

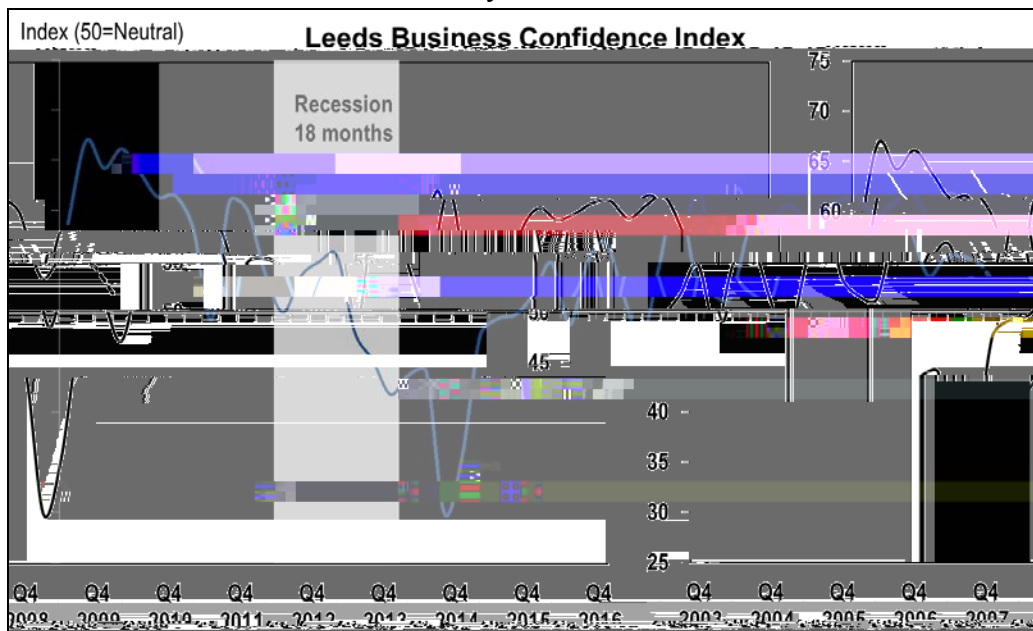
## Summary—Stable Expectations

Business leaders' expectations topped the outlook and the national index recorded a record high in the index, except for the recession.

According to the Bureau of Economic Analysis (BEA), the United States' GDP growth peaked in Q2 2015 at 3.9% (SAAR) followed by 2% and 1.4% in Q3 and Q4, respectively, and is projected to rise only 0.8% into Q1 2016. This marks the third-consecutive quarter that the growth rate declined. Colorado recorded real GDP growth of 2.1% in Q3, making it the fourth-fastest growth nationally. The Rocky Mountain

Business leaders discussed their greatest concerns two weeks ago in a survey conducted prior to the United Kingdom voting to opt out of the European Union. The concerns identified by respondents were the upcoming presidential election, rising interest rates, the global economy, the impact of commodity price increases (oil prices), the political climate, government regulation, and affordability. Respondents most frequently noted the pending election, rising interest rates and Fed policy as their single greatest concern.

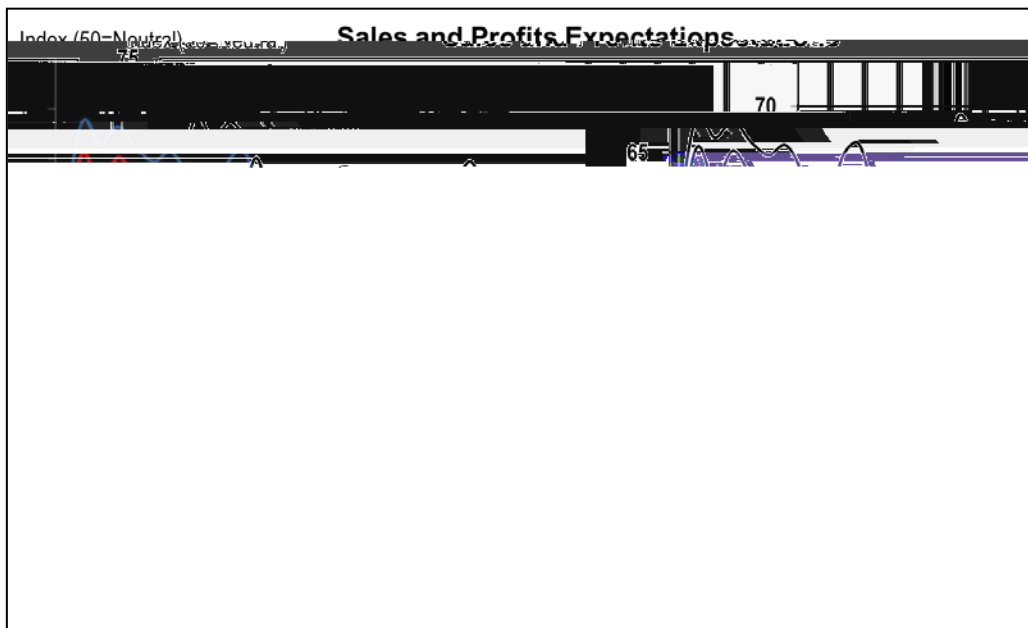
The LBCI, which captures Colorado business leaders' expectations for the state economy, industry sales, profits, hiring plans, and capital spending, fell to 51.9 in Q3 2016 (down from 55.4 in Q2), and 51.9 for Q4 2016. Expectations for Q4 2016 fell both Q3 (3.6 points) and Q4 (1.6 points). A total of 281 qualified business leaders completed the survey.





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

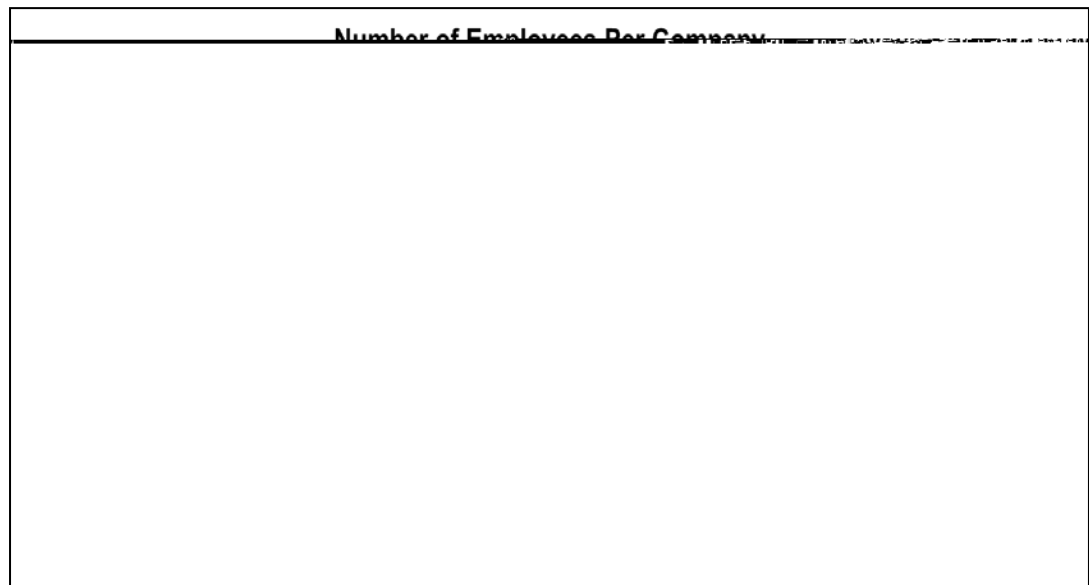
According to estimates from the BEA, U.S. GDP in Q1 2016 grew a 0.8% SAAR, recording slowing (s)2ding



