

# Economic Outlook and Trends Through November 2022

## United States and Colorado



Colorado-based Business and Economic Research, [cber.co](https://cber.co)  
Prepared December 19, 2022

# Economic Outlook and Trends

## **Purpose and Summary**

The purpose of this chartbook is to review the performance of the Colorado and U.S. economies through November 2022.

Throughout the year, there has been a list of headwinds that is longer than usual: inflation, energy issues, Fed rate hikes, increased input costs, supply chain disruptions, labor shortages, wage increases, housing issues, policies and legislation that are controversial, and excessive spending related to the conflict in Eastern Europe.

As the year progressed, inflation and other headwinds became more problematic. The Federal Reserve raised interest rates to curtail economic growth and reduce inflation. There will be a recession in early 2023, with weak economic activity and job growth during most of the year.

The discussion focuses on the following topics.

- U.S. Real GDP
- Inflation and Consumption
- U.S. and Colorado Employment
- Industry Indices, Construction, and Extractive Industries
- Summary of Colorado Economic and Outlook

# Highlights – Economic Slowdown

The U.S. and Colorado economies have been slowing and will slip into a shallow recession in early 2023. A recent survey by the National Association of Business Economists indicates over half of its members who responded to a survey agree there will be a recession. The modest real GDP growth in Q3 will prove to be an anomaly.

## **The Loss of Momentum**

The Colorado labor market started the year on a strong note, and many industries surpassed their pre-COVID employment levels. As the year progressed, the rate of growth in the labor market declined.

Personal consumption has tapered off. Consumers have dipped into their savings and increased their credit card consumption.

Some young adults have moved back in with their parents to manage their expenses.

The NRF says U.S. holiday retail sales will increase by 6.0% to 8.0% this year.

## **Inflation and Rate Hikes**

The Federal Reserve has the unenviable task of containing inflation by raising interest rates. That is a supreme challenge, given the obstacles.

The rate hikes by the Fed have caused the construction, real estate, and financial markets to slow. In some U.S. regions, these industries entered a recession earlier in the year. Oddly, some industries have numerous job openings and cannot find qualified workers. A popular solution has been to increase wages.

Eventually, inflation will decrease, but other factors such as recently added fees, taxes, regulations, increased minimum wages, and public policy will challenge businesses and consumers to make ends meet.

# Economic Outlook and Trends

## U.S. Real Gross Domestic Product

The Conference Board U.S. Economic Forecast projects real GDP growth will slip to 1.9% in 2022, down from 5.9% in 2021. The change in real GDP will be 0.0% in 2023.

The change in real disposable income and personal consumption will be weak in 2023.

The annual U.S. unemployment rate will increase to 4.1% in 2023. The rate will peak early in the year.

The recession will be broad-based and last through Q3 of 2023.

The labor market will see weaker job growth. It will remain tight in some sectors and occupations, particularly those that require specific training or person-to-person contact.

Inflation will decrease in 2023 but remain above the Fed's target rate into 2024.

# U.S. Real GDP Growth

The Conference Board Forecast (December 14, 2022)

## Real GDP and Economic Growth

The latest Conference Board forecast points to real GDP growth of 1.9% for 2022. Personal consumption has deteriorated as the year has progressed and will increase by only 2.7% this year. Residential investment will decline in 2022 while nonresidential will see slow growth. There will be a change of 0.0% in real GDP in 2023.

## Other Economic Factors

During the first eleven months of 2022, the labor market reflected strong but decelerating job growth. This downward trend will continue into 2023; however, some industries and occupations will see labor shortages. The U.S. unemployment rate will be 3.7% in 2022 and 4.1% in 2023. In Q2 2022, PCE inflation peaked. The annual rate will be 6.3% in 2022 and 3.6% in 2023.

## Conference Board US Real GDP Growth Forecast

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2021	2022	2023
<b>Real GDP</b>	6.3%	7.0%	2.7%	7.0%	-1.6%	-0.6%	2.9%	0.7%	5.9%	1.9%	0.0%
<b>Real Disposable Income</b>	52.4%	-28.8%	-4.6%	-4.9%	--10.6%	-2.3%	0.9%	1.0%	1.9%	-6.6%	0.4%
<b>Real Personal Consumption</b>	10.8%	12.1%	3.0%	3.1%	1.3%	2.0%	1.7%	1.2%	8.3%	2.7%	0.1%
<b>Residential Investment</b>	11.6%	-4.8%	-5.8%	-1.1%	-3.1%	-17.8%	-26.4%	-30.0%	10.7%	-10.9%	-16.0%
<b>Nonresidential Investment</b>	8.9%	9.9%	0.6%	1.1%	7.9%	0.1%	5.1%	0.9%	6.4%	3.5%	-0.6%
<b>Total Gov't. Spending</b>	6.5%	-3.0%	-0.2%	-0.9%	-2.3%	-1.6%	3.0%	2.7%	0.6%	-0.7%	2.6%
<b>Exports</b>	0.4%	4.8%	-1.1%	23.5%	-4.6%	13.8%	15.3%	4.0%	6.1%	7.7%	2.5%
<b>Unemployment Rate</b>	6.2%	5.9%	5.1%	4.2%	3.8%	3.6%	3.6%	3.7%	5.4%	3.7%	4.1%
<b>PCE Inflation (%Y/Y)</b>	1.9%	4.0%	4.5%	5.7%	6.4%	6.6%	6.3%	5.7%	4.0%	6.3%	3.6%
<b>Core PCE Inflation (%Y/Y)</b>	1.7%	3.5%	3.9%	4.7%	5.3%	5.0%	4.9%	4.7%	3.5%	5.0%	3.4%

Source: The Conference Board and cber.co.

Source: The Conference Board, <https://www.conference-board.org/publications/Economic-Forecast-US>, cber.co.

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

# Economic Outlook and Trends

## Inflation and Consumption

Inflation is at the top of a long list of headwinds. After peaking during the summer, the CPI and PCE have started the long descent back to the Fed's target rate.

The escalation of home energy costs in Colorado has been a contentious issue. Gasoline prices remain high, but they have declined.

Consumers will continue to adapt their purchasing patterns to account for higher prices. Credit card balances have risen, and the personal savings rate has declined.

Auto sales remain lower than projected, although prices for new and used vehicles have dropped. Holiday retail sales will be 6.0% to 8.0% greater than in 2021.

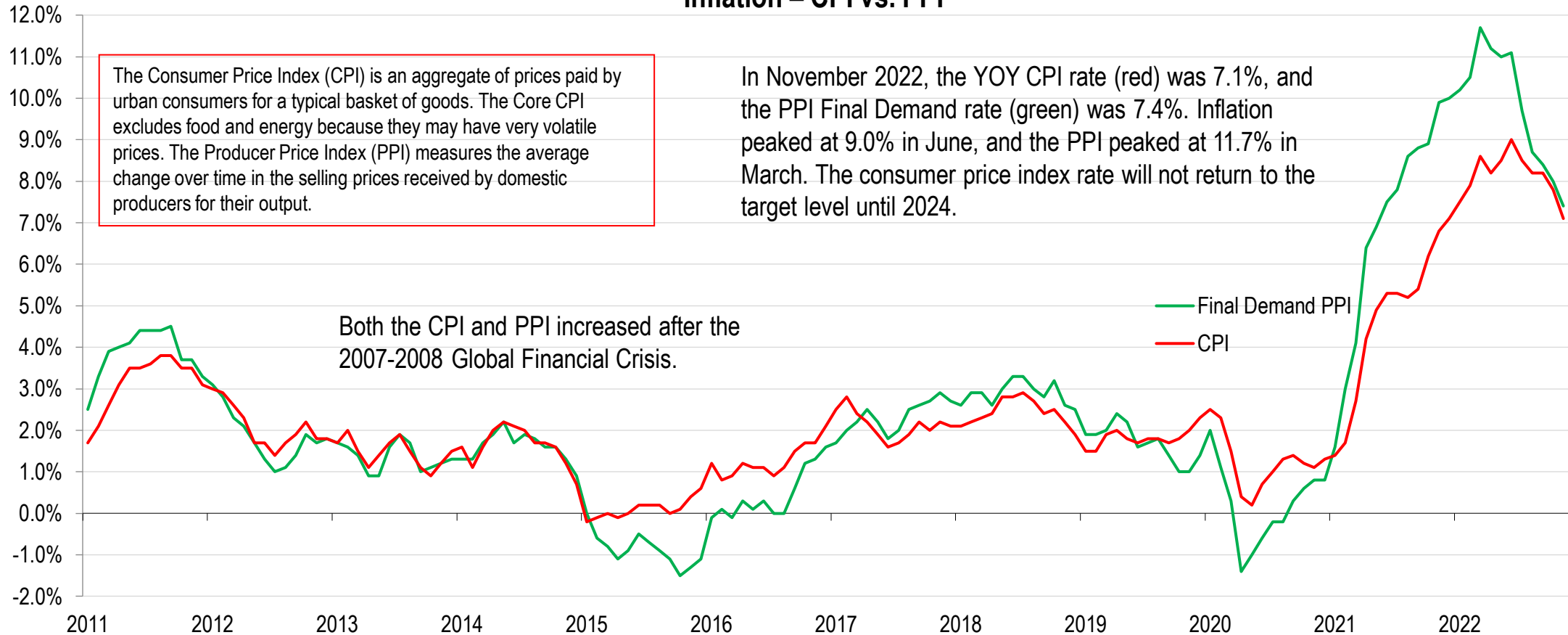
Overall, passenger traffic at DIA has rebounded despite fewer business travelers.

The personal wealth effect for most people has fallen because the real estate and equity markets have decreased in value.

# U.S. Inflation

## CPI vs. Producer Price Index (Final Demand)

**Inflation – CPI vs. PPI**

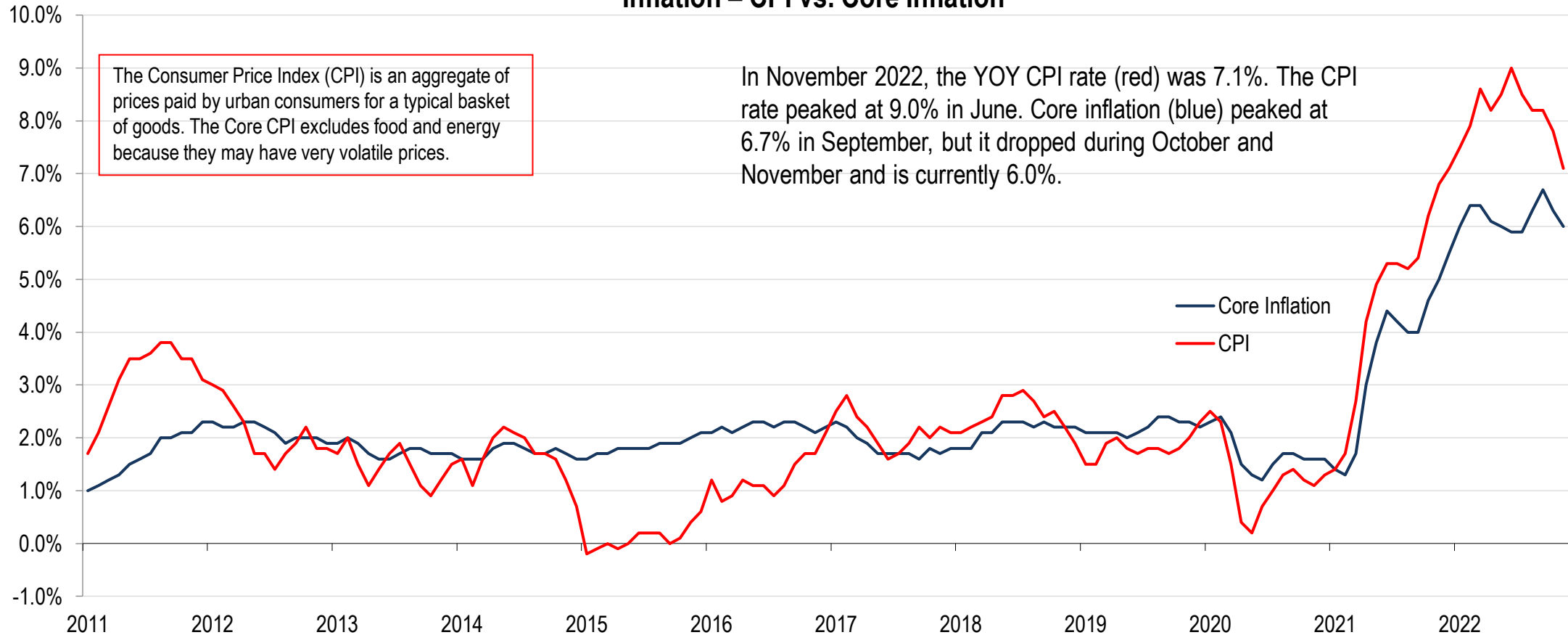


Source: Bureau of Labor Statistics, PPI Commodity Data, Final Demand SA; CPI All Items City Average SA, cber.co.  
 Colorado-based Business and Economic Research <https://cber.co>

# U.S. Inflation

## CPI vs. Core Inflation

### Inflation – CPI vs. Core Inflation



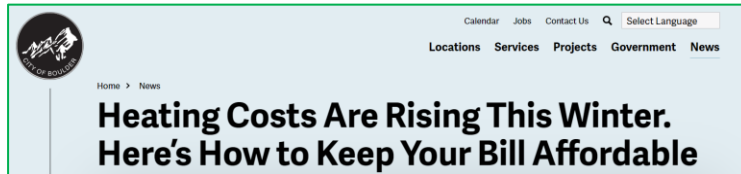
The Consumer Price Index (CPI) is an aggregate of prices paid by urban consumers for a typical basket of goods. The Core CPI excludes food and energy because they may have very volatile prices.

In November 2022, the YOY CPI rate (red) was 7.1%. The CPI rate peaked at 9.0% in June. Core inflation (blue) peaked at 6.7% in September, but it dropped during October and November and is currently 6.0%.



# Heating Bills in Colorado this Winter

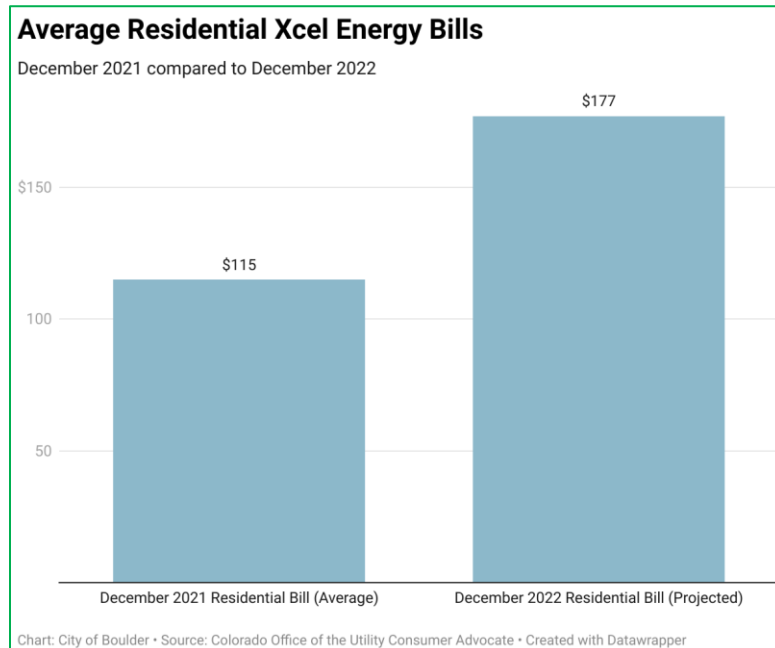
The following headlines/information, from the fall of 2022, indicated Coloradans would face steep increases in heating costs this winter.



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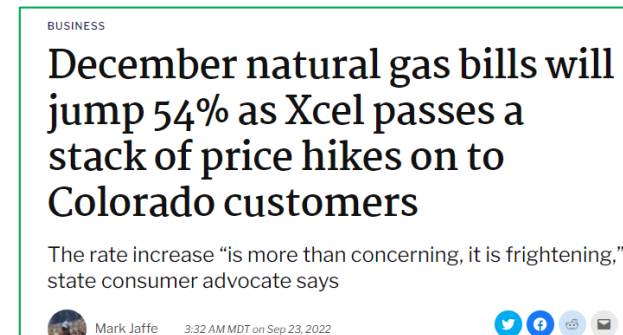
## Heating Costs Are Rising This Winter. Here's How to Keep Your Bill Affordable



TOP STORY

## Xcel customers likely to see higher energy rates as winter arrives

By SCOTT WEISER [scott.weiser@gazette.com](mailto:scott.weiser@gazette.com) Nov 15, 2022 Updated Nov 15, 2022



BUSINESS

## December natural gas bills will jump 54% as Xcel passes a stack of price hikes on to Colorado customers

The rate increase "is more than concerning, it is frightening," state consumer advocate says

Mark Jaffe 3:32 AM MDT on Sep 23, 2022



THE DENVER POST

Energy | Your utility bill is going up in October thanks...

## Your utility bill is going up in October thanks to higher natural gas prices

State regulators OK requests by Xcel Energy, Atmos Energy to pass through fuel costs

f r t

Source: City of Boulder, Denver Gazette, Denver Post, Colorado Sun, cber.co.

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

The following headline appeared in the December 17, 2022, Denver Post. To add fuel to the fire, Xcel had previously announced plans for additional rate hikes. Consumers and businesses are encouraged to learn more about the issues related to rate hikes and how to support or oppose them.

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## **Colorado utility customers get lump of coal for holiday: soaring bills**

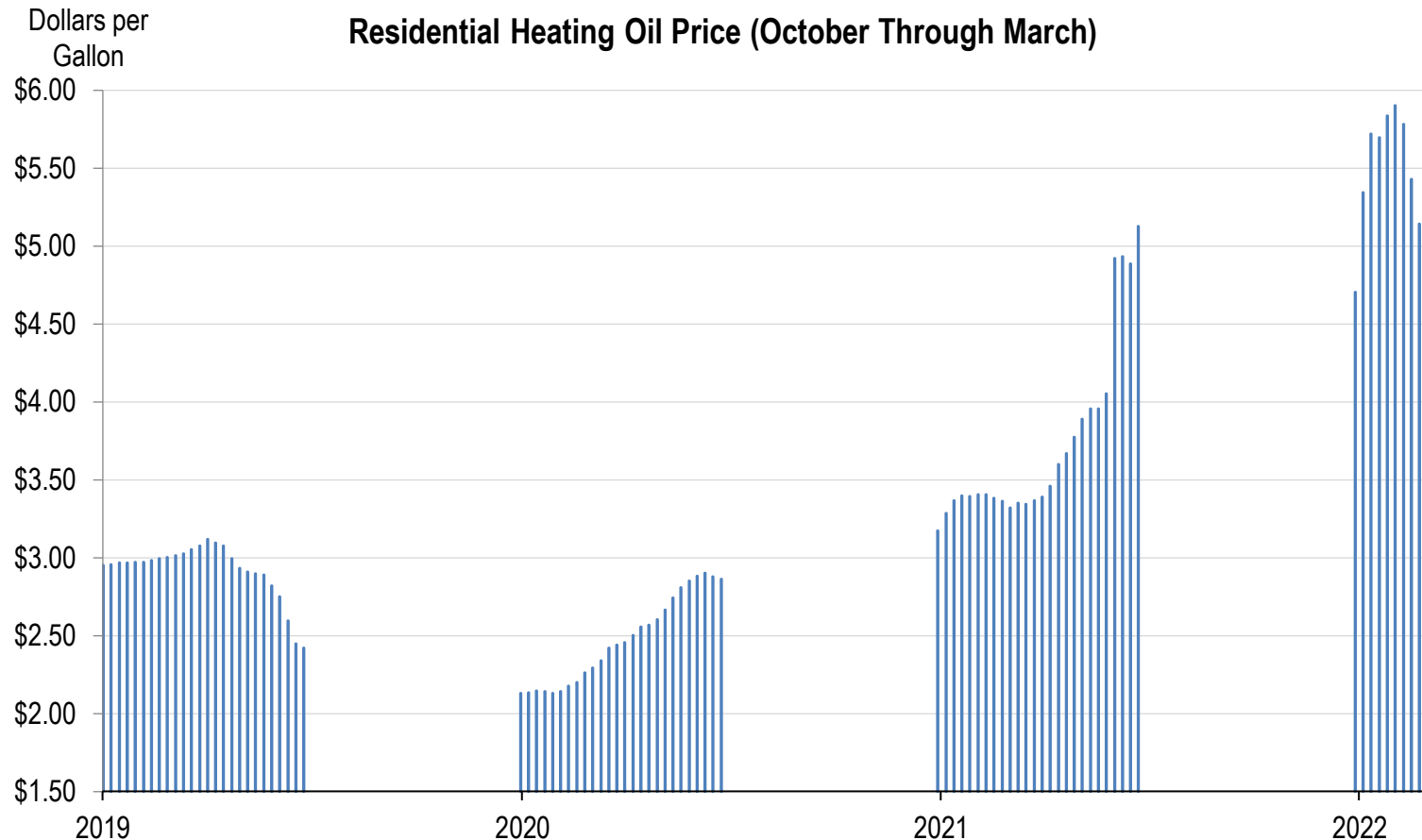
Ratepayers report bills double or more from the same time a year ago; Xcel Energy points to a doubling of wholesale natural gas prices.



Source: Denver Post, [cber.co](https://cber.co).

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

# U.S. Weekly No. 2 Heating Oil Residential Price



Source: EIA, cber.co.

The season for heating oil runs from October through March.

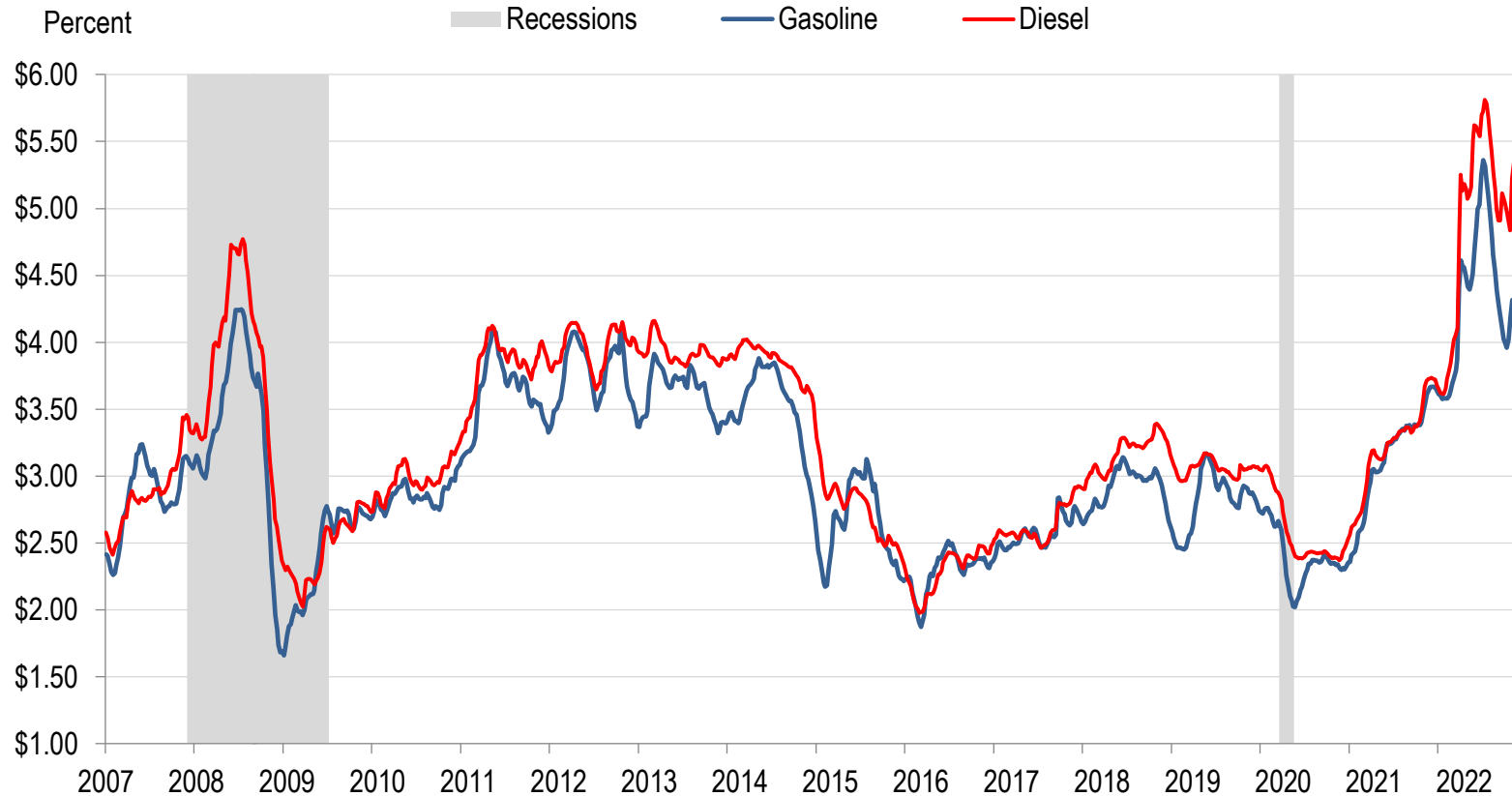
This chart begins with the season (October 2019 through March 2020). The average price per gallon by period follows

- Oct. 2019 to March 2020 \$2.91
- Oct. 2020 through Jan. 2021 \$2.30
- Feb. 2021 and March 2021 \$2.80
- Oct. 2020 to March 2021 \$2.47
- Oct. 2021 through Feb. 21, 2022 \$3.49, The Eastern European conflict began on Feb. 24, 2022
- Feb. 28, 2022 through March 2022 \$4.78
- Oct. 2021 to March 2022 \$3.73
- Oct. 2022 through Nov 14, 2022 \$5.37

The price rose by 51% in 2021 and 27% for the data available for 2022.

# Weekly Gasoline (Regular All Formulations) and Diesel Prices United States

U.S. Gasoline Regular (All Formulations) and Diesel Prices



### Gas and Diesel Prices

On February 21, 2021, the price for a gallon of gasoline was \$2.82, and a gallon of diesel was \$2.93, a year before the Eastern European conflict escalated (2/24/2022). On December 12, 2022, a gallon of gasoline was \$3.52, down from a peak of \$5.51. A gallon of diesel was \$4.75 compared to its peak of \$5.78.

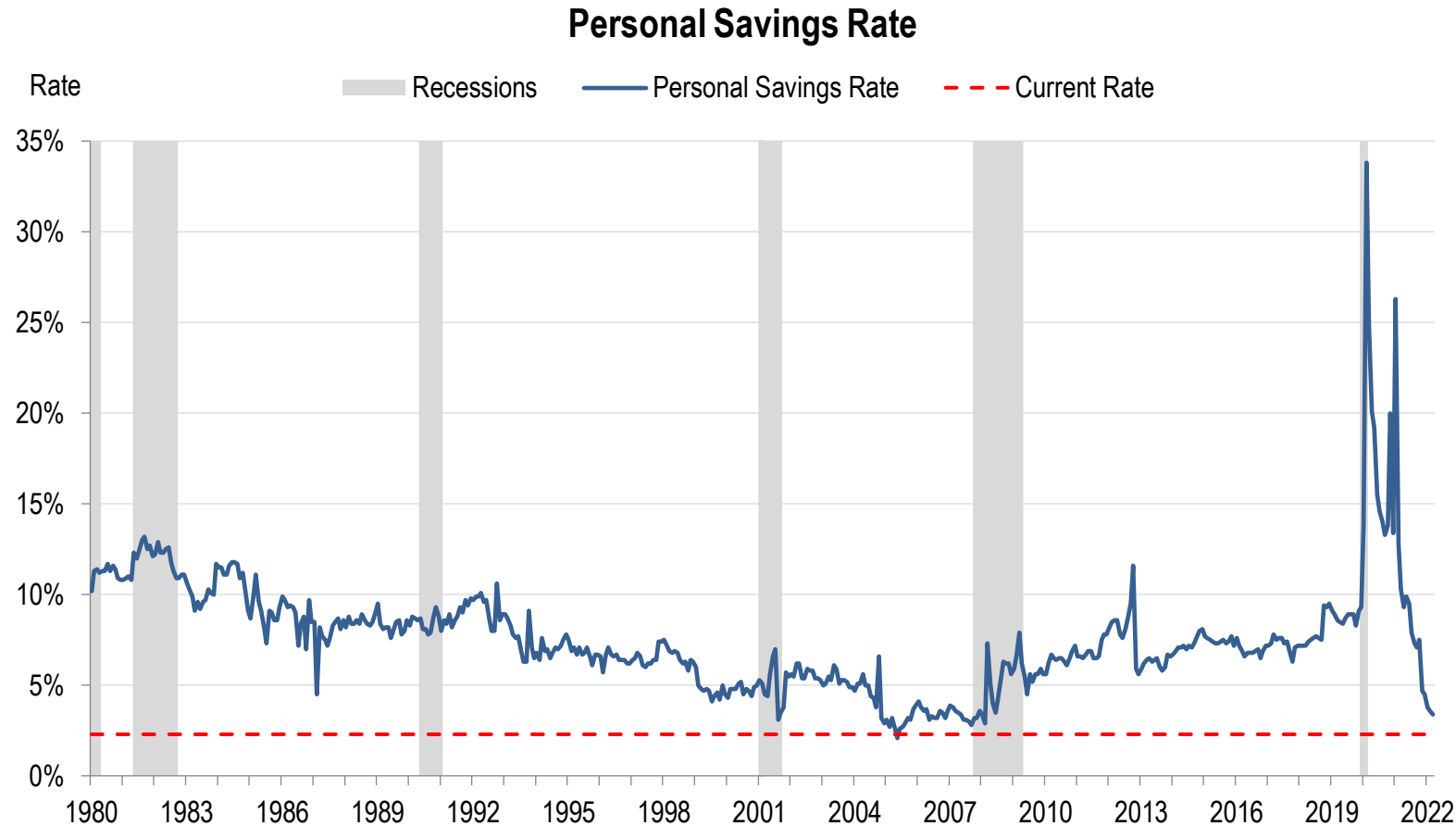
#### Average Annual

Year	Diesel	Gasoline
2015	\$2.71	\$2.43
2016	\$2.30	\$2.14
2017	\$2.65	\$2.42
2018	\$3.18	\$2.72
2019	\$3.06	\$2.60
2020	\$2.55	\$2.17
2021	\$3.29	\$3.01

Source: FRED, EIA, [https://www.eia.gov/dnav/pet/pet\\_pri\\_gnd\\_a\\_epd2d\\_pte\\_dpgal\\_w.htm](https://www.eia.gov/dnav/pet/pet_pri_gnd_a_epd2d_pte_dpgal_w.htm), [https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM\\_EPM0\\_PTE\\_NUS\\_DPG&f=W](https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPM0_PTE_NUS_DPG&f=W), cber.co.

# U.S. Personal Savings Rate

## Percentage of Disposable Personal Income



### Personal Savings

The personal savings rate jettisoned to 33.8% in the early stages of the pandemic. It fell to 13.0% in November 2020, then rose to 26.6% in 2021.

The October 2022 personal savings rate was 2.3%, and savings were \$426.5 billion, down from \$6.4 trillion in April 2020.

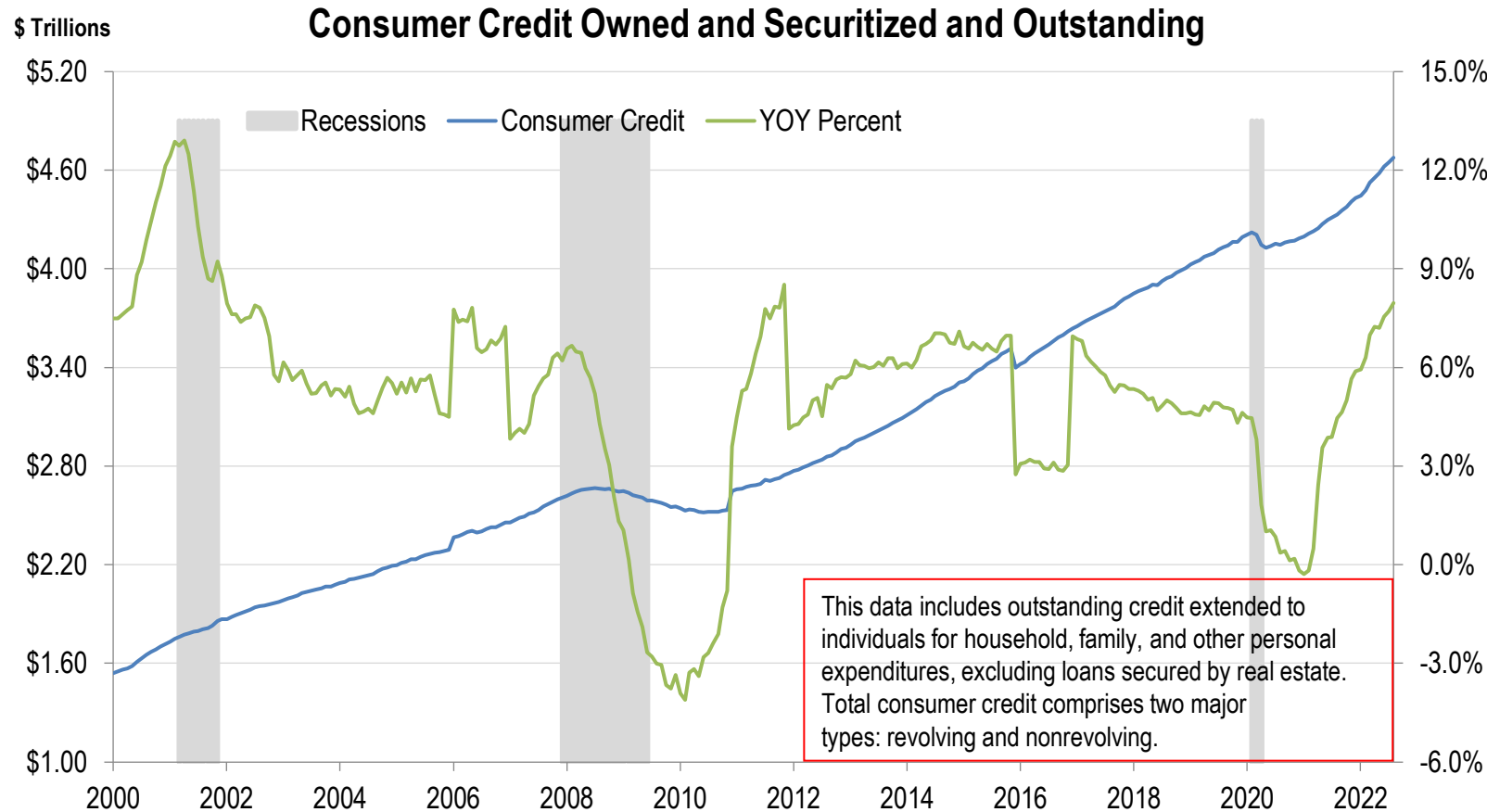
#### Year End Personal Savings (Billions) and Rate

2017	\$948.5	6.3%
2018	\$1,511.9	9.4%
2019	\$1,381.3	8.3%
2020	\$2,402.8	13.8%
2021	\$1,372.3	7.5%

Source: BEA, cber.co

Source: BEA, FRED, cber.co.

# U.S. Consumer Credit Outstanding



## Consumer Credit

From Q3 2008 to Q4 2010, consumers deleveraged and decreased the amount of outstanding consumer credit (blue), including consumer defaults on loans. The amount of credit authorized increased in 2018 and 2019 and declined in 2020 as consumers reduced expenditures and paid off debt during the pandemic. In January 2022, the YOY rate of consumer debt increased by 6.0% (green). In October 2022, debt increased by 7.9%.

### Outstanding Credit (Billions) and Percent Change

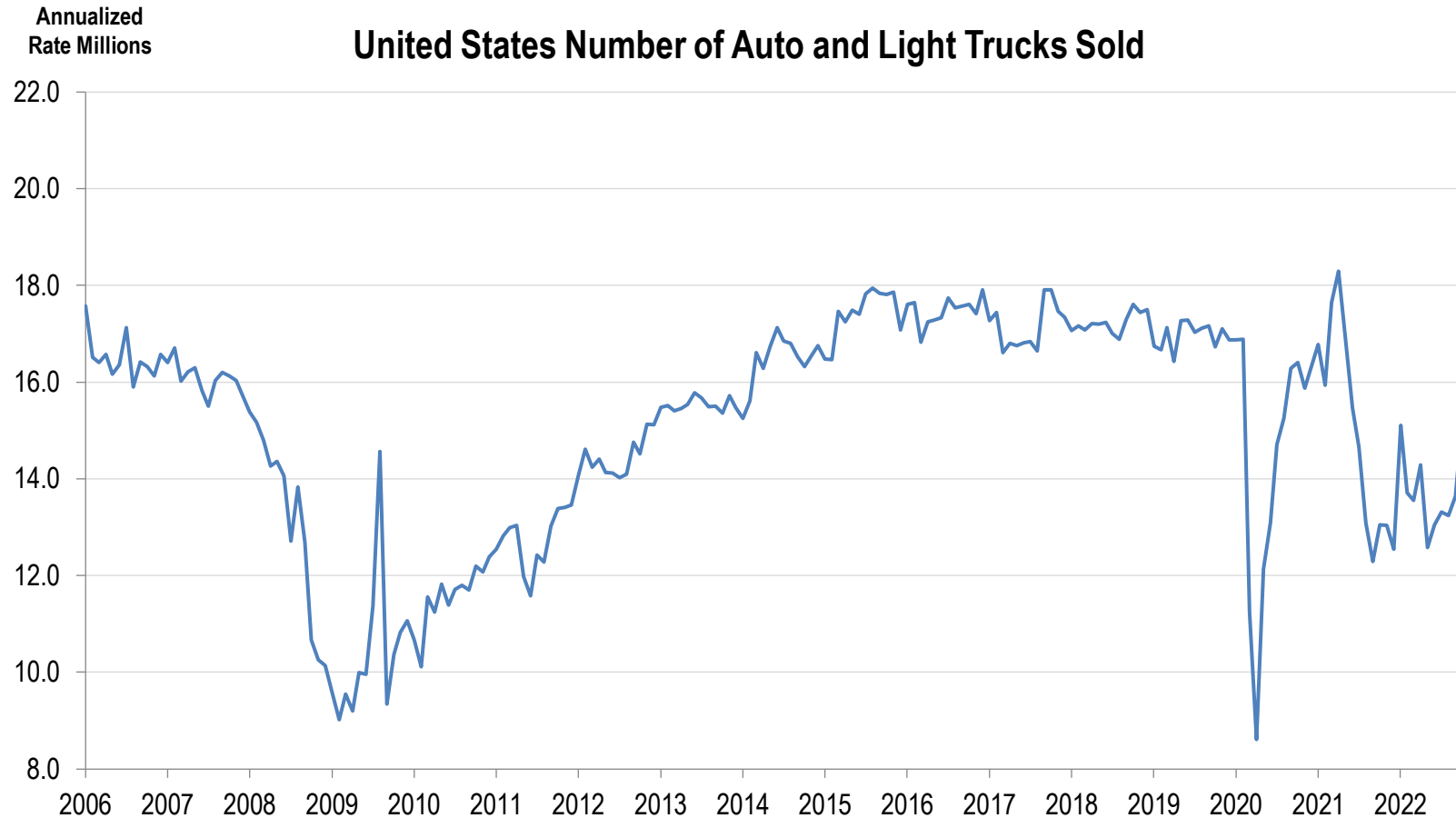
2017	\$3,830.8	5.3%
2018	\$4,007.0	4.5%
2019	\$4,192.2	4.6%
2020	\$4,184.9	-0.3%
2021	\$4,431.9	5.9%

Source: FRED, G-19, cber.co

Source: FRED, Federal Reserve, G.19, SA.

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

## Monthly (Seasonally Adjusted Annualized Rate in Millions)



**ALT Sales SAAR**

In April 2020, SAAR sales plummeted to 8.6 million units (The February 2009 total was 9.0 million). There was a sharp rebound, and sales peaked at 18.3 million in April 2021 before falling sharply. Sales in 2021 and 2022 have been lackluster. In November 2022, sales remained below expectations at 14.1 million annualized.

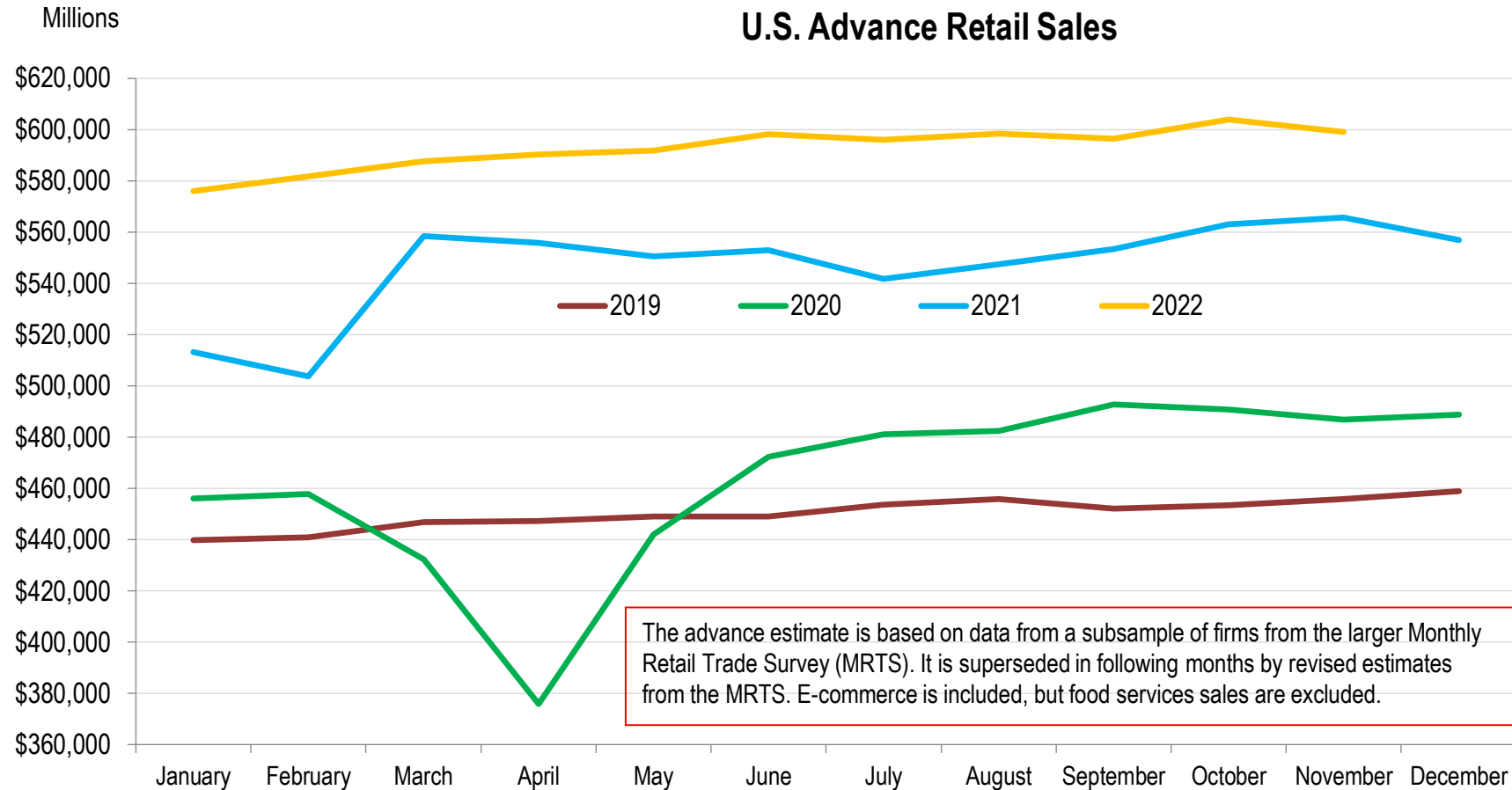
ALT Unit Sales	
Year	Units Sold (Millions)
2015	17.4
2016	17.5
2017	17.2
2018	17.2
2019	17.0
2020	14.5
2021	15.0
2022 (f)	16.5

Source: FRED, BEA, Seasonally Adjusted Annualized Rates (SAAR), cber.co.

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

# U.S. Advance Retail Sales

## Monthly



**Advance Retail Sales**  
 Sales through the first eleven months of 2022 (yellow) were 8.5% greater than the same period in 2021 (blue). The YOY rate of growth will continue to decline as the year progresses. The National Retail Federation projected that 2022 sales would be 6.0% to 8.0% greater than the 2021 value, with a similar change during the holiday

Annual Retail Sales (Trillions)		
2017	\$5.05	4.4%
2018	\$5.26	4.2%
2019	\$5.40	2.7%
2020	\$5.56	2.9%
2021	\$6.56	18.0%

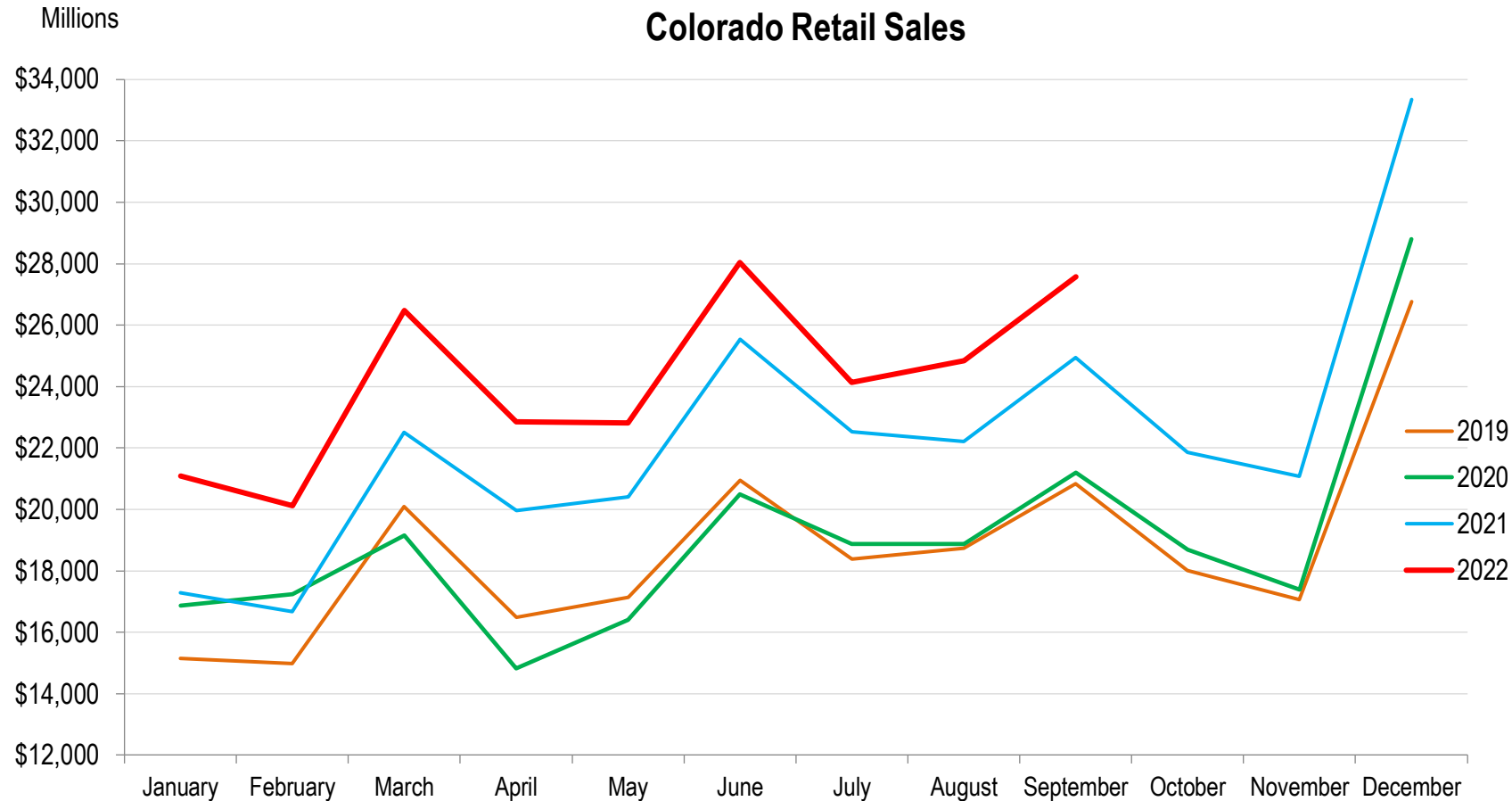
Source: Census, cber.co

Source: U.S. Census Bureau, cber.co. Note: Not adjusted for inflation.  
 Colorado-based Business and Economic Research <https://cber.co>



# Colorado Retail Sales

## Monthly



**Colorado Retail Sales**  
Average retail sales for the first nine months of 2022 (red) were 13.5% greater than the same period in 2021 (turquoise).

Sales for 2022 have been volatile and have increased at a decelerating rate starting in April.

Annual Retail Sales (Billions)		
2017	\$194.6	5.4%
2018	\$206.2	5.9%
2019	\$224.6	9.0%
2020	\$228.8	3.9%
2021	\$268.3	17.3%
2022f	\$295.2	10.0%

# Retail Sales

## Deck the Halls, Hit the Malls (And Don't Forget Your Local Small Businesses)

**HO HO HO!**



Montgomery Wards, Robert May, Johnny Marks, and Gene Autry were at the forefront of commercializing Christmas with the release of the book and classic song *Rudolph, the Red-Nosed Reindeer*. For those who cannot remember, the year was 1939.

Rudolph will shine his nose brightly during the 2022 holiday season. The National Retail Federation projects that 2022 holiday sales will be 6.0% to 8.0% greater than in 2021. (This is the same as their projections for 2022.)

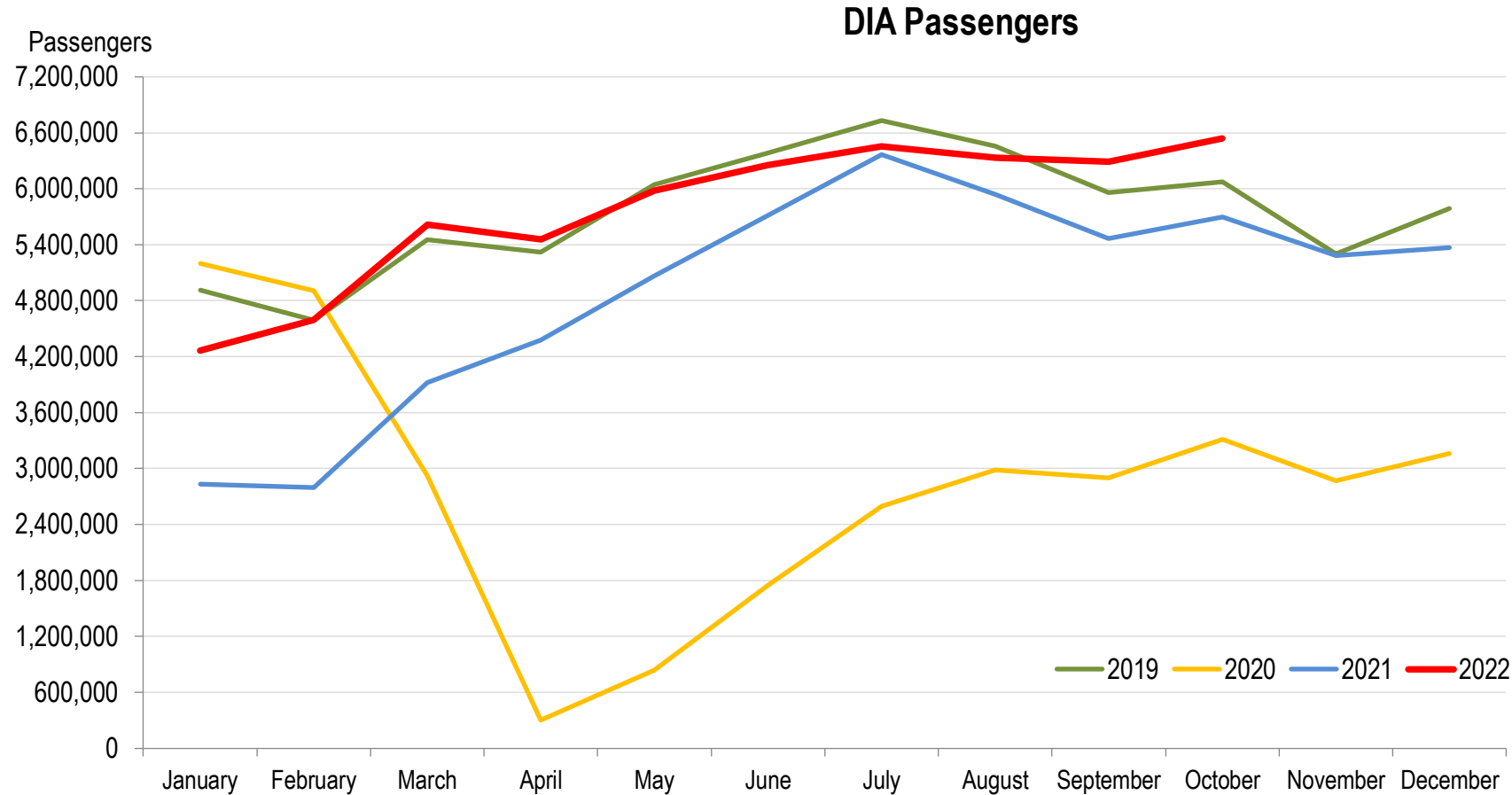
The shopping season includes the months of November and December.

Source: National Retail Federation, [cber.co](https://cber.co).

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

# Denver International Airport Passengers

## Monthly



### DIA Passengers

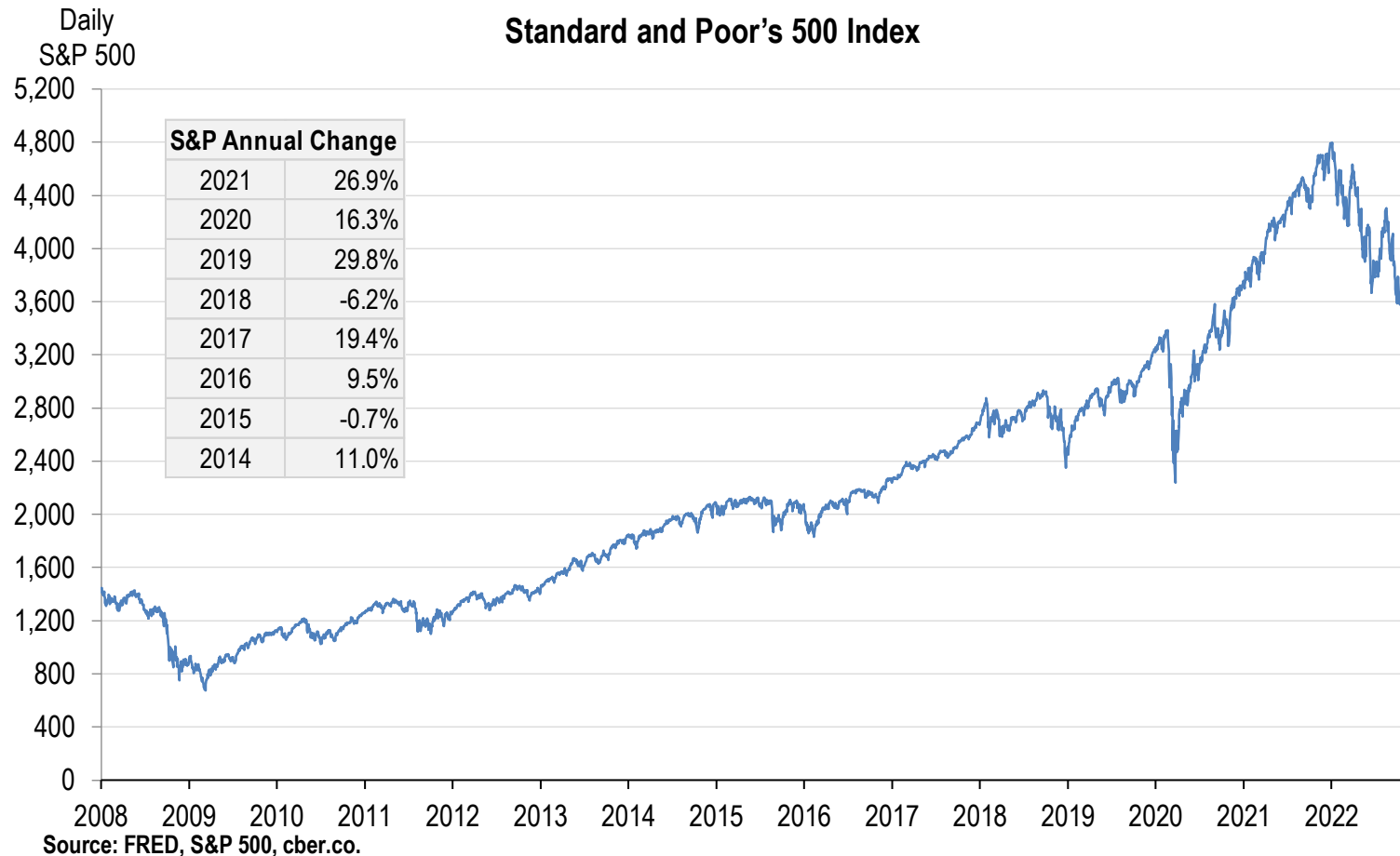
The number of DIA passengers during the first ten months of 2022 (red) is slightly below the YTD total for 2019 (green) but significantly above the YTD total for 2021 (blue). Business travelers have not returned to pre-COVID levels.

There were 57.8 million DIA passengers during the first ten months of 2022.

Year	Passengers	% Change
2022f	64,000,000	8.8%
2021	58,828,552	74.4%
2020	33,741,129	-51.3%
2019	69,015,703	7.0%
2018	64,494,613	5.1%
2017	61,379,396	5.3%
2016	58,266,515	7.9%

Source: flydenver.com, cber.co.

# Standard and Poor's 500 Index



## COVID-19 Policies Bear Market - 2020

After reaching 3,386 on February 19, 2020, the S&P 500 slipped to 2,237 on March 23, 2020, a loss of 34% or 1,148 points. On August 18, 2020, the S&P returned to 3,386. The bear market of 2020 was short-lived (149 days).

## Year-End 2021

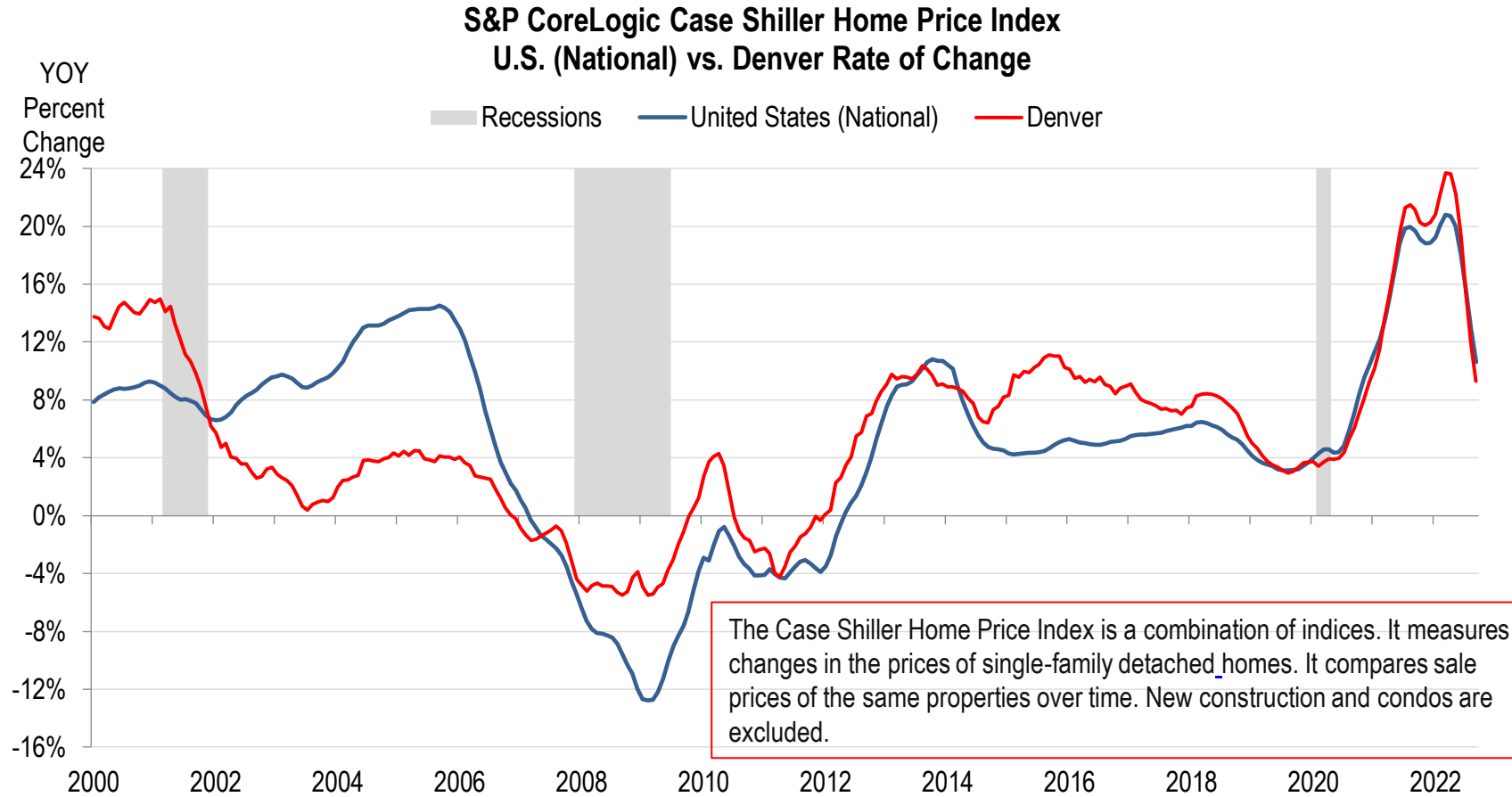
The S&P index increased at a steady rate for most of 2021. On December 31, it was 4,766 or 26.9% greater than the December 2020 closing value.

## YTD Change - 2022 Bear Market

On July 16, 2022, the S&P 500 closed at 3,667, a change of -23.1%, or 1,099 points off the December 31, 2021, value. The S&P value on November 18, 2022, was 3,852, a change of -19.2% from the closing value for 2021.

# Case Shiller Home Price Index

## YOY National vs. Denver Rate of Change



### S&P CoreLogic Case Shiller

In 2019, the housing market favored buyers, and the U.S. YOY appreciation rate was about 4.0%.

In the summer of 2020, the market began to favor sellers. In August 2021, YOY appreciation peaked above twenty percent.

In September 2022, the YOY appreciation for the U.S. was 10.6% and 9.3% for Denver. The level of appreciation for the U.S. and Denver will continue to decelerate as the interest rate hikes continue.

Source: S&P Case Shiller, cber.co.

# Economic Outlook and Trends

## U.S. and Colorado Employment

The U.S. and Colorado labor markets exceeded growth expectations in 2023. There are not enough workers to fill open jobs.

Some companies have addressed the problem with automation and other companies have raised wages. Unfortunately, wage gains in 2022 were less than the rate of inflation.

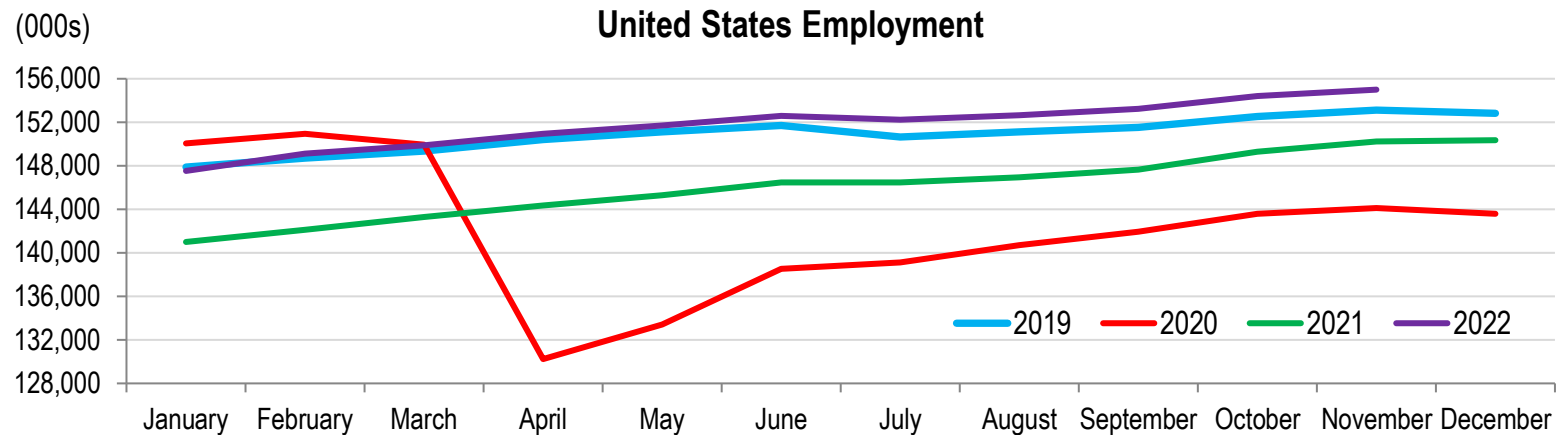
In 2023, there will be an 8.68% increase in the Colorado minimum wage rate.

Jobs in high demand require personal contact with others or special training, such as photonics or biotech technicians.

Colorado employment is about 1.87% of the U.S. total.

# Employment and Change in Employment

## United States

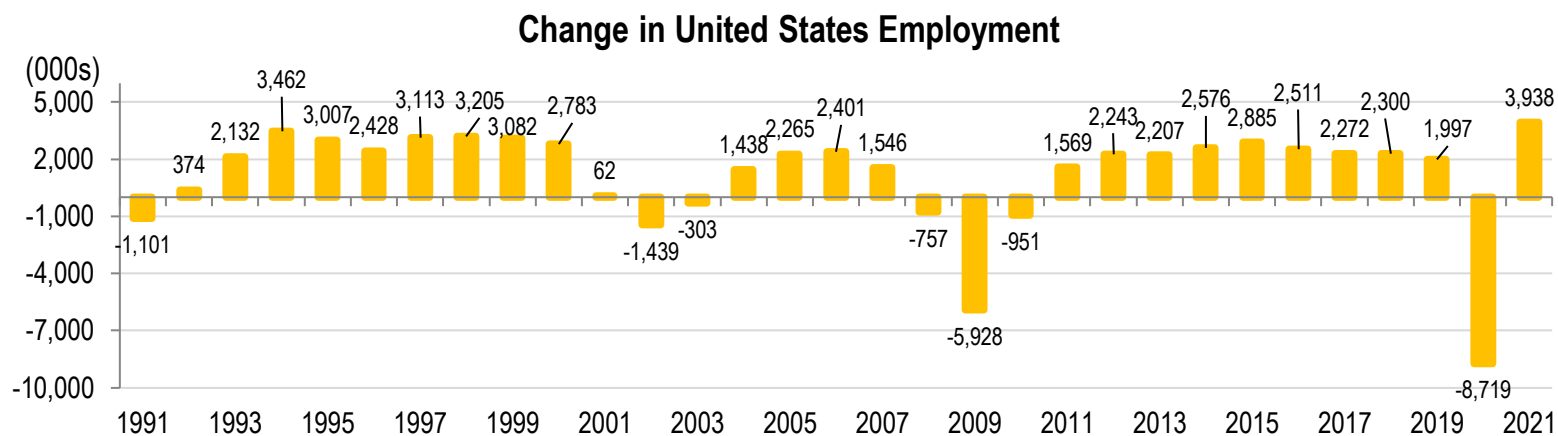


### U.S. Employment

Average annual U.S. employment (NSA) through the first eleven months of 2022 (purple) is about 6.0 million more than the same period in 2021 (green). The YOY level of change in employment has decreased since March 2022.

By comparison, the average U.S. employment through the first eleven months of 2022 is about 1.0 million more than the same period in 2019 (blue).

Despite the strong job growth in 2022, the U.S. has a low unemployment rate and a severe shortage of workers. Job growth will be much weaker in 2023. Wage growth has been solid in many occupations and industries but less than the inflation rate.

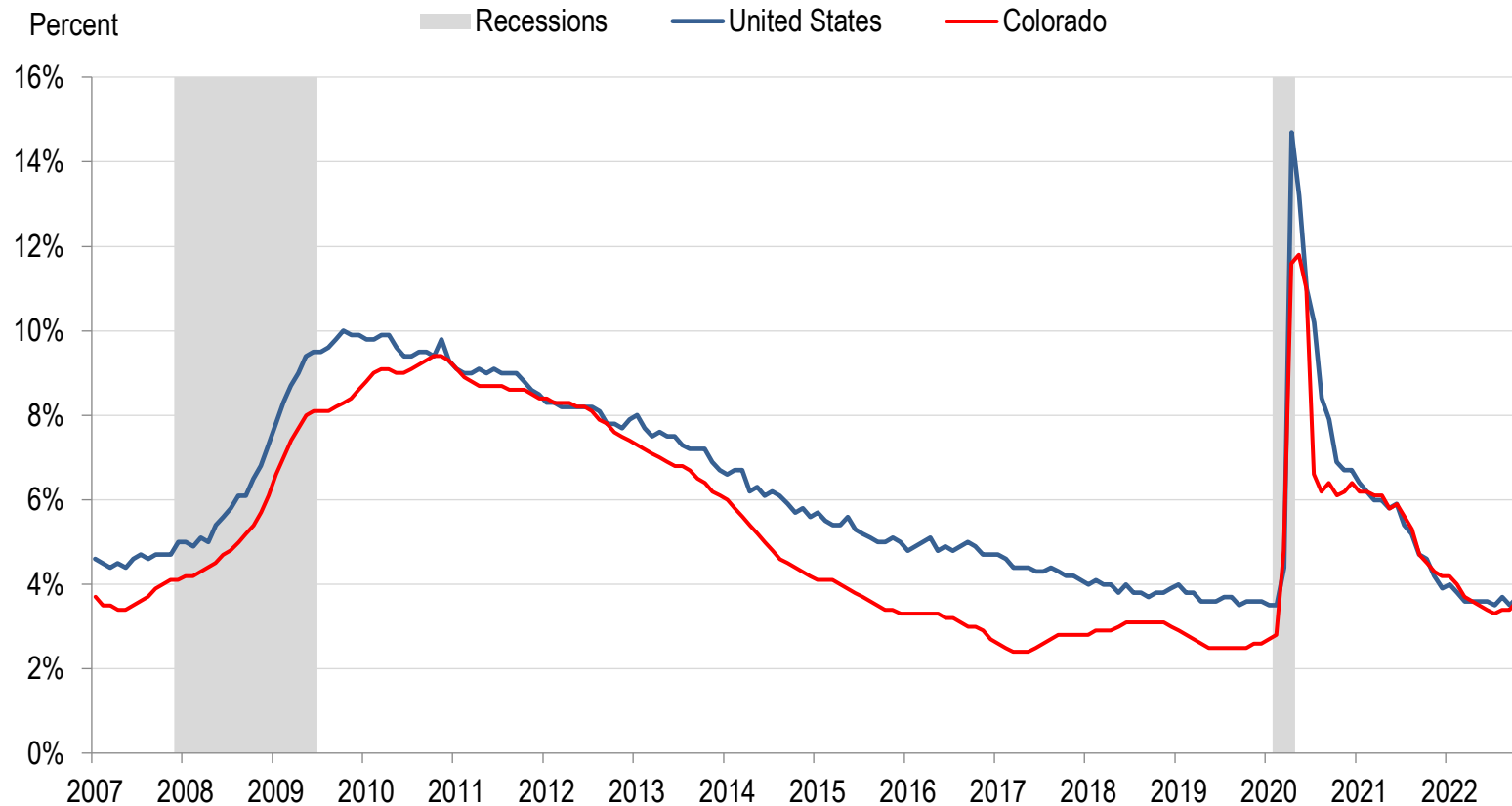


Source: Bureau of Labor Statistics, NSA cber.co.

# Unemployment Rate

## United States and Colorado

**U.S. and Colorado Unemployment**



Source: BLS, SA, cber.co.

### Unemployment Rate

The Colorado November unemployment rate was 3.5%, and 3.7% for the U.S. There will continue to be a shortage of workers in some occupations despite the low unemployment rate and the slowdown in employment.

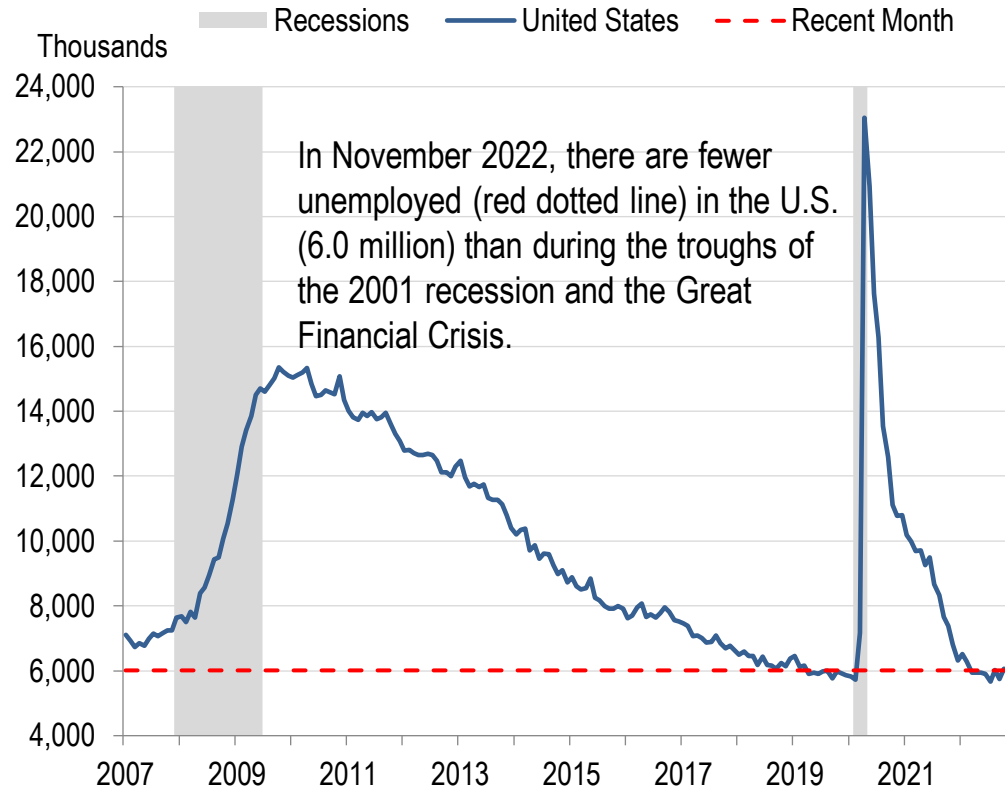
Annual Unemployment Rate		
Year	United States	Colorado
2016	4.9%	3.1%
2017	4.4%	2.6%
2018	3.9%	3.0%
2019	3.7%	2.6%
2020	8.1%	6.9%
2021	5.4%	5.2%
2022	3.7%	3.6%



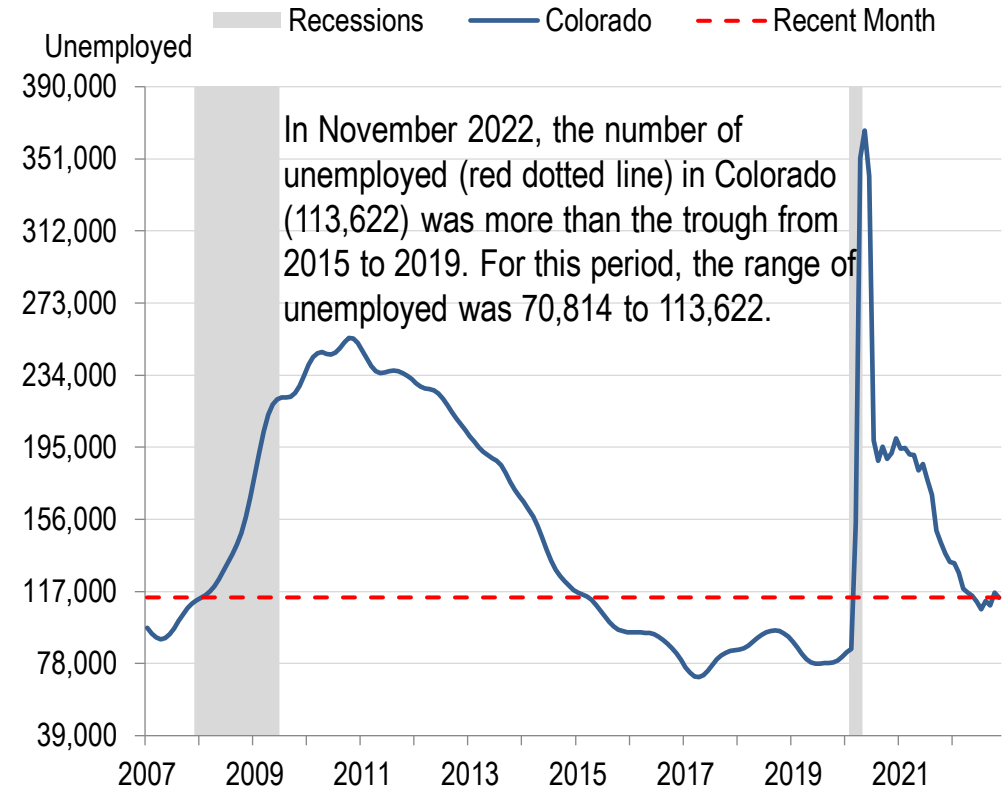
# Number of Unemployed

## United States and Colorado

**U.S. Number of Unemployed (Thousands)**



**Colorado Number of Unemployed (Thousands)**

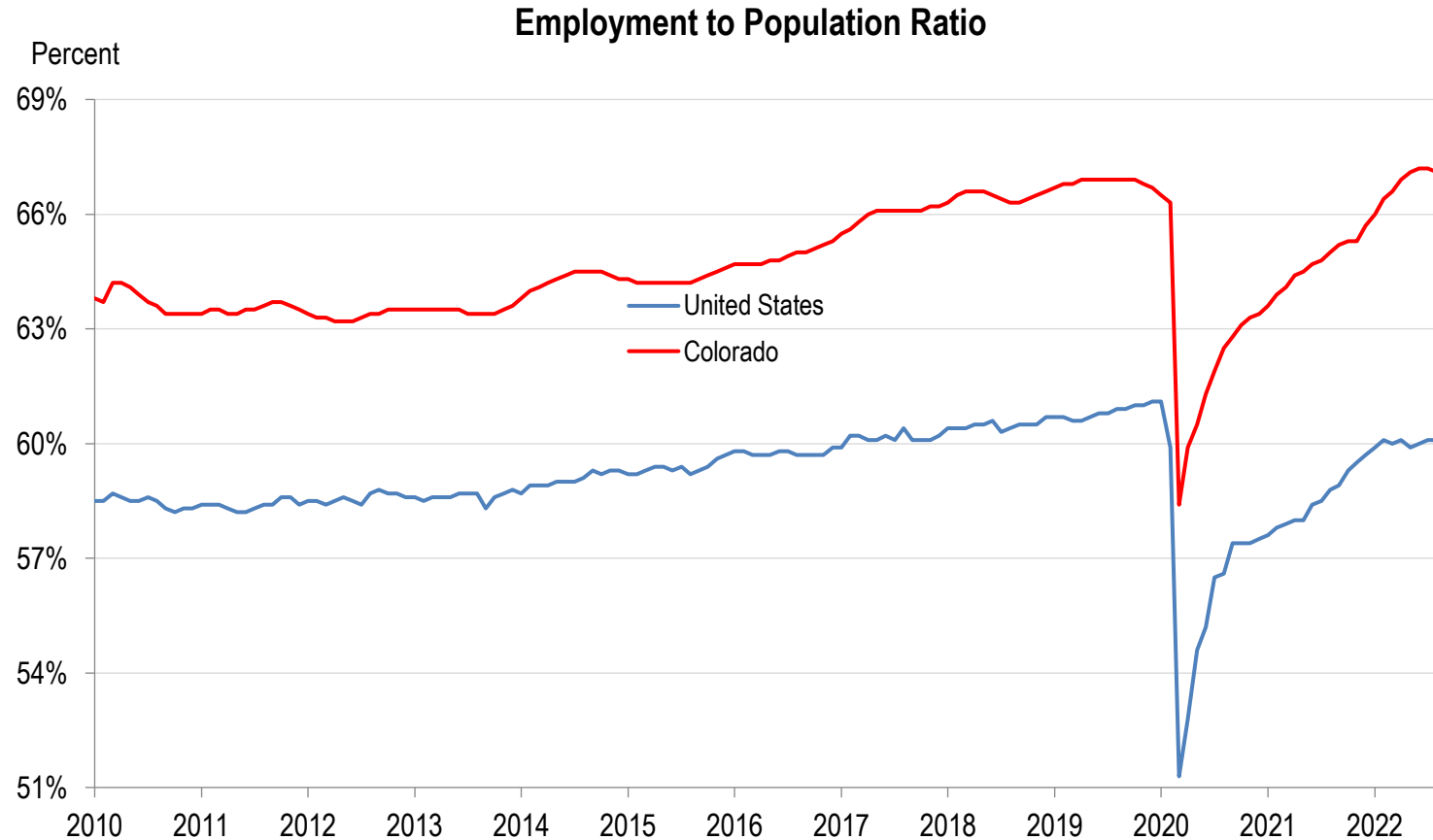


Source: BLS, cber.co.

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

# Employment-to-Population Ratio

## United States to Colorado



Source: FRED, BLS, cber.co.

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

### Employment to Population Ratio

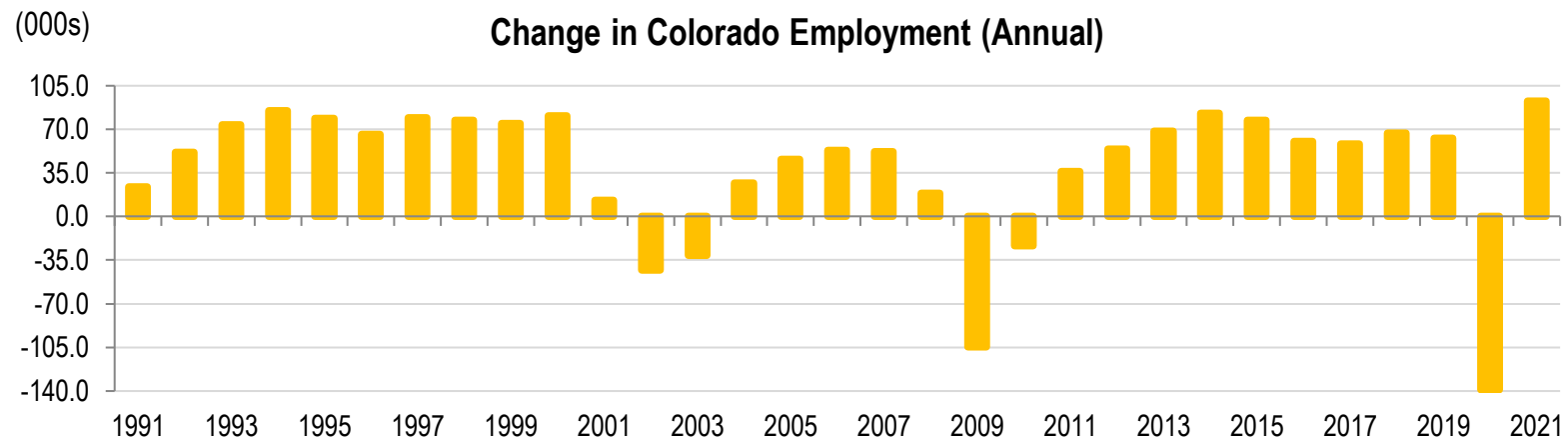
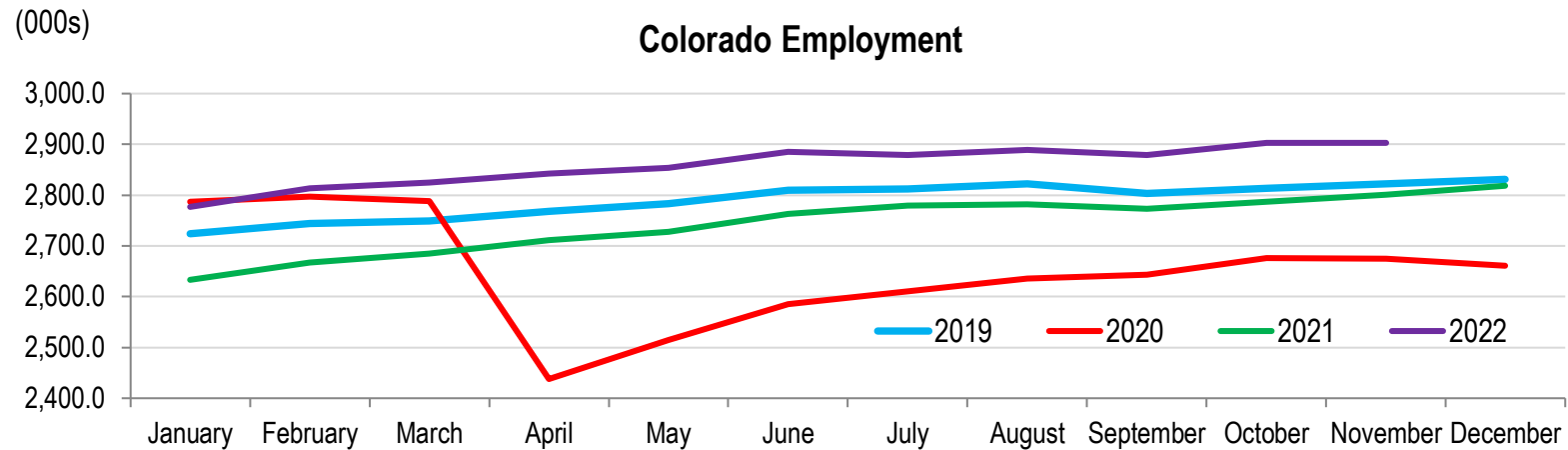
Between 2010 and 2019, the employment-to-population ratios for Colorado and the U.S. gradually increased.

Between May and November 2019, the Colorado ratio peaked at 66.9%. In March 2020, it fell to 58.4% because of COVID-19 lockdown policies. It rebounded and dropped back to 66.9% in November 2022.

In January and February 2020, the U.S. ratio was 61.1%. In March 2020, it plummeted to 51.3% because of COVID-19 lockdown policies. It rebounded and was 60.0% in August and September 2022. The November U.S. ratio is 1.1 percentage points below the pre-pandemic peak in 2020 (61.1%).

# Employment and Change in Colorado Employment

## Colorado



Source: Bureau of Labor Statistics, NSA, cber.co.

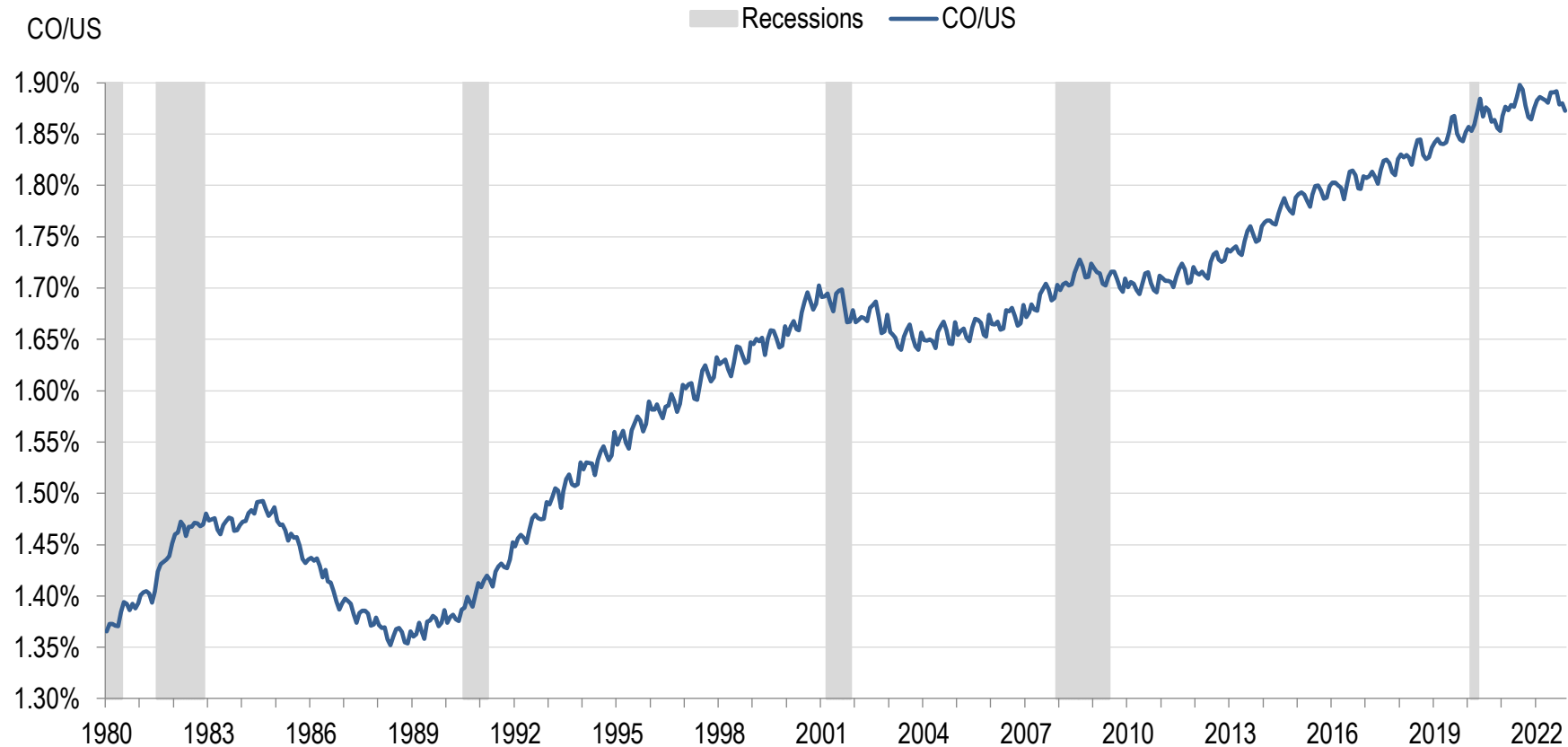
### Colorado Employment

Job growth has been more than expected through eleven months. Average annual Colorado employment (NSA), based on the first eleven months of 2022 (purple), is about 121,700 more than the same period in 2021 (green). The annualized level of employment for the first eleven months of 2022 (purple) is about 72,500 more than in 2019 (blue).

The construction and tourism sectors experienced slowdowns in November.

# Colorado Employment as a Percent of U.S. Employment

Colorado Employment as a Percent of U.S. Employment



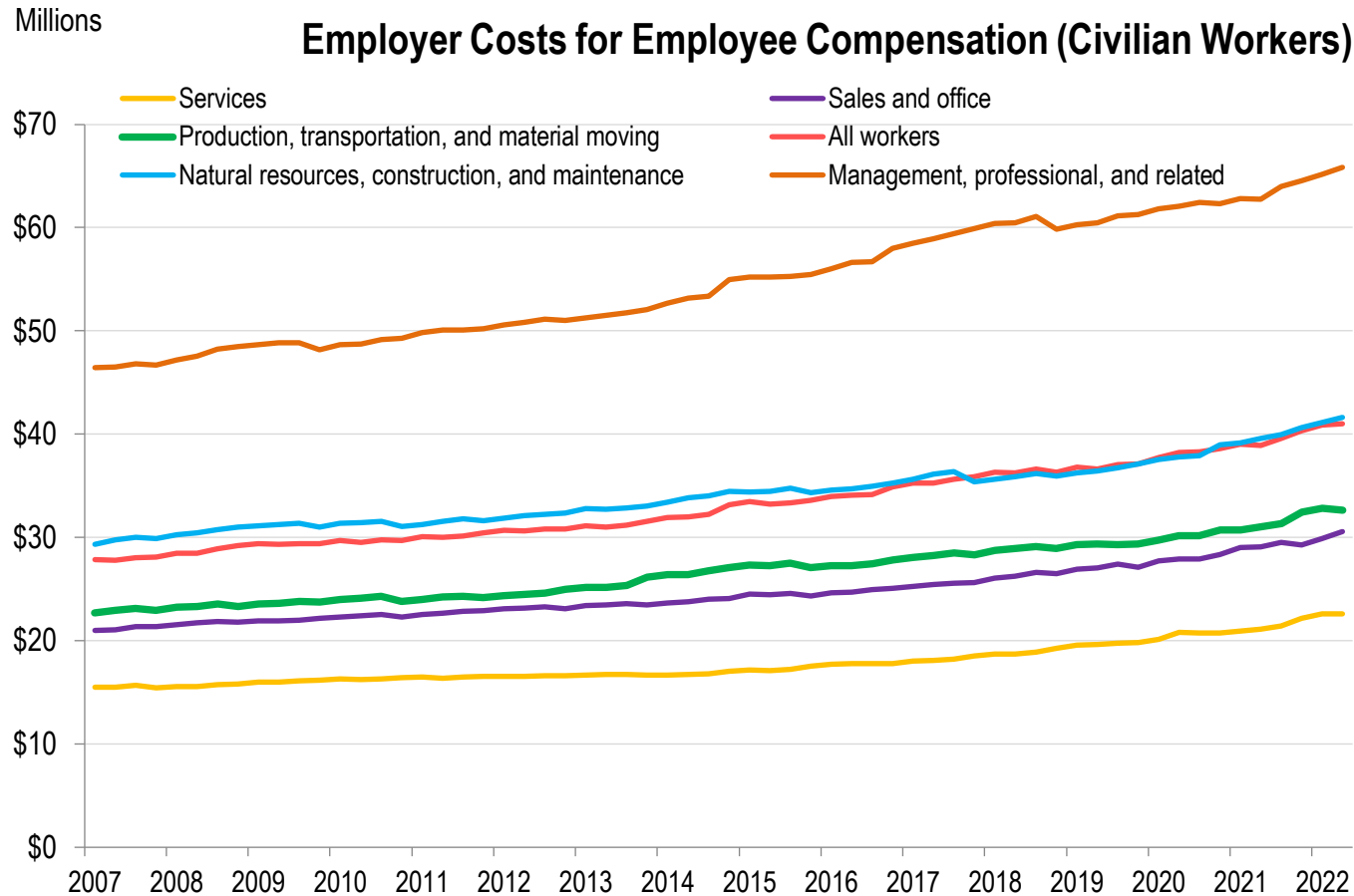
**Colorado/U.S. Employment**  
Colorado's share of U.S. employment declined during the regional recession of the 1980s. It took almost a decade to return to the previous peak.

