



# ColoradoCast

ECONOMIC FORECAST Q1 2022



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**Note:** full report is available for download at <https://www.coloradofuturescsu.org/>

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## **ColoradoCast forecasts that economic growth will slow slightly in coming months**

**FOR IMMEDIATE RELEASE** – Denver, Colo. – the ColoradoCast, the state’s only short-term economic forecast, shows that the economy will be growing at an annual rate of 4.47% through June 2022.

The economy has returned to pre-pandemic levels, said the Colorado Futures Center, the CSU think tank that conducts the ColoradoCast, noting that the Federal Reserve Bank of Philadelphia’s Coincident Economic Activity Index for Colorado (the base of the ColoradoCast) continues to show that economic activity in Colorado rebounded to its pre-pandemic high in September 2021.

The slight slowdown in growth is attributed to lags in certain drivers of the economy, most notably equity and bond markets. Although some drivers of the economy used for the ColoradoCast continue to carry the economy, such as rising housing values.

“The slight slowdown likely reflects a continued normalization of economic growth as the time moves further from the early months of the pandemic,” said Dr. Phyllis Resnick, director of the Colorado Futures Center. “The economy is projected achieve annual growth rates that are robust by historical standards and an anticipated beginning of a return to more historically normal rates of economic growth – growth less distorted by the collective responses to the COVID pandemic.”

The forecast was completed prior to the recent events in Ukraine, and “a protraction of those events and the economic sanctions that result likely will impact economic growth in the United States,” Resnick said.

The Colorado Futures Center will monitor the impact of the events on the ColoradoCast and release an interim update preceding the scheduled quarterly release (May 2022), should the outlook change dramatically.

The gap the report fills within economic forecasts and the importance of understanding short-term economic projections to businesses is key, said Senior Vice Chancellor and CFO of the CSU System Henry Sobanet: “We were so pleased with the response to the first ColoradoCast and are very appreciative of the work by the Colorado Futures Center to create this new insight for Colorado’s short-term economic forecasting.”

**About the ColoradoCast:**

The ColoradoCast is a short-term (approximately 6 months ahead) economic forecast for the Colorado economy developed by the Colorado Futures Center, a 501c3 organization dedicated to informing about economic, fiscal and public policy issues impacting community economic health and quality of life. It is designed to forecast a well-known contemporaneous measure of statewide economic activity, the Coincident Economic Activity Index for Colorado, developed by the Federal Reserve Bank of Philadelphia. The Coincident Economic Activity Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries. The trend for the index is set to match the trend for gross state product.

The ColoradoCast predicts the value and annualized growth rate in the coincident index using six factors whose predicted relationship with economic activity are as follows (relationship in parentheses): the yield curve measured by the spread between two and ten month treasuries (positive), the risk spread between high quality corporate and ten year treasury returns (negative), employment in the employment services sector (positive), home prices as measured by the Case-Shiller index for Denver (positive), initial claims for unemployment insurance (negative), and the value of the Wilshire 5000 stock index (positive).

The Colorado Futures Center extends a thank you to Dr. Steven Fisher who collaborated on the initial development of the ColoradoCast model.

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