Real U.S. GDP growth has exceeded a 3% annual rate in four out of the last five quarters.

**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 December FOMC meeting*
Consumer confidence increased throughout 2014, and is now at its highest level in more than eight years.

**CONSUMER SENTIMENT**

Index 100 = Q1: 1966

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

Household Debt as a Share of Disposable Income

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

Source: Federal Reserve Board, Haver Analytics
U.S. consumer spending growth tends to track personal income growth closely.

U.S. CONSUMPTION & SAVINGS

Index 100 = November 2004

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

Unemployment Rates
Seasonally Adjusted

United States

Colorado

Source: Bureau of Labor Statistics & Federal Reserve Board

*December 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**

**FOMC’s Target Inflation Rate**

*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...... Based on its current assessment, the Committee judges that it can be patient in beginning to normalize the stance of monetary policy. The Committee sees this guidance as consistent with its previous statement 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 in October, 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.”

- December 2014 FOMC Statement

Source: Federal Reserve Board
“… 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. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.”

- December 2014 FOMC Statement

**FEDERAL RESERVE BALANCE SHEET**

- **Assets**
  - Foreign Currency Swaps
  - Short-Term Lending
  - Federal Agency & Mortgage-Backed Securities
  - Traditional Portfolio
- **Liabilities**
  - Currency in Circulation
  - Reserves
  - Other

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

PAYROLL EMPLOYMENT, NOVEMBER 2014
Year-over-Year Percent Change, Seasonally Adjusted

Source: Bureau of Labor Statistics/Haver Analytics
Employment has been increasing in Colorado and in the nation for more than four years, with Colorado gains outpacing the nation.

**PAYROLL EMPLOYMENT GROWTH**

Index 100 = November 2004, Seasonally Adjusted

<table>
<thead>
<tr>
<th></th>
<th>Percent Change (Nov. '14)</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>5.7%</td>
<td>2.0%</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>CO.</td>
<td>11.9%</td>
<td>2.3%</td>
<td>4.5%</td>
<td></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, November 2014**

*Seasonally Adjusted*

**Percent Change Year-over-Year**

- **United States**
  - Natural Resources & Mining: 13.8%
  - Construction: 5.3%
  - Leisure & Hospitality: 4.6%
  - Manufacturing: 4.5%
  - Health Care & Social Assistance: 4.2%
  - Local Government: 2.0%
  - State Government: 2.0%
  - Transportation & Utilities: 1.9%
  - Private Educational Services: 1.7%
  - Retail Trade: 1.5%
  - Professional & Business Services: 0.9%
  - Wholesale Trade: -0.3%
  - Federal Government: -0.4%
  - Other Services: -0.5%
  - Financial Activities: -0.9%
  - Information: -1.3%

- **Colorado**
  - Natural Resources & Mining: 13.8%
  - Construction: 5.3%
  - Leisure & Hospitality: 4.6%
  - Manufacturing: 4.5%
  - Health Care & Social Assistance: 4.2%
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  - Financial Activities: -0.9%
  - Information: -1.3%

**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></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>

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 = November 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>4.8%</td>
</tr>
<tr>
<td>Colorado</td>
<td>2.3%</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*

**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 (2014Q3)
Percent Change Year-over-Year, Seasonally Adjusted

United States
4.5%

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

FHFA Purchase-Only Home Price Index (2007Q1 – 2014Q3)
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*

- 10-Year Range
- 2014
- 2013
- 10-Year Average

**Airport Traffic**

*Seasonally Adjusted, Index 100 = October 2004*

*United States*

*Denver International Airport*

Source: Colorado Hotel and Lodging Association, Denver International Airport
Energy activity has increased sharply in recent years 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
Many parts of Colorado have benefitted from strong energy activity.

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

**Oil Production**
*Barrels, Year-to-date through Oct. 2014*

*Source: Colorado Oil and Gas Conservation Commission*
As energy activity has surged in recent years, the importance of the energy sector to the Colorado economy has increased.

**Energy’s Share of GDP**

- Annual

**Energy’s Share of Employment**

- Annual

Note: Energy refers to the Mining sector (NAICS 21)

Source: Bureau of Economic Analysis/Haver Analytics
For additional information on the regional economy: