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**COLORADO'S SMALL BUSINESSES BENEFITING  
FROM A RETURN OF U.S. ECONOMIC GROWTH**  
– *Vectra Bank Colorado Small Business Index climbs 1.4 points* –

**DENVER** -- As the U.S. economy continues struggling back to health, the Vectra Bank Colorado Small Business Index for Colorado reported slightly improved circumstances in Colorado, measuring 72.3 in October, up from a revised 70.9 in September.

"The struggling U.S. economy has finally returned to growth mode, after four consecutive quarters of decline. That return to growth gave the Colorado Small Business Index an upward boost during October and will continue to benefit Colorado small businesses in coming months," said Jeff Thredgold, corporate economist for Vectra Bank Colorado. A return of U.S. economic growth is a precondition for the Colorado economy—and the small business sector—to return to growth in 2010, he pointed out.

Colorado's unemployment rate was estimated at 7.0 percent in the latest month, down from the prior month's 7.3 percent rate. Total employment fell by 112,100 jobs during the past 12 months.

"The state's unemployment rate has fallen by 0.8 percent during the past two months. Normally this would be welcome news, with greater hiring activity reducing the number of unemployed people. While we expect hiring to pick up during the next six to nine months in Colorado, the drop in joblessness this time was not due to greater hiring activity. It was primarily the result of discouraged individuals leaving the labor force, and therefore not being counted as unemployed," Thredgold explained.

The U.S. economy lost an estimated 190,000 net jobs in October, slightly more than the 175,000 decline expected. However, job losses in August and September were revised to show 91,000 fewer positions eliminated. The U.S. unemployment rate rose to 10.2 percent in October, a 26-year high, from 9.8 percent in September.

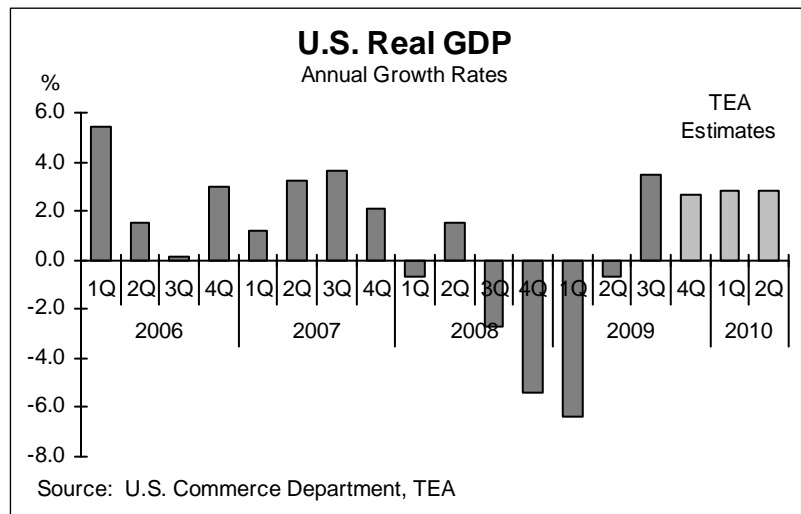
**U.S. ECONOMIC GROWTH RETURNS**

The American economy returned to growth during 2009's third quarter, a welcome departure from an extended period of painful economic contraction. While the return to growth is obviously a positive development, it does not suggest that problems with housing, commercial real estate, rising unemployment and continuing job losses are behind us.

The estimated 3.5 percent real annual growth pace during July to September compared to a 6.4 percent real annual rate of decline during 2009's first quarter and a 0.7 percent real annual rate of decline during the second quarter. The six-month swing from the first quarter decline was the largest six-month turnaround since 1980

(*CNNMoney.com*). The U.S. economy

shrank 3.8 percent after inflation in the 12 months ended in June, the most painful decline since the Great Depression.



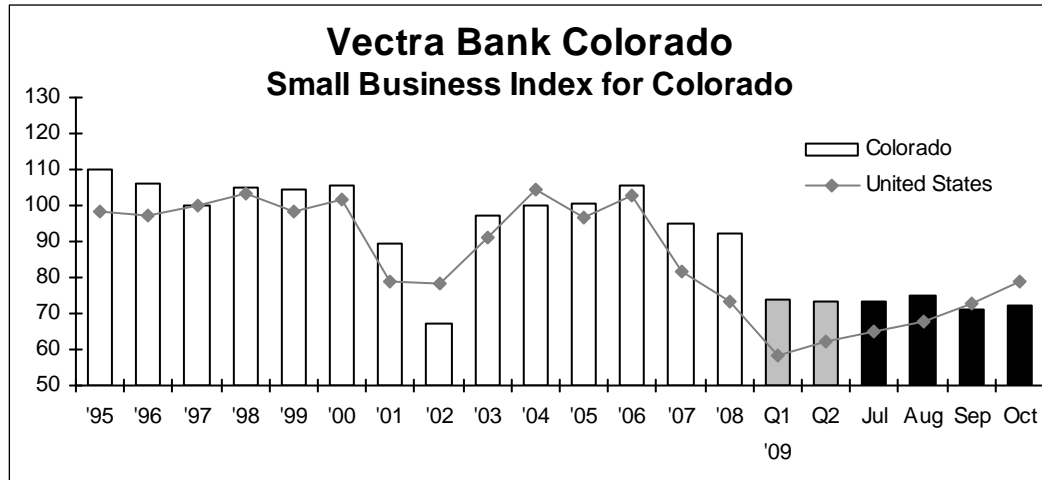
Overall consumer spending rose at a 3.4 percent annual rate, the strongest gain in nearly three years. Much of the growth was attributed to U.S. government stimulus, including the Cash for Clunkers program and the \$8,000 first-time homebuyer's credit. Another harbinger of future U.S. economic growth was the ongoing decline in business inventories. GDP is a measure of what is produced, not what is sold. Store shelves and warehouses are now so empty as to require additional manufacturing output in coming quarters.

The announced return to U.S. economic growth does not mean the recession is "officially" over. The scorekeeper for the economy, the National Bureau of Economic Research (NBER), will make that call sometime in 2010, and will likely suggest the recession officially ended during the just-concluded summer months. The NBER announced on Dec. 1, 2008, that the current recession had officially started in December 2007.

The U.S. economy is not off to the races. The economy is expected to maintain a modest growth pace during the fourth quarter, as well as during 2010 and 2011. A key to sustainable growth will be how the private sector rebounds.

Colorado's current economic recession cannot conclude without a prior return of U.S. economic growth, as well as a return of global growth. Both preconditions are now being met. U.S. economic performance is a component of the Colorado Small Business Index, with stronger performance a positive contributor to the Index.

The Vectra Bank Colorado Small Business Index for Colorado was 72.3 in October, up from a revised 70.9 in



September. 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 was at 78.7 in October, significantly higher than its adjusted 72.9 in September.

## IN COLORADO

The Colorado unemployment rate—the most heavily weighted component of the Vectra Bank Colorado Small Business Index for Colorado—was estimated at 7.0 percent in the most recent month, down from the 7.3 percent rate of the prior month. The 7.0 percent rate compares to the 5.0 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 112,100 jobs (down 4.7 percent) which compares to a revised loss of 111,800 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.

### **NATIONAL EMPLOYMENT**

The U.S. Department of Labor reported a net loss of 190,000 jobs in October, the 22<sup>nd</sup> monthly decline in a row, and slightly more than the estimated loss near 175,000 jobs. However, previously reported job losses during August and September were revised to show the net loss of 91,000 fewer jobs. The U.S. economy has now lost 7.3 million jobs since the “Great Recession” began in December 2007.

The U.S. unemployment rate rose to 10.2 percent in October, a 26-year high, versus 9.8 percent in September. The current 10.2 percent jobless rate compares to the 6.6 percent rate of one year ago and is more than double the 4.8 percent rate of October 2007. The average hourly wage rose 0.3 percent (five cents) to \$18.72 hourly, a rise of 2.4 percent during the past 12 months.

Goods-producing employment continued to decline in October, with a net loss of 129,000 jobs. Manufacturing employment fell by 61,000 positions, while construction lost another 62,000 jobs.

Service-providing employment also declined in October by 61,000 positions. The professional & business services sector gained 18,000 jobs, while the retail trade sector lost 40,000 jobs in October. Government employment was unchanged, while the education & health services sector added 45,000 positions in October.

The net decline of 3.1 million jobs during 2008 was the worst year since 1945. The loss of 4.2 million jobs during 2009’s first 10 months has already surpassed the 2008 total. The net decline of 7.3 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 continues to emerge from the worst recession in the post-Depression period.

With assets of \$2.45 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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