



Economic Outlook and Trends Through August 2023

United States and Colorado

cber.co
Colorado-based Business and Economic Research
Prepared
September 20, 2023
Storm Clouds and Sunshine on the Horizon

Economic Outlook and Trends

August 2023

Purpose and Summary

The purpose of this chartbook is to review the outlook and performance of the Colorado and U.S. economies. The analysis focuses on what caused the changes in employment during the first eight months of 2023 and looks at trends for the remainder of the year.

Many economists have revised their short-term forecasts upward. There is rationale for the increased optimism, but it does not mean the economy is healthy, particularly in Colorado.

Contents

The contents of the chartbook focus on the following topics.

- Key Issues
- Gross Domestic Product and Real Disposable Personal Income Per Capita
- U.S. and Colorado Employment, Earnings, and Unemployment
- Inflation
- Saving, Borrowing, Consumption, and the Wealth Effect
- U.S. Industry Indicators
- Colorado Industry Indicators
- 2023 Colorado Economic Outlook

Key Issues

United States and Colorado

United States

- The U.S. labor market has slowed since Q2 2022, yet it remains resilient.
- At the same time, there are labor shortages in many sectors.
- Economic activity (real GDP) will improve in Q3.
- Inflation is cooling but is stubborn in some categories.
- Rising interest rates will impact many sectors.
- The banking crisis caused banks to tighten their credit.
- Energy regulations are often ineffective and counterproductive.
- There are many housing and construction issues.
- Retail purchases are increasing at a decelerating rate.
- The level of spending and conflict in Eastern Europe are costly, and problematic in many ways.
- Manufacturing is in a recession. The economy is in an expansionary mode for many service businesses.
- Federal investments (IRA and Chips Act) will benefit select large organizations. Many small businesses are struggling.
- China's economy is faltering, which will hurt the U.S. economy.

Colorado

- The Colorado labor market has underperformed.
- Unemployment remains low, but there are severe labor shortages.
- The Colorado inflation rate is higher than the U.S. The rate for rural Colorado may be greater than the urban rate.
- The state's regulatory environment is unfriendly to businesses.
- The Case Shiller index shows that Denver housing prices have depreciated faster than the U.S.
- Denver home sales decreased in July.
- Rate hikes by utility companies, such as Xcel Energy, are making Colorado a more unaffordable place to live in.
- There has been a slowdown in Colorado construction (permits).
- Retail purchases are increasing at a decelerating rate.
- The water wars have pitted industries and regions against each other.
- Despite its many assets, Colorado is developing a reputation as an undesirable place to live and do business.
- On a bright note, 72 million passengers will travel through DIA in 2023.
- Oil production has stabilized.

Gross Domestic Product and Disposable Income

U.S. Real GDP – Economic Activity

Resilience or Recession

Resilience or Recession

Within the past month, economists have expressed two major scenarios for the economy:

- The labor market will continue to be resilient, and there will be a soft landing.
- Economic activity will deteriorate, and a shallow recession will occur in early 2024.

The chances of a recession are less than they were several months ago.

TCB Forecast

The Conference Board U.S. forecast is the base for the cber.co forecast.

In the second half of 2022, TCB called for a shallow recession at the end of 2022 or early 2023. That did not happen; however, the economy did not flourish during this period. The August forecast called for a mild recession in Q4 2023 and Q1 2024. The short-term forecast has been revised upward and the recession has been moved ahead by several months.

The current TCB forecast projects a recession, or much slower growth, in the first half of 2024. TCB is concerned about the following headwinds:

- Elevated inflation
- High-interest rates
- Reduced savings levels
- Mounting consumer debt
- Lower government spending
- Slower personal consumption
- Decelerating wage growth
- Resumption of mandatory student loan repayments.

Real GDP growth will be +2.2% in 2023 and +0.8% in 2024.

U.S. Real GDP Growth

The Conference Board Forecast (September 2023)

Real GDP and Economic Growth

The Conference Board forecast projects real GDP growth of 2.2% in 2023, Real Disposable Income will increase by 3.6%, and Real Personal Consumption will increase by 2.5%. These are all upward revisions. In Q4 2023, quarterly Real GDP rates will be lower. Residential investment will change by -12.1% and non-residential investment will increase by 2.9% in 2023.

Other Economic Factors

Government spending will increase by 3.3% in 2023, followed by weaker spending in 2024. There will be slower growth in exports in 2023. The U.S. unemployment rate will be 3.6%. The annual PCE inflation rate will drop to 3.6%, and the core rate will be 4.0%. Inflation will approach the Fed's target rate in 2024. Economic activity will be weak in the first half of 2024.

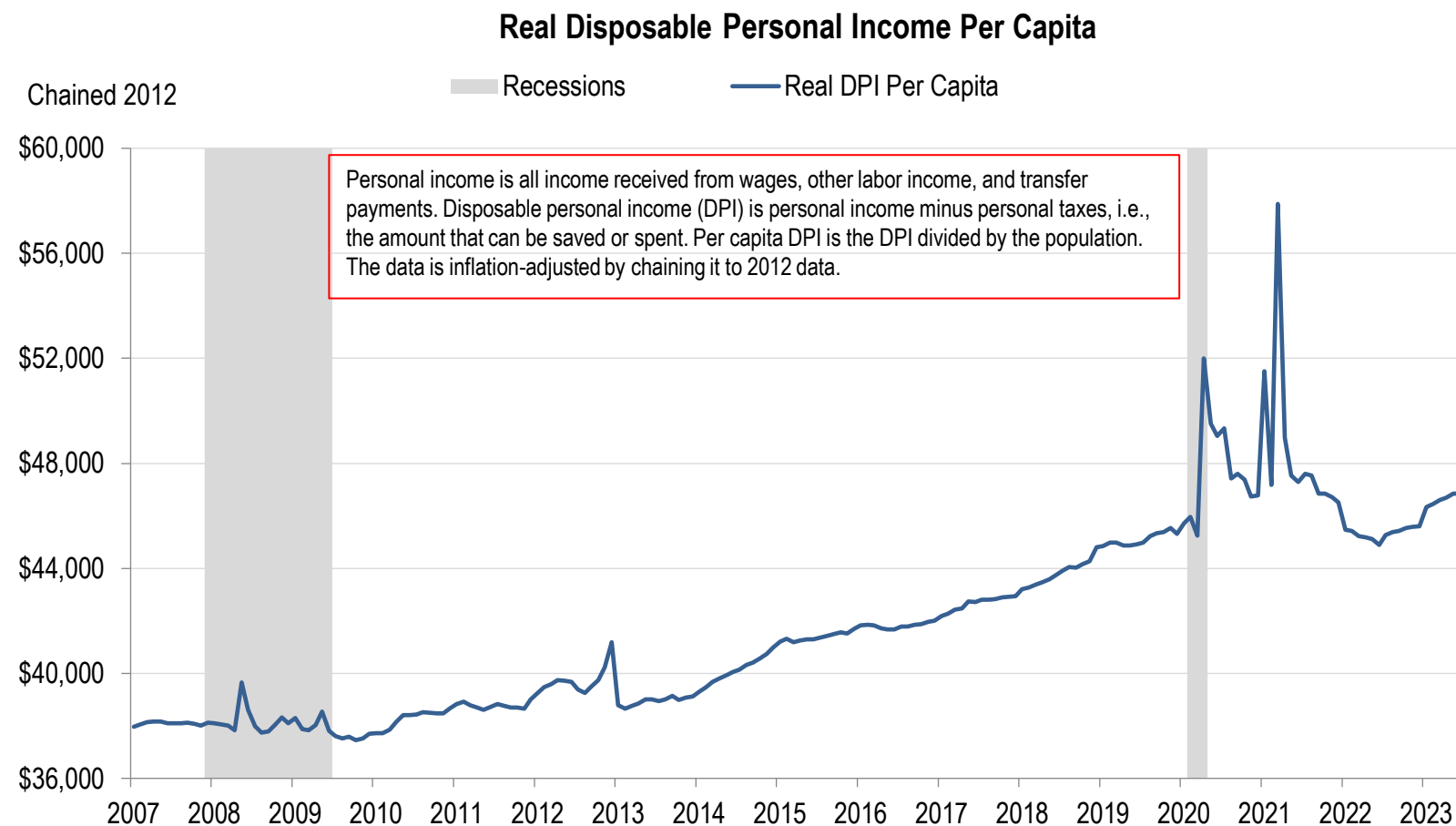
Conference Board US Real GDP Growth Forecast

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2022	2023	2024
Real GDP (Preceding Qtr.)	-1.6%	-0.6%	3.2%	2.6%	2.0%	2.1%	3.0%	1.3%	2.1%	2.2%	0.8%
Real Disposable Income	-10.6%	-2.3%	3.2%	2.5%	8.5%	3.3%	0.9%	0.6%	-6.2%	3.6%	0.9%
Real Personal Consumption	1.3%	2.0%	2.3%	1.0%	4.2%	1.7%	3.8%	0.8%	2.7%	2.5%	0.5%
Residential Investment	-3.1%	-17.8%	-27.1%	-25.1%	-4.0%	-3.6%	-2.0%	0.0%	-10.6%	-12.1%	0.6%
Nonresidential Investment	7.9%	0.1%	6.2%	4.0%	0.6%	6.2%	1.7%	-1.7%	3.9%	2.9%	-0.6%
Total Gov't. Spending	-2.3%	-1.6%	3.7%	3.8%	5.0%	3.3%	2.4%	1.1%	-0.6%	3.3%	1.7%
Exports	-4.6%	13.8%	14.6%	-3.7%	7.8%	-10.6%	3.0%	3.0%	7.1%	2.1%	2.1%
Unemployment Rate	3.8%	3.6%	3.6%	3.6%	3.5%	3.6%	3.7%	3.8%	3.6%	3.6%	4.0%
PCE Inflation (%Y/Y)	6.4%	6.6%	6.3%	5.7%	4.9%	3.7%	3.2%	2.9%	6.3%	3.6%	2.3%
Core PCE Inflation (%Y/Y)	5.3%	5.0%	4.9%	4.8%	4.6%	4.4%	3.9%	3.4%	5.0%	4.0%	2.4%

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

Real Disposable Personal Income Per Capita

United States



Source: FRED, BEA, SAAR, chained on 2012 dollars cber.co.

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

Real DPI Per Capita

In July 2023, the real DPI PC was \$46,741, less than the previous month but 3.3% greater than in July 2022.

Real Disposable RDPIPC Annual (Average)

Year	RDPIPC	% Change
2016	\$41,822	1.1%
2017	\$42,669	2.0%
2018	\$43,826	2.7%
2019	\$45,105	2.9%
2020	\$47,729	5.8%
2021	\$48,534	1.7%
2022	\$45,406	-6.4%

The real DPI PC behaved very differently in the COVID-19 recession than during the Great Financial Crisis. There was much more money in the system between 2020 and 2022. After peaking at \$57,872 in March 2021, it bottomed out at \$44,902 in June 2022. It has risen for the past year.

Colorado Quarterly GDP

2022 through Q1 2023

Colorado Real GDP Percentage Change

Colorado had volatile real GDP growth during the past five quarters.

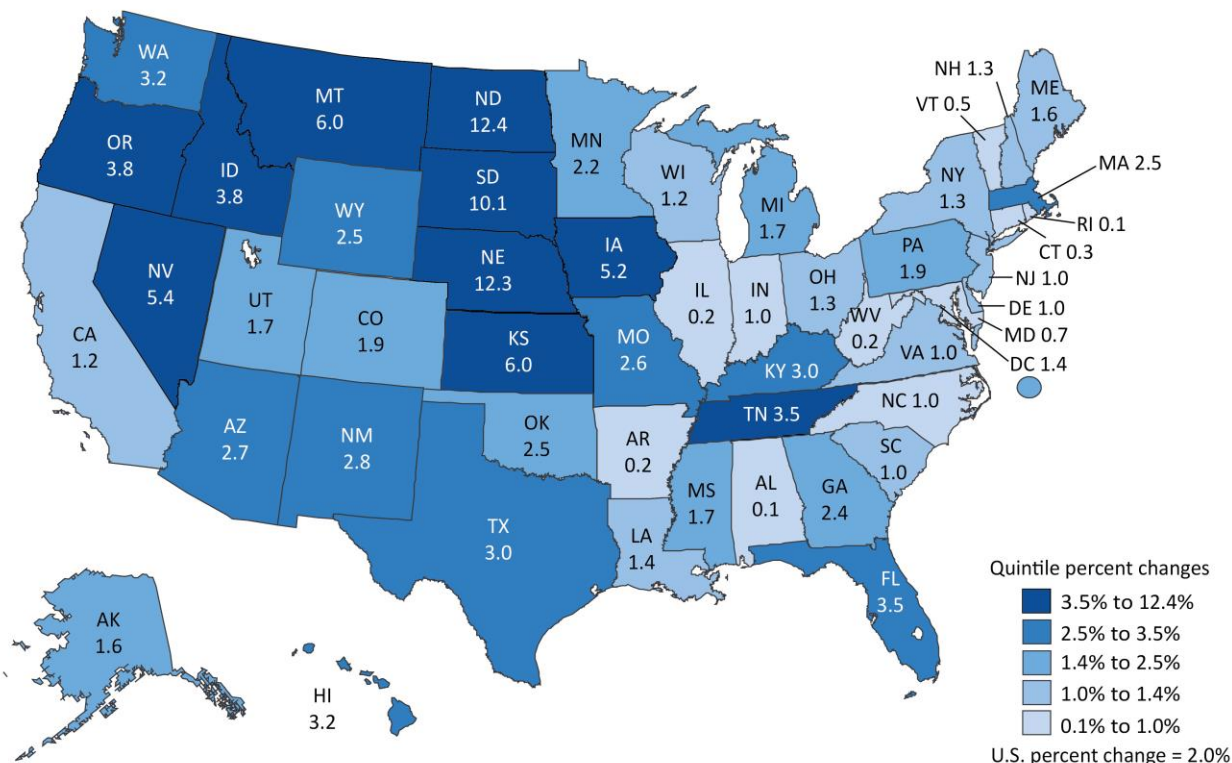
The Colorado and U.S. growth rates were similar for the last three quarters.

The data on the map shows that real GDP gains were lackluster compared to other states, i.e., Colorado has not been a leading state in economic activity.

Quarter	U.S. Rate	Colorado Rate	Colorado Rank
2021:Q4-2022:Q1	-1.6%	2.9%	8
2022:Q1-Q2	-0.6%	-2.0%	40
2022:Q2-Q3	3.2%	3.5%	15
2022:Q3-Q4	2.6%	2.7%	21
2022:Q4-2023:Q1	2.0%	1.9%	24

The next update will be September 29, 2023.

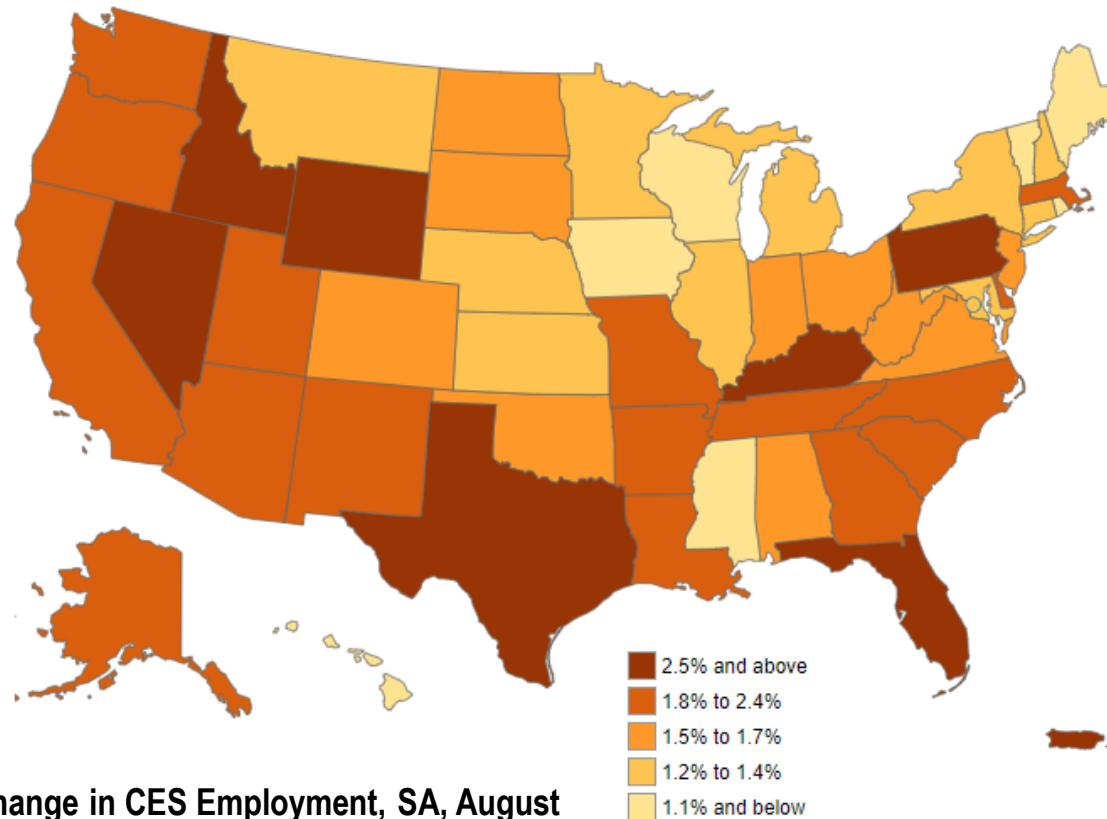
Real GDP: Percent Change at Annual Rate, 2022:Q4–2023:Q1



U.S. and Colorado Employment and Unemployment

Change in State Employment, August 2023 vs 2022

All States and the District of Columbia



Change in CES Employment, SA, August
2022 vs August 2023, Map and data by
Bureau of Labor Statistics.

Employment Growth Rates by State

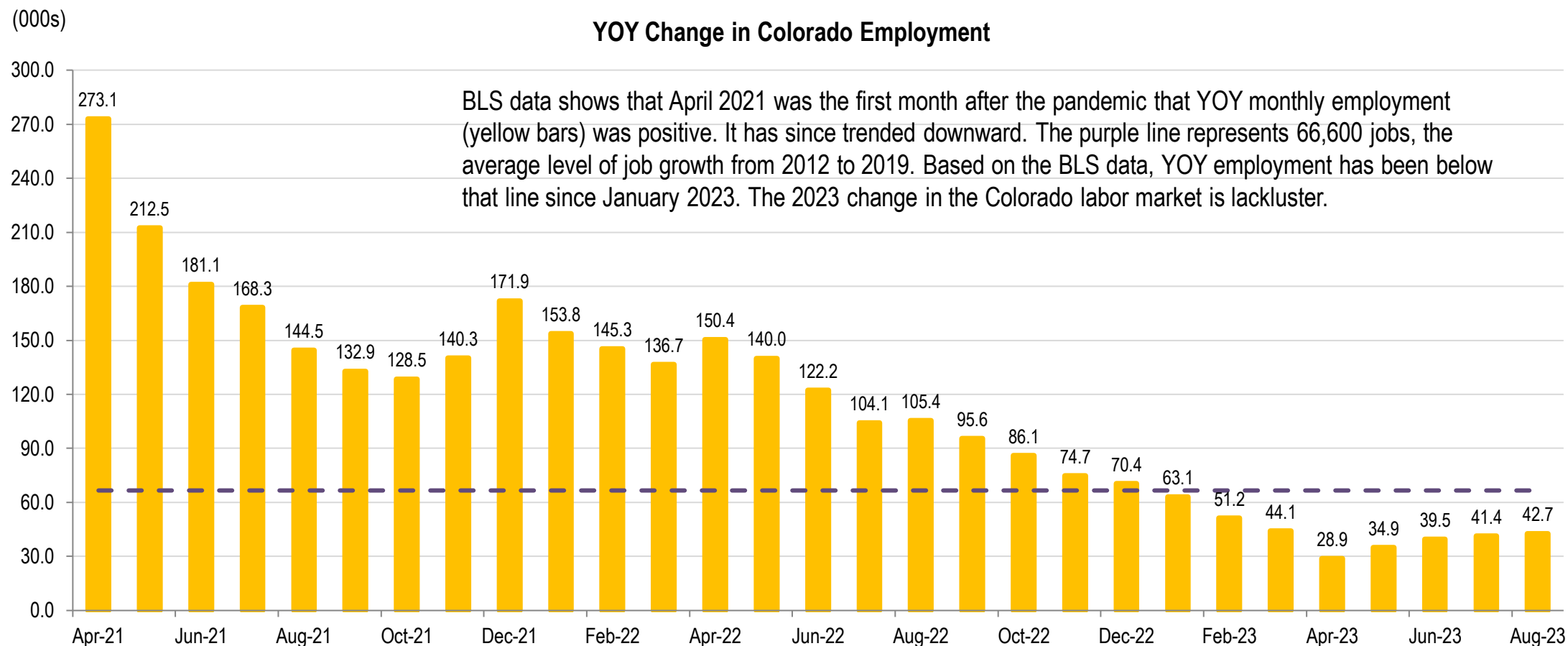
In August 2023, Colorado had the 21st largest number of CES employees, 2.9 million.

When comparing 2023 August employment to 2022 August employment, Colorado was ranked as follows:

- 22nd in absolute change with +42,700 employees (not shown in map).
- Tied for 28th in percentage change with +1.5% (North Dakota, Oklahoma, South Dakota, and West Virginia)

Change in Colorado Employment

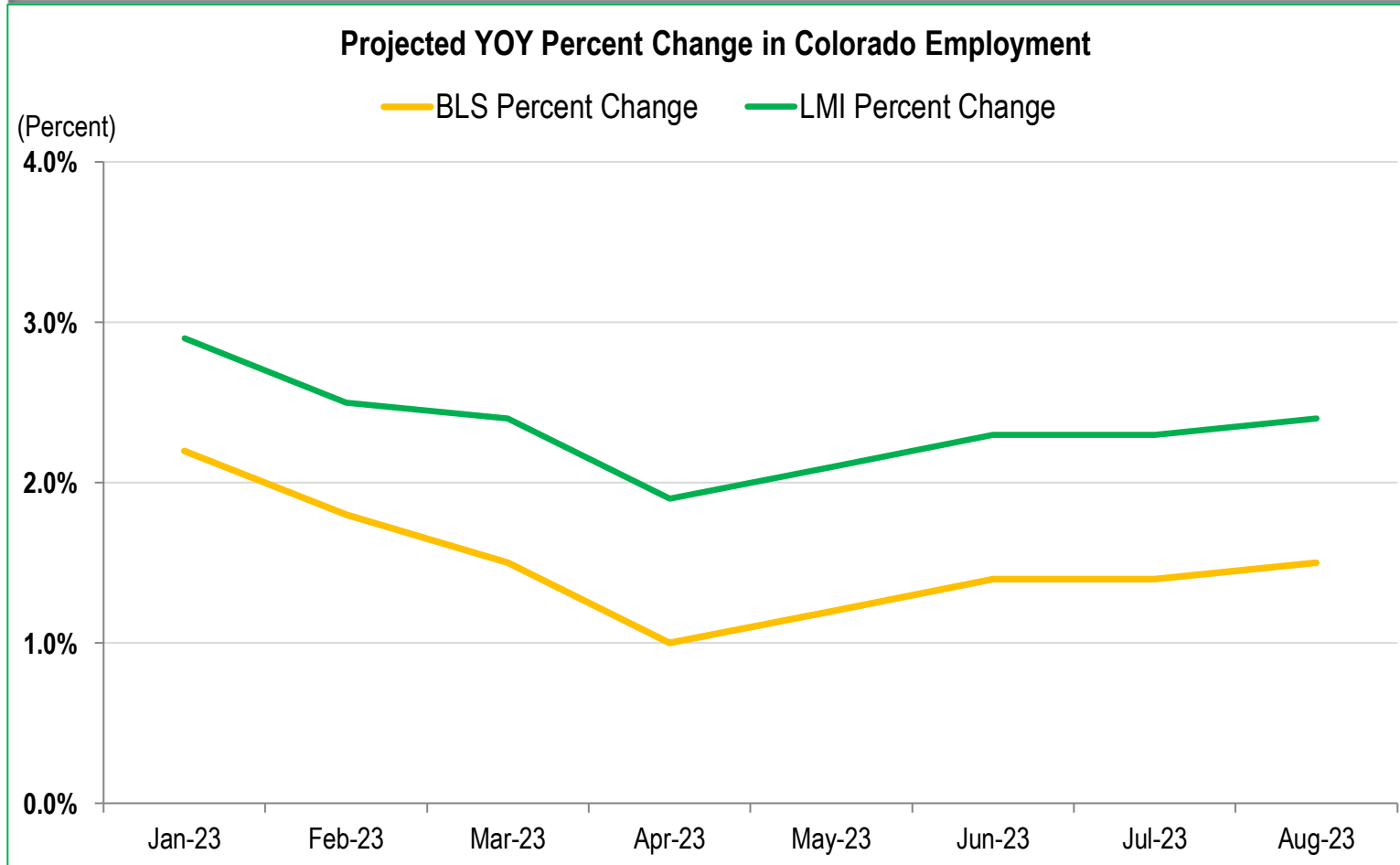
Monthly (April 2021 through August 2023)



Source: Bureau of Labor Statistics, cber.co.

Projected Change in Colorado Employment Benchmark

A Different Story



Estimated Benchmark Revision for 2023

Colorado Labor Market Information (LMI) group uses UI data to compile the QCEW employment numbers used by BLS as the foundation for their benchmark revisions to the CES employment data series. Official benchmark revisions will occur in Q1 2024.

The yellow line measures the percent change published by the BLS. In a recent report, LMI uses QCEW data to estimate that BLS data understates employment by an absolute range of .7% to .9%.

If the LMI data is correct, the benchmark will see a revision of 20,000 to 30,000 workers. In other words, the change in Colorado employment may be significantly greater than currently stated by BLS.

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

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All States and the District of Columbia



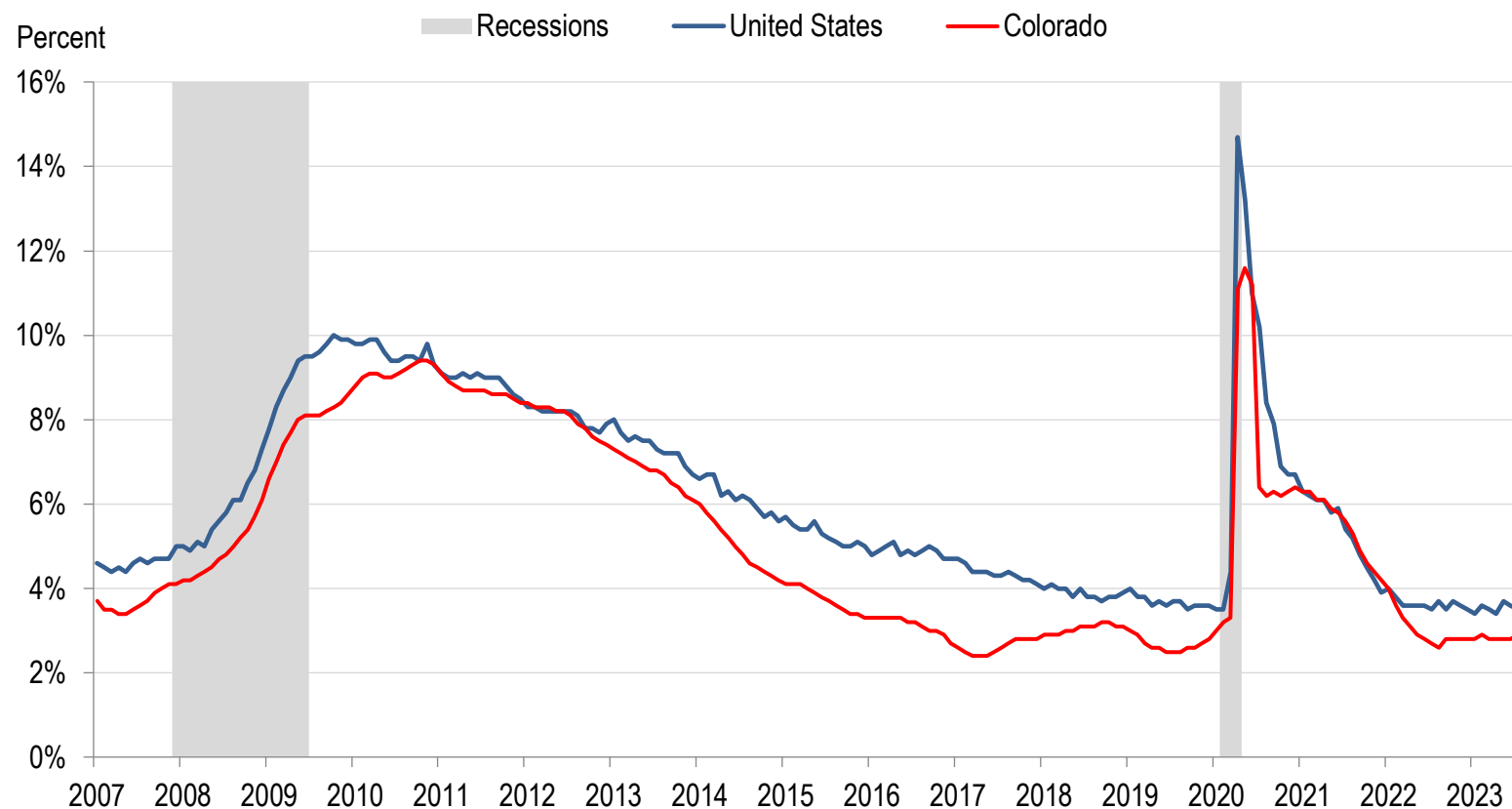
The August BLS data shows that Colorado is in the 25th spot for the lowest unemployment rate, tied with Minnesota and Tennessee. The three states had unemployment rates of 3.1%.

Many of the states with larger populations have higher unemployment rates.

Unemployment Rate

United States and Colorado

U.S. and Colorado Unemployment



Source: BLS, SA, cber.co.

Unemployment Rate

The Colorado unemployment rate increased to 3.1% in August, and the U.S. rate rose to 3.8%. The economy operates inefficiently when the unemployment rate is this low.

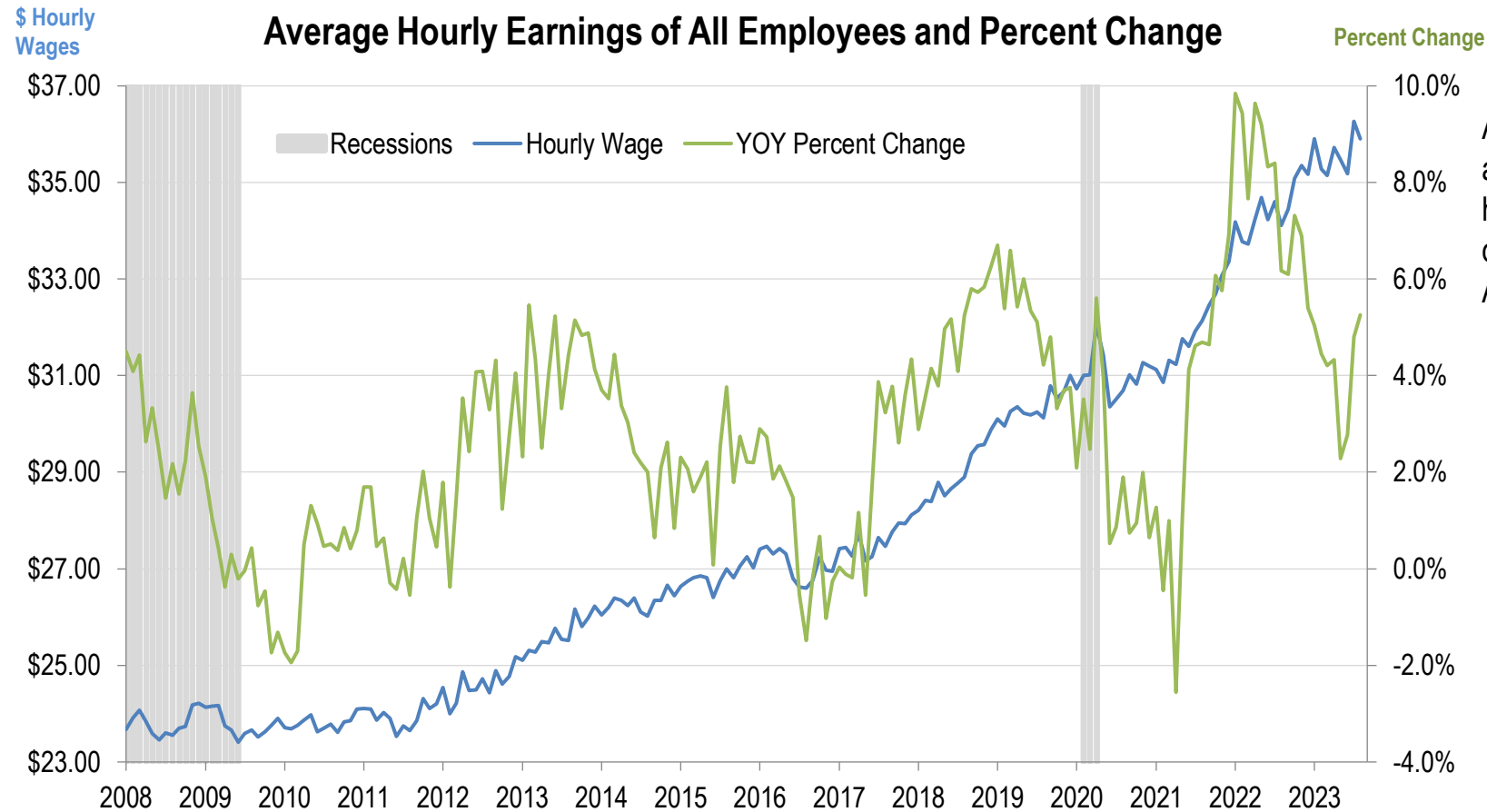
Annual Unemployment Rate

Year	United States	Colorado
2016	4.9%	3.1%
2017	4.4%	2.6%
2018	3.9%	3.0%
2019	3.7%	2.7%
2020	8.1%	6.8%
2021	5.3%	5.4%
2022	3.6%	3.0%

July data shows that there were about 95,000 unemployed Coloradans to fill 190,000 job openings. Colorado is ranked 18th in the U.S. for the most job openings.

Average Hourly Earnings of All Employees (Private)

Colorado



Source: BLS, cber.co.

Hourly Wages and Percent Change
August hourly wages (blue) were \$35.90, a YOY increase of 5.2% (green). There has been minimal change in earnings during 2023. Earnings are the same in August as in January.

Annual Wages and Change			
Year	CO CPI	Wages	Change
2017	3.4%	\$27.60	2.0%
2018	2.7%	\$28.92	4.8%
2019	1.9%	\$30.37	5.0%
2020	2.0%	\$30.99	2.0%
2021	3.5%	\$31.97	3.2%
2022	8.0%	\$34.47	7.8%

Source: BLS, cber.co

The current rate of wage growth is down from a peak of 9.4% in February 2022 to 5.2% in August 2023.

Average Hourly Earnings of Private Employees

All States and the District of Columbia

Top Ten States Hourly Earnings		
1	District of Columbia	\$49.89
2	Massachusetts	\$40.02
3	Washington	\$39.64
4	California	\$37.91
5	New York	\$36.57
6	Colorado	\$35.90
7	Connecticut	\$35.65
8	Minnesota	\$35.55
9	Alaska	\$34.71
10	New Jersey	\$34.69

Top Ten States Weekly Earnings		
1	District of Columbia	\$1,746.15
2	Washington	\$1,355.69
3	Massachusetts	\$1,348.67
4	California	\$1,292.73
5	Alaska	\$1,221.79
6	New York	\$1,210.47
7	Minnesota	\$1,208.70
8	Colorado	\$1,195.47
9	Connecticut	\$1,187.15
10	New Jersey	\$1,175.99

Bottom Ten States by Hours Worked		
42	Utah	33.4
43	Colorado	33.3
44	Connecticut	33.3
45	Maryland	33.3
46	Missouri	33.3
47	Vermont	33.3
48	Montana	33.2
49	Wisconsin	33.2
50	New York	33.1
51	Delaware	32.5

Average Earnings of Private Employees

The August BLS data shows that Colorado is a leader in hourly (6th) and weekly earnings (8th).

Colorado, Connecticut, and New York have high hourly and weekly earnings and low hours worked.

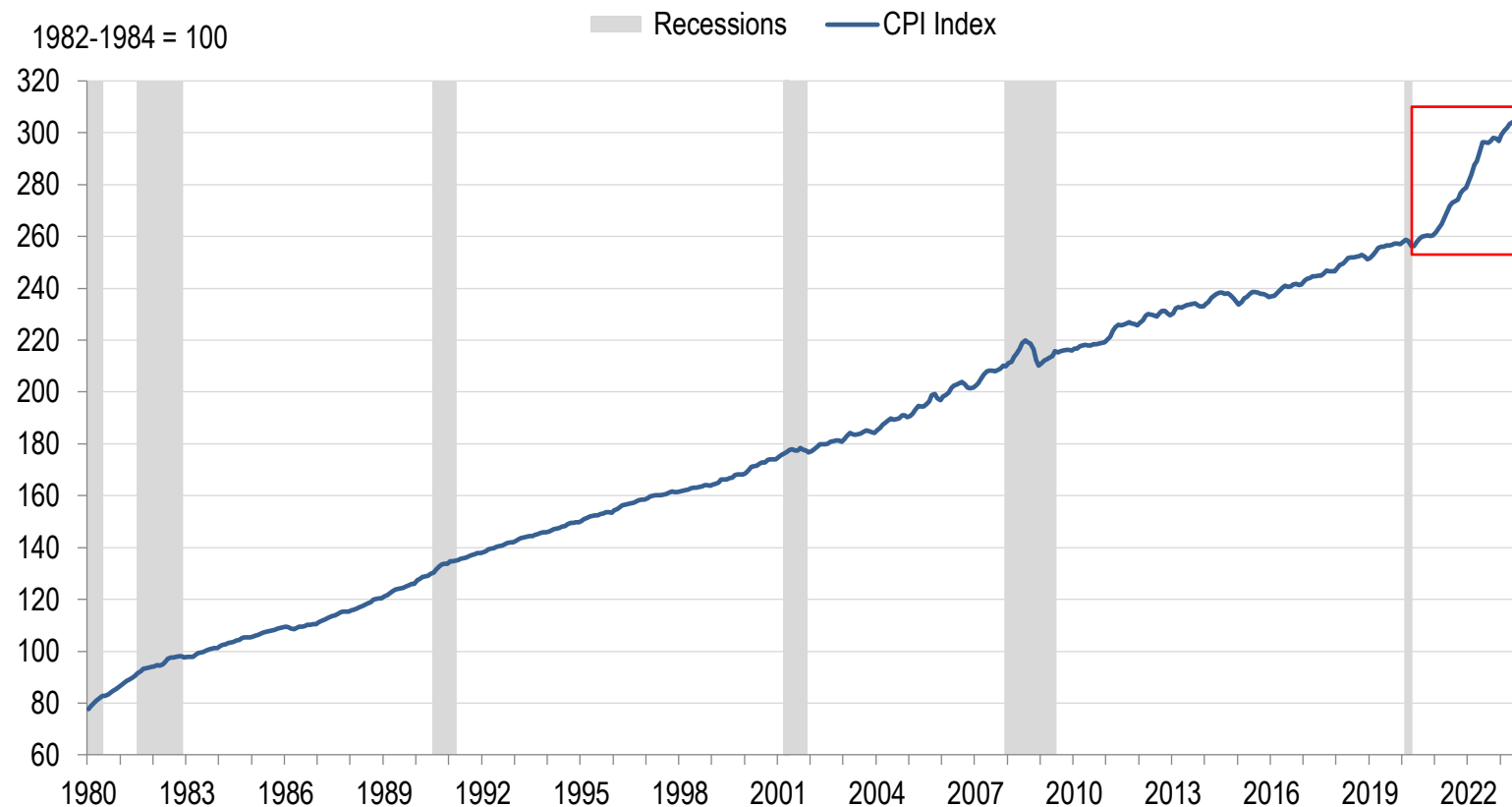
Source: BLS, cber.co.

Inflation

CPI Inflation

United States

U.S. CPI Inflation (NSA)



Source: BEA, FRED, NSA, CPI calculator, cber.co.

CPI Inflation

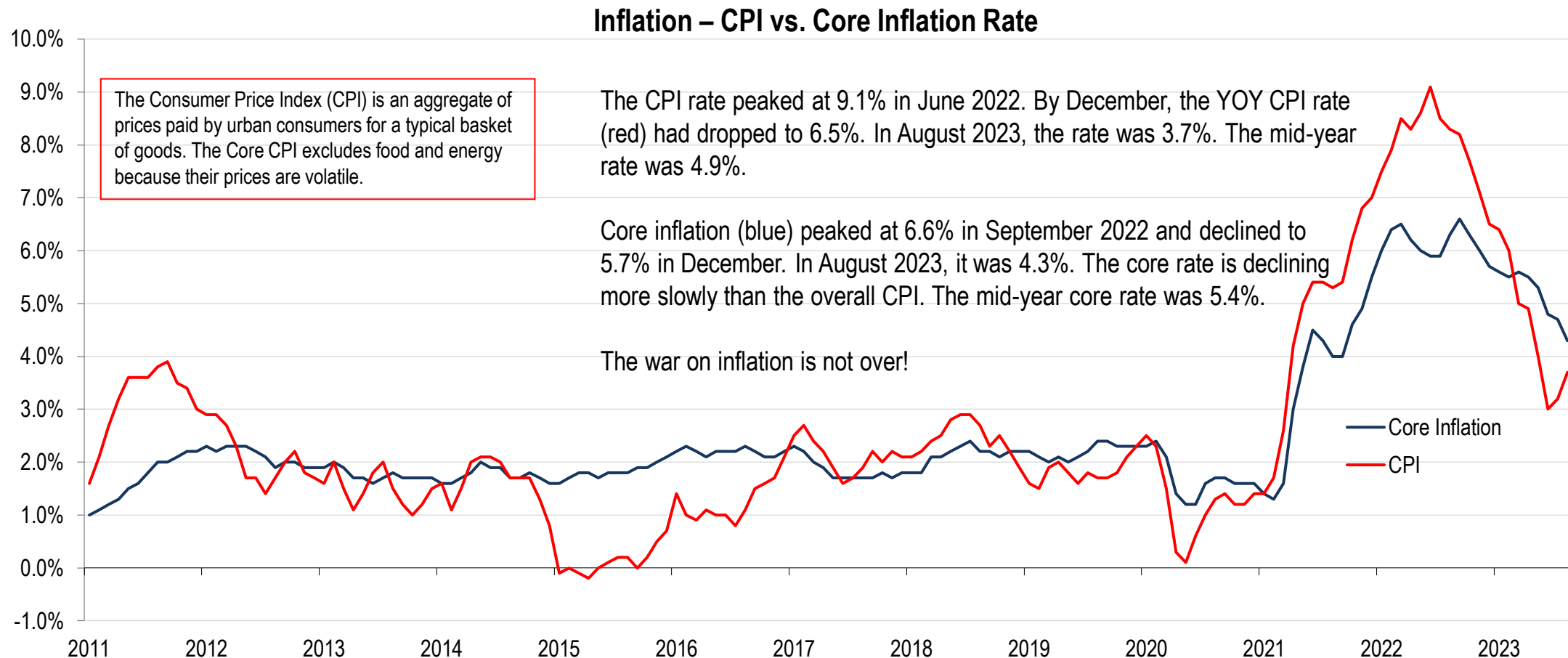
The chart shows the actual data for the Consumer Price Index. The steep slope of the line in the red box shows how strong inflation has been since 2021. If a family had expenses of \$50,000 in January 2020, they would be **\$59,507.85** in August 2023.

