U.S. AND COLORADO
Economic Conditions and Outlook

Mark C. Snead
Vice President and Denver Branch Executive

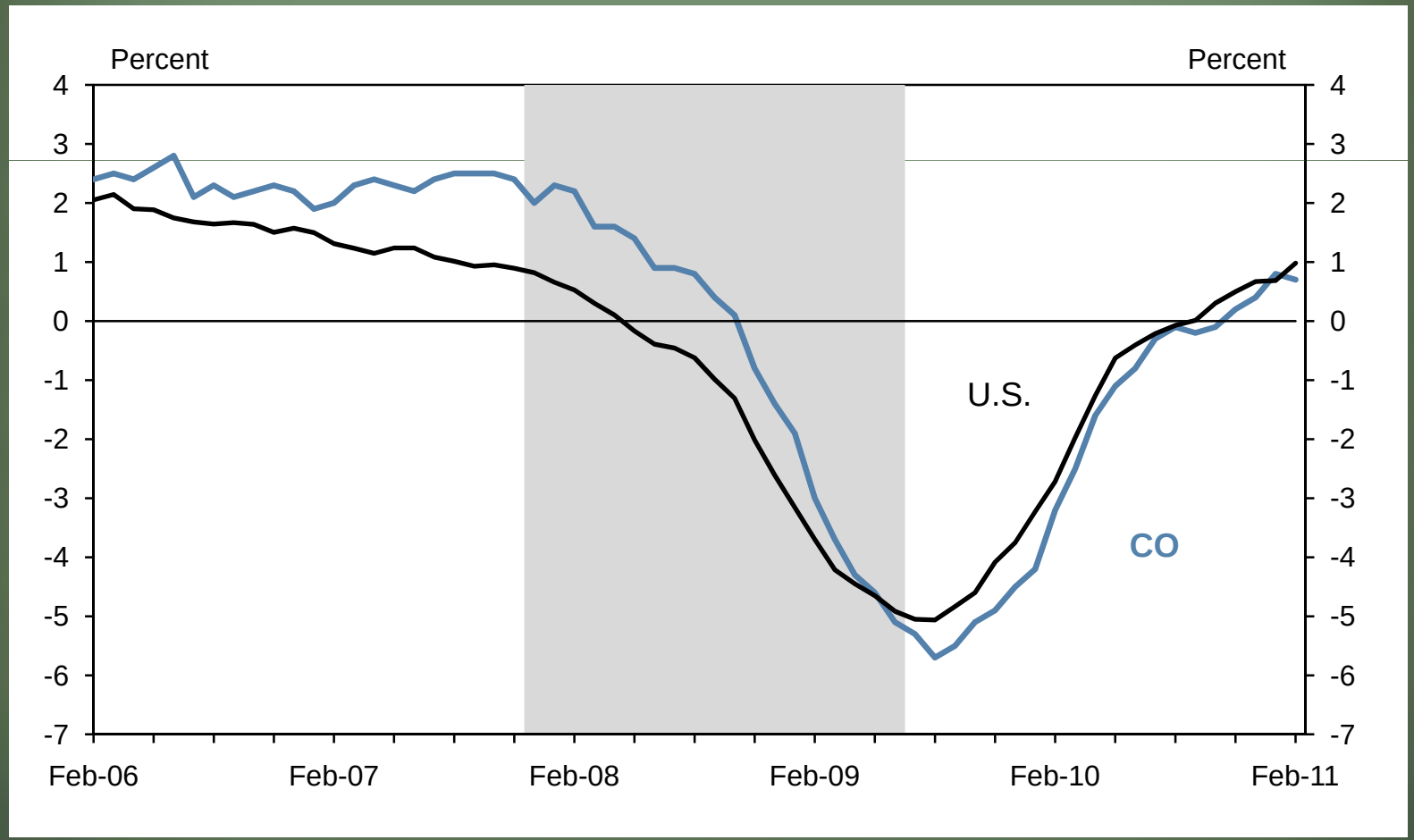
2011 Regulatory Update SEMINAR
Federal Reserve Bank of Kansas City

Revised CO Job Gains now Positive Yr/Yr

150,000 Jobs Lost; 20,000 Recovered; 1 Qtr Lag Behind U.S.

Growth in Total Nonfarm Employment

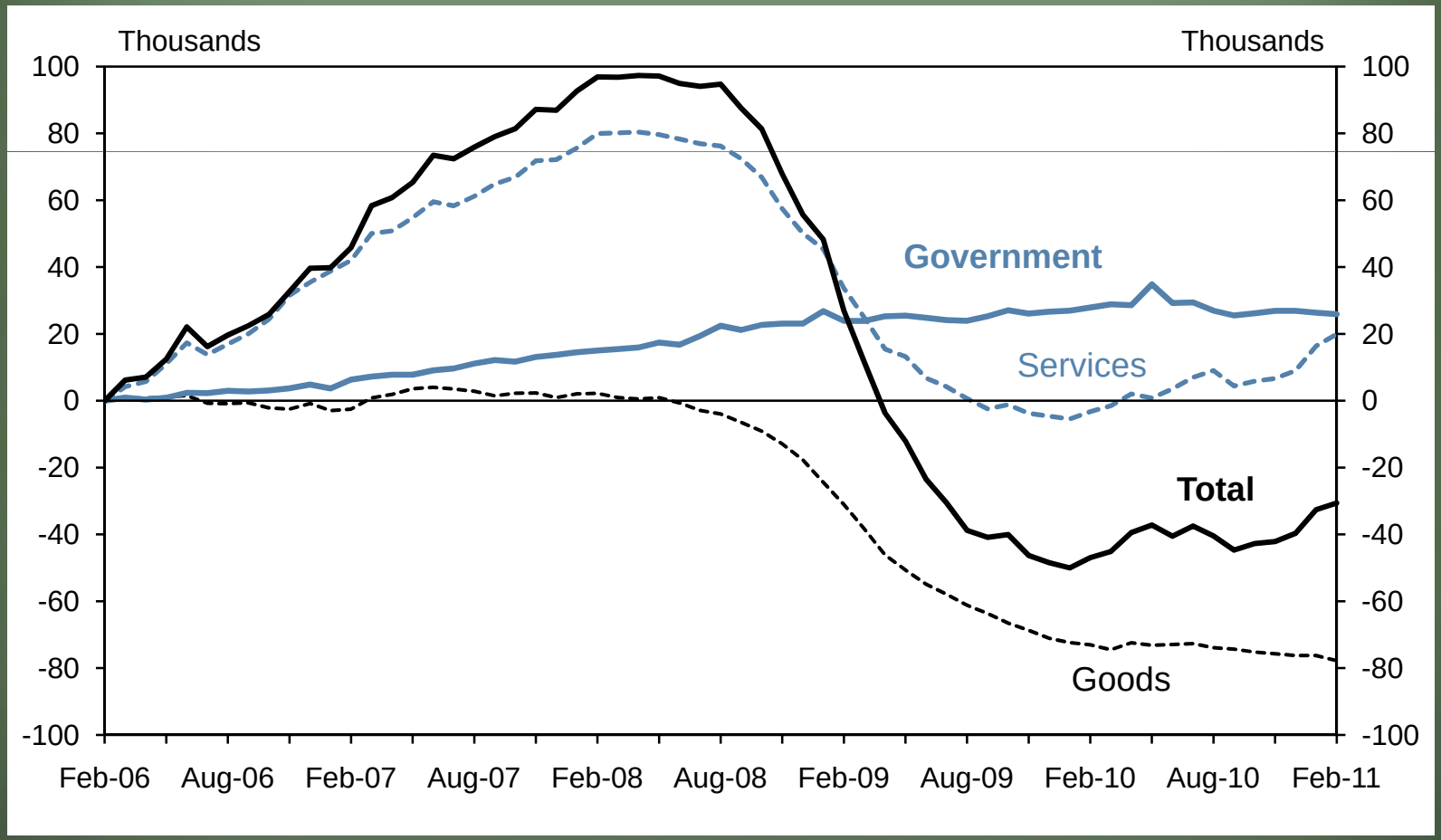
Year-over-year



Source: Bureau of Labor Statistics

Govt. and Goods Losses Offsetting Services Gains

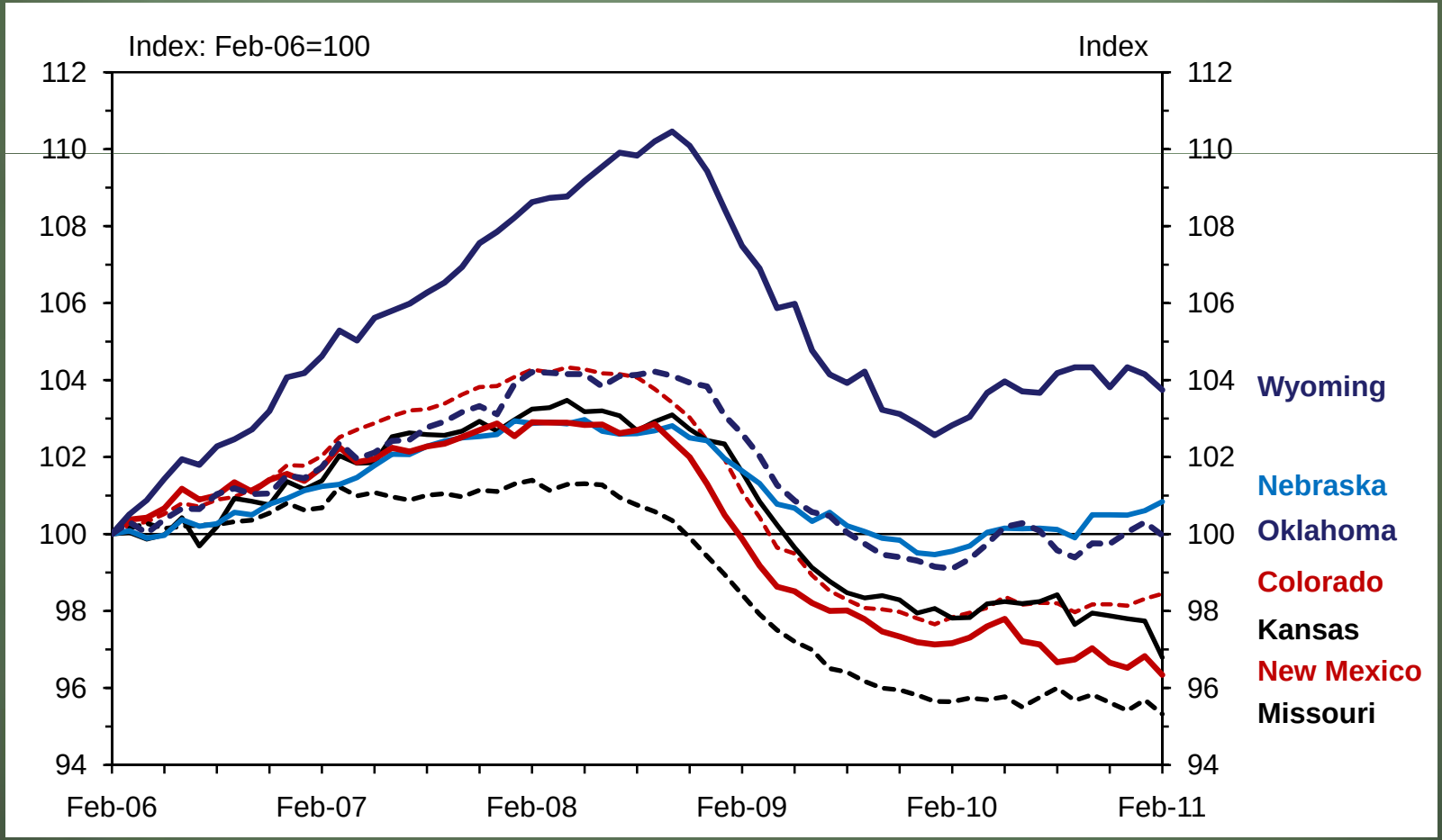
Colorado Nonfarm Employment Gains/Losses
Seasonally Adjusted



