

Emerging Trends in the U.S. and Colorado Economies

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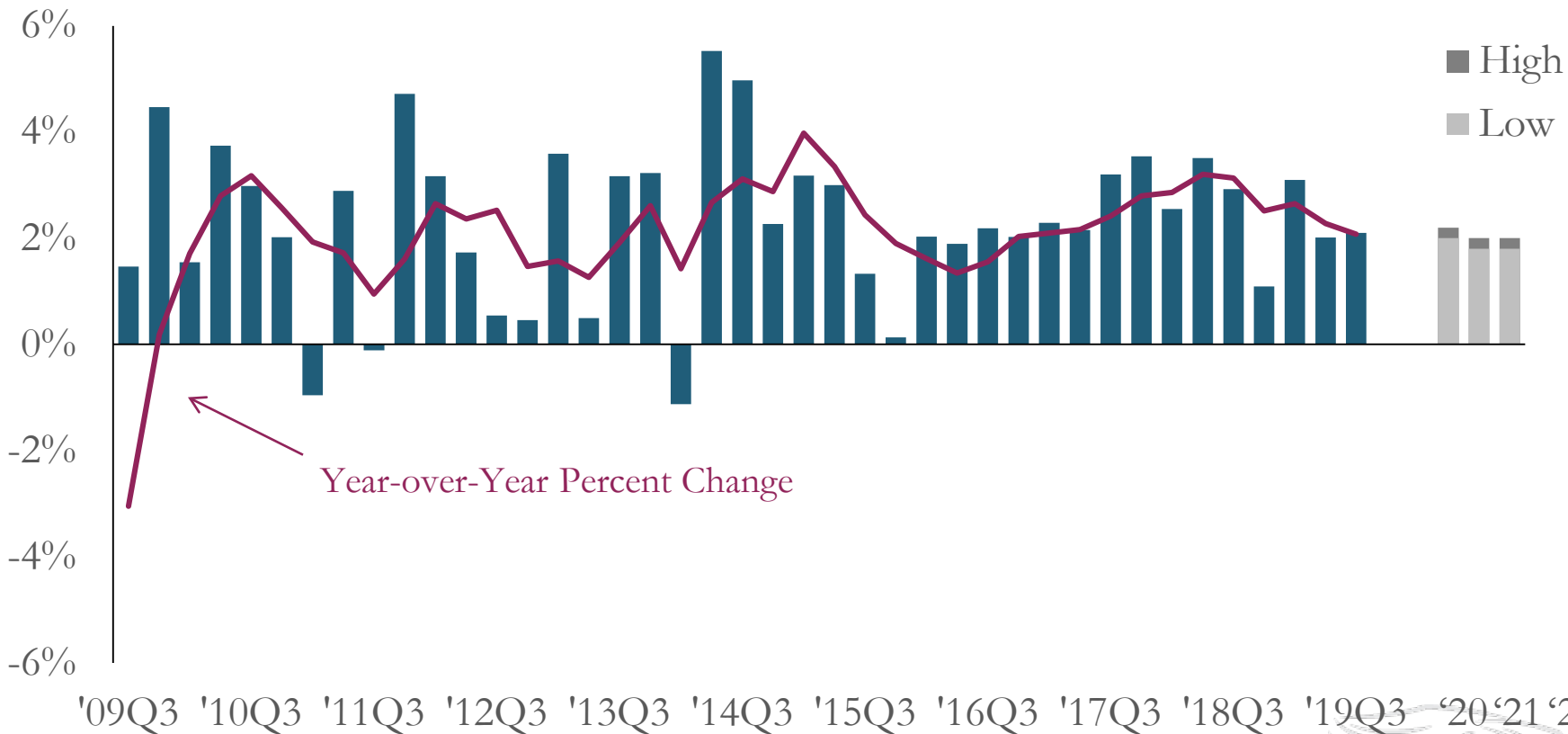
*The views expressed are those of the presenter
and do not necessarily reflect the positions of the
Federal Reserve Bank of Kansas City or the
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U.S. economic growth is expected to continue at a moderate pace in 2020.

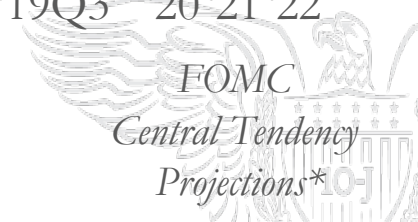
REAL U.S. GROSS DOMESTIC PRODUCT

Percent Change from Previous Quarter at Seasonally Adjusted Annualized Rates



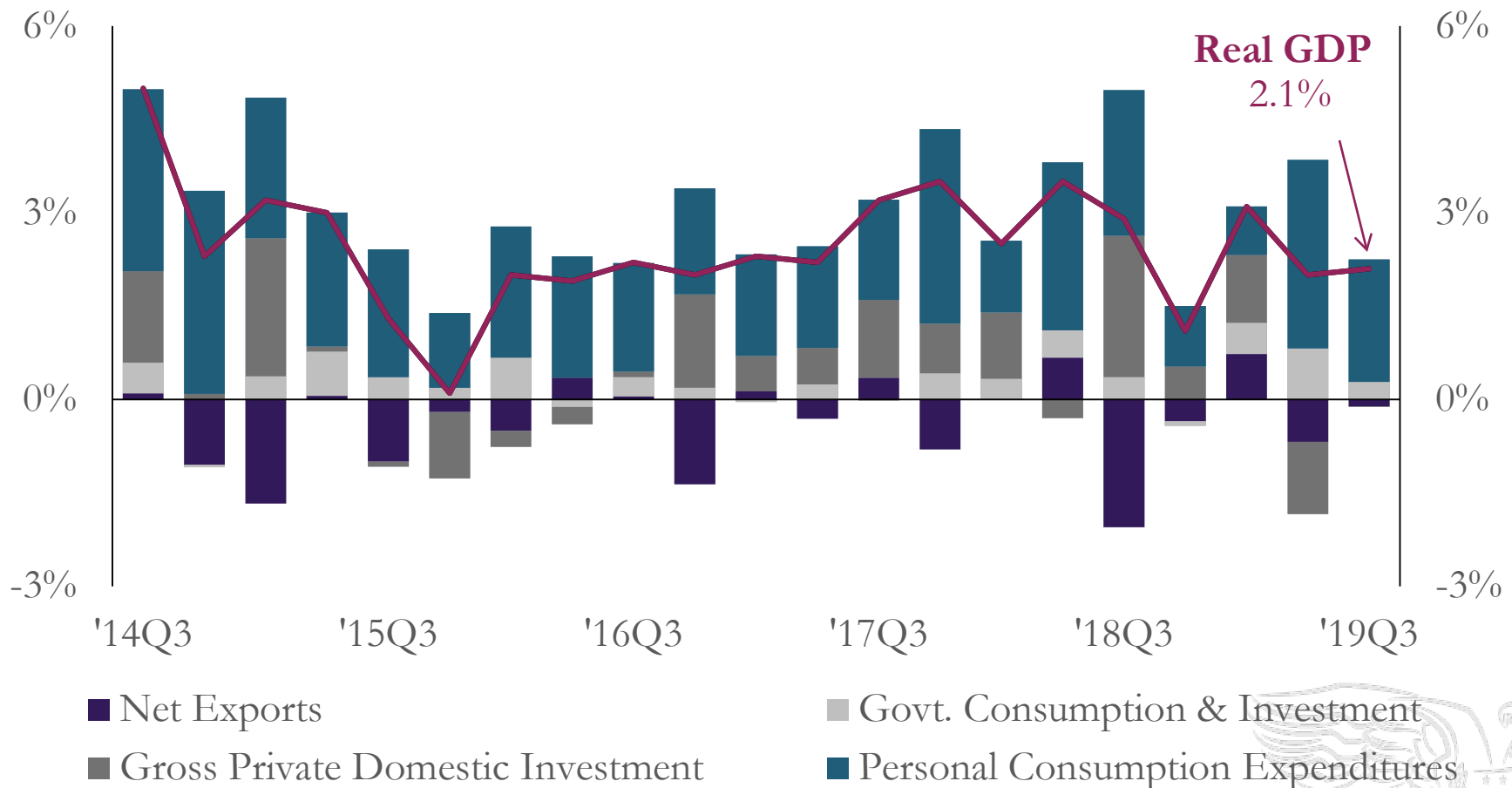
Sources: Bureau of Economic Analysis and Federal Open Market Committee (FOMC) / Haver Analytics

*Projections as of December FOMC meeting



Growth in the U.S. economy continues to be driven by consumer spending.

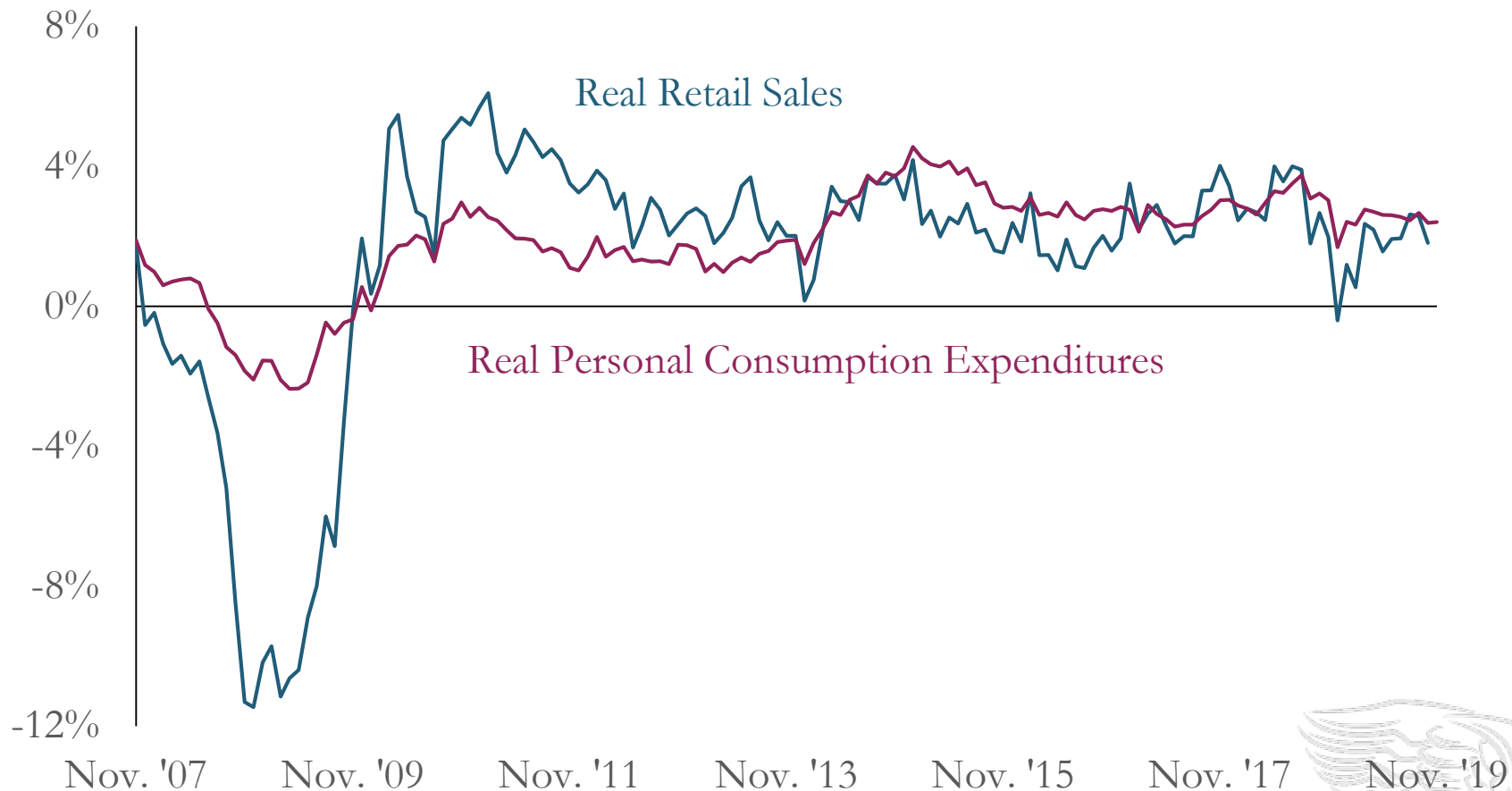
CONTRIBUTIONS TO REAL U.S. GROSS DOMESTIC PRODUCT
Percent Change at Seasonally Adjusted Annualized Rates



Consumer spending continues to increase, and early reports suggest that holiday retail sales were solid.

REAL CONSUMPTION SPENDING

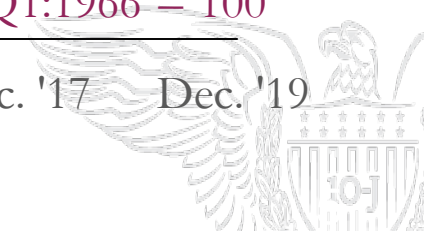
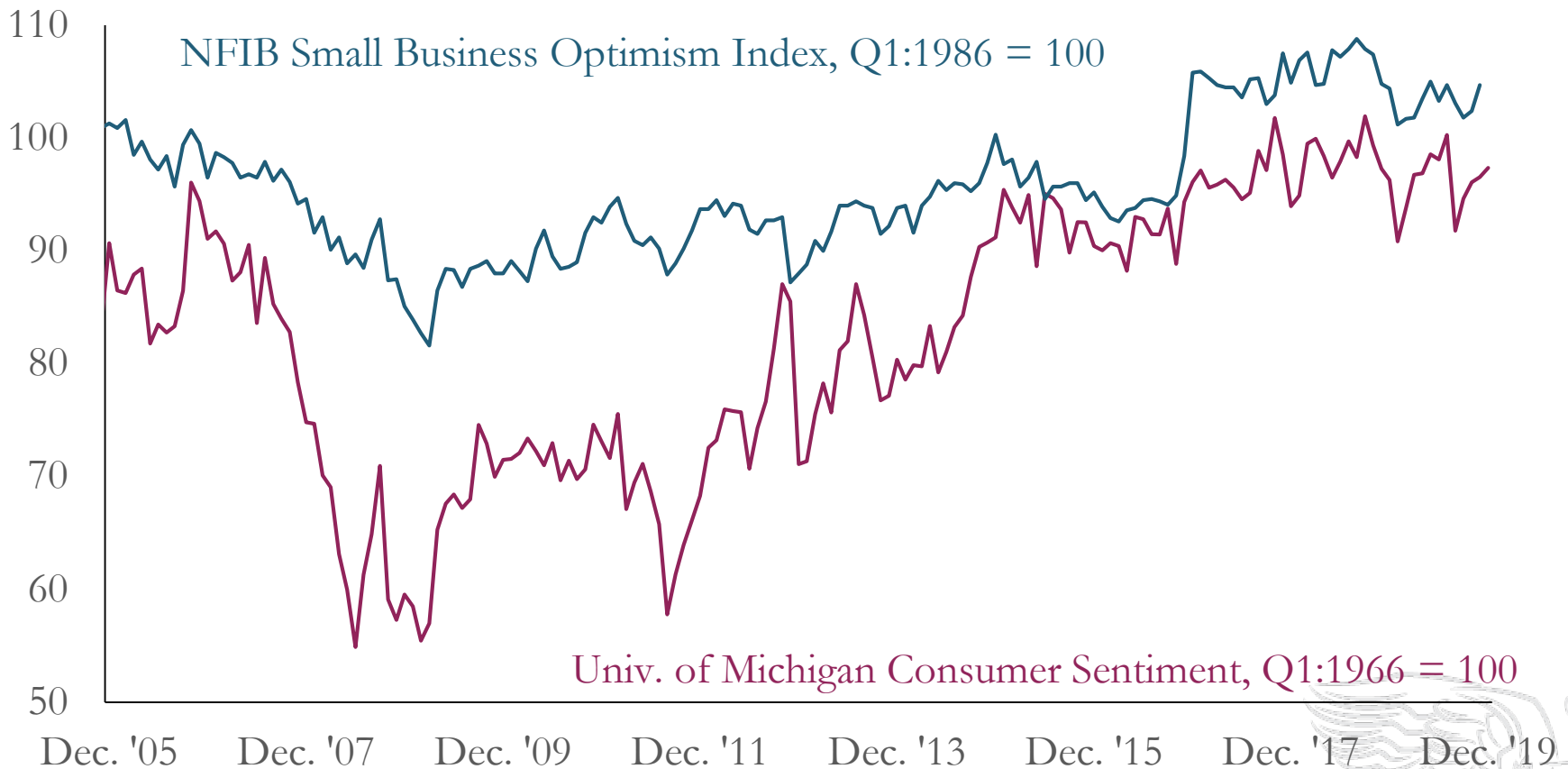
Seasonally Adjusted, Year-over-Year Percent Change



Businesses and consumers remain fairly optimistic about the economy.

BUSINESS AND CONSUMER SENTIMENT

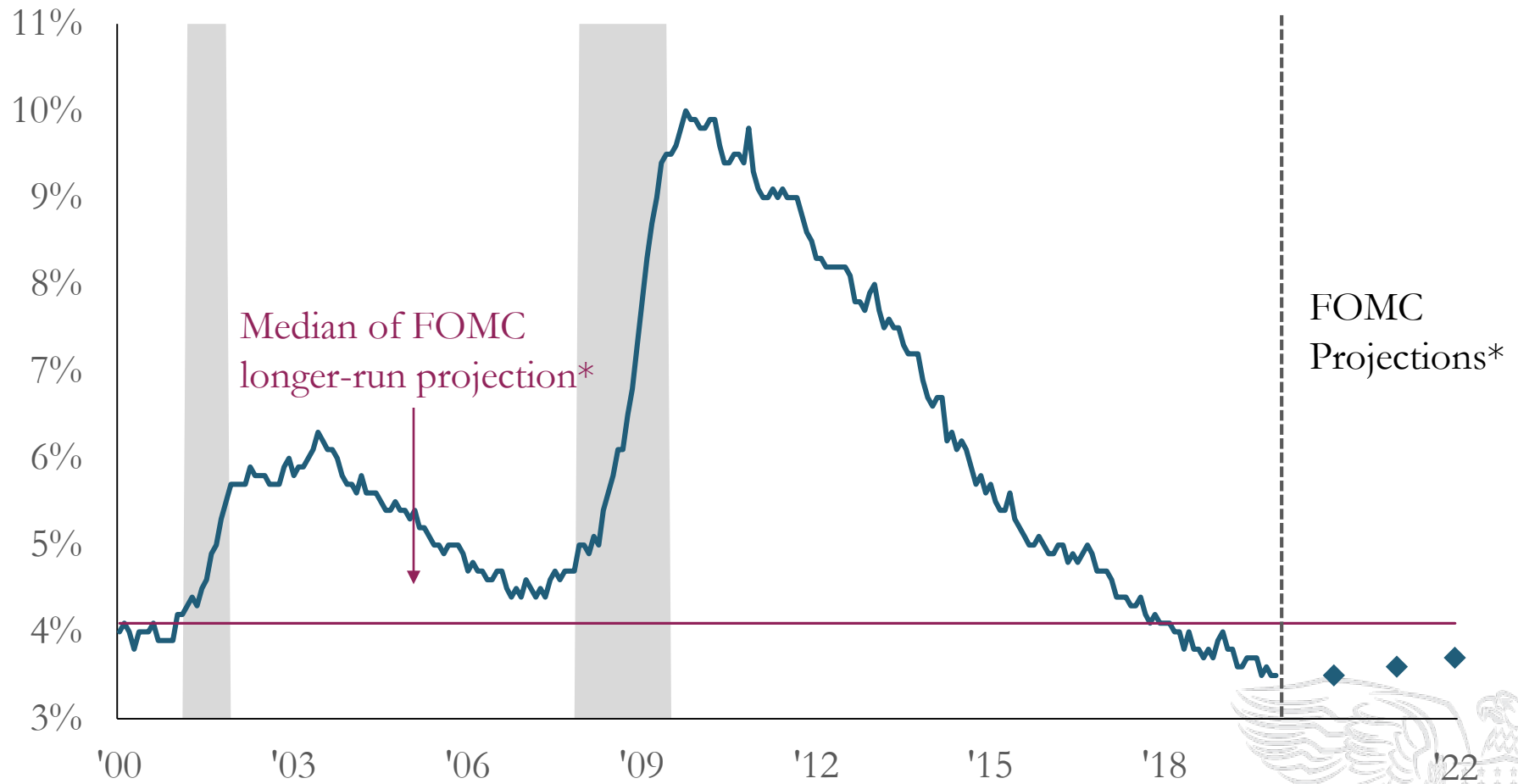
Seasonally Adjusted



The unemployment rate has declined steadily over the past ten years and has fallen below most estimates of its longer-run level.

U. S. UNEMPLOYMENT RATE

Seasonally Adjusted



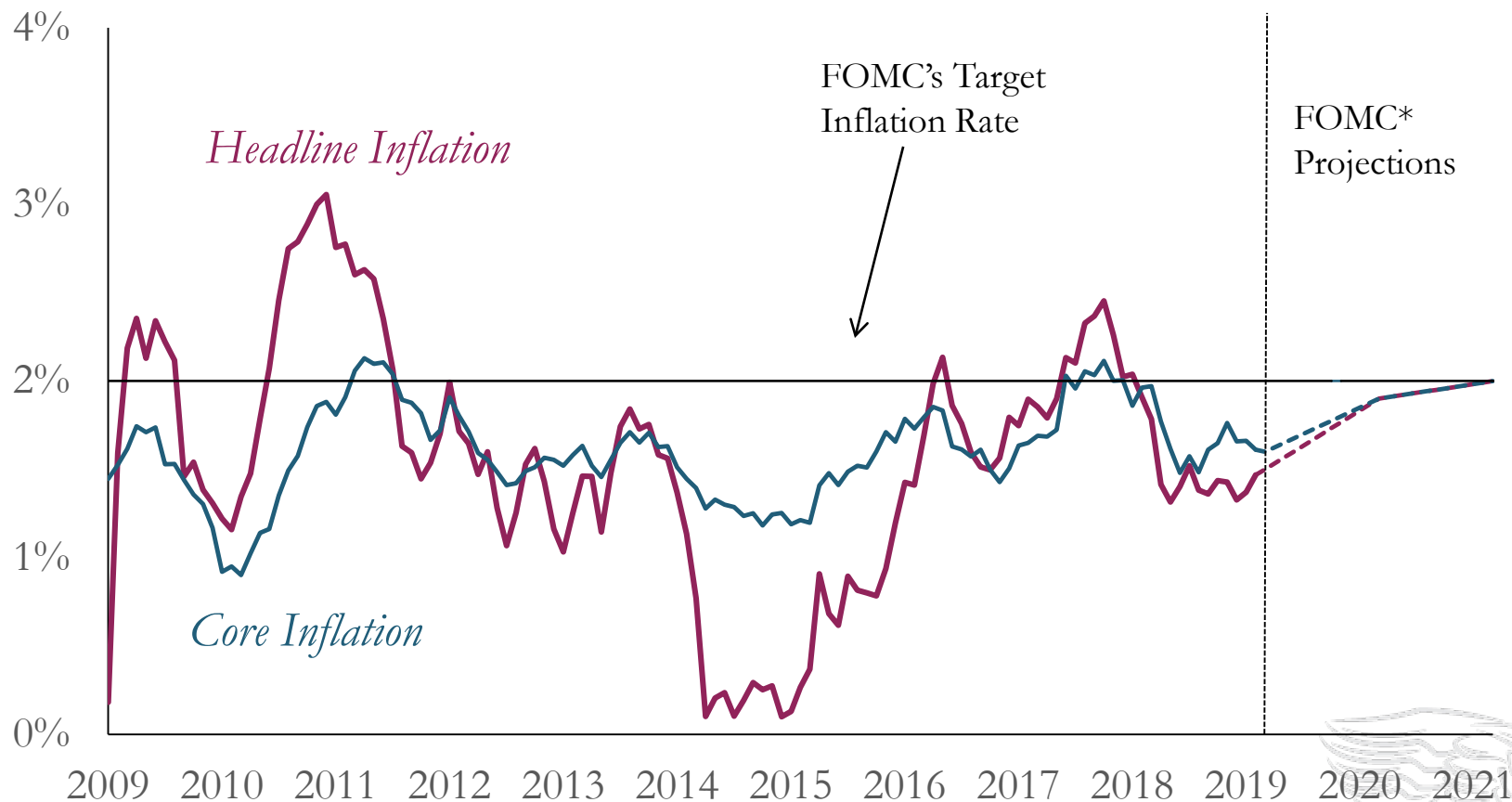
Sources: Bureau of Labor Statistics, National Bureau of Economic Research and Federal Open Market Committee (FOMC) / Haver Analytics

*Projections as of December FOMC meeting; median unemployment rate

Inflation is expected to move toward the FOMC's two percent target over the next few years.

PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)

Percent Change Year-over-Year



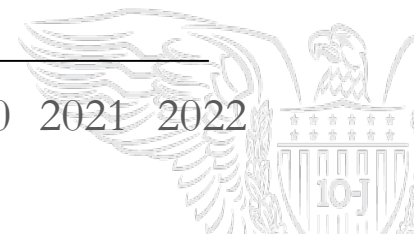
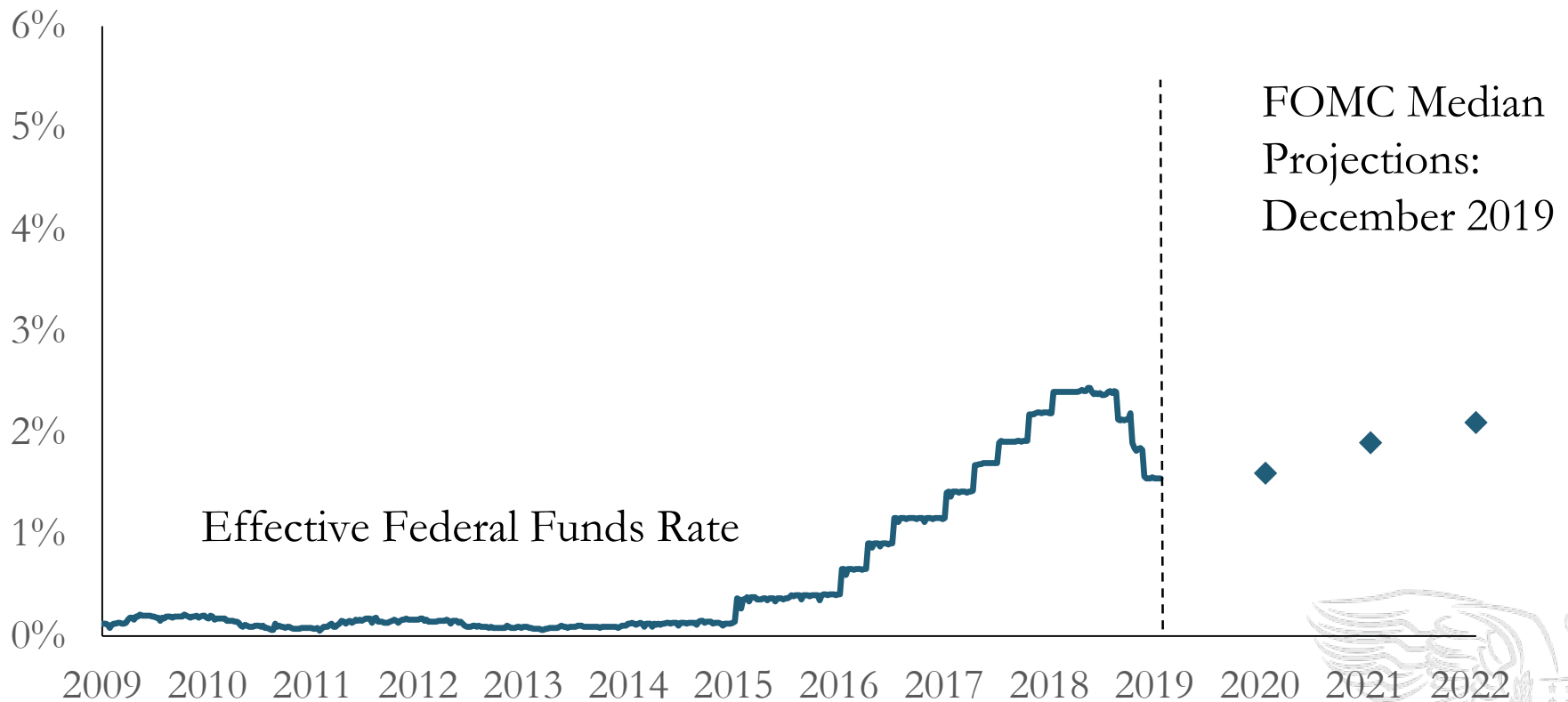
Sources: Bureau of Economic Analysis and Federal Open Market Committee / Haver Analytics

*Projections as of December FOMC meeting; median projections



“Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee decided to maintain the target range for the federal funds rate at 1-1/2 to 1-3/4 percent.”

- December 2019 FOMC Statement

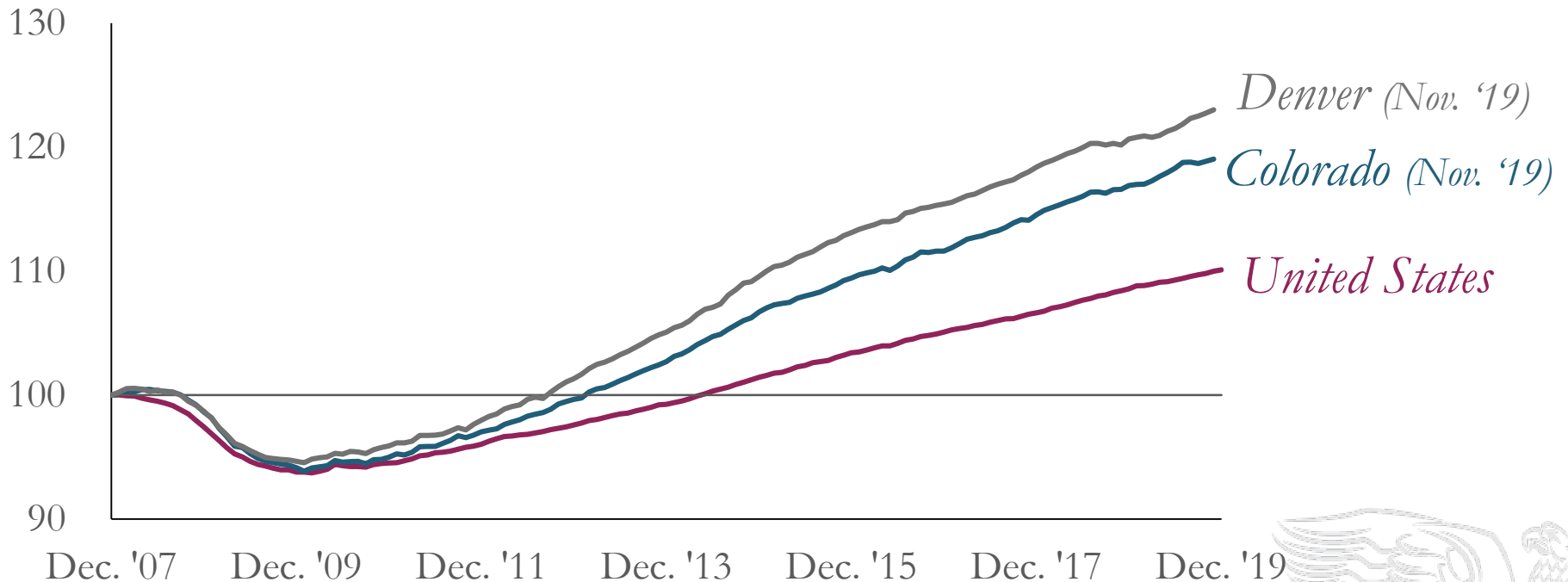


The U.S. and Colorado economies continue to add jobs at a moderate pace.

PAYROLL EMPLOYMENT GROWTH

Index 100 = December 2007, Seasonally Adjusted

<i>Percent Change</i>	<i>Dec. '07 to Present</i>	<i>Past Year</i>
U.S. (Dec. '19)	10.1%	1.4%
Colorado (Nov. '19)	19.0%	2.1%
Denver (Nov. '19)	23.0%	2.4%

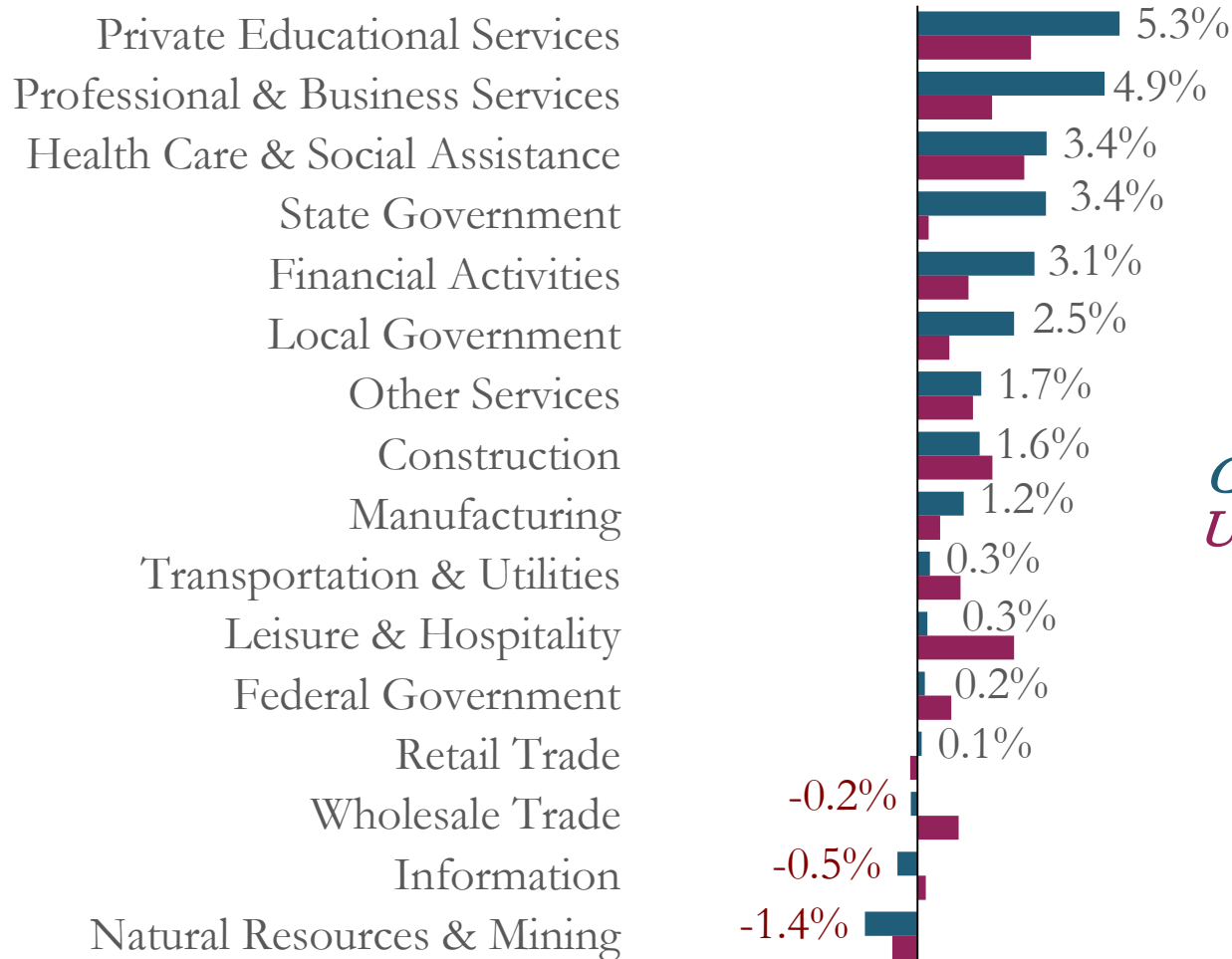


The majority of industries in Colorado have added jobs over the past year.

CHANGE IN PAYROLL EMPLOYMENT, NOVEMBER 2019

Seasonally Adjusted

Percent Change Year-over-Year



Colorado
United States

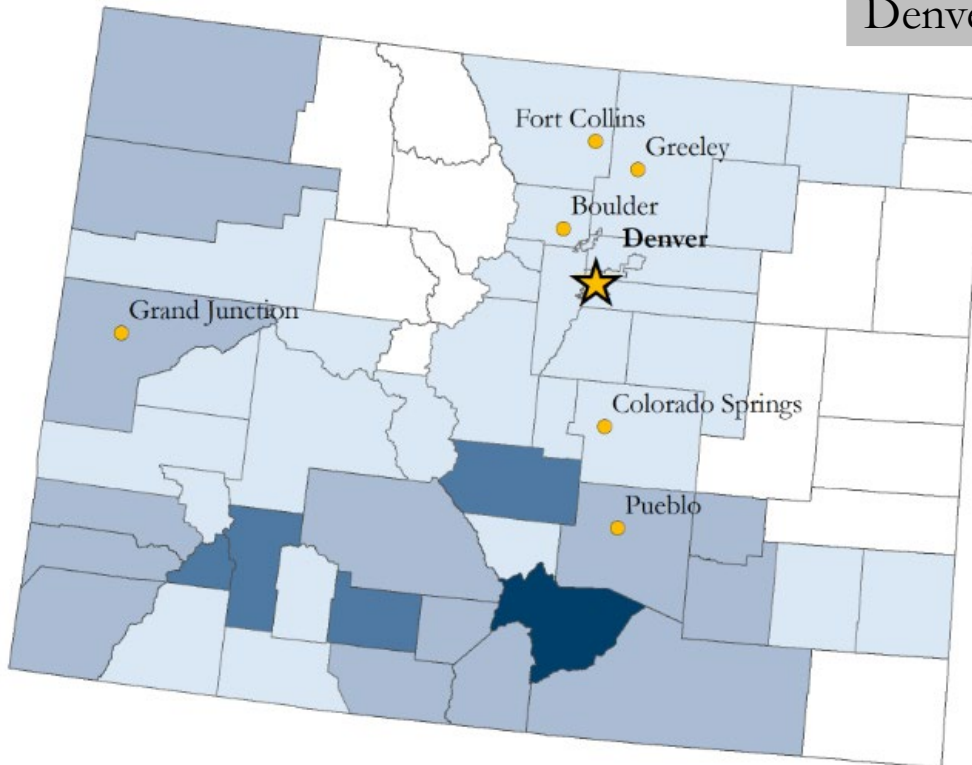


Unemployment rates are low across Colorado.

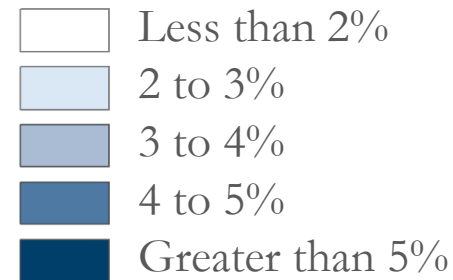
UNEMPLOYMENT RATES

November 2019, Seasonally Adjusted

<i>Unemployment Rate</i>	<i>U-3</i>	<i>U-5*</i>	<i>U-6*</i>
United States (Dec. '19)	3.5%	4.2%	6.7%
Colorado (Nov. '19)	2.6%	3.5%	6.4%
Denver (Nov. '19)	2.5%		



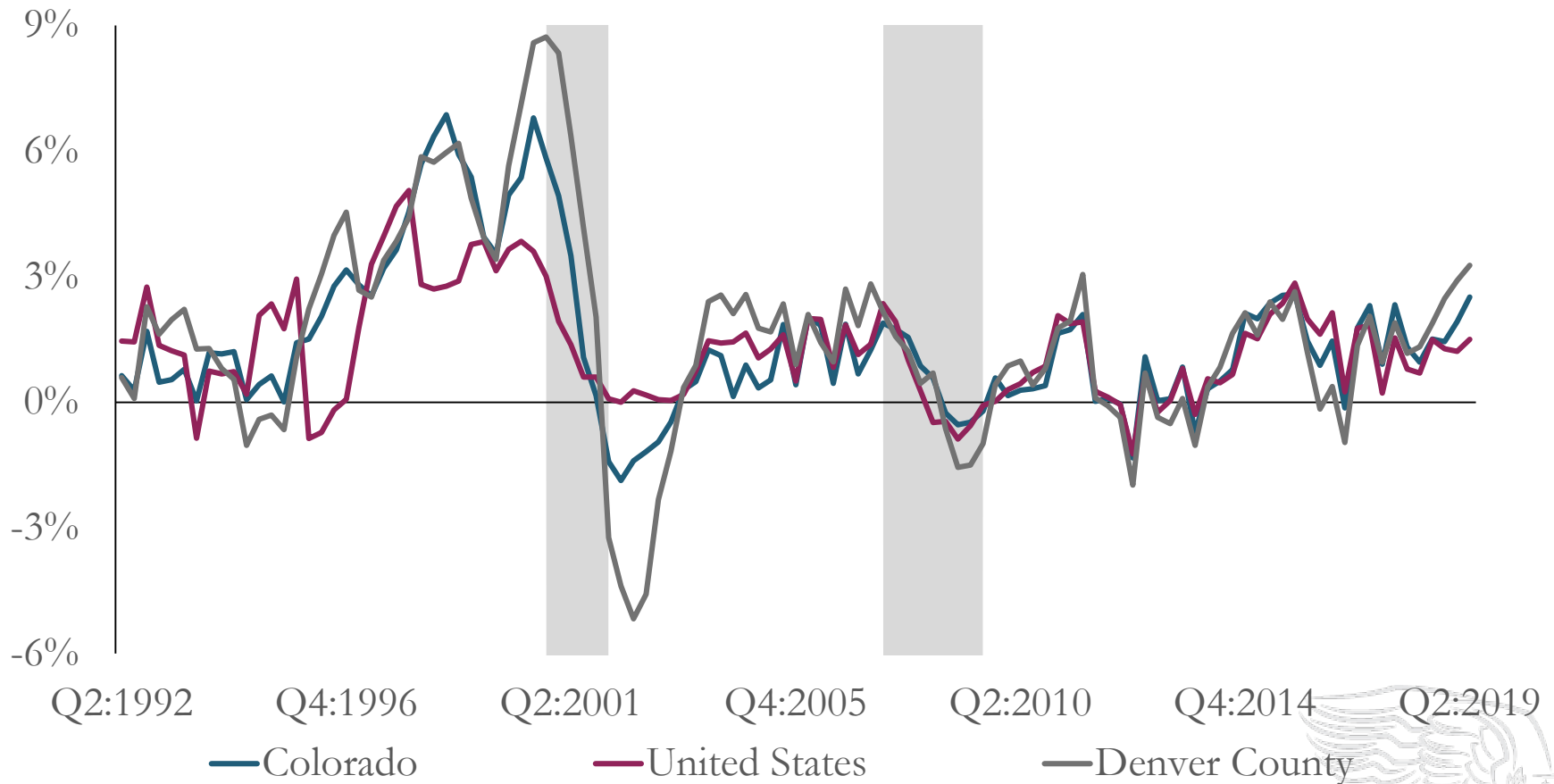
**U-5 and U-6 values are 12-month moving averages as of Q3 2019 for Colorado and are for Dec. 2019 for the United States.*



Wage growth has picked up in Colorado over the past couple of years.

REAL WAGE GROWTH

Year-over-Year Percent Change, Four-Quarter-Moving-Average



Note: Grey bars indicate recession.

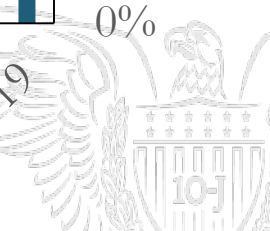
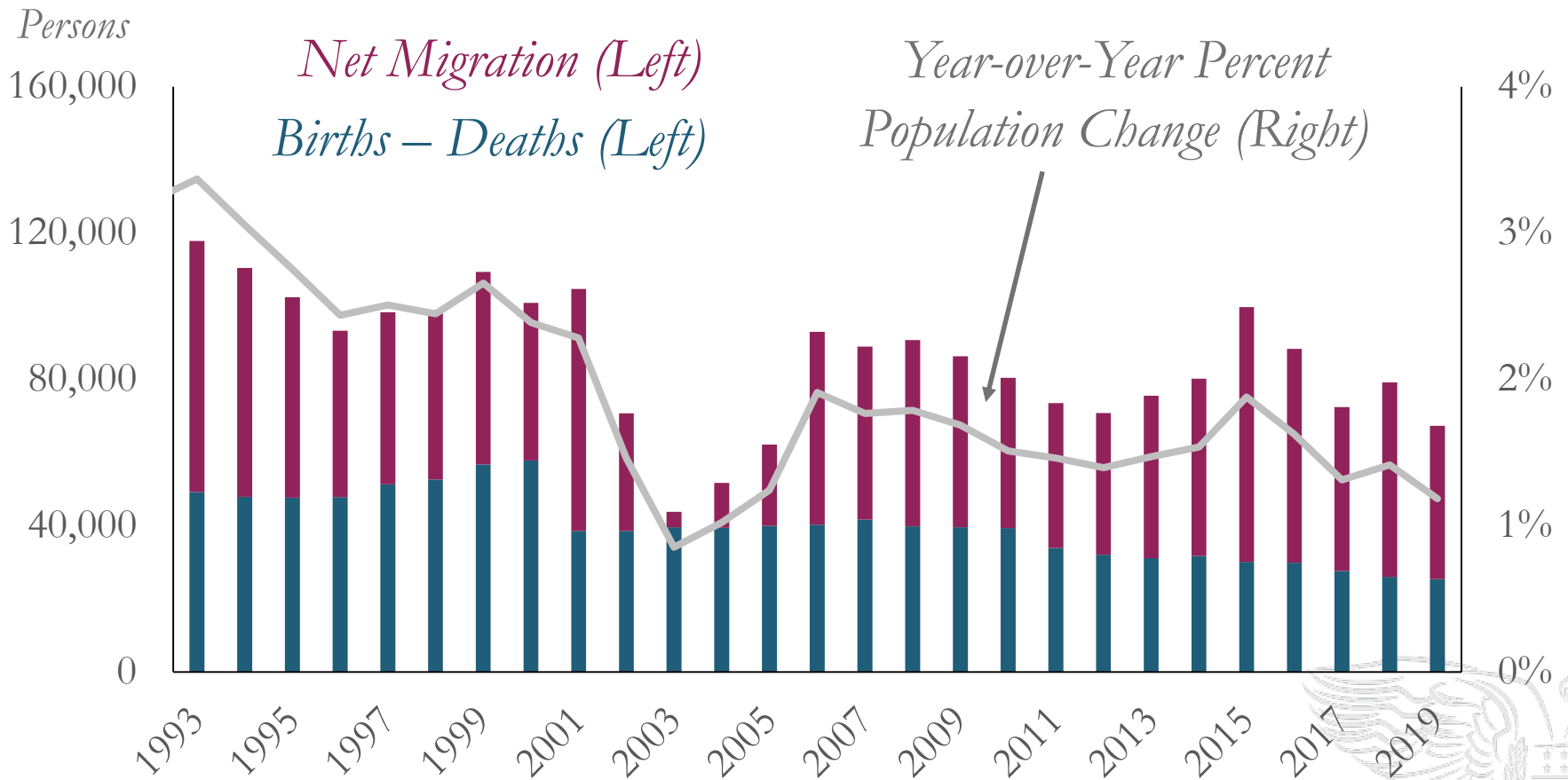
Source: Bureau of Labor Statistics



Population growth has slowed in Colorado since the 1990s, but people continue to migrate into the state.

CONTRIBUTIONS TO POPULATION CHANGE IN COLORADO

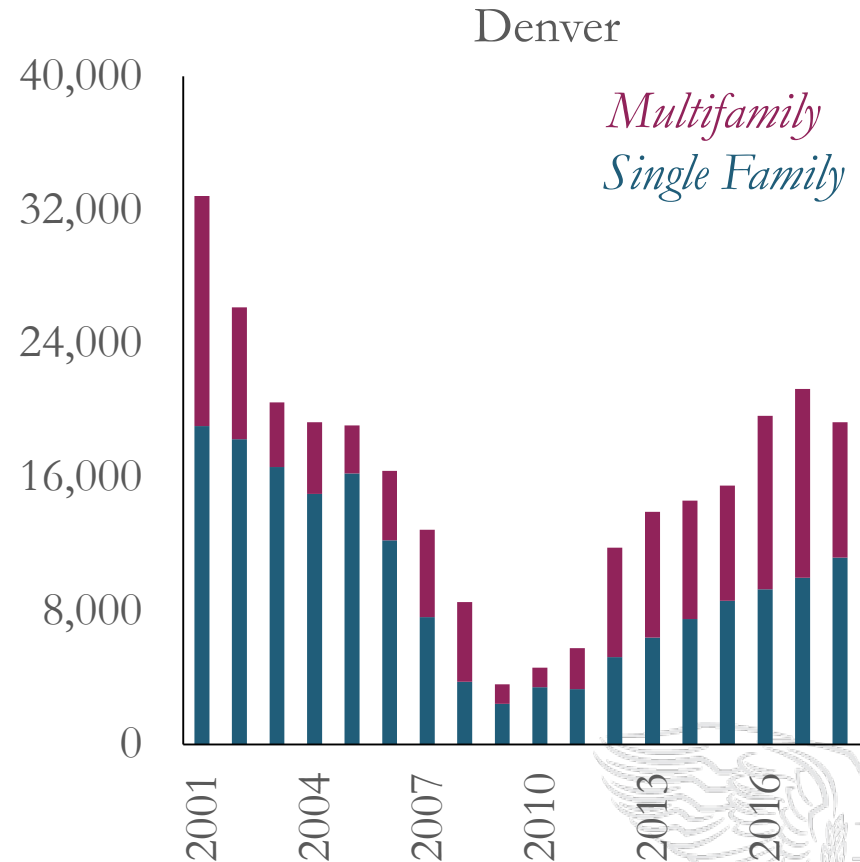
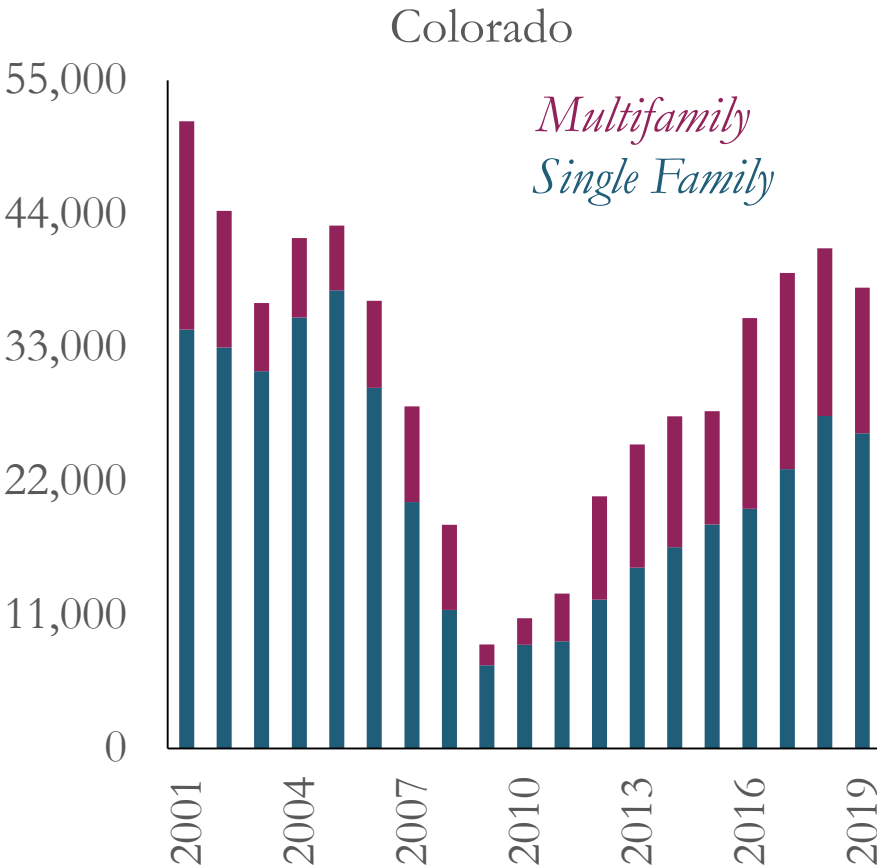
Annual



Residential construction activity has increased significantly since 2009, but permitting declined in 2019.

RESIDENTIAL PERMITS

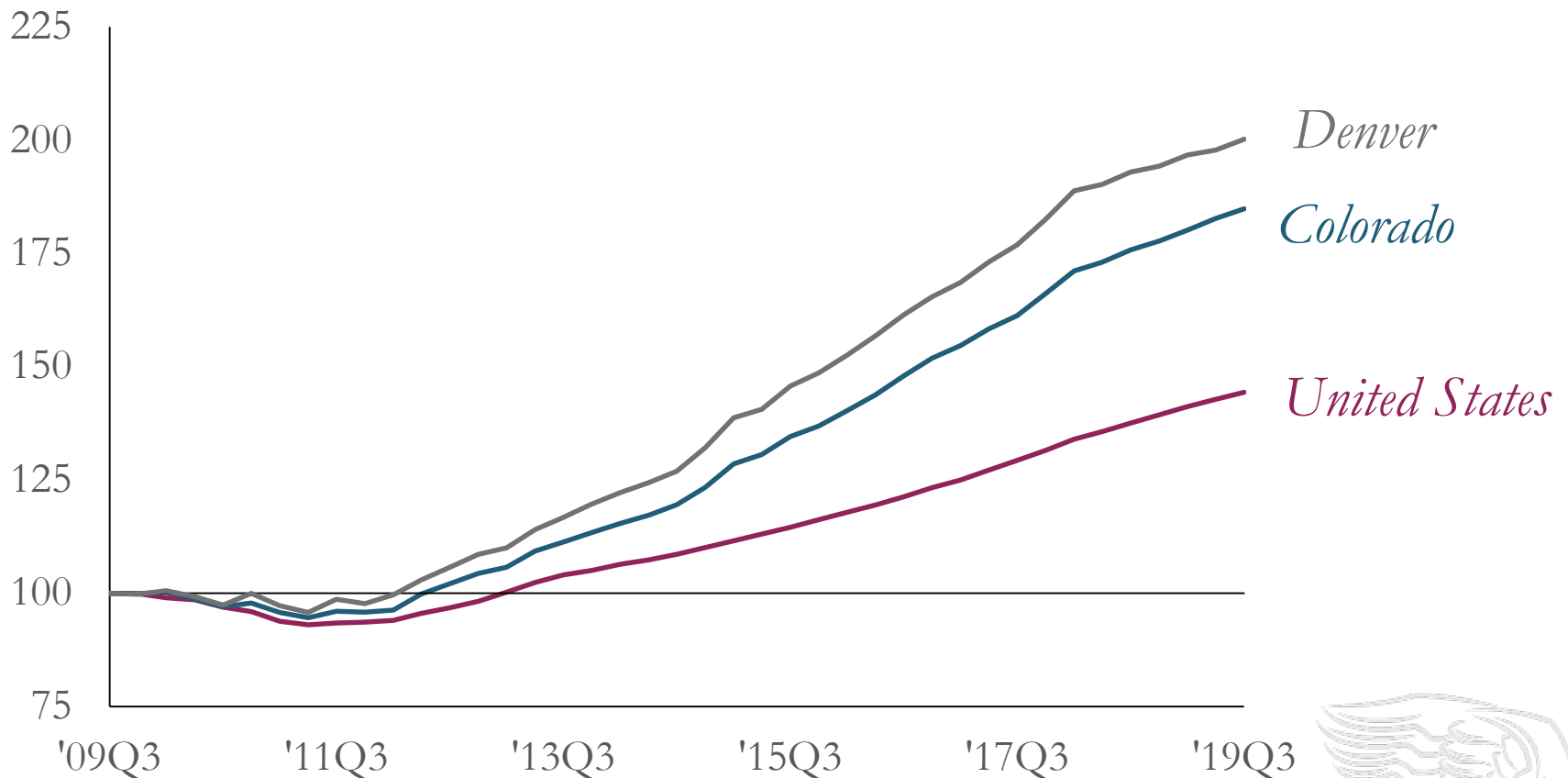
Seasonally Adjusted, Year-to-Date through November



Low inventories have led to strong home price appreciation in Colorado, although the pace of price gains has started to moderate.

HOME PRICES

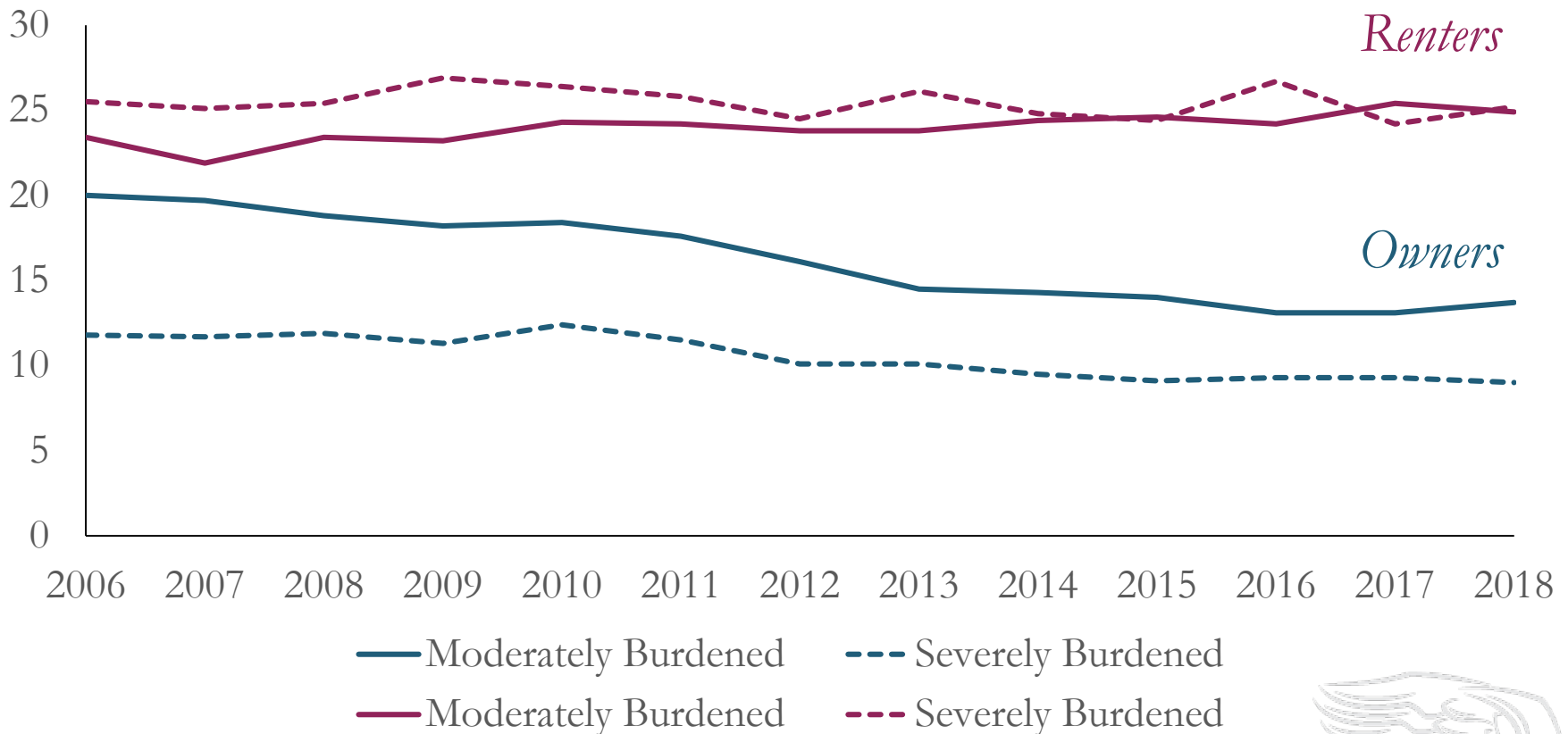
Seasonally Adjusted, Index 100 = Q3:2009



25 percent of renters and 9 percent of homeowners are severely burdened by housing costs in Colorado.

COLORADO HOUSING COST-BURDEN RATES BY HOUSEHOLD INCOME

Percent of Ownership Category



Note: Moderate burdens are defined as households with housing costs of between 30 – 50% of household income. Costs above 50% of household income are considered severely burdening.

Source: IPUMS-USA and author's calculations

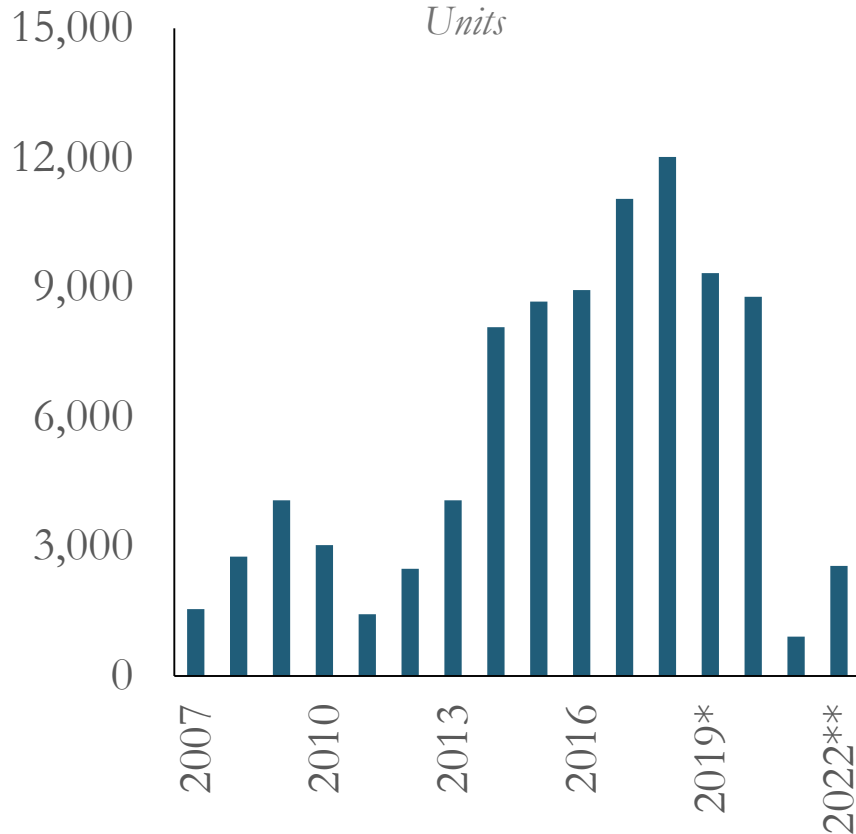


Commercial real estate construction is expected to remain solid in 2020.

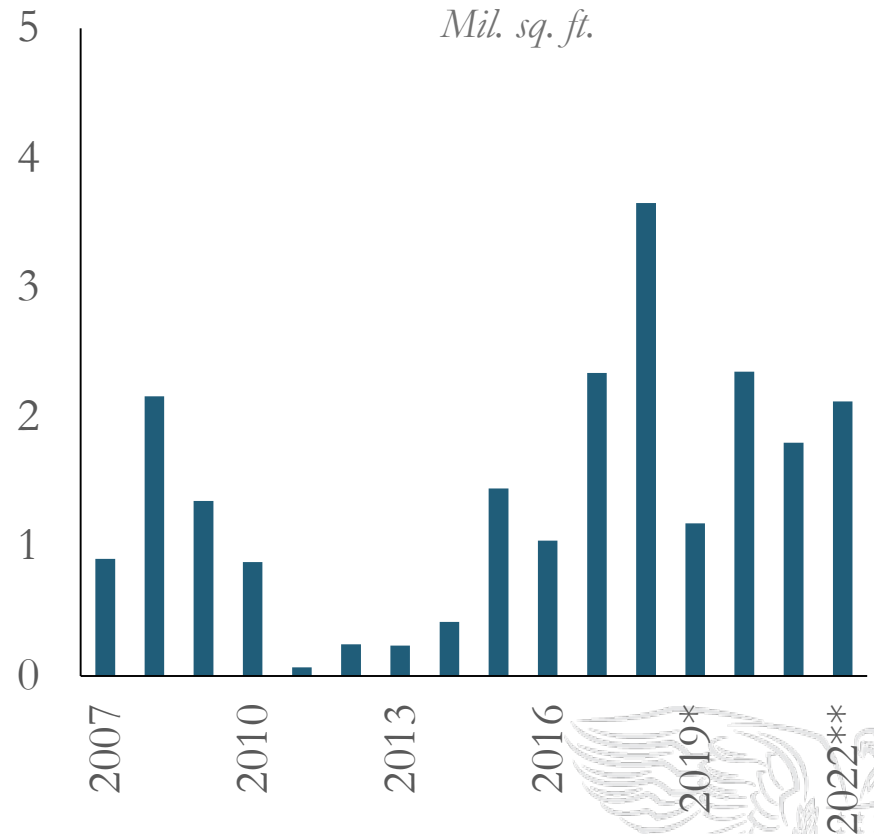
DENVER COMMERCIAL REAL ESTATE COMPLETIONS

Annual

Apartment
Units



Office
Mil. sq. ft.



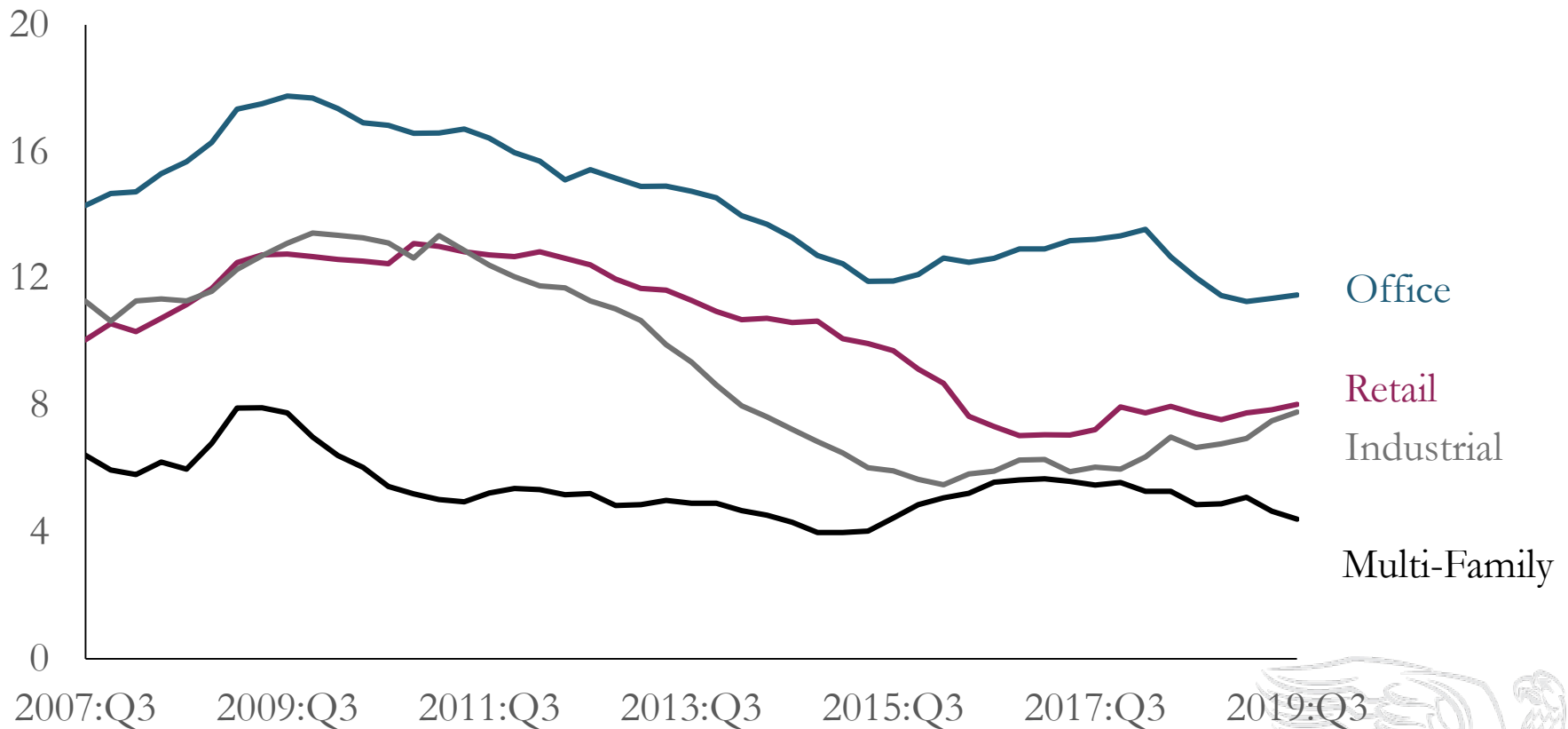
*2019 data includes forecasted values for Q4 **2020 – 2022 values are forecasted.



Vacancy rates remain low across the Denver metro area.

DENVER COMMERCIAL VACANCY RATES

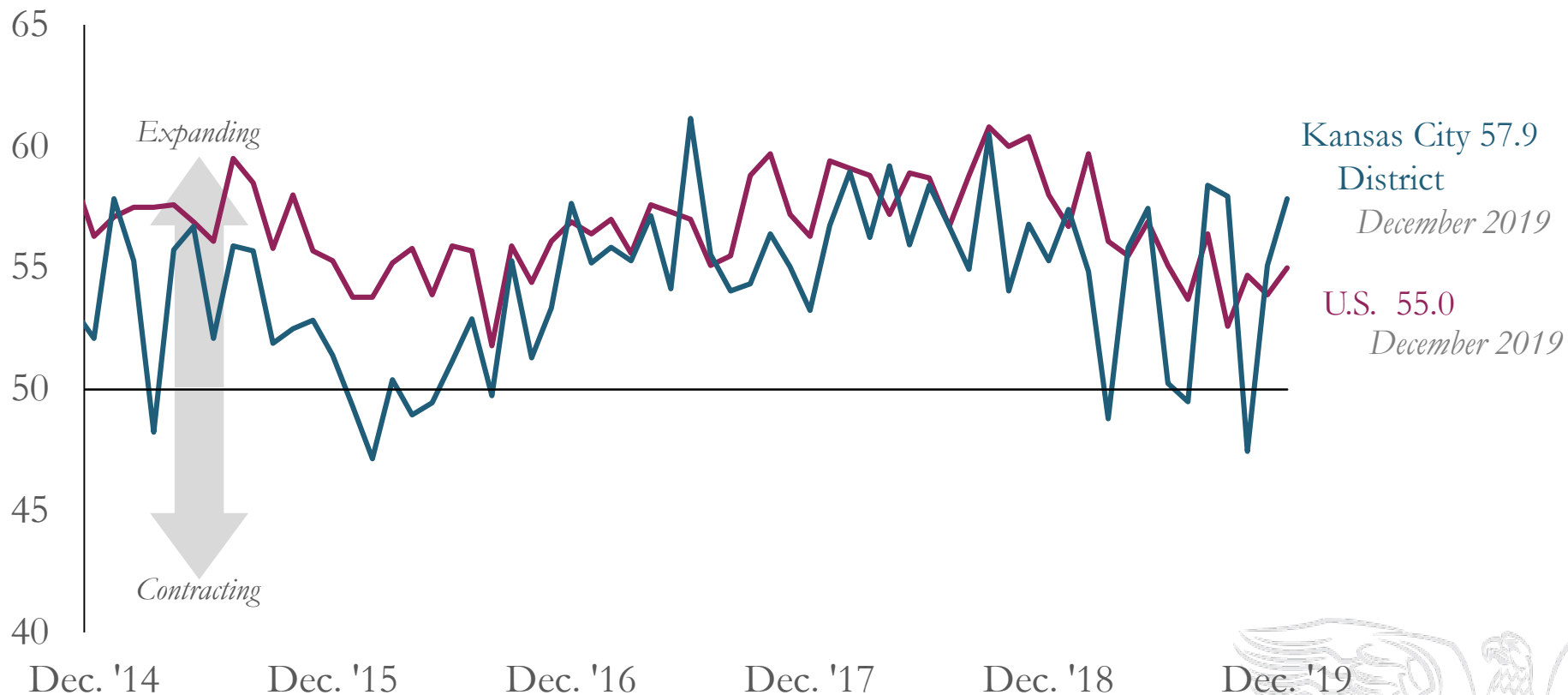
Percent, Seasonally Adjusted



The services sector is expanding moderately.

NON-MANUFACTURING AND SERVICES ACTIVITY

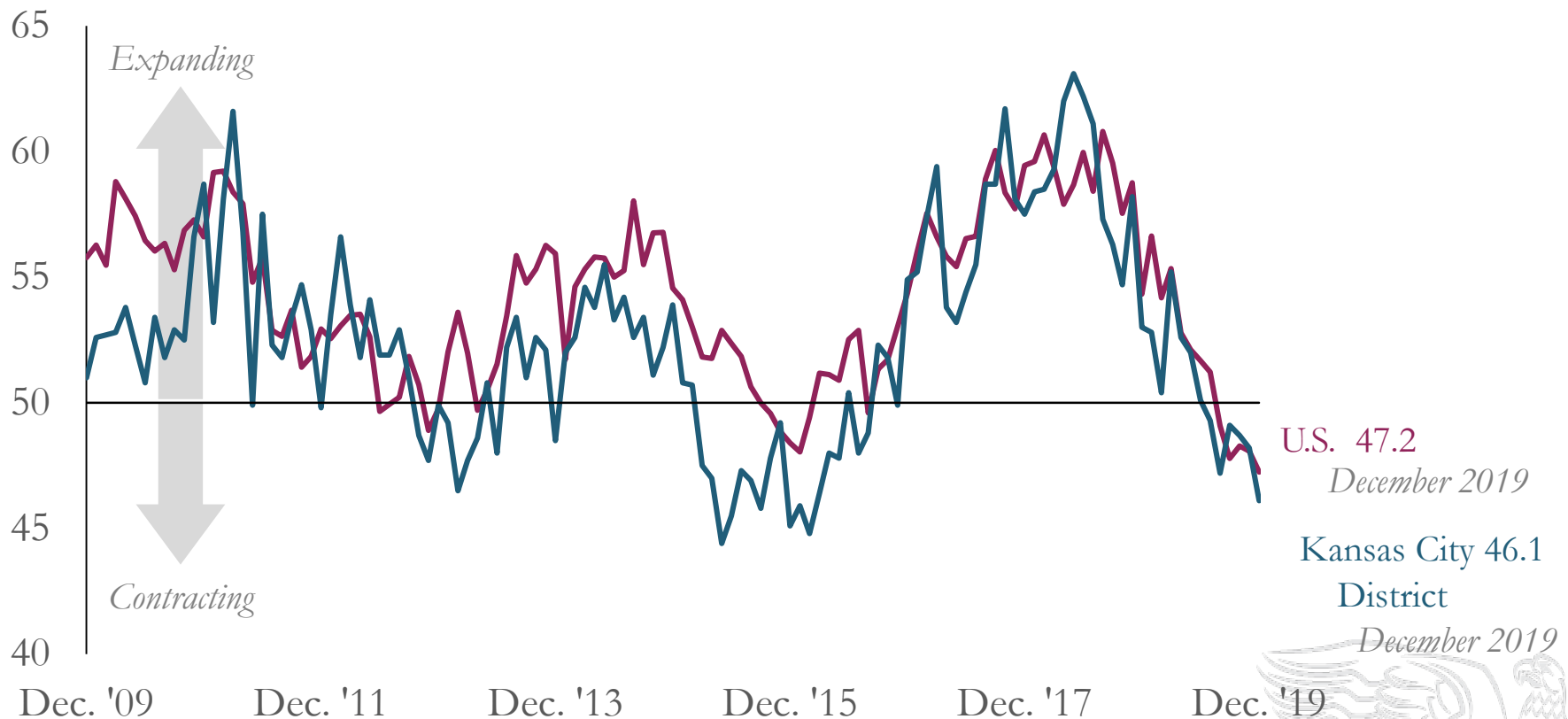
Diffusion Index, Seasonally Adjusted, Month-over-Month



Manufacturing activity has been contracting in recent months.

MANUFACTURING ACTIVITY

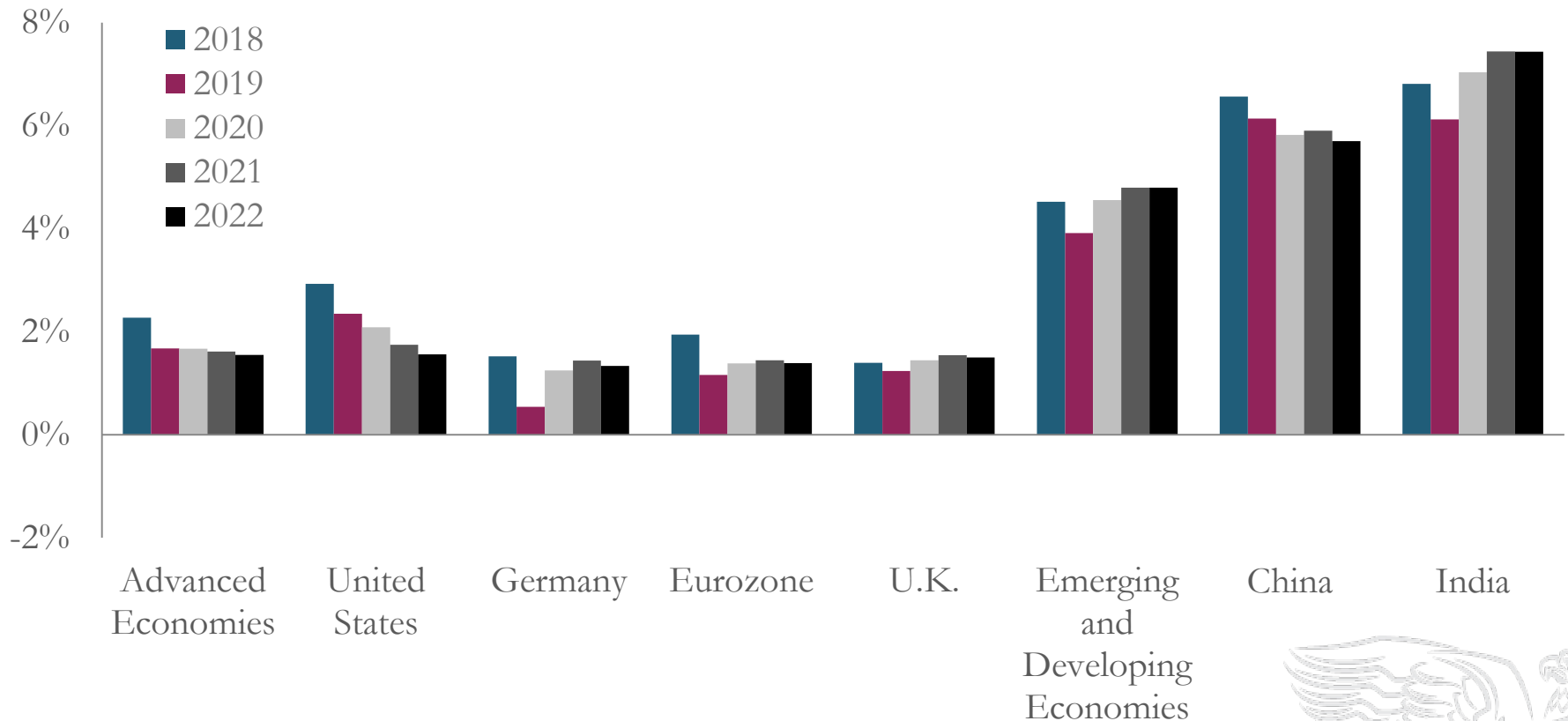
Diffusion Index, Seasonally Adjusted, Month-over-Month



Global economic growth slowed in 2019 but is expected to improve this year.

GLOBAL ECONOMIC OUTLOOK

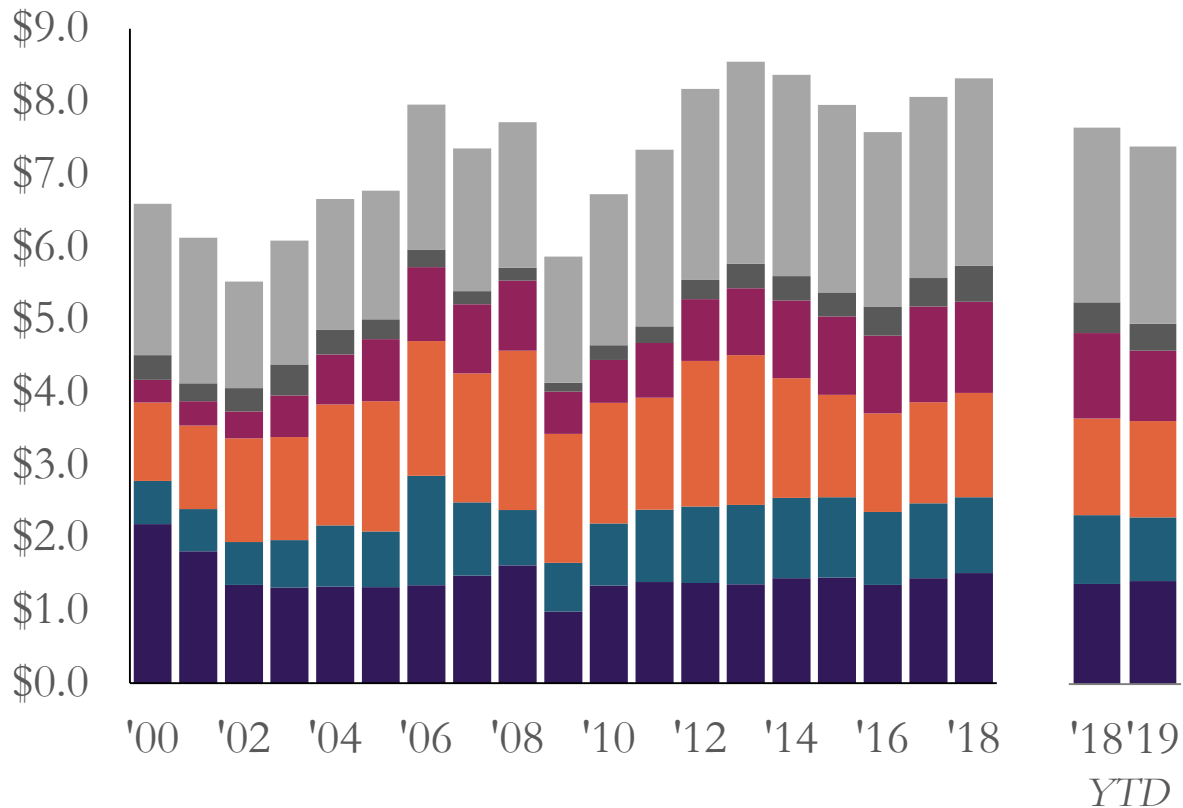
Real Gross Domestic Product, Annual Percent Change



Colorado exports decreased slightly in 2019.

COLORADO EXPORTS BY TRADING PARTNER

Billions



NOVEMBER 2019 YEAR-TO-DATE

Year-over-Year Percent Change

Total Trade	-3.4%	SHARE*
All Other	1.5	31.5%
Japan	-12.9	5.5
Mexico	-17.5	15.1
Canada	-0.3	17.3
China	-7.7	12.5
Eurozone	2.9	18.1

*Shares are for 2018

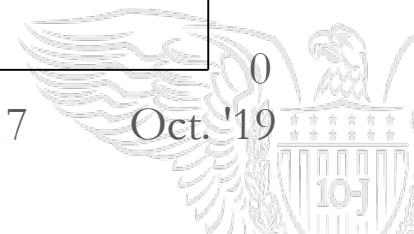
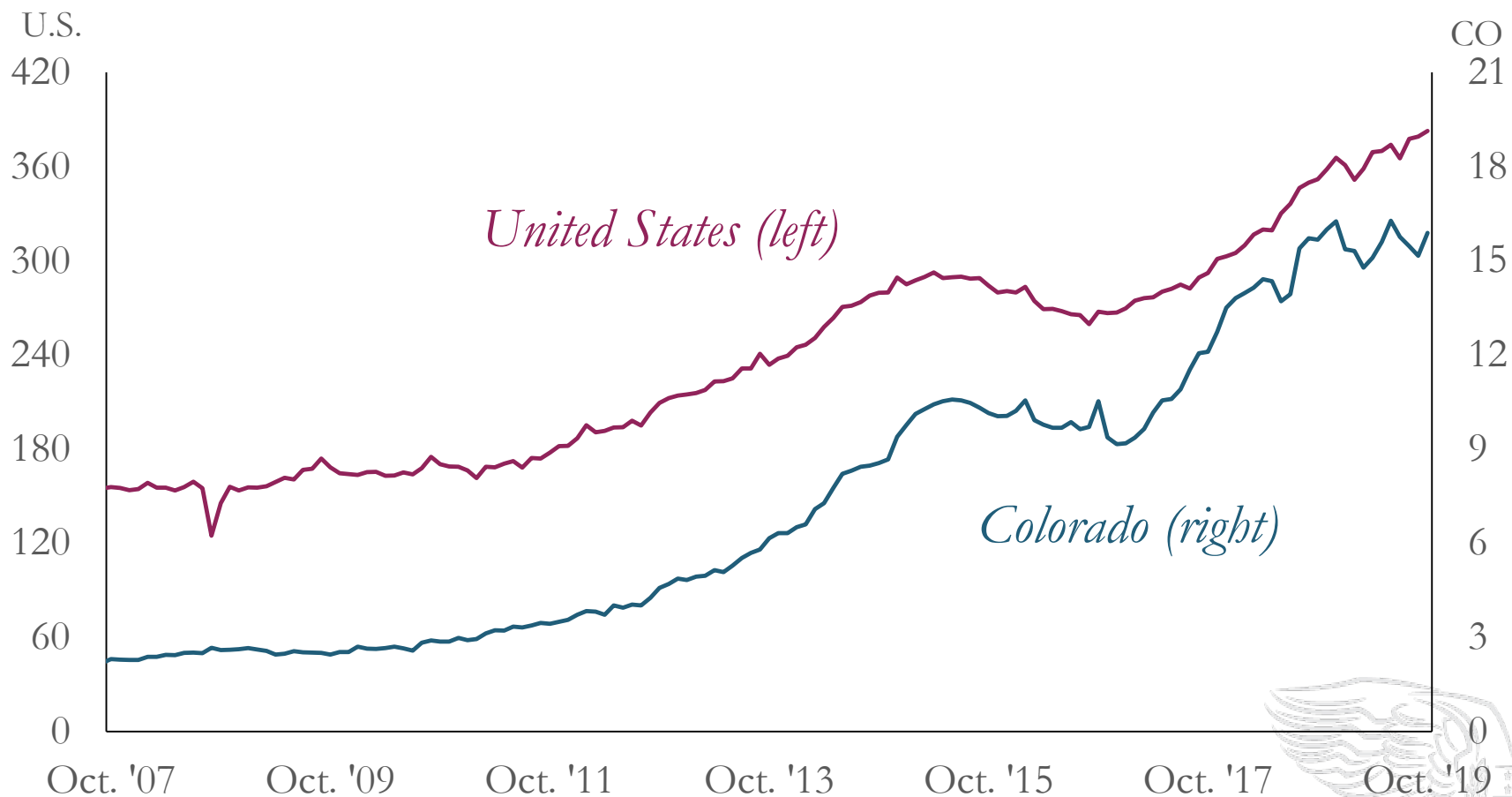


November

Energy activity has increased substantially over the past few years.

CRUDE OIL PRODUCTION

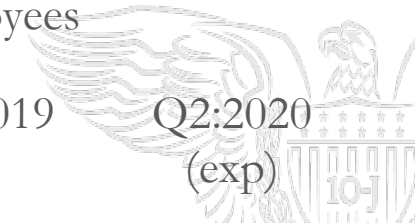
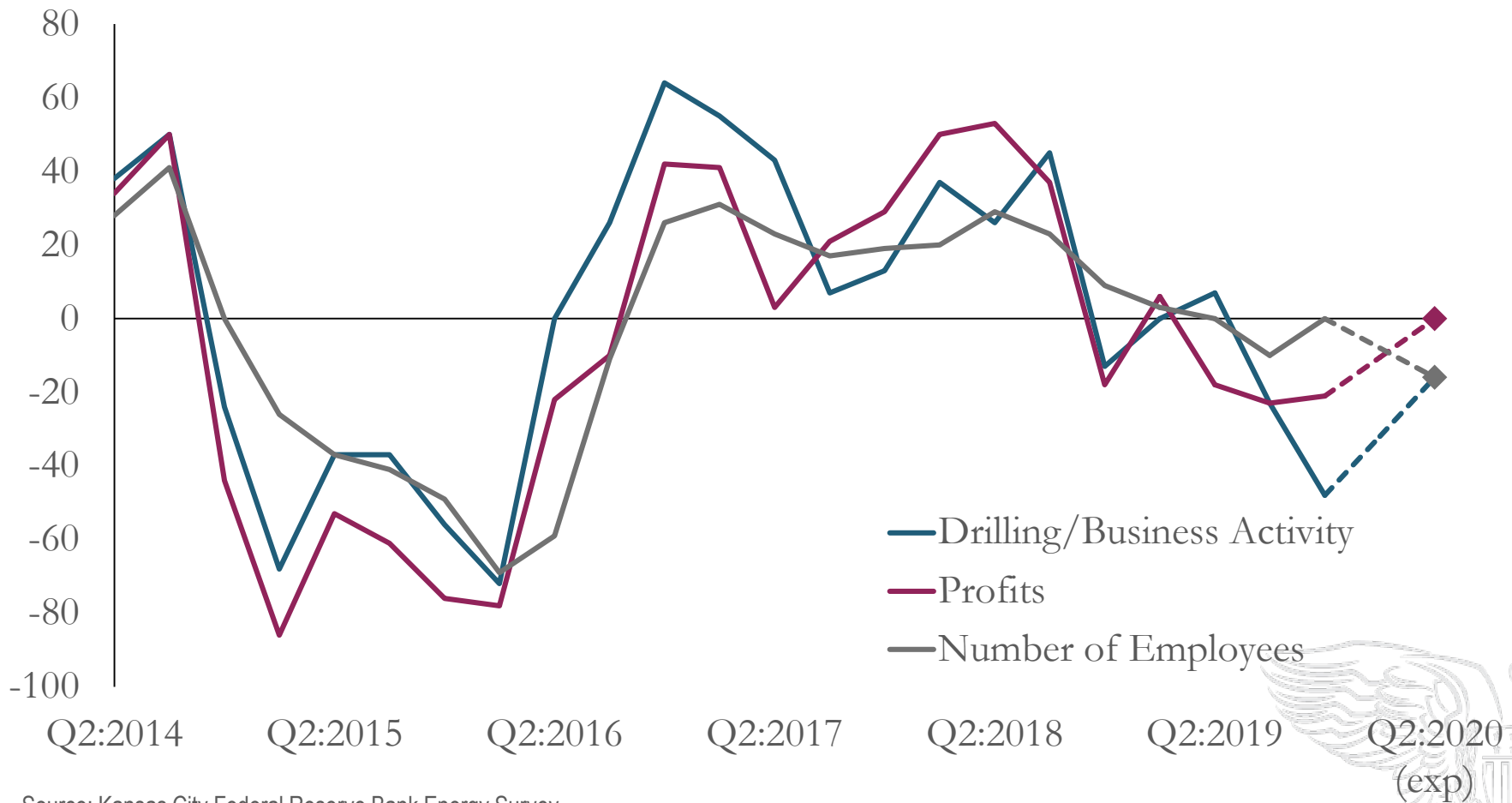
Millions of Barrels, Monthly, Seasonally Adjusted




Looking ahead, contacts expect energy activity to weaken in the months ahead.

ENERGY SURVEY ACTIVITY INDICATORS

Quarterly Diffusion Index



The image features a large, circular, embossed seal of the Federal Reserve Bank of Denver, Colorado. The seal is set against a light-colored, textured background. The outer ring of the seal contains the text "FEDERAL RESERVE BANK" at the top and "DENVER, COLORADO" at the bottom. In the center of the seal is a shield with a central emblem, flanked by olive branches and a laurel wreath. Above the shield is an eagle with its wings spread. The shield itself contains a central emblem with vertical lines and a row of stars above it.

For additional information on the regional economy:

<http://www.KansasCityFed.org/Denver>