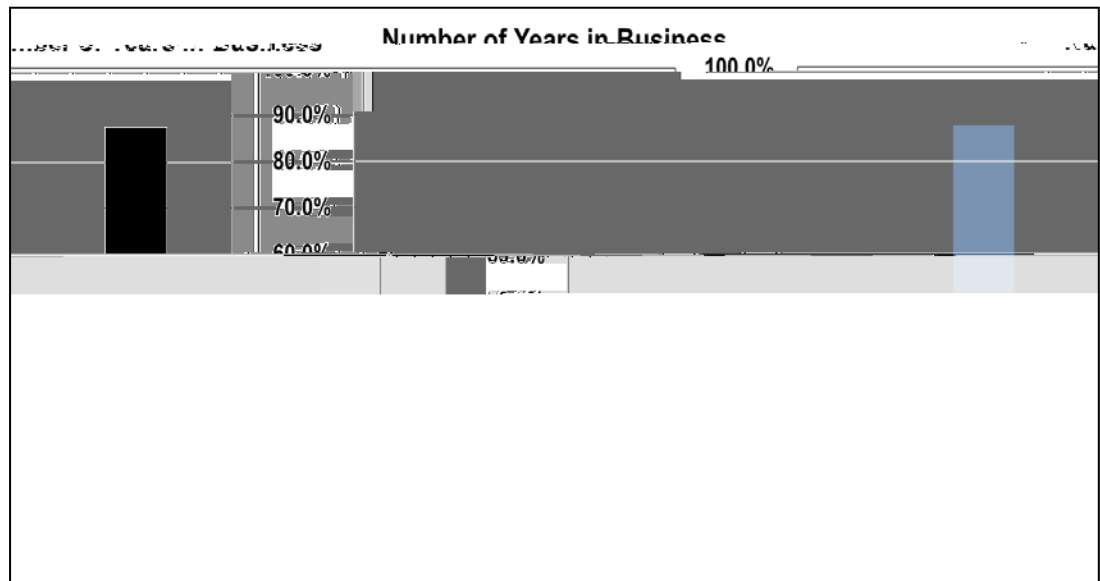


Another 19% believe that hiring will decrease, with 2% anticipating a strong decrease. The remaining 47% are neutral on hiring.

The unemployment rate in Colorado has remained below the historical average in 2010, 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 -



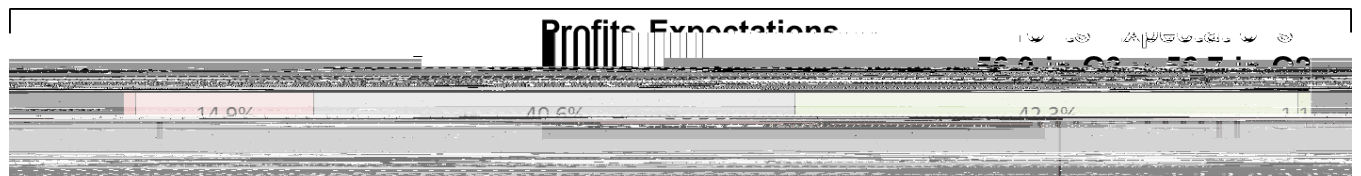
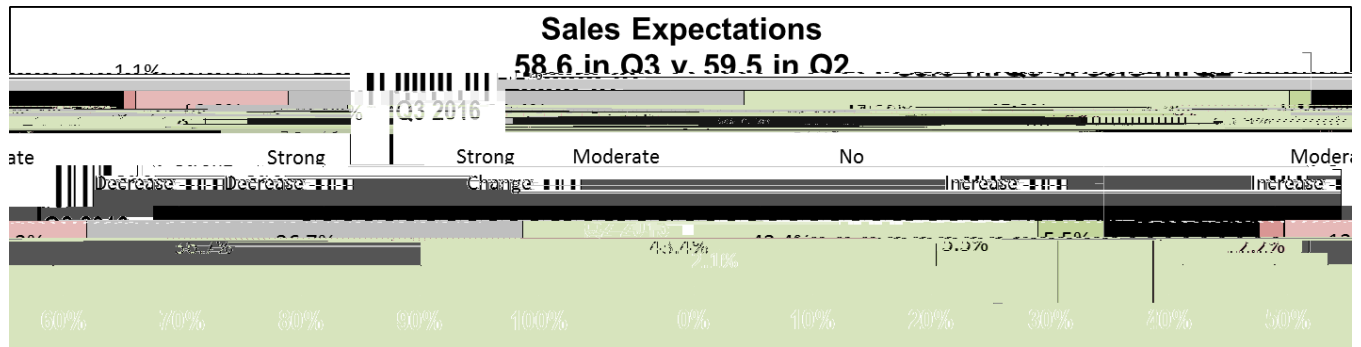
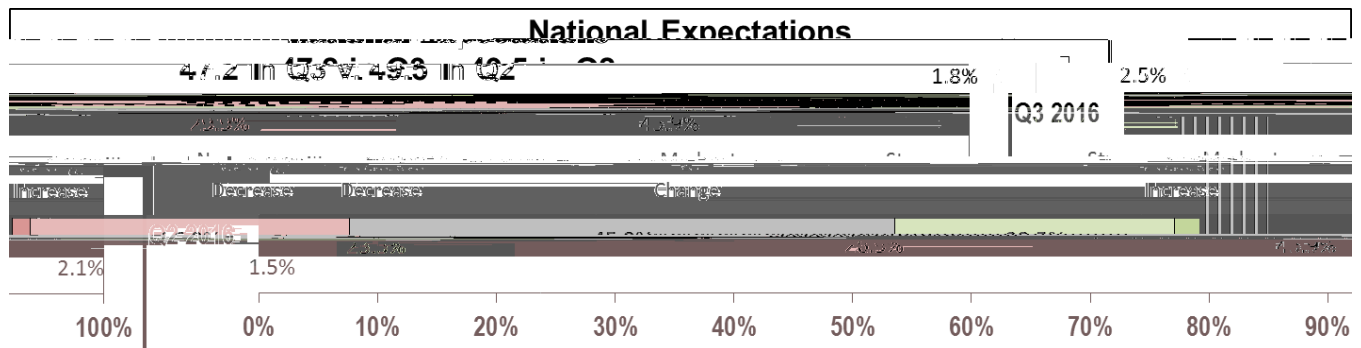
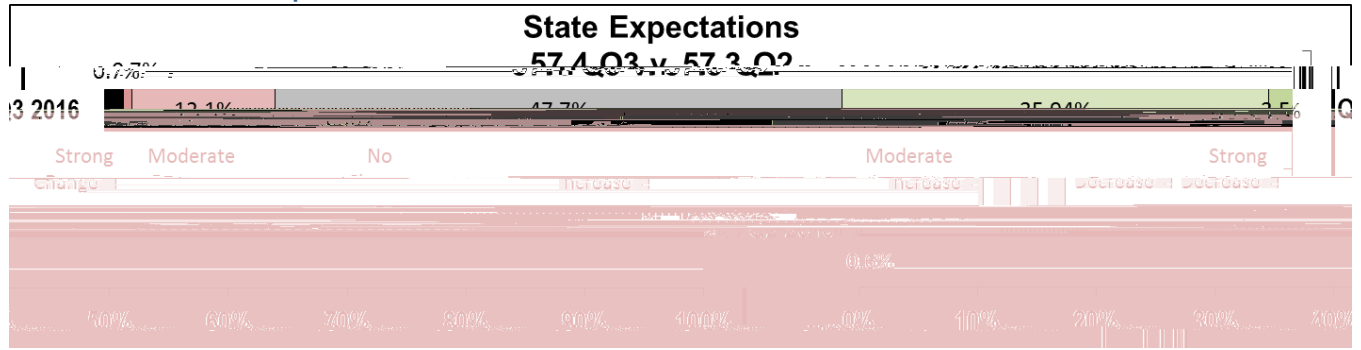
More than 87% of survey respondents work at a long-standing company that has been in business for more than 10 years. Newer companies were generally more bearish than long standing companies.

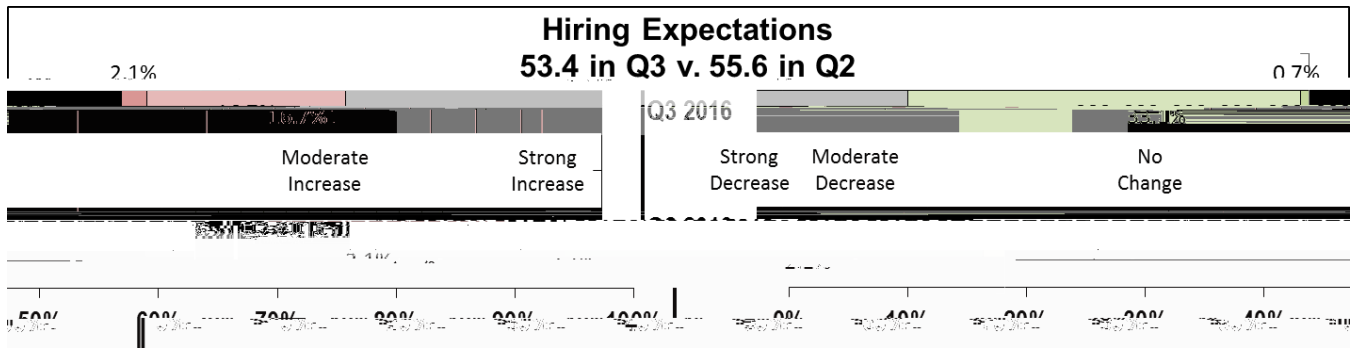
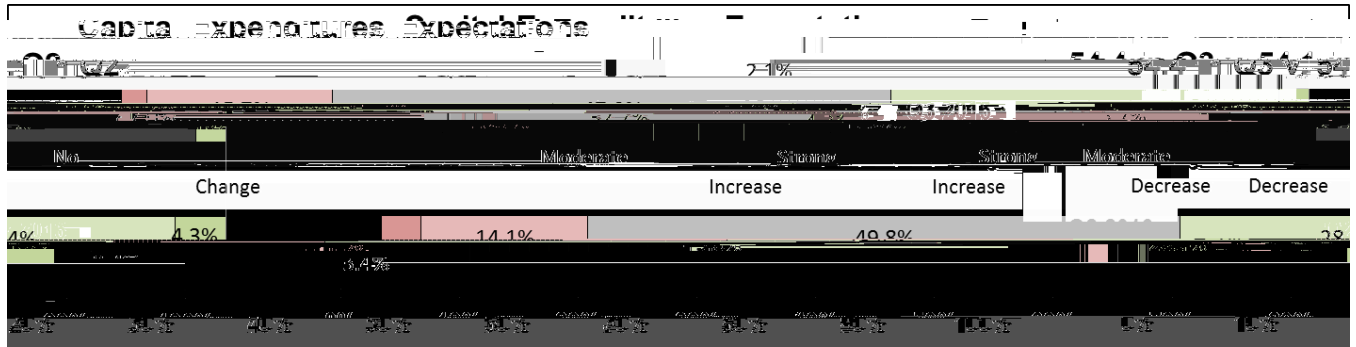


The index by firm tenure (how long it has been in business) was higher for firms in business more than 10 years (55.3) than for firms in business less than 10 years (50.8). The index of younger companies dropped 7.3 points ahead of Q3 while it increased 0.2 points for longstanding companies. The only 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 represented 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







## 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	