

Colorado Economic Conditions



FEDERAL RESERVE BANK *of* KANSAS CITY
DENVER BRANCH

2011 Economic Forums

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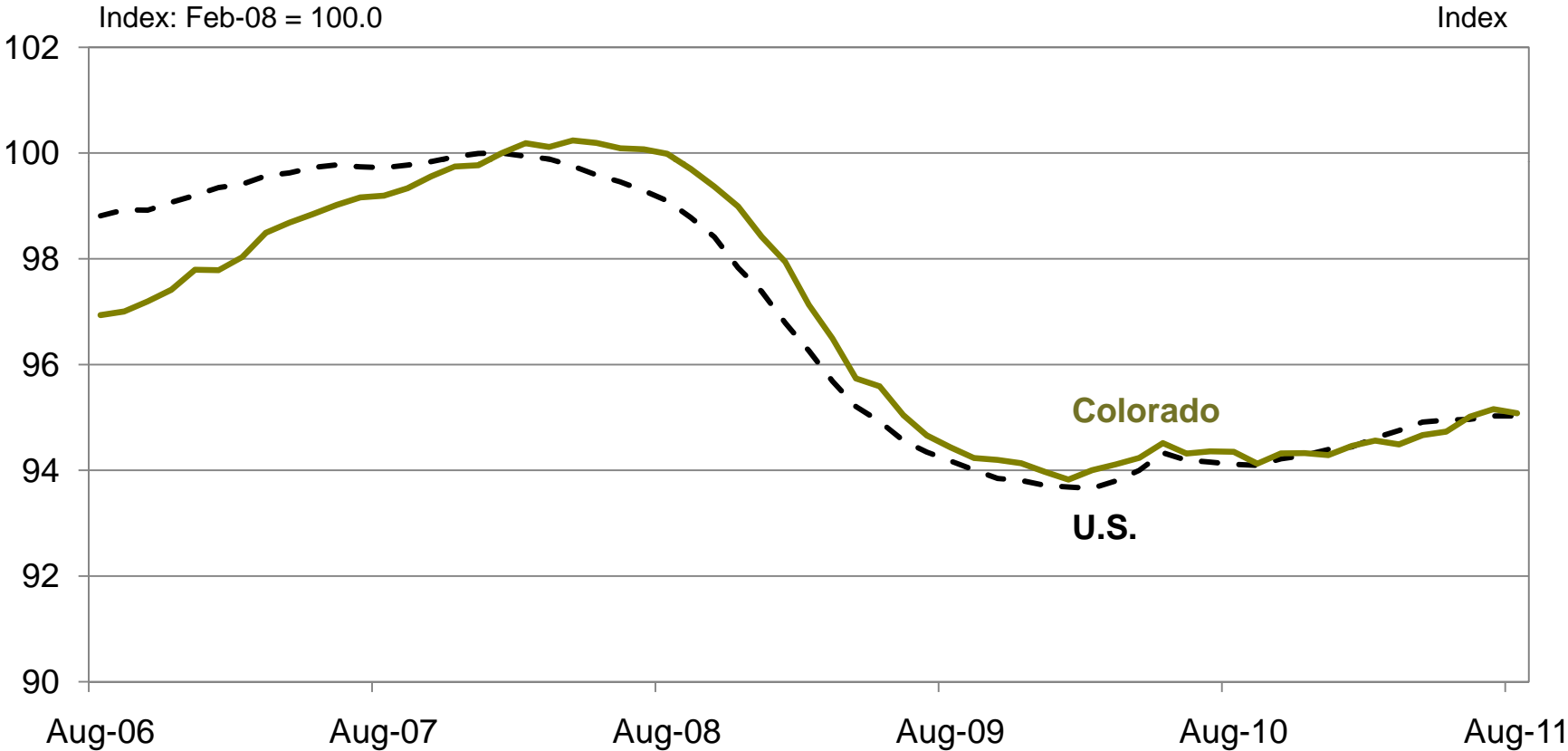
Colorado in the Recovery

- Colorado's economic cycle is now very national-like
 - steady, broad-based, but moderate recovery
- Areas of strength: energy, most services, tourism, agriculture, government(?)
- Key constraints: housing, construction, tech, finance
- Focus:
 - labor market
 - adjustments underway (still needed)
 - regional differences

Colorado now following the U.S. job cycle

150,000 jobs lost, 30,000 recovered

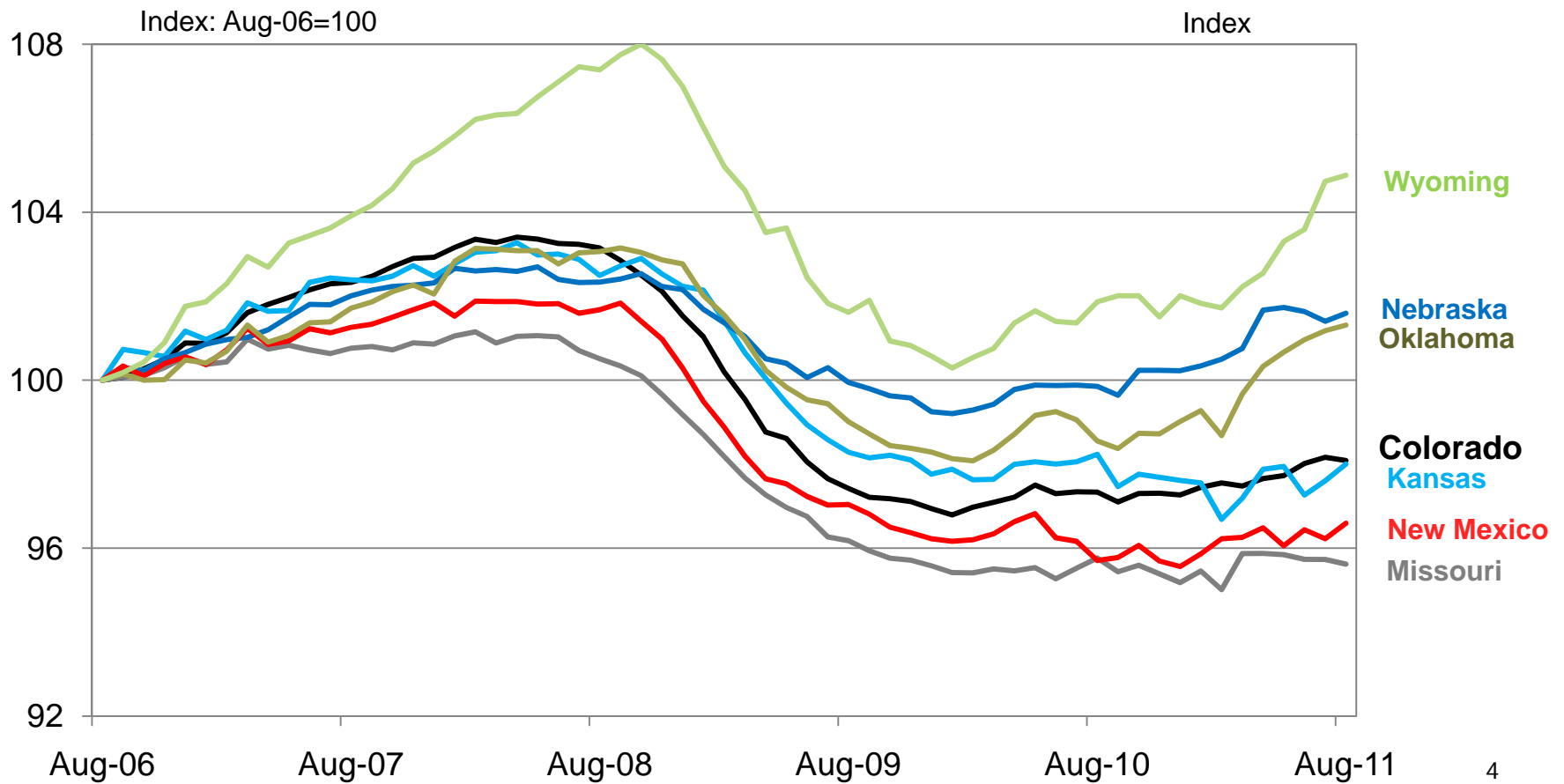
Index of Total Nonfarm Employment
Seasonally adjusted



Source: Bureau of Labor Statistics

CO job growth in middle of pack among Tenth District states

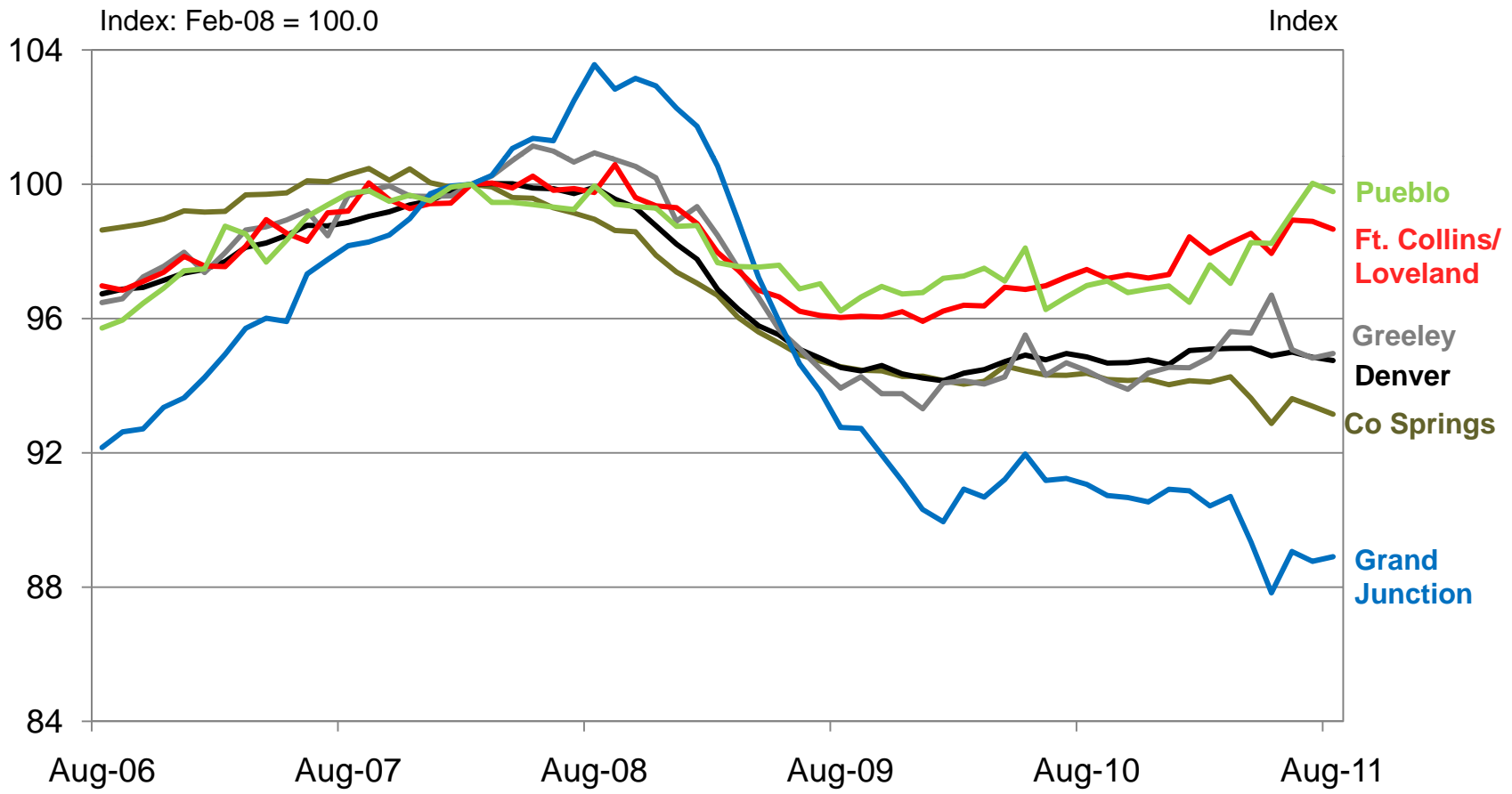
Total Nonfarm Employment
Seasonally adjusted



