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 expanded at a solid pace in the second half of 2014, and growth is expected to continue at a similar pace this year.

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

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

- '12Q4: 0.1%
- '13Q1: 2.7%
- '13Q2: 1.8%
- '13Q3: 4.5%
- '13Q4: 3.5%
- '14Q1: -2.1%
- '14Q2: 4.6%
- '14Q3: 5.0%
- '14Q4: 2.6%

**FOMC Central Tendency Projections**

- 2015: 3.0%
- 2016: 2.6%
- 2017: 2.5%

*Note: Projections as of December FOMC meeting*
Consumer confidence has increased over the past year, and is now at its highest level in 11 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 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. consumer spending growth tends to track personal income growth closely.

U.S. CONSUMPTION & SAVINGS

Index 100 = December 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.

Source: Bureau of Labor Statistics & Federal Reserve Board

*December 2014 Projections.
Inflation remains below the FOMC’s two percent target, weighed down in part by declining energy prices.
Oil prices have fallen more than 50 percent since last summer.

**Crude Oil Spot Price**

Price per Barrel

Sources: Wall Street Journal, Oil and Gas Journal & Haver Analytics
“To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to 1/4 percent target range for the federal funds rate remains appropriate. 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. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. Based on its current assessment, the Committee judges that it can be patient in beginning to normalize the stance of monetary policy.”

- January 2015 FOMC Statement
“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.”

- January 2015 FOMC Statement

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

**PAYROLL EMPLOYMENT, DECEMBER 2014**

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

![Map showing state employment growth](chart.png)

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 = December 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.</td>
<td>5.8%</td>
<td>2.1%</td>
<td>1.4%</td>
</tr>
<tr>
<td>CO.</td>
<td>12.2%</td>
<td>2.6%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Denver</td>
<td>14.9%</td>
<td>3.3%</td>
<td>7.9%</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, December 2014**

*Seasonally Adjusted*

**Percent Change Year-over-Year**

**Top Performing Industries**
- Natural Resources & Mining: 13.1%
- Construction: 7.5%
- Leisure & Hospitality: 5.6%
- Health Care & Social Assistance: 5.5%
- Manufacturing: 4.8%
- State Government: 2.2%
- Local Government: 1.8%
- Professional & Business Services: 1.4%
- Transportation & Utilities: 1.3%
- Retail Trade: 1.3%
- Private Educational Services: 0.7%
- Financial Activities: 0.3%
- Wholesale Trade: 0.3%

**Colorado**

**United States**

**Worst Performing Industries**
- Federal Government: -0.8%
- Information: -1.2%
- Other Services: -1.9%

*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>0.8%</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 = December 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>5.0%</td>
</tr>
<tr>
<td>Colorado</td>
<td>3.0%</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**
  - Multifamily
  - Single Family

- **Denver**
  - Multifamily
  - Single Family

*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 map showing home price index](image_url)

- **United States**: 4.5%
- **7.0%**: Nevada
- **Over 10%**: California
- **7.5 to 10%**: Oregon, Washington
- **5 to 7.5%**: Texas, Florida
- **2.5 to 5%**: Arizona, Colorado
- **0 to 2.5%**: most states
- **Below 0%**: New York, New Jersey, Maryland

*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*

United States
-6.2%

Source: Federal Housing Finance Agency
The manufacturing sector continues to expand, but the pace of growth has slowed slightly in recent months.

**MANUFACTURING ACTIVITY**

_Diffusion Index, Seasonally Adjusted, Month-over-Month_

Source: Institute for Supply Management & Federal Reserve Bank of Kansas City

U.S. 53.5
January 2015

Kansas City 51.2 District
January 2015
Tourism activity has picked up this year in Colorado.

Hotel Occupancy Rates

Denver

Airport Traffic

Seasonally Adjusted, Index 100 = October 2004

Source: Colorado Hotel and Lodging Association, Denver International Airport
Energy activity has increased sharply in recent years in Colorado, but the recent sharp decline in oil prices is starting to slow activity in the state.

**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*
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
The Western Slope and Northern Colorado are particularly reliant on the energy sector.

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

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

Source: Colorado Oil and Gas Conservation Commission
As the U.S. economy strengthens, the Euro area economy is expected to remain sluggish, while growth in the Chinese economy slows.

**World Economic Outlook Projections**

*Percent Change over Prior Year*

Source: International Monetary Fund (IMF) (October 2012 World Economic Outlook)
Colorado exports fell slightly in 2014, but make up just 3 percent of the Colorado economy.

**COLORADO EXPORTS BY TRADING PARTNER**

*Billions*

**NOVEMBER 2014 YEAR-TO-DATE**

*Percent Change*

<table>
<thead>
<tr>
<th></th>
<th>Total Trade</th>
<th>All Other</th>
<th>Share*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>16.1</td>
<td>5.3</td>
<td>31.3%</td>
</tr>
<tr>
<td>Mexico</td>
<td>17.2</td>
<td>10.7</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>-18.9</td>
<td>24.1</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>0.4</td>
<td>12.8</td>
<td></td>
</tr>
<tr>
<td>Eurozone</td>
<td>4.9</td>
<td>15.9</td>
<td></td>
</tr>
</tbody>
</table>

Source: WISERTrade

Note: Eurozone includes the 27 EU member countries and China includes Hong Kong, Taiwan, and Macao. *2013 Share
For additional information on the regional economy: