LBCI LEEDS BUSINESS CONFIDENCE INDEX

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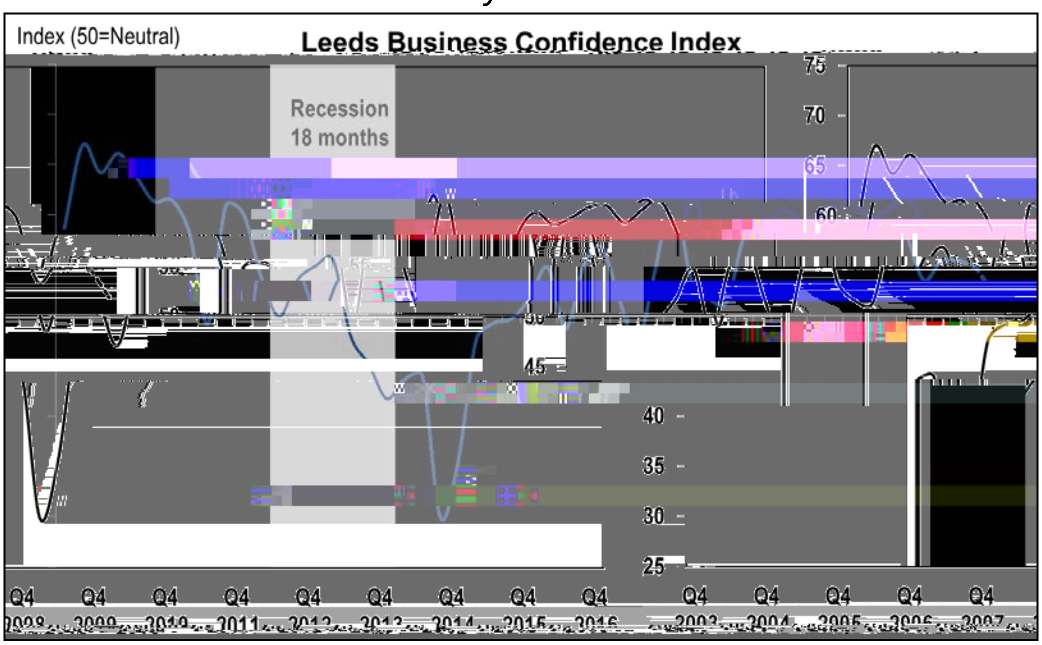
## Summary—Stable Expectations

rics in the index, excep
expectations topped the outlook, and the national index rec

According to the Bureau of Economic Analysis (BEA), the Unit
of 2.4% in 2015. Quarterly growth peaked in Q2 2015, at 3.9%
(SAAR), followed by 2% and 1.4% in Q3 and Q4, respecti
into Q1 2016, rising at only 0.8%. This marks the third-consec
growth rate declined. Colorado recorded real GDP growth of
state the fourth-fastest growth nationally. The Rocky Mounta

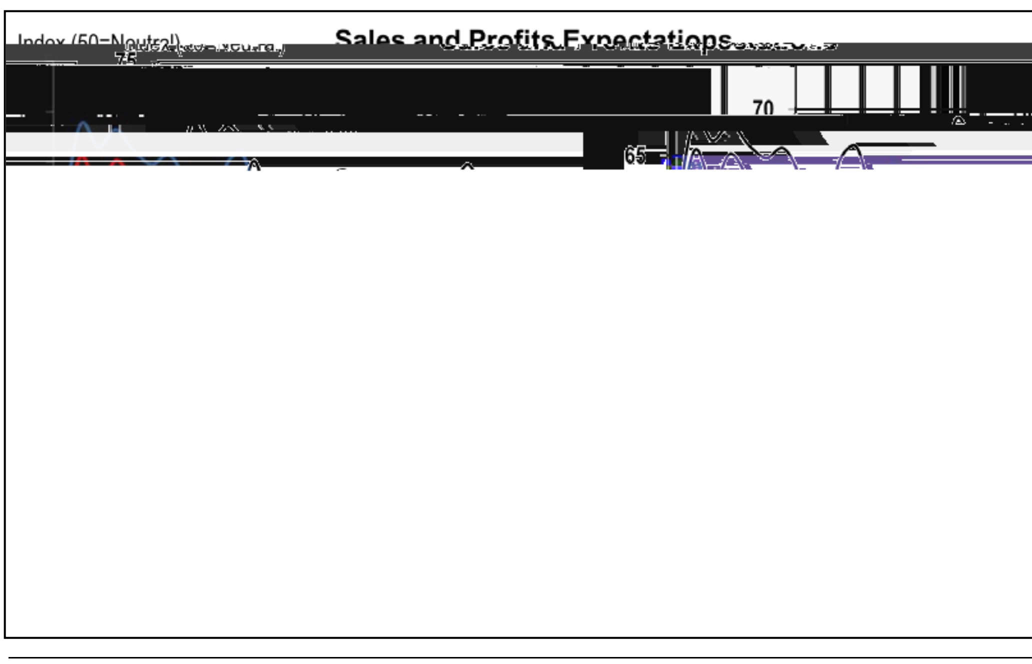
Business leaders discussed their greatest concerns two c
conducted prior to the United Kingdom voting to opt out of th
concerns identified by respondents were the upcoming presi
rising interest rates, the global economy, the impact of com
prices), the political climate, government regulation, affor
Respondents most frequently noted the pending election,
interest rates and Fed policy as their single greatest concern

The LBCI, which captures Colorado business leaders' ex
state economy, industry sales, profits, hiring plans, and ca
2016 (down from 55.4 in Q2), and 51.9 for Q4 2016. Exp
both Q3 (-3.6 points) and Q4 (-1.6 points). A total of 281 quali
survey.



Q3, and 47.1 in Q4. Nearly 22% of respondents expect an increase, while 32% expect a decrease (46% are neutral).

According to estimates from the BEA, U.S. real GDP in Q1 2016 grew at a 0.8% SAAR, recording slowing (s)2ding



Another 19% believe that hiring will decrease, with 2% anticipating a strong decrease. The remaining 47% are neutral on hiring.

The unemployment rate in Colorado has remained below the historical average in 2016, but increased for the year in May, to 3.4%, with more entrants to the labor force and more unemployed. This compares to a national unemployment rate of 4.7%. Year-over-year employment growth was recorded in all of Colorado's metropolitan areas, with the Denver-Aurora-Lakewood and Fort Collins-Loveland MSAs recording the fastest growth, 3.1% and 3%, respectively. Grand Junction (1%) and Greeley (1.4%) recorded the lowest year-over-year growth rates.

As of May 2016, Colorado had a 2.4% year-over-year gain in employment. The industries with the greatest increases were Construction (7.1%), Leisure and Hospitality (5%), and Education and Health Services (3.1%). The only sector to have negative year-over-year growth was Mining, with a growth rate of -16.8%.

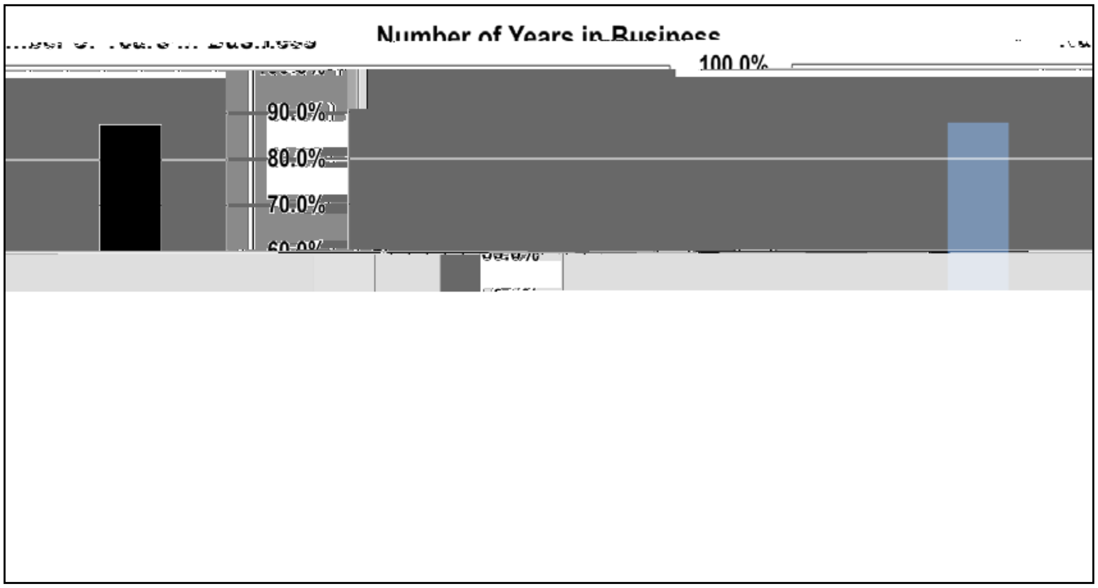
## About the Panel—Company Size and Length of Time in Business

Panelists were asked two additional questions, one about the size of their company and the other about how long their company has been in business. About half (52.9%) of survey respondents work for companies with fewer than 50 employees. The three largest groups were represented by companies with 1–4 employees (21%), 1,000 or more employees (16.2%), and 100–249 employees (11.2%).

**Number of Employees Per Company**

Small employers' expectations decreased 2.1 points ahead of Q3 while large employers' expectations increased 0.7 points. While remaining above the neutral threshold, small employers (fewer than 50 employees) were notably less optimistic than large employers. The overall index for small employers decreased to 52.0 versus 57.8 for large employers. Large employers were more bullish than small employers in every category. The greatest differential (7.1) was in sales expectations, with small employers recording a reading of 55.4 versus large employers' reading of 62.5. The smallest difference (3.8) was in hiring plans. Small employers recorded a reading of 51.6 compared to 55.5 for large employers.

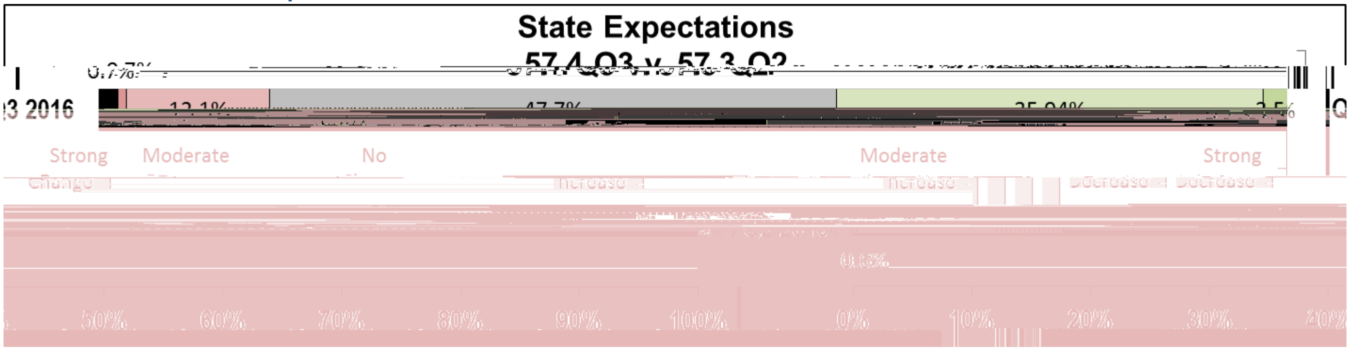
More than 87% of survey respondents work at a long-standing company that has been in business for more than 10 years. Newer companies were generally more bearish than long-standing companies.

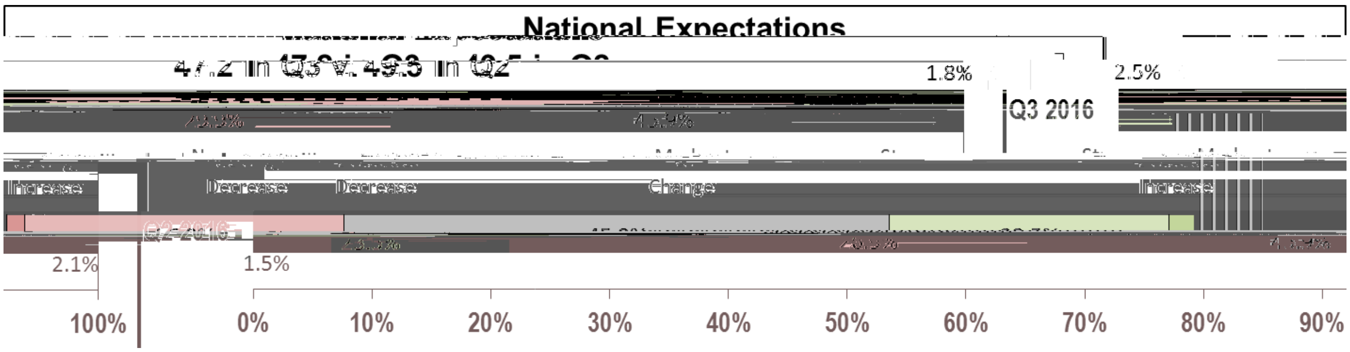


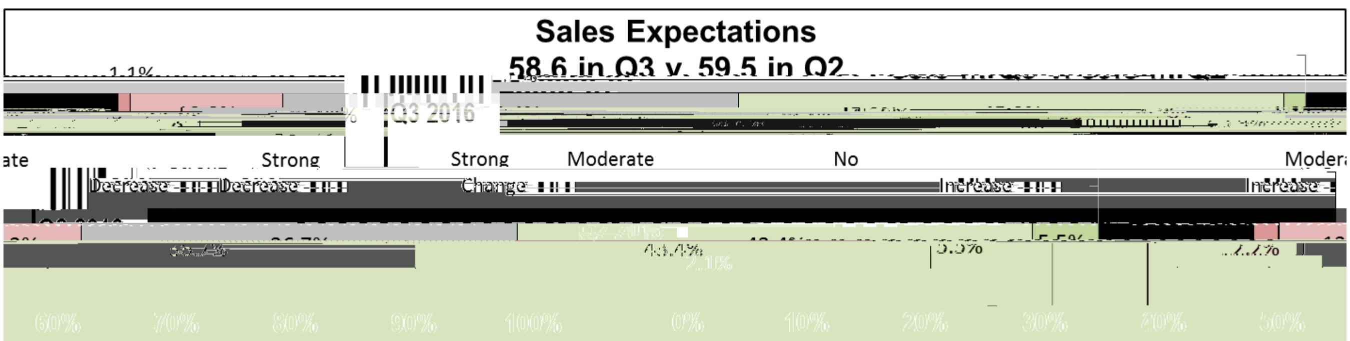

The index by firm tenure (how long it has been in business) was higher for firms in business more than 10 years (55.3) than for firms in business less than 10 years (50.8). The index for younger companies dropped 7.3 points ahead of Q3 while it increased 0.2 points for long-standing companies. The only category that younger companies had a higher index value for was in hiring plans. Newer companies recorded a reading of 53.5, compared to older companies' reading of 53.4

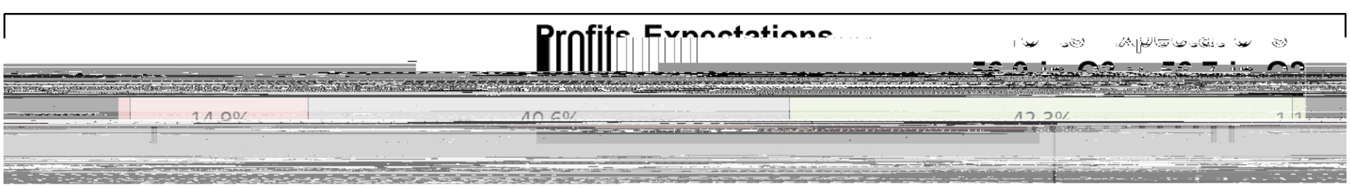
While responding panelists represent nearly every industry in the state, the largest percentage of respondents to the Q3 survey were: Professional, Scientific, and Technical Services (21.7%); Finance and Insurance (17.7%); and Public Administration (11.7%).

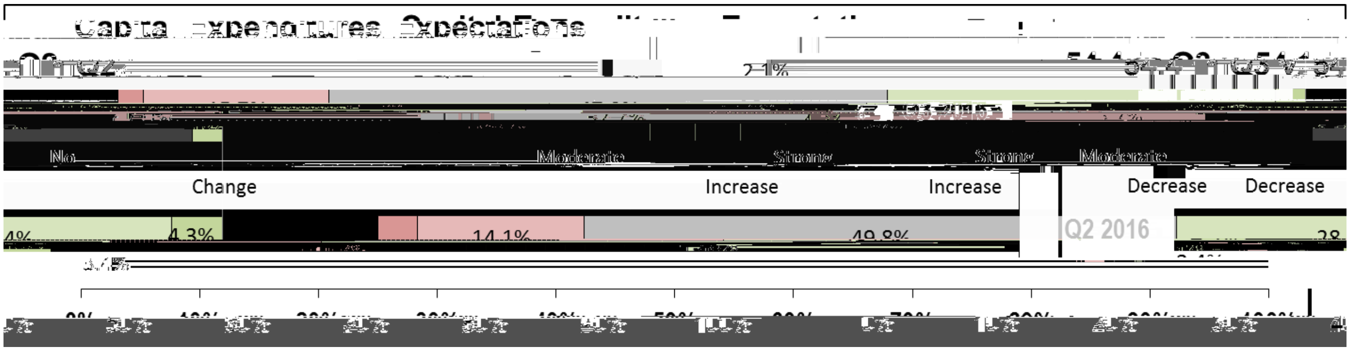
## Distribution of Expectations

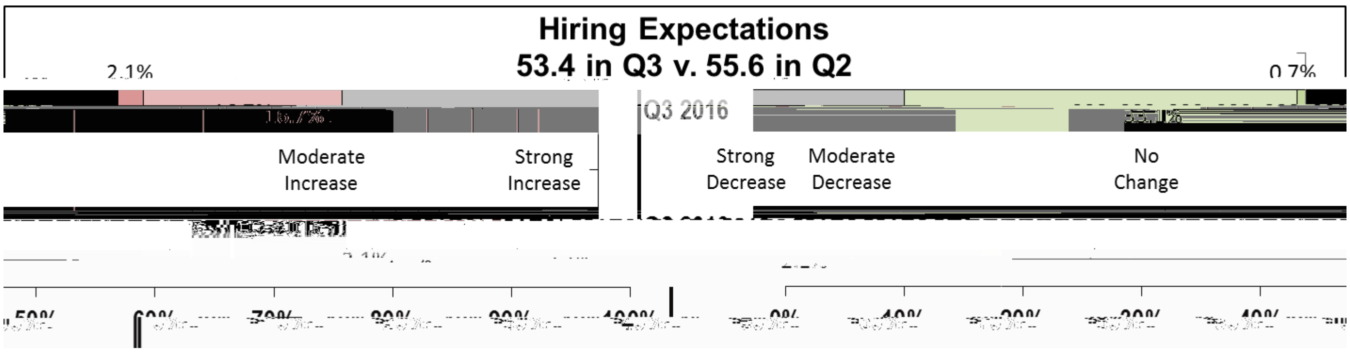



Change
Increase
Increase
Decrease
Decrease
4.3%
14.1%
49.8%
Q2 2016


Hiring Expectations
53.4 in Q3 v. 55.6 in Q2
2.1%
0.7%
Q3 2016
Moderate Increase
Strong Increase
Strong Decrease
Moderate Decrease
No Change

## Concerns Looking Forward to Q4 2016

| Concern | 1 | 2 | 3 |
|---|---|---|---|
| Election | 72 | 28 | 27 |
| Commodity/Energy Prices | 19 | 15 | 8 |
| Interest Rates/Fed Policy | 17 | 22 | 12 |
| Job growth | 16 | 5 | |