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.
The U.S. economy is expected to grow at a slightly faster pace over the next two years.

**Real U.S. Gross Domestic Product**

*Percent Change from Previous Quarter at Seasonally Adjusted Annualized Rates*

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

*Note: Projections as of September FOMC meeting*
Consumer spending and private investment have driven growth over the past year.

**Contributions to Real GDP**

*Percent Change at Seasonally Adjusted Annualized Rates*

- **Real GDP**
- **Personal Consumption Expenditures**
- **Gross Private Domestic Investment**
- **Govt. Consumption & Investment**
- **Net Exports**

Source: Bureau of Economic Analysis / Haver Analytics
Unemployment rates have declined but remain elevated.

**Unemployment Rates**
*Seasonally Adjusted*

The chart shows the unemployment rates for the United States and Colorado from 2006 to 2015. The rates have been decreasing over time, but remain elevated. The chart includes FOMC Central Tendency Projections.*

Inflation remains below the FOMC’s two percent target.
“…the Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that this exceptionally low range for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored.”

- October 2013 FOMC Statement

**Effective Federal Funds Rate**

Source: Federal Reserve Board
“...the Committee decided to continue purchasing additional agency mortgage-backed securities at a pace of $40 billion per month and longer-term Treasury securities at a pace of $45 billion per month.”

- October 2013 FOMC Statement
Most states have experienced positive job growth over the past year.

**OCTOBER 2013 NONFARM EMPLOYMENT**

*Year-over-Year Percent Change, Seasonally Adjusted*

[Map showing job growth in the United States with various states shaded in different colors representing different growth percentages.]

- **Over 3%**
- **2 to 3**
- **1 to 2**
- **0 to 1**
- **-1 to 0**

United States: 1.7%

*Source: Bureau of Labor Statistics*
Employment growth in Colorado has outpaced the nation over the past 10 years.

**PAYROLL EMPLOYMENT GROWTH**

*Index 100 = October 2003, Seasonally Adjusted*

<table>
<thead>
<tr>
<th></th>
<th>Past 10 Years</th>
<th>Past Year</th>
<th>Dec. '07 to Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>4.9%</td>
<td>1.7%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>CO</td>
<td>10.2%</td>
<td>2.0%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

**Source:** Bureau of Labor Statistics
Most Colorado industries have added jobs over the past year.

**CHANGE IN PAYROLL EMPLOYMENT, OCTOBER 2013**

*Seasonally Adjusted*

- **Top Performing Industries**
  - Construction: 6.7%
  - Professional & Business Services: 4.0%
  - Private Educational Services: 3.4%
  - Leisure & Hospitality: 2.9%
  - Local Government: 2.8%
  - Health Care & Social Assistance: 2.8%
  - Wholesale Trade: 2.3%
  - State Government: 2.2%
  - Natural Resources & Mining: 1.0%
  - Retail Trade: 0.9%
  - Manufacturing: 0.3%
  - Other Services: 0.0%

- **Worst Performing Industries**
  - Financial Activities: 1.0%
  - Information: -2.2%
  - Transportation & Utilities: -3.2%
  - Federal Government: -3.5%

*Source: Bureau of Labor Statistics*
Despite recent increases, employment remains below pre-recession levels in about half of Colorado industries.

**Change in Payroll Employment, October 2013**

*Seasonally Adjusted*

- Private Educational Services: 23.4%
- Health Care & Social Assistance: 18.9%
- Natural Resources & Mining: 16.9%
- State Government: 15.1%
- Leisure & Hospitality: 6.7%
- Professional & Business Services: 6.6%
- Local Government: 4.5%
- Other Services: 2.7%
- Federal Government: 1.4%

**Top Performing Industries**

- Construction: -12.7%
- Information: -10.6%
- Transportation & Utilities: -9.2%
- Manufacturing: -7.9%
- Financial Activities: -3.3%
- Retail Trade: -3.1%
- Wholesale Trade: 1.4%
- Other Services: 2.7%
- Local Government: 4.5%
- Professional & Business Services: 6.6%
- Leisure & Hospitality: 6.7%
- Natural Resources & Mining: 15.1%
- State Government: 16.9%
- Health Care & Social Assistance: 18.9%
- Private Educational Services: 23.4%

**Worst Performing Industries**

- Construction: -26.0%
- Information: -12.7%
- Transportation & Utilities: -10.6%
- Manufacturing: -9.2%
- Financial Activities: -7.9%
- Retail Trade: -3.3%
- Wholesale Trade: 1.4%
- Other Services: 2.7%
- Local Government: 4.5%
- Professional & Business Services: 6.6%
- Leisure & Hospitality: 6.7%
- Natural Resources & Mining: 15.1%
- State Government: 16.9%
- Health Care & Social Assistance: 18.9%
- Private Educational Services: 23.4%

*Source: Bureau of Labor Statistics*
Residential construction activity has picked up over the last few years, but remains well below pre-recession levels.

**Value of Residential Construction**  
*Index 100 = October 2003, Seasonally Adjusted Three-Month Moving Average*

<table>
<thead>
<tr>
<th>Percent Change Year-to-Date</th>
<th>Past Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>26.2%</td>
</tr>
<tr>
<td>Colorado</td>
<td>32.5%</td>
</tr>
</tbody>
</table>

Source: McGraw Hill/F.W. Dodge
Home prices are rising and have surpassed pre-recession levels in Colorado.

**FHFA Purchase-Only Home Price Index**

*Index 100 = 2003:Q3, Seasonally Adjusted*

<table>
<thead>
<tr>
<th>Percent Change</th>
<th>Year-Over-Year</th>
<th>2007:Q1 to Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>8.4%</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Colorado</td>
<td>10.3%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

Source: Federal Housing Finance Agency
Tenth District manufacturing activity has expanded over the past five months.

**Manufacturing Activity**

*Diffusion Index, Seasonally Adjusted, Month-over-Month*

Source: Institute for Supply Management & Federal Reserve Bank of Kansas City
Manufacturers expect further gains over the next six months.

**Tenth District Manufacturing Expectations**

*Seasonally Adjusted, six months ahead*

- **Production**
- **Volume of New Orders**
- **Number of Employees**
- **Capital Expenditures**
- **New Orders for Exports**

*Source: Federal Reserve Bank of Kansas City*
Oil drilling has increased sharply over the past few years as natural gas drilling has declined.

**Active Drilling Rig Counts**

**United States**

- Natural Gas
- Crude Oil

**Colorado**

Source: Baker Hughes
U.S. & Colorado Economic Update

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This presentation will be available at: http://www.KansasCityFed.org/Denver/