Denver metro driving overall state pattern

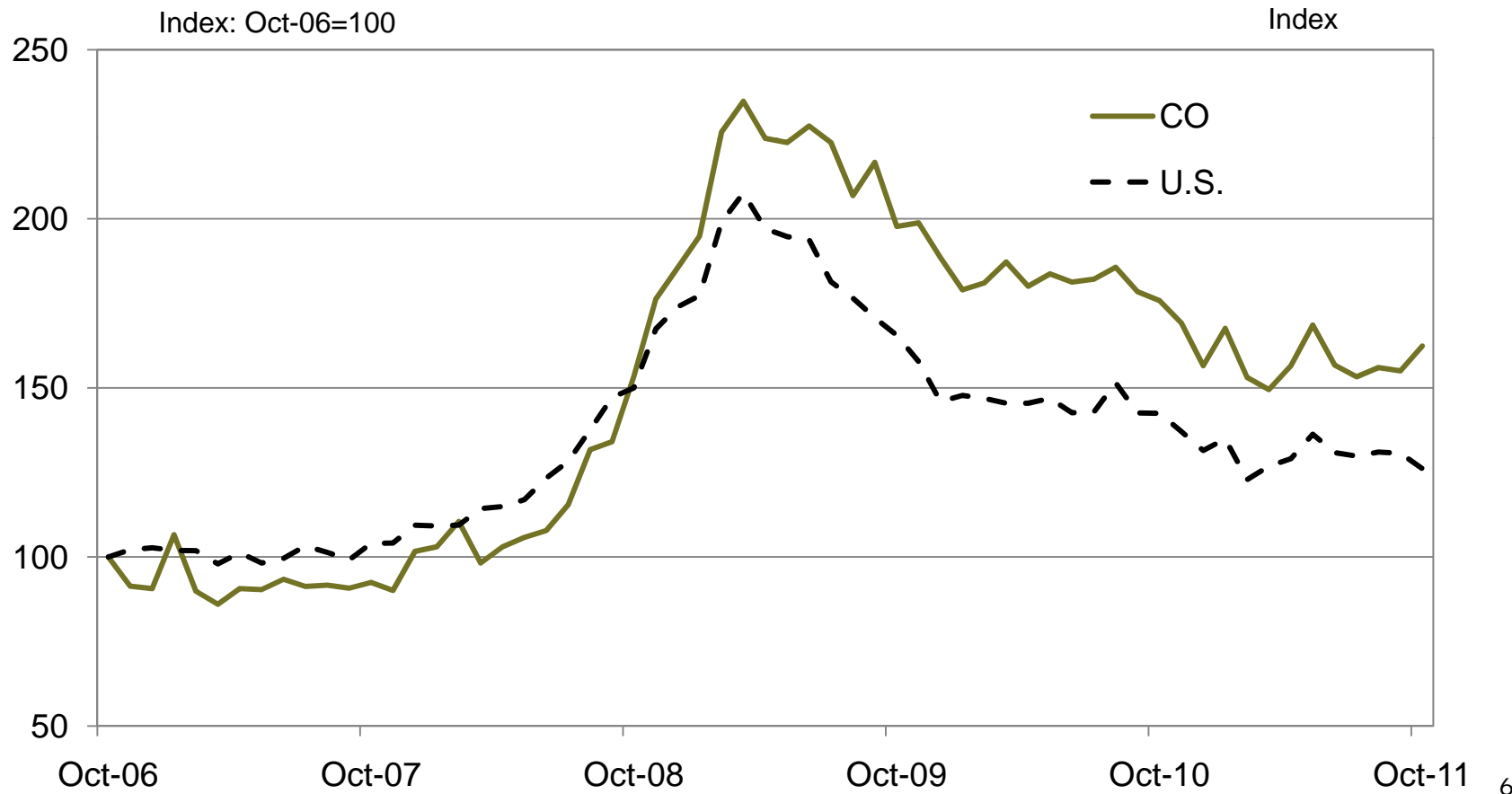
Most smaller metros following unique regional patterns

Colorado Metropolitan Area Nonfarm Employment
Seasonally adjusted



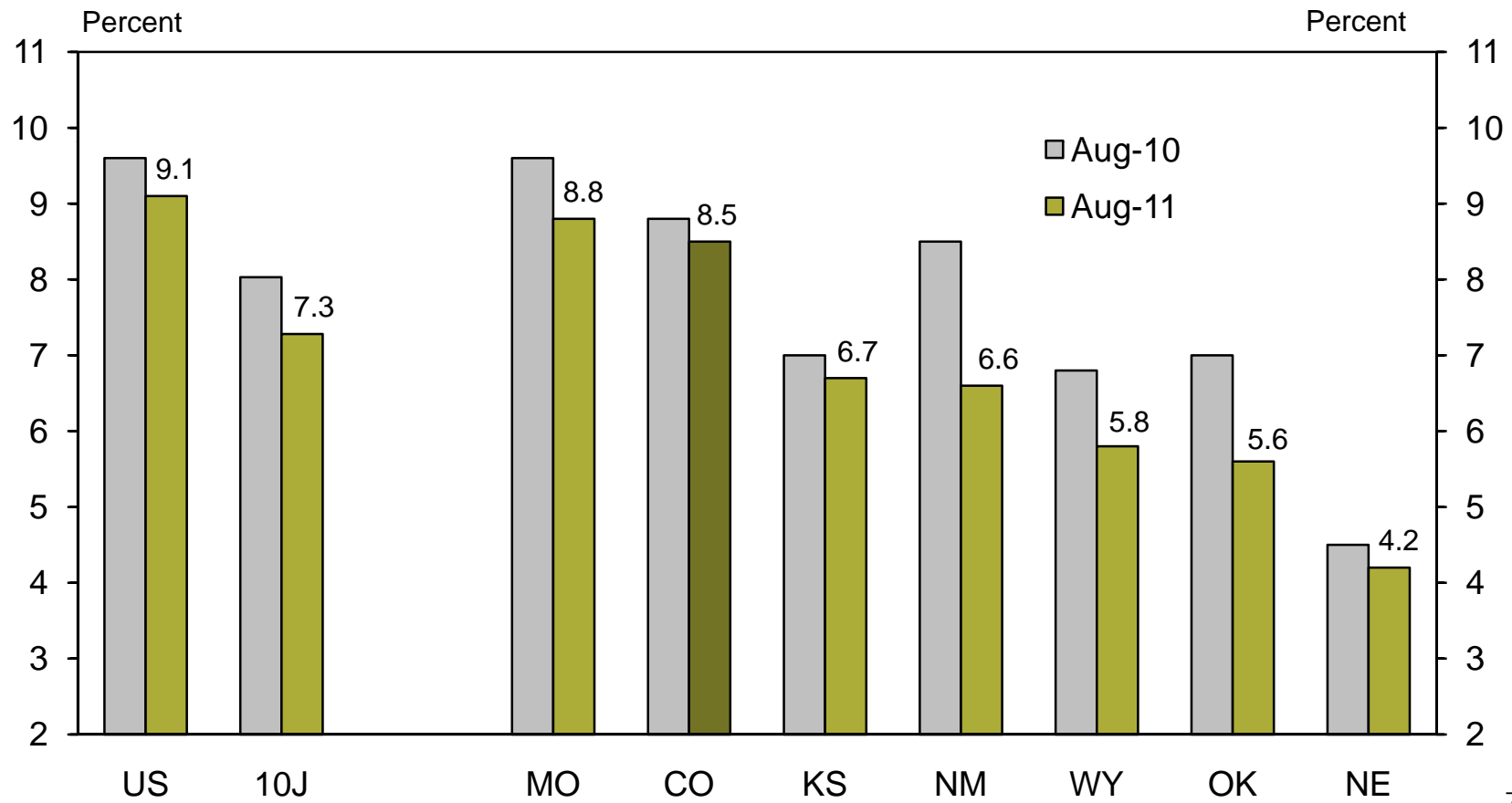
Colorado jobless claims falling but elevated relative to U.S.

Initial Unemployment Insurance Claims
Monthly average of weekly claims, seasonally adjusted

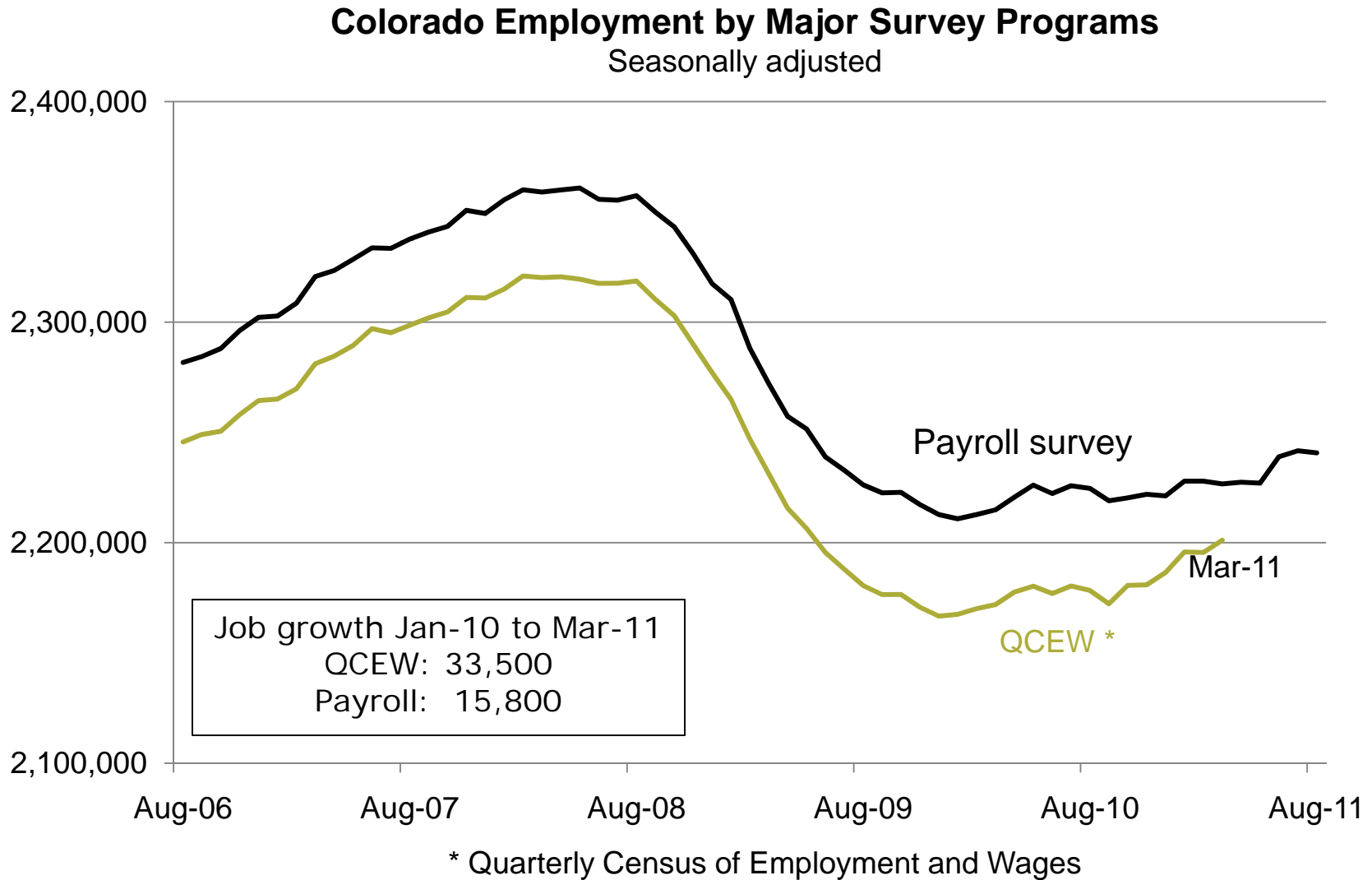


CO jobless rate stickier than other District states

Unemployment Rate by State
Seasonally adjusted

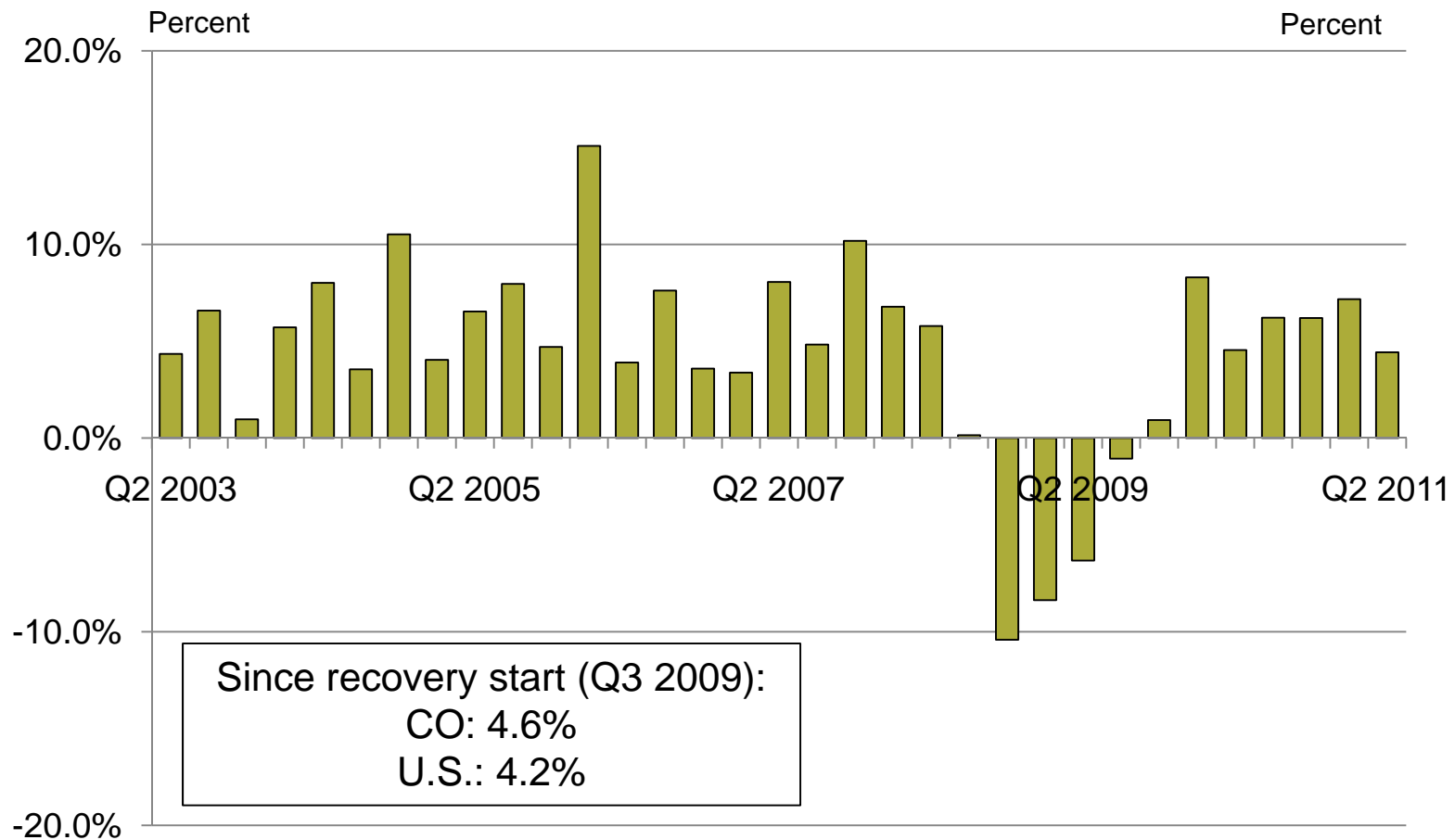


Upward revisions to CO job data likely?

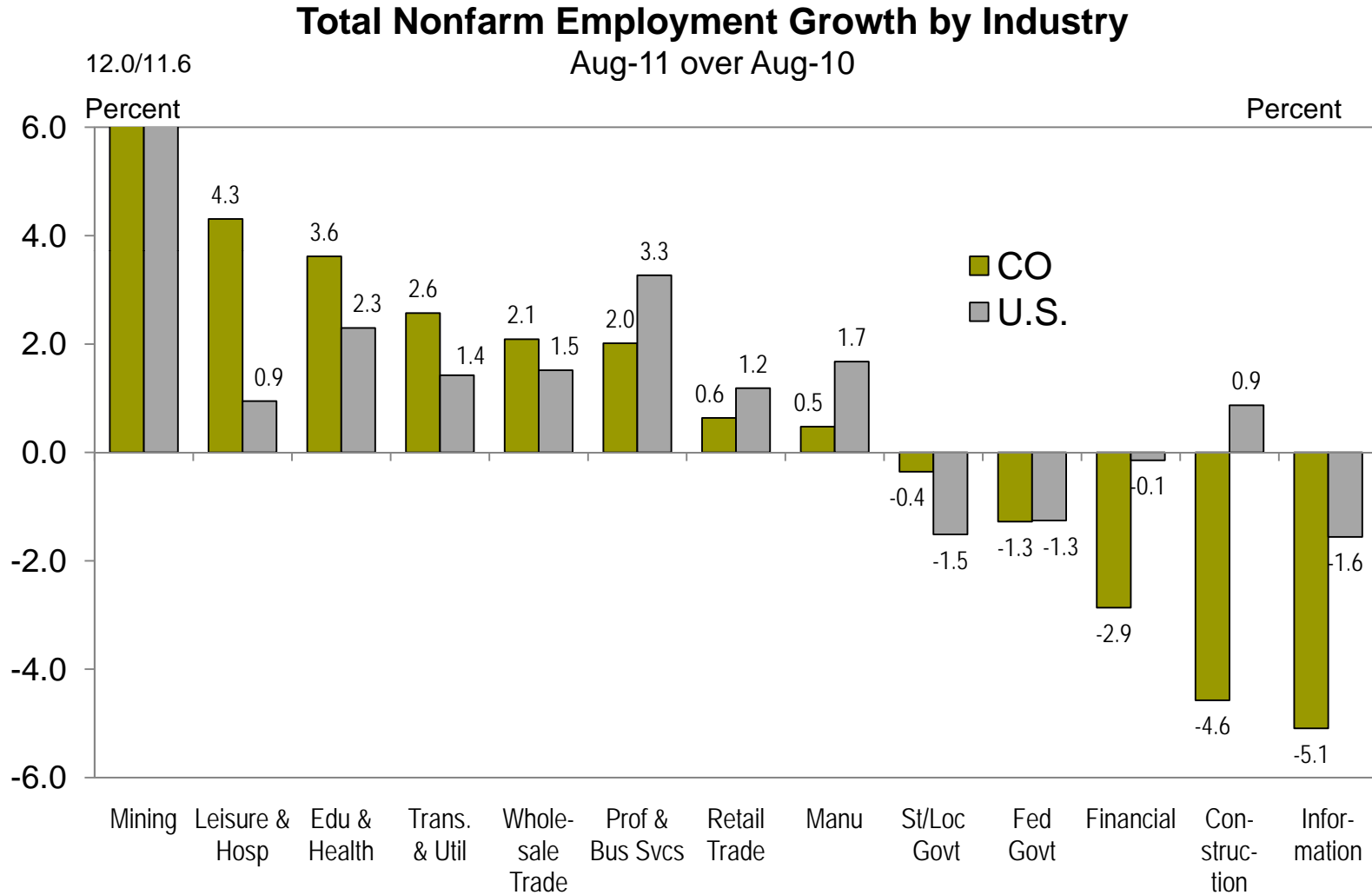


CO income gains outpacing U.S. in recovery

Growth in Colorado Personal Income
Seasonally adjusted, quarterly change at annual rate



Divergence between U.S. and CO hiring rates in several key sectors

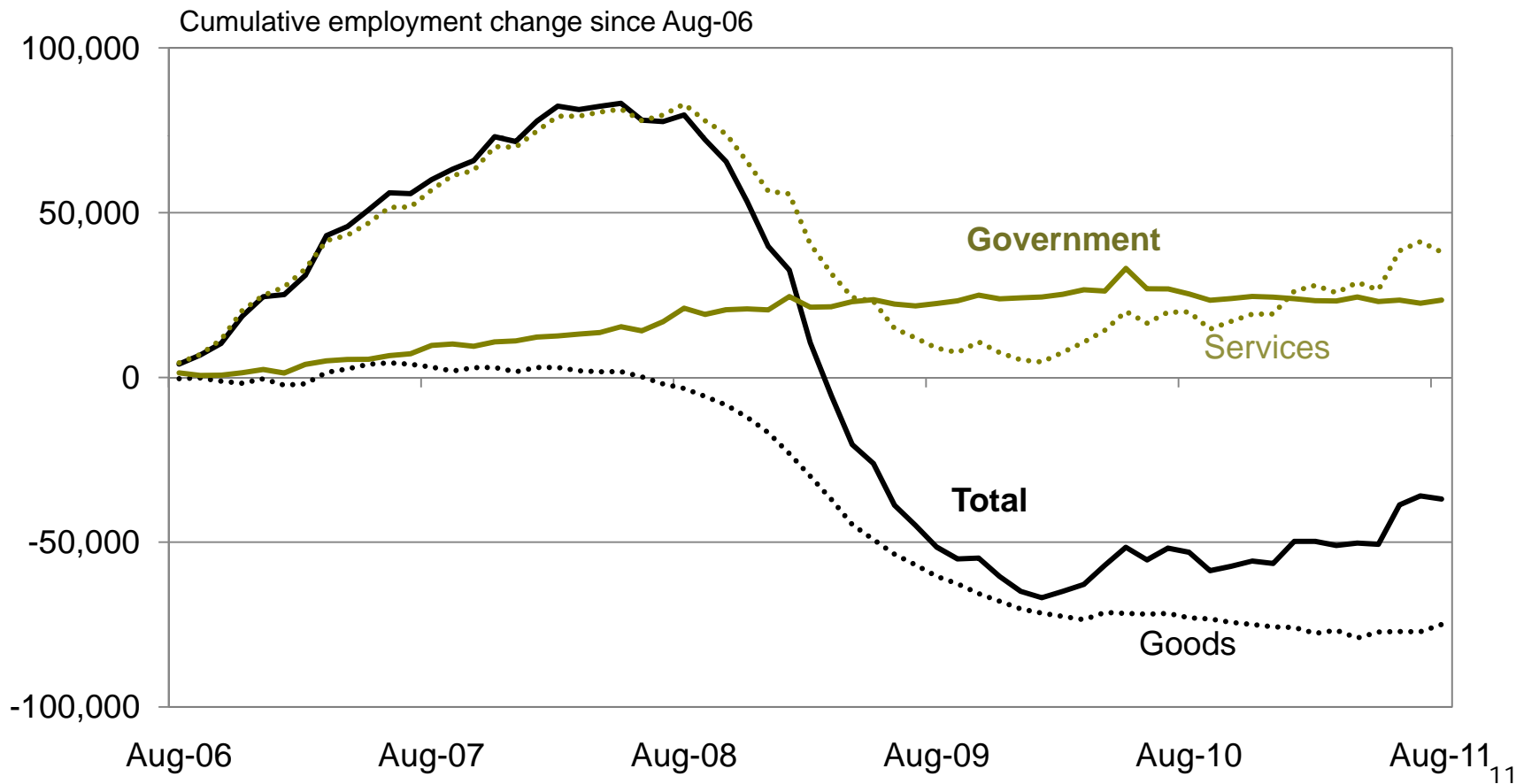


Source: Bureau of Labor Statistics

of new jobs: most are in services – broad recovery

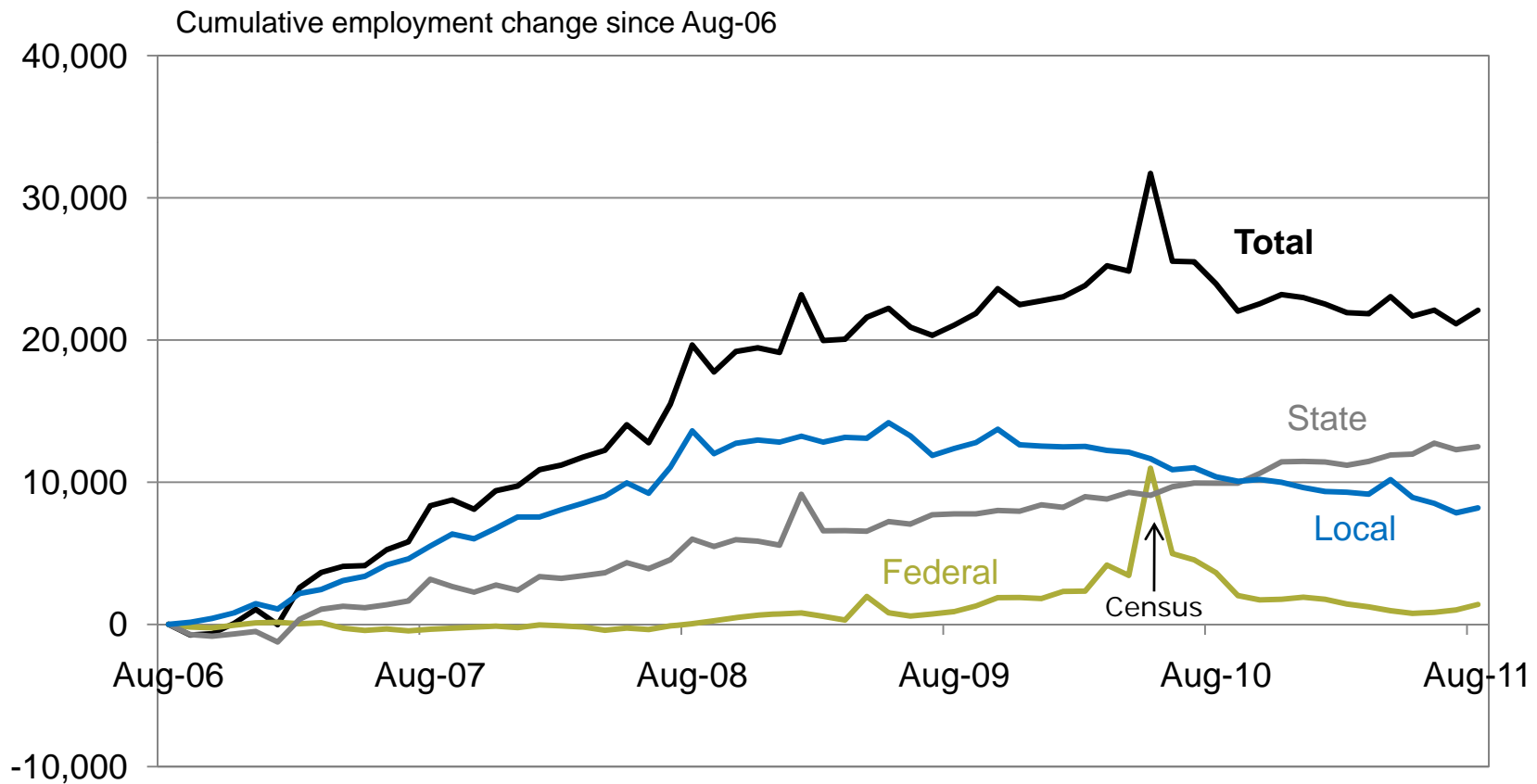
Goods remain flat, govt. payrolls down only slightly

Colorado Nonfarm Employment Gains/Losses
Seasonally adjusted



Total govt. hiring is flat, but much stronger than U.S. losses confined to local government

Colorado Government Employment Gains/Losses
Seasonally adjusted

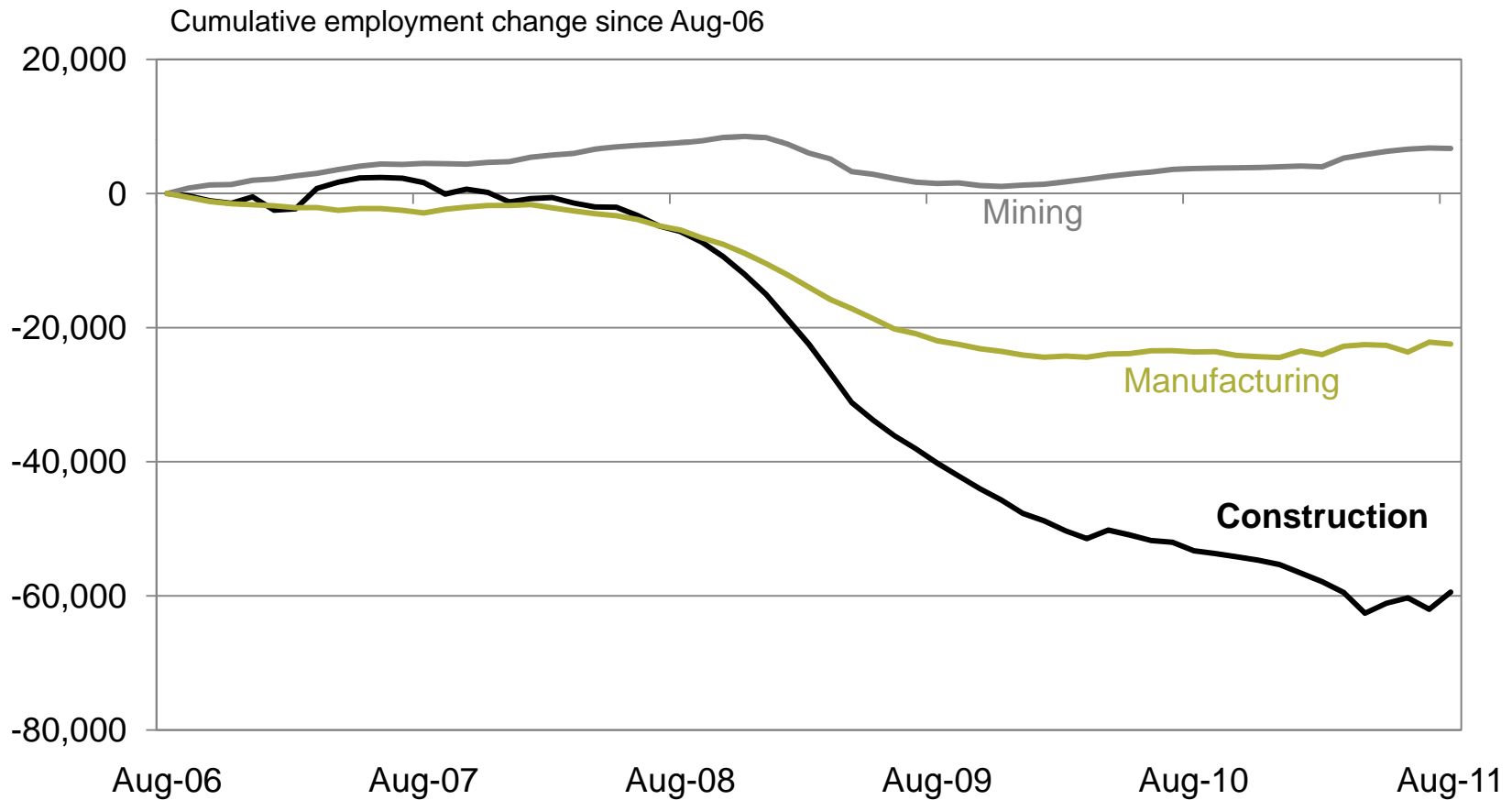


Goods: 40% of total job losses in construction

60,000 in construction; 25,000 in manufacturing

Colorado Goods-Producing Employment Gains/Losses

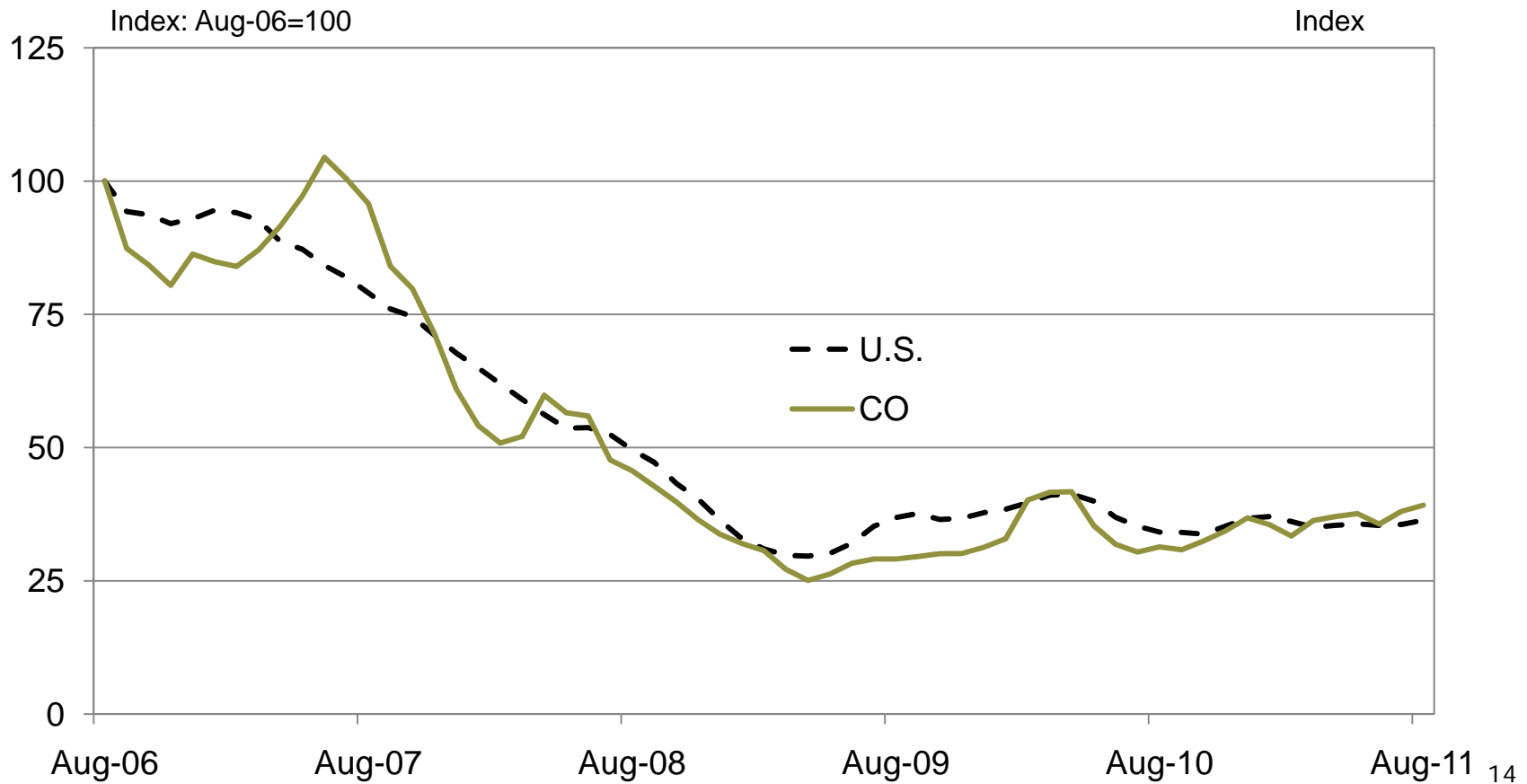
Seasonally adjusted



Residential construction bouncing along bottom

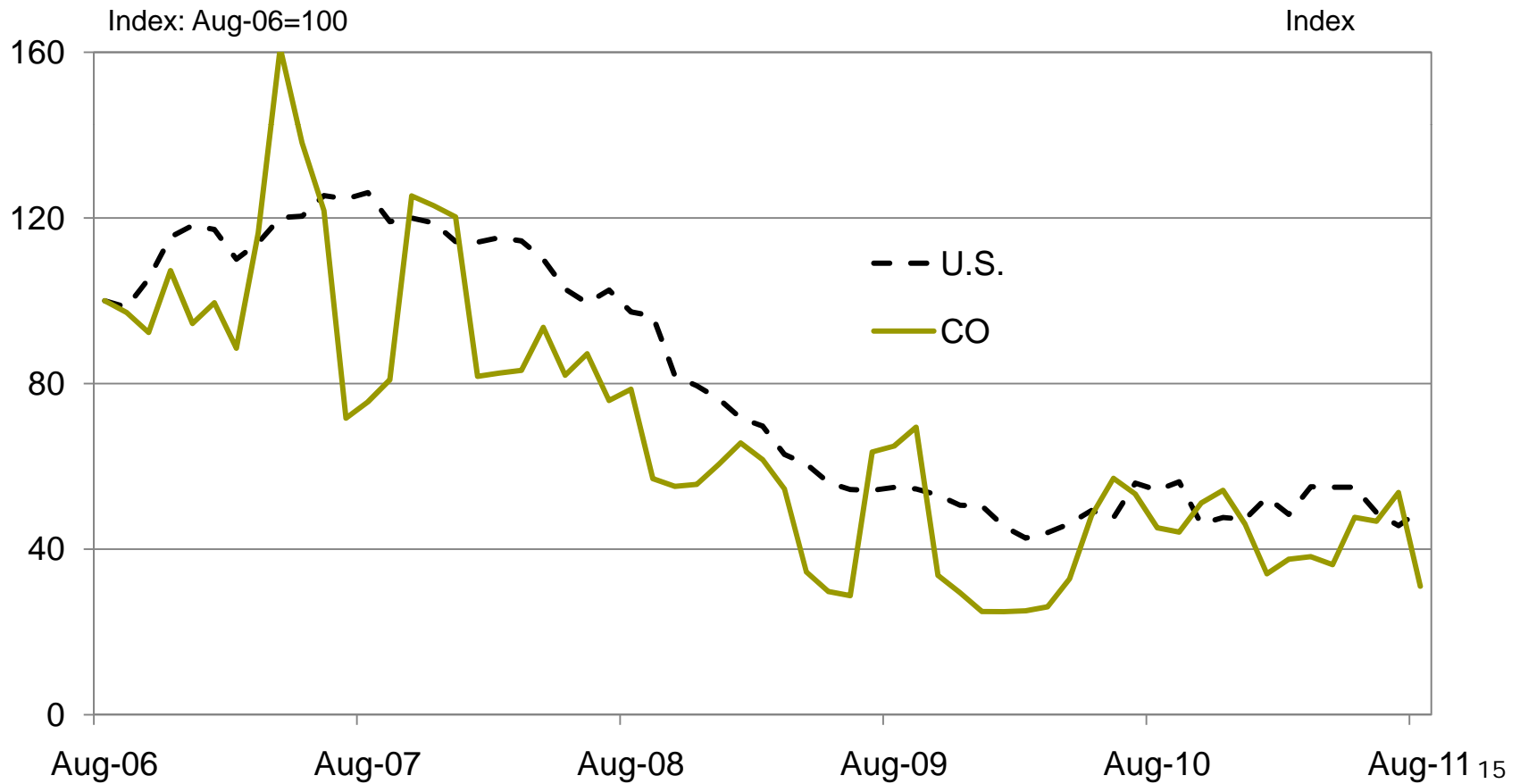
No increase in building permits

Value of Residential Construction Contracts
Seasonally Adjusted, 3-mo. moving average



Commercial construction also flat at low level

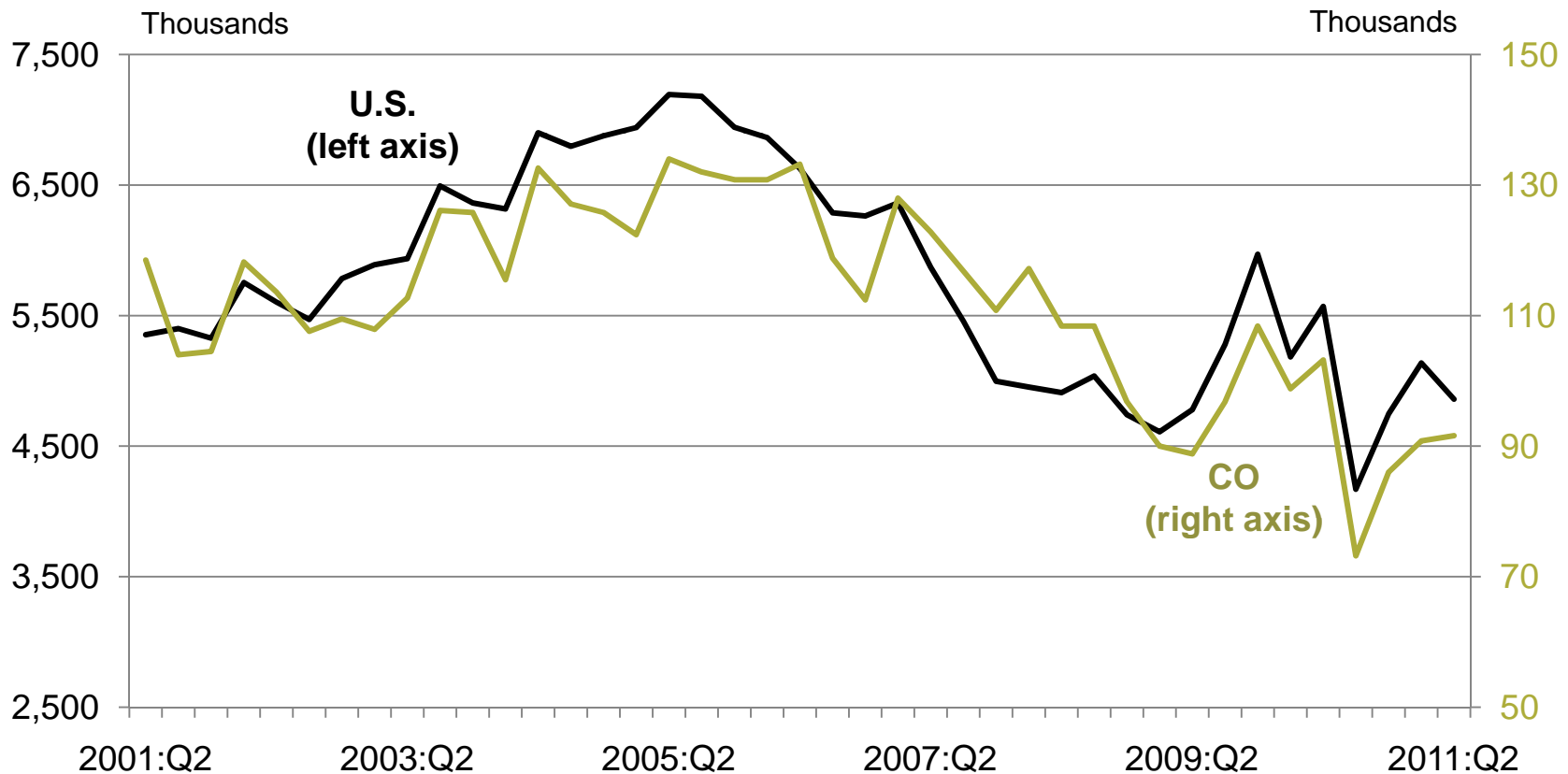
Value of Commercial Construction Contracts
Seasonally Adjusted, 3-mo. moving average



CO existing home sales tracking U.S.

Disappointing 2011 selling season

Sales of Existing Homes
Seasonally Adjusted

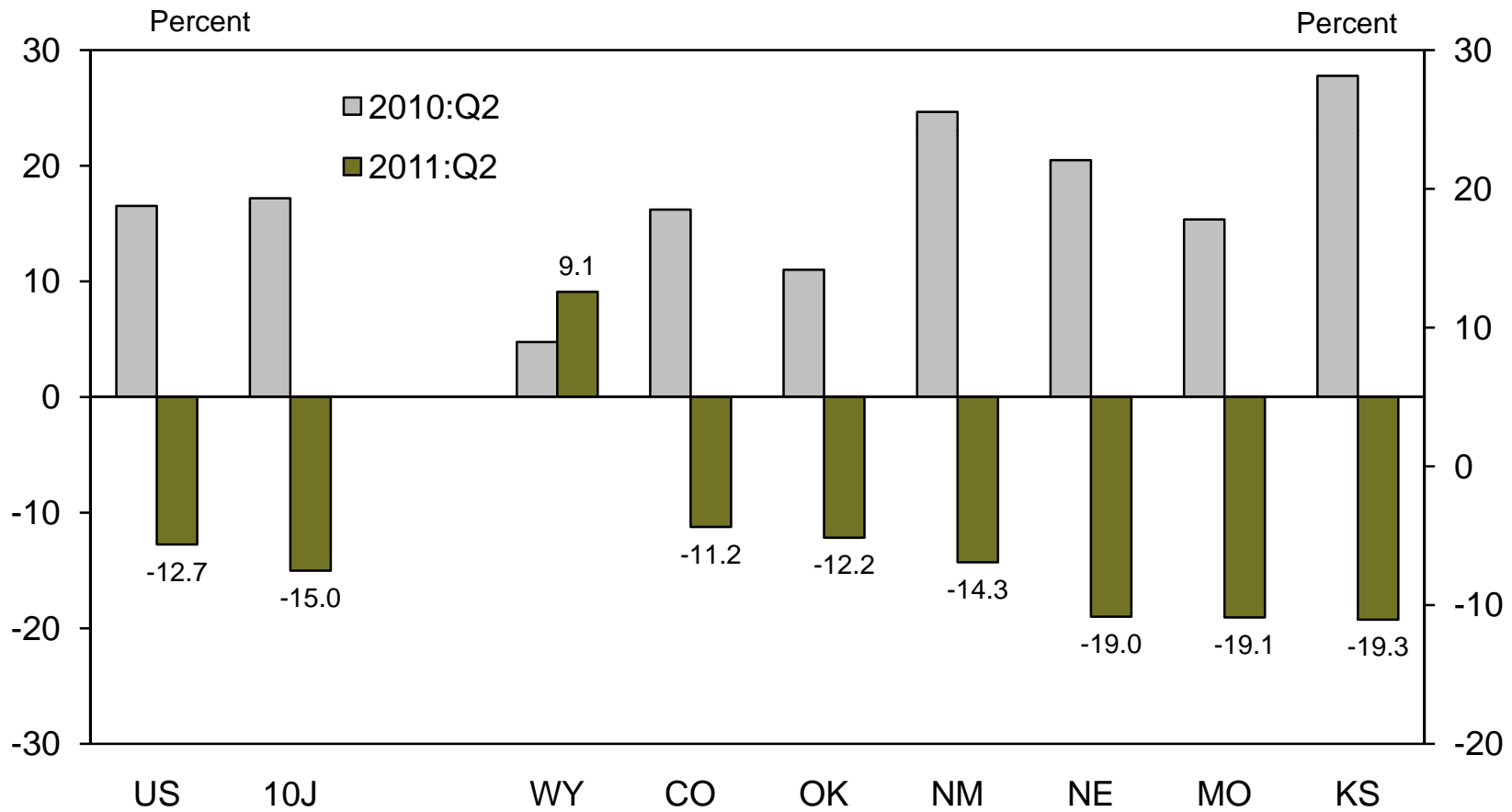


10J existing home sales trail U.S. through 2nd quarter

CO national-like; WY strongest; KS sharpest reversal

Growth in Existing Home Sales

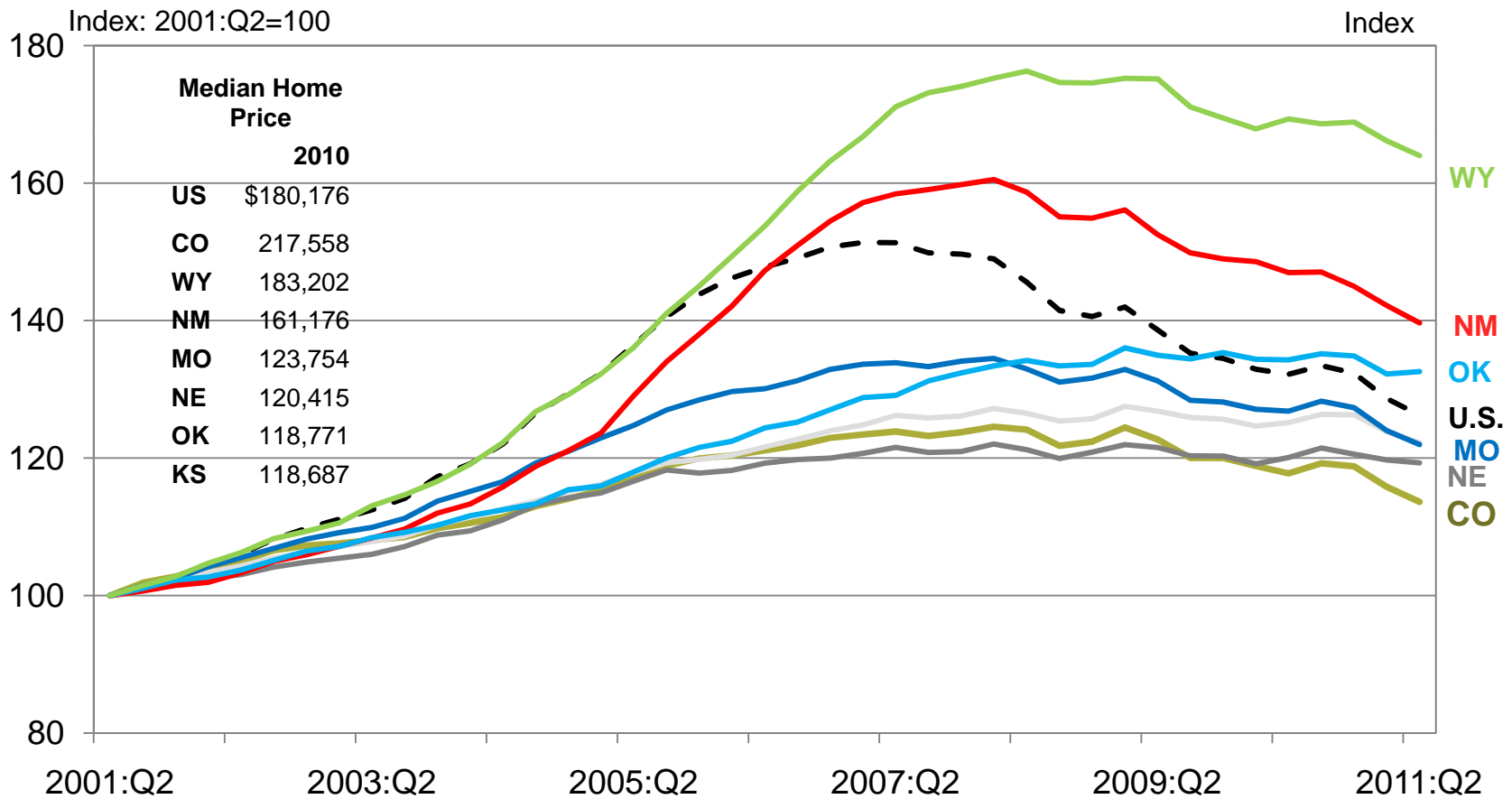
Year-over-year



10J homes price gains now range around U.S. gain

CO has smallest gain in cycle among 10J states, but highest price

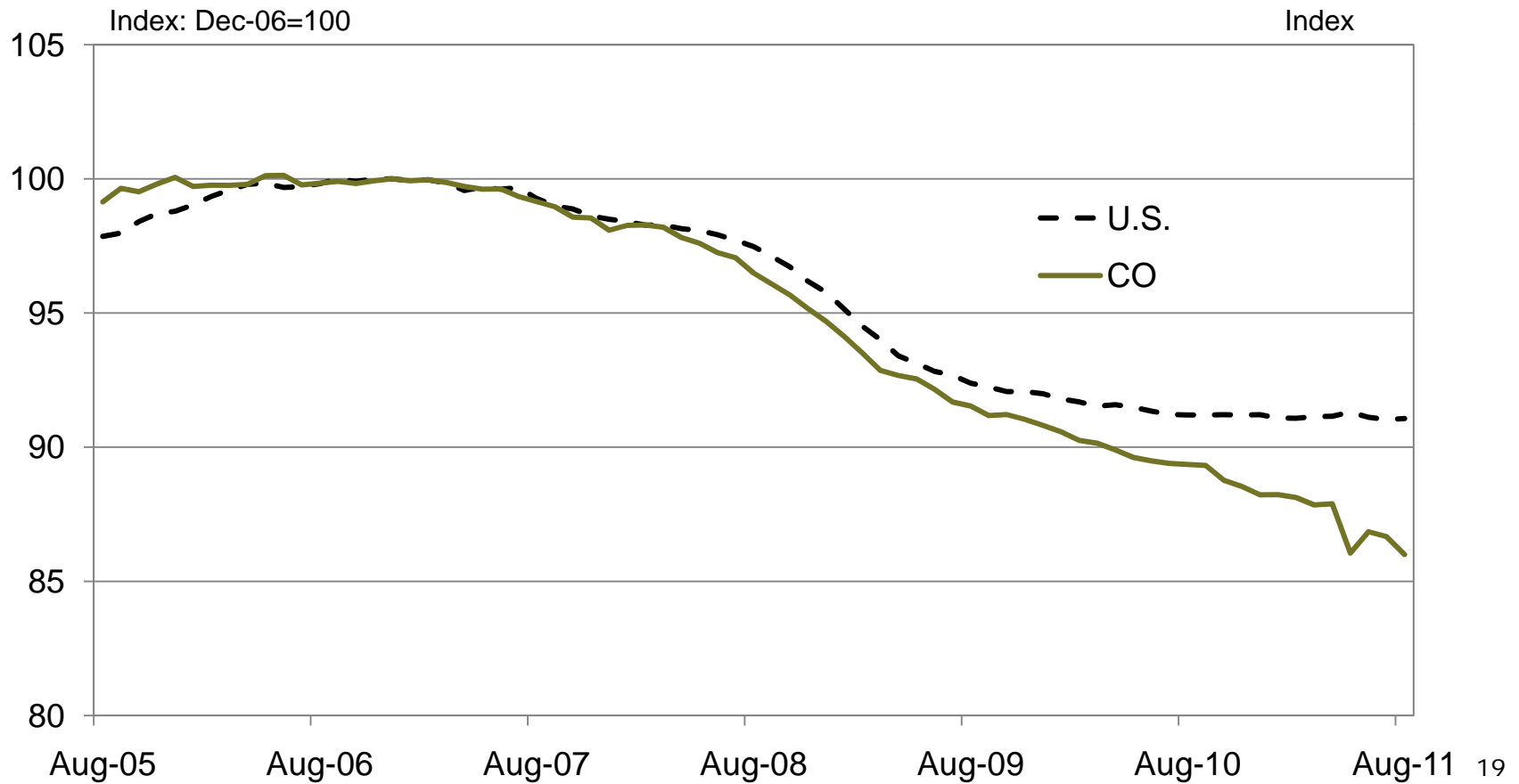
FHFA Repeat Sales Home Price Index
Seasonally Adjusted



Financial services hiring weak, heavy bank losses

20,000 financial jobs lost = 15% of sector

Colorado Financial Services Employment
Seasonally Adjusted

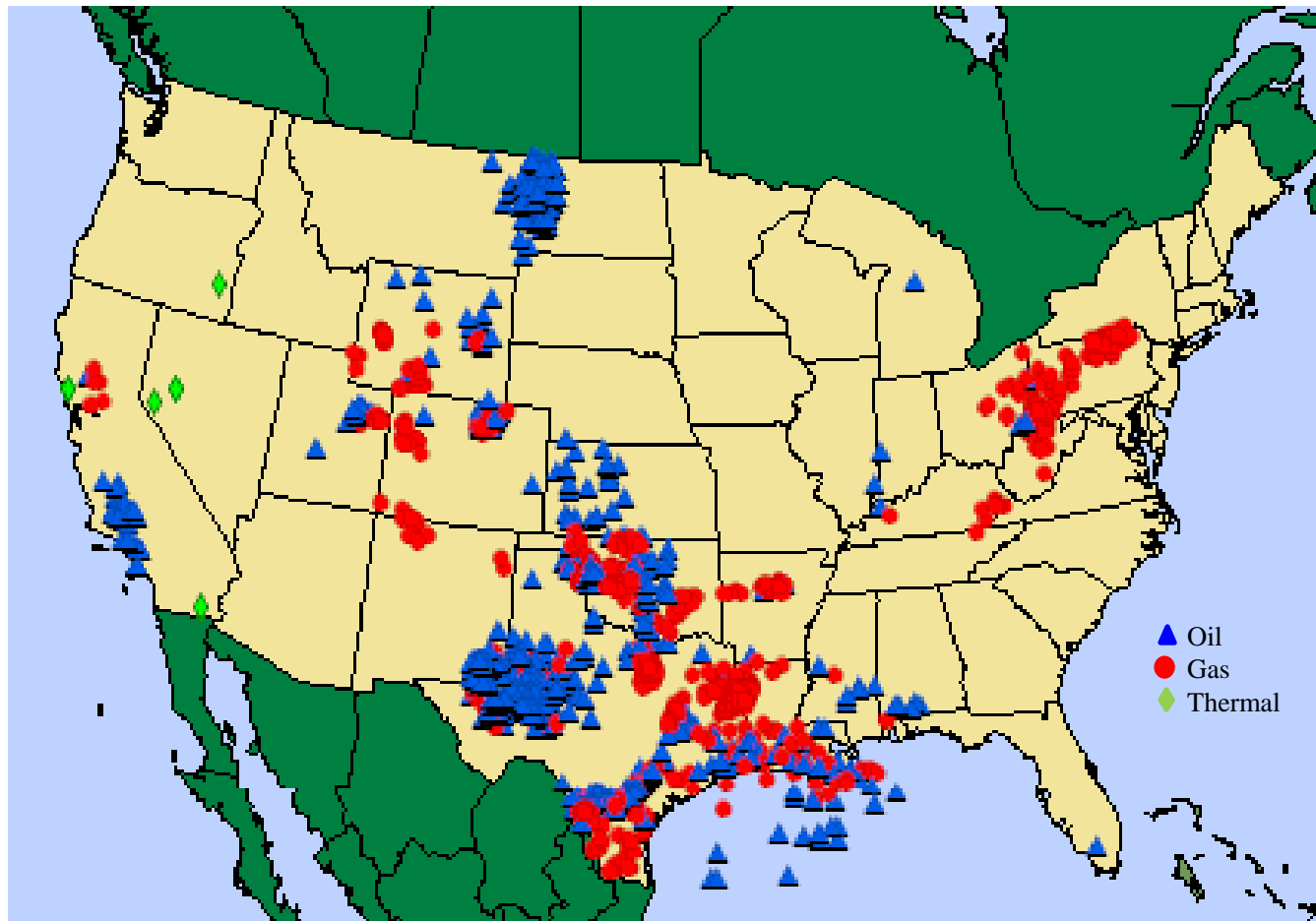


Oil/gas exploration accelerating

Gas in western CO, oil/gas in DNV basin

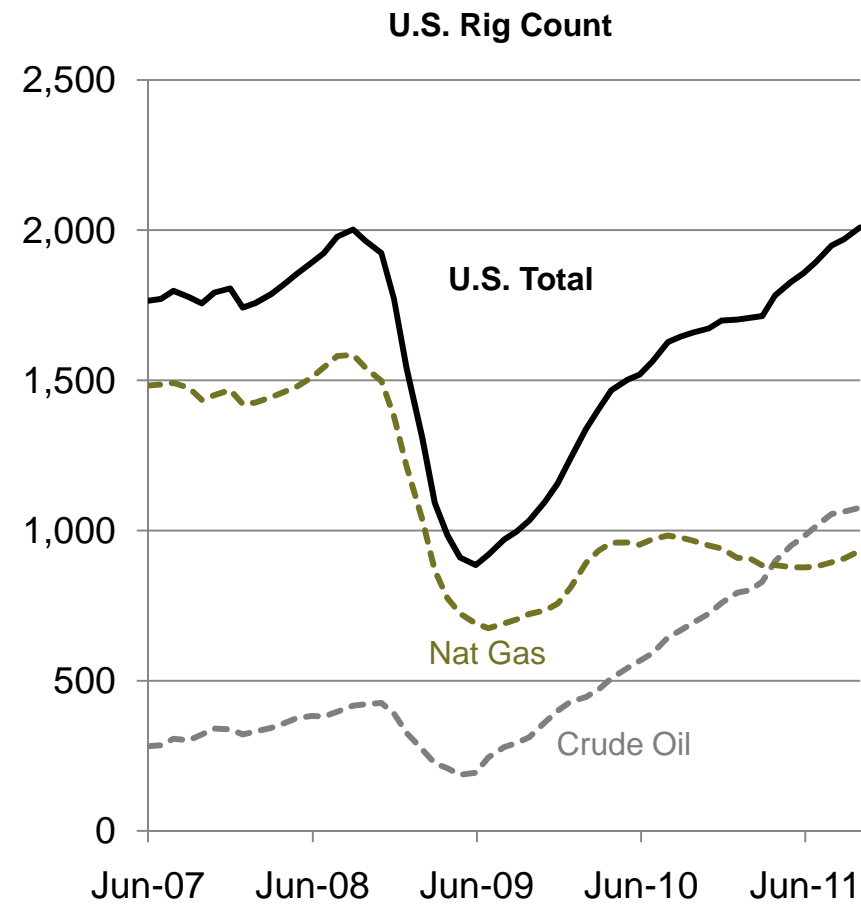
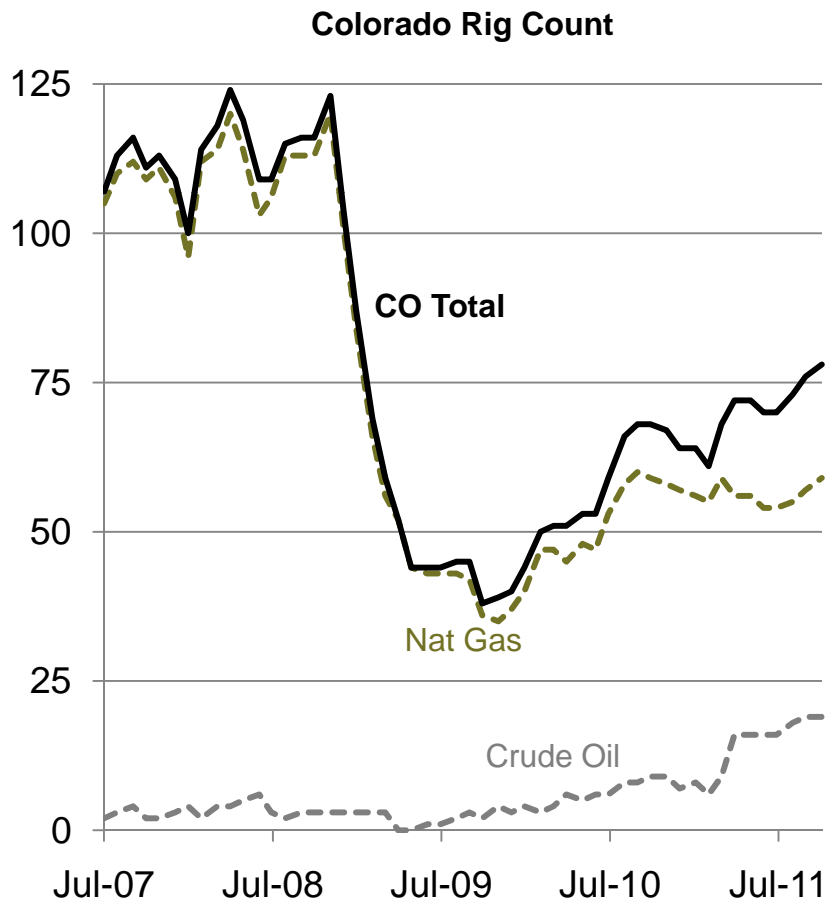
Location of Active U.S. Drilling Rigs

October 14, 2011



U.S. shift toward crude accelerates but CO remains more focused on gas

Count of Active Drilling Rigs
Seasonally Adjusted

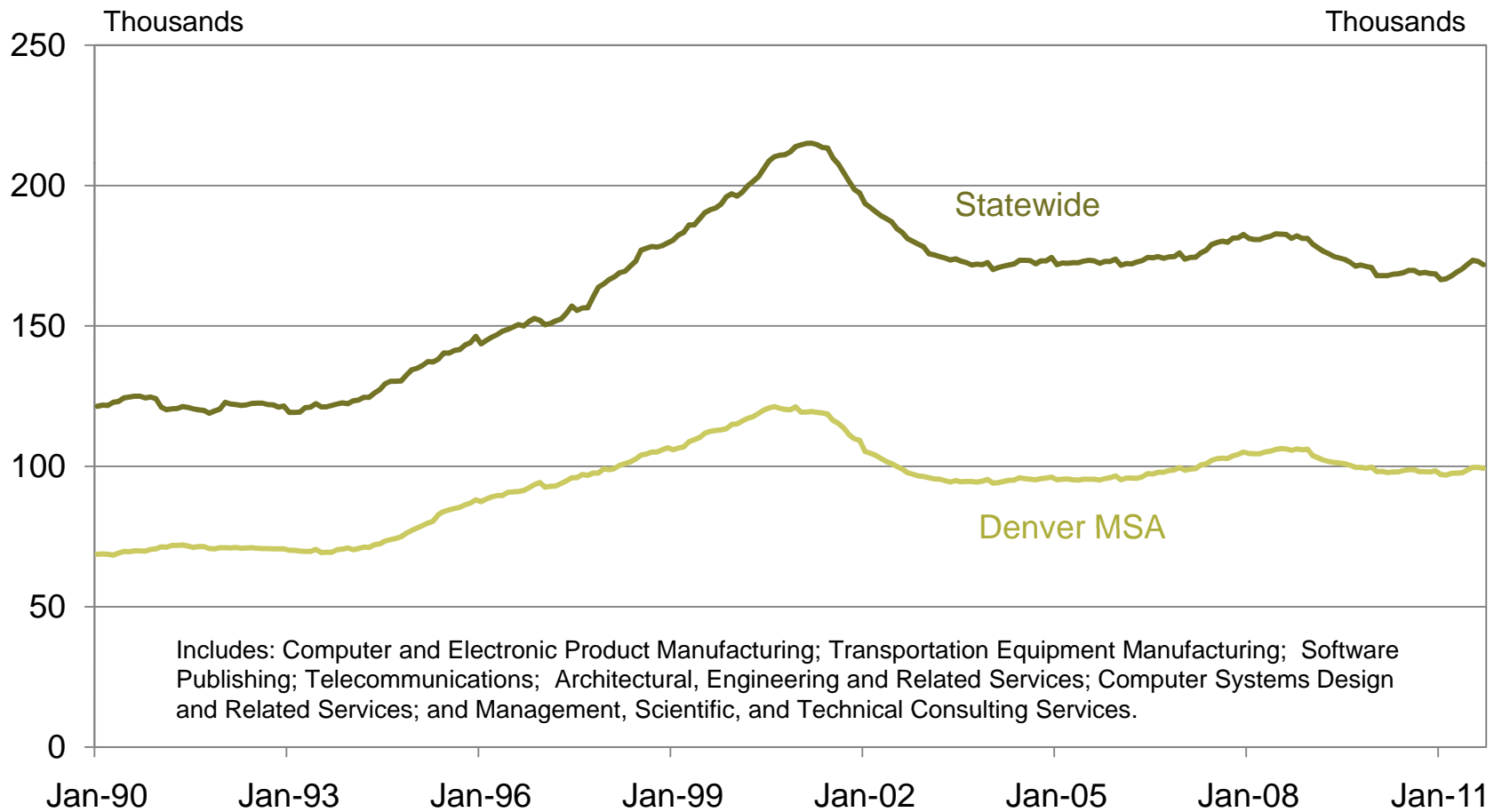


Tech hiring remains sluggish, especially DNV

consolidation, labor shortage, offshore hiring

Colorado Advanced Technology Employment

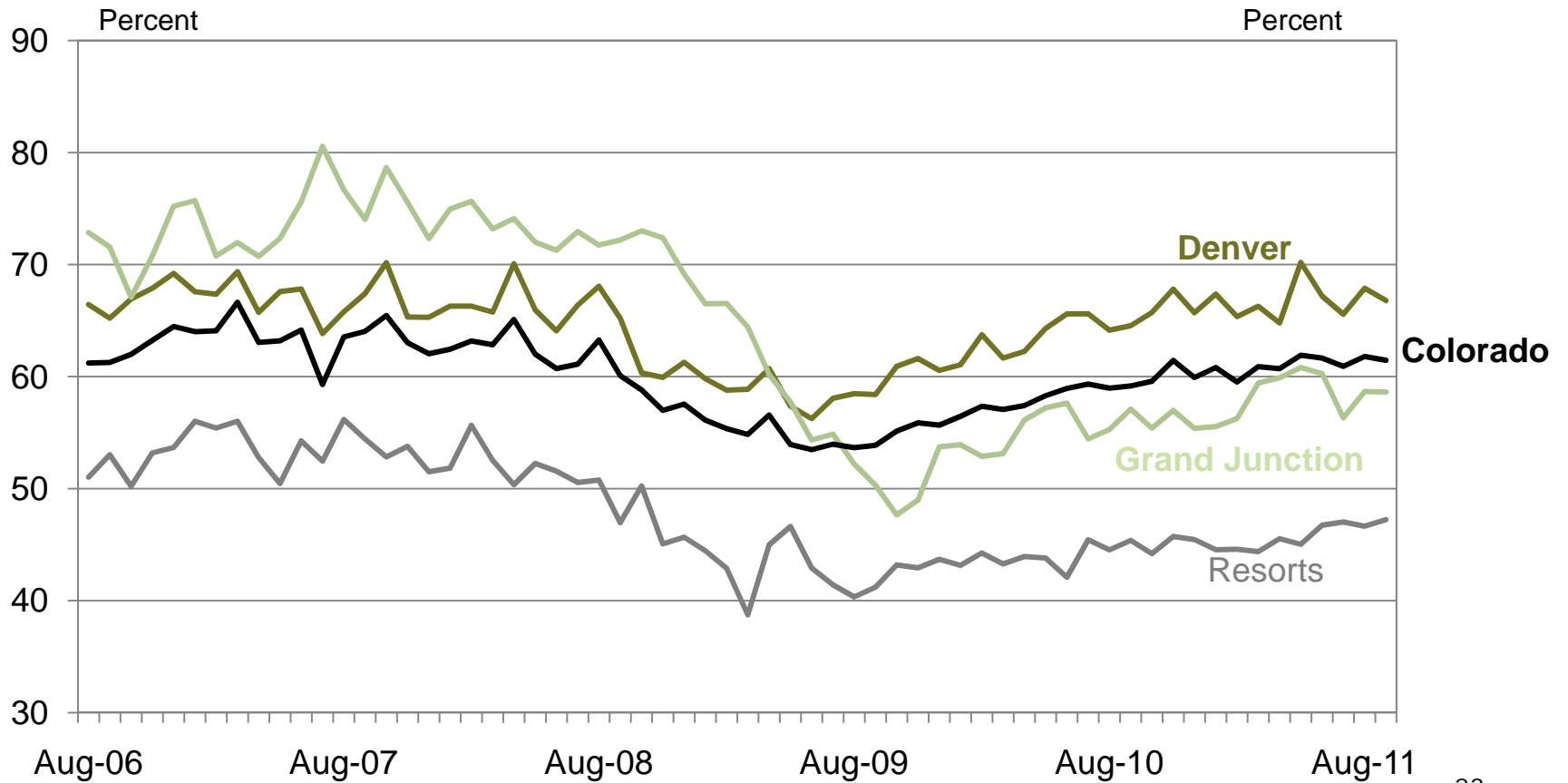
Seasonally adjusted



CO hoteliers report mixed occupancy results

Denver back to pre-recession peak

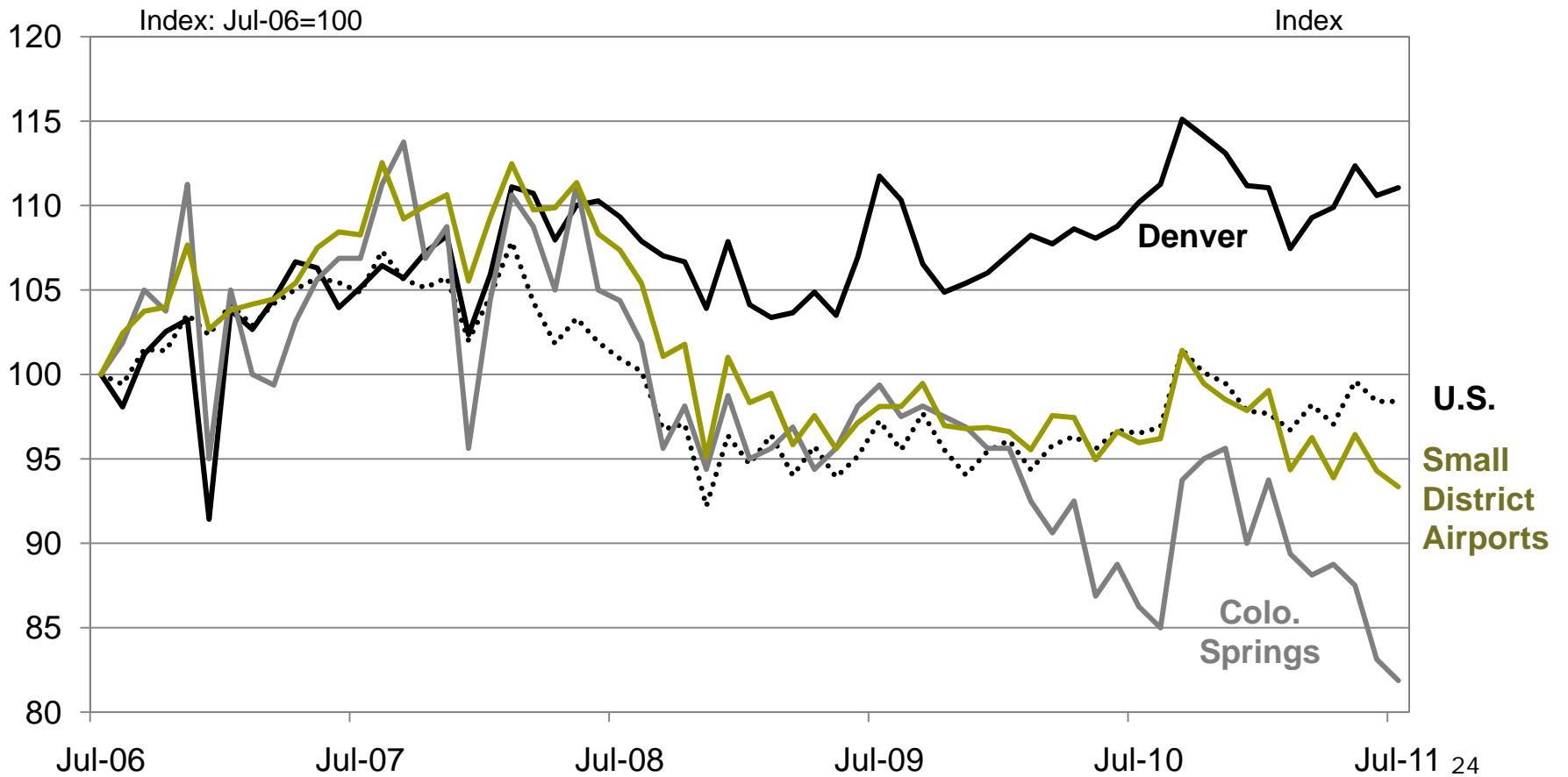
Hotel Occupancy Rates
Seasonally Adjusted



Denver air traffic resumes long-run growth trend

U.S. and other District cities well below pre-recession levels

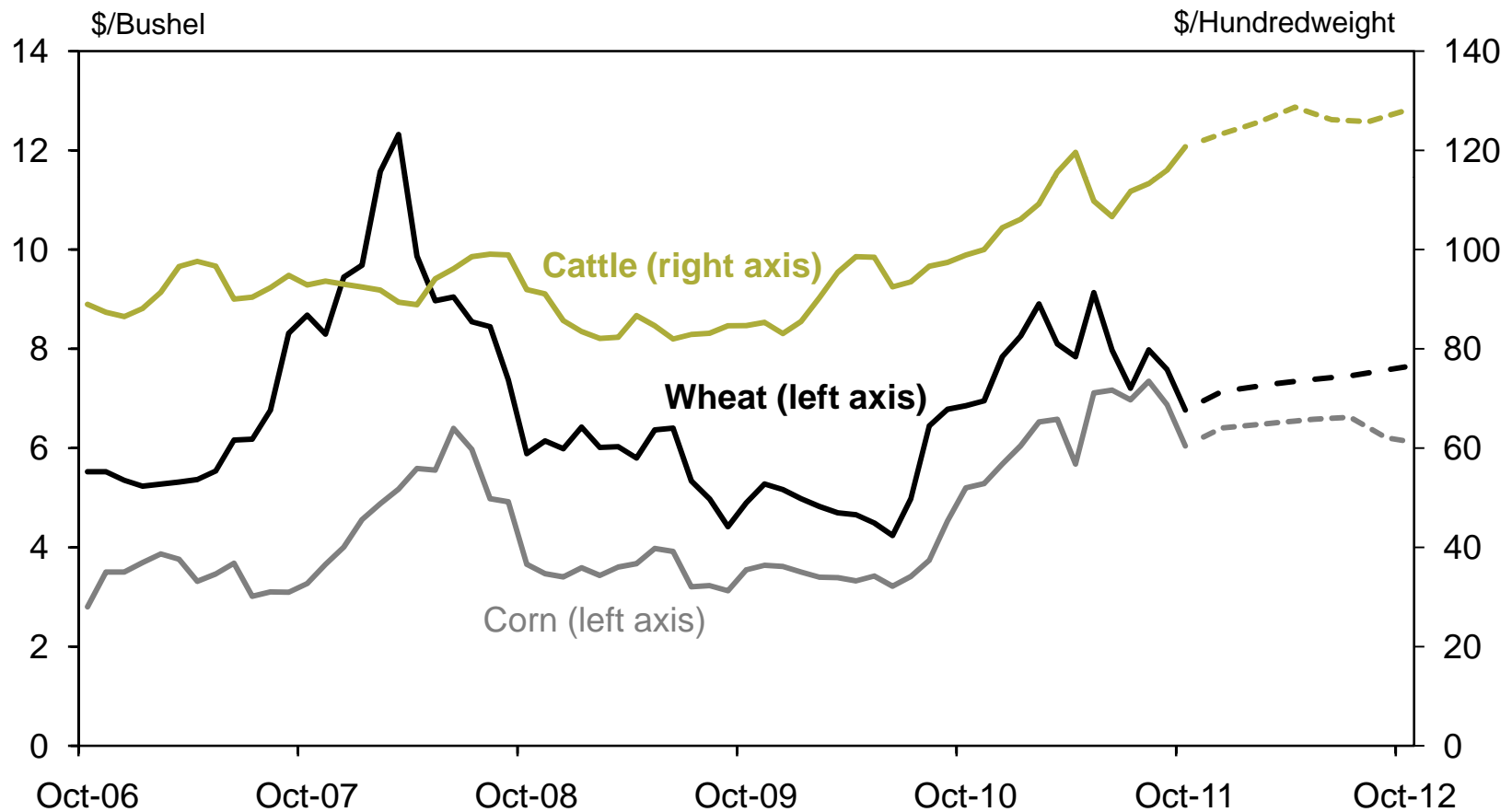
Airport Passenger Traffic
Seasonally Adjusted



Ag boost: crop prices have eased but remain high

Cattle prices expected to rise further

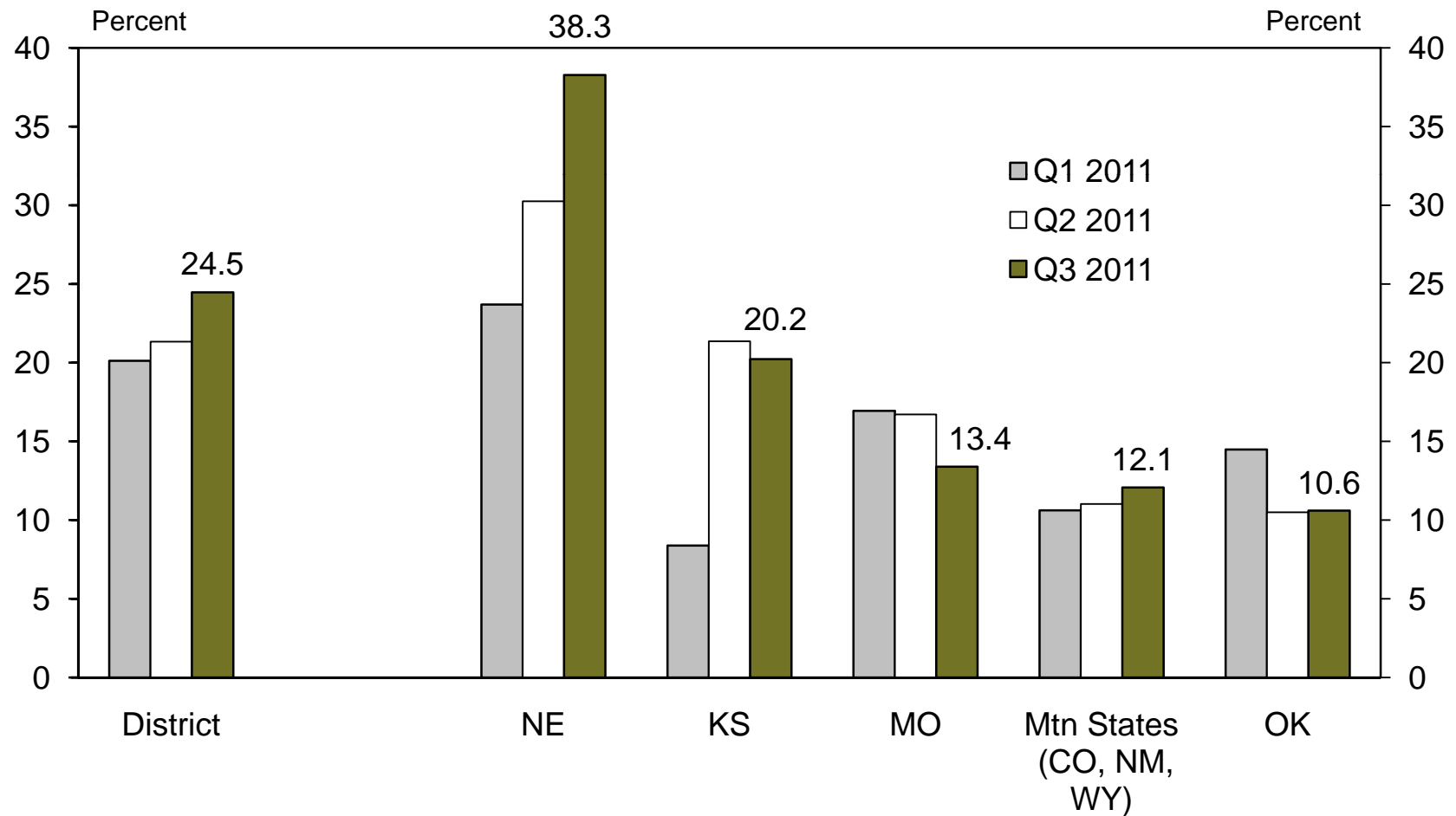
Crop and Livestock Prices



Farmland values rise at double-digit pace even in the Mountain states

Tenth District Non-Irrigated Cropland Values

Percent change, year-over-year



Summary: Colorado in the Recovery

- Colorado on U.S. cycle – steady, modest growth
- CO jobless conditions sticky but improving
- Broad-based services recovery, govt. helping
- Construction and finance remain a drag on the recovery
- No bottom yet in housing prices
- Energy, agriculture, tourism strong

Colorado Economic Conditions

The adjustment process continues...

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Presentation will be available at:
<http://www.kansascityfed.org/Denver>