

# U.S. and Regional Economic Conditions

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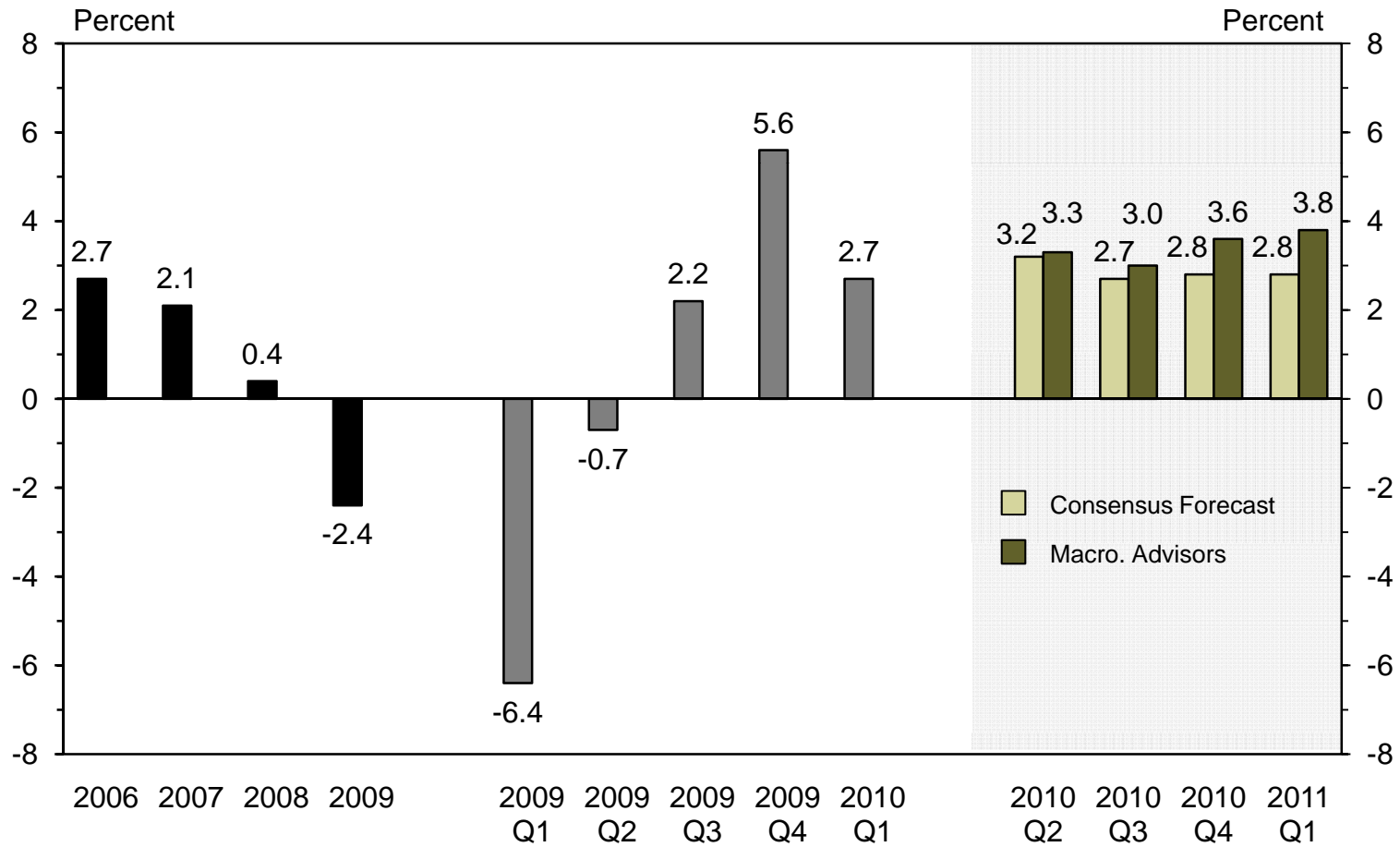
# Gradual recovery continues nationally and in the 10<sup>th</sup> District

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- U.S. recovery continues to exceed expectations
- Troubling weakness in recent data?
- 10<sup>th</sup> District is about 1 quarter behind U.S.
- Labor market recovering slowly, long transition
- Housing and commercial real estate remain greatest domestic risks
- Access to capital remains constrained
- Fiscal issues emerging as major LR challenge

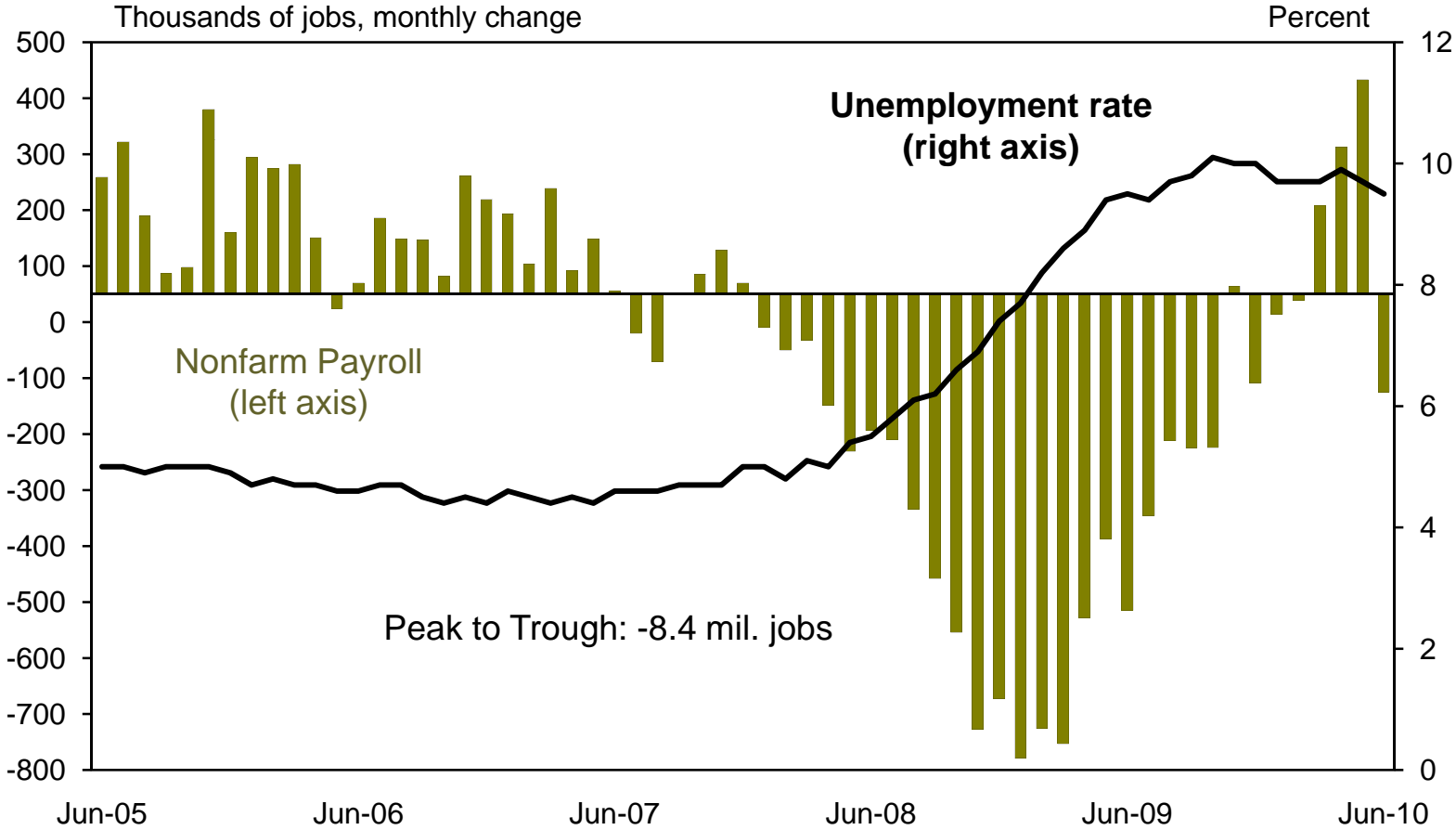
# 3%+ GDP growth expected in '10 and '11

