

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

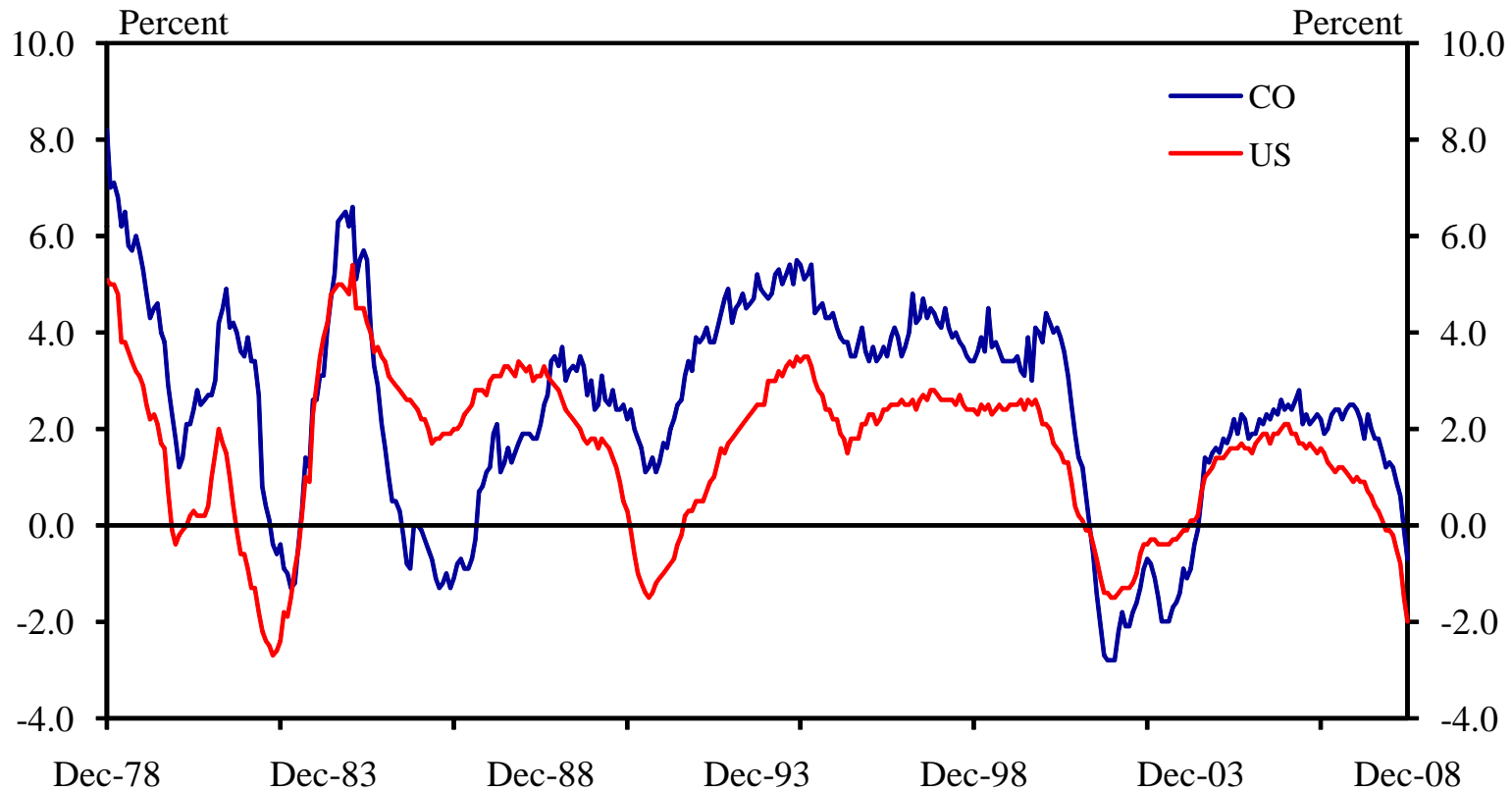


Labor Market



Growth in Nonfarm Employment

Year-over-year



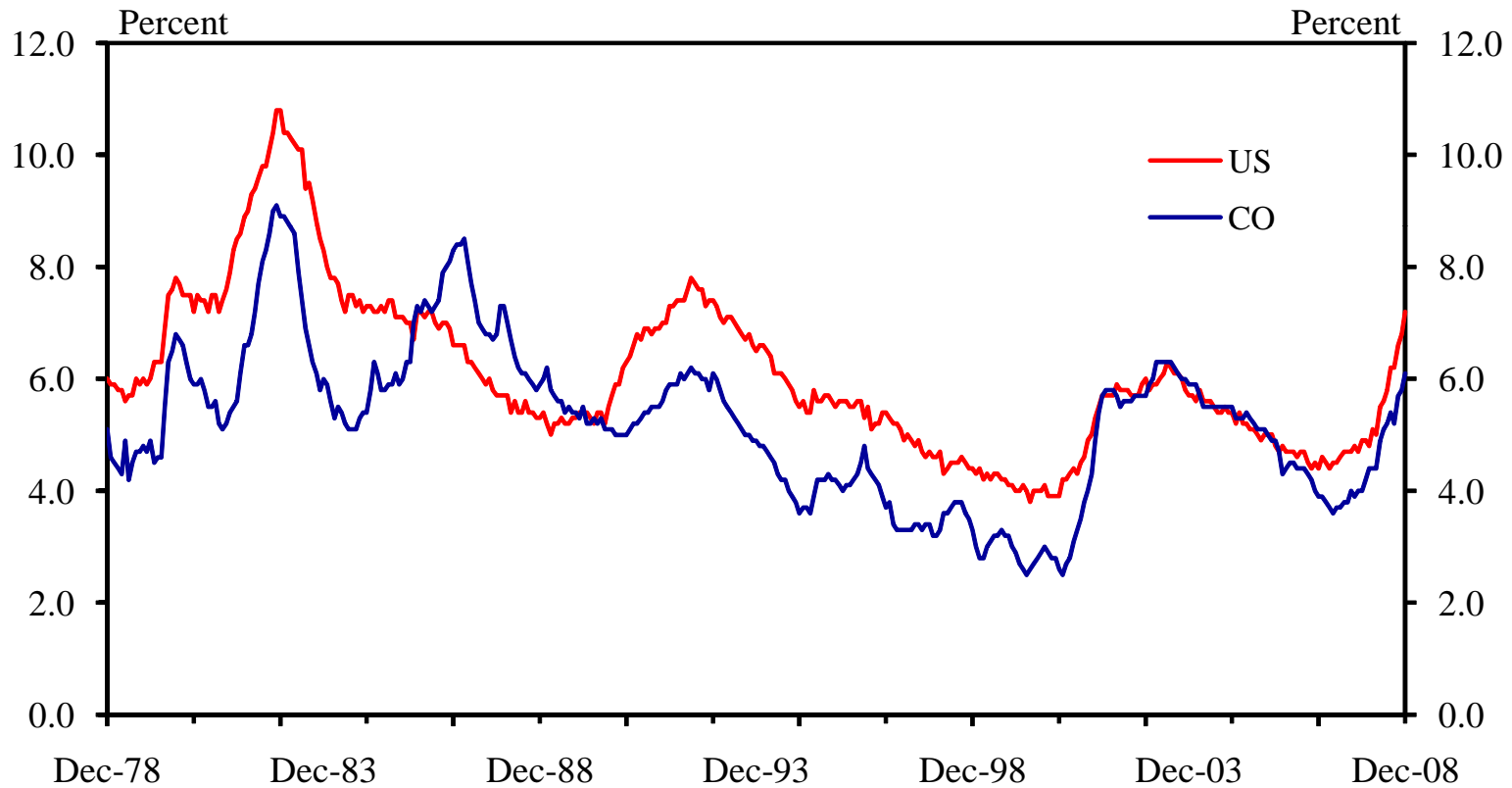
Source: Bureau of Labor Statistics

Latest release: 01/27/2009



Unemployment Rate

Seasonally adjusted



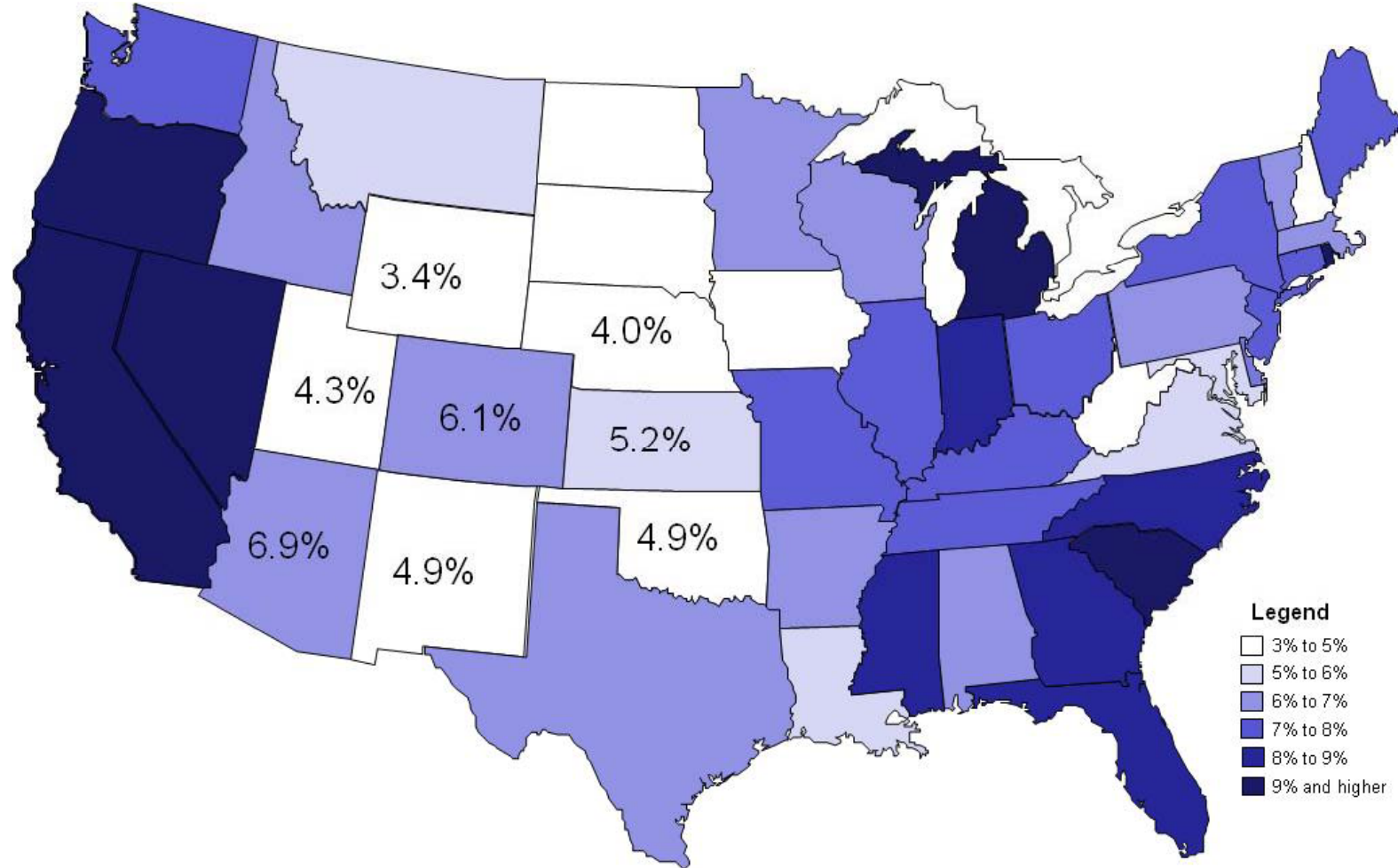
Source: Bureau of Labor Statistics

Latest release: 01/27/2009



Unemployment Rate, December 2008

Seasonally adjusted

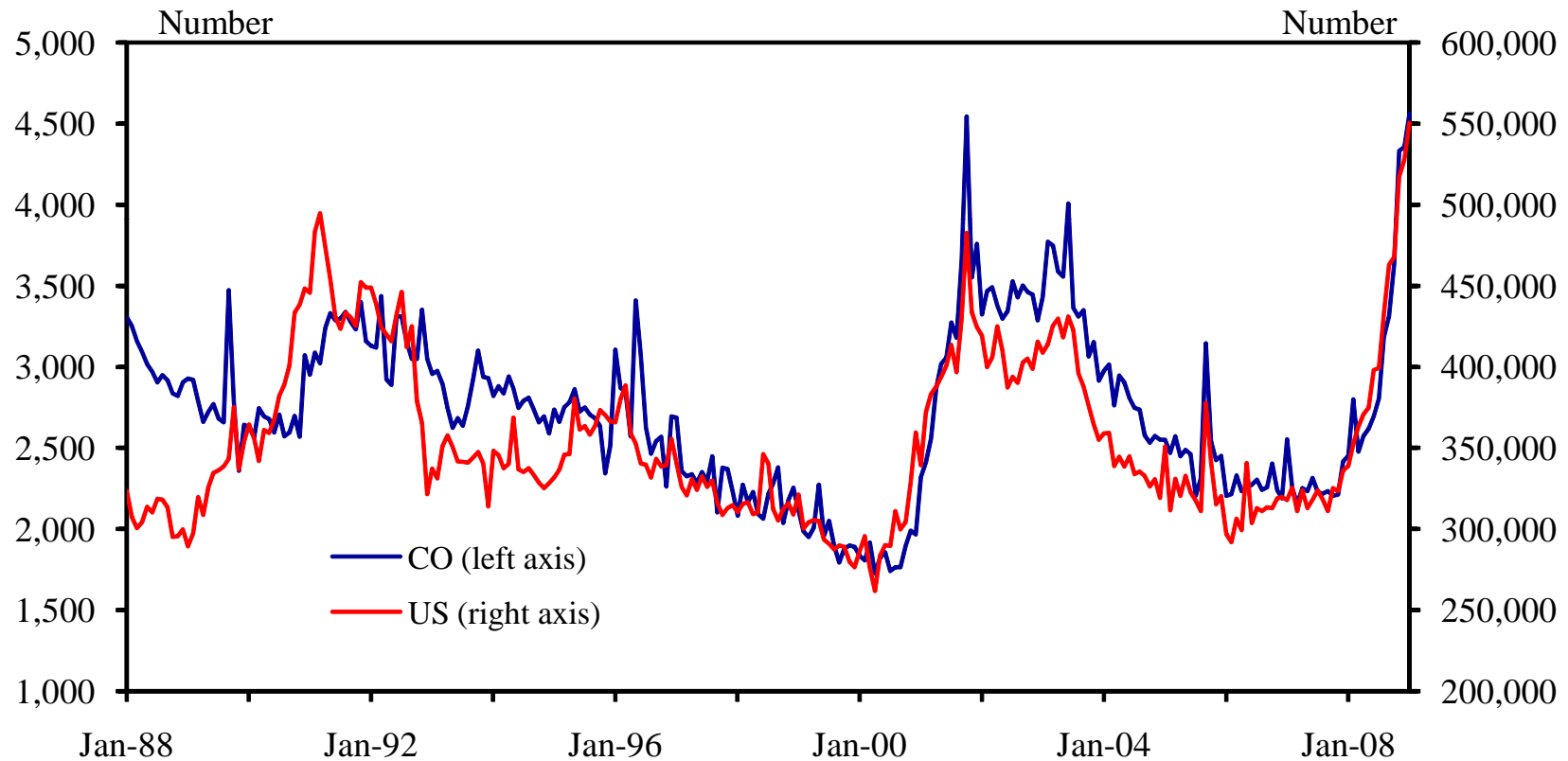


Source: Bureau of Labor Statistics



Initial Claims for Unemployment Insurance

Seasonally adjusted



Source: Department of Labor

Latest release: 02/05/2009



Nonfarm Employment by Industry

December 2008

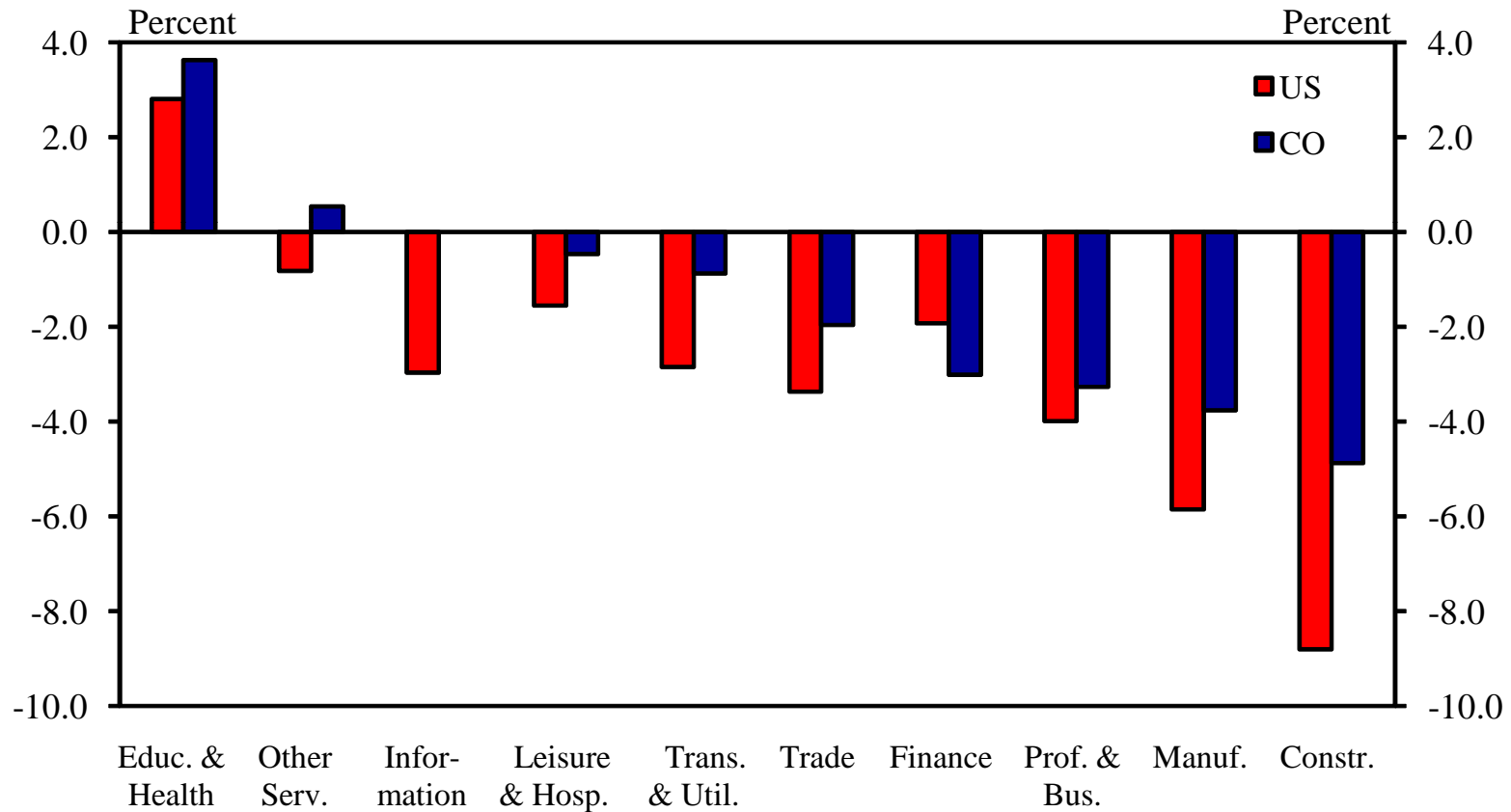
Industry	US	CO
Natural Resources and Mining	0.59%	1.25%
Construction	4.93%	6.55%
Manufacturing	9.54%	5.98%
Trade	15.74%	15.34%
Transportation and Utilities	3.68%	3.34%
Information	2.16%	3.27%
Financial Activities	5.94%	6.58%
Professional and Business Services	12.81%	14.46%
Educational and Health Services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

Source: Bureau of Labor Statistics



Private Job Growth by Industry

Dec 2008 over Dec 2007



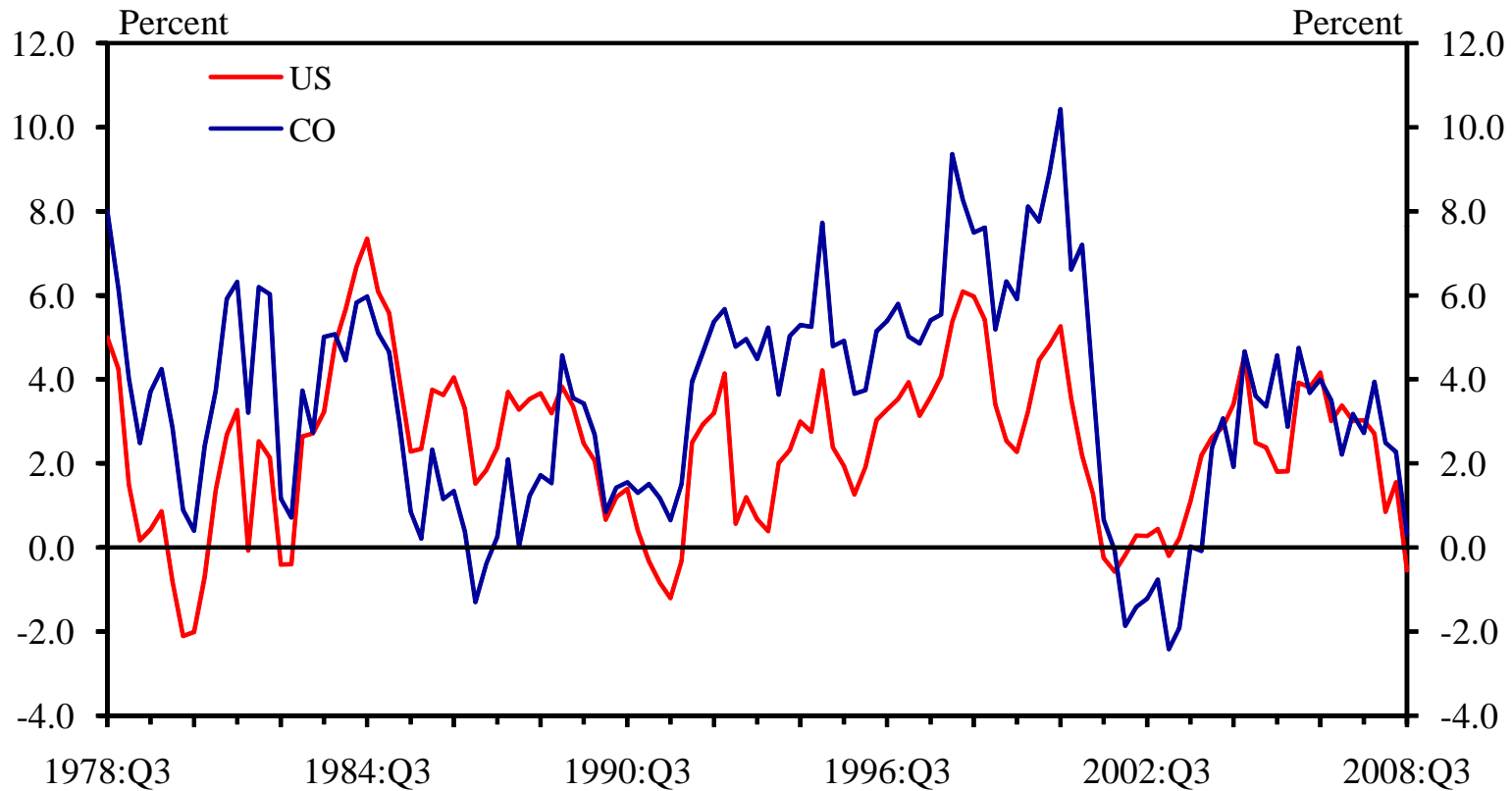
Source: Bureau of Labor Statistics

Latest release: 01/27/2009



Growth in Real Personal Income

Year-over-year



Source: Bureau of Economic Analysis

Latest release : 12/18/2008



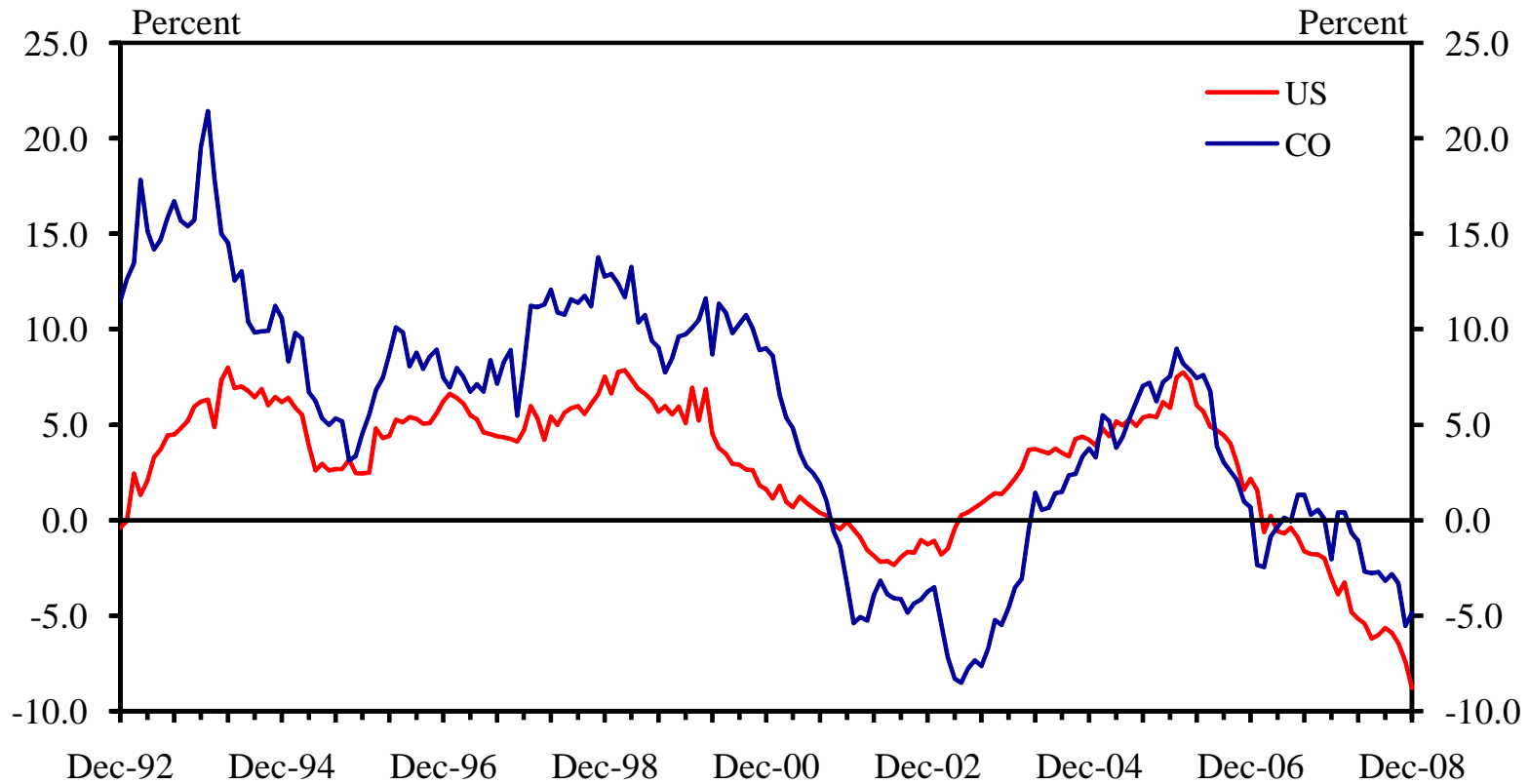


Housing and Construction Activity



Growth in Construction Employment

Year-over-year



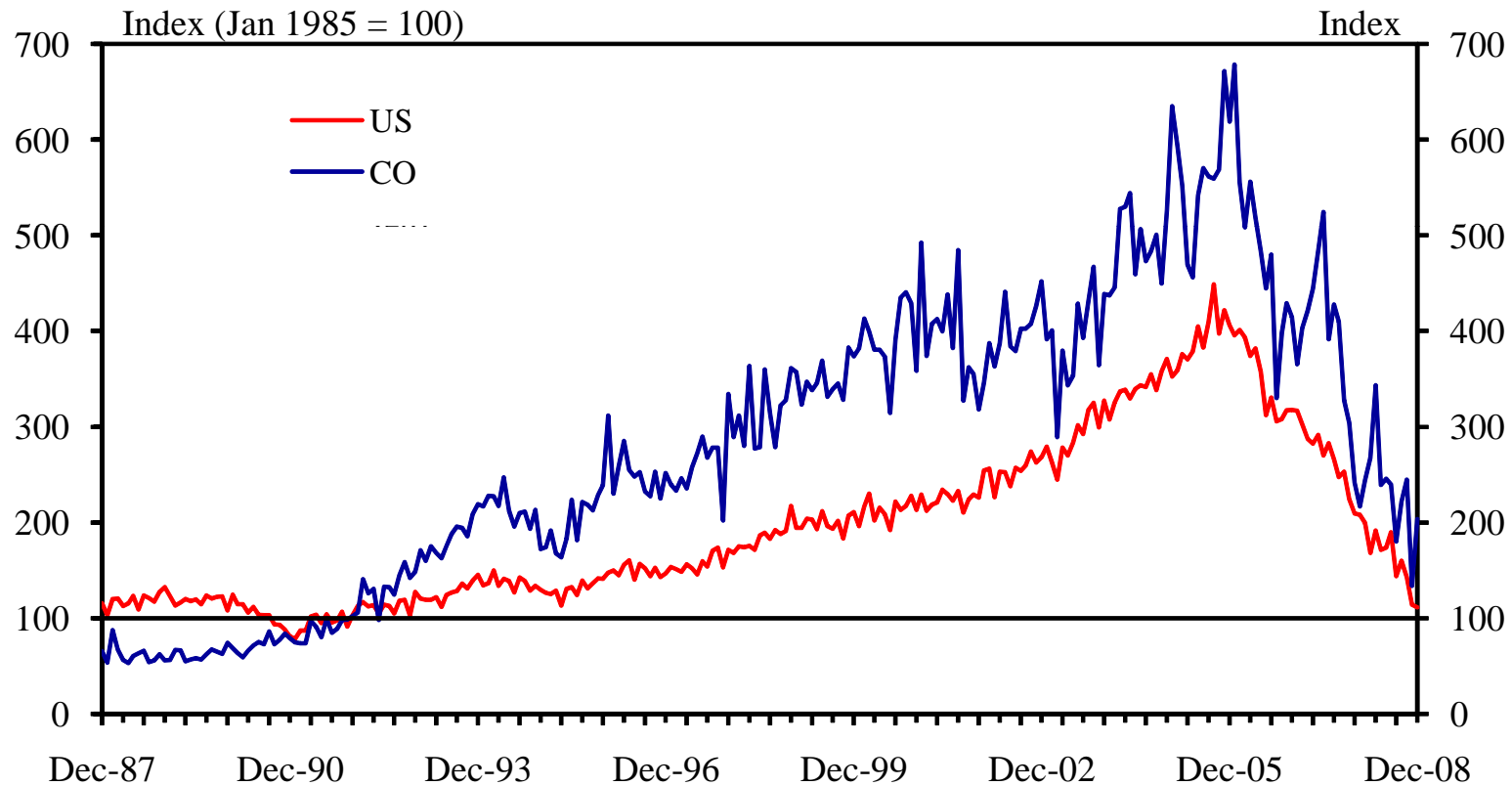
Source: Bureau of Labor Statistics

Latest release: 01/27/2009



Value of Residential Construction Contracts

Seasonally adjusted



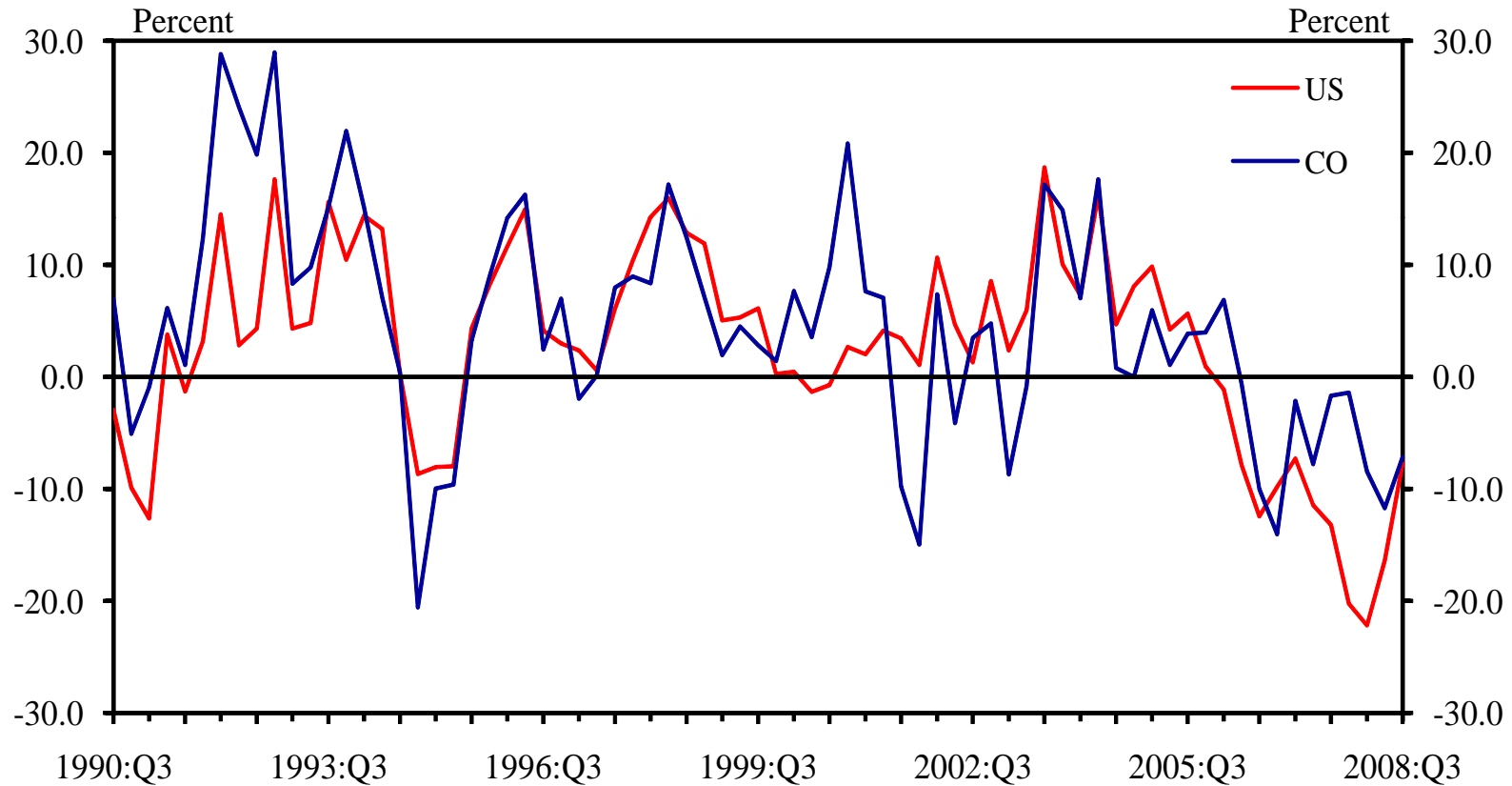
Source: F.W. Dodge

Latest release: 01/19/2009



Existing Home Sales

Year-over-year



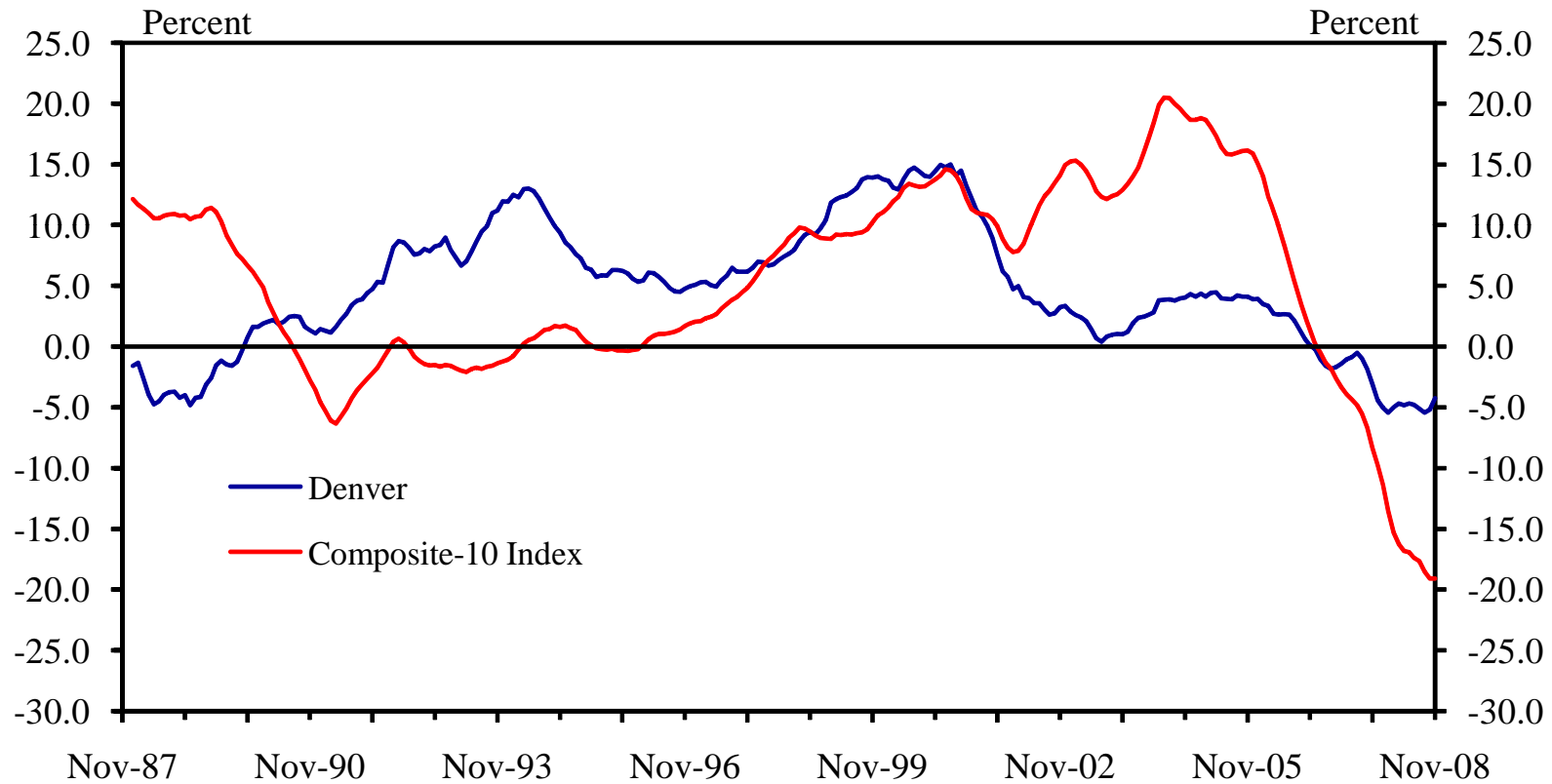
Source: National Association of Realtors

Latest release: 11/18/2008



Home Price Appreciation

Year-over-year



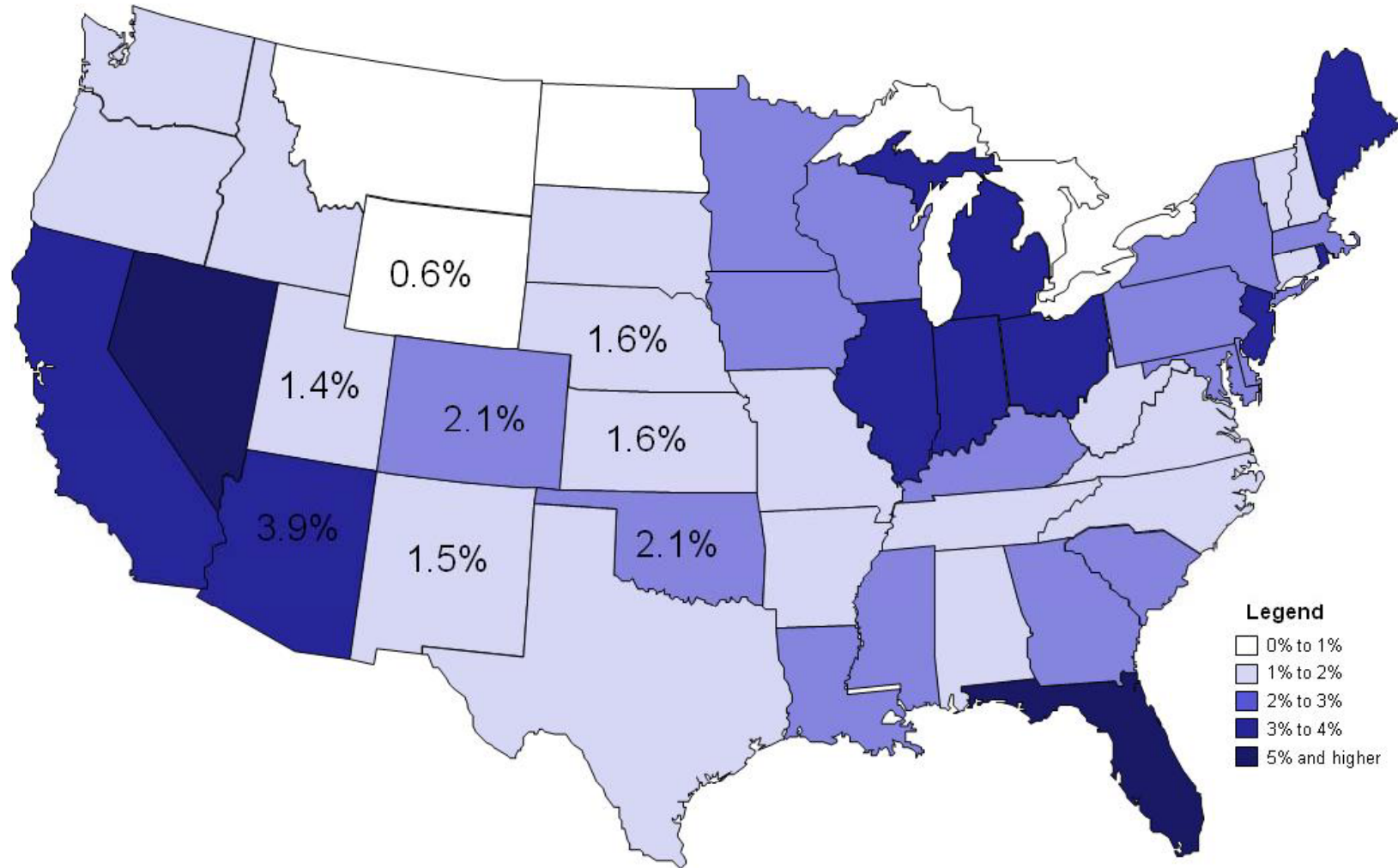
Source: S&P

Latest release: 01/27/2009



Foreclosure Inventory

Third Quarter 2008

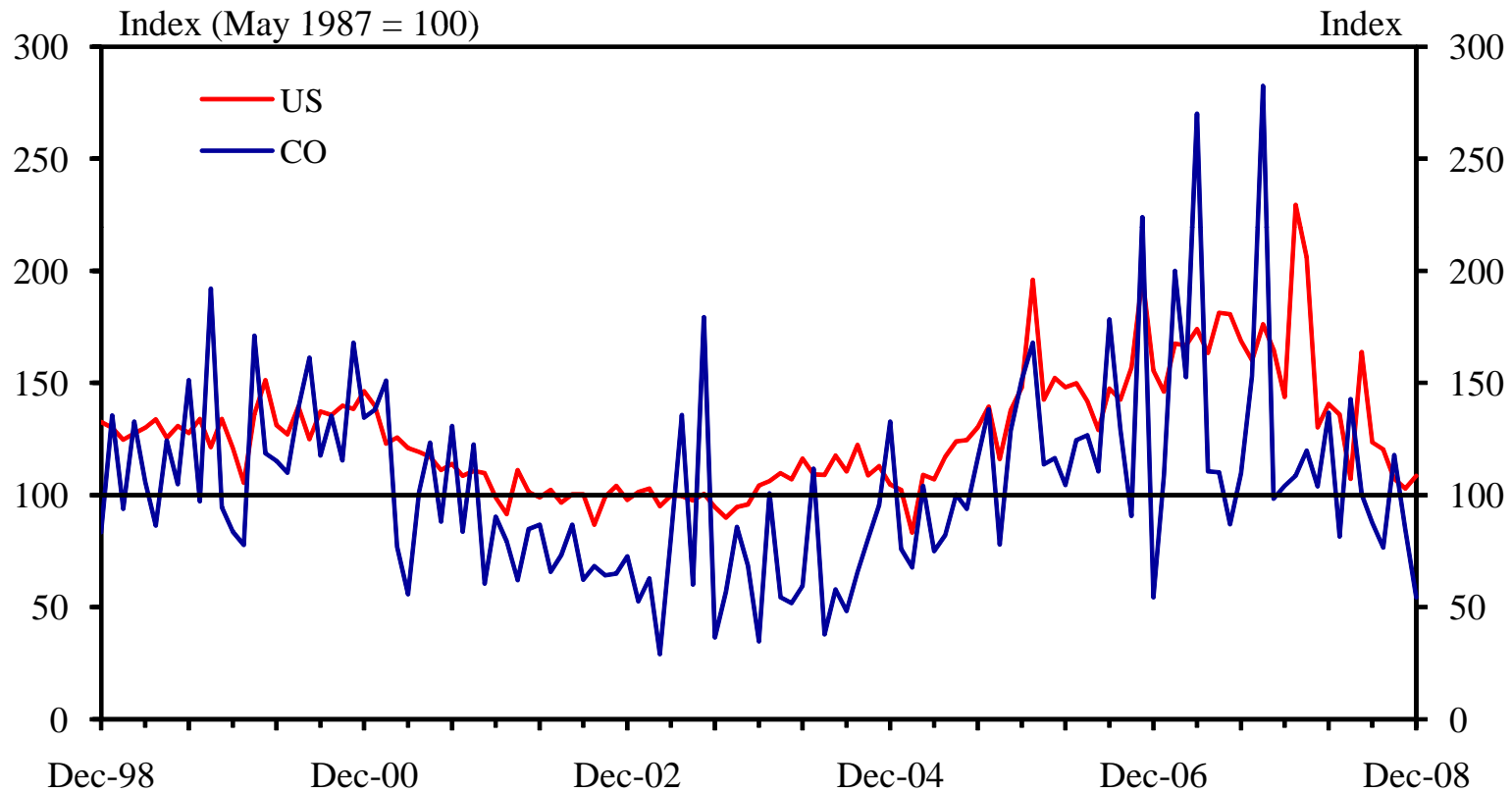


Source: Mortgage Bankers Association



Value of Commercial Construction Contracts

Seasonally adjusted



Source: F.W. Dodge

Latest release: 01/19/2009

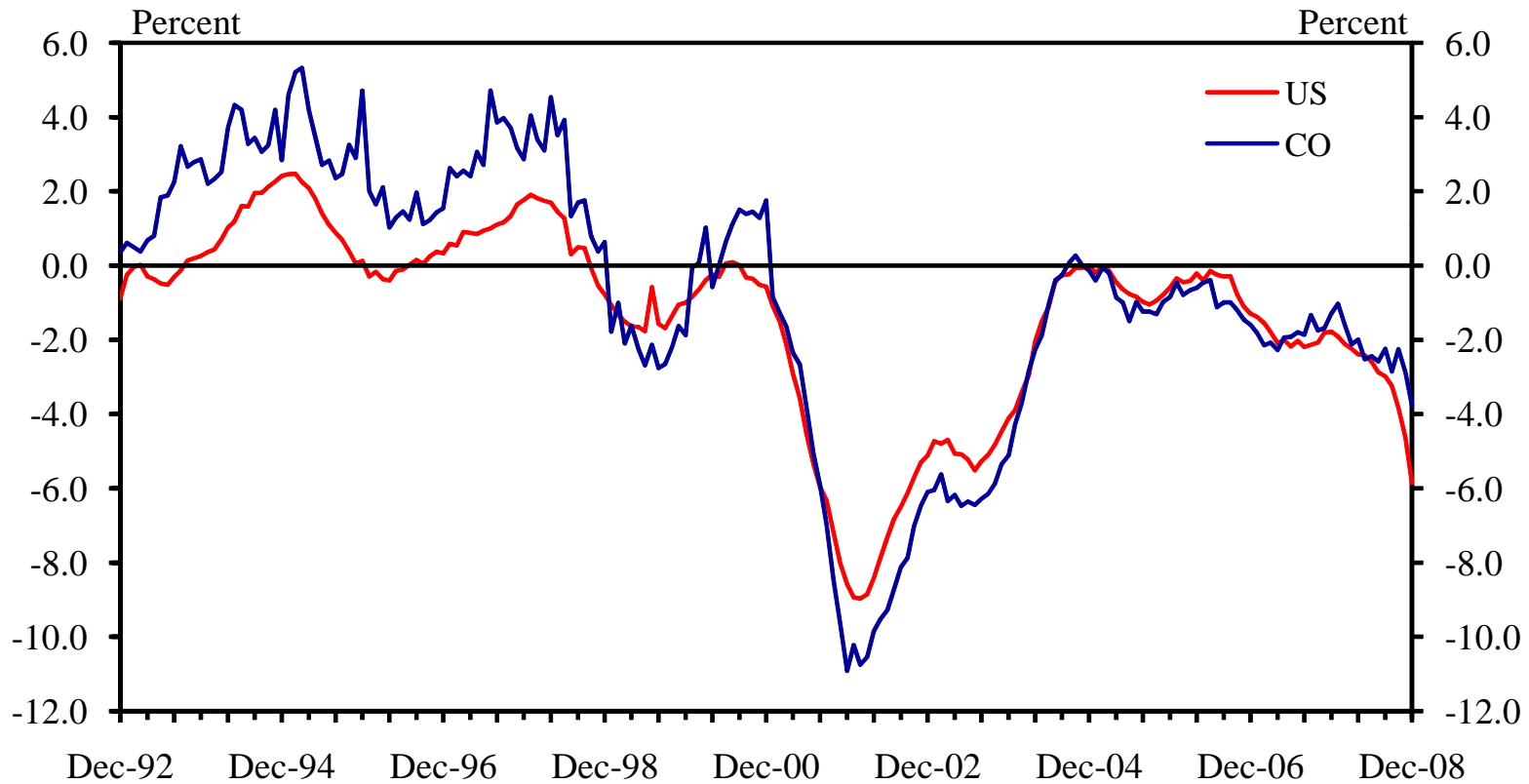


Manufacturing Activity



Growth in Manufacturing Employment

Year-over-year



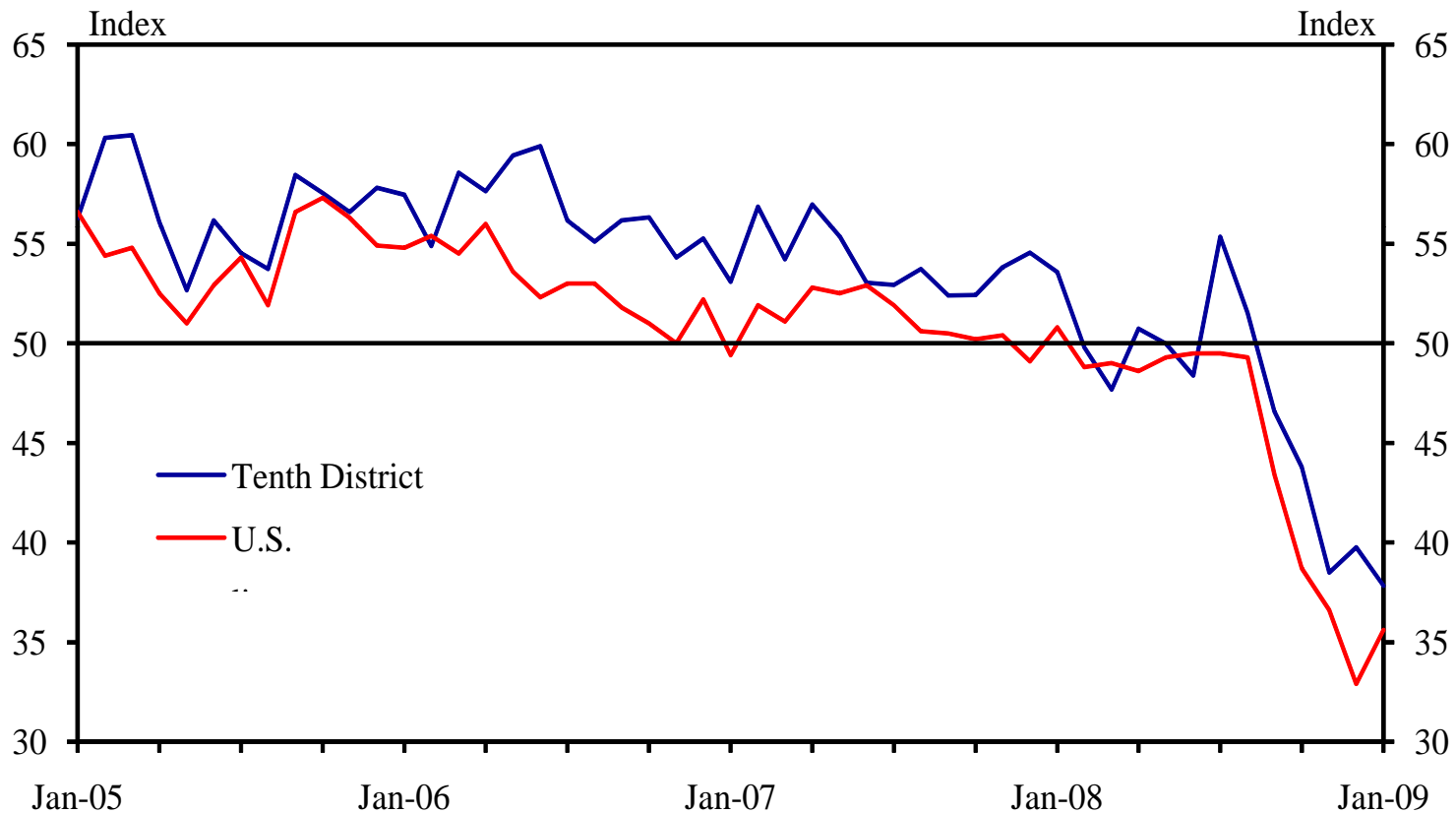
Source: Bureau of Labor Statistics

Latest release: 01/27/2009



Manufacturing Activity

Month-over-month PMI indexes (seasonally adjusted)



Sources: ISM and FRBKC Manufacturing Survey

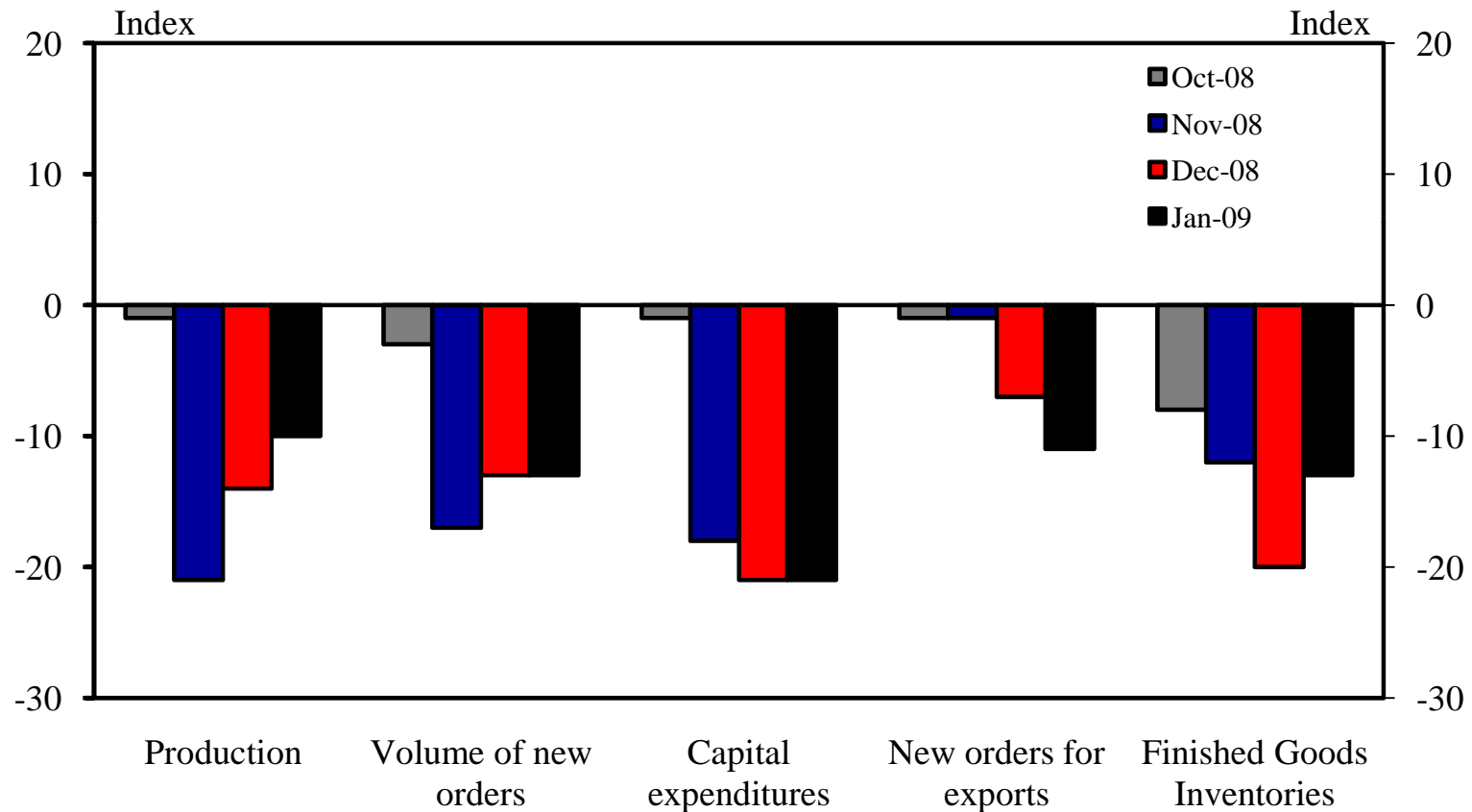
Latest release: 01/29/2009

Note: 10J index is computed on ISM basis (50 = zero change)



Manufacturing Activity in the 10th District

Six-month-ahead expectation indexes (seasonally adjusted)



Source: FRBKC Manufacturing Survey

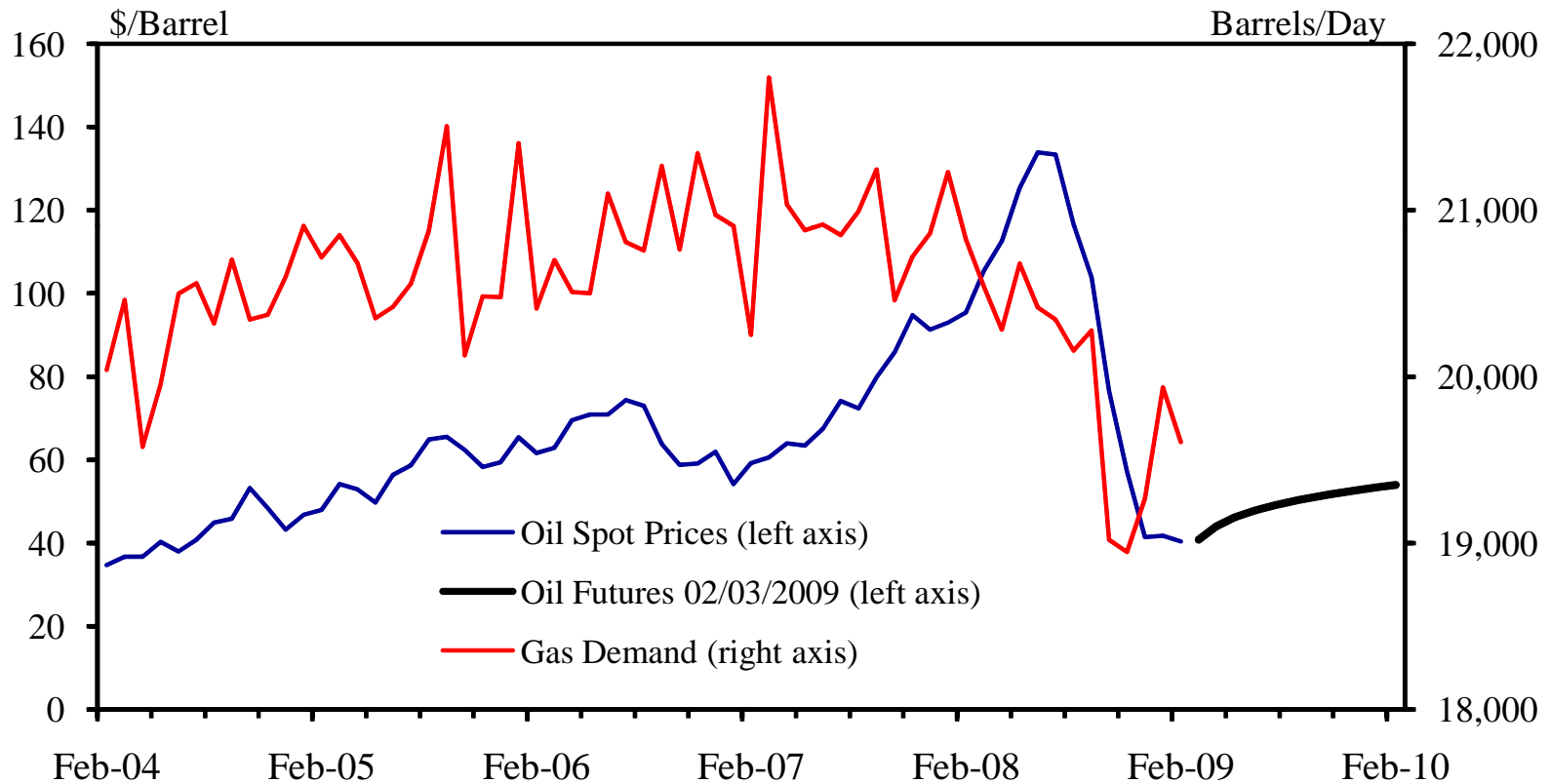
Latest release: 01/29/2009



Prices



Oil Prices and U.S. Demand for Oil

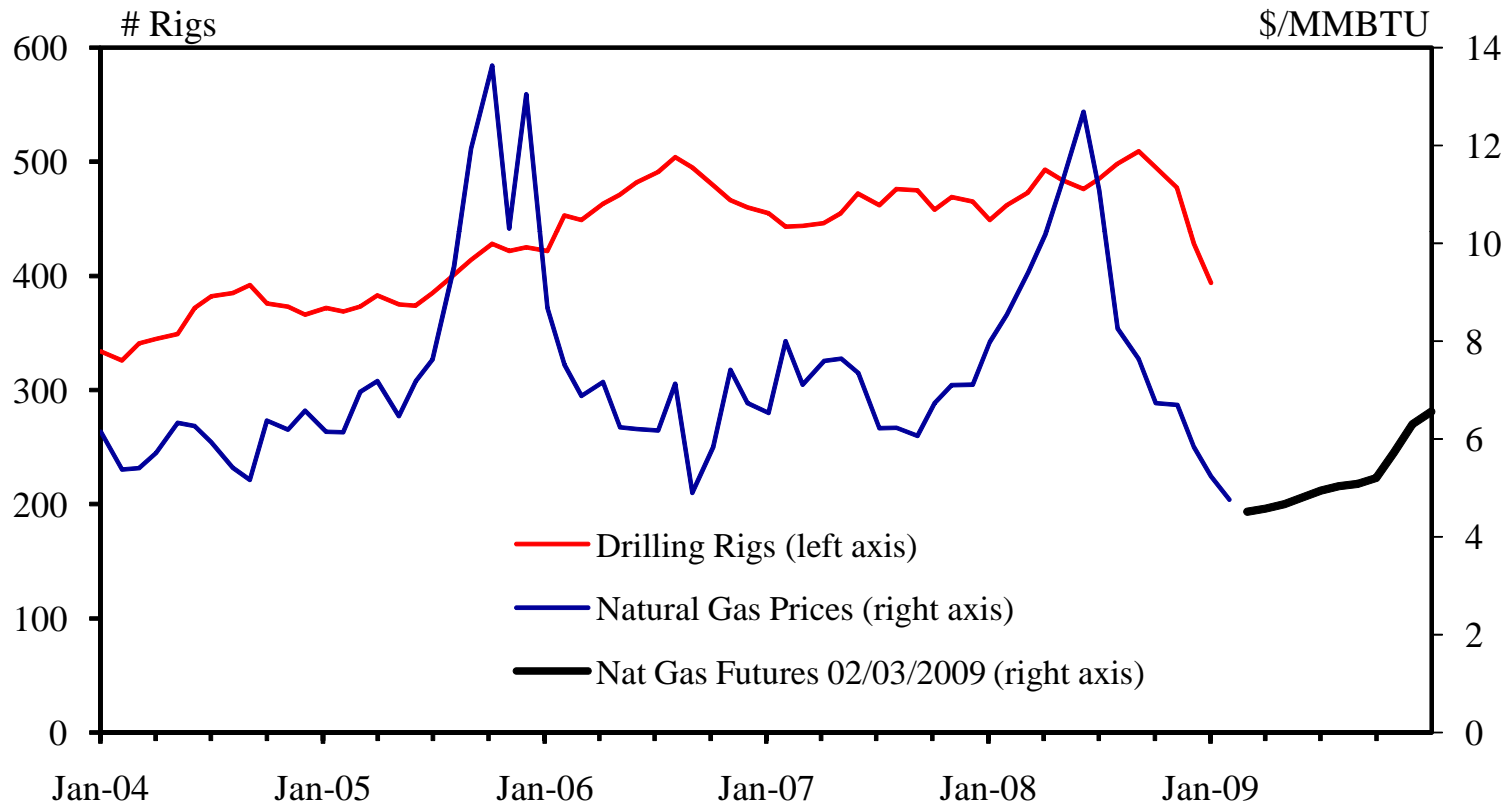


Source: EIA and Bloomberg

Latest release: 02/03/2009



Natural Gas Prices and 10th District Active Drilling Rigs

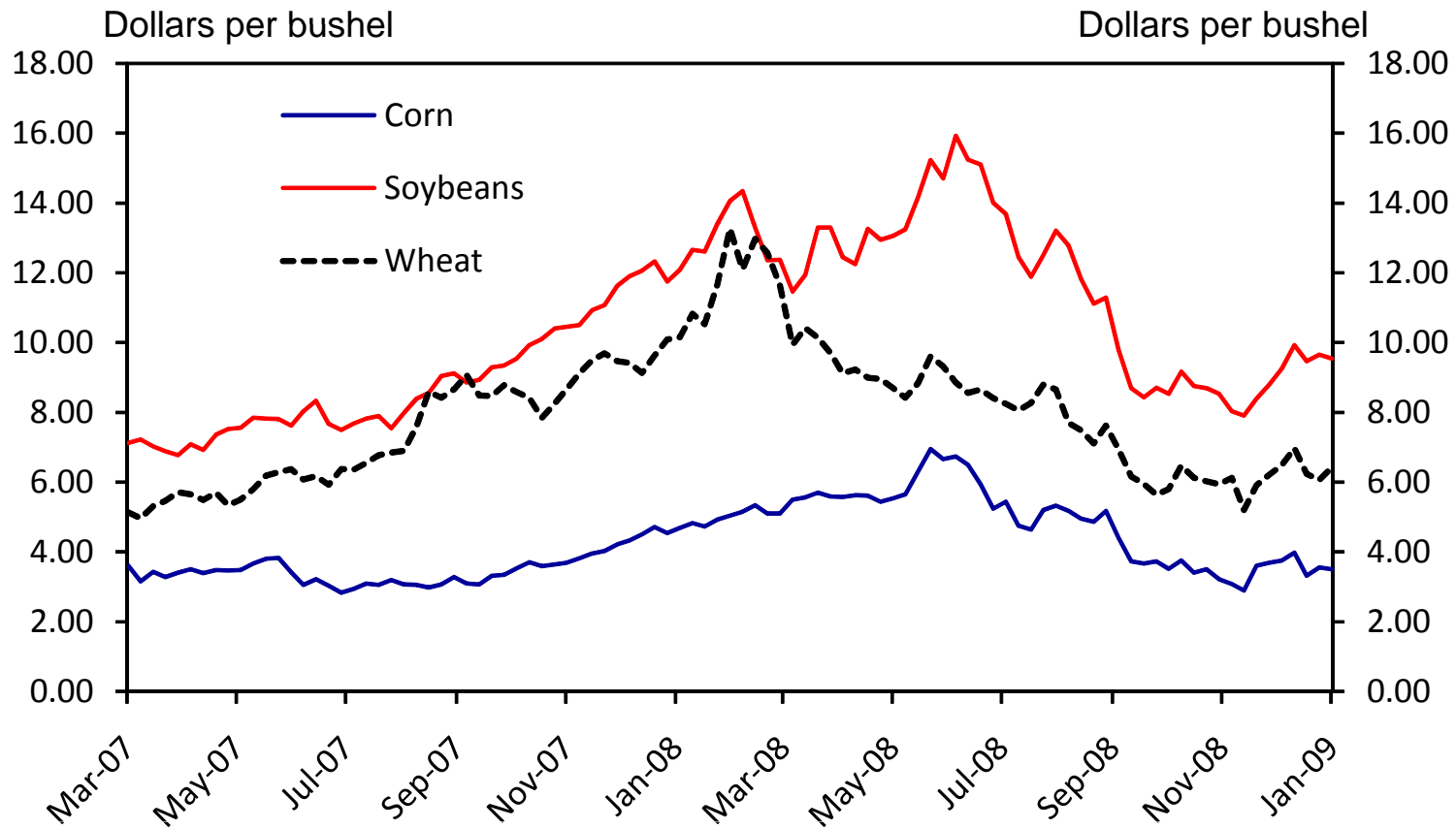


Source: Baker-Hughes and Bloomberg

Latest release: 02/03/2009



U.S. Crop Prices



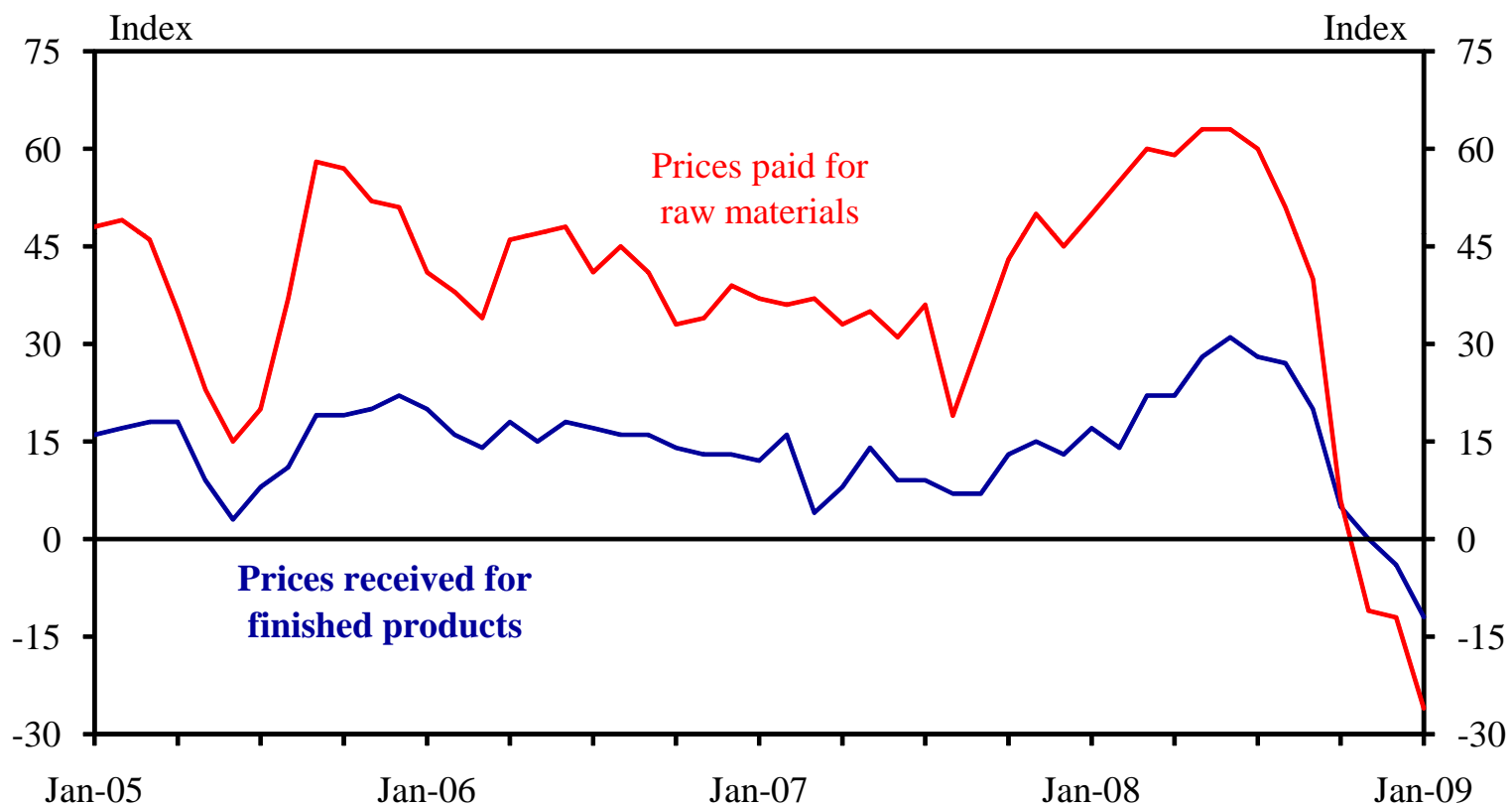