The YOY CPI data can be tricky because of the base effect.

- The increase for August 2023 vs. 2022 is 3.2%.
- The August annualized 2023 vs. 2021 increase is 5.9%.
- The August annualized 2023 vs. 2020 increase is 5.7%.

CPI Inflation

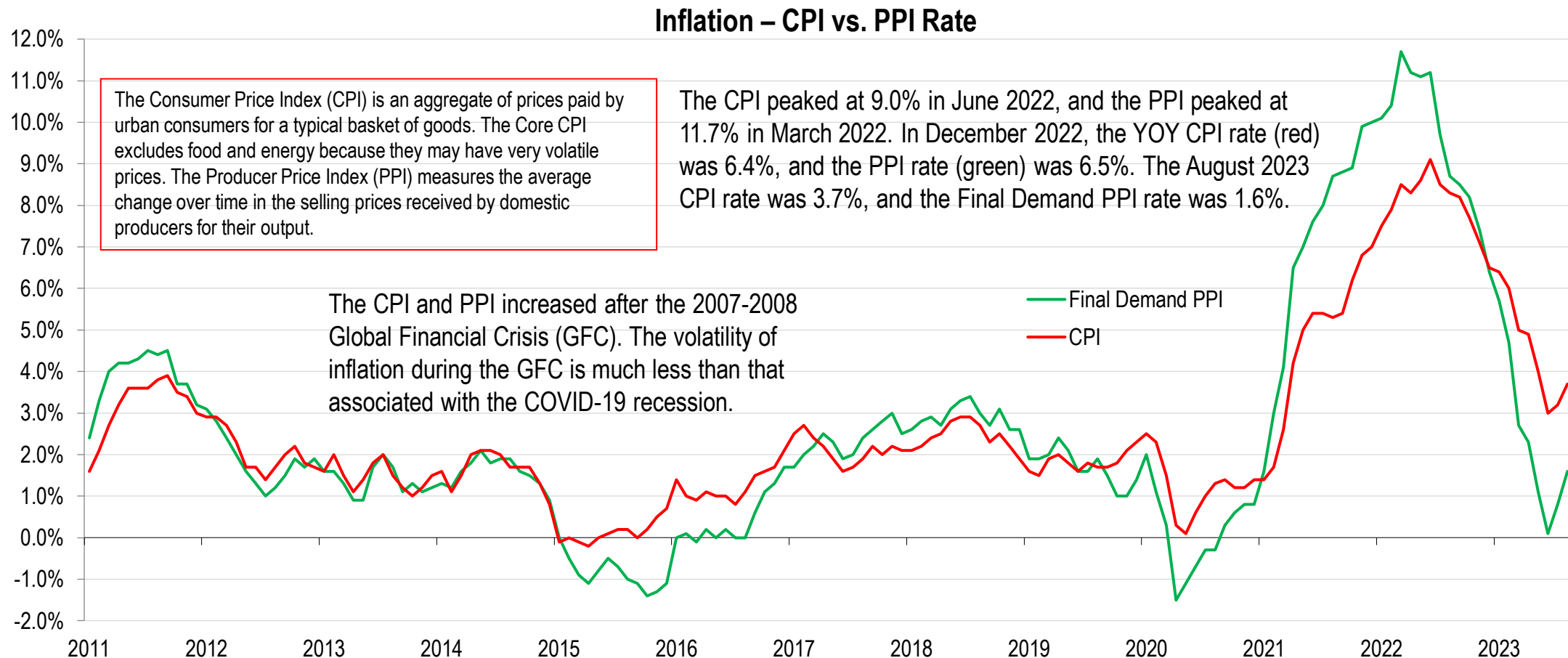
U.S. CPI vs. Core Inflation



Source: Bureau of Labor Statistics, Core Inflation is the CPI less food and energy; CPI All Items City Average NSA, cber.co.
Colorado-based Business and Economic Research <https://cber.co>

U.S. Inflation

CPI vs. Producer Price Index (Final Demand)

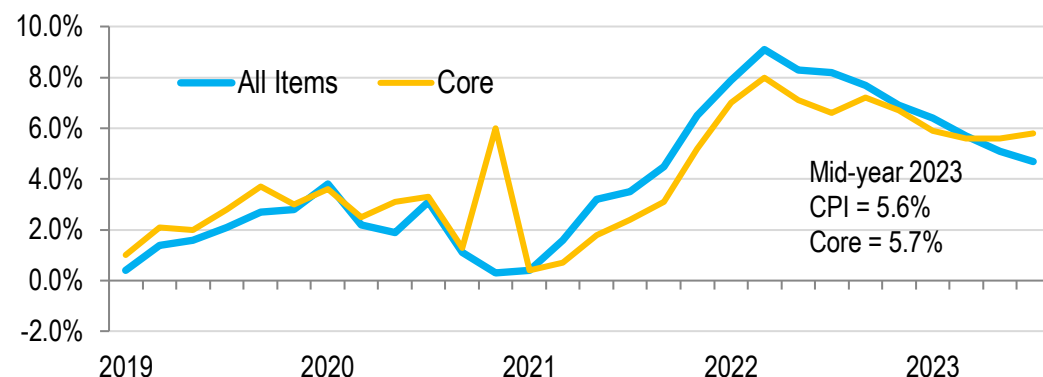


Source: Bureau of Labor Statistics, PPI Commodity Data, Final Demand SA; CPI All Items City Average SA, cber.co.
Colorado-based Business and Economic Research <https://cber.co>

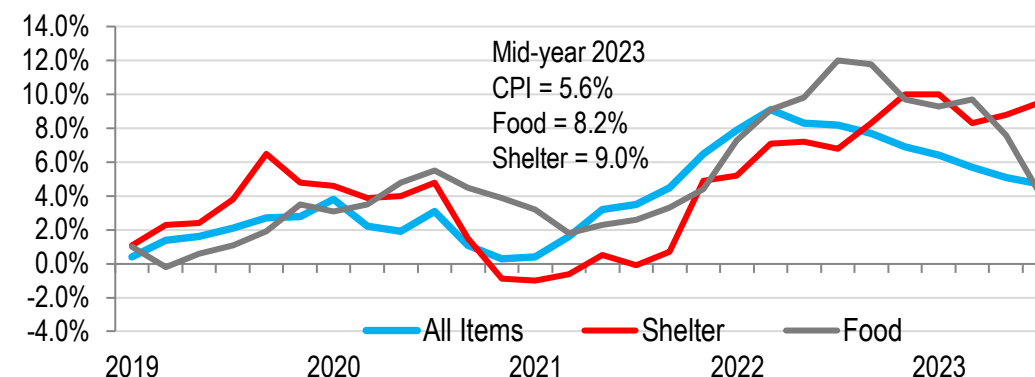
Bi-Monthly Change in Colorado CPI

All Items vs. Core, Food, Shelter, and Energy Services

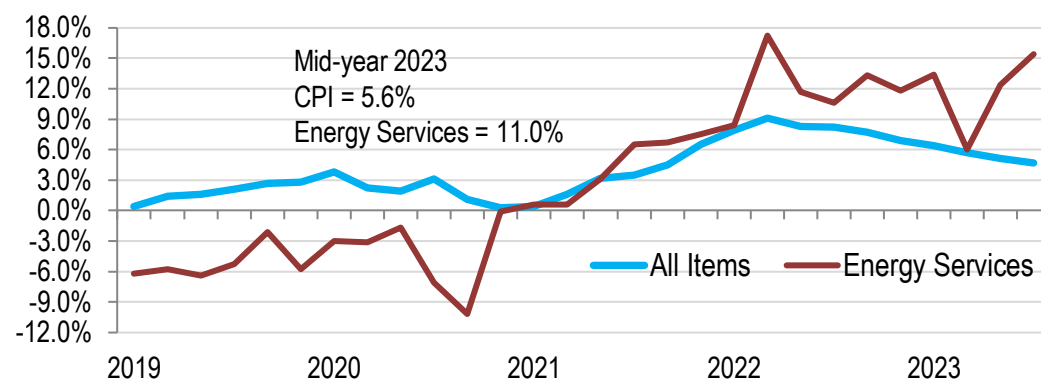
Colorado All Items vs. Core (All less Food and Energy)



Colorado All Items vs. Food and Shelter



Colorado All Items vs. Energy Services



Colorado CPI

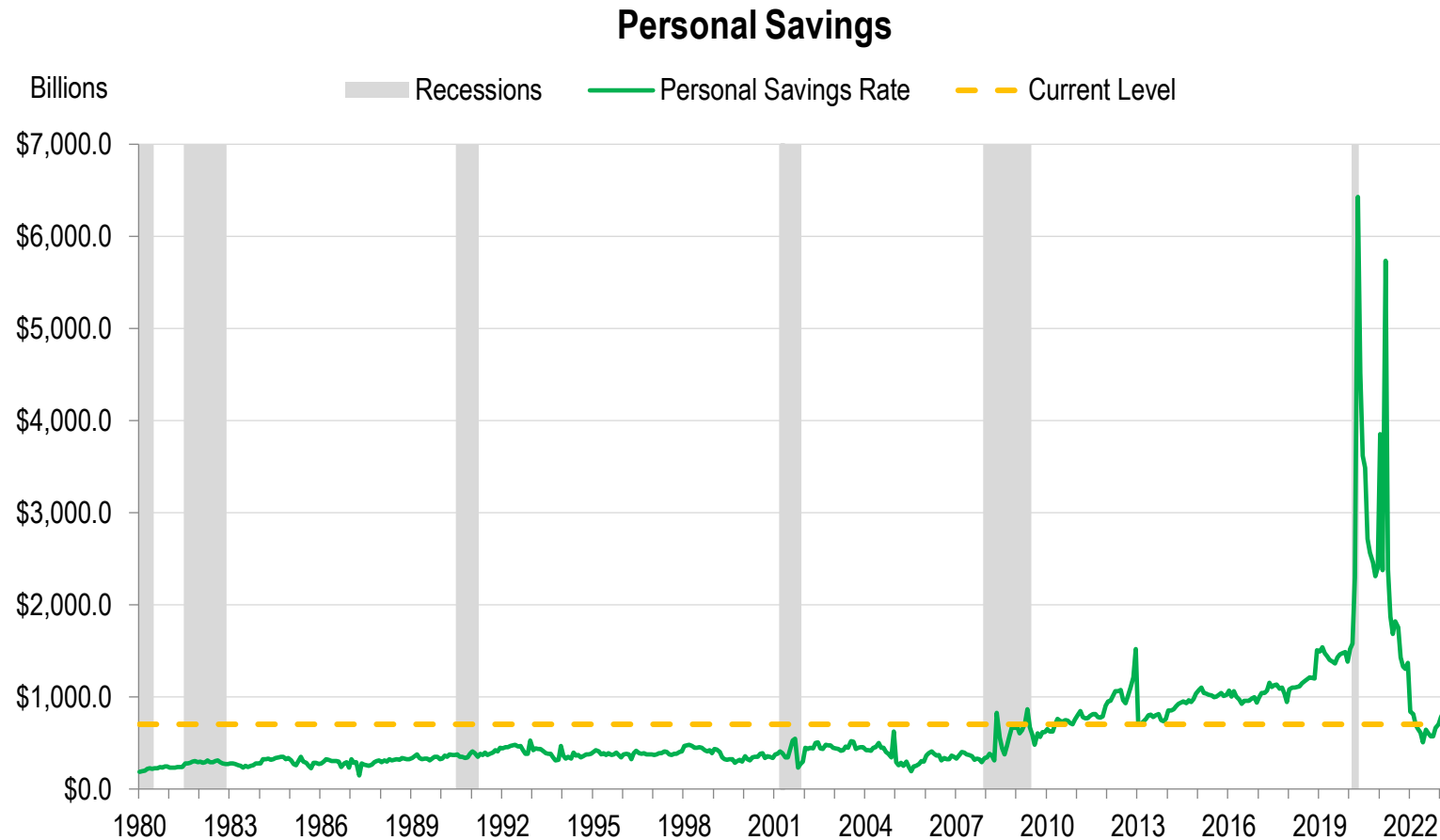
Inflation for most Colorado items is published bi-monthly. The charts illustrate three bi-monthly Colorado CPI comparisons. Mid-year inflation rates are also on the three charts. Takeaways are:

- Between February-March 2021 and April-May 2023, Colorado core inflation was less than inflation for all items. Both are greater than the U.S. CPI rate.
- Since mid-2021, inflation for energy services (gas and electricity) has been greater than for all items. In August, energy services inflation increased from 15.4% to 16.0%. Higher energy inflation will continue, given energy-related policies and rate increases from utilities such as Xcel Energy.
- Inflation for shelter was 9.2% in August, down from 9.5% in July. Inflation for food was 4.2% in July.

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

Saving, Borrowing, Consumption, and the Wealth Effect

U.S. Personal Saving



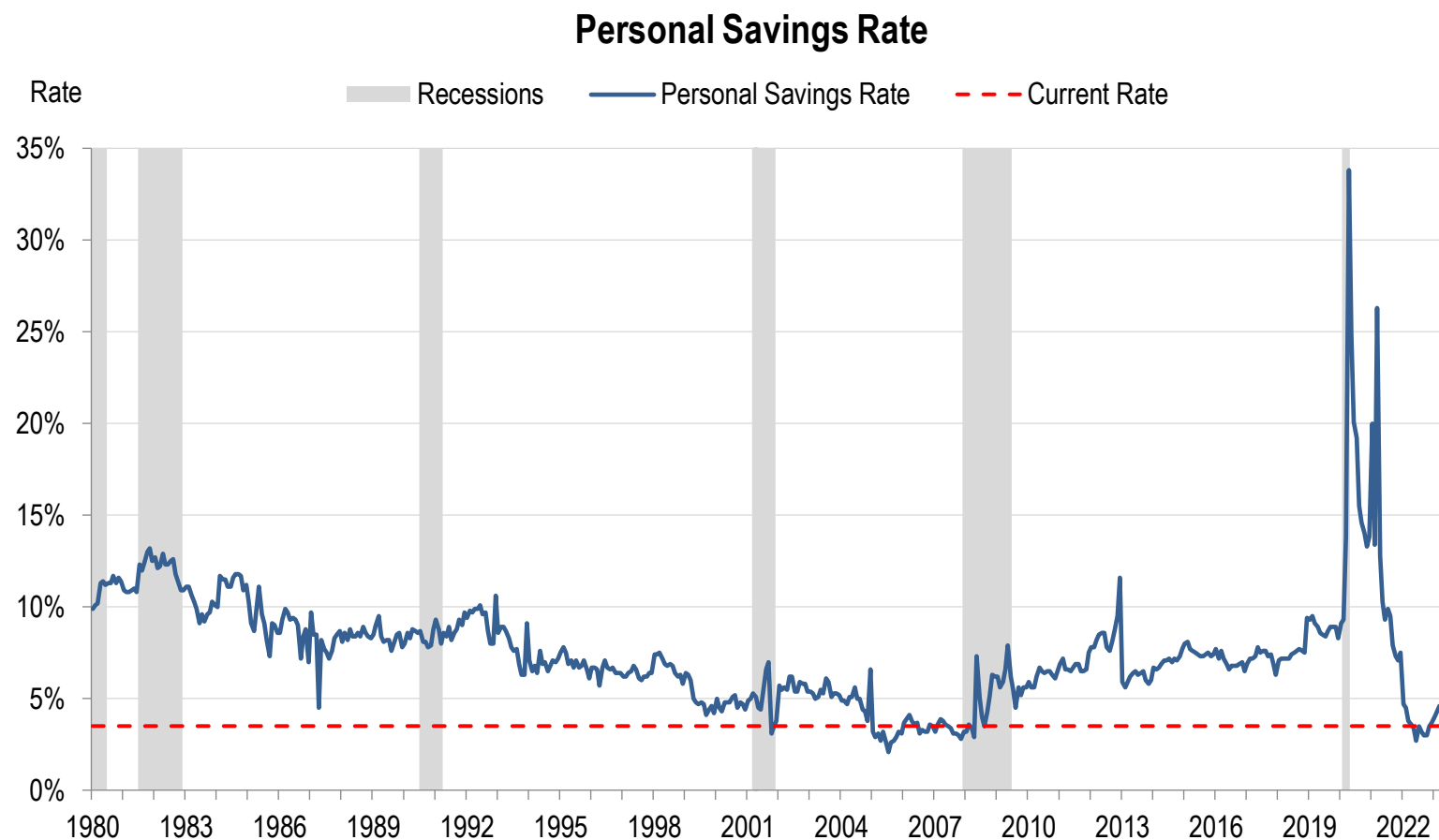
Personal Saving

The level of savings in July 2023 was \$705.6 billion, down from \$6.4 trillion in April 2020. Americans have either spent their savings or invested in other assets.

Source: BEA, FRED, cber.co.

U.S. Personal Savings Rate

Percentage of Disposable Personal Income (DPI)



Source: BEA, FRED, cber.co.

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

Personal Savings Rate

The July 2023 personal savings rate was 3.5%, and savings were \$705.6 billion, down from \$6.4 trillion in April 2020. That month, the savings rate was 33.8%. Since then, Americans have spent their savings or invested in other assets.

Year End Personal Savings (Billions) and Rate

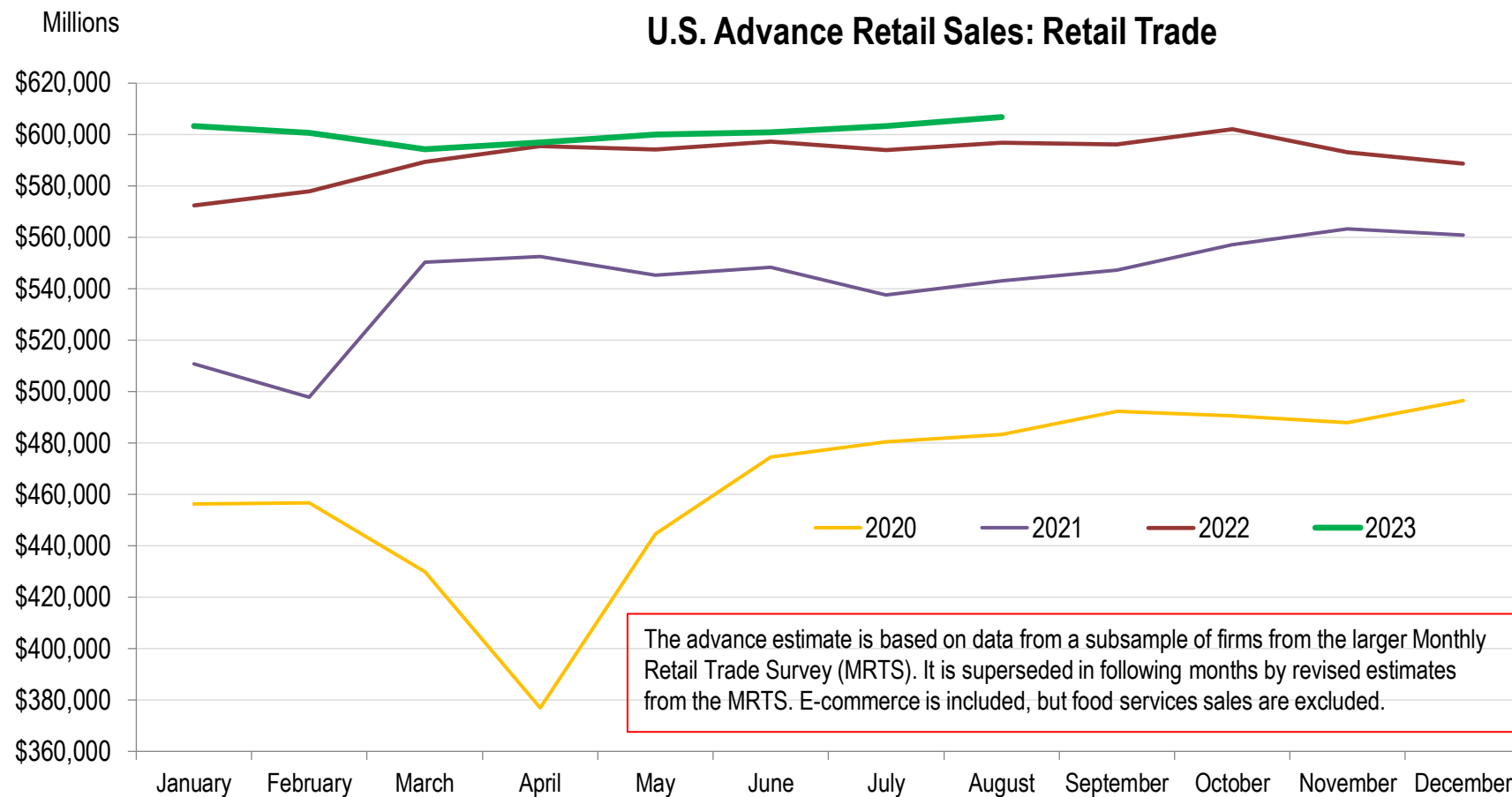
2017	\$948.5	6.3%
2018	\$1,511.9	9.4%
2019	\$1,381.3	8.3%
2020	\$2,402.8	13.8%
2021	\$1,372.3	7.5%
2022	\$858.2	4.5%

Source: BEA, cber.co

The personal savings rate jettisoned to a monthly high of 33.8% in the early stages of the pandemic. It fell to 13.0% in November 2020, then rose to 26.3% in March 2021. In June 2022, the personal savings rate bottomed out at 2.7%.

U.S. Advance Retail Sales: Retail Trade

Monthly



Advance Retail Sales

There was a slight uptick in July and August in advance retail sales. August 2023 sales were 1.7% greater than August 2022 sales. Total YTD sales through August 2023 (green) were 1.9% greater than YTD sales for the first eight months in 2022 (burgundy).

The National Retail Federation projected that 2023 sales would be 4.0% to 6.0% greater than the 2022 total, a forecast that will be difficult to meet.

Annual Retail Sales (Trillions)

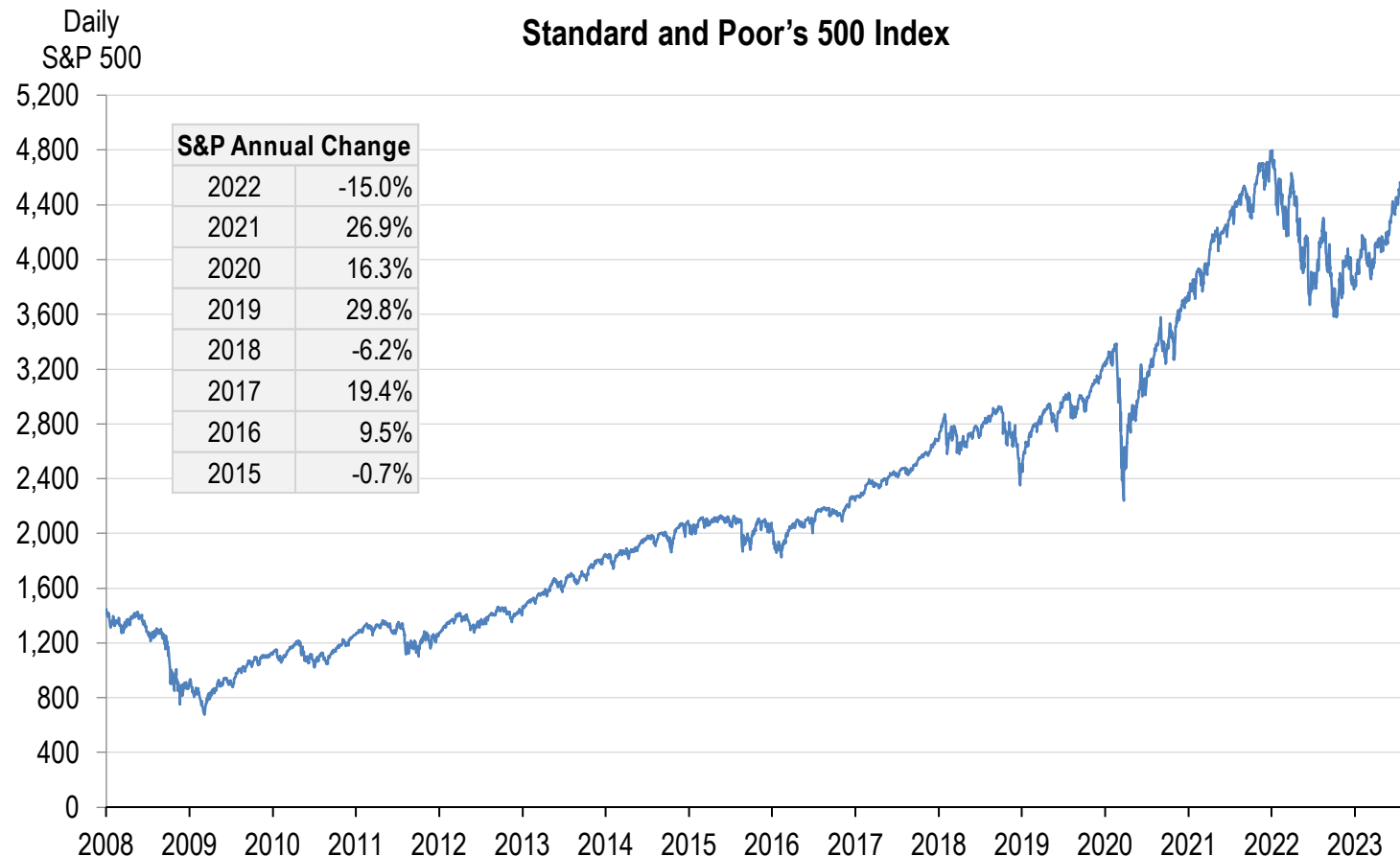
2017	\$5.04	4.4%
2018	\$5.25	4.1%
2019	\$5.39	2.7%
2020	\$5.57	3.3%
2021	\$6.51	16.9%
2022	\$7.10	8.9%

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>

Standard and Poor's 500 Index



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

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Market Returns

2020 COVID-19 Policies

February 19, 2020 3,386
March 23, 2020 2,237 a change of **-34%** to 1,148
August 18, 2020 3,386 bear market was 149 days
2020 change was **+16.3%**

Year-End 2021 Bull Market

For most of 2021 – steady growth
December 31, 2021 4,766, a change of **+26.9%**.

2022 Bear Market

December 31, 2022 3,839, a change of **-15.0%**

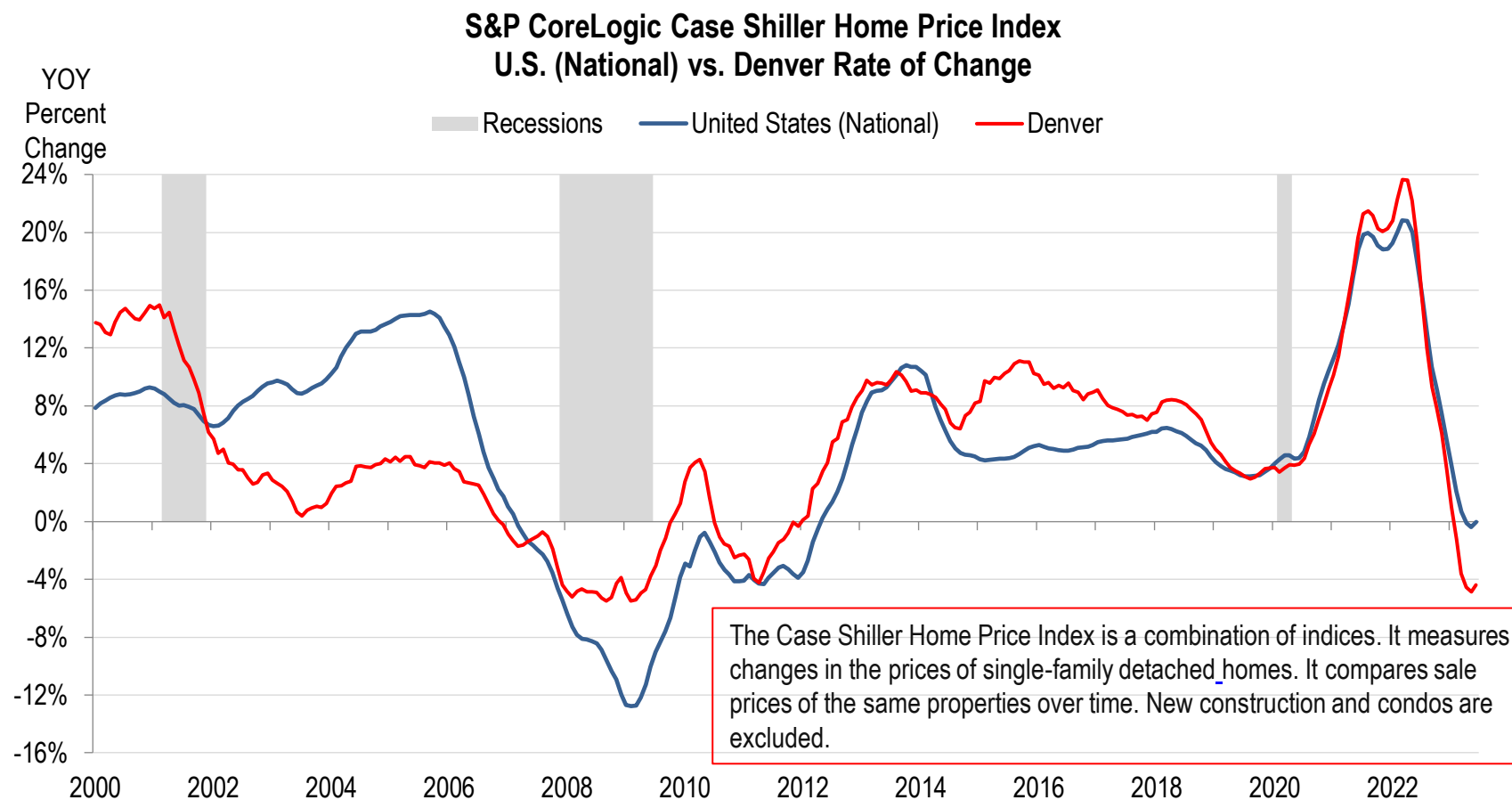
2023

September 15, 2023 4,450, YTD change **+15.9%**

In August, the market has slowed. The Baby Bull market lasted through the end of the August. How much longer will it continue?

Case Shiller Home Price Index

YOY National vs. Denver Rate of Change



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

Change in S&P CoreLogic Case Shiller Index

The 2019 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 for Colorado and the U.S. peaked above 20.0%.

In December 2022, the YOY appreciation for the U.S. was 5.8% (blue) and 3.5% (red) for Denver.

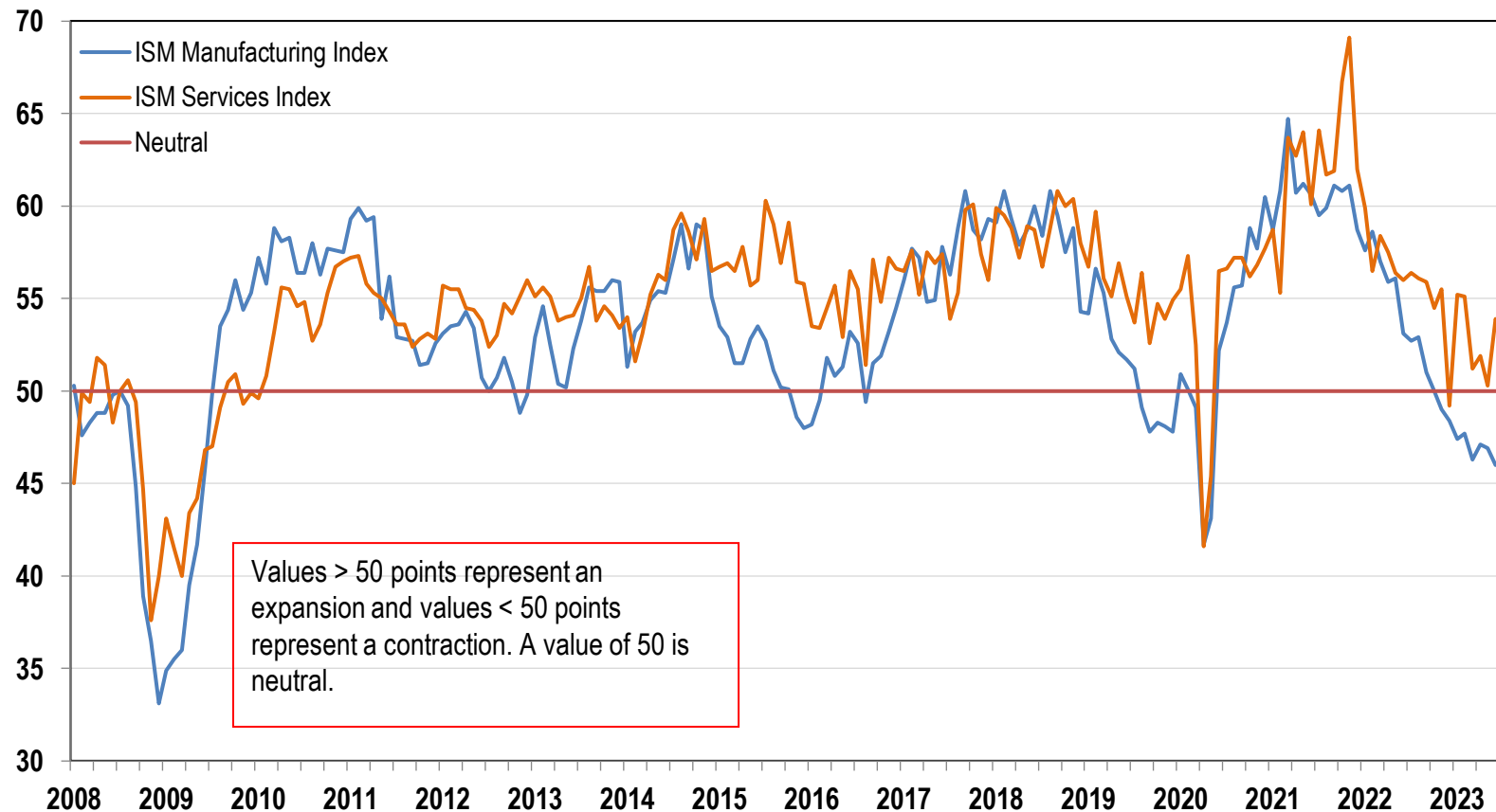
In June 2023, the change in the U.S. index was 0.0%, and the Denver index changed by -4.4%. The wealth effect of Colorado homeowners has taken a big hit!

U.S. Industry Indicators

ISM Purchasing Managers Composite Indices

Manufacturing vs. Services

ISM Manufacturing PMI vs. Services PMI Composite Indices



Source: Institute of Supply Management, cber.co.

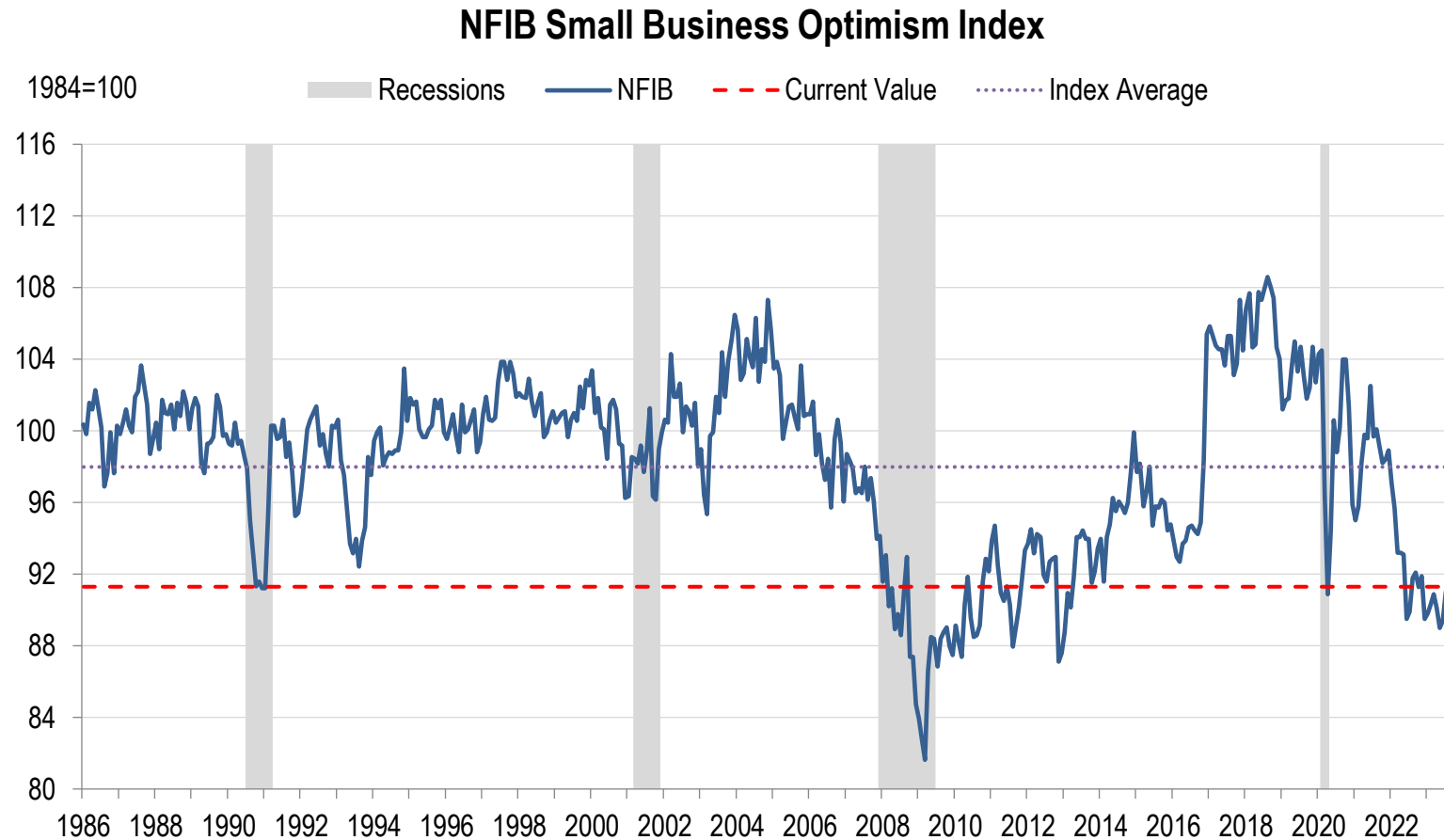
Manufacturing and Services PMI

The ISM manufacturing index (blue) trended downward after peaking at 64.7 in March 2021. It dropped below 50 in November 2022 and was 46.4 in August 2023. Most subindices posted significant gains, even though many remained in negative territory.

The ISM service index (orange) has trended downward since November 2021. It fell below 50 in December 2021 but has been above 50 during the first eight months of 2023. It was 54.5 in August. Overall, businesses are optimistic about economic conditions.

NFIB Small Business Optimism Index

United States



Source: NFIB, cber.co.

NFIB Small Business Index

In July 2023, the NFIB index rose slightly to 91.9 (red dotted line), the 20th consecutive month below the 49-year average of 98.0 (purple dotted line).

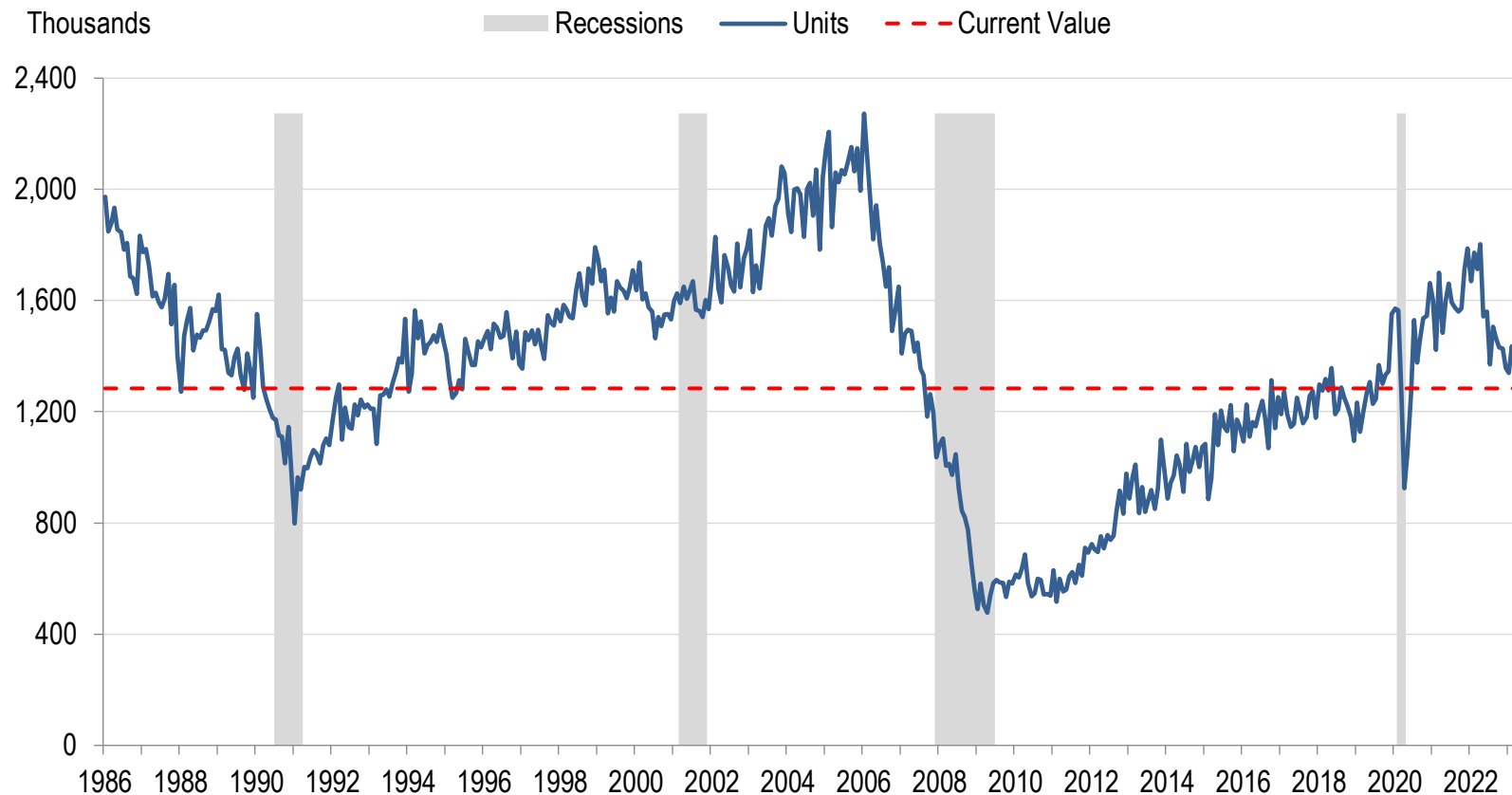
The first half of 2023 was weak, but in some cases, it was better than expected. A portion of the improvement was tied to government subsidies, and its purchase of goods and services. Inflation was problematic, along with the lack of qualified workers.

The NFIB monthly SBET report provides insight into the challenges of being a small business owner in this economy - <https://www.nfib.com/>.

New Privately-Owned Housing Units Started

United States

New Privately Owned Housing Units Started



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

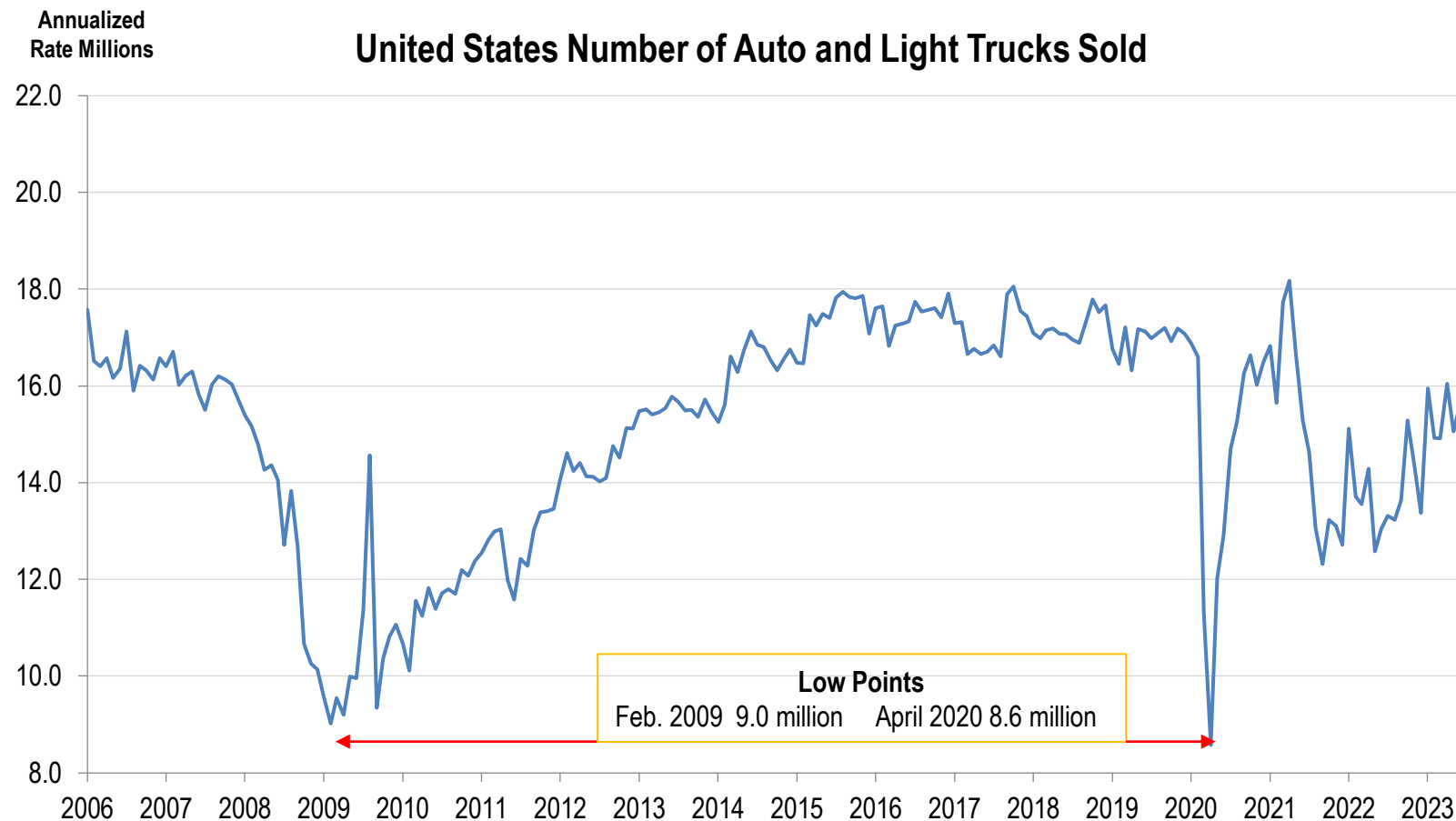
New Privately Owned Housing Units Started

The number of housing starts has been volatile. It has been below 1.6 million homes since May 2022. In August 2023, fewer than 1.3 million homes were started, comparable to mid-2020.

Increased interest rates and other headwinds have caused reduced demand for new housing.

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

Monthly (Seasonally Adjusted Annualized Rate in Millions)



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

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

ALT Sales SAAR

January 2023 sales were 16.0 million, with declines in February, March and May. Sales were about 15.7 million in June and July.

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	14.9
2022	13.8

Sales bottomed out at 8.6 million in April 2020 and peaked at 18.3 million in April 2021. Sales were dismal in 2022 and have improved in 2023.

Crude Oil Prices

West Texas Intermediate

Dollars per
Barrel

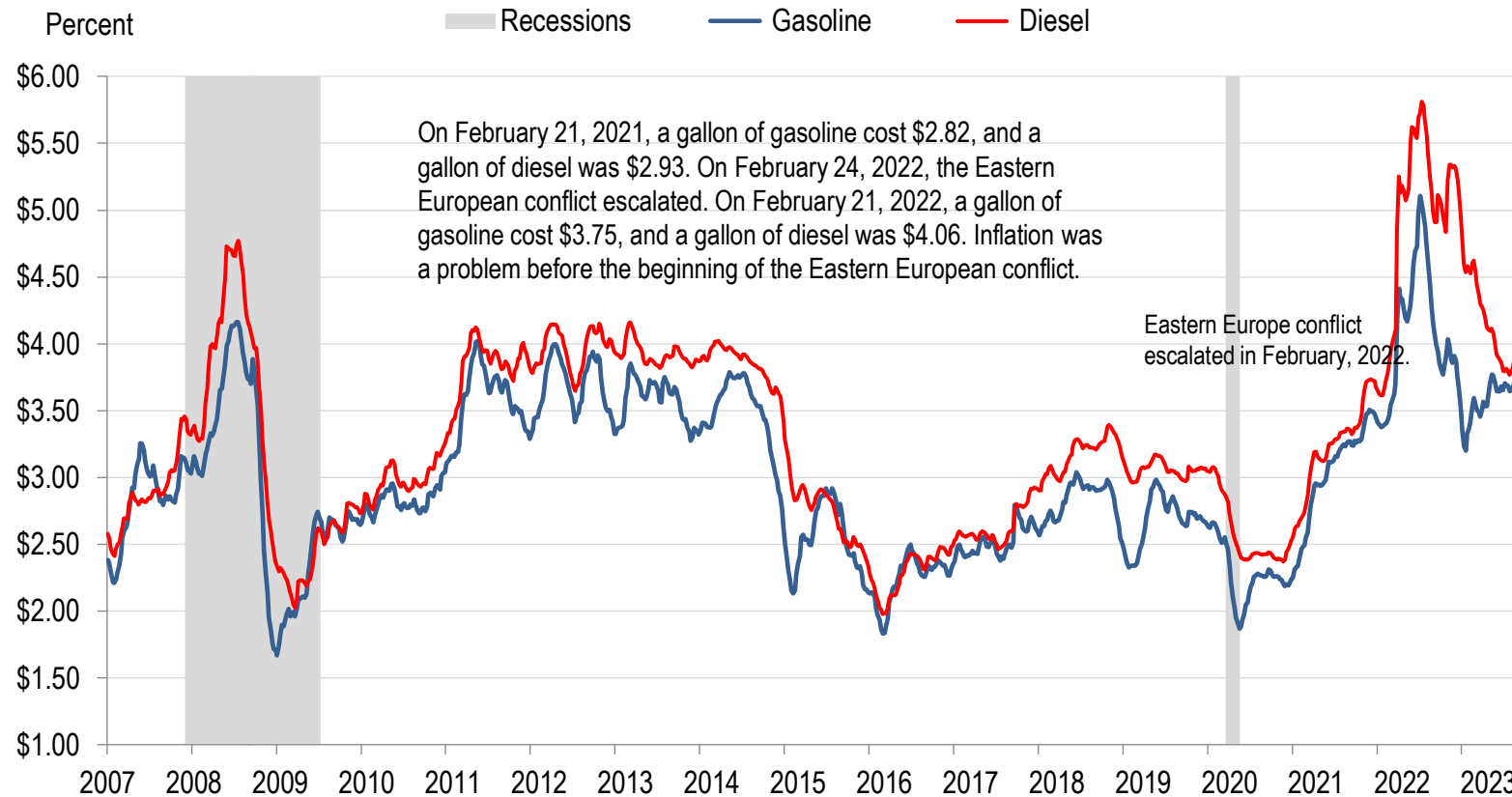
Crude Oil Prices: West Texas Intermediate, Cushing, Oklahoma



Source: EIA, cber.co, <https://www.eia.gov/outlooks/steo/#:~:text=U.S.%20crude%20oil%20production%20in,b%2Fd%20set%20in%202019>

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

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



Gasoline and Diesel Prices

On September 18, 2023, a gallon of gasoline was \$4.00, down from a peak of \$5.11 on June 30, 2022. Gasoline prices have been on the rise since December 26, 2022.

A gallon of diesel was \$4.63 on September 18, 2023, compared to its peak of \$5.78. Prices have been on the rise since July 3, 2023.

Average Annual

Year	Diesel	Gasoline
2015	\$2.71	\$2.63
2016	\$2.30	\$2.30
2017	\$2.65	\$2.26
2018	\$3.18	\$2.90
2019	\$3.06	\$2.83
2020	\$2.55	\$2.37
2021	\$3.29	\$3.22
2022	\$4.99	\$4.27

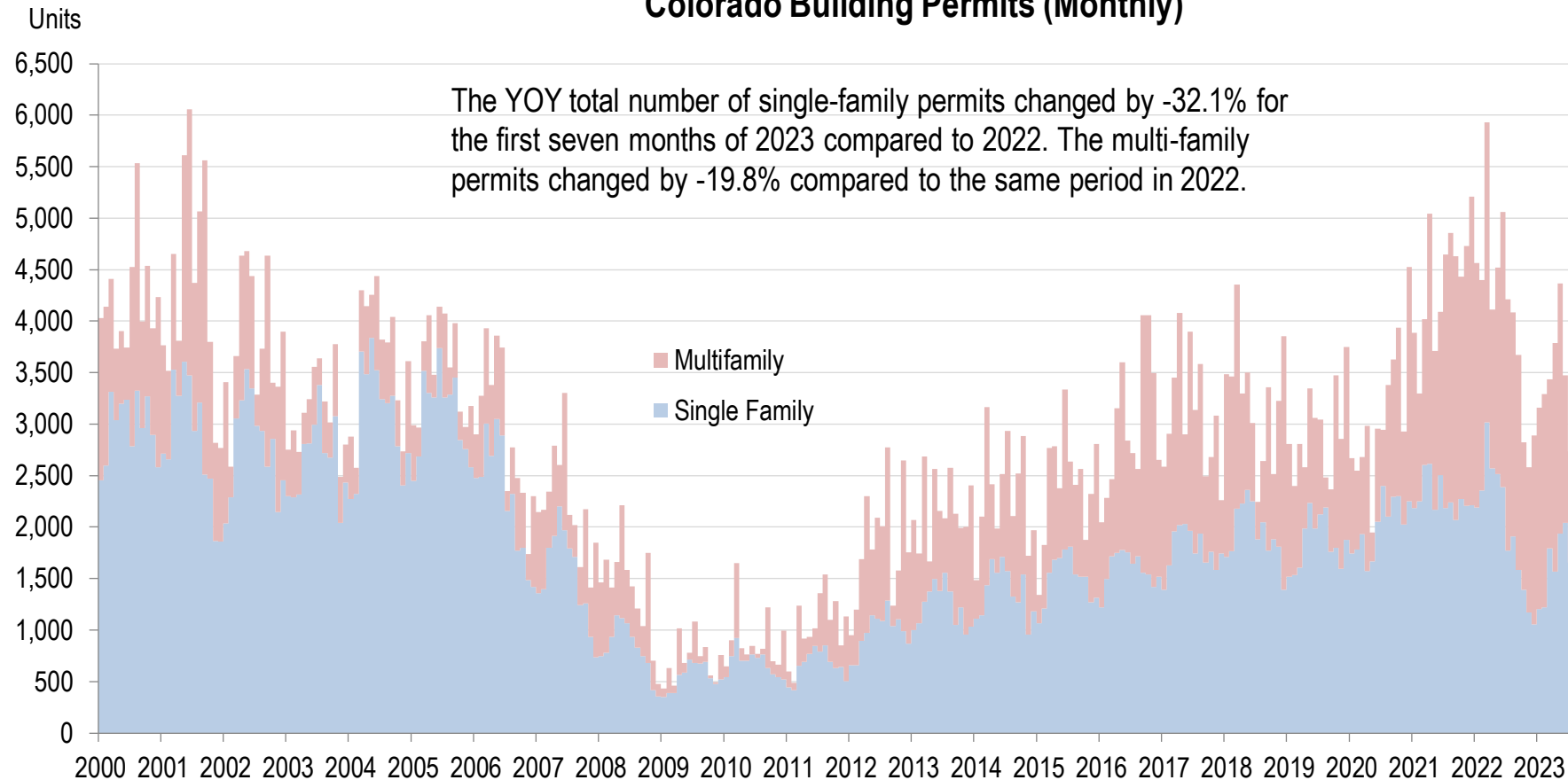
Source: FRED, EIA, https://www.eia.gov/dnav/pet/pet_pri_gnd_a_epd2d_pte_dpgal_w.htm, https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPM0_PTE_NUS_DPG&f=W, cber.co.

