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.
After a weak first quarter, U.S. economic growth picked up and is expected to expand at a moderate pace over the next few 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 confidence has increased this year, and is now at its highest level in more than seven years.

**CONSUMER SENTIMENT**
Index 100 = Q1: 1966

Source: University of Michigan, Haver Analytics
Household debt as a share of income has declined since 2008.

Source: Federal Reserve Board, Haver Analytics
Household net worth has increased with rising home and equity prices.

**Household Net Worth as a Share of Income**

*Seasonally Adjusted*

Source: Federal Reserve Board, Haver Analytics
U.S. personal income growth has exceeded consumer spending growth in recent months, leading to a slight increase in the savings rate.

Source: Bureau of Economic Analysis/Haver Analytics
Unemployment rates have declined in the U.S. and Colorado and are expected to decline further as the economic recovery strengthens.

**Source:** Bureau of Labor Statistics & Federal Reserve Board

*September 2014 Projections.*
Inflation remains below the FOMC’s two percent target.

**Personal Consumption Expenditure Price Index (PCEPI)**

*Percent Change Year-over-Year*

- Headline Inflation
- Core Inflation

Source: Bureau of Economic Analytics
“In determining how long to maintain this target range, the Committee will assess progress--both realized and expected--toward its objectives of maximum employment and 2 percent inflation…… The Committee anticipates, based on its current assessment, that it likely will be appropriate to maintain the 0 to 1/4 percent target range for the federal funds rate for a considerable time following the end of its asset purchase program this month, especially if projected inflation continues to run below the Committee's 2 percent longer-run goal, and provided that longer-term inflation expectations remain well anchored.”

- October 2014 FOMC Statement
“… the Committee decided to conclude its asset purchase program this month. The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction.”

- October 2014 FOMC Statement

Source: Federal Reserve Board
Most states have experienced positive job growth over the past year.

PAYROLL EMPLOYMENT, SEPTEMBER 2014
Year-over-Year Percent Change, Seasonally Adjusted
Employment has been increasing in Colorado and in the nation over the past four years, with Colorado gains outpacing the nation.

### Payroll Employment Growth

*Index 100 = October 2004, 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. (Oct. ‘14)</td>
<td>5.5%</td>
<td>1.9%</td>
<td>1.0%</td>
</tr>
<tr>
<td>CO. (Sept. ‘14)</td>
<td>12.6%</td>
<td>2.8%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Den. (Sept. ‘14)</td>
<td>14.6%</td>
<td>2.8%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics
Job gains have been broad-based across industries in the U.S. and Colorado over the past year.

**Change in Payroll Employment, September 2014**

*Seasonally Adjusted*

**Top Performing Industries**

- Natural Resources & Mining: 11.9%
- Leisure & Hospitality: 6.8%
- Health Care & Social Assistance: 5.5%
- Manufacturing: 4.5%
- Construction: 3.7%
- Professional & Business Services: 3.4%
- Retail Trade: 2.3%
- State Government: 1.9%
- Private Educational Services: 1.7%
- Local Government: 1.6%
- Other Services: 0.9%
- Wholesale Trade: 0.0%

**Worst Performing Industries**

- Transportation & Utilities: -2.5%
- Financial Activities: -2.1%
- Federal Government: -1.9%
- Information: -1.1%

Source: Bureau of Labor Statistics
Parts of Colorado continue to experience strong population growth and net in-migration.

**Population Growth**

*Total Resident Population, Annual Growth, 2013*

<table>
<thead>
<tr>
<th>Annual Percent Change</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>0.7%</td>
</tr>
<tr>
<td>Colorado</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

- More than 2%
- 1% to 2%
- 0% to 1%
- -1% to 0%
- -2% to -1%
- Less than -2%

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

**Value of Residential Construction**

*Index 100 = September 2004, 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>5.3%</td>
</tr>
<tr>
<td>Colorado</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Source: McGraw Hill/F.W. Dodge
The residential construction sector is recovering, led by strong gains in multifamily building.

**Residential Permits**
*Seasonally Adjusted*

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**Colorado**
- **Single Family**
- **Multifamily**

**Denver**
- **Single Family**
- **Multifamily**

*Source: Census Bureau/Haver Analytics*
Home prices are rising in most states...

FHFA PURCHASE-ONLY HOME PRICE INDEX (2014Q2)
Percent Change Year-over-Year, Seasonally Adjusted

United States
5.2%

Source: Federal Housing Finance Agency
...yet prices remain below pre-recession values in many states.

FHFA Purchase-Only Home Price Index (2007Q1 – 2014Q2)

Percent Change Peak to Current, Seasonally Adjusted

Source: Federal Housing Finance Agency
The manufacturing sector continues to expand, and has gained strength at the national level in 2014.

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

Source: Institute for Supply Management & Federal Reserve Bank of Kansas City
Tourism activity has picked up this year in Colorado.

**Hotel Occupancy Rates**

*Denver*

**Airport Traffic**

*Seasonally Adjusted, Index 100 = August 2004*

*Denver International Airport*

*United States*

Source: Colorado Hotel and Lodging Association, Denver International Airport
Energy activity has increased in Colorado, especially oil production.

**Colorado Oil & Gas Rig Counts**

*Number of Active Drilling Rigs*

**Colorado Oil Production**

*Million Barrels per Month, SA*

Source: Baker Hughes & Department of Energy, Energy Information Administration/Haver Analytics
Colorado has benefitted from strong energy activity.

**Natural Gas Production**
*Thousand cubic feet, Year-to-date through July 2014*

**Oil Production**
*Barrels, Year-to-date through July 2014*

Source: Colorado Oil and Gas Conservation Commission
For additional information on the regional economy: