

FIFTY-SECOND ANNUAL

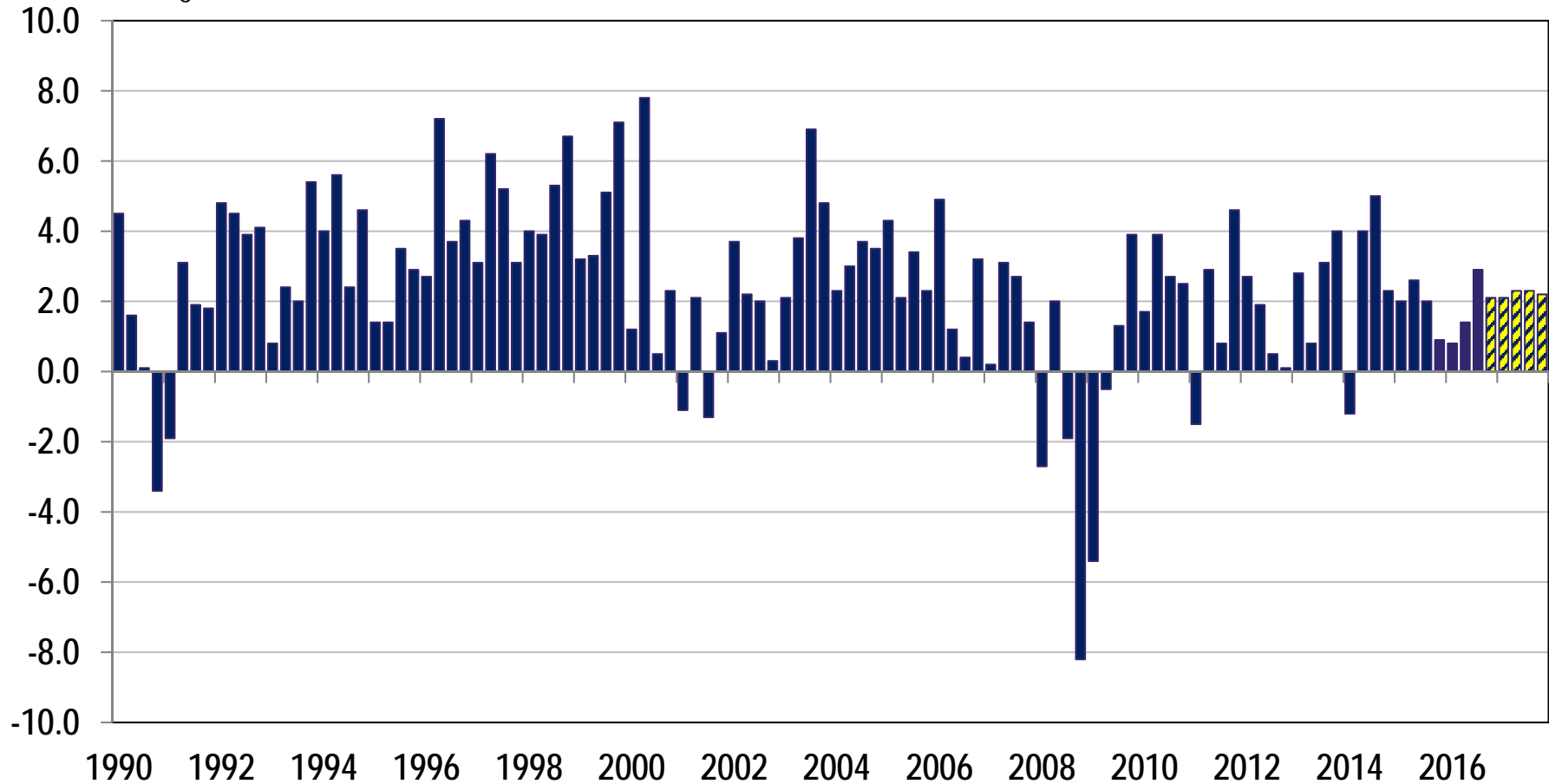
**COLORADO
BUSINESS ECONOMIC
OUTLOOK**

2017

Real GDP Growth

Quarterly Real GDP

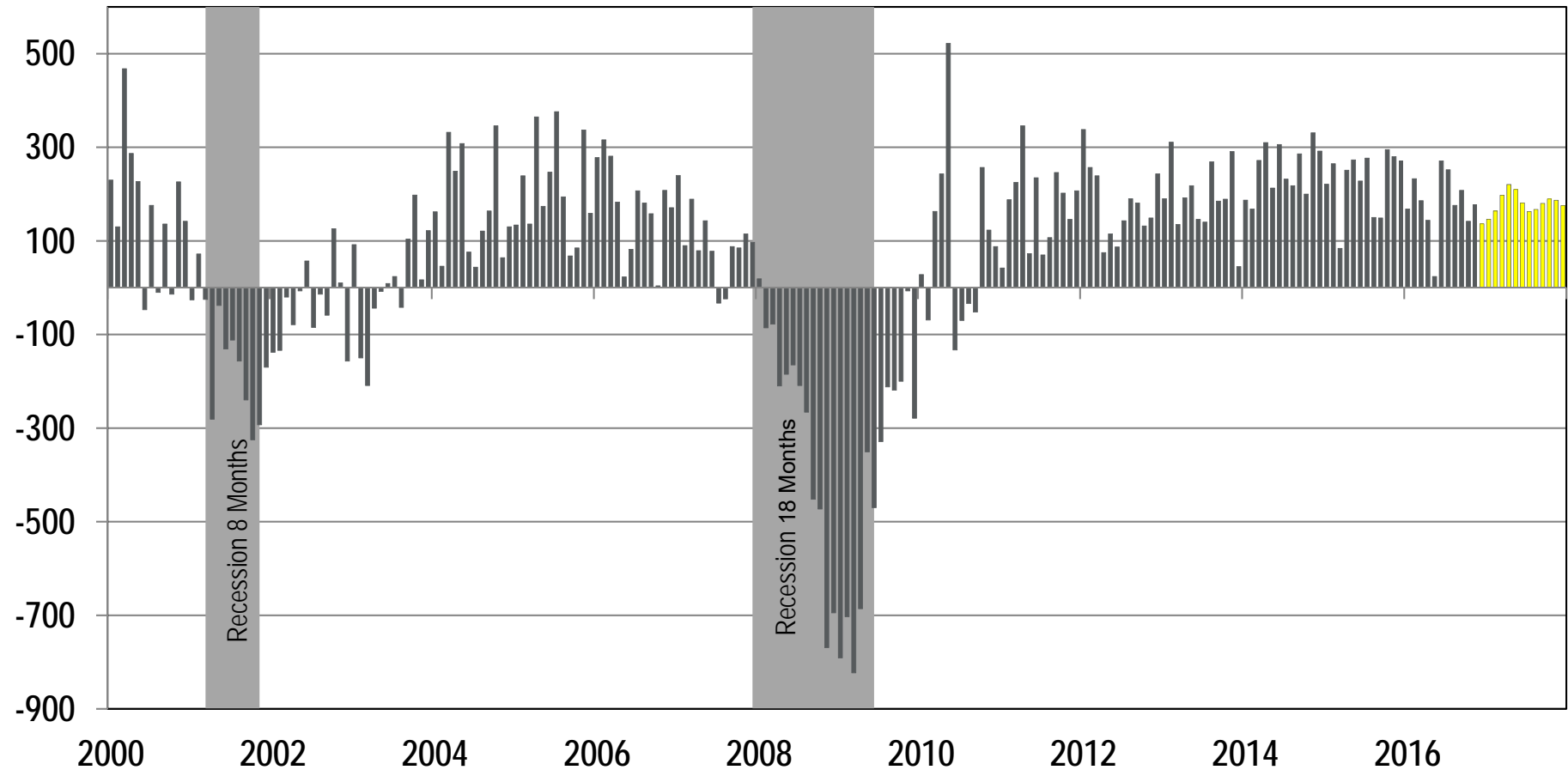
Percent Change, SAAR



Sources: Bureau of Economic Analysis and Consensus Forecasts.

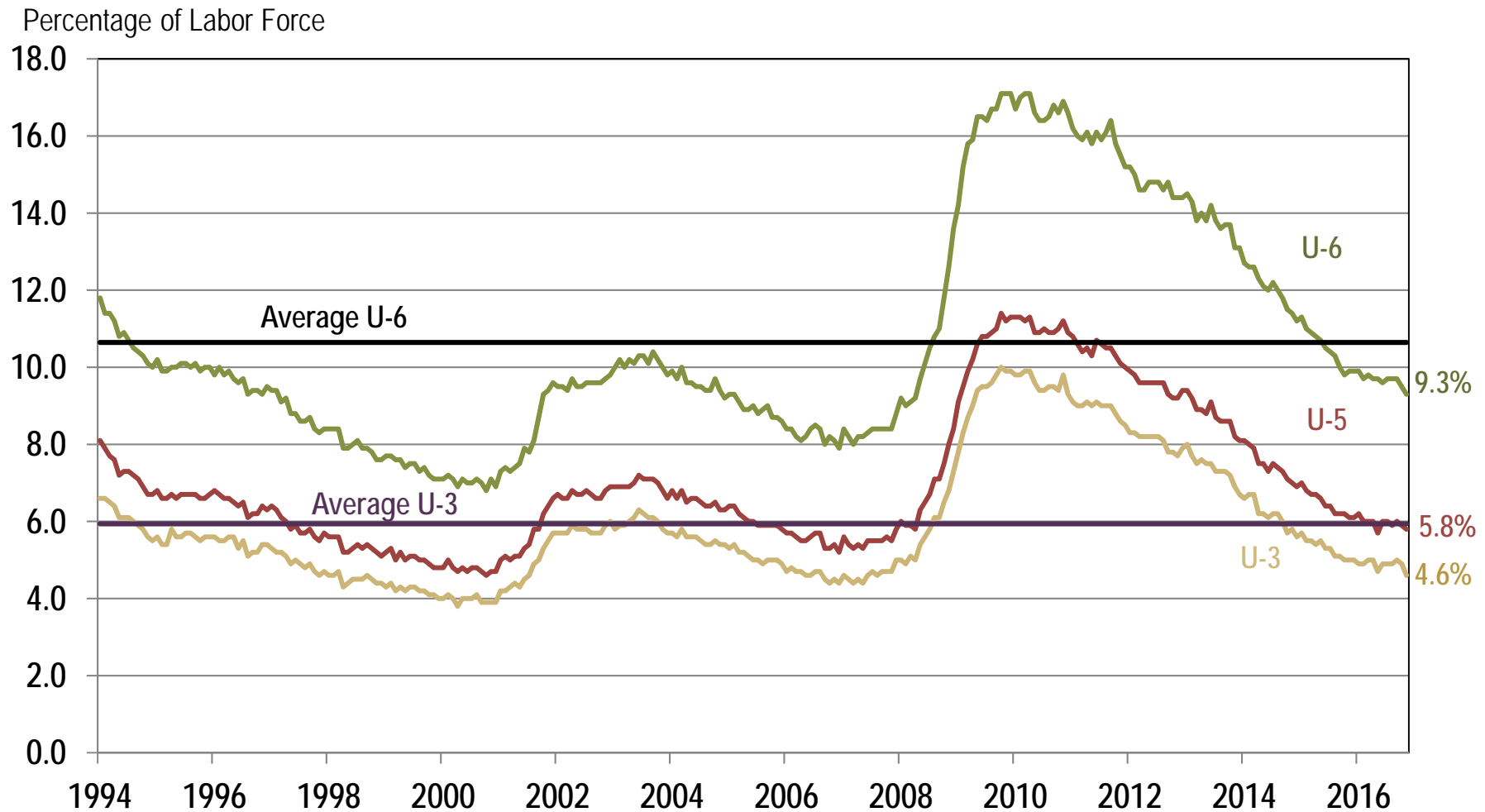
National Employment

Thousands, Month-over-Month



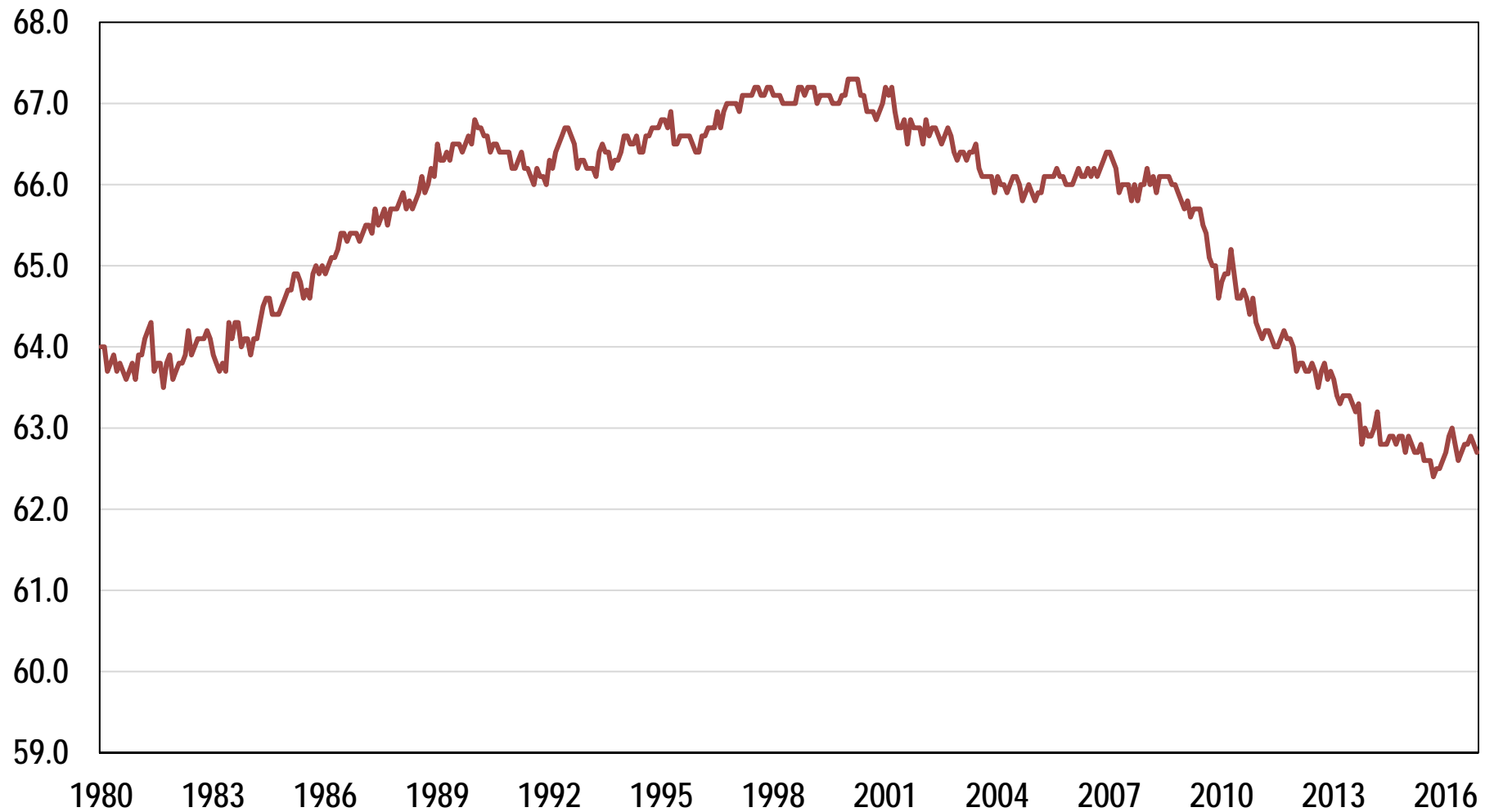
Sources: Bureau of Labor Statistics (Seasonally Adjusted), National Bureau of Economic Research, and the Business Research Division.

Labor Underutilization



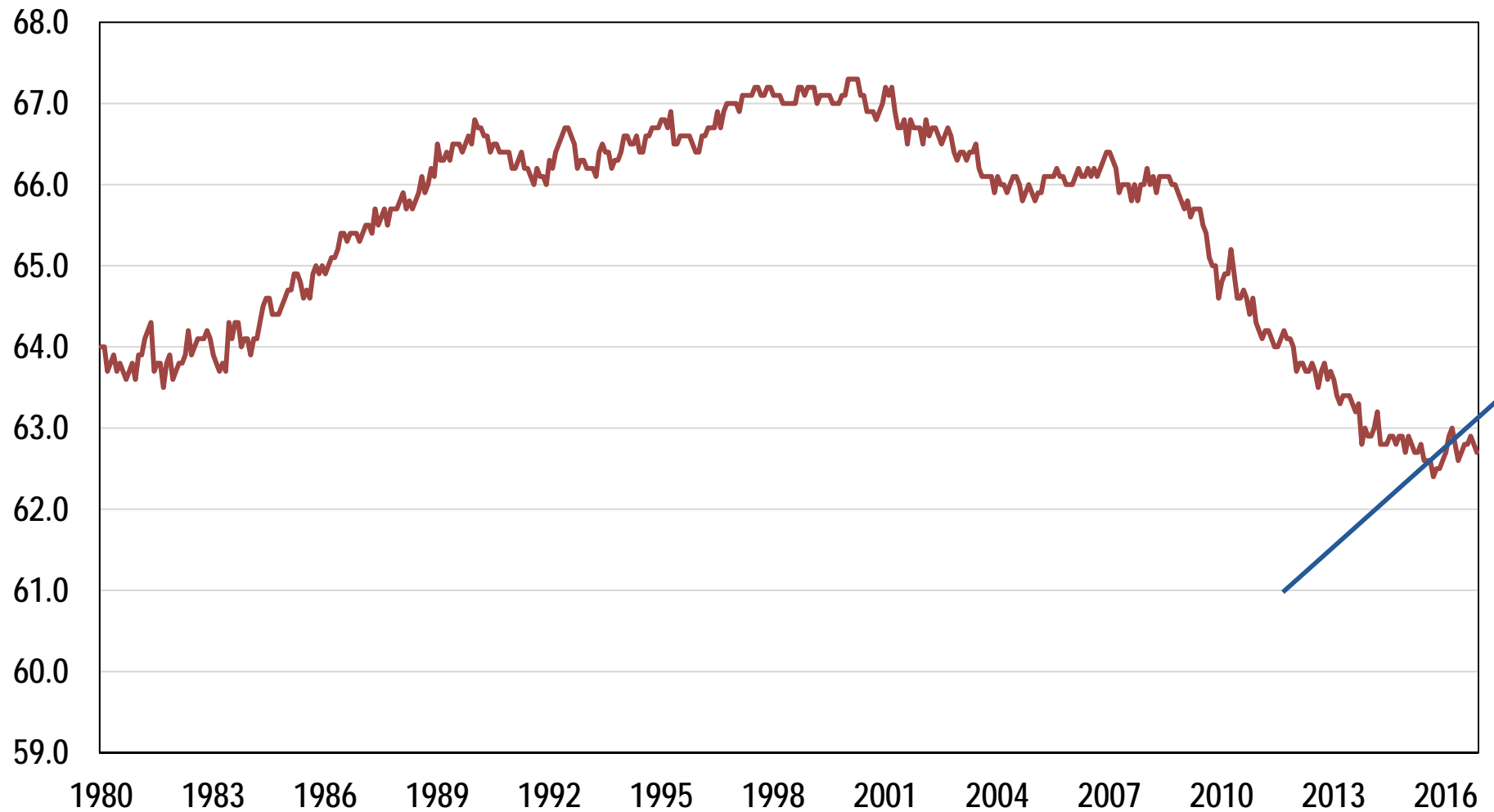
Source: Bureau of Labor Statistics (Seasonally Adjusted).

Labor Force Participation Rate



Source: Bureau of Labor Statistics (Seasonally Adjusted).

Labor Force Participation Rate

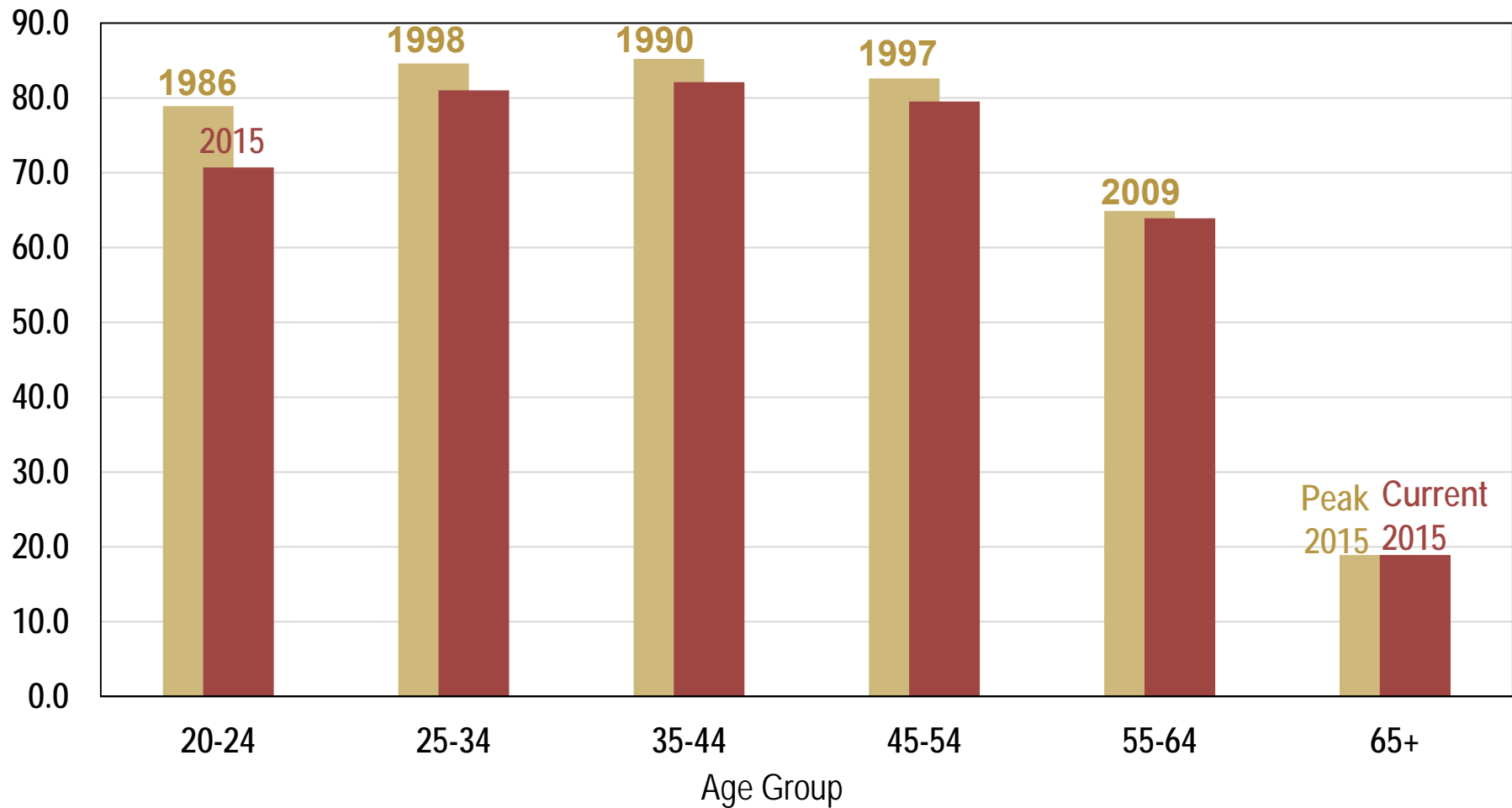


Source: Bureau of Labor Statistics (Seasonally Adjusted).

Labor Force Participation Rates

National by Age Cohort

LFPR

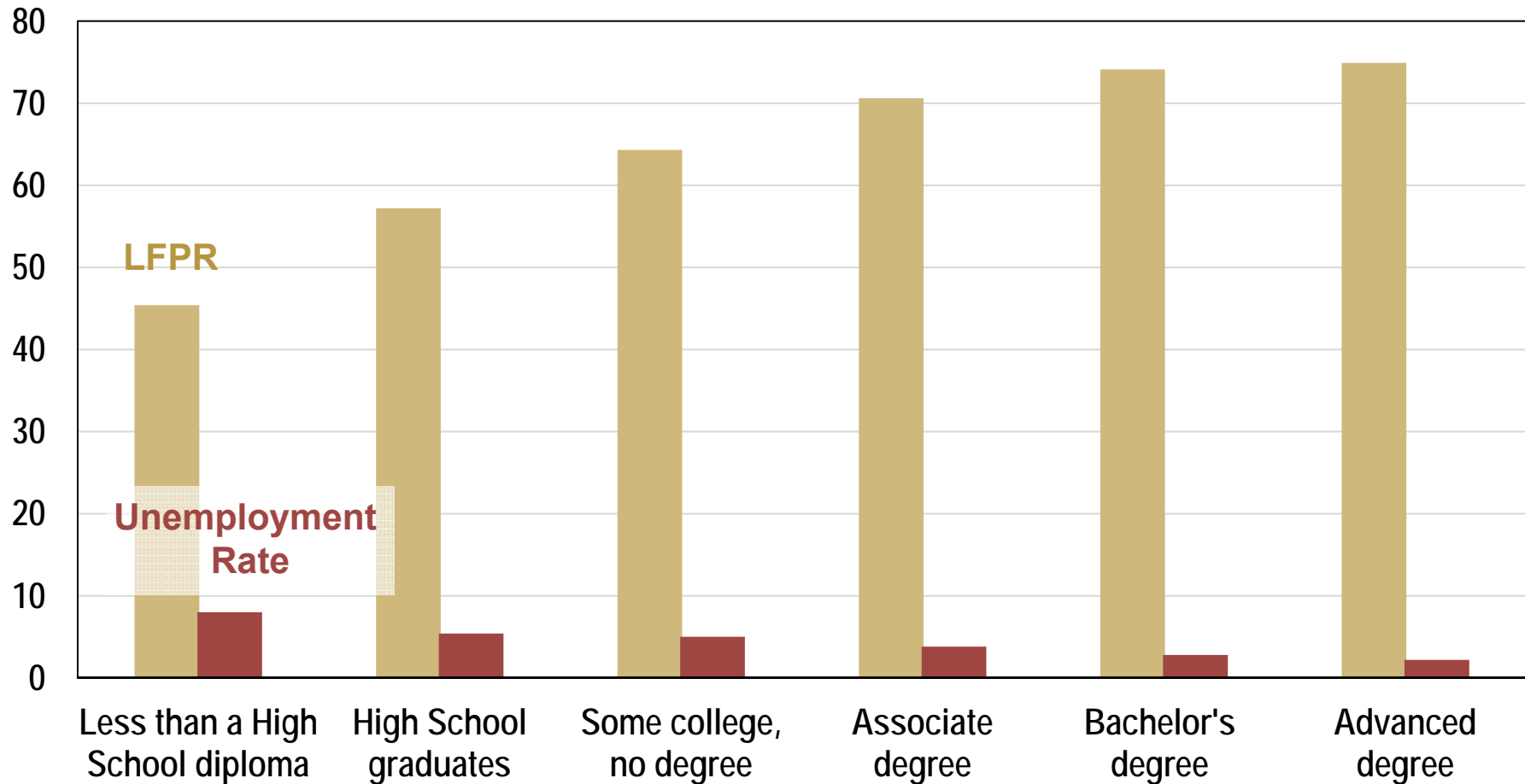


Source: Bureau of Labor Statistics, Current Population Survey (CPS).

Labor Force and Unemployment Rate

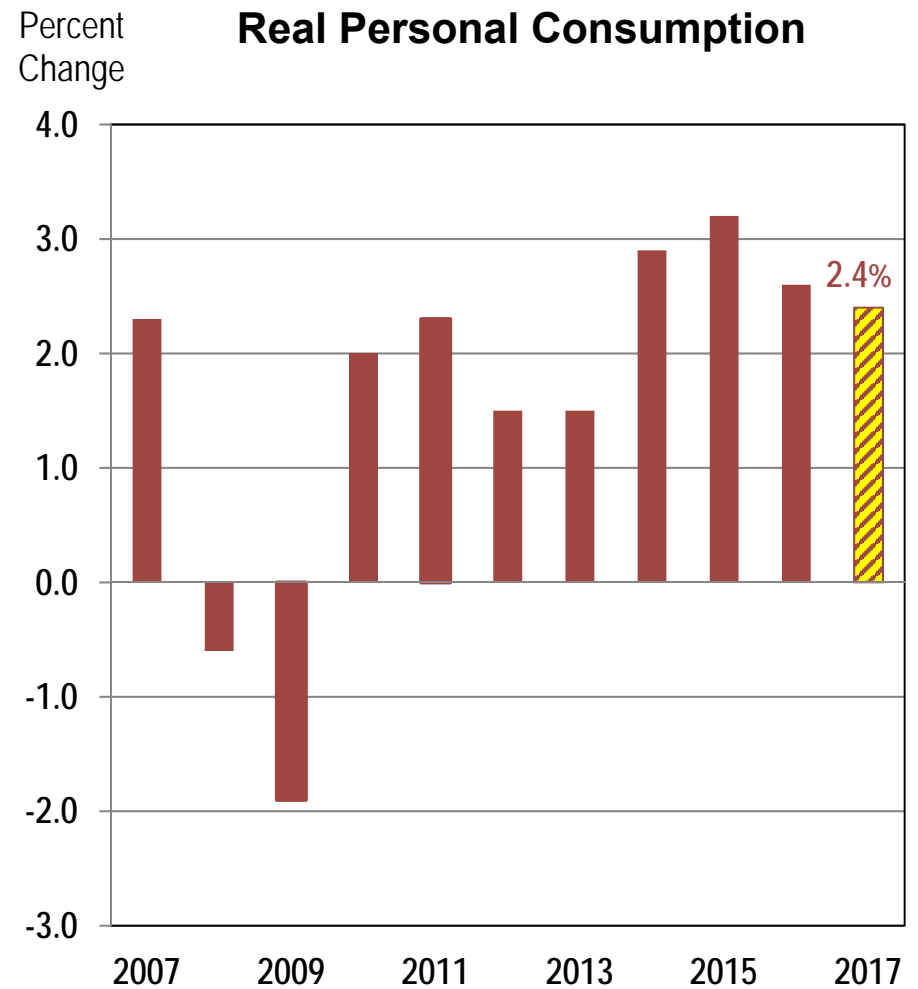
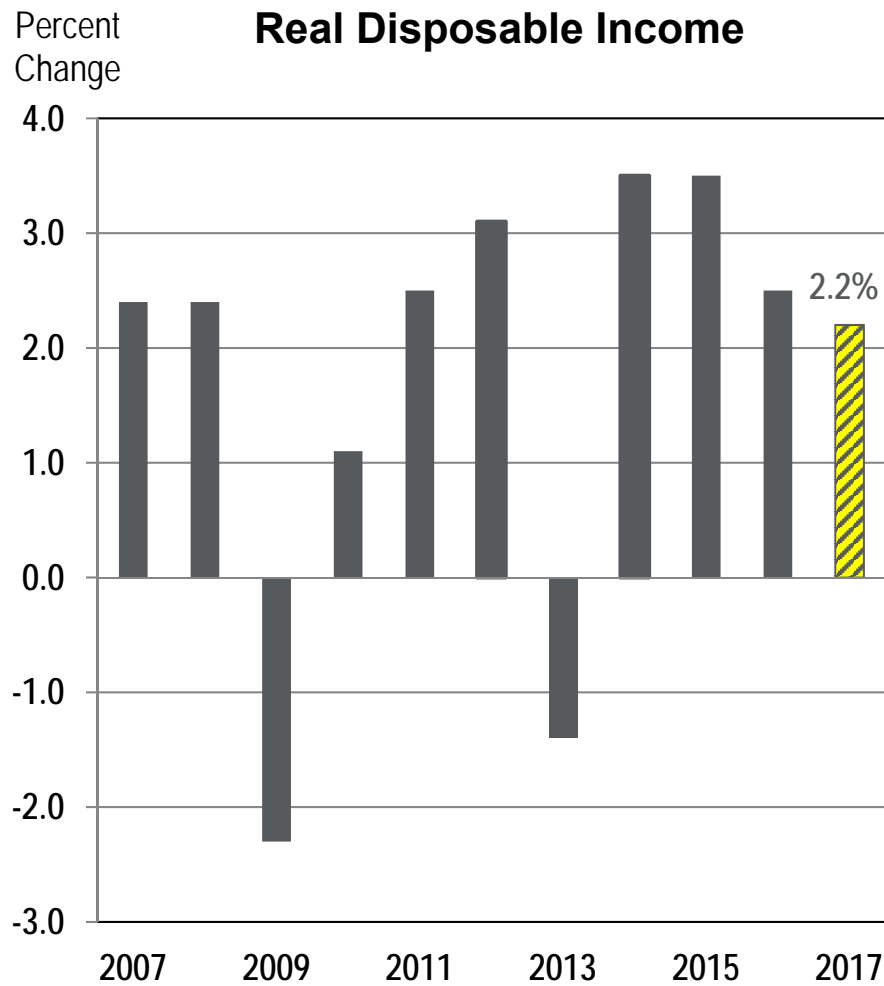
National by Educational Attainment, Population 25 and Over, 2015

Percentage



Source: Bureau of Labor Statistics, Current Population Survey (CPS).

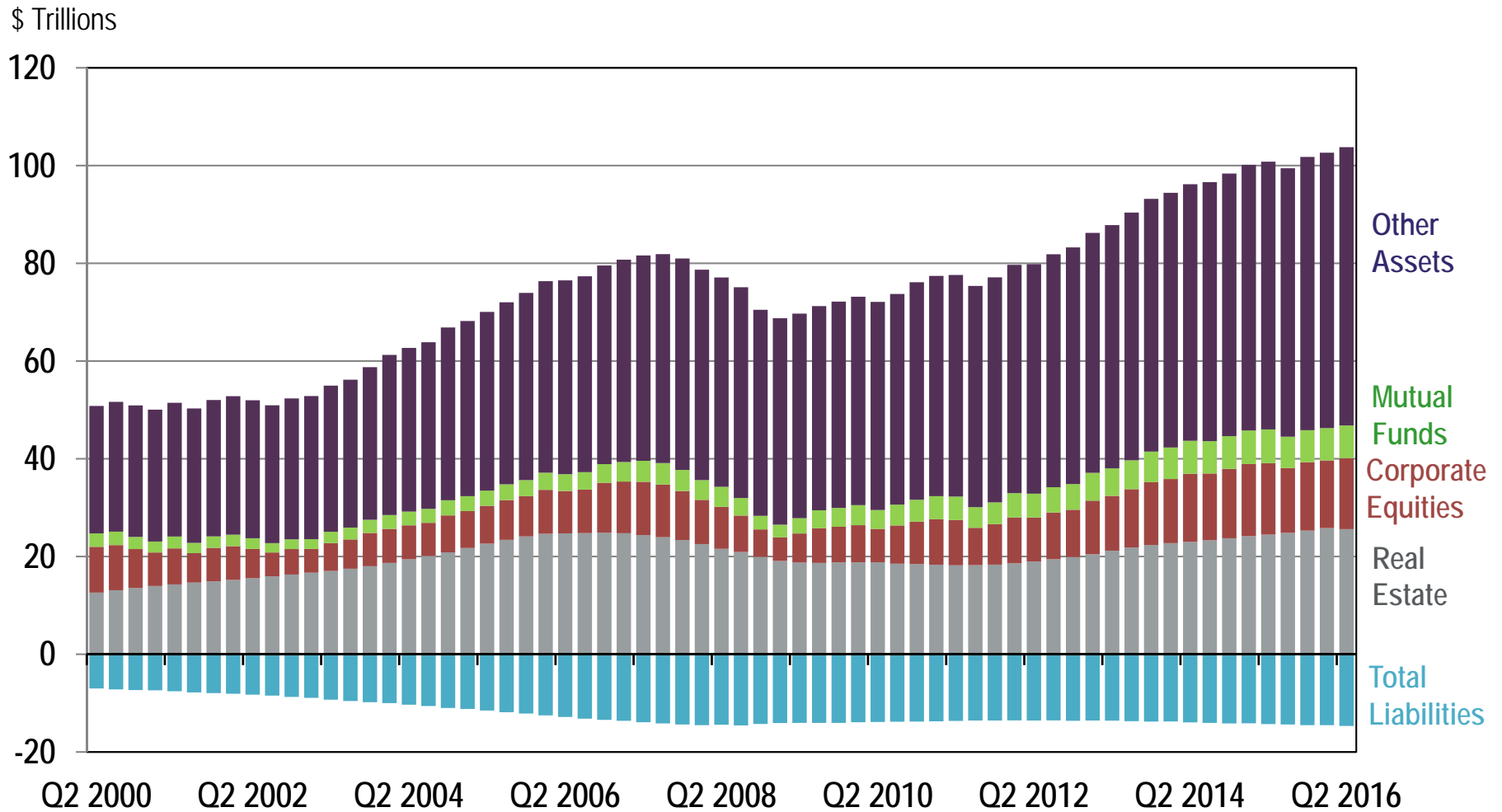
U.S. Income and Consumption



Sources: Consensus Forecasts.

Household Wealth

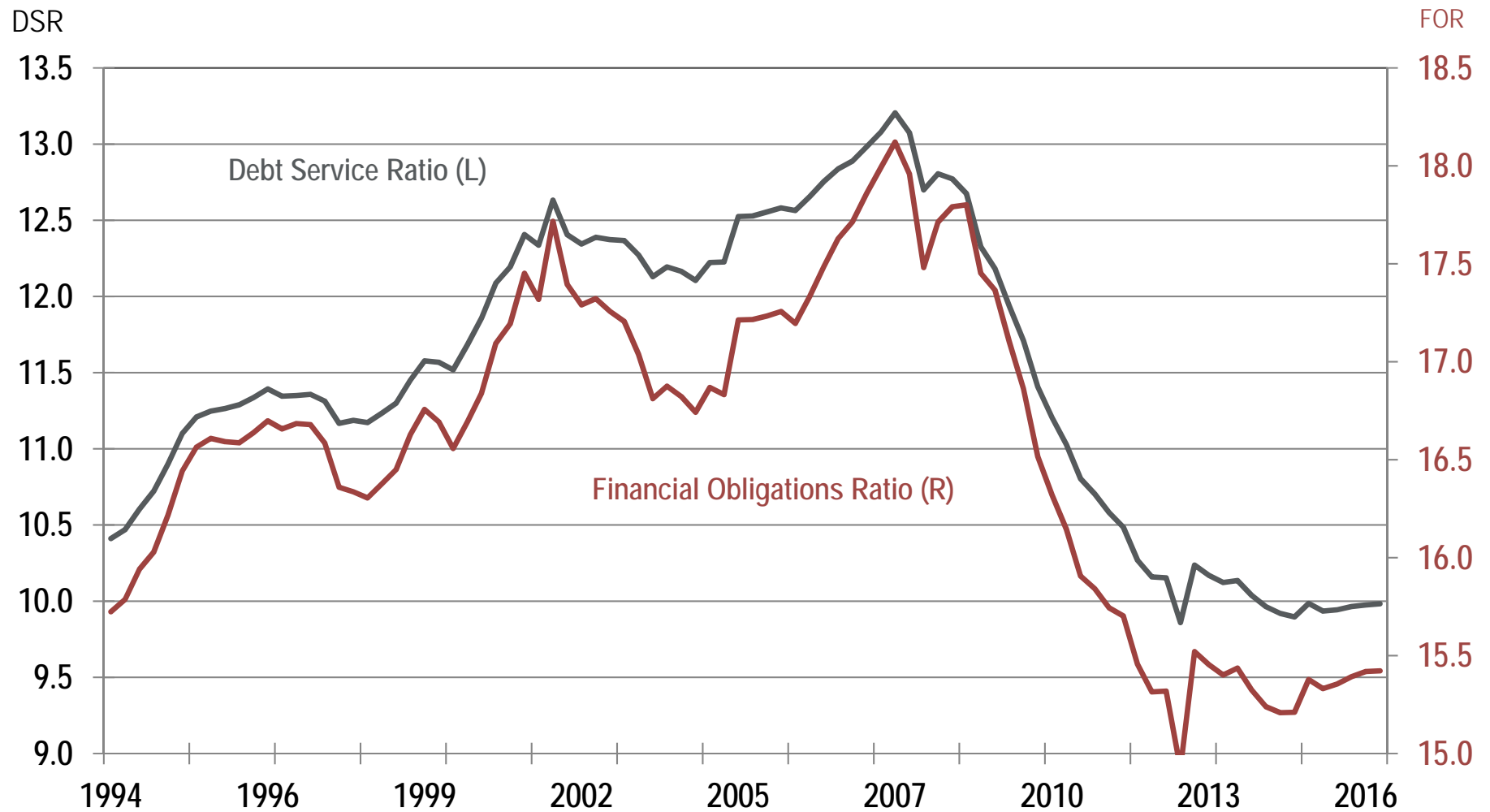
Q2 2001-Q2 2016



Source: Federal Reserve Board, Balance Sheet of Households and Nonprofit Organizations (B.101) (Not Seasonally Adjusted).

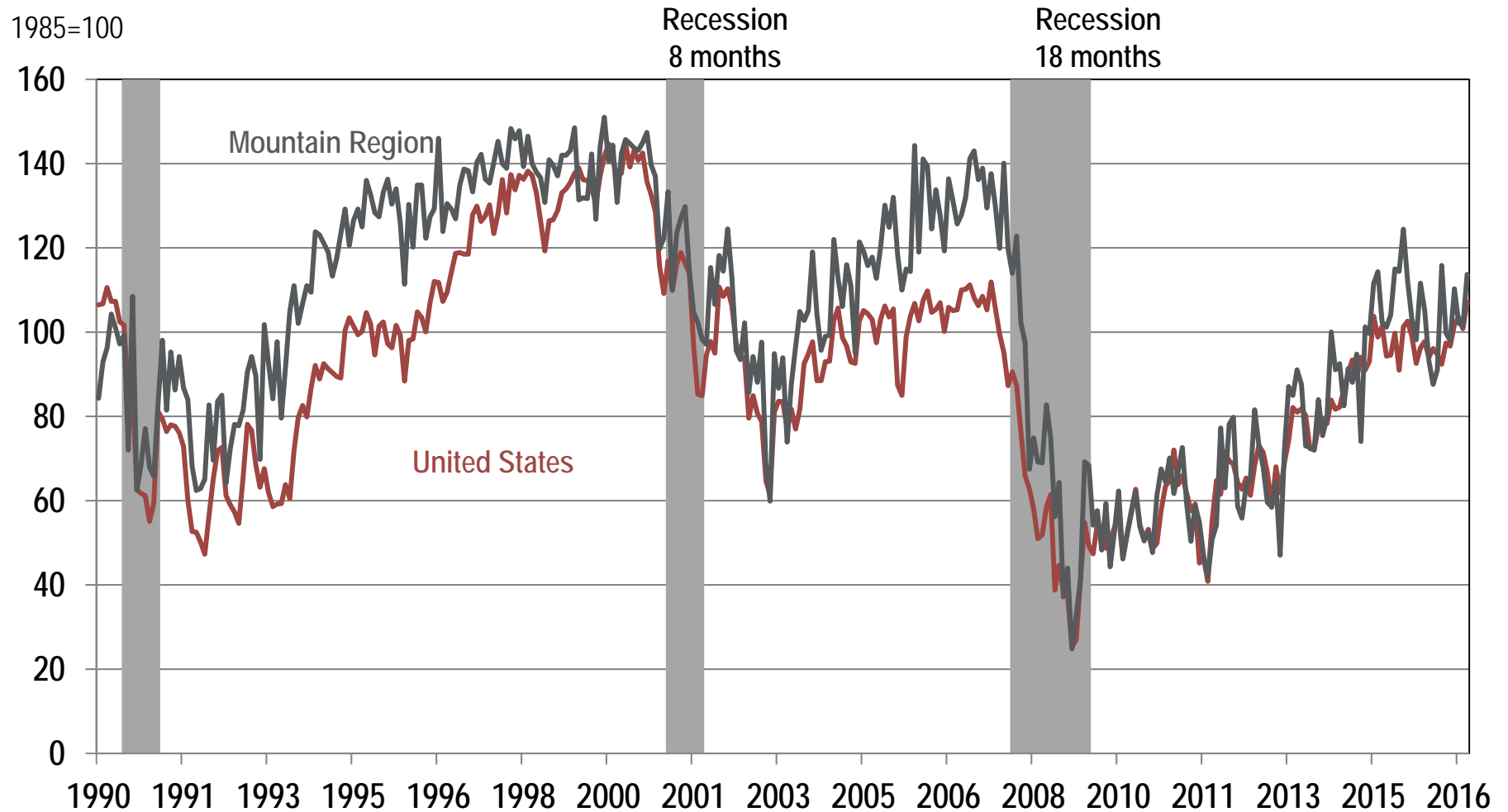
Household Debt Burden

Percent of Disposable Income



Source: Federal Reserve, Household Debt Service and Obligations Ratios.

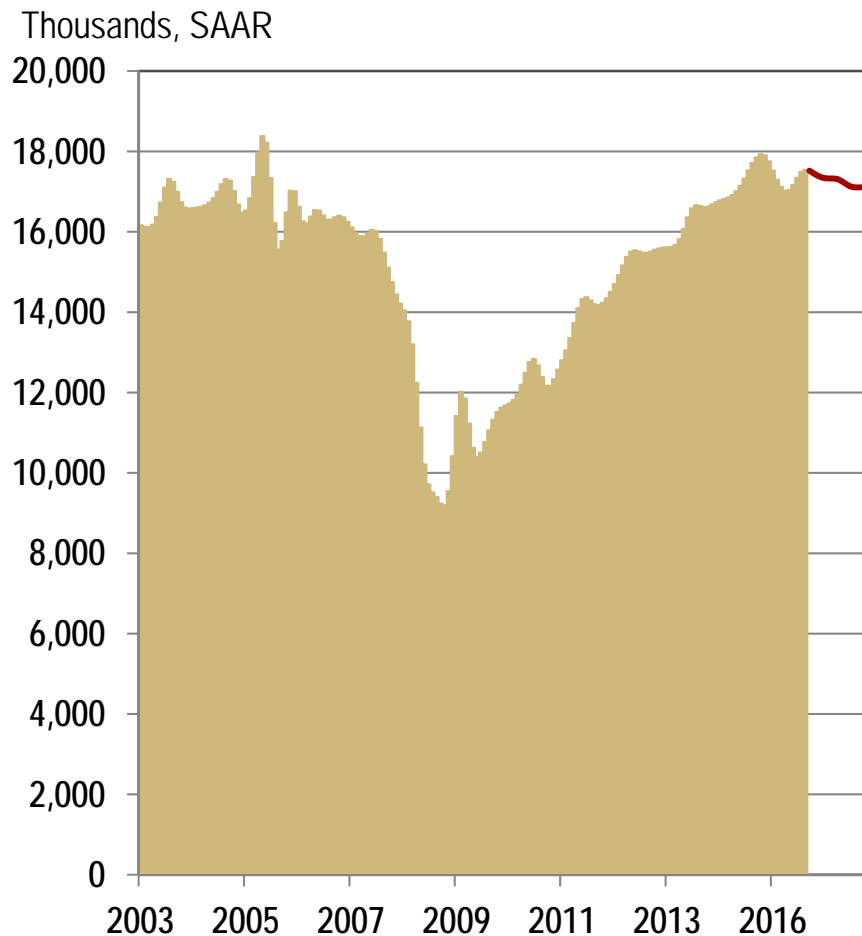
Index of Consumer Confidence



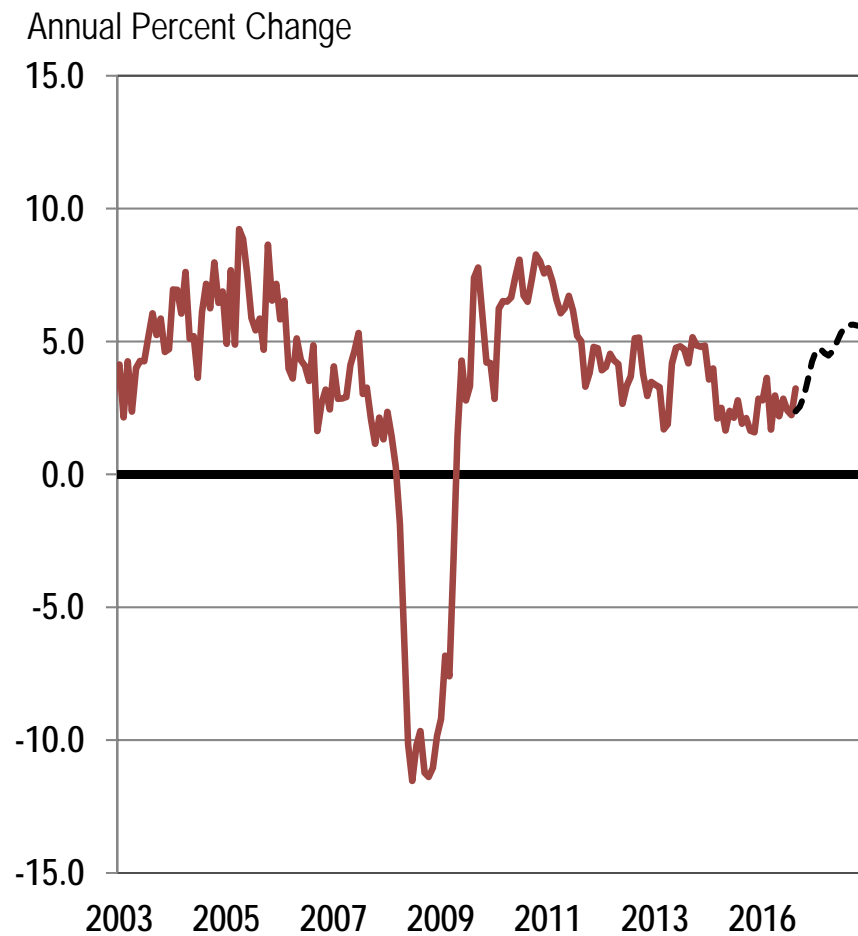
Sources: The Conference Board and National Bureau of Economic Research.

Vehicle Sales and Retail Sales

Vehicle Sales

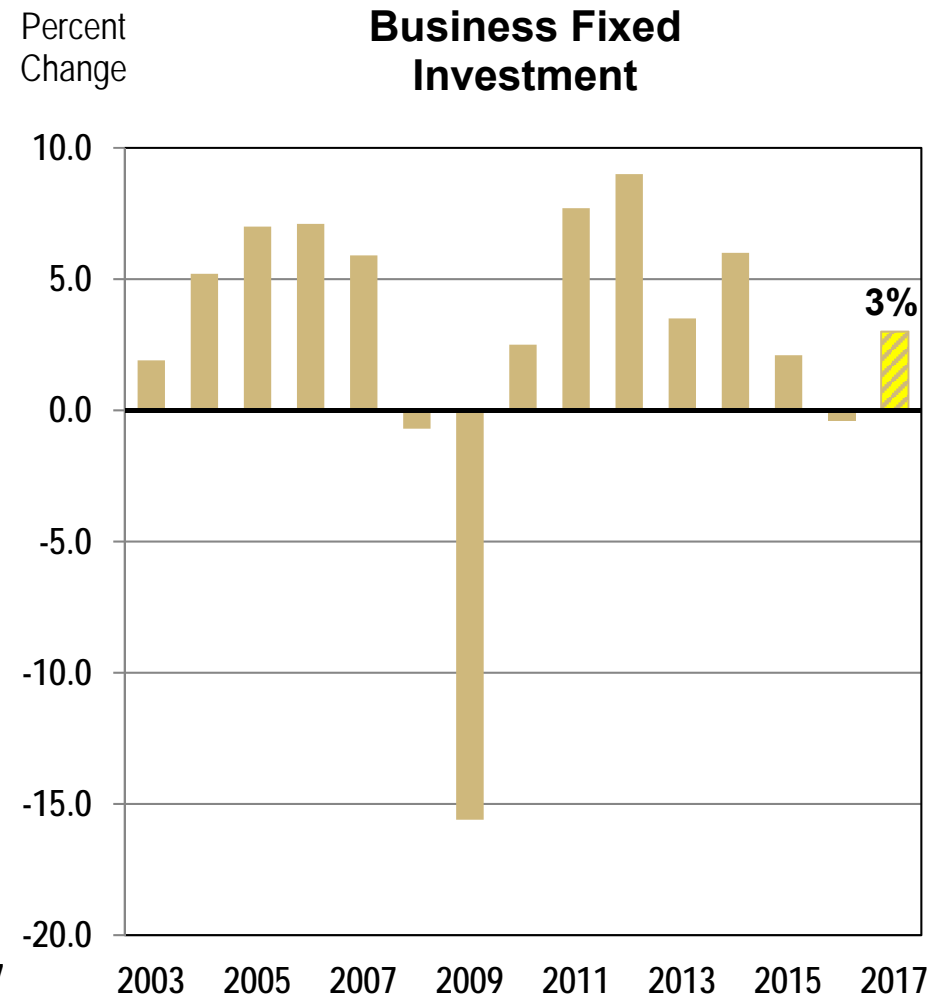
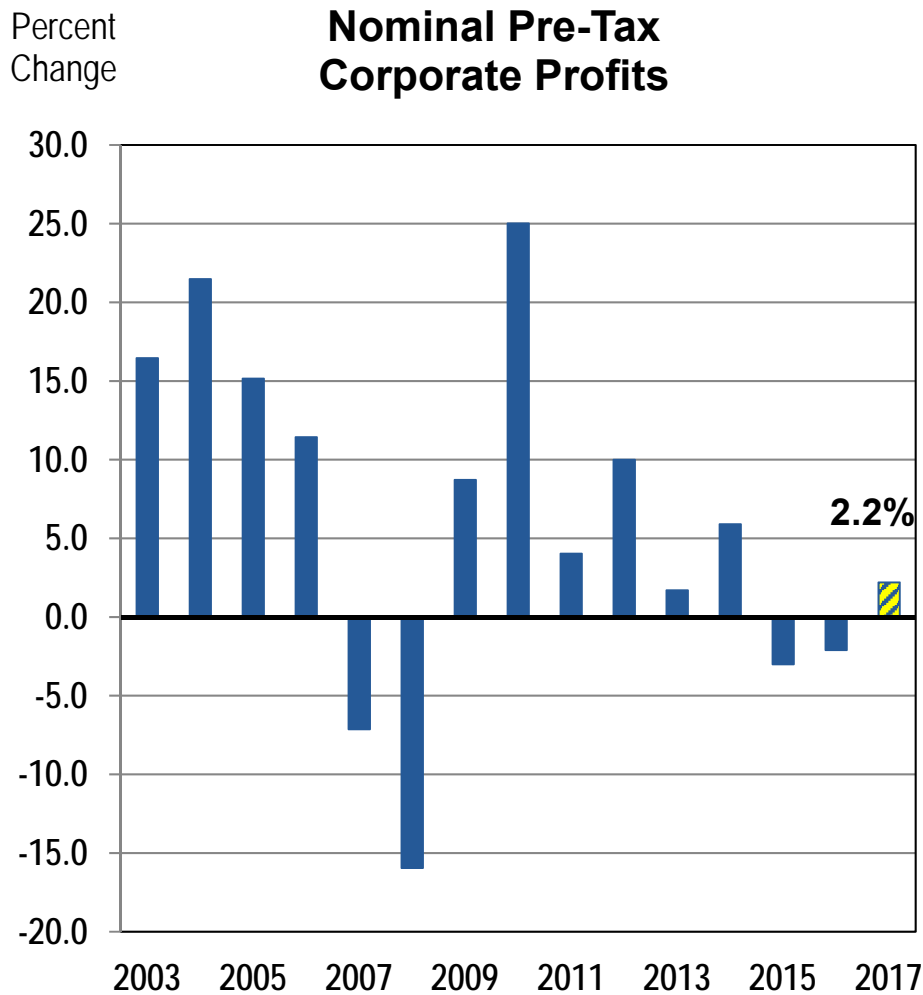


Retail and Food Services Sales



Sources: Bureau of Economic Analysis, Moody's Analytics, U.S. Census Bureau (Seasonally Adjusted Annual Rate).

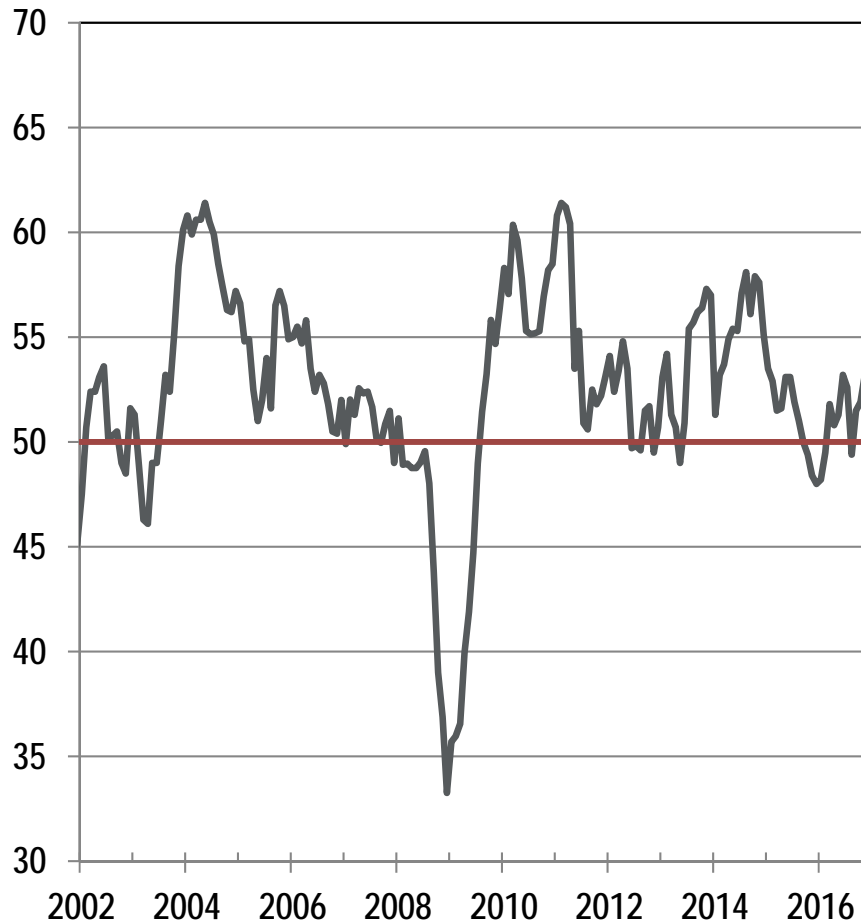
Nominal Corporate Profits and Business Fixed Investment



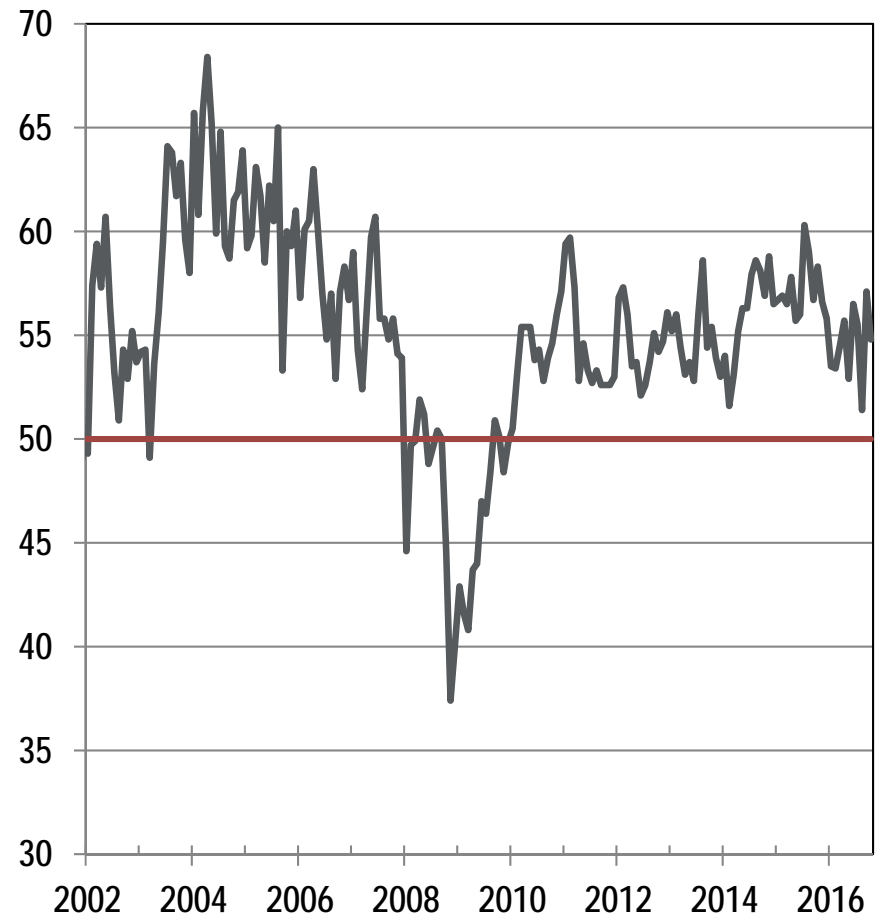
Sources: Bureau of Economic Analysis, Consensus Forecasts.

ISM Indices

ISM Manufacturing Index



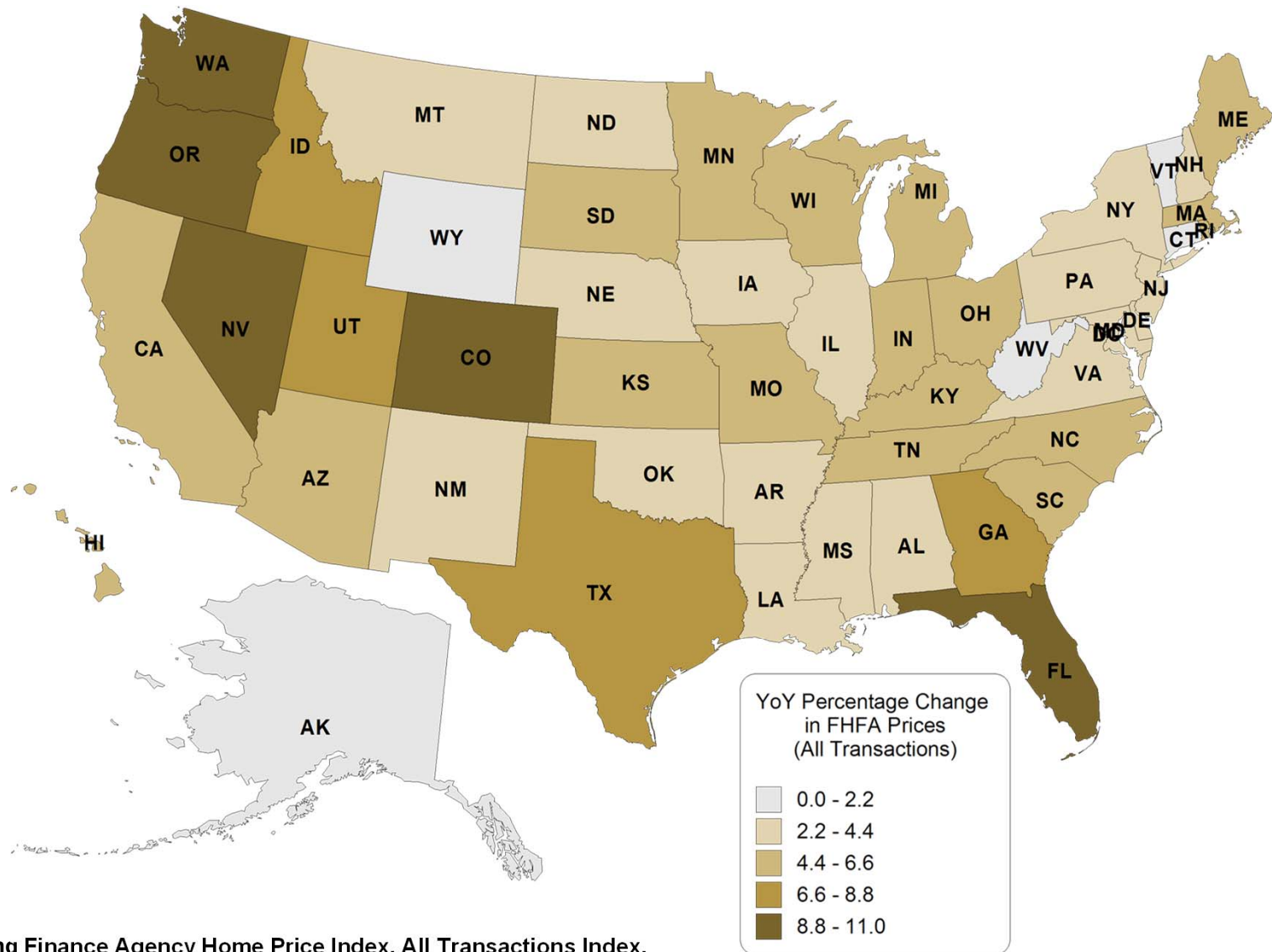
ISM Non-Manufacturing Index



Source: Institute for Supply Management (ISM).

National FHFA Home Price Growth

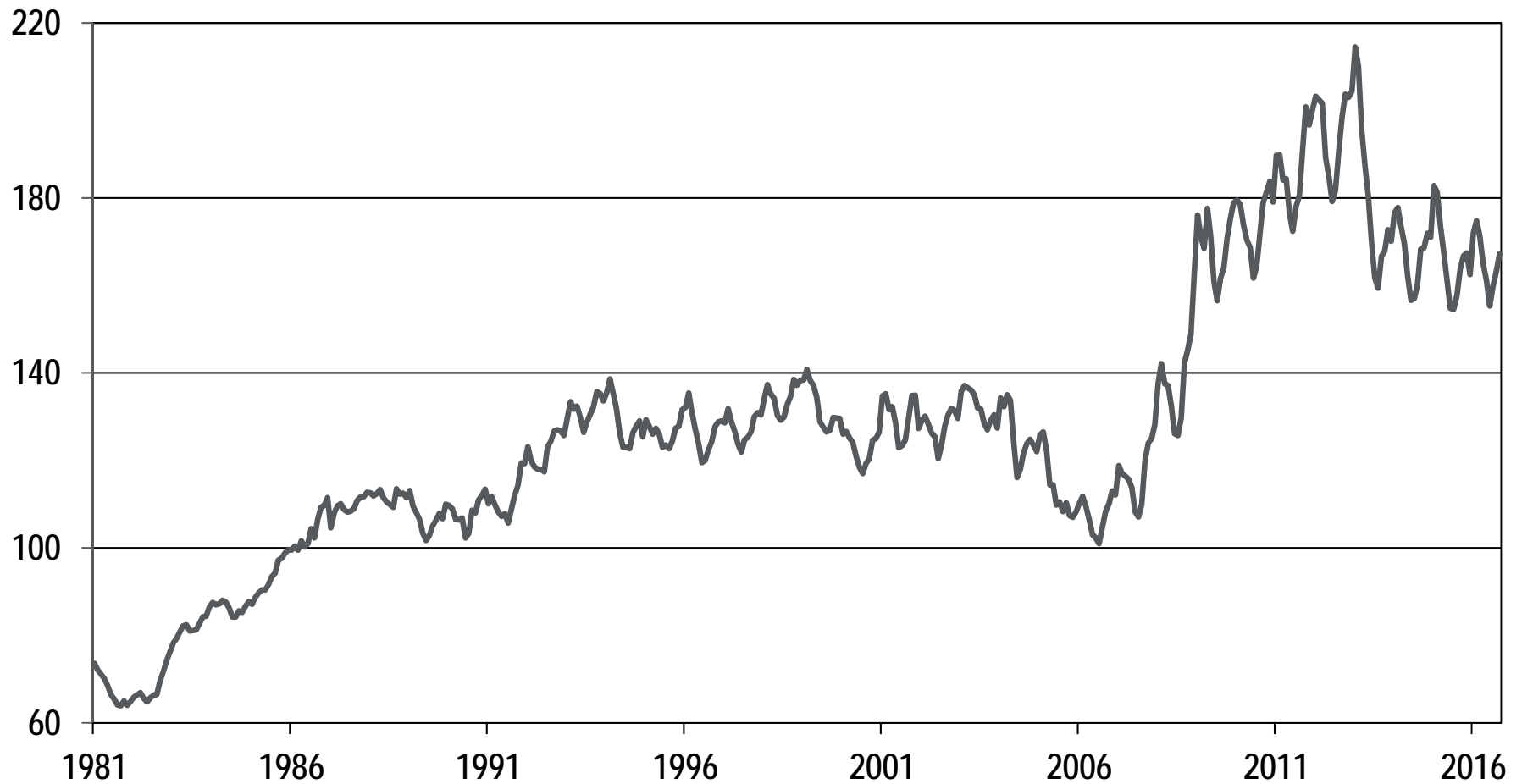
Year over Year Q3 2016



Source: Federal Housing Finance Agency Home Price Index, All Transactions Index.

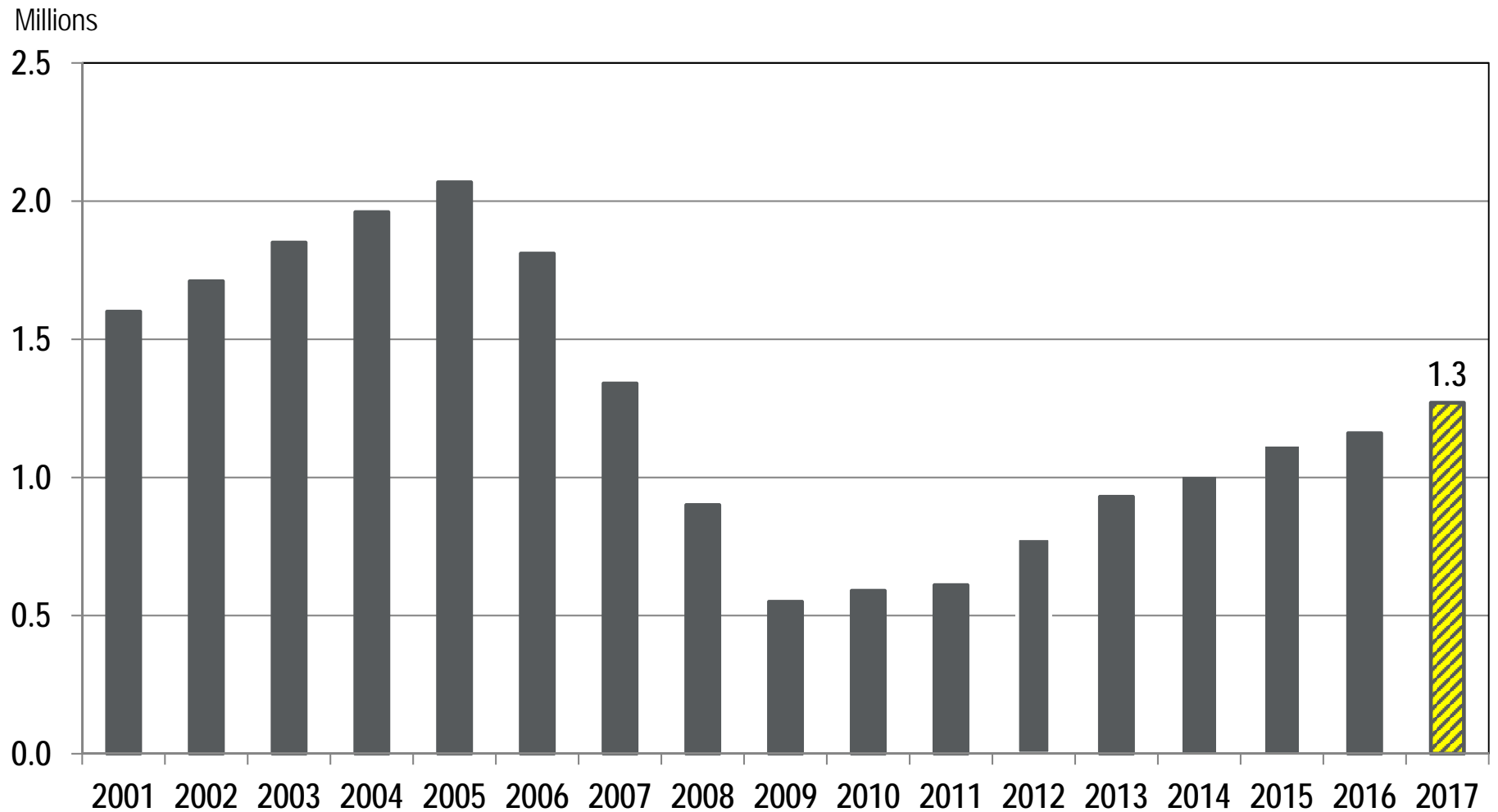
Housing Affordability Index

Composite Index



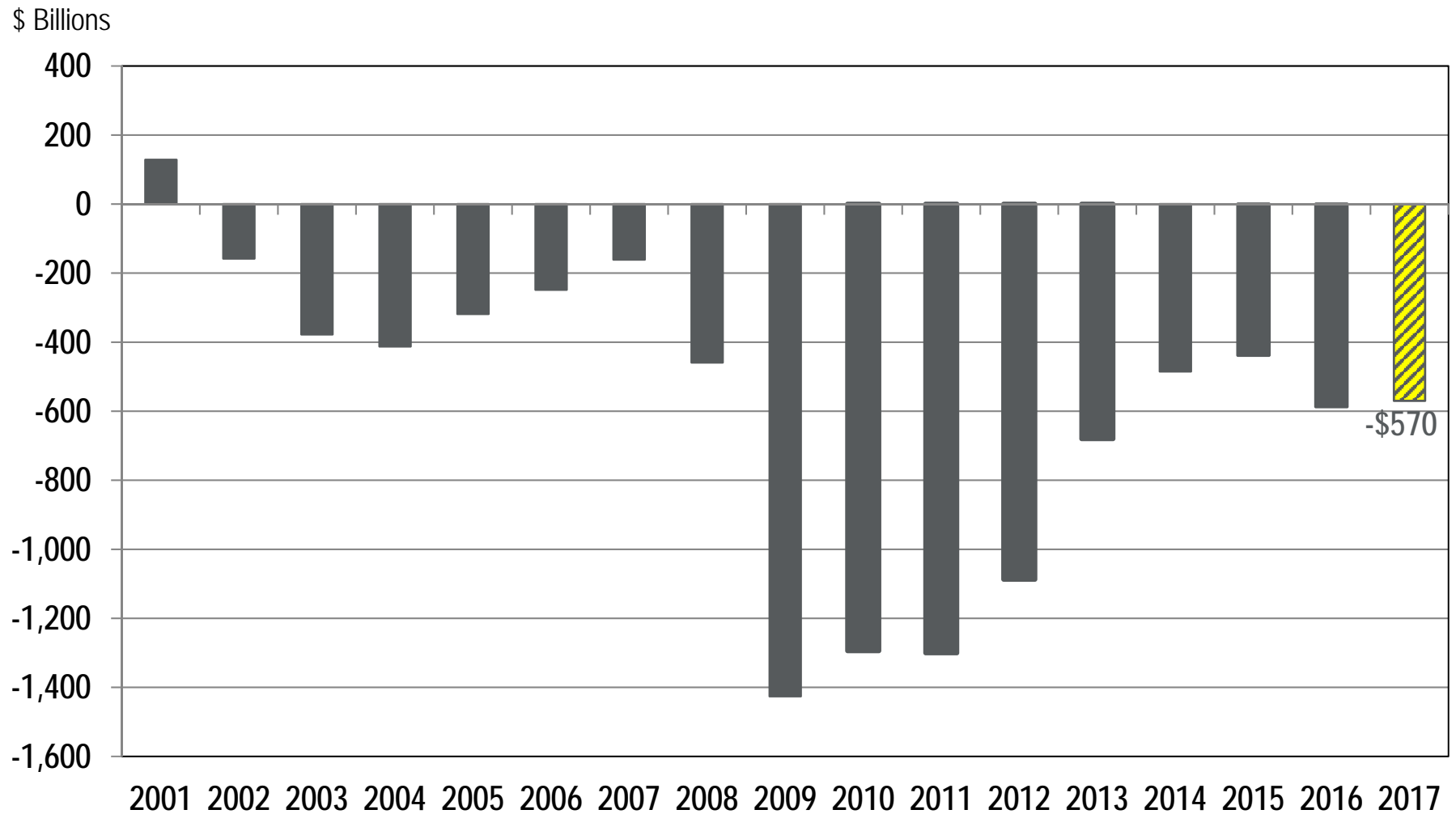
Source: National Association of Realtors.

National Housing Starts



Sources: U.S. Census Bureau and Consensus Forecasts.

Federal Budget Balance

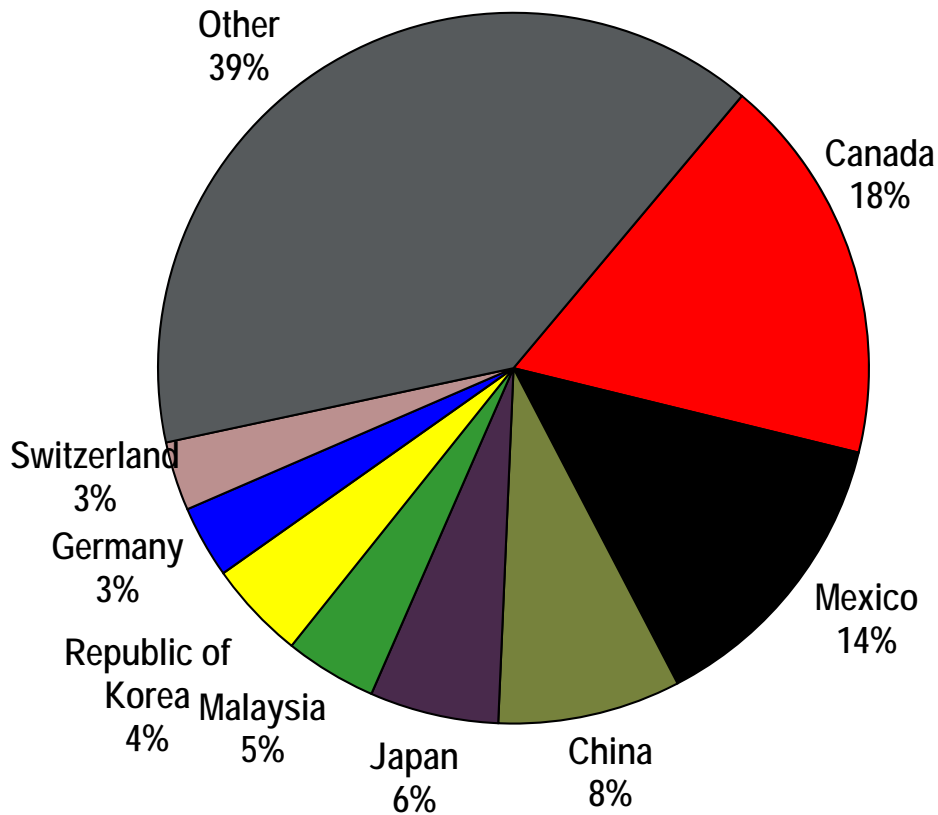


Sources: Bureau of Economic Analysis, NIPA Table 3.18B, Consensus Forecasts.

International Trade

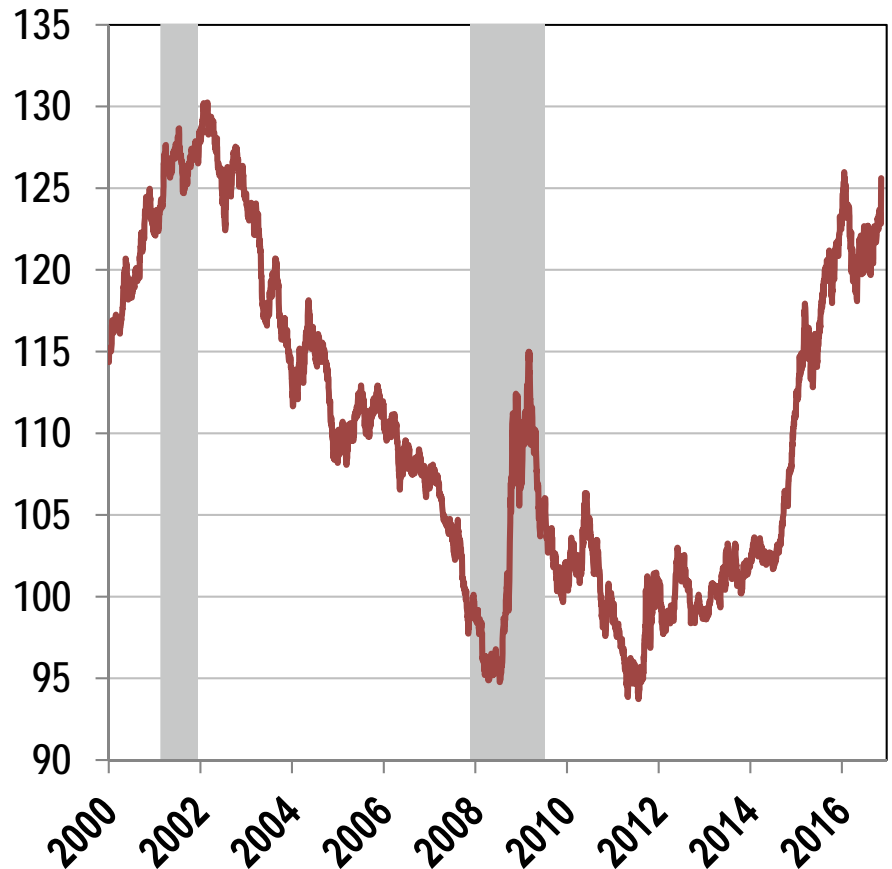
Major Export Destinations

Export Destinations



Trade Weighted U.S. Dollar, 2000-2016

Index Jan. 1997=100

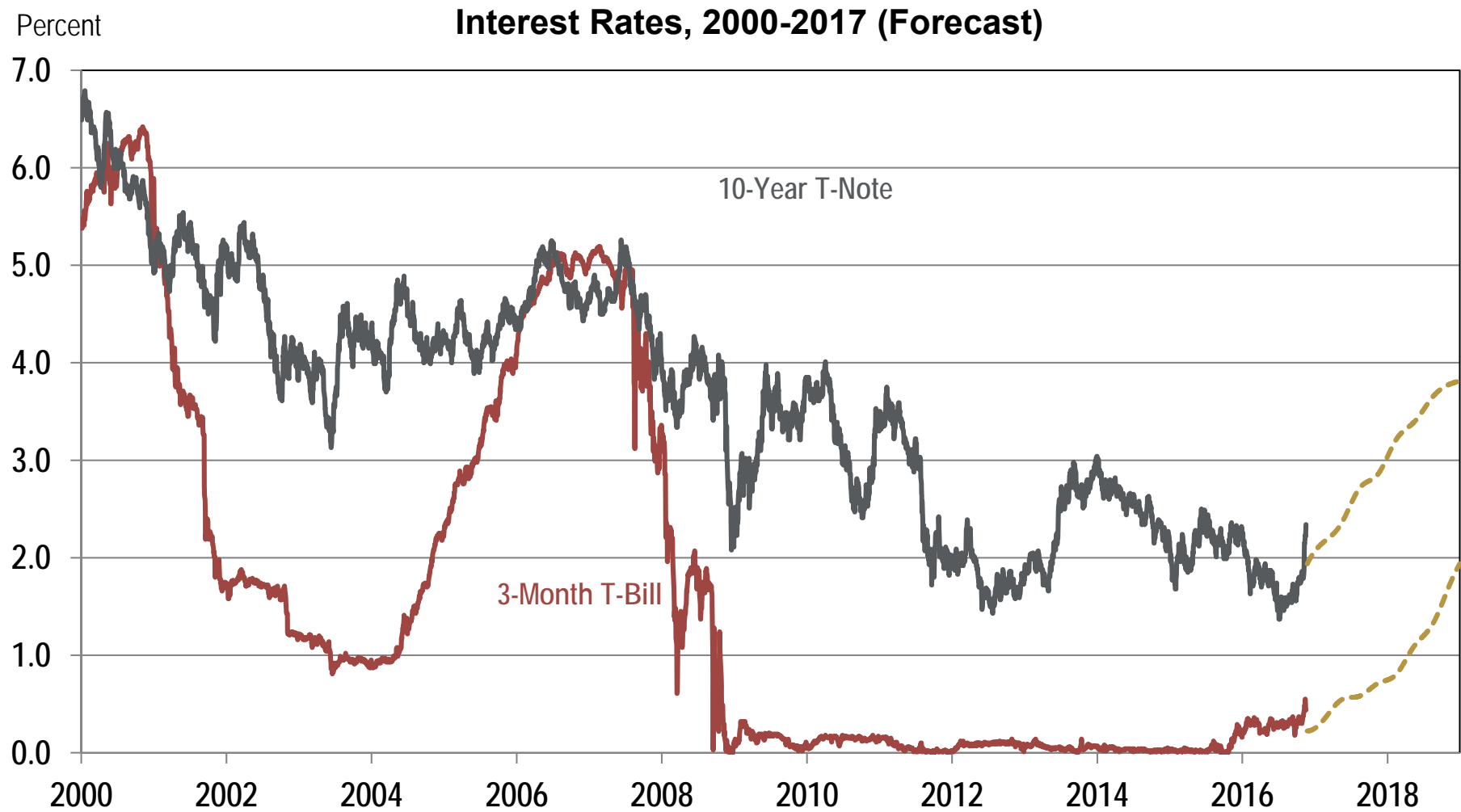


Sources: World Institute for Strategic Economic Research, Board of Governors of the Federal Reserve System, Broad Dollar Index, and National Bureau of Economic Research. Data through November 10, 2016.

■ Money, Interest Rates, and Prices



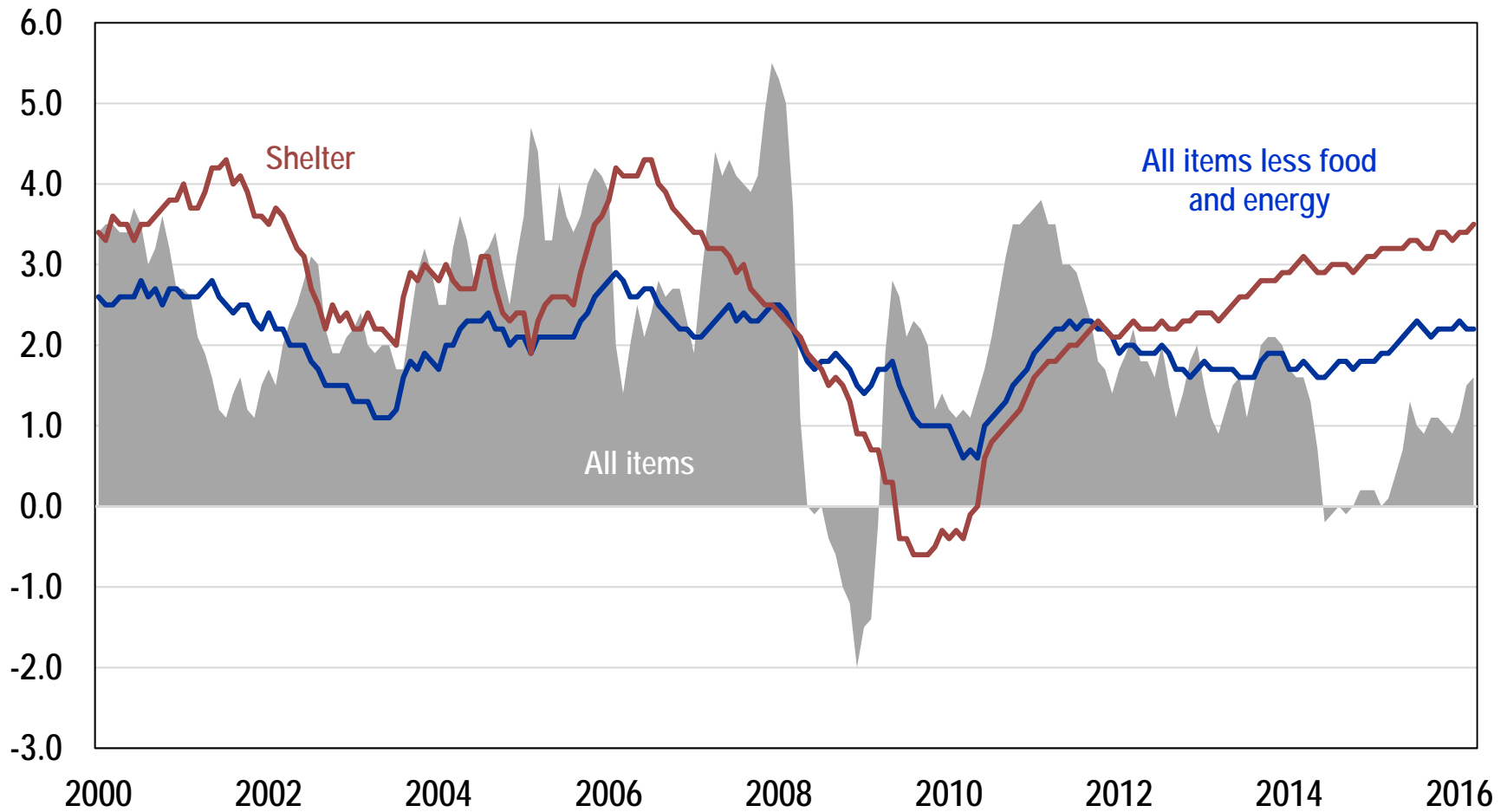
Interest Rates



Sources: Federal Reserve and Moody's.

National Inflation

Year-over-Year Percent Change

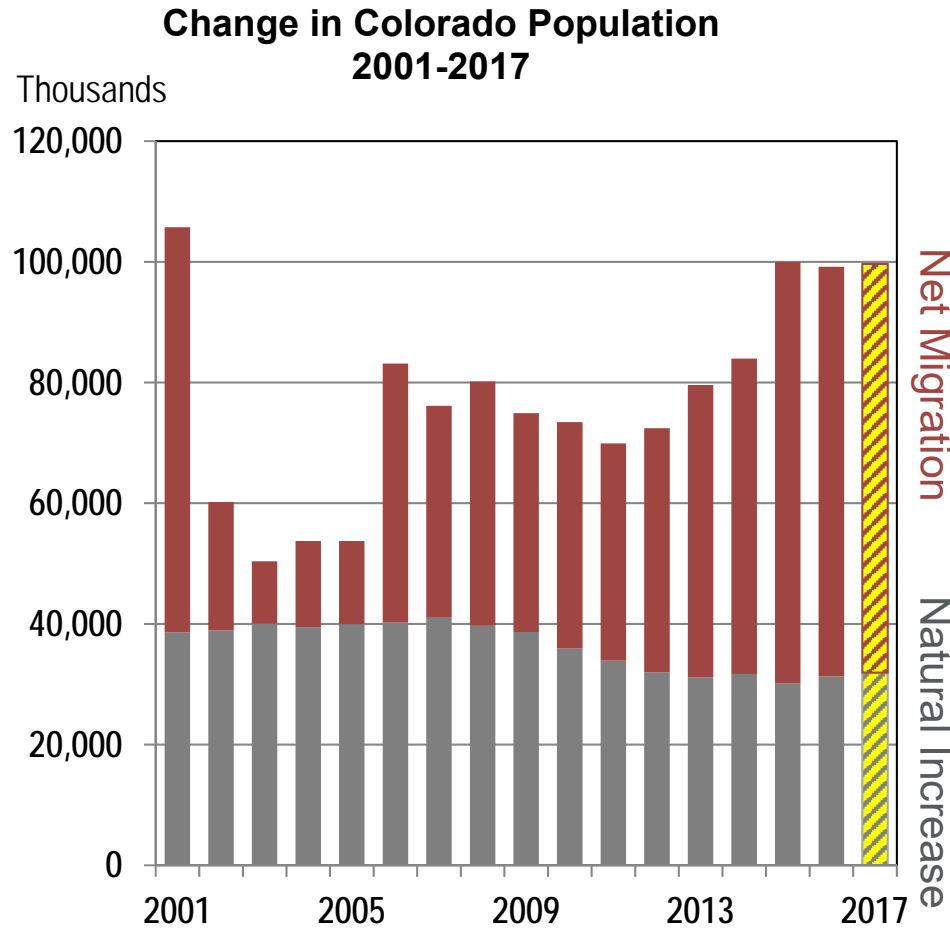


Source: Bureau of Labor Statistics (SA).

Colorado Population, Employment, and Prices



Change in Population



2nd-fastest state for percentage growth

7th-fastest state for absolute growth

5th-most net migration

96% of growth along Front Range

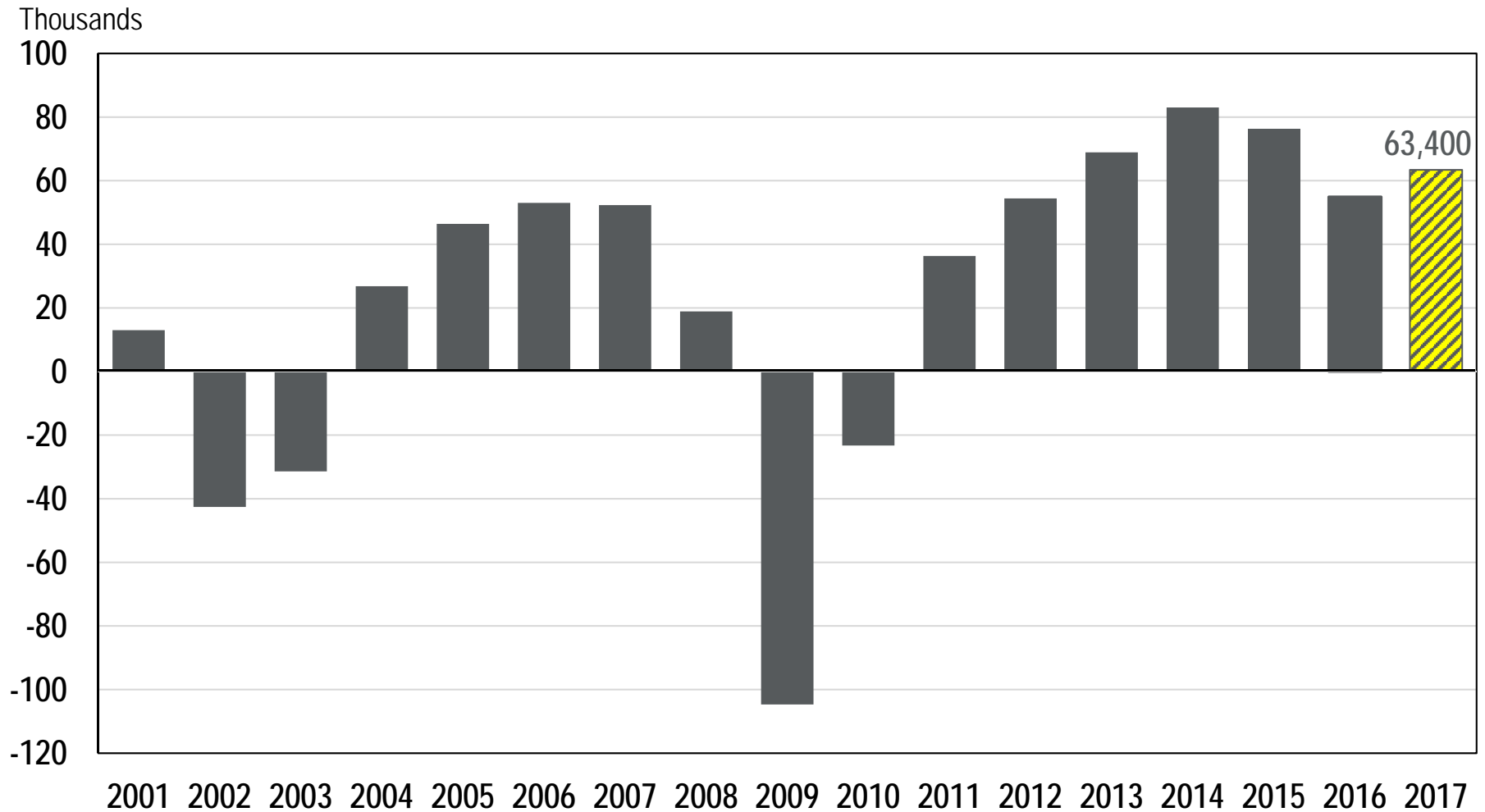
Denver now the most populous county

Continued net migration into the state

Source: Colorado Demography Office.

Colorado Employment Growth

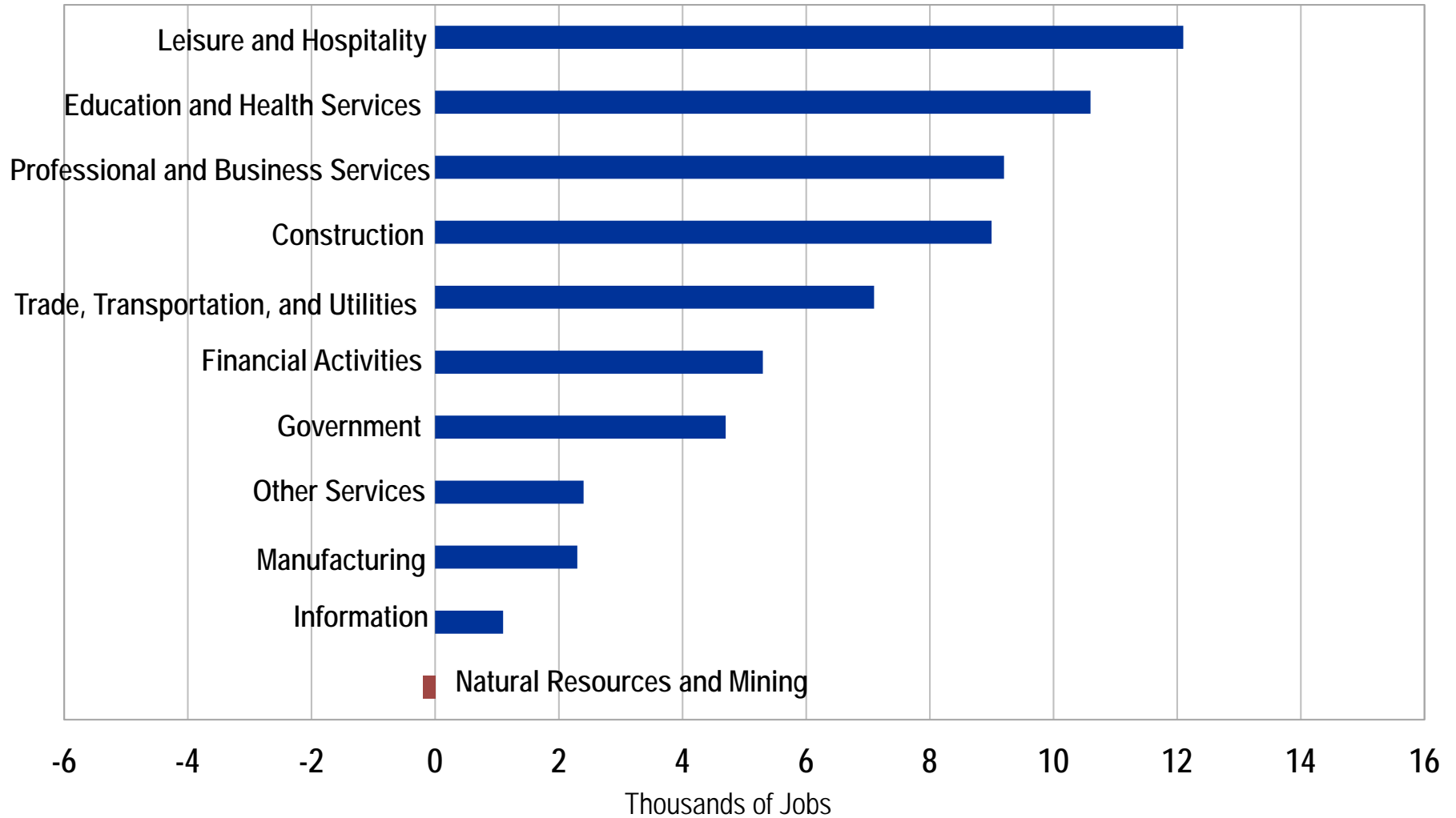
Jobs Added



Sources: Colorado Department of Labor and Employment, BEOF Committee Members.

■ Employment Change

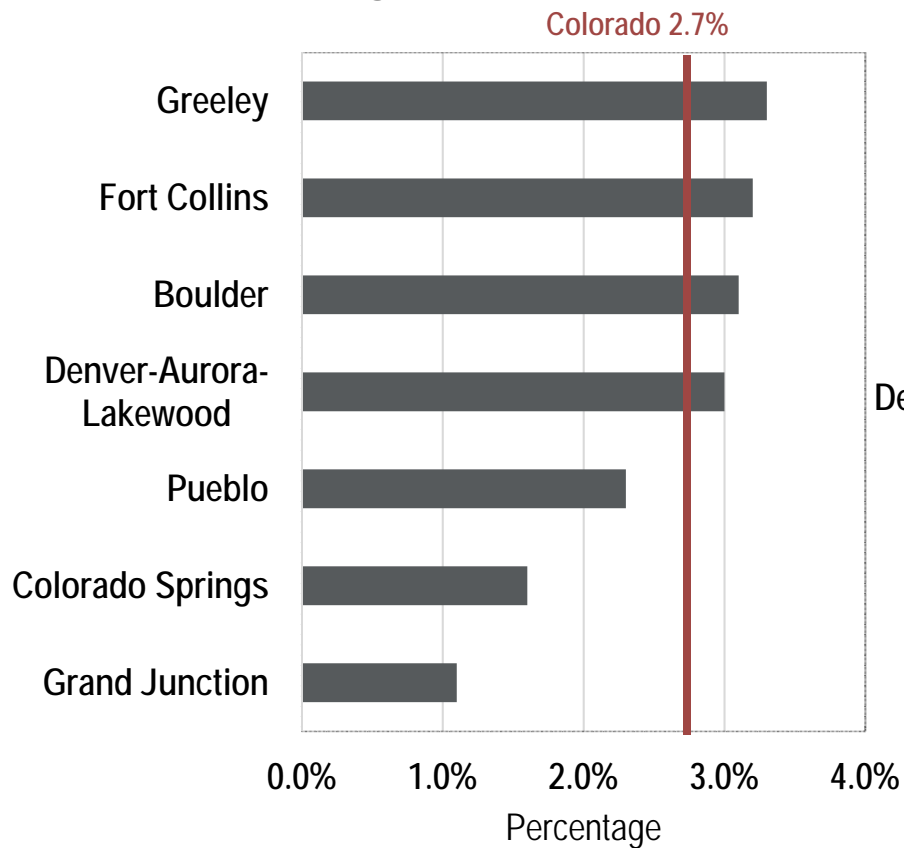
2016-2017



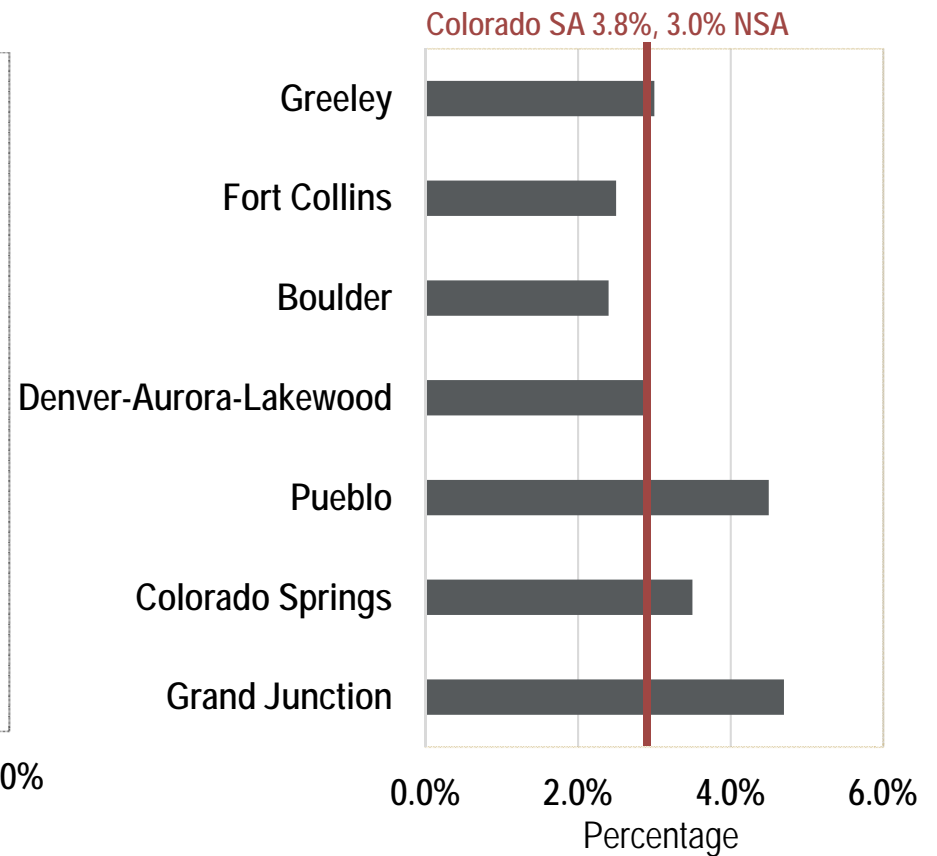
Source: Bureau of Labor Statistics (Seasonally Adjusted).

Regional Employment Growth and Unemployment

**Employment Growth YoY
% Change September 2016**



**Unemployment Rate
September 2015**



Sources: CES (Seasonally Adjusted) and LAUS (Not Seasonally Adjusted).

■ Agriculture



Photo courtesy of Jill Lambert.

Gross Farm Revenue and Net Income

2007-2017

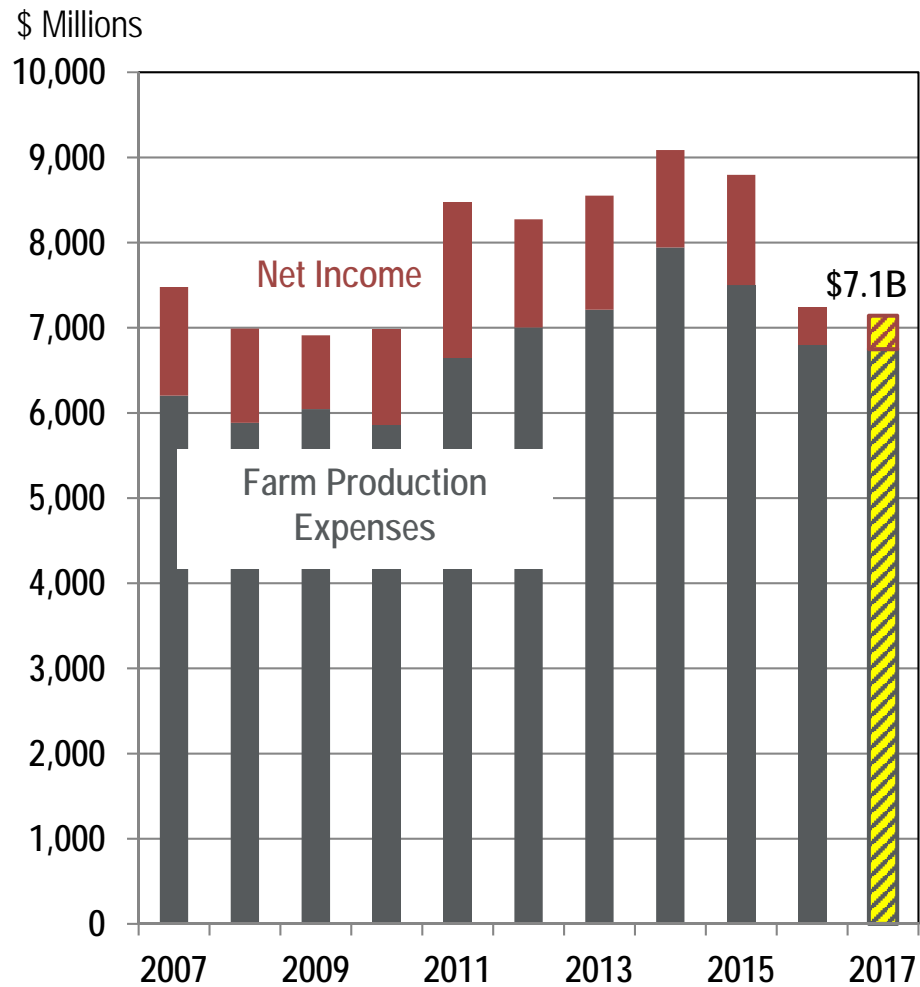
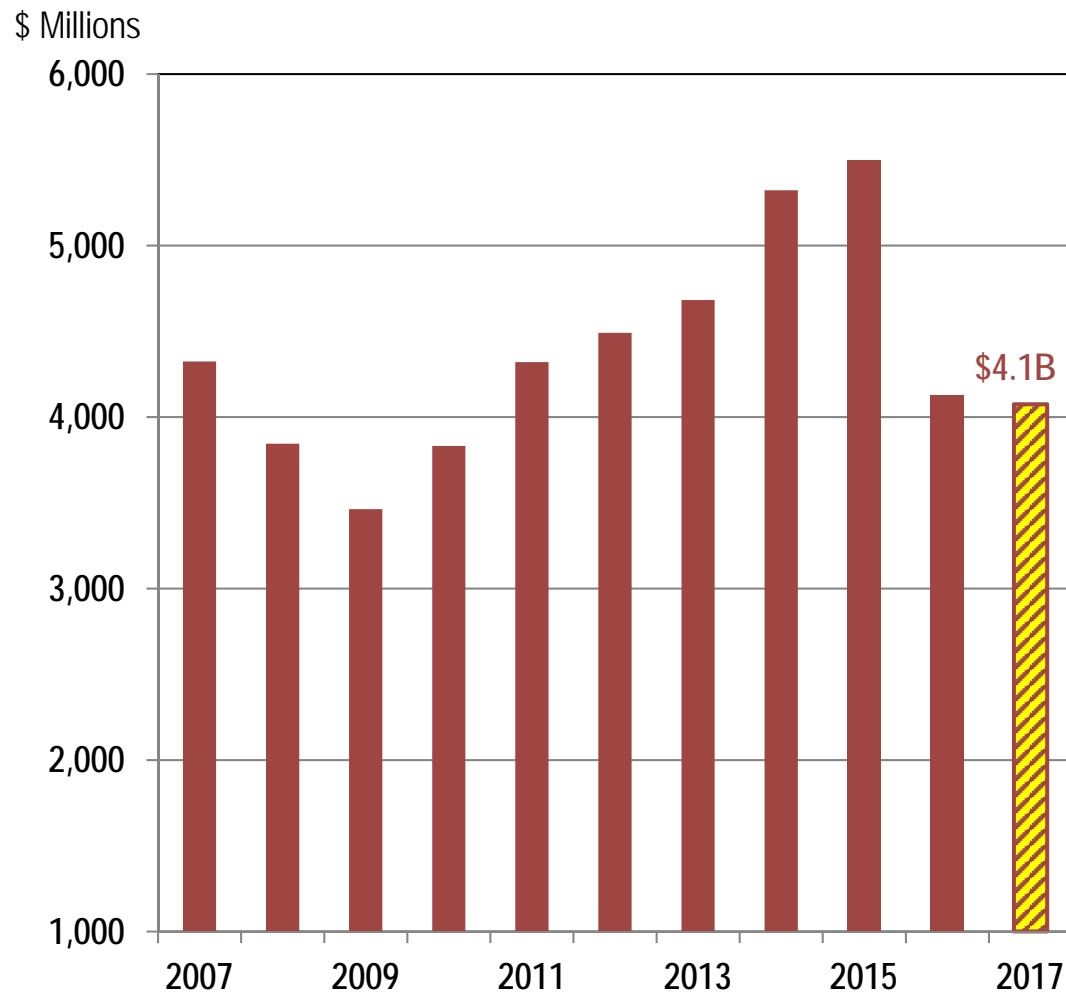


Photo courtesy of Sandy Wilt.

Source: Colorado Business Economic Outlook Committee.

Livestock Cash Receipts

2007-2017

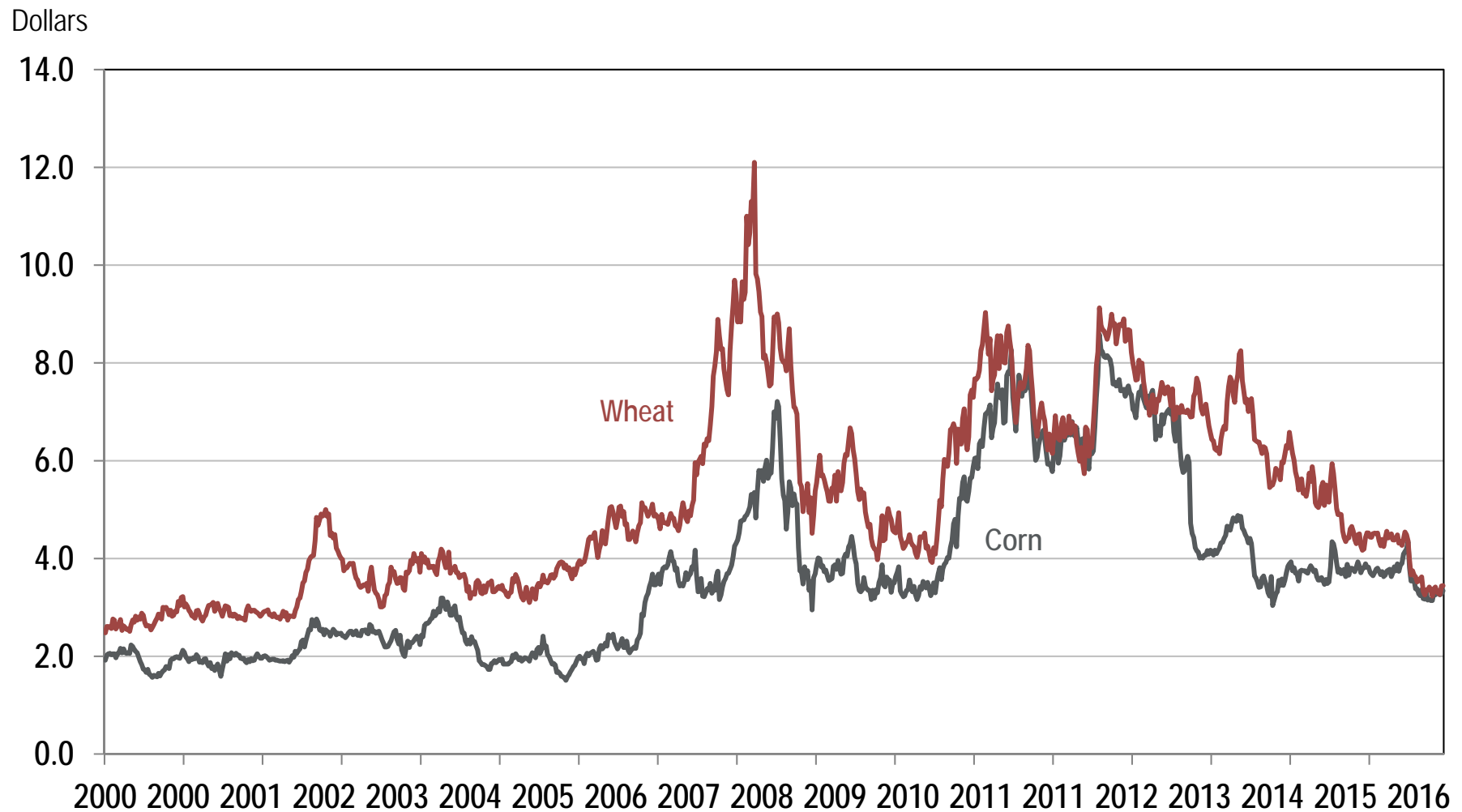


- 65% of total value of production in Colorado
- Rebuilding herds in favorable low cost environment
- Fed cattle numbers rebounding from the 2015 record low
- Number of cattle sales anticipated to drop to lowest level since 1986

Source: Colorado Business Economic Outlook Committee.

Commodity Prices

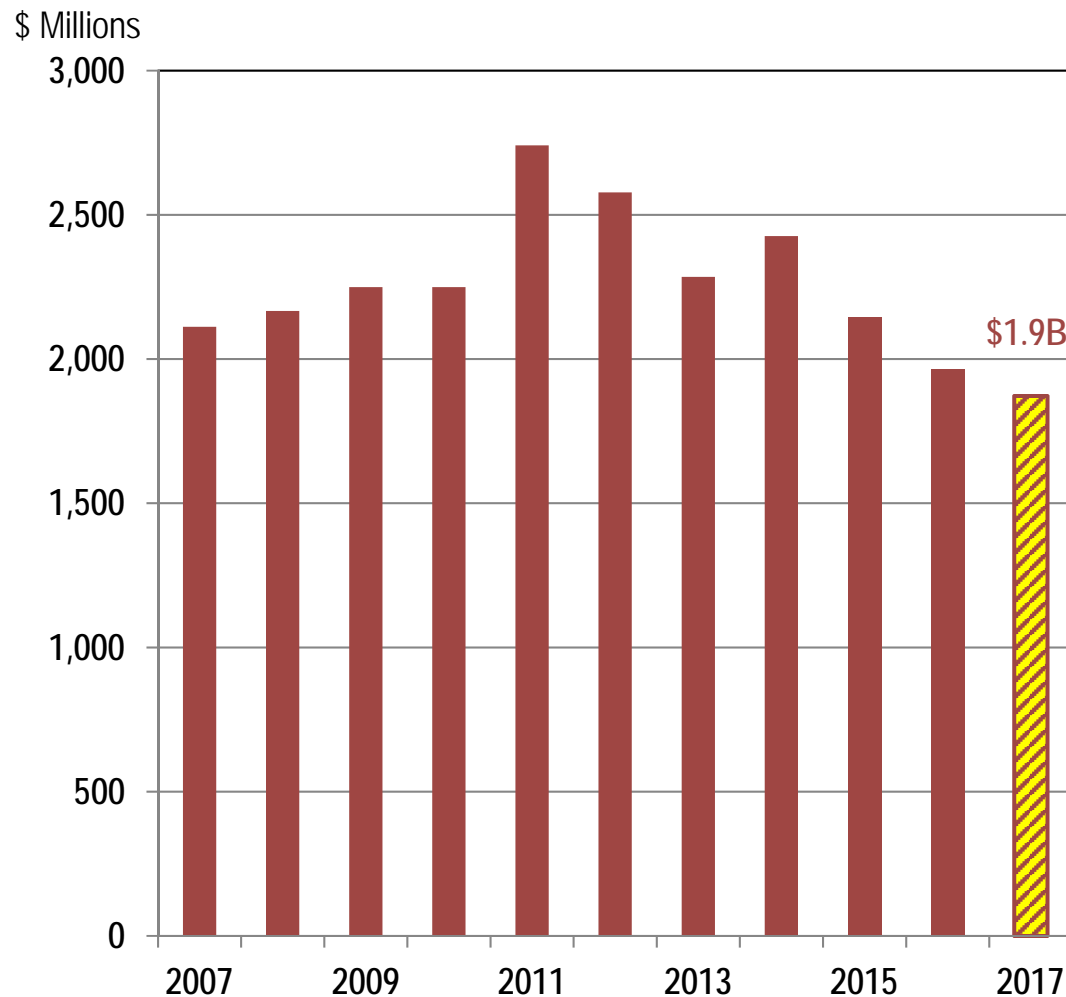
Wheat and Corn



Sources: Bloomberg (USDA Toledo No.2 Yellow Corn Not on the River Spot Price, USDA No. 1 Hard Red Winter Wheat Spot Price/Kansas City Missouri). As of November 2016.

Crops Cash Receipts

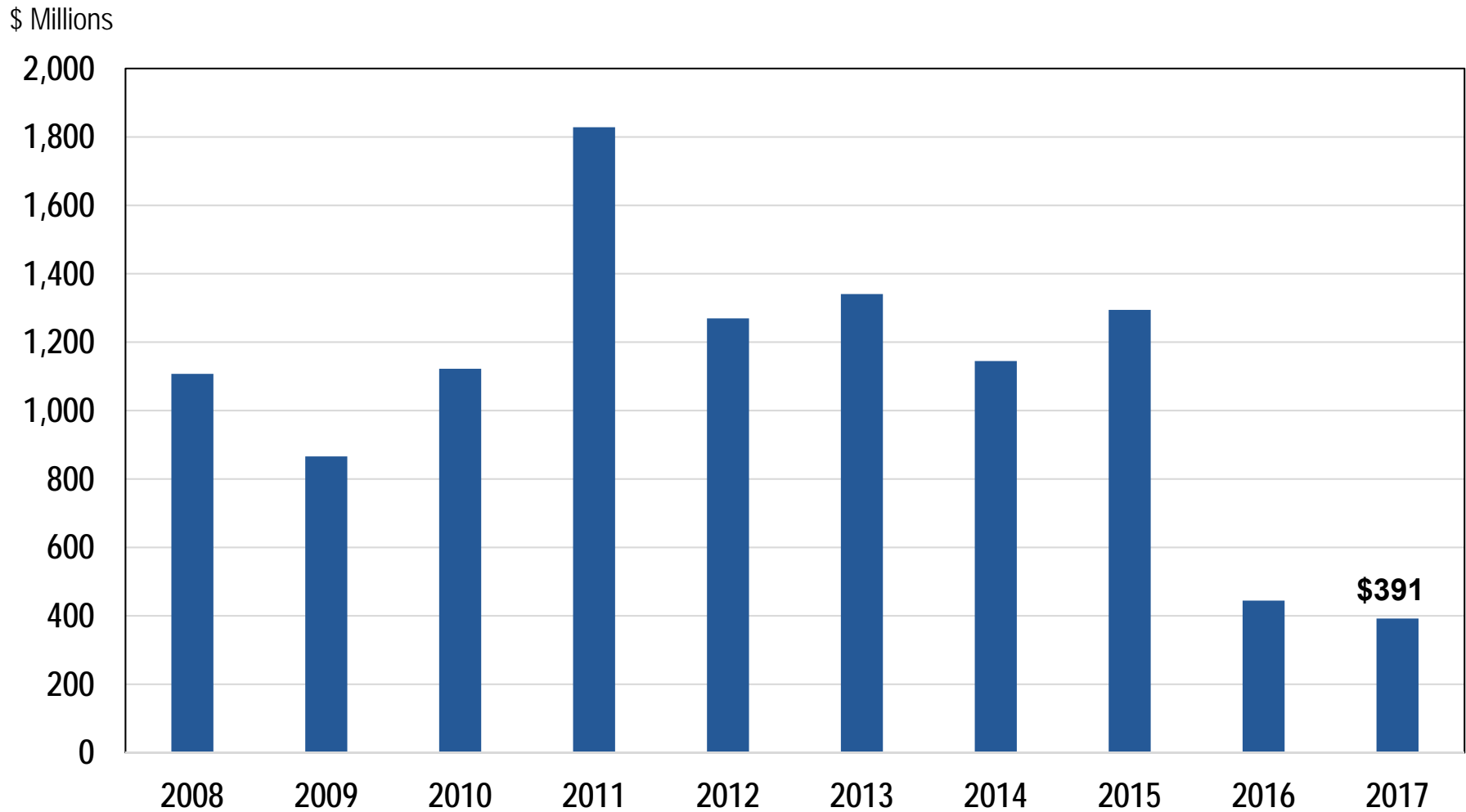
2007-2017



- Corn prices remain low as yield is projected to reach record highs
- Major crops: wheat, corn, and hay
- Cash receipts expected to fall in 2017 to \$321MM
- Government payments expected to increase in 2017
- Innovation will play an increasing role for agriculture

Source: Colorado Business Economic Outlook Committee.

Net Farm Income



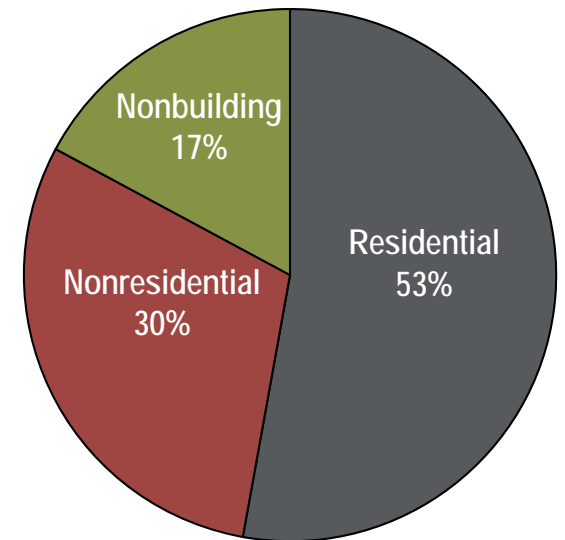
Source: Colorado Business Economic Outlook Agriculture Committee.

Construction



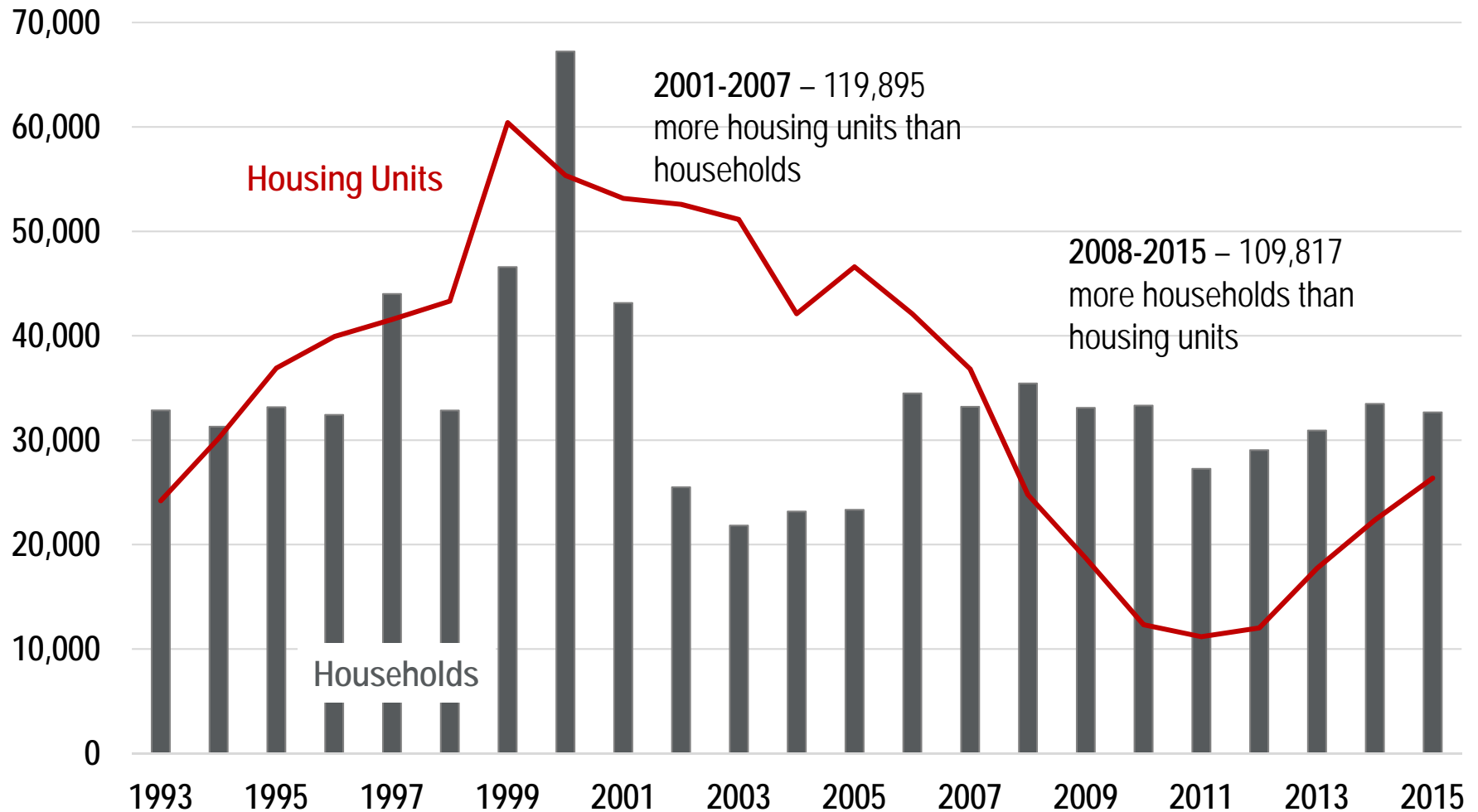
Photo Courtesy www.rtd-fastracks.com

Value of Construction



Housing Units vs. Households

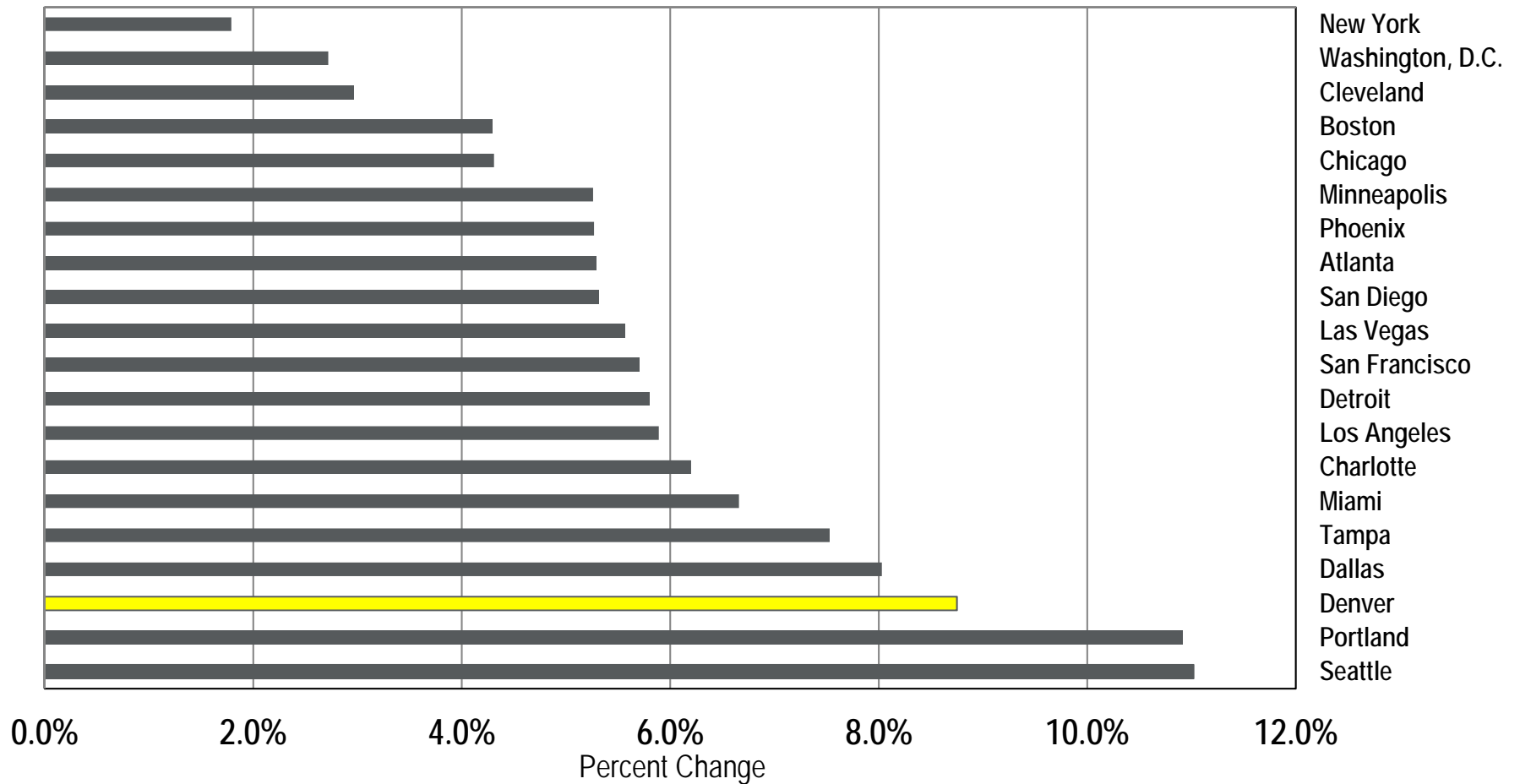
Annual Change



Source: Colorado State Demography Office.

S&P/Case-Shiller Home Price Indices

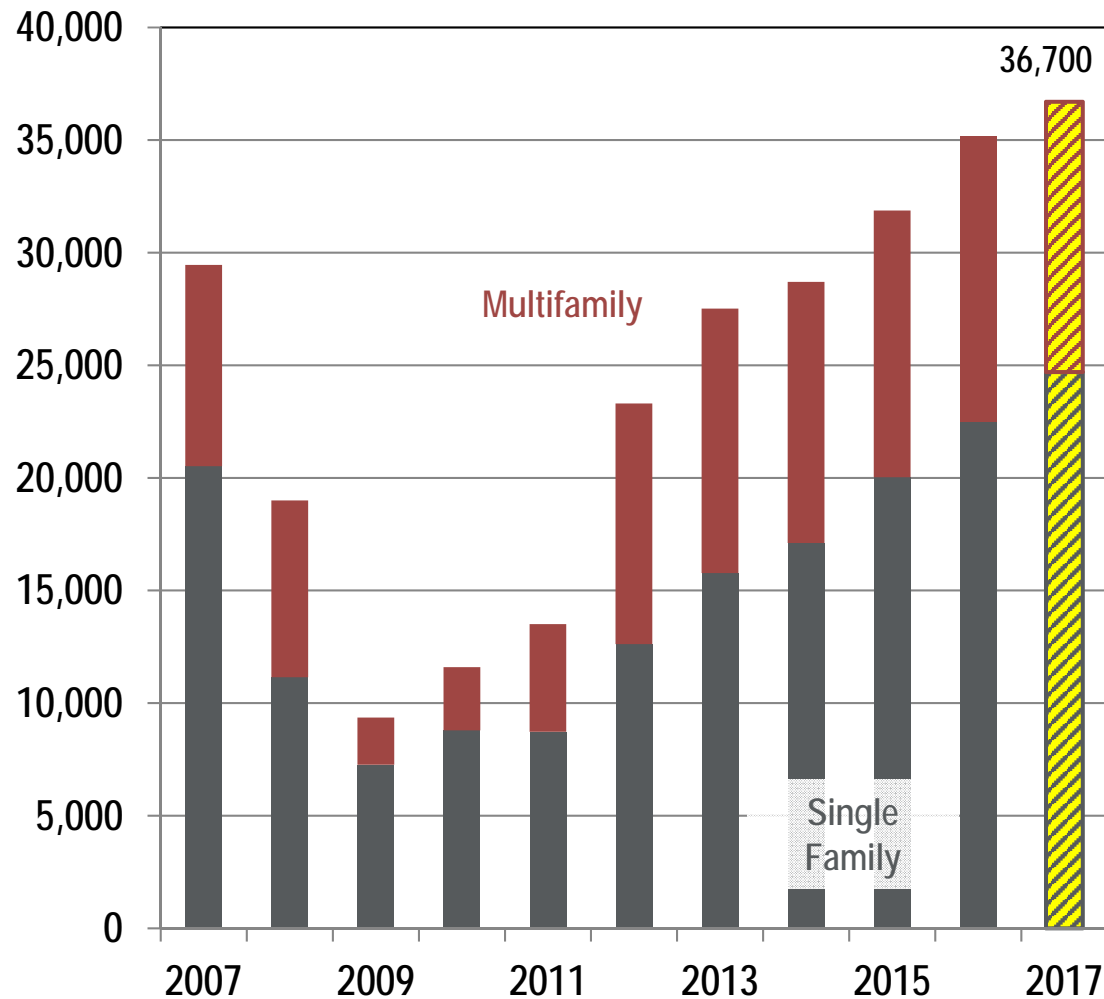
September 2016



Source: Standard & Poor's (Not Seasonally Adjusted).

Residential Building Permits

2007-2017



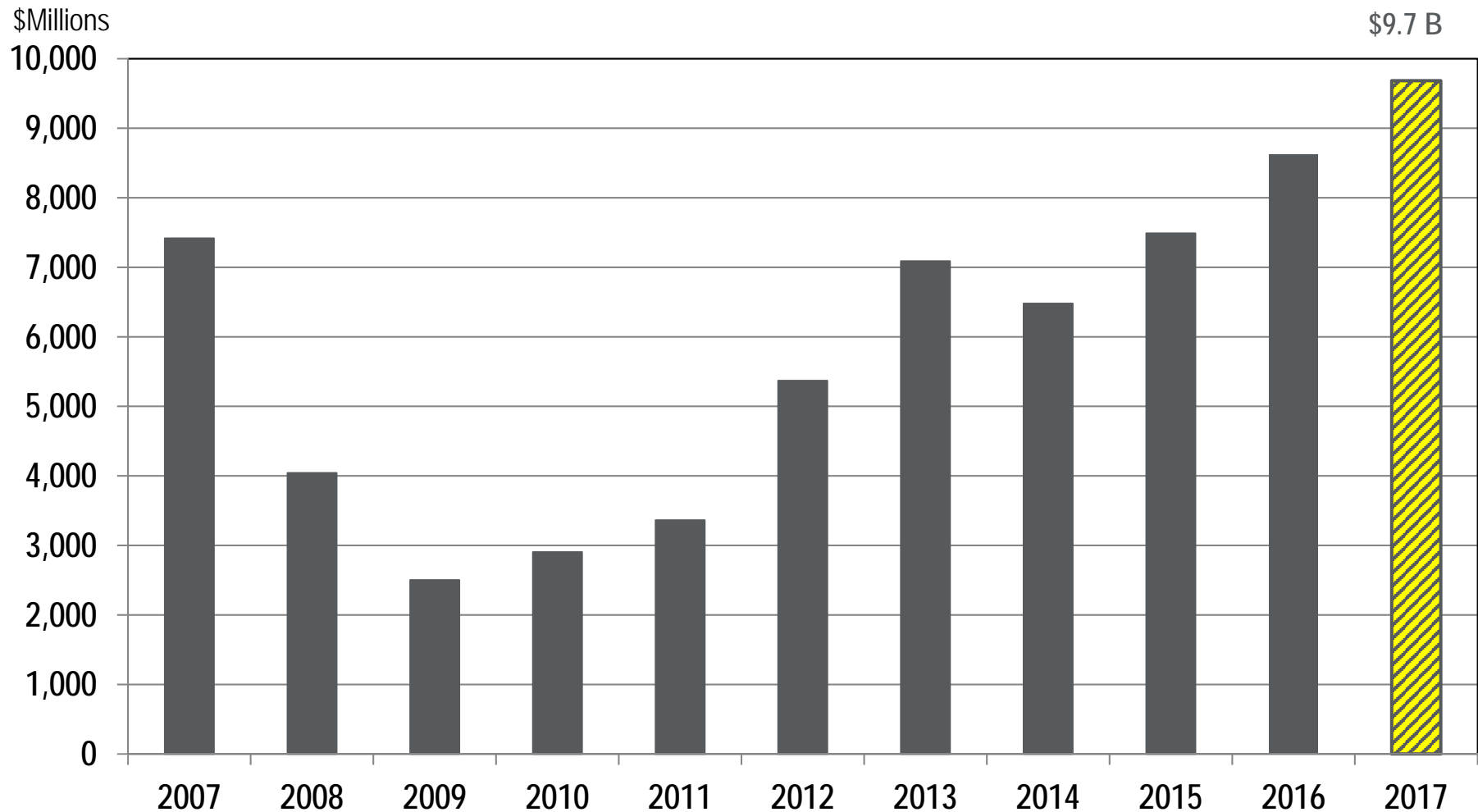
Residential Housing:

- Home appreciation among the fastest nationally
- Mostly single family permits in 2016
- Decrease in multifamily

Sources: U.S. Census Bureau and Colorado Business Economic Outlook Committee.

Value of Construction

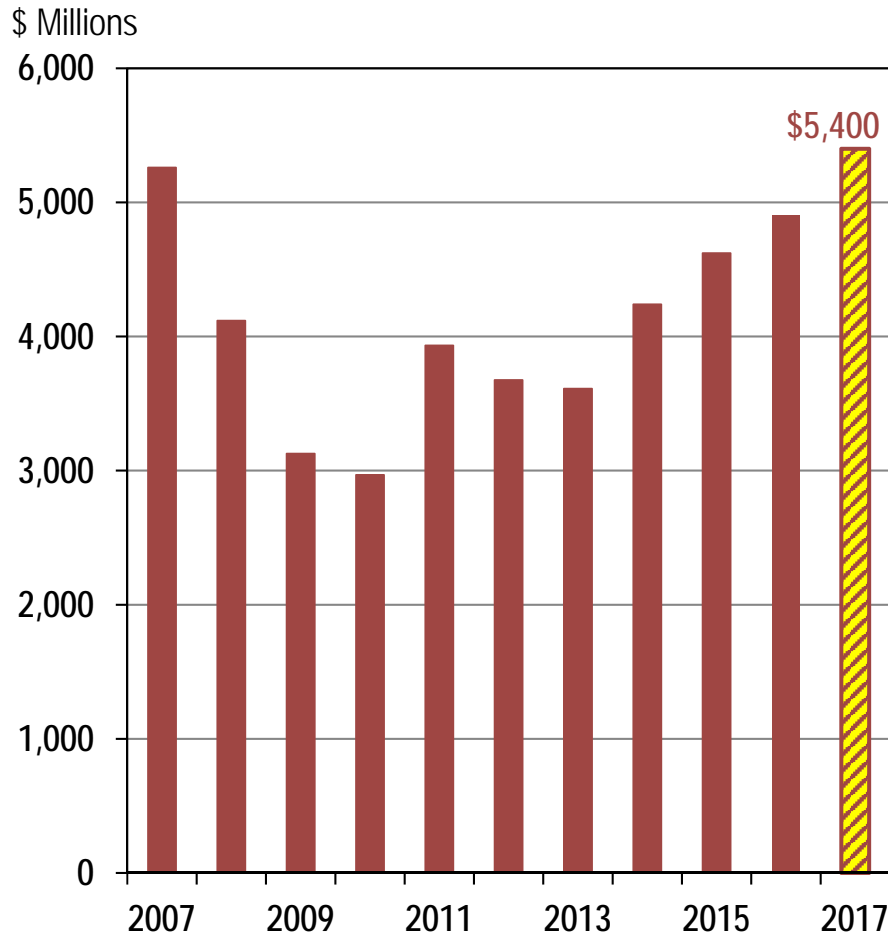
Residential, 2007-2017



Sources: U.S. Census Bureau, Colorado Business Economic Outlook Committee.

Value of Construction

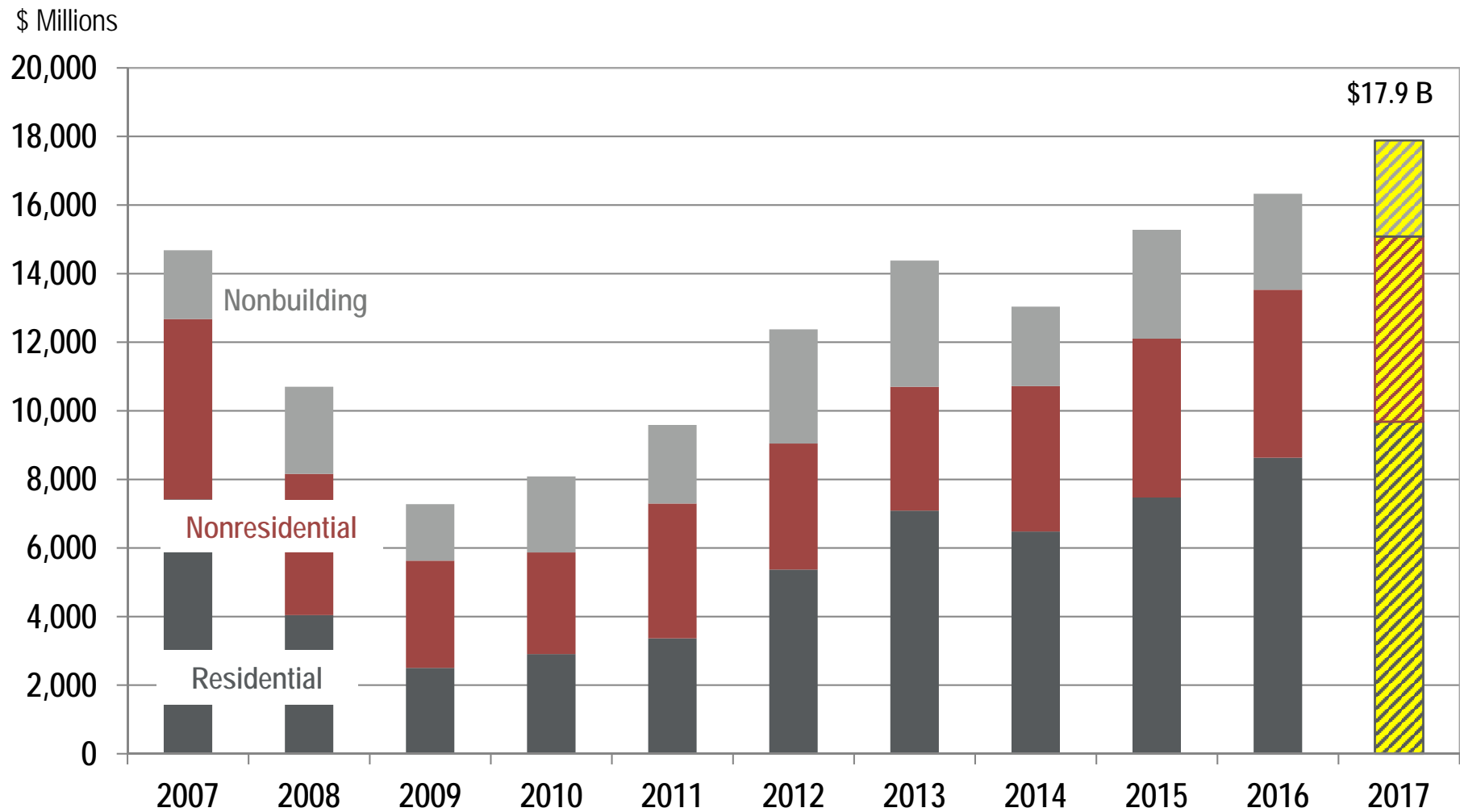
Nonresidential, 2007-2017



Sources: U.S. Census Bureau and Colorado Business Economic Outlook Committee. Photo courtesy of Xcel Energy.

Value of Construction

2007-2017



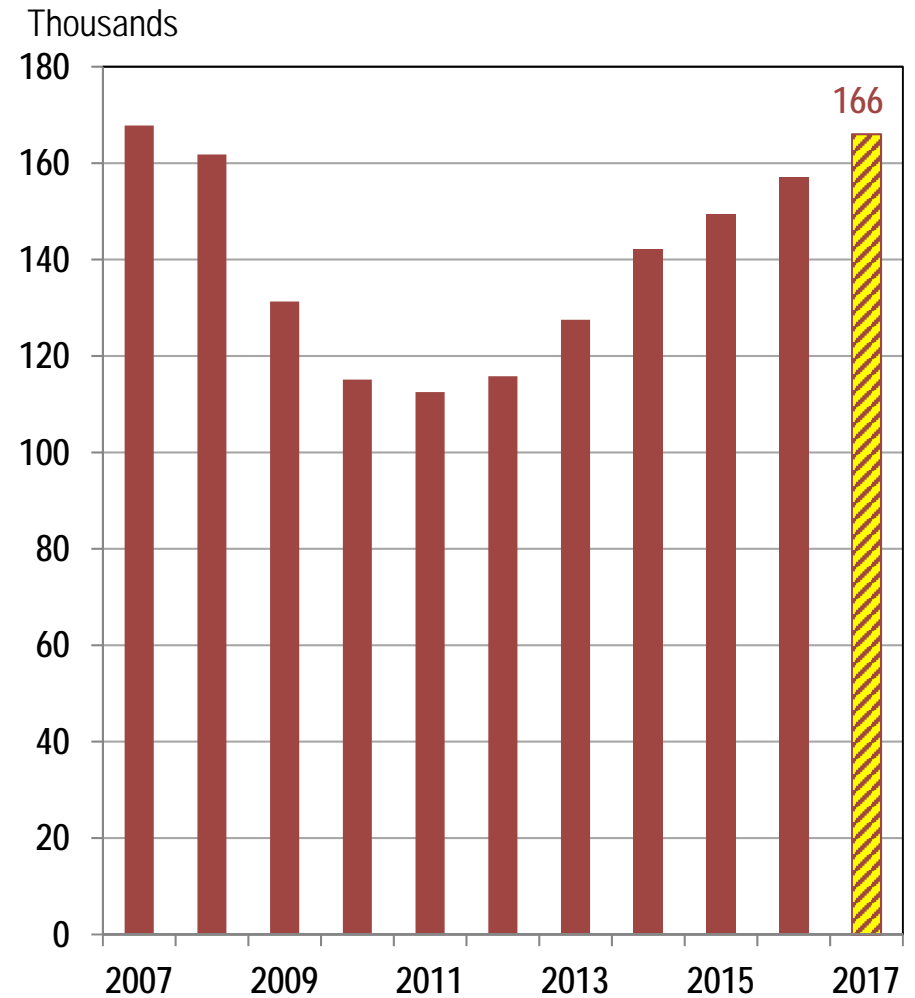
Sources: McGraw-Hill Construction Dodge Research and Analytics and Colorado Business Economic Outlook Committee.

Construction

Employment, 2007-2017



Photo Courtesy of Breckenridge Brewery.



Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

■ Natural Resources and Mining



WTI Oil Price

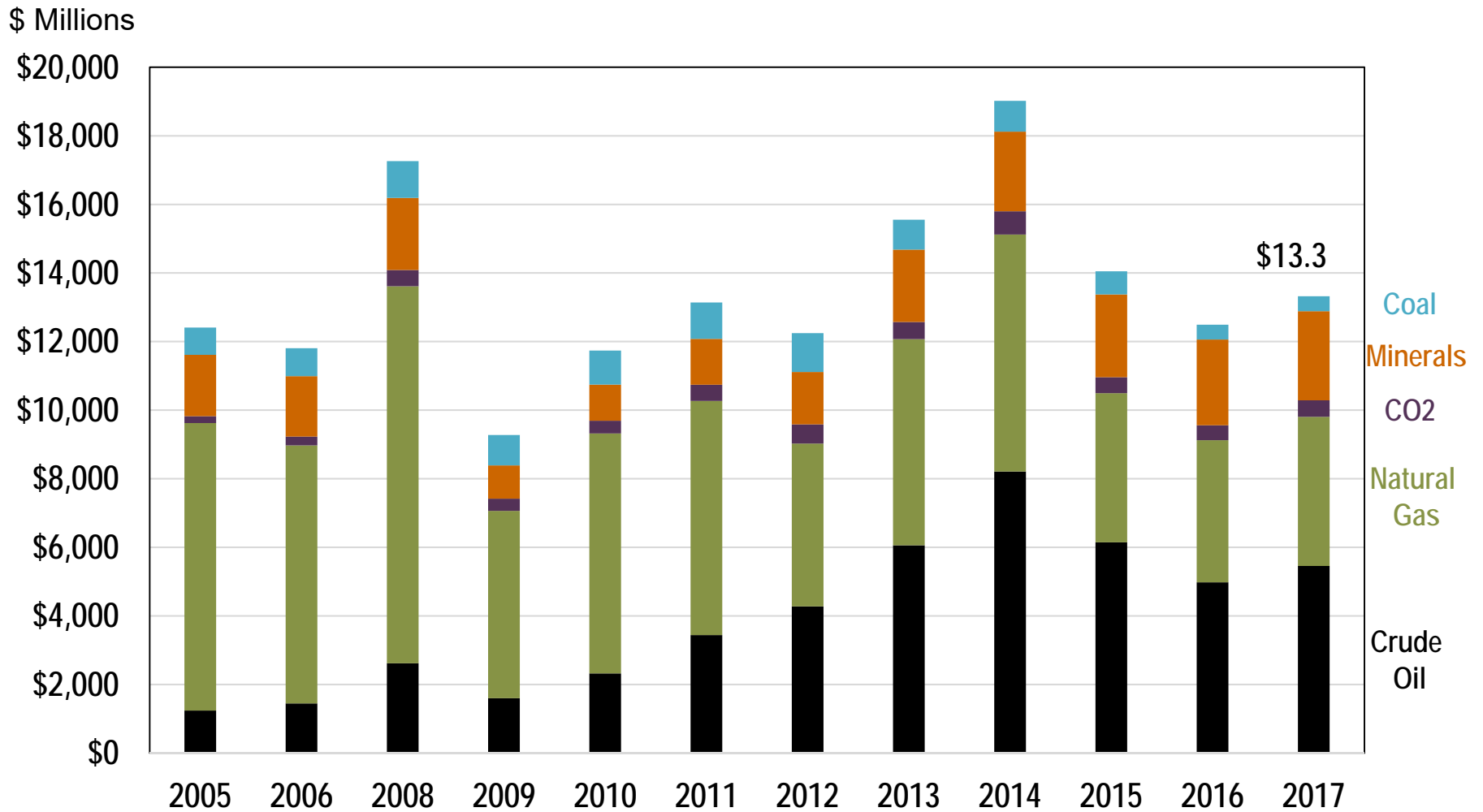
2006-2016

Dollars per Barrel



Source: EIA, Cushing, OK WTI Spot Price FOB (Dollars per Barrel).

Value of Natural Resources



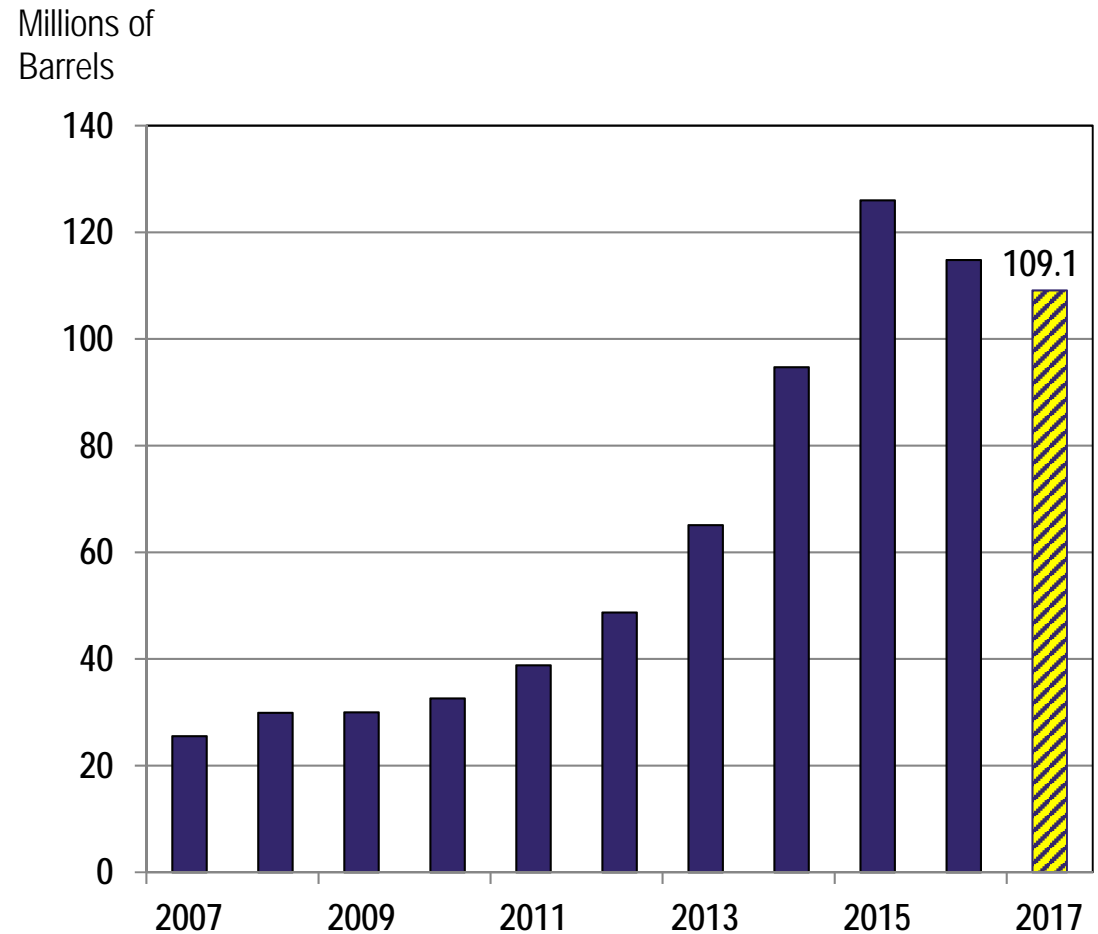
Sources: Colorado Geological Survey Mineral and Minerals Fuel Activity Reports, Colorado Oil and Gas Conservation Commission, Department of Minerals and Geology, and Colorado Business Economic Outlook Committee.

Crude Oil Production

2007-2017

Largest Producers

1. Texas
2. North Dakota
3. California
4. Alaska
5. Oklahoma
6. New Mexico
7. Colorado
8. Wyoming
9. Louisiana
10. Kansas

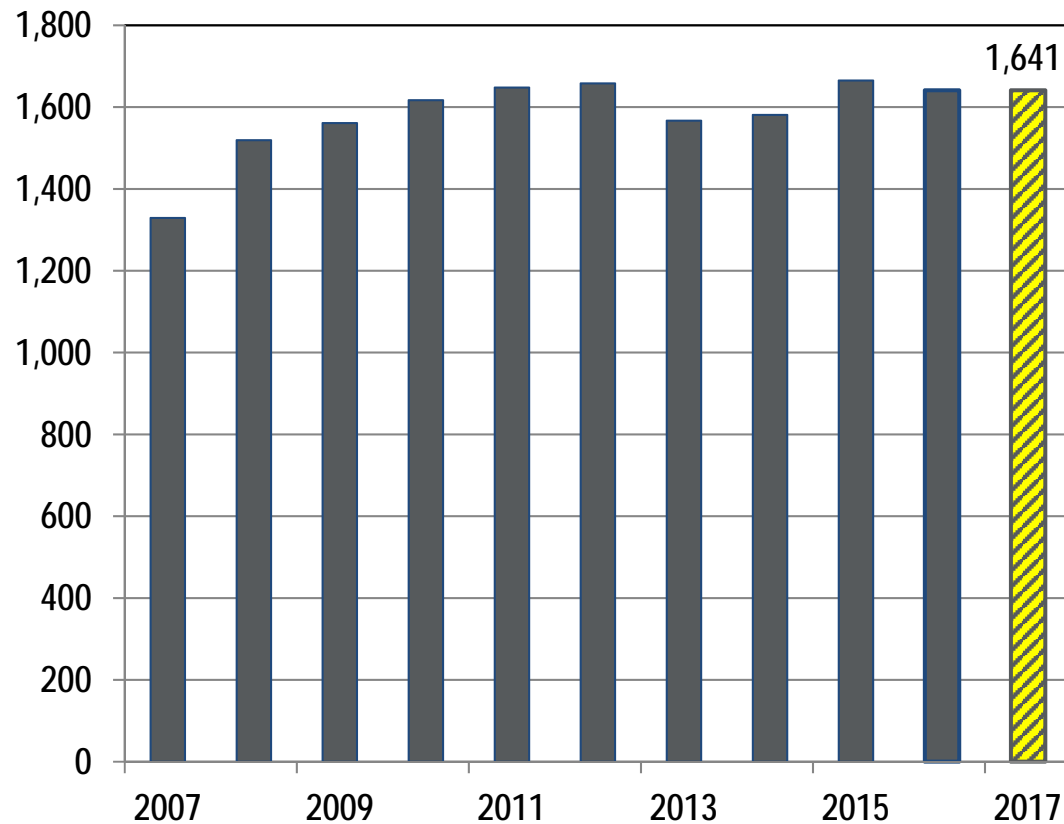


Sources: Rankings from the Energy Information Administration. Production data from Colorado Geological Survey Mineral and Mineral Fuel Activity Reports, Colorado Oil and Gas Conservation Commission, Department of Minerals and Geology, and Colorado Business Economic Outlook Committee.

Natural Gas Production

2007-2017

Billions of
Cubic Feet



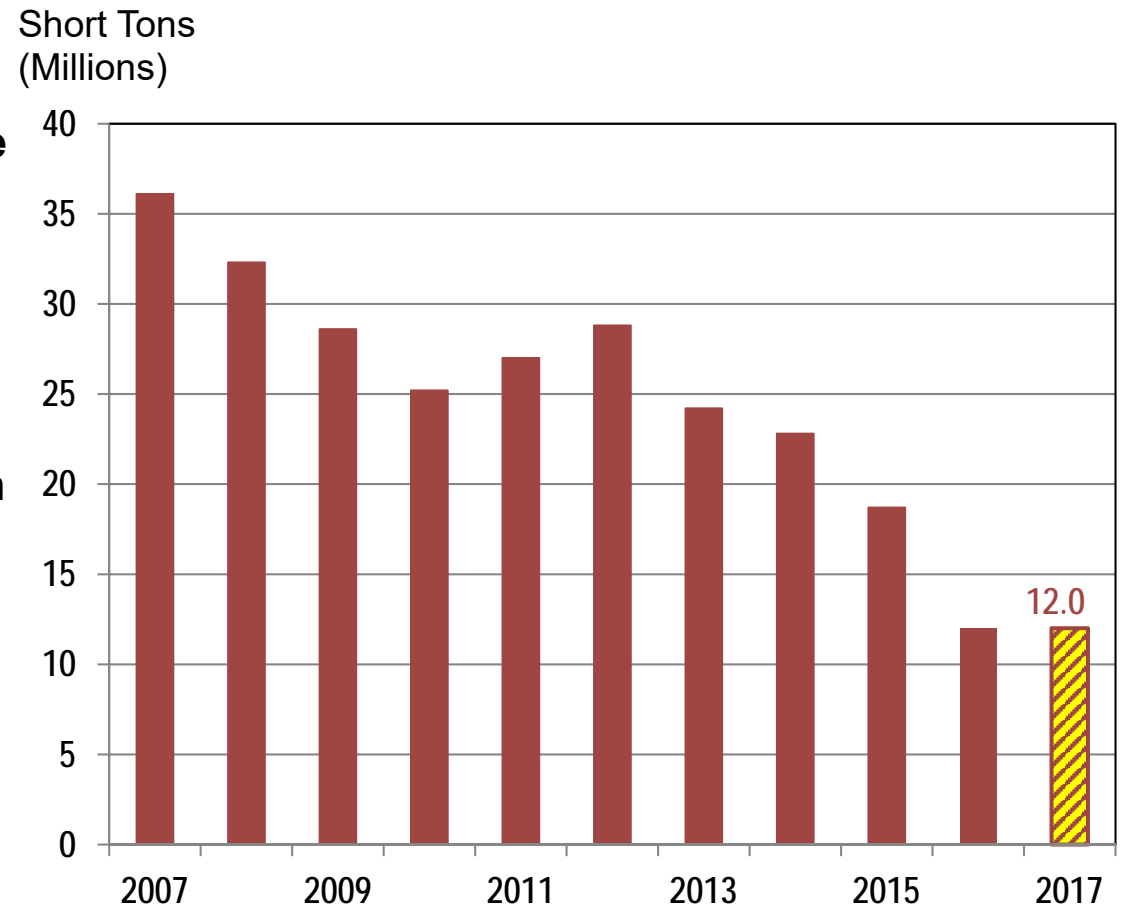
- **Sixth-largest producing state**
- **Projected price higher due to expected colder temperatures**
- **Average residential gas prices in Colorado for 2016 were the 10th lowest in the country**
- **Total production stagnant due to low prices**
- **Value of production to increase slightly**

Sources: Colorado Geological Survey Mineral and Mineral Fuel Activity Reports, Colorado Oil and Gas Conservation Commission, Department of Minerals and Geology, and Colorado Business Economic Outlook Committee.

Coal Production

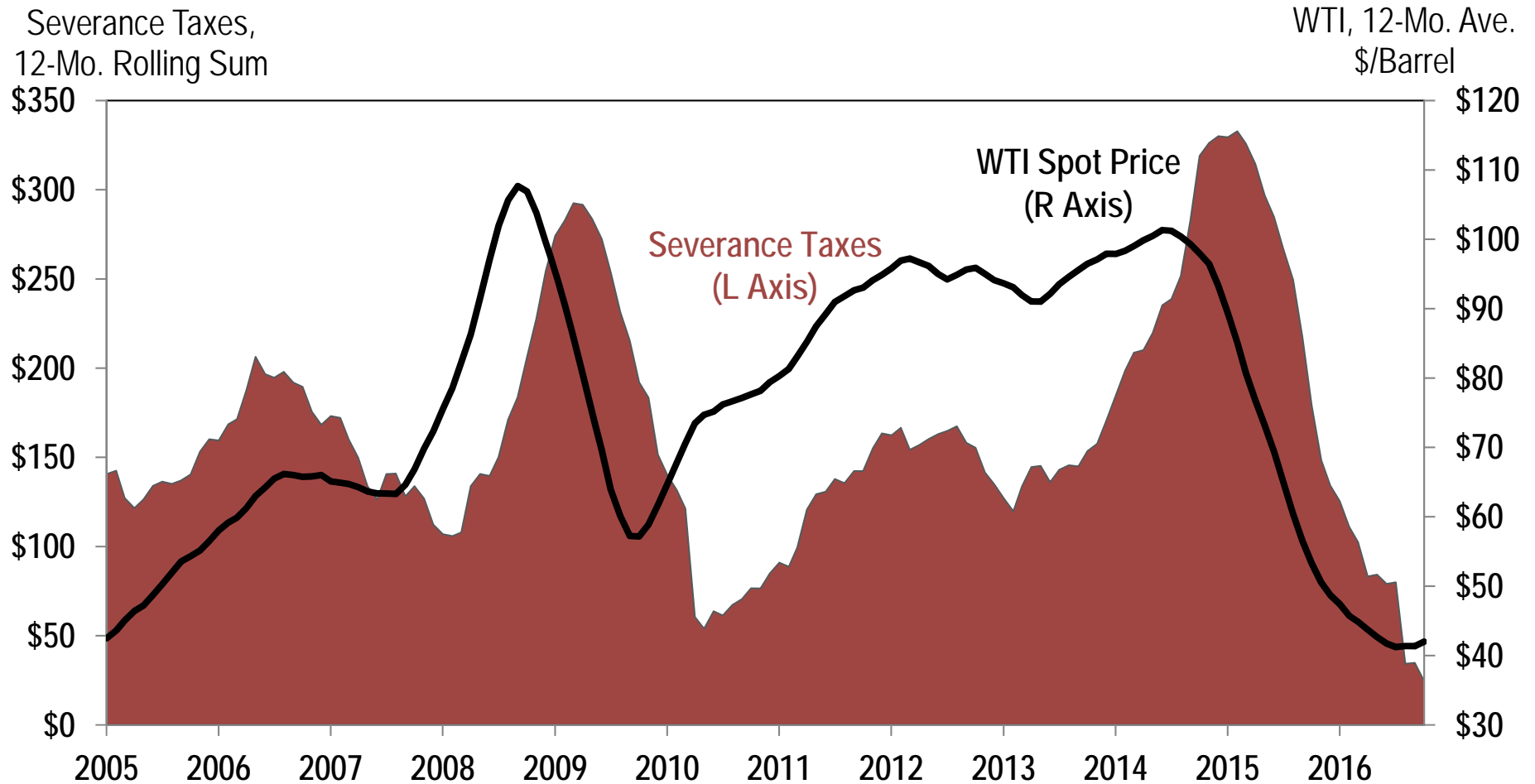
2007-2017

- **Lowest production levels since the mid-1990s**
- **State ranking slipped to 10th in 2016**
- **Government mandates for renewables limiting production**
- **Decreasing demand from TVA**
- **Power plants divesting from coal**



Sources: Colorado Geological Survey Mineral and Mineral Fuel Activity Reports, Colorado Oil and Gas Conservation Commission, Department of Minerals and Geology, and Colorado Business Economic Outlook Committee.

Colorado O&G Severance Taxes



Sources: Energy Information Administration (EIA), Cushing, OK WTI Spot Price FOB; Colorado Department of Revenue.

Renewables

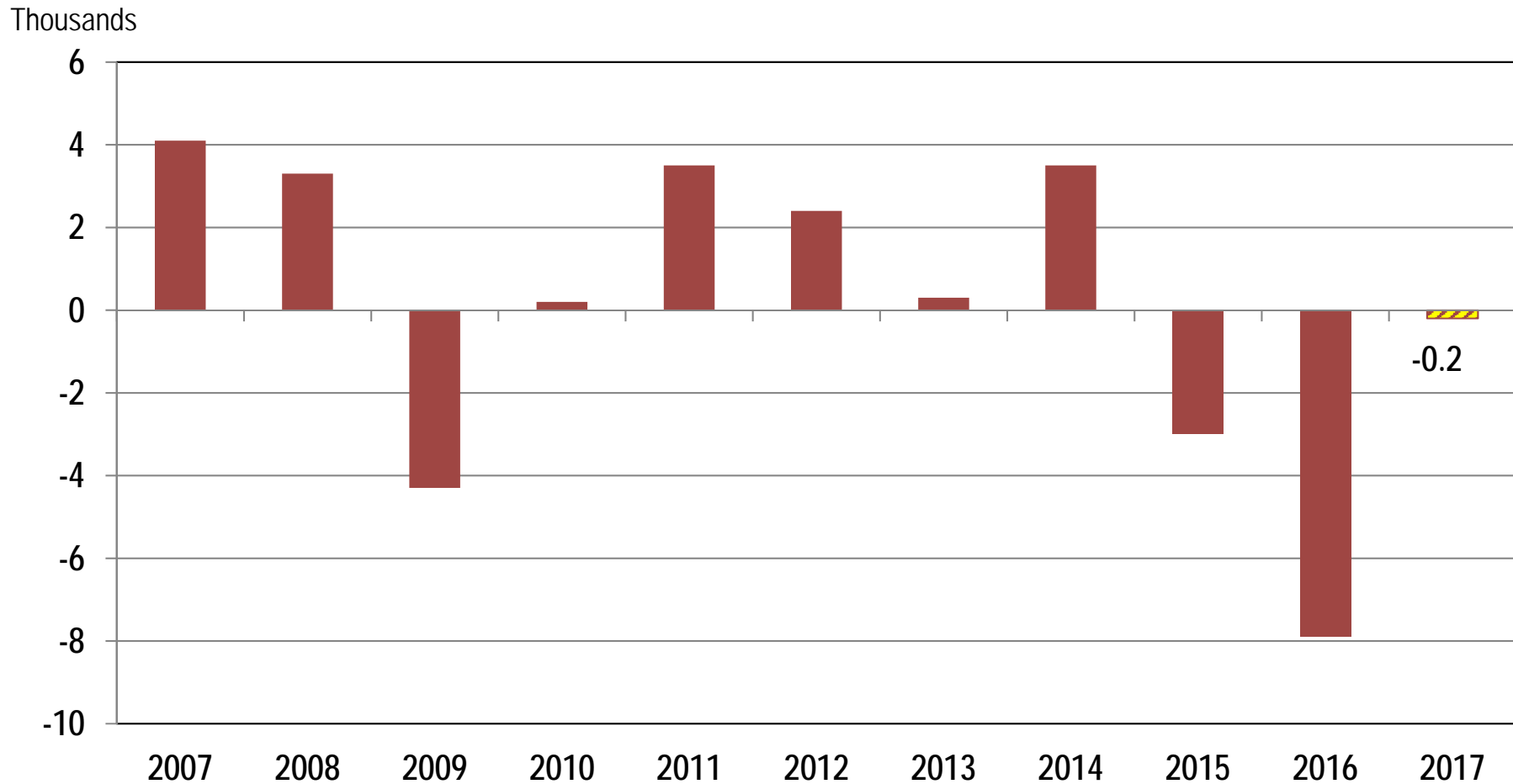
- First renewable portfolio standard in the country
- Includes wind, solar, hydro, geothermal, and biomass
- 17.2% of net generation in 2015
- Most of Colorado's renewable energy comes from wind resources
- Colorado ranks 10th nationally for total megawatts installed for wind energy



Photo courtesy of Xcel Energy.

Natural Resources and Mining

Workers Added, 2007-2017



Sources: Colorado Geological Survey Mineral and Mineral Fuel Activity Reports, Colorado Oil and Gas Conservation Commission, Department of Minerals and Geology, and Colorado Business Economic Outlook Committee.

■ Mesa County

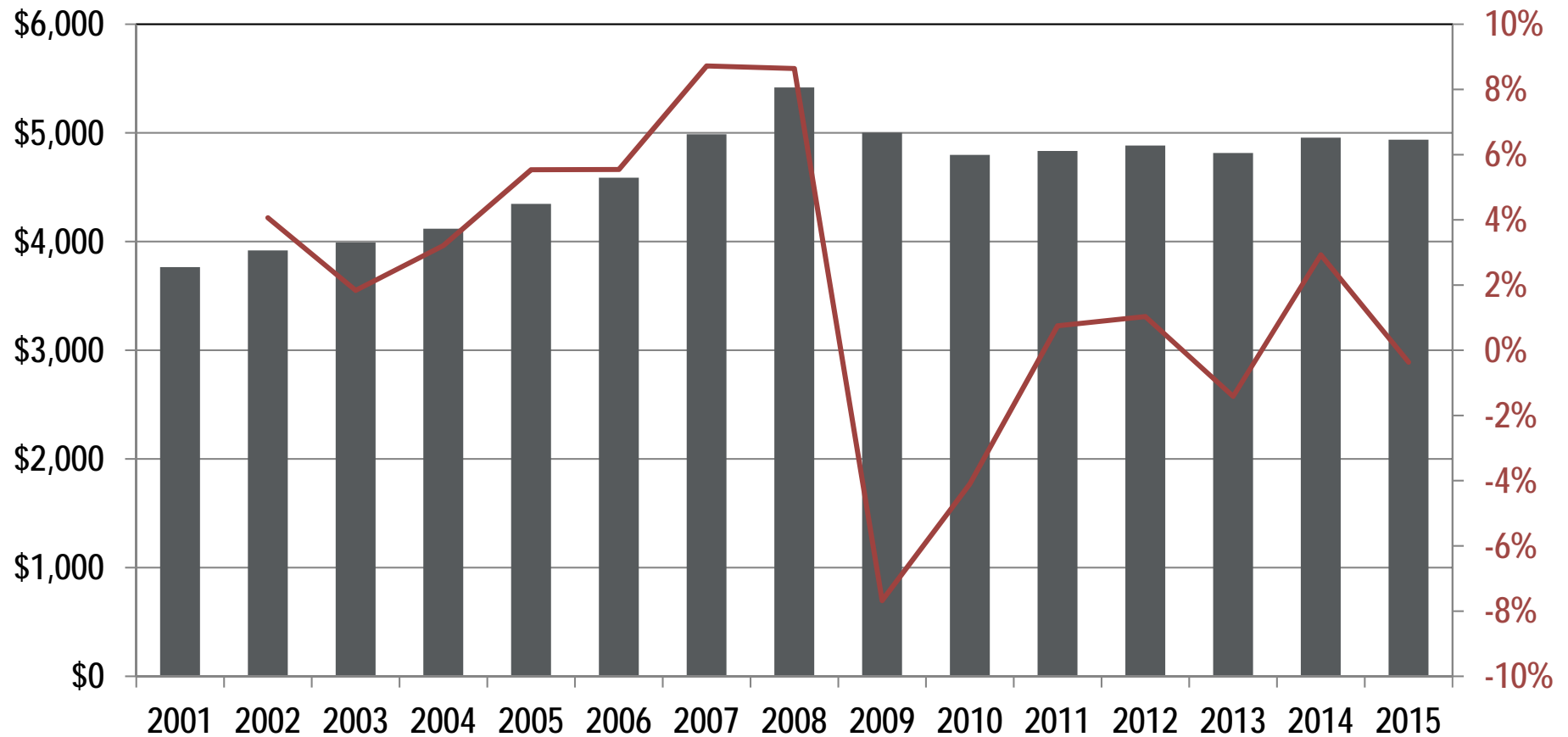


Real Gross Domestic Product

Grand Junction MSA

Millions of Chained
2009 Dollars

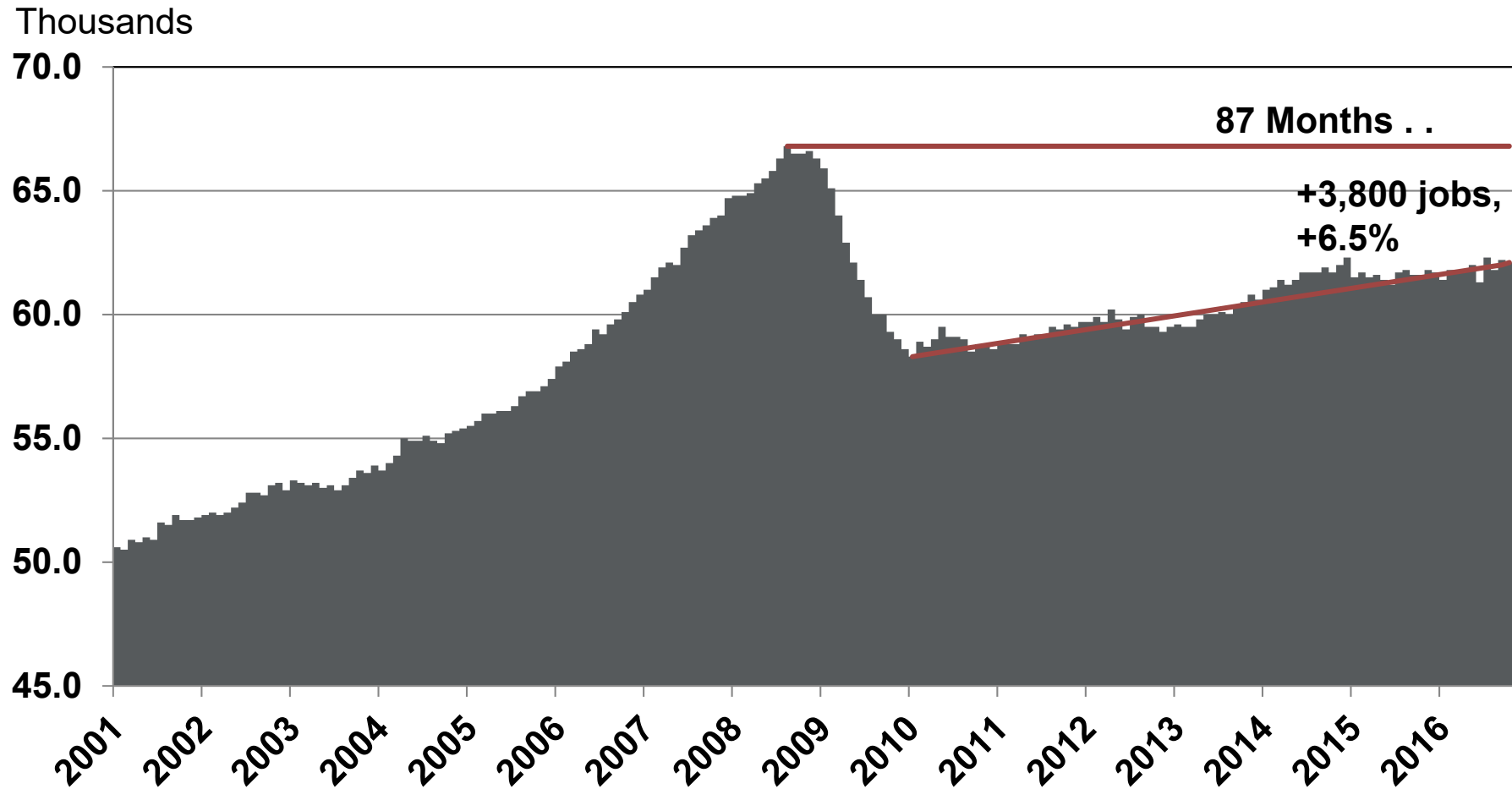
Percentage Change



Source: Bureau of Economic Analysis.

Non-Ag Employment

Grand Junction MSA

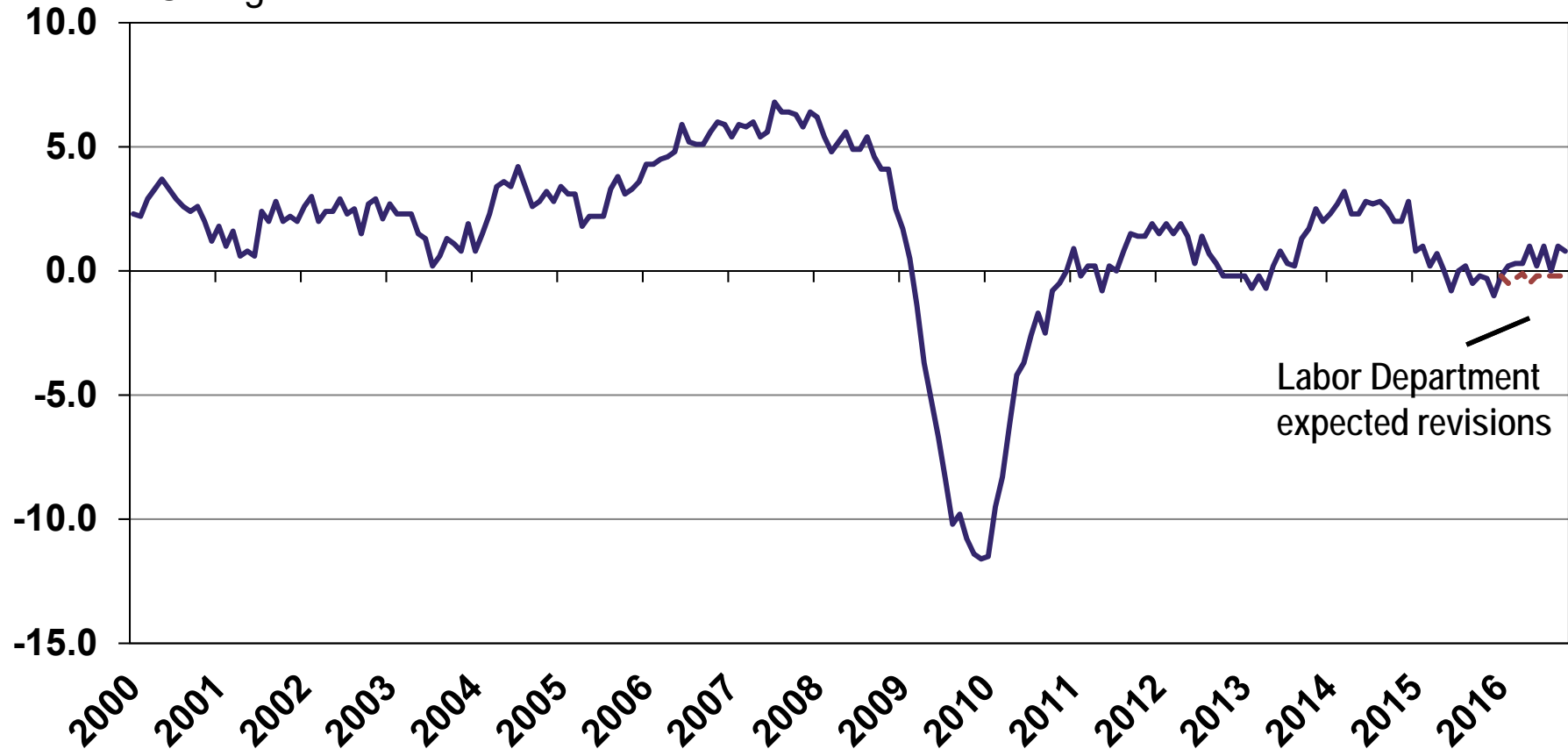


Source: Bureau of Labor Statistics, CES Data Series, SA.

Non-Ag Employment

Grand Junction MSA

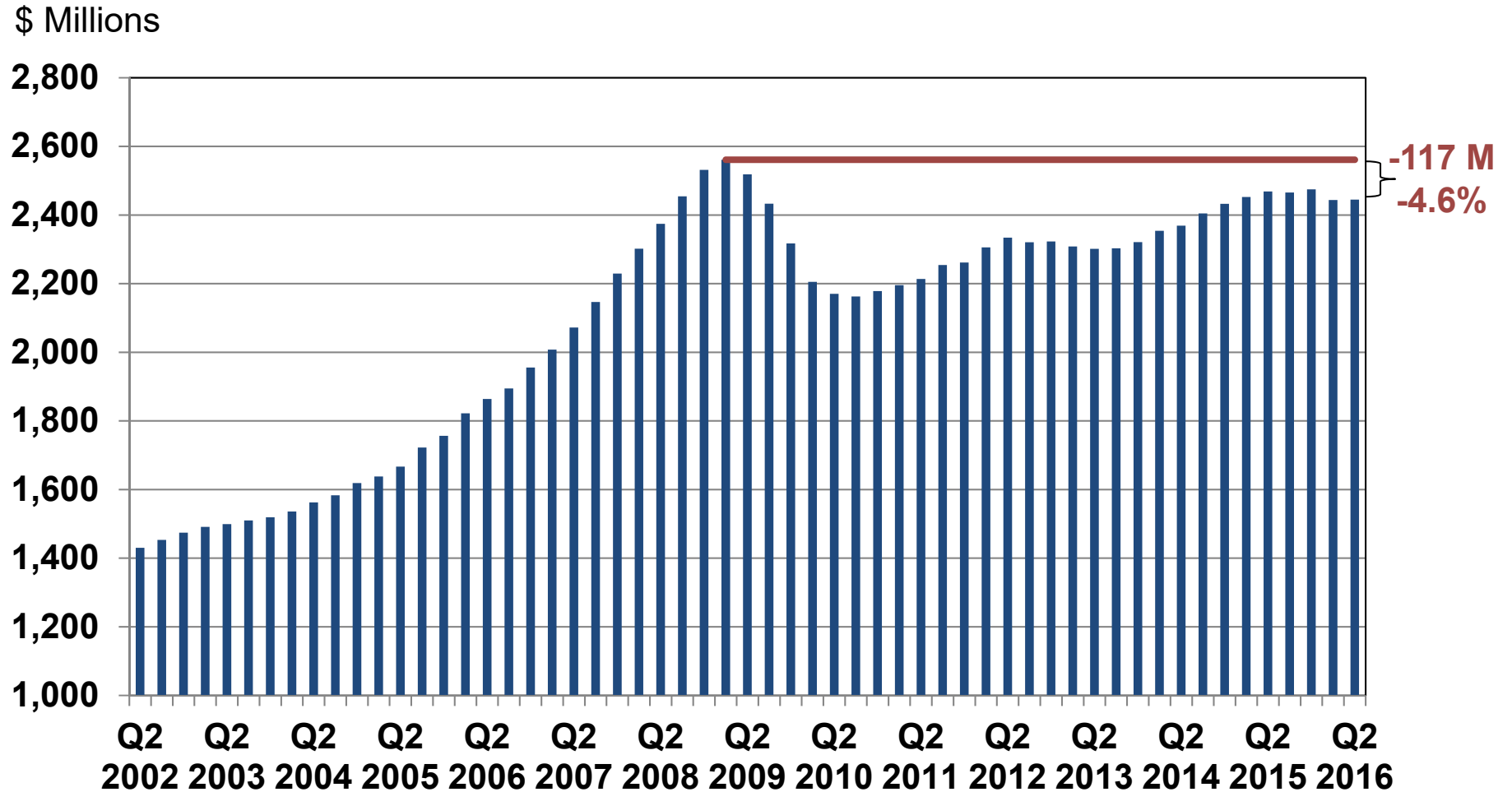
Year-over-Year
Percent Change



Source: Bureau of Labor Statistics, CES Data Series, SA.

Mesa County Wages

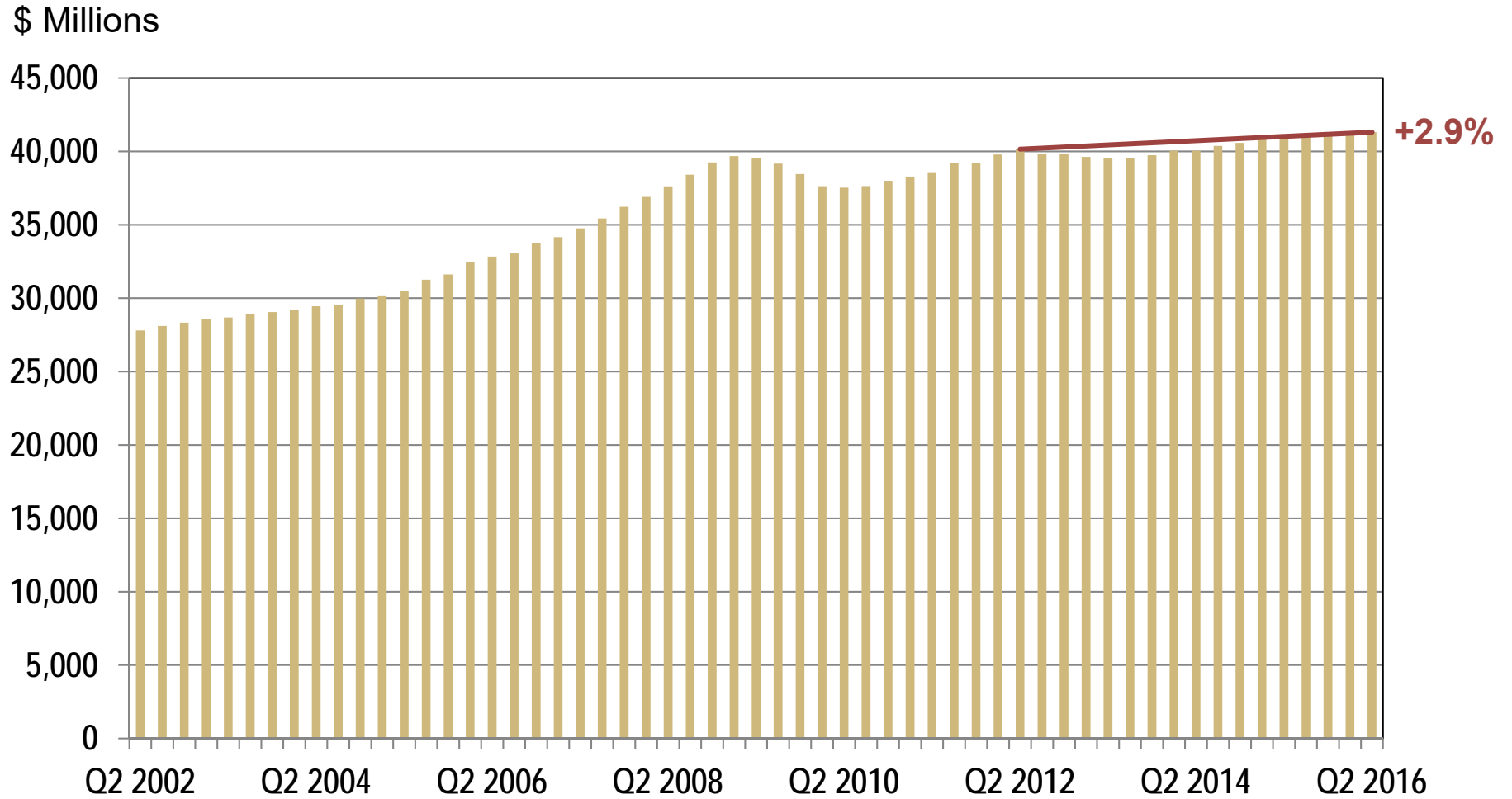
Annual Rate (4Q Rolling)



Source: Bureau of Labor Statistics, QCEW Data Series, NSA.

Mesa County Average Wages

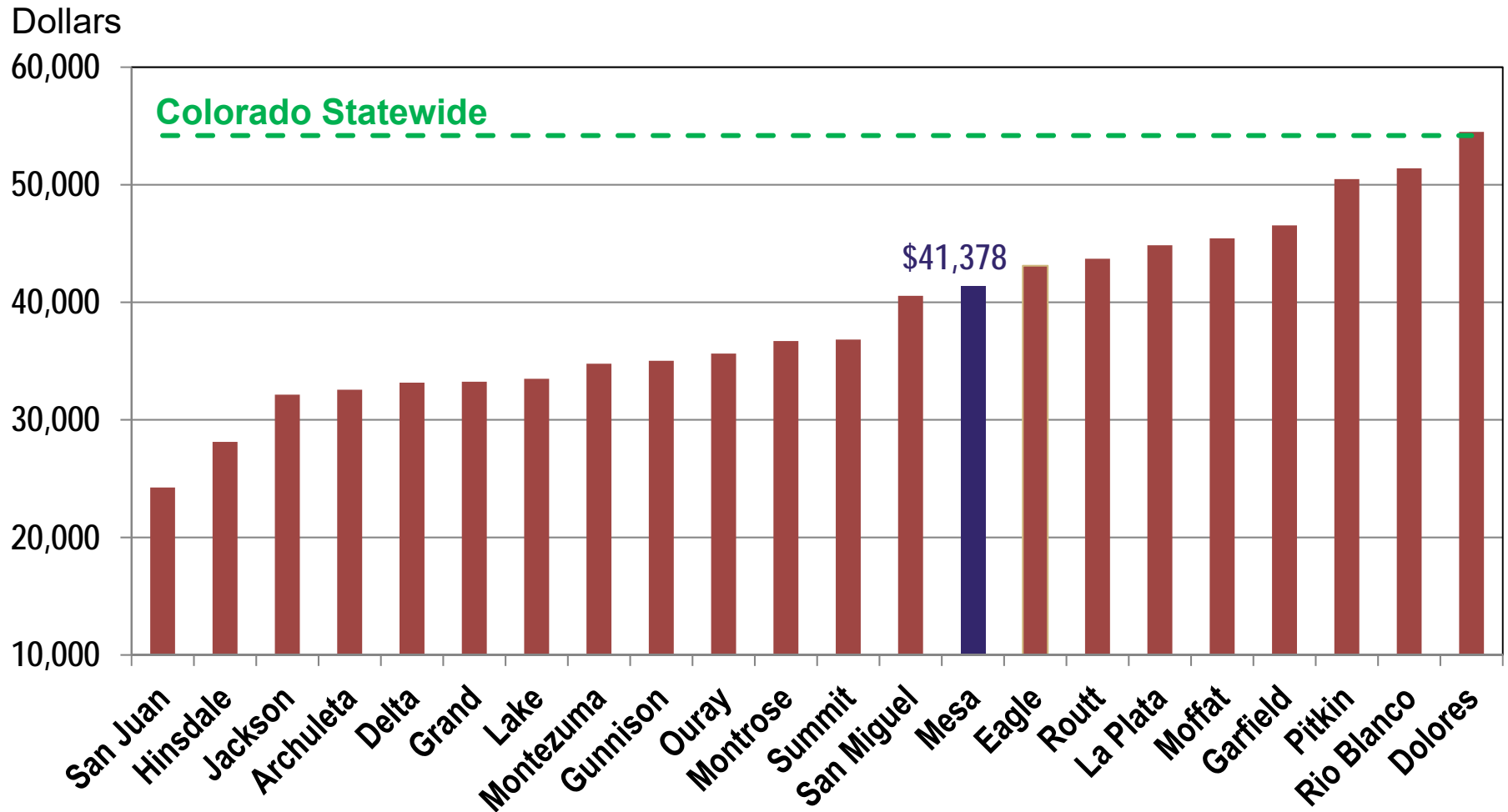
Annual Rate (4Q)



Source: Bureau of Labor Statistics, QCEW Data Series, NSA.

2015 Average Annual Wages

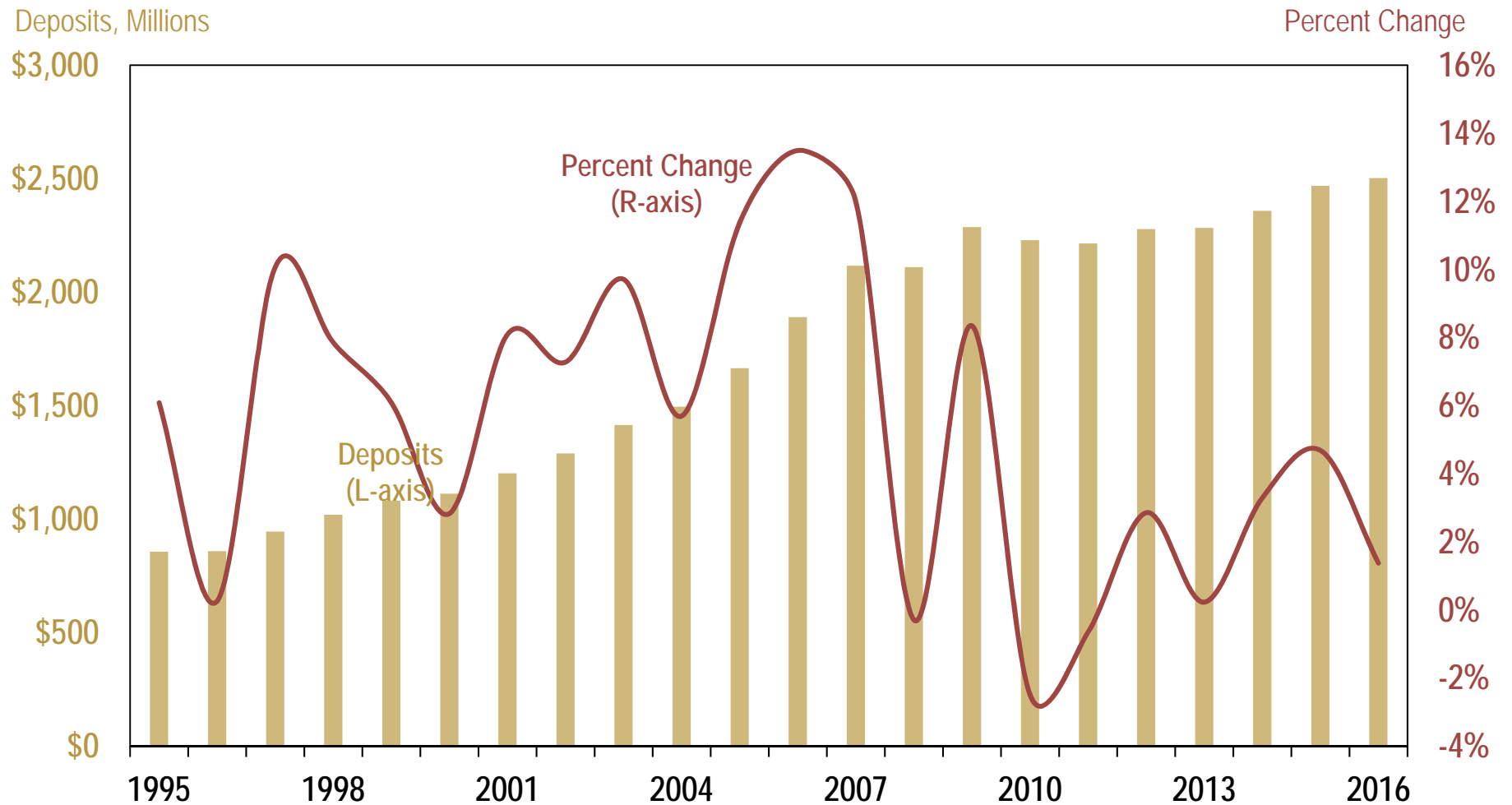
Western Slope Colorado



Source: Bureau of Labor Statistics, QCEW.

Grand Junction Bank Deposits

1994-2016



Source: FDIC, Deposit Market Share Report.

Grand Junction MSA Employment Change

October 2016

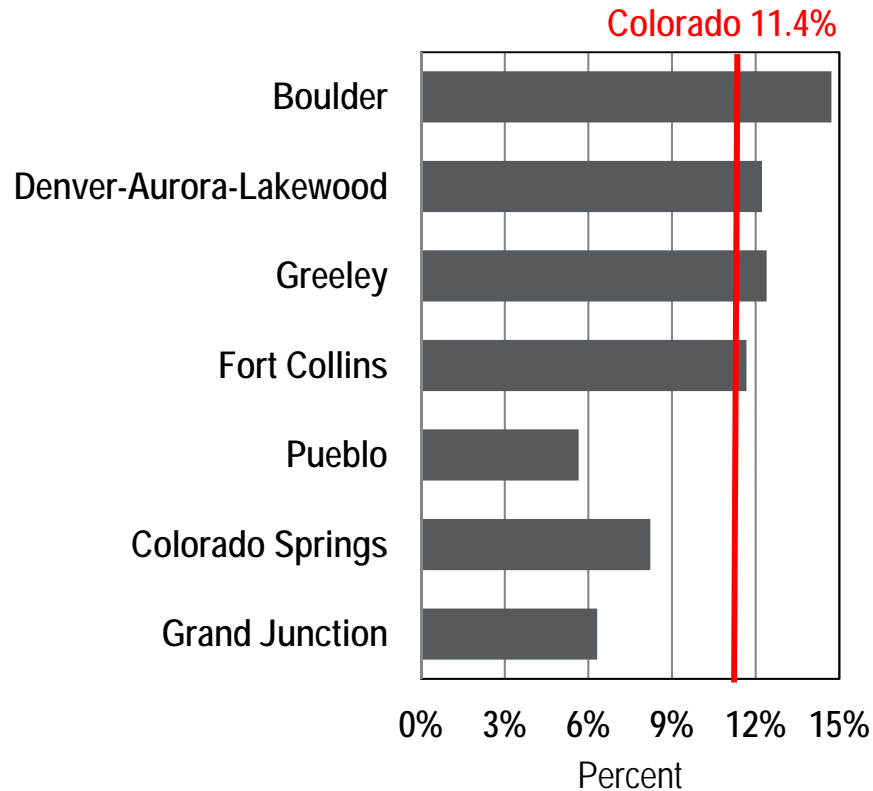
	Month over Month	1-Year	3-Year (CAGR)	5-Year (CAGR)	10-Year (CAGR)
Total	-0.2%	0.8%	0.9%	0.8%	0.4%
Mining, Logging, and Construction	0.0%	-3.1%	-1.0%	-3.2%	-2.2%
Manufacturing	-3.3%	0.0%	1.2%	2.2%	-1.3%
Wholesale	4.2%	4.2%	0.0%	2.6%	1.3%
Retail	1.2%	1.2%	2.1%	1.0%	-0.2%
Transportation and Utilities	0.0%	0.0%	1.3%	-0.7%	0.0%
Information	0.0%	-14.3%	-9.1%	-5.6%	-4.0%
Financial Activities	0.0%	0.0%	1.1%	2.0%	-0.6%
Professional and Business Services	0.0%	0.0%	-1.2%	1.1%	0.6%
Education and Health Services	-1.0%	1.0%	1.4%	1.9%	2.0%
Leisure and Hospitality	-2.5%	4.0%	2.2%	2.2%	1.1%
Other	0.0%	0.0%	0.0%	0.8%	0.8%
Government	0.9%	1.9%	1.6%	1.0%	1.5%

Source: Bureau of Labor Statistics. Note: Excludes expected revisions from the Colorado Department of Labor and Employment.

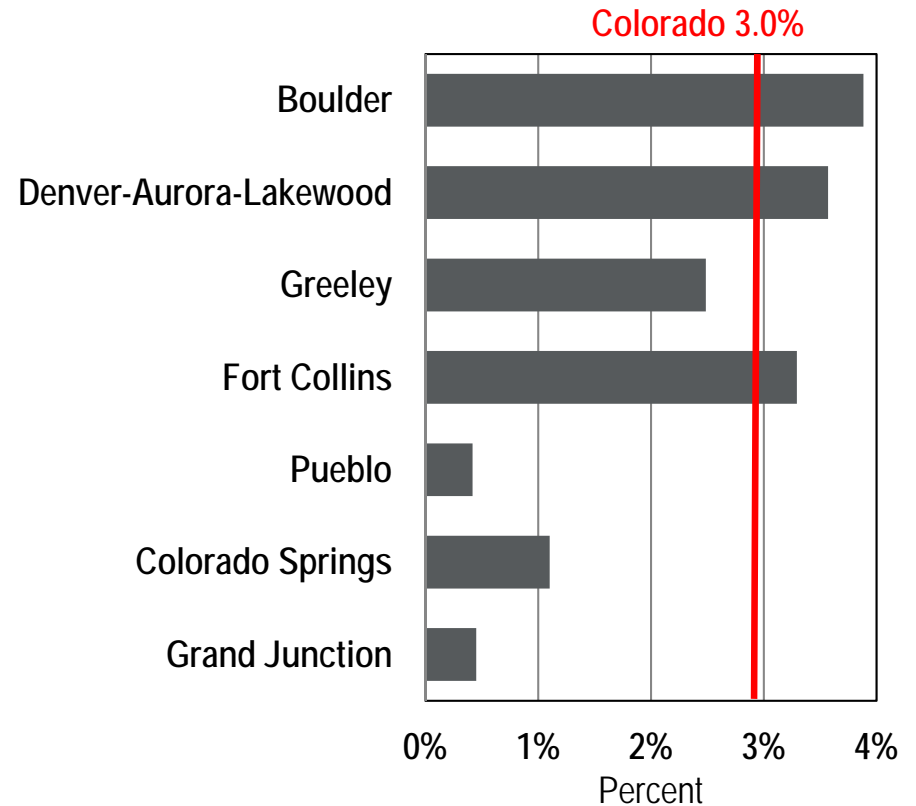
Federal Housing Finance Agency (FHFA)

House Price Index

**Federal Housing Finance Agency
Home Prices by MSA
Q2 2015 – Q2 2016**



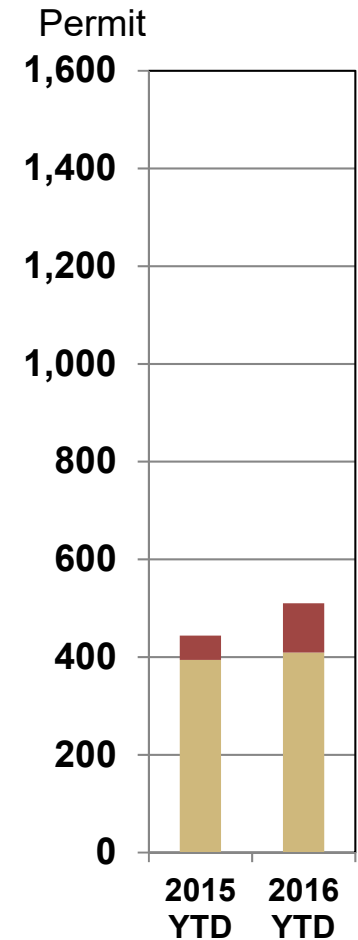
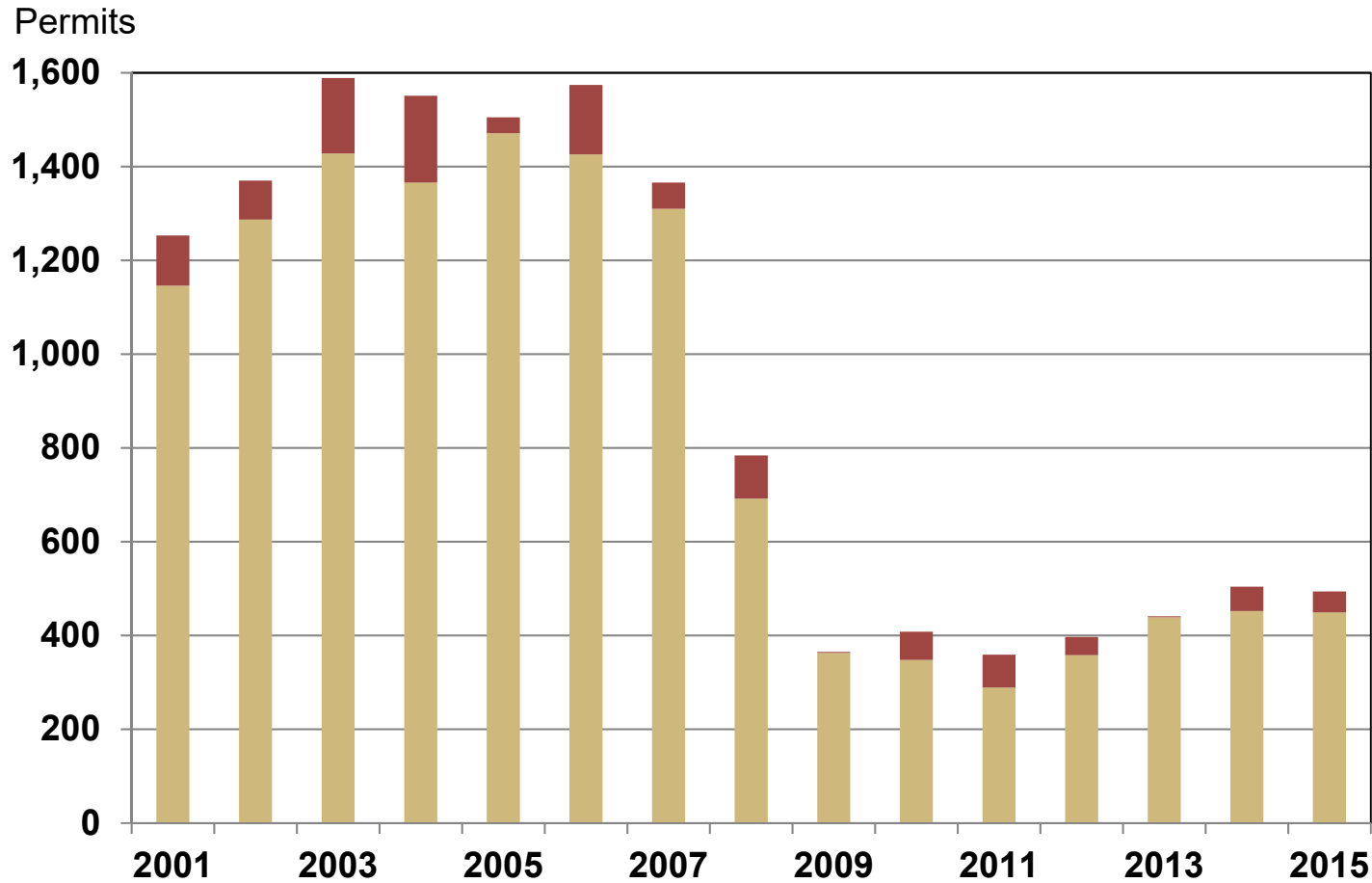
**Federal Housing Finance Agency
Home Prices by MSA
CAGR Q2 2006 – Q2 2016**



Source: Federal Housing Finance Agency, All Transactions Indexes.

Single Family v. Multifamily Permits

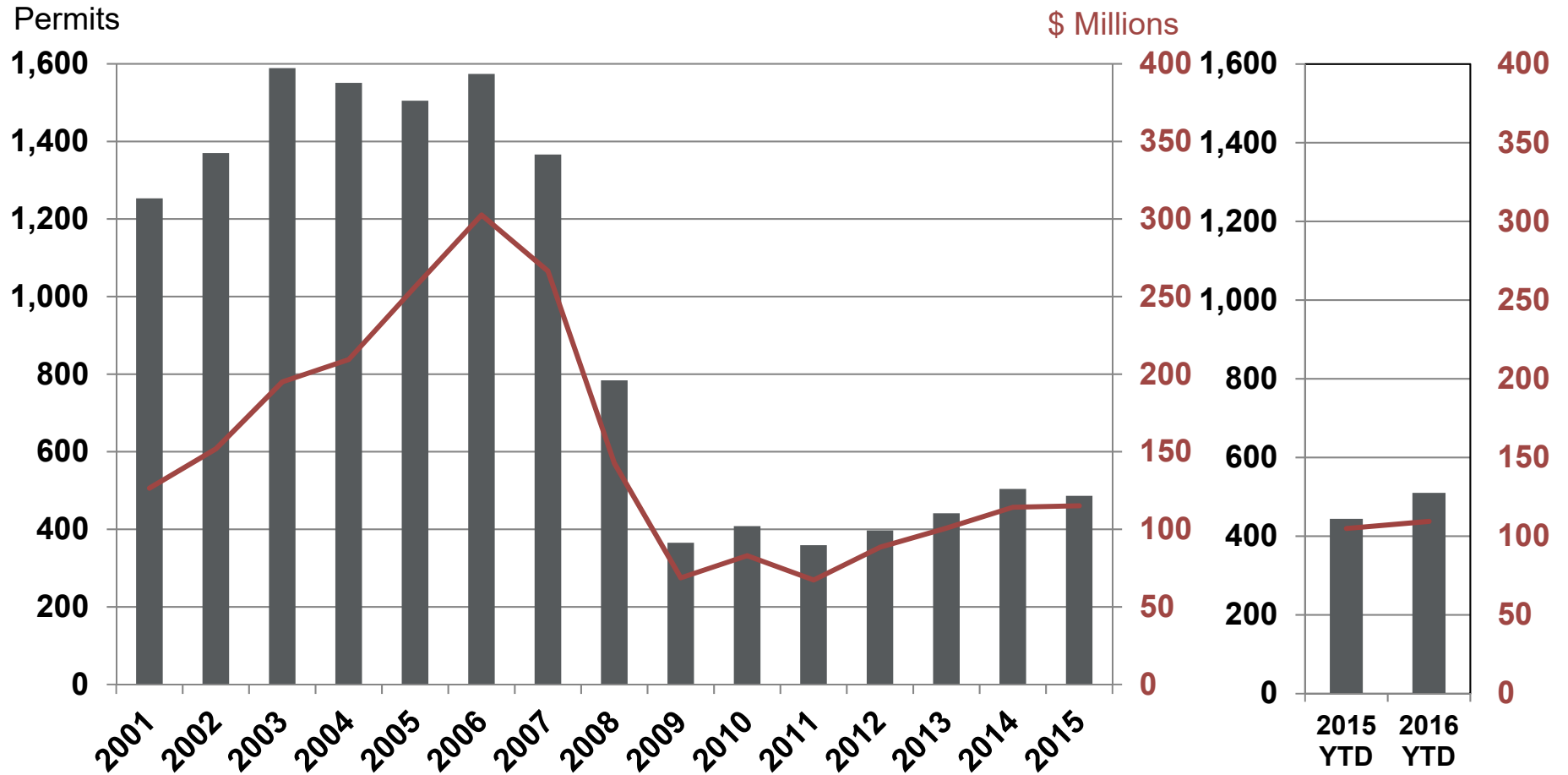
Grand Junction MSA



Sources: U.S. Census Bureau.

Residential Permits and Valuation

Grand Junction MSA

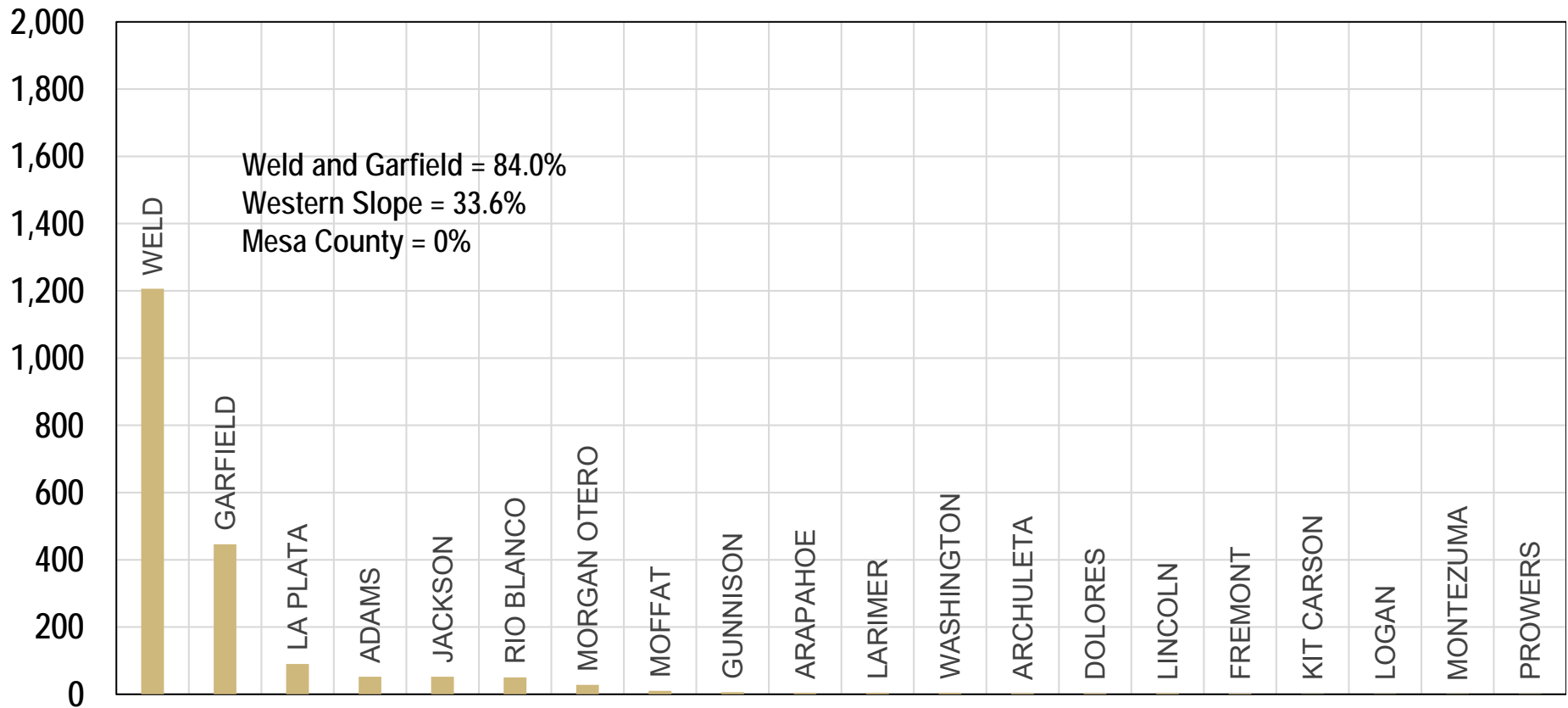


Sources: U.S. Census Bureau.

Drilling Permits by County

2016 YTD

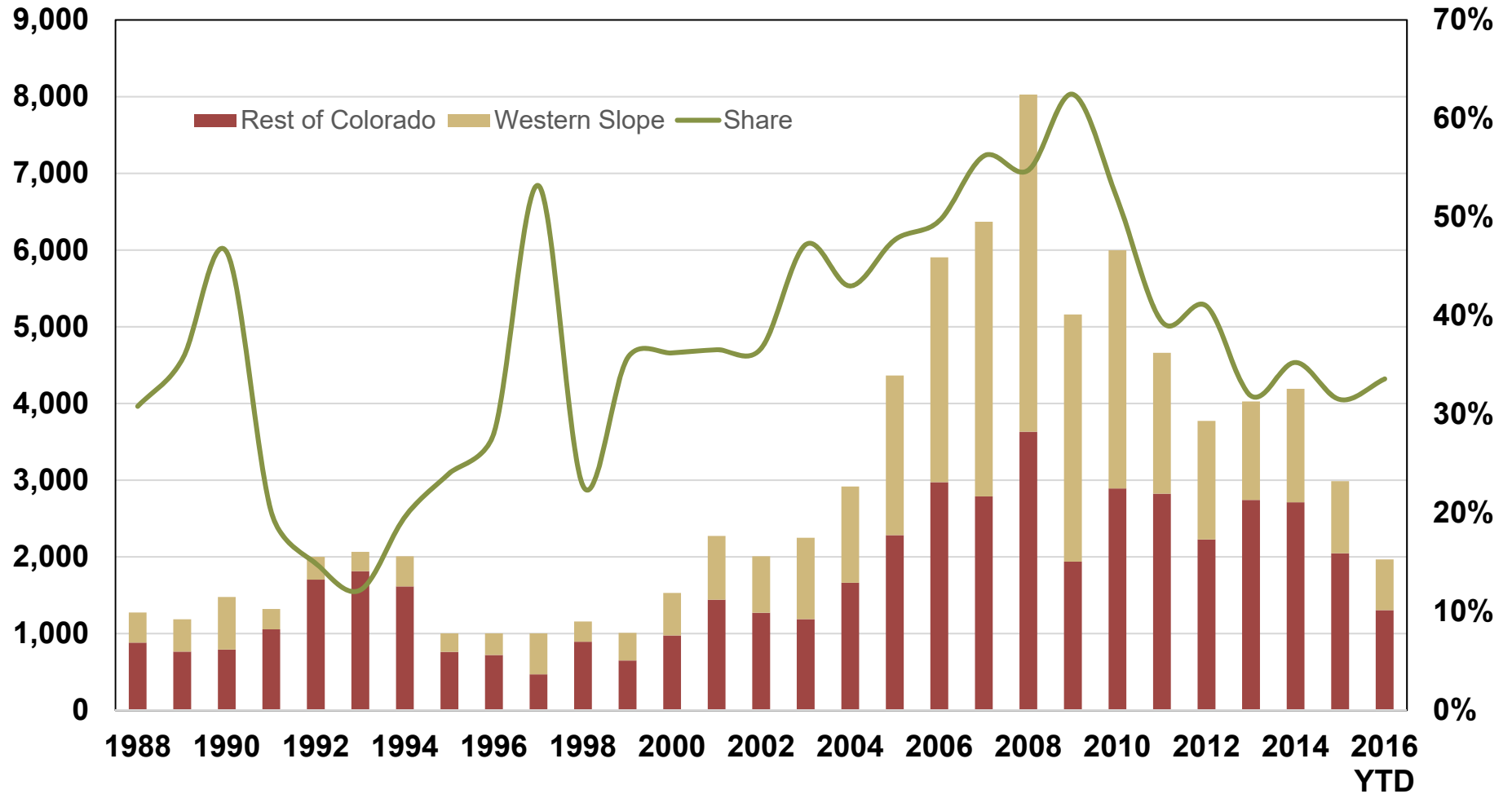
Permits



Source: COGCC.

Drilling Permits by County

1989-2016 YTD October 1st



Source: COGCC.

Thank You



Colorado Ranking Among Other States

Metric	1-Year	3-Year	5-Year	10-Year
Real GDP Growth	4	3	5	11
Employment Growth	6	5	3	4
Population Growth	2	3	3	4
Personal Income Growth	23	1	2	7
PCPI Growth	43	1	2	30
PCPI	13	18	22	13
Average Annual Pay % Growth	28	26	18	23
Average Annual Pay	12	13	12	10
Unemployment Rate	9	18	29	18
Labor Force % Growth	6	11	7	4
FHFA Home Price Index	3	2	4	3

Data Sources: Bureau of Economic Analysis (2015), Bureau of Labor Statistics (10/16), U.S. Census Bureau (2015), Bureau of Labor Statistics (2015), Bureau Federal Housing Finance Agency All Transactions Index (Q3 2016), BRD calculations. Note: 1-year, 3-year, and 5-year are based on the compound annual growth rate.