



Emerging Trends in the U.S. and Colorado Economies

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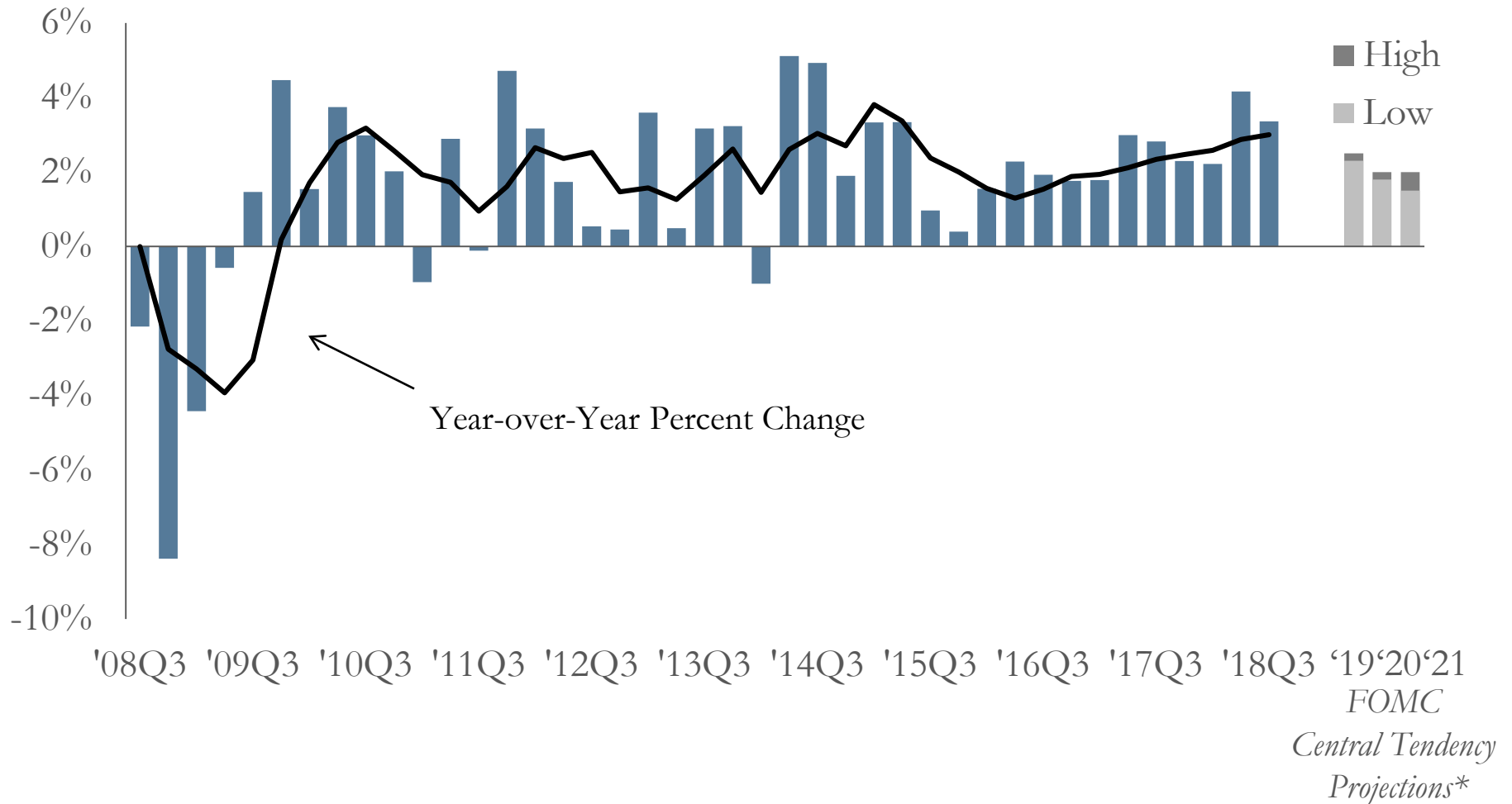
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*The views expressed are those of the presenter and do not necessarily reflect
the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.*

After accelerating last year, U.S. economic growth is expected to slow modestly in the years ahead.

REAL U.S. GROSS DOMESTIC PRODUCT

Percent Change from Previous Quarter at Seasonally Adjusted Annualized Rates



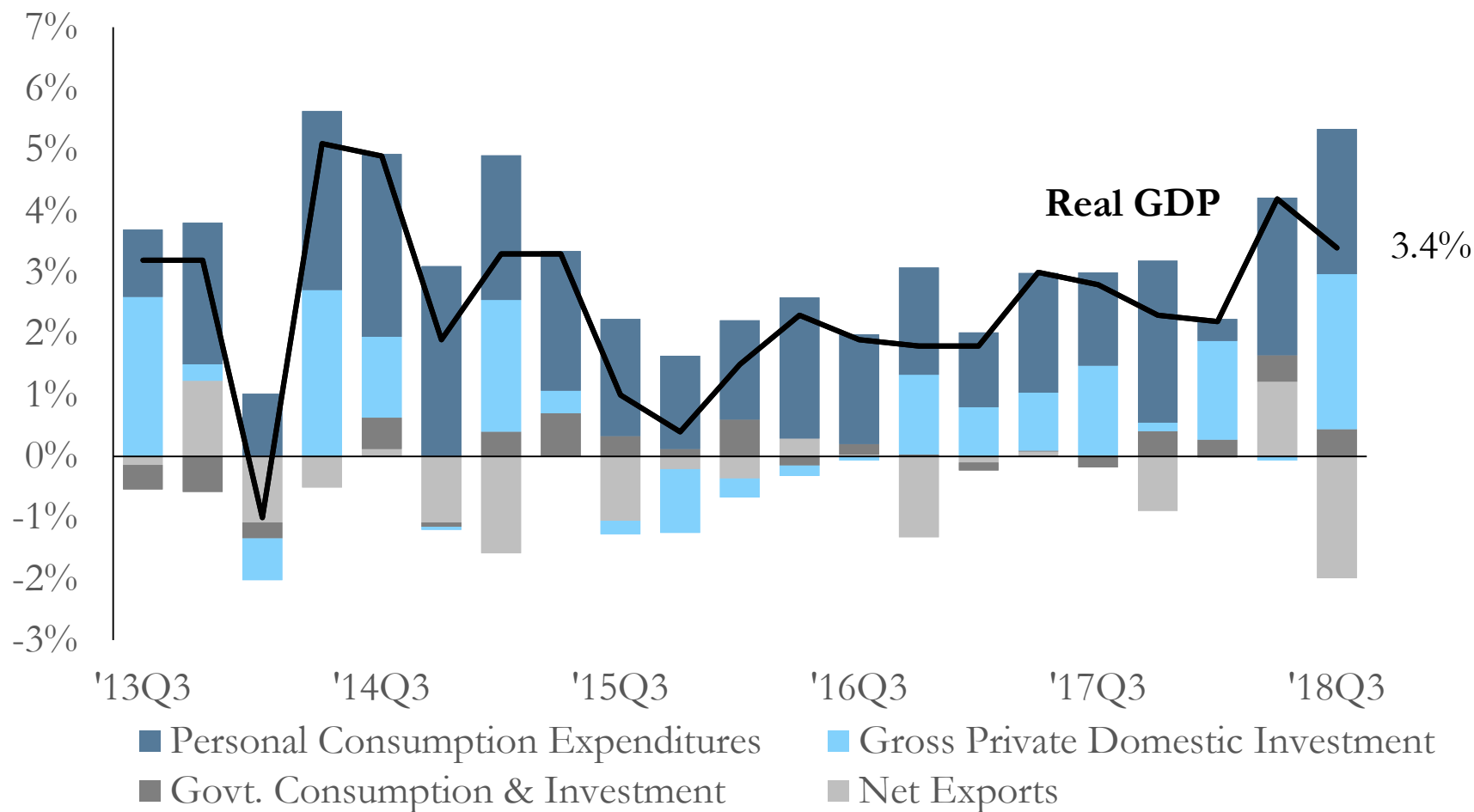
Source: Bureau of Economic Analysis and Federal Open Market Committee (FOMC)/Haver Analytics

*Projections as of December FOMC meeting

Consumer spending has been the primary driver of growth, although contributions from business investment picked up in 2017 and 2018.

CONTRIBUTIONS TO REAL GDP

Percent Change from Previous Quarter at Seasonally Adjusted Annualized Rates

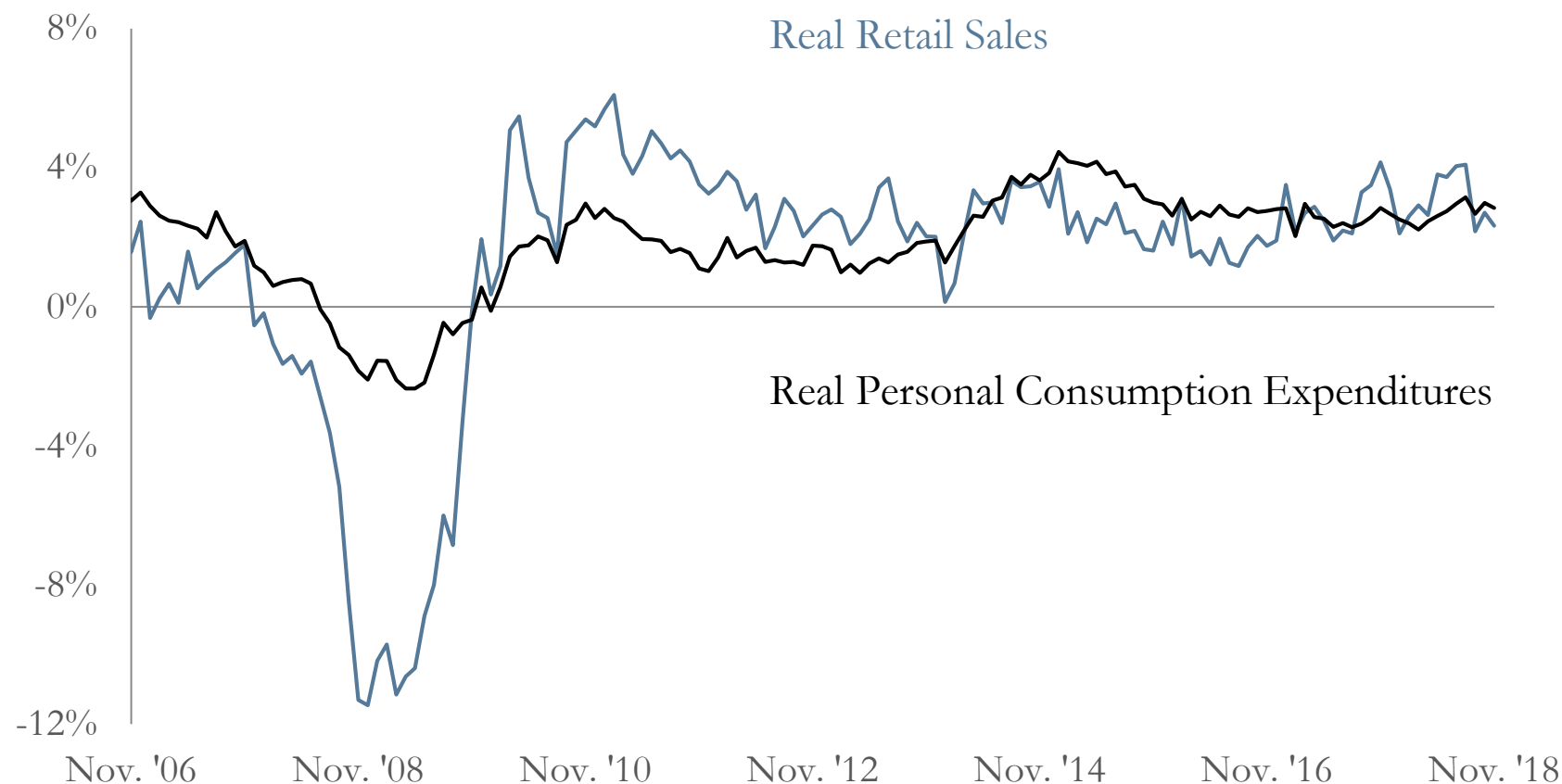


Consumer spending continues to increase at a solid pace.

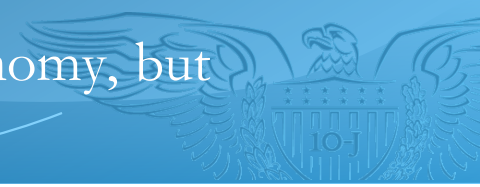


REAL CONSUMPTION SPENDING

Seasonally Adjusted, Year-over-Year Percent Change

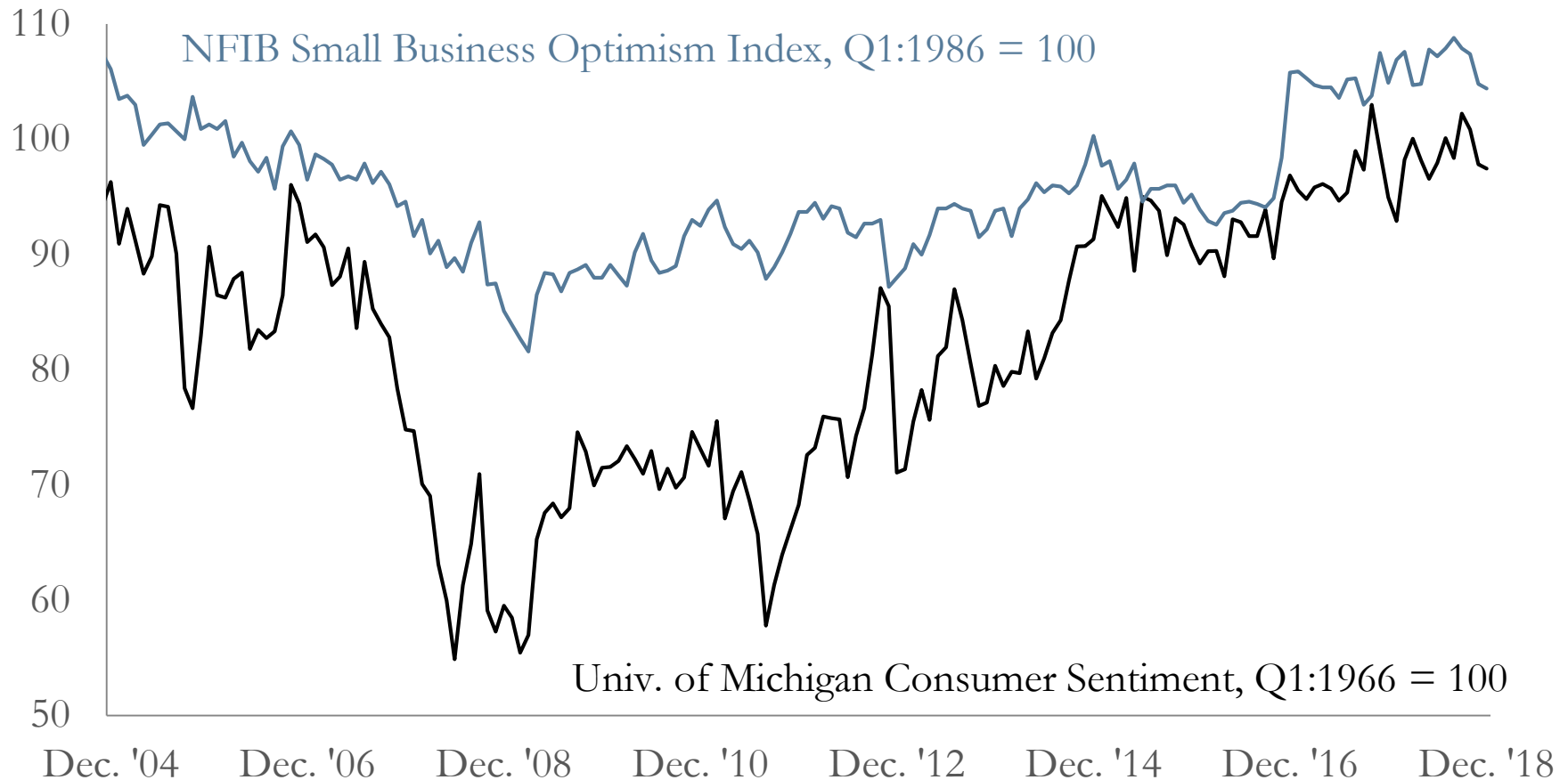


Businesses and consumers remain optimistic about the economy, but confidence has fallen in recent months.



BUSINESS AND CONSUMER SENTIMENT

Seasonally Adjusted



Stock market volatility has increased in recent months.



S&P 500 PRICE INDEX

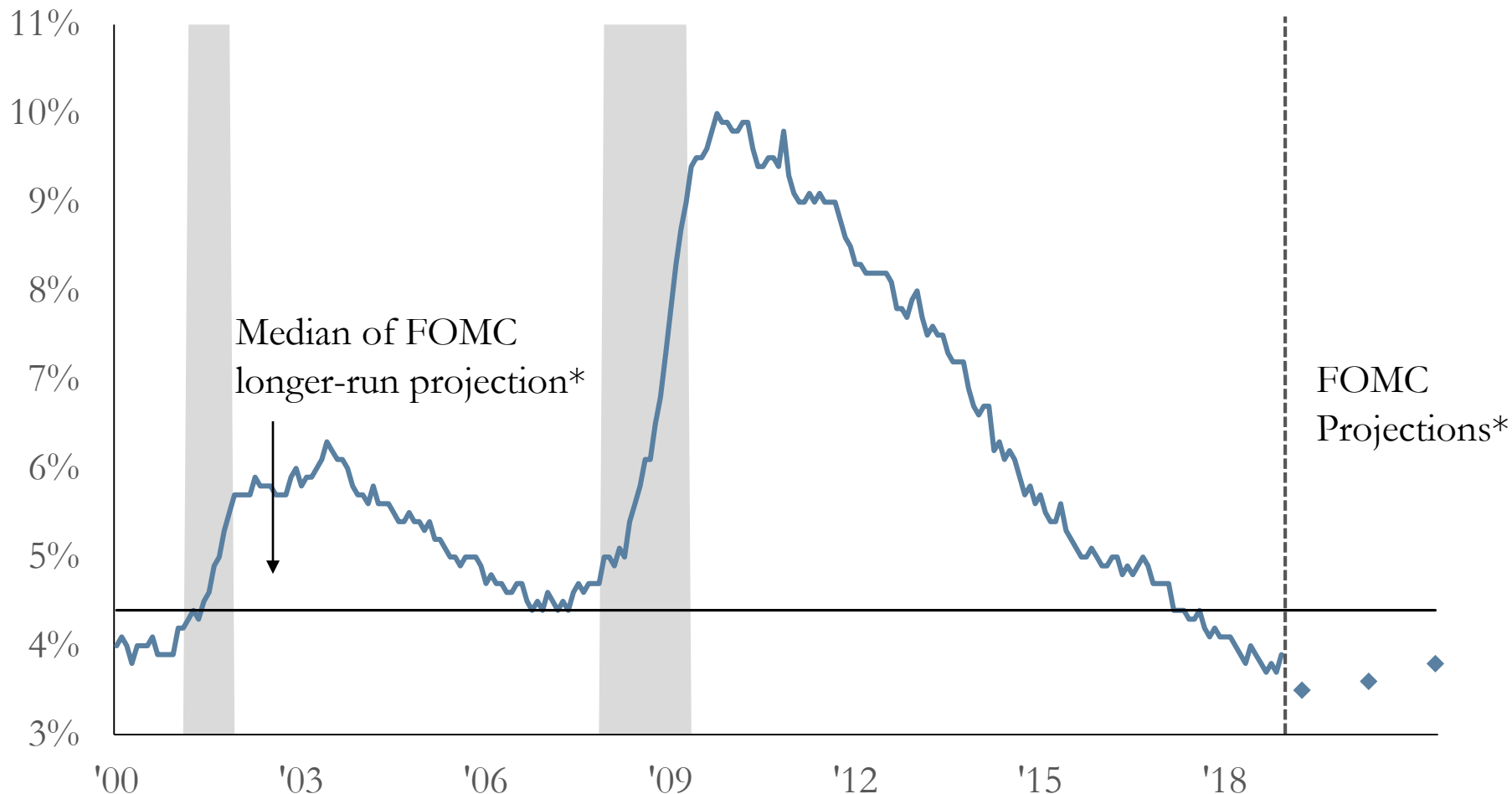
Index 10 = 1941-43



The unemployment rate has declined steadily over the past eight years and has fallen below most estimates of its longer-run level.

U. S. UNEMPLOYMENT RATE

Seasonally Adjusted



Source: Bureau of Labor Statistics, National Bureau of Economic Research, and Federal Open Market Committee (FOMC)/Haver Analytics

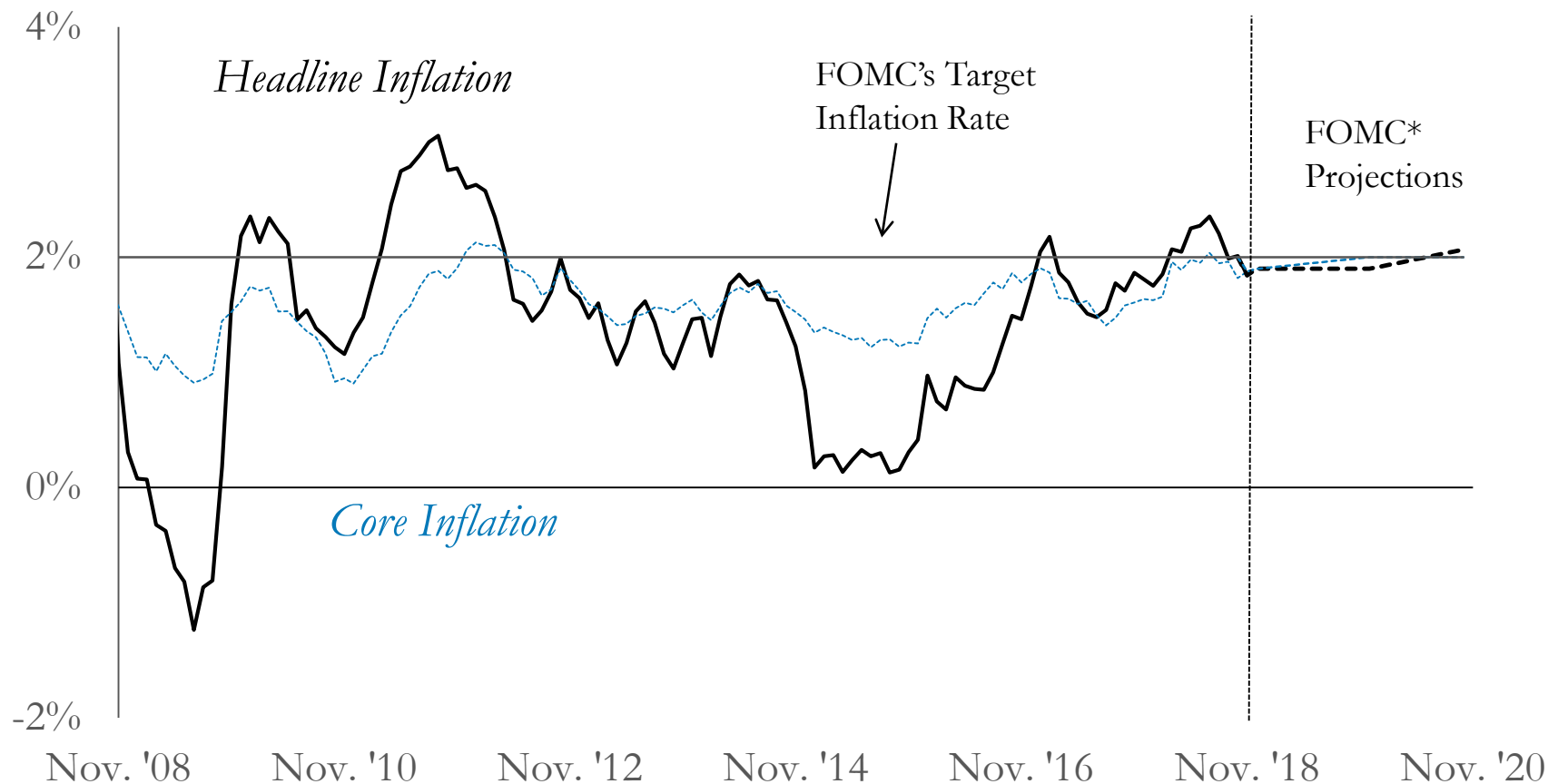
*Projections as of December FOMC meeting; median unemployment rate

Inflation is near the FOMC's two percent target.



PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)

Percent Change Year-over-Year



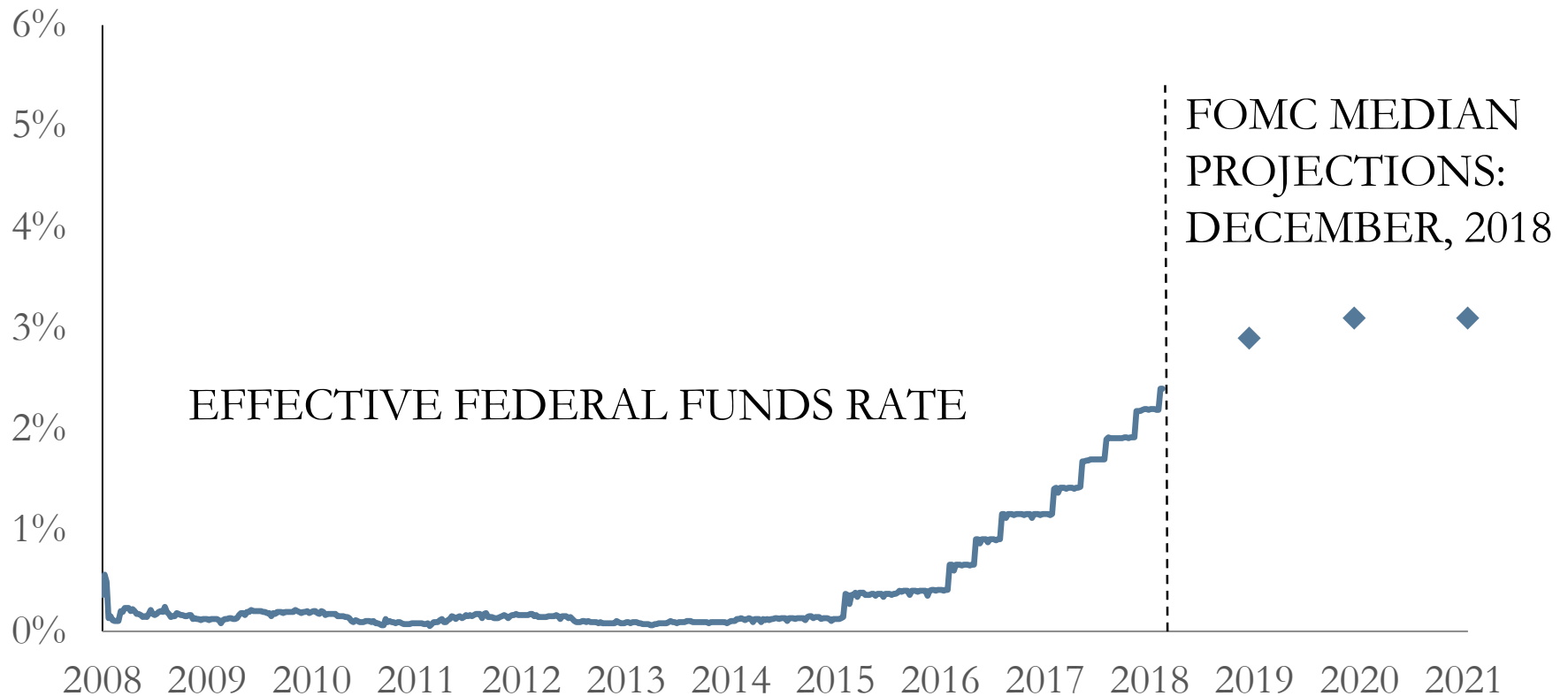
Source: Bureau of Economic Analysis and Federal Open Market Committee/Haver Analytics

*Projections as of December FOMC meeting; median projections



“In view of realized and expected labor market conditions and inflation, the Committee decided to raise the target range for the federal funds rate to 2-1/4 to 2-1/2 percent.”

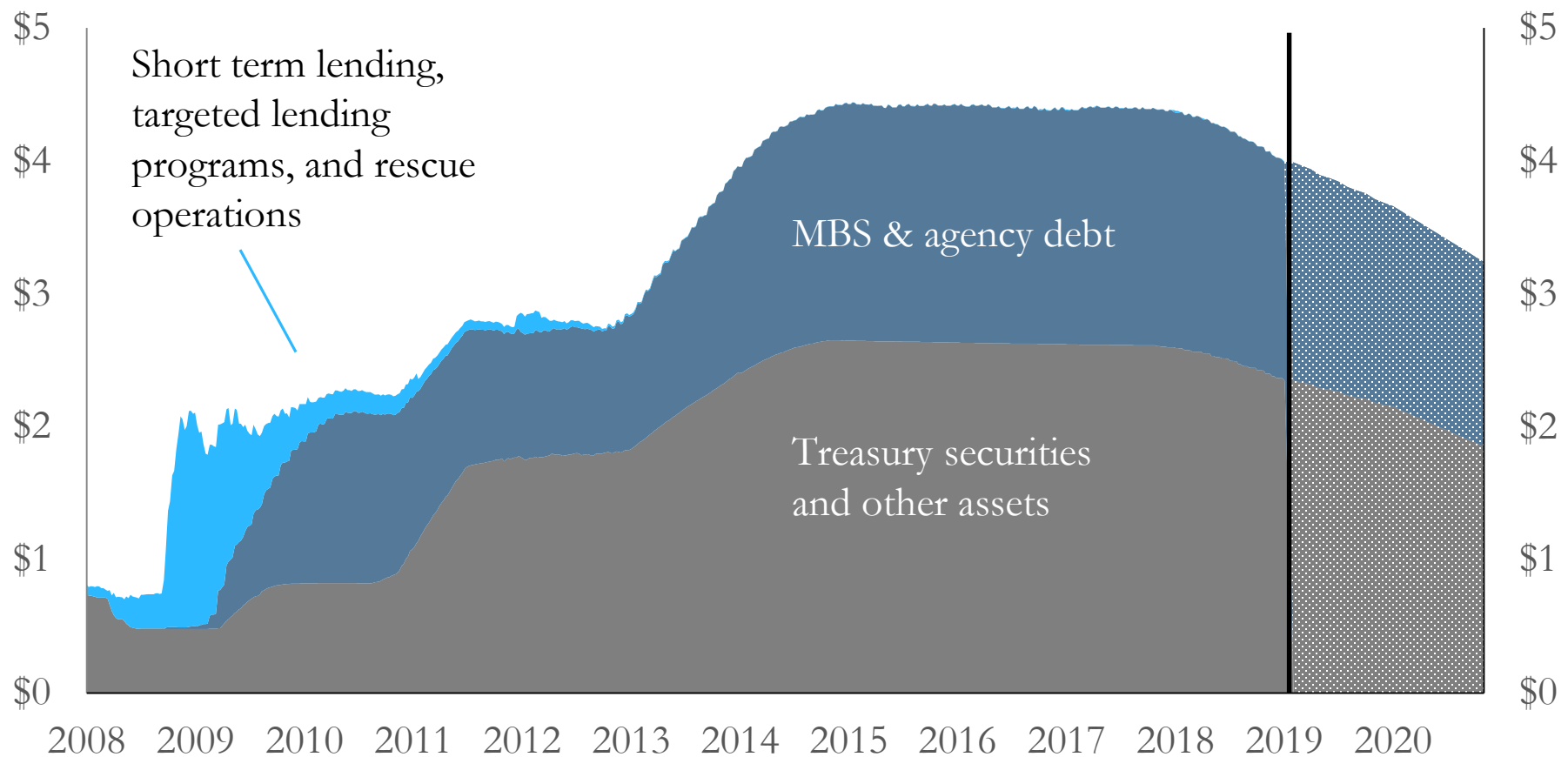
- December 2018 FOMC Statement





FEDERAL RESERVE BALANCE SHEET

Trillions

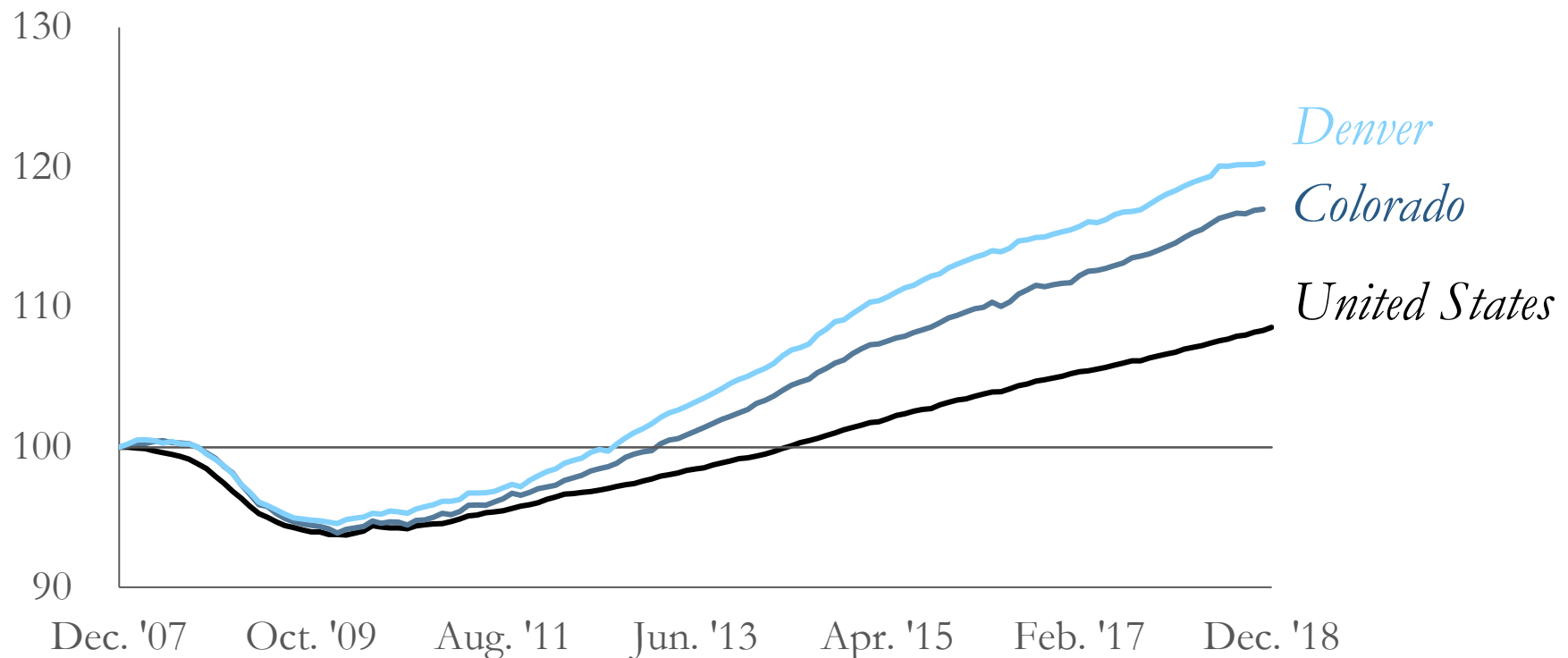


Employment has been increasing in Colorado and the nation for more than eight years, with Colorado gains outpacing the nation.

PAYROLL EMPLOYMENT GROWTH

Index 100 = December, 2007, Seasonally Adjusted

<i>Percent Change</i>	<i>Dec. '07 to Present</i>	<i>Past Year</i>
U.S. (Dec. '18)	8.6%	1.8%
Colorado (Nov. '18)	17.0%	2.6%
Denver (Nov. '18)	20.3%	2.2%

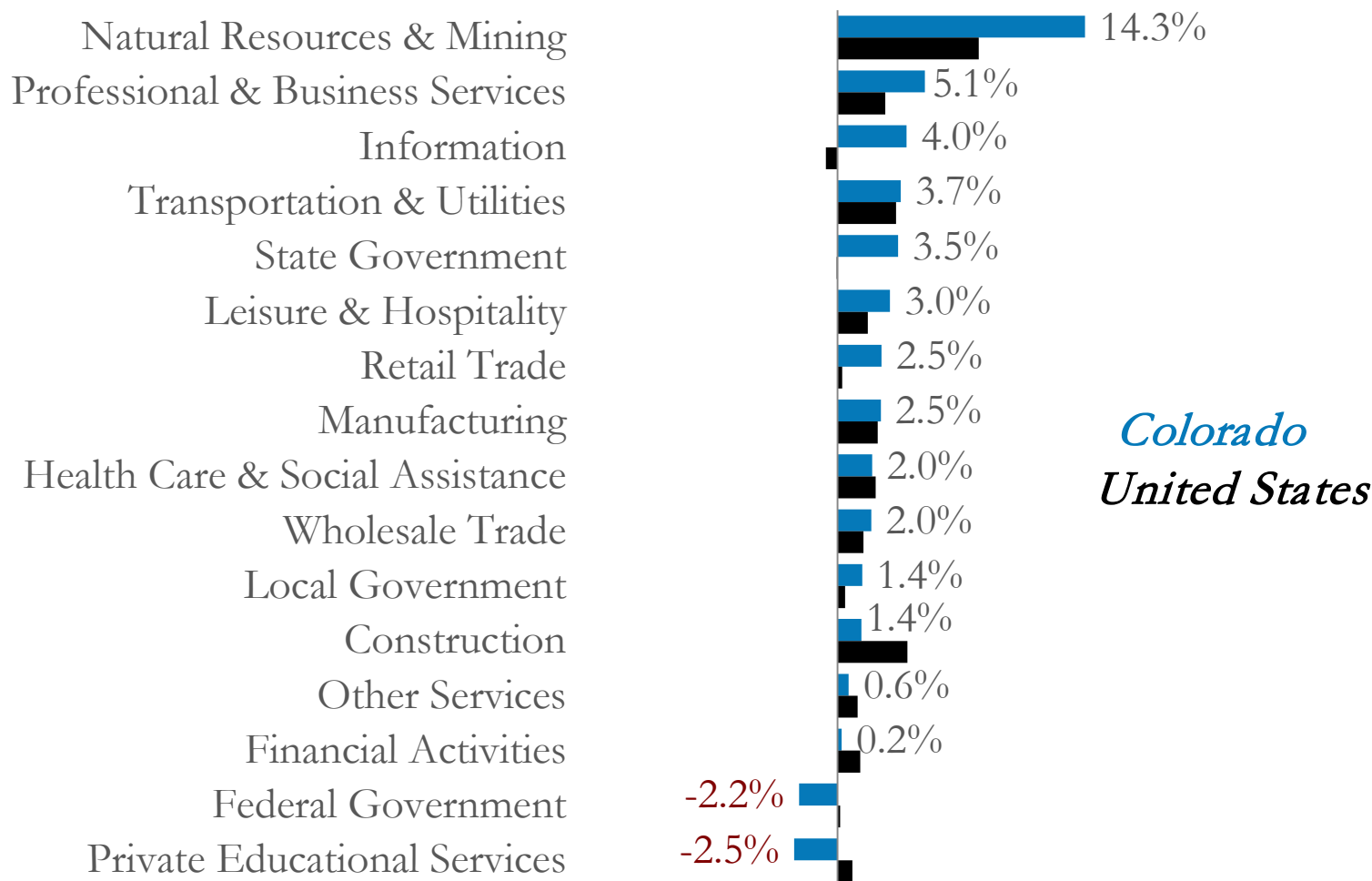


The majority of industries in Colorado have added jobs over the past year.

CHANGE IN PAYROLL EMPLOYMENT, NOVEMBER 2018

Seasonally Adjusted

Percent Change Year-over-Year



Unemployment rates are low across most of Colorado.

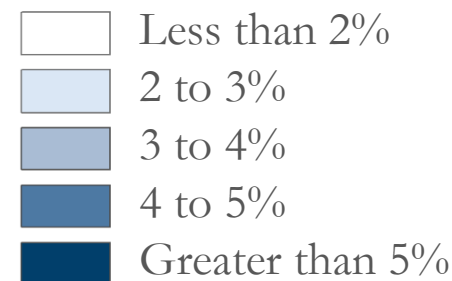
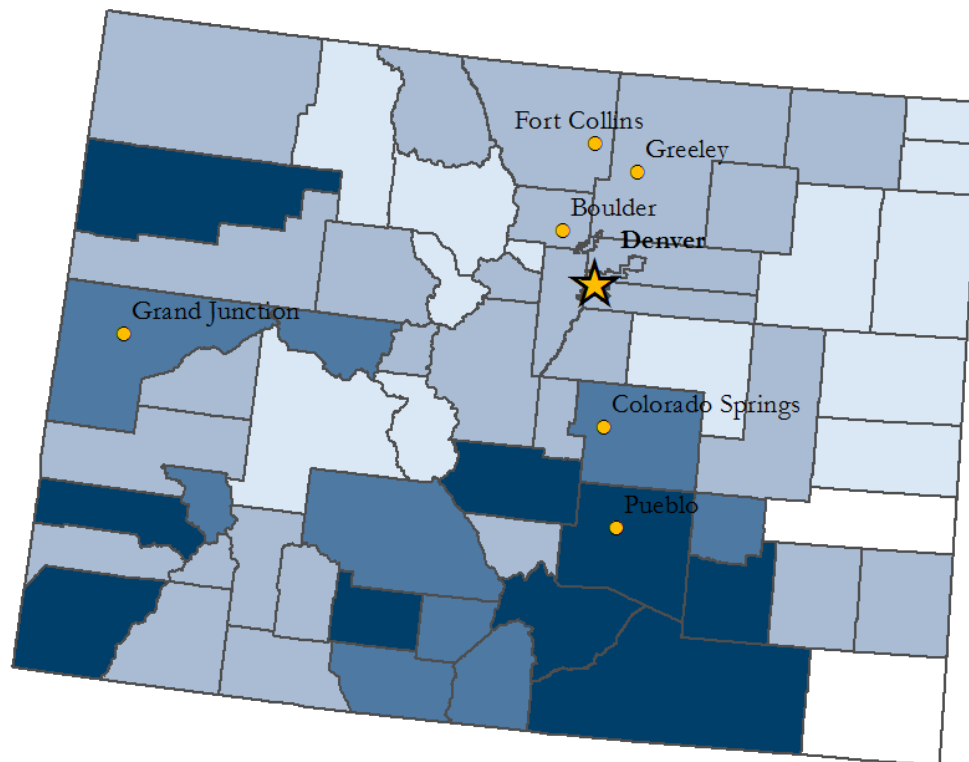


UNEMPLOYMENT RATES

November 2018, Seasonally Adjusted

<i>Unemployment Rate</i>	<i>U-3</i>	<i>U-5*</i>	<i>U-6*</i>
United States (Dec. '18)	3.9%	4.8%	7.6%
Colorado (Nov. '18)	3.3%	3.8%	6.3%
Denver (Nov. '18)	3.4%		

**U-5 and U-6 values are 12-month moving averages as of Q3 2018 for Colorado and are for December, 2018 for the United States.*

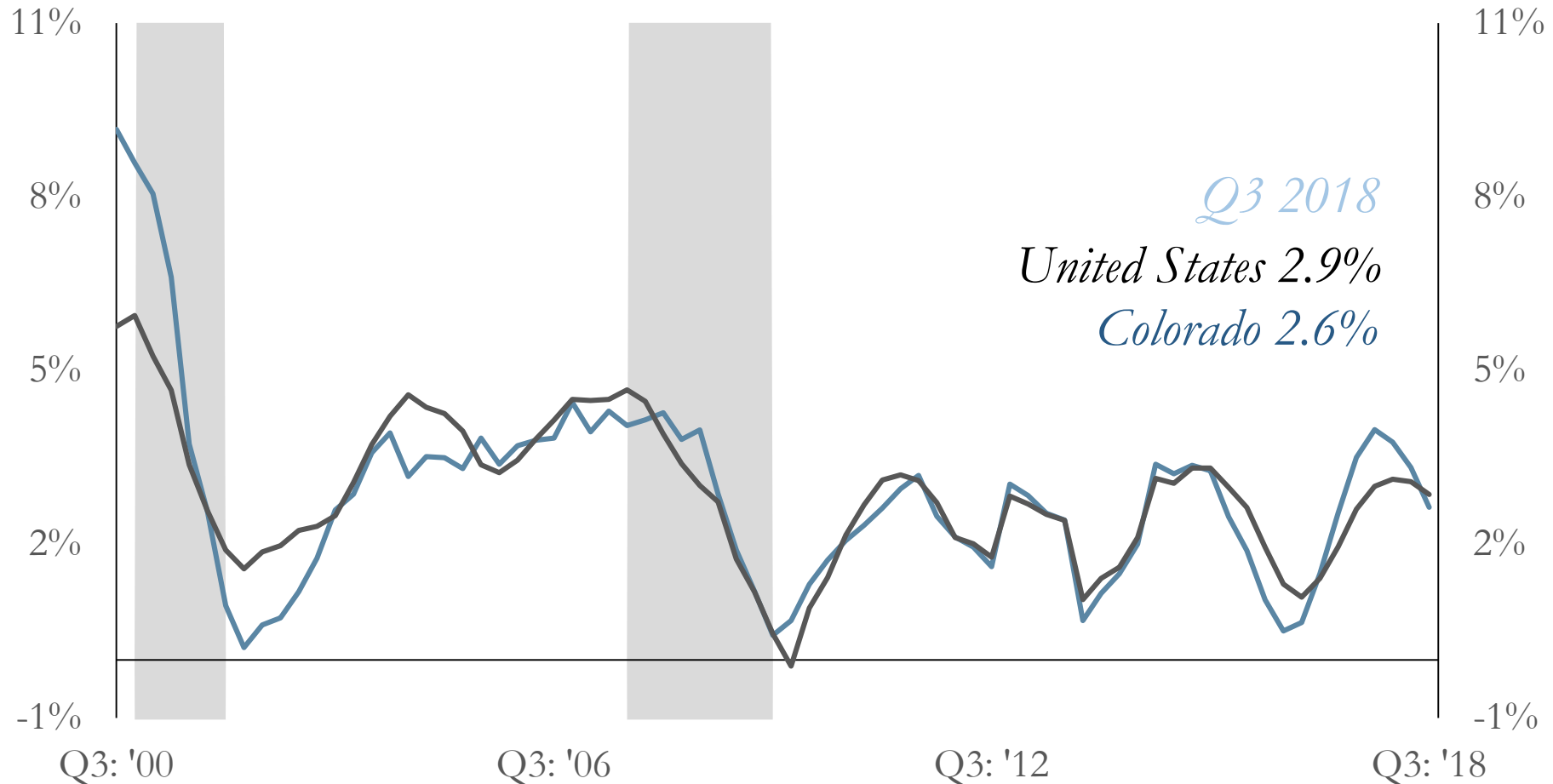


Wage gains have picked up over the past year but remain moderate.



NOMINAL WAGE AND SALARY GROWTH PER EMPLOYEE

Year-over-Year Percent Change, Four-Quarter-Moving-Average



Note: Gray bars indicate recession.

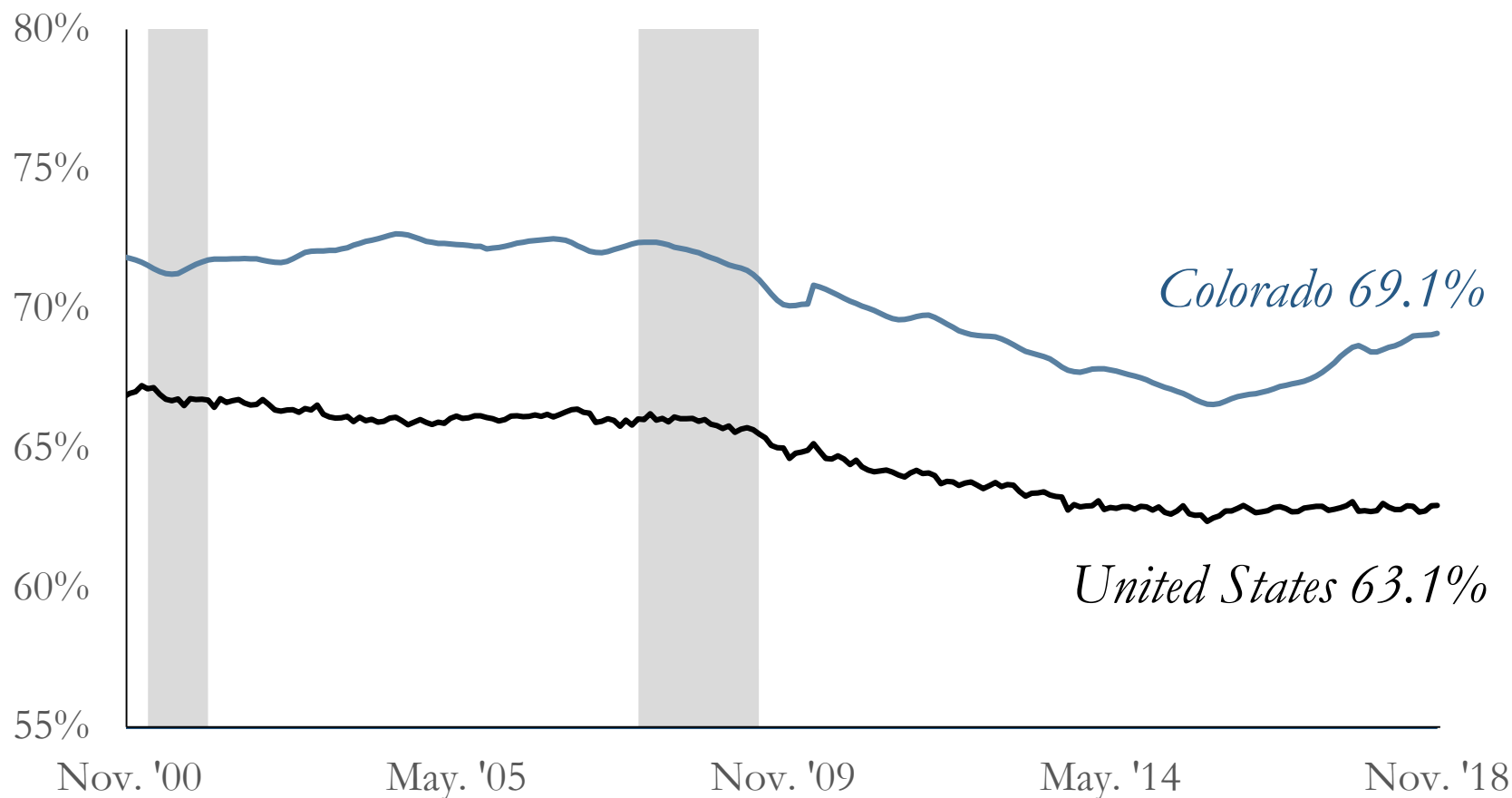
Source: Bureau of Economic Analysis, Bureau of Labor Statistics and National Bureau of Economic Research / Haver Analytics

Labor force participation rates have increased substantially in Colorado over the past three years.



LABOR FORCE PARTICIPATION RATES

Seasonally Adjusted



Note: Gray bars indicate recession.

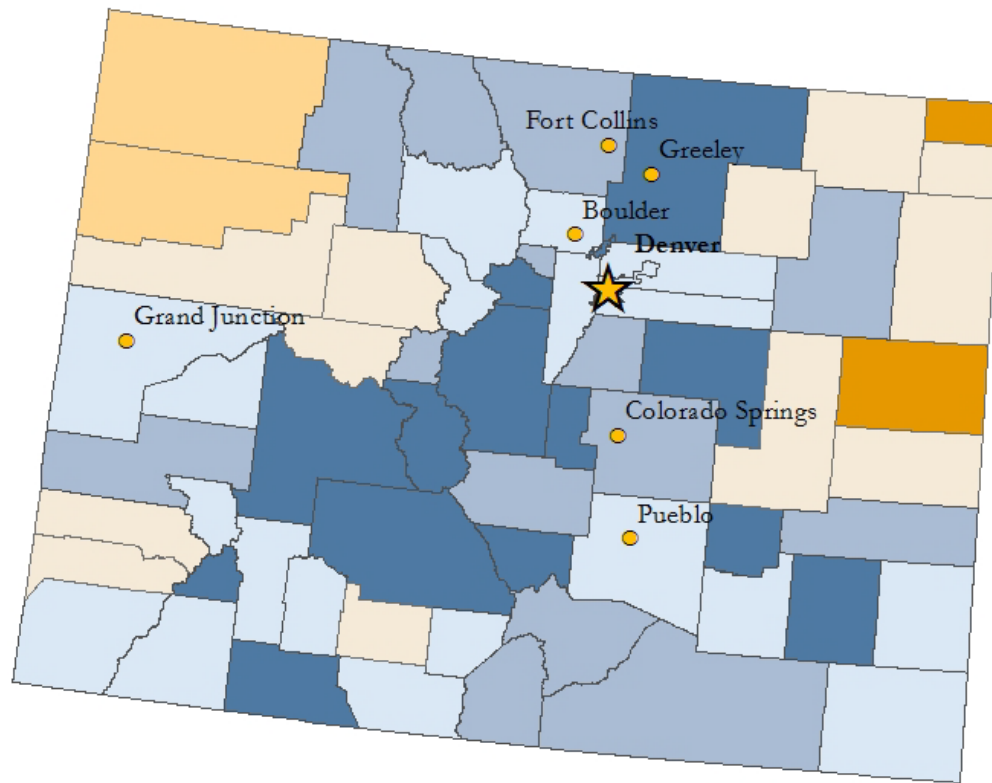
Source: Bureau of Labor Statistics, National Bureau of Economic Research, and Federal Open Market Committee (FOMC)/Haver Analytics

Colorado continues to experience net in-migration, but the pace of growth has slowed somewhat over the past couple of years.

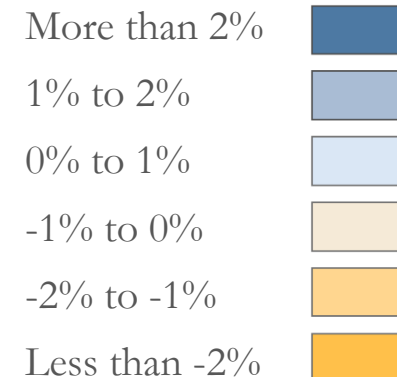


NET MIGRATION

Total 2017 Net Migration as a Percentage of 2017 Population



<i>Annual Percent Change</i>	<i>2018</i>
United States	0.3%
Colorado	0.9%
Denver County (2017)	0.7%

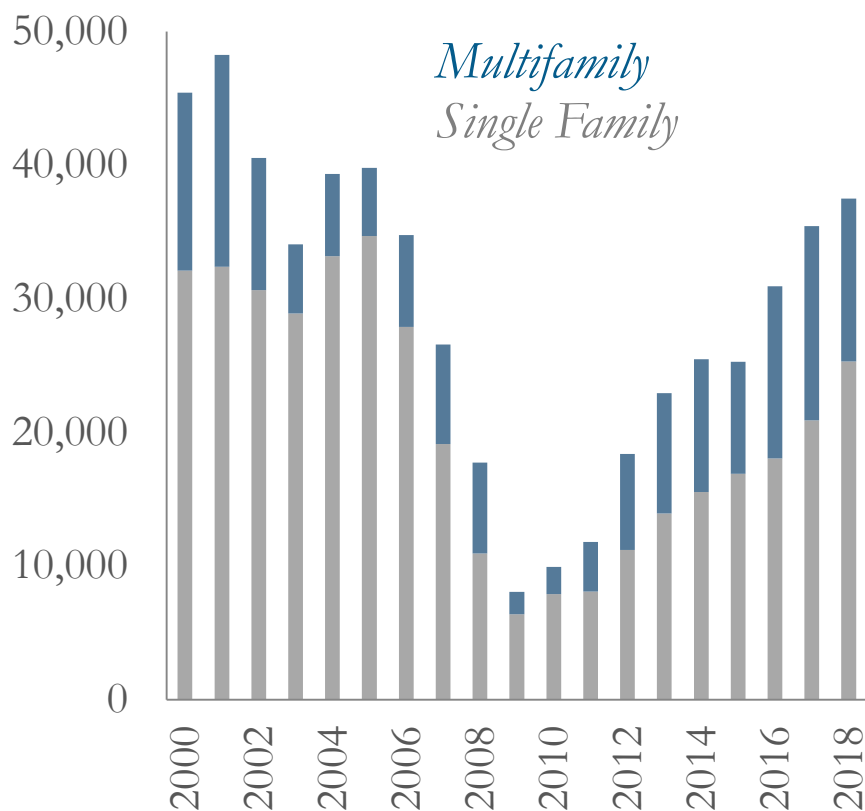


Residential construction activity has increased significantly since 2009, but multifamily permitting has started to slow.

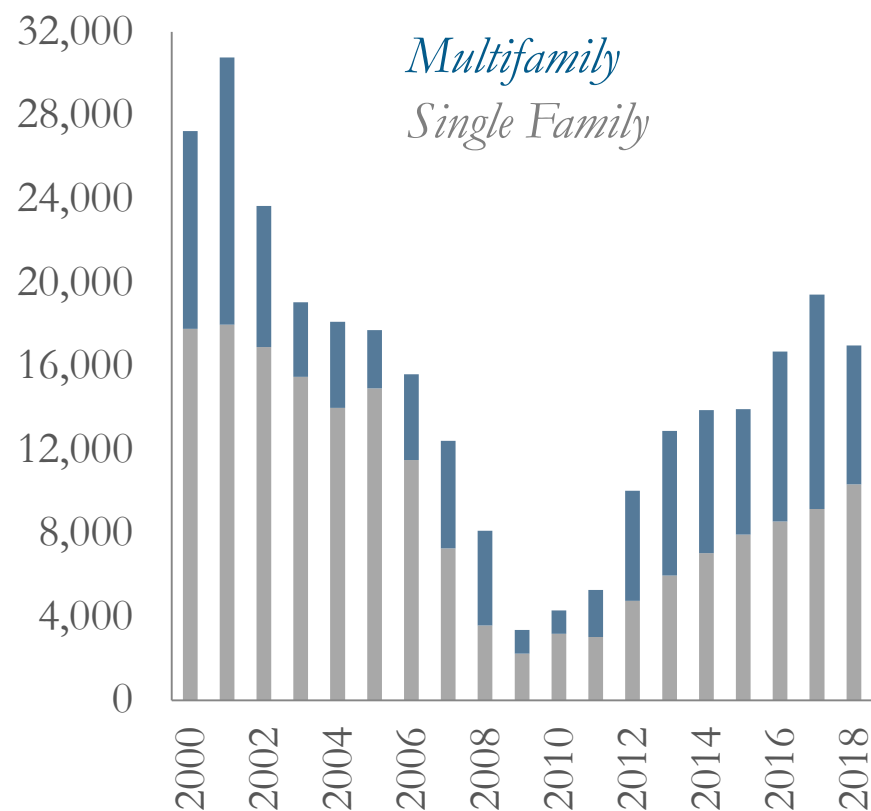
RESIDENTIAL PERMITS

Seasonally Adjusted, Year-to-Date Through October

Colorado



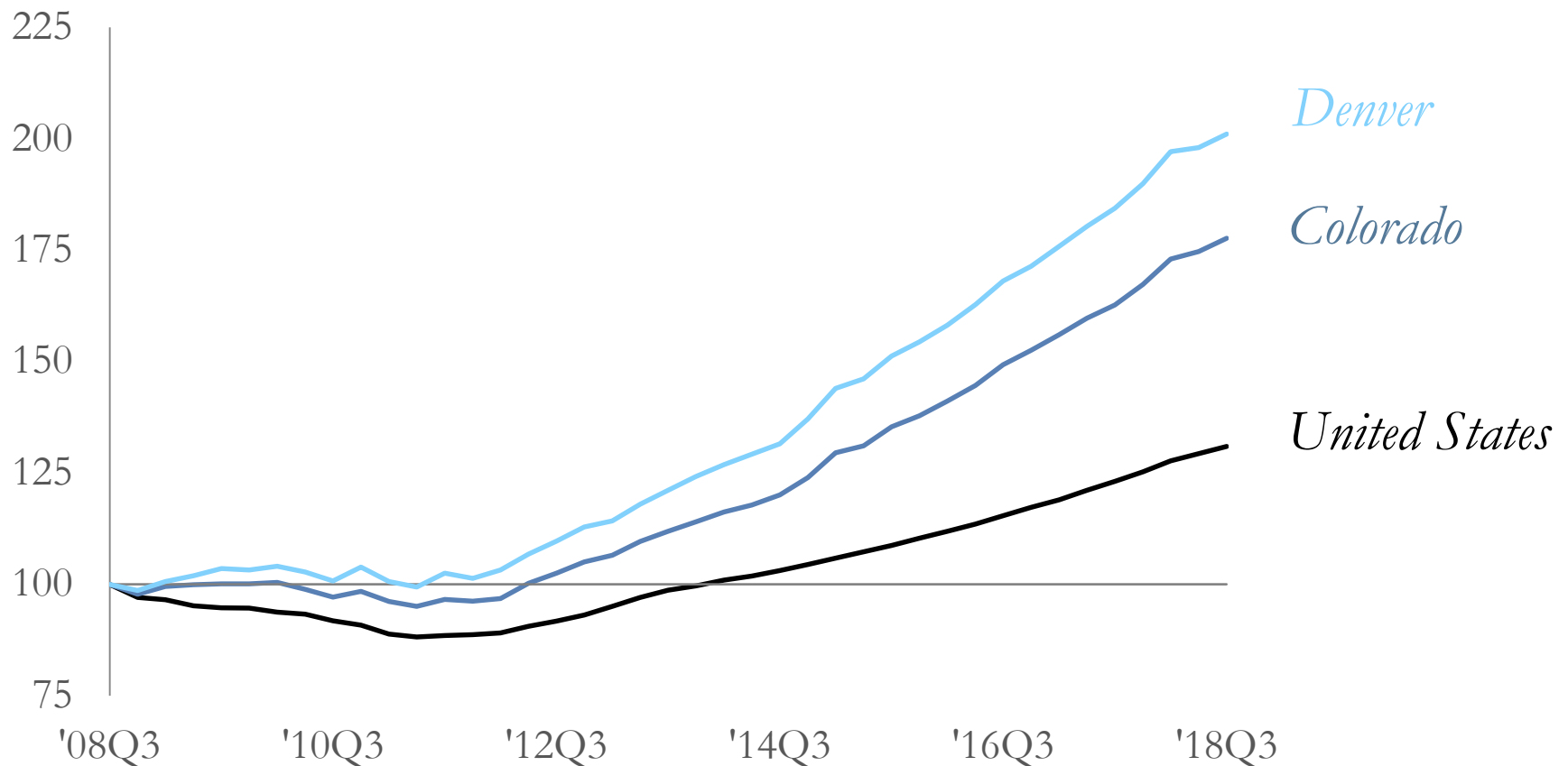
Denver



Low inventories have led to strong home price appreciation in recent years in Colorado.

HOME PRICES

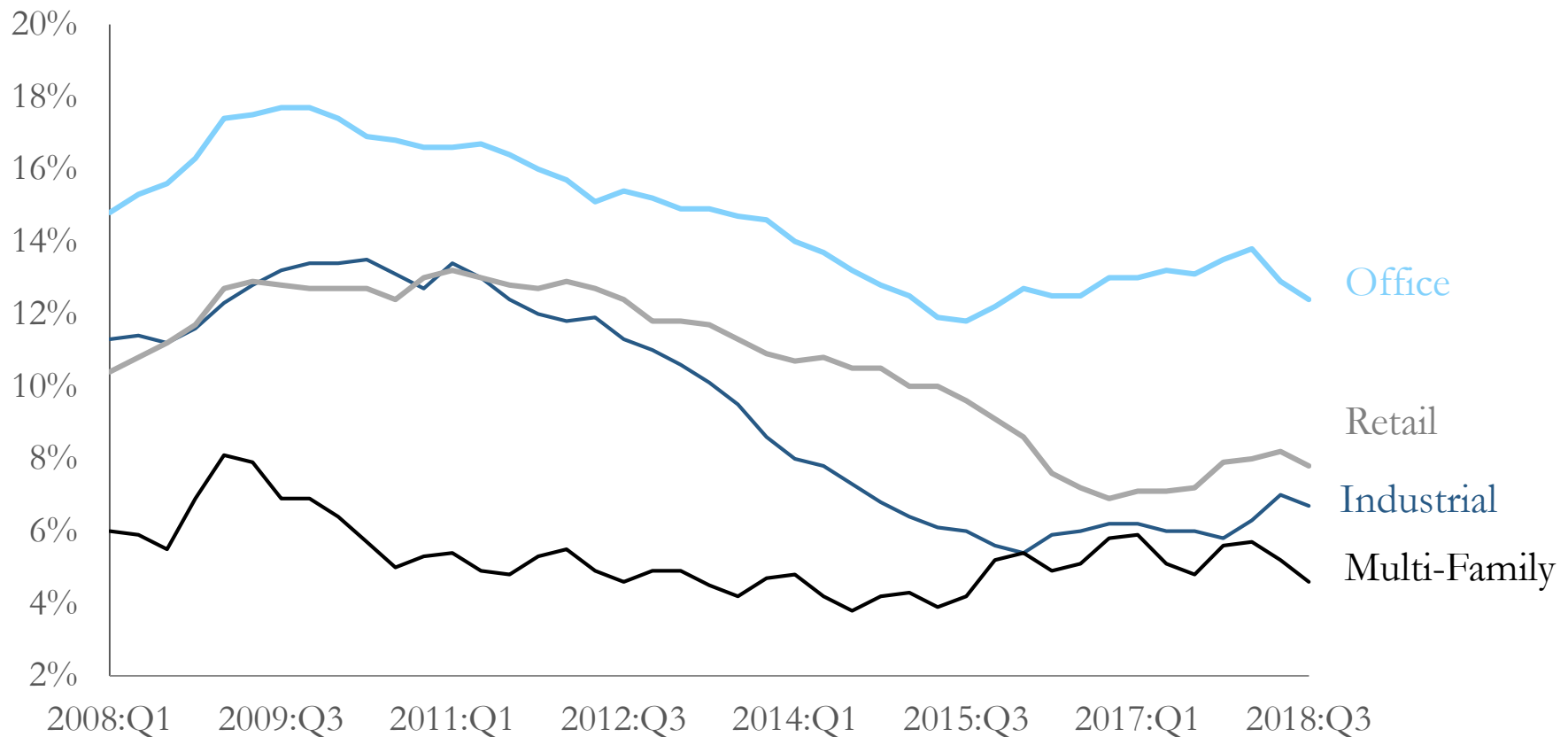
Seasonally Adjusted, Index 100 = Q3:2008



Vacancy rates are low across the Denver metro area.



DENVER COMMERCIAL VACANCY RATES

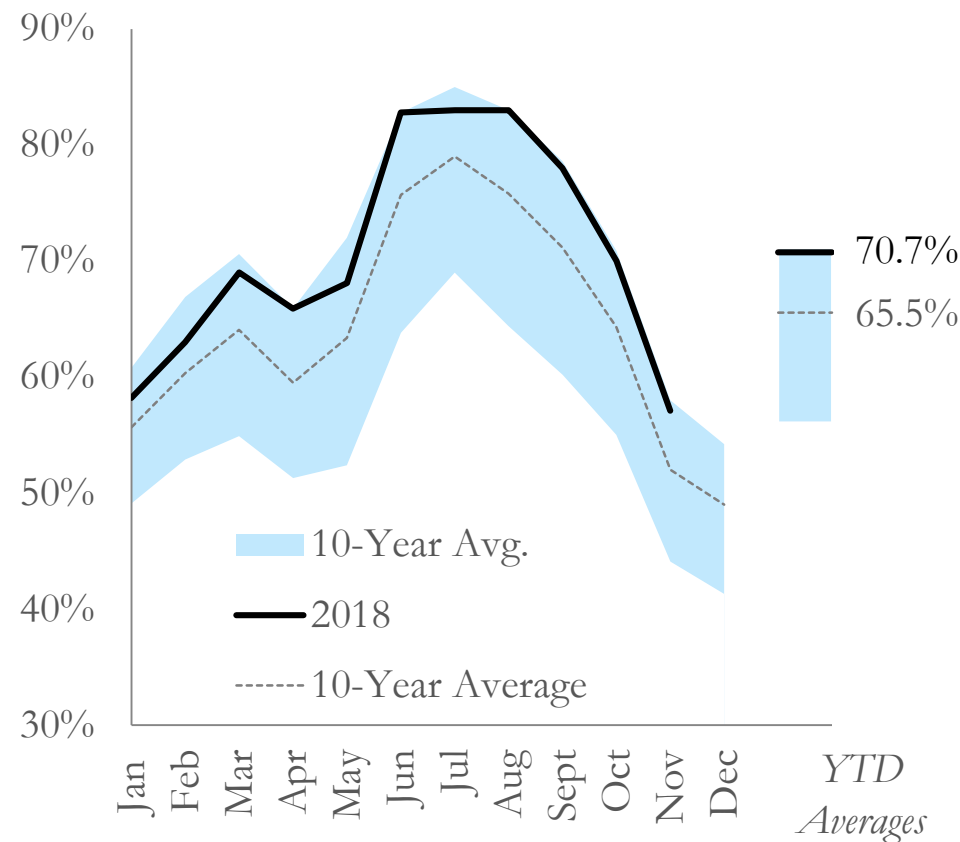


Tourism remains an important sector for the Colorado economy.



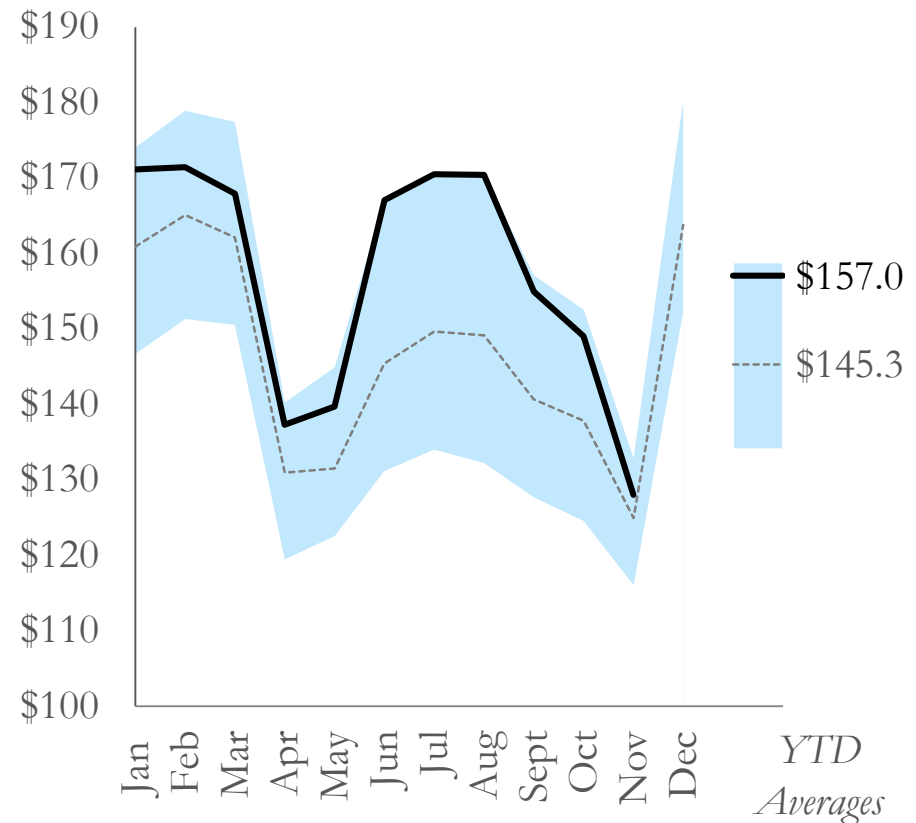
HOTEL OCCUPANCY RATES

Colorado



HOTEL ROOM RATES

Colorado, 2018 Dollars

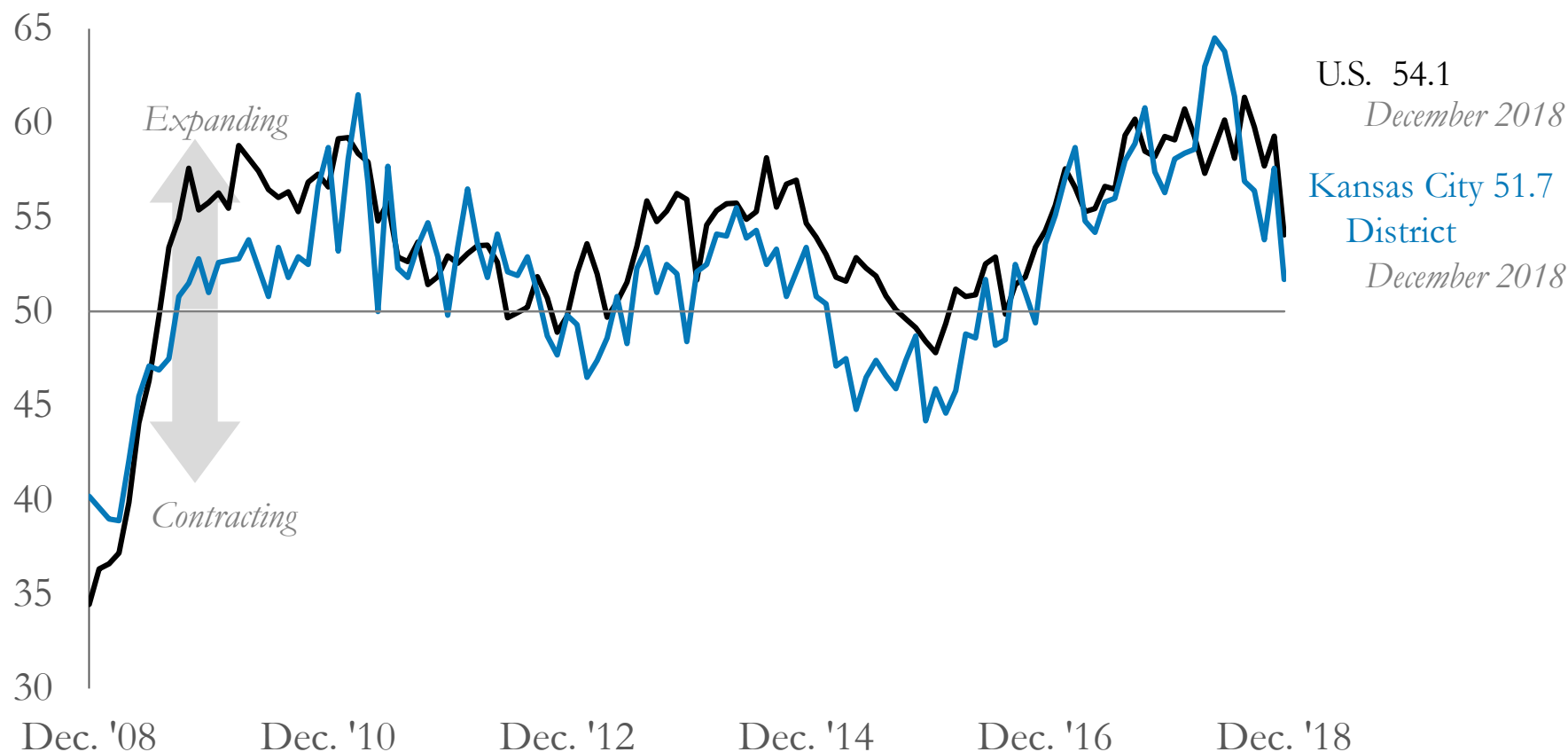


Manufacturing activity has been strong the past two years, but recent surveys suggest the pace of expansion may be slowing.



MANUFACTURING ACTIVITY

Diffusion Index, Seasonally Adjusted, Month-over-Month

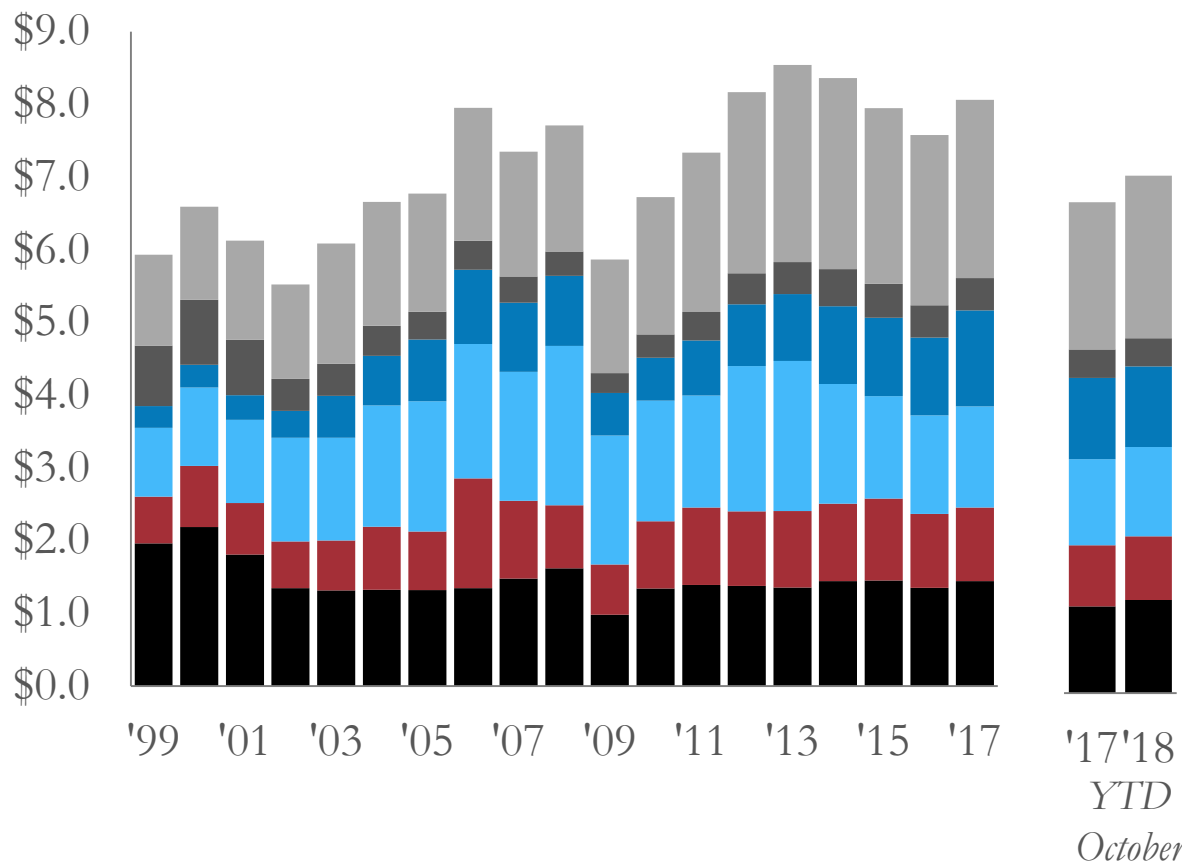


Despite ongoing trade and tariff concerns, exports from Colorado increased last year.



COLORADO EXPORTS BY TRADING PARTNER

Billions



OCTOBER 2018 YEAR-TO-DATE

Year-over-Year Percent Change

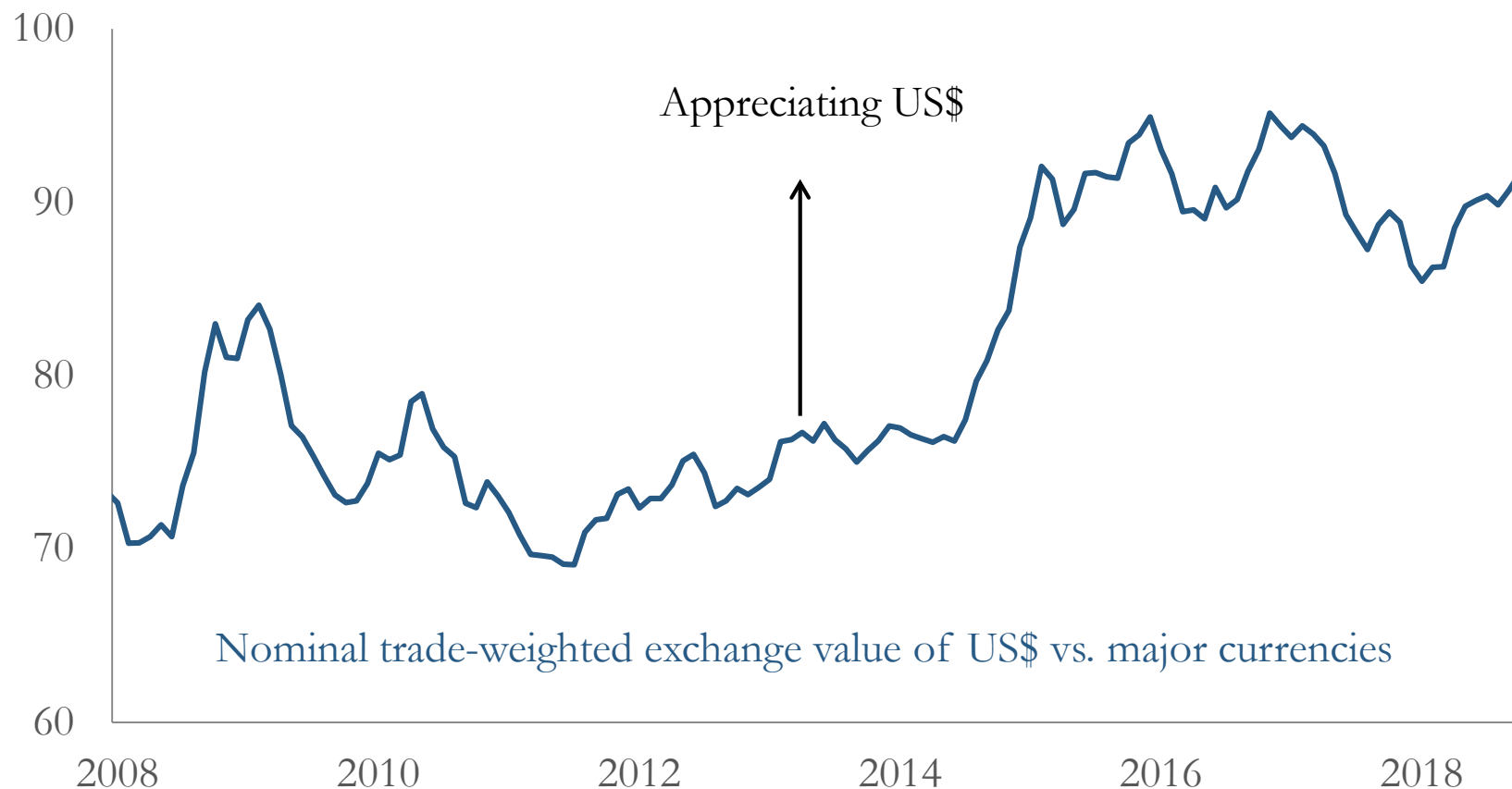
Total Trade	5.4%	SHARE*
All Other	10.4	30.2%
Japan	-1.1	5.5
Mexico	-0.5	16.3
Canada	3.4	17.3
China	3.9	12.8
Eurozone	7.6	17.9

**Shares are for 2017*

After depreciating in 2017, the dollar has appreciated over the past year.

FOREIGN EXCHANGE VALUE OF THE DOLLAR

Index March '73 = 100

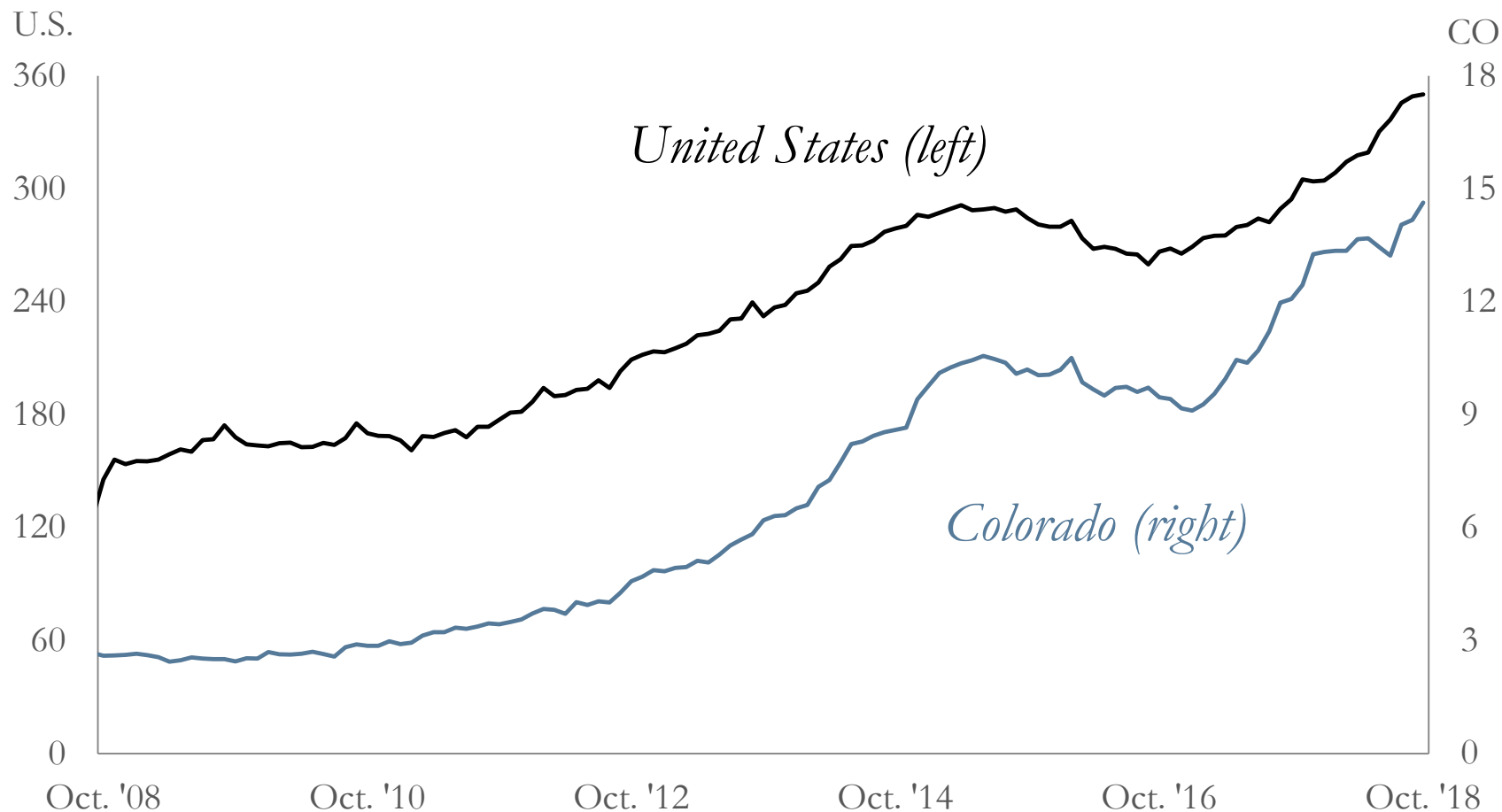


Energy activity rose substantially over the past two years in response to higher oil prices.



CRUDE OIL PRODUCTION

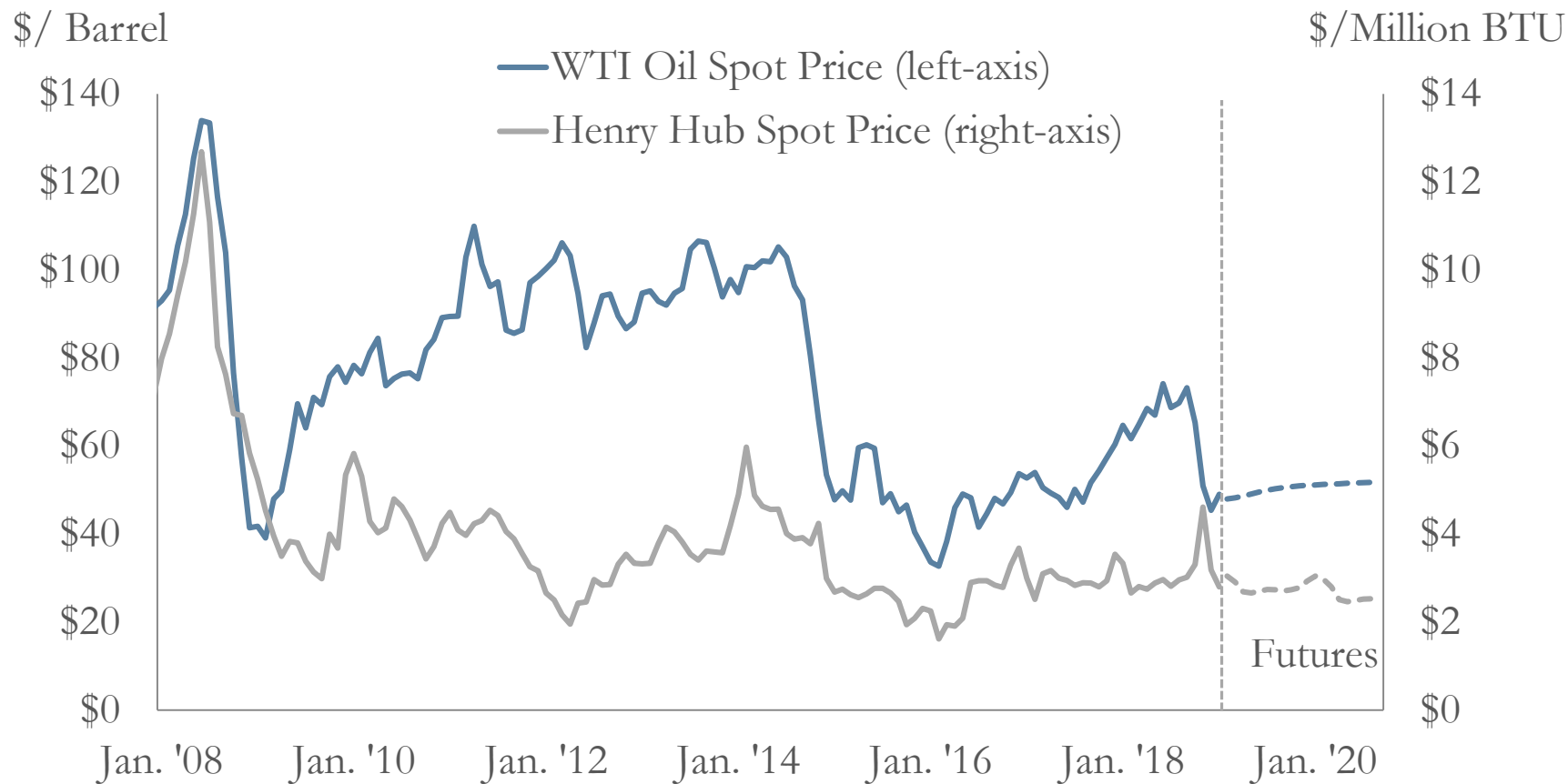
Millions of Barrels, Monthly, Seasonally Adjusted



However, oil prices have fallen in recent months and are expected to remain near current levels.



ENERGY PRICES

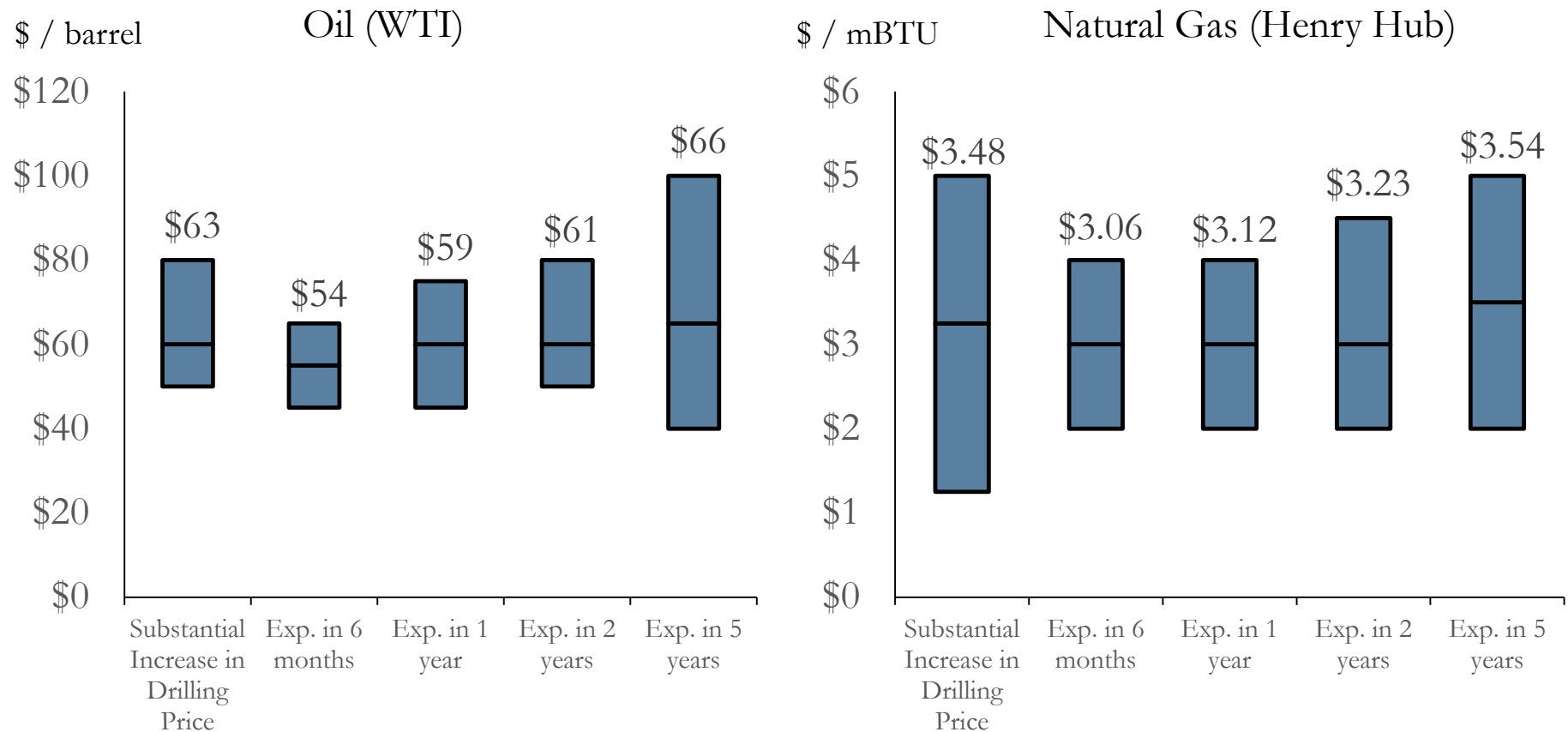


Oil prices are expected to remain below the level needed for a substantial increase in drilling over the next two years.



ENERGY SURVEY SPECIAL QUESTION

Q4:2018



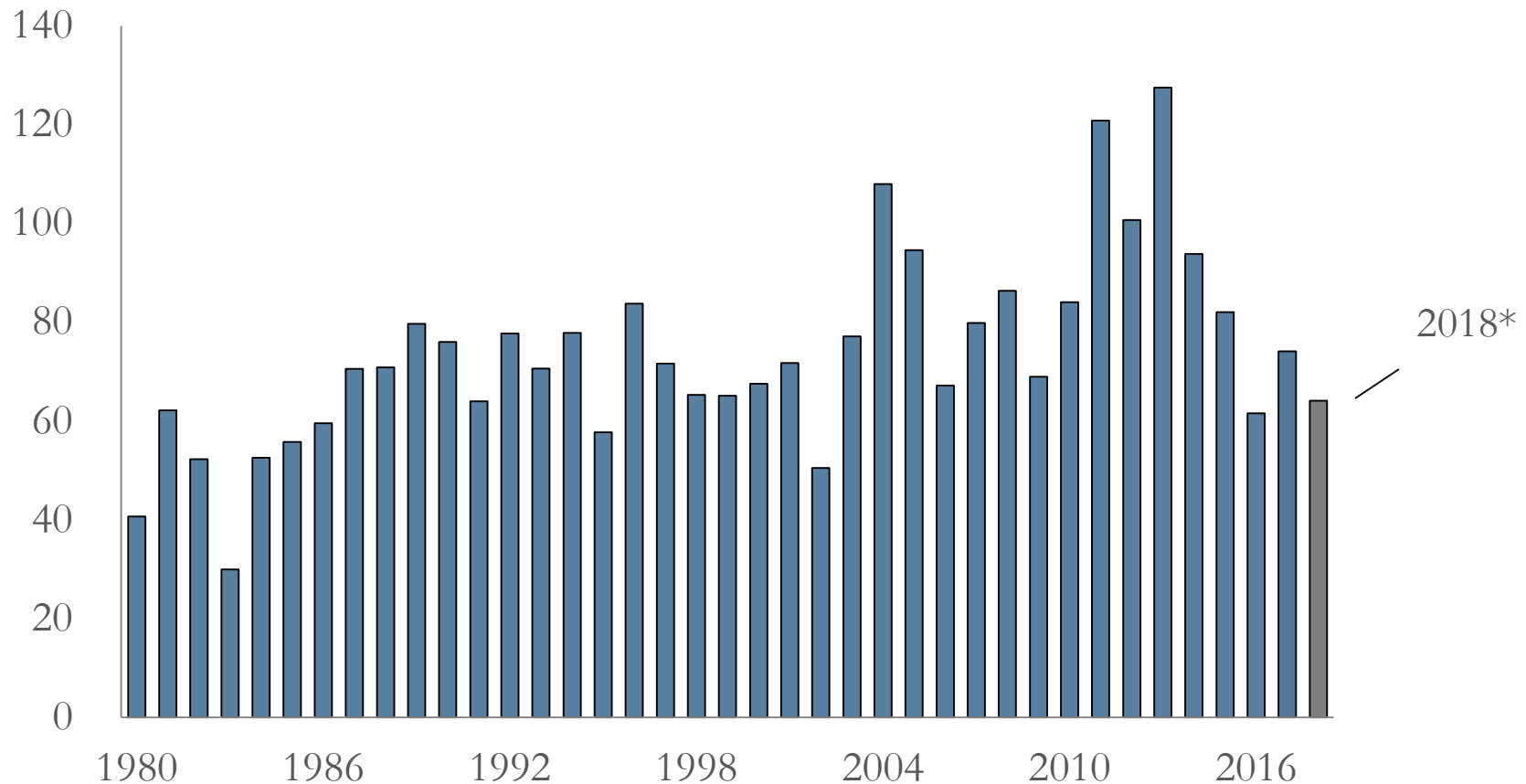
Notes: Blue bars represent range for survey respondents. Numbers above bars indicate average of the range (the black line in the middle of the blue bars).

The agriculture sector continues to struggle as commodity prices remain low.



U.S. REAL NET FARM INCOME

Billions, 2017 Dollars



**Forecast for 2018*

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