Similarly, Colorado's share of the U.S. employment decreased as a result of the 2001 recession and the Global Financial Crisis of 2008. In both cases, the return to the previous peak was extensive. Currently, Colorado employment is about 1.87% of U.S. employment.

Source: BLS, cber.co.

# Employer Costs for Employee Compensation

## Quarterly Cost of Compensation (Cost per Hours Worked) by Occupation



### Change in Compensation Q2 2022 vs. Q2 2021

Over the past year, compensation has increased across all occupations. Except for the service occupations, the rate of increase was comparable across all occupation categories.

Year over Year Change in Compensation				
Color	Occupation	Wages	YOY Change	YOY%
Orange	Mgmt. and Prof.	\$65.83	\$3.06	4.9%
Blue	Nat. Res., Const., Maint.	\$41.61	\$2.02	5.1%
<b>Red</b>	<b>All Workers</b>	<b>\$41.03</b>	<b>\$2.12</b>	<b>5.4%</b>
Green	Prod., Transp., Mat. Moving	\$32.60	\$1.57	5.1%
Purple	Sales and Office	\$30.58	\$1.50	5.2%
Yellow	Services	\$22.59	\$1.47	7.0%

# Economic Outlook and Trends

## Industry Indices, Construction, Housing, and Extractive Industries

The Michigan Consumer Index is near record low levels. Contrary to what they say, consumers continue to spend.

The NFIB, NAHB, and ISM Manufacturing indices have contractionary values. On a positive note, the ISM Services index is expansionary.

In Colorado, the number of total building permits is increasing at a decelerating rate, and the rate of home price appreciation (Case Shiller) has decreased rapidly.

In 2022, Colorado oil production stabilized. Erratic energy policy has caused oil prices to be volatile. As a result, retail gasoline and diesel prices are significantly higher than two years ago.

Refineries are producing near capacity but are not able to meet demand.

# Consumer Sentiment Index

University of Michigan

## Michigan Consumer Sentiment Index

1966 Q1=100

Recessions Index Current Value

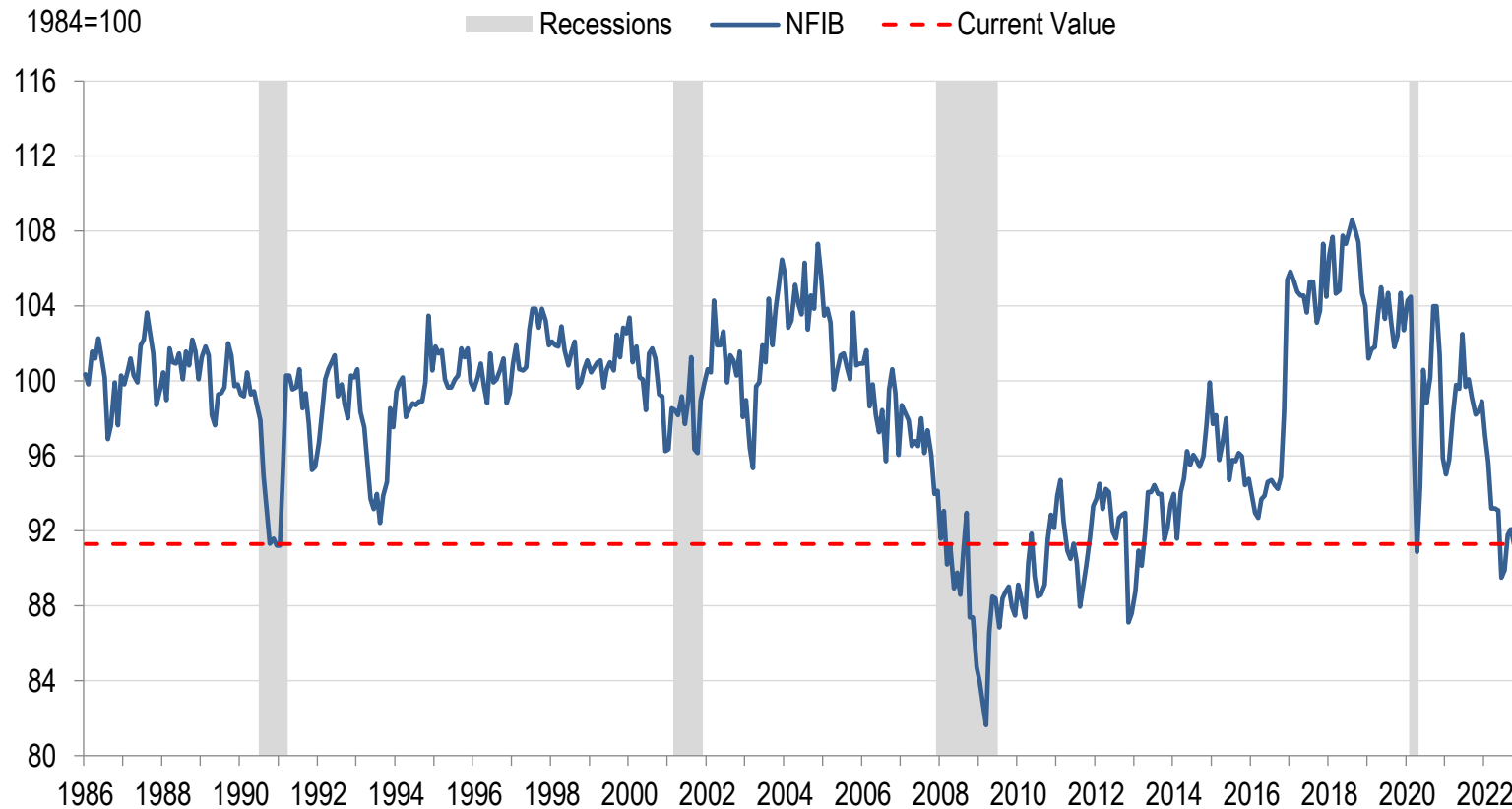


Source: University of Michigan, cber.co.

# NFIB Small Business Optimism Index

## United States

### NFIB Small Business Optimism Index



### NFIB Small Business Index

In November, the NFIB index was 91.6, well below the 49-year average, of 98.0, for the 11th consecutive month.

Concerns for small businesses are the ongoing labor shortage, supply chain disruptions, and inflation. They have a dismal view of the economy because they are limited in their ability to meet the demand for their products.

Their monthly SBET report is recommended reading for small business owners and is available online at <https://www.nfib.com/>.

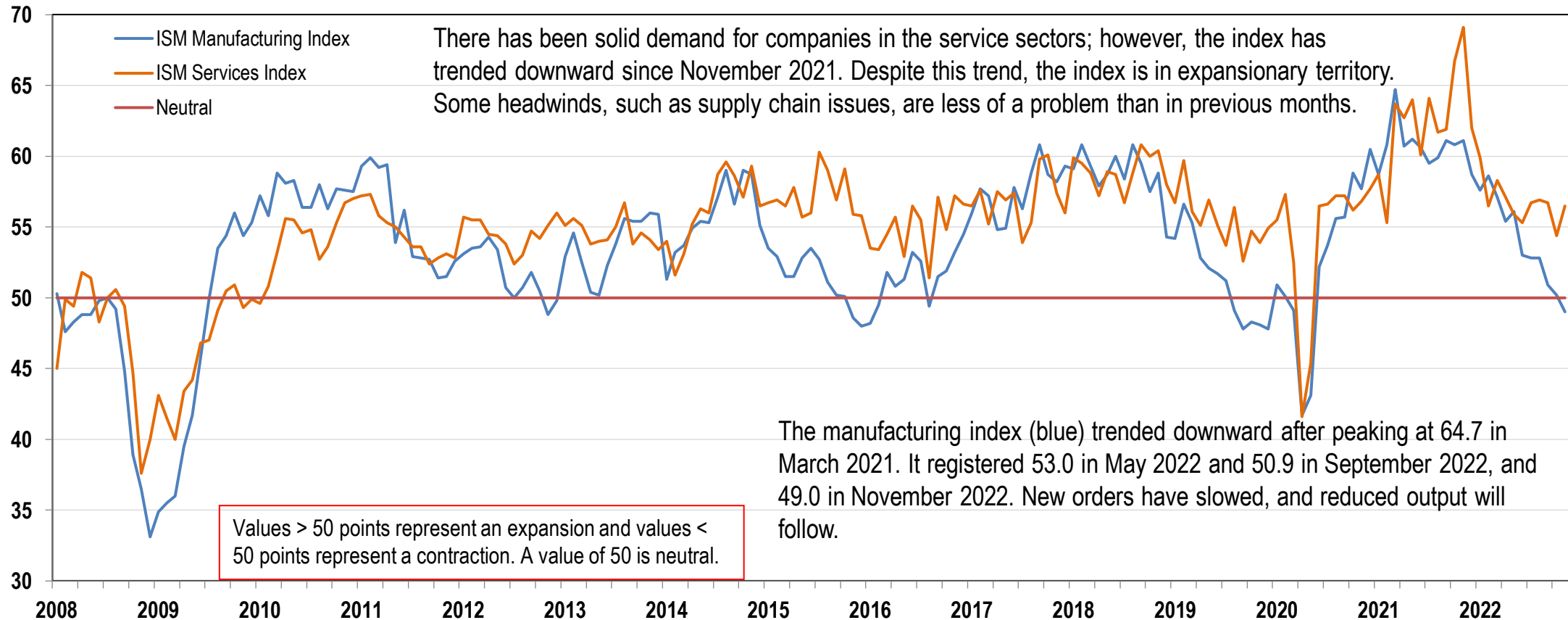
Source: NFIB, cber.co.



# ISM Purchasing Managers Composite Indices

## Manufacturing vs. Services

**Institute of Supply Management (ISM) Manufacturing PMI vs. Services PMI Composite Indices**



There has been solid demand for companies in the service sectors; however, the index has trended downward since November 2021. Despite this trend, the index is in expansionary territory. Some headwinds, such as supply chain issues, are less of a problem than in previous months.

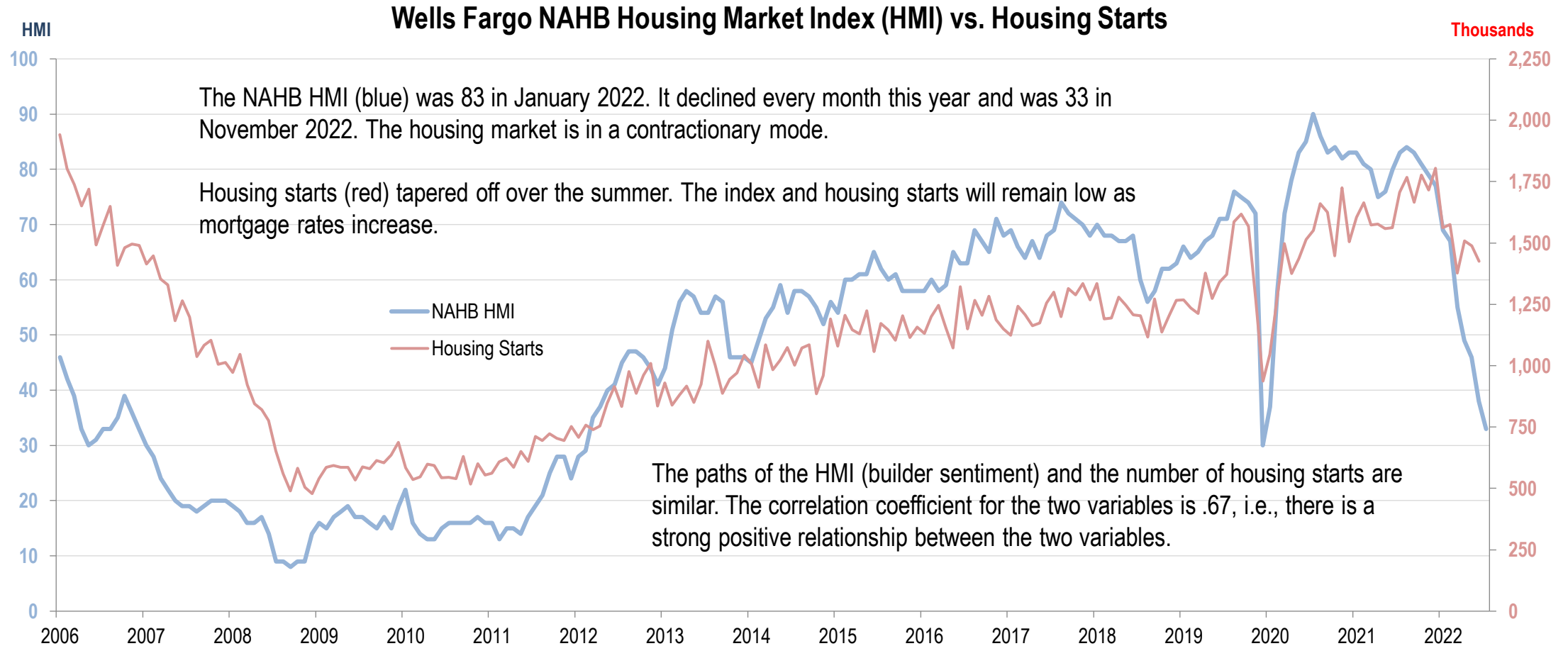
Values > 50 points represent an expansion and values < 50 points represent a contraction. A value of 50 is neutral.

The manufacturing index (blue) trended downward after peaking at 64.7 in March 2021. It registered 53.0 in May 2022 and 50.9 in September 2022, and 49.0 in November 2022. New orders have slowed, and reduced output will follow.

Source: Institute of Supply Management, cber.co

# Wells Fargo NAHB HMI vs. Housing Starts

United States

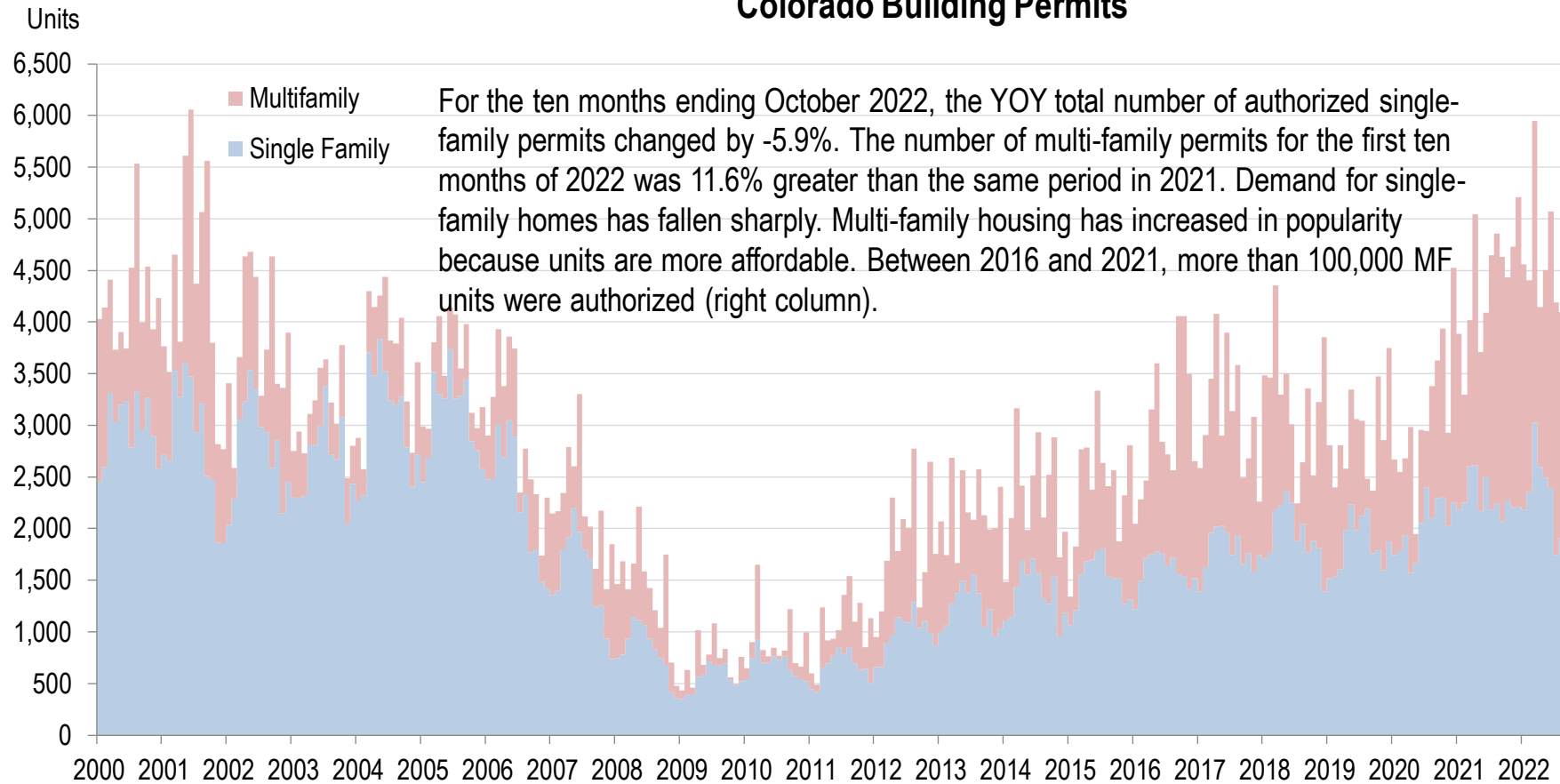


Source: NAHB, cber.co.

# Colorado Residential Building Permits

Units

## Colorado Building Permits

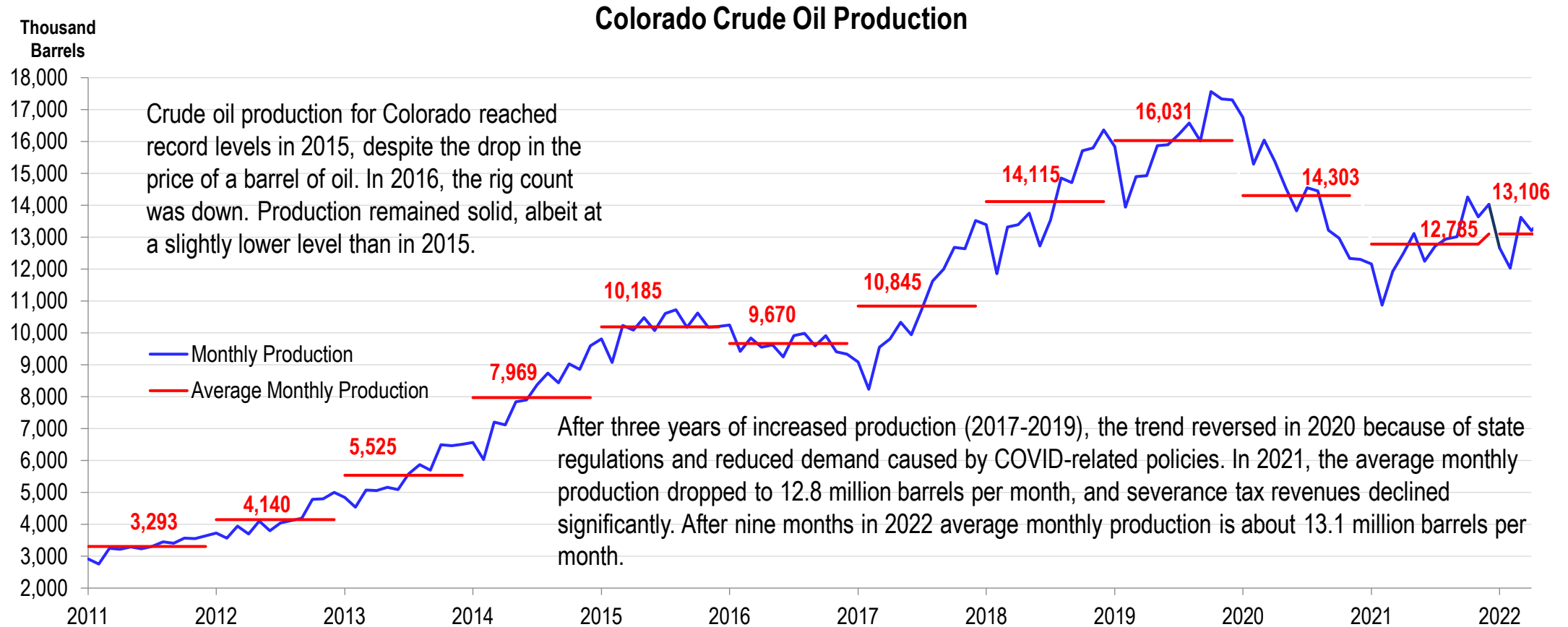


Year	Single Family	Multi-Family
2000	38,588	16,008
2001	36,437	18,570
2002	35,042	12,878
2003	33,894	5,732
2004	40,753	5,746
2005	40,018	5,732
2006	30,365	7,978
2007	20,516	8,938
2008	11,147	7,851
2009	7,261	2,094
2010	8,790	2,801
2011	8,729	4,779
2012	12,618	10,684
2013	15,773	11,745
2014	17,100	11,591
2015	20,025	11,846
2016	21,577	17,397
2017	24,338	16,335
2018	26,134	16,493
2019	24,756	13,877
2020	26,636	13,833
2021	30,246	26,278

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

# Colorado Field Production of Crude Oil

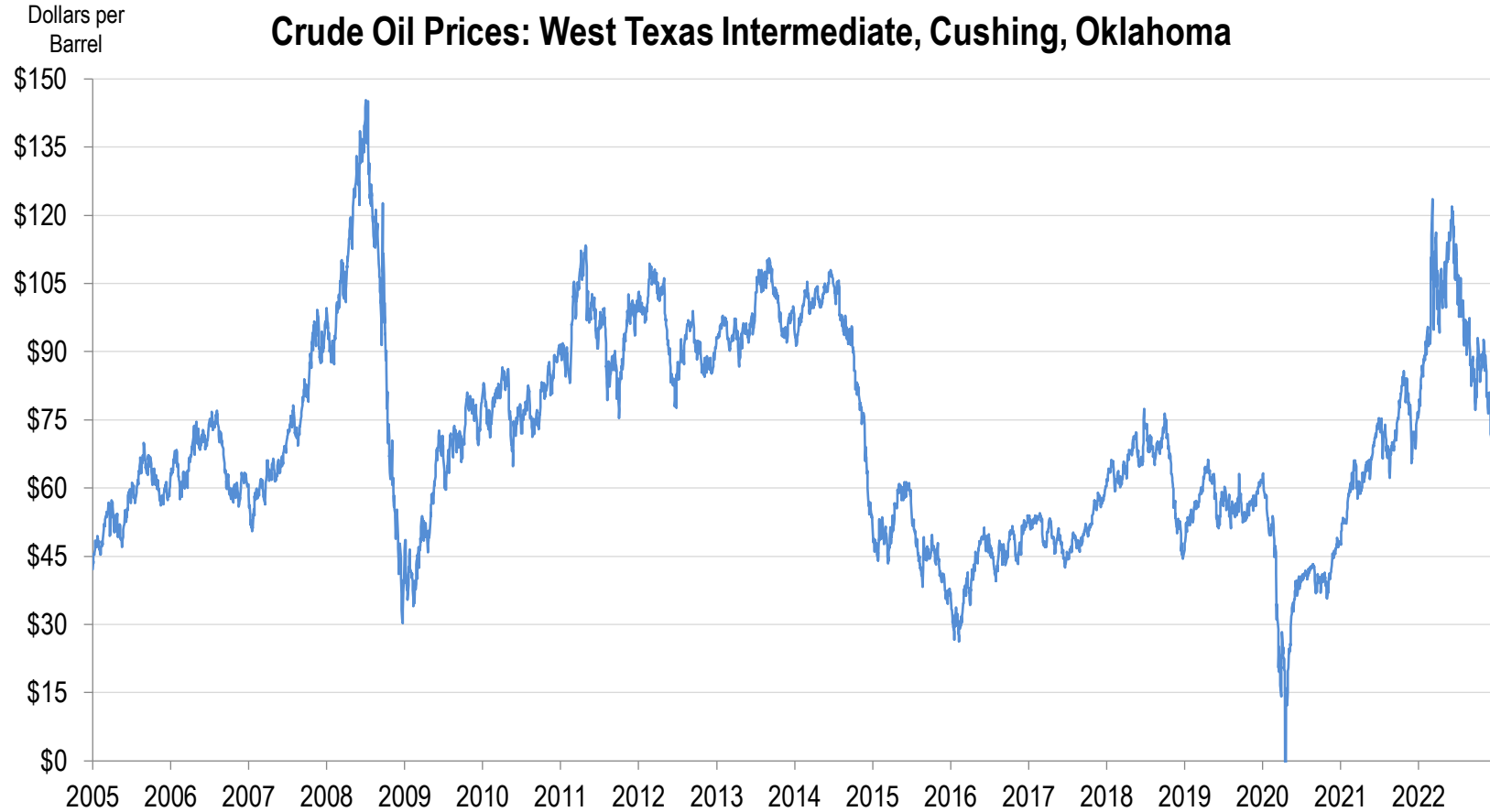
## 2011 to 2022 (Thousand Barrels)



Source: EIA, cber.co.

# Crude Oil Prices

## West Texas Intermediate



Source: EIA, cber.co.

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

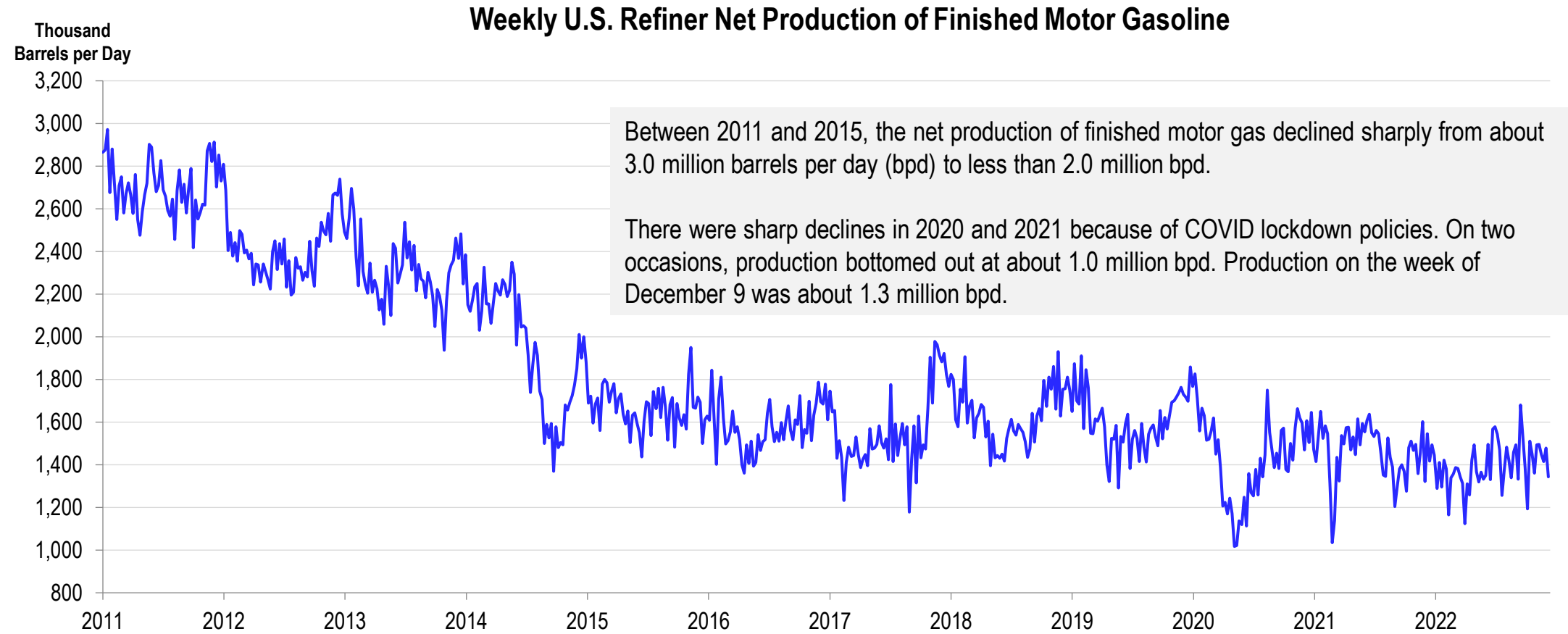
### Crude Oil Prices

On November 8, 2022, the EIA projected that U.S. crude oil production would average 11.7 million bpd in 2022 and 12.4 million bpd in 2023.

On December 12, the price per barrel of oil was \$72.96.

Average Annual Price per Barrel	
<b>2019</b>	\$56.99
<b>2020</b>	\$39.17
<b>2021</b>	\$68.21
<b>2022</b>	\$97.96
<b>2023</b>	\$88.57

# Weekly U.S. Refiner Net Production of Finished Motor Gasoline (Thousand Barrels per Day)



Source: EIA, cber.co.

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

# Economic Outlook and Trends

## Summary of Colorado

This year, Colorado will add at least 98,000 jobs. Job growth in 2023 will be much less.

In 2022, government, healthcare, extractive industries, and leisure and hospitality employment did not return to their pre-pandemic levels.

In 2022 and 2023, tourism activities have bounced back, and the number of passengers at DIA has been a strong point in the economy. Business travel has not returned. The number of passengers will be similar to the record set in 2019.

The housing, real estate, and financial markets have slowed because of higher interest rates.

The oil and gas industry was flat in 2022.

Retail sales remained strong in 2022. Increased inflation and higher interest rates will dampen consumer spending.

# Colorado Economic Forecast 2022

The 2022 Colorado real GDP growth rate will be significantly less than 2021.

The change in the state labor market has been better but more volatile than expected through ten months. Weaker growth will continue through most of 2023.

Retail sales for 2022 will be stronger than in 2021. Slower sales will occur in 2023.

Colorado businesses will continue to face headwinds from increased inflation, interest rate hikes, labor shortages, and public policy.

	Colorado Economic Forecast			
	2019	2020	2021	2022
Real GDP Value (billions)	\$356.77	\$346.01	\$365.90	\$375.41
% Change Real GDP	4.2%	-3.0%	5.8%	2.6%
CES Employment (thousands)	2,790.1	2,651.1	2,744.0	2,842.0
Annual Change (thousands)	62.8	-139.0	92.9	98.0
% Change	2.3%	-5.0%	3.5%	3.6%
Unemployment Rate	2.7%	7.3%	5.5%	3.6%
Retail Sales (billions)	\$224.6	\$228.8	\$267.7	\$292.9
% Change	9.0%	1.9%	17.0%	9.4%
Consumer Price Index (CPI)	1.9%	2.0%	3.5%	7.6%
DIA Passengers (millions)	69.0	33.0	59.0	66.0
Single Family Permits	24,756	26,489	27,000	29,000
Multi-family Permits	13,877	13,738	24,000	26,000
Oil Production (thousands) barrels	189,707	172,000	142,000	146,000

Colorado's inflation has peaked, but the return to the Fed's target rate will take time.

The number of DIA passengers in 2022 will surpass 2021 but will be less than the record total for 2019. Business travel is lagging.

The total number of 2022 building permits will be slightly more than in 2021. Higher input costs, rising prices, and interest rate hikes have negatively impacted construction, home sales, and financial services.

Crude oil production declined in 2021 because of state regulations and reduced demand. It has increased slightly in 2022.



cber.co  
Economic Outlook and Trends Through November 2022  
Colorado and the United States

This analysis is for informational purposes only. Any opinions or interpretations of data are those of the presenter. As such, they do not represent the viewpoints of any group or particular organization.

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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, and he served on the 2021 Colorado Legislative Redistricting Commission.