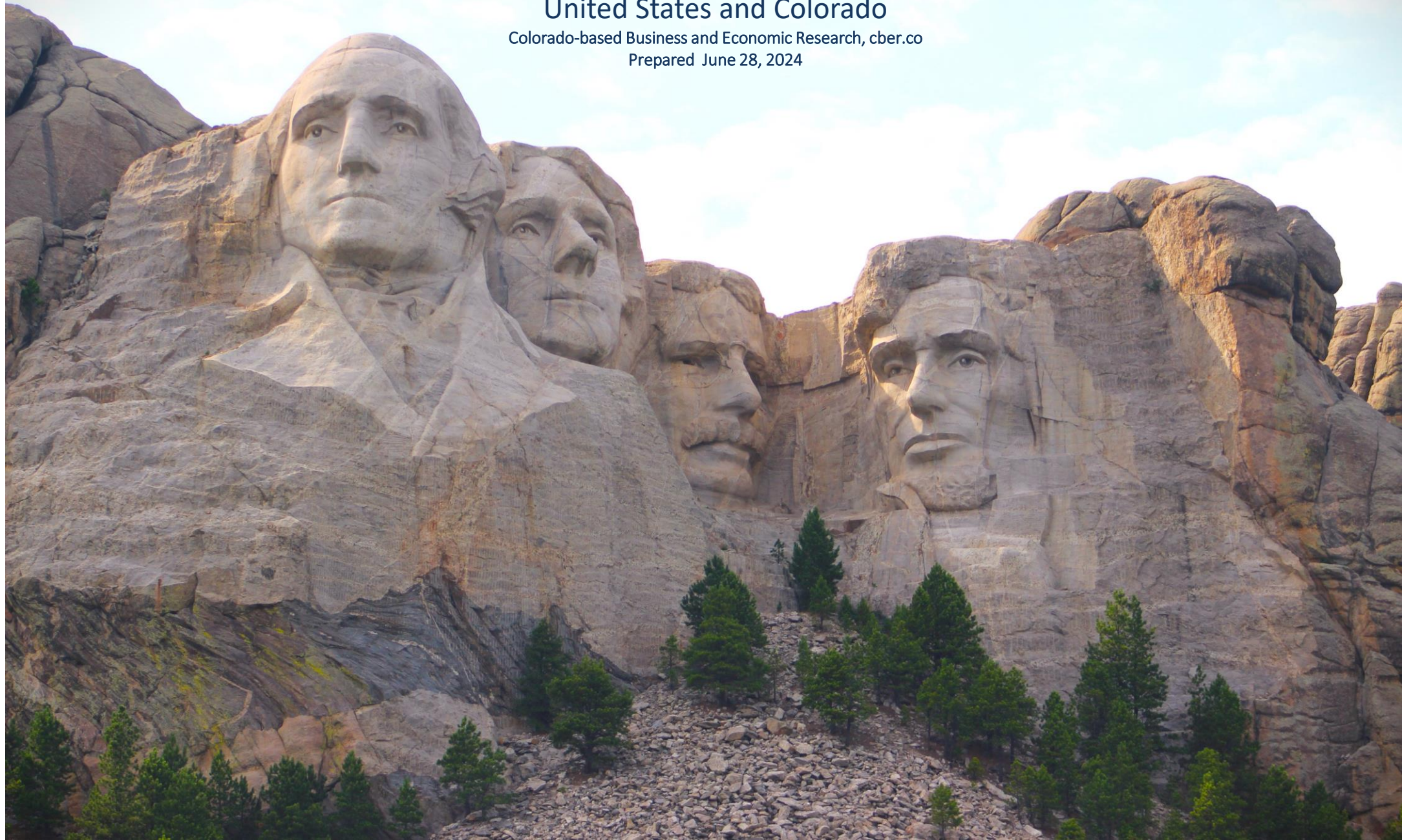


Economic Outlook and Trends through May 2024

United States and Colorado

Colorado-based Business and Economic Research, cber.co
Prepared June 28, 2024



Economic Outlook and Trends

Purpose and Overview

The purpose of this chartbook is to review the outlook and performance of the U.S. and Colorado economies. Economists continue to have mixed opinions about the future of the U.S. and Colorado economies, although most are more optimistic than one year ago – a recession is unlikely.

There was slower than anticipated growth in Q1 2024. Weak economic growth will continue into Q2 and Q3. Consumers will struggle to balance their savings, debt, investment, and spending as inflation and high interest rates are problematic. Improvement is likely in Q4.

Inflation will continue to follow a bumpy path downward to the target rate.

Earlier in the year, some business leaders expected six rate cuts for 2024. It now appears there may be one or two rate cuts in 2024.

Businesses will face the same challenges as consumers. In addition, they will face various workforce issues.

Contents

This chartbook highlights the following topics.

- U.S. Forecast, U.S. and Colorado Gross Domestic Product, Real Disposable Personal Income Per Capita
- Colorado Population
- U.S. and Colorado Employment, Unemployment, and Earnings
- U.S. and Colorado Inflation
- Saving, Borrowing, Delinquency, Consumption, and the Wealth Effect
- U.S. Indicators
- Colorado Indicators
- Trends and Forecast

U.S. Forecast, Gross Domestic Product, and Disposable Income

United States Forecast

United States Forecast

United States Forecast

The Conference Board (TCB) U.S. Economic Forecast is the base for this analysis. There were minor changes in the June forecast.

False Alarms

- Beginning in the second half of 2022, TCB called for a shallow recession at the end of 2022 or early 2023.
- The August 2023 forecast called for a mild recession in Q4 2023 and Q1 2024.
- More recently, TCB called for negative real GDP growth in Q2 and Q3 of 2024 (So far, it is slower, but not negative).
- In these cases, the TCB forecasts made sense at the time, but the recessions or slowdowns did not happen.

What is Likely to Happen

- As inflation dropped, discussions changed from rate hikes to rate cuts. There are many reasons for the uncertainty about the number and timing associated with the number of cuts. TCB calls for two rate cuts.
- There will not be a recession in 2024; however, real GDP growth will be less than 1.0% in Q2 and Q3.

Drivers

The TCB forecast identified the following drivers:

- Spending on infrastructure investments will continue to support growth.
- The labor markets will remain tight but resilient.
- The housing market has been tentative, which is an improvement.
- There appears to be a light at the end of the tunnel for inflation reduction; however, the final part of the journey will be on a bumpy road.

Headwinds

The TCB forecast identified the following headwinds:

- High interest rates have curtailed business investment.
- The labor force is shrinking as companies retain workers and Baby Boomers retire.
- Political volatility caused by fiscal policy and government debt could impact government spending.
- Slower gains in personal income, reduced savings levels, and increased consumer debt have reduced personal consumption.
- Consumers will struggle to balance their income, debt, savings, and spending.
- There are concerns about a housing bubble and a bear market. We will see.

U.S. Real GDP Growth

The Conference Board Forecast (June 13, 2024)

Real GDP and Economic Growth

The Conference Board forecast projects real GDP growth of 2.0% in 2024. Real disposable income will increase by 1.2%, and Real personal consumption will increase by 1.9% in 2024. Residential investment will increase by 5.9% in 2024, and non-residential investment will change by 2.8%. Government spending will be solid in 2024 (2.9%), down from 4.1% in 2023.

Other Economic Factors

There will be slower growth in exports in 2024, a decrease from 2.6% to 1.6%. The U.S. unemployment rate will be 4.0% in 2024. The annual PCE inflation will be 2.4% in 2024, and the core rate will be 2.6%. Rate cuts may begin in late 2024 (there may be two), and the Fed Funds rate will decline to 4.875%. Rates will reach 3.375% in 2025.

Conference Board US Real GDP Growth Forecast

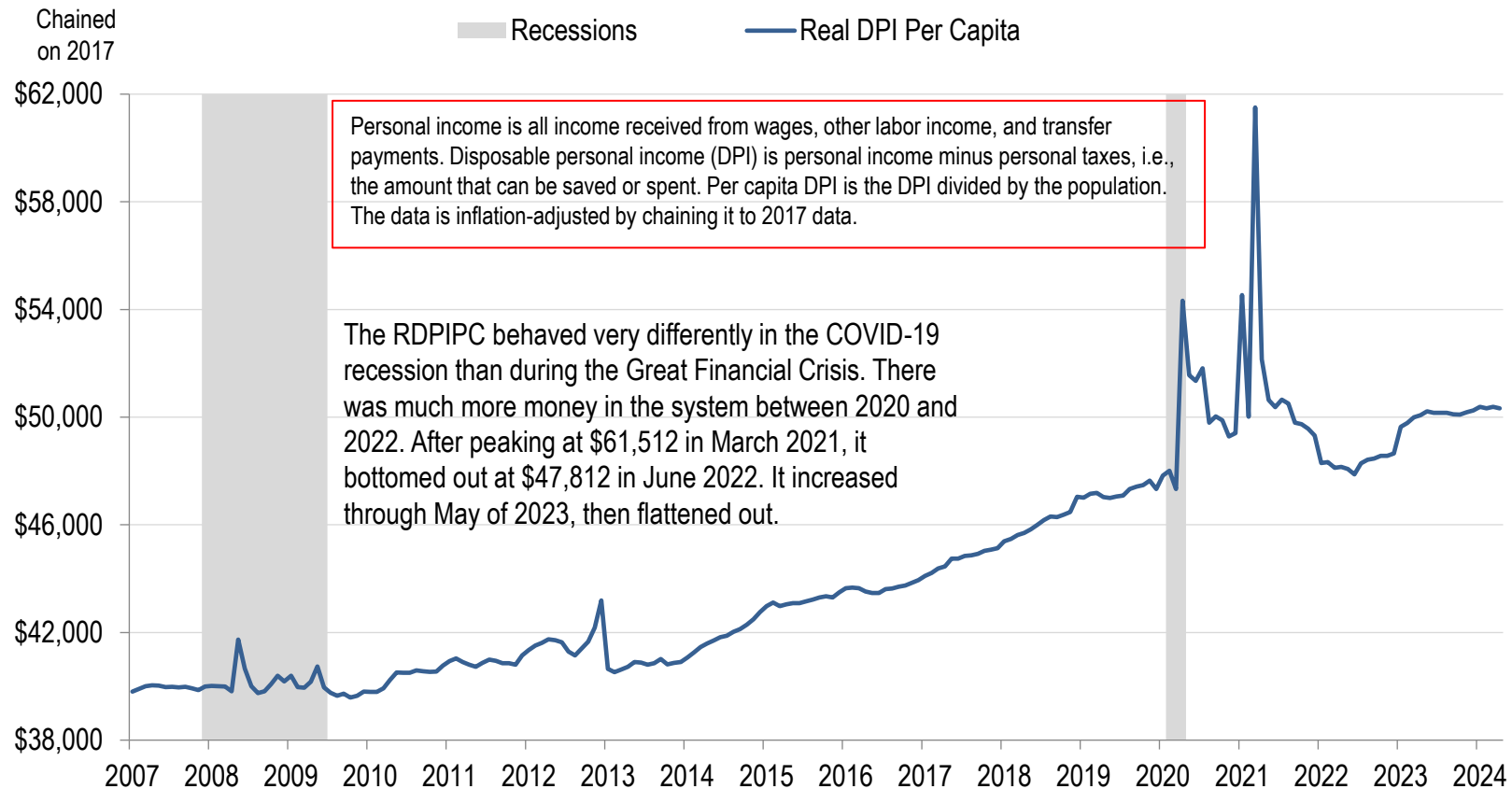
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2023	2024	2025
Real GDP	2.2%	2.1%	4.9%	3.4%	1.3%	0.8%	0.6%	1.2%	2.5%	2.0%	1.5%
Real Disposable Income	10.8%	3.3%	0.5%	0.9%	1.9%	0.7%	0.5%	1.0%	4.1%	1.2%	1.4%
Real Personal Consumption	3.8%	0.8%	3.1%	3.3%	2.0%	1.2%	0.5%	1.0%	2.2%	1.9%	1.3%
Residential Investment	-5.3%	-2.2%	6.7%	2.8%	15.4%	4.0%	1.0%	2.0%	-10.6%	5.9%	2.8%
Nonresidential Investment	5.7%	7.4%	1.5%	3.8%	3.3%	2.0%	1.1%	2.1%	4.5%	2.8%	2.6%
Total Gov't. Spending	4.8%	3.3%	5.8%	4.6%	1.3%	2.0%	2.2%	2.4%	4.1%	2.9%	2.3%
Exports	6.8%	-9.3%	5.4%	5.0%	1.2%	0.7%	0.5%	2.0%	2.6%	1.6%	2.2%
Unemployment Rate	3.5%	3.6%	3.7%	3.7%	3.8%	3.9%	4.1%	4.2%	3.6%	4.0%	4.0%
PCE Inflation (%Y/Y)	5.0%	3.9%	3.3%	2.8%	2.8%	2.6%	2.5%	2.4%	3.7%	2.4%	2.0%
Core PCE Inflation (%Y/Y)	4.8%	4.6%	3.8%	3.2%	2.8%	2.6%	2.5%	2.4%	4.1%	2.6%	2.0%

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

Real Disposable Personal Income Per Capita

United States

Real Disposable Personal Income Per Capita (RDPIPC)



Real DPI Per Capita (RDPIPC)

In April 2024, RDPIPC was \$50,329. It was down from the prior month and 0.5% greater than April 2023.

The annual 2023 RDPIPC was 3.7% greater than the 2022 value; however, it was below the 2021 value and slightly more than the 2020 value.

RDPIPC (Average)		
Year	RDPIPC	% Change
2016	\$43,659	1.1%
2017	\$44,710	2.4%
2018	\$46,057	3.0%
2019	\$47,226	2.5%
2020	\$50,053	6.0%
2021	\$51,567	3.0%
2022	\$48,317	-6.3%
2023	\$50,111	3.7%

Source: FRED, BEA, SAAR, chained on 2017 dollars cber.co. Note that the RDPIPC was previously chained on 2012 data.

Population – The Economy – People Fill Jobs

Change in Population

By Place in Colorado

Change in Colorado Population by Place

Rank	Place	July 1, 2020	July 1, 2023	Change
1	Colorado Springs city	480,331	488,664	8,333
2	Aurora city	386,773	395,052	8,279
3	Castle Rock town	73,886	81,415	7,529
4	Windsor town	33,230	40,349	7,119
5	Commerce City city	62,782	68,245	5,463
6	Erie town	30,417	35,269	4,852
7	Parker town	58,879	62,743	3,864
8	Grand Junction city	65,725	69,412	3,687
9	Castle Pines city	11,215	14,747	3,532
10	Greeley city	109,272	112,609	3,337
11	Timnath town	6,740	9,991	3,251
12	Loveland city	76,366	79,352	2,986
13	Frederick town	14,724	17,676	2,952
14	Severance town	7,993	10,820	2,827
15	Thornton city	142,185	144,922	2,737
16	Berthoud town	10,613	13,238	2,625
17	Broomfield city	74,490	76,860	2,370
18	Brighton city	40,293	42,477	2,184
19	Johnstown town	17,369	19,511	2,142
20	Firestone town	16,663	18,589	1,926

The U.S. Census Bureau recently released the 2023 population for 270 incorporated places in Colorado. The lists are ranked by change (last column).

At the top of the list were Colorado Springs, Aurora, Castle Rock, Windsor, and Commerce City.

At the bottom of the list are Arvada, Boulder, Westminster, Fountain, and Centennial.

If your city or town is not on the list, go to <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html>.

Change in Colorado Population by Place

Rank	Place	July 1, 2020	July 1, 2023	Change
251	Lone Tree city	14,280	14,063	-217
252	Manitou Springs city	4,876	4,622	-254
253	La Junta city	7,314	7,033	-281
254	Lakewood city	156,247	155,961	-286
255	Vail town	4,818	4,521	-297
256	Aspen city	6,997	6,612	-385
257	Greenwood Village city	15,649	15,205	-444
258	Federal Heights city	14,394	13,943	-451
259	Sterling city	13,407	12,954	-453
260	Longmont city	99,188	98,630	-558
261	Wheat Ridge city	32,379	31,804	-575
262	Louisville city	21,174	20,390	-784
263	Pueblo city	111,899	111,077	-822
264	Denver city	717,606	716,577	-1,029
265	Littleton city	45,595	44,451	-1,144
266	Centennial city	108,196	106,883	-1,313
267	Fountain city	29,894	28,489	-1,405
268	Westminster city	116,594	114,875	-1,719
269	Boulder city	108,123	105,898	-2,225
270	Arvada city	124,343	121,414	-2,929

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

Change in Colorado Population 2020 vs 2023

By State and County

County Population and Change		
County	July 1, 2023	2023-2020
Colorado (state)	5,877,610	92,391
Weld	359,442	27,984
Douglas	383,906	23,583
Adams	533,365	12,865
El Paso	744,215	11,831
Larimer	370,771	10,848
Mesa	159,681	3,670
Elbert	28,806	2,590
Broomfield	76,860	2,370
Fremont	50,318	1,440
Montrose	44,156	1,338
Chaffee	20,617	1,133
Pueblo	169,422	1,085
Garfield	62,707	913
Custer	5,534	811
Arapahoe	656,061	789
Archuleta	14,189	765
La Plata	56,407	734
Park	18,117	699
Delta	31,746	690
Montezuma	26,531	644
Morgan	29,524	448

County Population and Change		
County	July 1, 2023	2023-2020
Gunnison	17,321	371
Saguache	6,688	299
Ouray	5,176	294
Alamosa	16,655	278
Routt	25,064	232
Huerfano	7,055	228
Bent	5,681	208
Grand	15,935	188
Dolores	2,513	182
Costilla	3,628	126
Gilpin	5,926	106
San Juan	802	91
Conejos	7,521	70
Mineral	944	70
Moffat	13,327	58
Rio Blanco	6,569	49
Washington	4,855	42
Cheyenne	1,727	-19
Hinsdale	765	-23
Lake	7,365	-43
Phillips	4,476	-51
Crowley	5,636	-52

County Population and Change		
County	July 1, 2023	2023-2020
Kit Carson	6,994	-68
Jackson	1,309	-70
Kiowa	1,384	-71
Sedgwick	2,299	-90
Yuma	9862	-109
Teller	24,617	-127
Baca	3,344	-136
Las Animas	14,348	-142
Lincoln	5,480	-182
San Miguel	7,868	-186
Clear Creek	9,147	-246
Prowers	11,751	-266
Rio Grande	11,188	-353
Otero	18,136	-528
Summit	30,465	-536
Logan	20,619	-591
Pitkin	16,640	-715
Denver	716,577	-1,029
Eagle	54,381	-1,276
Boulder	326,831	-4,107
Jefferson	576,366	-6,715

County Change in Population

The U.S. Census Bureau recently released the 2023 population for Colorado's 64 counties (sorted by the change in population between 2023 and 2020).

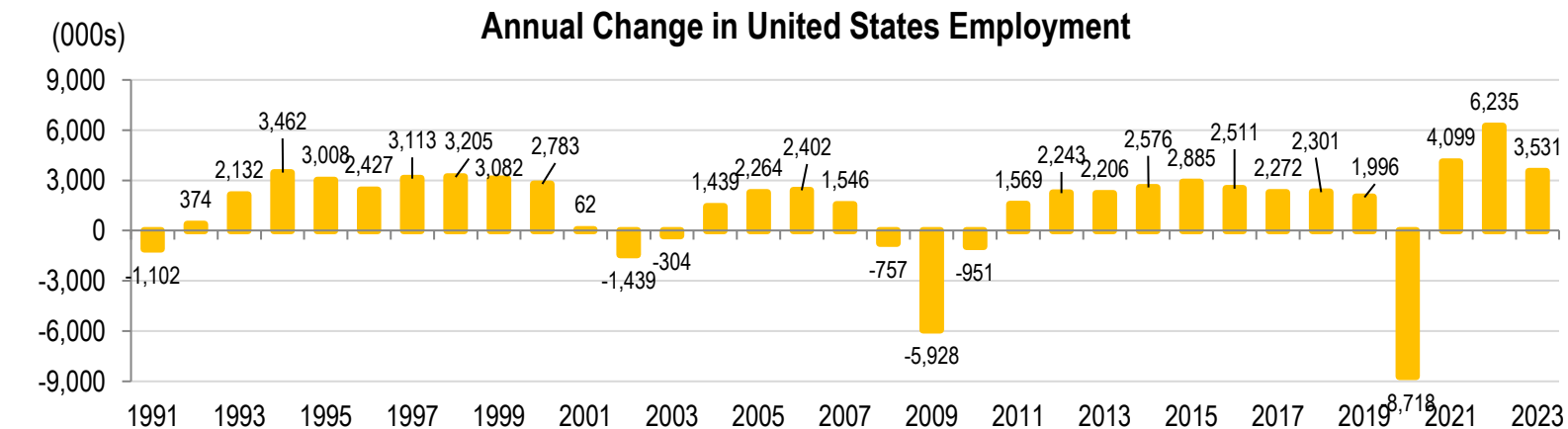
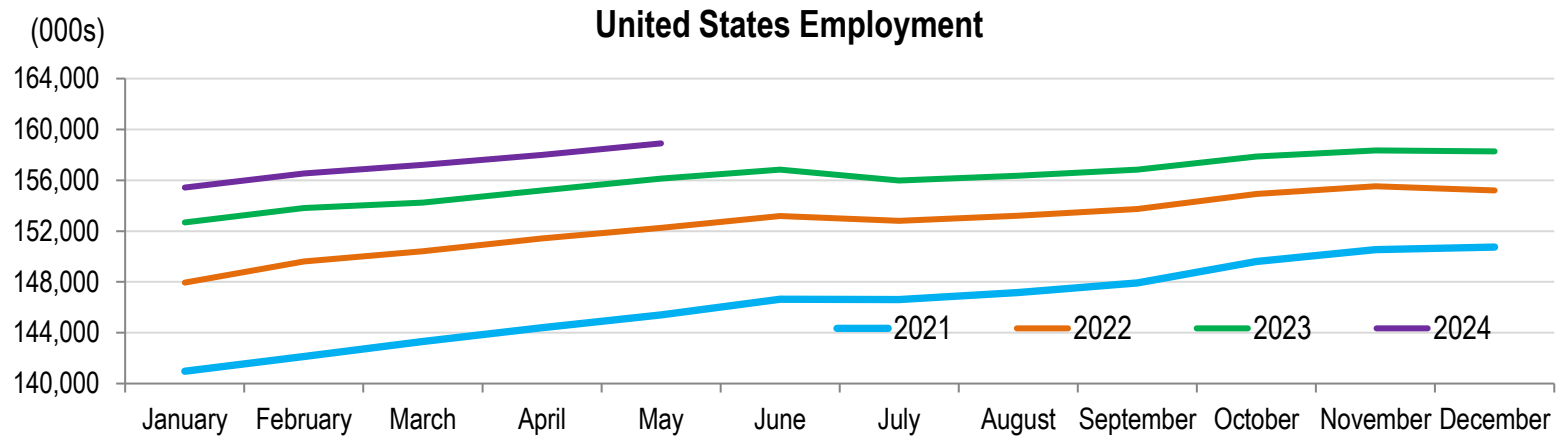
The state population increased by 92,391, with the most growth in Weld, Douglas, Adams, El Paso, and Larimer. The population declines in 26 counties, most notably Jefferson, Boulder, Eagle, Denver, and Pitkin.

Source: U.S. Census Bureau, <https://www.census.gov/data/tables/time-series/demo/popest/2020s-counties-total.html#cber.co>.

U.S. and Colorado Employment and Unemployment and Earnings

Employment and Change in Employment

United States



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

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

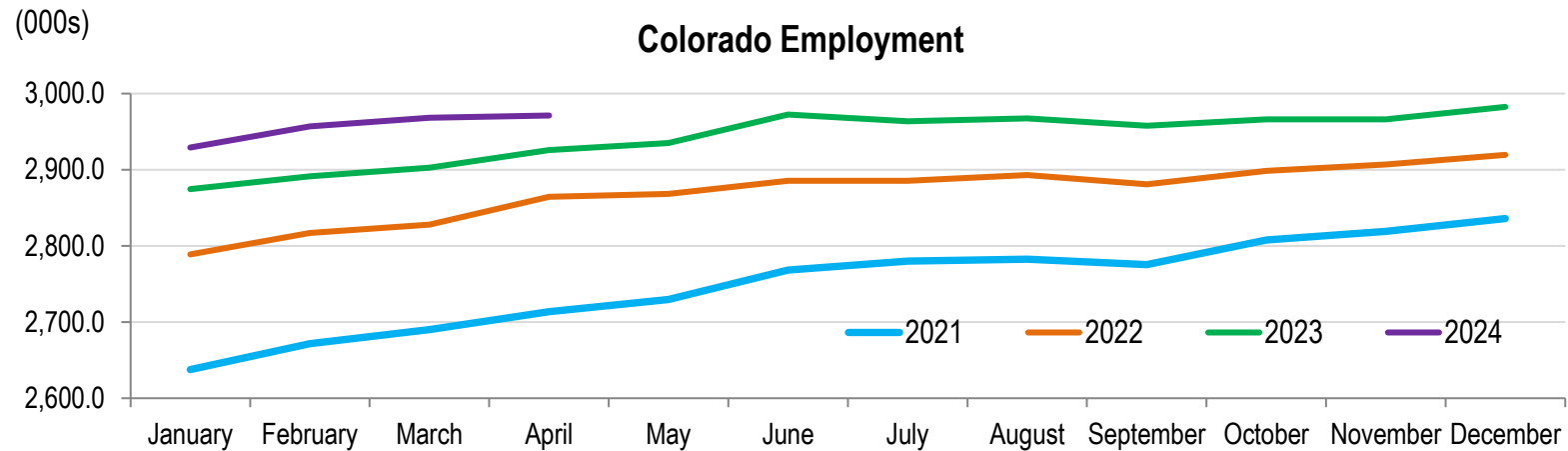
U.S. Employment

Average total employment through May 2024 was 157.2 million, 1.8% greater than for the same period last year. The average monthly change in employment for 2024 is 280,000.

Average total employment for 2023 was 156.1 million, an increase of 2.3% or about 3.5 million over 2022. The average monthly change in employment for 2023 was 294,200.

As seen in the chart (lower left), YOY changes in total employment from 2012 to 2019 ranged from a low of 2.0 million in 2019 to a high of 2.9 million in 2015.

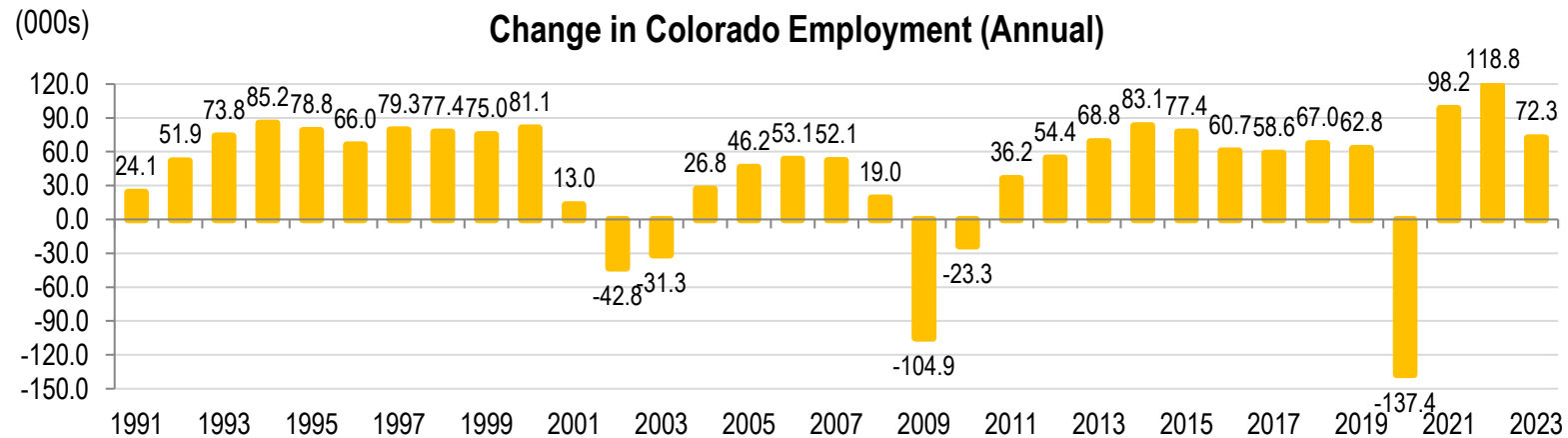
Employment and Change in Employment Colorado



Colorado Employment and Change
Through May 2024, the average total Colorado employment was 2,971,100.

The average YOY change in annual employment (NSA) through May 2024 was 57,400.

The average YOY change in monthly employment for 2024 is 4,783 per month.



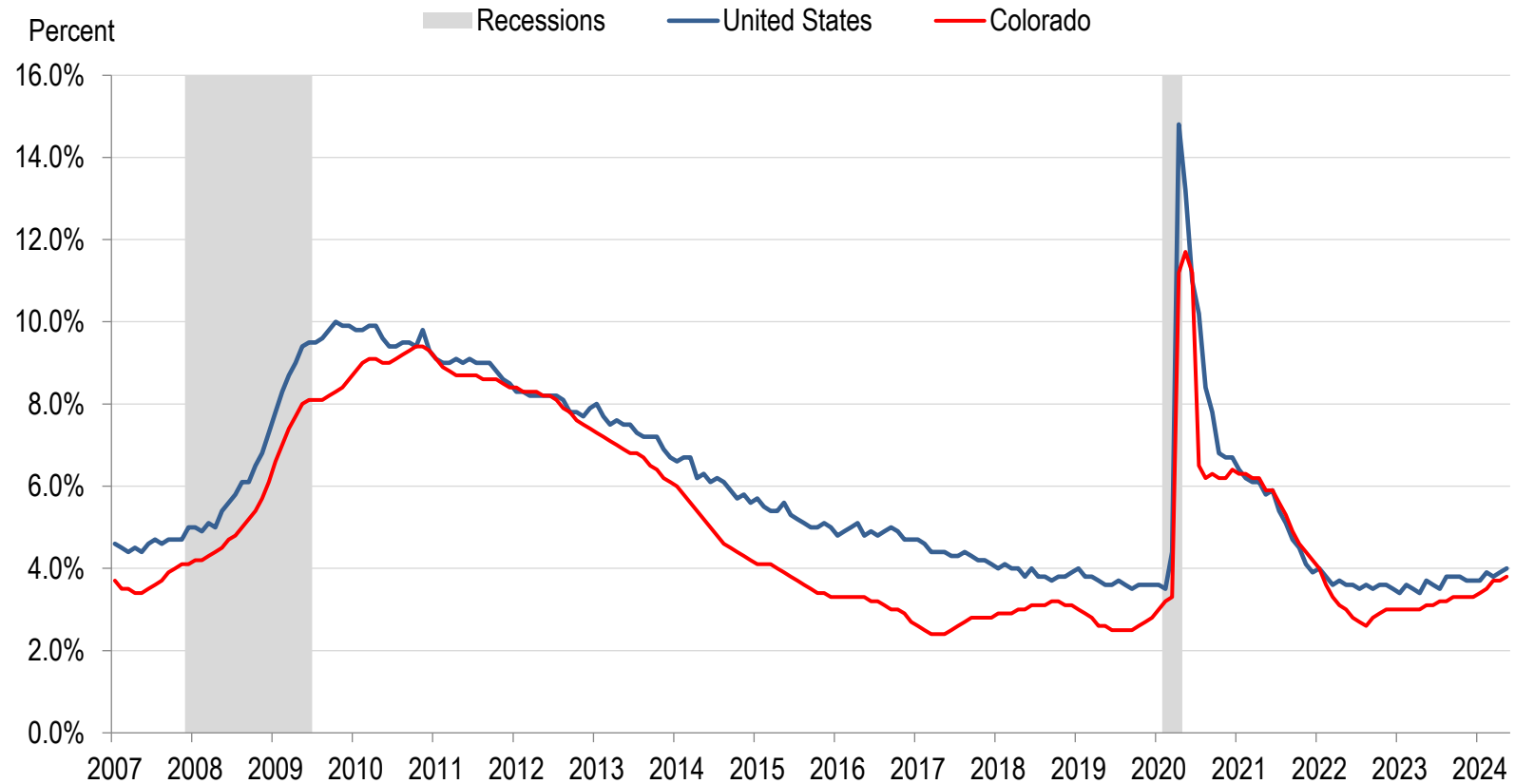
By comparison, the change in the average monthly employment from 2012 to 2019 was 5,500 per month.

The average annual Colorado employment for 2023 was about 72,300 (See lower chart). In 2023, employment changed by an average of 6,025 per month.

Unemployment Rate

United States and Colorado

U.S. and Colorado Unemployment



Source: BLS, SA, cber.co.

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

S.A. Unemployment Rate

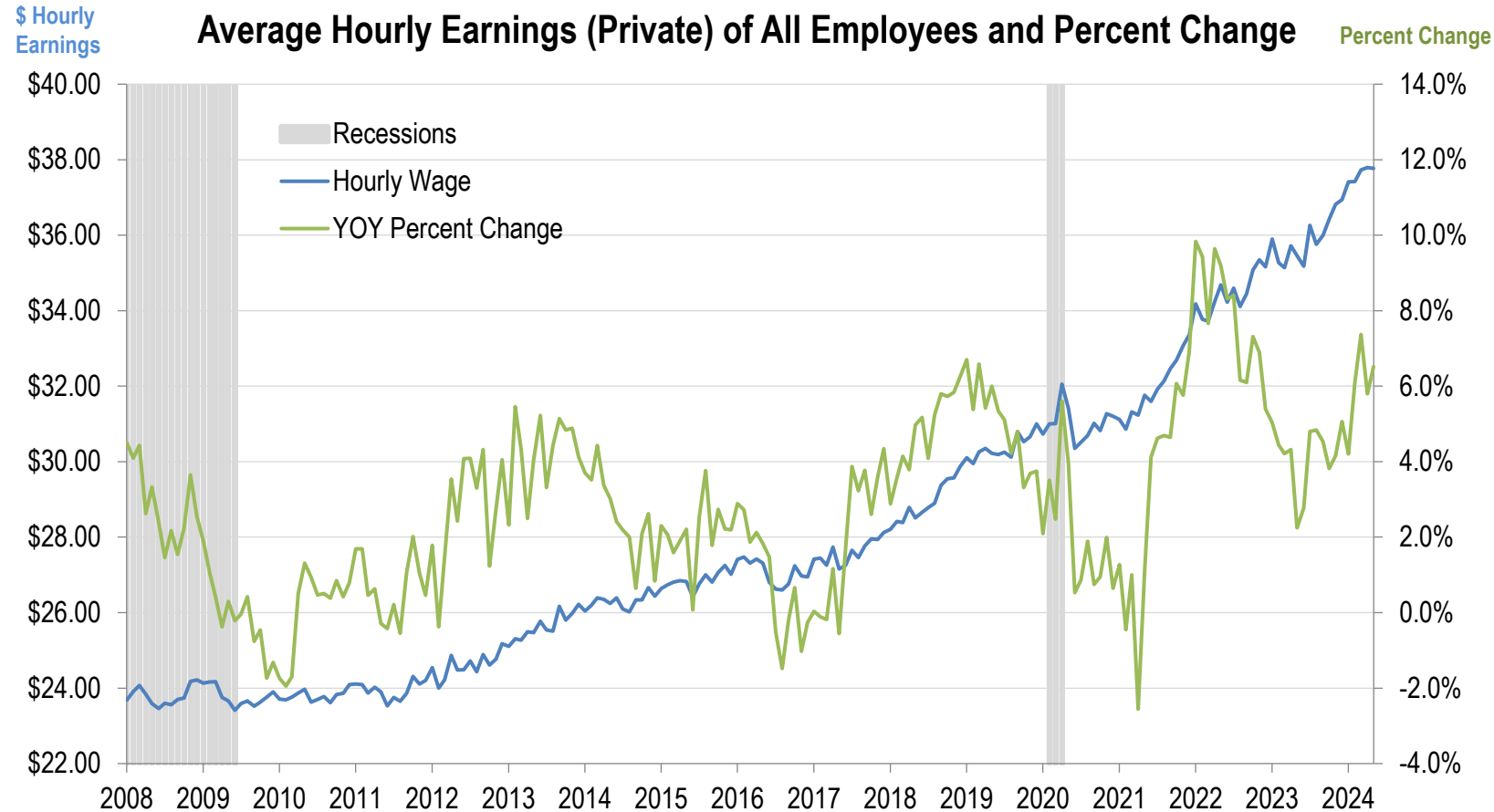
The Colorado unemployment rate was 3.8% (red) in May 2024, and the U.S. rate was 4.0% (blue).

The May rate for men was 4.3% and 3.3% for women. It was 2.4% for individuals with some college education, 4.3% for a high school diploma, and 8.2% for less than a high school diploma.

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%
2023	3.6%	3.2%

Average Hourly Earnings of All Employees (Private) Colorado



Source: BLS, NSA, cber.co.

Hourly Earnings, Percent Change, and CPI
The May 2024 private hourly earnings for Colorado (blue) were \$37.77, a YOY increase of 6.5% (green).

The rate of YOY earnings growth peaked at 9.4% in February 2022.

For 2021 through 2023, the change in hourly earnings was less than the increase in inflation. It is currently above the inflation rate.

Colorado Hourly Earnings and Change

Year	CO CPI	Earnings	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%
2023	5.2%	\$35.91	4.2%

Source: BLS, cber.co

Colorado Employment and Change in Employment

Colorado Employment and Change, Wage Category, Change in Percentage Share			
Industry Sector	Emp. vs. YOY		
	May 2024	YOY Change	Percent YOY
Private vs. government employees			
Total Employment	2,991.1	55.4	1.9%
Private	2,496.9	29.9	1.2%
Government	494.2	25.5	5.4%

Highlights

Private vs. Government

Through the first five months of 2024, government employment accounted for 46.0 % of the change in total employment.

Over this period, private sector employment increased by 1.2% and Government employment increased by 5.4%.

Colorado Employment and Change, Wage Category, Change in Percentage Share			
Industry Sector	Emp. vs. YOY		
	May 2024	YOY Change	Percent YOY
Sectors with more than 145,000 employees			
Healthcare	332.8	12.7	4.0%
Prof., Scientific, and Tech, Services (PST)	299.8	8.6	3.0%
Food and Accommodation (F&A)	294.7	5.8	2.0%
Local Government	291.4	14.3	5.2%
Retail Trade	273.8	-0.3	-0.1%
Financial Activities	184.7	4.3	2.4%
Construction	182.5	-2.3	-1.2%
Administrative Services	158.9	-0.3	-0.2%
Manufacturing	152.3	0.9	0.6%
State Government	145.9	9.2	6.7%

Highlights

Sectors with > 145,000 Employment (Sorted by Size)

Through the first five months of 2024, net employment for the top ten sectors increased by 52,900. Employment increased in seven sectors. Leaders in job growth were local government, healthcare, state government, PST, and F&A.

Colorado Employment and Change, Wage Category, Change in Percentage Share			
Industry Sector	Emp. vs. YOY		
	May 2024	YOY Change	Percent YOY
Sectors with less than 145,000 employment			
Other Services (Personal)	129.0	2.0	49.4
Wholesale Trade	116.4	-1.4	20.8
Transp., Warehousing, and Utilities (TWU)	111.6	-3.8	39.4
Information	75.4	-2.5	-28.0
Arts, Entertainment, Recreation (AER)	64.2	3.6	25.4
Federal Government	57.0	2.4	3.5
Education (Private)	51.2	4.3	29.4
Mgmt. of Corporations/Enterprises (MCE)	46.7	0.1	28.7
Extractive Industries	22.2	0.8	10.0

Highlights

Sectors with < 145,000 Employment (Sorted by Size)

Through the first five months of 2024, net employment increased by 2,500. Employment increased in six of the nine sectors. Leaders in job growth were private education, AER federal government, and other services.

Inflation

From “Transitory Inflation” to “Higher for Longer”

Inflation Trends

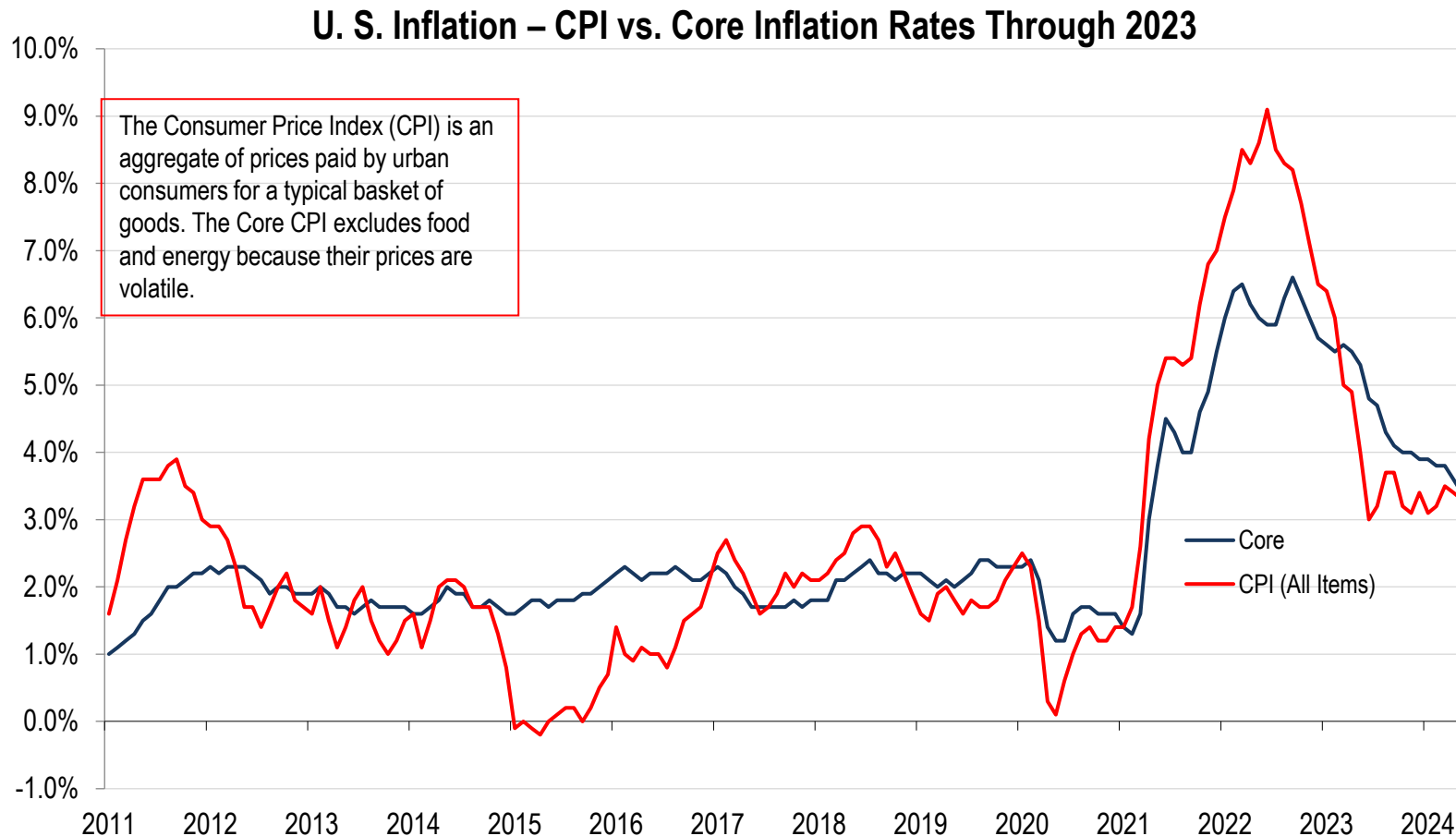
- U.S. inflation has decreased since the NSA CPI rate peaked at 9.1% in June 2022, and the core rate topped at 6.6% in September 2022.
- Some economists thought inflation would return to the Federal Reserve target rate of 2.0% by the end of 2023. In December 2023, the CPI rate had fallen to 3.4%, and the core rate had dropped to 3.9%. In 2024, the CPI rate continued to decline and move sideways. The restrictive monetary policy will not return the inflation rate to the target rate (2.0%) in 2024.
- The peak for the PCE Price Index, the FOMC preferred measure of inflation, was 7.1% in June 2022. The PCE Price Index was 2.6% in December 2023. It was 2.7% in March 2024, and the core PCE rate was 2.8%.
- The annual Denver MSA CPI has been more than the U.S. CPI for eight of the past ten years (see table on the right).
- For 2021, 2022, and 2023, the U.S. and Denver MSA CPI inflation rate increased by 17.7%, a CAGR of 5.7%.
- Stubborn inflation will not return to the target rate until 2025, i.e., higher for longer. The FOMC will not begin rate cuts until it is comfortable that inflation is under control. Patience is required. There may be two interest rate cuts in 2024.

Year	Annual CPI	
	U.S.	Denver MSA
2014	1.5%	2.8%
2015	-0.4%	1.2%
2016	1.0%	2.8%
2017	2.1%	3.4%
2018	2.5%	2.7%
2019	1.7%	1.9%
2020	1.2%	2.0%
2021	5.3%	3.5%
2022	8.5%	8.0%
2023	3.8%	5.2%

Source: BLS, cber.co

CPI Inflation

U.S. CPI vs. Core Inflation



U.S. CPI vs. Core Inflation
In May 2024, the CPI rate (red) was 3.3%, and the core rate (blue) was 3.4%.

The CPI rate peaked at 9.1% in June 2022. By December 2022, the YOY CPI rate had dropped to 6.5%. In December 2023, the rate was 3.9%.

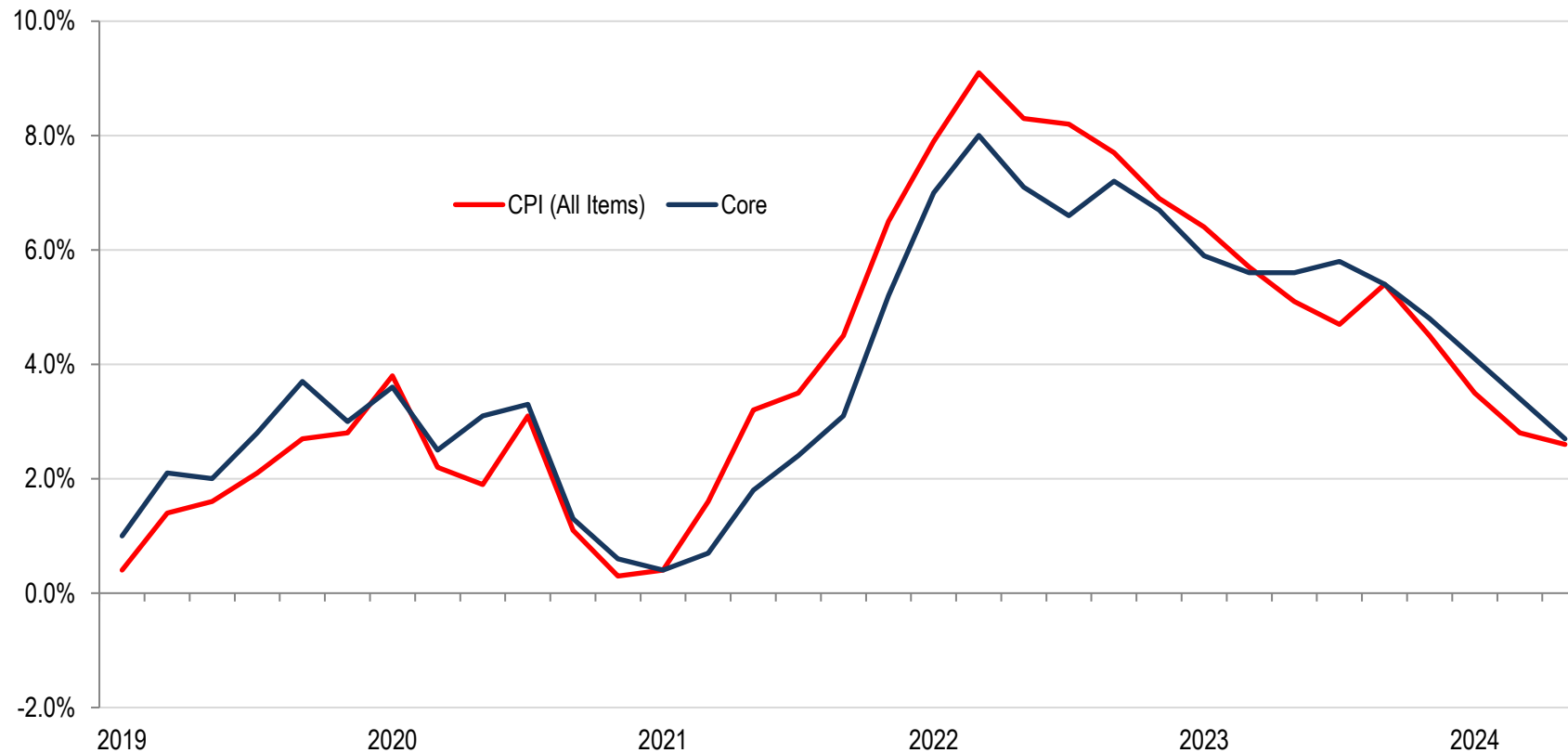
Core inflation peaked at 6.6% in September 2022 and declined to 5.7% in December 2022. In December 2023, it was 4.2%.

The inflation rate is declining; however, consumers struggle with the accumulated effects of three years of inflation. The war on inflation will continue into 2025. It may be Q2 2025 before the rate drops to the Fed's target rate.

Bi-Monthly Change in Denver MSA CPI

All Items vs. Core

Denver MSA All Items CPI vs. Core (All Items less Food and Energy)



Denver MSA CPI vs. Core Inflation

The Denver MSA inflation rate is generally higher than the U.S. rate. Note that the Colorado rate is only published bi-monthly.

May 2024 was an exception. The U.S. CPI rate was 3.3%, and the Denver MSA rate was 2.6%. The U.S. March core rate was 3.4% compared to 2.7% for the Denver MSA.

Denver areas of concern are:

- Shelter 4.0%
- Energy services 5.6%
- Food away from home 5.6%. Prices are 31% above May 2021.

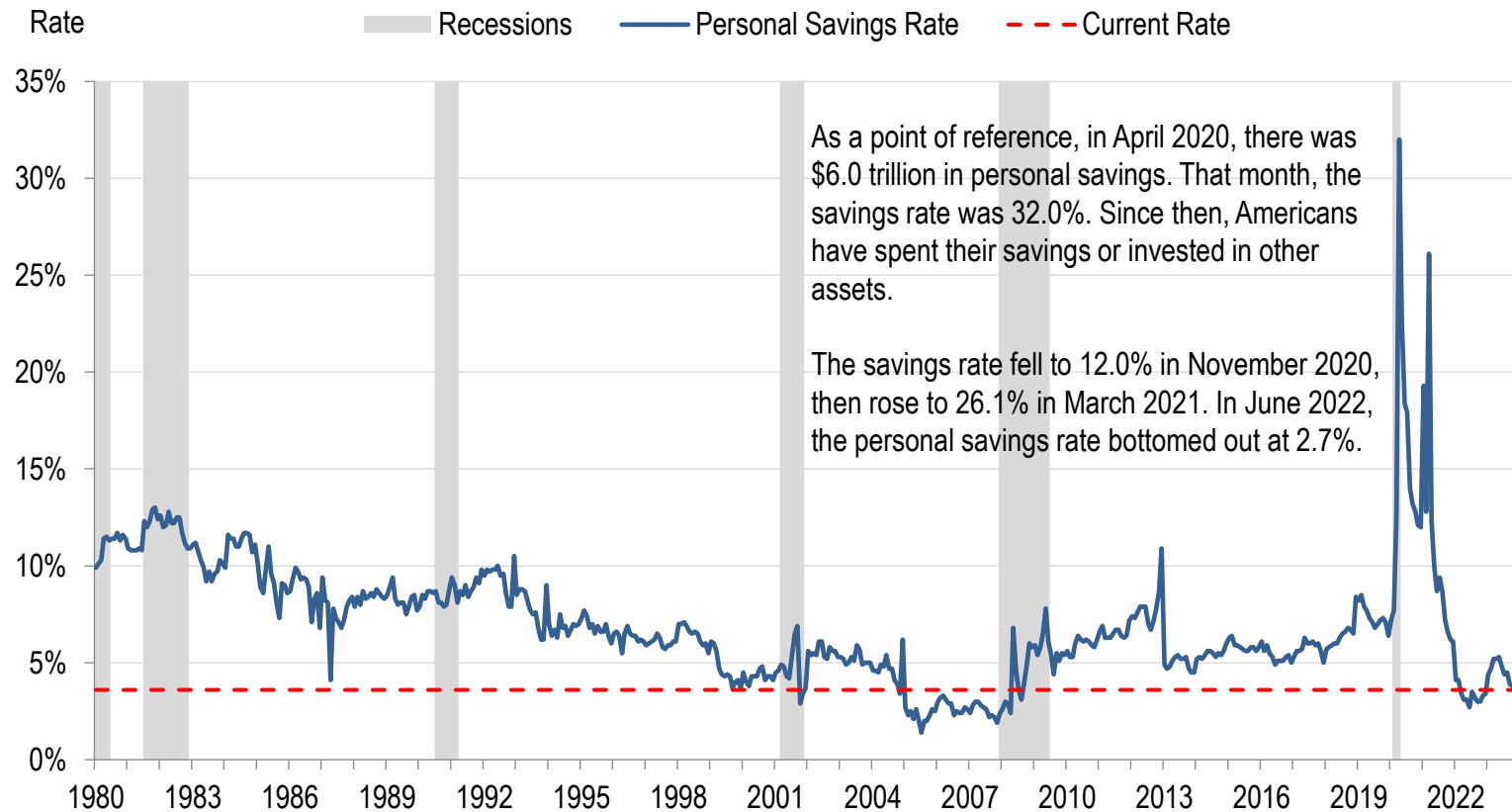
Source: Bureau of Labor Statistics, NSA, Note: Colorado data is only available on a bi-monthly basis since 2019, cber.co.

Saving, Borrowing, Consumption, and the Wealth Effect

U.S. Personal Saving Amount and Rate

Percentage of Disposable Personal Income (DPI)

Personal Savings Rate



Personal Saving Rate

The May 2024 personal savings rate was 3.6%, and savings were \$744.5 billion.

In May 2023, savings were \$1,060.0 billion, and the savings rate was 3.9%. The level of saving has trended downward since then.

Year End Personal Savings (Billions) and Rate

2017	\$748.0	5.0%
2018	\$1,338.9	8.4%
2019	\$1,051.4	6.4%
2020	\$2,085.0	12.0%
2021	\$1,115.2	6.1%
2022	\$561.9	3.4%
2023	\$766.0	3.7%

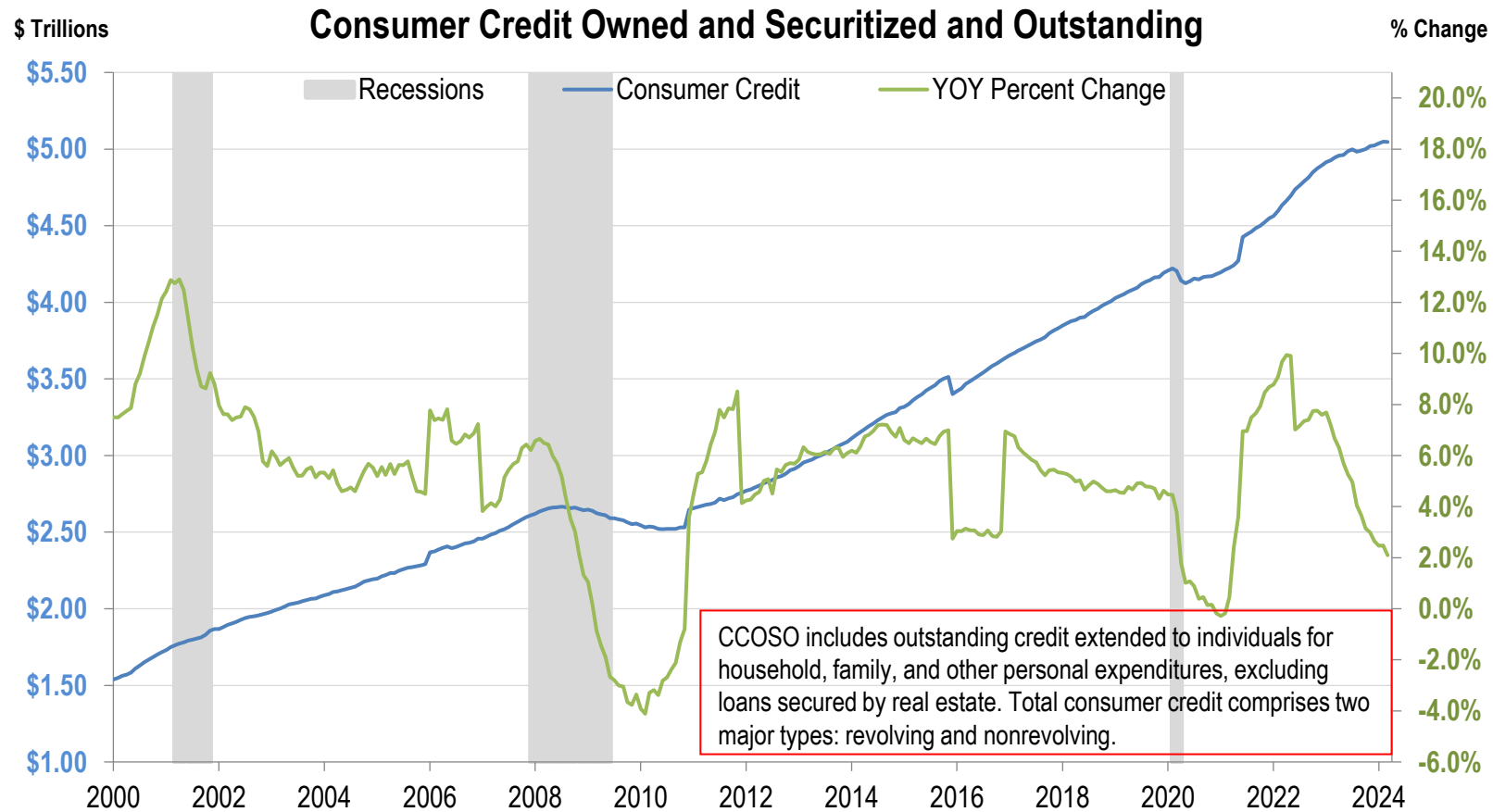
Source: BEA, cber.co

Source: Federal Reserve, FRED, cber.co.

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

U.S. Consumer Credit Outstanding

United States



Consumer Credit

In April 2024, the YOY rate of outstanding consumer credit (including consumer loan defaults) increased by 1.9% (green). Securitized credit has been more than \$4.5 trillion since November 2021 (blue). It was \$5.1 trillion in April.

From Q3 2008 to Q4 2010, consumers deleveraged and decreased the amount of consumer debt. 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 (blue).

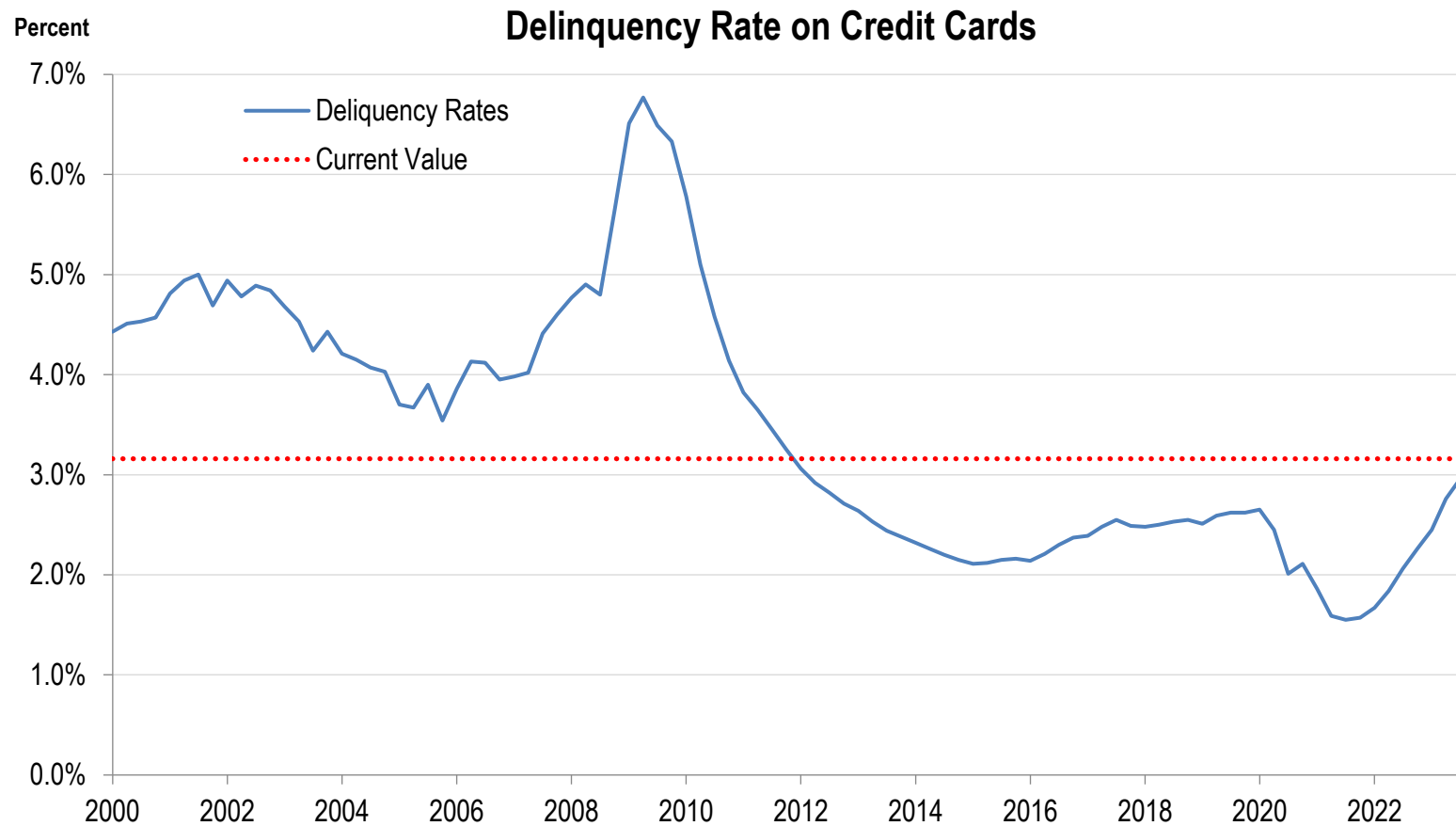
Outstanding Credit (Billions) and Percent Change

Year	Outstanding Credit (Billions)	Percent Change
2017	\$3,738.3	5.9%
2018	\$3,922.6	4.9%
2019	\$4,106.3	4.7%
2020	\$4,168.2	1.5%
2021	\$4,375.6	5.0%
2022	\$4,735.8	8.2%
2023	\$4,969.9	4.9%

Source: FRED, G-19, cber.co

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

Delinquency Rate on Credit Cards



Source: FRED, Federal Reserve, SA.

