



FOR IMMEDIATE RELEASE  
Sept. 10, 2009

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### **MOUNTAIN STATES FACE NEAR-RECORD JOBLESS RATES EVEN AS U.S. RECESSION ENDS**

*– Vectra Bank Colorado Small Business Index climbs again to 79.8 despite unemployment numbers –*

**DENVER** -- Even as the U.S. recession appears to be ending, Rocky Mountain states, as well as states across the nation, are facing record or near-record unemployment rates, but the silver lining is that higher unemployment -- and greater labor availability for employers -- helped the Vectra Bank Colorado Small Business Index for Colorado climb to 79.8 in August 2009, up from a revised 78.1 in July.

Colorado's unemployment rate was estimated at 7.8 percent in the latest month, up from the prior month's 7.6 percent rate. Total employment fell by 100,000 jobs during the past 12 months.

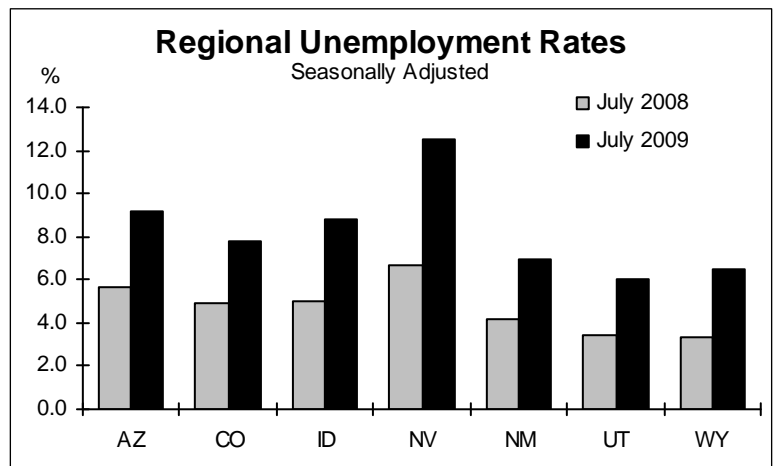
"The last time Colorado's unemployment reached current levels was the spring of 1987, over 22 years ago. There's no question it's a painful time for the state's labor force," said Vectra Bank Colorado's corporate economist Jeff Thredgold. "The return to employment strength is going to be a slow process. But positive U.S. economic growth expected this quarter should bode well for Colorado moving forward."

The U.S. economy lost an estimated 216,000 net jobs in August, less than the 230,000 decline expected. However, job losses in June and July were revised to show 49,000 more positions eliminated. The U.S. unemployment rate jumped to 9.7 percent in August, a 26-year high, from 9.4 percent in July.

### **REGIONAL UNEMPLOYMENT HIGHER**

Severe U.S. economic weakness during 2008 and 2009 has pushed unemployment rates of states within the Rocky Mountain region, as well as across the nation, sharply higher. Such jobless rates could move slightly higher in coming months.

The two most recent recessions of the early 1990s and during much of 2001 each ran eight months. The current U.S. recession officially began in December 2007, and is now 21 months in duration, the longest and deepest since the Great Depression. Fortunately, most



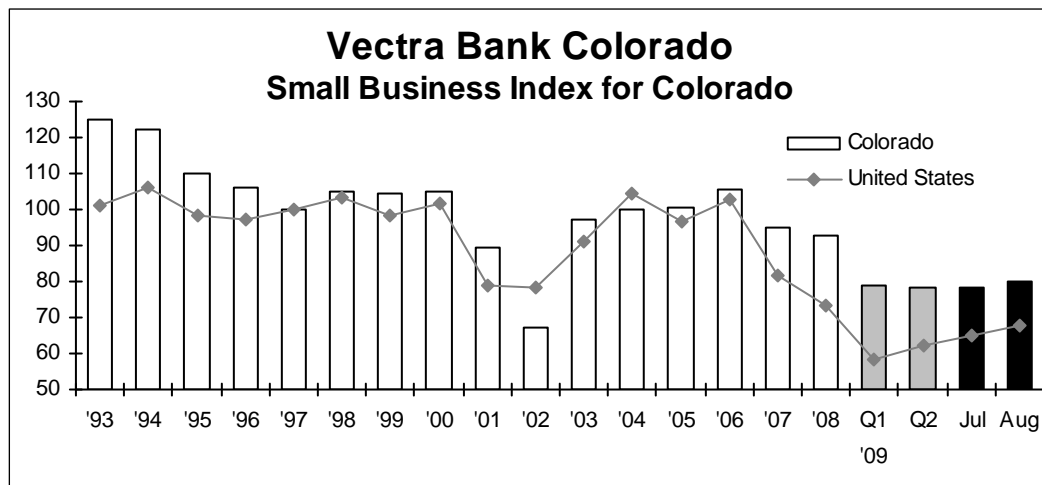
forecasters see a return of positive U.S. economic growth during 2009's second half.

The current recession, resulting initially from severe housing sector weakness and a freeze-up of domestic and global credit markets, has ravaged employment across the nation. Total U.S. job losses since the recession began now total 6.93 million. All states within the Rocky Mountain region have experienced job losses, as well as much higher levels of unemployed workers.

The Colorado unemployment rate and year-over-year gains or losses in employment are key components of the Colorado Small Business Index, as is the performance of the regional and U.S. economies. A higher unemployment rate is a positive contributor to the Index as it suggests greater labor availability for local employers. However, a rising jobless rate also suggests weaker job gains (or greater losses), lesser income growth, and slower retail spending, all factors which lead the Index lower.

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The Vectra Bank Colorado Small Business Index for Colorado was 79.8 in August 2009, up from a revised 78.1 in July 2009.



78.1 in July 2009.

The Index measures business conditions from the viewpoint of the Colorado small business owner or manager.

A higher Index number is

associated with more favorable business "conditions" for Colorado's small businesses. The Index uses 100.0 for calendar year 1997 as its base year. The Index also includes revisions to various historical and new forecast components as they become available.

The U.S. Small Business Index also rose in August to 67.9, up from an adjusted rate of 65.1 in July.

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## **IN COLORADO**

The Colorado unemployment rate—the most heavily weighted component of the Vectra Bank Colorado Small Business Index for Colorado—was estimated at 7.8 percent in the most recent month, up from the 7.6 percent rate of the prior month. The 7.8 percent rate exceeds the 4.9 percent rate of 12 months ago. A higher Colorado jobless rate is a positive contributor to the Index as it suggests greater access to labor for small businesses.

The state's unemployment rate averaged 4.9 percent in 2008, 3.9 percent in 2007, 4.4 percent in 2006, 5.1 percent in 2005, and 5.3 percent during the period 2001-2004. The Colorado unemployment rate averaged 2.7 percent during calendar year 2000, the lowest average annual rate on record. Colorado's unemployment rate averaged 3.3 percent during 1997-99 and 4.8 percent during the period 1990-1996.

The last 12 months have seen an estimated decline in Colorado employment of 100,000 jobs (down 4.2 percent) which compares to a revised loss of 104,600 jobs in the prior year-over-year period. Colorado added 18,000 jobs in 2008, added an average of 44,600 jobs annually during 2004 to 2007, lost an average of 37,000 jobs in both 2002 and 2003, and gained 13,100 jobs in 2001.

These job totals compare to gains averaging 77,000 new jobs annually during the 1993-2000 period. More recently, job declines, leading to slower income creation and weaker retail sales, have a negative impact upon Colorado small businesses and therefore the Index.

## **NATIONAL EMPLOYMENT**

The U.S. Department of Labor reported a net loss of 216,000 jobs in August, the 20<sup>th</sup> monthly decline in a row, but slightly less than the estimated loss near 230,000 jobs. Previously reported job losses during June and July were revised to show the net loss of 49,000 more jobs. The U.S. economy has now lost 6.93 million jobs since the "Great Recession" began in December 2007, with more than half of the losses during 2009's first eight months.

The U.S. unemployment rate jumped to 9.7 percent in August, a 26-year high, versus 9.4 percent in July. The current 9.7 percent jobless rate compares to the 6.2 percent rate of one year ago. The average hourly wage rose 0.3 percent (six cents) to \$18.65 hourly, a rise of 2.6 percent during the past 12 months.

Goods-producing employment continued to decline in August, with a net loss of 136,000 jobs. Manufacturing employment fell by 63,000 positions, while construction lost another 65,000 jobs.

Service-providing employment also declined in August by 80,000 positions. The professional & business services sector lost 22,000 jobs, while the retail trade sector lost 10,000 jobs in August. The government sector lost 18,000 jobs, while the education & health services sector added 52,000 positions in August.

The net decline of 3.08 million jobs during 2008 was the worst year since 1945. The loss of 3.85 million jobs during 2009's first eight months has already surpassed the 2008 total. The net decline of 6.93 million jobs is a painful contrast to the average gain of 1.9 million net new jobs annually during 2005 to 2007. Job losses are expected to lessen in coming months as the U.S. economy likely continues to emerge from the worst recession in the post-Depression period. Most forecasters see the recession now concluding, with a consensus view that positive GDP will be achieved in the current quarter and in subsequent quarters.

With assets of \$2.78 billion, Vectra Bank Colorado is a proactive, customer-focused organization dedicated to real relationship banking. Part of the Zions Bancorporation family of banks, Vectra serves Colorado's small, middle-market and corporate business clients with 39 locations throughout Colorado, and one in Farmington, New Mexico.

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