Colorado Industry Indicators

Colorado Residential Building Permits

Units

Colorado Building Permits (Monthly)



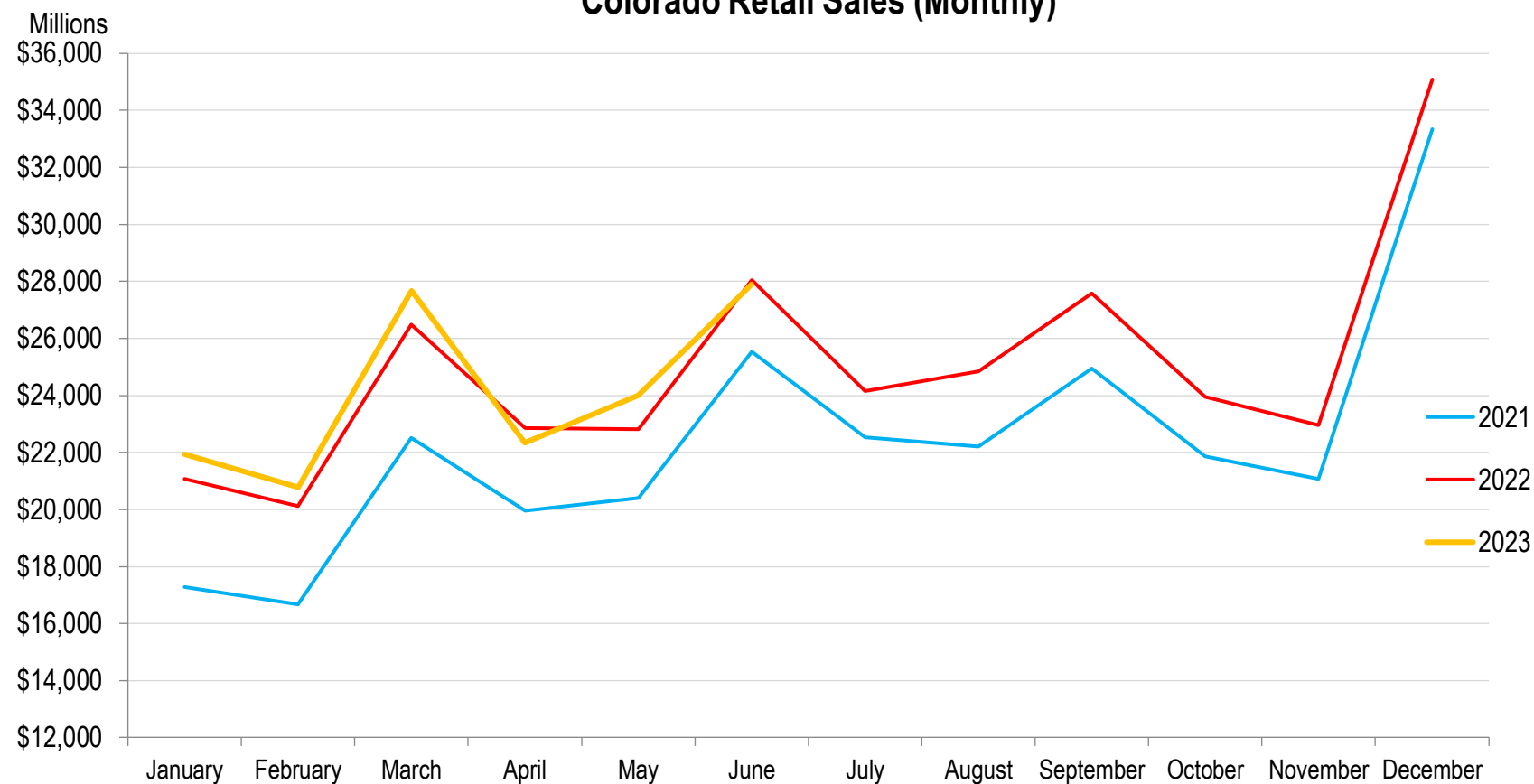
Annual Building Permits		
Year	Single Family	Multi-Family
2000	38,588	16,008
2001	36,437	18,570
2002	35,042	12,878
2003	33,894	5,732
2004	40,753	5,746
2005	40,018	5,732
2006	30,365	7,978
2007	20,516	8,938
2008	11,147	7,851
2009	7,261	2,094
2010	8,790	2,801
2011	8,729	4,779
2012	12,618	10,684
2013	15,773	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
2022	23,728	25,111

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

Colorado Retail Sales

Monthly

Colorado Retail Sales (Monthly)



Colorado Retail Sales
Sales through June 2023 (yellow) are about 2.4% greater than during the same period in 2022.

Annual Retail Sales (Billions)

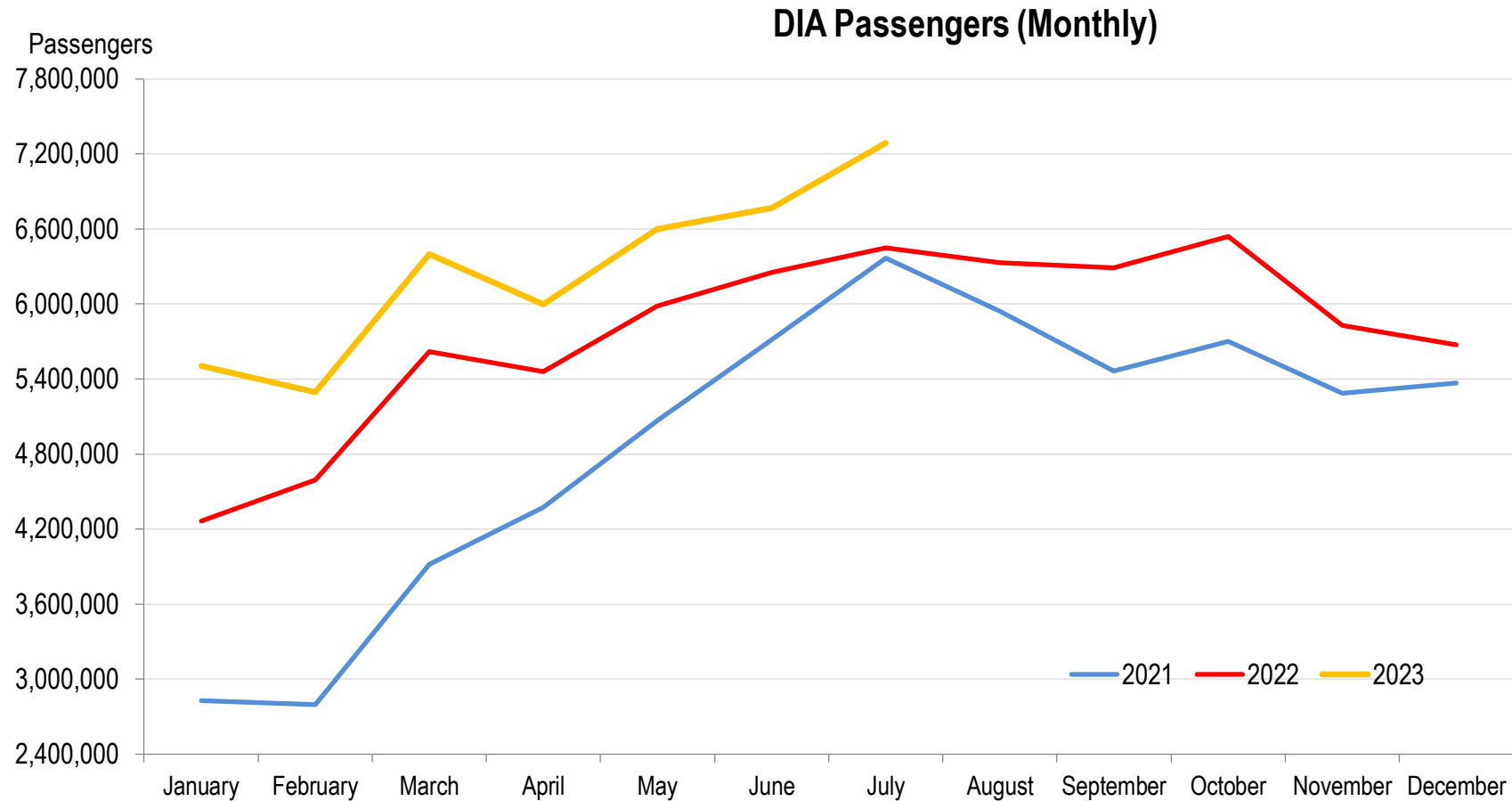
2017	\$194.6	5.4%
2018	\$206.2	5.9%
2019	\$224.6	9.0%
2020	\$228.8	1.9%
2021	\$268.3	17.3%
2022	\$299.9	11.8%

Retail sales for 2022 (red) were 11.8% greater than in 2021 (turquoise).

Source: Colorado Department of Revenue, <https://cdor.colorado.gov/retail-sales-reports>, cber.co. Note: Not adjusted for inflation.

Denver International Airport Passengers

Monthly



Source: flydenver.com, COS airport, cber.co.

Air Travel

The number of DIA passengers through July 2023 (yellow) was 13.5% above the same YTD total for 2022 (red) and significantly above the YTD total for 2021 (blue).

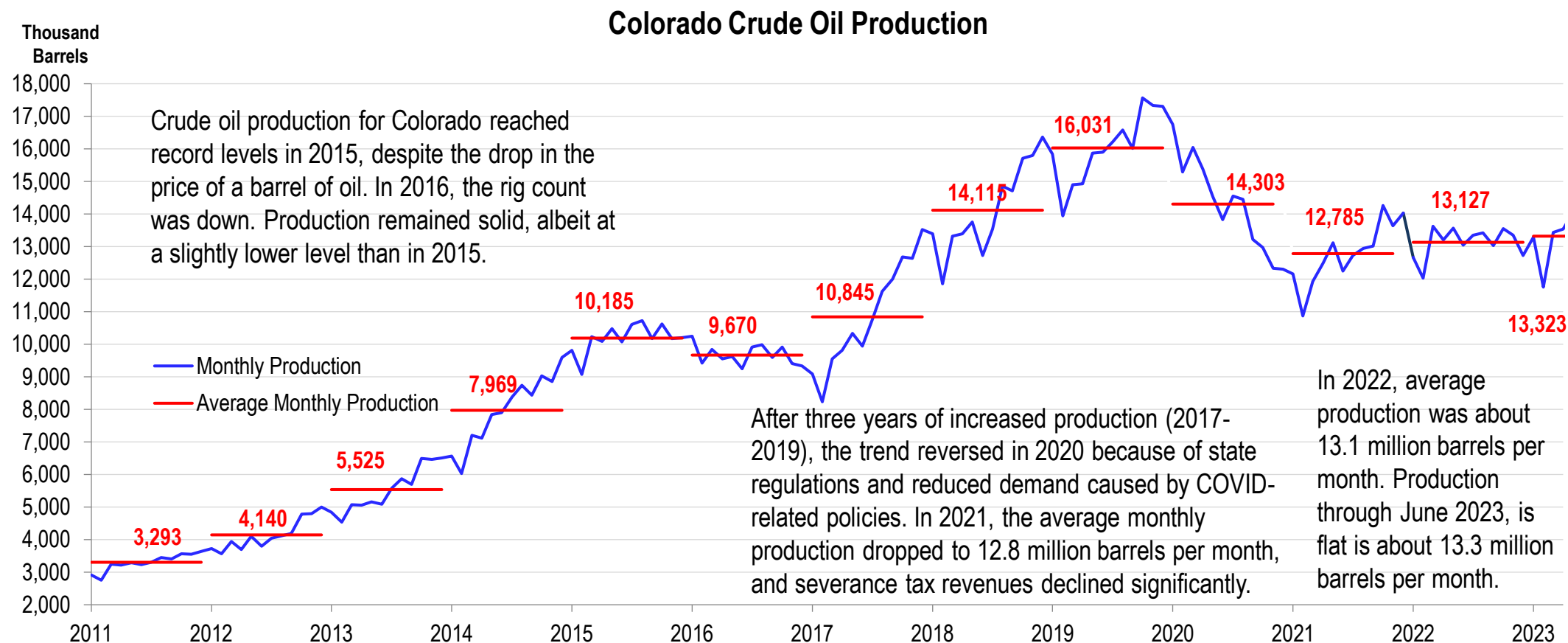
Approximately 72 million passengers will pass through DIA in 2023.

Through July, the number of YTD passengers through the Colorado Springs (COS) airport is up 4.1% compared to the same period last year.

Year	Passengers	% Change
2022	69,286,461	17.8%
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%

Colorado Field Production of Crude Oil

2011 to 2023 (Thousand Barrels)



Source: EIA, cber.co.

Colorado Economic Outlook

Colorado Economic Forecast 2023 (Revisions)

Revisions for 2023

As stated earlier in this update, Colorado Labor Market Information recently released a report on their website suggesting the BLS CES data will be revised upward in the spring benchmark by 25,000 to 30,000 workers, <https://www.colmigateway.com/admin/gsipub/htmlarea/uploads/Analysis-of-2023-Q1-Expected-Revisions-to-Colorado-Nonfarm-Payroll-Jobs.pdf>

In addition, the unemployment rate will be 3.2% in 2023.

Finally, the strength of the labor market will drive economic activity from 2.0% to 2.6% in 2023, compared to 2.1% for the U.S.

Areas such as retail spending and construction will not be affected by this change.

Potential Concerns

Average annual employment increased by 66,600 per year from 2012 to 2019, or 5,550 per month. For the four years between 2020 and 2023, average annual employment was 33,700, or about 2,800 per month. Employment will continue to be volatile.

Colorado inflation will remain higher than the U.S. rate, particularly in housing and energy services.

Downtown Denver has become a place to avoid. Mayor Mike Johnston has aggressively addressed the homeless issue in Denver.

There are still concerns about the Colorado business environment, as expressed in a survey commissioned by the Colorado Chamber of Commerce, <https://cochamber.com/reports-and-research/>.

Colorado Economic Forecast 2023

In 2023, the Colorado real GDP growth rate will be 2.6% compared to 2.2% for the U.S.

Colorado's job growth in 2023 will be more volatile and much weaker than in 2022, and the unemployment rate will remain low.

Retail sales for 2023 will increase more slowly than during the past two years. Coloradans will face sticky inflation, high interest rates, high energy and housing costs, labor shortages, and tight credit conditions. Inflation has declined, but it is more of a problem in Colorado than in the U.S. That will continue to be the case in 2024.

Colorado Economic Forecast					
	2020	2021	2022	2023	
Real GDP Value (billions) (chained 2012)	\$353.35	\$373.76	\$385.8	\$395.8	
% Change Real GDP	-1.4%	5.8%	3.2%	2.6%	
CES Employment (thousands)	2,652.7	2,750.9	2,864.9	2,924.9	
Annual Change (thousands)	-137.4	98.2	114.0	60.0	
% Change	-4.9%	3.7%	4.1%	2.1%	
Unemployment Rate	6.8%	5.4%	3.0%	3.2%	
Retail Sales (billions)	\$228.8	\$268.3	\$299.9	\$308.9	
% Change	1.9%	17.3%	11.8%	3.0%	
Consumer Price Index (CPI)	272.2	281.8	304.3	317.4	
	2.0%	3.5%	8.0%	4.3%	
DIA Passengers (millions)	33.0	59.0	69.0	72.0	
Single Family Permits	26,636	30,246	24,000	19,000	
Multi-family Permits	13,833	26,278	25,000	23,000	
Oil Production (thousands) barrels	172,000	142,000	146,000	145,000	

More than 72 million passengers will pass through DIA in 2023. There will be solid travel activity through the Colorado Springs airport.

The total number of 2023 building permits will be less than in 2022. Multi-family permits will be popular. The construction (housing) and real estate market will remain volatile in 2023.

Crude oil production declined in 2021 because of state regulations and reduced demand related to COVID policies. Production increased in 2022 and will be flat in 2023.

cber.co
Economic Outlook and Trends Through August 2023
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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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 Regional Economic Partnership, 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 Advanced Industries grant program, and he served on the 2021 Colorado Legislative Redistricting Commission.