The Colorado Economy: Then and Now



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The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

U.S. Economic Outlook

	2008: Q2	2008: Q3	2008: Q4	2009: Q1*	2009: Q2*
Real GDP Growth	2.8	-0.5	-3.8	-6.0 to -3.6	-3.4 to 0.1
Unemployment Rate	5.4	6.1	6.9	7.4 to 7.9	7.8 to 8.7
Consumer Price Index	5.0	6.7	-9.2	-4.9 to 1.0	-1.4 to 2.4
Producer Price Index	10.6	8.6	-19.7	-13.8 to -3.0	-5.2 to 2.9

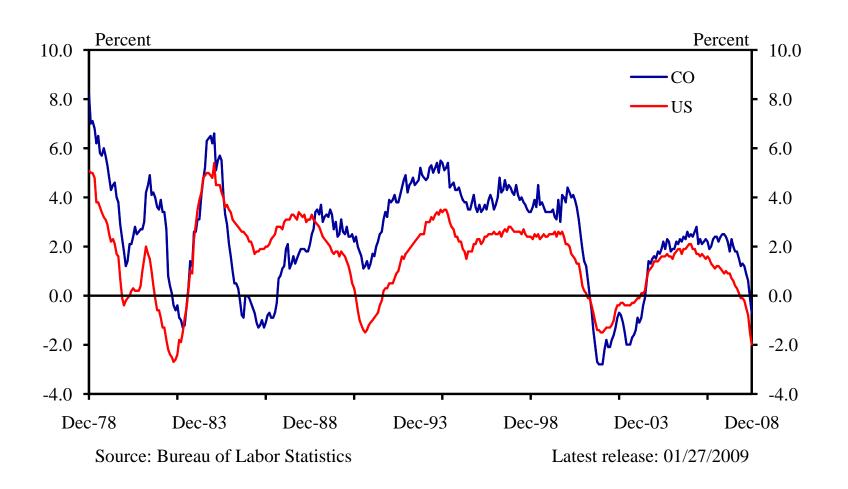
Source: Blue Chip Economic Indicators * Forecasted February 10, 2009



Labor Market

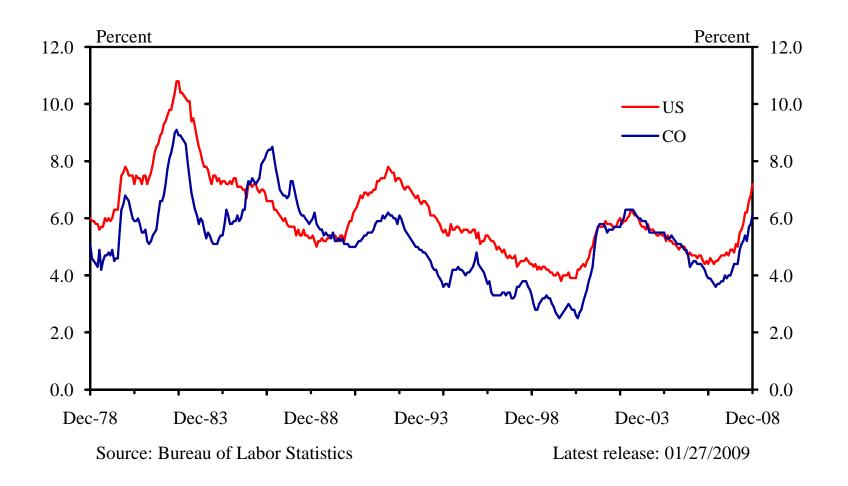


Growth in Nonfarm Employment



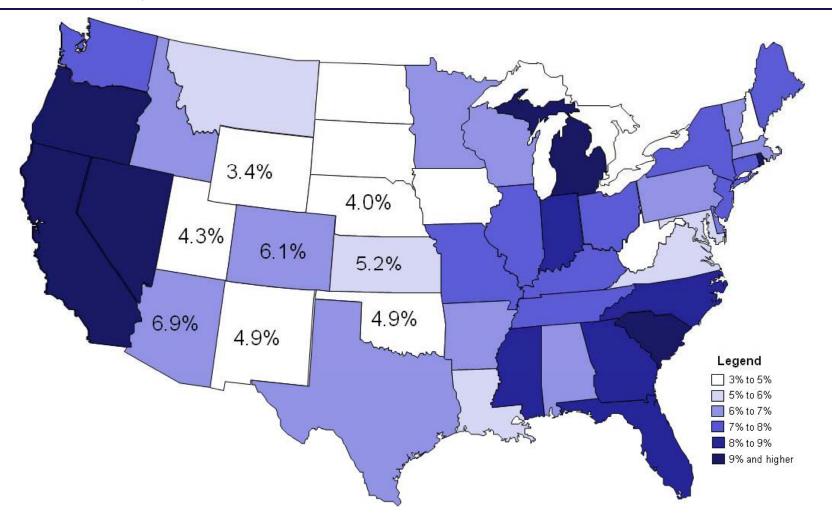


Unemployment Rate



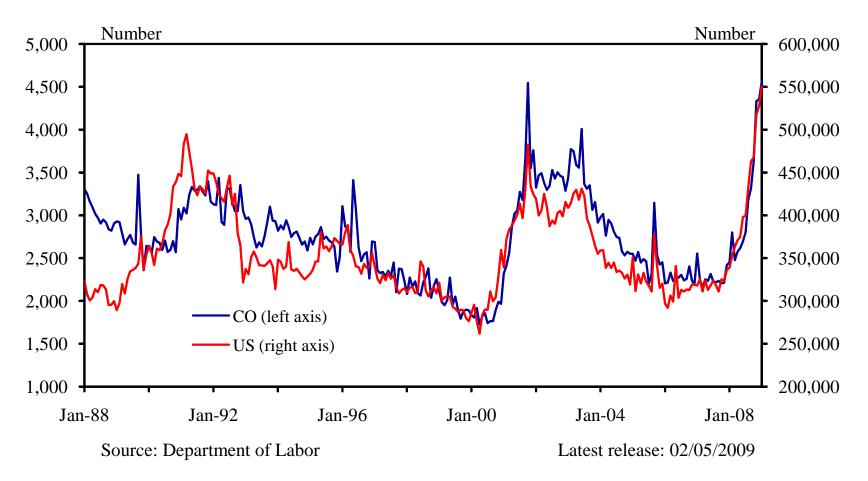


Unemployment Rate, December 2008





Initial Claims for Unemployment Insurance





Nonfarm Employment by Industry

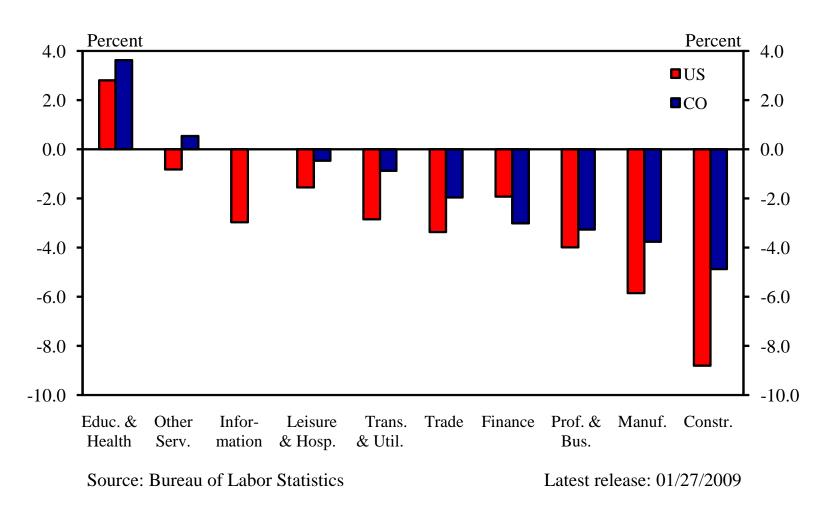
December 2008

Industry	US	СО
Natural Resources and Mining	0.59%	1.25%
Construction	4.93%	6.55%
Manufacturing	9.54%	5.98%
Trade	15.74%	15.34%
Transportation and Utilities	3.68%	3.34%
Information	2.16%	3.27%
Financial Activities	5.94%	6.58%
Professional and Business Services	12.81%	14.46%
Educational and Health Services	14.15%	10.80%
Leisure and Hospitality Services	9.66%	11.66%
Other Services	4.00%	3.99%
State and Local Covernment	1 / 770/	14 569/
State and Local Government	14.77%	14.56%
Federal Government	2.03%	2.22%



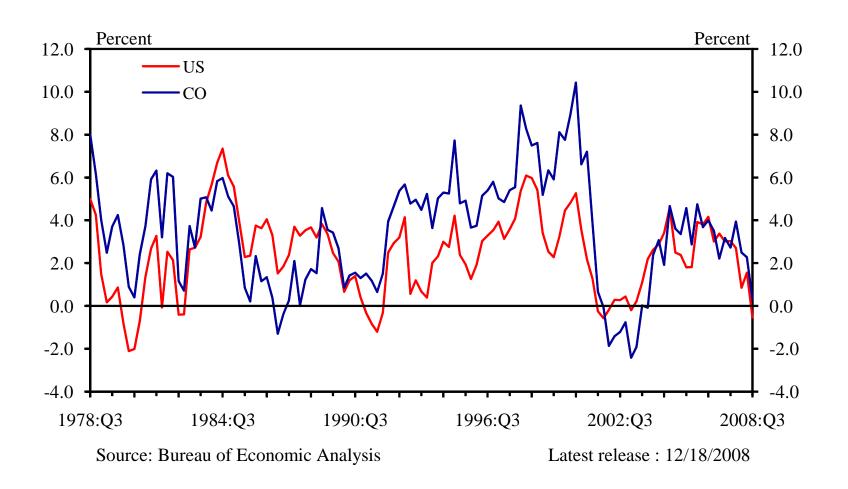
Private Job Growth by Industry

Dec 2008 over Dec 2007





Growth in Real Personal Income

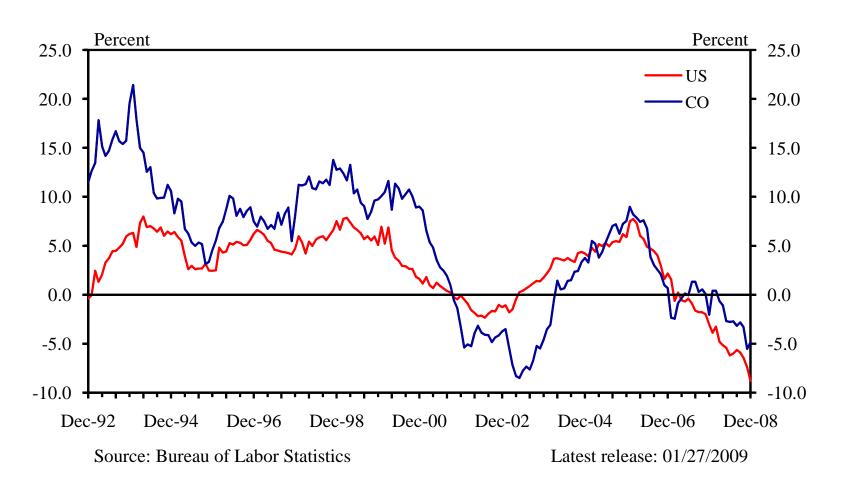




Housing and Construction Activity

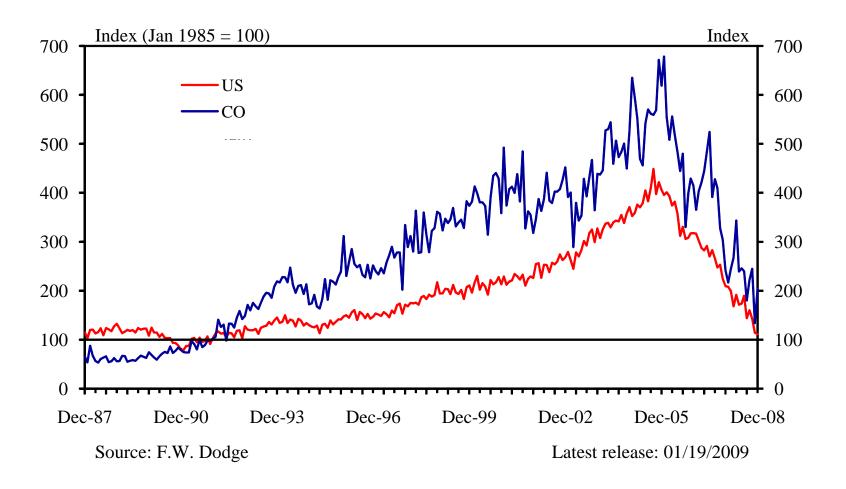


Growth in Construction Employment



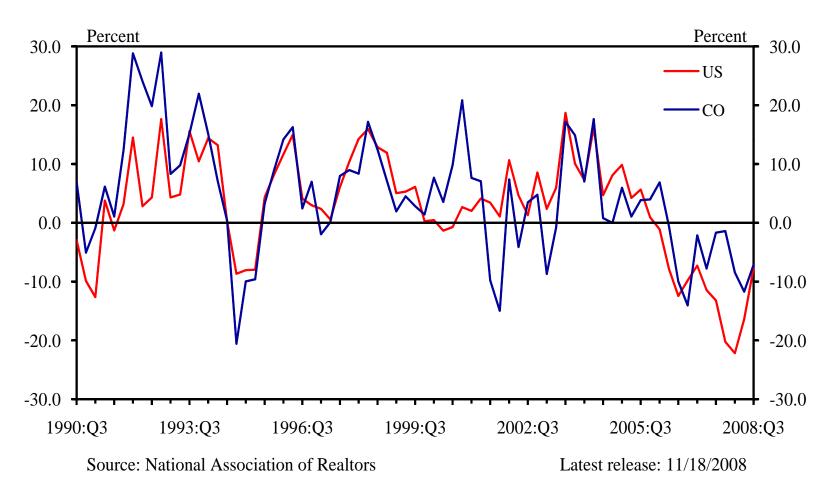


Value of Residential Construction Contracts



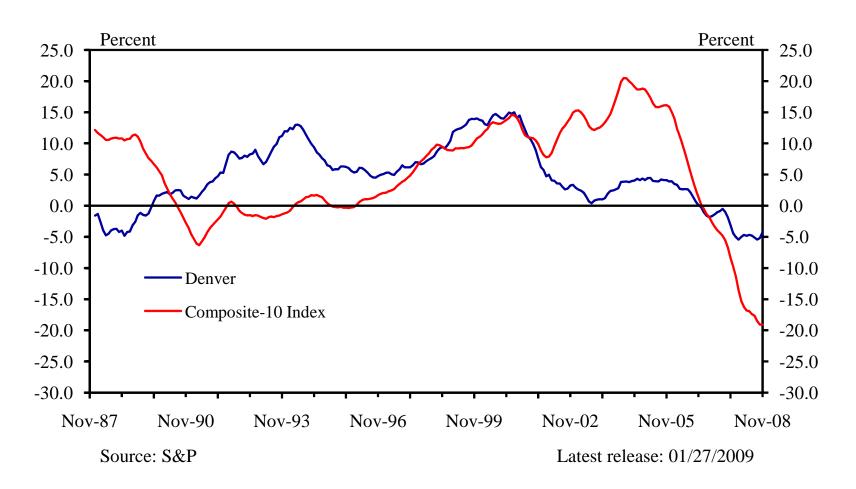


Existing Home Sales





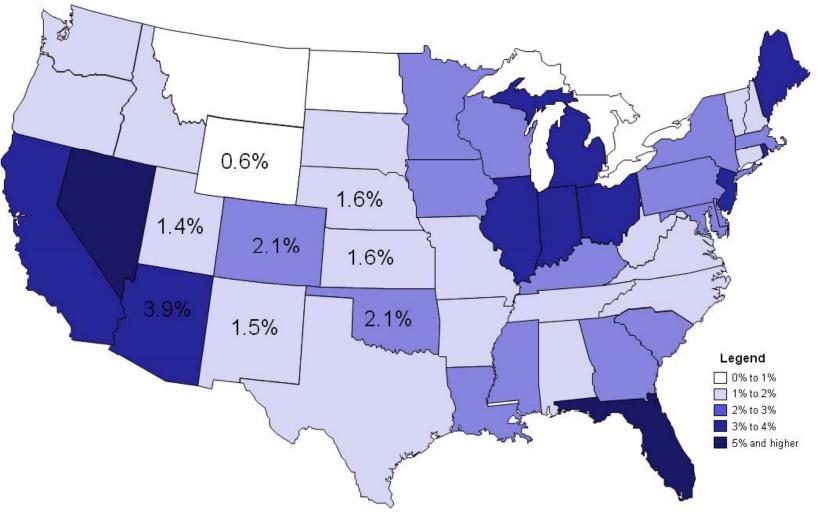
Home Price Appreciation





Foreclosure Inventory

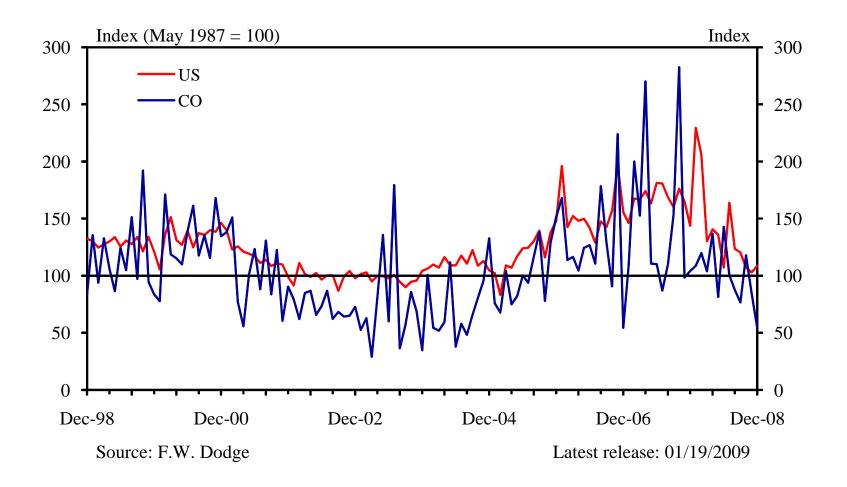
Third Quarter 2008





Source: Mortgage Bankers Association

Value of Commercial Construction Contracts

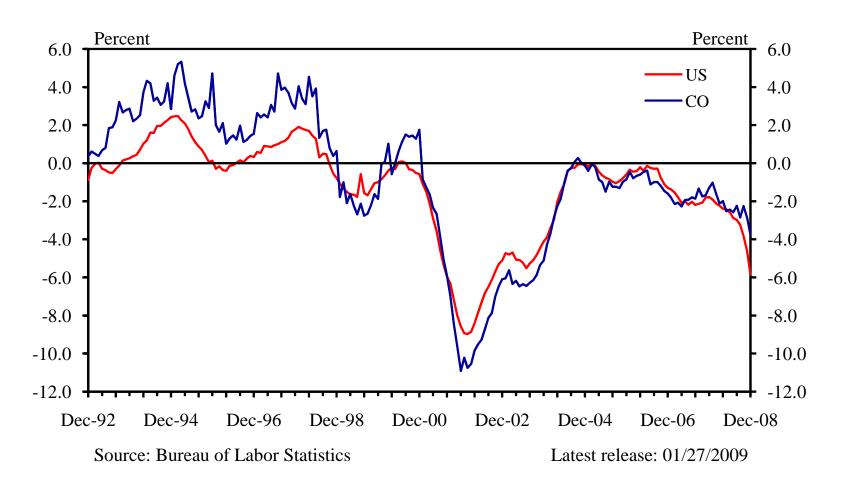




Manufacturing Activity



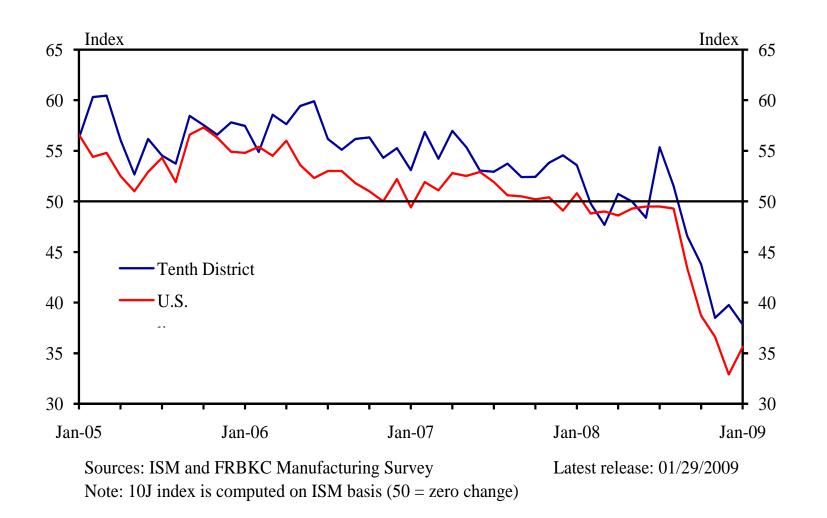
Growth in Manufacturing Employment





Manufacturing Activity

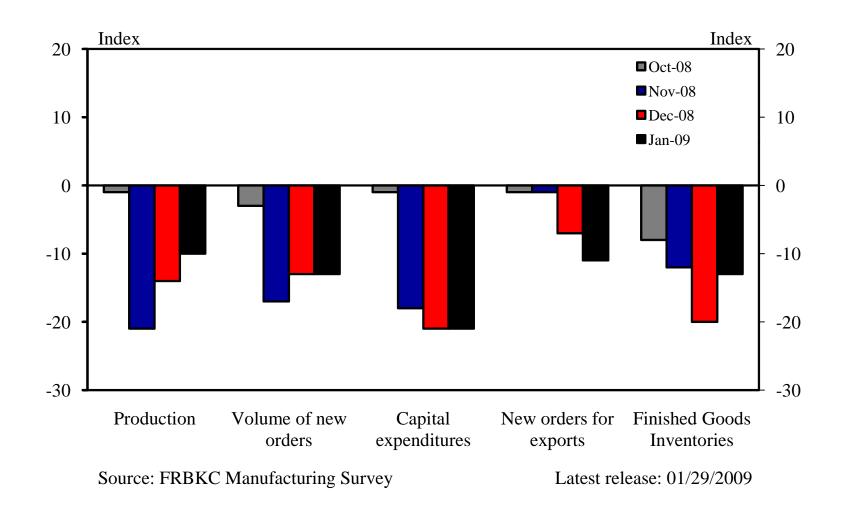
Month-over-month PMI indexes (seasonally adjusted)





Manufacturing Activity in the 10th District

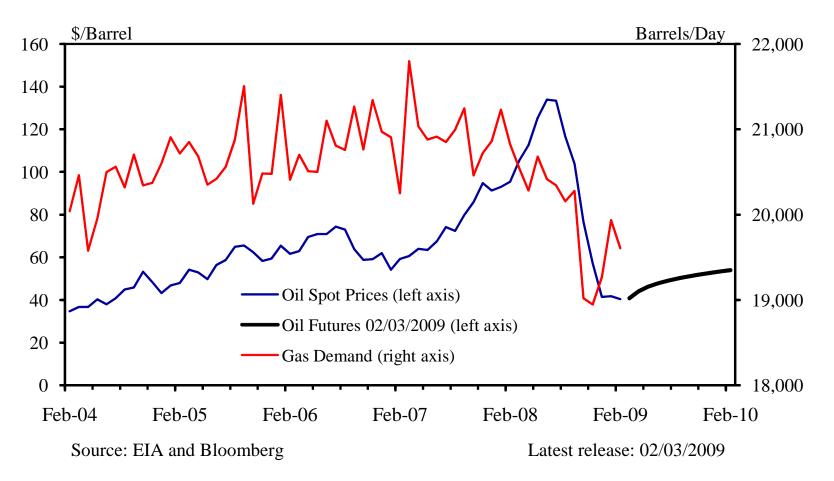
Six-month-ahead expectation indexes (seasonally adjusted)





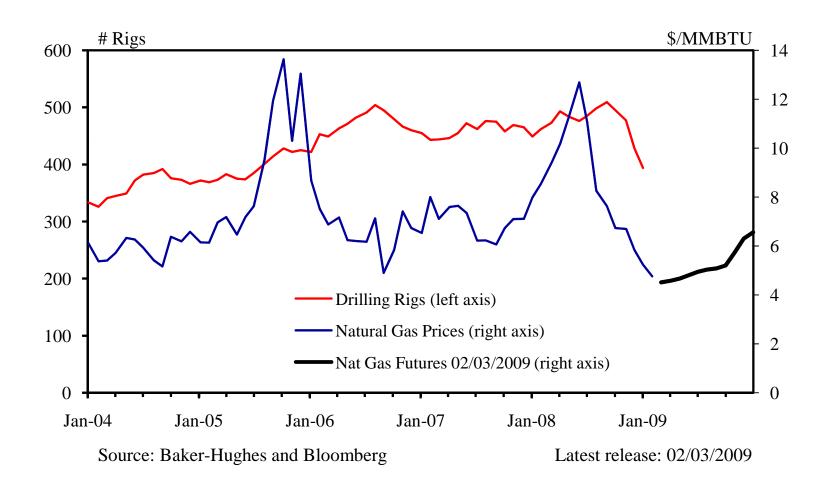


Oil Prices and U.S. Demand for Oil



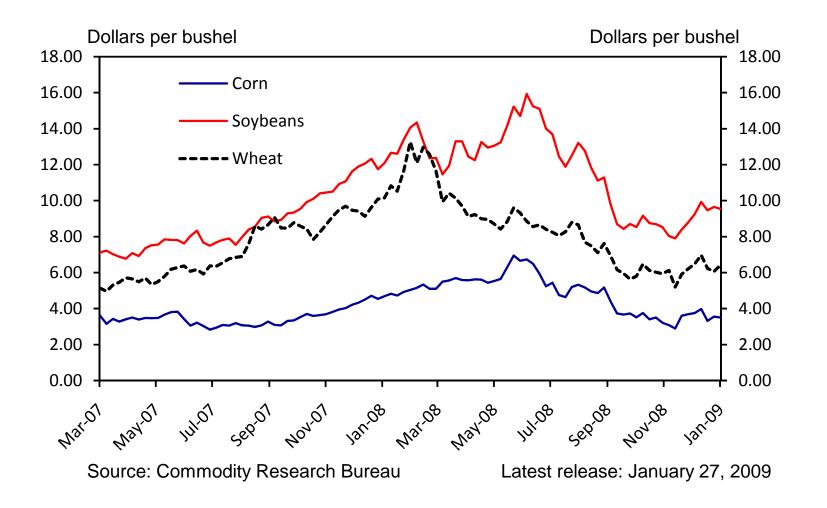


Natural Gas Prices and 10th District Active Drilling Rigs





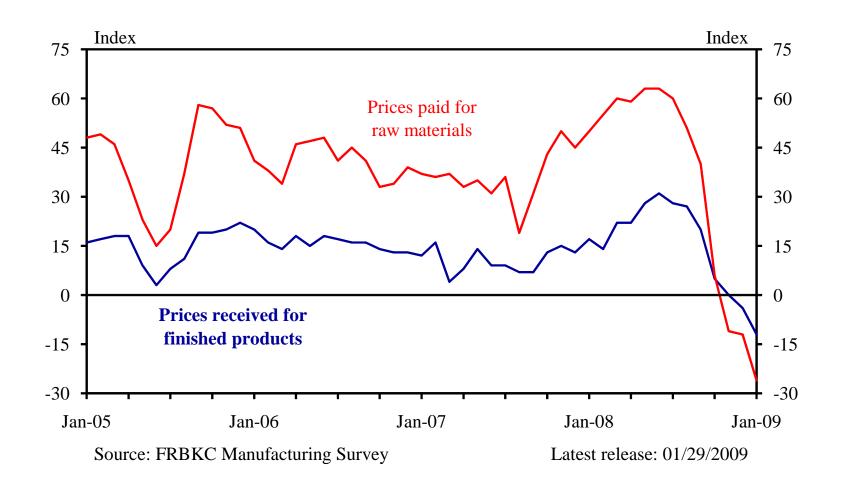
U.S. Crop Prices





Manufacturing Price Pressures

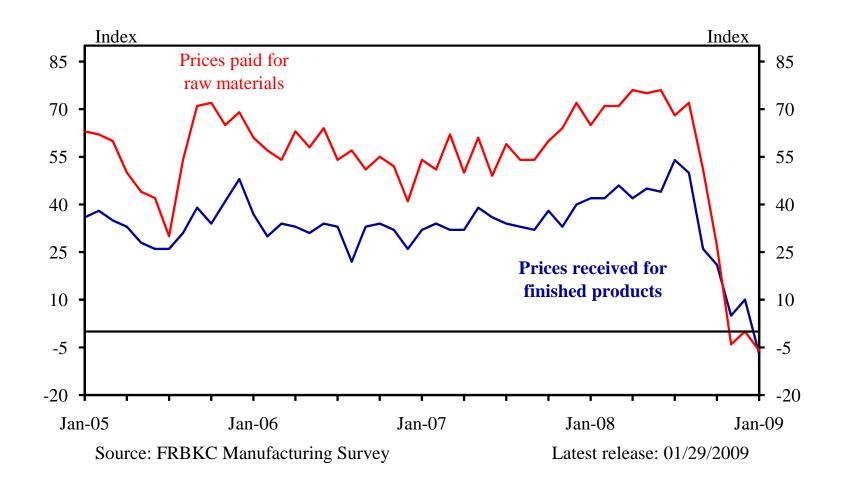
Month-over-month price diffusion index for the Tenth District





Manufacturing Price Pressures

Six-month-ahead price diffusion index for the Tenth District

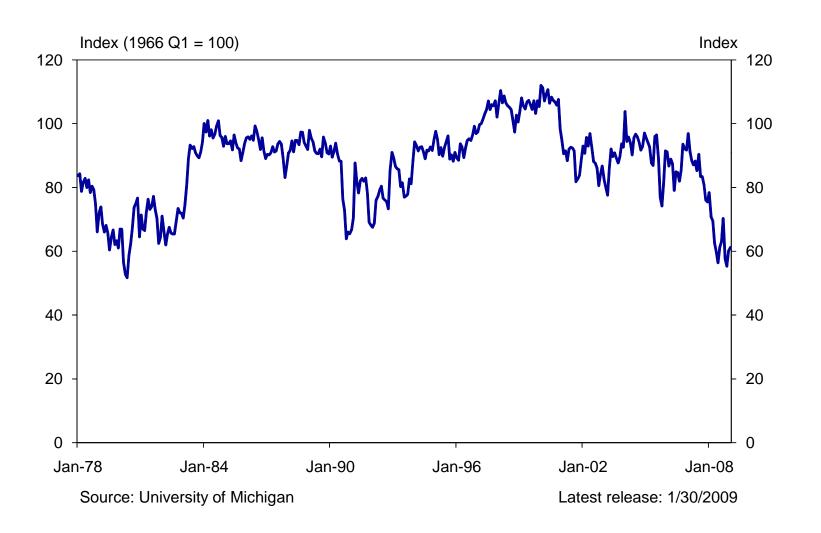




Consumer Confidence and Consumer Spending



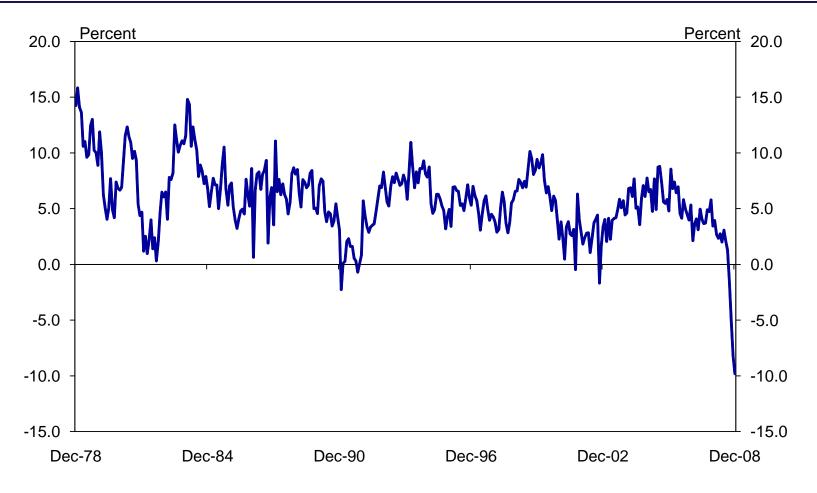
Consumer Confidence





National Retail Sales

Year-over-year, seasonally adjusted



Source: US Census Bureau

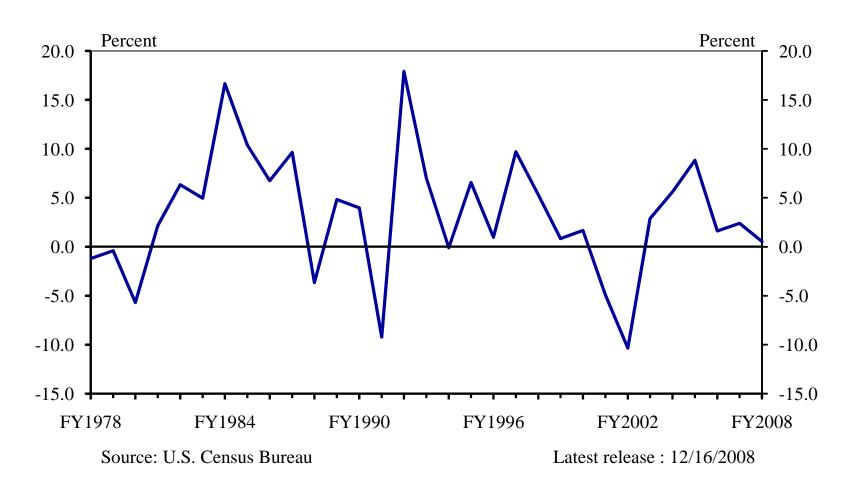
Latest release: 01/14/2009



State Tax Revenues



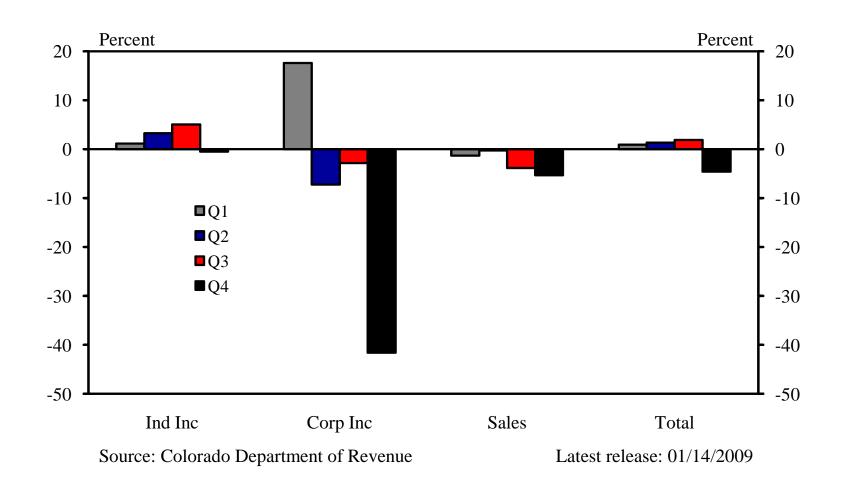
Colorado Real State Tax Revenue Growth





Colorado State Tax Revenues

Year-over-year growth





Conclusions

- The Colorado economy continues to outperform the nation, but economic activity is slowing sharply.
- Colorado employment growth was negative in 2008, and leading employment indicators suggest that labor conditions will worsen in the months ahead.
- The manufacturing and construction industries are the weakest industries in the U.S. and Colorado. Current surveys and data do not indicate a near-term rebound.
- Price pressures eased substantially in the fourth quarter of 2008.
- Consumer confidence has been shaken, and its rebound is one key component of an economic recovery.

