

# Review of Colorado and United States Economy

## Based on September Employment Data



Slurry bombers at refueling station, Rocky Mountain Metropolitan Airport,, cber.co.

# Looking Forward

## United States and Colorado

### **United States**

The economic recovery from the pandemic has been stronger than anticipated. The recovery is not complete, but it is safe to say the economy has momentum and the potential for stronger growth in 2021 and beyond, no matter which candidate is elected.

Based on their platforms, the presidential candidates have very different perspectives and plans for the future of the country. Time will tell which path is selected and how the economy and our society will move forward.

### **Colorado**

The Colorado economy is also at a point of inflection as it transitions from summer to winter. In addition, Coloradans are trying to manage the everchanging balance between medical, economic, and social issues as they deal with life that includes C-19.

In the months ahead the state will be challenged to maintain activity in existing industries and provide support and guidelines to help recreation, hospitality, and entertainment industries to have a greater presence in the economy. That effort includes bringing workers and activity back to downtown Denver and making it an appealing and safe place for businesses, workers, and visitors.

# Overview

The recovery is uneven across industries and regions because of the difference in leadership, policies, management of C-19, business mix, and business and regulatory environments.

The U.S. sentiment indices and economic indicators are pointing to continued improvement in the economy. Colorado is ranked in the upper half of all states for recovery based on the unemployment rate.

The recovery is slower than desired, but faster than anticipated. U.S. employment for September was 93.2% of December 2019. Colorado employment for September was 94.7% of December.

In Colorado, current employment levels are above the December 2019 values for the professional and technical services (PST), private education, federal government, and manufacturing sectors.

At the other end of the spectrum, tourism has been devastated by regulations and the lack of confidence in traveling. In addition, the extractive industries have been punished by state regulations and reduced global demand.

Colorado-based Business and Economic Research <https://cber.co>

## United States and Colorado

- Real GDP -- United States and Colorado
- Continued Unemployment Claims and Unemployment Rate-- United States and Colorado
- Labor Force Participation Rate and Unemployment by State
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## Colorado

- Colorado Revised Employment Forecast
- Employment, Number of Unemployed, Recovery by MSA
- Recovery of Major Colorado Sectors
- Colorado Metrics

## Summary – United States and Colorado

# United States Economy



Vote on November 3, 2020., cber.co.

# Real Gross Domestic Product

## United States And Colorado

### Key Points

There was a severe decline in real GDP growth in Q2 2020. A strong rate of growth is projected for Q3. Weaker growth is projected for Q4.

The annual real GDP rate for 2020 will be -3.5% and personal consumption will be -4.4%.

The annual real GDP rate for 2021 will be 3.5% with personal consumption of 4.0%.

# U.S. Real GDP Growth

## The Conference Board Forecast (October 14, 2020)

### 2020

The Conference Board October 14 base scenario forecast shows an increase in real GDP of 34.6% in Q3 2020. A slower rate of growth, 1.5%, is expected in Q4 as spending stalls and the personal savings rate remains elevated. Real GDP growth for 2020 will be -3.5% with personal consumption of -4.4%. The October forecast is more optimistic than previous months. Earlier in the year, the Q4 forecast called for negative real GDP growth.

### 2021

The best-case scenario projects a return to December 2019 real GDP growth in Q1 2021, the base scenario says it will occur in Q4 2021, and the downside forecast says the return will be in Q1 2022. After a challenging winter, the economy will pick up in Q2 2021 and be much stronger in the second half of the year. In 2021, real GDP growth will increase by 3.5% and personal consumption will rise by 4.0%.

**Conference Board 2020 US Real GDP Growth Forecast (October 14, 2020)**

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	H1 2021	H2 2021	2019	2020	2021
<b>Real GDP</b>	- 5.0%	- 31.4%	34.6%	1.5%	1.9%	6.4%	2.2%	- 3.5%	3.5%
<b>Personal Consumption</b>	- 6.9%	- 33.2%	34.9%	2.7%	2.6%	6.8%	2.4%	- 4.4%	4.0%
<b>Residential Investment</b>	19.0%	- 35.5%	40.0%	10.0%	5.0%	4.0%	-1.7%	2.5%	6.3%
<b>Real Capital Spending</b>	- 6.7%	- 27.2%	8.9%	5.7%	3.2%	5.6%	2.9%	- 5.9%	2.5%
<b>Exports</b>	- 9.5%	- 64.4%	19.0%	5.0%	5.0%	5.0%	-0.1%	- 16.8%	-0.8%

Source: The Conference Board and cber.co.

# Change in Gross Domestic Product by Sector

## U.S. and Colorado Q1 vs Q2 2020

Change is greater than the average for all sectors.

NAICS Sector	U.S.	Colorado
Finance and insurance	11.9%	21.2%
Information	-6.8%	6.3%
Management of companies	-8.5%	-5.7%
Utilities	-8.6%	-6.5%
Real estate, rental, and leasing	-10.0%	-11.1%
Government	-16.6%	-14.1%
Professional, scientific, technical	-26.8%	-16.9%
Construction	-26.5%	-18.1%
<b>All Sectors</b>	<b>-31.4%</b>	<b>-28.1%</b>

### Change in Real GDP Q1 vs Q2 2020

The Q2 2020 real GDP for the U.S. declined by 31.4% when compared to Q1 2020, For the same periods, the Colorado real GDP declined 28.1%.

Finance and insurance (FI) was the only U.S. sector in positive territory. FI and information were the only Colorado sectors with gains in Q2.

Leisure and hospitality (AER and AFS) had the largest decline of any sector.

U.S. outperformed Colorado in only three sectors (Real estate, rental, and leasing; T&W, and agriculture.

Change is less than the average for all sectors.

NAICS Sector	U.S.	Colorado
Wholesale trade	-35.0%	-30.9%
Manufacturing	-36.6%	-31.8%
Mining and oil and gas extraction	-40.7%	-35.3%
Educational services	-39.5%	-37.9%
Administrative services	-47.1%	-39.7%
Health care and social assistance	-48.1%	-47.5%
Other services	-58.8%	-54.9%
Transportation and warehousing	-64.8%	-67.9%
Accommodation and food services	-88.4%	-78.1%
Agriculture	-36.4%	-87.0%
Arts, entertainment, recreation	-96.9%	-95.6%
<b>All Sectors</b>	<b>-31.4%</b>	<b>-28.1%</b>

# Unemployment Insurance Continued Claims and Unemployment Rate United States and Colorado

## Key Points

After rising quickly in March and April, the number of initial claims declined as the economy transitioned from the lockdown phase to recovery to sustained growth. Within the past month both the U.S. and Colorado initial claims have flattened out.

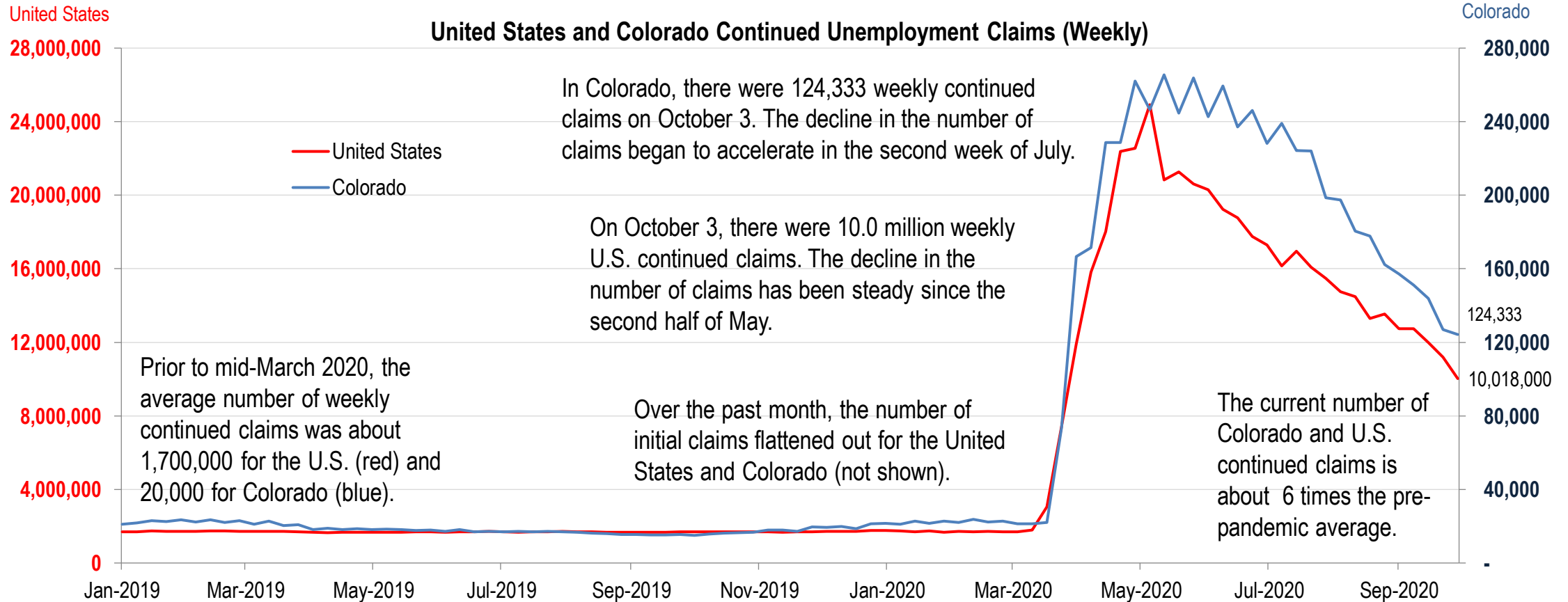
The number of continuing claims has gradually declined.

The unemployment rates for the U.S. and Colorado have declined more rapidly than expected. Six months ago, projections were that year-end unemployment rates would be in double digits.



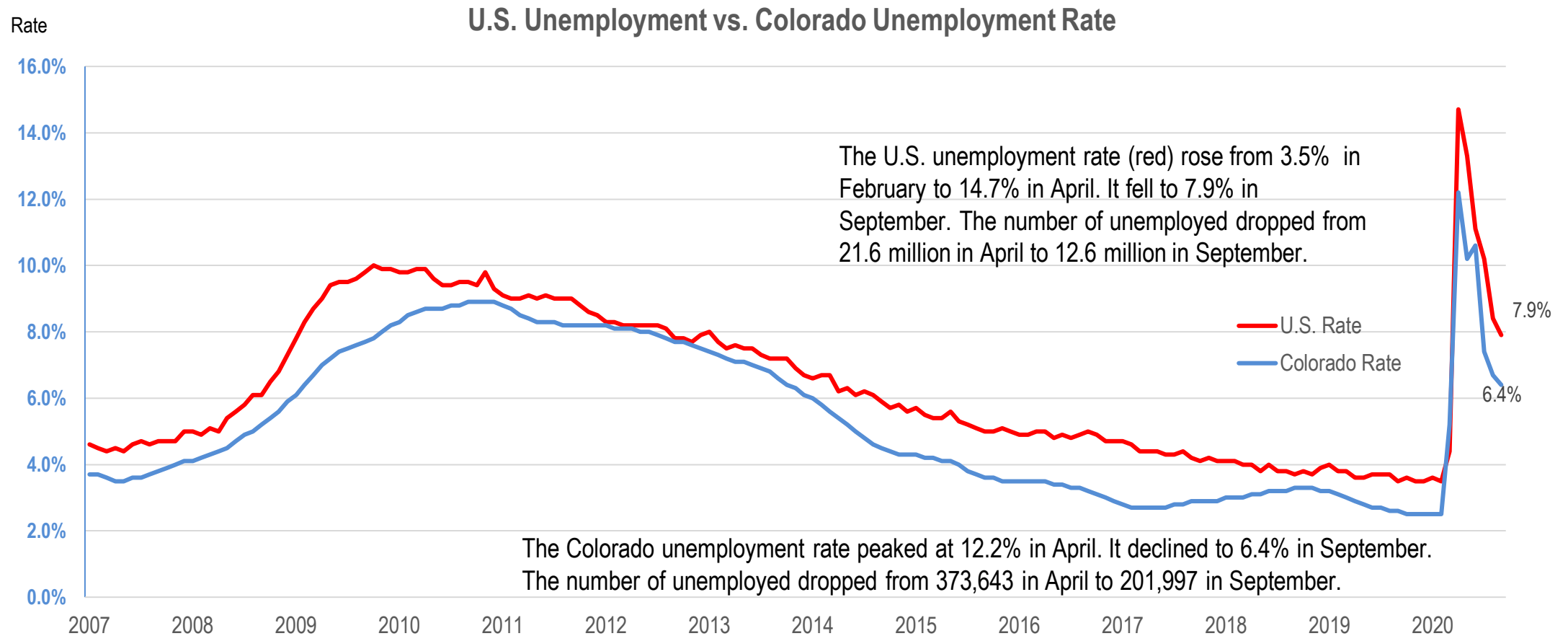
# Continued Unemployment Claims (Weekly)

United States and Colorado 2019 to Current



Source: FRED, Department of Labor, cber.co. Note: Does not include Pandemic Unemployment Assistance (PUA).

# U.S. and Colorado Unemployment Rate



Source: Bureau of Labor Statistics and cber.co.

# Labor Force Participation Rate, Unemployment Rate by State United States and Colorado

## Key Points

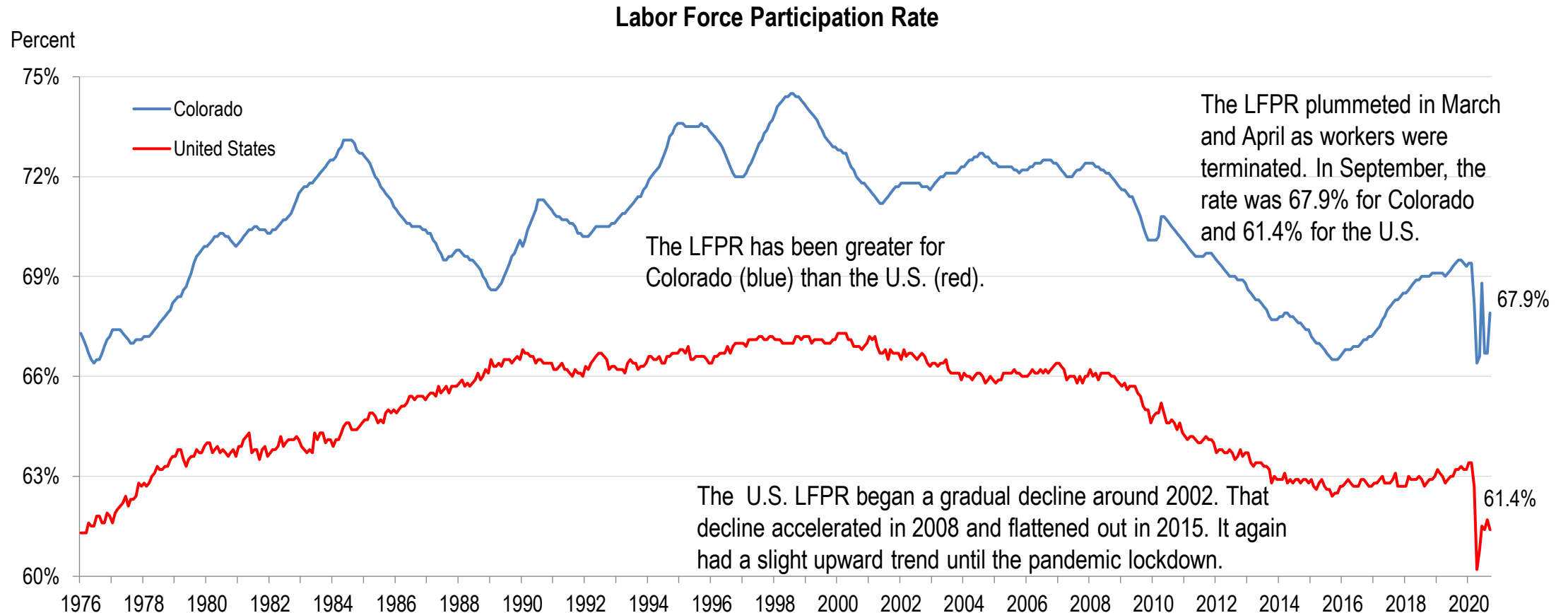
In September, the unemployment rate declined in 30 states.

Forty-five states and the District of Columbia currently have single digit unemployment rates.

The U.S. and Colorado labor force participation rates have increased but remain well below the value for February.

# Labor Force Participation Rate (LFPR)

## United States and Colorado



Source: FRED, BLS, cber.co.

# Unemployment Rates by States

September 2020

Unemployment Rate < 6.2%		
Rank	State	September
1	Nebraska	3.5%
2	South Dakota	4.1%
3	Vermont	4.2%
4	North Dakota	4.4%
5	Iowa	4.7%
6	Missouri	4.9%
7	Utah	5.0%
8	South Carolina	5.1%
9	Montana	5.3%
10	Oklahoma	5.3%
11	Wisconsin	5.4%
12	Kentucky	5.6%
13	Kansas	5.9%
14	Minnesota	6.0%
15	New Hampshire	6.0%
16	Idaho	6.1%
17	Maine	6.1%
18	Wyoming	6.1%

Unemployment Rate Between 6.2% and 7.9%		
Rank	State	September
19	Indiana	6.2%
20	Virginia	6.2%
21	Tennessee	6.3%
22	Colorado	6.4%
23	Georgia	6.4%
24	Alabama	6.6%
25	Arizona	6.7%
26	New Jersey	6.7%
27	Mississippi	7.1%
28	Alaska	7.2%
29	Maryland	7.2%
30	Arkansas	7.3%
31	North Carolina	7.3%
32	Florida	7.6%
33	Connecticut	7.8%
34	Washington	7.8%

In September, the U.S. unemployment rate dropped to 7.9%. Thirty-four states had unemployment rates less than 7.9% (green).

Seven states had an unemployment rate of 5.0% or less. Only five states have unemployment rates in double digits.

About 16% of the U.S. labor force is located in the 18 states with unemployment rates less than 6.2% (column 1).

About 35% of the U.S. labor force is located in the 16 states with unemployment rates between 6.2% and 7.9% (column 2).

About 49% of the U.S. labor force is located in the 17 states and DC with unemployment rates greater than 7.9% (column 3).

The states with the largest labor forces are CA, TX, FL, NY, PA, IL, OH, GA, NC, and MI. About 53% of the U.S. labor force lives in these 10 states.

Unemployment Rate is > 7.9%		
Rank	State	September
35	Oregon	8.0%
36	Louisiana	8.1%
37	Pennsylvania	8.1%
38	Delaware	8.2%
39	Texas	8.3%
40	Ohio	8.4%
41	Michigan	8.5%
42	West Virginia	8.6%
43	District of Columbia	8.7%
44	New Mexico	9.4%
45	Massachusetts	9.6%
46	New York	9.7%
47	Illinois	10.2%
48	Rhode Island	10.5%
49	California	11.0%
50	Nevada	12.6%
51	Hawaii	15.1%

Source: Bureau of Labor Statistics, cber.co.

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# Change in Employment

United States and Colorado

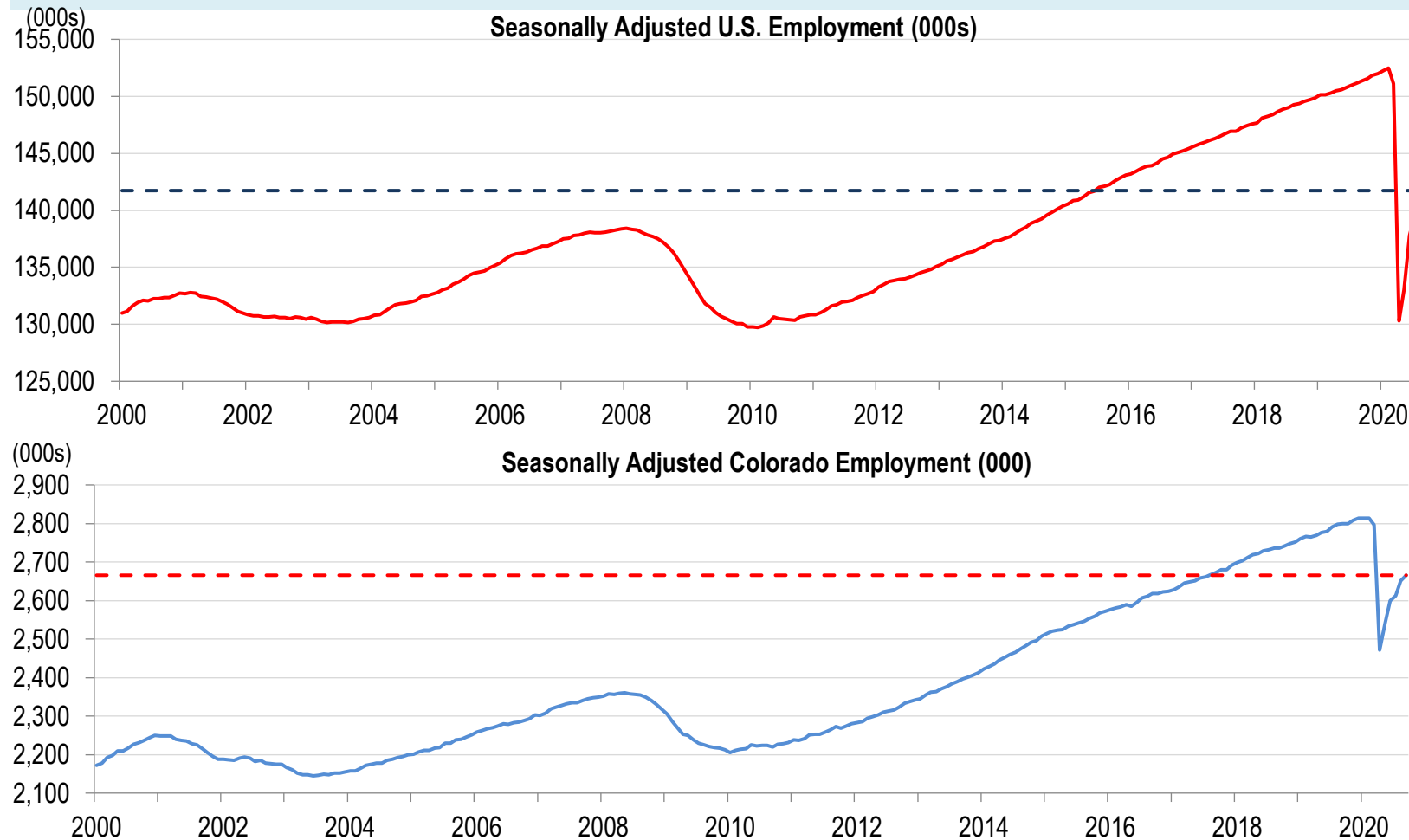
## Key Points

The recovery in wage and salary employment is continuing at a faster rate in Colorado than the U.S.

Employment is increasing unevenly across all NAICS sectors.

# Seasonally Adjusted Wage and Salary Employment

## United States vs. Colorado



Source: Bureau of Labor Statistics and cber.co.

Colorado-based Business and Economic Research <https://cber.co>

### United States

U.S. seasonally adjusted wage and salary employment for September was 141.72 million (blue dotted line). September employment was 93.2% of the December 2019 total; there were 10.3 million fewer jobs in September. By comparison, U.S. employment in April (the trough) was 85.7% of December 2019 employment (152.0 million).

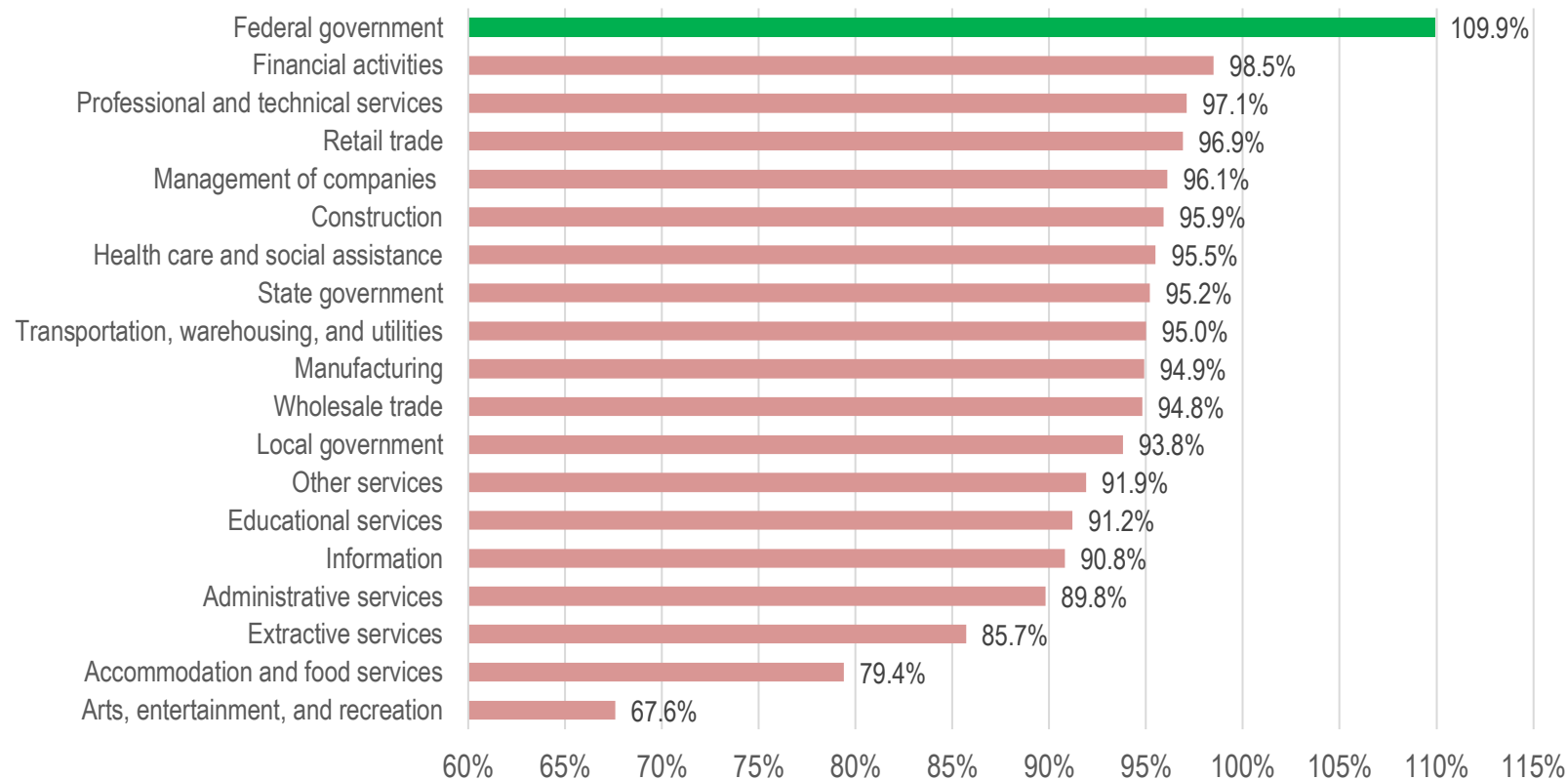
### Colorado

Colorado seasonally adjusted wage and salary employment for September was 2.66 million (red dotted line). September employment was 94.7% of the December 2019 total; there were 148,300 fewer jobs in September. By comparison, Colorado employment in April (the trough) was 87.8% of December 2019 employment (2.81 million).

# Percentage U.S. Employment Recovery by Sector

## September 2020 as Percent of December 2019

### August 2020 as a Percent of December 2019 Employment, Recovery by Sector



**September/December Recovery**  
 This chart shows September 2020 sector employment as a percentage of December 2019 sector employment to illustrate the difference in the sector rate of recovery. Overall September employment was 93.2% of December.

**Leaders and Laggards**  
 August employment for the federal government is greater than December 2019. Other top sectors include financial activities, PST, and retail trade.

The sectors that are a drag on the recovery are leisure and hospitality (AFS and AER), extractive industries, administrative services, information, educational services, and other services.

Source: Bureau of Labor Statistics and cber.co.

Colorado-based Business and Economic Research <https://cber.co>



# Wages

## United States

### Key Points

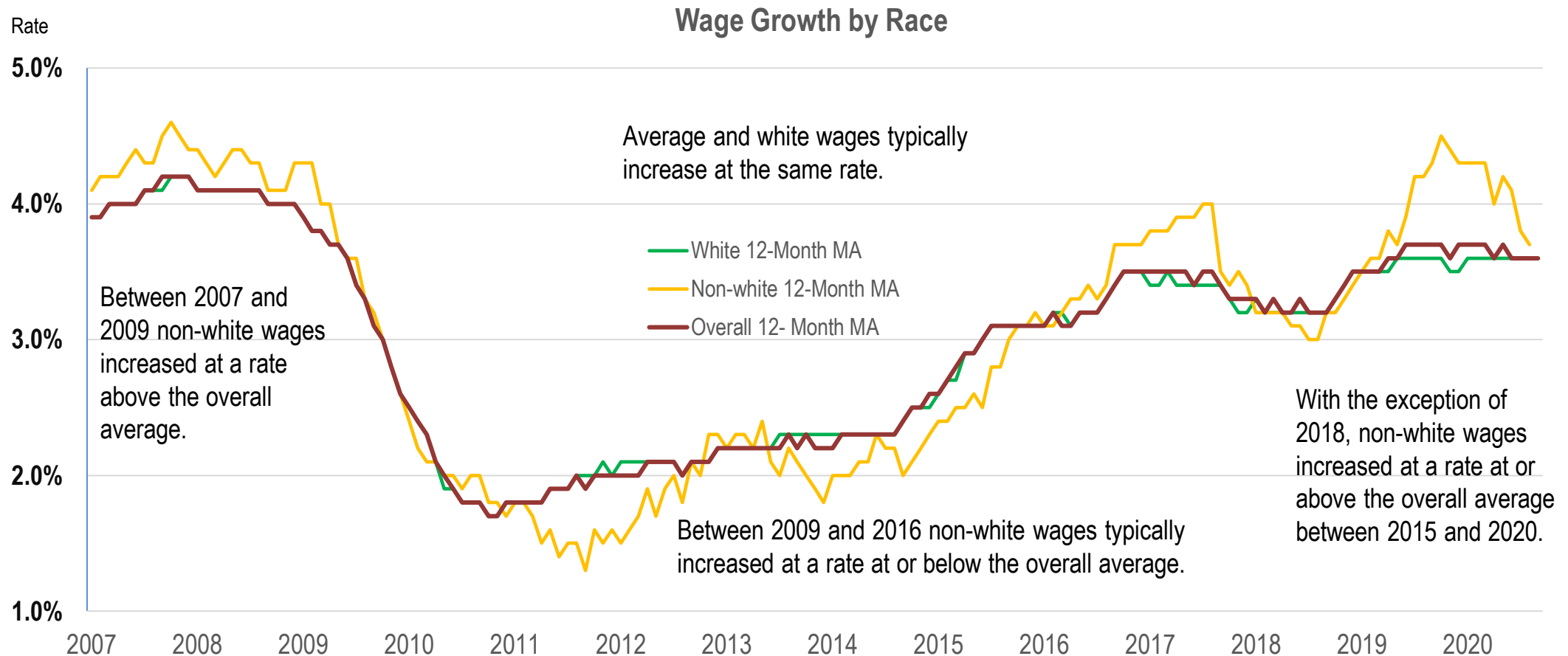
Between 2015 and 2020 non-white wages usually increased at a rate at or above the overall average.

Since 2011, low skill wages have increased at a slower rate than mid or high skill wages. High skill wages typically grew at the fastest rate.

Since 2015 wages in non-MSA areas have increased at a slower rate than MSA areas.

# Wage Growth by Race

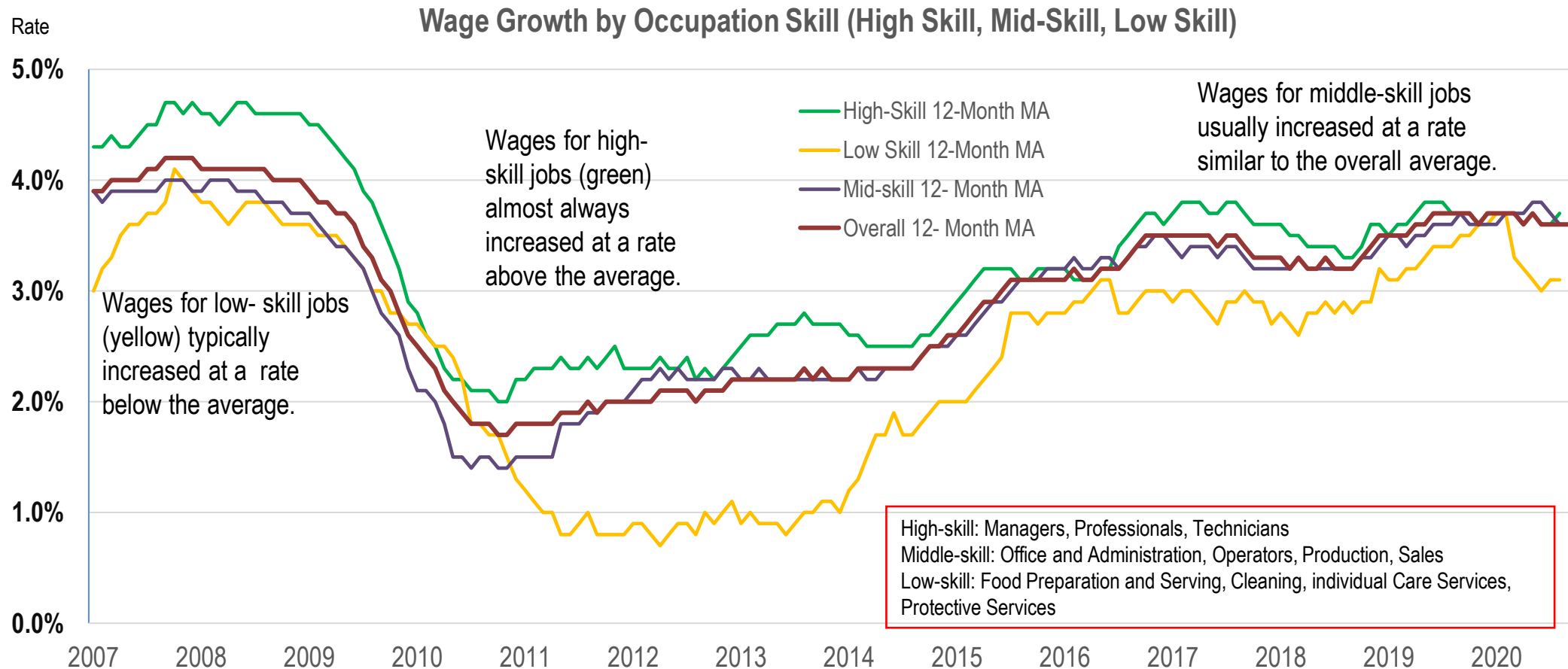
## 12 Month Moving Average of Wage Growth



Source: Atlanta Federal Reserve and cber.co.

# Wage Growth by Occupation Skill Level

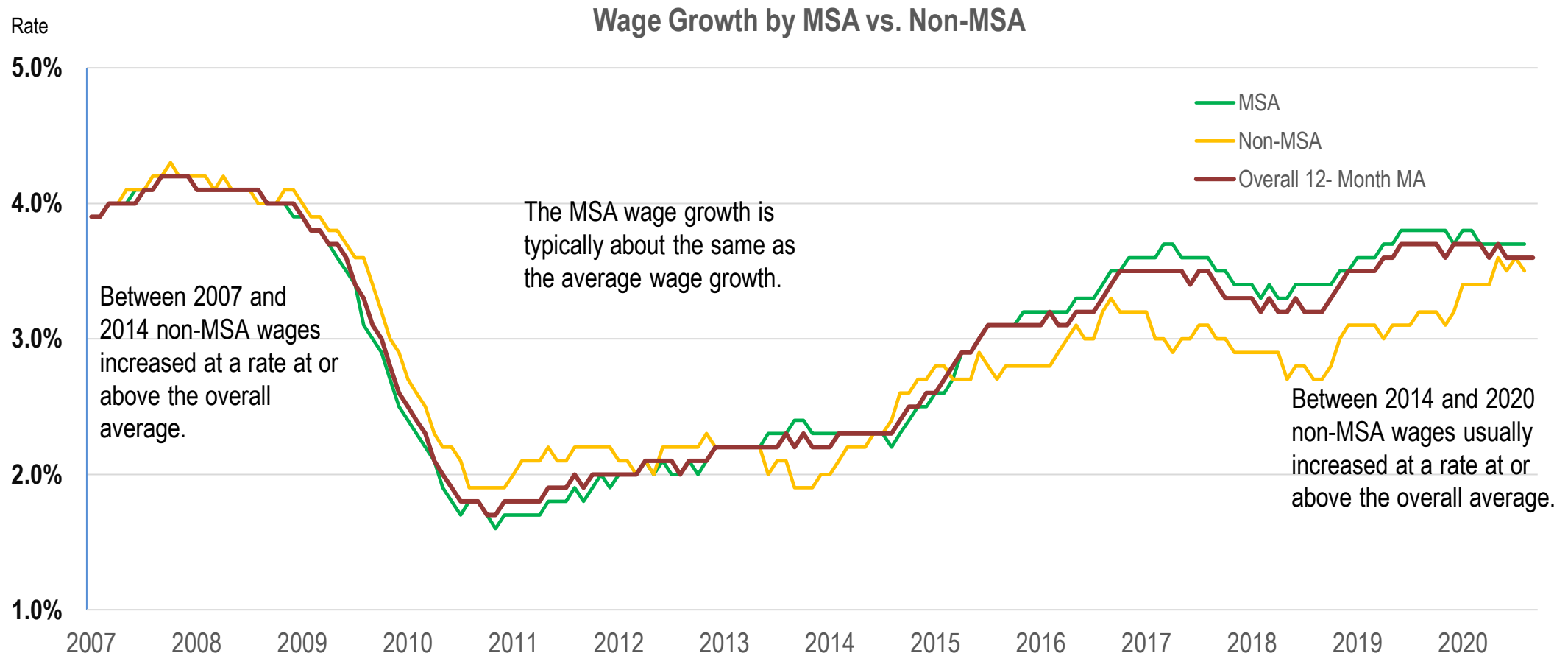
## 12 Month Moving Average of Wage Growth



Source: Atlanta Federal Reserve and cber.co.

# Wage Growth by MSA vs. Non-MSA

12 Month Moving Average of Wage Growth



Source: Atlanta Federal Reserve and cber.co.

# Businesses – Business Applications and Job Openings (JOLTS) United States

## Key Points

Compared to 2019, U.S. business applications have increased at a faster pace since May and high propensity applications have increased at a faster rate since June.

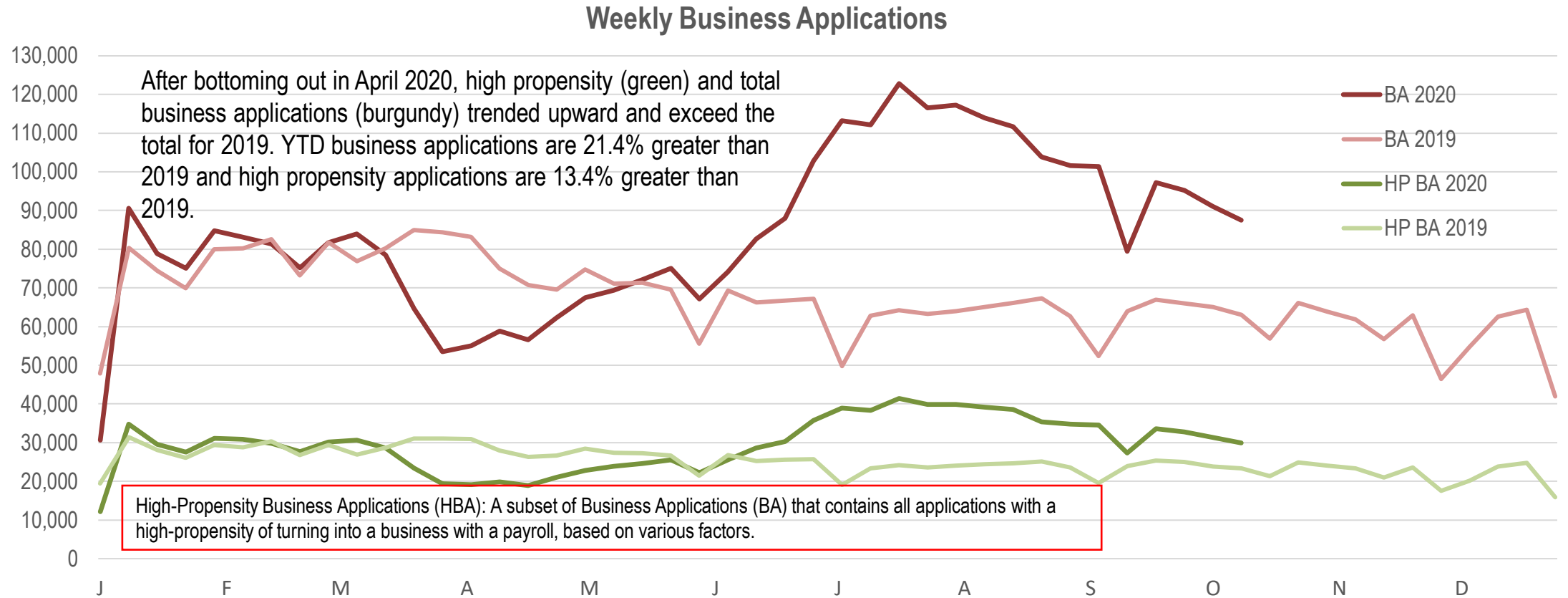
Compared to 2019, Colorado total business applications and high propensity applications have increased at a faster rate since June.

U.S. applications have increased at a greater rate than Colorado applications.

Job openings have gradually increased since April.

# U.S. Weekly Business Applications

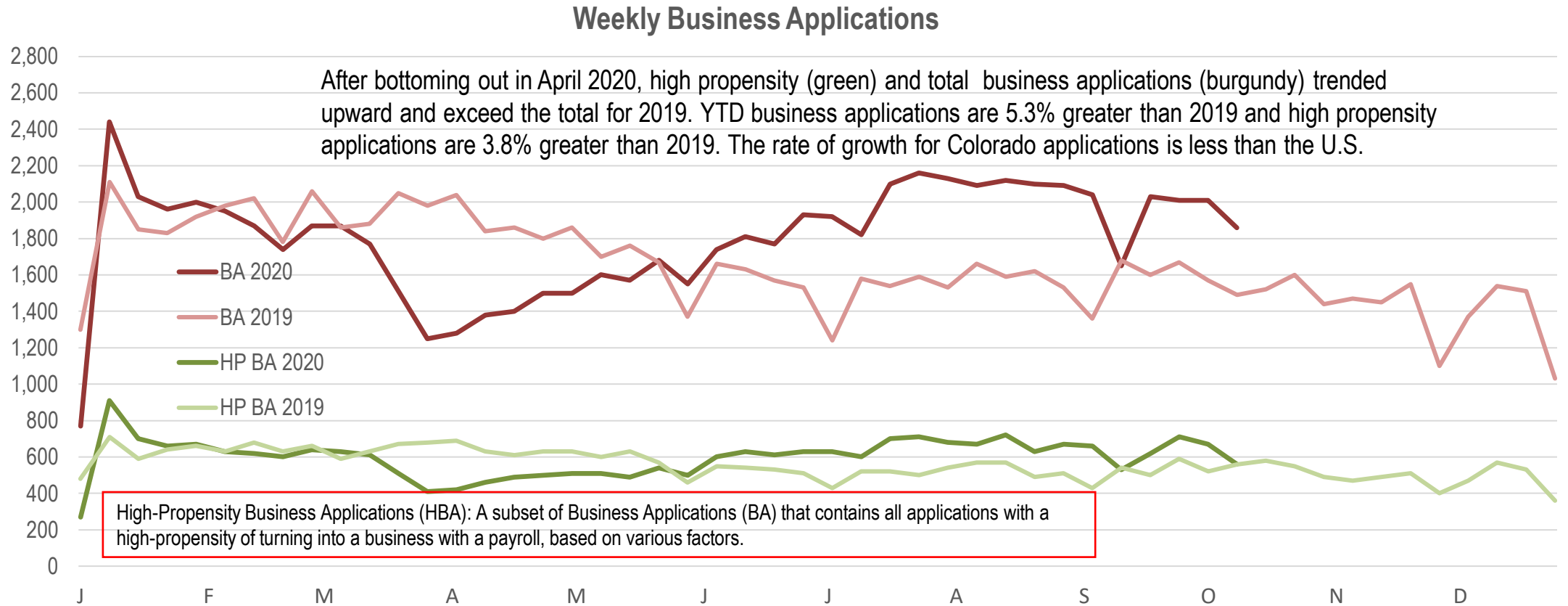
## Total and High Propensity 2019 vs 2020



Source: FRED, U.S. Census Bureau, cber.co.

# Colorado Weekly Business Applications

## Total and High Propensity 2019 vs 2020

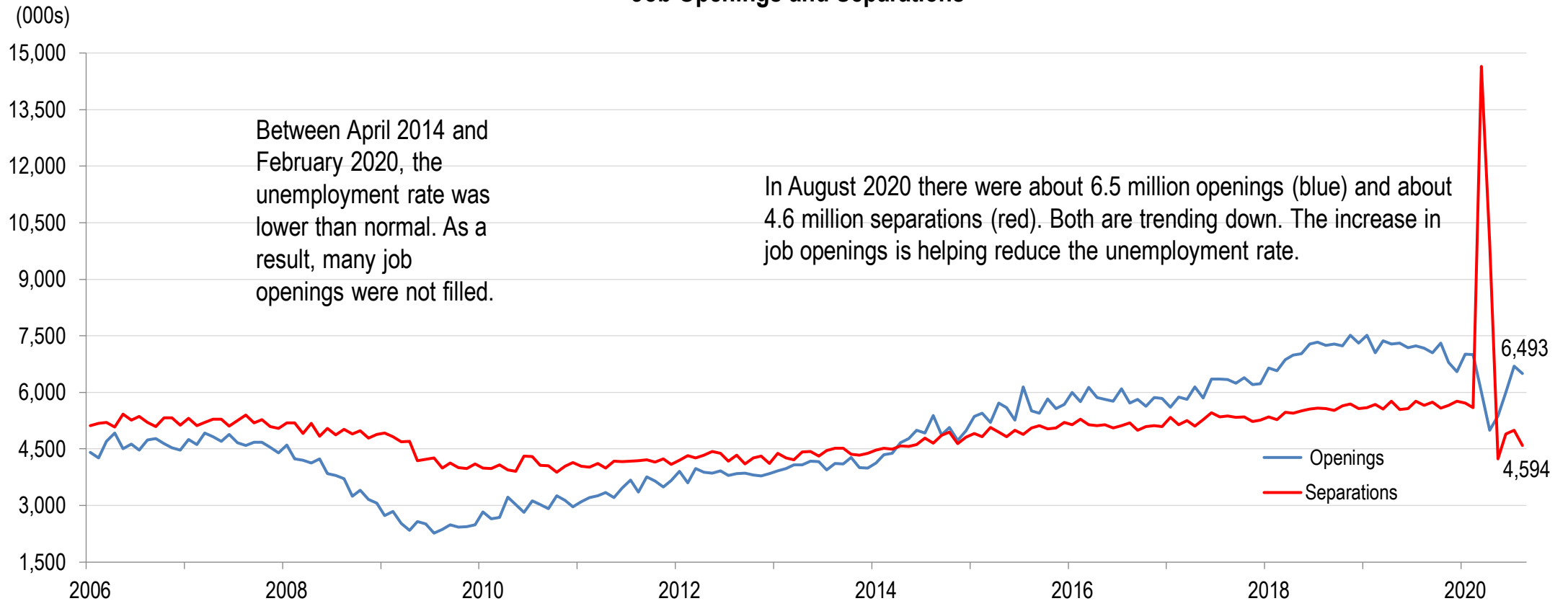


Source: FRED, U.S. Census Bureau, cber.co.

# Job Openings and Separations (JOLTS)

United States

### Job Openings and Separations



Source: BLS, JOLTS cber.co.



# Production and Income

## Industrial Production, Change in Real Disposable Personal Income and Personal Savings Rate

### Key Points

Industrial production rebounded as businesses opened and the recovery continued. In September the values declined slightly.

Real disposable income (RDI) is greater than normal as a result of the federal relief programs that were developed in response to the C-19 lockdown. RDI will continue to decline as relief programs are ended.

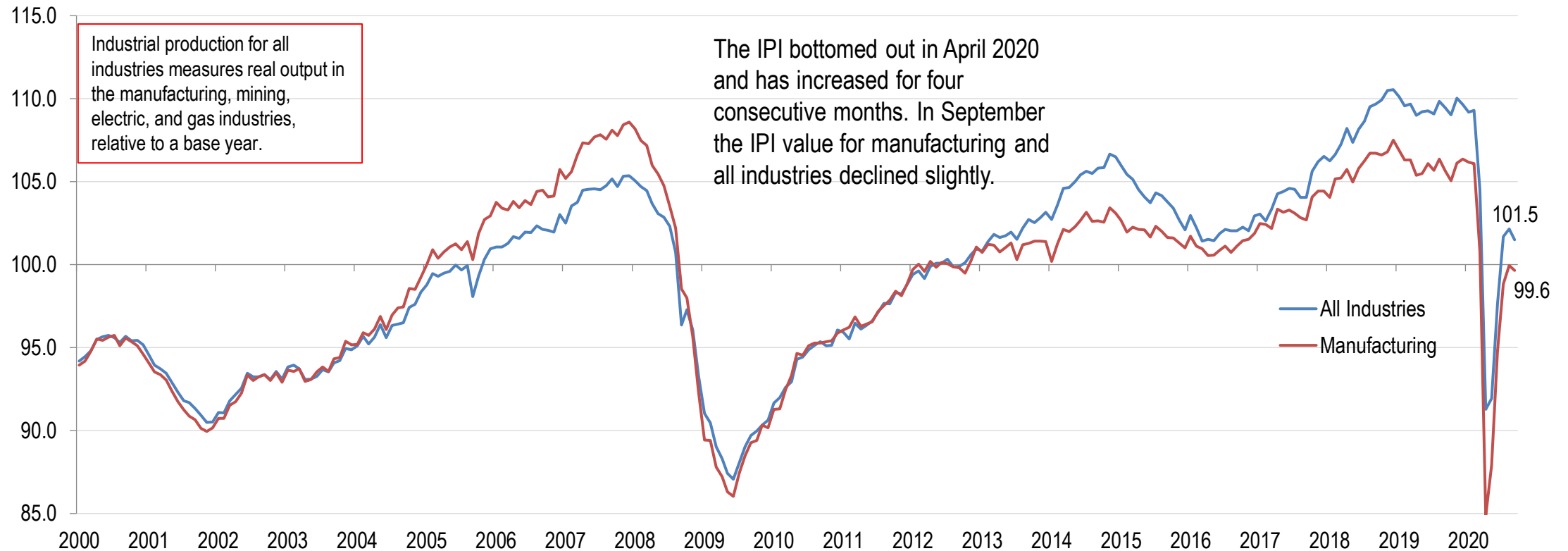
The personal savings rate increased significantly during the pandemic. This is a mixed blessing. On the downside, it means consumers are spending less.

# Industrial Production Index

## All Industries and Manufacturing

**Industrial Production, All Industries and Manufacturing**

Index, 2012 = 100



Source: FRED, Federal Reserve, SA, cber.co.

# Real Disposable Personal Income

## Percent Change Prior Year

### YOY Percent Change Real Disposable Personal Income

Percent  
18.0%  
16.0%  
14.0%  
12.0%  
10.0%  
8.0%  
6.0%  
4.0%  
2.0%  
0.0%  
-2.0%  
-4.0%  
-6.0%

A worker's disposable personal income (DPI) is how much money they have to spend after subtracting taxes, including income tax, Social Security tax, and Medicare tax from all income sources. This can be used for spending or saving. It is calculated by making adjustments for inflation using the personal consumption expenditure price index as the deflator.

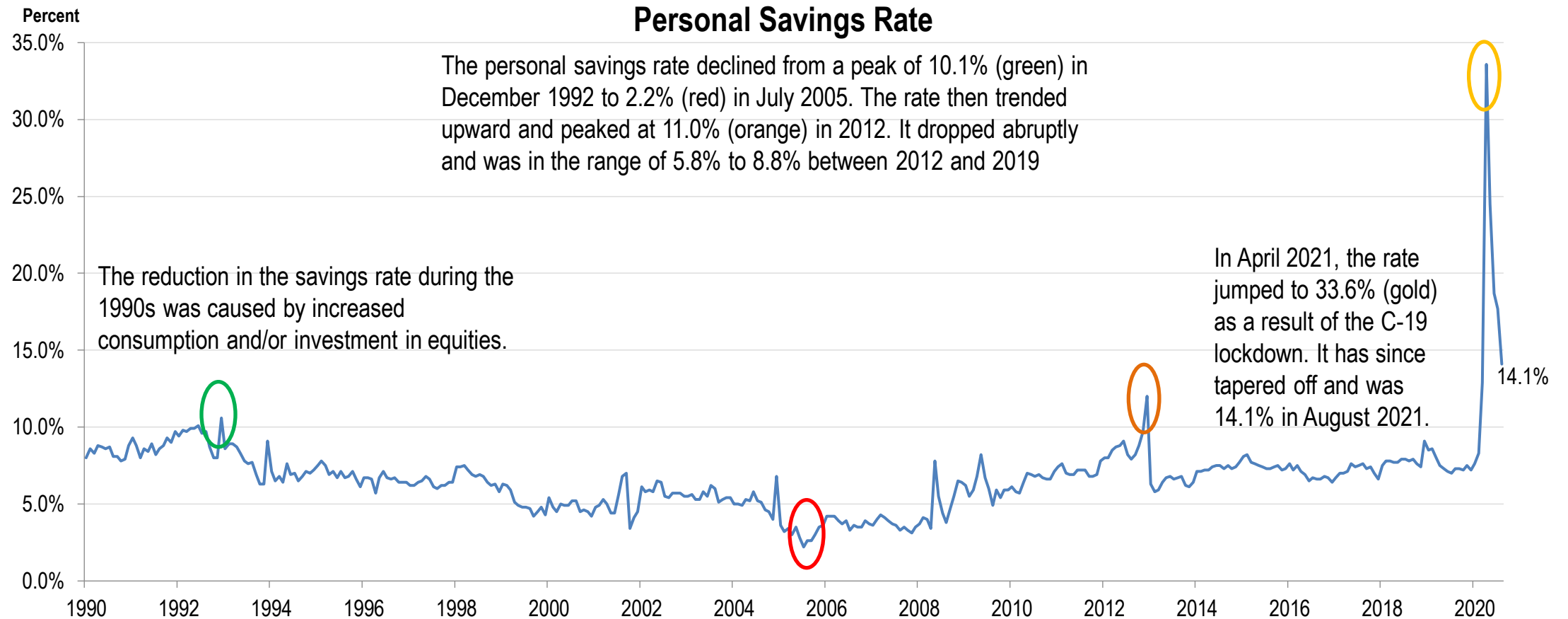
The most current data, August 2020, shows the YOY change in real disposable personal income was 4.0%. The increase reflects social benefits to individuals from federal economic recovery programs in response to the C-19 lockdown.

Year	YOY Percent Change
2000	4.0%
2001	5.0%
2002	3.0%
2003	2.0%
2004	3.0%
2005	4.0%
2006	3.0%
2007	2.0%
2008	1.0%
2009	-1.0%
2010	0.0%
2011	3.0%
2012	2.0%
2013	6.0%
2014	-4.0%
2015	5.0%
2016	3.0%
2017	2.0%
2018	3.0%
2019	2.0%
2020 (Aug)	4.0%

Source: BEA, FRED, SA.

# U.S. Personal Savings Rate

## Percentage of Disposable Personal Income



Source: FRED, SA.

# Major Sentiment Indices

Consumer Sentiment Index, NFIB Small Business Optimism Index, and Manufacturing and Services PMI Indices

## Key Points

The Michigan Consumer Sentiment Index was flat in July and August but ticked up in September and October.

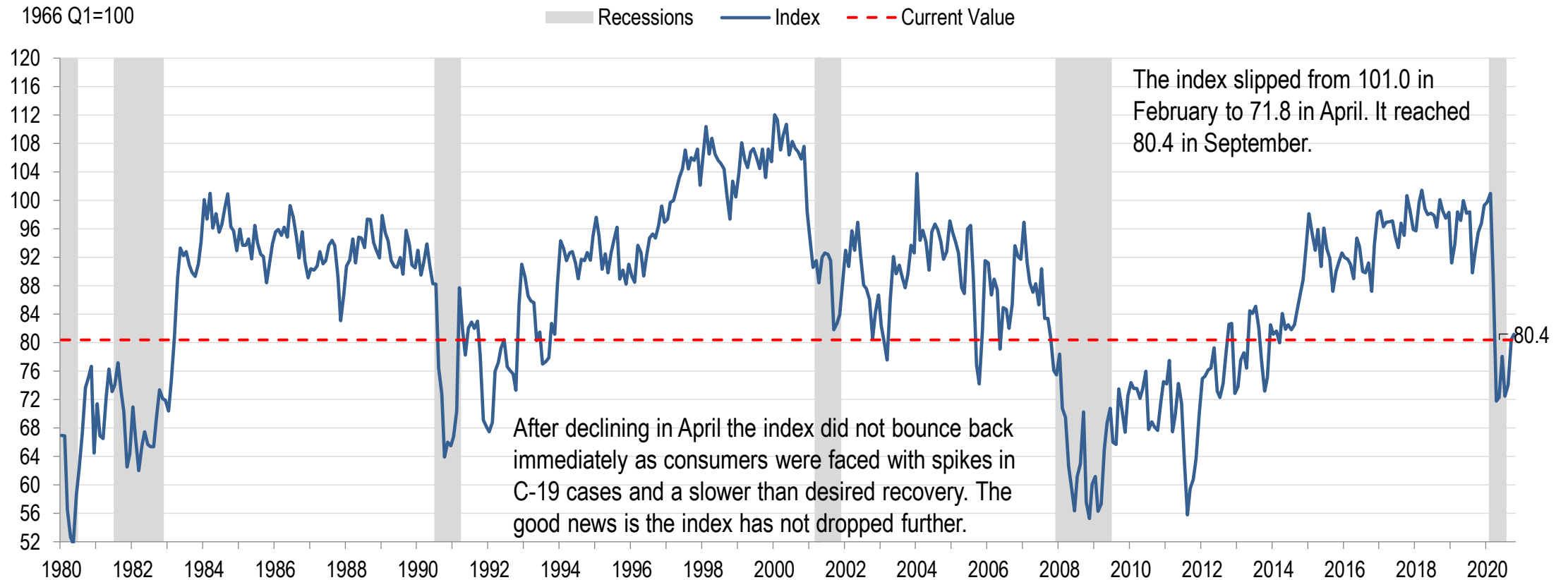
The Small Business Optimism Index showed a strong increase in September.

Manufacturing and services purchasing managers are optimistic about the future and their industries are in expansionary territory.

# Consumer Sentiment Index

University of Michigan

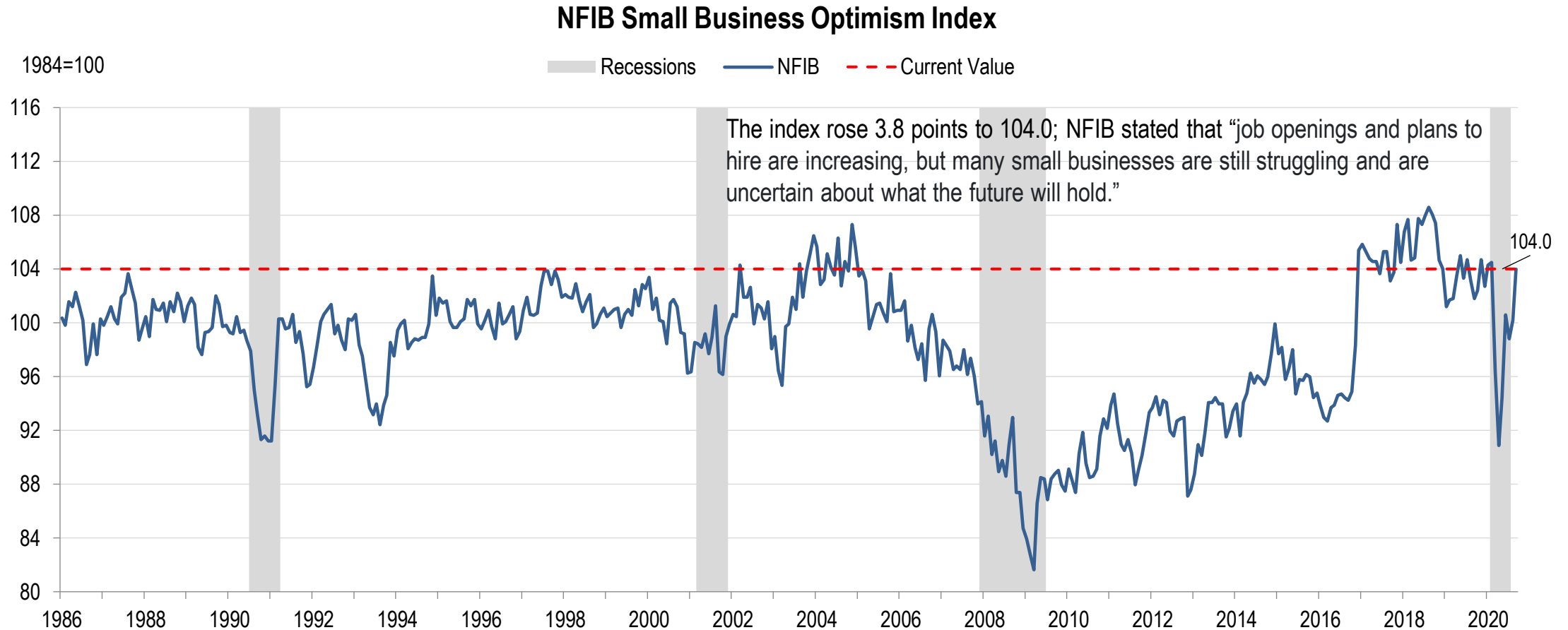
## Michigan Consumer Sentiment Index



Source: University of Michigan, cber.co.

# NFIB Small Business Optimism Index

## United States

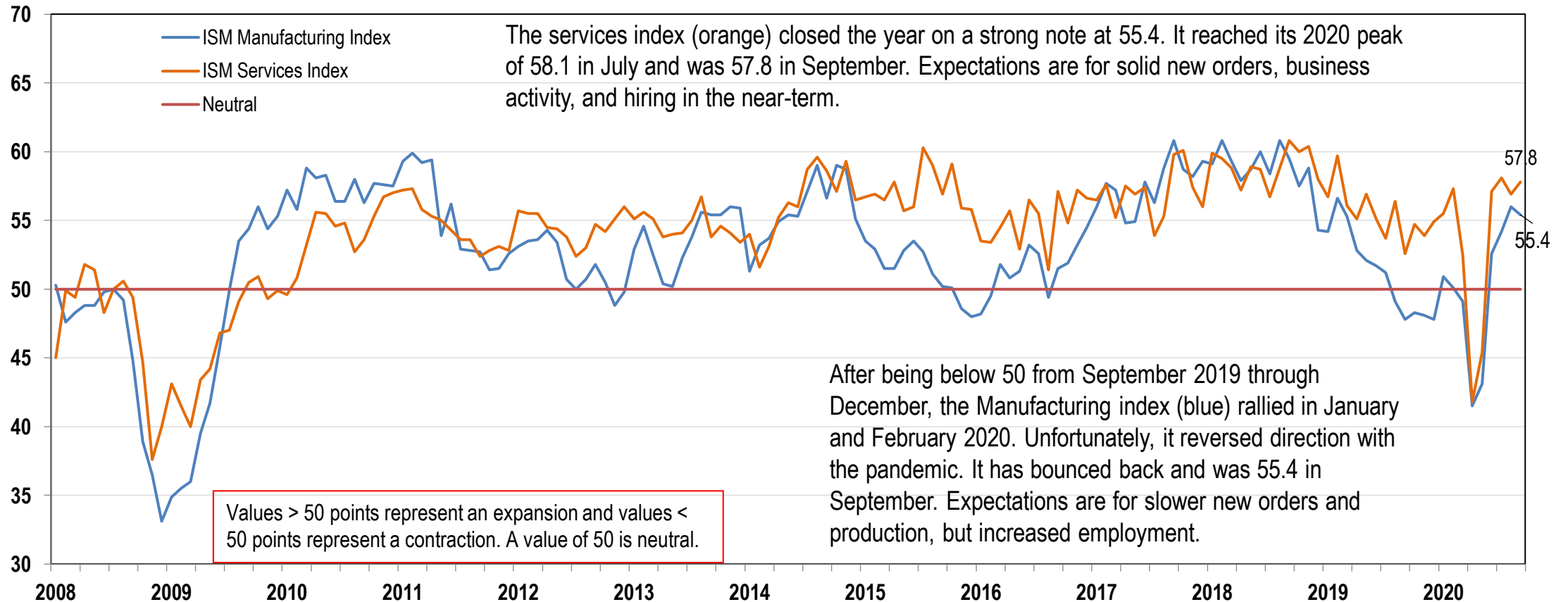


Source: NFIB, cber.co.

# ISM PMI Composite Indices

## Manufacturing vs. Services

### ISM Manufacturing PMI vs. Services PMI Composite Indices



Source: Institute of Supply Management, [cber.co](https://cber.co)

Colorado-based Business and Economic Research <https://cber.co>



## U.S. Light Truck and Auto Sales and Advanced Retail Sales

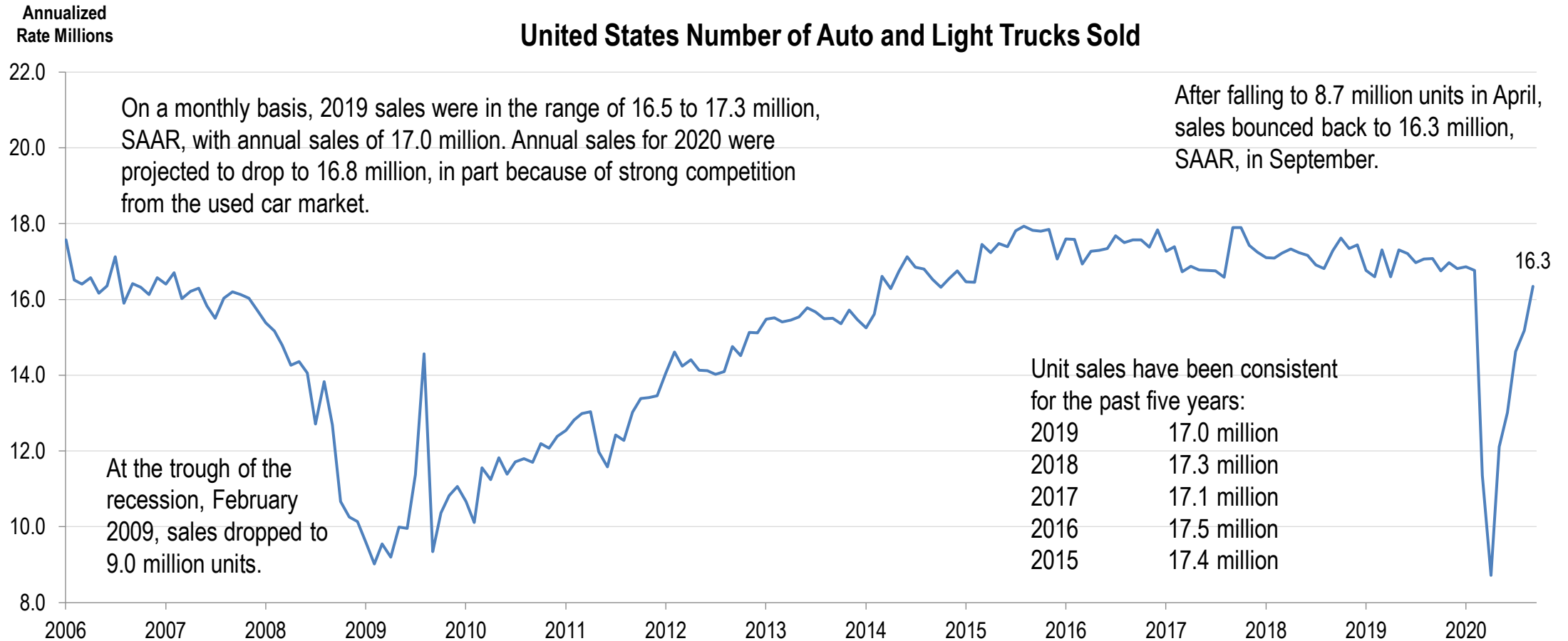
### Key Points

Auto and light truck sales have rebounded quicker than anticipated.

The retail industry has been evolving in ways that have impacted employment, the number of brick and mortar establishments, and e-commerce. The lockdown for C-19 has accelerated some of these trends. U.S. sales rebounded quickly between May and September, in part because of the federal support programs. Additional assistance may be necessary to stimulate consumption in Q4.

# U.S. Auto and Light Truck (ALT) Sales

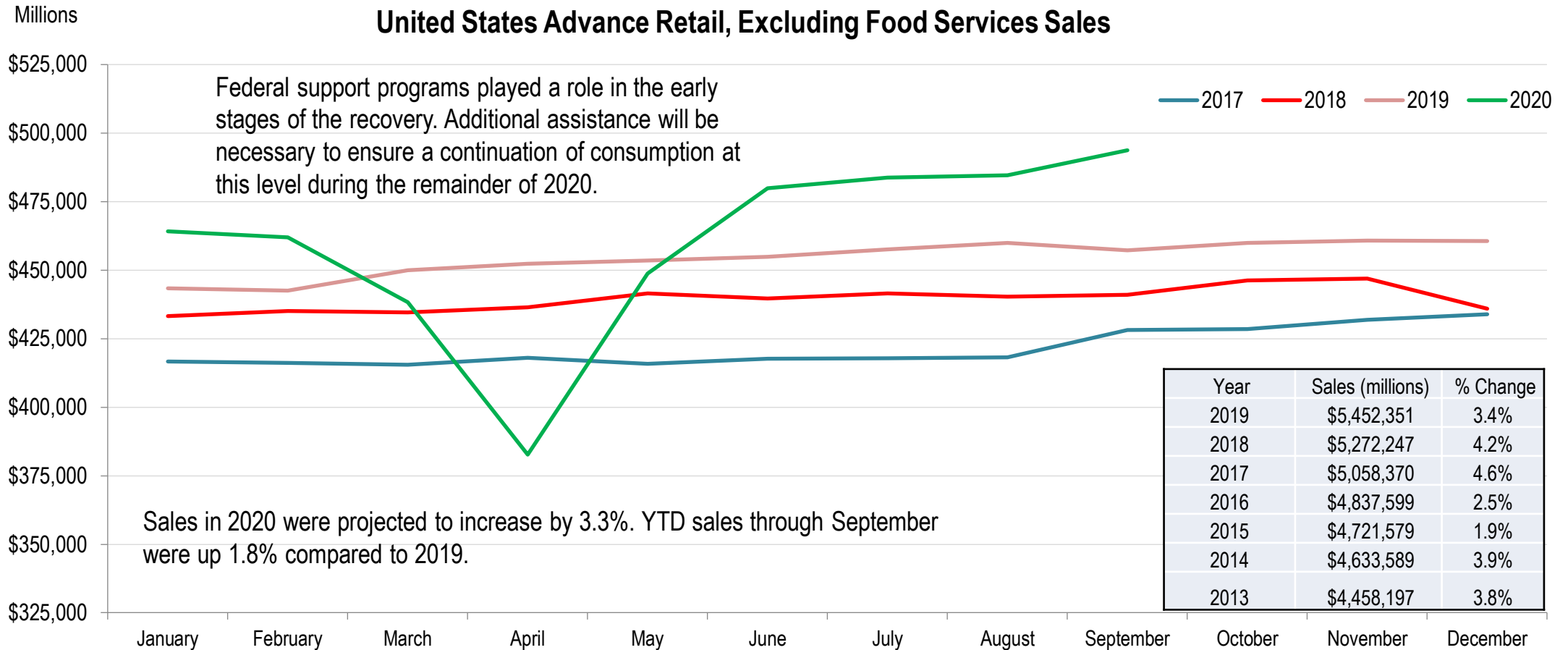
## Monthly (Annualized Rate Millions)



Source: FRED, Federal Reserve Bank of St. Louis, Seasonally Adjusted Annualized Rates (SAAR), cber.co.

# U.S. Advance Retail, Excluding Food Services Sales

## Monthly



Source: U.S. Census Bureau, FRED, cber.co. Note: Not adjusted for inflation.

# S&P 500 Index and WTI Crude Oil Prices

## Key Points

The S&P Index continues to post gains compared to the closing level for December 31, 2019.

The lower demand for oil has played havoc with the price for a barrel of oil, although it has been in the \$40 range through the second half of the summer.

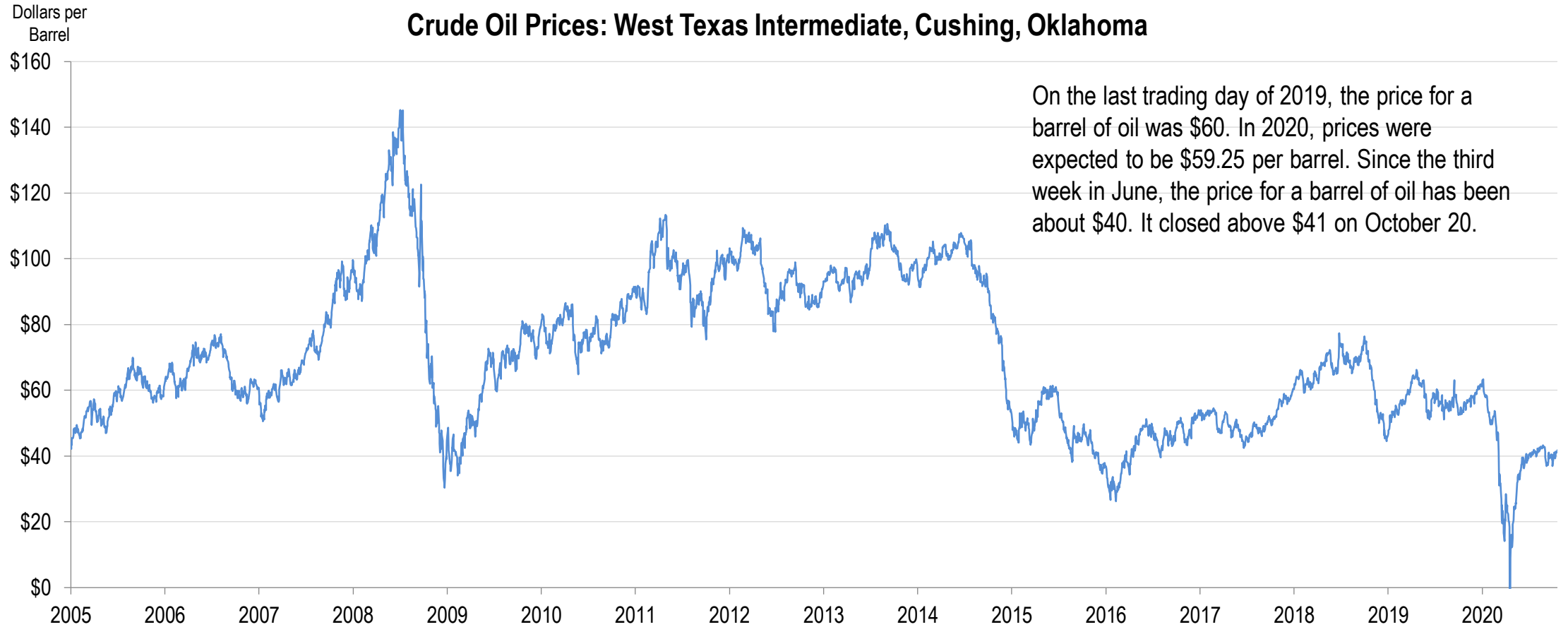
# Standard and Poor's 500 Index



Source: FRED, S&P 500, cber.co.

# Crude Oil Prices

## West Texas Intermediate



Source: FRED, EIA, cber.co.

# Polarization

## United States

### Key Points

A Gallup poll shows there was polarization during the Clinton and Bush presidential terms. It gradually got worse and increased significantly during the Obama and Trump eras.

# Polarization – Largest Gaps in Presidential Approval

## Republican vs. Democratic

Gallup polls show there was polarization during the Clinton and Bush terms. It continued to get worse under the leadership of Obama and Trump. Over time, this polarization has had a negative impact on society, business and political decision making, and the performance of the economy.

Largest Gaps in Republican vs. Democratic Approval of the President				
	Year in office (dates)	% Approve, Republicans	% Approve, Democrats	Gap (pct. pts.)
Trump	3 (Jan '19-Jan '20)	89	7	82
Trump	2 (Jan '18-Jan '19)	87	8	79
Obama	8 (Jan '16-Jan '17)	12	89	77
Obama	4 (Jan '12-Jan '13)	10	86	76
G.W. Bush	4 (Jan '04-Jan '05)	91	15	76
Trump	1 (Jan '17-Jan '18)	83	8	75
Obama	7 (Jan '15-Jan '16)	10	83	73
G.W. Bush	5 (Jan '05-Jan '06)	86	14	72
Obama	5 (Jan '13-Jan '14)	11	82	71
Obama	6 (Jan '14-Jan '15)	9	79	70
G.W. Bush	6 (Jan '06-Jan '07)	79	9	70
Obama	2 (Jan '10-Jan '11)	13	81	68
Obama	3 (Jan '11-Jan '12)	12	80	68
G.W. Bush	7 (Jan '07-Jan '08)	73	7	66
Obama	1 (Jan '09-Jan '10)	23	88	65
Clinton	4 (Jan '96-Jan '97)	24	85	61

Source: Gallup, January 2019 and February 2020 (based on data for 1945-2020).  
 Colorado-based Business and Economic Research <https://cber.co>



# Colorado Economy



Cameron Peak and Calwood fires, October 2020, [cber.co](https://cber.co).



# Colorado Revised Employment Forecast for 2020

Best Case, Modest Growth, and Worst Case

## Key Points

The January 2020 cber.co forecast called for Colorado to add 50,000 jobs in 2020. As a result of the pandemic, this forecast was revised with three recovery scenarios.

*Best case recovery* – average annual employment will decrease by 103,300 to 112,200 in 2020. An average of 15,000 jobs will be added per month until recovery occurs.

*Modest growth scenario* – average annual employment will decrease by 112,300 to 124,300 in 2020. An average of 12,000 jobs will be added per month until recovery occurs.

*Worst case scenario* – average annual employment will decrease by at least 124,400 in 2020. An average of 8,000 jobs will be added per month until recovery occurs.

# 2020 Colorado Employment Forecast Revision

## Background, Assumptions, and Scenarios

### Background for Forecast Revision

In early January, the cber.co 2020 Colorado economic forecast projected Colorado employment would increase by 50,000. All bets were off when the C-19 pandemic and subsequent lockdown was put in place.

In March, it was thought the state employment might decline by 350,000 in 2020. Six weeks later, informal projections lowered the amount of decline to 250,000. On June 19, the Governor's Office of State Planning and Budgeting (OSPB) forecasted Colorado's employment would decline by 152,900 in 2020. This forecast called for an increase in employment of 47,300 in 2021. The OSPB September update is more optimistic about 2020, a decline of 134,300.

There are a lot of moving pieces that have made it difficult to understand changes in the economy. This revision to the cber.co Colorado employment forecast provides three scenarios for employment growth in 2020 to account for the current level of uncertainty.

### Short-term Growth Sectors

Professional, scientific, and technical; manufacturing; educational services; management of companies (headquarters); financial activities; federal government; and warehousing.

### Lagging Sectors

Leisure and hospitality (AER and AFS), state and local government (including education), transportation, extractive industries (oil and gas), wholesale trade, healthcare, and other services.

# 2020 Colorado Employment Forecast Revision

## Background, Assumptions, and Scenarios

### **Best Case Recovery Scenario**

This scenario projects average monthly employment increase by 15,000 each month until the December 2019 level is met.

C-19 flareups are expected and will be managed on a targeted basis. There will be a limited return of spectator sports and arts activities. There will be good snow for the winter ski season. In addition, K-12 and higher education will operate with limited problems related to C-19. In addition, progress will be made with a vaccine and the presidential election and its outcome will not impact the country's economic vitality.

### **2020 and Recovery**

December 2020 employment will be between -103,300 and -112,200 and employment will return to the December 2019 level in Q2 2021.

### **Modest Recovery Scenario**

This scenario projects average monthly employment will increase by 12,000 each month until the December 2019 level is met.

C-19 flareups will occur and may result in targeted lockdowns. Spectator sports and arts activities will return with some problems. There will be challenges with the winter ski season. In addition, the return to school for K-12 and higher education will not go as well as anticipated. Finally, the presidential election and its outcome will be a mild disruption to the management of C-19 and the country's economic vitality.

### **2020 and Recovery**

The change in 2020 employment will be between -112,300 and -124,300. and employment will return to the December 2019 level in Q3 2021.

### **Worst Case Growth Recovery Scenario**

This scenario projects average monthly employment will increase by 8,000 each month until the December 2019 level is met.

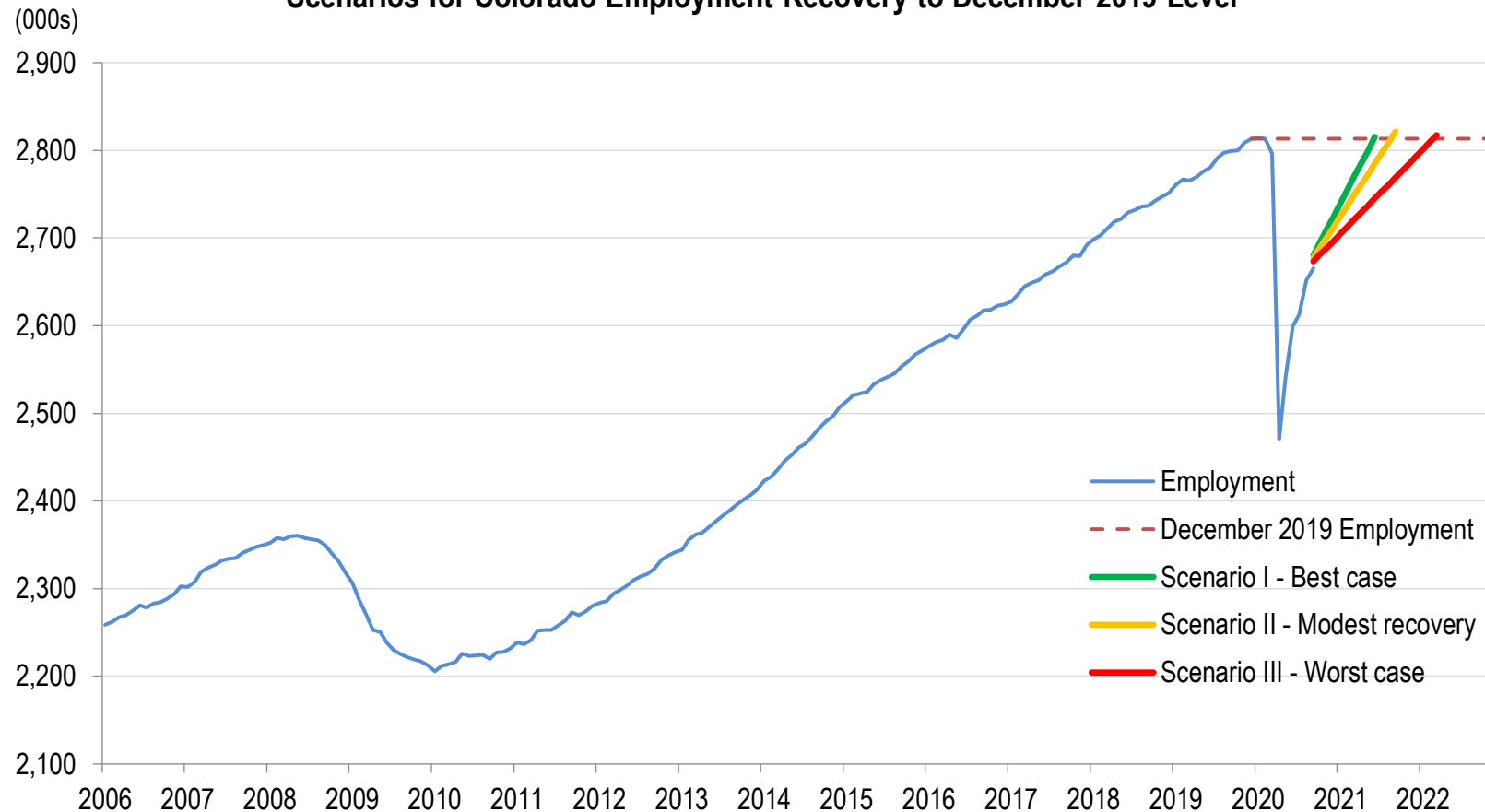
C-19 flareups will result in lockdowns. College and professional sports will be held, but with problems. Air travel will not increase significantly. In addition, the return to school for K-12 and higher education will be worse than anticipated. Finally, the presidential election and its outcome will significantly disrupt the management of C-19 and the country's economic vitality. There will be no C-19 medical breakthroughs.

### **2020 and Recovery**

The change in 2020 employment will be at least -124,400 and employment will return to the December 2019 level in Q2 2022.

# Scenarios for Wage and Salary Employment Recovery Colorado

Scenarios for Colorado Employment Recovery to December 2019 Level



## Scenarios for Recovery

There are three scenarios of average monthly employment for the recovery of Colorado wage and salary employment to the December 2019 level.

*Scenario I* (Green) An average of 15,000 jobs will be added per month. Recovery will be Q2 2021.

*Scenario II* (Gold) An average of 12,000 jobs will be added per month. Recovery will be Q3 2021.

*Scenario III* (Red) An average of 8,000 jobs will be added per month. Recovery will be Q2 2022.

Source: Bureau of Labor Statistics, SA, and cber.co.

Colorado-based Business and Economic Research <https://cber.co>

# Employment and Number of Unemployed, Recovery by Sector, and Recovery by MSA

Colorado

## Key Points

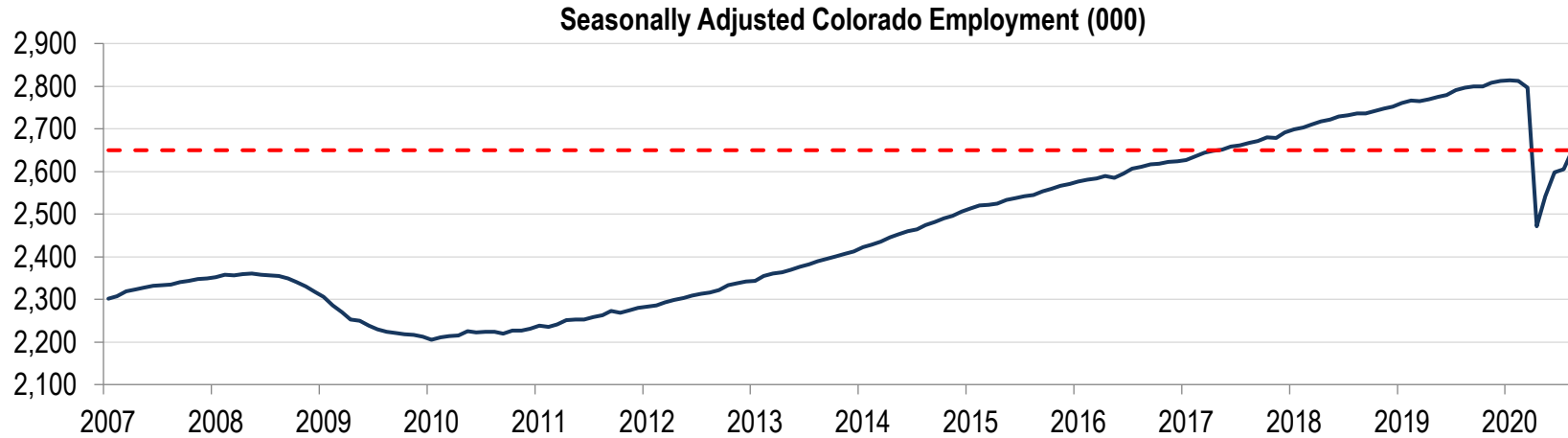
As the wage and salary employment and number of business applications has increased, the number of unemployed has declined.

The leading sectors in the recovery are federal government, educational services, PST, and manufacturing.

Colorado Springs is leading the recovery for MSAs.

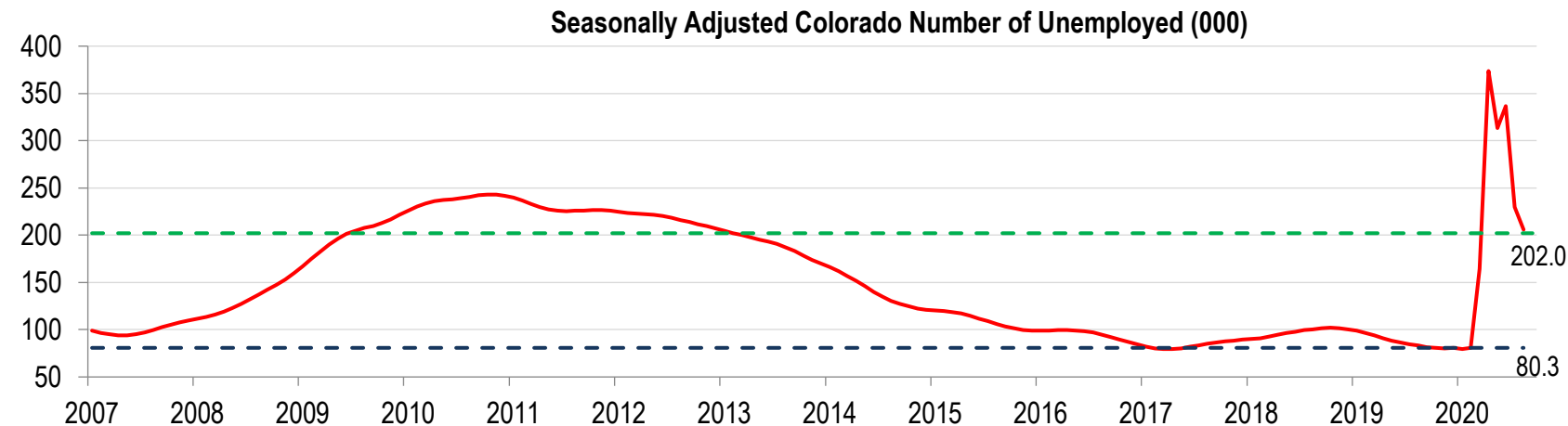
# Wage and Salary Employment and Unemployed

## United States vs. Colorado



### Colorado Employment

Colorado seasonally adjusted wage and salary employment for September was 2.66 million (red dotted line). September employment was 94.7% of the December 2019 total; there were 148,300 fewer jobs in September. By comparison, Colorado employment in April (the trough) was 87.8% of December 2019 employment (2.81 million).



### Colorado Unemployed

In September, the number of unemployed was 201,997 (red and green dotted lines). This is 121,658 above the number of unemployed (blue dotted line) in December 2019. The last time the number of unemployed was at the December 2019 level was in 2001. The current number of unemployed (green dotted lines) is similar to 2013.

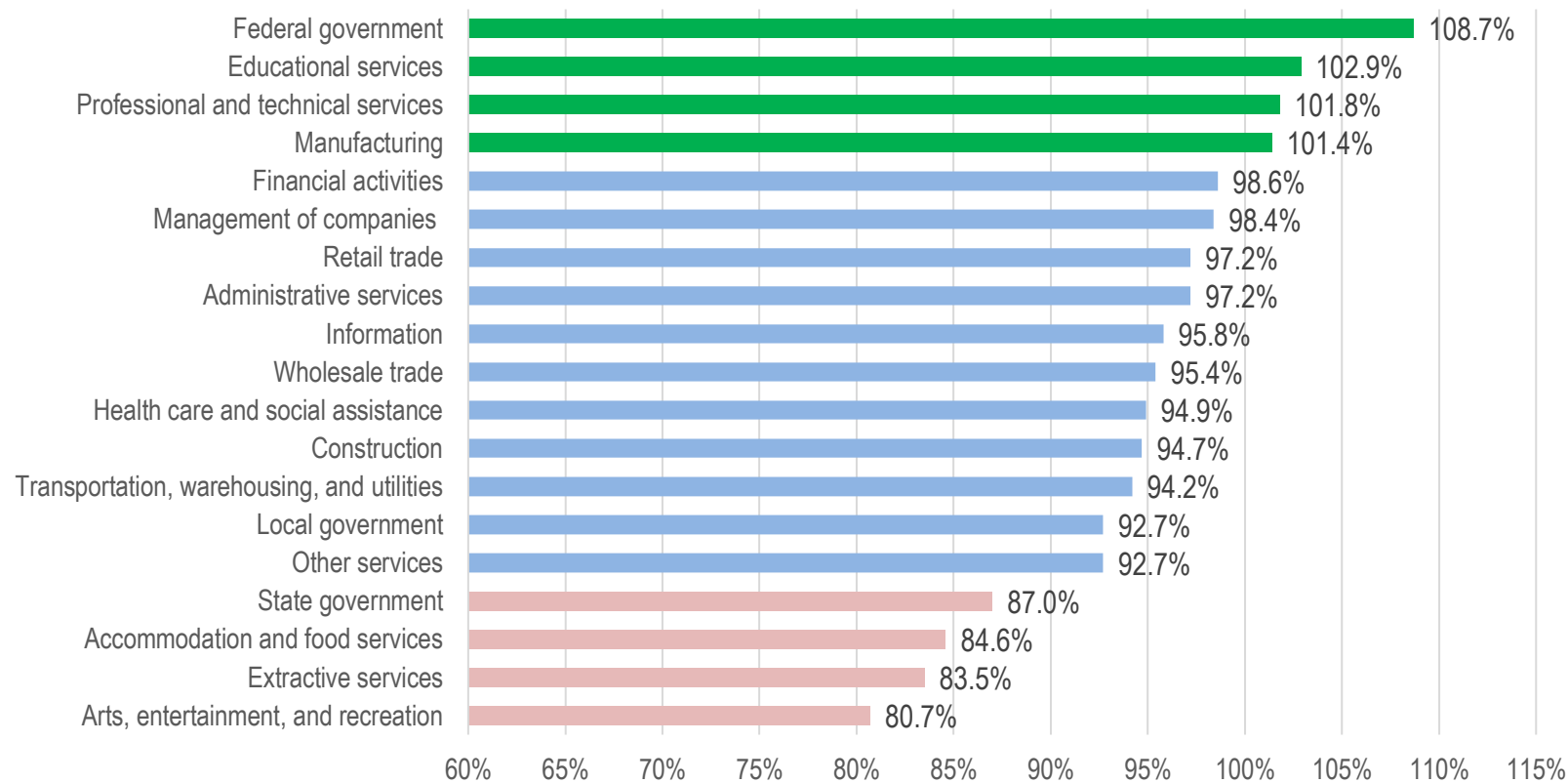
Source: Bureau of Labor Statistics and cber.co.

Colorado-based Business and Economic Research <https://cber.co>

# Percentage Colorado Employment Recovery by Sector

## September 2020 as Percent of December 2019

**August 2020 as a Percent of December 2019 Employment, Recovery by Sector**



**September/December Recovery**  
 This chart shows September 2020 sector employment as a percentage of December 2019 sector employment to illustrate the difference in the rate of recovery for each sector. Total September employment is 94.7% of total December 2019.

**Leaders and Laggards**  
 The values for September employment for the federal government, private education, PST, and manufacturing sectors are all greater than December 2019. These sectors are the green bars.

The sectors that are a drag on the recovery (red) are leisure and hospitality (AFS and AER), extractive industries, and state government.

Source: Bureau of Labor Statistics and cber.co.

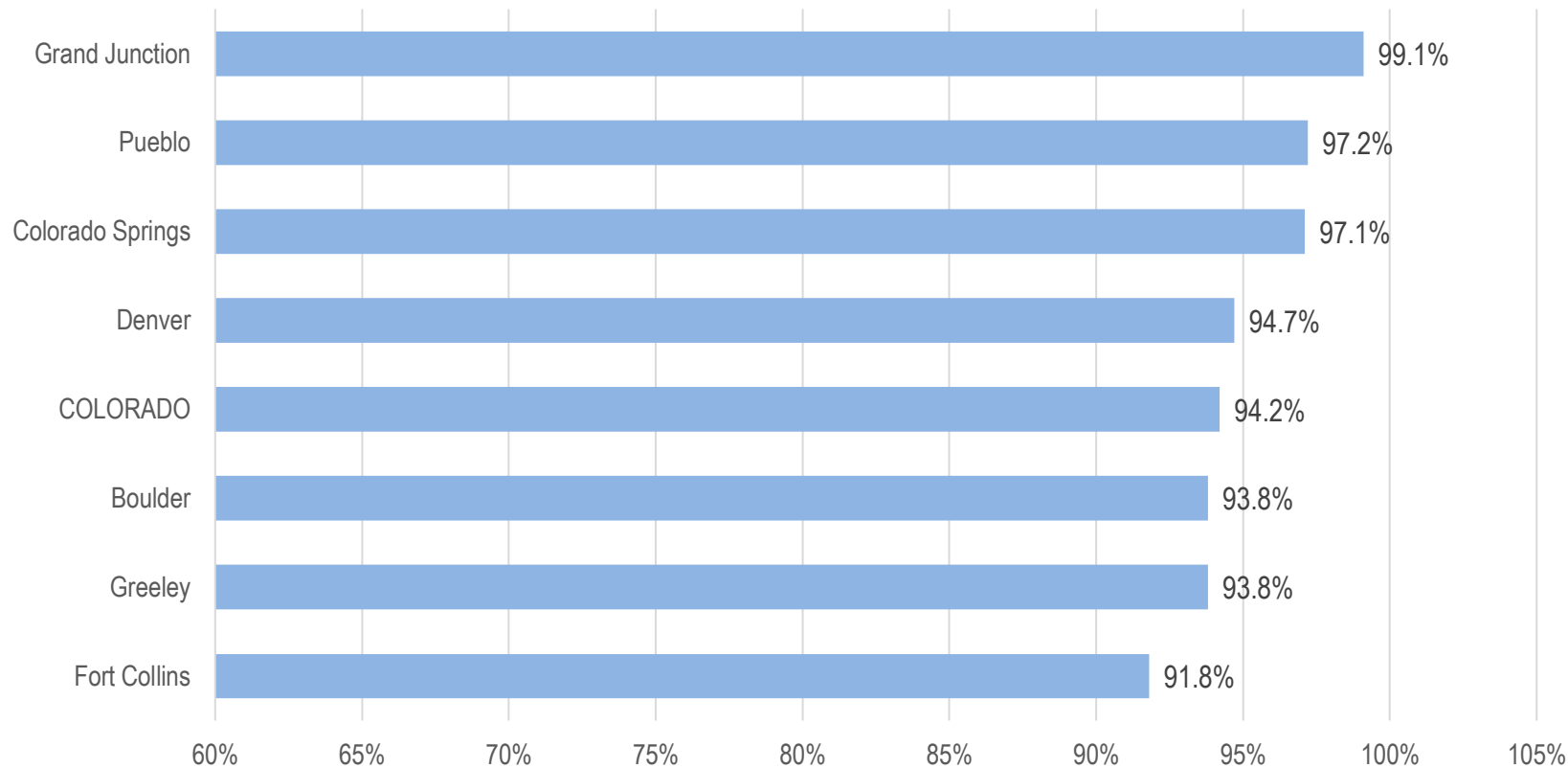
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# Percentage Colorado Employment Recovery by MSA

## August 2020 as a Percent of December 2019

August 2020 as a Percent of December 2019 Employment, Recovery by MSA



**August/December Recovery**  
The most current Colorado MSA employment, released in August, shows the MSAs are recovering at different rates. Most notably, August employment for Denver is 83,000 jobs below the December 2019 total. This represents about 65% of the shortfall of jobs for the seven MSAs.

- Grand Junction, 100 jobs, 0.1%
- Pueblo, 1,800 jobs, 1.4%
- Colorado Springs, 8,700 jobs, 6.8%
- Denver, 83,000 jobs, 65.0%
- Boulder, 12,500 jobs, 9.8%
- Greeley, 7,100 jobs, 5.6%
- Pueblo, 1,800 jobs, 1.4%

Total August employment for the MSA areas was 127,700 less than December 2019.

Source: Bureau of Labor Statistics and cber.co.

Colorado-based Business and Economic Research <https://cber.co>

# Colorado Metrics - Building Permits, Retail Sales, DIA Passengers, and Oil Production

Colorado

## Key Points

The number of permits issued for single family housing is similar to 2019 while the number of multifamily permits has declined.

Retail sales for 2020 are comparable to 2019.

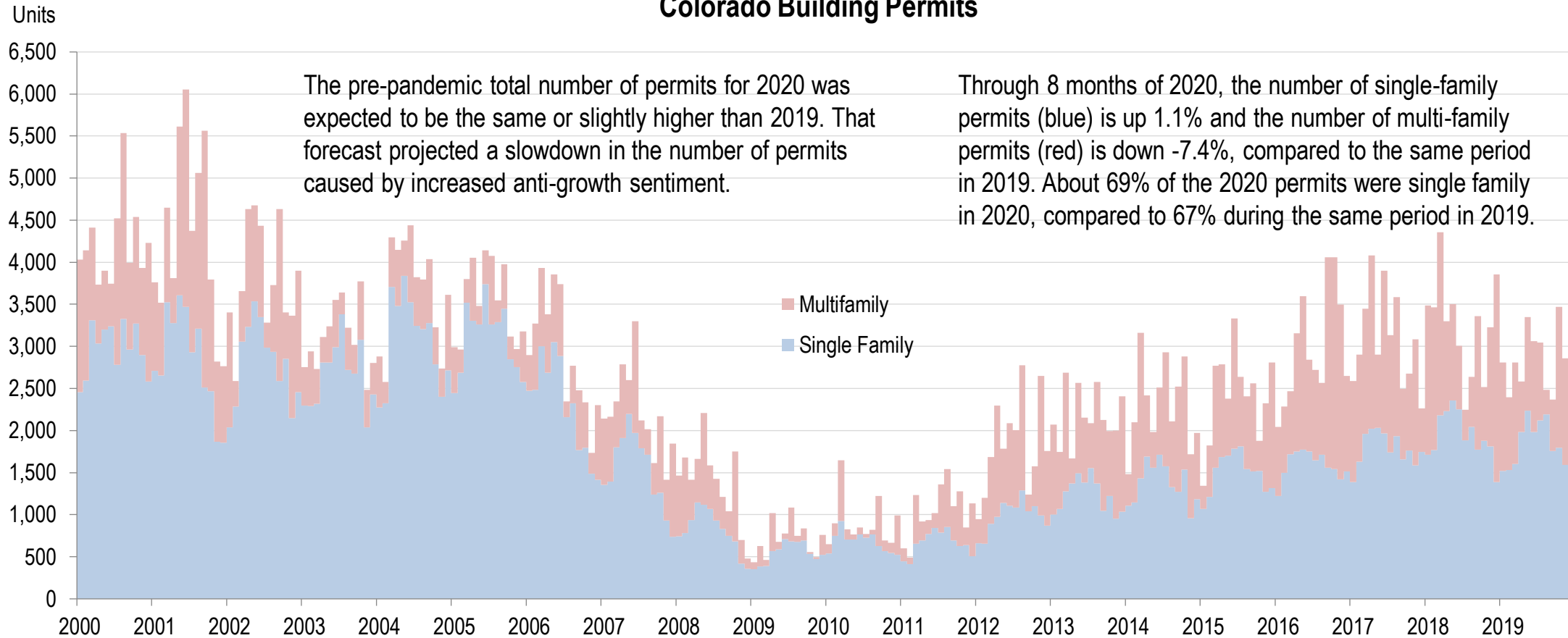
In 2020, the number of passengers at DIA is about half of 2019.

The production of oil has declined because of regulations and reduced demand.

# Colorado Residential Building Permits

Units

## Colorado Building Permits

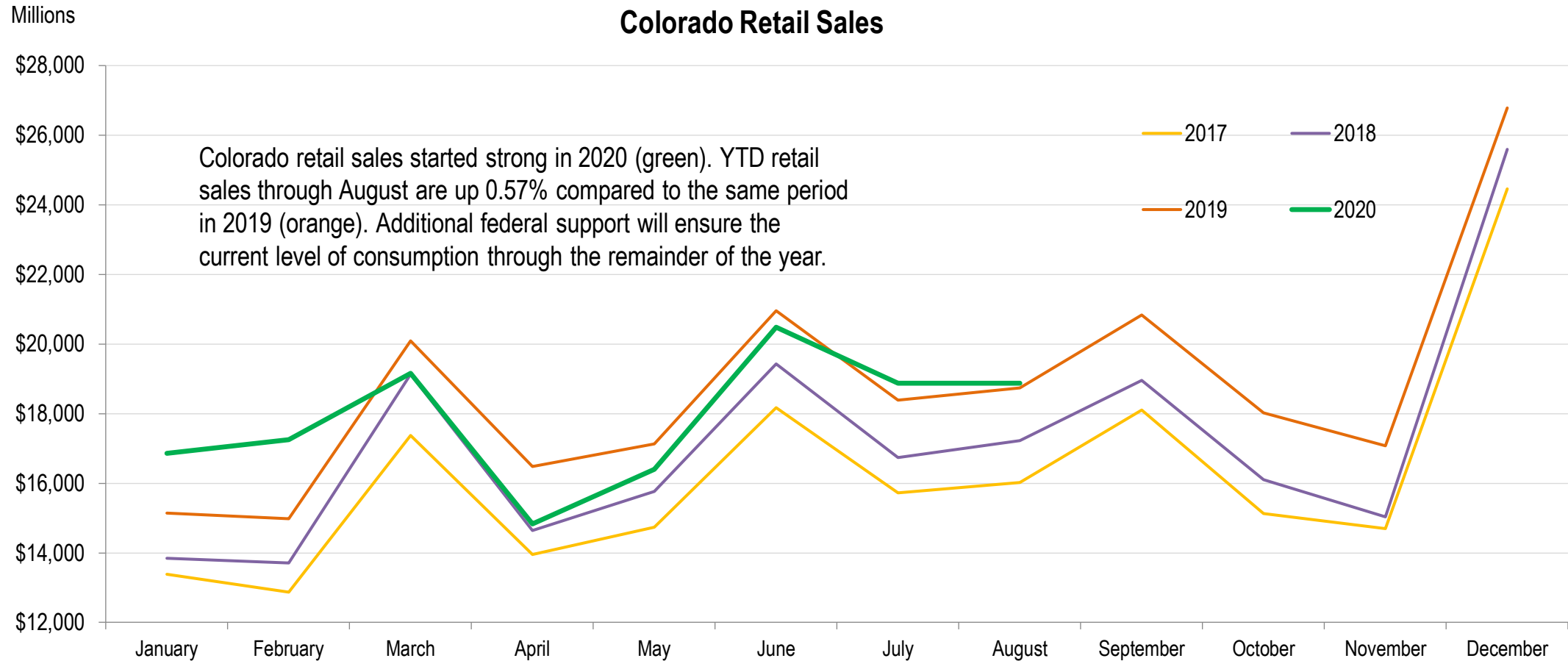


Source: TAMU Real Estate Center, U.S. Census Bureau, cber.co.

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# Colorado Retail Sales

## Monthly



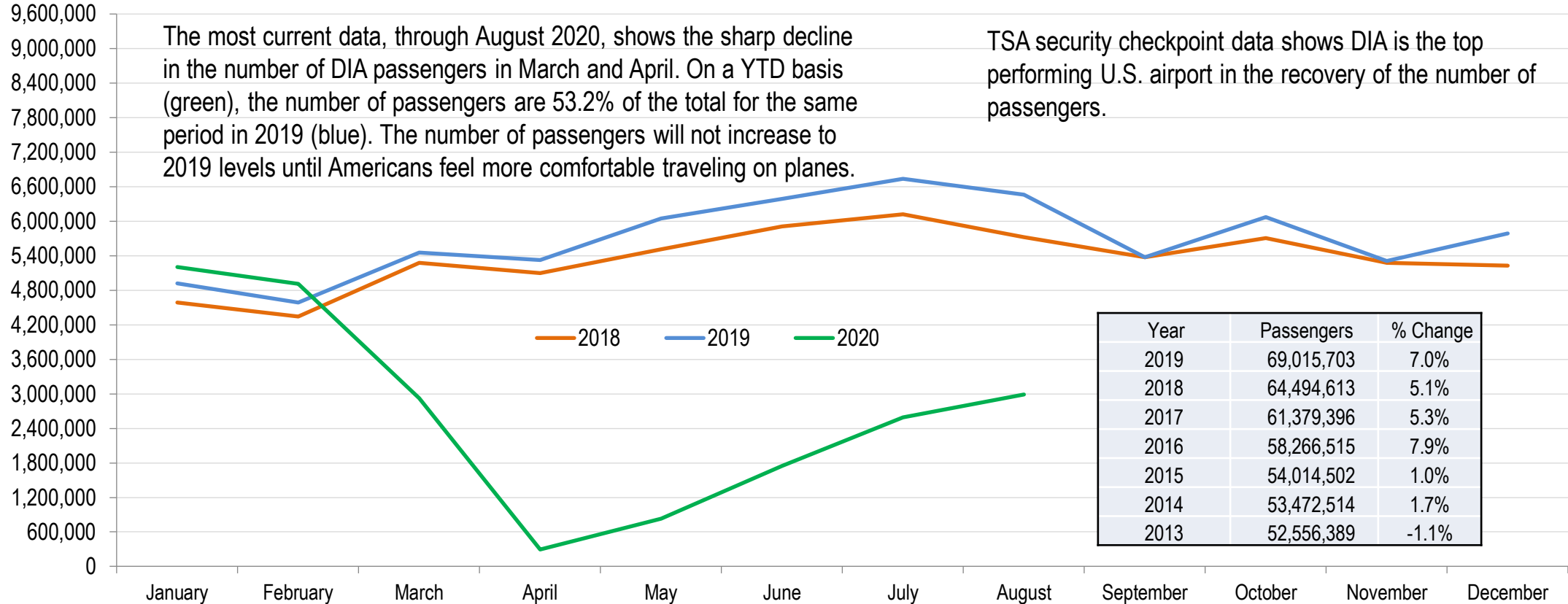
Source: Colorado Department of Revenue, [cber.co](https://cber.co). Note: Not adjusted for inflation.  
Colorado-based Business and Economic Research <https://cber.co>

# Denver International Airport Passengers

## Monthly

### DIA Passengers

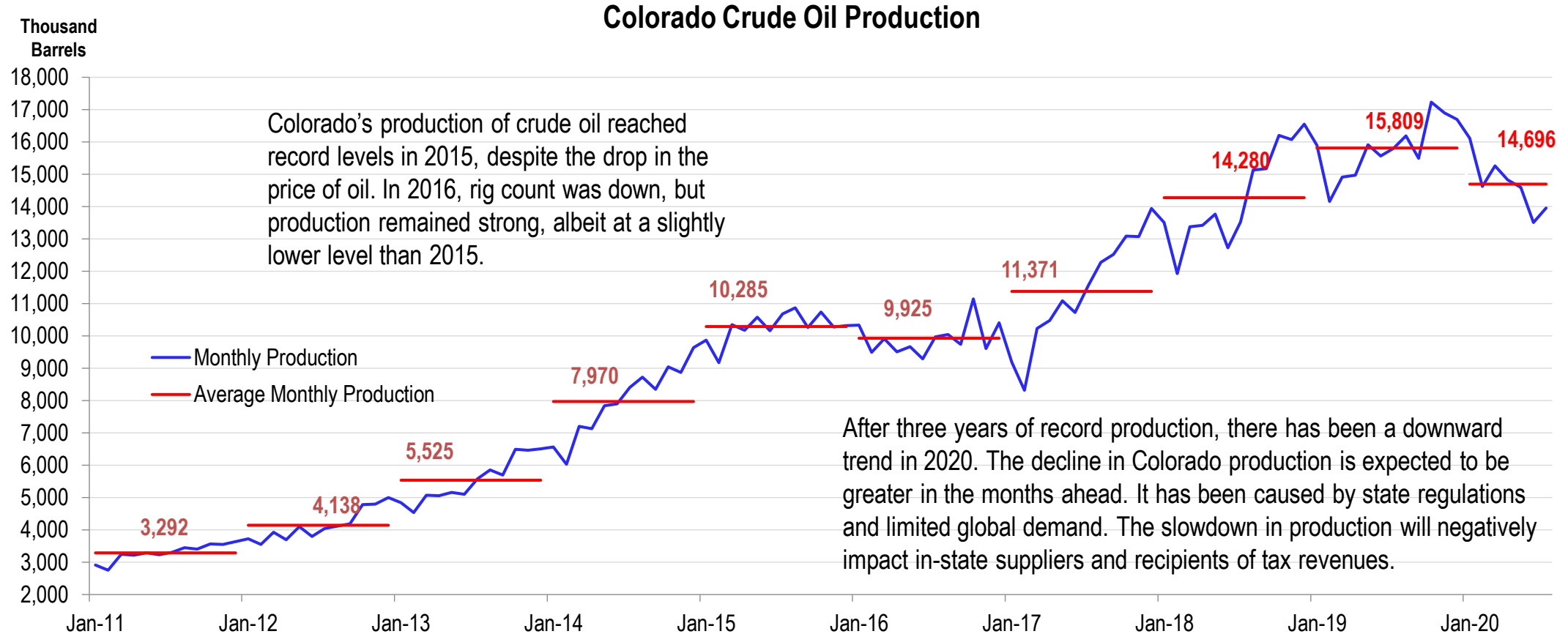
Passengers



Source: Fly-Denver.com, cber.co.

# Colorado Field Production of Crude Oil

## 2011 to 2020 (Thousand Barrels)



Source: EIA, cber.co.

Colorado-based Business and Economic Research <https://cber.co>

# State Government General Fund

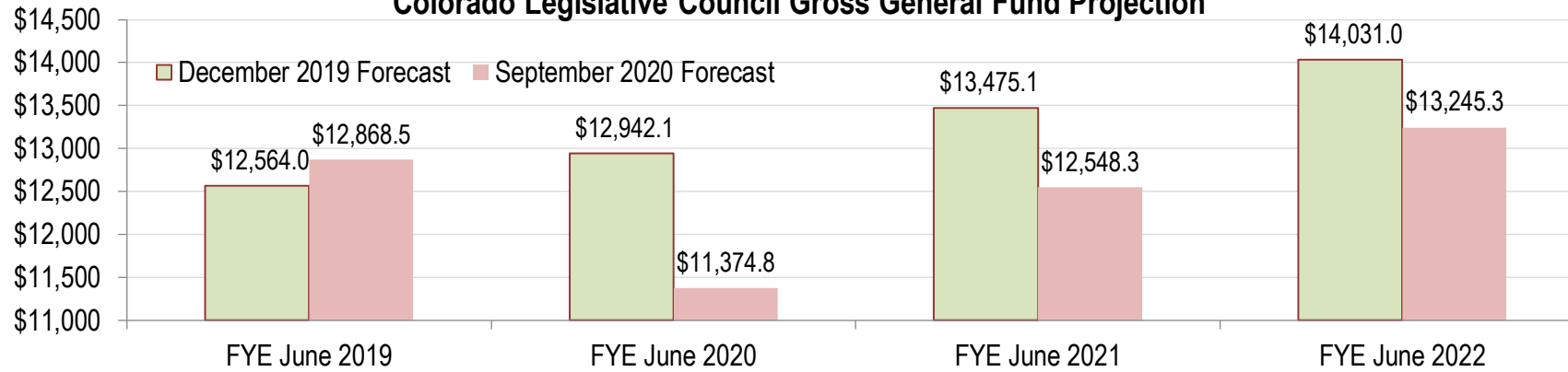
## Key Points

The Office of State Planning and Budgeting and the Colorado Legislative Council update their state forecasts on a quarterly basis. The most current forecasts were released in September. They show significant decreases in the General Fund projections as a result of C-19 lockdown policies. These decreases will impact services provided by the state and illustrate the need for creative financing or outside assistance.

# Colorado Gross General Fund

## OSPB and CLC Projections

**Colorado Legislative Council Gross General Fund Projection**



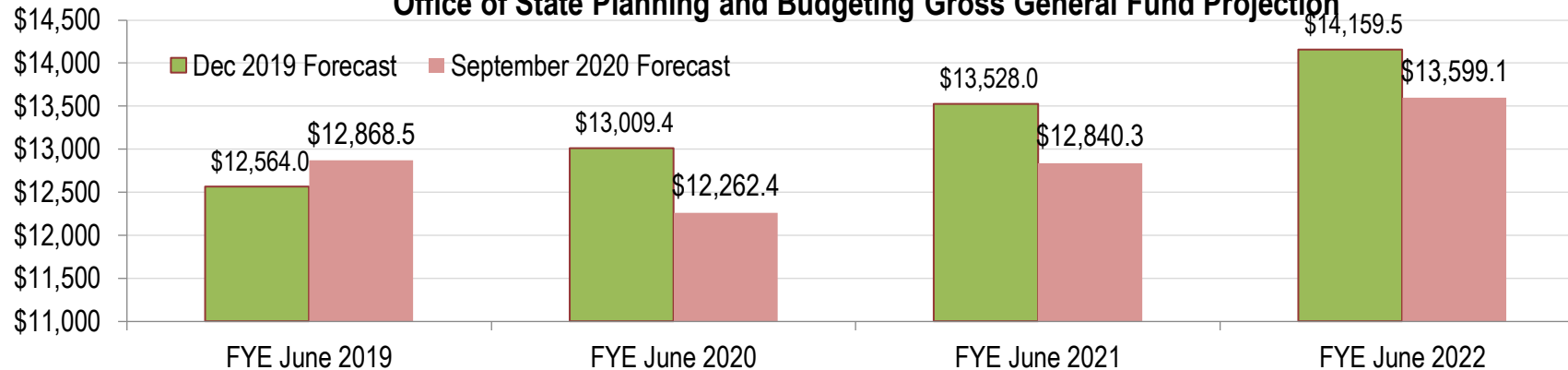
*CLC Gross General Fund*

The changes from year-to-year are:

- FYE 2019 +2.4%
- FYE 2020 -11.6%
- FYE 2021 10.3%
- FYE 2022 5.6%

The CLC forecast is less optimistic than OSPB.

**Office of State Planning and Budgeting Gross General Fund Projection**



*OSPB Gross General Fund*

The changes from year-to-year are:

- FYE 2019 +2.4%
- FYE 2020 -4.7%
- FYE 2021 +4.7%
- FYE 2022 +5.9%

The C-19 pandemic caused a reduction in revenue for both forecasts.

About two-thirds of all revenue is net income taxes; approximately 30% is from excise taxes and 3% to 4% is from other sources.

Source: Quarterly reports, OSPB and CLC, December 2019, [cber.co](http://cber.co)



# Summary

# Key Points

The United States and Colorado have transitioned unevenly from lockdown to reopening to recovery because of differences in policies, leadership, resources, number of C-19 cases, and industry mix. Colorado is in the second or third tier of states for its recovery.

## Reasons to be Optimistic

- The economy is poised for a solid rebound in 2021. Future job surges will occur with advancements in medical treatments.
- The increase in business applications is an indication the American entrepreneurial spirit is alive and well.
- Despite extreme volatility, the equity markets continue to post gains.
- As medical experts learn more about the disease, there will be advancements in treatments or vaccines.
- National indices for small businesses, consumers, manufacturers, and non-manufacturers are upbeat.
- There is incentive to return to a strong economy. Leading up to the pandemic, most demographics (race, skill, education) benefitted from low unemployment rates and rising wages.
- Cooler weather and precipitation may help slow the fires in Northern Colorado.
- Job openings are exceeding separations.

## Reasons for Concern

- C-19 surges will occur as the economy continues to open.
- Lack of confidence in leaders to balance medical, social, and economic issues.
- State and local governments will be challenged to make up budget shortfalls.
- Lack of confidence to resume travel, particularly on mass transit (short distances) and airplanes (cross country).
- The high unemployment rates in major cities are slowing the recovery of the U.S. economy. Denver is a drag on the Colorado economy.
- There is uncertainty about the disruptive effect of pandemic policies on the work environment, education, transportation, mental and physical health.
- People are not returning to work for a variety of reasons.
- The weaknesses of the K-12 and higher education system were exposed by the pandemic.

cber.co  
Review of Colorado and United States Economy  
Based on September Employment Data

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#### ACKNOWLEDGEMENTS

A special thank you to Ana and Allyson Horvath for their review and comments on this publication.

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Gary Horvath has produced annual employment forecasts of the state economy for over 30 years. They have been supplemented by monthly economic updates and indices that track economic performance over the short term. In addition, he has directed three statewide analyses that included reviews of all 64 county economies.

Horvath was the principal investigator for a state and federally funded project to prepare a nanotechnology roadmap for Colorado. As well, he was a co-founder of the Colorado Photonics Industry Association, a trade group for Colorado's Photonics cluster. Horvath has been an active board member of the group since its inception.

Horvath has also served on the Board of Directors for the Economic Development Council of Colorado, Northwest Denver Business Partnership, Adams County Economic Development, and Broomfield Economic Development Corporation. Horvath has also been the chair of the photonics/electronics committee in the Governor's Office of Economic Development and International Trade early stage and proof of concept grant program.