Source: Bureau of Labor Statistics

CO in the Middle of the Pack Among Labor Markets in the Tenth District

Total Nonfarm Employment
Seasonally Adjusted



Source: Bureau of Labor Statistics

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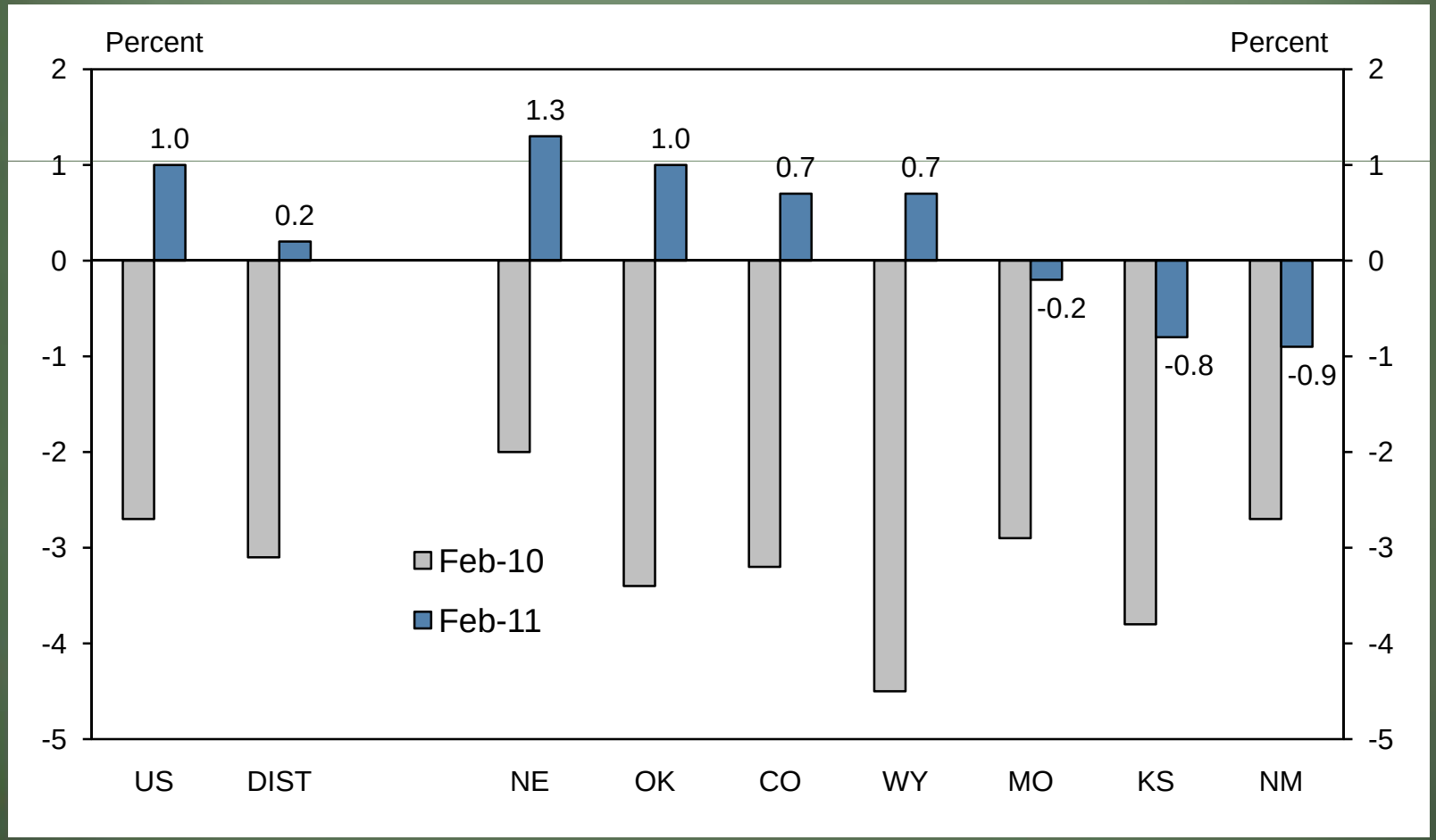
Agricultural and Energy States Continue to Lead

Total Nonfarm Employment
Year-over-Year



Source: Bureau of Labor Statistics

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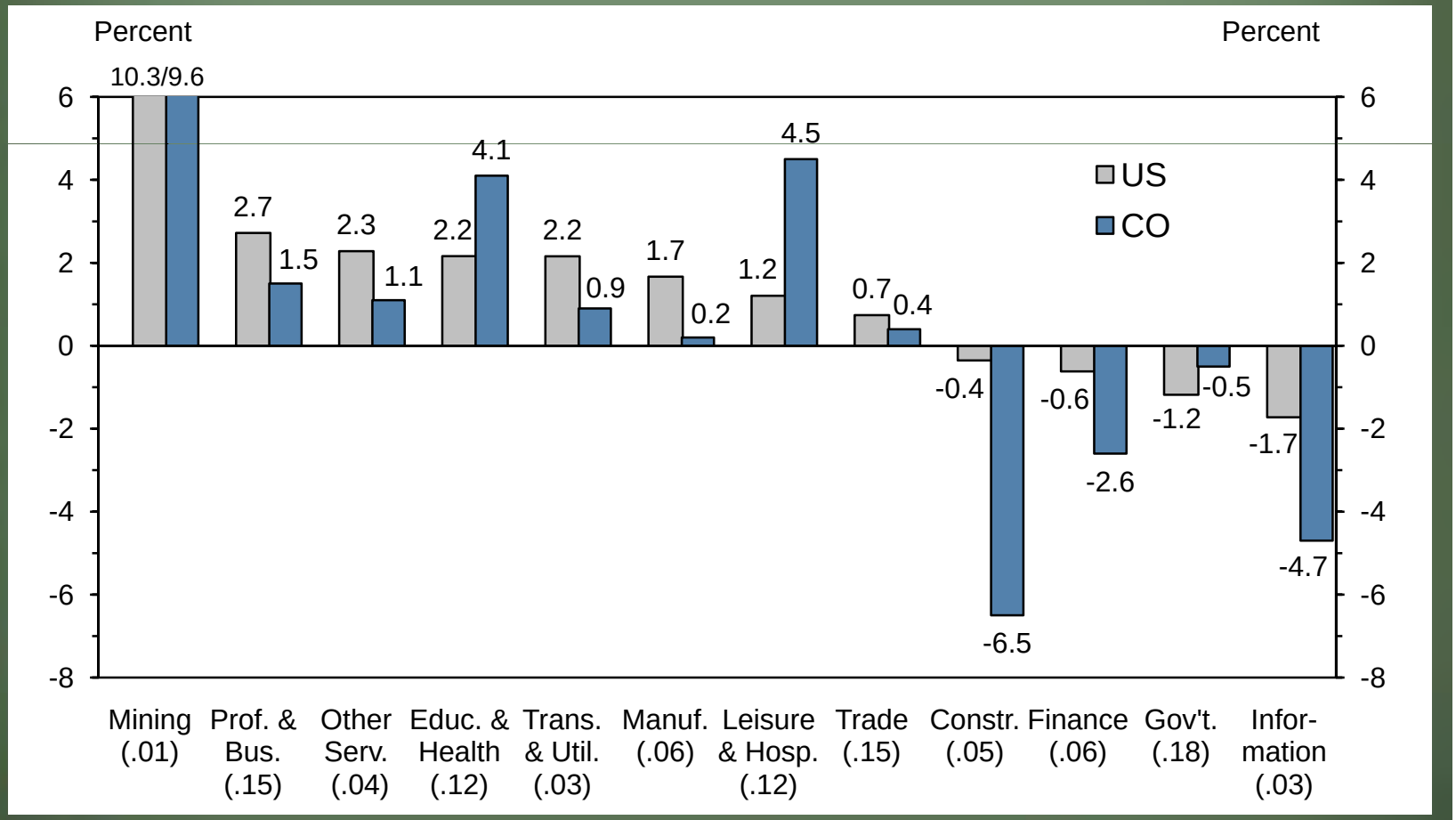
Divergence Between U.S. and CO Job Gains in Several Key Sectors

Total Nonfarm Employment by Industry
Feb-11 over Feb-10



Source: Bureau of Labor Statistics

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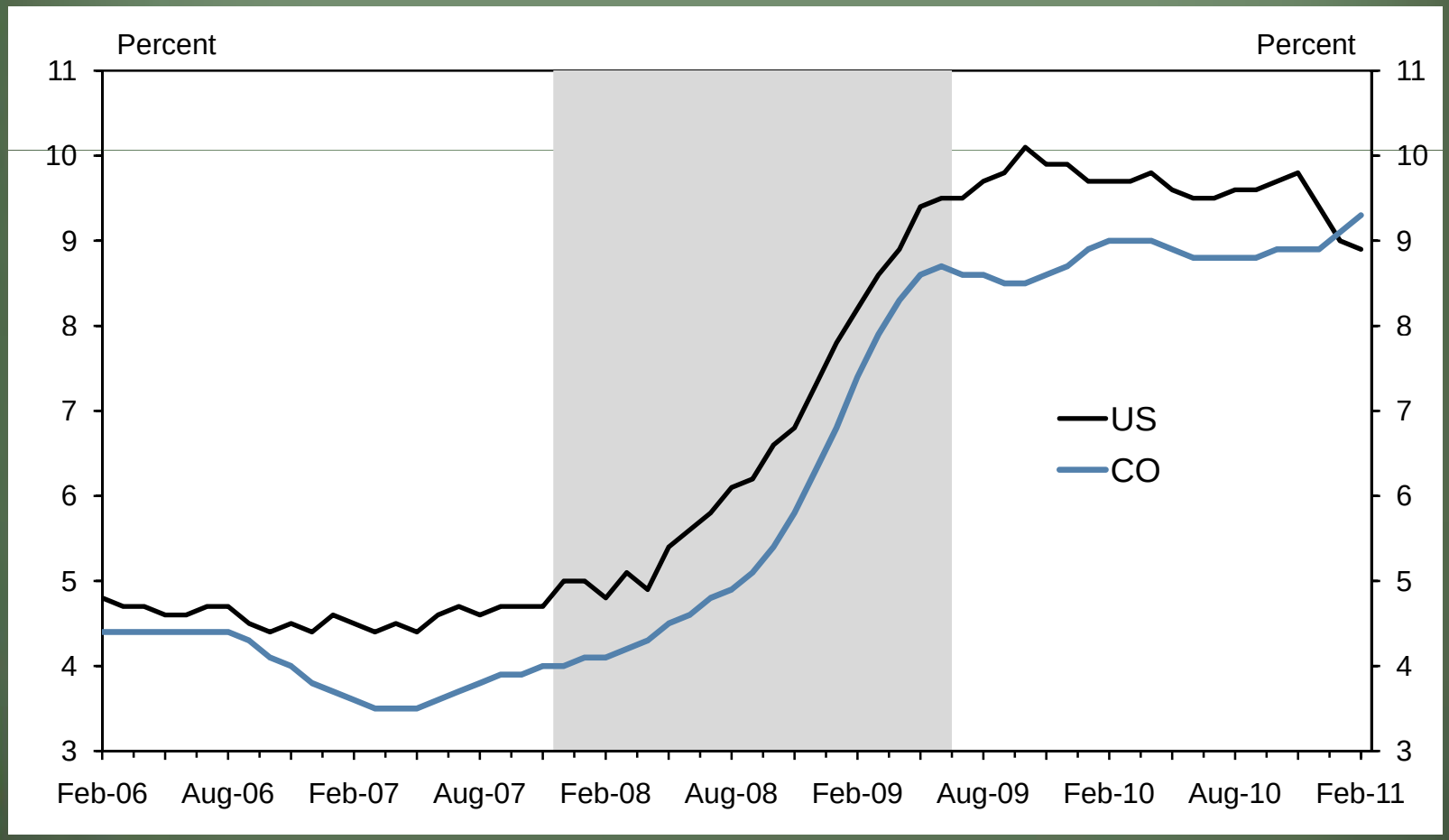
Colorado Jobless Rate now Above U.S.

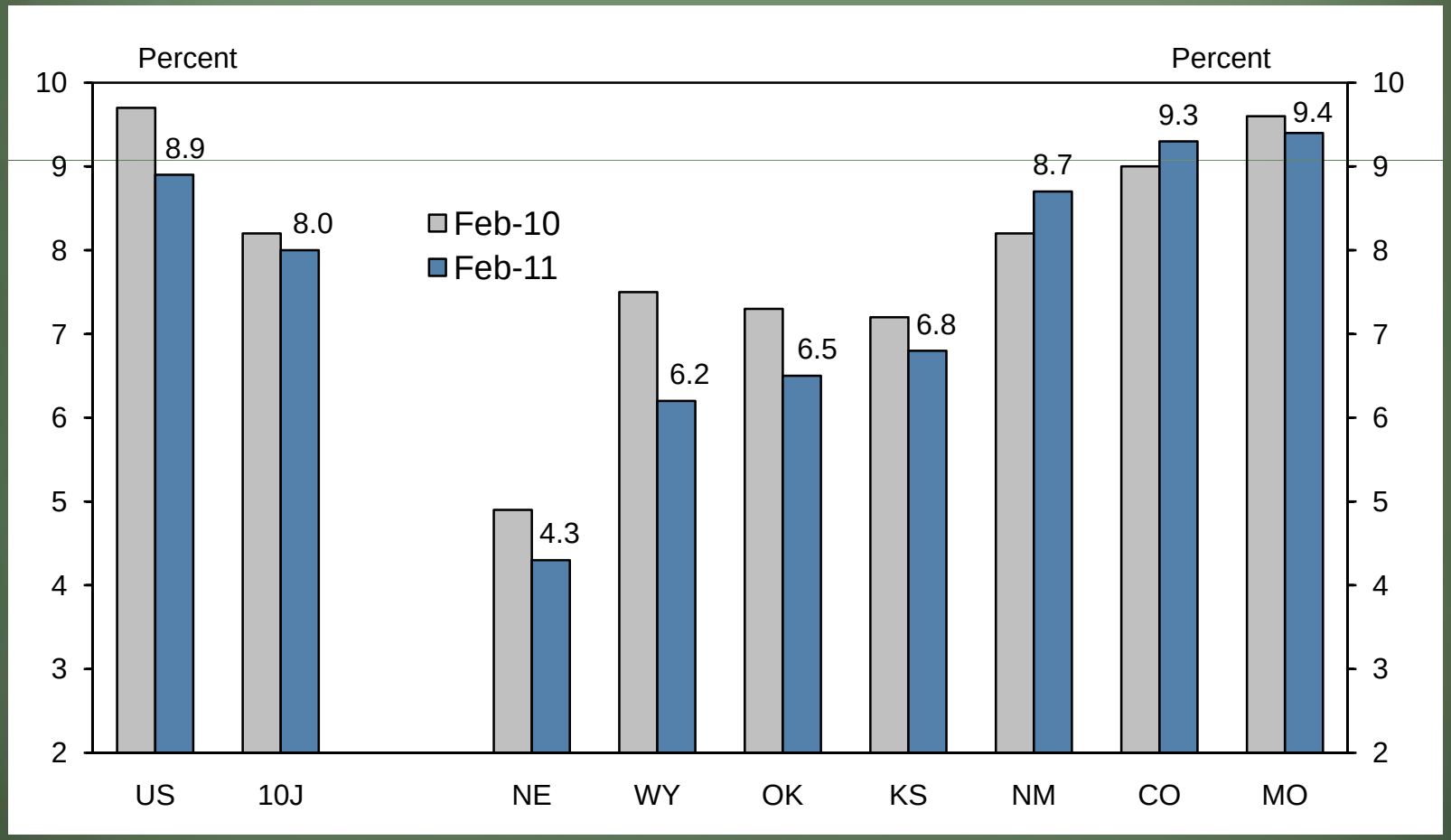
Unemployment Rate
Seasonally Adjusted



Source: Bureau of Labor Statistics

CO/NM Putting Upward Pressure on District Jobless Rate

Unemployment Rate by State
Seasonally Adjusted



Source: Bureau of Labor Statistics

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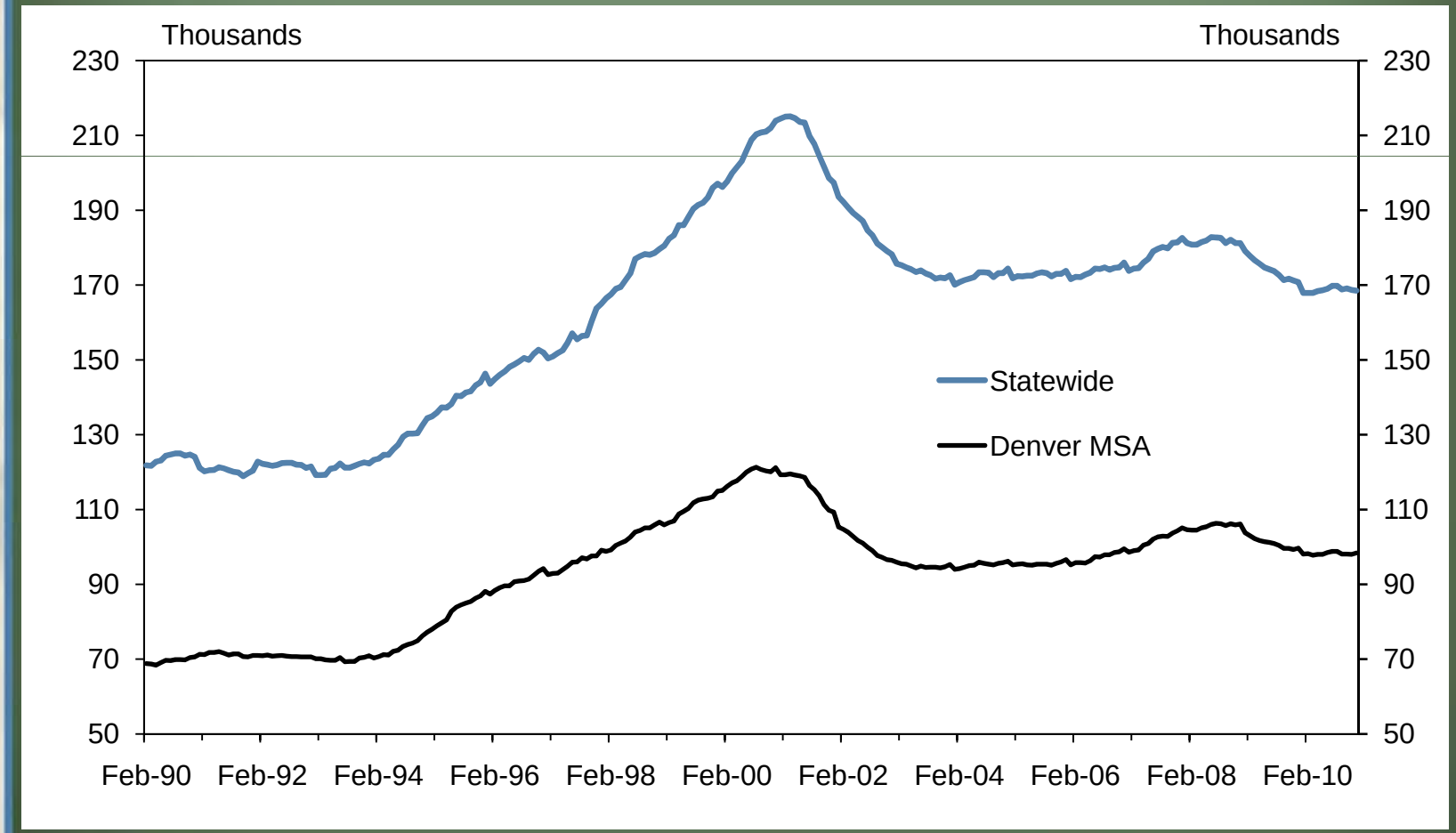
Rising Tech Activity has not Turned into Net Hiring

Colorado Advanced Technology Employment
Seasonally Adjusted



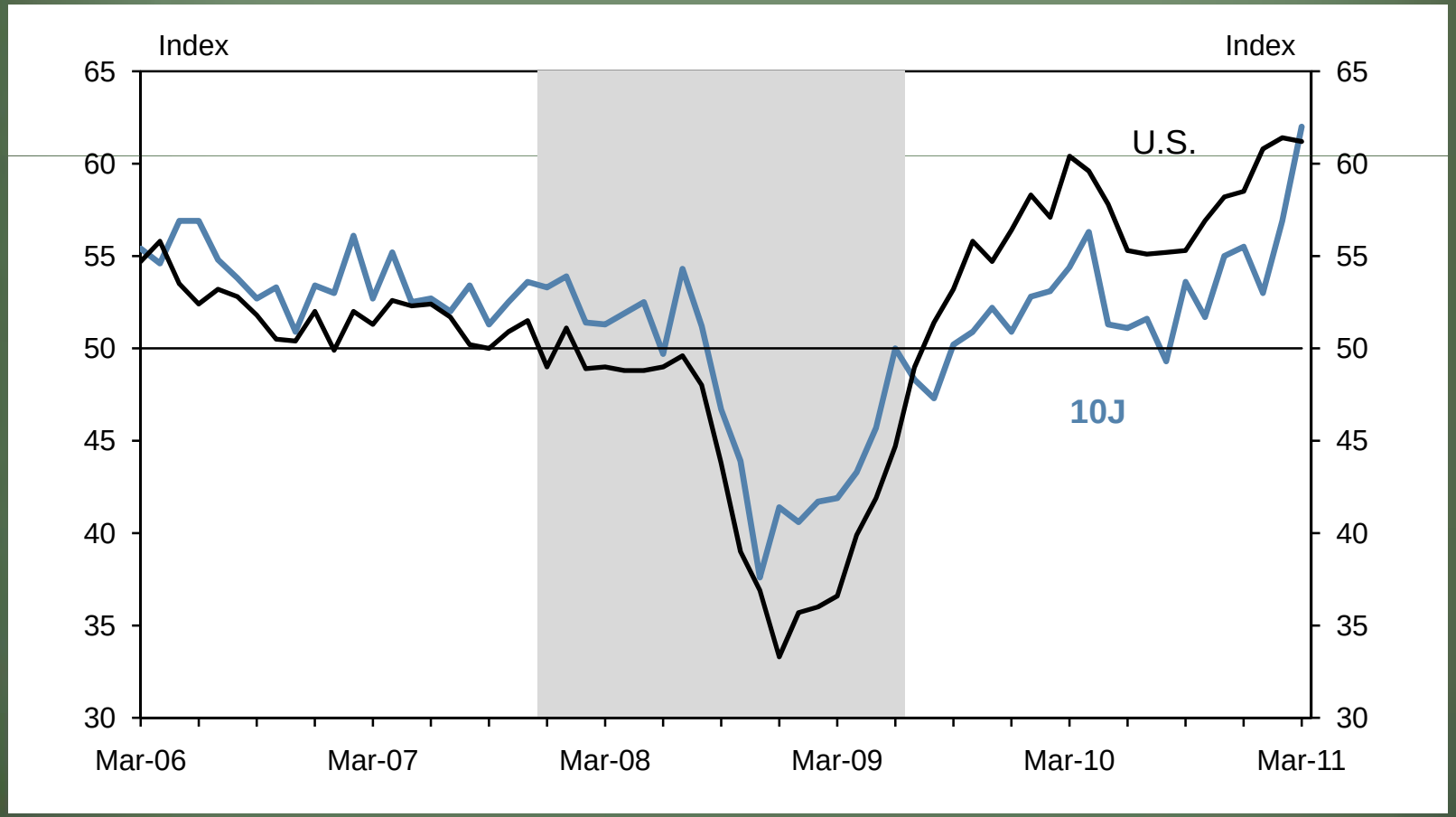
Source: Bureau of Labor Statistics

Survey Data Suggest Surge in 10J Mfg. Activity

But CO Receiving Little Mfg. Boost

Manufacturing Indices

Seasonally Adjusted, Month-over-Month



Source: ISM, FRBKC Manufacturing Survey

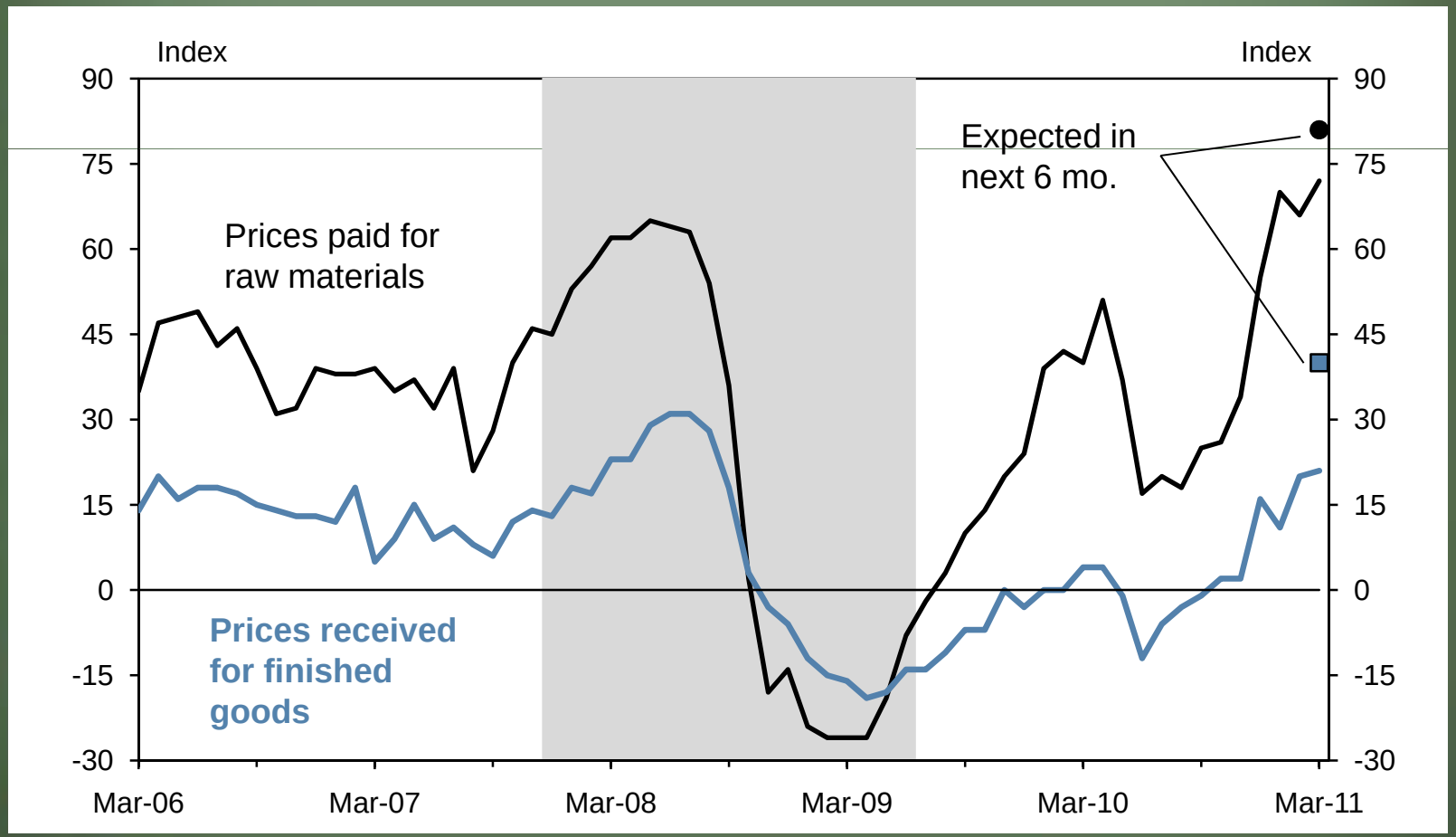
Note: 10J index is computed on ISM basis (50 = zero change)

Survey Data Confirm Rise in Raw Materials Prices

Finished Goods Prices now Rising, Expected to Rise Further

Tenth District Manufacturing Price Indices

Seasonally Adjusted, Month-over-Month



Source: FRBKC Manufacturing Survey

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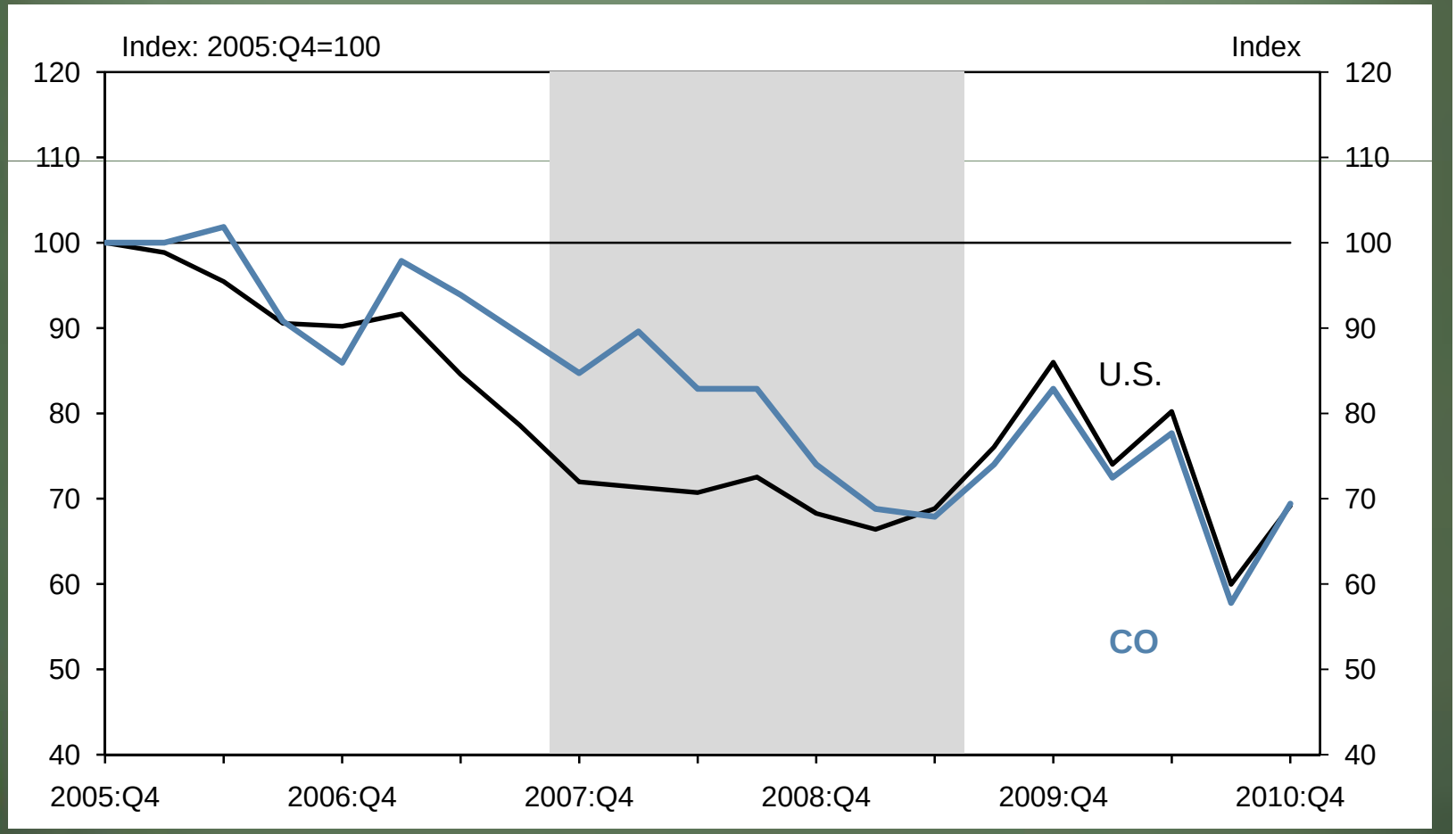
Q4 Bounce in U.S. And CO Existing Home Sales

But Weakness Returns in Latest Monthly U.S. Data

Sales of Existing Homes

Seasonally Adjusted



Source: National Association of Realtors

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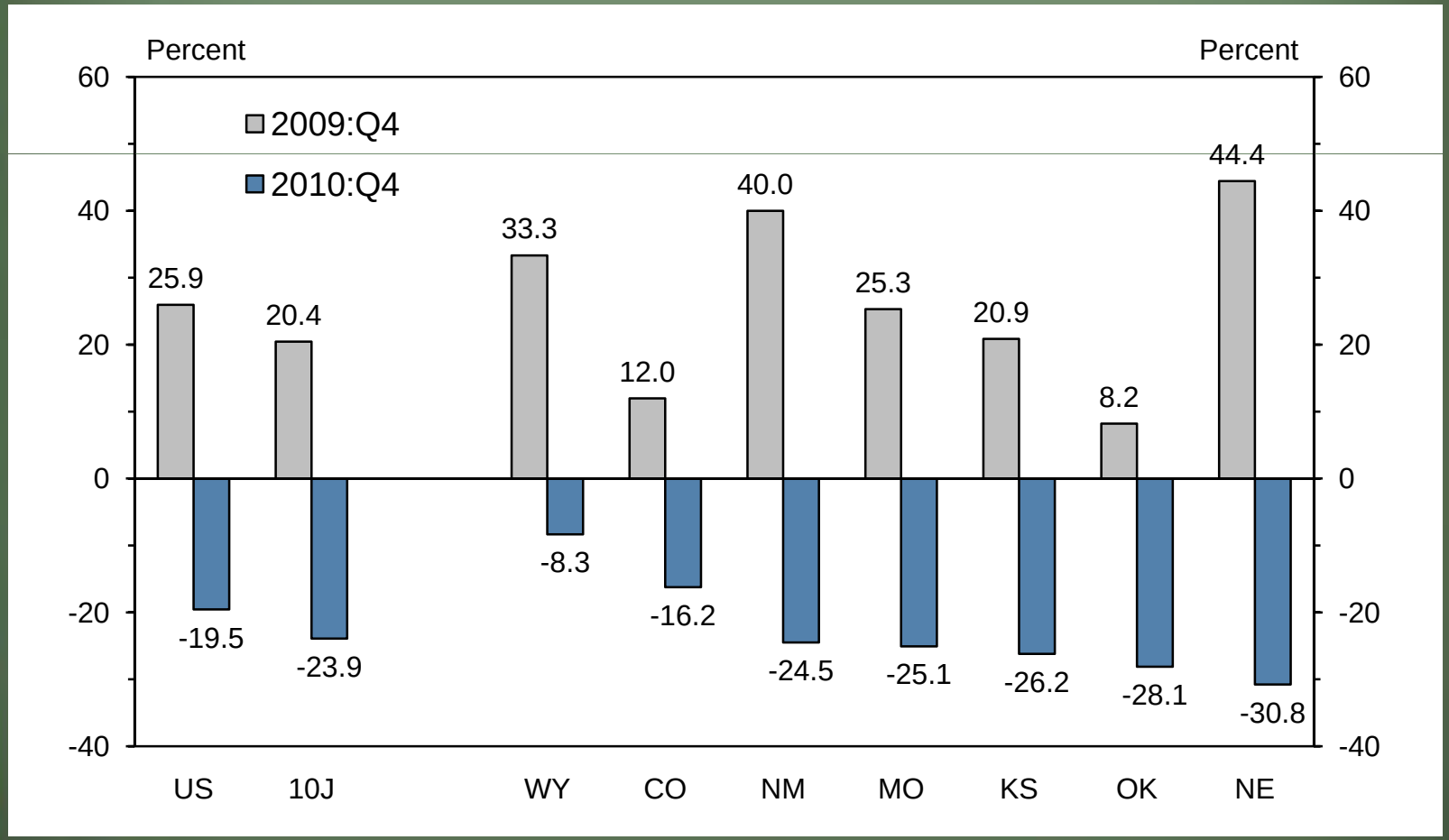
10J Existing Home Sales Trail U.S. Through 4th Quarter

NE and NM Experience Sharpest Reversals

Growth in Existing Home Sales

Year-over-Year



Source: National Association of Realtors

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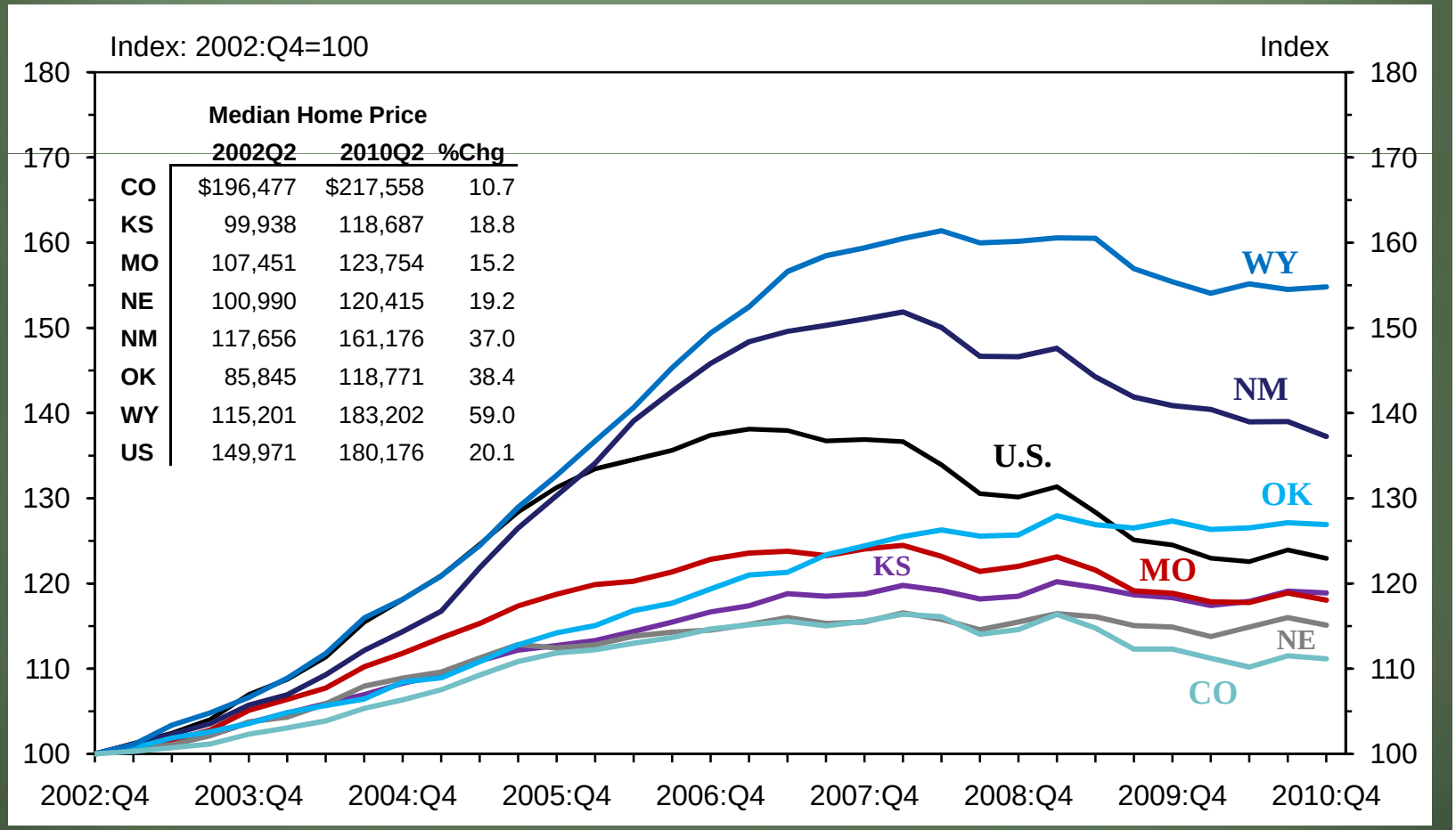
10J Homes Price Gains now Range Around U.S. Gain

CO has Smallest Gain in Cycle Among 10J States, but Highest Price

FHFA Repeat Sales Home Price Index

Seasonally Adjusted

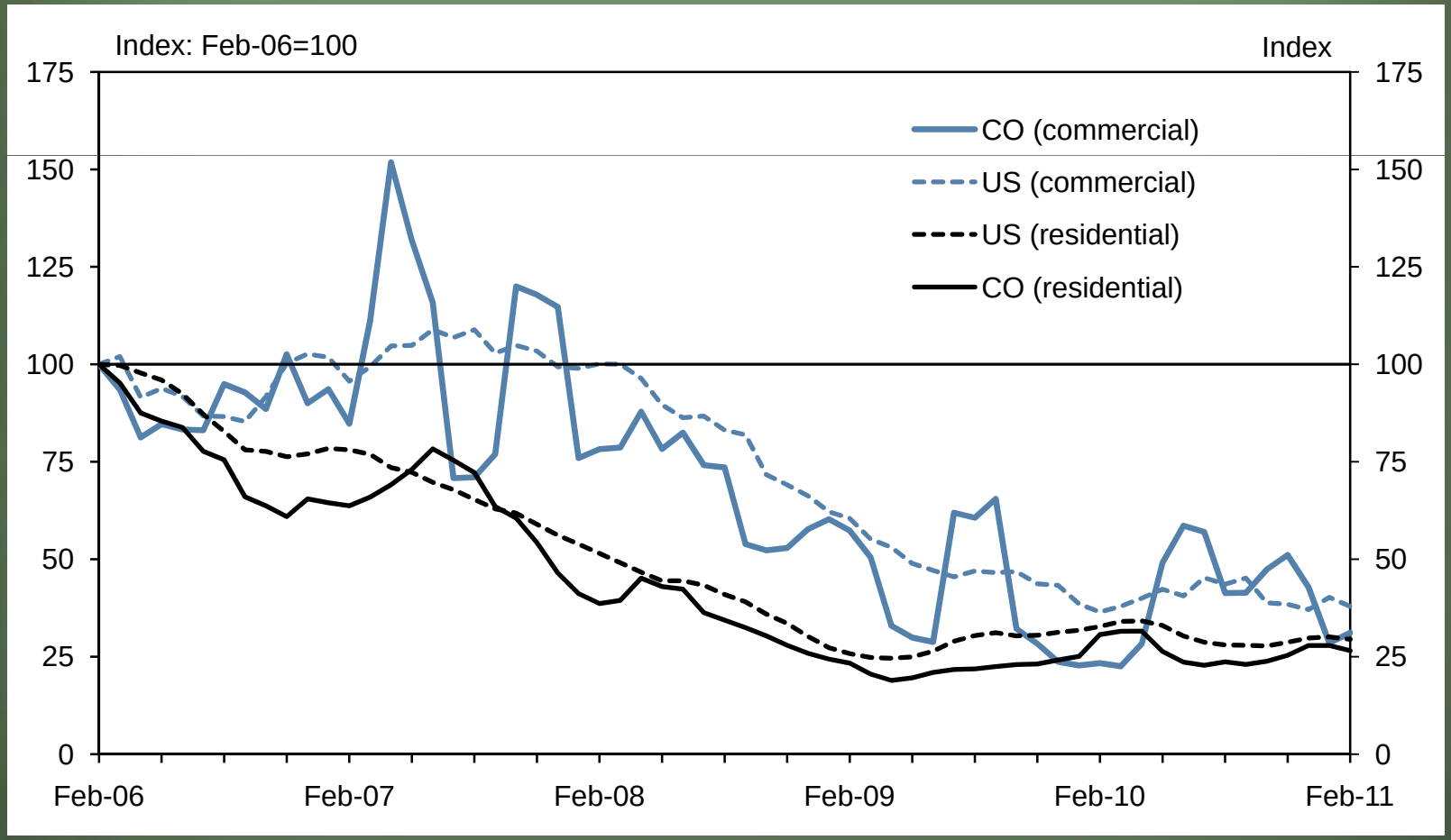


	Median Home Price		
	2002Q2	2010Q2	%Chg
CO	$196,477	$217,558	10.7
KS	99,938	118,687	18.8
MO	107,451	123,754	15.2
NE	100,990	120,415	19.2
NM	117,656	161,176	37.0
OK	85,845	118,771	38.4
WY	115,201	183,202	59.0
US	149,971	180,176	20.1

Source: FHFA

Commercial and Residential Construction Continue to Bounce Along Bottom

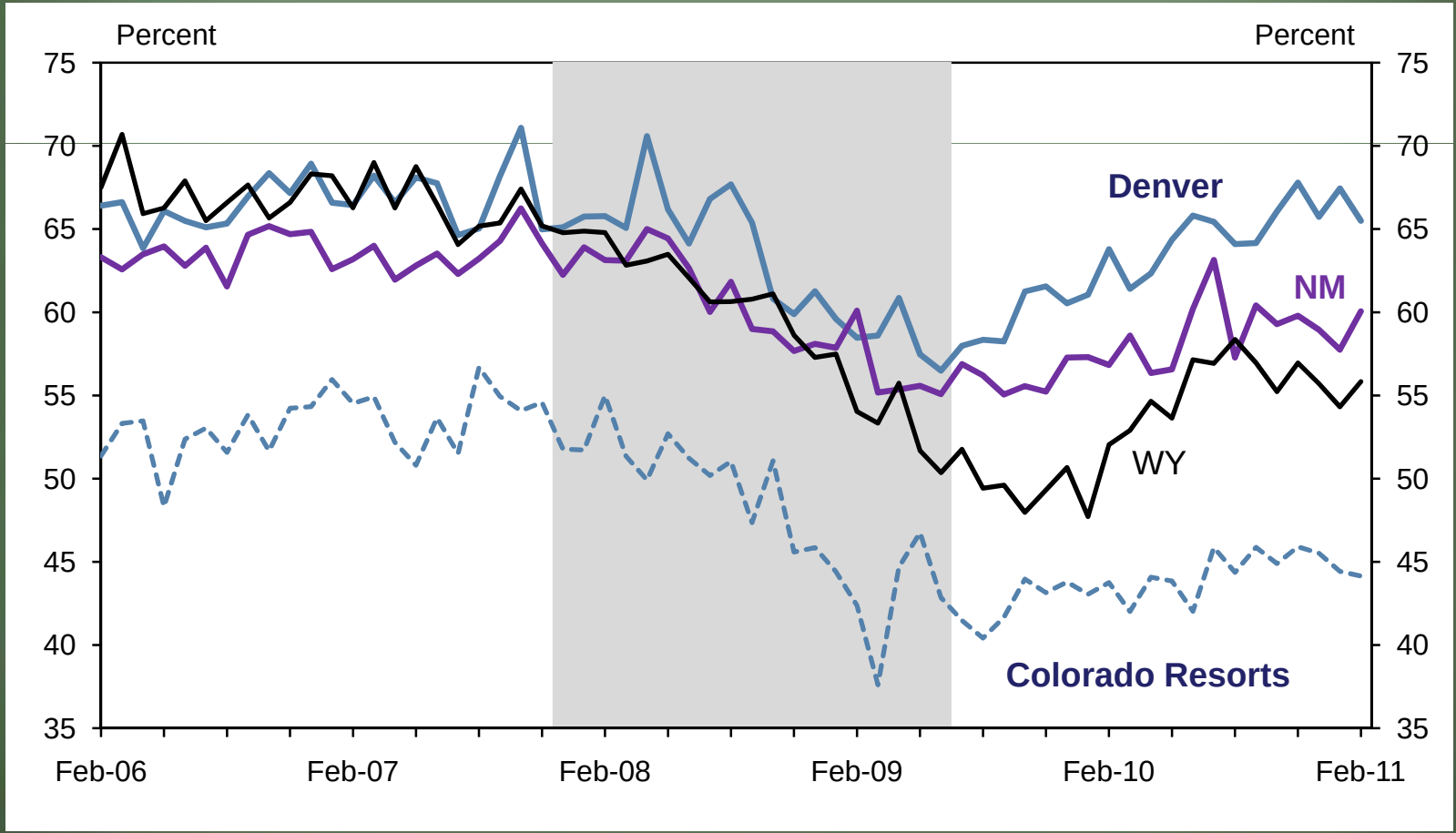
Value of Residential and Commercial Construction Contracts
Seasonally Adjusted, 3-mo. moving average



Source: F.W. Dodge

Mountain States Report Mixed Lodging Results

Hotel Occupancy Rates
Seasonally Adjusted



Source: Rocky Mountain Lodging Report

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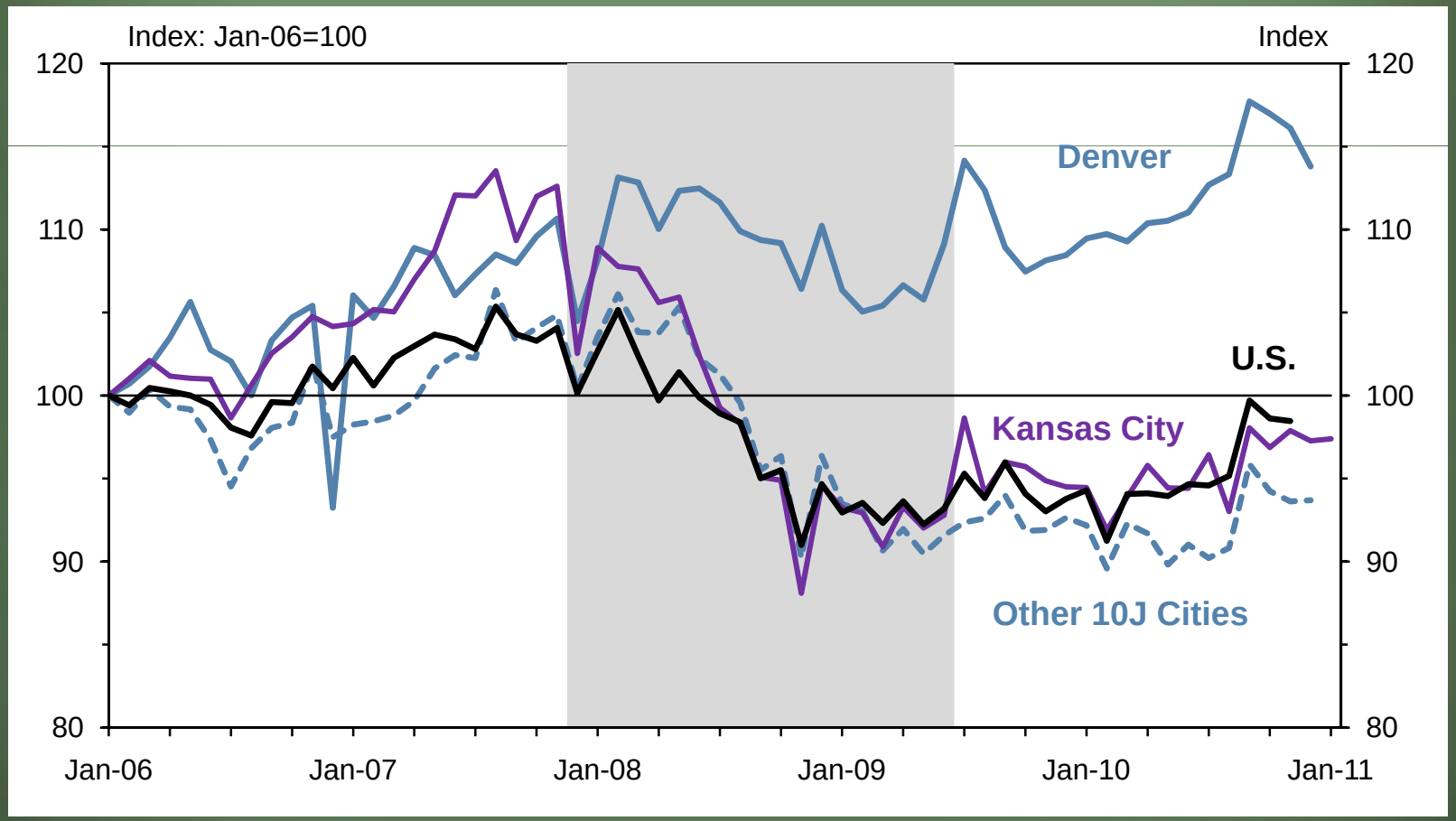
Denver Air Traffic Resumes Long-run Growth Trend

Other 10J Cities Well Below Pre-recession Levels

Airport Passenger Traffic

Seasonally Adjusted



Source: District Airports

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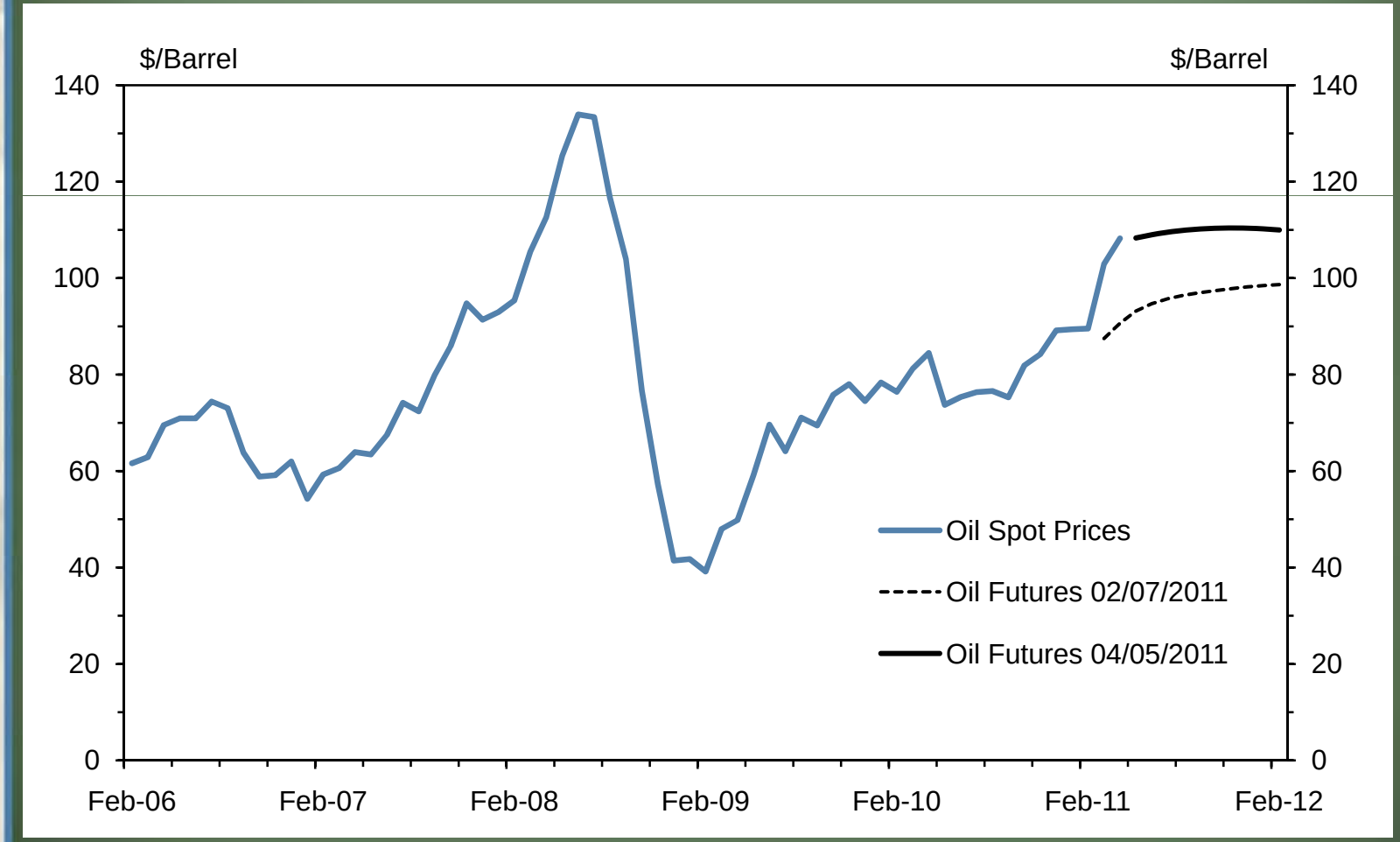
Crude Futures Suggest $110+/bbl Through 2012

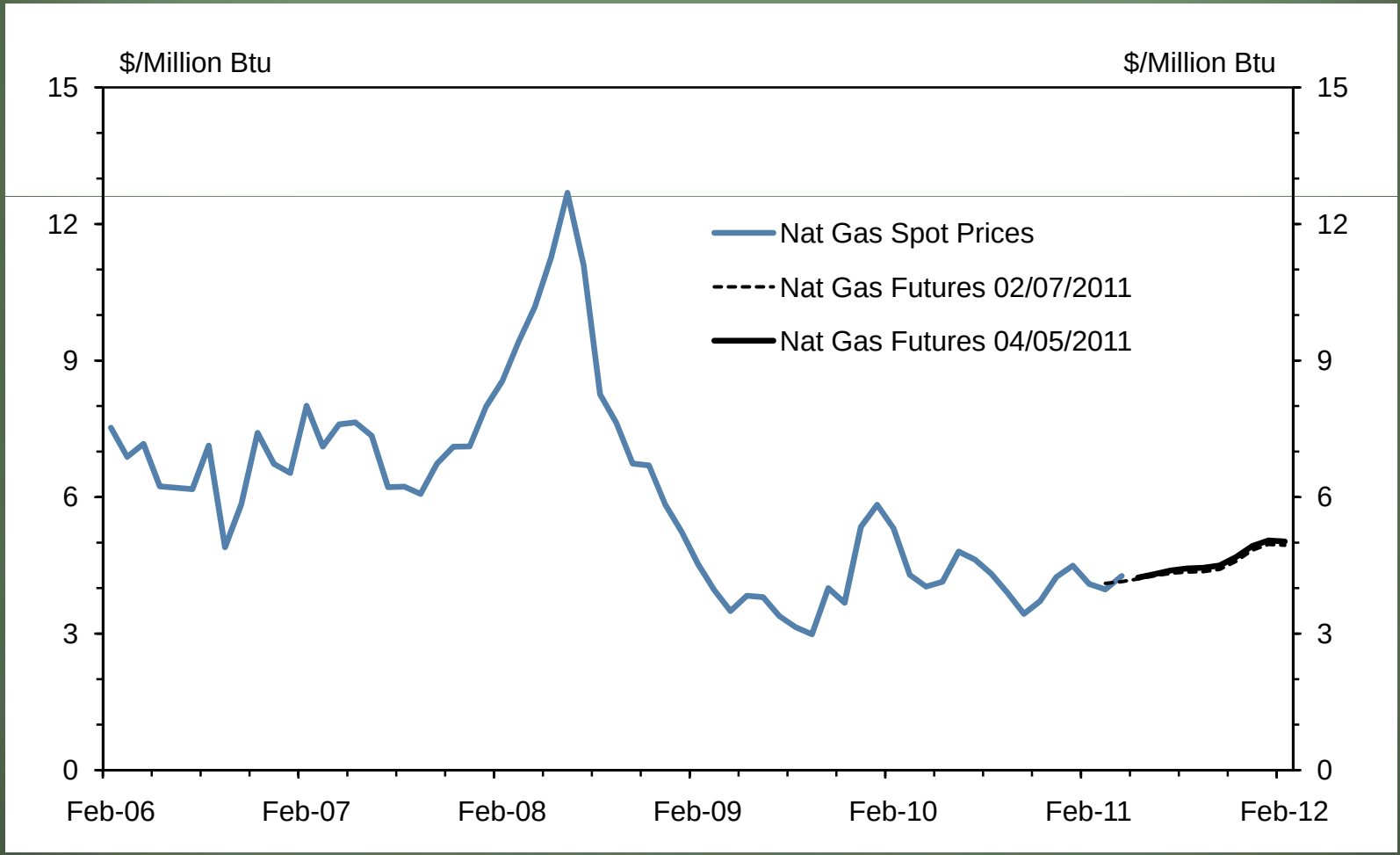
West Texas Intermediate Oil Spot Price & NYMEX Futures



Source: Bloomberg Energy Services

Natural Gas Futures Suggest $5/mcf Ceiling

Henry Hub Natural Gas Spot Price & NYMEX Futures



Source: Bloomberg Energy Services

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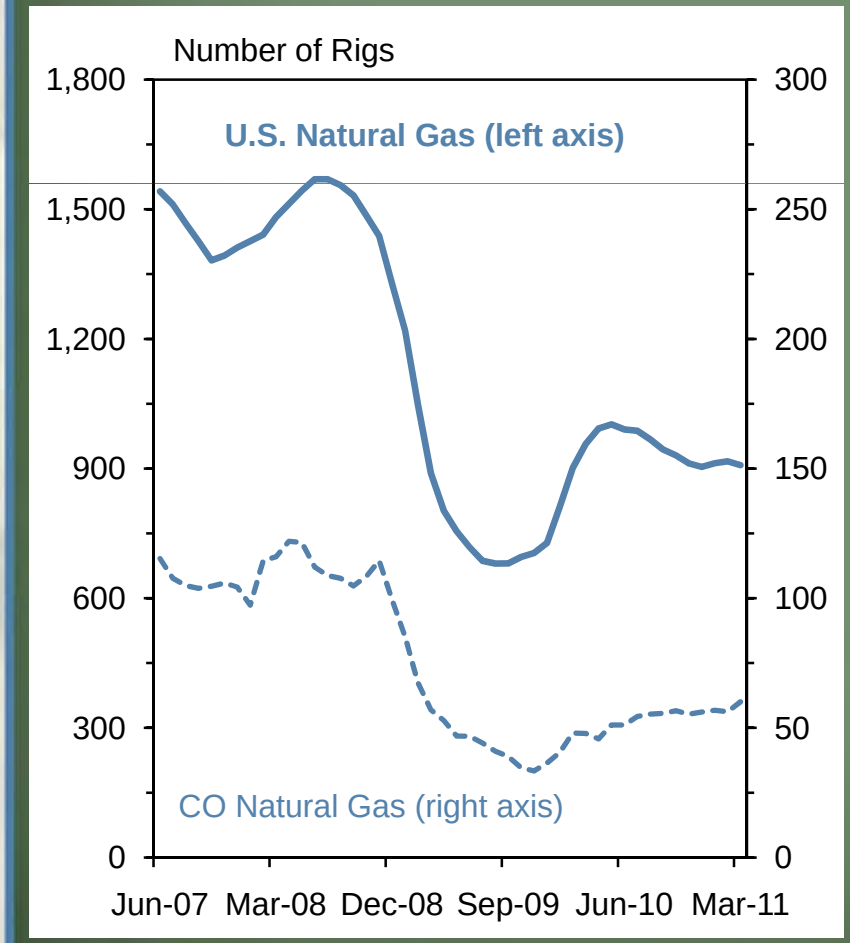
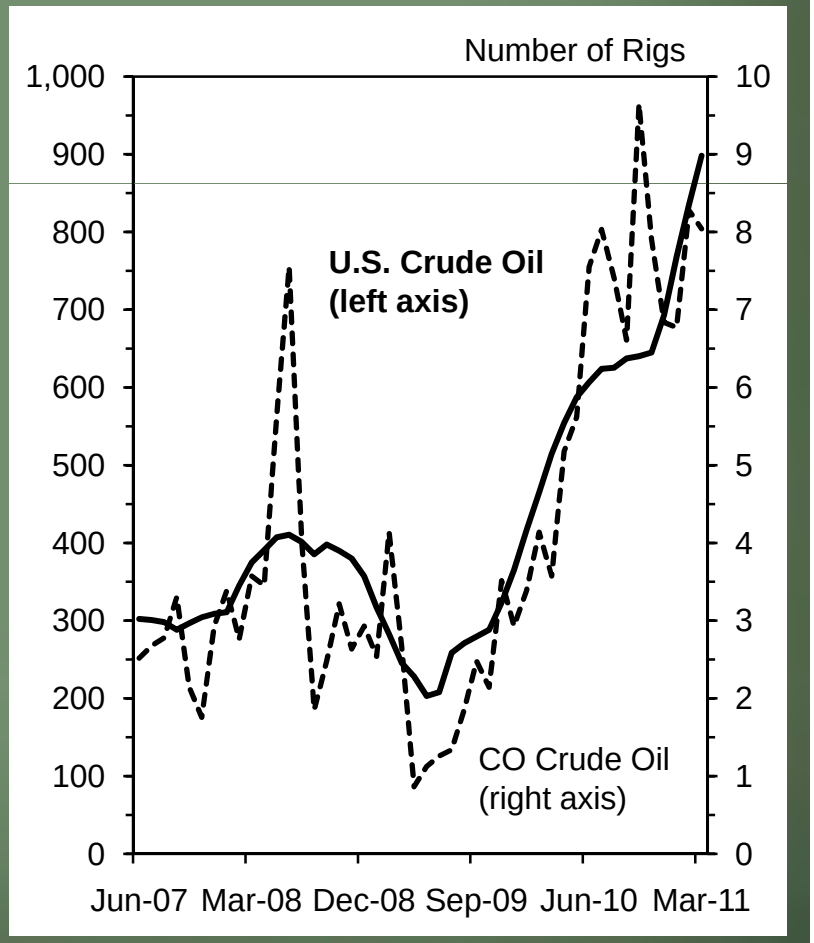
Shift in Exploration Toward Crude Accelerates in U.S. and CO

Count of Active Drilling Rigs
Seasonally Adjusted





Source: Baker-Hughes

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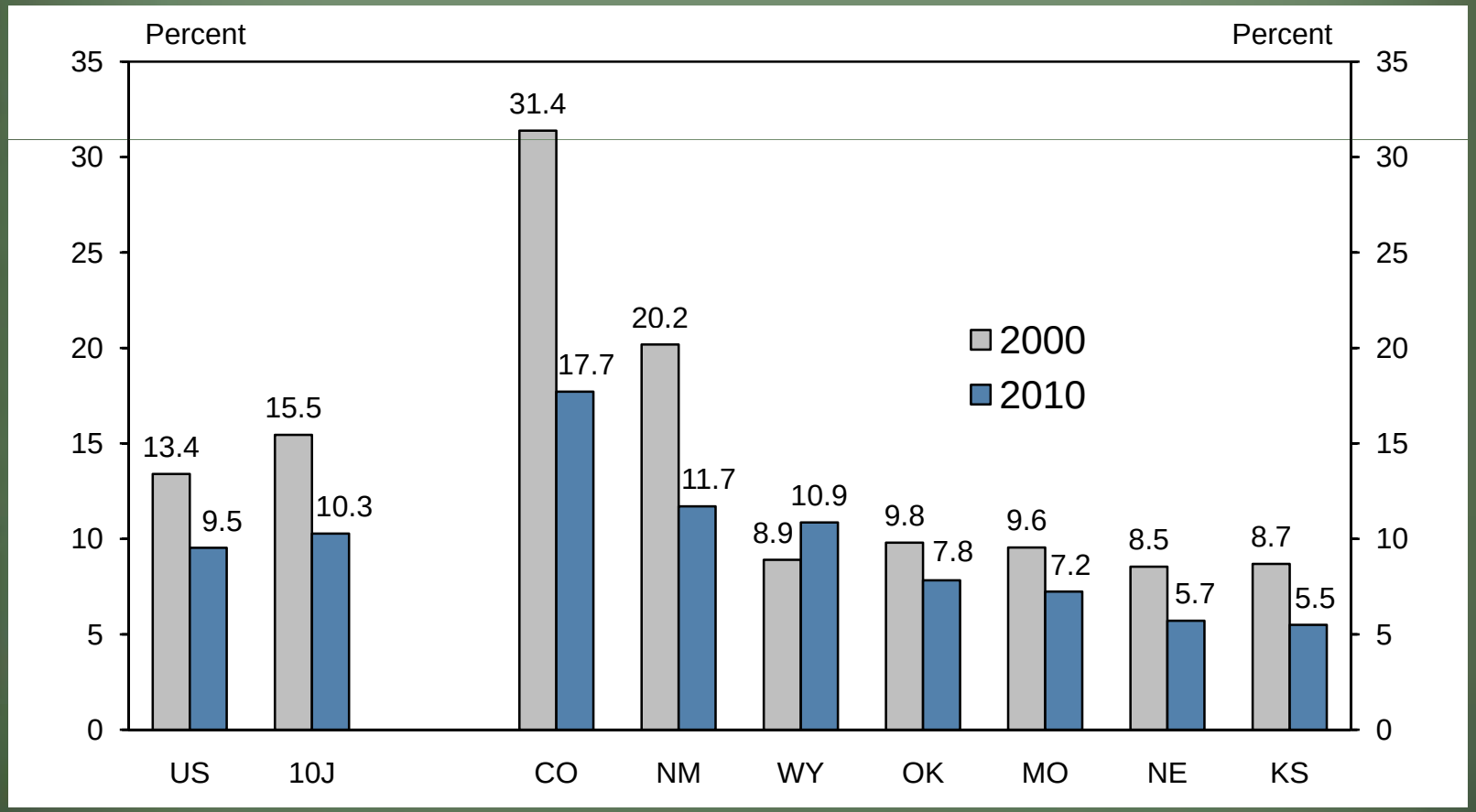
10J Population Gains Exceed U.S. in 2000s

High In-migration States of CO/NM Decelerate Sharply

Growth in Population

Decade-over-Decade



Source: U.S. Census Bureau

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Risks to the Recovery?

- Rising Interest Rates (Mortgage Rates)
- Rising Energy/Commodity Prices
- International Instability
- Federal/State/Local Budget Overhang
- Another Down-leg in Real Estate
- Household De-leveraging Takes Longer Than Expected
- Short Expansion

What Makes the Recovery Sustainable?

- Federal Reserve Stimulus – Current (and ~~Future~~?)
- Fiscal Stimulus – Tax Package, Arra Wanes After 2011
- Strong Financial Position of Corporate Sector
- Resumption in Household Debt Growth
- Growing Replacement Needs – Households/Firms
- Virtuous Cycle – Capitalism, Invisible Hand

U.S. and Colorado Economic Conditions

mark.snead@kc.frb.org

Presentation will be available at:

http://www.kansascityfed.org/Denver