colorado Economic Indicators



Source: Bureau of Economic Analysis.



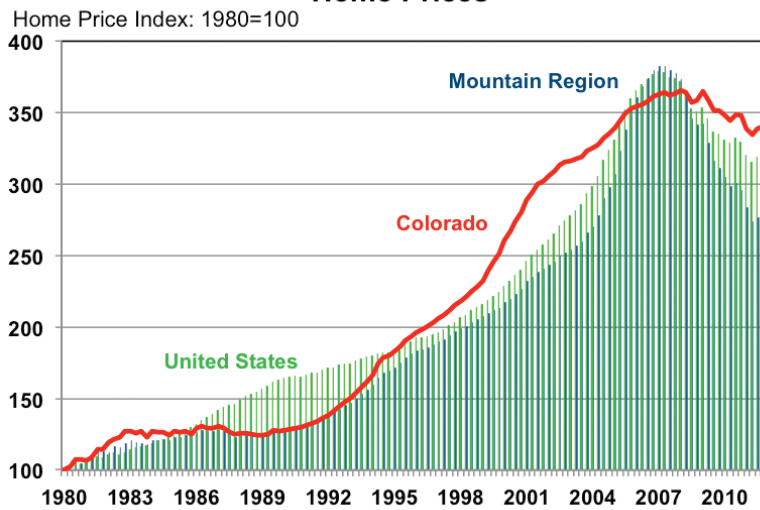
Source: Bureau of Labor Statistics, seasonally adjusted.

Economic growth in Colorado is consistent with gains in business filings. Colorado continues to outperform the nation in terms of GDP growth and employment growth. The number of existing entity filings the Secretary of State receives has historically been correlated with state GDP. Increasing numbers of existing entity filings since 2010 correspond with annual boosts in personal income, retail sales, and business outlays in Colorado. While Colorado's GDP growth has been relatively strong over the past dozen years, outpacing that of the United States, employment has not followed suit. Rather, employment has grown at a decreasing rate in Colorado, with national employment growing even more slowly. Overall, quarterly economic metrics are demonstrating improvement. Business bankruptcies, initial jobless claims, and unemployment are down, while wages, employment, and building permits are up.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (millions of dollars)	229,017	226,742	1.0%	▲	5.0%	▲	3.0%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	154,762	152,514	1.5%	▲	9.1%	▲	3.0%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	69,080	68,854	0.3%	▲	7.3%	▲	0.8%	▲
Sales Expectations (LBCI) ^b	64.6	57.8	11.7%	▲	5.3%	▲	1.4%	▲
Profit Expectations (LBCI)	60.8	54.5	11.5%	▲	4.5%	▲	1.5%	▲
Business Outlays								
Annual Wages Per Employee	49,421	48,765	1.3%	▲	4.3%	▲	2.8%	▲
Hiring Expectations (LBCI)	59.6	52.5	13.6%	▲	6.0%	▲	1.6%	▲
Capital Expenditures Expectations (LBCI)	58.9	52.4	12.4%	▲	5.0%	▲	1.5%	▲
Retail Gasoline Price (dollars per gallon)	3.927	3.038	12.4%	▲	7.2%	▲	6.6%	▲
Economic Overview								
Employment (in thousands)	2,291	2,265	1.1%	▲	2.04%	▲	-0.26%	▼
Unemployment Rate	7.8%	7.9%	-0.1%	▼	-8.2%	▼	--	--
Initial Jobless Claims	3,886	5,451	-28.7%	▼	-12.5%	▼	9.4%	▲
Building Permits, Number of Units	3,619	3,367	7.5%	▲	45.5%	▲	-12.6%	▼
Building Permits, Valuation (millions of dollars)	753	695	8.3%	▲	34.3%	▲	-11.1%	▼
FHFA Home Price Index	260	261	-0.5%	▼	-2.7%	▼	-6.9%	▼
Foreclosure Filings	7,783	8,540	-8.9%	▼	-3.7%	▼	--	--
Total Business Bankruptcy Filings	299	305	-2.0%	▼	-16.2%	▼	17.2%	▲
Chapter 7	249	266	-6.4%	▼	-15.0%	▼	20.0%	▲
Chapter 11	34	29	17.2%	▲	-22.7%	▼	6.3%	▲
Chapter 13	15	10	50.0%	▲	0.0%	▷	10.8%	▲
State Economy Expectations (LBCI)	67.1	58.4	15.0%	▲	21.0%	▲	3.9%	▲

