U.S. & Colorado ECONOMIC OUTLOOK

Mark C. Snead

Vice President & Branch Executive
Federal Reserve Bank of Kansas City
Denver Branch
Economic activity

Real GDP
Billions

$14,000
$13,750
$13,500
$13,250
$13,000
$12,750
$12,500

2007 2008 2009 2010 2011 2012 2013

Real GDP
2.5%
Core Growth Rate

Source: Bureau of Economic Analysis & Global Insight
Economic activity & fiscal policy

Real GDP
Billions

2007 2008 2009 2010 2011 2012 2013

$12,500 $12,750 $13,000 $13,250 $13,500 $13,750 $14,000

ECONOMIC STIMULUS ACT Feb.'08
HOUSING & ECONOMIC RECOVERY ACT Jul.'08
FREDDIE & FANNIE TAKEOVER Sep.'08
EMERGENCY ECONOMIC STABILIZATION ACT/ TARP Oct.'08
AMERICAN RECOVERY & REINVESTMENT ACT Feb.'09
PRESIDENTIAL ELECTION
BUDGET AGREEMENT Aug.'11
DODD-FRANK Jul.'10
HEALTH CARE ACT Mar.'10

Source: Bureau of Economic Analysis & Global Insight
Monetary policy

Federal Reserve Assets

Billions

- Foreign Currency Swaps
- Rescue Operations & Short-Term Lending
- Federal Agency & MBS
- Operation Twist Sep.’11

Traditional Portfolio
(Treasuries, Gold & Other)

QE1
Nov. ‘08 – Mar. ‘10

QE2
Nov. ‘10 – Jun. ‘11

Federal Funds Rate
0.0 - 0.25%
through ‘14

Source: Federal Reserve Board
Inflation

CPI & Inflation
Base = Jan. '07

Headline
2.0% '12

Core
1.8% '12

2.9%
Jan. '12/Jan. '11

2.3%
Jan. '12/Jan. '11

Source: Bureau of Labor Statistics & Global Insight
U.S. labor market

Nonfarm Employment

Millions

2007  2008  2009  2010  2011  2012  2013

Employment

Unemployment Rate

8.8 million jobs lost

3.2 million added thru Jan.'12

1.8 million in '12

8.3% Jan.'12

4.5%

10.0%

Source: Bureau of Labor Statistics & Global Insight
Colorado labor market

Nonfarm Employment
Thousands

Employment

Source: Bureau of Labor Statistics & Global Insight
Colorado data revisions

Total Employment
Index (Jan. '07 = 100)

Source: Bureau of Labor Statistics
## Colorado job gains & losses

### Peak to Trough

<table>
<thead>
<tr>
<th>Sector</th>
<th>Thousands of Jobs</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonfarm</td>
<td>-151.1</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Private</td>
<td>-158.3</td>
<td>-8.0%</td>
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<tr>
<td>Government</td>
<td>7.2</td>
<td>1.9%</td>
</tr>
<tr>
<td>Health &amp; Social</td>
<td>10.7</td>
<td>4.9%</td>
</tr>
<tr>
<td>Local Govt.</td>
<td>3.3</td>
<td>1.4%</td>
</tr>
<tr>
<td>State Govt.</td>
<td>2.0</td>
<td>2.3%</td>
</tr>
<tr>
<td>Federal Govt.</td>
<td>1.9</td>
<td>3.6%</td>
</tr>
<tr>
<td>Educational</td>
<td>1.2</td>
<td>3.9%</td>
</tr>
<tr>
<td>Other Services</td>
<td>-1.9</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Information</td>
<td>-4.8</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Mining &amp; Logging</td>
<td>-5.2</td>
<td>-18.6%</td>
</tr>
<tr>
<td>Trans. &amp; Utilities</td>
<td>-7.0</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>-10.2</td>
<td>-10.1%</td>
</tr>
<tr>
<td>Financial</td>
<td>-11.9</td>
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</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>-14.5</td>
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<tr>
<td>Retail Trade</td>
<td>-20.7</td>
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<tr>
<td>Manufacturing</td>
<td>-21.5</td>
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<tr>
<td>Prof. &amp; Bus.</td>
<td>-28.2</td>
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<tr>
<td>Construction</td>
<td>-44.3</td>
<td>-26.9%</td>
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### Trough to Dec.’11

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<tr>
<td>Total Nonfarm</td>
<td>34.5</td>
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</tr>
<tr>
<td>Private</td>
<td>31.6</td>
<td>1.7%</td>
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<td>Government</td>
<td>2.9</td>
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Source: Bureau of Labor Statistics
Household balance sheets

Household & Nonprofit Balance Sheets

- Trillions

- Pension fund reserves
- Corporate equities & mutual funds
- Other assets
- Deposits & credit market instruments
- Real estate
- All other liabilities
- Consumer credit
- Home mortgages

SELECTED TRENDS 1990 – 2011Q3

- Real Estate: +4.0%
- Deposits: +1.3%
- Equities: -4.6%
- Pensions: +2.4%
- Home Mortgages: -2.2%

Source: Federal Reserve Board
Housing

**SUPPLY**

![Graph showing supply of homes](image)

- **Permits**
  - Mult-Family
  - Single Family

**DEMAND**

![Graph showing demand of homes](image)

- **New Homes**
- **Existing Homes**
  - Multi-Family
  - Single Family

**Mortgage Delinquencies**

- **Single family home loans, billions**

**Mortgage Applications**

- **Purchase Index (Jan.'00 = 100)**

Source: Census Bureau, Nat'l Assoc. of Realtors, Mortgage Bankers Assoc., Federal Reserve Board & Global Insight
HOME PRICES

Index (Jan./Q1 '00 = 100)

20-City Composite

U.S.

Colorado

Denver

Peak to Current

Year-Over-Year

-32.0%
-19.5%
-6.8%
-4.2%
-11.4%

Case-Shiller

FHFA

Denver

Source: Standard & Poor's Financial Services LLC & Federal Housing & Finance Association
**Banking & finance**

**Total Loans & Leases**
All Commercial Banks

**Trillions**

- Consumer
- Commercial & Industrial
- Real Estate
- Other Loans & Leases

**Delinquency Rate for All Loans**
7.4%

**Lending Trends**

- Consumer: +1.0%
- Commercial & Industrial: +10.9%
- Real Estate: -3.0%
- Other: +17.4%

Source: Federal Reserve Board
Economic activity

Real GDP
Billions

$14,000
$13,750
$13,500
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2007 2008 2009 2010 2011 2012 2013

Real GDP
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Source: Bureau of Economic Analysis & Global Insight
U.S. & Colorado
ECONOMIC OUTLOOK

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This presentation will be available at: