

U.S. & Colorado *Economic Update*



Alison Felix

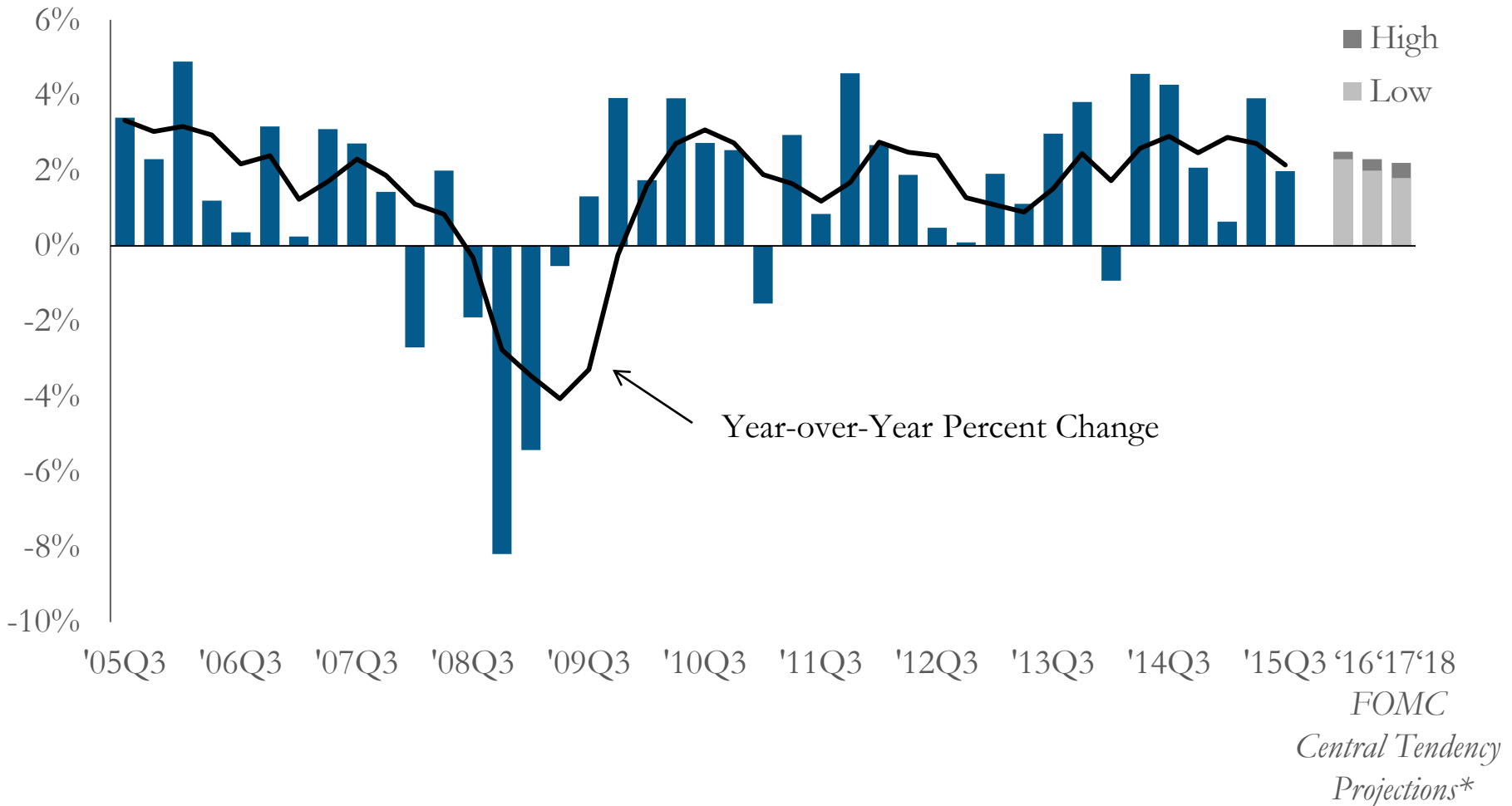
Economist & Branch Executive
Federal Reserve Bank of Kansas City
Denver Branch

*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 is expected to expand at a moderate pace in 2016.

REAL U.S. GROSS DOMESTIC PRODUCT

Percent Change from Previous Quarter at Seasonally Adjusted Annualized Rates



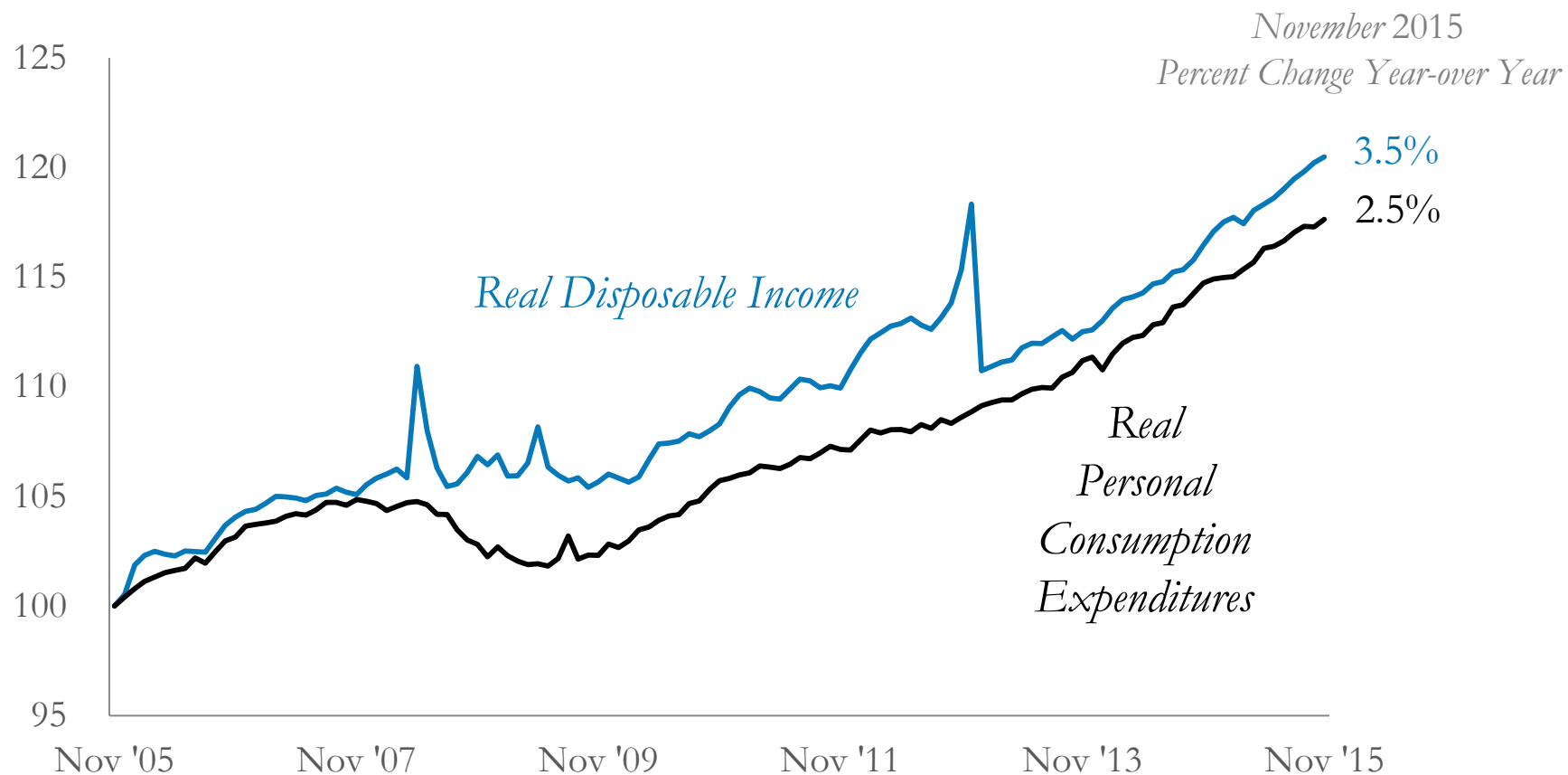
Source: Bureau of Economic Analysis and Federal Open Market Committee (FOMC)/Haver Analytics

*Note: Projections as of December FOMC meeting

Personal income growth has outpaced consumer spending growth over the past year, leading to higher savings rates.

U.S. INCOME AND CONSUMER EXPENDITURES

Index 100 = November 2005

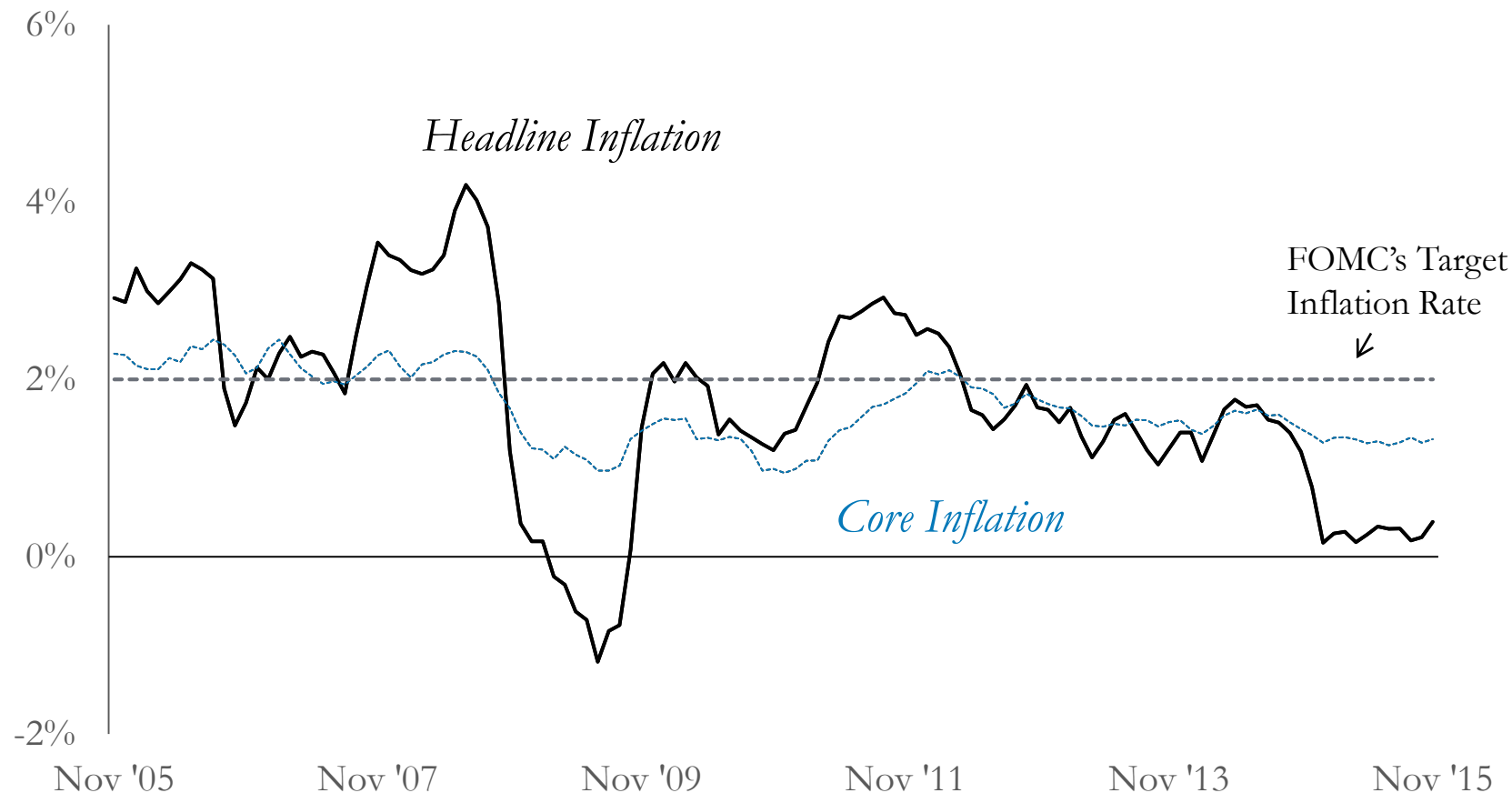


Inflation remains below the FOMC's two percent target, weighed down by declining energy prices and cheaper imports.



PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)

Percent Change Year-over-Year

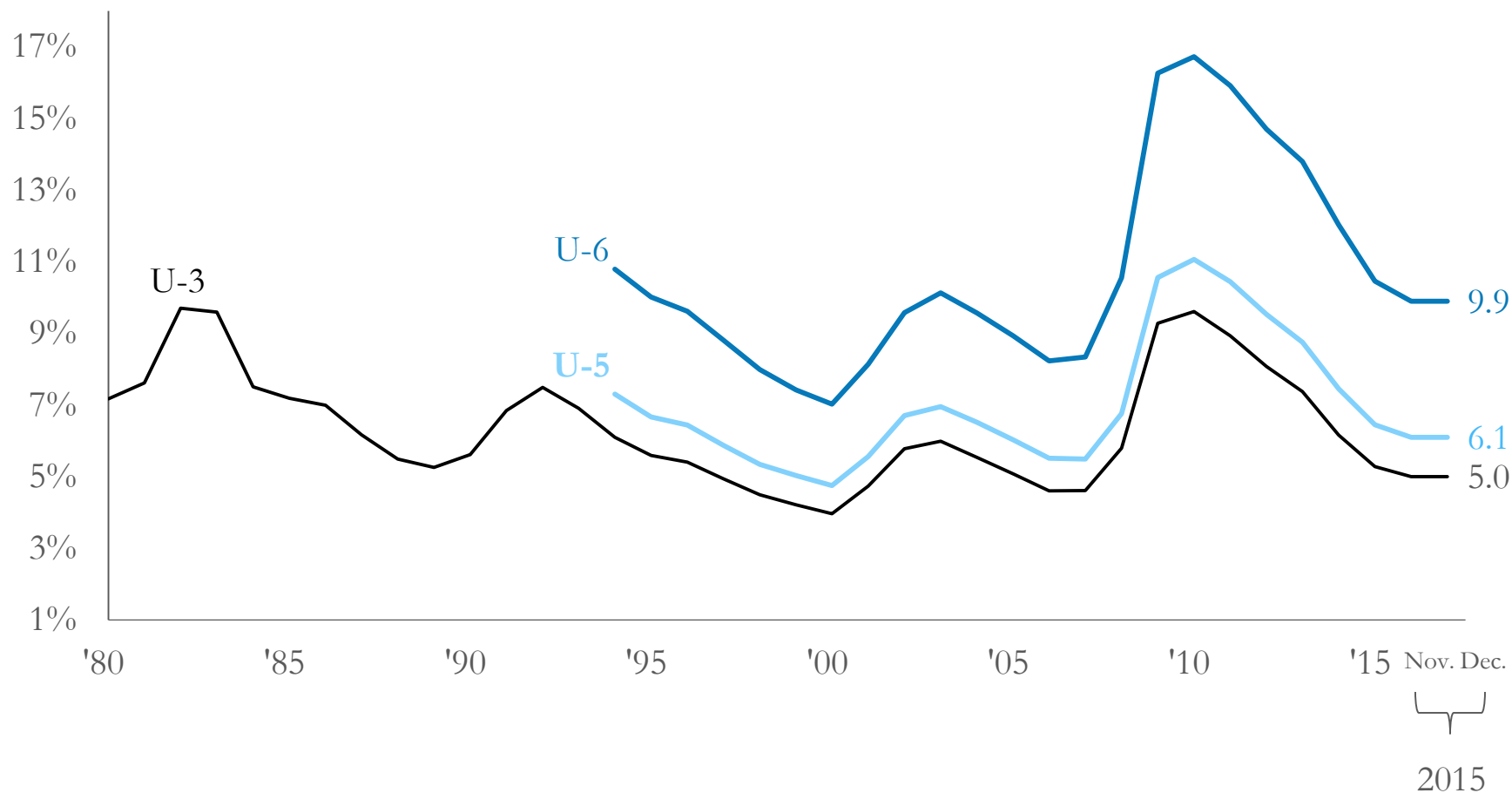


Measures of unemployment and under-employment have declined steadily over the past five years.



U. S. UNEMPLOYMENT AND UNDER-EMPLOYMENT RATES

Seasonally Adjusted



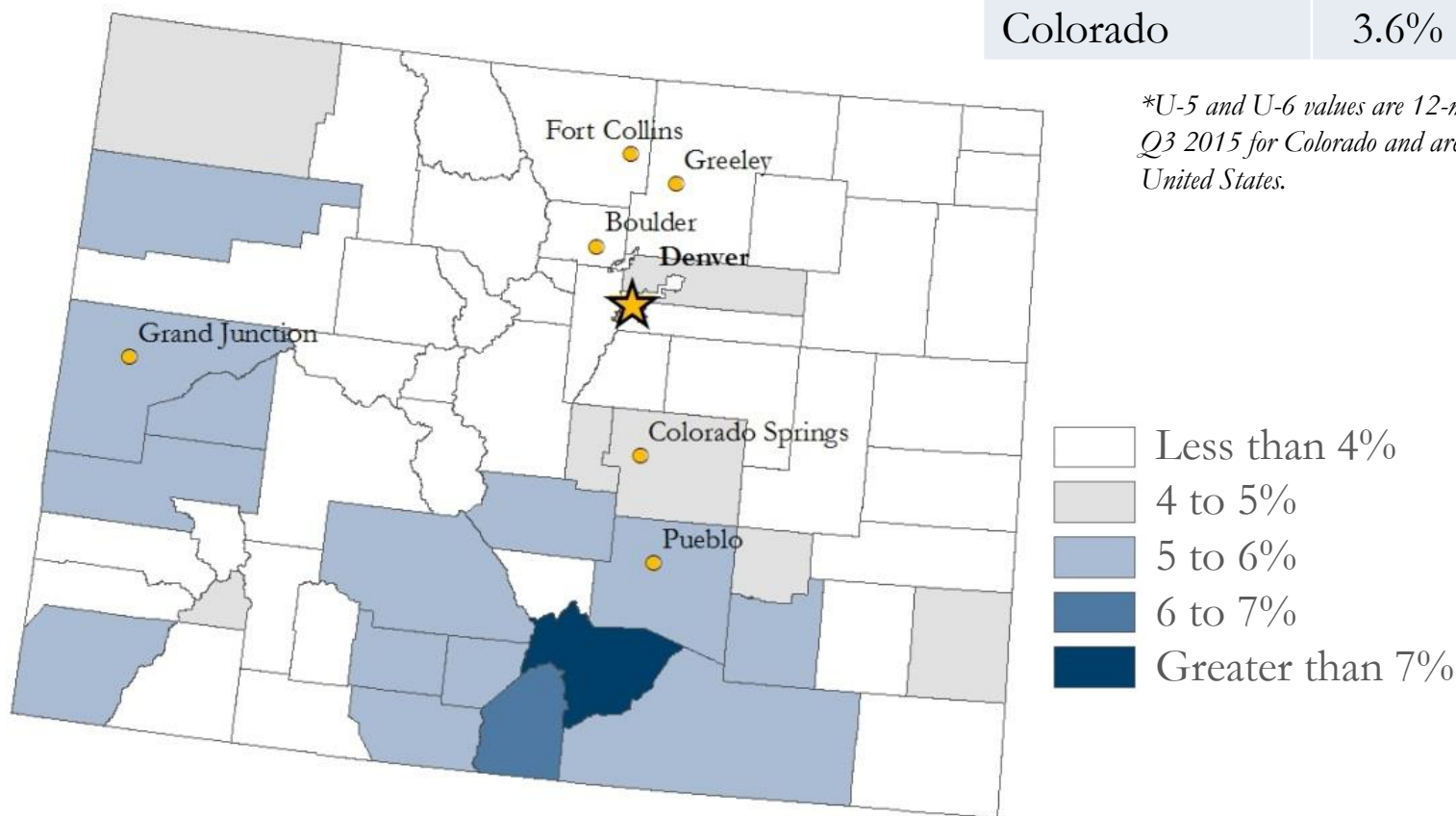
Unemployment rates have trended down across Colorado, but pockets of high unemployment remain in some areas.

UNEMPLOYMENT RATES

November 2015, Seasonally Adjusted

<i>Unemployment Rate</i>	<i>U-3</i>	<i>U-5*</i>	<i>U-6*</i>
United States	5.0%	6.1%	9.9%
Colorado	3.6%	4.5%	8.4%

**U-5 and U-6 values are 12-month moving averages as of Q3 2015 for Colorado and are for December, 2015 for the United States.*

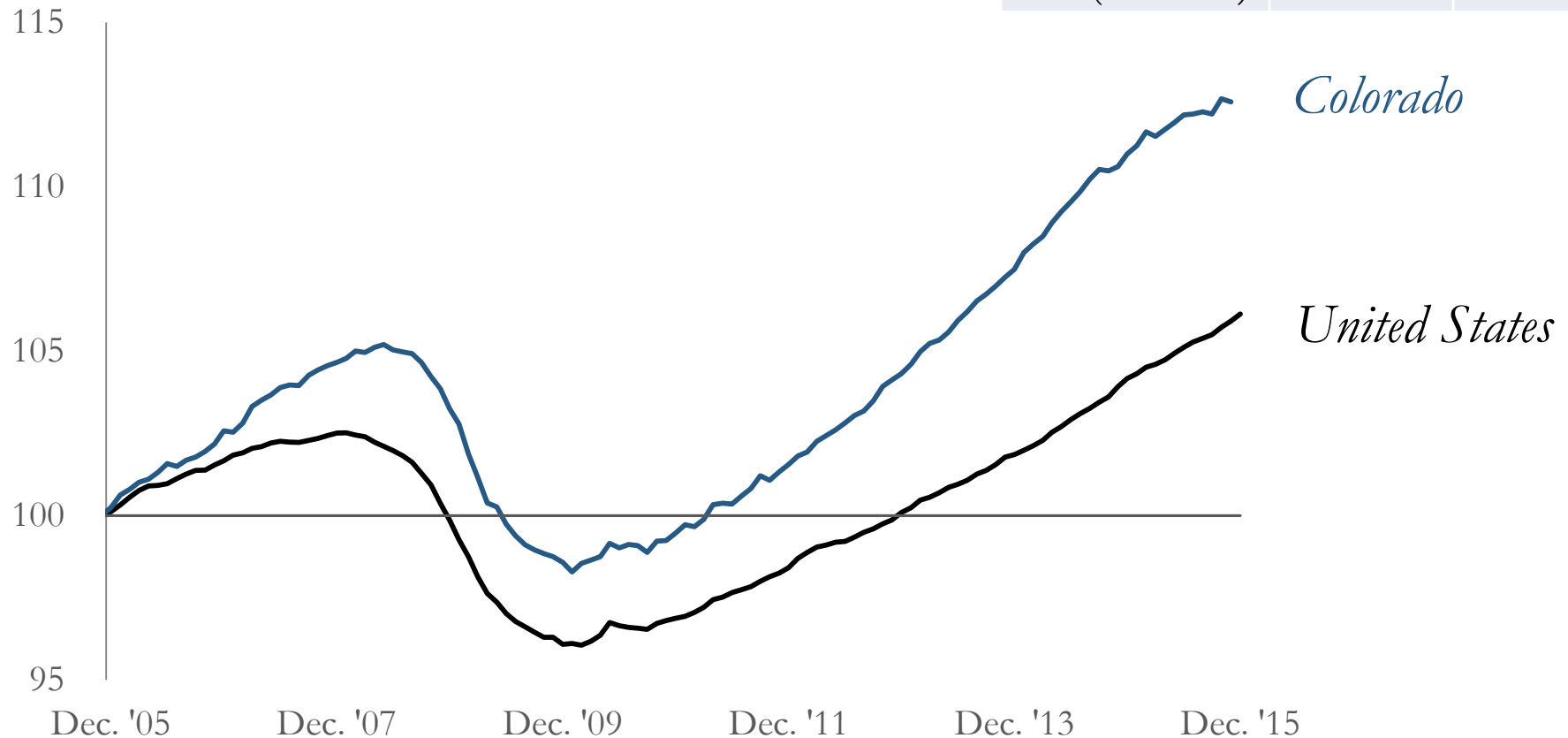


Employment has been increasing in Colorado and the nation for more than five years, with Colorado gains outpacing the nation.

PAYROLL EMPLOYMENT GROWTH

Index 100 = December 2005, Seasonally Adjusted

<i>Percent Change</i>	<i>Past 10 Years</i>	<i>Past Year</i>
U.S.	6.0%	1.9%
CO (Nov. '15)	12.6%	1.8%

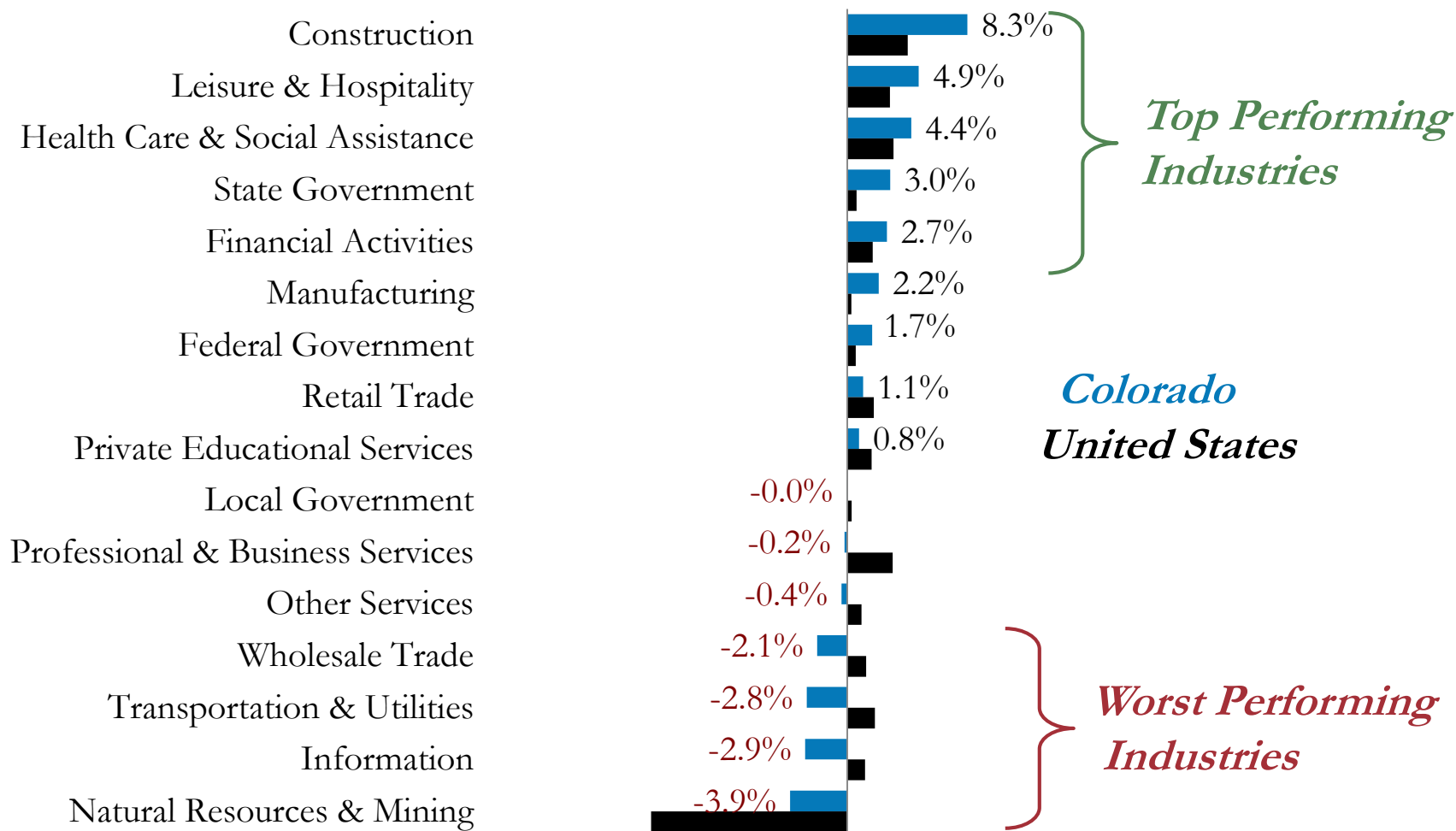


The majority of industries in Colorado have added jobs over the past year, but the slowdown in the energy sector is having an effect on related industries.

CHANGE IN PAYROLL EMPLOYMENT, NOVEMBER 2015

Seasonally Adjusted

Percent Change Year-over-Year

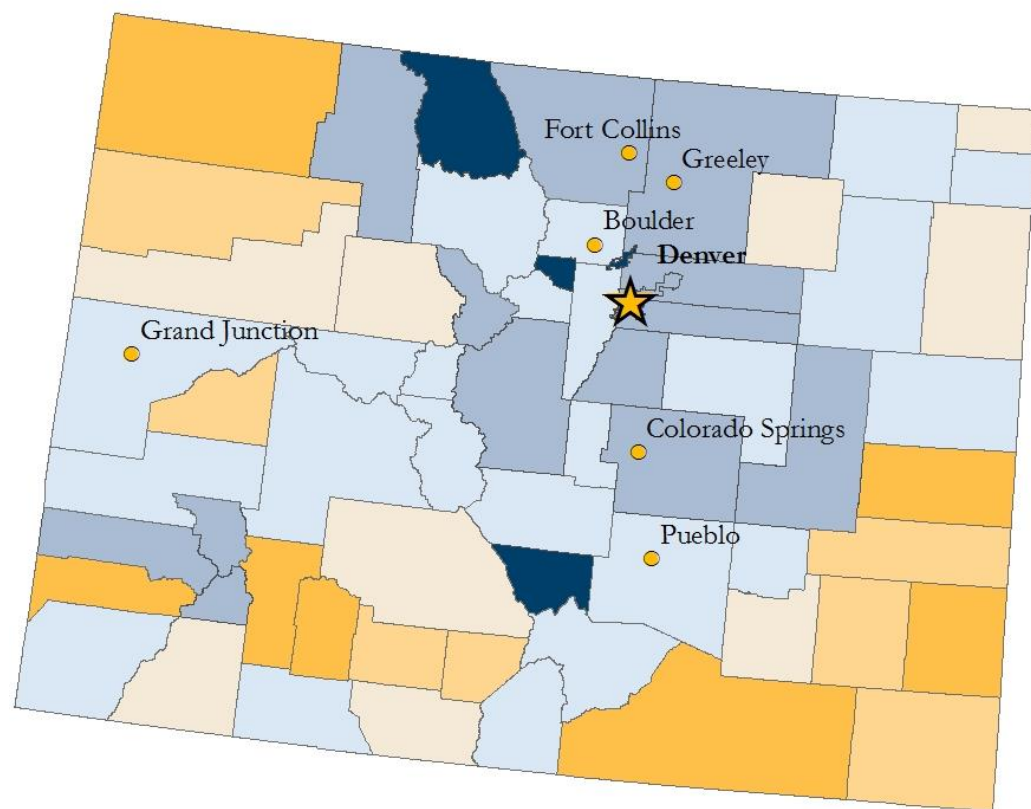


Parts of Colorado continue to experience strong population growth and net in-migration.

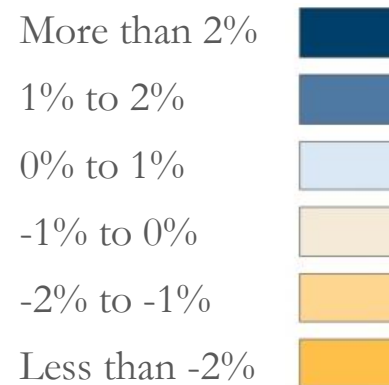


NET MIGRATION

Total 2014 Net Migration as a Percentage of 2014 Population



<i>Annual Percent Change</i>	<i>2015</i>
United States	0.4%
Colorado	1.2%

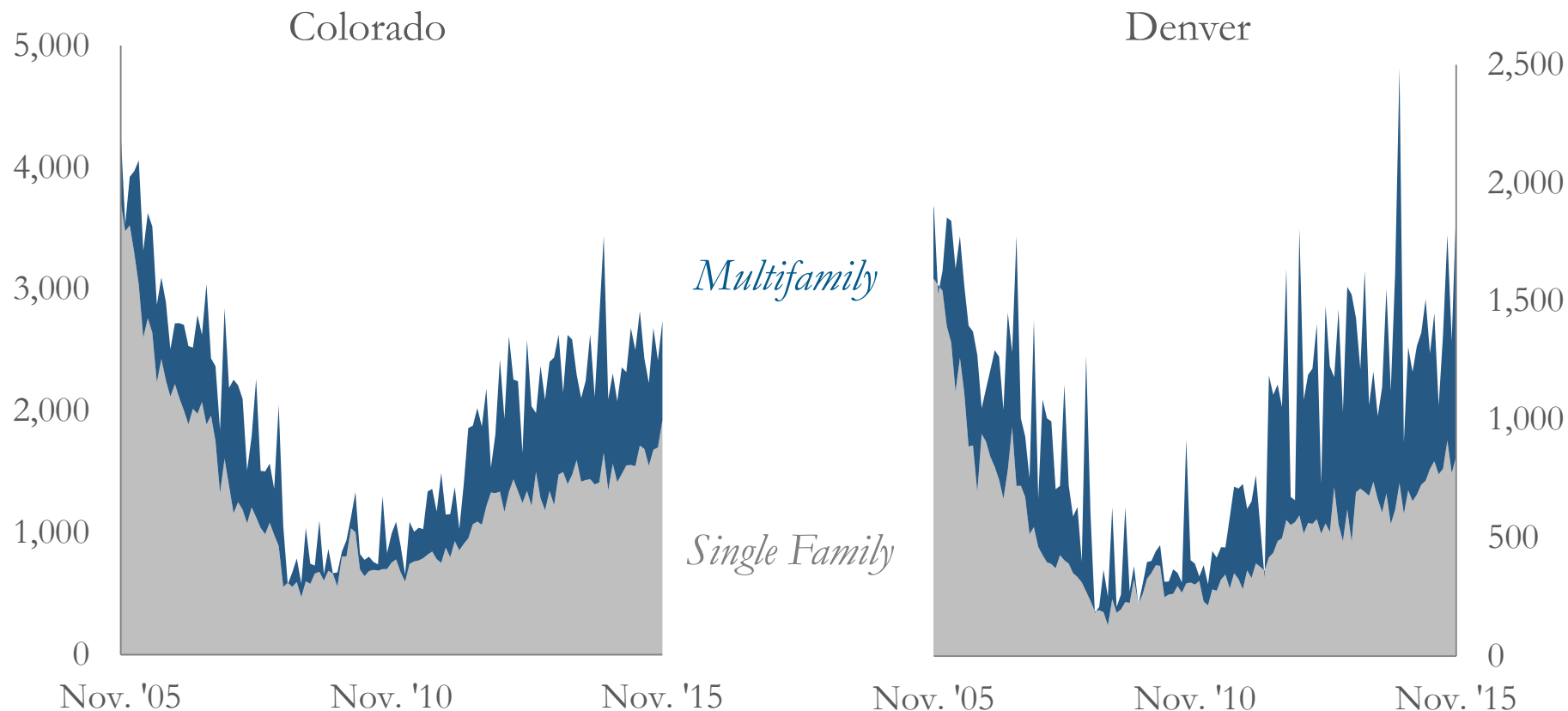


Residential construction activity has been increasing for more than five years, led by strong gains in multifamily building.



RESIDENTIAL PERMITS

Seasonally Adjusted



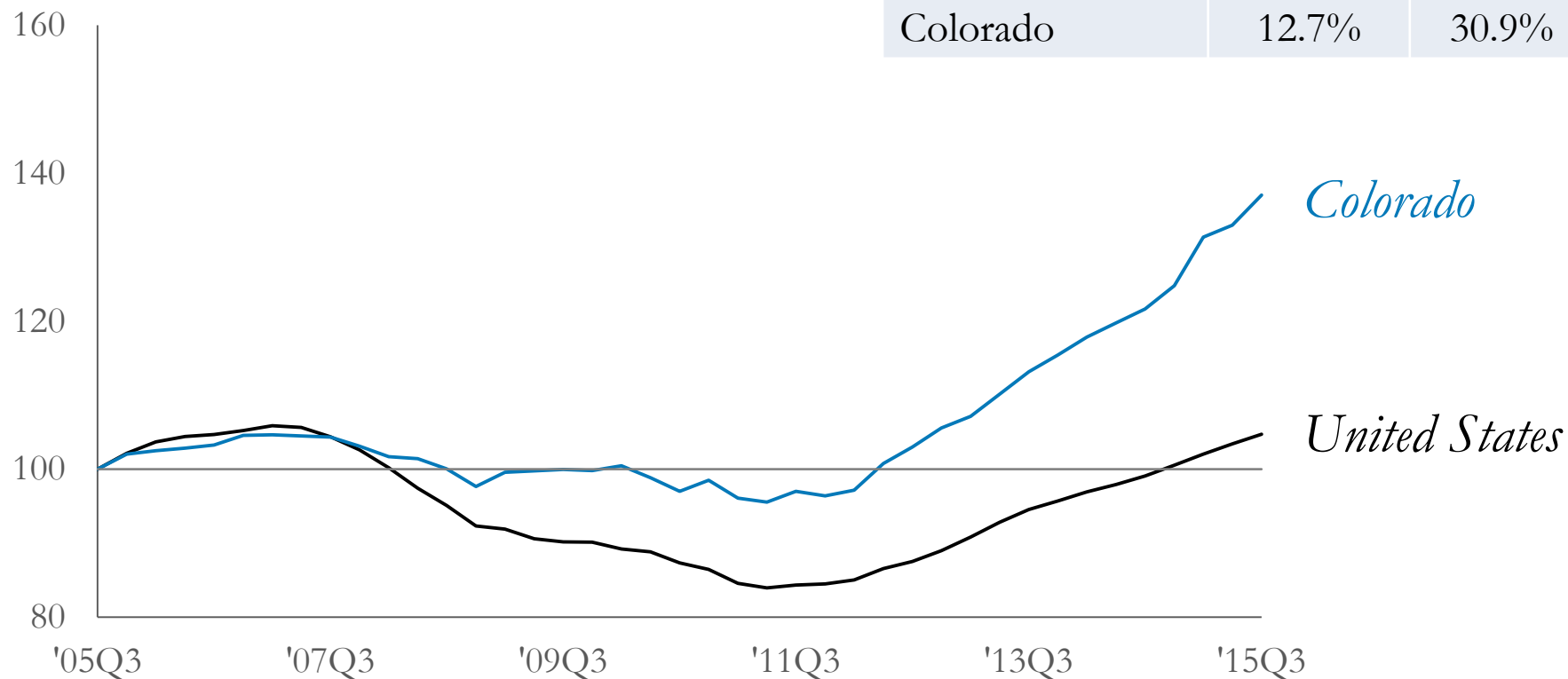
Colorado has experienced some of the fastest home price appreciation in the nation.



FHFA PURCHASE-ONLY HOME PRICE INDEX

Index 100 = 2005:Q3, Seasonally Adjusted

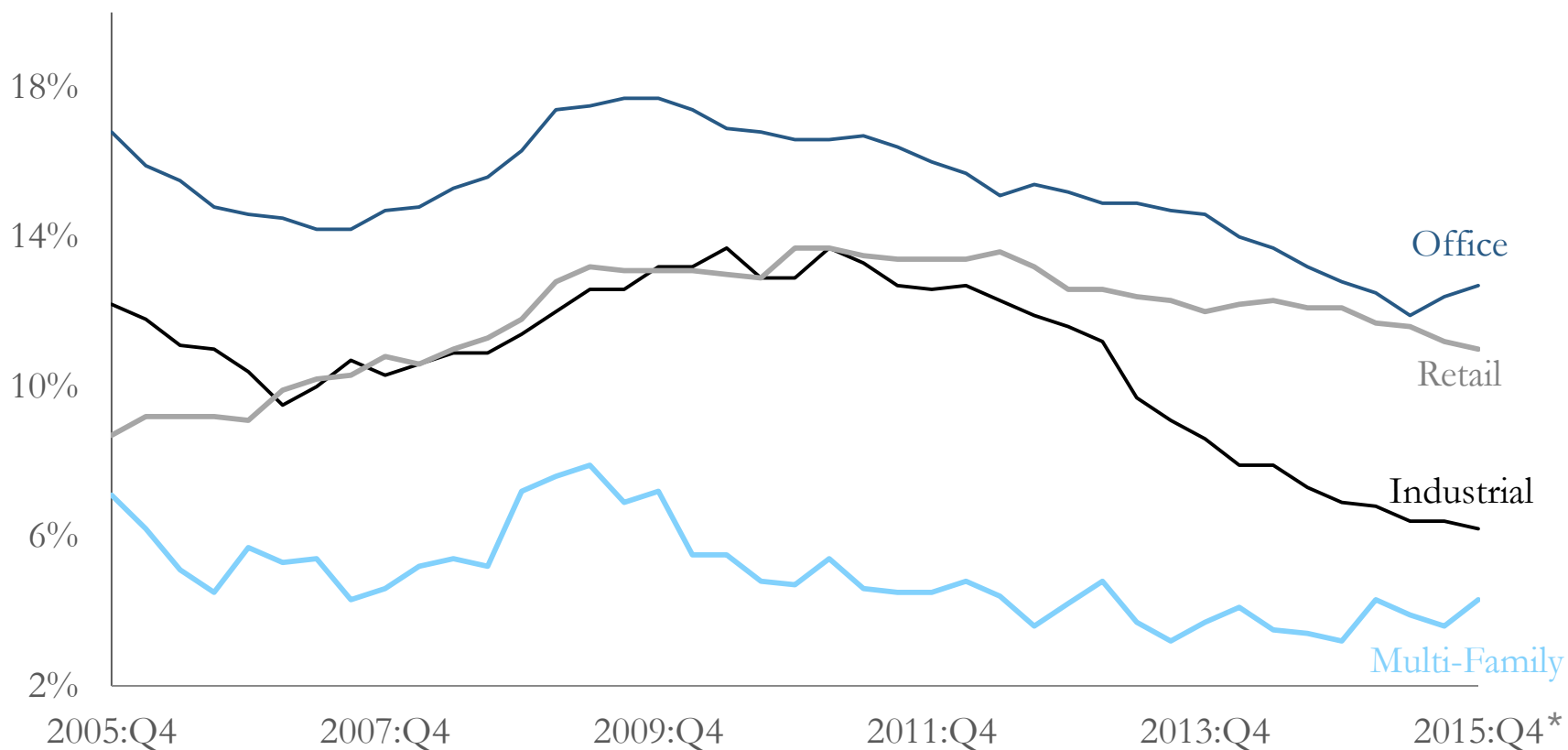
<i>Percent Change</i>	<i>Year-Over-Year</i>	<i>2007:Q1 to Current</i>
United States	5.7%	-1.1%
Colorado	12.7%	30.9%



Vacancy rates are low across the Denver metro, with office and industrial vacancies below pre-recession levels.



DENVER COMMERCIAL VACANCY RATES



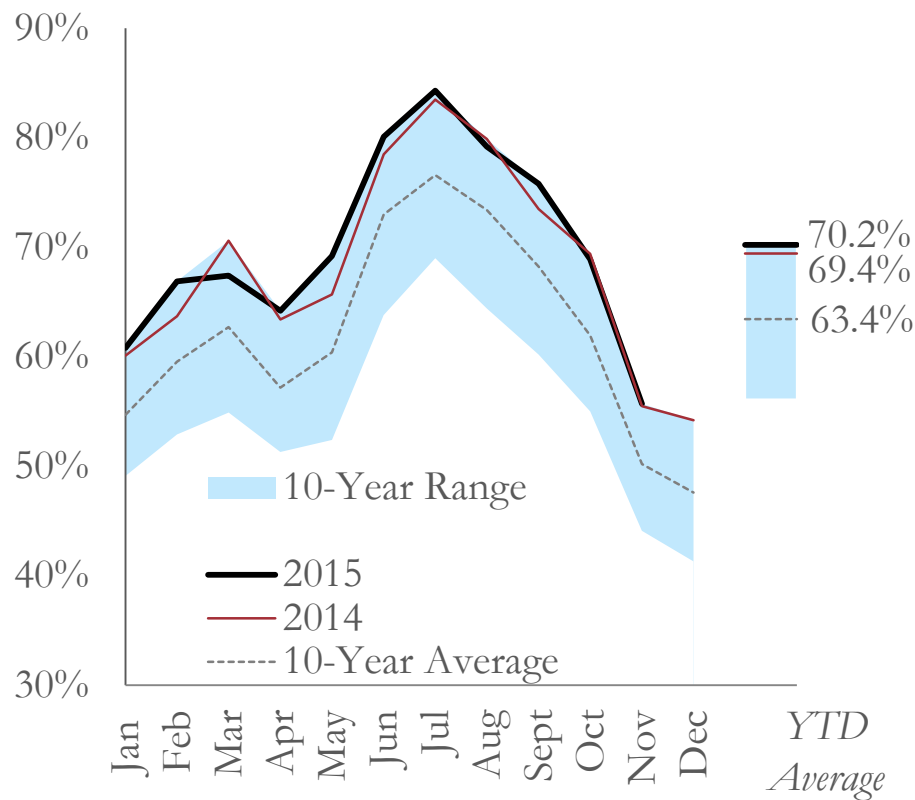
**Rates for 2015:Q4 are forecasted values made during 2015:Q3*

Tourism activity has picked up in Colorado over the past two years.



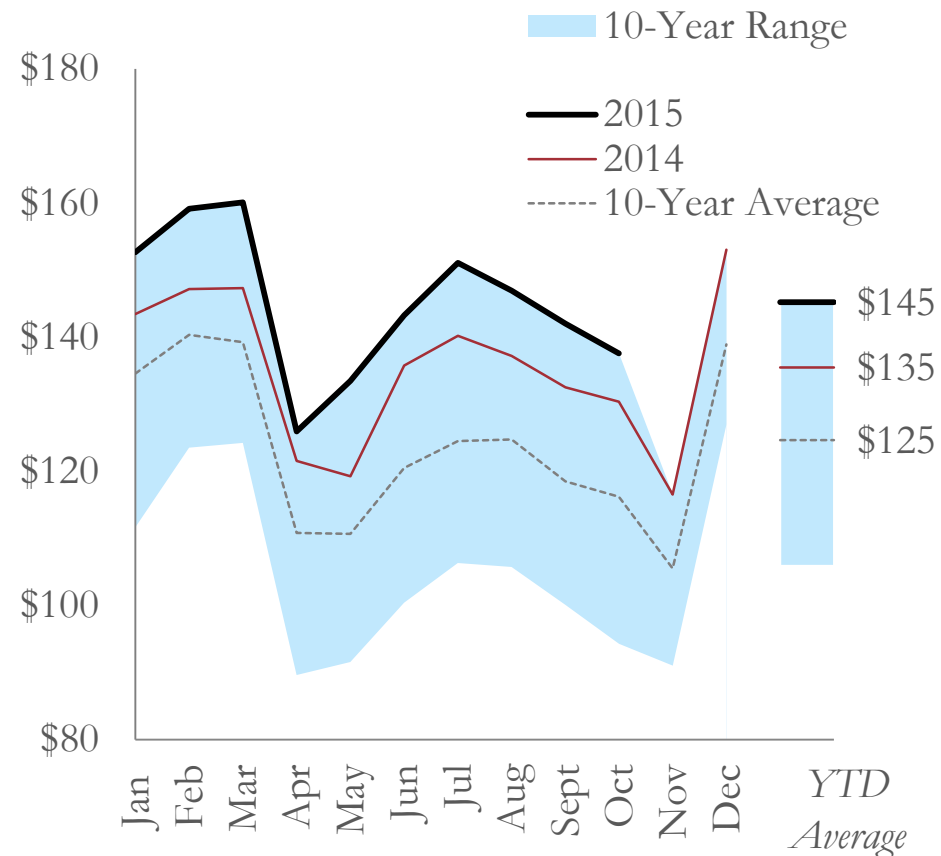
HOTEL OCCUPANCY RATES

Colorado



REAL HOTEL ROOM RATES

Colorado, January, 1999 Dollars

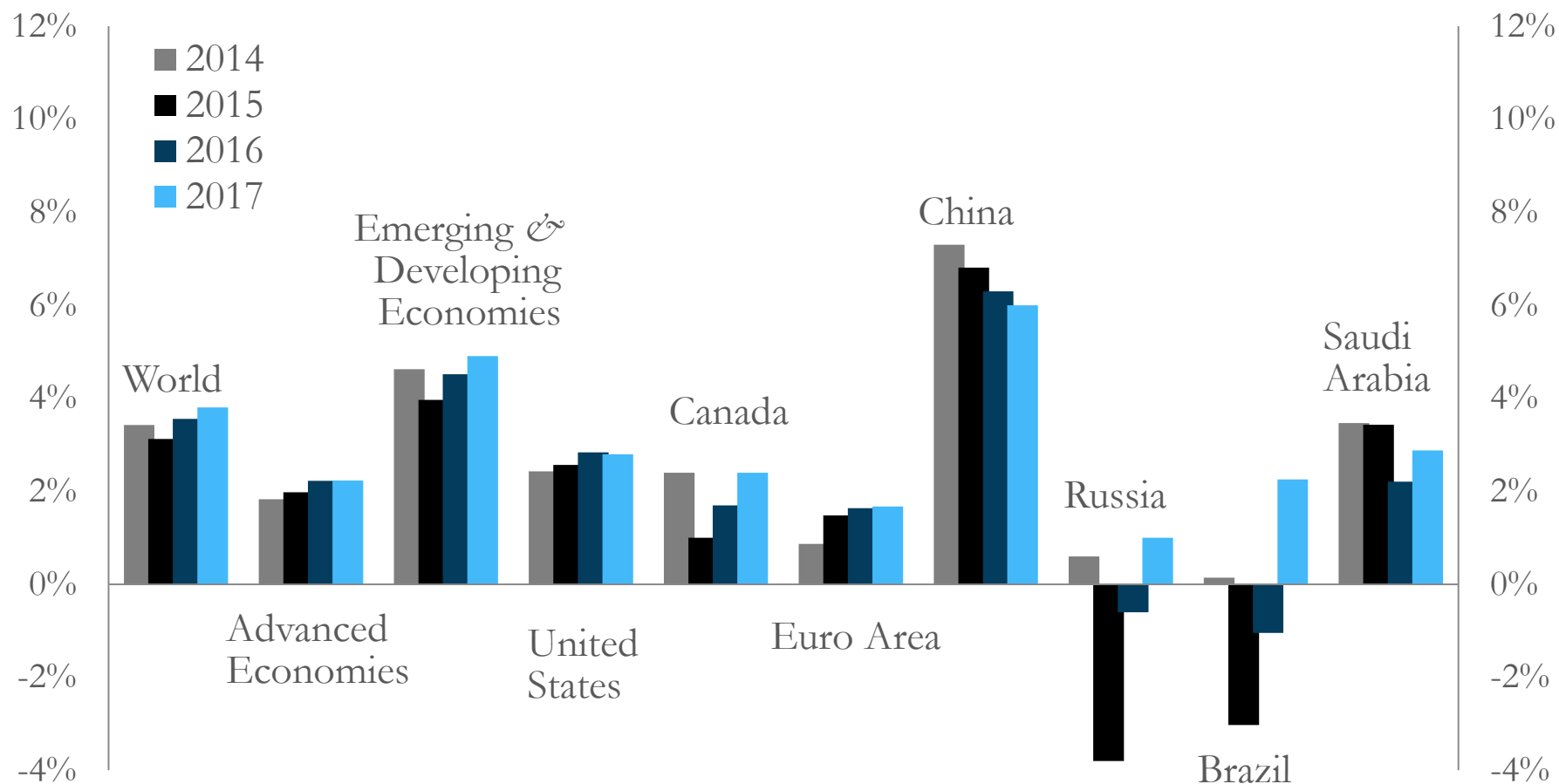


Global growth slowed in 2015, with weakness in China and energy-dependent countries.



WORLD ECONOMIC OUTLOOK PROJECTIONS

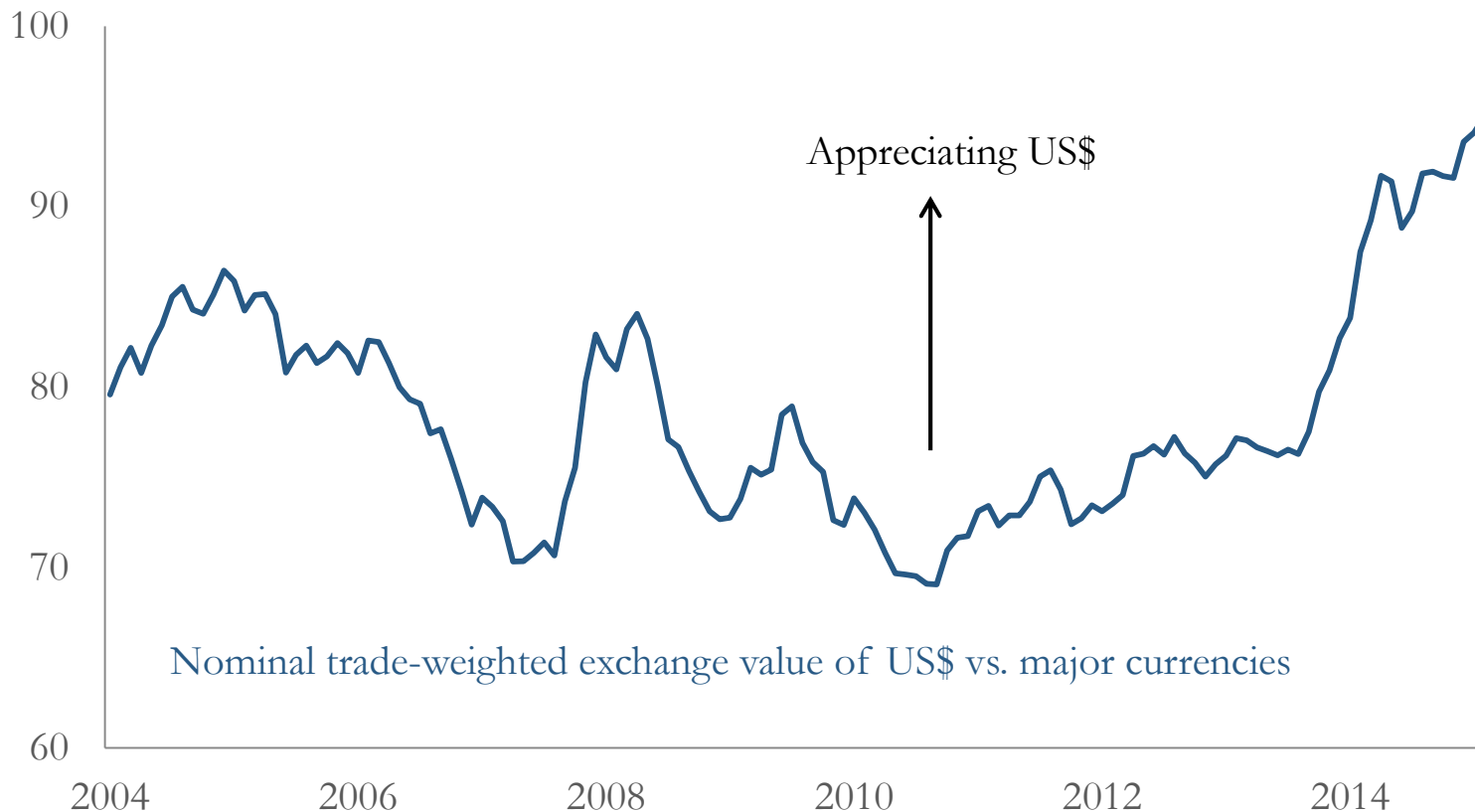
Percent Change over Prior Year



The dollar has strengthened considerably compared to the exchange value of other major currencies.

FOREIGN EXCHANGE VALUE OF THE DOLLAR

Index

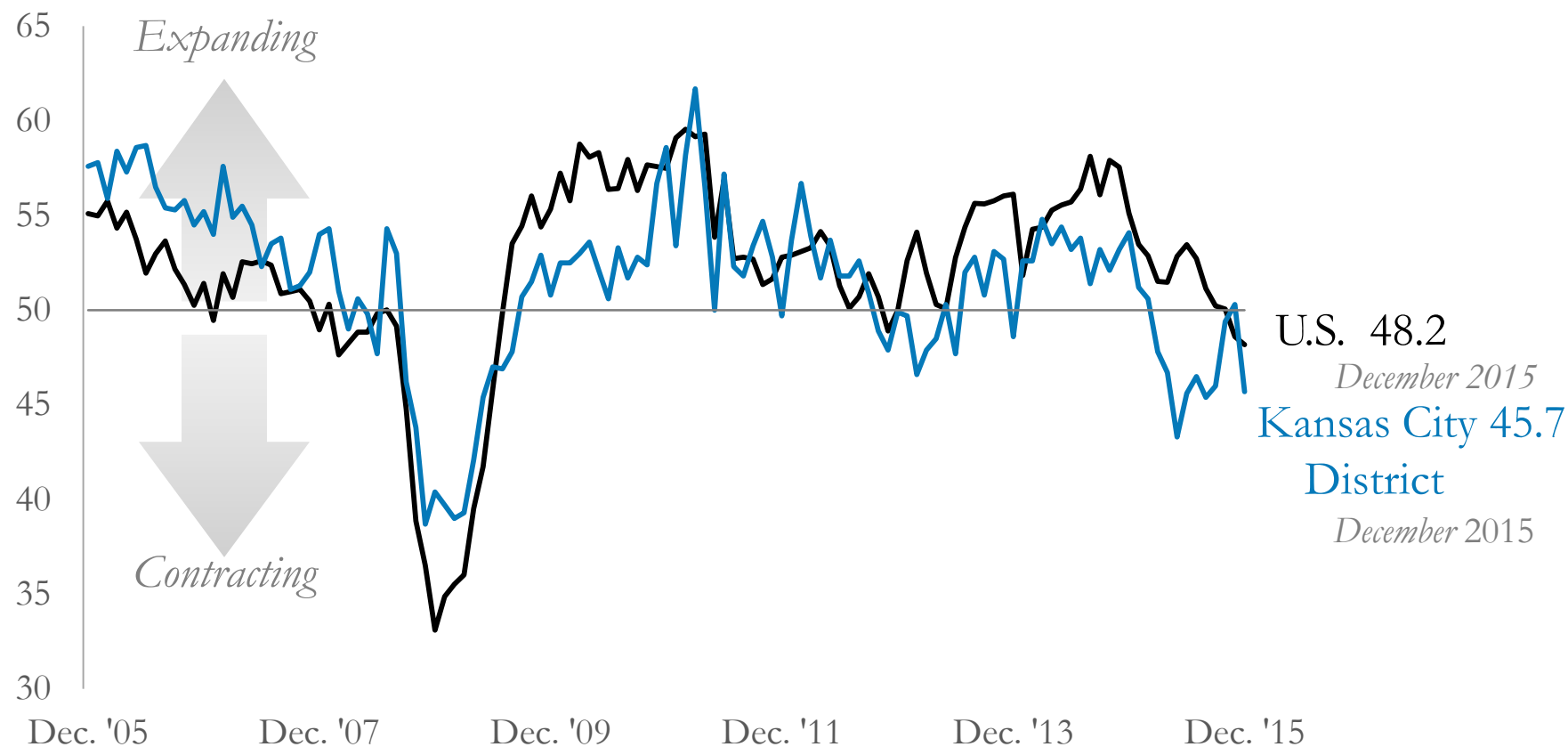


Manufacturing activity has slowed in the region due in part to a weak energy sector and a strong dollar.



MANUFACTURING ACTIVITY

Diffusion Index, Seasonally Adjusted, Month-over-Month

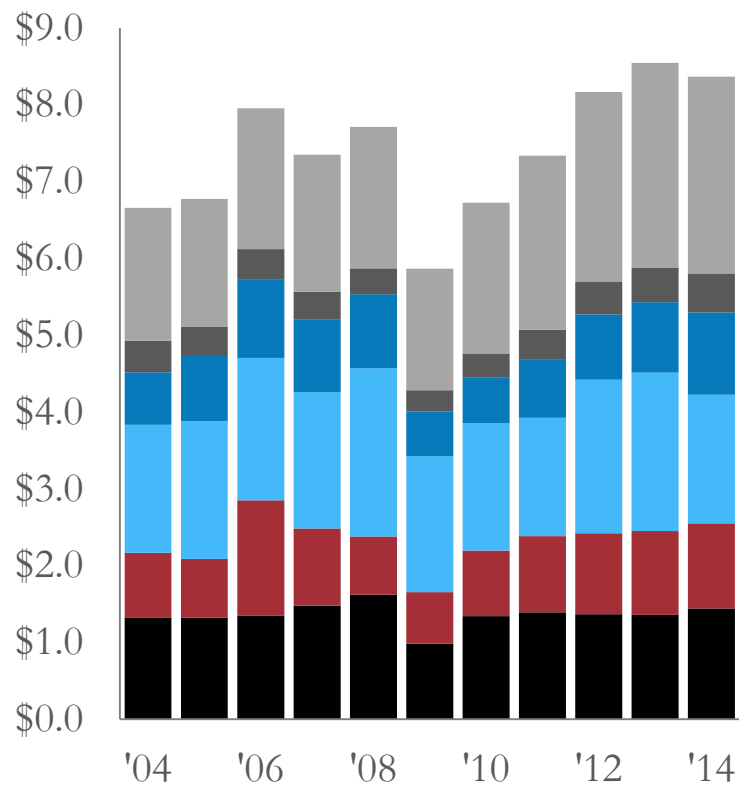


Colorado export activity has slowed slightly over the past two years, weighed down by weak global economies and a stronger U.S. dollar.



COLORADO EXPORTS BY TRADING PARTNER

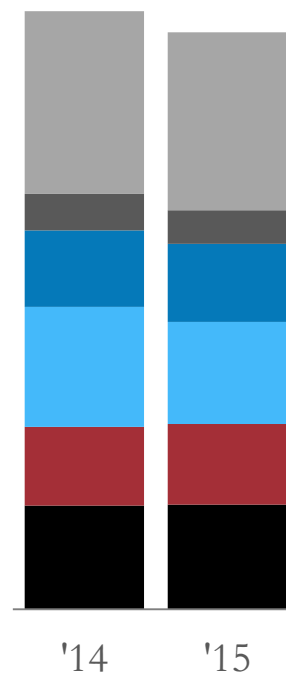
Billions



NOVEMBER 2015 YEAR-TO-DATE

Percent Change

Total Trade	-3.5%	SHARE*
All Other	-2.7	30.8%
Japan	-8.1	6.1
Mexico	2.4	12.8
Canada	-14.8	19.7
China	1.9	13.3
Eurozone	1.0	17.3

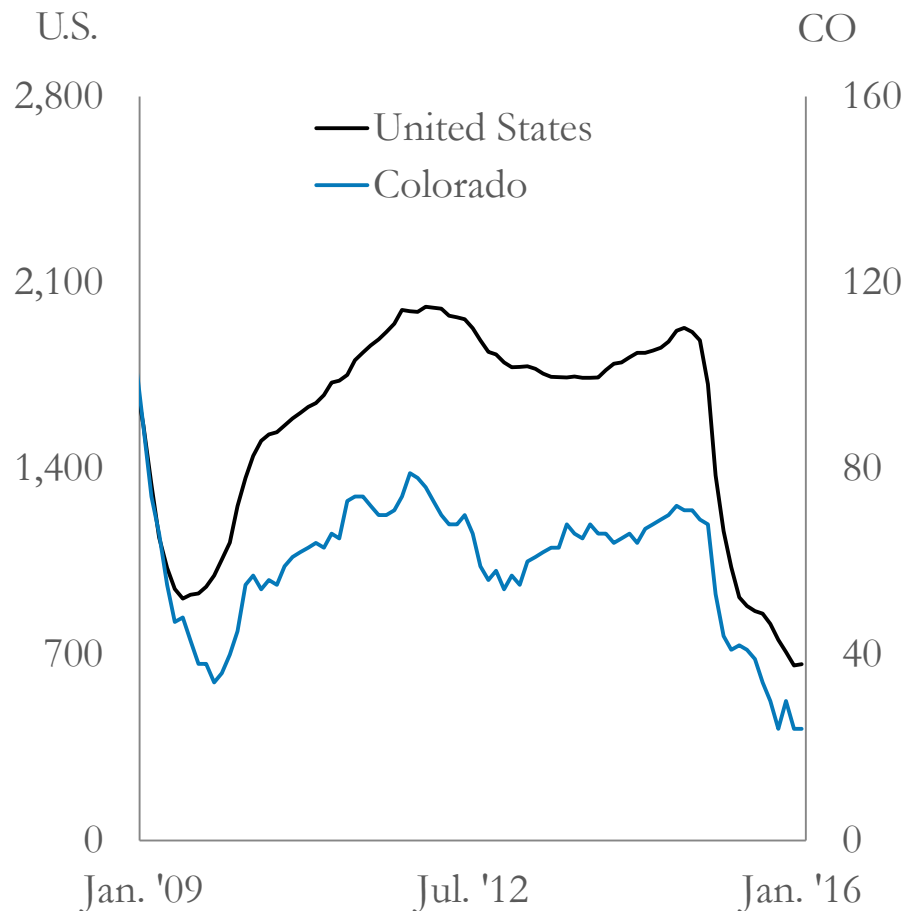


YTD through November

Energy activity has declined substantially in Colorado and the nation.

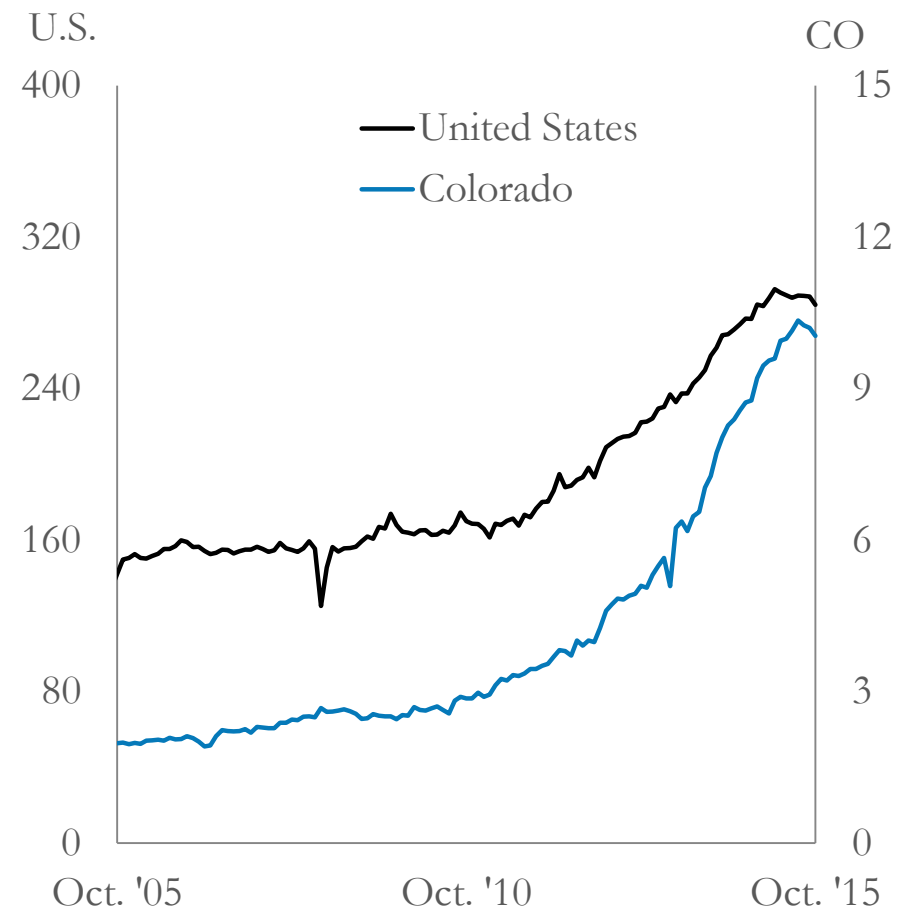


TOTAL RIG COUNT



CRUDE OIL PRODUCTION

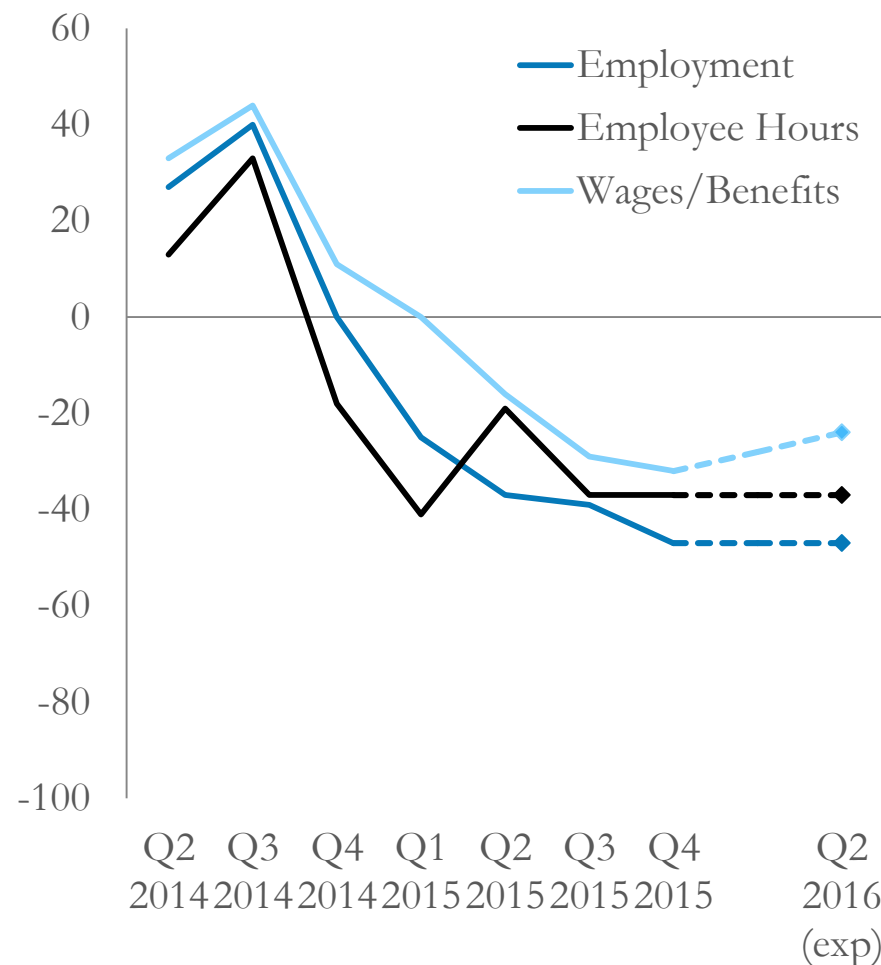
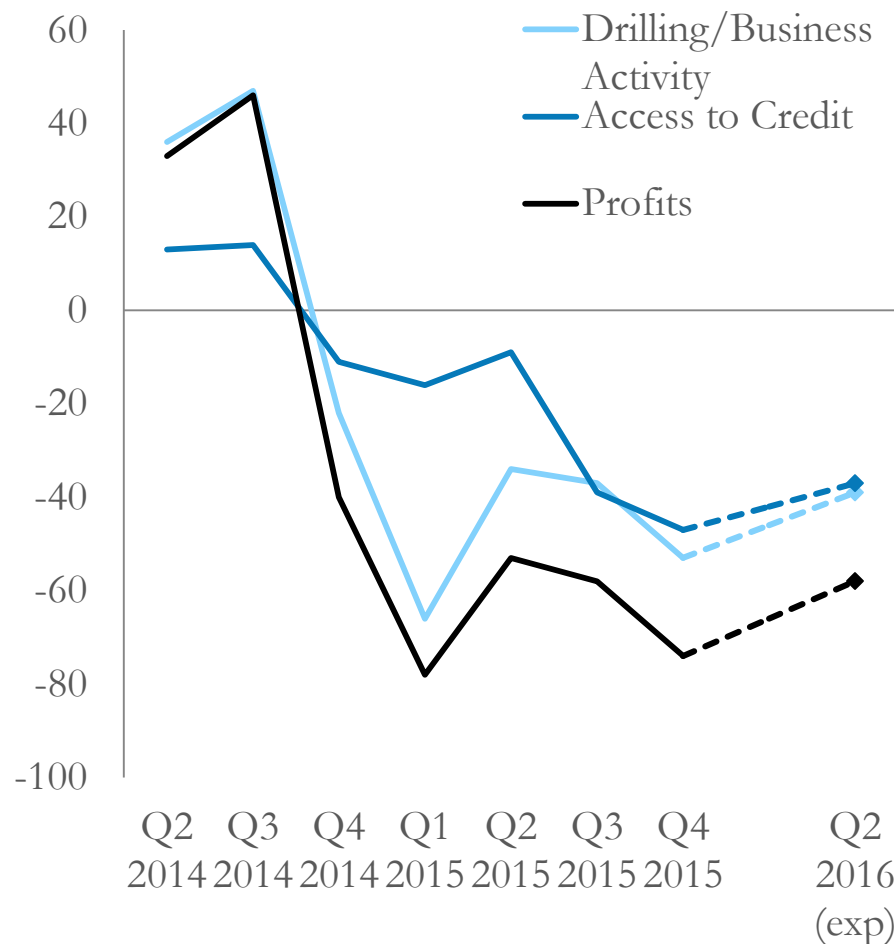
*Millions of Barrels, Monthly,
Seasonally Adjusted*



After sharp declines in activity in 2015, energy contacts expect additional decreases in activity over the next six months.

FRBKC ENERGY SURVEY

Quarterly Diffusion Indexes

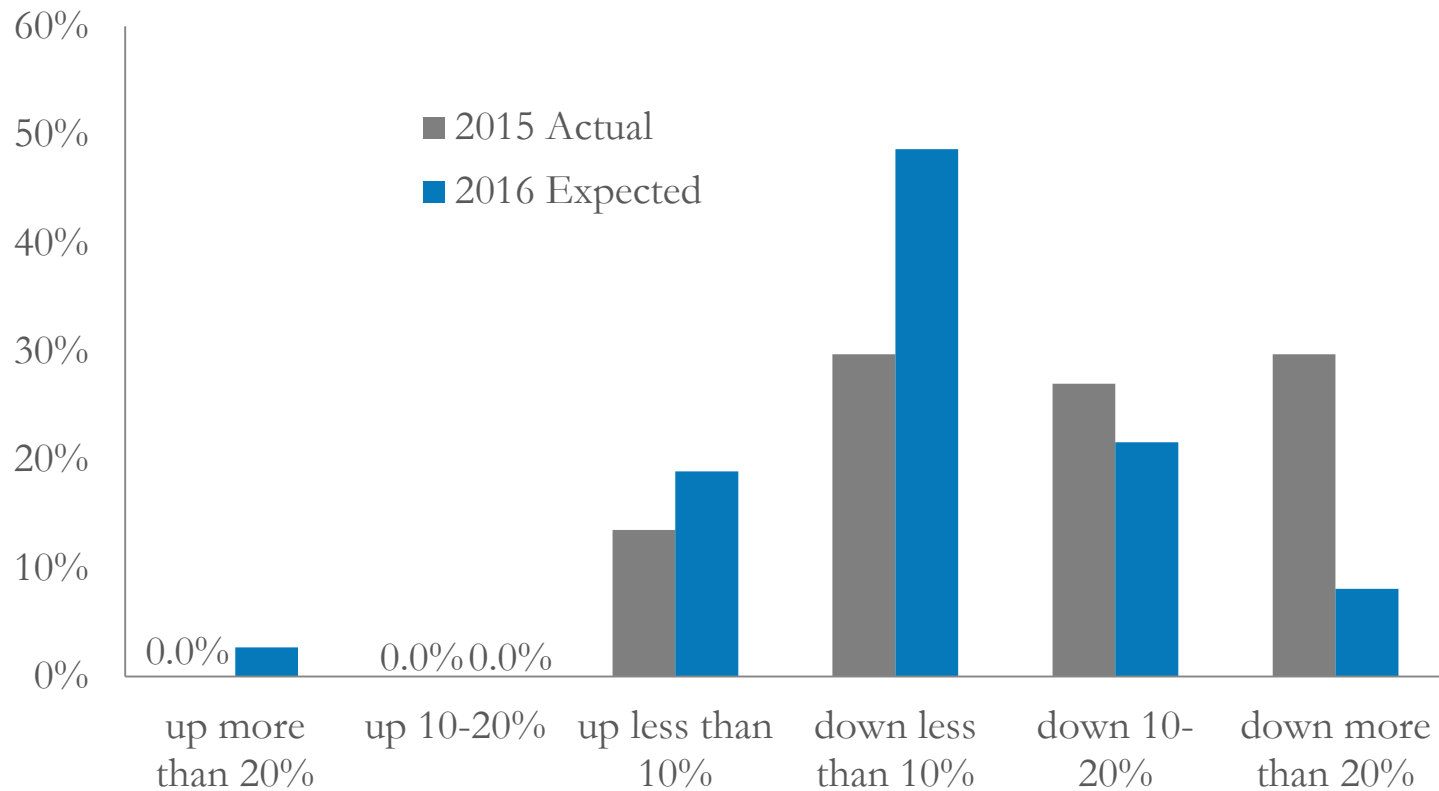


Most energy contacts expect additional layoffs in 2016, but the magnitude of layoffs this year is expected to be lower than in 2015.



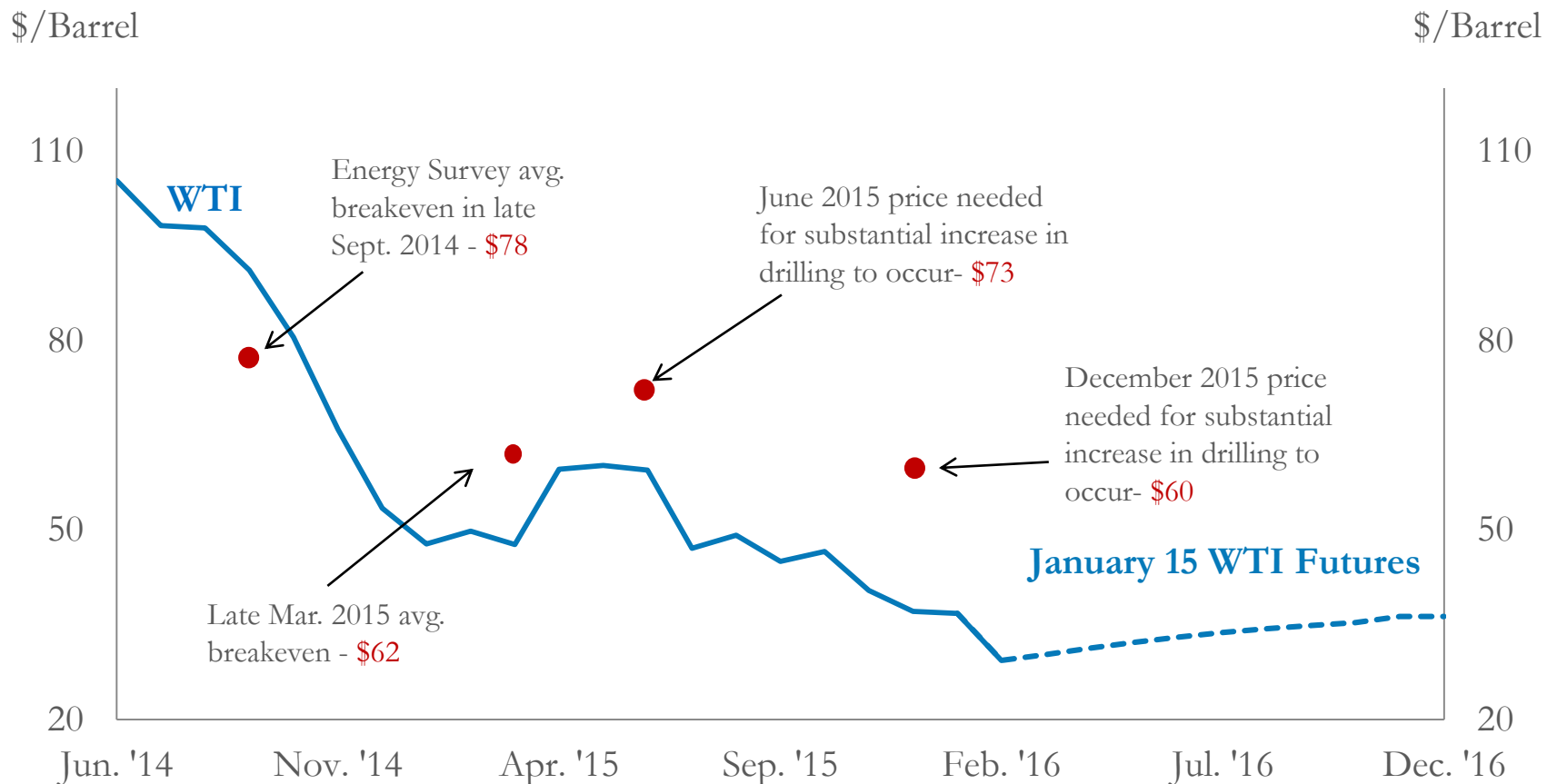
CHANGE IN ENERGY EMPLOYMENT - FRBKC ENERGY SURVEY

Percent of Total Responses



Breakeven oil prices have fallen as productivity rises and costs decline, but oil prices remain well below the levels needed for a substantial increase in drilling.

REPORTED BREAKEVEN OIL PRICES AND WTI EXPECTATIONS



For additional information on the regional economy:
<http://www.KansasCityFed.org/Denver>