Source: Commodity Research Bureau

Latest release: January 27, 2009



Manufacturing Price Pressures

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



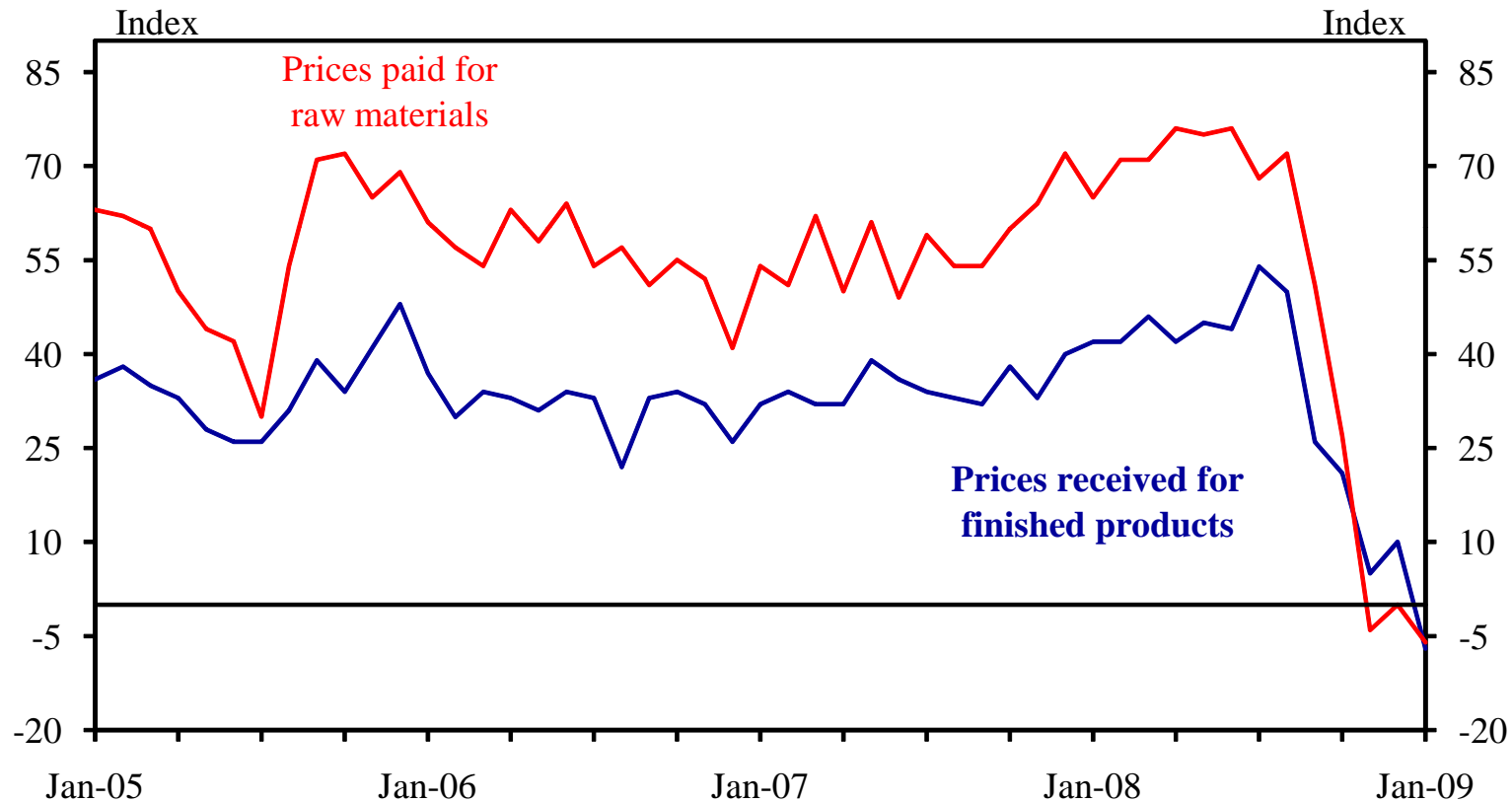
Source: FRBKC Manufacturing Survey

Latest release: 01/29/2009



Manufacturing Price Pressures

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



Source: FRBKC Manufacturing Survey

Latest release: 01/29/2009



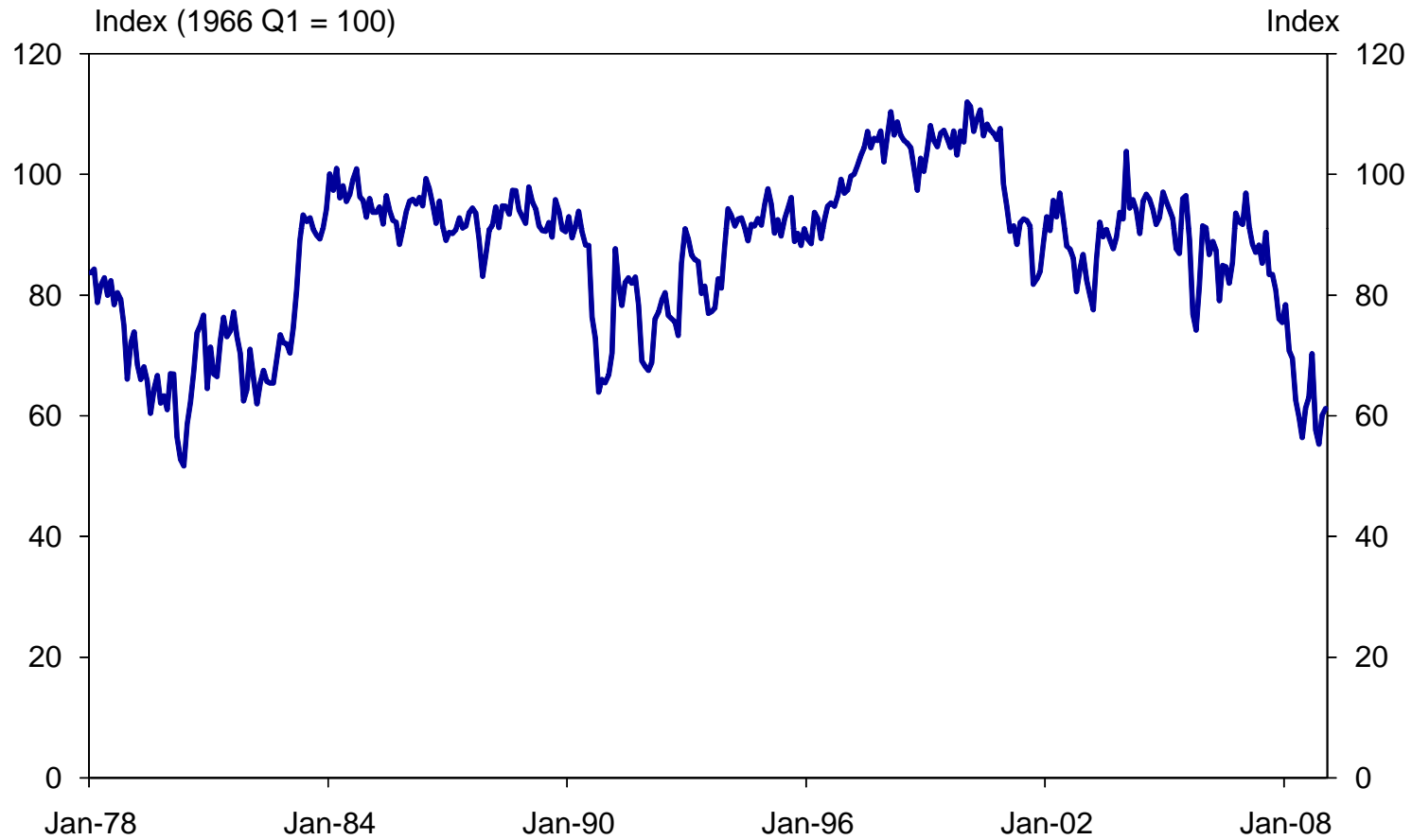


Consumer Confidence and Consumer Spending



Consumer Confidence

Seasonally adjusted



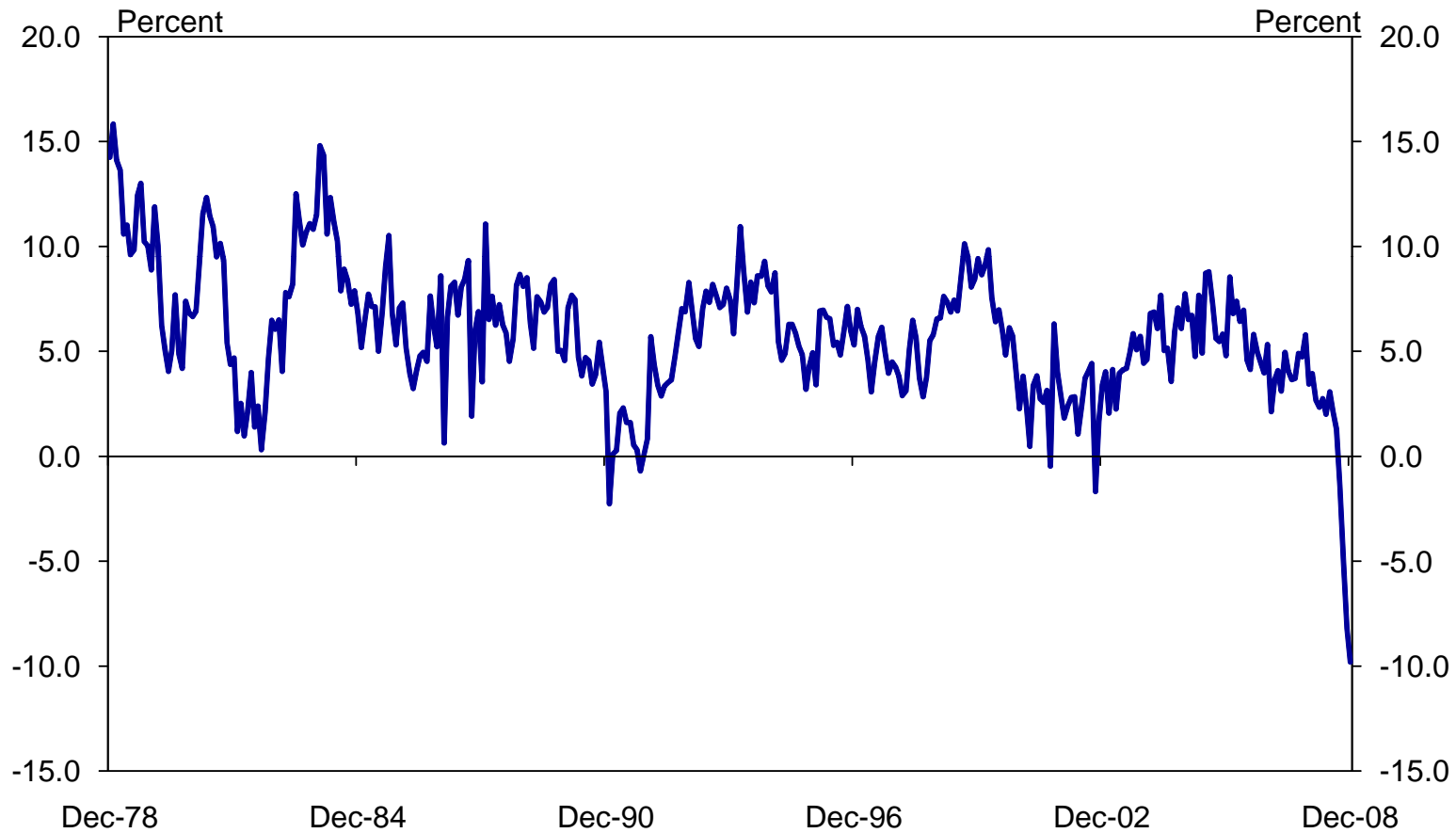
Source: University of Michigan

Latest release: 1/30/2009



National Retail Sales

Year-over-year, seasonally adjusted



Source: US Census Bureau

Latest release: 01/14/2009

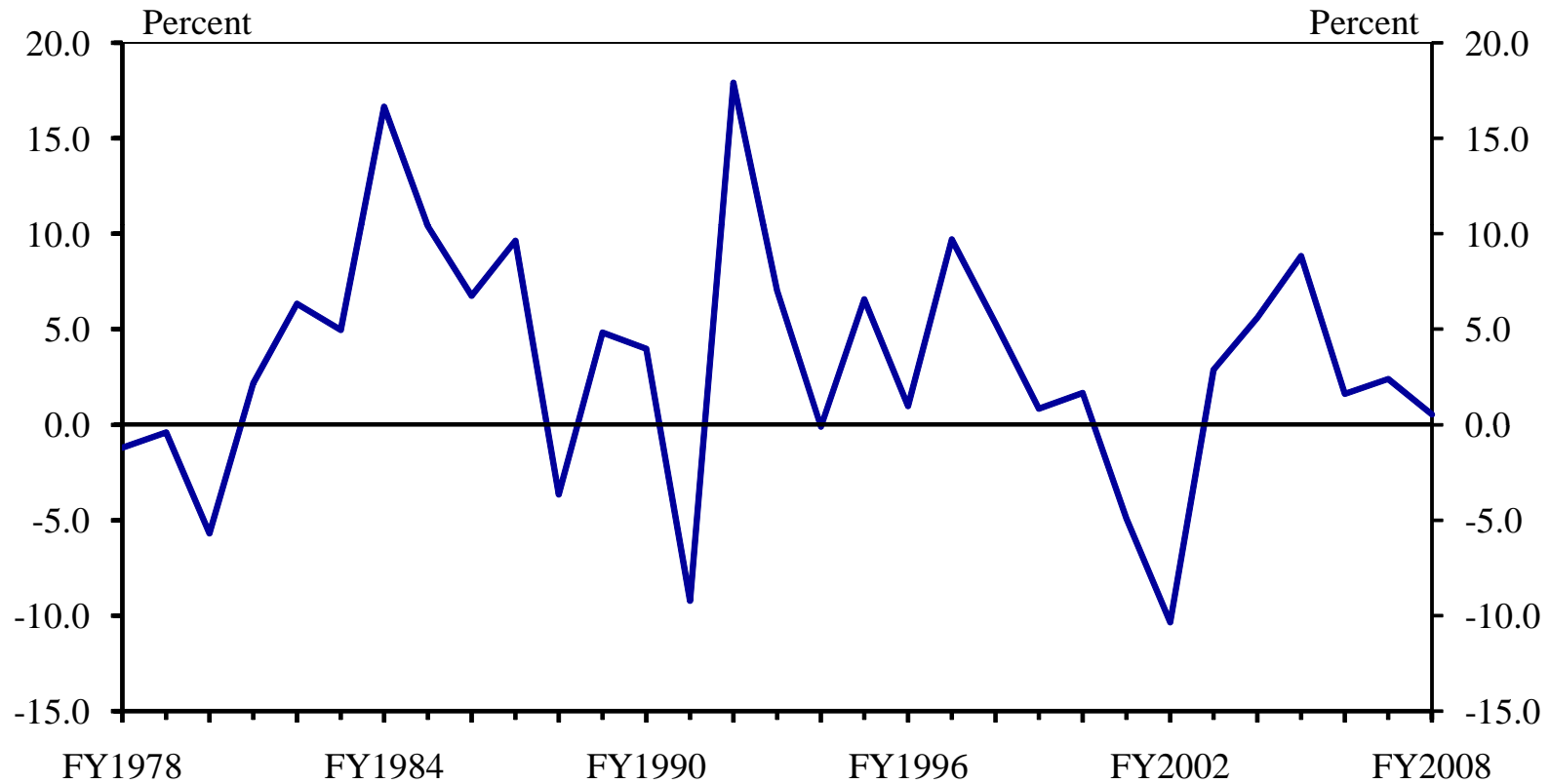


State Tax Revenues



Colorado Real State Tax Revenue Growth

Year-over-year



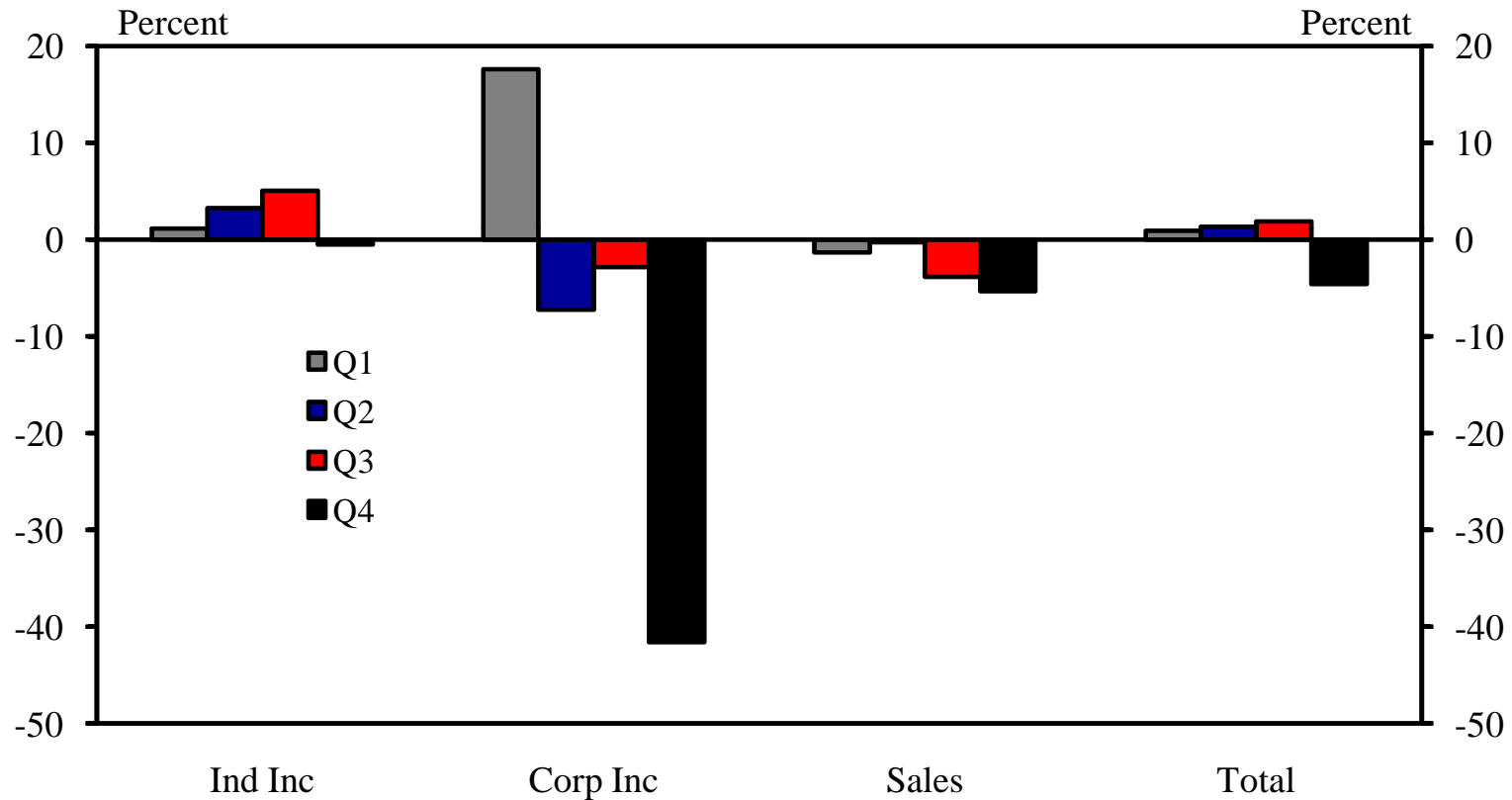
Source: U.S. Census Bureau

Latest release : 12/16/2008



Colorado State Tax Revenues

Year-over-year growth



Source: Colorado Department of Revenue

Latest release: 01/14/2009



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.

