

U.S. and Regional Economic Conditions



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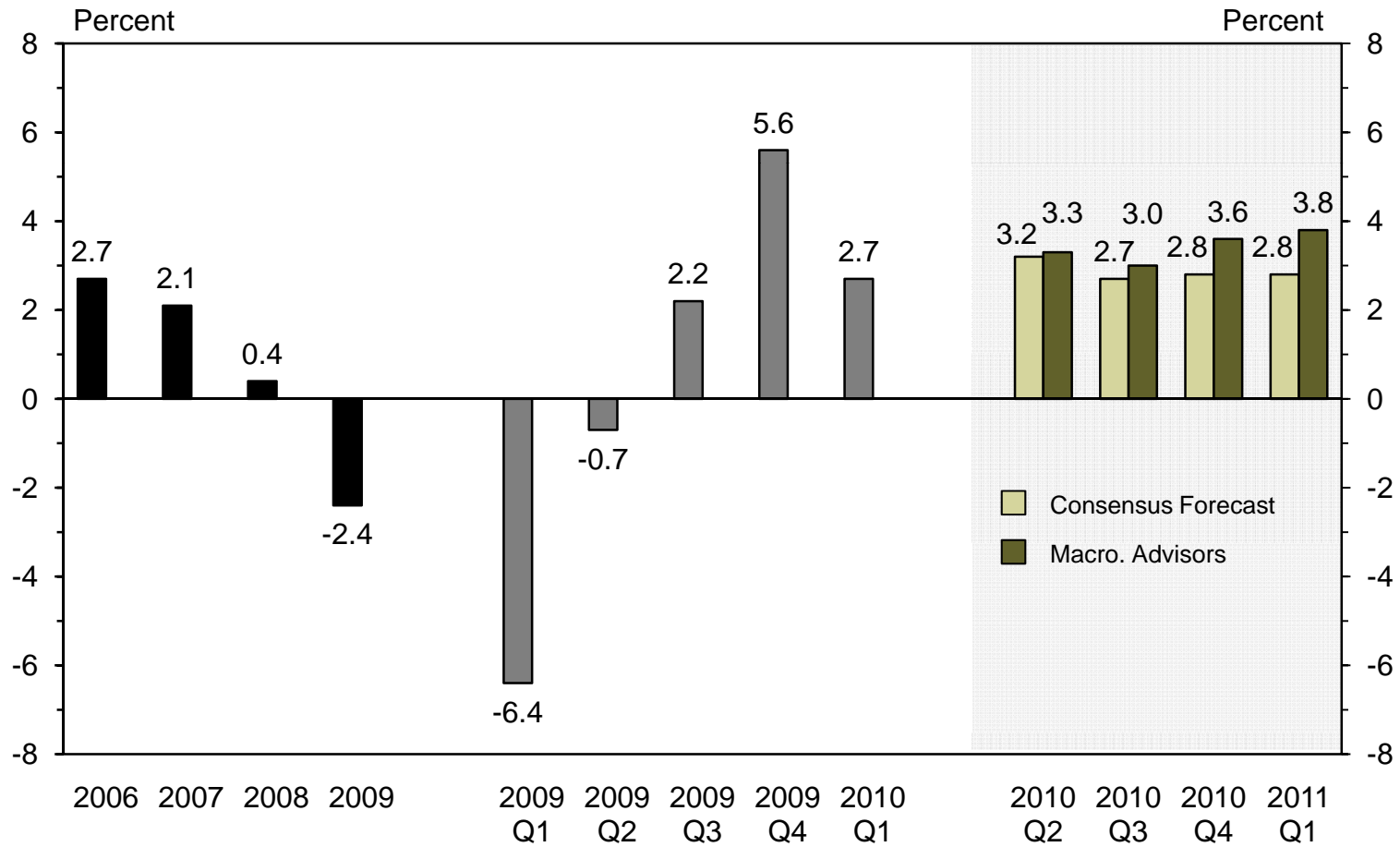
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Gradual recovery continues nationally and in the 10th District

- U.S. recovery continues to exceed expectations
- Troubling weakness in recent data?
- 10th 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

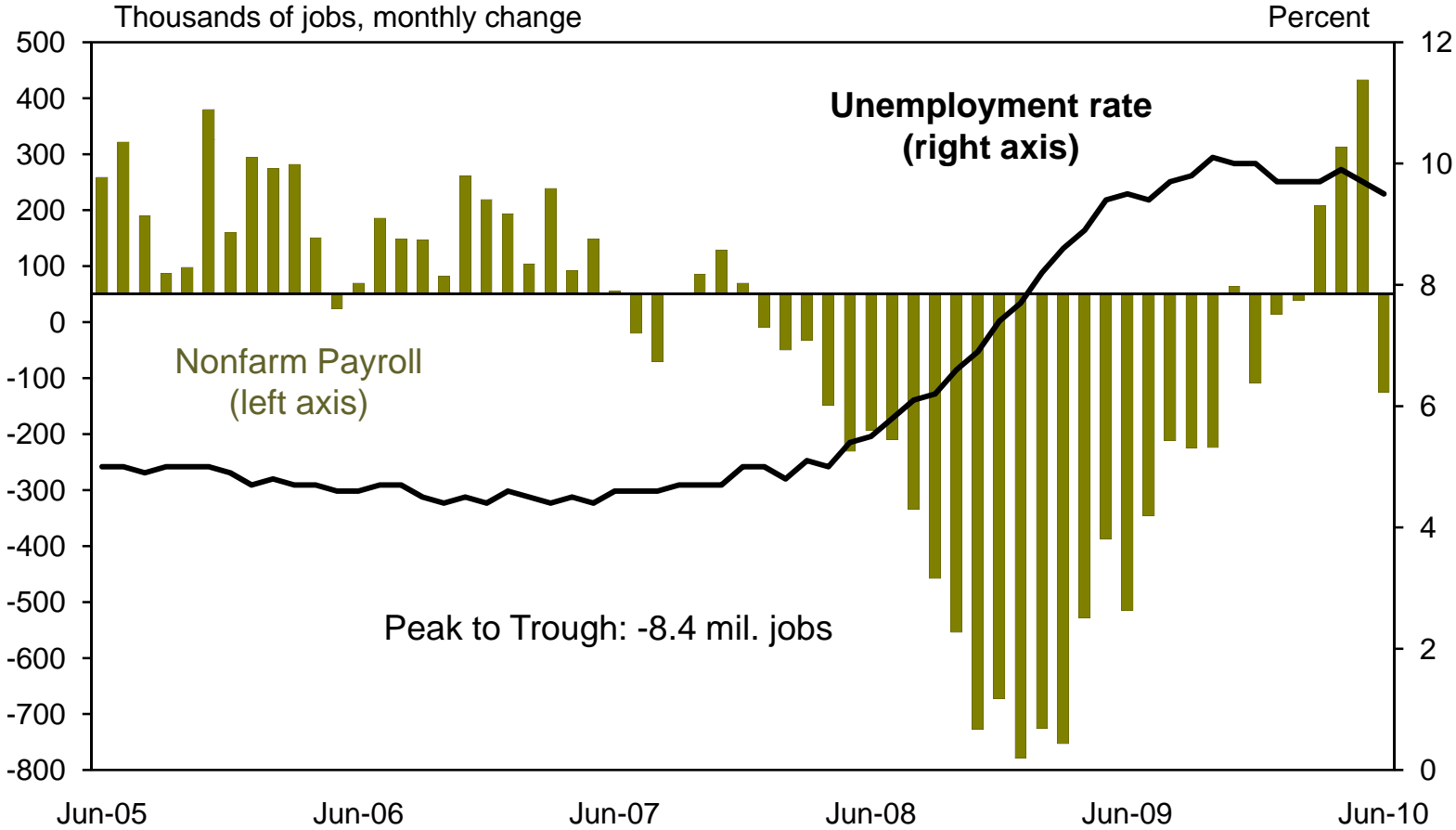
3%+ GDP growth expected in '10 and '11

Real Gross Domestic Product
Seasonally Adjusted



Does recent job report indicate hiring stall?

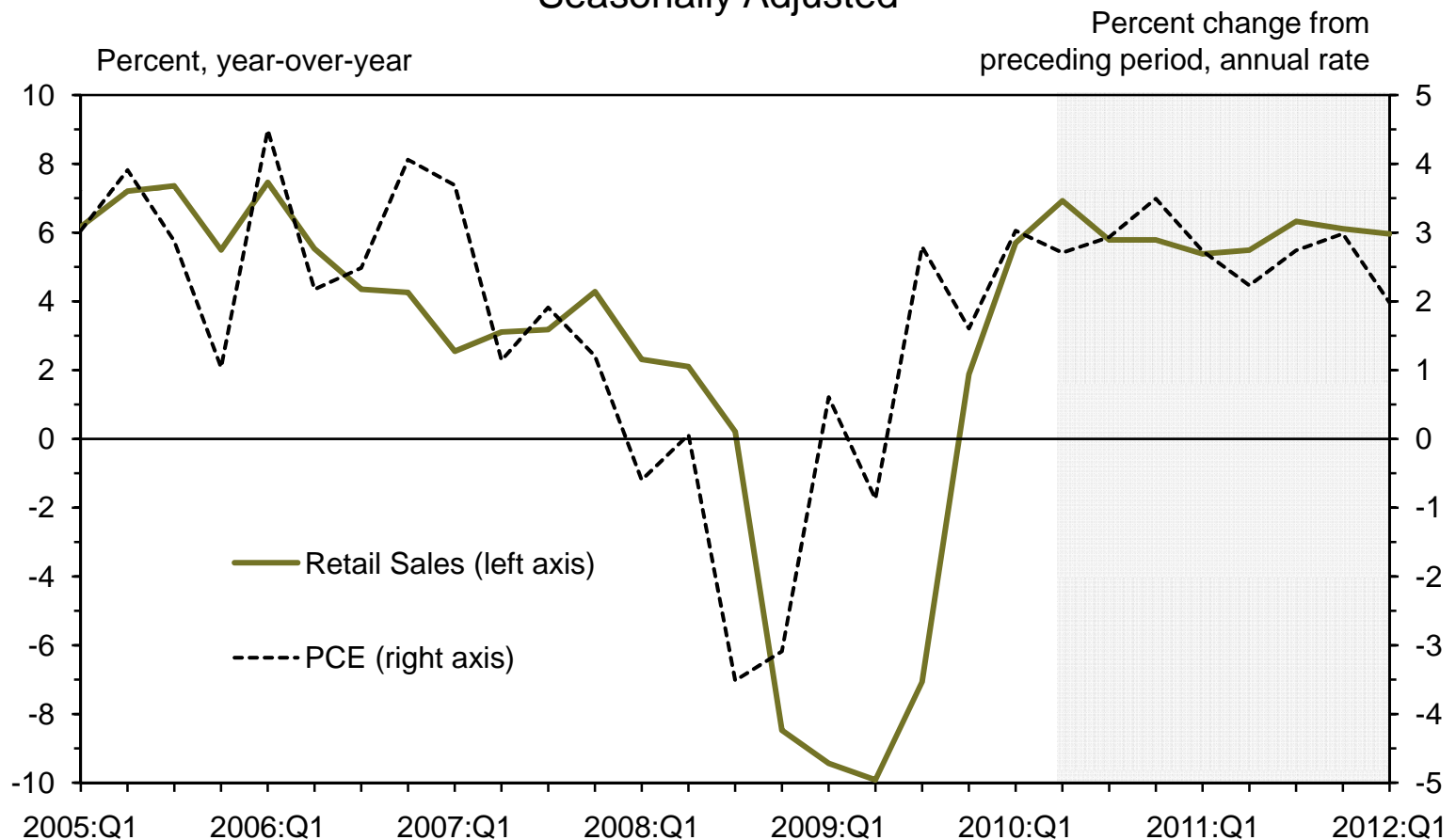
Nonfarm Payroll Employment and Unemployment
Seasonally Adjusted



Source: Bureau of Economic Analysis, Bureau of Labor Statistics

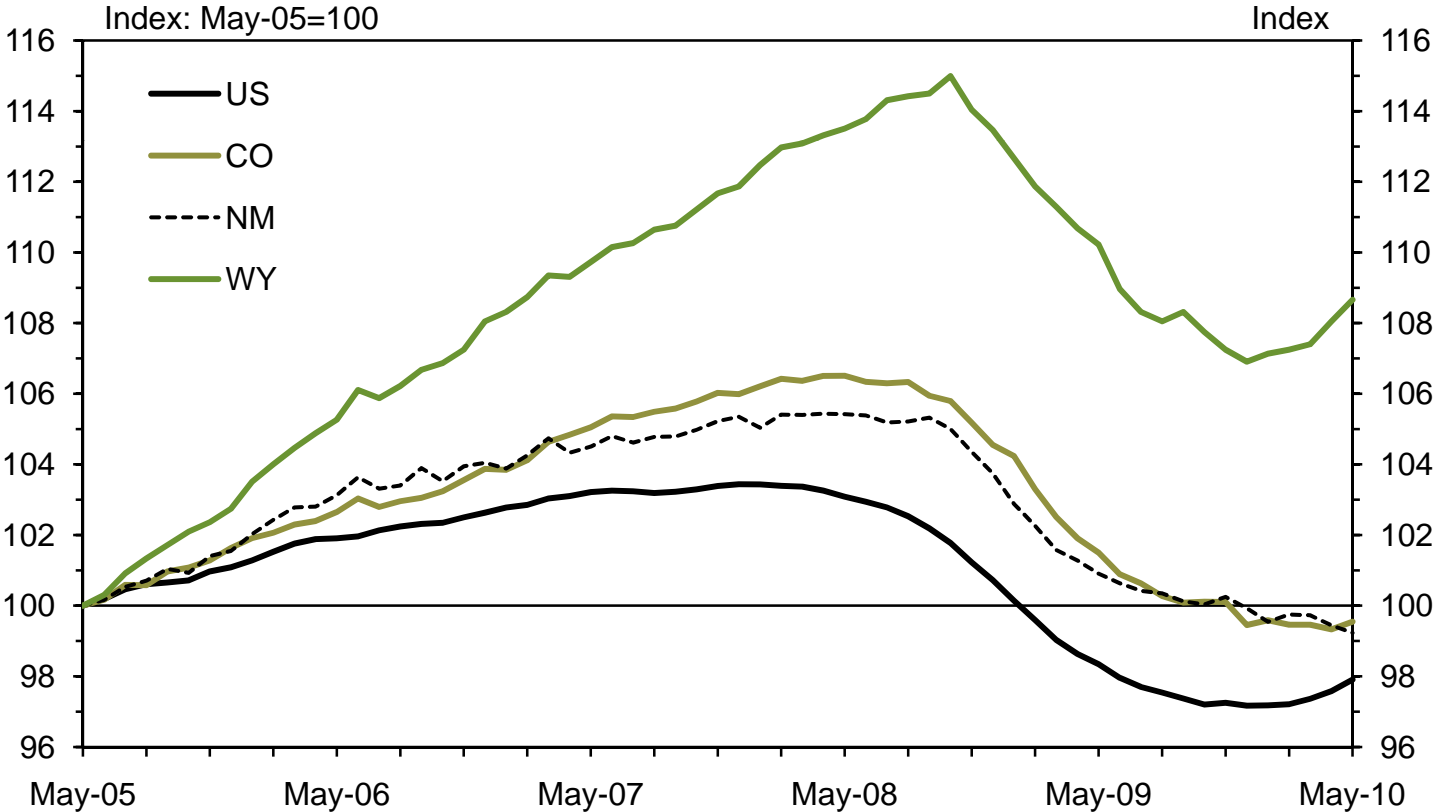
Forecasts suggest 'normal' consumer spending recovery

Retail Sales vs. Personal Consumption Expenditures Seasonally Adjusted



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

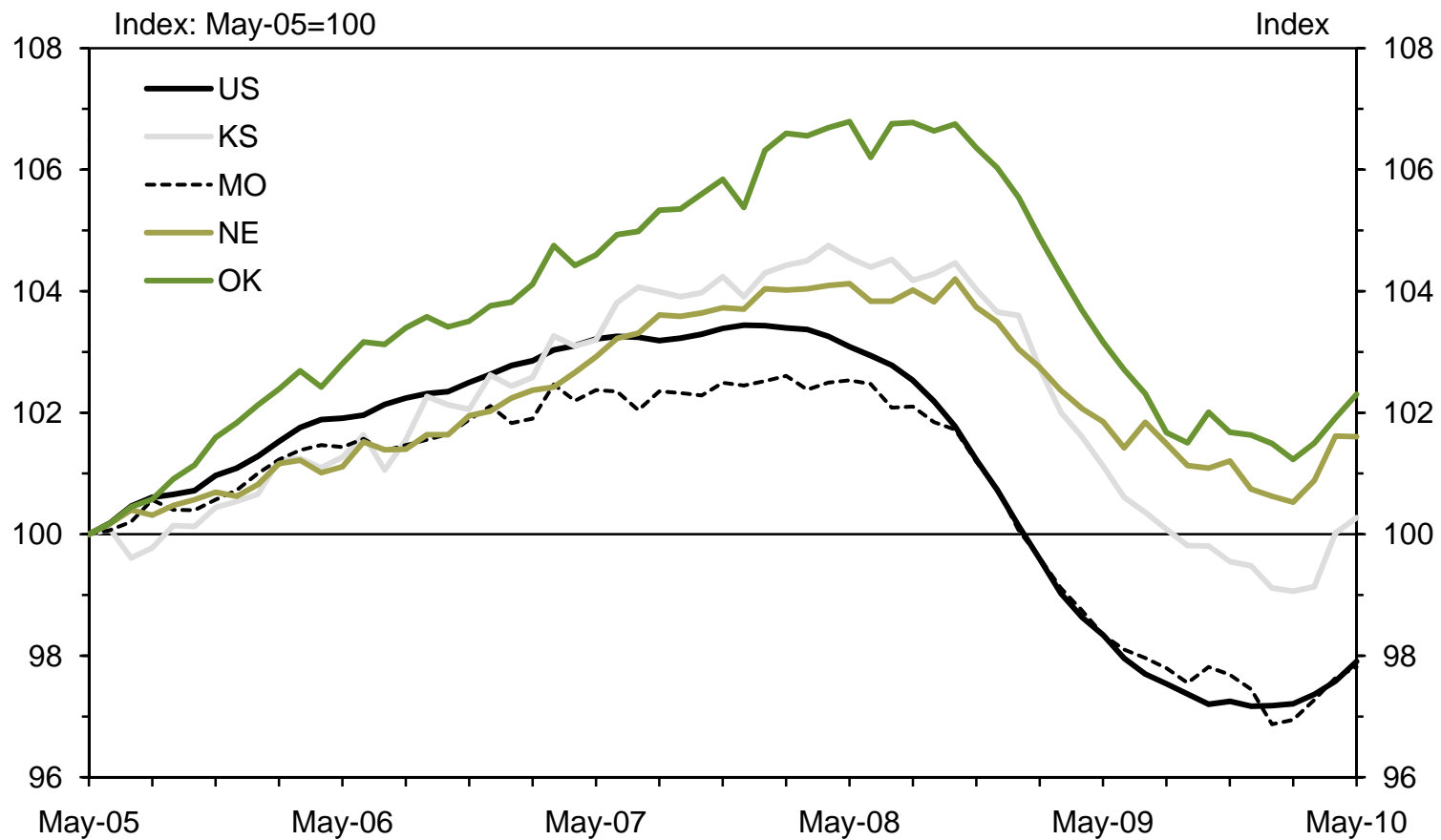
Total Nonfarm Employment
Seasonally Adjusted



Source: Bureau of Labor Statistics

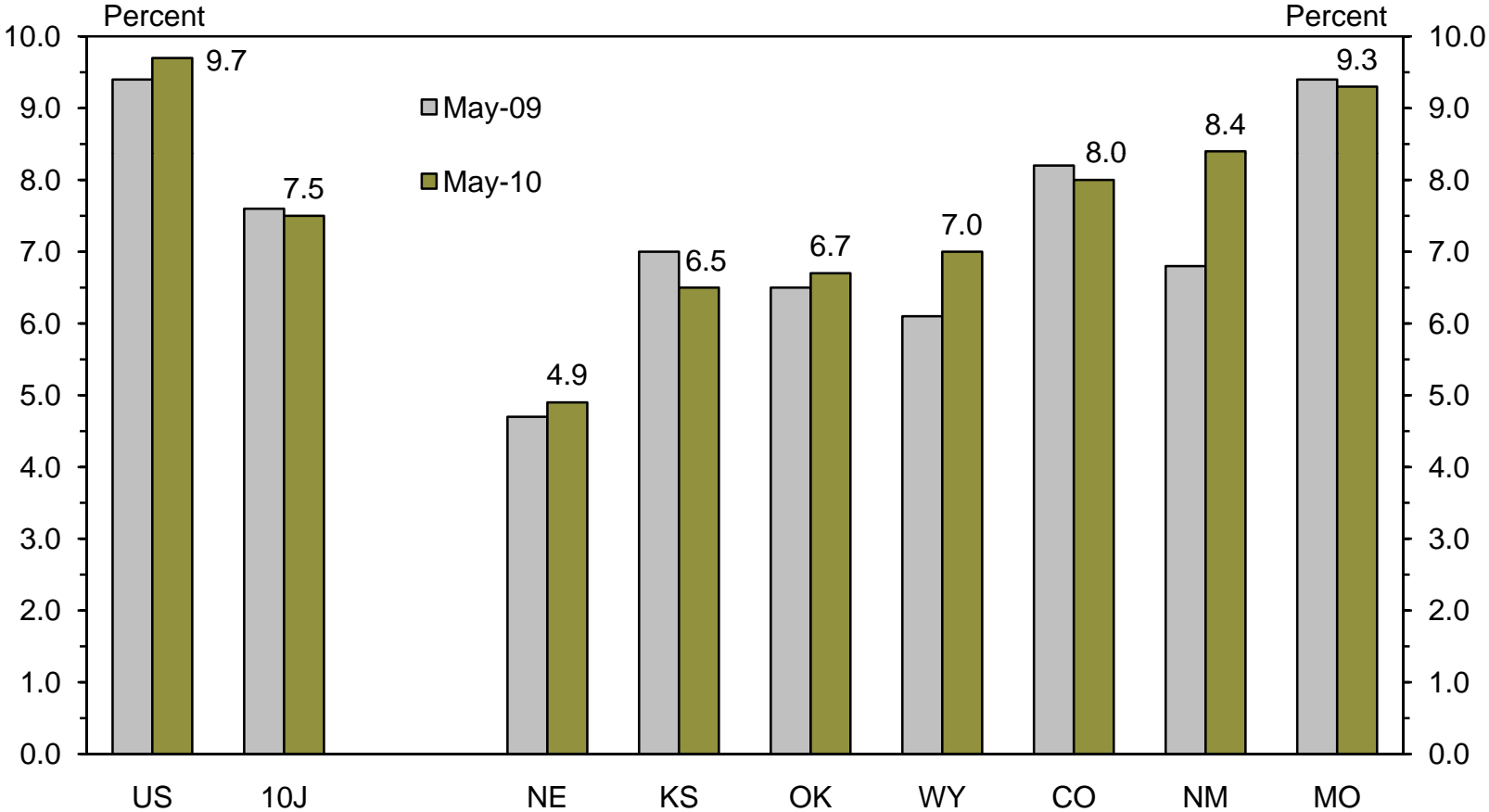
State Cycles: NE smallest job loss, OK energy cycle, KS energy/mfg, MO long-run issues, all show bounce

Total Nonfarm Employment
Seasonally Adjusted



Jobless rates in district states remain below U.S.

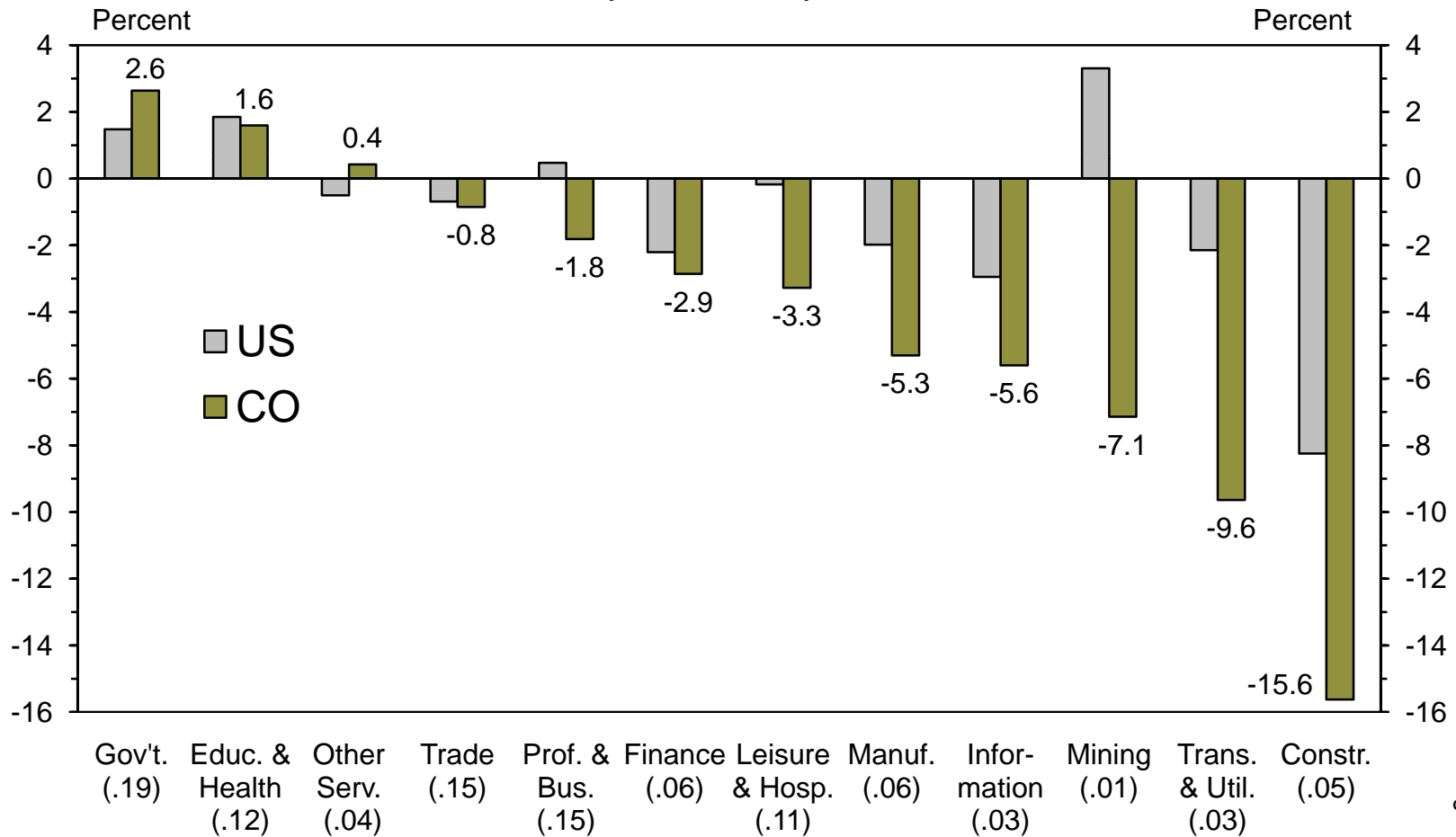
Unemployment Rate
Seasonally Adjusted



Source: Bureau of Labor Statistics

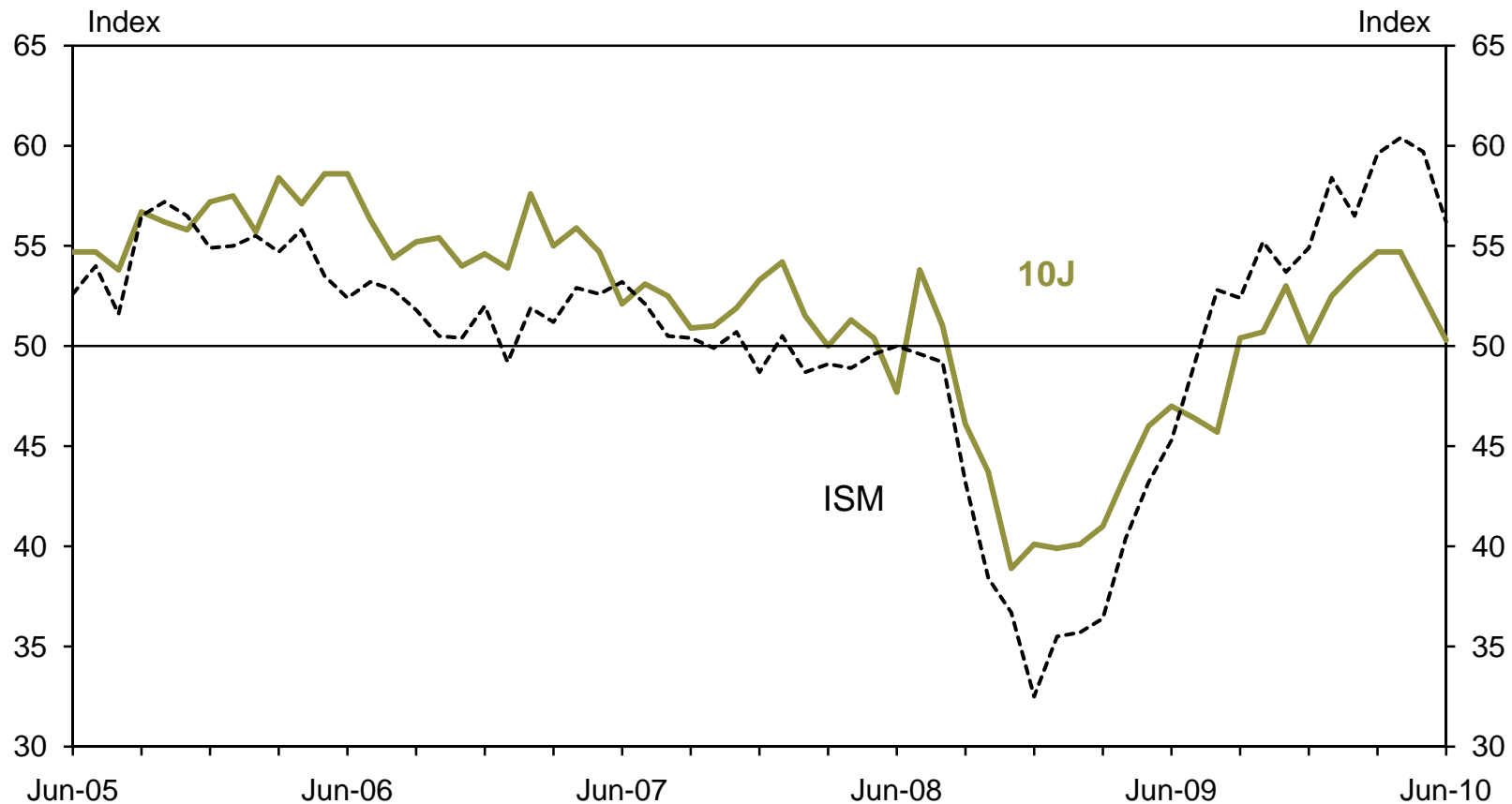
CO job gains lag U.S. in most sectors

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

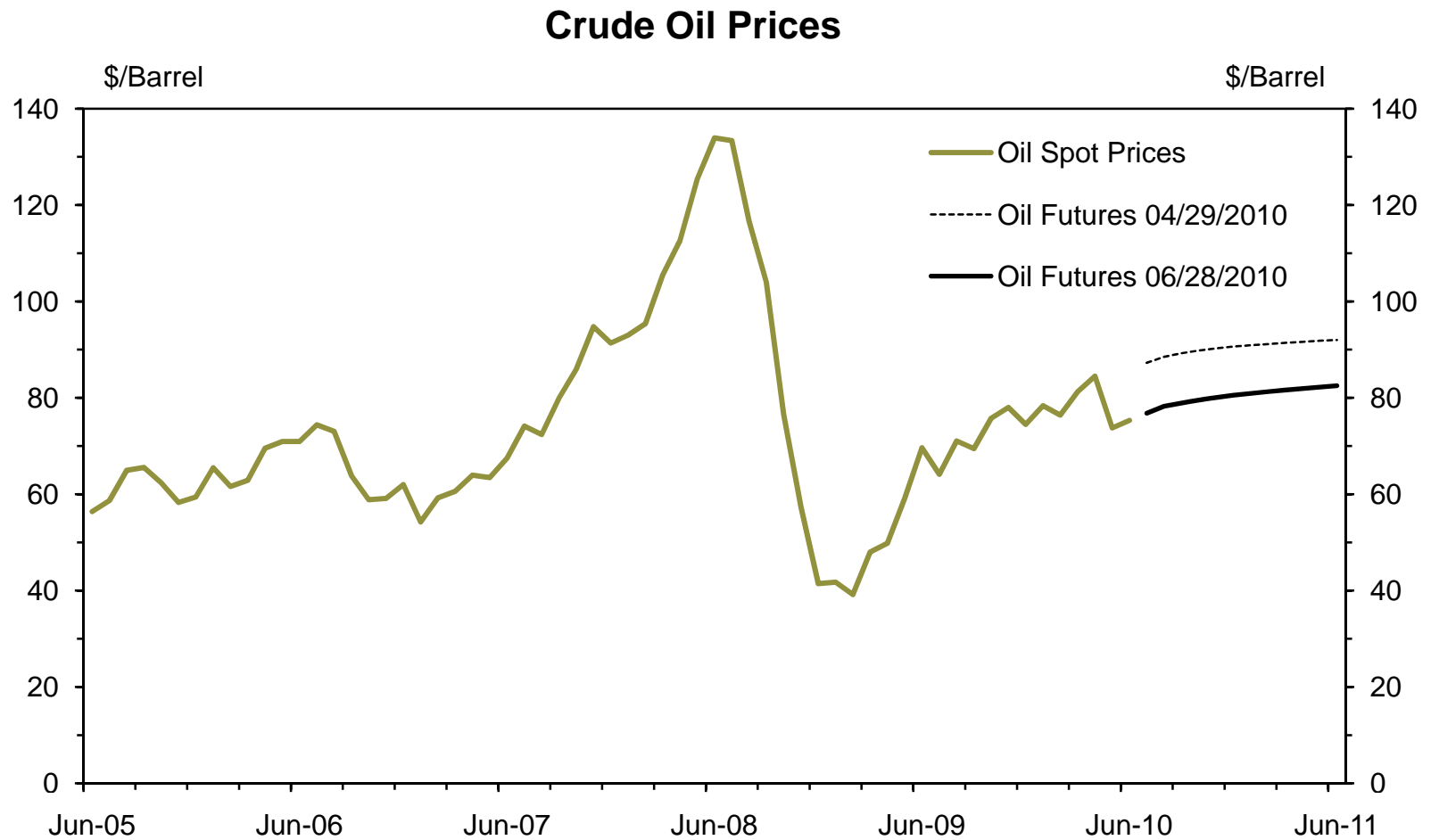


District manufacturing rebounded along with U.S. factories, but weaker bounce

Tenth District Manufacturing Indexes
Month-over-month

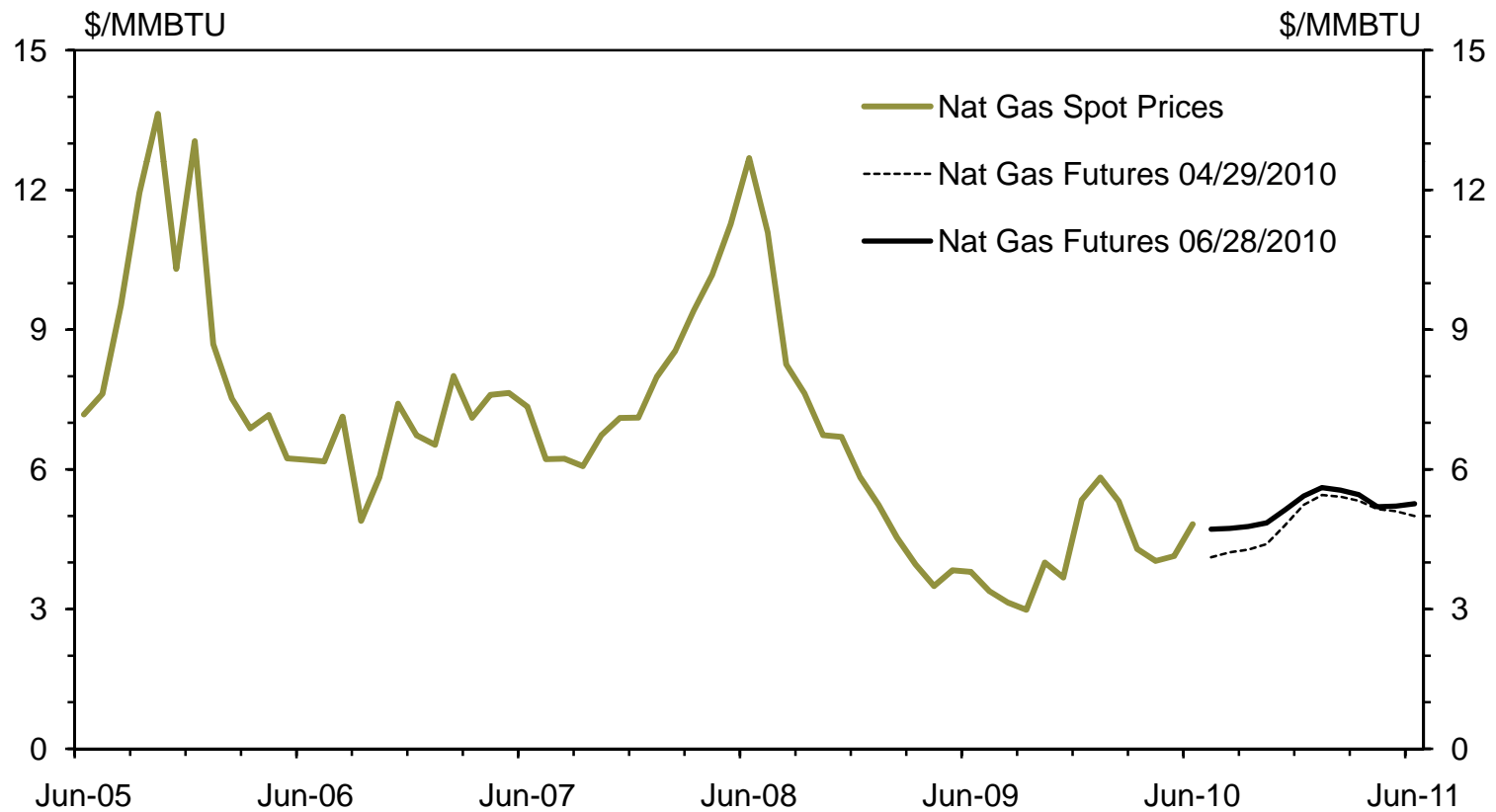


Oil prices remain attractive to producers, neutral to consumers



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

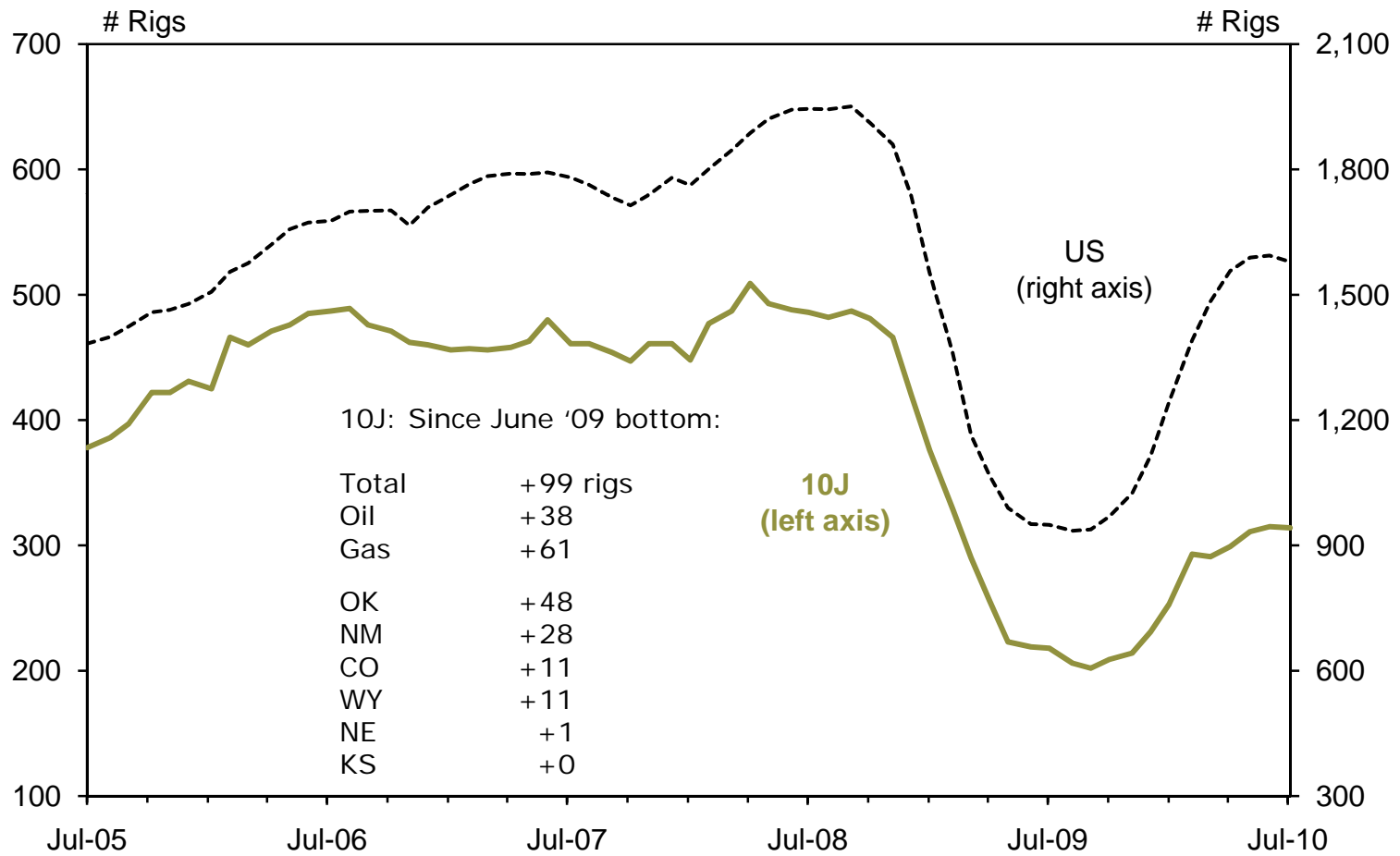
Natural Gas Prices



Drilling expansion has slowed

(oil leads nationally, 10J at disadvantage)

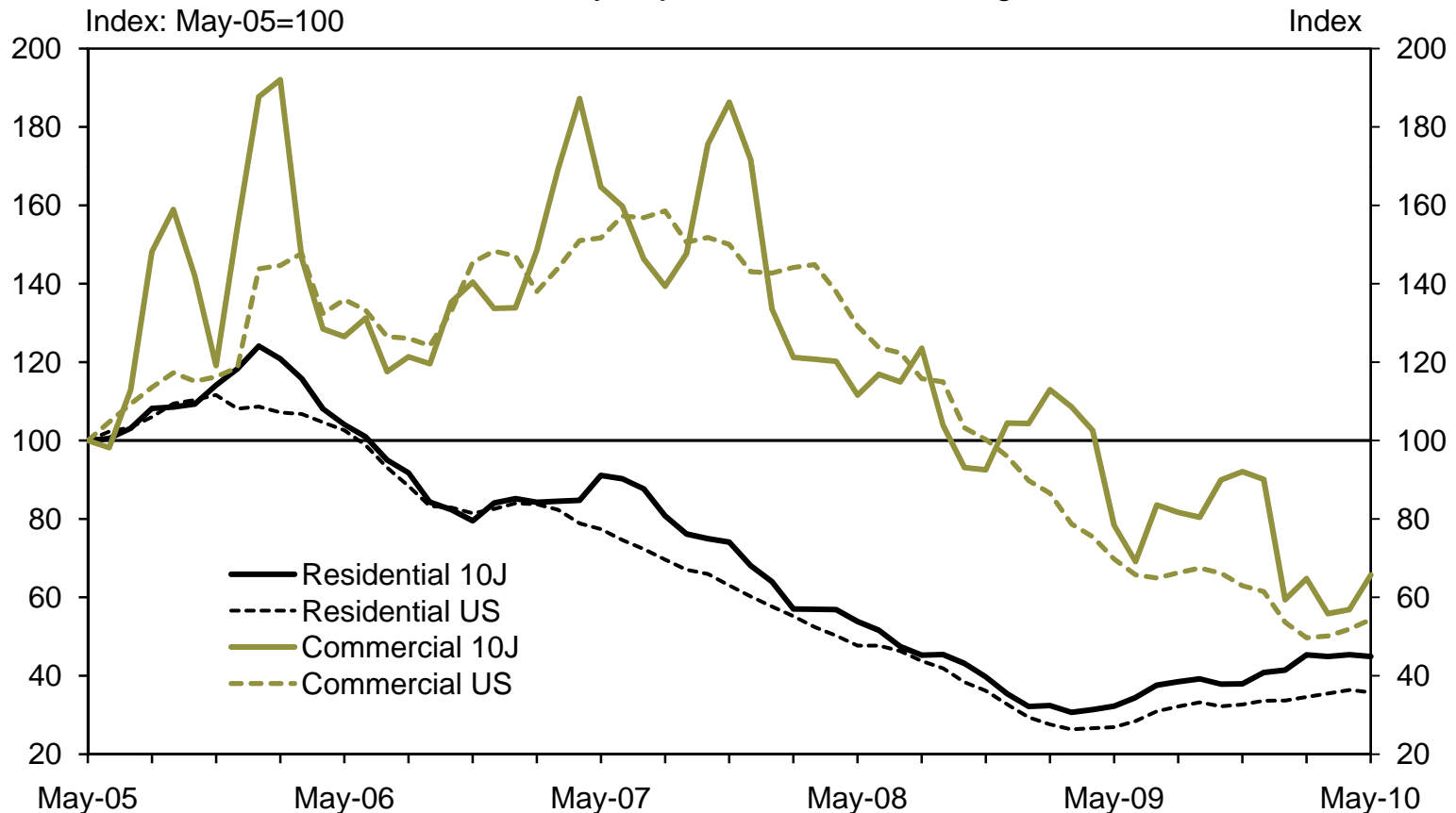
Count of Active Drilling Rigs



District commercial and residential construction tracking U.S. trends

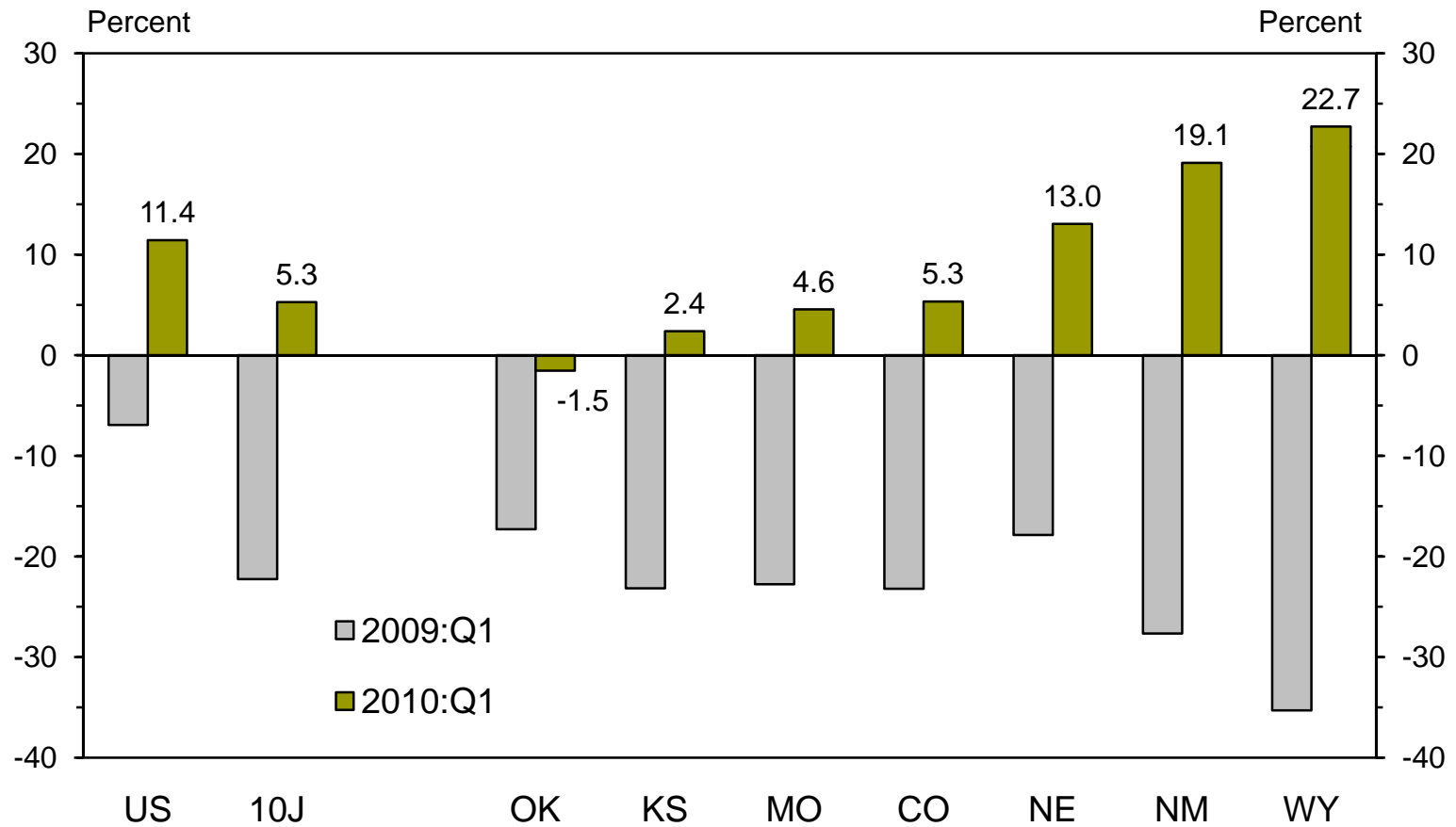
Value of Commercial & Residential Construction Contracts

Seasonally Adjusted, 3-mo. mov. avg.



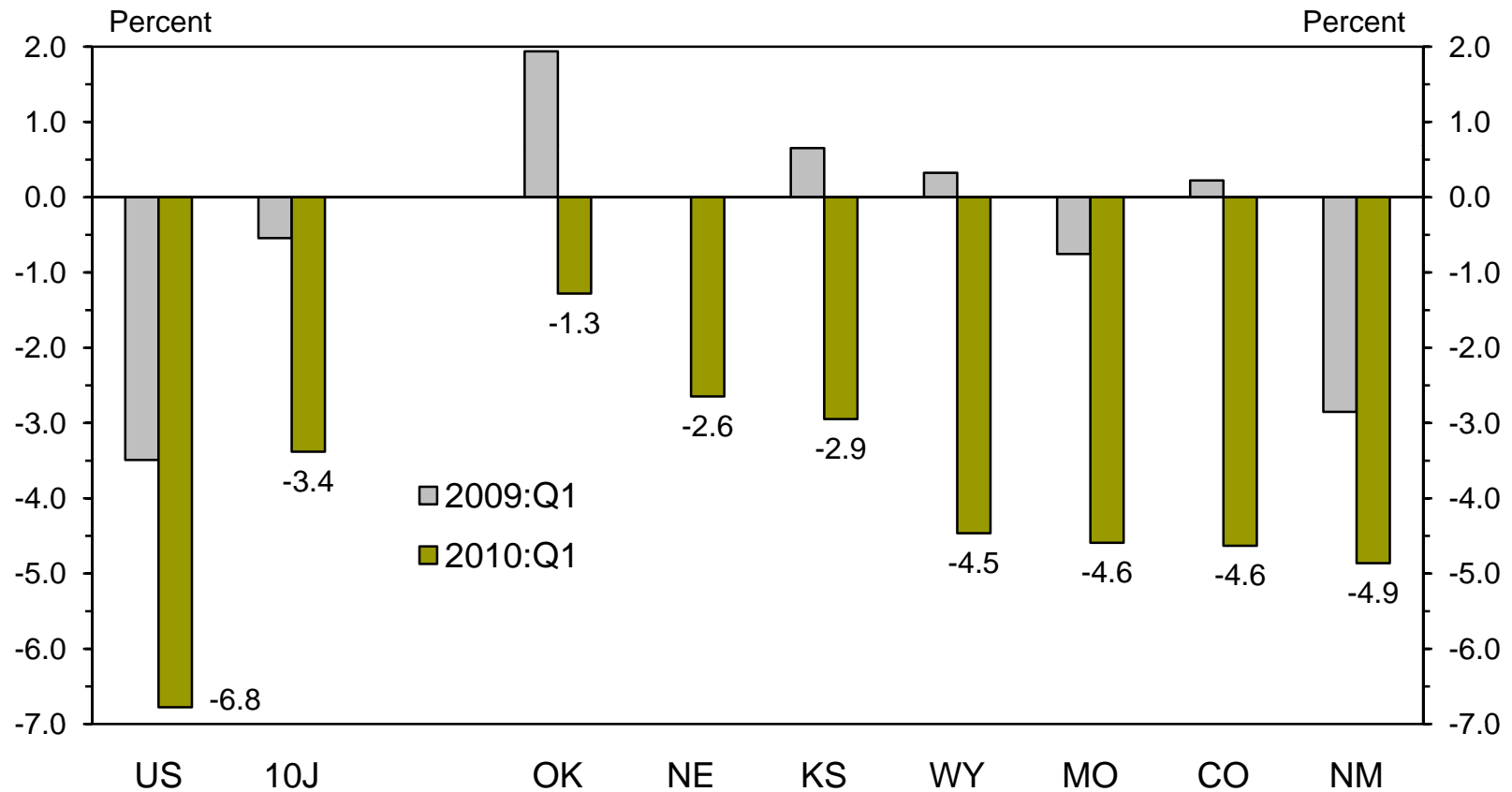
Existing home sales up in most district states (tax credits driving activity)

Sales of Existing Homes in District States
Seasonally Adjusted



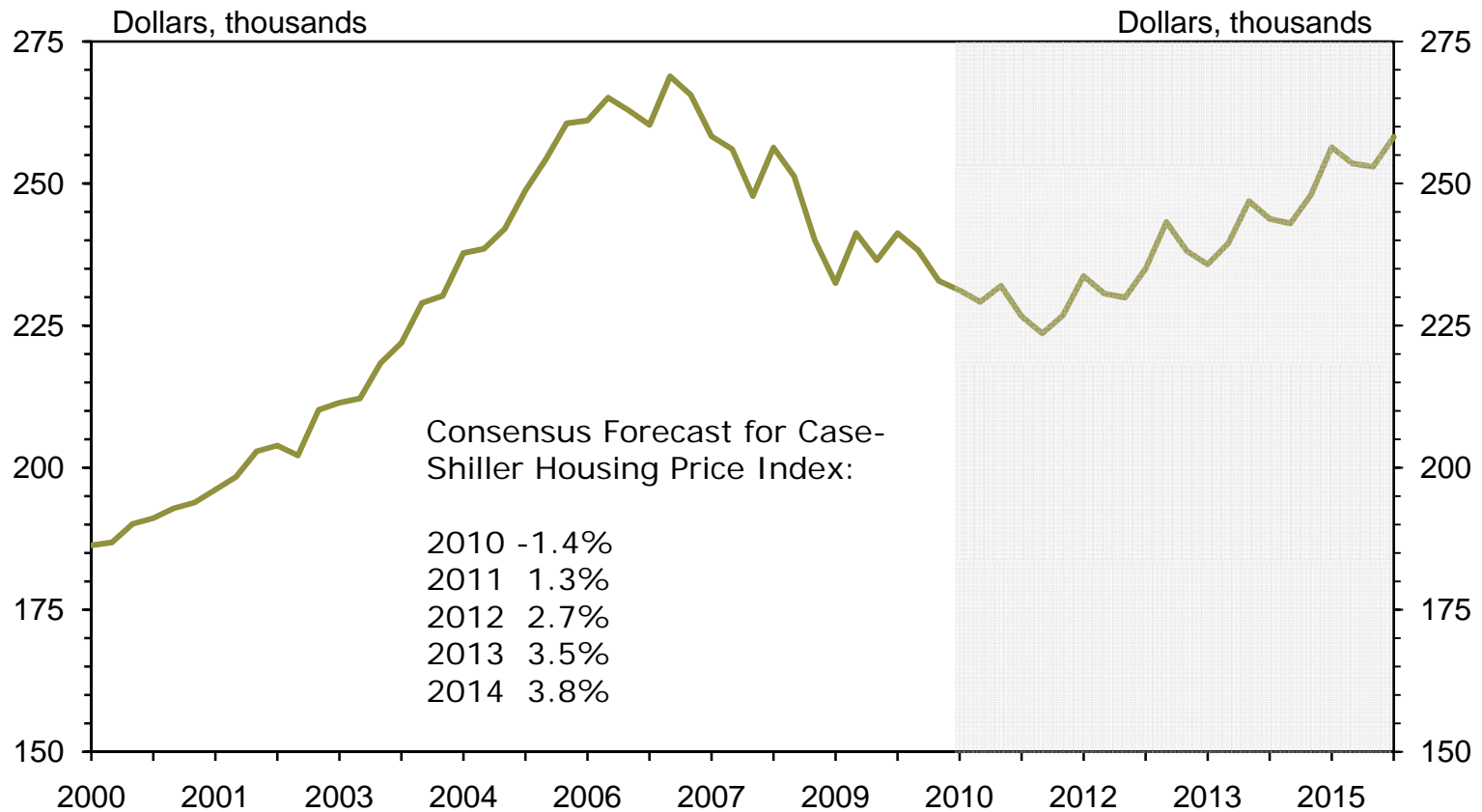
But no clear bottom in District home prices

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



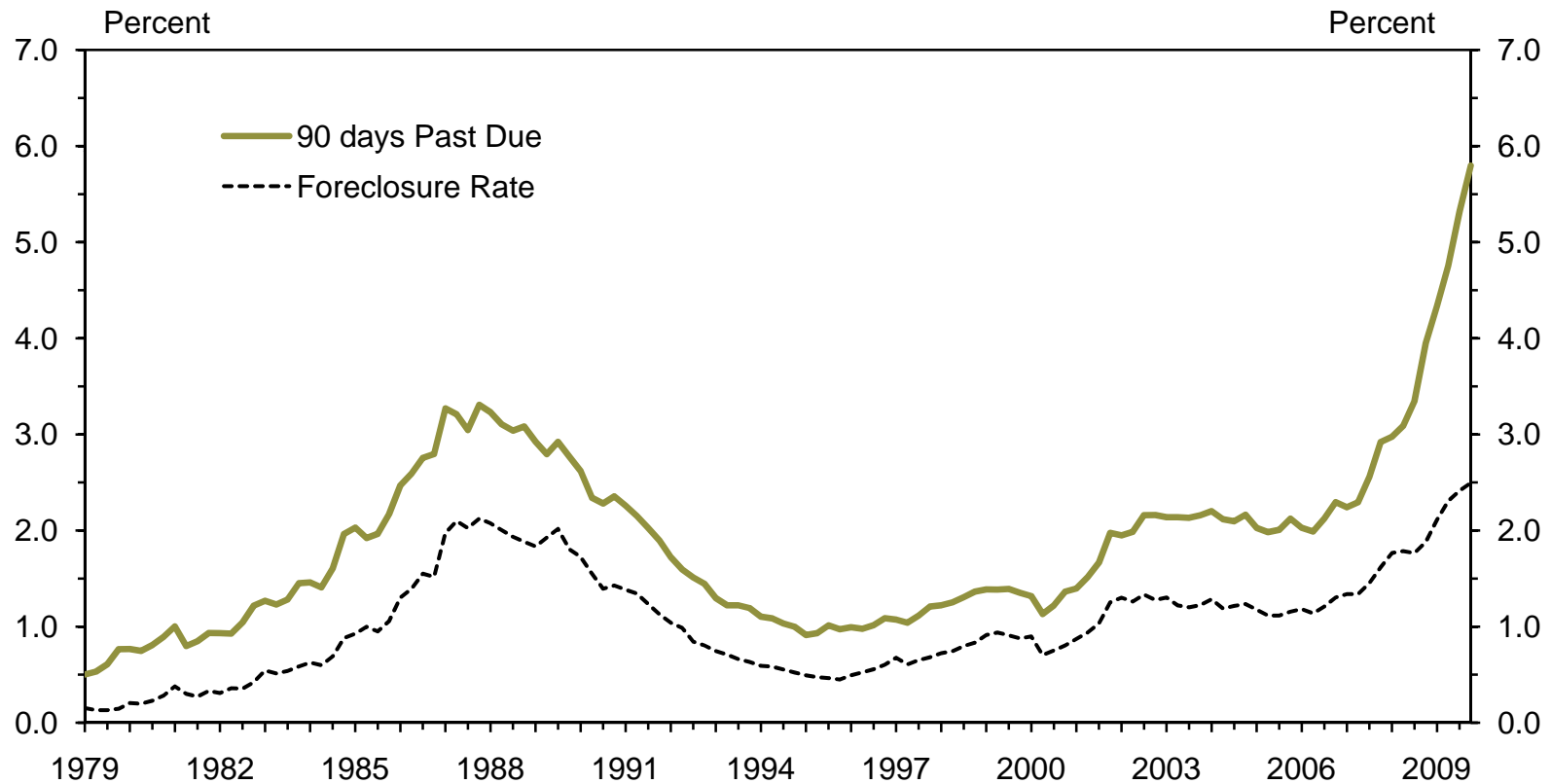
Home prices are expected to languish through 2011

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



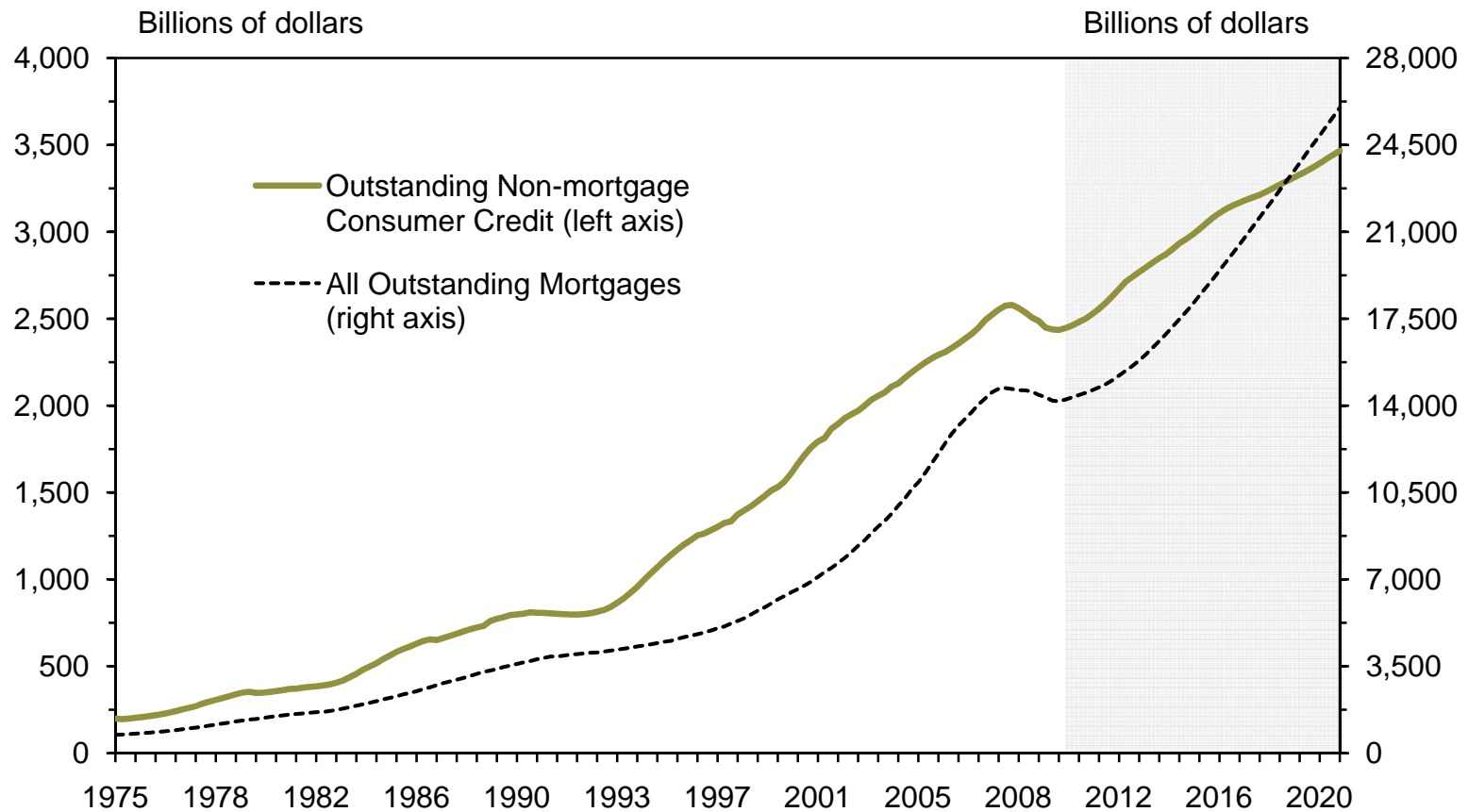
No peak reached in late mortgages or foreclosures; workouts take hold

Tenth District Mortgage Foreclosure and Delinquency Rates



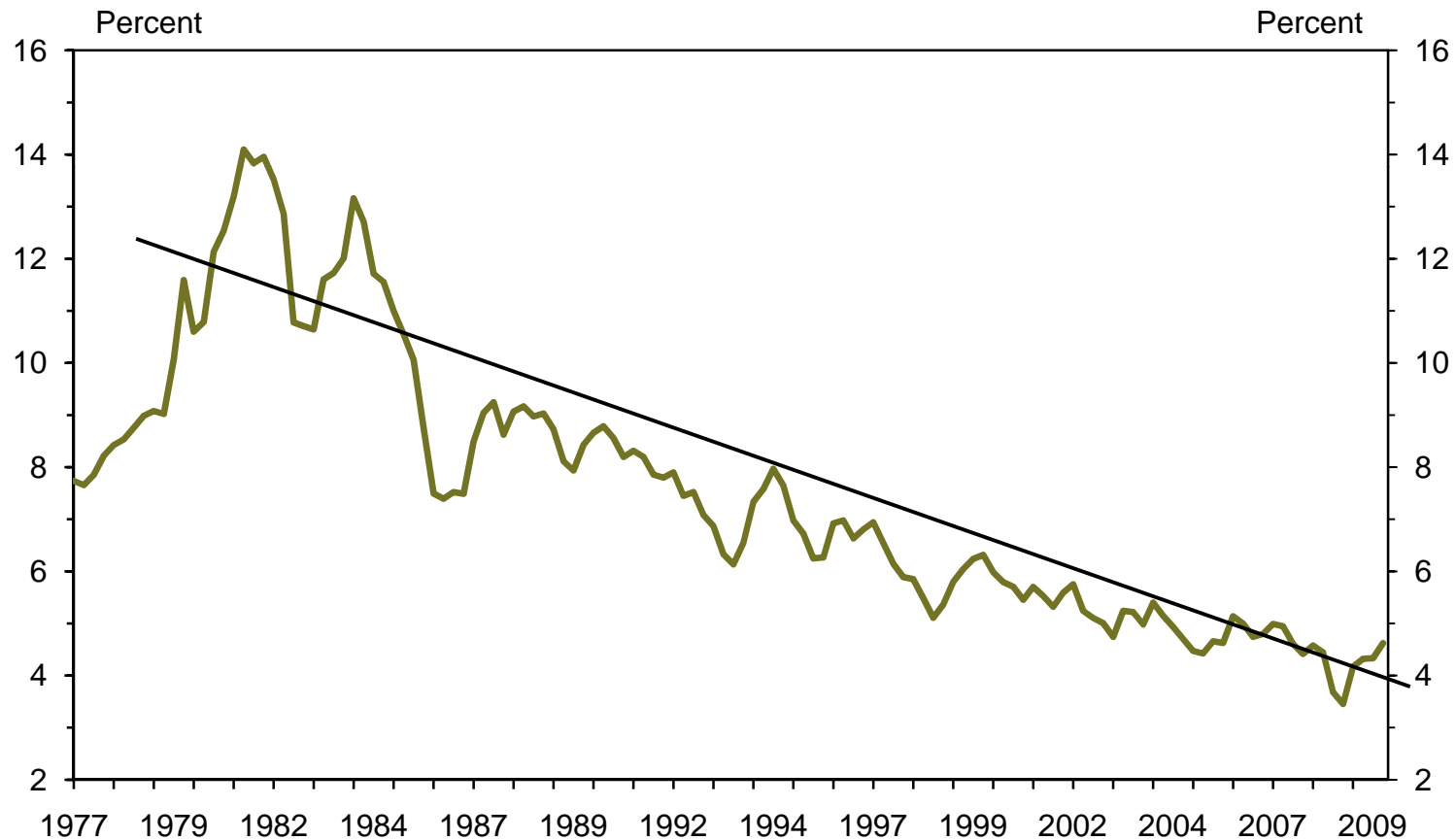
No major deleveraging of the household sector is expected: cyclical adjustment

U.S. Consumer Credit



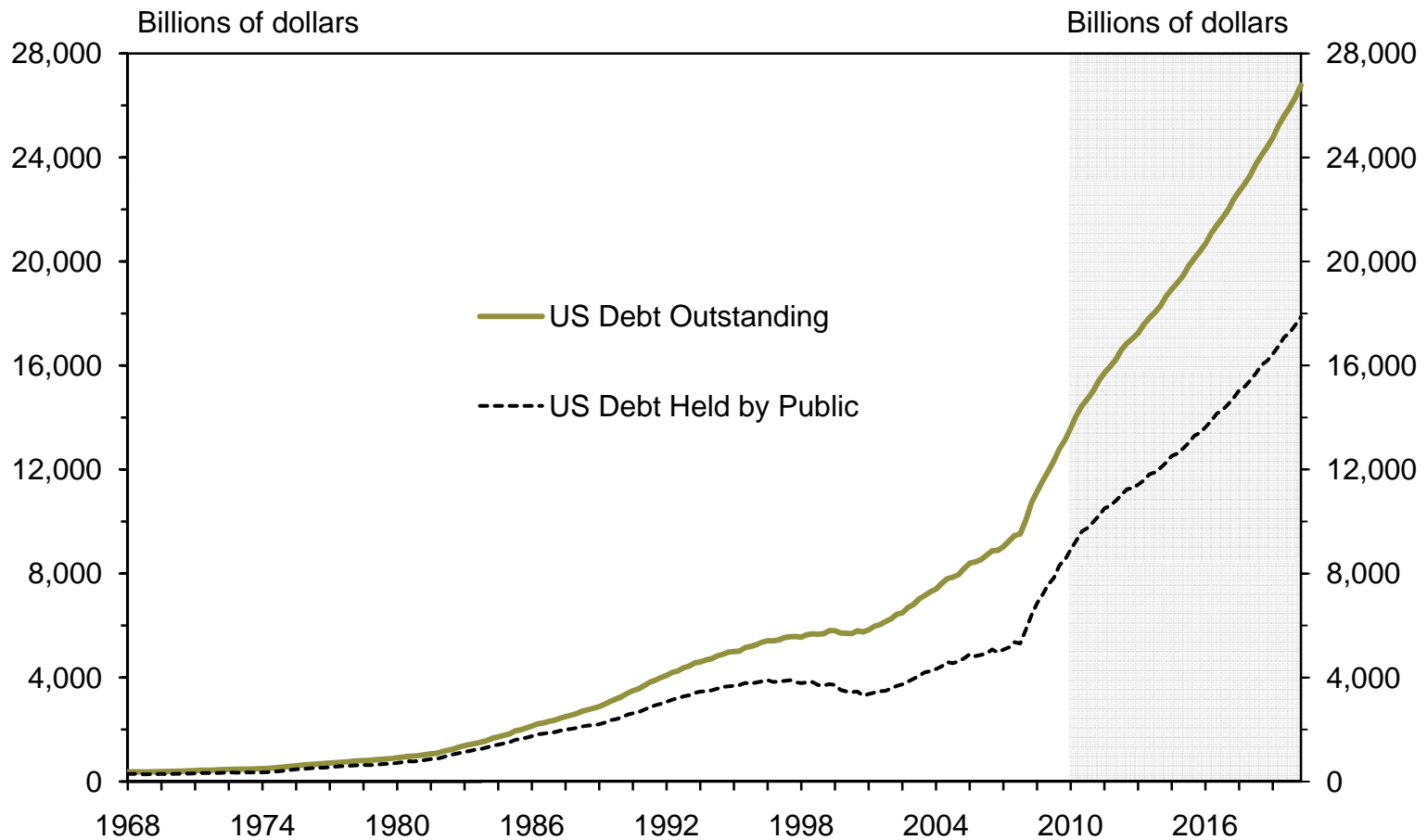
Was household leveraging fully irrational?

Long-Term Treasury Bond Yields



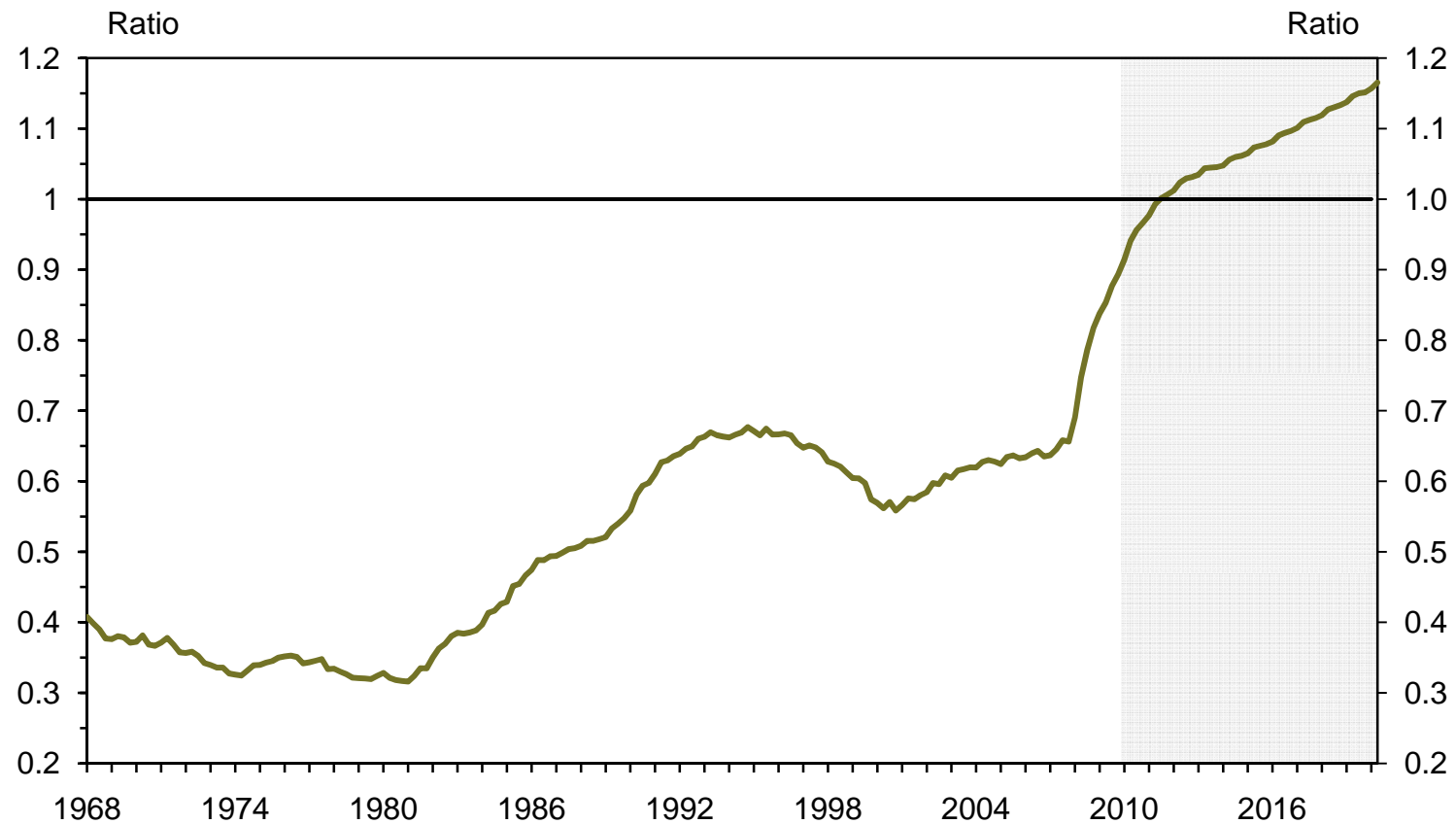
U.S. fiscal stance will continue to deteriorate

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

Questions?

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