



ColoradoCast

ECONOMIC FORECAST Q1 2024

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

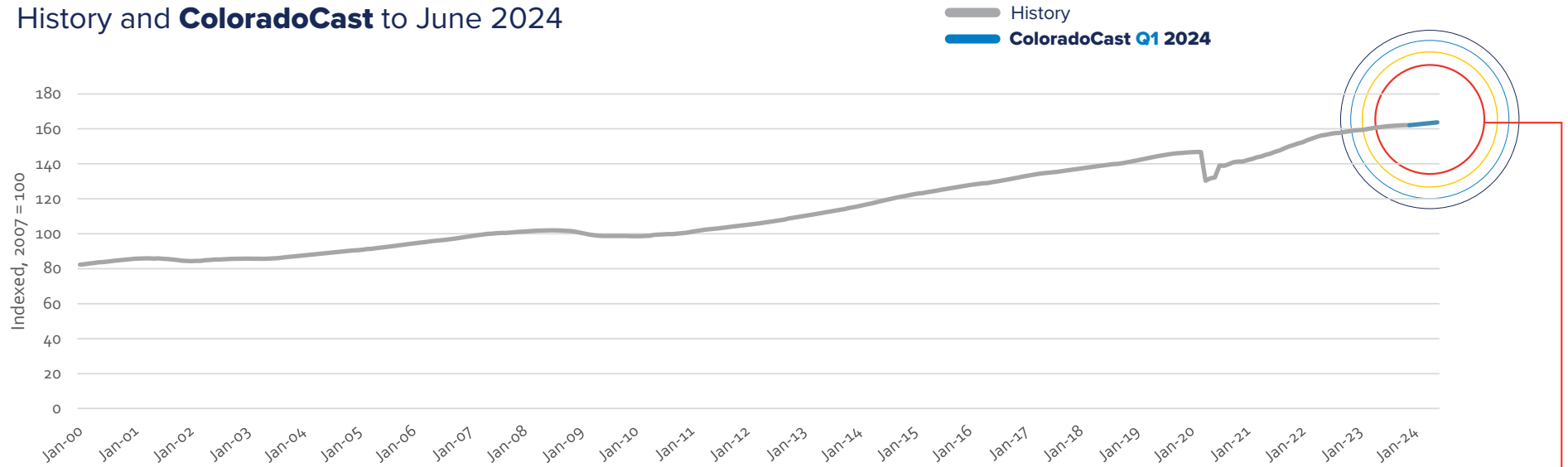


**COLORADO
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Colorado Economy

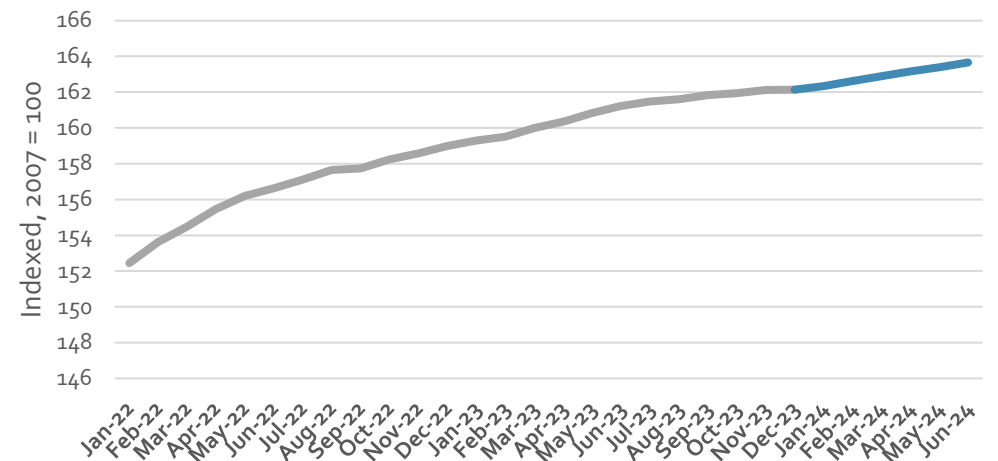
History and **ColoradoCast** to June 2024



This ColoradoCast extends the forecast through the first half of 2024. The 2024 Q1 ColoradoCast has the Colorado economy continuing to sustain growth, and consistent with the improved outlook nationally, the Colorado economy is forecast to grow slightly faster in the first half of 2024 than the latter half of 2023. However, in a reversal of Colorado’s economic performance relative to the US, employment in Colorado grew more slowly in 2023 than in the nation overall. This is resulting in a ColoradoCast that, while remaining positive, is more modest than national expectations. For the first half of 2024, the Colorado economy is projected to sustain growth, on average, of two percent annual rate.

Colorado Economy

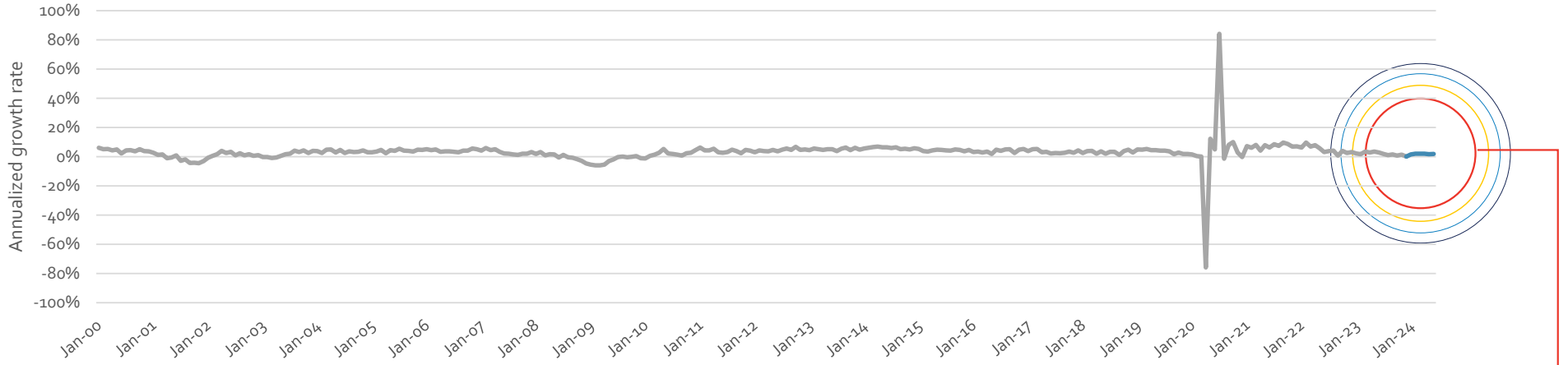
Highlighting the Current Year



Annualized Growth Rate

History and ColoradoCast to June 2024

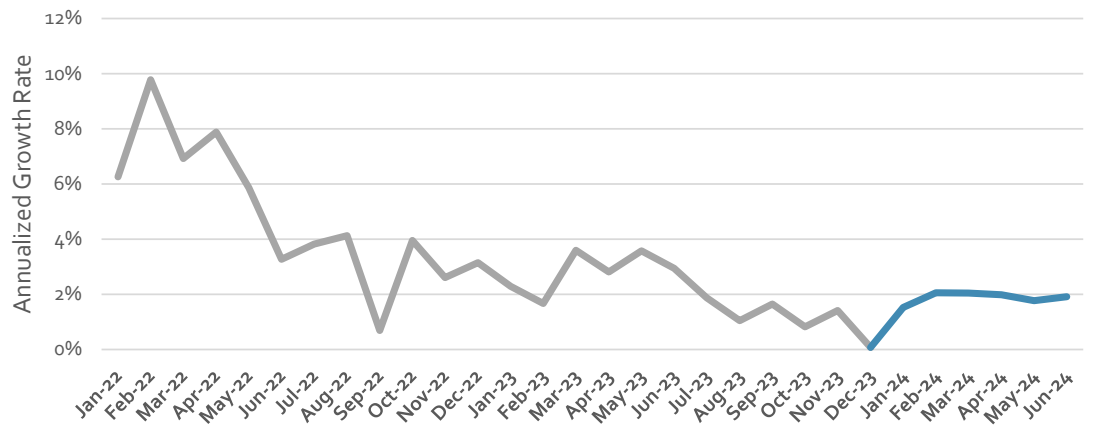
— Annualized Growth Rate History
— Annualized Growth Rate **ColoradoCast**



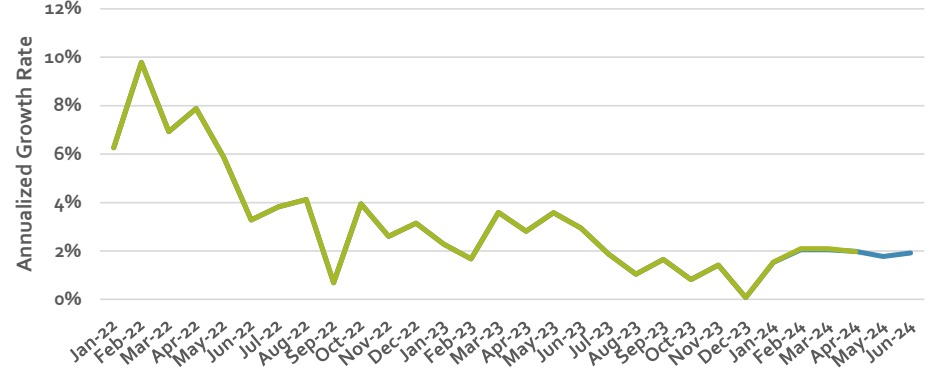
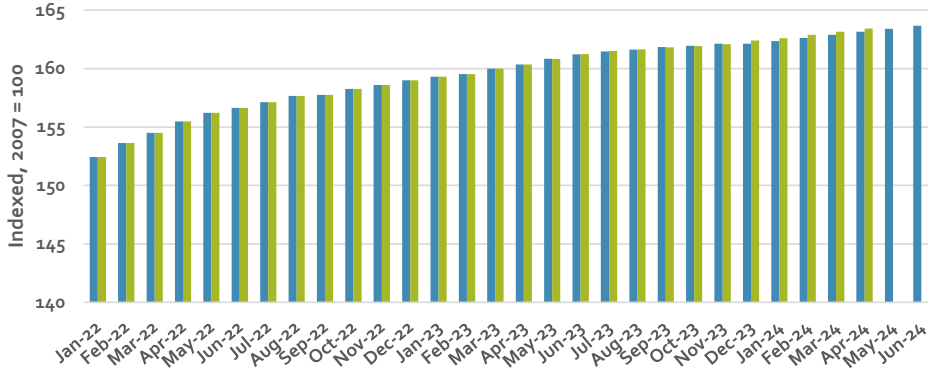
THIS COLORADOCAST SHOWS THE ECONOMY SLIGHTLY GAINING MOMENTUM AND SUSTAINING GROWTH OF TWO PERCENT ANNUAL RATE IN THE FIRST HALF OF 2024.

Annualized Growth Rate

Highlighting the Current Year



Forecast Comparison: Colorado Economy and Annualized Growth Rate



Q1 2024 ColoradoCast

Q4 2023 ColoradoCast

All drivers of the current ColoradoCast are either positive or neutral, with the national drivers of equity and bond markets leading the way. Consistent with previous runs of the model, particularly the late 2023 ColoradoCast, economic performance in Colorado continues to be buoyed by equity and bond markets, with the continued flattening of the still inverted yield curve and a slight reduction in risk premium. The local economic drivers had a more muted impact on the ColoradoCast. In the latter part of 2023, housing in Colorado experienced a slight correction that appears to be reversing at the end of the year. Housing is a strong driver of the outlook and that small correction continues to affect the outlook. If housing in the early part of 2024 continues to regain momentum, the economy is expected to continue to maintain strength into the year.

Factors Driving the ColoradoCast

The thumbnail graphics show the calendar year 2023 pattern of the variables used to model the ColoradoCast.

*Home prices include forecast values for the month of December 2023

**The yield curve (ten-two spread) inverted in 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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