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*

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

*Note: Projections as of March FOMC meeting*
Consumer confidence has increased over the past year.

**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**

*Seasonally Adjusted*

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. consumer spending growth tends to track personal income growth closely.

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

*March 2015 Projections.
Inflation remains below the FOMC’s two percent target, weighed down by declining energy prices.

**PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)**

*Percent Change Year-over-Year*

- **Headline Inflation**
- **Core Inflation**

*Source: Bureau of Economic 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… Consistent with its previous statement, the Committee judges that an increase in the target range for the federal funds rate remains unlikely at the April FOMC meeting. The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term.”

-March 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.”

- March 2015 FOMC Statement
Most states have experienced positive job growth over the past year.

**PAYROLL EMPLOYMENT, JANUARY 2015**

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

![Map showing payroll employment changes across states](image)
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 = January 2005, Seasonally Adjusted*

<table>
<thead>
<tr>
<th>Percent Change</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>6.1%</td>
<td>2.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td>CO</td>
<td>13.3%</td>
<td>2.9%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Den. (Dec. ‘14)</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, JANUARY 2015**

*Seasonally Adjusted*

**Percent Change Year-over-Year**

### Top Performing Industries
- Natural Resources & Mining: 12.5%
- Construction: 9.8%
- Health Care & Social Assistance: 5.4%
- Leisure & Hospitality: 4.7%
- Private Educational Services: 3.8%
- Transportation & Utilities: 3.5%
- Wholesale Trade: 3.5%
- Manufacturing: 3.1%
- Professional & Business Services: 2.3%
- Financial Activities: 1.9%
- Local Government: 1.8%
- Retail Trade: 1.3%
- Other Services: 0.6%

### Worst Performing Industries
- Federal Government: -0.8%
- Information: -2.1%
- State Government: -3.2%

*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>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>0.8%</td>
</tr>
<tr>
<td>Colorado</td>
<td>1.6%</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 = January 2005, Seasonally Adjusted Three-Month Moving Average*

![Graph showing residential construction value over time for the United States and Colorado.](image)
The residential construction sector is recovering, led by strong gains in multifamily building.

**Residential Permits**

*Seasonally Adjusted*

![Graph showing residential permits for Colorado and Denver](image)

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

FHFA PURCHASE-ONLY HOME PRICE INDEX (2014Q4)
Percent Change Year-over-Year, Seasonally Adjusted

United States
4.9%

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

**FHFA Purchase-Only Home Price Index (2007Q1 – 2014Q4)**

*Percent Change Peak to Current, Seasonally Adjusted*

*United States*  
-4.9%
The manufacturing sector continues to expand, but the pace of growth has slowed in recent months.

**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 = January 2005*

*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.

**Oil Rig Count**
*Number of Active Drilling Rigs*

**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, 2014*

**Oil Production**
*Barrels, 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*

The chart shows projected growth rates for various economies over the years 2013 to 2016. The data is sourced from the 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

2014

Percent Change

<table>
<thead>
<tr>
<th>Partner</th>
<th>Total Trade</th>
<th>Share*</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Other</td>
<td>-4.1</td>
<td>30.6%</td>
</tr>
<tr>
<td>Japan</td>
<td>15.3</td>
<td>6.1</td>
</tr>
<tr>
<td>Mexico</td>
<td>16.4</td>
<td>12.8</td>
</tr>
<tr>
<td>Canada</td>
<td>-18.7</td>
<td>20.0</td>
</tr>
<tr>
<td>China</td>
<td>-0.4</td>
<td>13.2</td>
</tr>
<tr>
<td>Eurozone</td>
<td>6.2</td>
<td>17.2</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: