

# *Emerging Trends in the U.S. & Colorado Economies*



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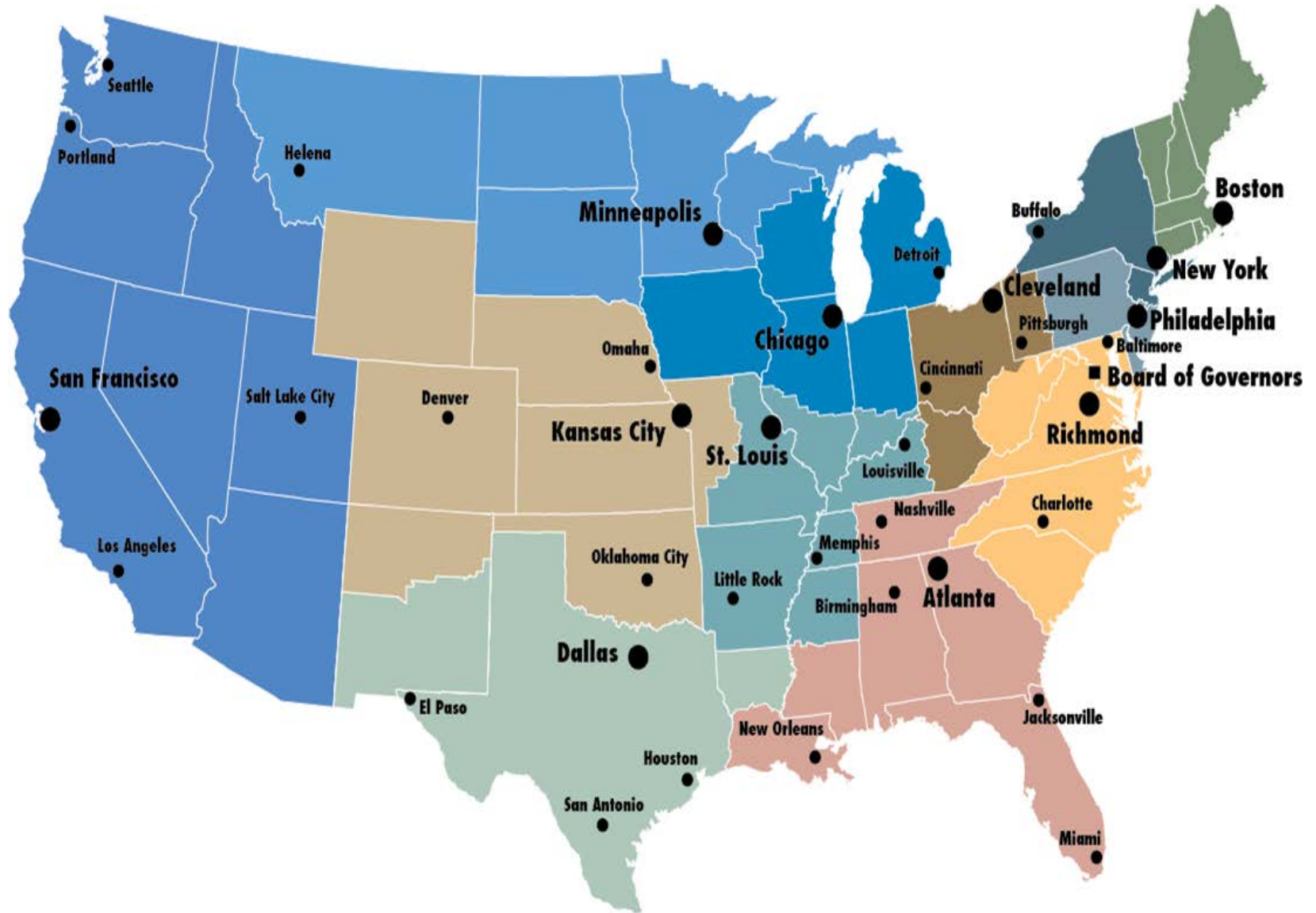
*The views expressed are those of the presenter and do not necessarily reflect  
the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.*

# Overview of the Federal Reserve System



- Primary Functions
  - Monetary Policy: promote maximum employment and price stability
  - Financial Services: bank for banks; bank for the federal government
  - Banking Supervision and Regulation: ensure safety and soundness of banks and ensure that banks provide fair and equitable services to consumers.
- Structure
  - Board of Governors
    - Consists of seven members who are appointed by the President and confirmed by the Senate to serve 14-year terms.
  - Federal Reserve Banks
    - There are 12 Regional Reserve Banks, each serving a unique district. These are semi-independent by design.
  - Federal Open Market Committee (FOMC)
    - Comprised of the 7 members of the Board of Governors and the 12 Reserve Bank Presidents (only 5 presidents are voting members on a rotating basis).
    - Charged with conducting monetary policy to promote economic growth and price stability.

# Regional Federal Reserve Banks and Branch Locations





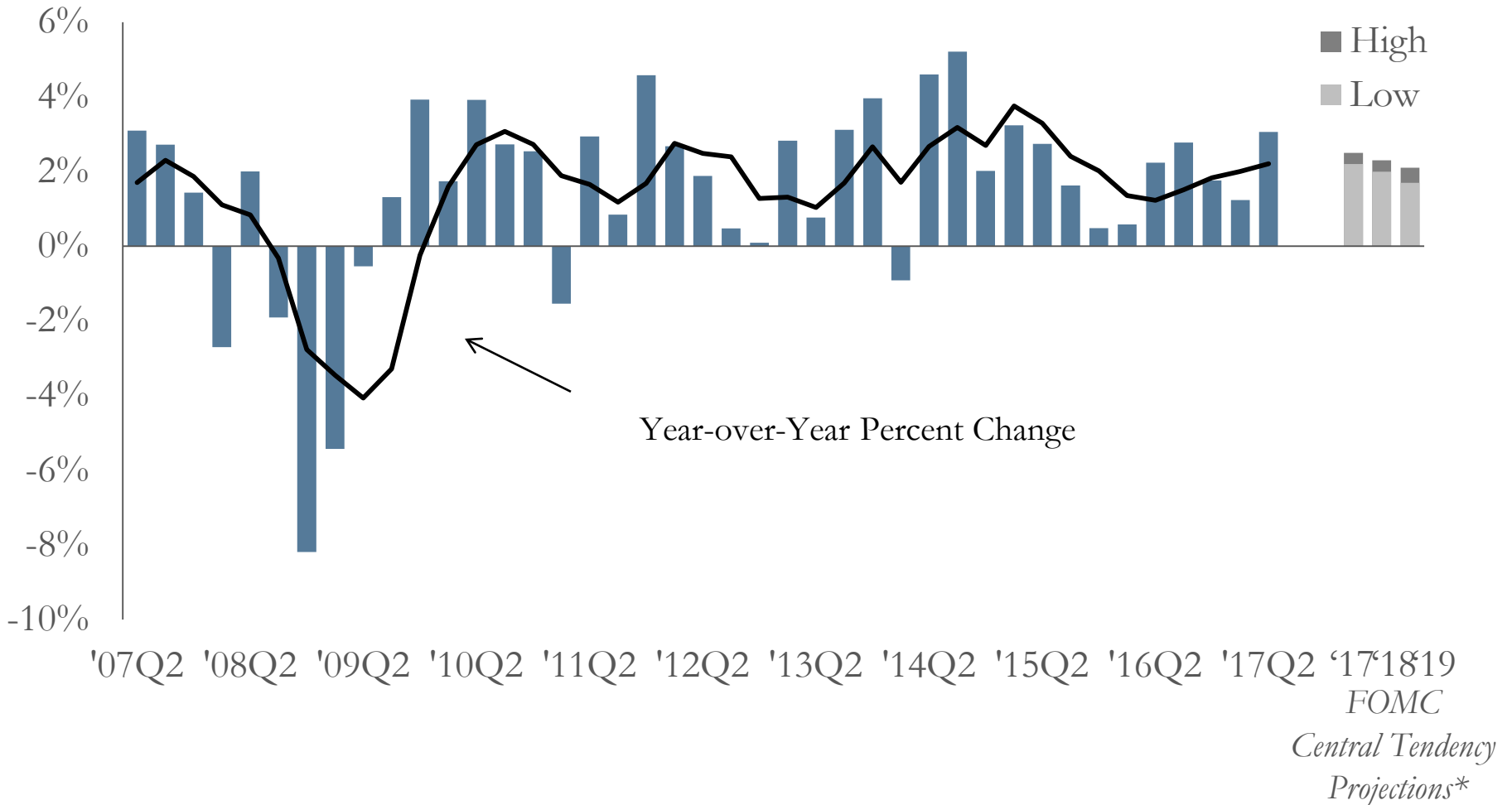
- Functions – around 160 staff
  - Regional research covering the economies of Colorado, New Mexico and Wyoming
  - Economic, financial education, and community development outreach
  - Examinations of Colorado, Wyoming and northern New Mexico financial institutions
  - Cash processing and distribution
  - Money Museum
- 2017 Denver Board of Directors
  - Richard Lewis (Chair): President and CEO of RTL Networks, Inc.
  - Ashley Burt: President of The Gunnison Bank and Trust Company
  - Gary DeFrangé: President and COO of Winter Park Resort
  - Taryn Edwards: Senior Vice President of Saunders Construction
  - Edmond Johnson: President and Owner of Premier Manufacturing, Inc.
  - Jeff Wallace: CEO of Wyoming Bank and Trust
  - Katharine Winograd: President of Central New Mexico Community College

# The U.S. economy continues to expand at a moderate pace.



## 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

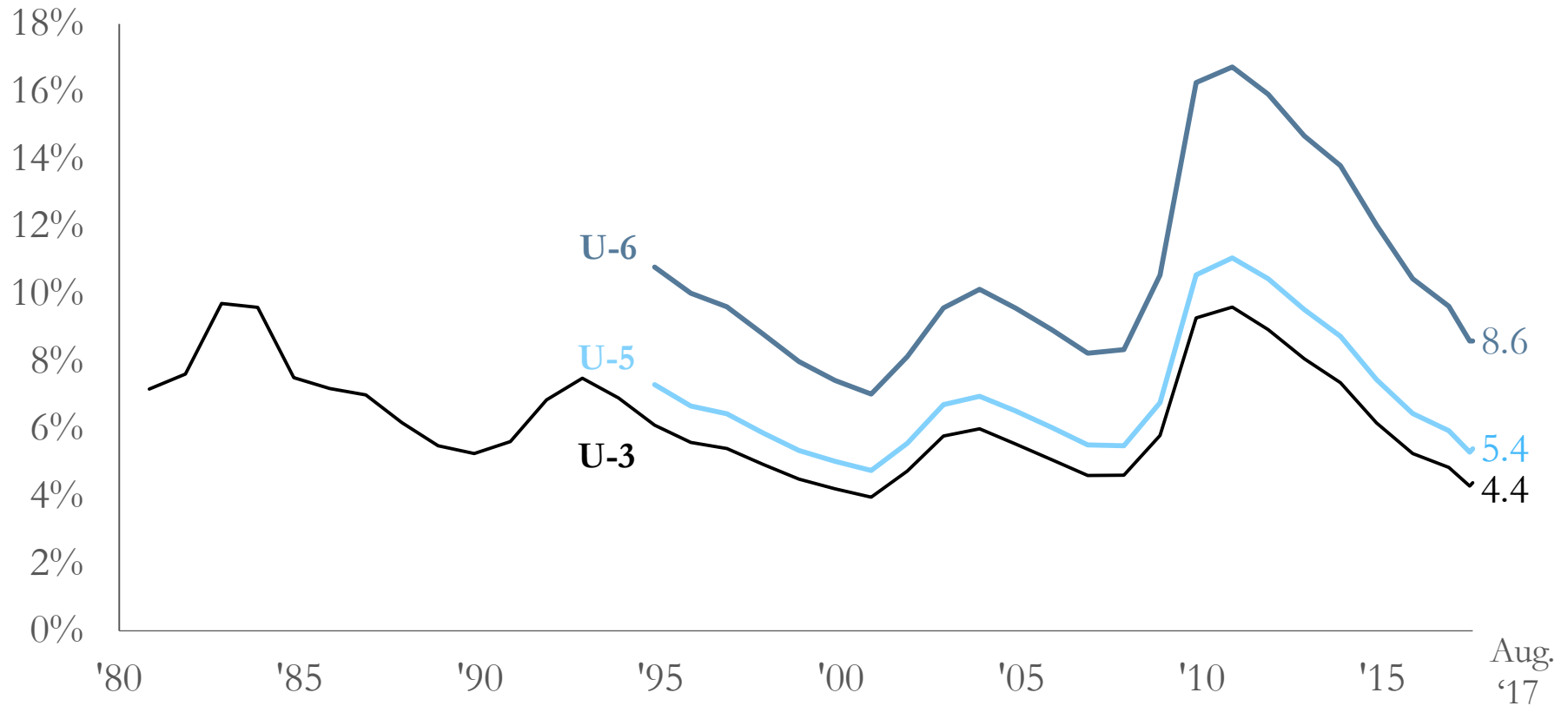
\*Projections as of September FOMC meeting

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



## U. S. UNEMPLOYMENT AND UNDER-EMPLOYMENT RATES

*Seasonally Adjusted*

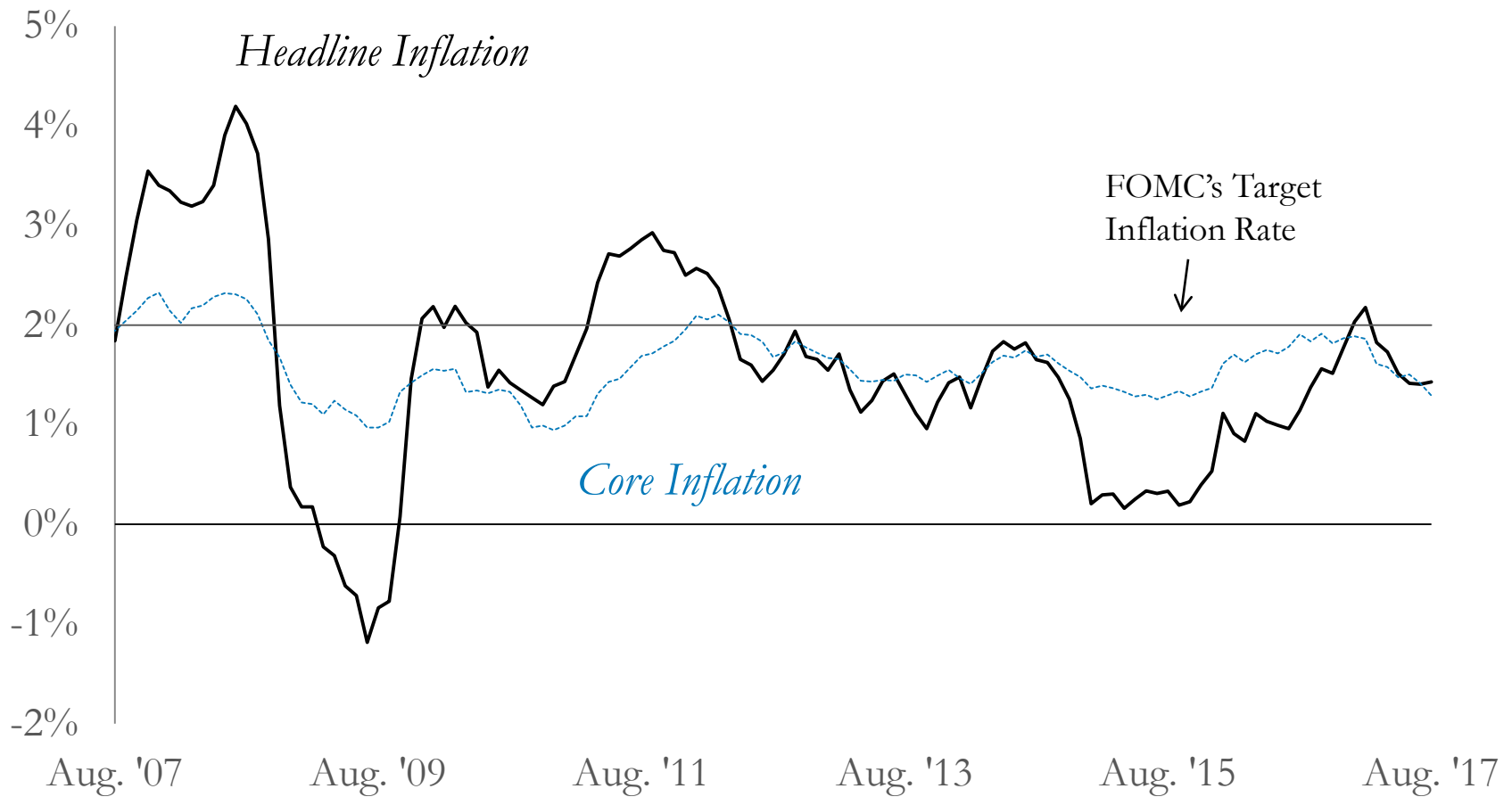


# Inflation is near the FOMC's two percent target.



## PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (PCEPI)

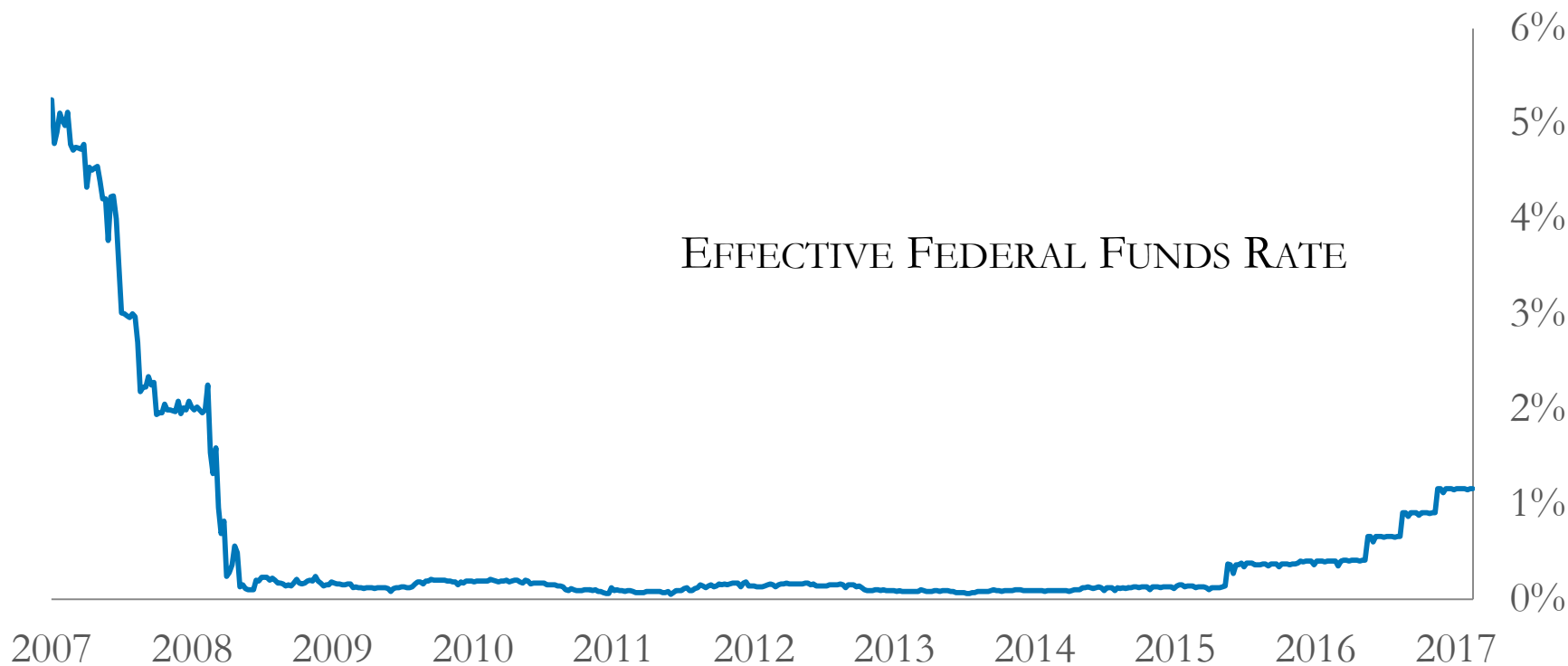
*Percent Change Year-over-Year*





“In view of realized and expected labor market conditions and inflation, the Committee decided to maintain the target range for the federal funds rate at 1 to 1-1/4 percent. The stance of monetary policy remains accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2 percent inflation.”

*- September 2017 FOMC Statement*

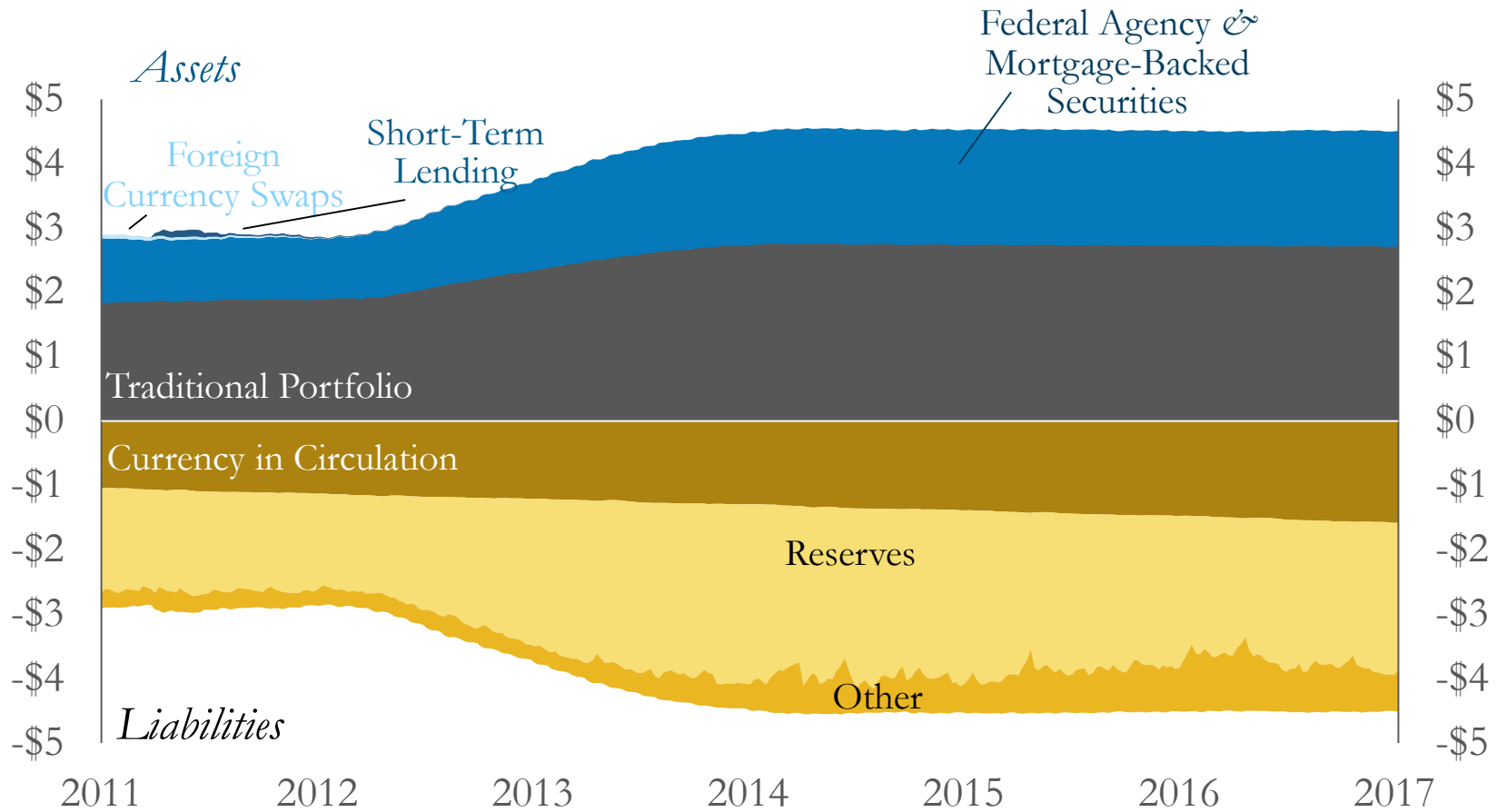






# FEDERAL RESERVE BALANCE SHEET

Trillions



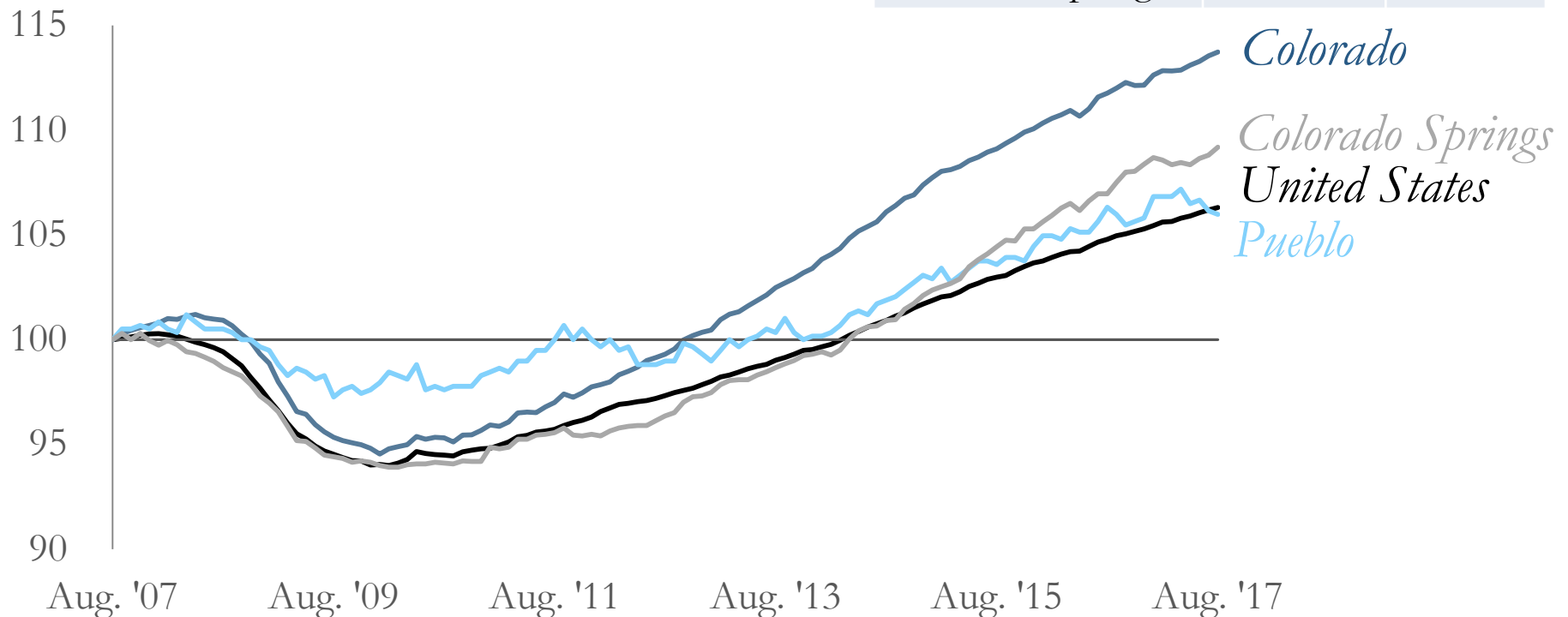
Employment has been increasing in Colorado and the nation for more than seven years, with Colorado gains outpacing the nation.



## PAYROLL EMPLOYMENT GROWTH

*Index 100 = August, 2007, Seasonally Adjusted*

<i>Percent Change (Aug. '17)</i>	<i>Past 10 Years</i>	<i>Past Year</i>
U.S.	6.3%	1.4%
Colorado	13.7%	1.8%
Pueblo	6.0%	-0.3%
Colorado Springs	9.2%	2.1%



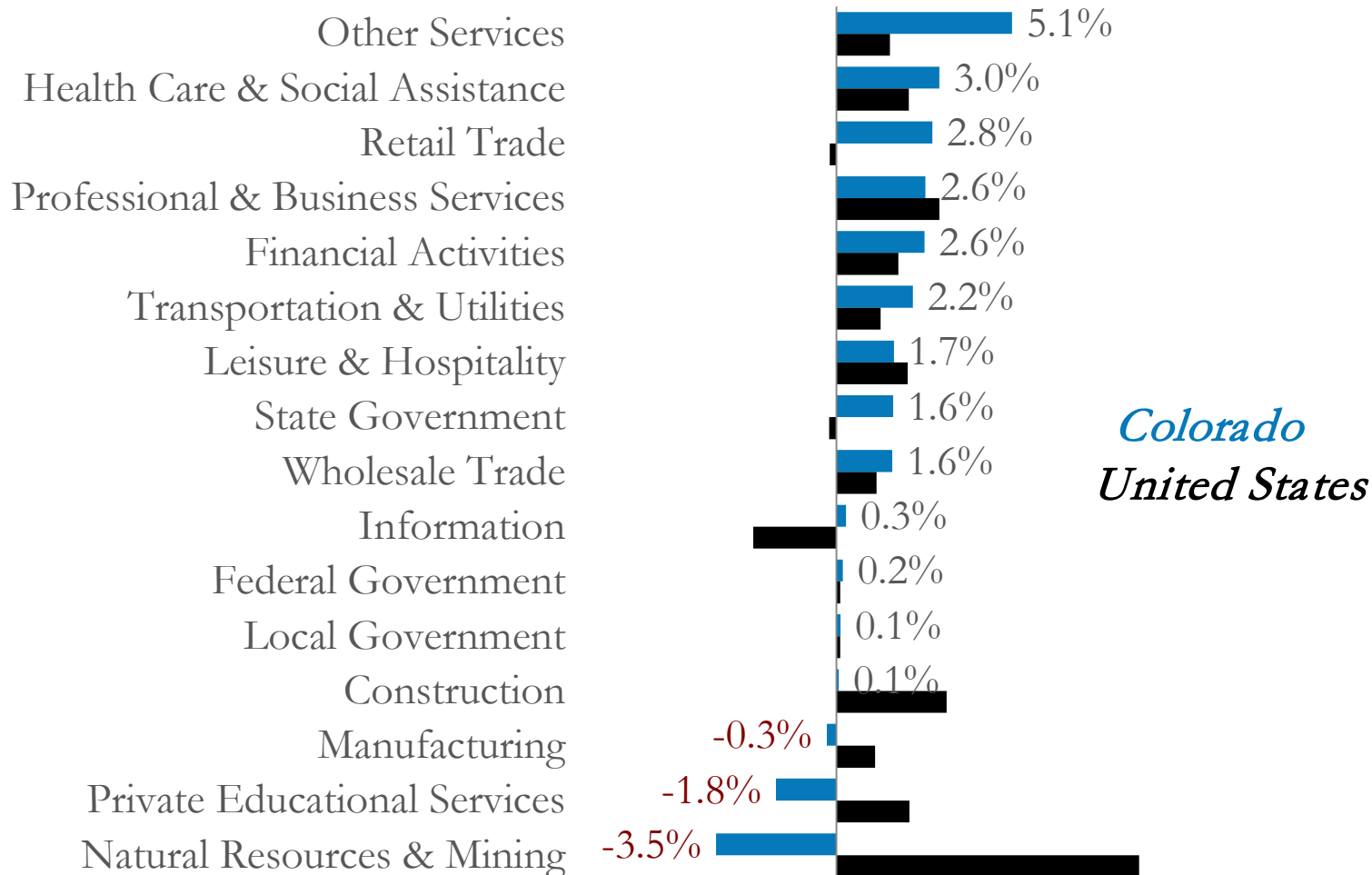
# The majority of industries in Colorado have added jobs over the past year.



## CHANGE IN PAYROLL EMPLOYMENT, AUGUST 2017

*Seasonally Adjusted*

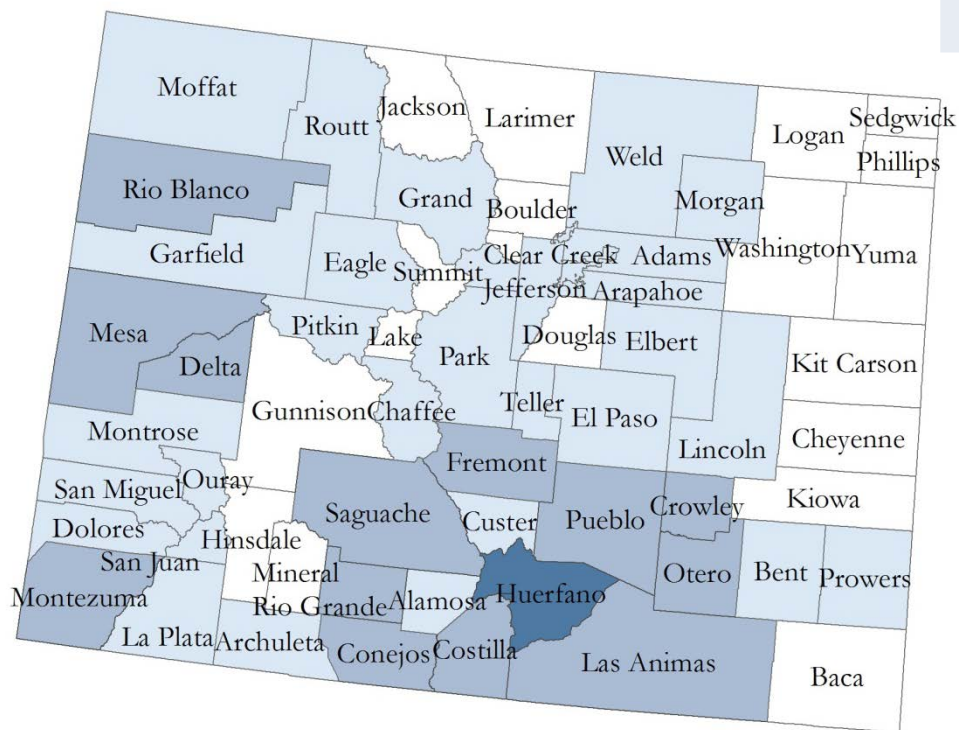
*Percent Change Year-over-Year*



# Unemployment rates are below national rates across most of Colorado.

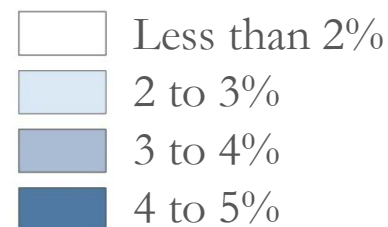
## UNEMPLOYMENT RATES

August 2017, Seasonally Adjusted



Unemployment Rate	U-3	U-5*	U-6*
United States	4.4%	5.4%	8.6%
Colorado	2.4%	3.3%	6.4%
Pueblo	3.6%		
Colorado Springs	2.7%		

*\*U-5 and U-6 values are 12-month moving averages as of Q2 2017 for Colorado and are for August, 2017 for the United States.*

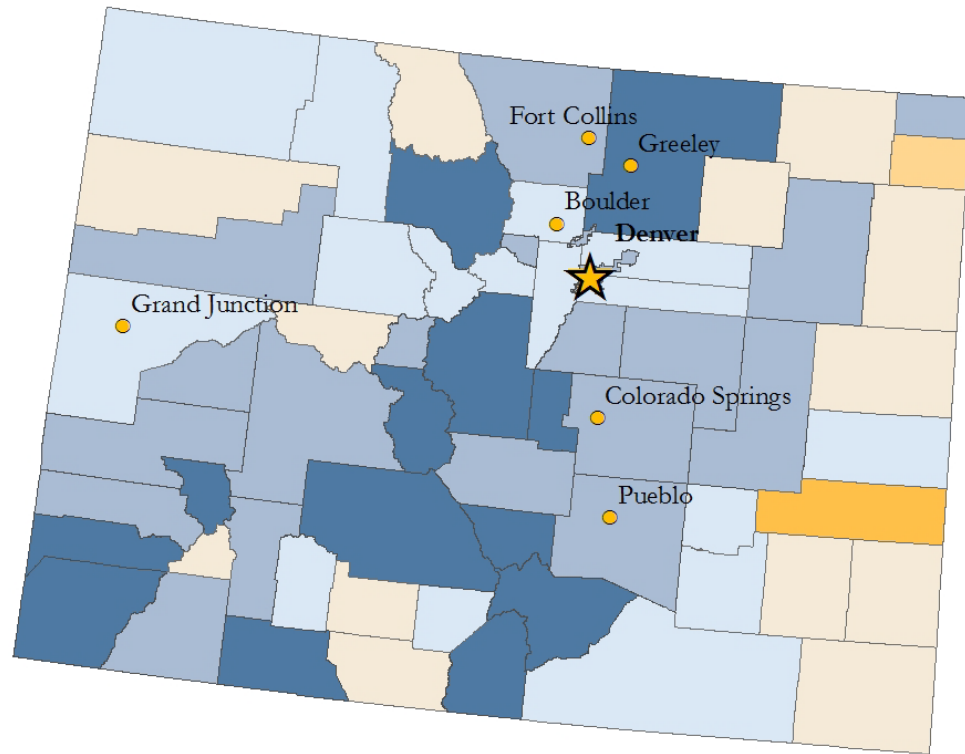


# Parts of Colorado continue to experience strong population growth and net in-migration.

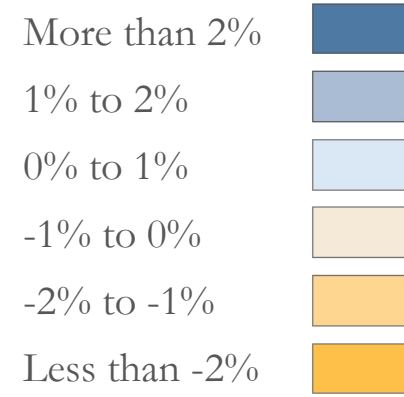


## NET MIGRATION

*Total 2016 Net Migration as a Percentage of 2016 Population*



<i>Annual Percent Change</i>	<i>2016</i>
United States	0.3%
Colorado	1.1%
El Paso County	1.3%
Pueblo County	1.1%



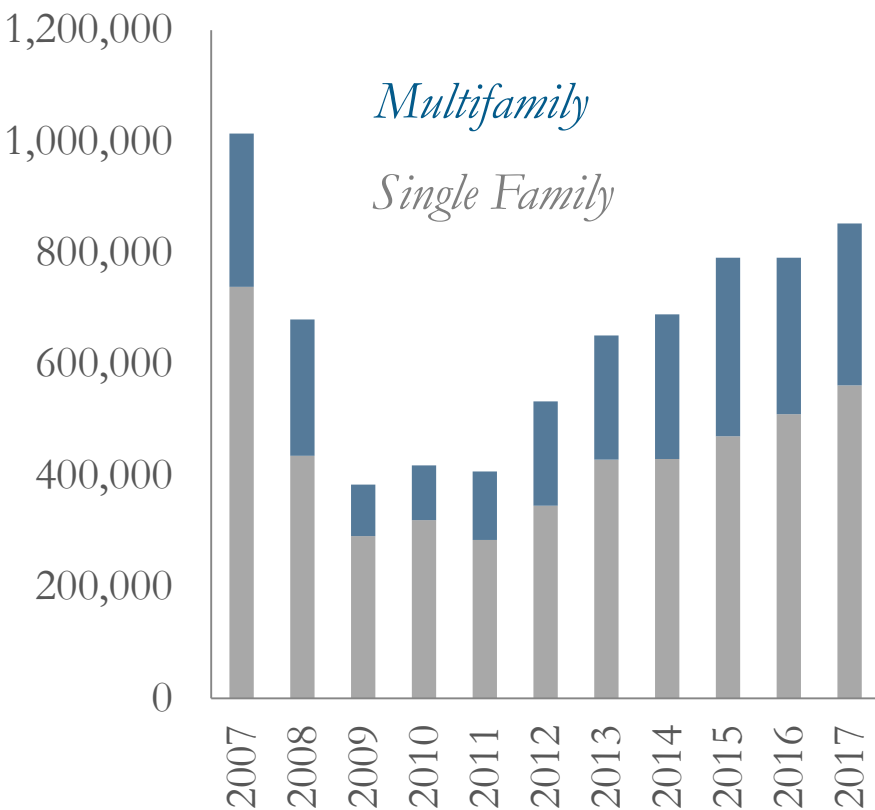
Residential construction activity has been increasing for more than six years, led by strong gains in multifamily building.



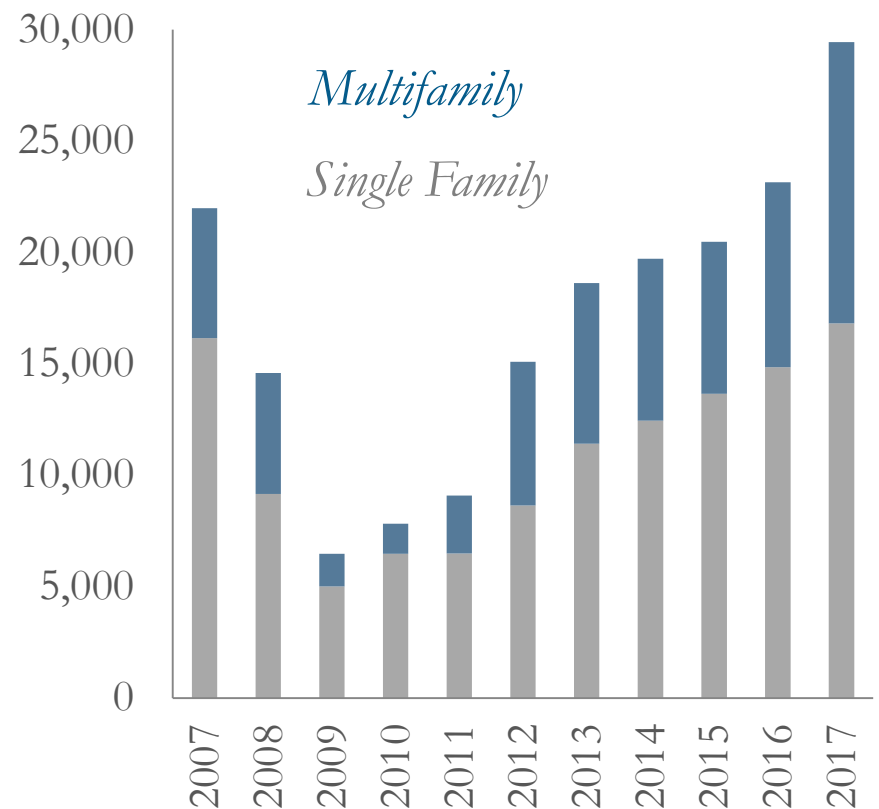
## RESIDENTIAL PERMITS

*Seasonally Adjusted, Year-to-Date Through August*

### United States



### Colorado

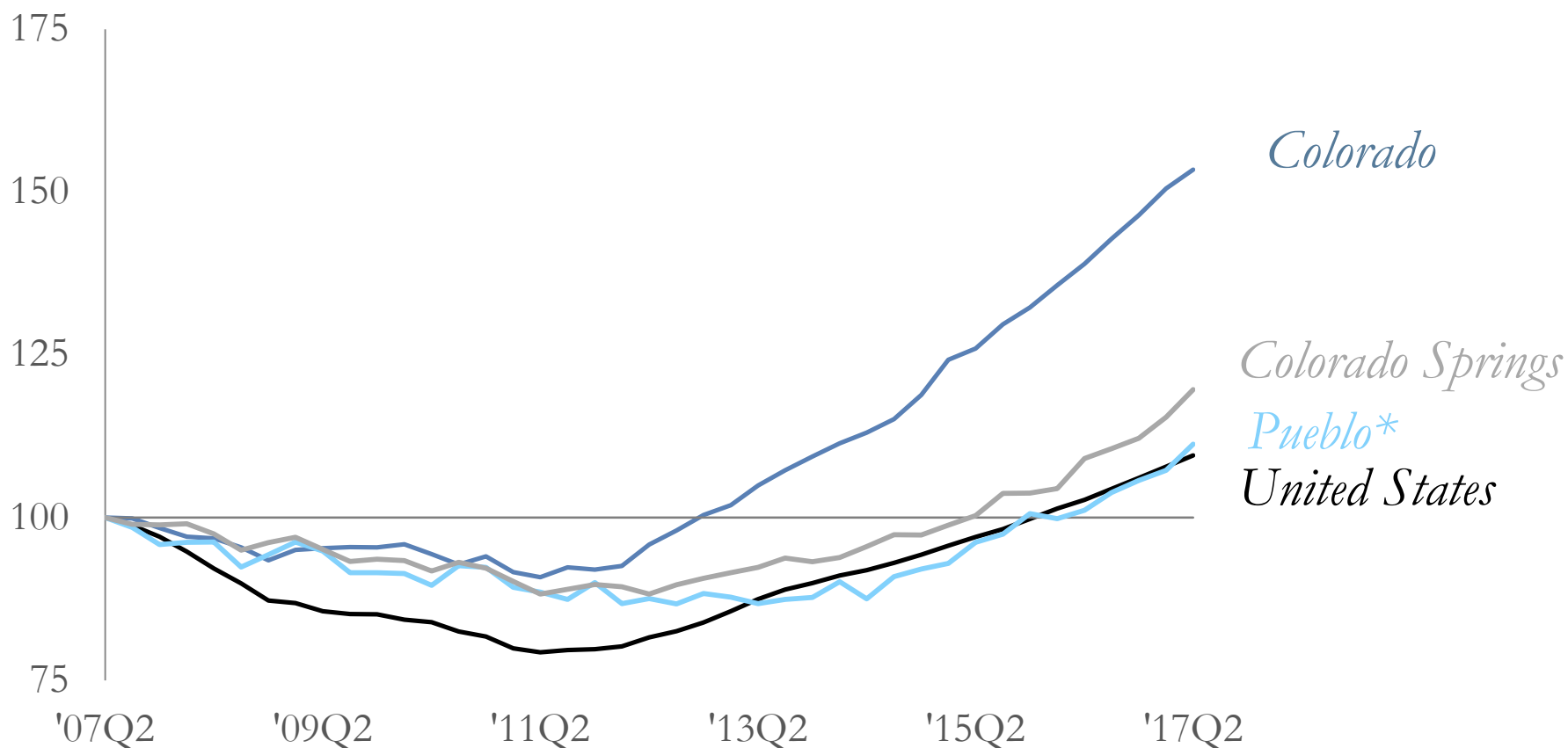


Low inventories have led to strong home price appreciation in recent years in Colorado.



## HOME PRICES

*Seasonally Adjusted, Index 100 = Q2:2007*



*Colorado*

*Colorado Springs*

*Pueblo\**

*United States*

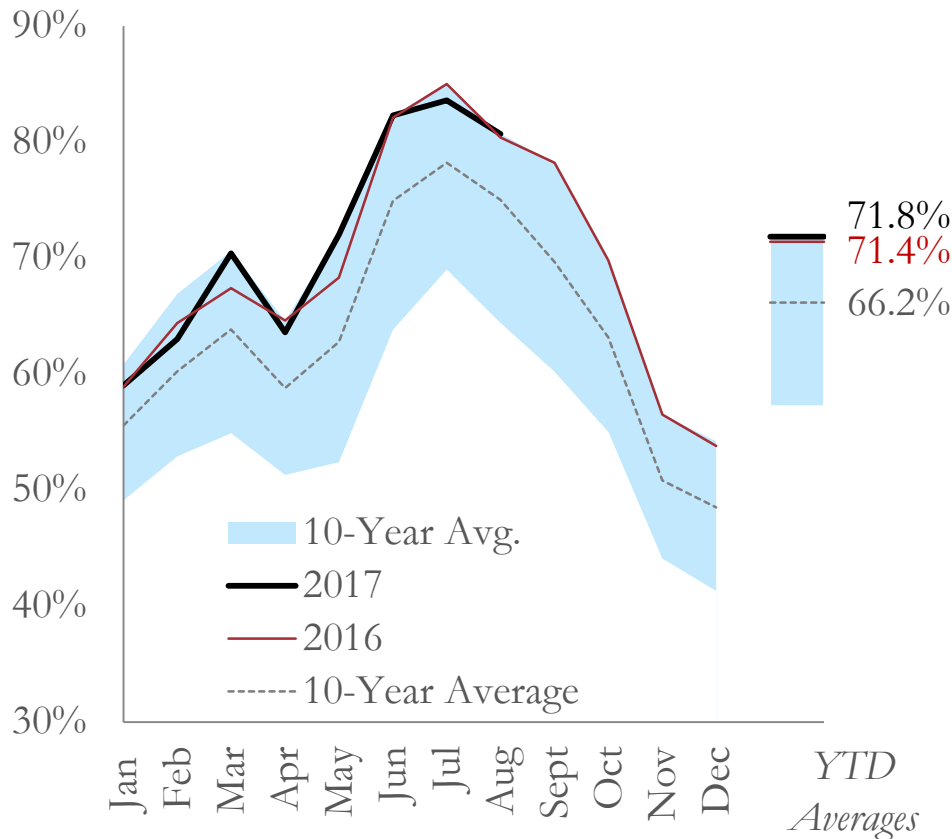
\*Home prices for Greeley include both purchases and refinancings.  
Source: Federal Housing Finance Agency

Tourism activity has been strong in Colorado over the past few years.



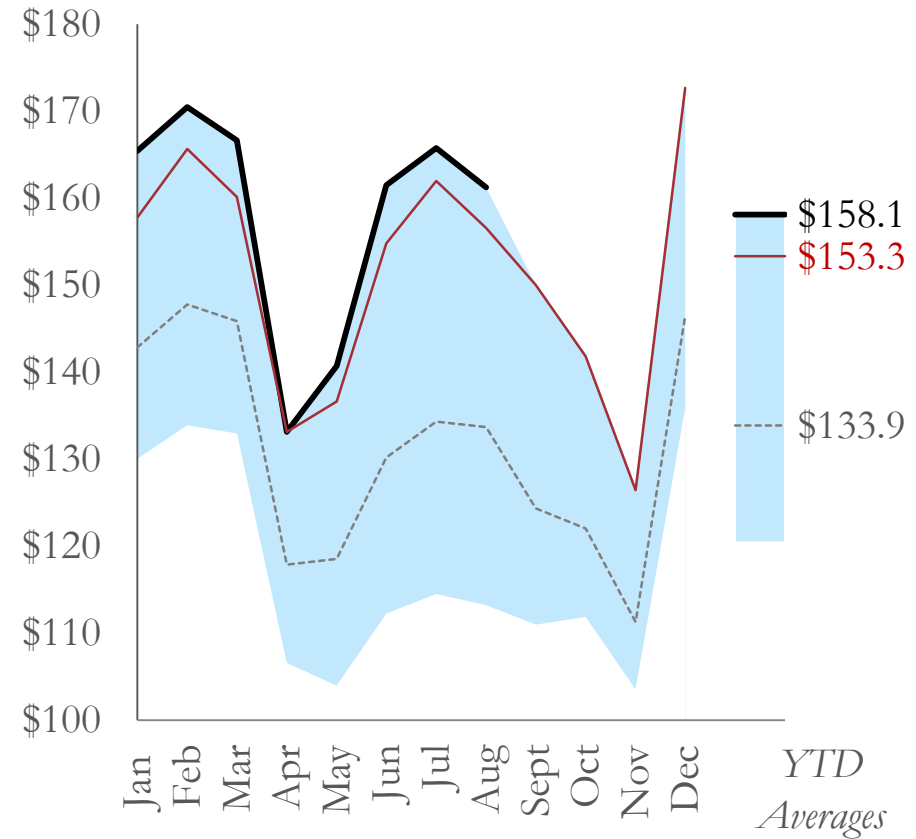
## HOTEL OCCUPANCY RATES

*Colorado*



## HOTEL ROOM RATES

*Colorado, 1999 Dollars*



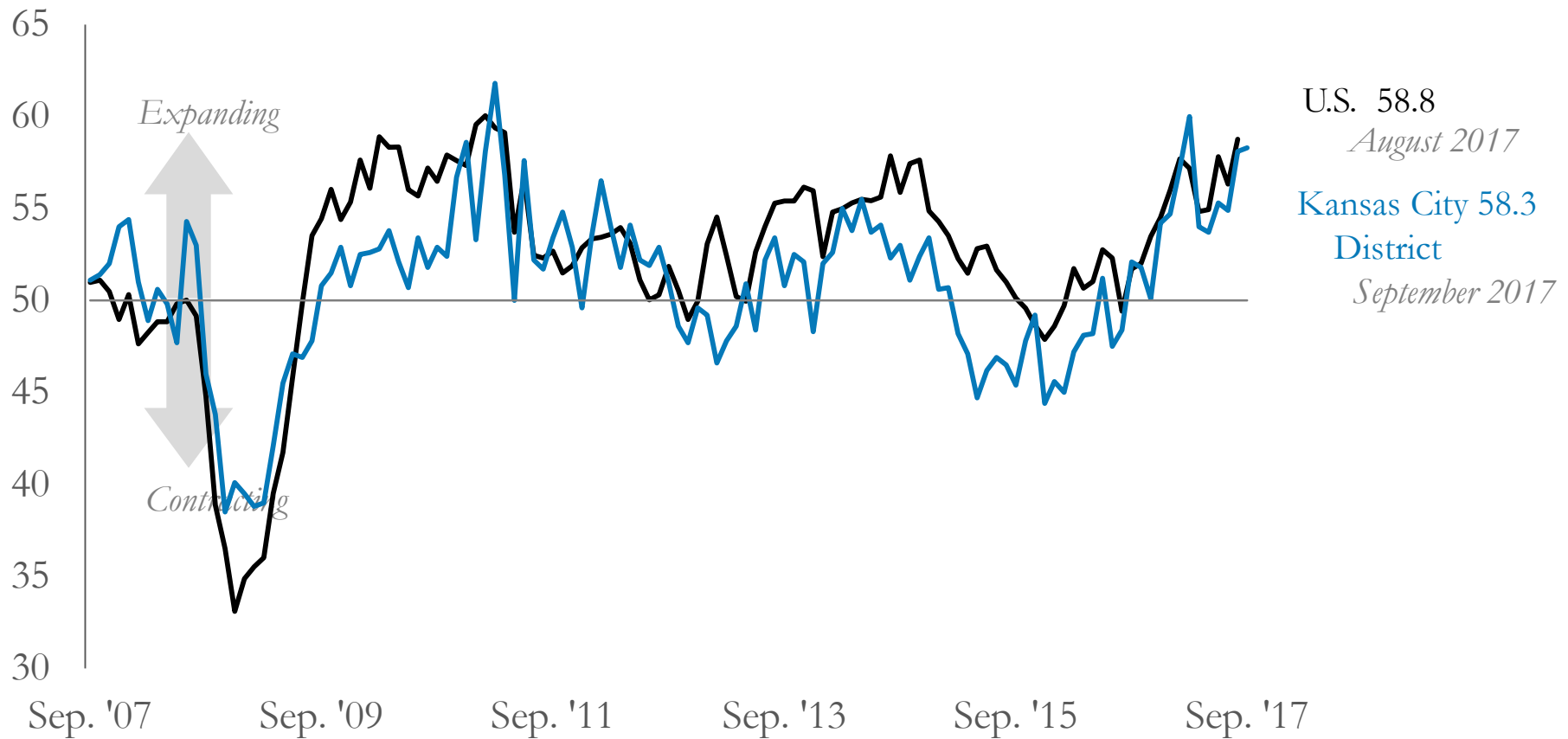


Manufacturing activity has expanded in 2017 after declines the previous two years.



## MANUFACTURING ACTIVITY

*Diffusion Index, Seasonally Adjusted, Month-over-Month*

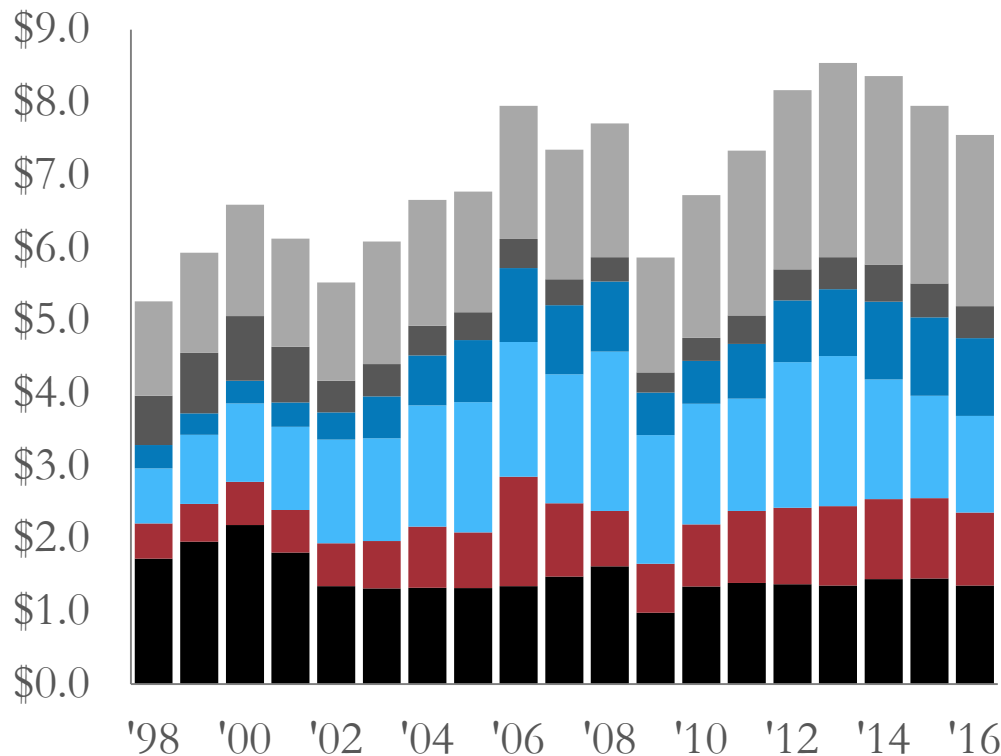


Colorado exporting activity has also rebounded modestly this year.



## COLORADO EXPORTS BY TRADING PARTNER

*Billions*



### JULY 2017 YEAR-TO-DATE

*Year-over-Year Percent Change*

	Year-over-Year Percent Change	SHARE*
Total Trade	5.6%	SHARE*
All Other	-2.5	31.1%
Japan	8.0	5.9
Mexico	38.2	14.1
Canada	0.7	17.9
China	1.8	13.2
Eurozone	3.3	17.8

*\*Shares are for 2016*



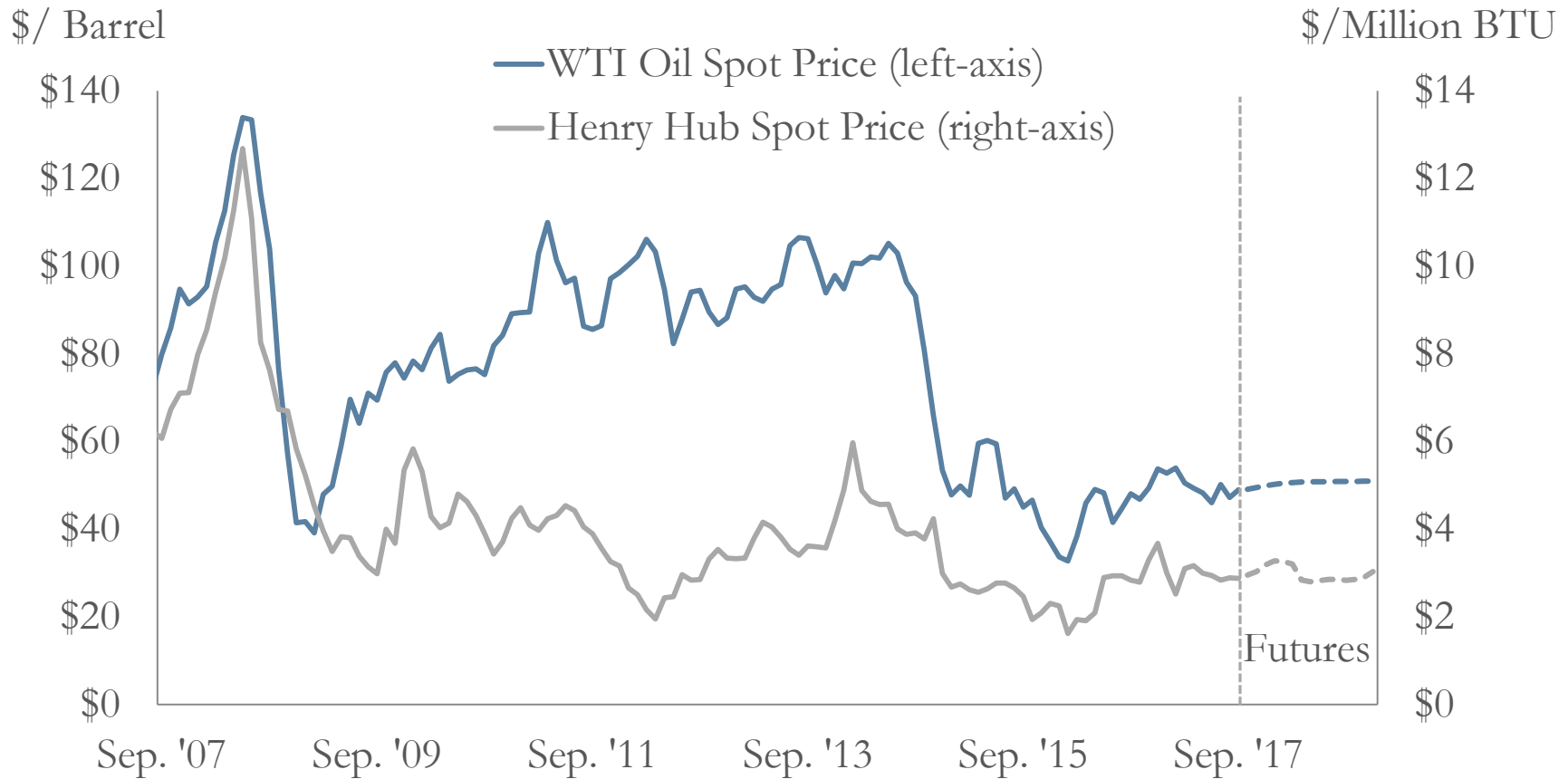
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*YTD July*

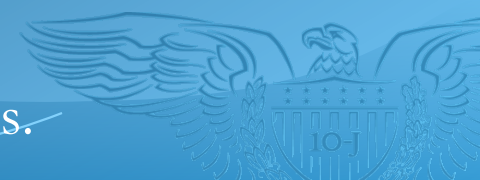
Oil and natural gas prices have increased since February 2016, but additional gains are expected to be gradual.



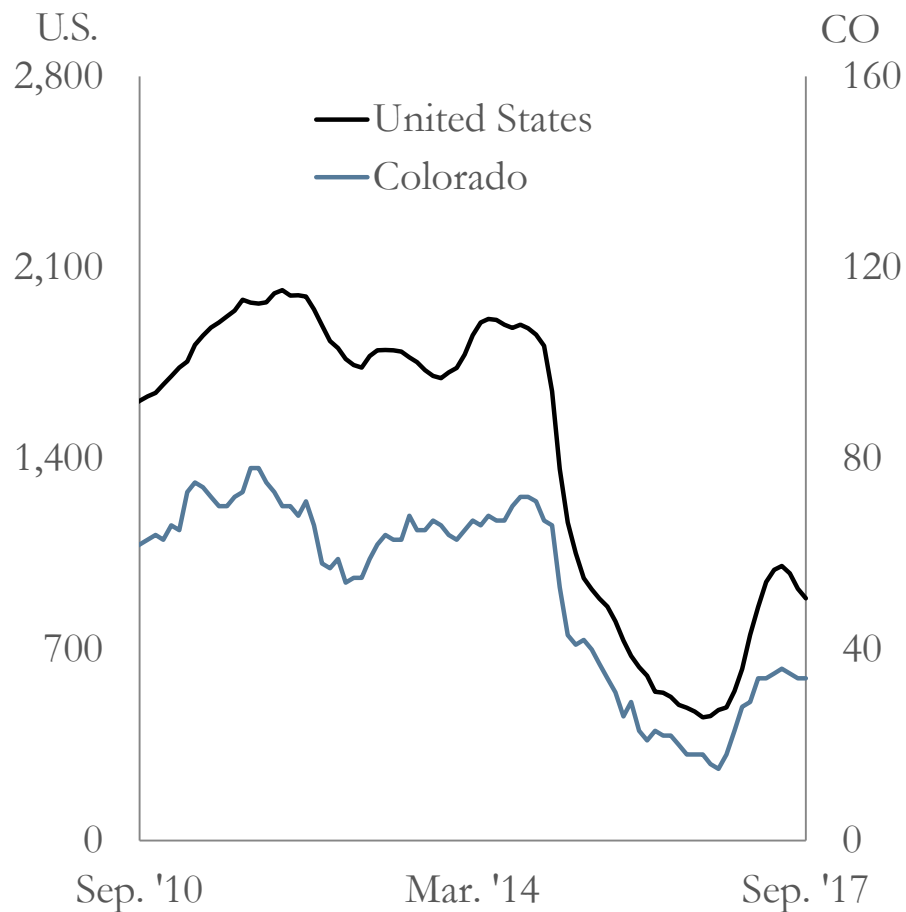
## ENERGY PRICES



Energy activity has picked up in response to higher oil prices.

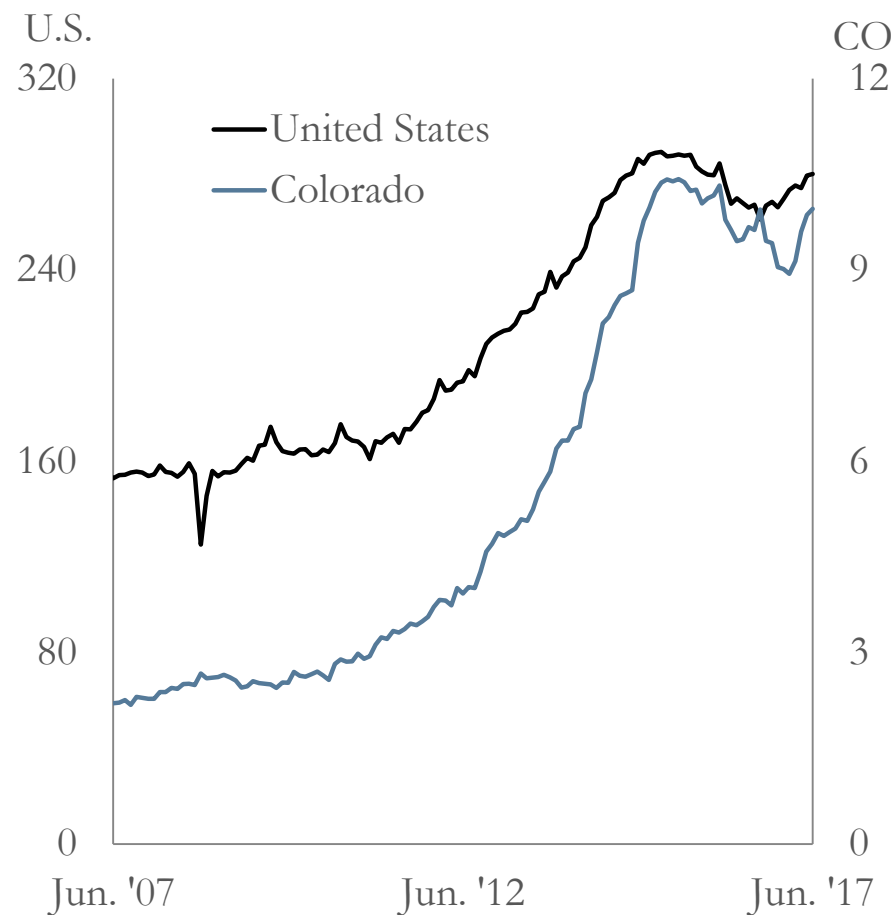


### TOTAL RIG COUNT



### CRUDE OIL PRODUCTION

*Millions of Barrels, Monthly,  
Seasonally Adjusted*

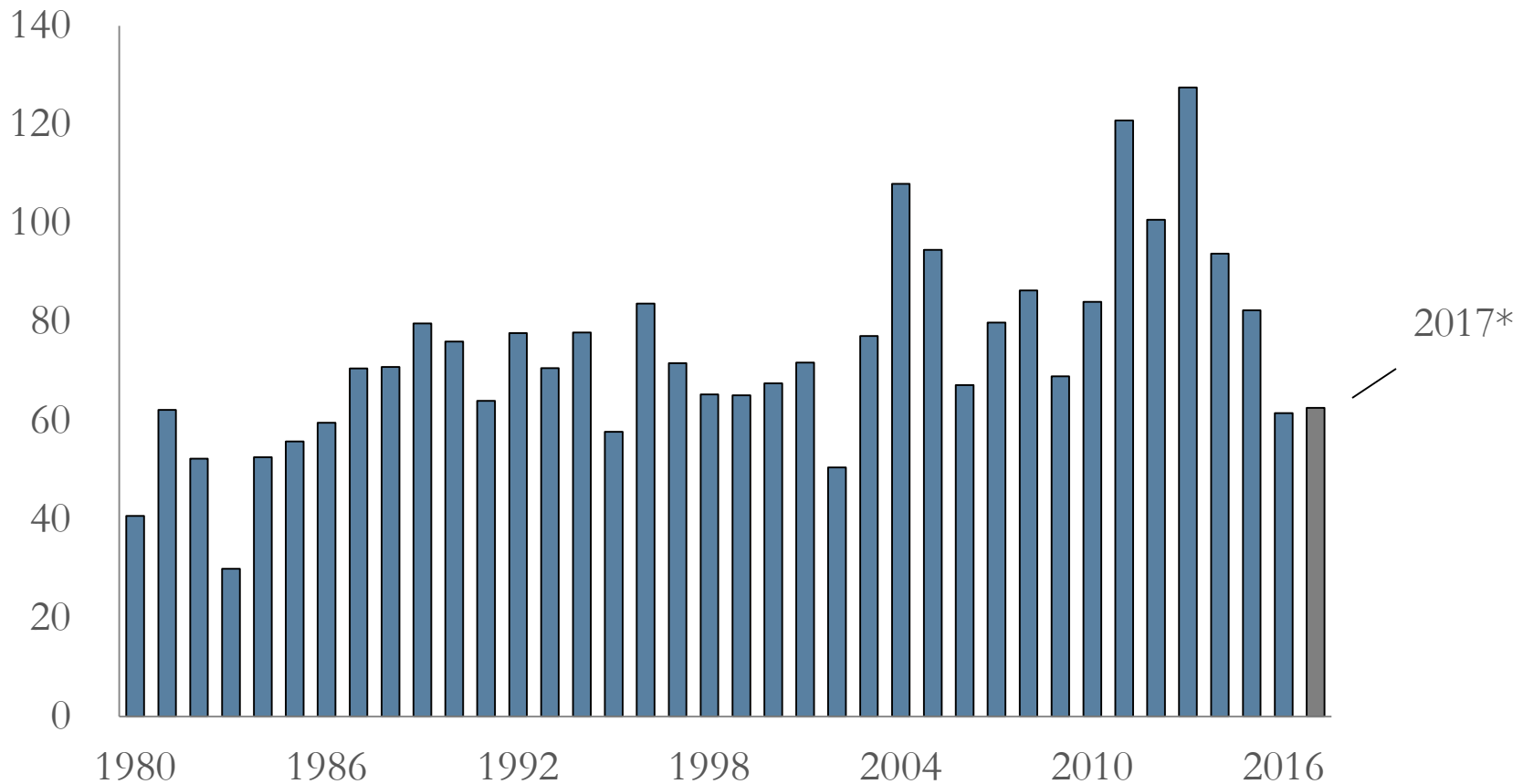


# Farm income is expected to remain weak in 2017.



## U.S. REAL NET FARM INCOME

*Billions, 2016 Dollars*

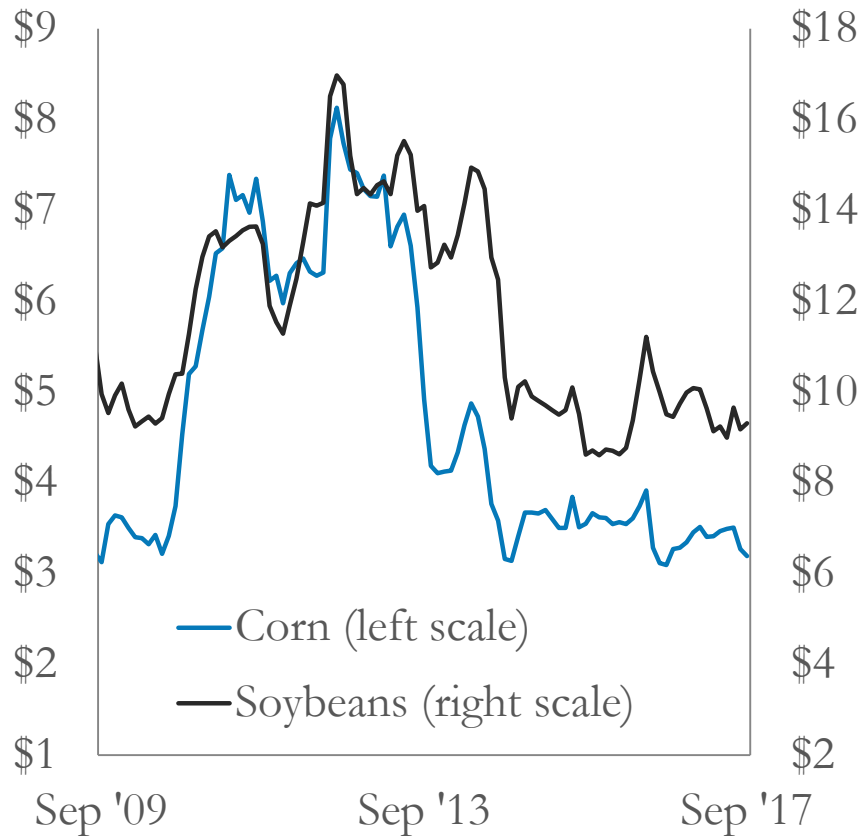


*\*Forecast for 2017*

Livestock and crop prices remain low despite some rebound in cattle prices earlier this year.

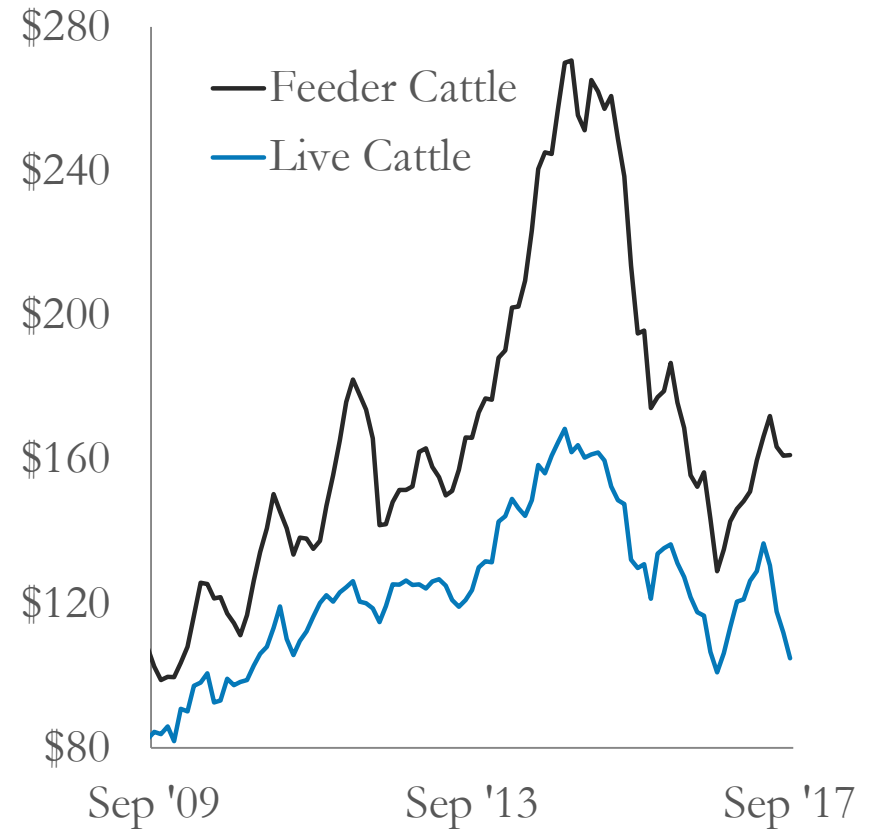
## U.S. CROP PRICES

*Dollars per Bushel*



## U.S. LIVESTOCK PRICES

*Dollars per Hundredweight*



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

