The Colorado Economy: Then and Now

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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.
# U.S. Economic Outlook

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Real GDP Growth</td>
<td>2.8</td>
<td>-0.5</td>
<td>-3.8</td>
<td>-6.0 to -3.6</td>
<td>-3.4 to 0.1</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.4</td>
<td>6.1</td>
<td>6.9</td>
<td>7.4 to 7.9</td>
<td>7.8 to 8.7</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>5.0</td>
<td>6.7</td>
<td>-9.2</td>
<td>-4.9 to 1.0</td>
<td>-1.4 to 2.4</td>
</tr>
<tr>
<td>Producer Price Index</td>
<td>10.6</td>
<td>8.6</td>
<td>-19.7</td>
<td>-13.8 to -3.0</td>
<td>-5.2 to 2.9</td>
</tr>
</tbody>
</table>

Source: Blue Chip Economic Indicators
* Forecasted February 10, 2009
Labor Market
Growth in Nonfarm Employment
Year-over-year

Source: Bureau of Labor Statistics
Latest release: 01/27/2009
Unemployment Rate
Seasonally adjusted

Source: Bureau of Labor Statistics
Latest release: 01/27/2009
Unemployment Rate, December 2008
Seasonally adjusted

Legend
- 3% to 5%
- 5% to 6%
- 6% to 7%
- 7% to 8%
- 8% to 9%
- 9% and higher

Source: Bureau of Labor Statistics
Initial Claims for Unemployment Insurance

Seasonally adjusted

Source: Department of Labor

Latest release: 02/05/2009
## Nonfarm Employment by Industry

**December 2008**

<table>
<thead>
<tr>
<th>Industry</th>
<th>US</th>
<th>CO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources and Mining</td>
<td>0.59%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Construction</td>
<td>4.93%</td>
<td>6.55%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9.54%</td>
<td>5.98%</td>
</tr>
<tr>
<td>Trade</td>
<td>15.74%</td>
<td>15.34%</td>
</tr>
<tr>
<td>Transportation and Utilities</td>
<td>3.68%</td>
<td>3.34%</td>
</tr>
<tr>
<td>Information</td>
<td>2.16%</td>
<td>3.27%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>5.94%</td>
<td>6.58%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>12.81%</td>
<td>14.46%</td>
</tr>
<tr>
<td>Educational and Health Services</td>
<td>14.15%</td>
<td>10.80%</td>
</tr>
<tr>
<td>Leisure and Hospitality Services</td>
<td>9.66%</td>
<td>11.66%</td>
</tr>
<tr>
<td>Other Services</td>
<td>4.00%</td>
<td>3.99%</td>
</tr>
<tr>
<td>State and Local Government</td>
<td>14.77%</td>
<td>14.56%</td>
</tr>
<tr>
<td>Federal Government</td>
<td>2.03%</td>
<td>2.22%</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics
Private Job Growth by Industry
Dec 2008 over Dec 2007

Source: Bureau of Labor Statistics
Latest release: 01/27/2009
Growth in Real Personal Income
Year-over-year

Source: Bureau of Economic Analysis
Latest release: 12/18/2008
Housing and Construction Activity
Value of Residential Construction Contracts
Seasonally adjusted

Index (Jan 1985 = 100)

Source: F.W. Dodge
Latest release: 01/19/2009
Existing Home Sales
Year-over-year

Source: National Association of Realtors
Latest release: 11/18/2008
Home Price Appreciation
Year-over-year

Source: S&P
Latest release: 01/27/2009
Foreclosure Inventory
Third Quarter 2008

Legend:
- 0% to 1%
- 1% to 2%
- 2% to 3%
- 3% to 4%
- 5% and higher

Source: Mortgage Bankers Association
Value of Commercial Construction Contracts
Seasonally adjusted

Source: F.W. Dodge
Latest release: 01/19/2009
Manufacturing Activity
Growth in Manufacturing Employment
Year-over-year

Source: Bureau of Labor Statistics

Latest release: 01/27/2009
Manufacturing Activity
Month-over-month PMI indexes (seasonally adjusted)

Sources: ISM and FRBKC Manufacturing Survey
Note: 10J index is computed on ISM basis (50 = zero change)
Latest release: 01/29/2009
Manufacturing Activity in the 10th District
Six-month-ahead expectation indexes (seasonally adjusted)

Source: FRBKC Manufacturing Survey
Latest release: 01/29/2009
Prices
Oil Prices and U.S. Demand for Oil

Source: EIA and Bloomberg

Latest release: 02/03/2009
Natural Gas Prices and 10th District Active Drilling Rigs

Source: Baker-Hughes and Bloomberg
Latest release: 02/03/2009
U.S. Crop Prices

Source: Commodity Research Bureau
Latest release: January 27, 2009
Manufacturing Price Pressures
Month-over-month price diffusion index for the Tenth District

Prices paid for raw materials

Prices received for finished products

Source: FRBKC Manufacturing Survey
Latest release: 01/29/2009
Manufacturing Price Pressures
Six-month-ahead price diffusion index for the Tenth District

Index

Prices paid for raw materials

Prices received for finished products

Source: FRBKC Manufacturing Survey
Latest release: 01/29/2009
Consumer Confidence and Consumer Spending
Consumer Confidence
Seasonally adjusted

Source: University of Michigan
Latest release: 1/30/2009
National Retail Sales
Year-over-year, seasonally adjusted

Source: US Census Bureau
Latest release: 01/14/2009
State Tax Revenues
Colorado Real State Tax Revenue Growth
Year-over-year

Source: U.S. Census Bureau
Latest release: 12/16/2008
Colorado State Tax Revenues

Year-over-year growth

Source: Colorado Department of Revenue

Latest release: 01/14/2009
Conclusions

- The Colorado economy continues to outperform the nation, but economic activity is slowing sharply.

- Colorado employment growth was negative in 2008, and leading employment indicators suggest that labor conditions will worsen in the months ahead.

- The manufacturing and construction industries are the weakest industries in the U.S. and Colorado. Current surveys and data do not indicate a near-term rebound.

- Price pressures eased substantially in the fourth quarter of 2008.

- Consumer confidence has been shaken, and its rebound is one key component of an economic recovery.