**Real Gross Domestic Product**  
Seasonally Adjusted



# Does recent job report indicate hiring stall?

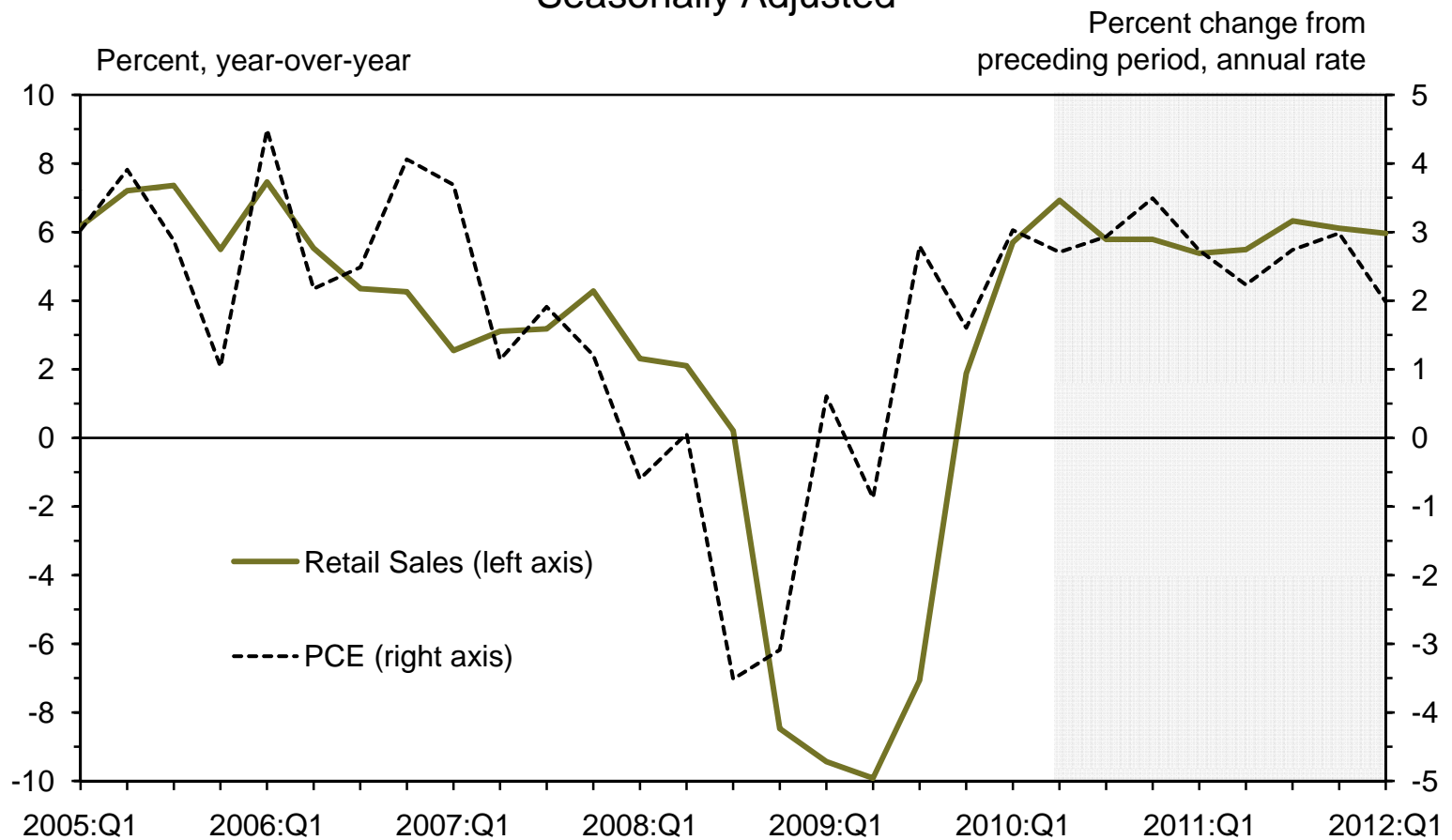
**Nonfarm Payroll Employment and Unemployment**  
Seasonally Adjusted



Source: Bureau of Economic Analysis, Bureau of Labor Statistics

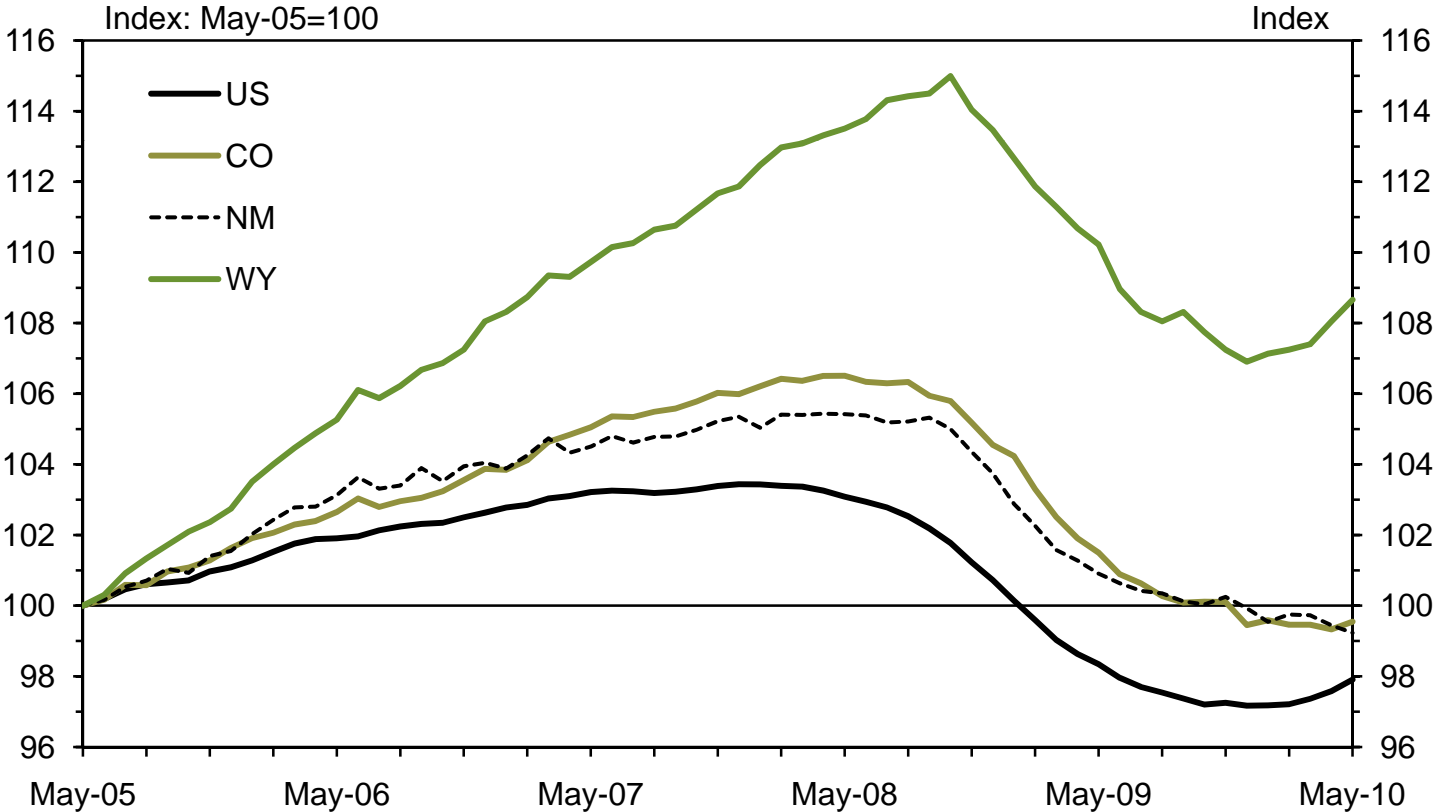
# Forecasts suggest 'normal' consumer spending recovery

## Retail Sales vs. Personal Consumption Expenditures Seasonally Adjusted



# State Cycles: CO/NM show no bounce yet, WY following energy cycle

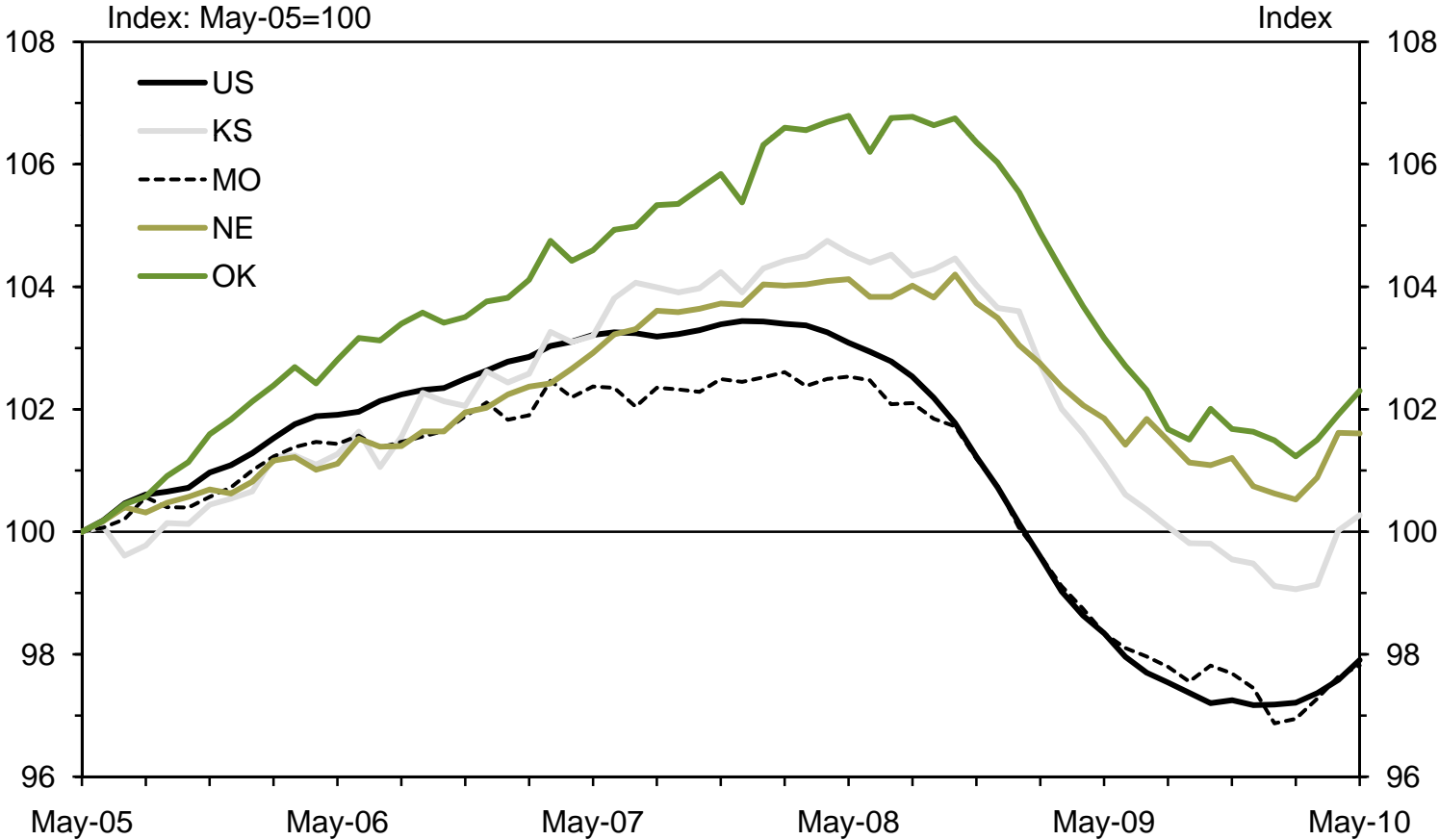
**Total Nonfarm Employment**  
Seasonally Adjusted



Source: Bureau of Labor Statistics

# State Cycles: NE smallest job loss, OK energy cycle, KS energy/mfg, MO long-run issues, all show bounce

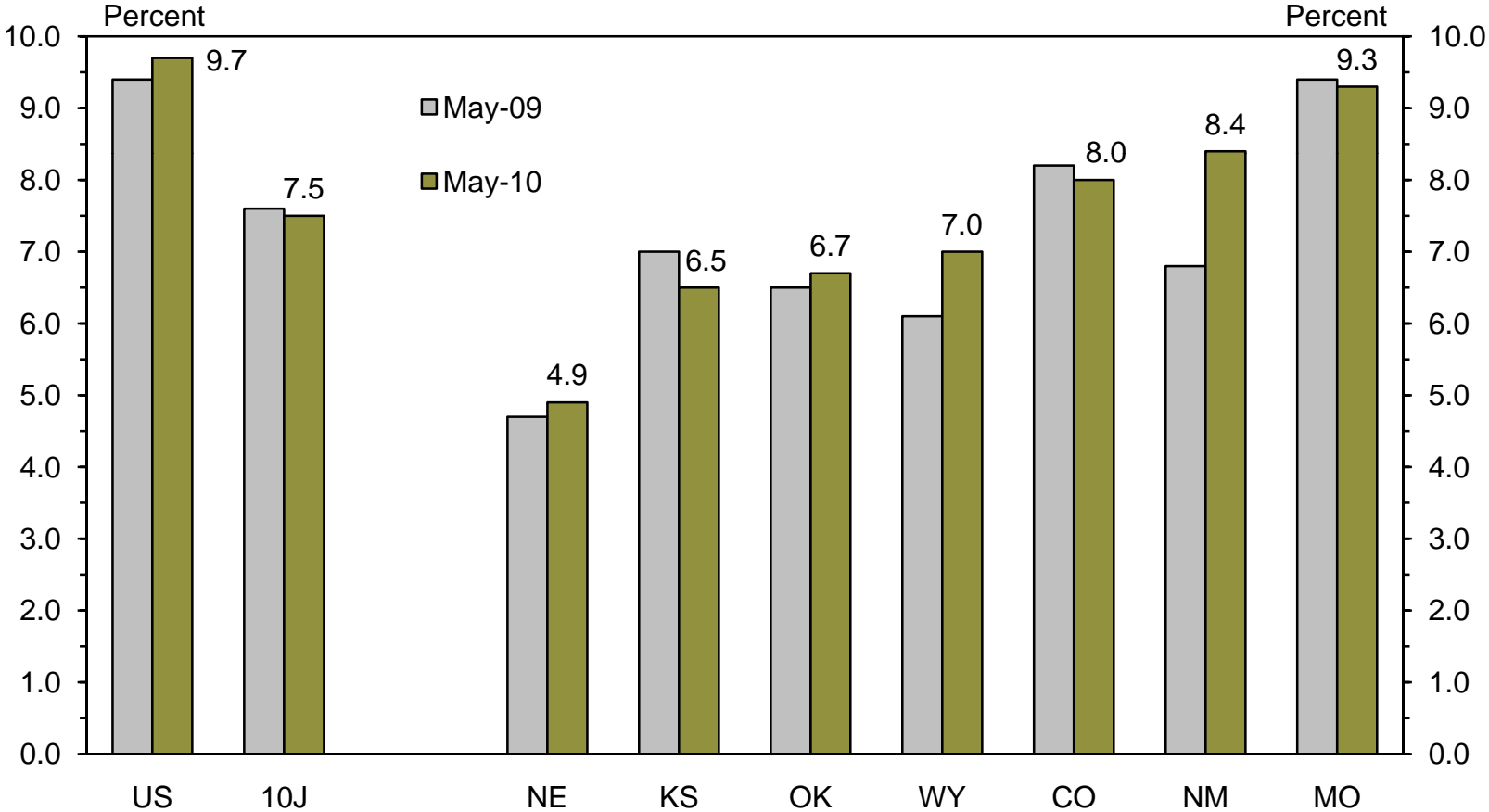
**Total Nonfarm Employment**  
Seasonally Adjusted



Source: Bureau of Labor Statistics

# Jobless rates in district states remain below U.S.

**Unemployment Rate**  
Seasonally Adjusted

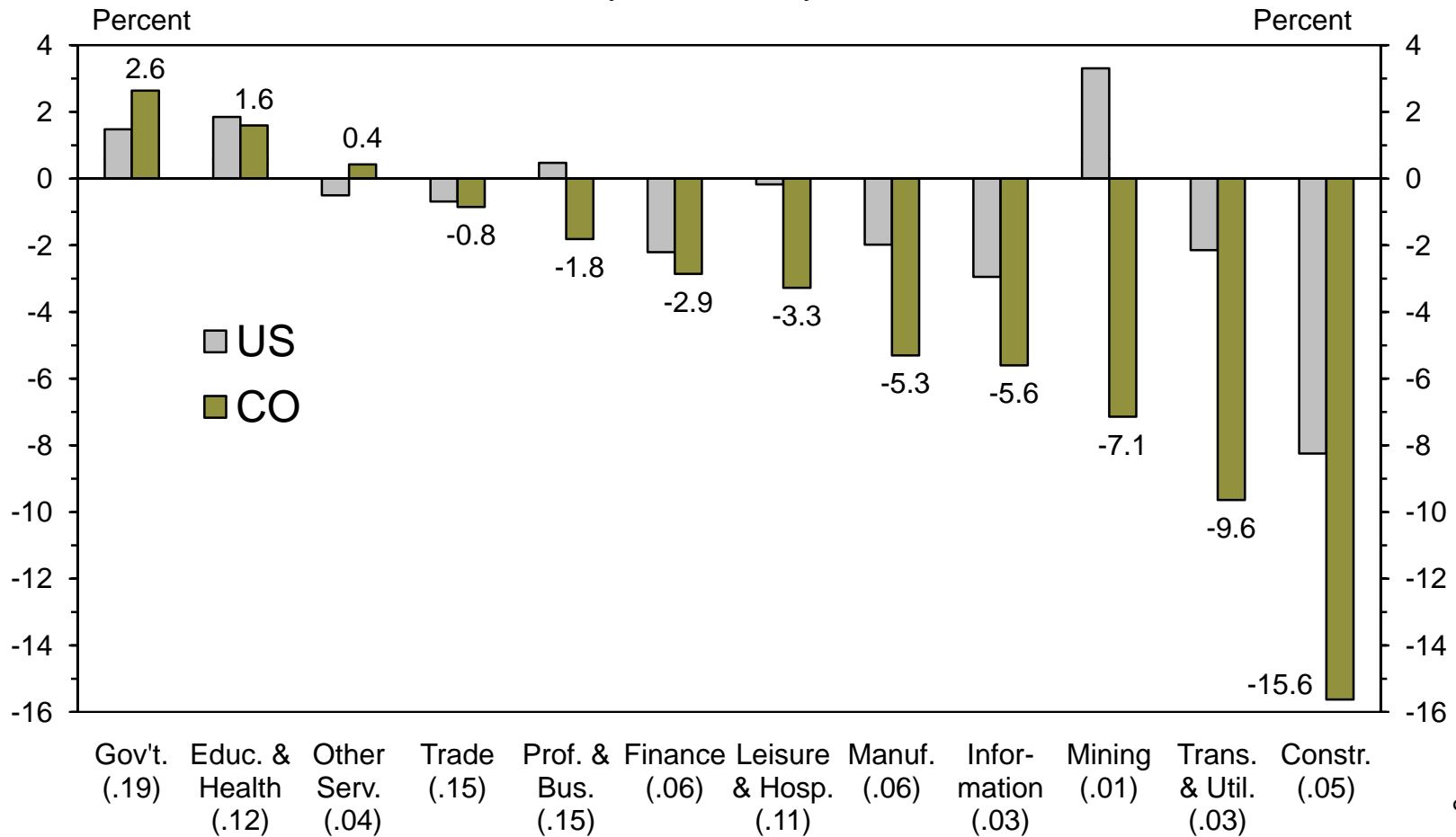


Source: Bureau of Labor Statistics



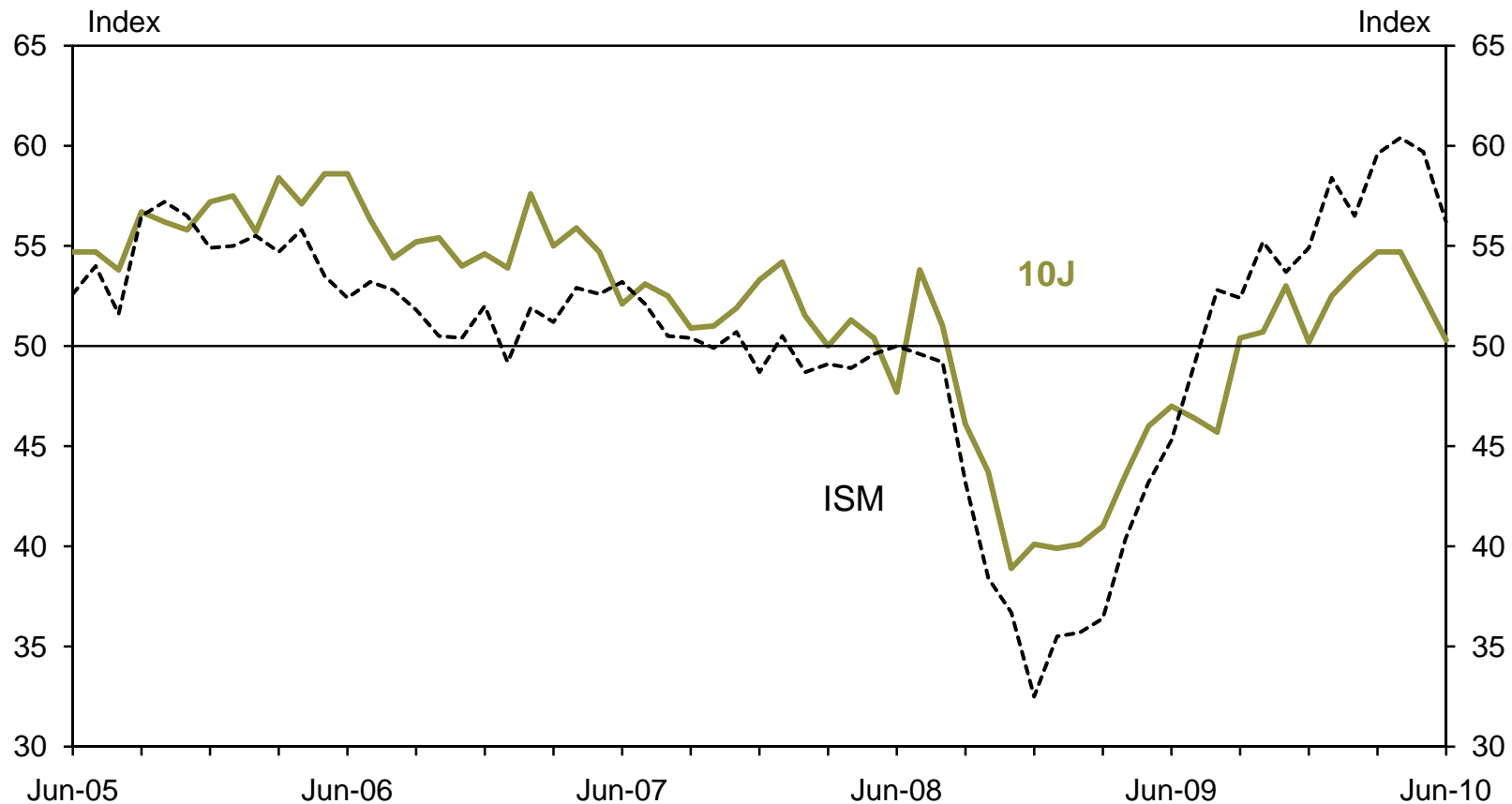
# CO job gains lag U.S. in most sectors

**Nonfarm Job Growth by Industry**  
May-10 over May-09

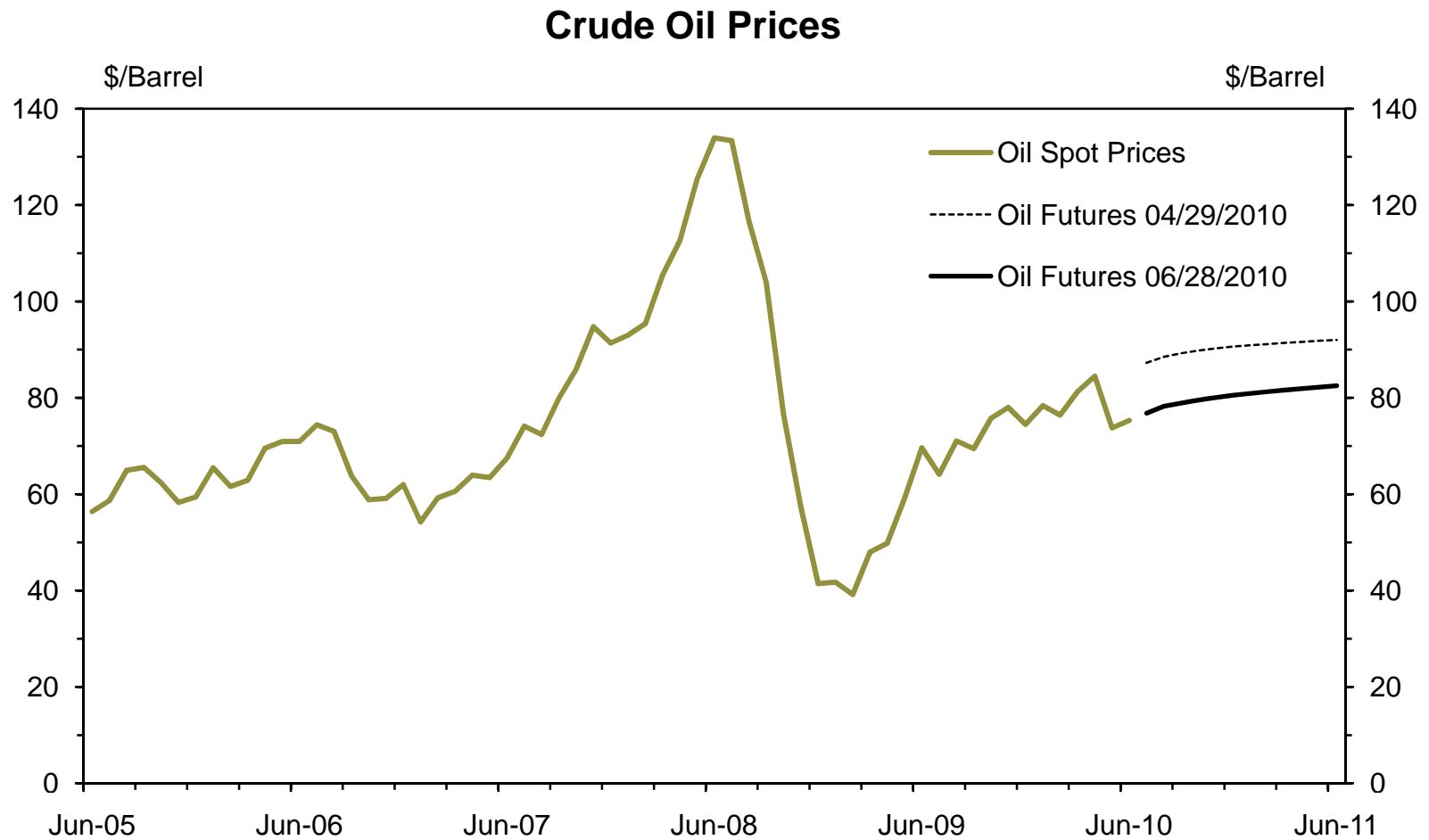


# District manufacturing rebounded along with U.S. factories, but weaker bounce

**Tenth District Manufacturing Indexes**  
Month-over-month

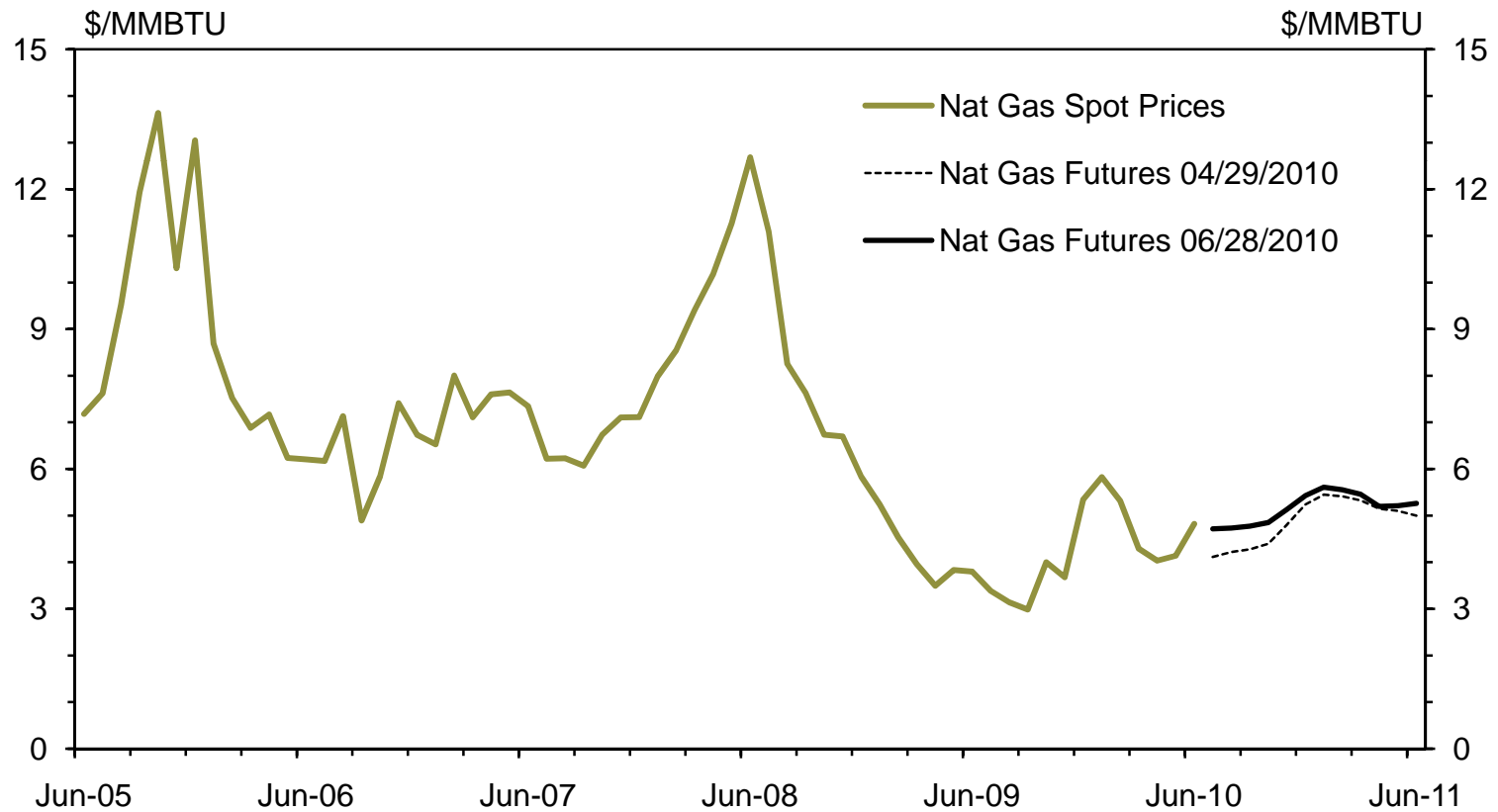


# Oil prices remain attractive to producers, neutral to consumers



... but natural gas prices remain below pre-boom lows

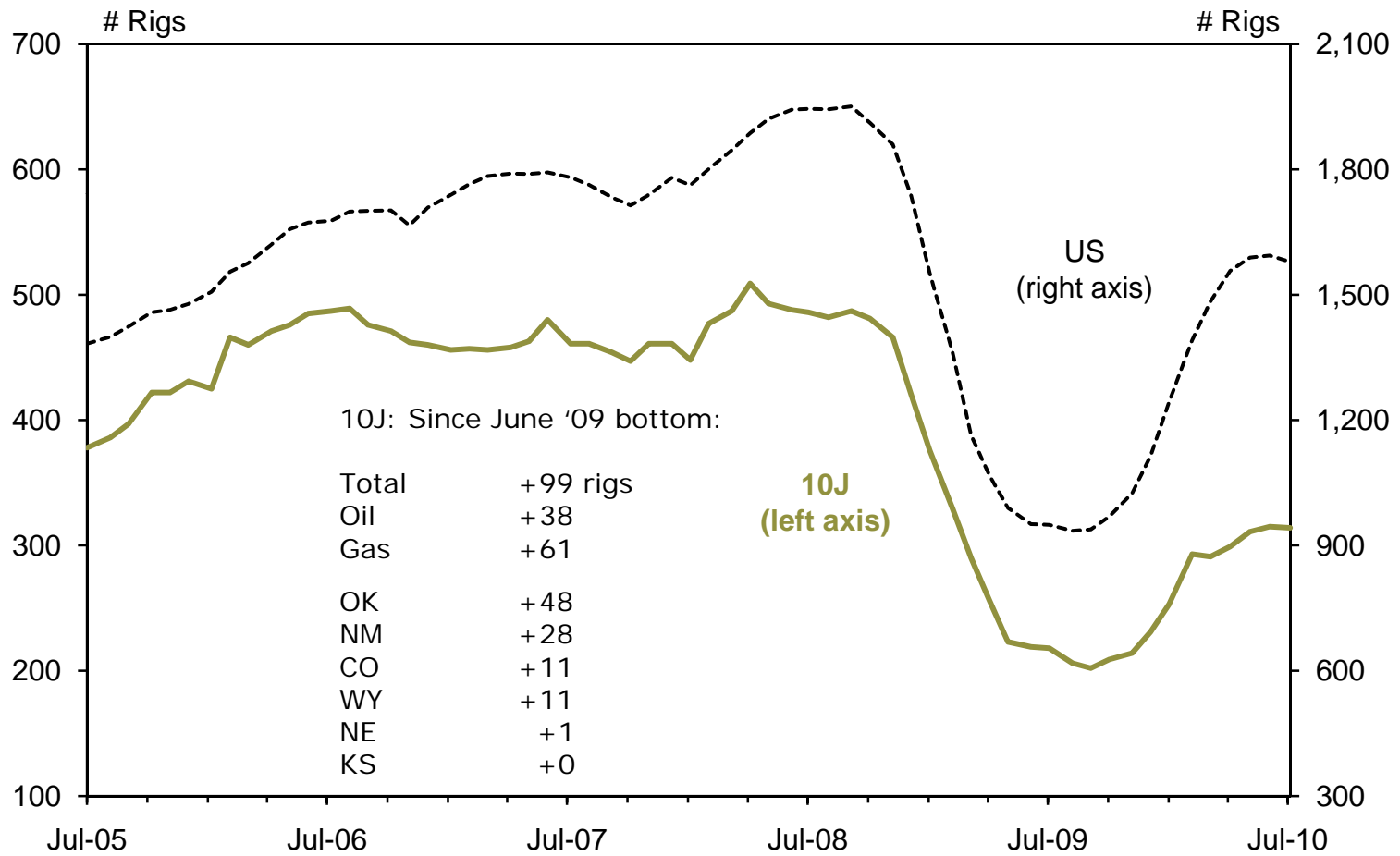
Natural Gas Prices



# Drilling expansion has slowed

(oil leads nationally, 10J at disadvantage)

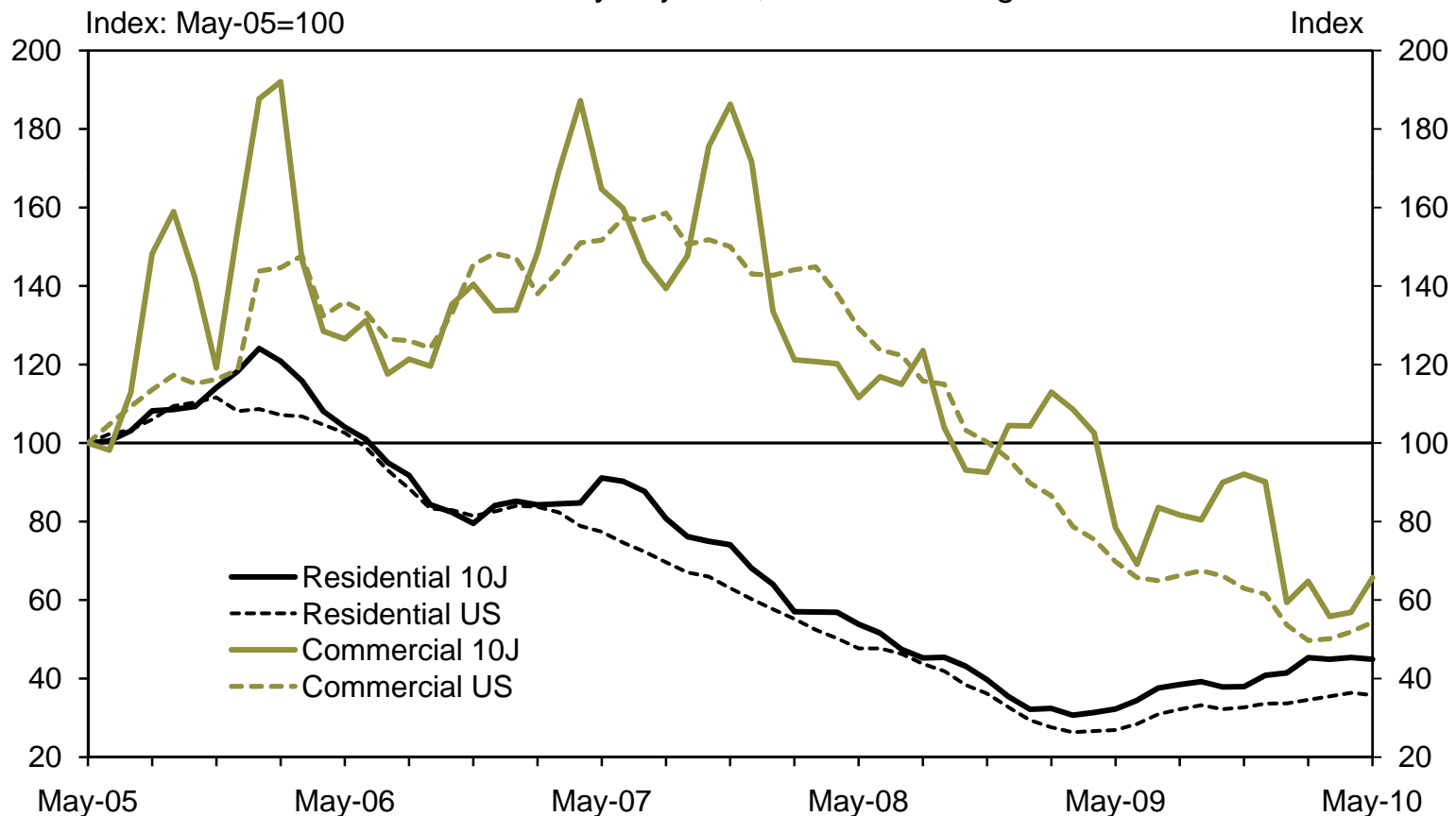
## Count of Active Drilling Rigs



# District commercial and residential construction tracking U.S. trends

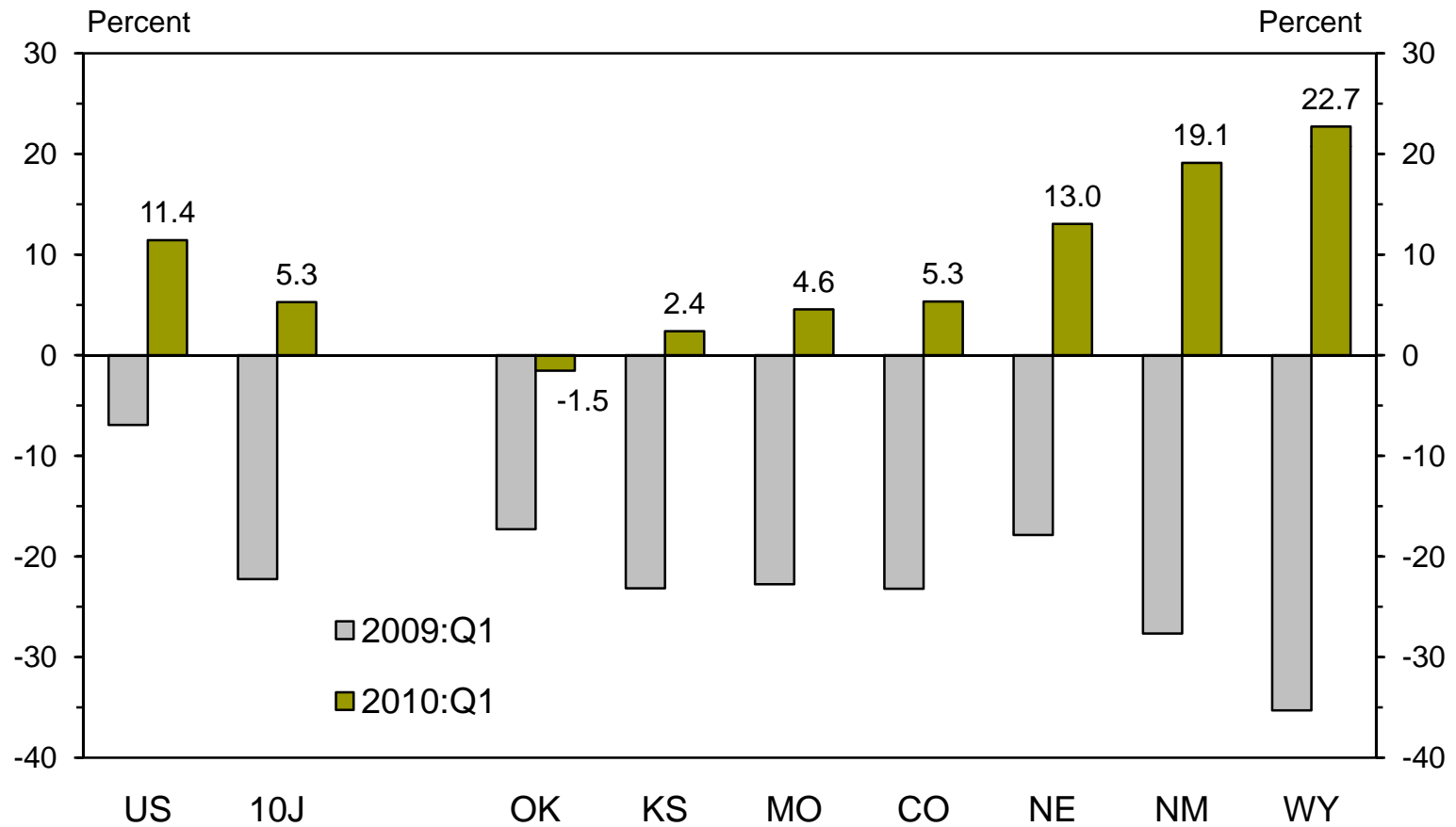
## Value of Commercial & Residential Construction Contracts

Seasonally Adjusted, 3-mo. mov. avg.



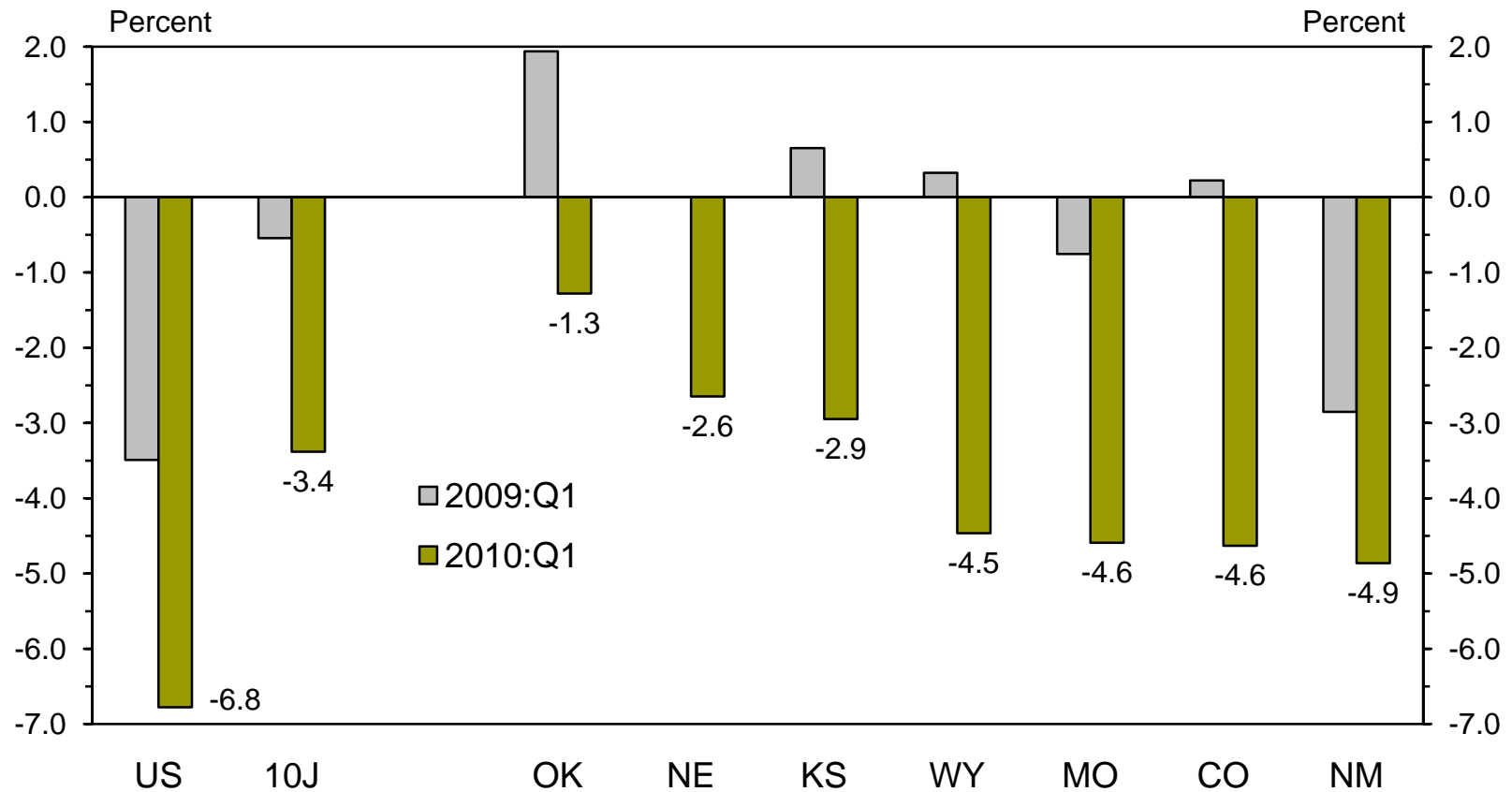
# Existing home sales up in most district states (tax credits driving activity)

**Sales of Existing Homes in District States**  
Seasonally Adjusted



# But no clear bottom in District home prices

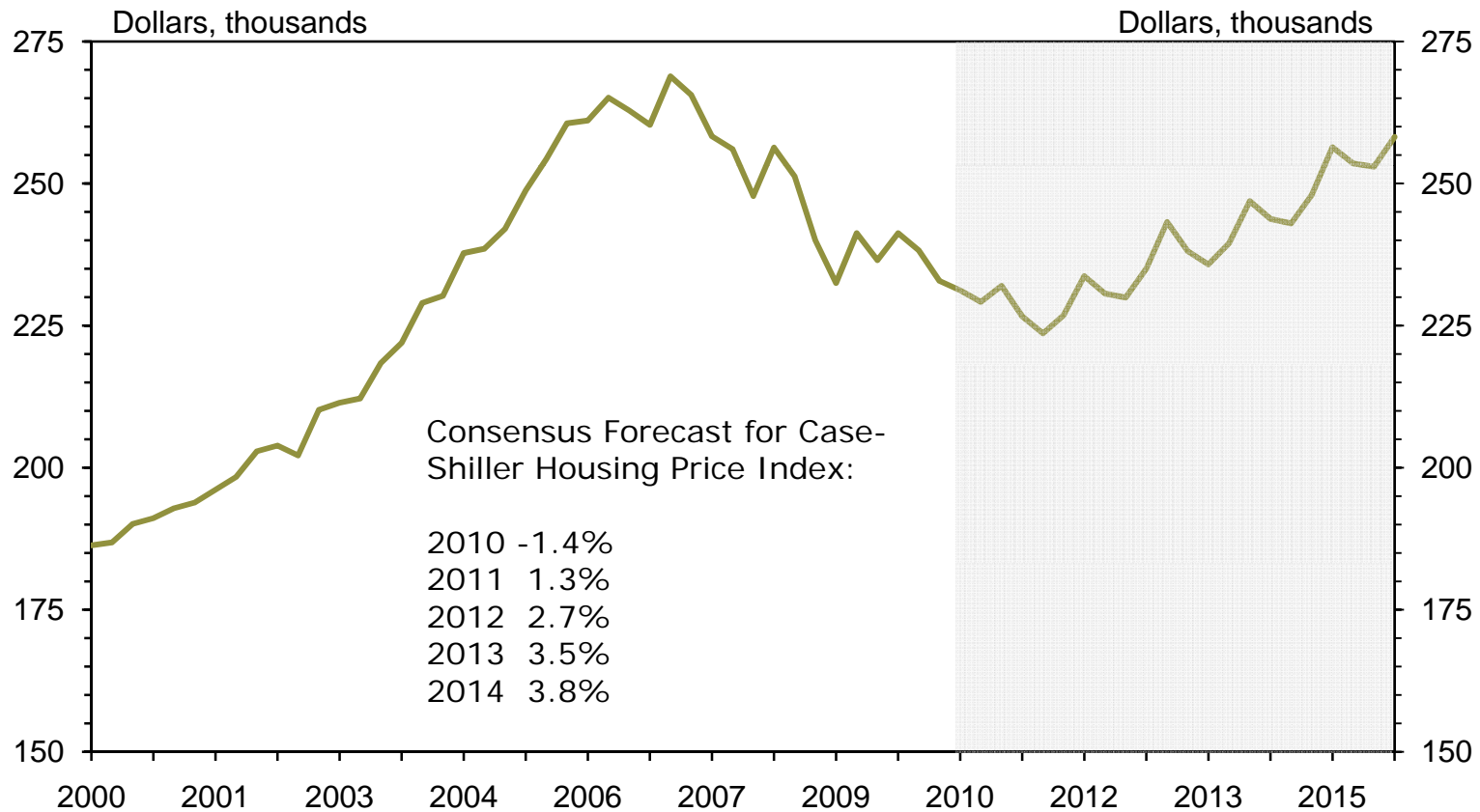
**FHFA Repeat Sales Home Price Index**  
Year-over-year growth





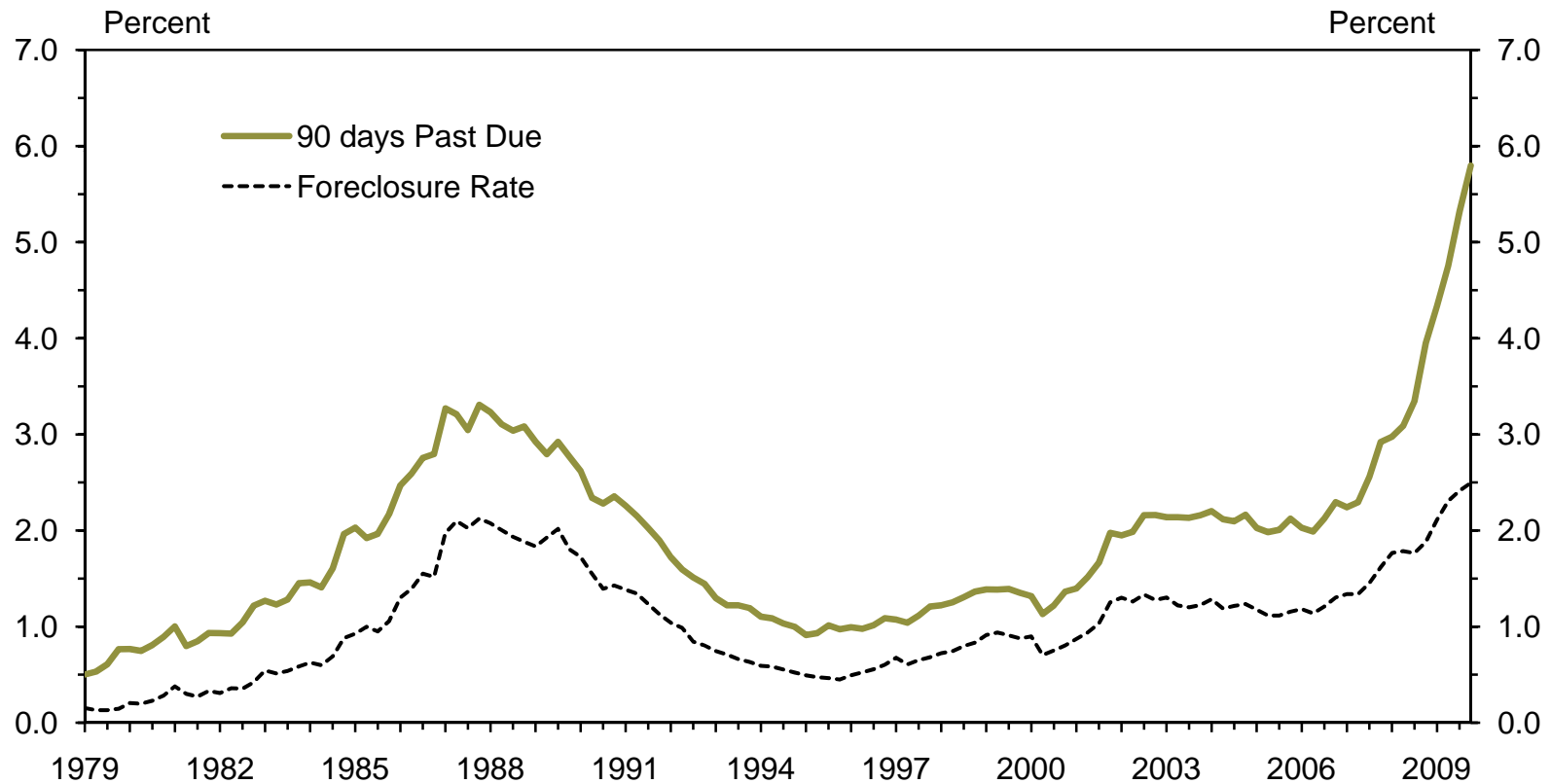
# Home prices are expected to languish through 2011

**Average Sales Price of a New 1996-style Single-family Home**  
Seasonally Adjusted



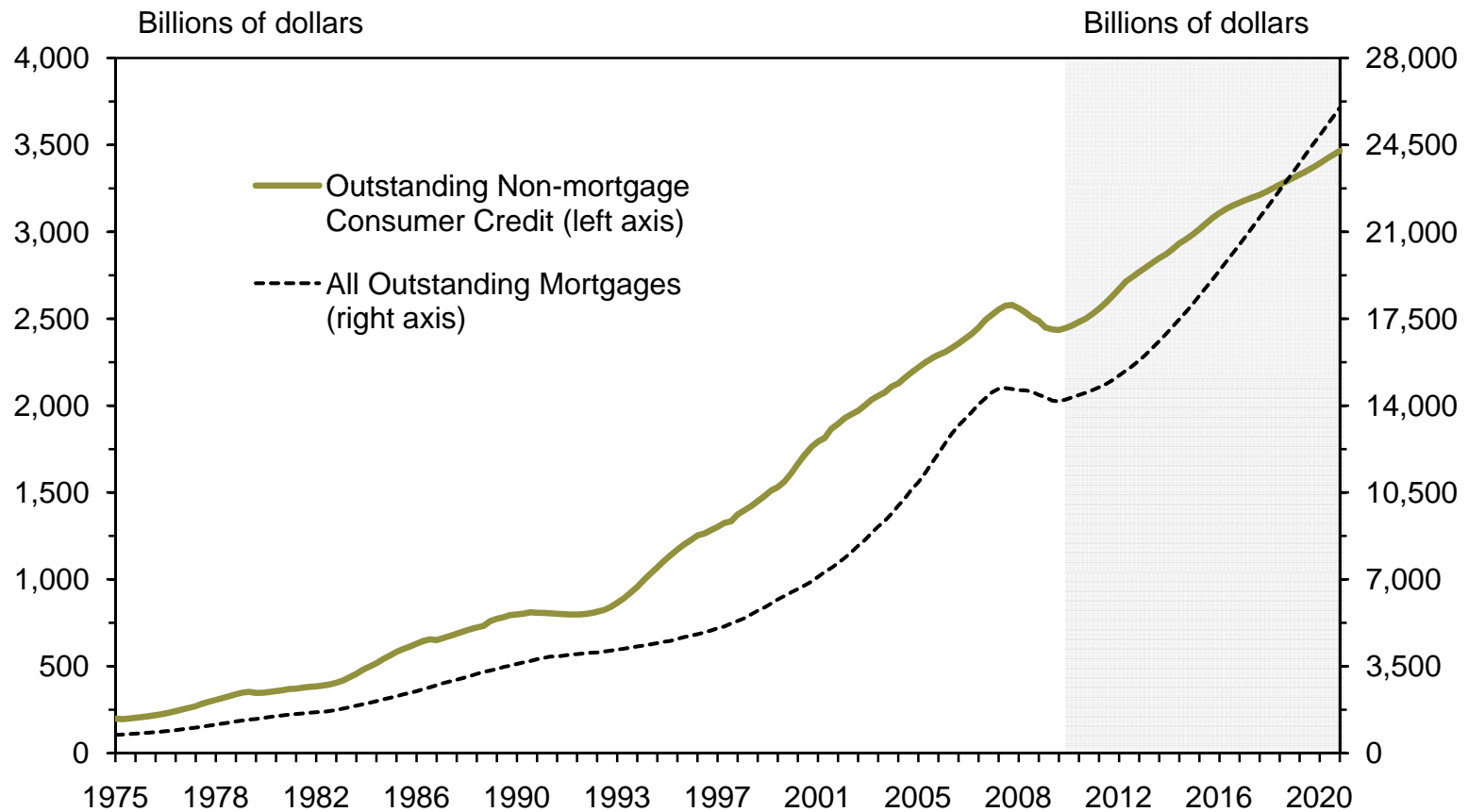
# No peak reached in late mortgages or foreclosures; workouts take hold

## Tenth District Mortgage Foreclosure and Delinquency Rates



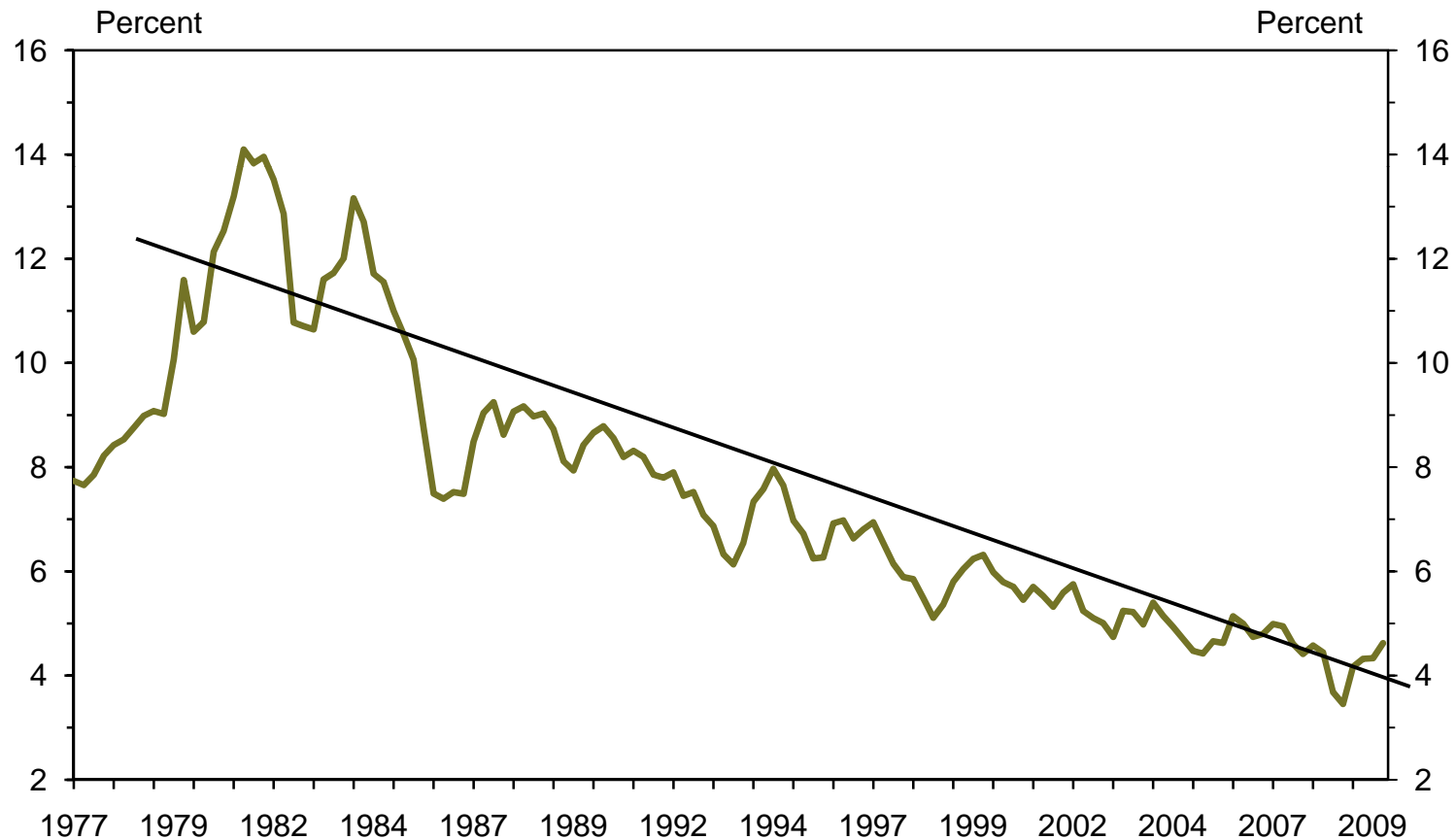
# No major deleveraging of the household sector is expected: cyclical adjustment

## U.S. Consumer Credit



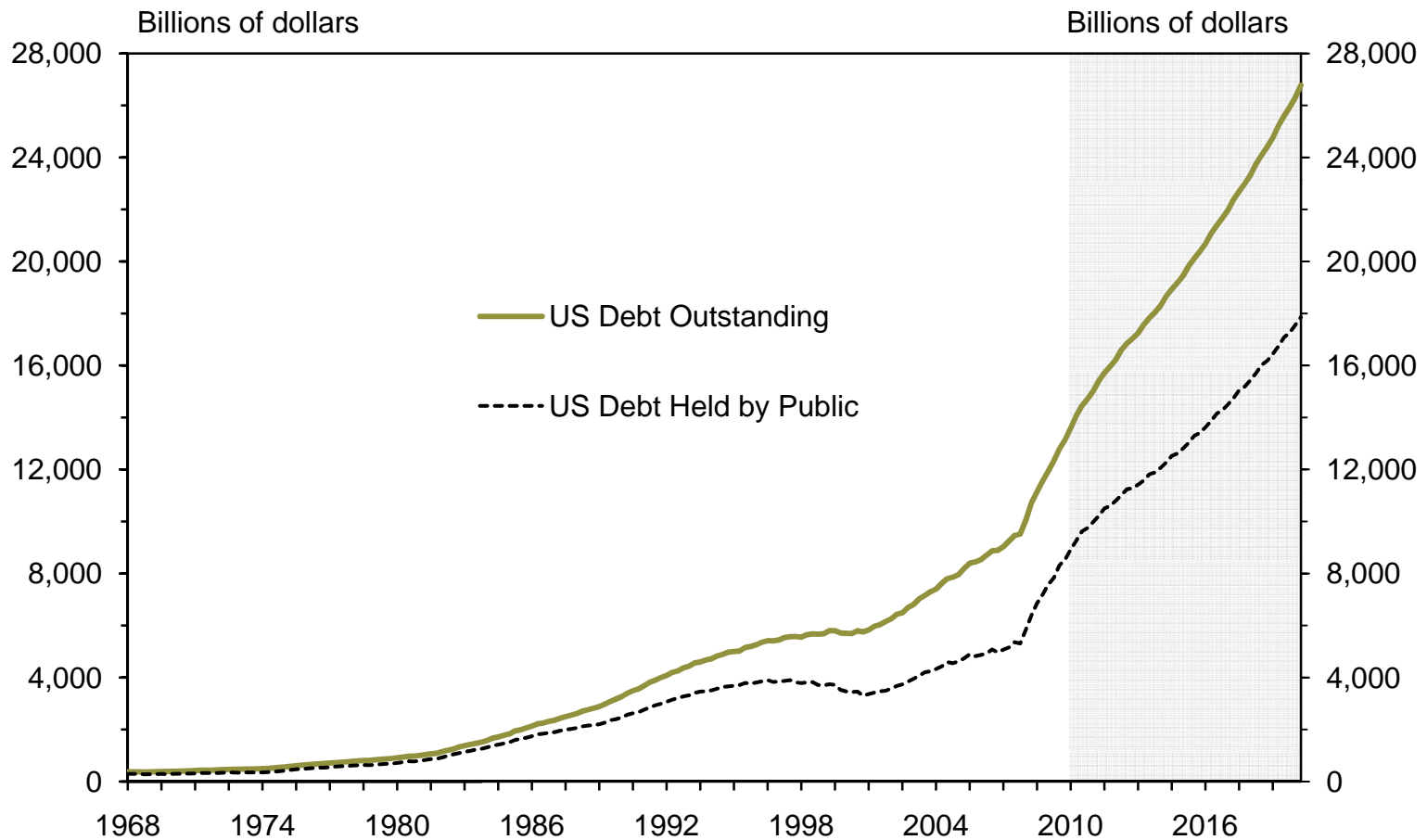
# Was household leveraging fully irrational?

Long-Term Treasury Bond Yields



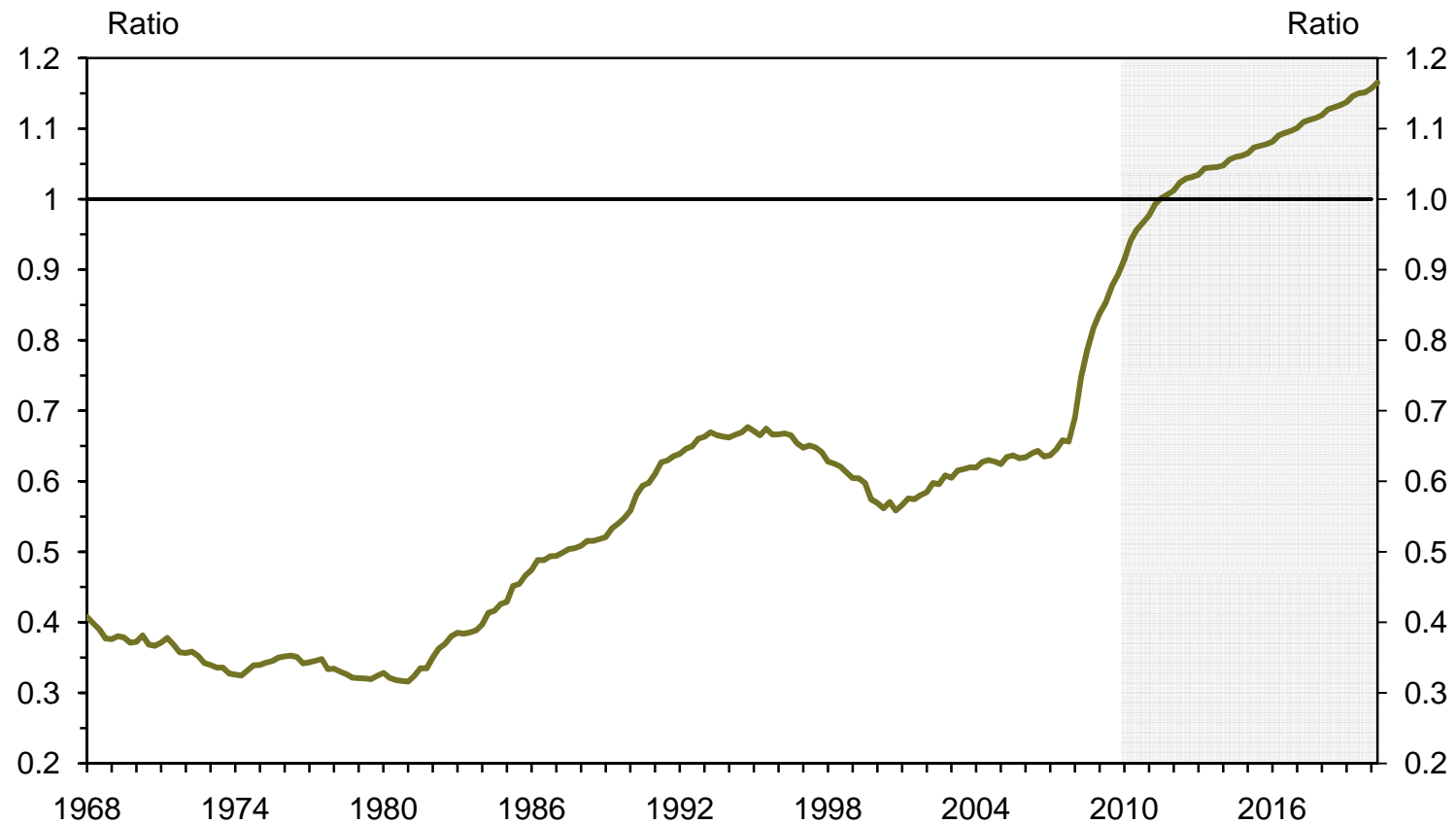
# U.S. fiscal stance will continue to deteriorate

## U.S. Federal Debt Outstanding



# Federal debt believed problematic at these levels

**U.S. Federal Debt Outstanding as a Percentage of GDP**



# U.S. and Regional Economic Update

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Questions?

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