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA); Colorado Department of Revenue (NSA); Leeds School of Business, Leeds Business Confidence Index (LBCI); Colorado Department of Labor and Employment, QCEW (NSA); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices; Bureau of Labor Statistics, CES (SA); Bureau of Labor Statistics, (SA); U.S. Department of Labor, Employment and Training Administration (NSA); Census Bureau, New Privately Owned Housing Units Authorized (NSA); FHFA Purchase-Only Home Price Index (SA); Colorado Department of Local Affairs, Colorado Division of Housing; Administrative Office of the U. S. Courts. Leeds School of Business, Leeds Business Confidence Index (LBCI); Current data available as of April 26, 2012. ^aCompound Annual Growth Rate.

Home Prices



Sources: Federal Housing Finance Agency (All Transactions Indices).

National Economic Indicators

The U.S. and Colorado economies appear to be largely in line. A housing rebound has yet to take hold, with home prices slightly lower compared to the previous quarter for both the state, down 0.5%, and the nation, down 0.1%. Colorado's unemployment rate of 7.8% is just below the national average of 8.2%. Businesses in Colorado and the nation are experiencing pressure from swelling energy prices. Colorado business leaders are slightly more optimistic about Colorado's economy than they are about the U.S. economy. Similar to Colorado, other national economic metrics are signaling general economic recovery—decreasing business bankruptcies, initial jobless claims, and unemployment, and increasing employment, wages, and building permits.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a		
Wealth									
Personal Income (billions of dollars)	13,162	13,057	0.8%	▲	4.6%	▲	2.7%	▲	
Retail Sales, 12 mo. trailing (billions of dollars)	4,154	4,079.7	1.8%	▲	8.1%	▲	1.4%	▲	
Business Outlays									
Annual Wages Per Employee	48,259	47,665	1.2%	▲	4.1%	▲	2.8%	▲	
Core Price Index	229.4	225.7	1.6%	▲	2.7%	▲	2.2%	▲	
Energy	253.6	232.3	9.2%	▲	5.2%	▲	4.6%	▲	
Transportation Services	270.6	269.9	0.3%	▲	3.1%	▲	1.4%	▲	
Retail Gasoline Price (dollars per gallon)	3.929	3.450	13.9%	▲	-0.1%	▼	6.1%	▲	
Economic Overview									
Employment (in thousands)	132,821	132,186	0.5%	▲	1.5%	▲	-0.7%	▼	
Unemployment Rate	8.2%	8.5%	-0.3%	▼	-7.9%	▼	--	--	
Initial Jobless Claims	323,373	497,689	-35.0%	▼	-9.5%	▼	-11.0%	▼	
Building Permits, Number of Units	167,684	150,762	11.2%	▲	32.2%	▲	-14.4%	▼	
Building Permits, Valuation (millions of dollars)	27,646	24,787	11.5%	▲	28.7%	▲	-78.3%	▼	
FHFA Home Price Index	180.3	180.4	-0.1%	▼	-2.4%	▼	-4.2%	▼	
Total Business Bankruptcy Filings	11,705	12,304	-4.9%	▼	-16.1%	▼	17.2%	▲	
Chapter 7	8,388	8,669	-3.2%	▼	-14.5%	▼	20.9%	▲	
Chapter 11	2,245	2,567	-12.5%	▼	-23.0%	▼	13.5%	▲	
Chapter 13	902	881	2.4%	▲	-10.8%	▼	4.7%	▲	
National Economy Expectations (LBCI)	62.2	51.2	21.7%	▲	16.1%	▲	5.7%	▲	

Sources: Bureau of Economic Analysis, Quarterly Personal Income (SA); U.S. Census Bureau (NSA); Bureau of Labor Statistics, QCEW (NSA); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (NSA); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices; Bureau of Labor Statistics, CES (SA); Bureau of Labor Statistics, (SA); U.S. Department of Labor, Employment and Training Administration (NSA); Census Bureau, New Privately Owned Housing Units Authorized (NSA); FHFA Purchase-Only Home Price Index (SA); Administrative Office of the U. S. Courts; Leeds School of Business, Leeds Business Confidence Index (LBCI); Current data available as of April 26, 2012. ^aCompound Annual Growth Rate.

The *Quarterly Business and 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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