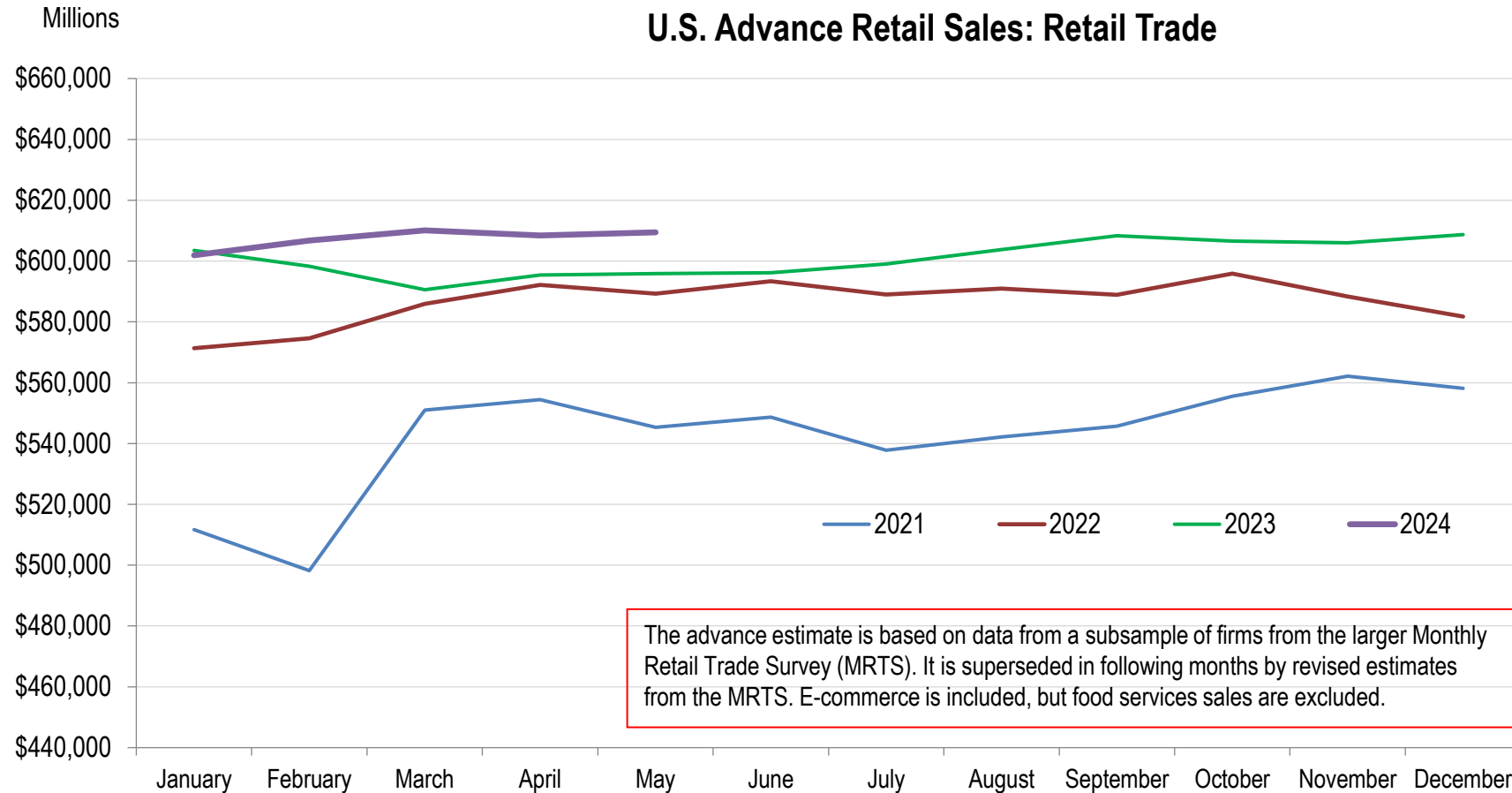
Delinquency Rate on Credit Cards

At the end of Q1 2024, the credit card delinquency rate rose to 3.16% (red dotted line), the highest since Q3 2011. The current delinquency rate is below the rate between 2000 and 2011.

Consumers must balance rising costs (inflation), reduced savings, higher credit card balances, and rising delinquency rates on credit cards.

U.S. Advance Retail Sales: Retail Trade

Monthly



Advance Retail Sales
Retail sales were weak in 2023. Sales have been flat in March, April, and May. YTD sales through May (purple) were 1.8% greater than for the same period in 2023 (green).

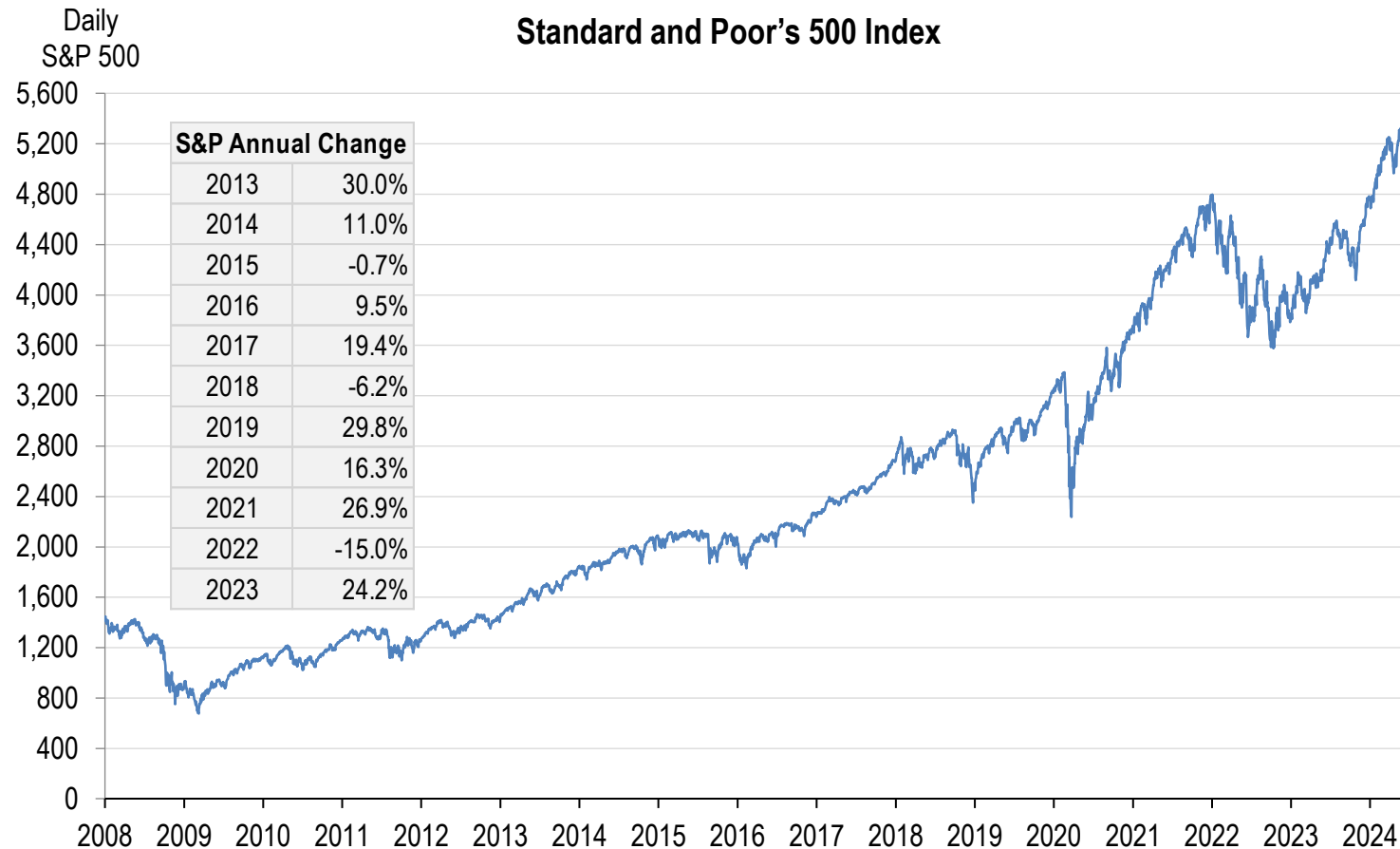
Consumers are spending more than expected, given they have reduced their savings and increased their credit card debt.

Annual Retail Sales (Trillions)		
2017	\$5.04	4.4%
2018	\$5.25	4.2%
2019	\$5.40	2.8%
2020	\$5.56	3.0%
2021	\$6.51	17.0%
2022	\$7.04	8.2%
2023	\$7.21	2.4%

Source: Census, cber.co

Source: U.S. Census Bureau, cber.co. Data updated in April 2024. Note: Not adjusted for inflation.
Colorado-based Business and Economic Research <https://cber.co>

Standard and Poor's 500 Index



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%**

2021 COVID Recovery 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 Bull Market

Helped by a Santa Claus rally in December

December 29, 2023 4,739 YTD change **+24.2%**

2024 Bull Market

June 26 5,477.9 YTD change **+14.8%**.

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

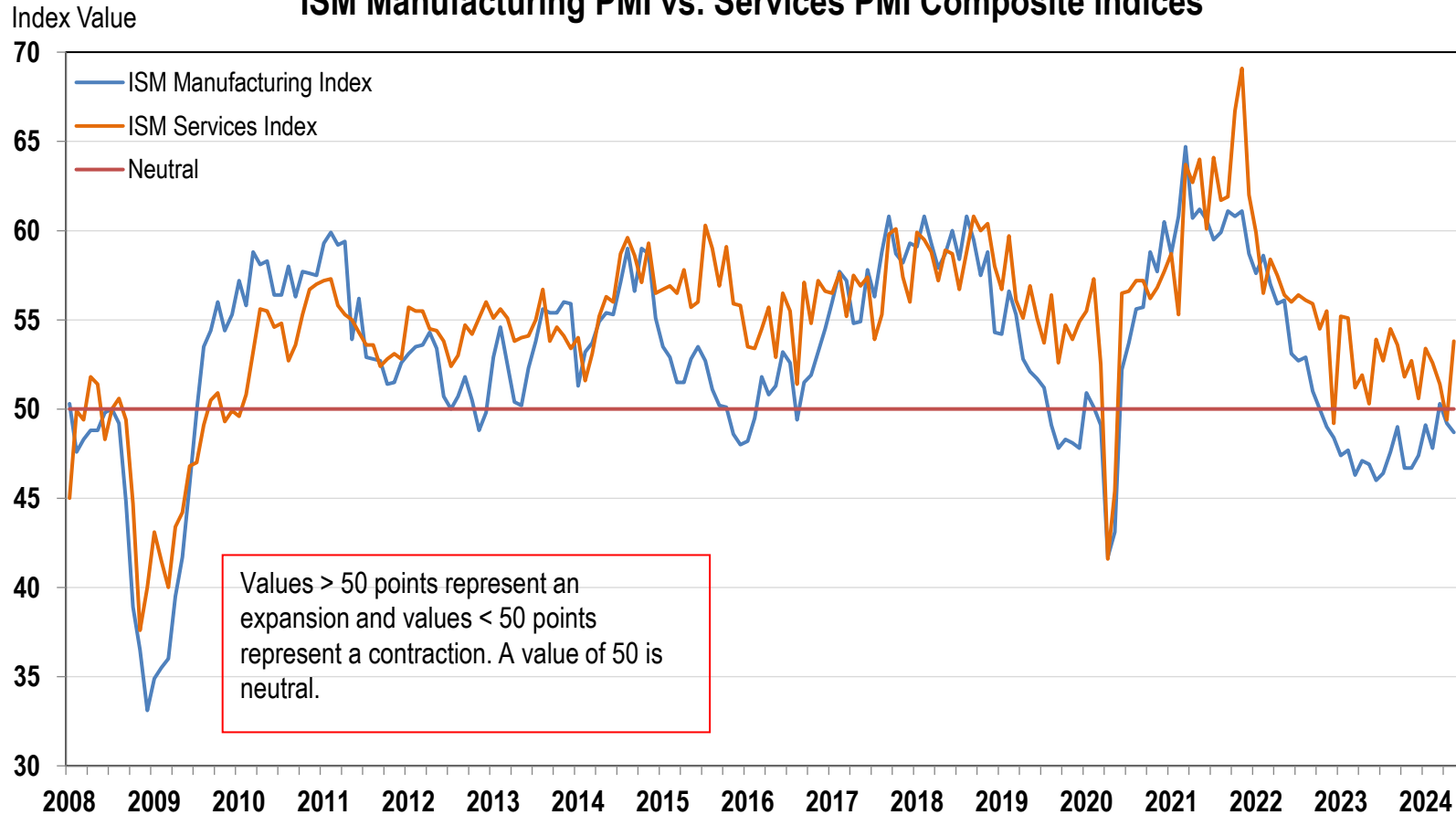
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U.S. Indicators

ISM Purchasing Managers Composite Indices

Manufacturing vs. Services

ISM Manufacturing PMI vs. Services PMI Composite Indices



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

Source: Institute of Supply Management, cber.co.

Manufacturing and Services PMI

The ISM manufacturing index (blue) has trended downward after peaking at 64.7 in March 2021.

It was below 50 for 16 months before posting 50.2 in March 2024. It dropped to 49.2 in April and 48.7 in May. Half of the fourteen manufacturing industries registered growth, and half contracted.

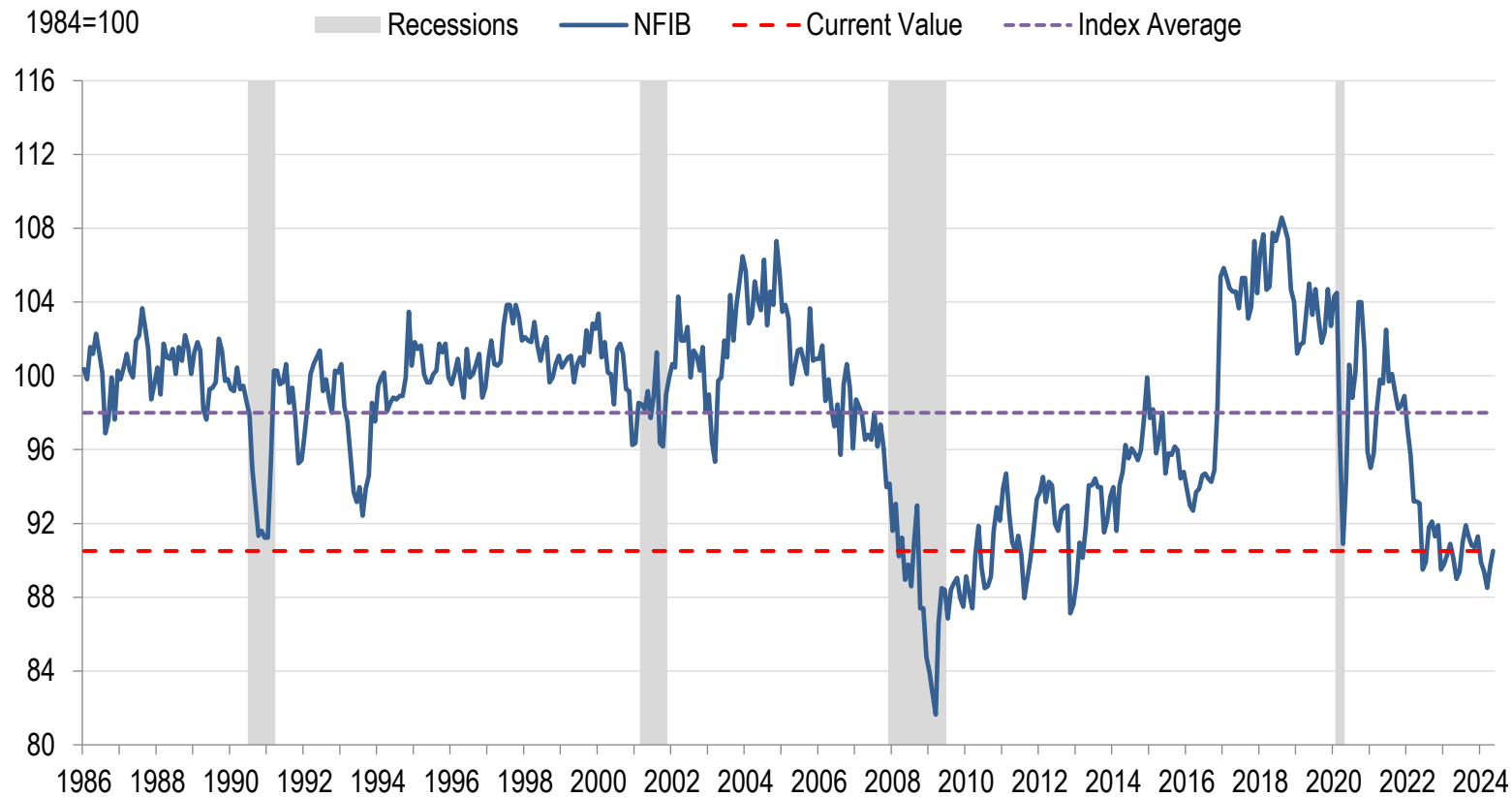
In December 2022, the ISM service index (orange) registered 49.2. Since then, it has been between 50.3 and 55.2 but fell to 49.4 in April 2024. In May, it rebounded to 53.8.

New orders and business activity were higher, although they varied by company and industry. Companies continued to have problems hiring people and managing expenses. Inflation and the current interest rates continue to be problematic.

NFIB Small Business Optimism Index

United States

NFIB Small Business Optimism Index



NFIB Small Business Index

In May 2024, the NFIB index rose by 0.8 to 90.5 (red dotted line), the 29th consecutive month below the 50-year average of 98.0 (purple dotted line). The May value was the best for 2024. Five of the ten indices increased, three decreased, and two were unchanged.

Small businesses have many concerns, in addition to inflation and interest rates. Business conditions are weak, business investment is limited, government debt is out of control, leaders are concerned about tax rates, and the elections have created uncertainty.

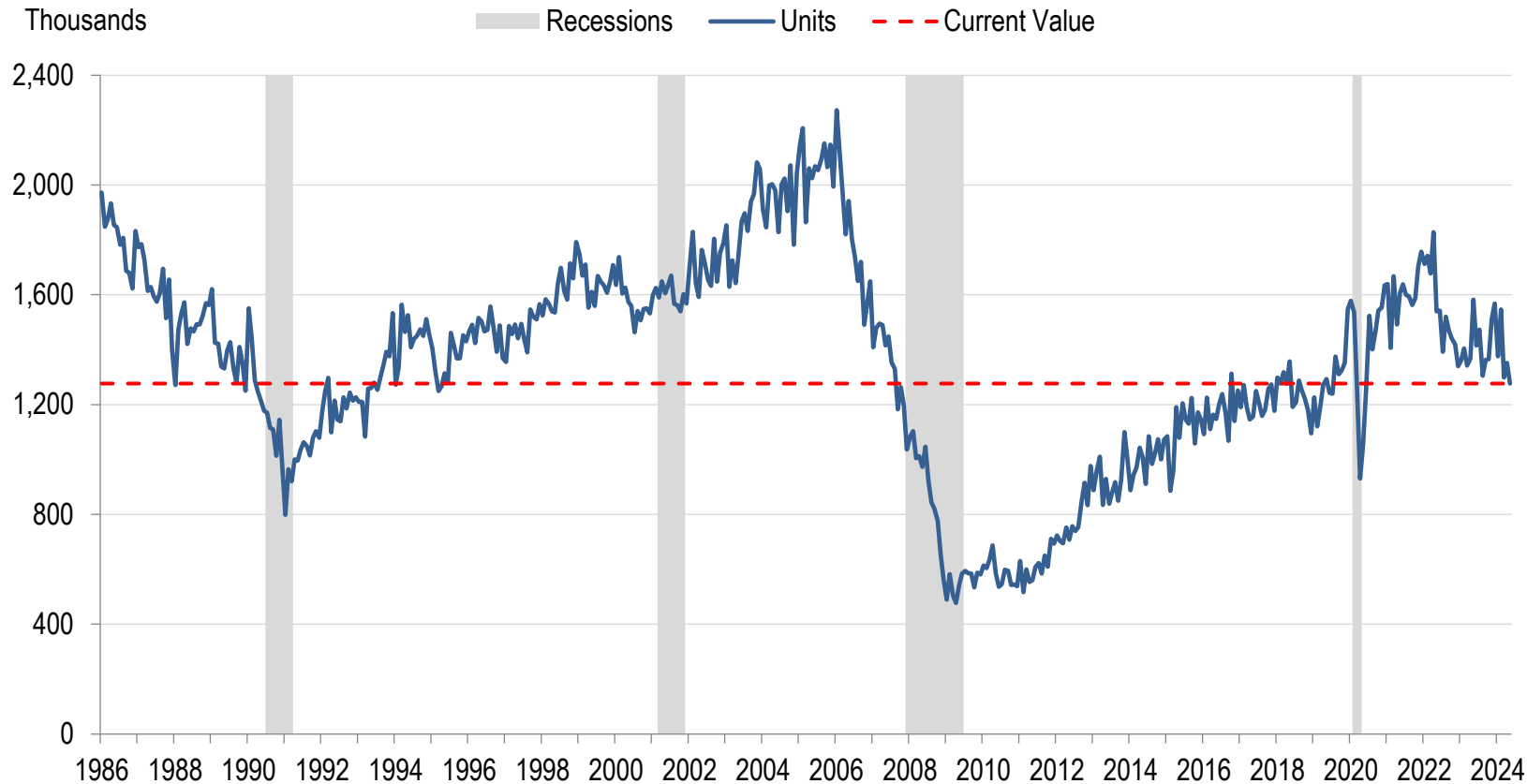
For more details, the NFIB monthly SBET report is available at <https://www.nfib.com/>.

Source: NFIB, cber.co.

New Privately-Owned Housing Units Started

United States

New Privately Owned Housing Units Started



New Privately Owned Housing Units Started

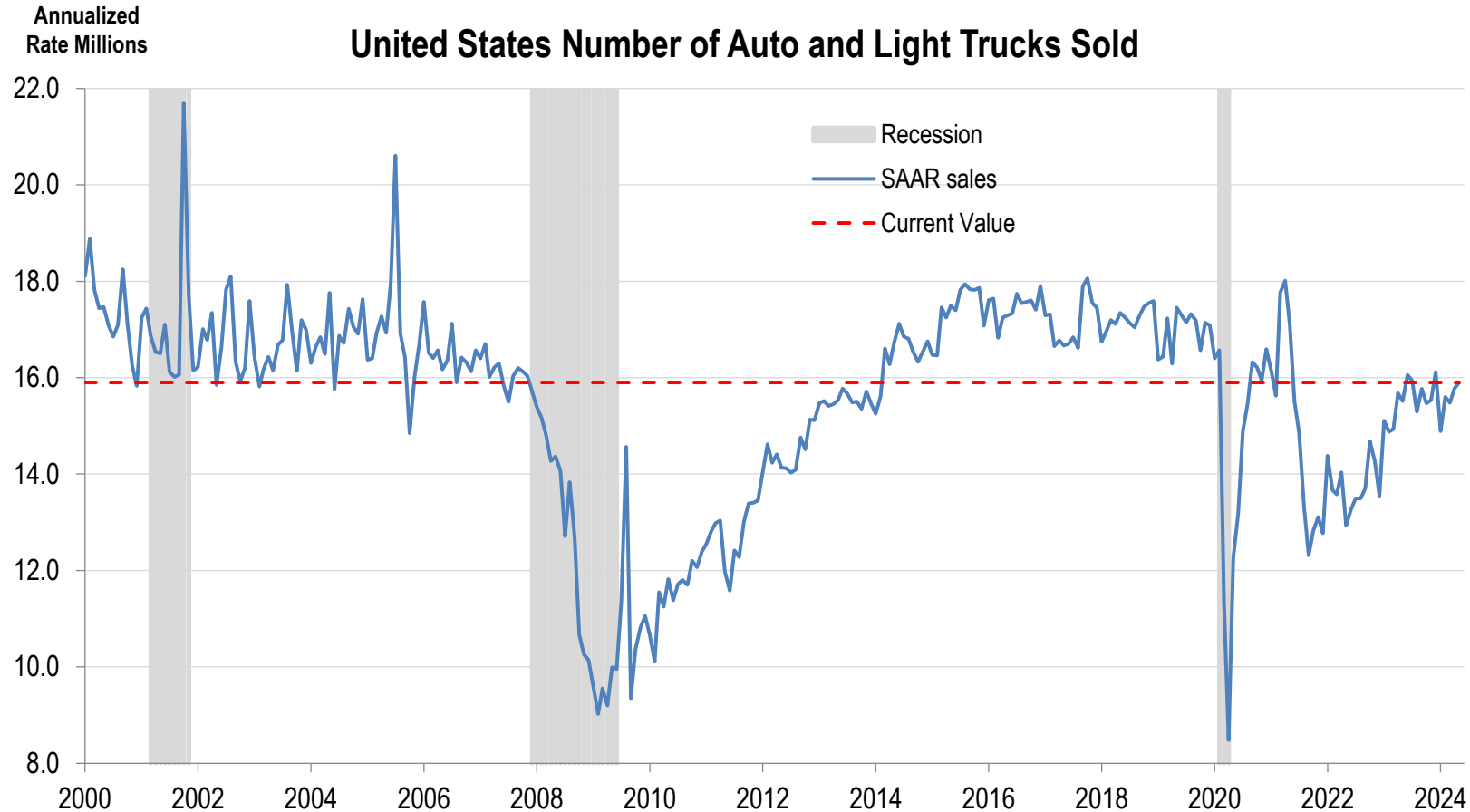
The number of housing starts has been volatile. Starts have been below 1.9 million units SAAR since May 2006. There is demand for housing, even with high interest rates; however, there were only 1.3 million starts in May 2024 (red-dotted line).

Year	Units
2005	2,073
2006	1,812
2007	1,342
2008	900
2009	554
2010	586
2011	612
2012	784
2013	928
2014	1,000
2015	1,107
2016	1,177
2017	1,205
2018	1,247
2019	1,292
2020	1,397
2021	1,606
2022	1,551
2023	1,415

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

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

Monthly (Seasonally Adjusted Annualized Rate in Millions)



ALT Sales SAAR

In May 2024, sales increased to 15.9 million (red dotted line). Sales in 2023 and 2024 ranged from 14.8 to 16.2 million. The industry faces challenges from elevated interest rates, high prices, and a lack of enthusiasm for EVs.

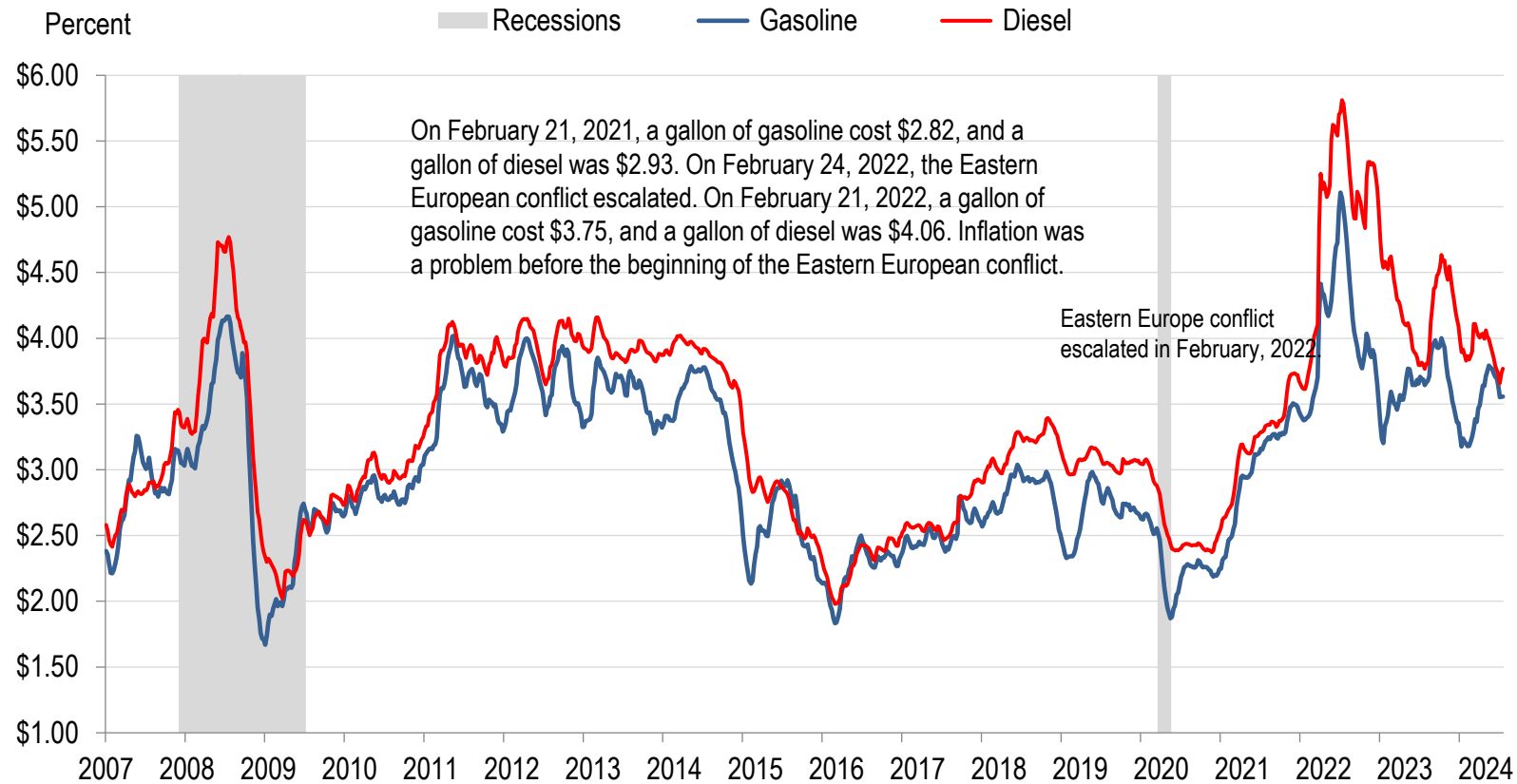
ALT Unit Sales	
Year	Units Sold (Millions)
2016	17.5
2017	17.2
2018	17.2
2019	17.0
2020	14.5
2021	14.9
2022	13.8
2023	15.5

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

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

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

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



Gasoline and Diesel Prices

A gallon of gasoline (blue) was \$2.34 on January 4, 2021. On June 24, 2024, a gallon was \$3.55, down from a peak of \$5.11 on June 30, 2022.

On January 4, 2021, a gallon of diesel (red) was \$2.64. A gallon was \$3.74 on June 24, 2024, compared to its peak of \$5.78 on June 13, 2022.

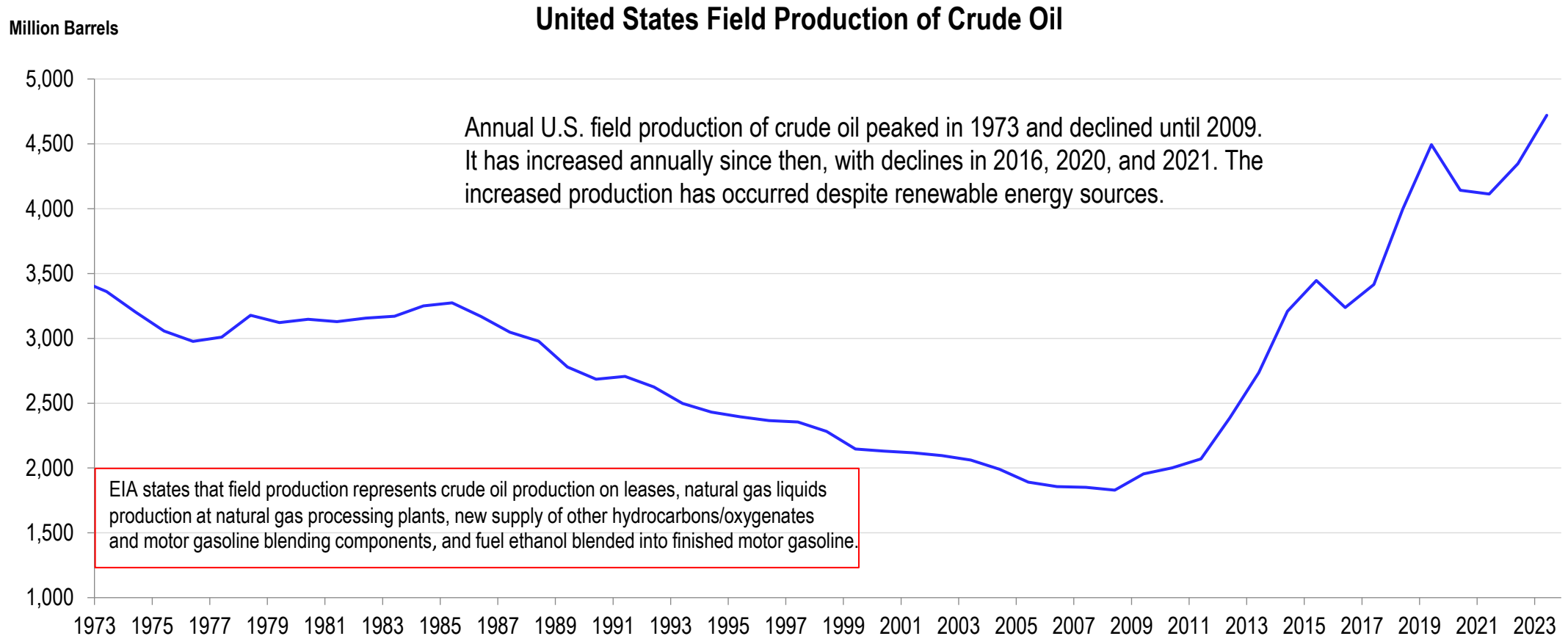
Average Annual Price

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
2023	\$4.21	\$3.63

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.

United States Annual Field Production of Crude Oil

1970 to 2023 (Million Barrels)

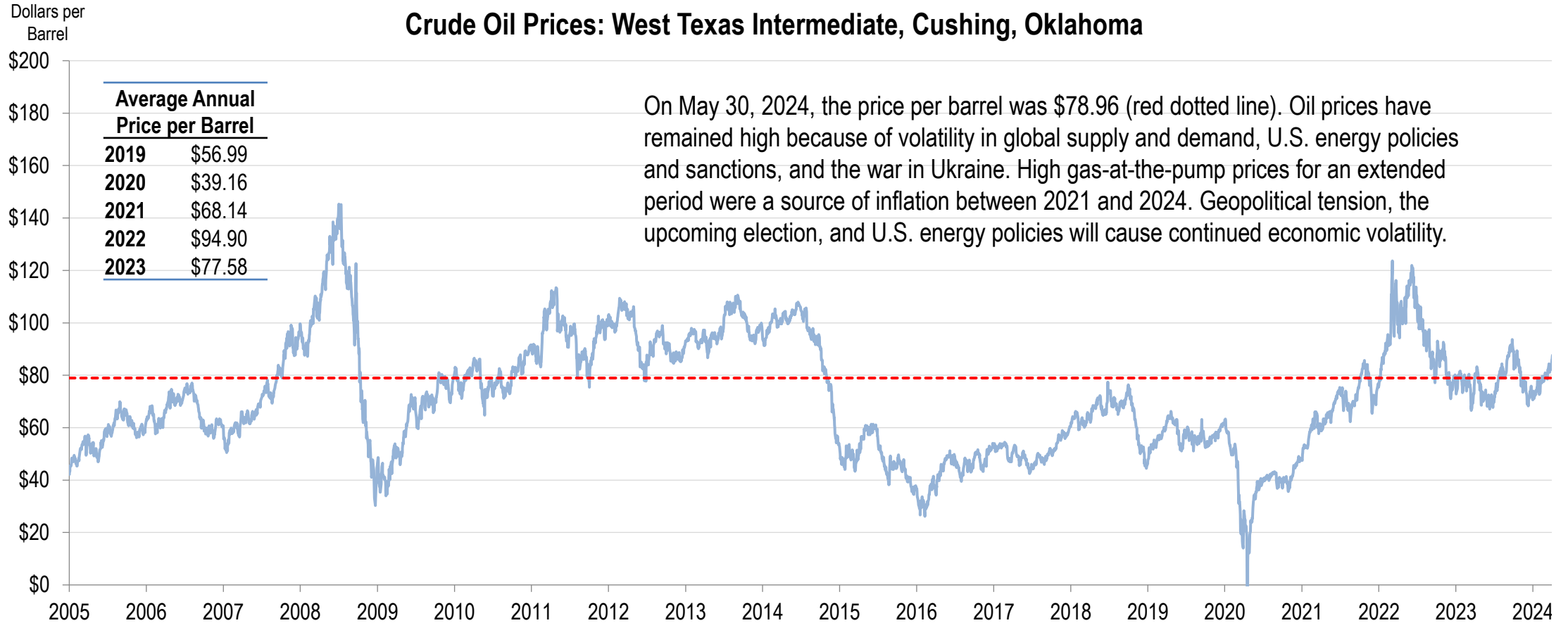


Source: EIA, cber.co.

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Crude Oil Prices

West Texas Intermediate



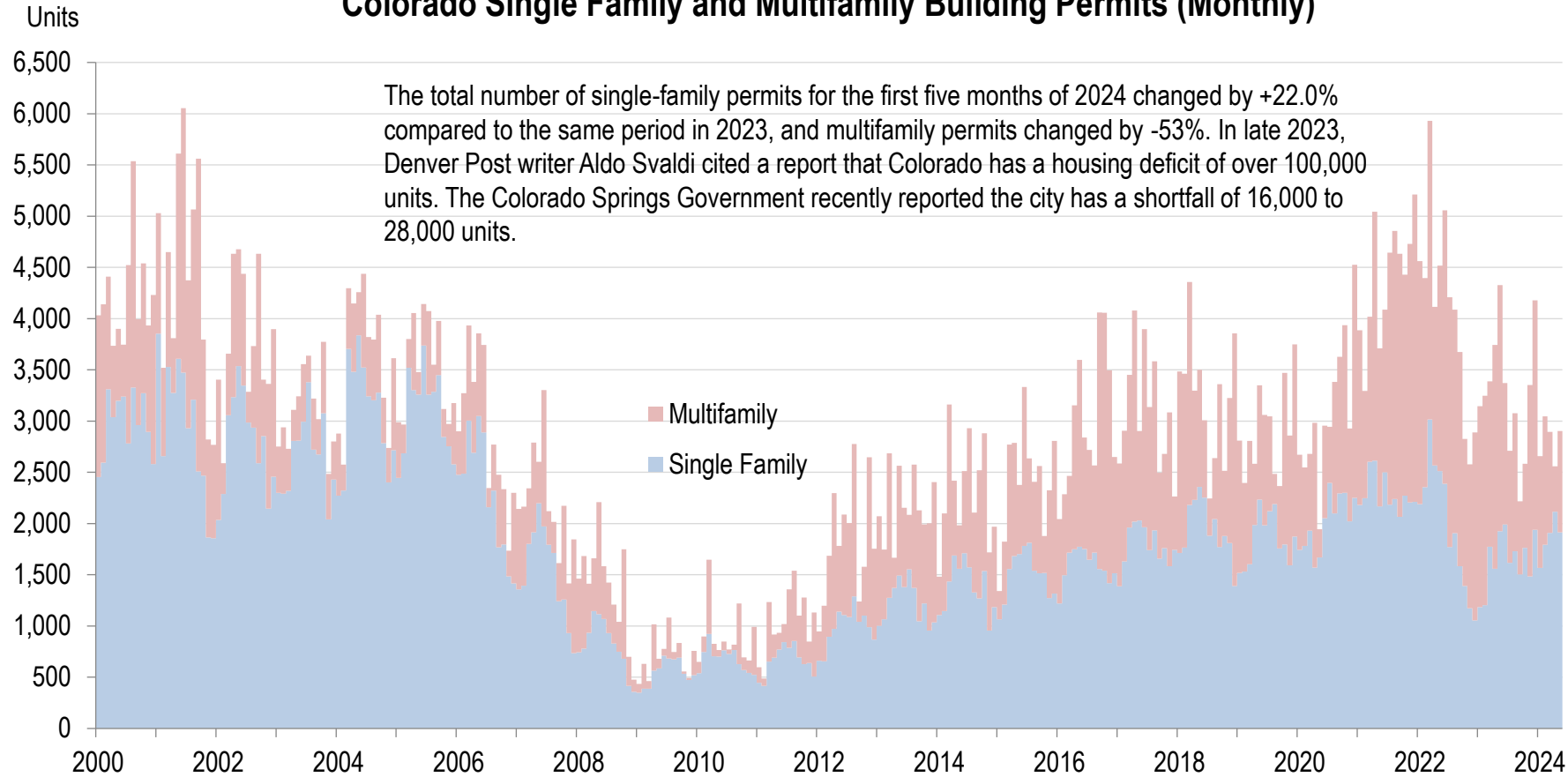
Source: FRED, EIA, cber.co, <https://www.eia.gov/outlooks/steo/#:~:text=U.S.%20crude%20oil%20production%20in,b%2Fd%20set%20in%202019>.

Colorado Indicators

Colorado Residential Building Permits

Single Family and Multifamily Units

Colorado Single Family and Multifamily Building Permits (Monthly)

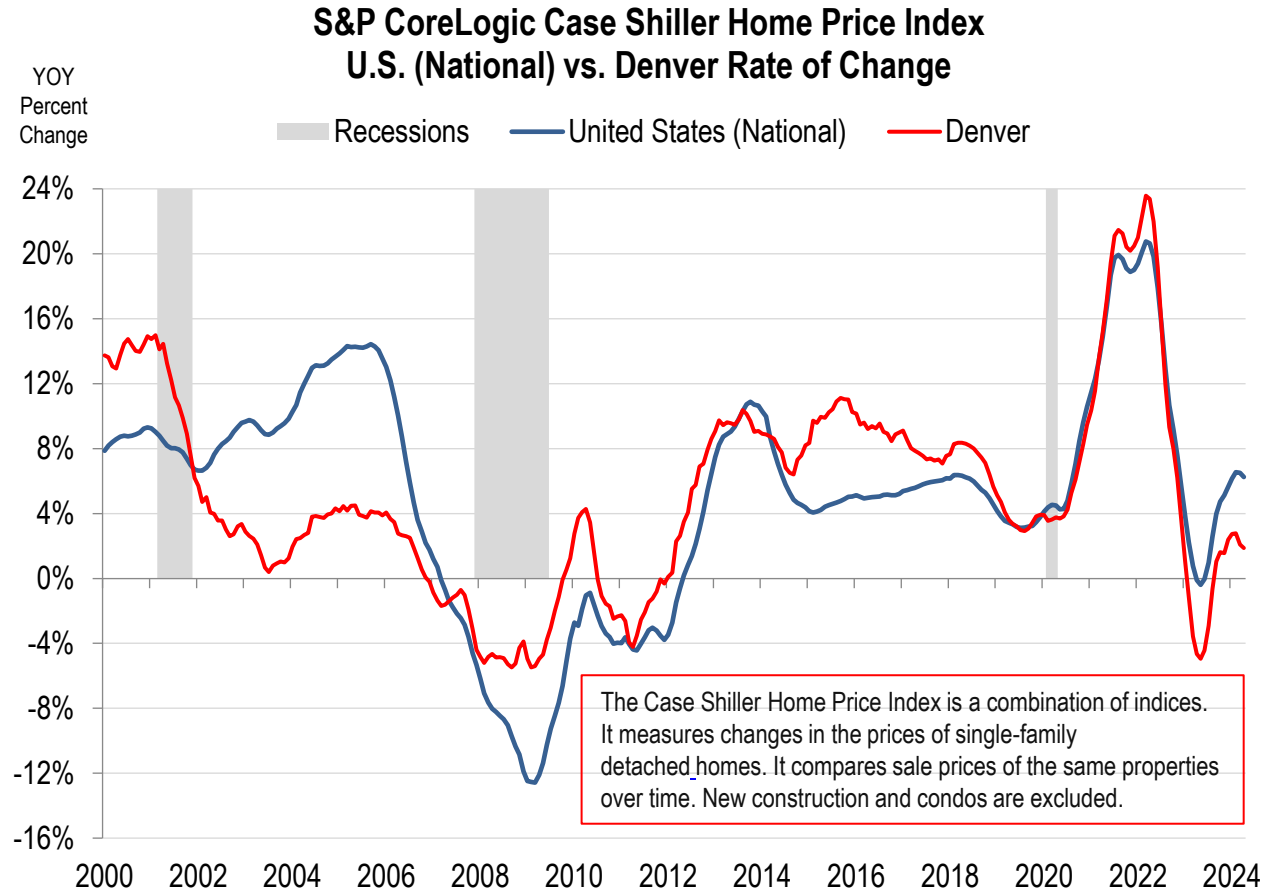


Annual Building Permits		
Year	Single Family	Multi-Family
2000	38,588	16,008
2001	36,437	18,570
2002	35,042	12,878
2003	33,894	5,732
2004	40,753	5,746
2005	40,018	5,732
2006	30,365	7,978
2007	20,516	8,938
2008	11,147	7,851
2009	7,261	2,094
2010	8,790	2,801
2011	8,729	4,779
2012	12,618	10,684
2013	15,773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

Case Shiller Home Price Index

YOY National vs. Denver Rate of Change

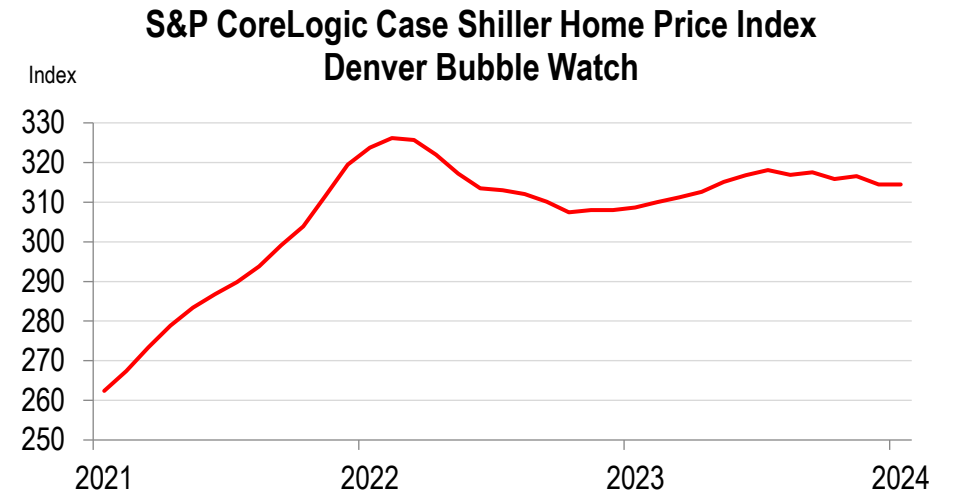


Source: S&P Case Shiller, cber.co.

Change in S&P CoreLogic Case Shiller Index

In April 2024, the YOY change in the U.S. index was +6.3%, and the Denver index changed by 1.9%.

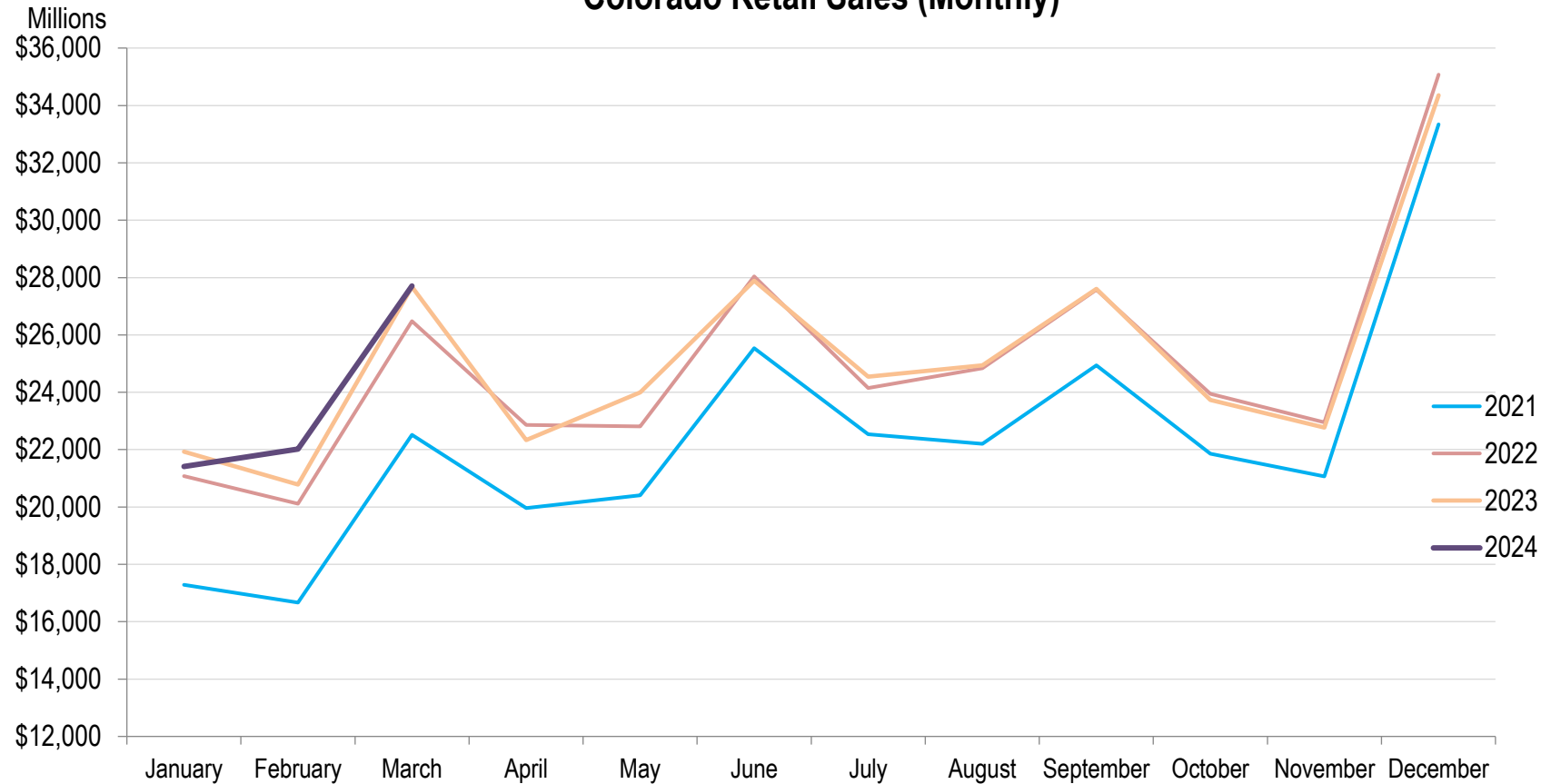
Compared to a year ago, U.S. housing prices are accelerating. The chart below shows the Denver market is in a bubble situation. Current prices are below prices in early 2022. In retrospect, the 2019 housing market favored buyers, and the U.S. YOY appreciation rate was about 4.0%. In the summer of 2020, the market began to favor sellers. In August 2021, YOY appreciation for Denver and the U.S. peaked above 20.0%.



Colorado Retail Sales

Monthly

Colorado Retail Sales (Monthly)



Colorado Retail Sales
Year-over-year retail sales through March 2024 (dark purple) were 1.1% greater than the same period in 2023.

The growth rate for Colorado retail sales is less than the rate for U.S. retail sales.

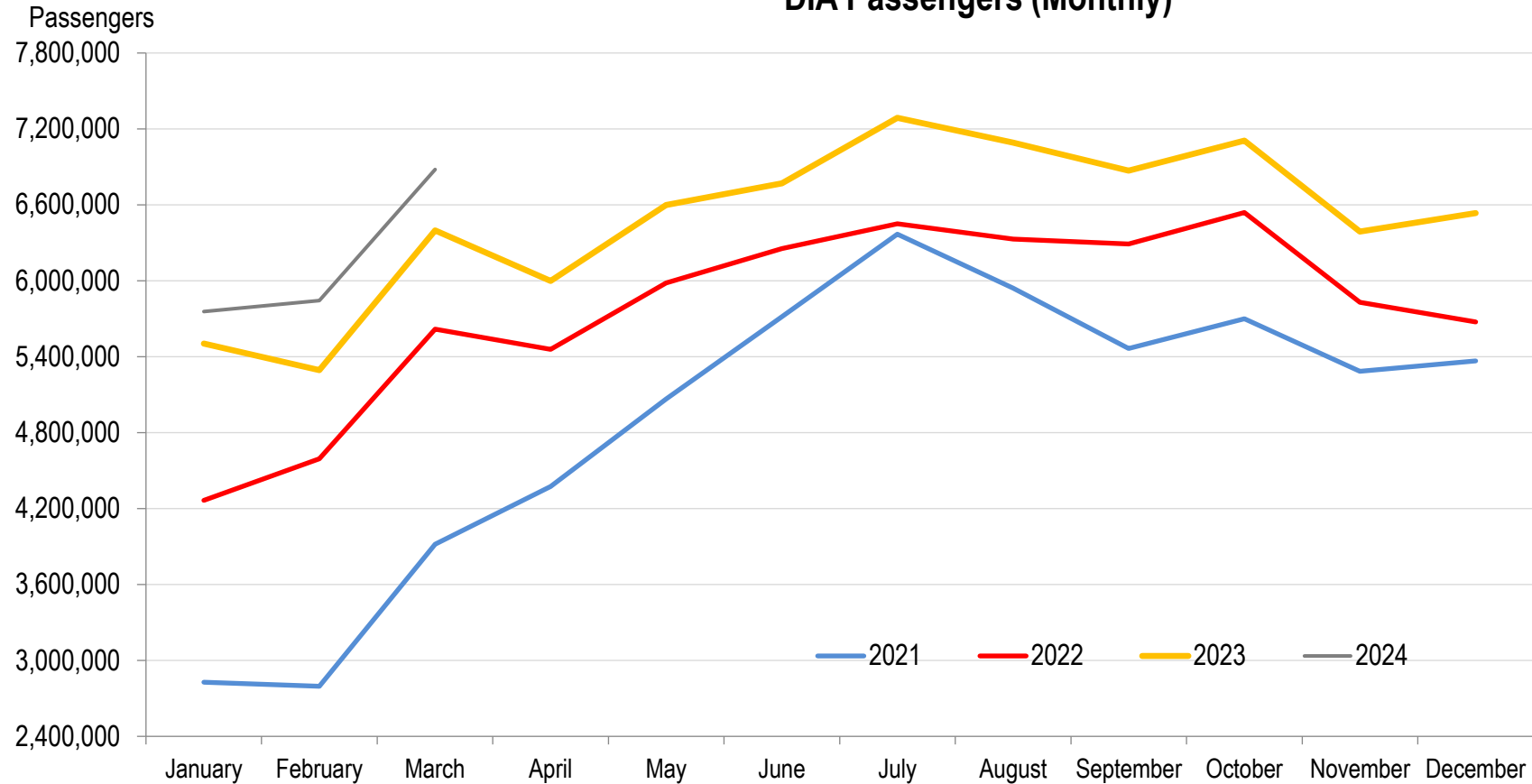
Annual Retail Sales (Billions)		
2017	\$194.6	5.4%
2018	\$206.2	5.9%
2019	\$224.6	9.0%
2020	\$228.8	1.9%
2021	\$268.3	17.3%
2022	\$299.9	11.8%
2023	\$302.6	0.9%

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

Denver International Airport Passengers

Monthly

DIA Passengers (Monthly)



Source: flydenver.com, administration/governance, COS airport, cber.co.

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Air Travel

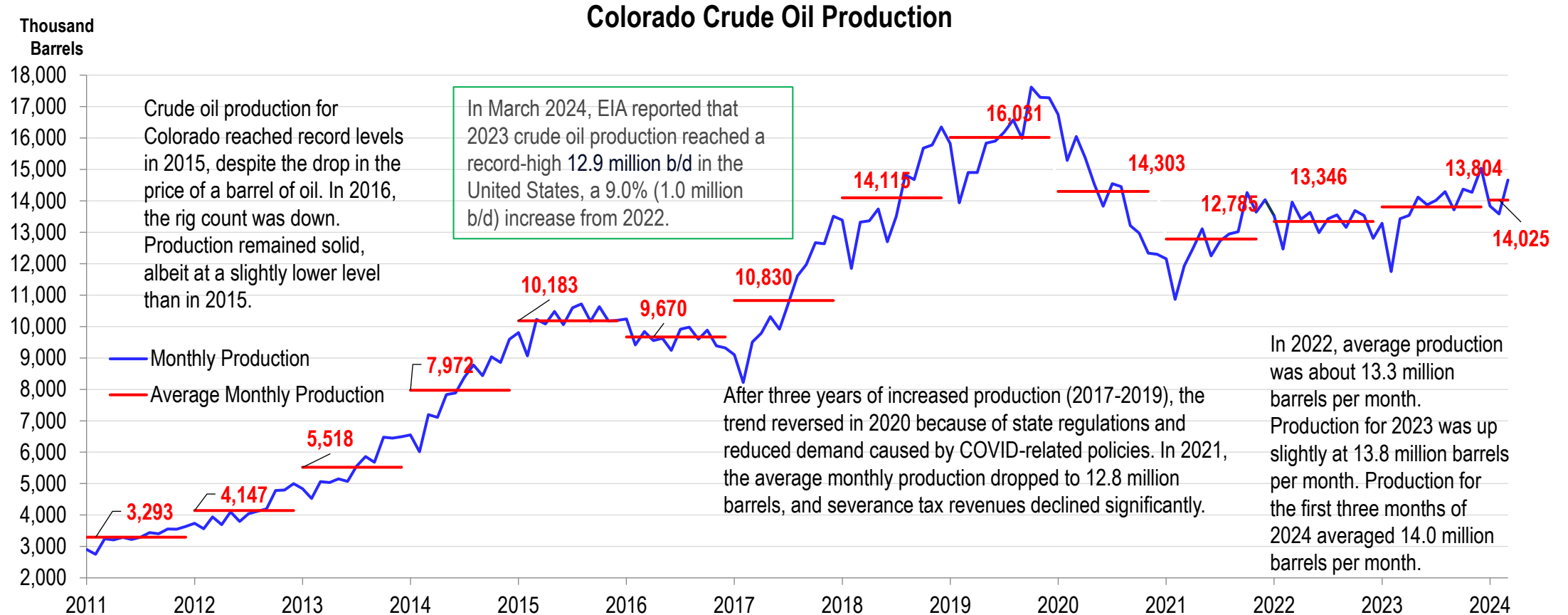
There were 18.5 million passengers through DIA in the first three months of 2024 (grey line), an increase of 7.5% compared to the first three months of last year.

Total passengers for the Colorado Springs (COS) airport were up 9.9% in 2023. There were 2.3 million passengers during this period. There were 737,414 passengers through COS (January through April), a YOY increase of 18.5%.

Year	DIA Passengers	% Change
2016	58,266,515	2016
2017	61,379,396	2017
2018	64,494,613	2018
2019	69,015,703	2019
2020	33,741,129	2020
2021	58,828,552	2021
2022	69,286,461	2022
2023	77,837,917	2023

Colorado Field Production of Crude Oil

2011 to 2024 (Thousand Barrels)



Source: EIA, cber.co.

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Summary of Trends and Issues for 2024

Economic trends for 2024

- Economic activity and labor markets will be solid but weaker than in 2023.
- Reduced saving levels and mounting consumer debt will cause a reduction in spending.
- The PST sector and advanced technology will continue to drive private sector job growth. The healthcare and tourism (leisure and hospitality) sectors will also be leaders.
- Colorado's oil and gas industry will continue to contribute to the Colorado economy.
- Colorado lacks sufficient housing and affordable housing.
- Residential investment will continue to face challenges despite high demand for housing.
- Office vacancies in downtown Denver will remain high.

Wildcard Issues for 2024

- The economy will become more stable when rate hikes transition to rate cuts.
- Equity markets will remain volatile.
- There is a disconnect between the performance of Wall Street and Main Street.
- Some energy and climate change policies are not having their desired effect.
- The U.S. and international geopolitical situations are unsettled – and scary.
- The wars in Eastern Europe and the Gaza Strip will become more divisive within the U.S.
- The elections will be contentious.
- Higher for longer is the mantra for interest rates.
- Since the elimination of the Gallagher Amendment, property taxes have been an issue that affects all residents.
- Homelessness and immigration policy will remain a problem for Denver, Colorado, and the United States.

Trends and Forecast

Colorado Economic Forecast 2024

In 2024, the Colorado real GDP growth rate will be 1.6% compared to 1.9% for the U.S.

The job market will taper off to about 50,000 in 2024. The unemployment rate will increase but remain lower than the U.S. rate.

Retail sales for 2024 will remain sluggish. Inflation has declined, but it is more of a problem in Colorado than in other states. Other challenges include high energy and housing costs, labor shortages, and elevated interest rates.

Colorado Economic Forecast					
	2021	2022	2023	2024	
Real GDP Value (billions) (chained 2017)	\$406.96	\$416.11	\$430.20	\$438.40	
% Change Real GDP	6.8%	2.2%	3.4%	1.9%	
CES Employment (thousands)	2,750.9	2,869.7	2,942.0	2,992.0	
Annual Change (thousands)	98.2	118.8	72.3	50.0	
% Change	3.7%	4.3%	2.5%	1.7%	
Unemployment Rate	5.5%	3.1%	3.2	3.6%	
Retail Sales (billions)	\$268.3	\$299.9	\$302.6	\$308.8	
% Change	17.3%	11.8%	0.9%	2.0%	
Consumer Price Index (CPI)	281.8	304.4	320.3	331.0	
	3.5%	8.0%	5.2%	3.3%	
DIA Passengers (millions)	59.0	69.0	77.8	82.0	
Single Family Permits	30,246	24,000	20,000	21,000	
Multi-family Permits	26,278	25,000	19,000	19,000	
Oil Production (thousands) barrels	153,423	160,149	163,932	165,000	

More than 80 million passengers will pass through DIA in 2024. There will be increased travel activity at the Colorado Springs airport.

The total number of SF and MF 2024 building permits will be slightly higher than in 2023. The construction (housing) and real estate market will remain volatile in 2024. Office vacancies will remain at high levels.

State regulations and reduced demand (COVID-related policies) caused a sharp decline in crude oil production in 2021. Annual production has stabilized at more than 160 million barrels.

cber.co
Economic Outlook and Trends through May 2024
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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For additional information contact cber.co at cber@cber.co , gary@garyhorvath.com, or garyhorvath@hotmail.com.

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ABOUT THE AUTHOR

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.