



ColoradoCast

ECONOMIC FORECAST Q3 2022

A STATEWIDE 6-MONTH ECONOMIC FORECAST
FROM THE COLORADO FUTURES CENTER

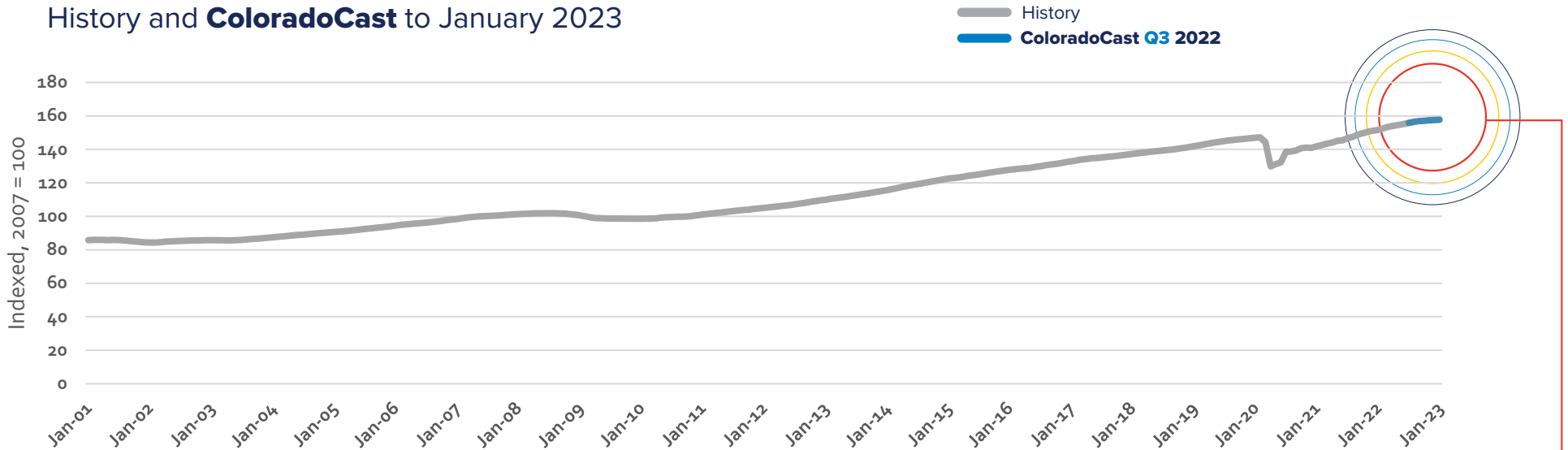


**COLORADO
FUTURES CENTER**

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COLORADO STATE UNIVERSITY

Colorado Economy

History and ColoradoCast to January 2023

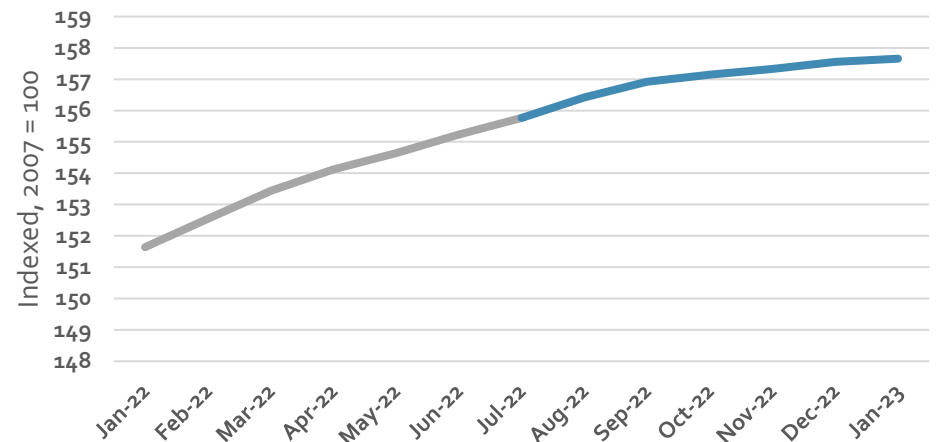


The Colorado economy, as forecast by the ColoradoCast, continues to show signs of slowing with a six-month outlook for growth rates below one percent annual rate. The ColoradoCast forecasts a coincident index largely tied to employment indicators and designed to track the long-term trend in state GDP. This measure has continued to show a growing, albeit slowing, Colorado economy.

However, recently released GDP results for Colorado report economic growth declining by just under two percent annual rate in the first quarter of 2022. The largest contributor to the decline was activity in the extractive sector. This sectoral decline is in the presence of strong employment and consumer spending trends that have continued into the second quarter, suggesting that while GDP dipped negative early in 2022, the Colorado economy retains enough underlying strength to return to modestly positive growth for the remainder of the year.

Colorado Economy

Highlighting the Current Year

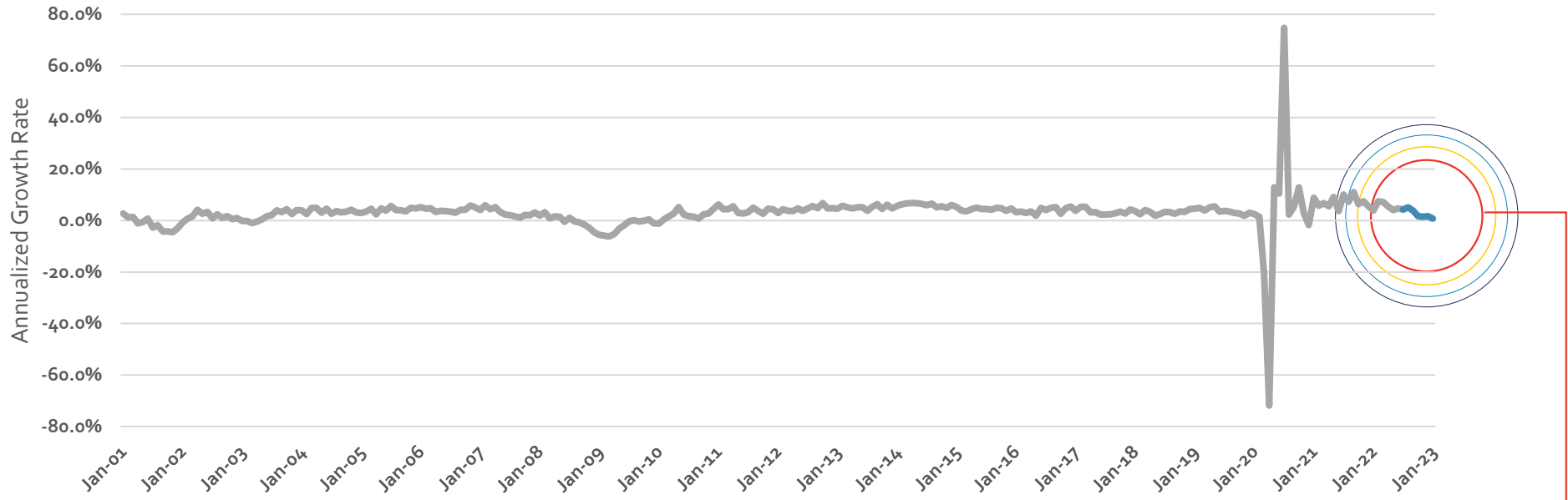


Annualized Growth Rate

History and **ColoradoCast** to January 2023



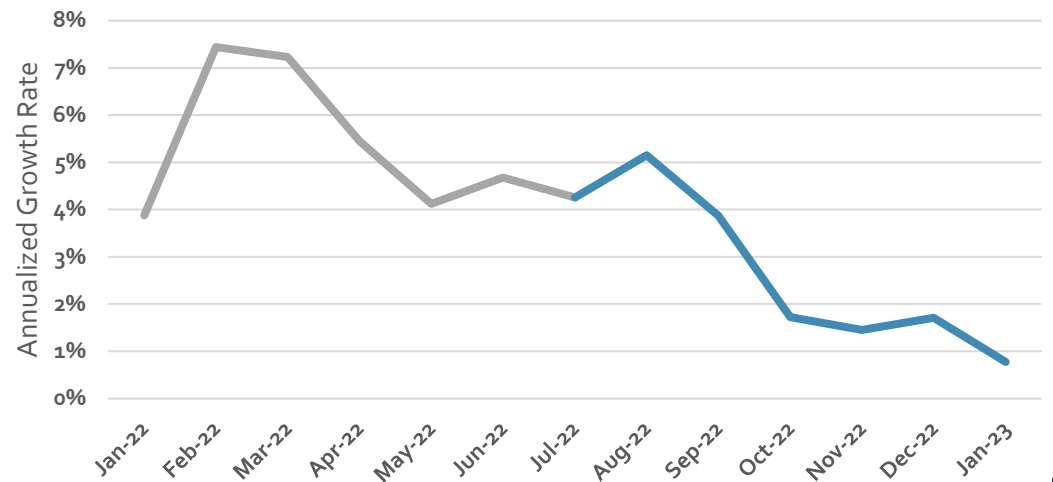
— Annualized Growth Rate History
 — Annualized Growth Rate **ColoradoCast**



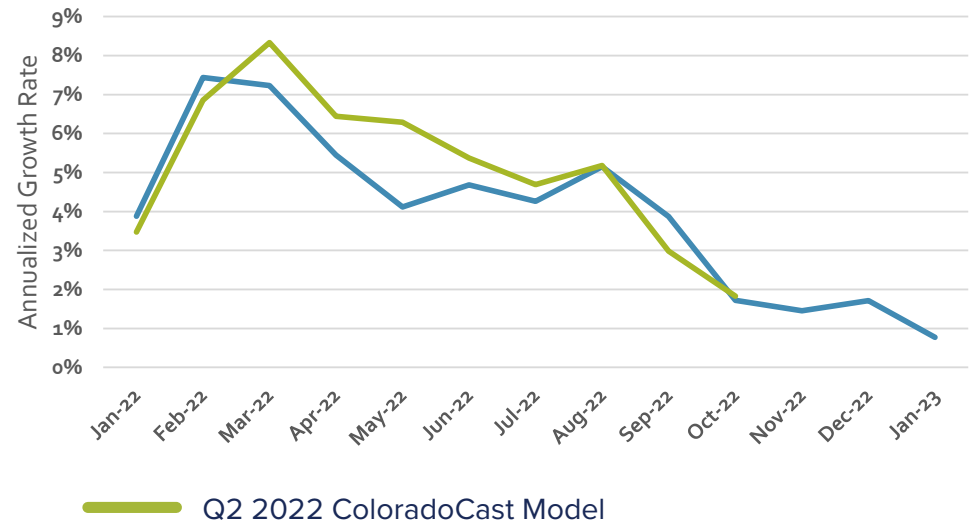
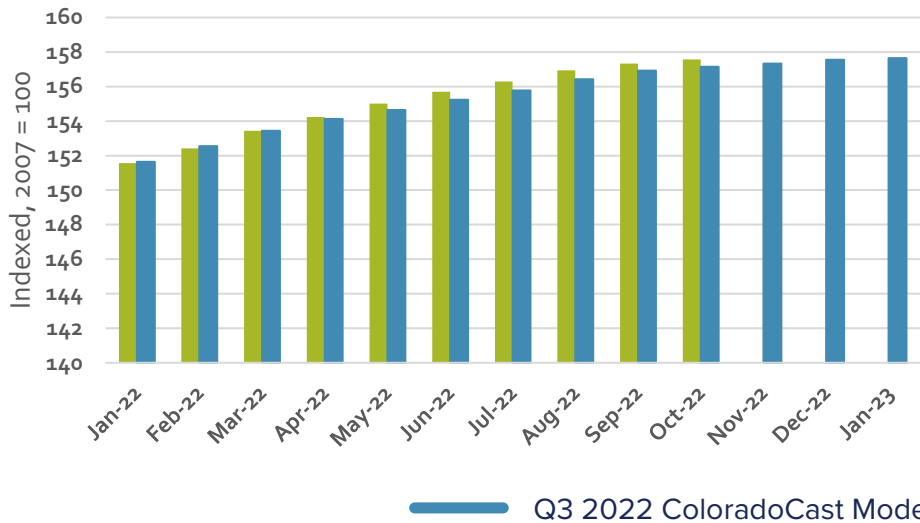
BY EARLY 2023 THE GROWTH IN THE COLORADO ECONOMY IS PROJECTED TO SLOW DRAMATICALLY BUT REMAIN SLIGHTLY POSITIVE.

Annualized Growth Rate

Highlighting the Current Year



Forecast Comparison: Colorado Economy and Annualized Growth Rate



Compared to the second quarter ColoradoCast, the current model shows more indicators dragging on the state economy. While equity and bond markets began to negatively impact the forecast in the second quarter, housing continued to be a strength. However, with this update housing is forecast to modestly decline, further slowing the outlook for economic growth. Colorado, like all states, is not insulated from the broader macroeconomy. This forecast update continues to show national economic policy and broader economic impacts weighing on Colorado growth, particularly through the slowing housing market. However, Colorado continues to experience a strong consumer activity and resilient labor markets, lending offsetting strength to the economy. This is resulting in a ColoradoCast forecast of modest growth of just over three quarters of a percent annual rate at the beginning of 2023.

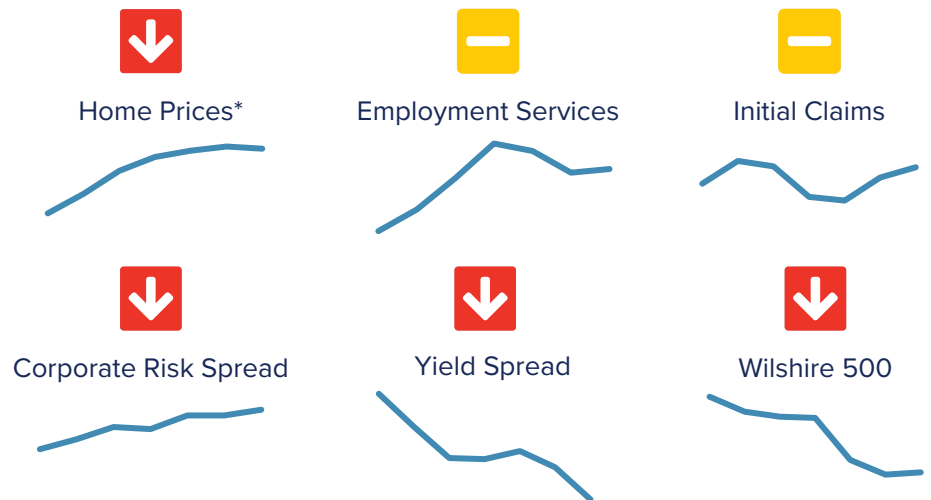
Factors Driving the ColoradoCast

The thumbnail graphics show the 2022 YTD July pattern of the variables used to model the ColoradoCast.

*Home prices include forecast values for the months of June and July 2022

Impact on last month of **ColoradoCast**

↑ Positive
 - Neutral
 ↓ Negative





The **ColoradoCast** is a short-term (approximately 6 months ahead) economic forecast for the Colorado economy developed by the Colorado Futures Center. 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: non-farm 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), housing 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 **ColoradoCast** is released quarterly for the months of February, May, August and November.

Thank you to Steven Fisher, PhD for his collaboration on the initial development of the ColoradoCast.

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The Colorado Futures Center is a 501c3 organization dedicated to informing about economic, fiscal and public policy issues impacting community economic health and quality of life.