Economic Outlook and Trends through August 2024
United States and Colorado

Colorado-based Business and Economic Research, cber.co

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Early Morning in Chaffee County

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. There is more optimism than one year ago – a recession is unlikely; however, the economy will lose momentum in Q4 2024.

Consumers will struggle to balance their savings, debt, investment, and spending caused by high interest rates and inflation. Inflation is moving closer to the target rate. It will reach the target rate in the middle of next year.

On September 18th, Fed Chair Powell announced a 50-basis point rate cut, which will create the potential for a more stable economy in the months ahead.

The U.S. and Colorado face economic and political risks that have the potential to strengthen or disrupt the economy.

Contents

This month, the chartbook highlights the following topics.

- U.S. Forecast, U.S. Gross Domestic Product, Real Disposable Personal Income Per Capita
- U.S. and Colorado Employment, Unemployment, and Earnings
- U.S. and Colorado Inflation and Highlights of Chair Powell's Speech
- Saving, Borrowing, Consumption, and the Wealth Effect
- U.S. Indicators
- Colorado Indicators
- Colorado Forecast

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

United States Forecast
Economy Will Lose Momentum – No Recession

United States Forecast

The Conference Board (TCB) U.S. Economic Forecast is the base for this analysis. In September, there were minor changes to the August TCB forecast. Most noteworthy was the announcement on September 18th that the FOMC lowered interest rates by 50-basis points.

- The economy will lose momentum in H2 2024. Mounting debt and elevated prices and interest rates will cause consumers to be more cautious. They will switch to essential but less expensive goods and services as they struggle to balance their income, debt, savings, and spending.
- There will be little momentum moving into 2025. Economic activity will stabilize by the end of 2025.
- Business investment is uneven because of the cost of capital, lower consumer demand, the elections, and geopolitical concerns.
- Demand for services will be stronger than goods. Overall, there will be weakness in the final part of the year.
- Household debt is a threat to consumption and banks. Auto loan and credit card delinquencies are above pre-pandemic levels.
- Businesses are investing in digital transformation, AI, and their workforce. There is capital investment in factories but not capital equipment and structures. The decline in commercial real estate prices (office market) has reduced business investment.
- Government spending will support growth but at lower levels than in the past. Political volatility caused by budget conflicts, debt, tax policy, and the addition or repeal of programs could affect government spending.
- Trade policy is a wildcard.

- Labor markets have cooled from the abnormal post-pandemic economic recovery.
- Baby boomers are continuing to retire. The unemployment rate will remain historically low.
- The residential market dropped off in Q2 2024 but is likely to return by the end of the year.
- There is a need for housing and affordable housing in many parts of the country; however, material costs and interest rates remain high. There are also regional labor shortages for construction workers.
- Wage costs will continue to be a concern, and labor churn will exist because of workforce shortages.
- At the moment, inflation for the goods sector is not a problem. Concerns exist about rising prices in the service industries.
- Inflation will likely reach the target rate in 2025.
- Future rate cuts will remain uneven.
- Political volatility could threaten the economy, cause social unrest, or increase financial volatility. Numerous upside and downside risks may affect economic activity and the labor market.

U.S. Real GDP Growth

The Conference Board Forecast (September 17, 2024)

Real GDP and Economic Growth

The Conference Board Forecast projects real GDP growth of 2.4% in 2024. Real disposable income will increase by 1.2%, and real personal consumption will increase by 2.1% in 2024. Residential investment will increase by 4.9% in 2024, and non-residential investment will change by 3.5%. Government spending will be solid in 2024 (3.2%), down from 4.1% in 2023.

Other Economic Factors

There will be slower growth in exports in 2024, a decrease from 2.6% in 2023 to 1.9% in 2024. The U.S. unemployment rate will be 4.1% in 2024. The annual PCE inflation will be 2.4% in 2024, and the core rate will be 2.6%. Rate cuts were announced the day after this forecast was released. The Fed Funds rate will decline to 4.625%. Rates will reach 3.125% in 2025.

Conference Board US Real GDP Growth Forecast

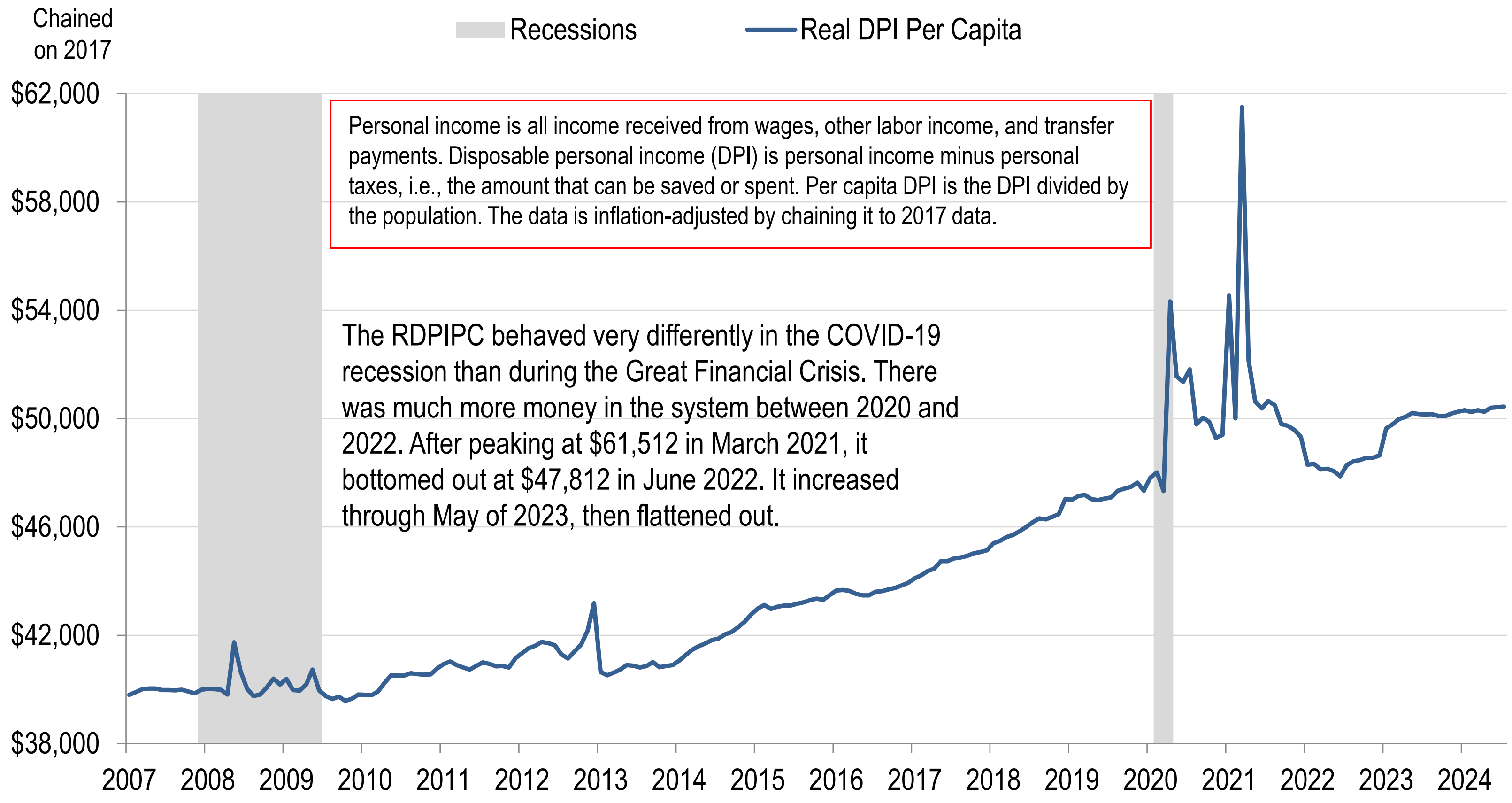
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2023	2024	2025
Real GDP	2.2%	2.1%	4.9%	3.4%	1.4%	3.0%	0.8%	1.0%	2.5%	2.4%	1.7%
Real Disposable Income	10.8%	3.3%	0.5%	0.9%	1.3%	1.0%	1.0%	1.5%	4.1%	1.2%	1.7%
Real Personal Consumption	3.8%	0.8%	3.1%	3.3%	1.5%	2.3%	1.6%	1.6%	2.2%	2.1%	1.9%
Residential Investment	-5.3%	-2.2%	6.7%	2.8%	16.0%	-2.1%	1.0%	2.5%	-10.6%	4.9%	2.7%
Nonresidential Investment	5.7%	7.4%	1.5%	3.8%	4.4%	4.6%	1.0%	1.3%	4.5%	3.5%	2.0%
Total Gov't. Spending	4.8%	3.3%	5.8%	4.6%	1.8%	2.7%	2.4%	2.4%	4.1%	3.2%	2.4%
Exports	6.8%	-9.3%	5.4%	5.0%	1.6%	1.6%	1.0%	1.5%	2.6%	1.9%	2.0%
Unemployment Rate	3.5%	3.6%	3.7%	3.7%	3.8%	4.0%	4.3%	4.3%	3.6%	4.1%	4.1%
PCE Inflation (%Y/Y)	5.0%	3.9%	3.3%	2.8%	2.6%	2.6%	2.3%	2.2%	3.7%	2.4%	2.0%
Core PCE Inflation (%Y/Y)	4.8%	4.6%	3.8%	3.2%	2.9%	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)



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

Real Disposable Personal Income Per Capita

In July 2024, RDPIPC was $50,450. It was more than the prior month and only 0.6% greater than July 2024.

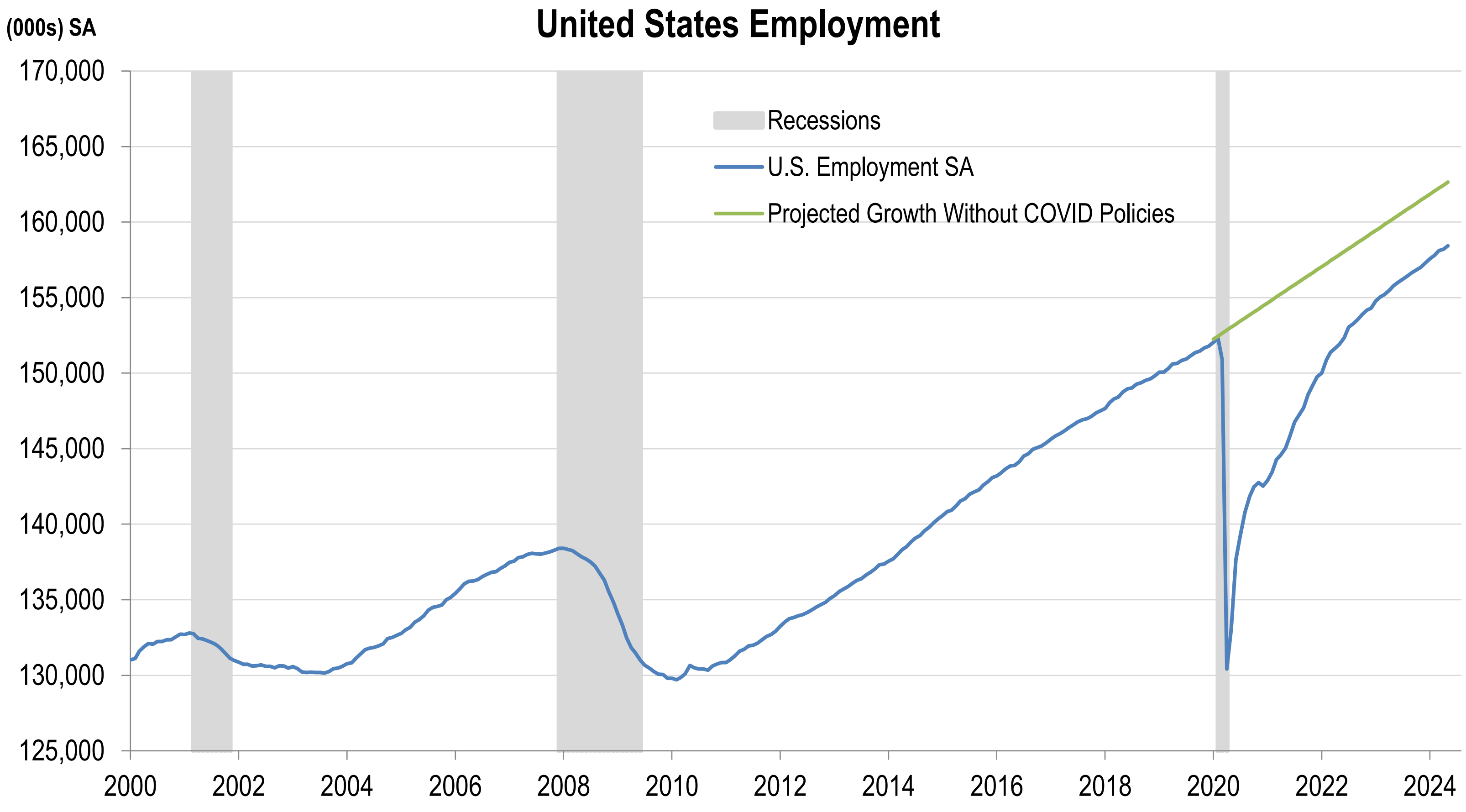
The annual 2023 RDPIPC was 3.7% greater than the 2022 value; however, it was below the 2021 value and slightly more than the 2020 value.

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%

U.S. and Colorado Employment and Unemployment and Earnings

Employment
United States



Source: BLS, SA, cber.co.

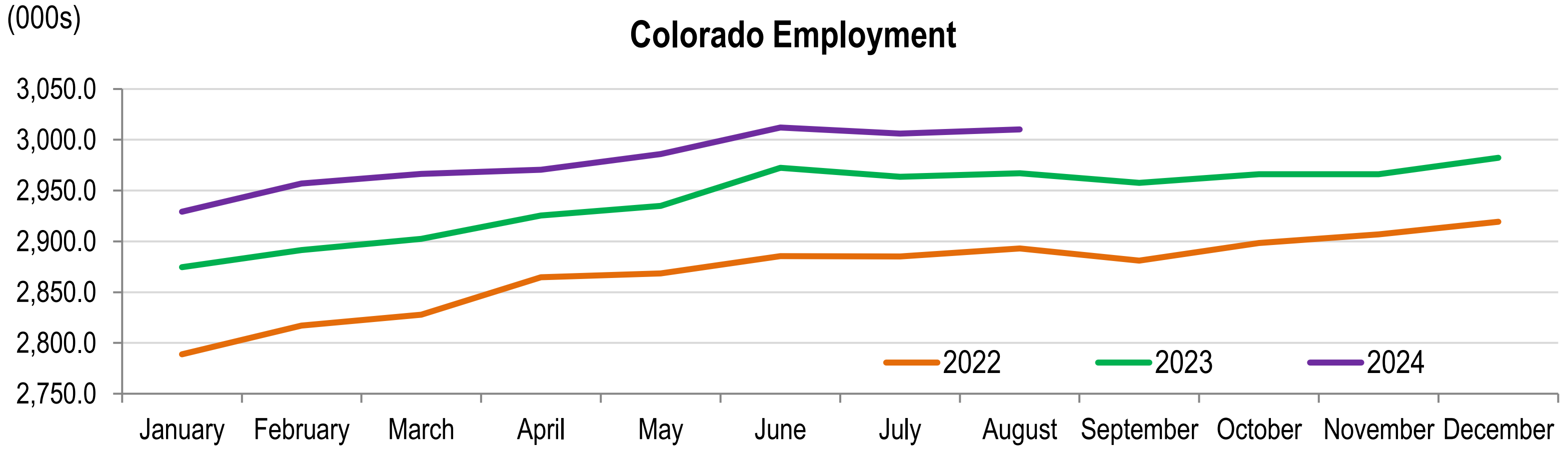
U.S. Employment

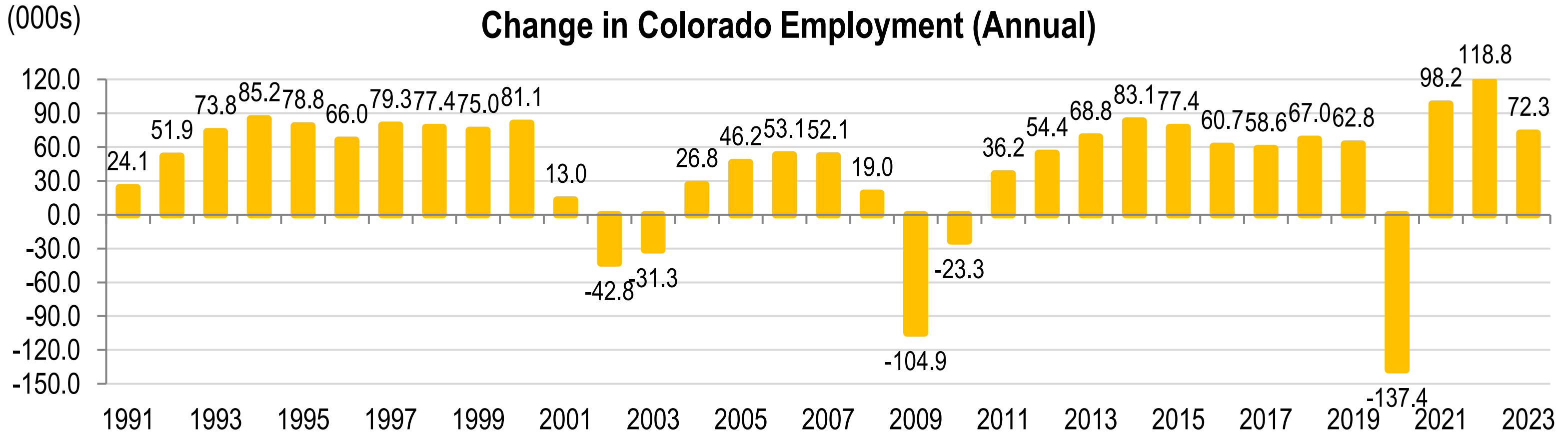
Between 2012 and 2019, average monthly U.S. employment increased by about 200,000. The green line projects what employment would have been if that rate had continued through 2024. The monthly change in employment from 2020 to 2024 averaged about 122,200 per month. The range of the change in employment was -20.2 million to 14.2 million.

Average YTD employment through August 2024 (blue line) was 158.3 million, 1.7% more than for the same period last year. The average monthly change in employment through August 2024 is 219,800.

Employment and Change in Employment

Colorado





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

Colorado Employment and Change

Through August 2024, the average total Colorado employment was 2,979,700.
The average YOY change in annual employment through August 2024 was 50,700.

Based on earlier benchmark revisions to U.S. wage and salary employment (CES), it is likely that Colorado 2024 employment will be revised downward in the March 2025 benchmark revisions.

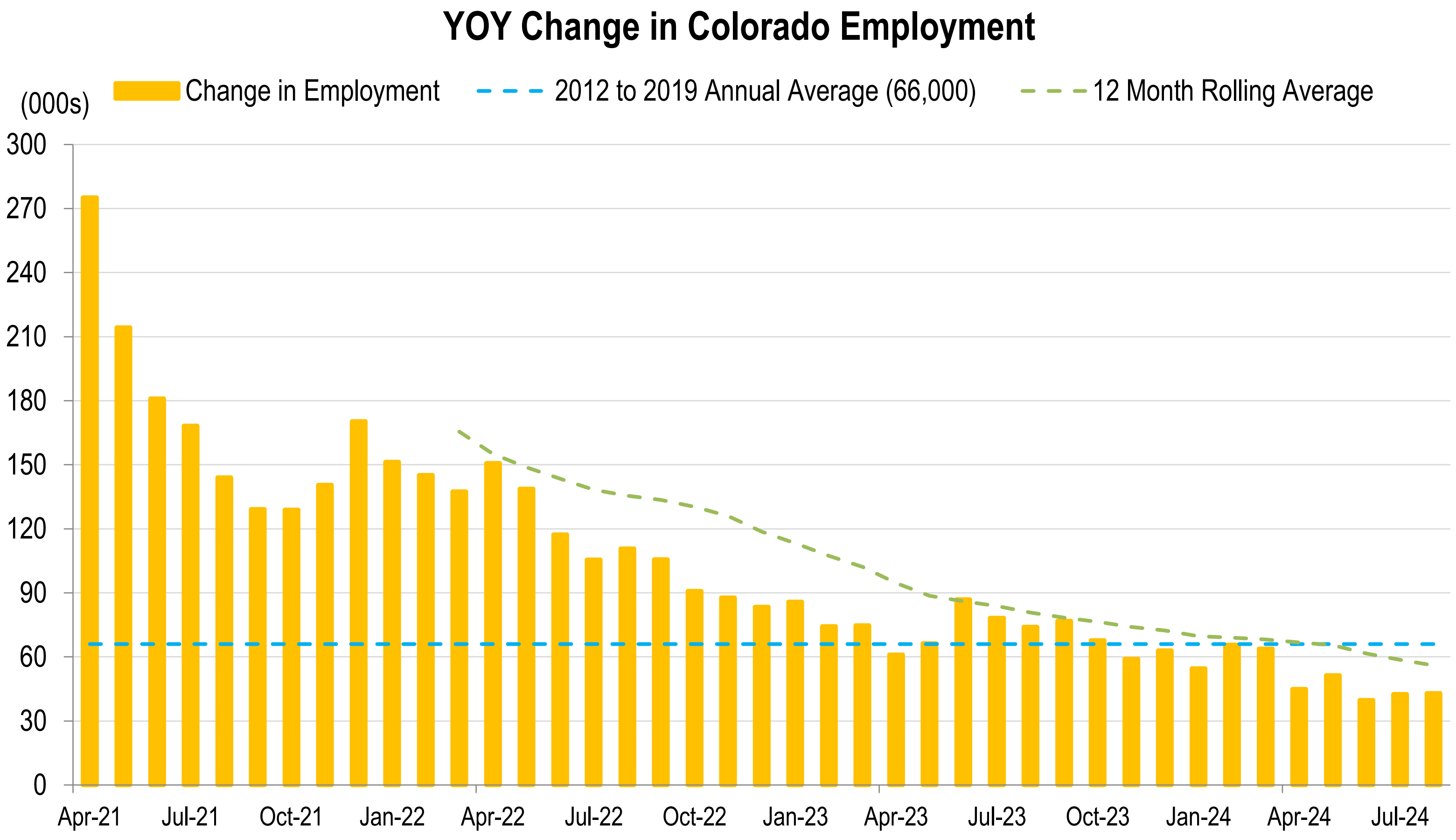
The average YOY change in monthly employment for 2024 is 4,225 per month.

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

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.

YOY Change in Employment

Colorado



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

Change in Employment

From 2012 to 2019, average annual employment was 66,000 (blue dotted line). The average monthly change was 5,500.

April 2021 was the first month after the pandemic that the change in YOY employment was positive (275,200). Since then, it has trended downward. In August 2024, it was 42,900.

In March 2022, the 12-month rolling average (green dotted line) peaked at 165,475. It has since trended downwards and was 56,000 in August 2024.

Colorado Employment and Change in Employment

Colorado Employment YOY Change (000s), YOY Percent Change			
Industry Sector	Emp. vs. YOY		
Private vs. government employees	August 2024	YOY Change	Percent YOY
Total Employment	2,997.4	41.9	1.4%
Private Employment	2,501.3	23.2	0.9%
Government Employment	496.1	18.7	3.8%

Highlights
Private vs. Government

The Government sector accounted for 44.6% of the change in total employment through August 2024, and the private sector accounted for 55.4%.

Over this period, private sector employment increased by 0.9%, and Government employment increased by 3.8%.

On a year-to-date basis, thirteen of the 19 sectors added jobs.

In August, 16.6% of employment was in government jobs, and 83.4% were in the private sector.

Colorado Employment YOY Change (000s), YOY Percent Change			
Industry Sector	Emp. vs. YOY		
Sectors with more than 145,000 employees	August 2024	YOY Change	Percent YOY
Healthcare	333.2	10.4	3.1%
Prof., Scientific, and Tech, Services (PST)	298.9	3.3	1.1%
Food and Accommodation (F&A)	298.4	8.9	3.0%
Local Government	291.6	9.6	3.3%
Retail Trade	274.4	1.7	0.6%
Financial Activities	186.0	5.3	2.8%
Construction	183.3	-2.4	-1.3%
Administrative Services	157.5	-0.3	-0.2%
Manufacturing	151.3	-0.3	-0.2%
State Government	147.7	7.8	5.3%
Total Sectors > 145,000 Employees	2,322.3	44.0	1.9%

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

YOY employment for the ten largest sectors increased by 44,000, or 1.9%. Employment increased in seven of these sectors. The leaders in absolute job growth were healthcare, local government, F&A, state government, and financial activities.

Colorado Employment YOY Change (000s), YOY Percent Change			
Industry Sector	Emp. vs. YOY		
Sectors with less than 145,000 employment	August 2024	YOY Change	Percent YOY
Other Services (Personal)	129.1	0.7	0.5%
Wholesale Trade	117.9	0.5	0.4%
Transp., Warehousing, and Utilities (TWU)	115.4	-2.2	-1.9%
Information	74.0	-2.8	-3.8%
Arts, Entertainment, Recreation (AER)	60.4	-3.6	-6.0%
Federal Government	56.8	1.3	2.3%
Education (Private)	49.6	2.4	4.8%
Mgmt. of Corporations/Enterprises (MCE)	49.1	0.7	1.4%
Extractive Industries	22.8	0.9	3.9%
Total Sectors <145,000 Employees	675.1	-2.1	-0.3%

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

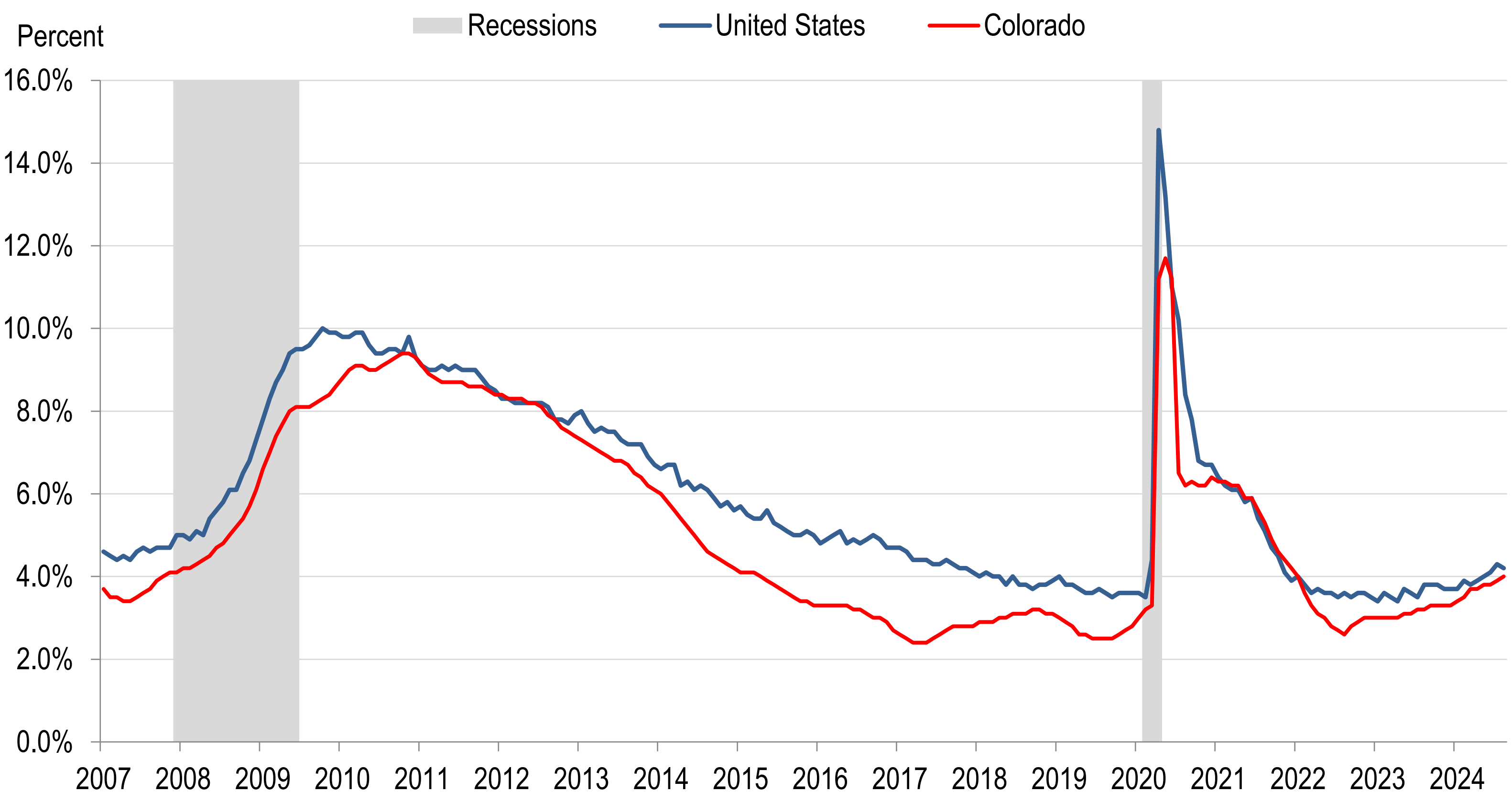
YOY employment for these nine sectors changed by -2,100, or -0.3%. Employment increased in six of these areas. The leaders in absolute job growth were private education, the federal government, extractive industries, other services, and MCE.

Source: BLS, SA, cber.co.

Unemployment Rate

United States and Colorado

U.S. and Colorado Unemployment



Source: BLS, SA, cber.co.

Unemployment Rate

The Colorado unemployment rate was 4.0% (red) in August 2024, and the United States rate was 4.2% (blue). Both rates are higher than in January 2023, but they are historically low.

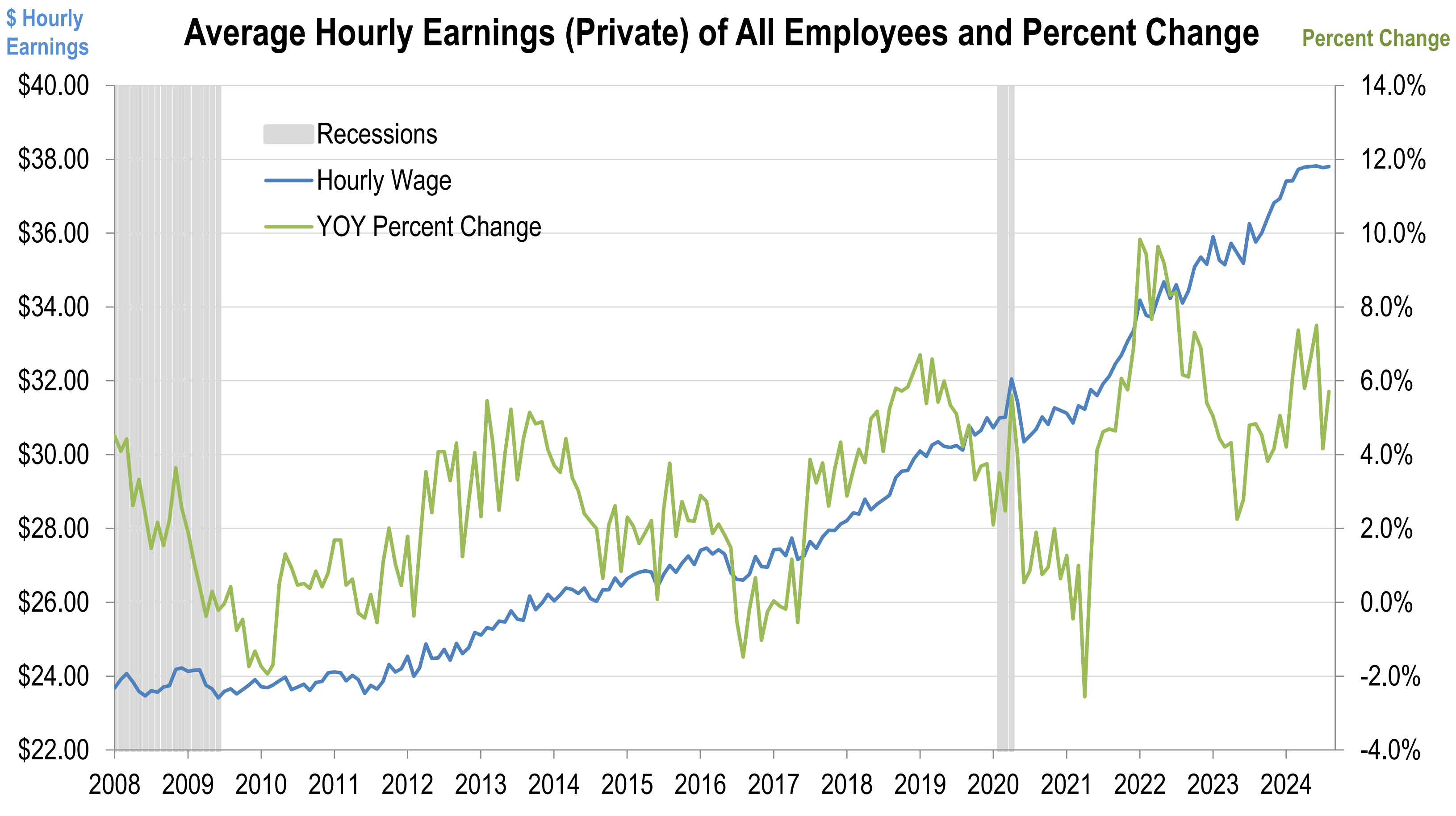
The August Colorado rate for men was 4.0% and 3.6% for women. It was 2.4% for individuals with some college education, 2.4% for a college degree, 4.0% for a high school diploma, and 7.8% for less than a high school diploma.

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 August 2024 private hourly earnings for Colorado (blue) were $37.80, a YOY increase of 5.7% (green). Hourly earnings have been flat since March 2024. The rate of YOY earnings growth peaked at 9.4% in February 2022.

For 2021 through 2023, the change in YOY hourly earnings was less than the increase in inflation. The increase in recent wage rates is above the inflation rate.

Colorado Hourly Earnings and Change

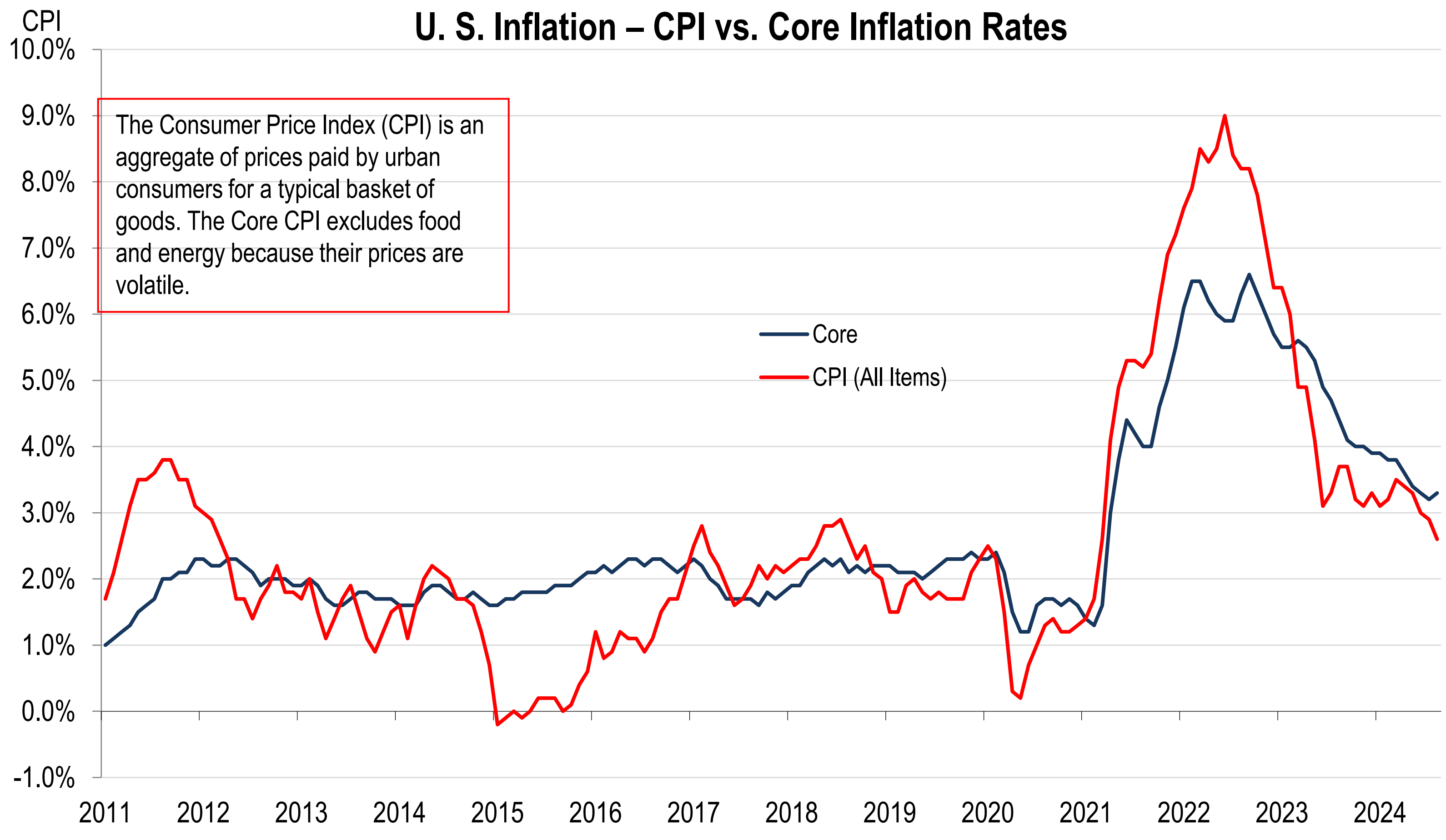
Year	CO CPI	Earnings	Change
2017	3.4%	$27.60	2.0%
2018	2.7%	$28.92	4.8%
2019	1.9%	$30.37	5.0%
2020	2.0%	$30.99	2.0%
2021	3.5%	$31.97	3.2%
2022	8.0%	$34.47	7.8%
2023	5.2%	$35.91	4.2%

Source: BLS, cber.co

U.S. and Colorado Inflation

CPI Inflation

U.S. CPI vs. Core Inflation



U.S. CPI vs. Core Inflation

In August 2024, the CPI rate (red) was 2.6%, and the core rate (blue) was 3.3%. Neither rate has been below 2.0% since Q1 2021.

The CPI rate peaked at 9.0% in June 2022. By December 2022, the YOY CPI rate had dropped to 6.4%. In December 2023, the rate was 3.3%.

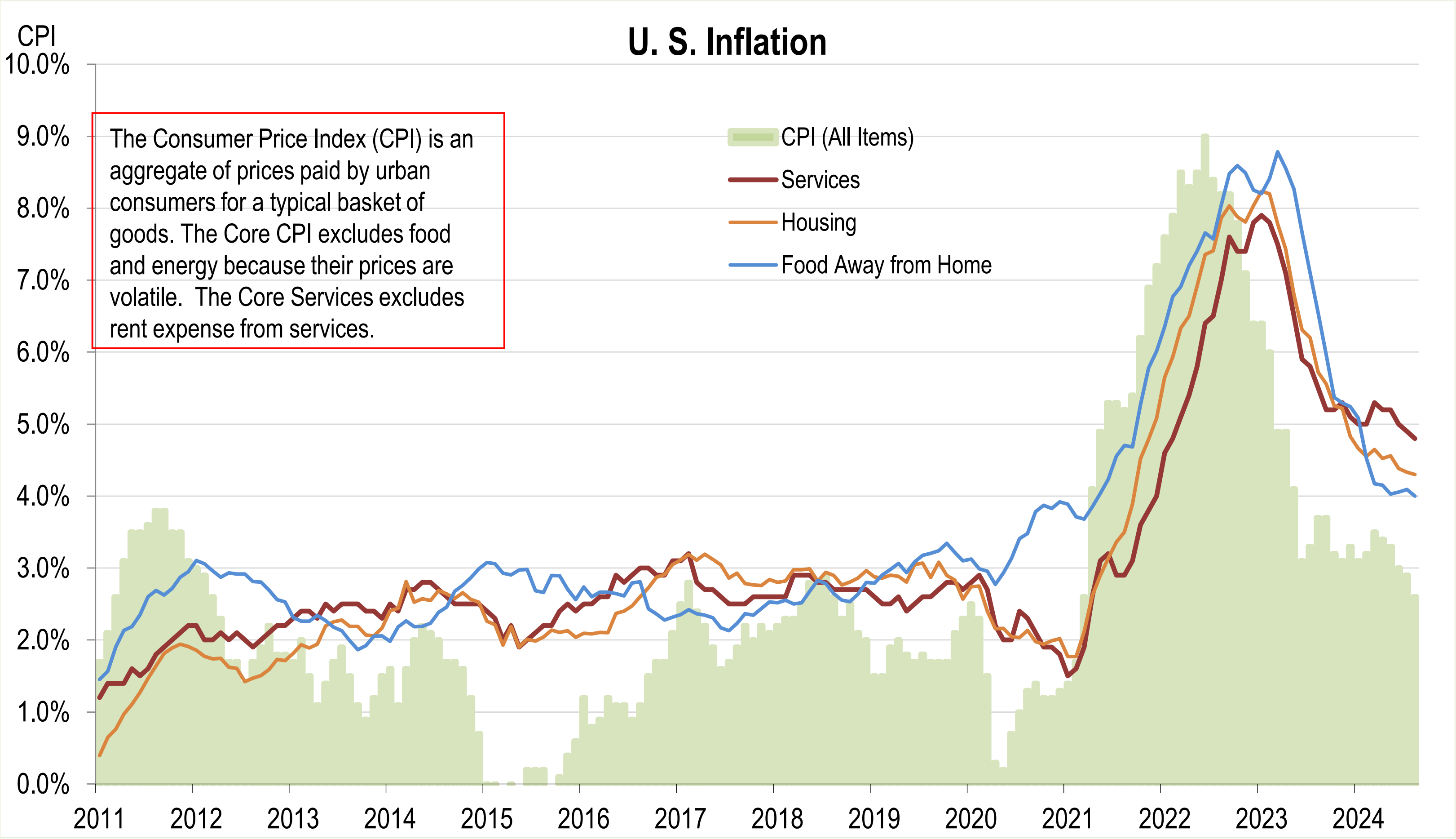
Core inflation peaked at 6.6% in September 2022 and declined to 5.7% in December 2022. In December 2023, it was 3.9%.

The inflation rate is declining; however, consumers struggle with the accumulated effects of inflation beginning in 2021.

Source: Bureau of Labor Statistics, Core Inflation is the CPI less food and energy; CPI All Items City Average SA, cber.co.

CPI Inflation

U.S. CPI vs. Services, Housing, and Food Away from Home



Source: Bureau of Labor Statistics, CPI All Items City Average SA, cber.co.

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

U.S. Inflation

August 2024

The CPI (light green) was 2.6%.
The Core Rate (not shown) was 3.3%.
Services (burgundy) was 4.8%.
Housing (orange) was 4.3%.
Food away from home (blue) was 4.0%.

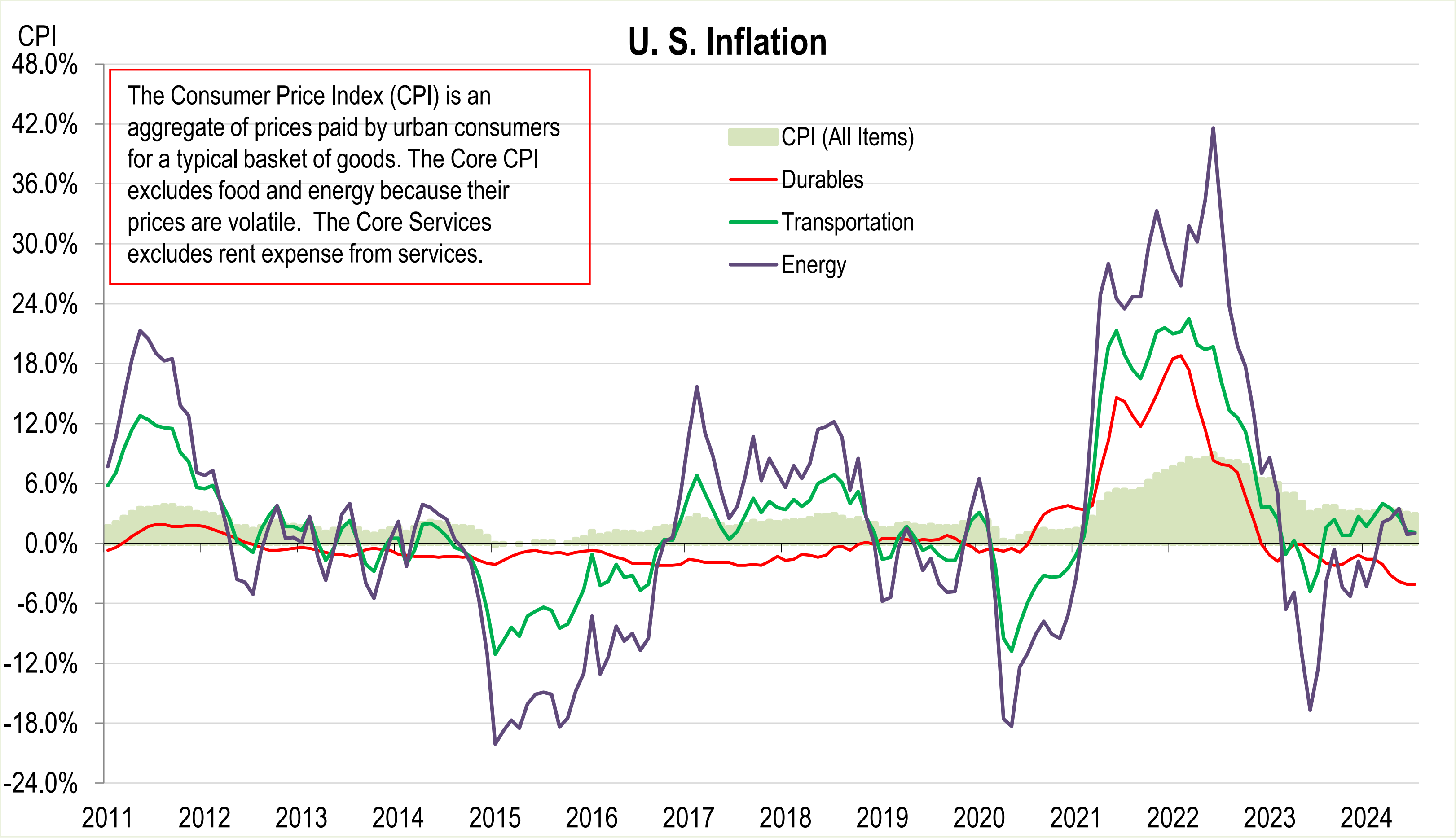
Weights

Core rate 79.8%
Services 64.0%
Housing 45.1%
Food away from home 5.4%

These components move in an orderly manner. The services, housing, and FAFH components typically were between 2.0% and 3.0% between 2012 and 2020. Their peak lagged the peak of the CPI. They are retreating more slowly than the CPI.

CPI Inflation

U.S. CPI vs. Durables, Transportation, and Energy



U.S. Inflation

August 2024
The CPI (light green) was 2.6%.
The Core Rate (not shown) was 3.3%.
Durables (red) were -4.6%.
Transportation (dark green) was 1.1%.
Energy (purple) was 1.0%.

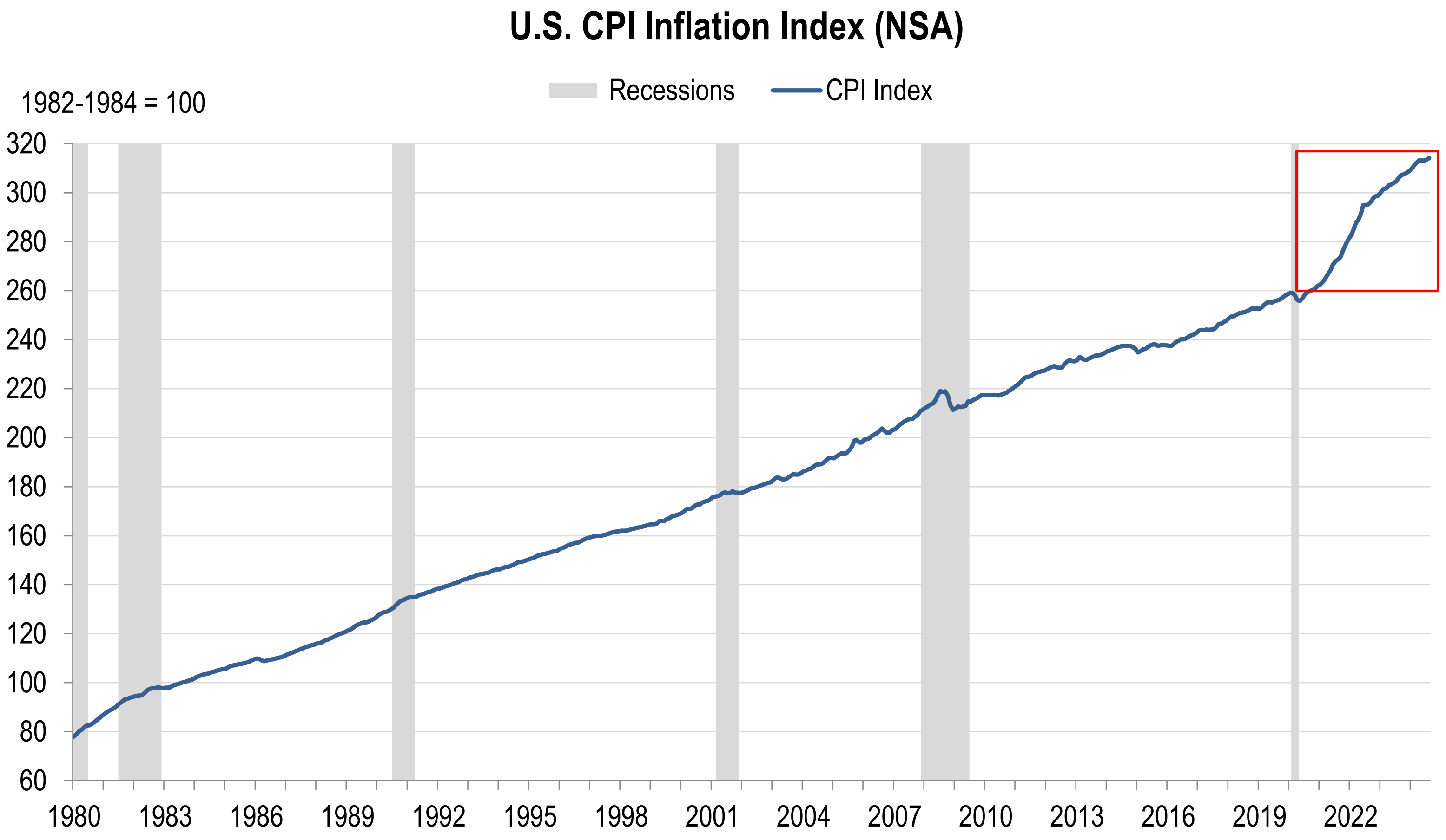
Weights
Core rate 79.8%
Durables 10.3%
Transportation 15.9%
Energy 6.7%

These components do not move in an orderly manner. They are essential to most consumers and have lower weights, but their volatility was partially responsible for the uneven monthly CPI increases and declines. Currently, these components are below the value of the CPI.

Source: Bureau of Labor Statistics, CPI All Items City Average SA, cber.co.
Colorado-based Business and Economic Research https:cber.co

CPI Inflation Index Value

United States



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

CPI Inflation Index

The chart shows the actual inflation index use to calculate the CPI. The steep slope of the line in the red box shows the rapid increase since 2021.

If a family had monthly expenses of $10,000 in January 2021, their inflation-adjusted expenses would be $11,727 in December 2023 and $12,025 in July 2024. There was an increase of $2,025 from January 2021 to July 2024.

The change in the CPI data index can be tricky because of the base effect.

- The increase for December 2023 vs. December 2022 is 3.4%.
- The December annualized 2023 vs. December 2021 increase is 4.9%.
- The December annualized 2023 vs. 2020 increase is 5.6%.

The accumulated effect put a big dent in American pocketbooks that will not be reversed!

From “Transitory Inflation” to “Higher for Longer”

Annual and Accumulated Rate of Inflation

Higher for Longer Interest Rates

In 2021, some economists thought inflation was transitory. Next, they thought it would return to the Federal Reserve target rate of 2.0% before December 2023. On March 17, 2022, rates were 0.25% - 0.50%. On July 26, 2023, they were 5.25% - 5.50%.

Annual CPI

Year	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

Annual U.S. vs. Colorado CPI Rates

The table below shows that annual Denver MSA CPI has been more than the U.S. CPI for eight of the past ten years.

Annual and Accumulated Rate of Inflation

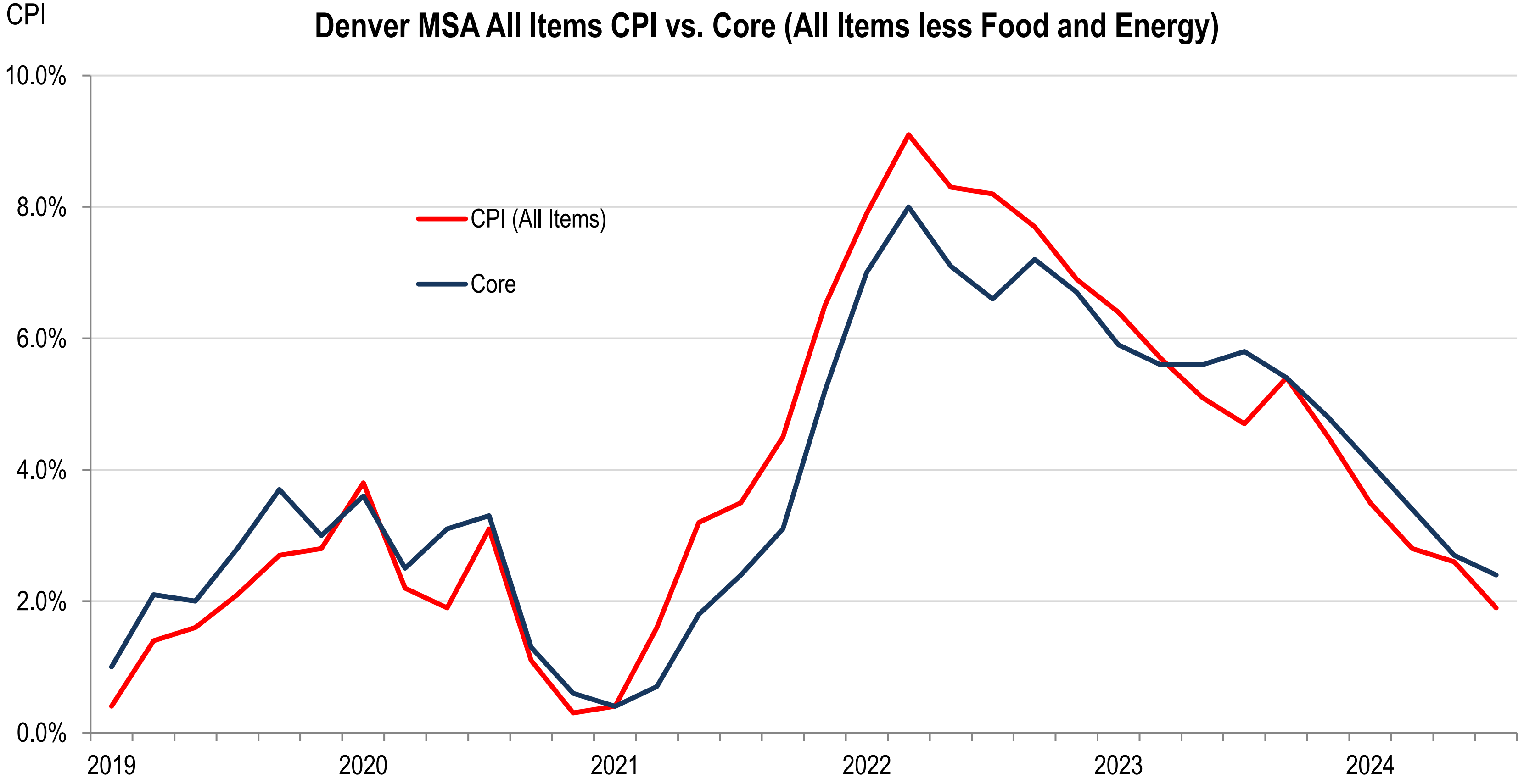
United States					Colorado			
2021	2022	2023	All Years	Components	2021	2022	2023	All Years
4.7%	8.0%	4.1%	17.7%	CPI	3.5%	8.0%	5.2%	17.7%
3.6%	6.2%	4.8%	15.2%	Core	2.5%	7.1%	5.4%	15.7%
3.8%	9.6%	5.7%	20.2%	Food and Beverage	2.9%	9.9%	5.9%	19.7%
3.5%	11.4%	5.0%	21.1%	Food at Home	1.8%	11.1%	4.8%	18.5%
4.5%	7.7%	7.1%	20.5%	Food Away From Home	4.4%	9.1%	8.0%	23.0%
3.3%	7.2%	6.4%	17.8%	Housing	1.6%	7.6%	7.8%	17.9%
7.9%	17.7%	1.6%	28.9%	Household Energy	4.4%	12.3%	11.4%	30.6%
6.8%	14.5%	2.4%	25.2%	Fuels and Utilities	2.5%	9.8%	10.5%	24.4%
14.6%	15.5%	0.2%	32.6%	Transportation	13.0%	12.7%	2.2%	30.2%
13.7%	11.9%	-0.4%	26.8%	New and Used Motor Vehicles	8.2%	13.4%	-0.1%	22.6%
35.8%	32.1%	-10.6%	60.4%	Motor Fuel	41.9%	21.1%	-5.6%	62.3%

Accumulated Rate of Inflation

Inflation had a different impact on the various components. For example, there was a temporary increase in sporting goods and appliance prices. The price increase for medical care, professional services, recreation, and wireless phone services was minimal. Price increases in many essential components, such as food, housing, and fuel, are shown in the table above. U.S. motor vehicle insurance increased by 31.5% for all years. The primary reasons were the integration of artificial intelligence, advanced technology, and the high costs of electric vehicles. Sometimes, deflation occurs, and prices decrease. Disinflation is more likely to occur. Prices will continue to increase but at a slower rate.

Source: Bureau of Labor Statistics, CPI All Items City Average NSA, BLS, cber.co.

Bi-Monthly Change in Denver MSA CPI
All Items vs. Core



Denver MSA
CPI vs. Core Inflation

The Denver MSA inflation rate is generally higher than the U.S. rate, but the trend reversed recently.

The U.S. CPI July rate was 2.9%, and the Denver MSA rate was 1.9%. The U.S. July core rate was 3.2% compared to 2.4% for the Denver MSA.

The July rates for the following Denver components (shown in the previous two charts) were less than the U.S. rate: services, housing, food away from home, durables, transportation, and energy.

Note that the Colorado rate is only published bi-monthly and is NSA.

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

Chair Powell's Announcement to Reduce Interest Rates
September 18, 2024

Chair Powell's September FOMC Speech

On September 18, 2024, Chair Powell spoke about the FOMC's decision to lower interest rates. He made the following points about the economy, the workforce, and inflation. The link to his speech transcript is https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20240918.pdf.

The Economy

- The FOMC has a dual mandate to maintain maximum employment and stable prices for the benefit of the American people.
- The economy is strong overall.
- GDP rose at an annual rate of 2.2 percent in the first half of the year. GDP growth will remain solid, with a median projection of 2 percent over the next few years.
- Consumer spending has grown. It has remained resilient.
- Investment in equipment and intangibles has picked up from its anemic pace last year.
- Investment in the housing sector fell back in the second quarter after rising strongly in the first.
- The FOMC will reduce the degree of policy restraint by lowering our policy interest rate by 1/2 percentage point.
- We are not on any preset course. We will continue to make our decisions meeting by meeting. We know that reducing policy restraint too quickly could hinder progress on inflation. At the same time, reducing restraint too slowly could unduly weaken economic activity and employment.

Workforce

- The labor market has cooled from its formerly overheated state. Payroll job gains averaged 116,000 per month over the past three months, a notable step down from the pace seen earlier in the year.
- The labor markets are now less tight than just before the pandemic in 2019.
- The labor market is not a source of elevated inflationary pressures.
- Nominal wage growth has eased over the past year, and the jobs-to-workers gap has narrowed.
- The unemployment rate has moved up but remains low at 4.2%. The median projection for the unemployment rate is 4.4% at the end of this year.

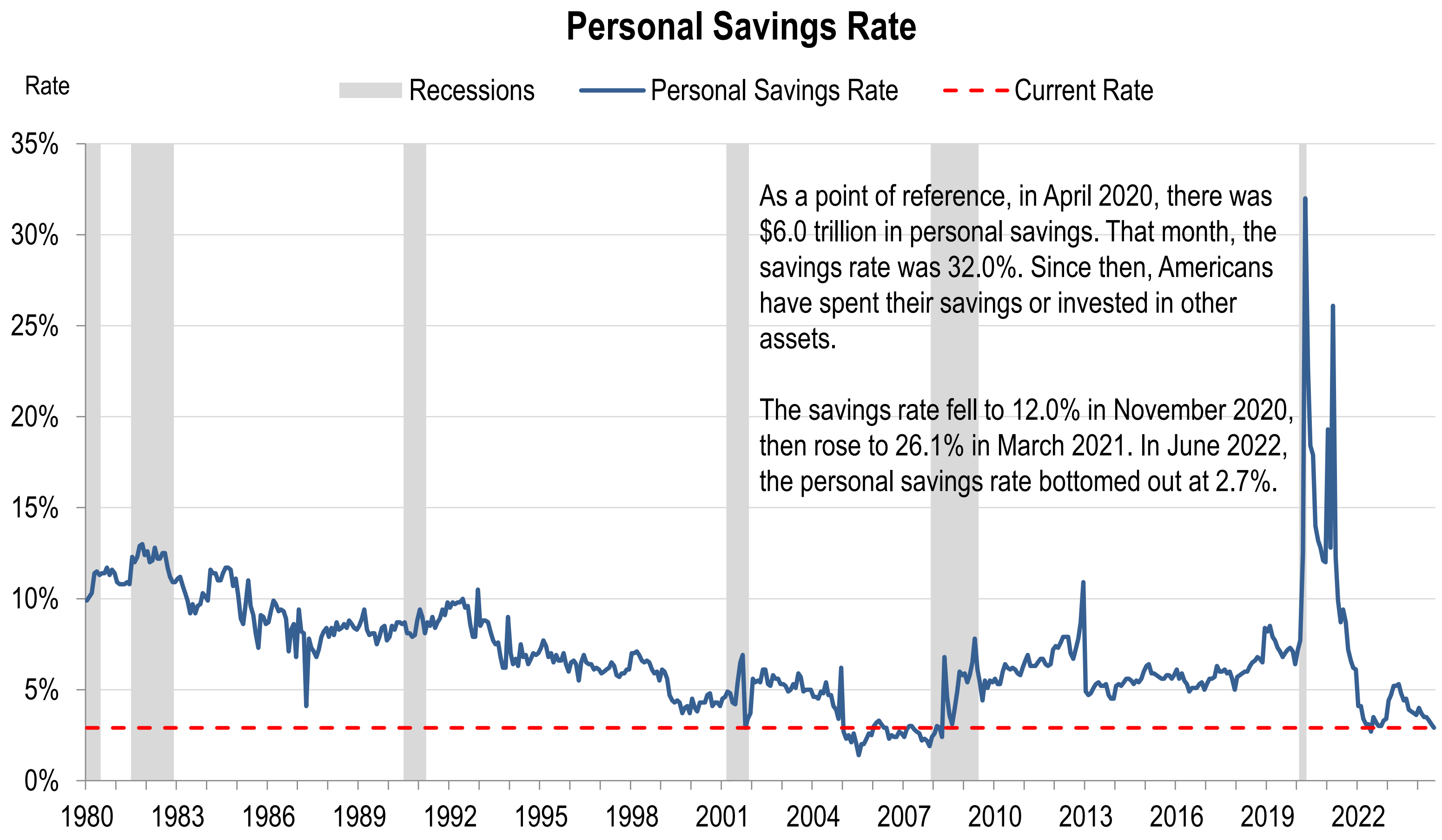
Inflation

- Inflation has eased notably over the past two years but remains above our longer-run goal. Total PCE prices rose 2.2% over the 12 months ending in August.
- Inflation has eased substantially from a peak of 7 percent to an estimated 2.2 percent as of August. Core PCE prices rose 2.7 percent.
- The upside risks to inflation have diminished, and the downside risks to employment have increased. We now see the risks to achieving our employment and inflation goals as roughly in balance, and we are attentive to the risks of both sides of our dual mandate.

Saving, Borrowing, Consumption, and the Wealth Effect

U.S. Personal Saving Amount and Rate

Percentage of Disposable Personal Income (DPI)



Source: Federal Reserve, FRED, cber.co.

Personal Saving Rate

Americans have cleared out their savings accounts. The July 2024 personal savings rate was 2.9%, and savings were $598.8 billion.

Since 2022, the highest level of savings was in May 2023. They were $1,060.0 billion, and the savings rate was 5.3%.

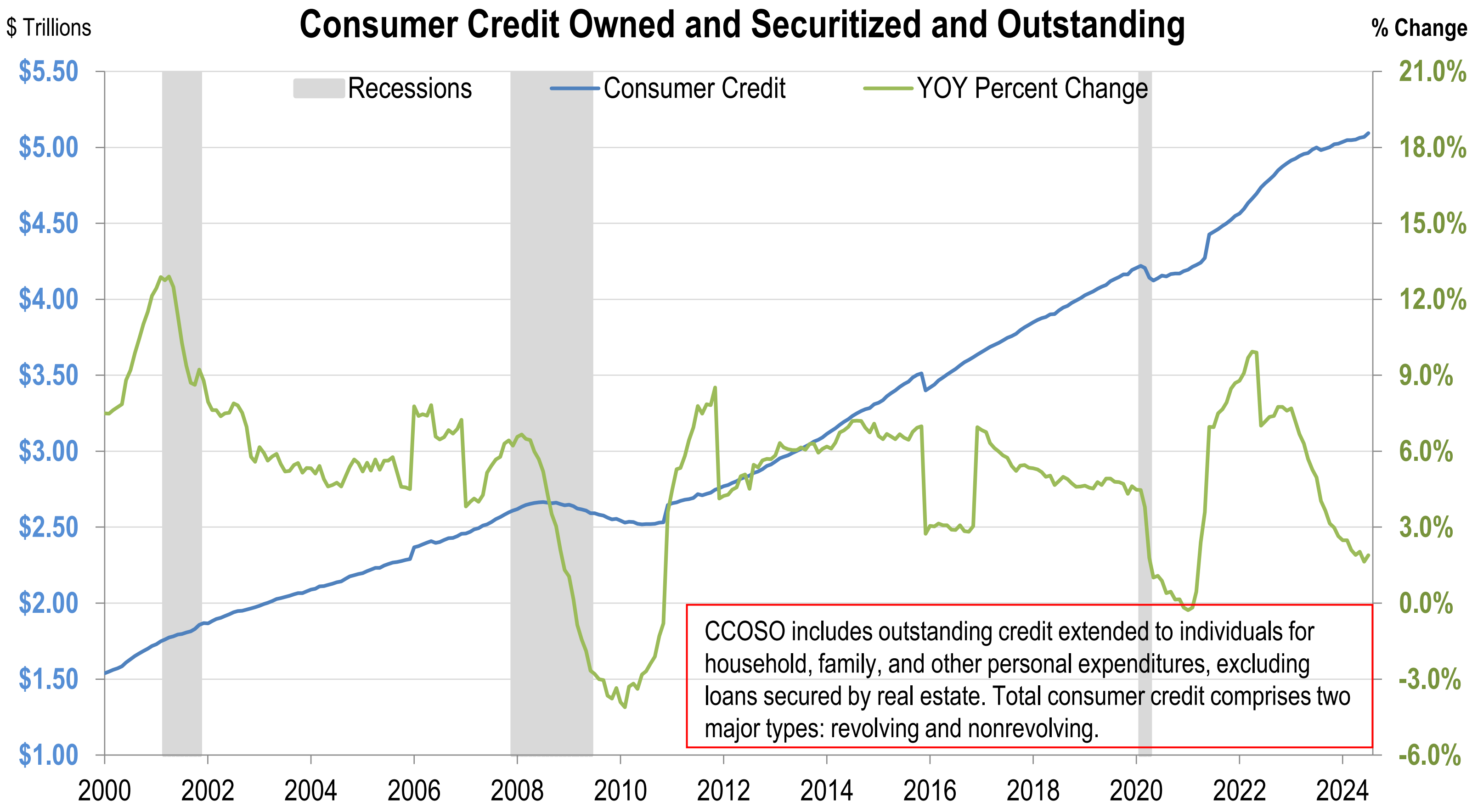
Year End Personal Savings (Billions) and Rate

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

U.S. Consumer Credit Outstanding

United States



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

Consumer Credit

In July 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 about $5.1 trillion between April and July.

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).

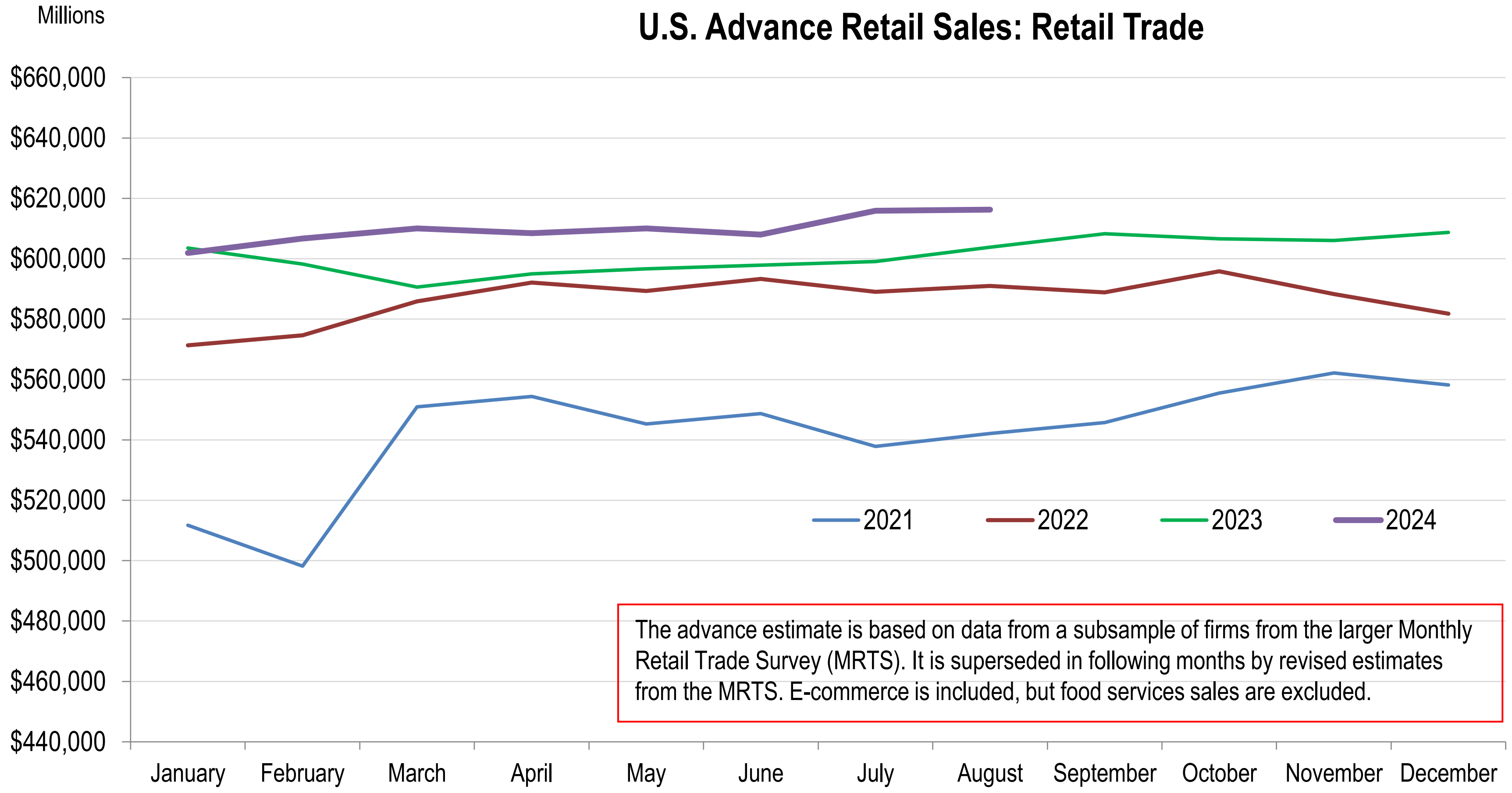
Outstanding Credit (Billions) and Percent Change

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

U.S. Advance Retail Sales: Retail Trade

Monthly



Advance Retail Sales

Retail sales were weak in 2023 and the first half of 2024. YTD sales through August (purple) were 1.9% greater than for the same period in 2023 (green). Sales in July were stronger than expected because of Amazon Prime Days and increased auto sales. Higher prices are solving the inflation problem of higher prices. In other words, consumers are spending but are being selective in their purchases.

Annual Retail Sales (Trillions)

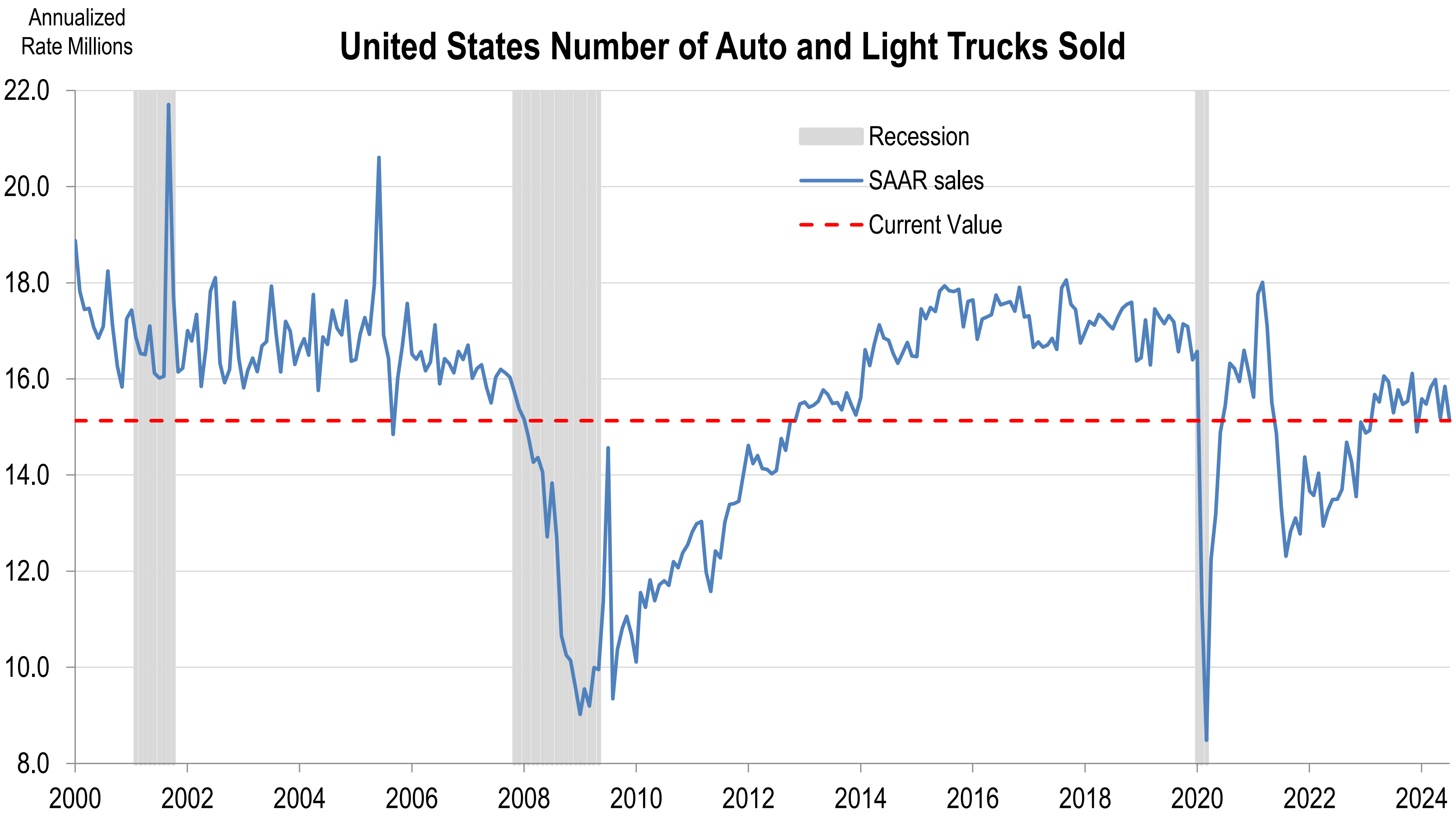
2017	$5.04	4.4%
2018	$5.25	4.2%
2019	$5.40	2.8%
2020	$5.56	3.0%
2021	$6.51	17.0%
2022	$7.04	8.2%
2023	$7.21	2.4%

Source: Census, cber.co

Source: U.S. Census Bureau, FRED, cber.co. Data updated in April 2024. Note: Not adjusted for inflation.

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.

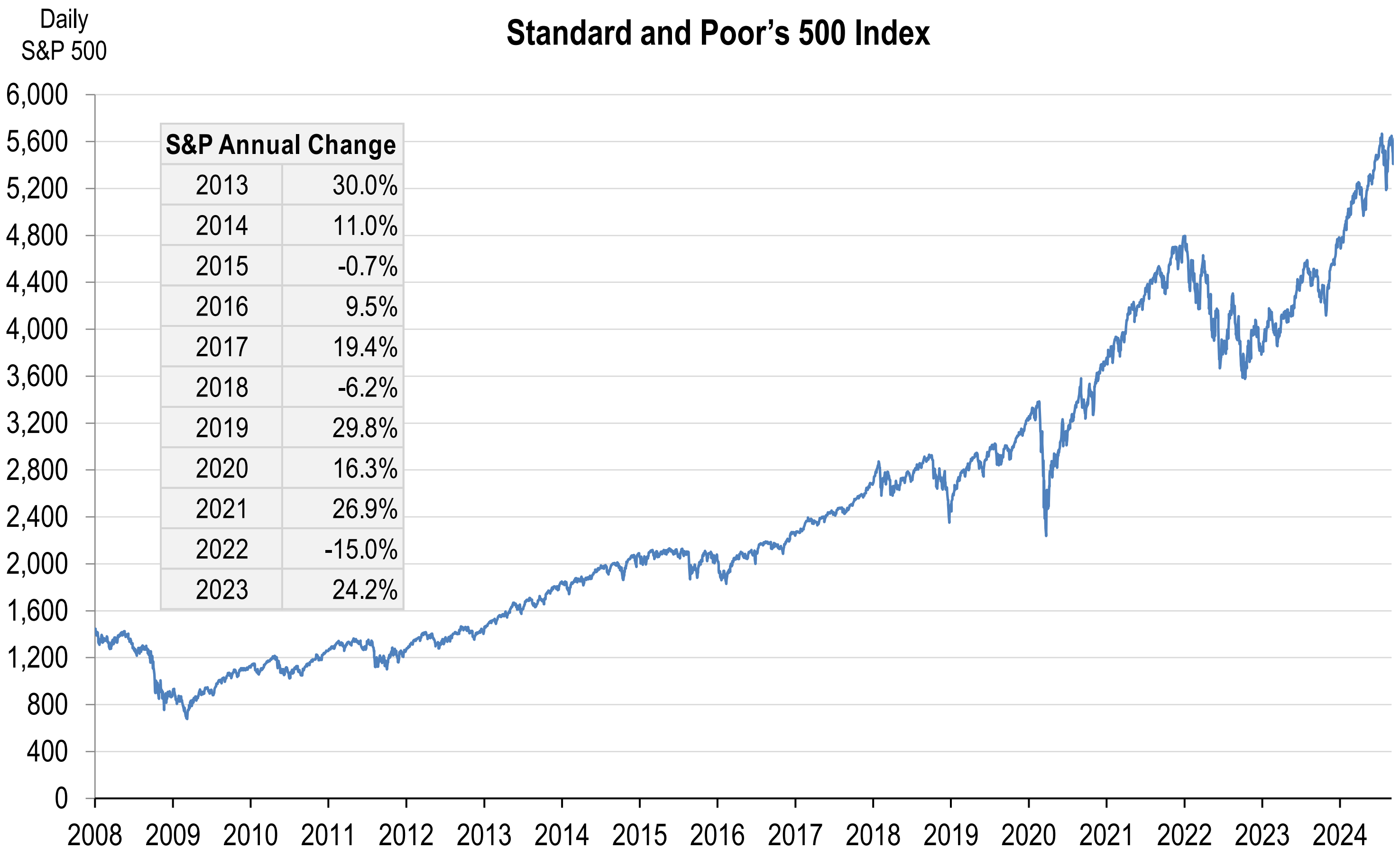
Auto and Light Truck Sales SAAR

In July 2024, auto and light truck sales decreased to 15.1 million (red dotted line). Monthly unit sales in 2023 and 2024 were between 14.8 and 16.2 million. The industry faces challenges from elevated interest rates, high prices, high insurance costs, and a lack of enthusiasm for electric vehicles.

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

Standard and Poor's 500 Index



S&P Annual Change	
2013	30.0%
2014	11.0%
2015	-0.7%
2016	9.5%
2017	19.4%
2018	-6.2%
2019	29.8%
2020	16.3%
2021	26.9%
2022	-15.0%
2023	24.2%

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

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%**

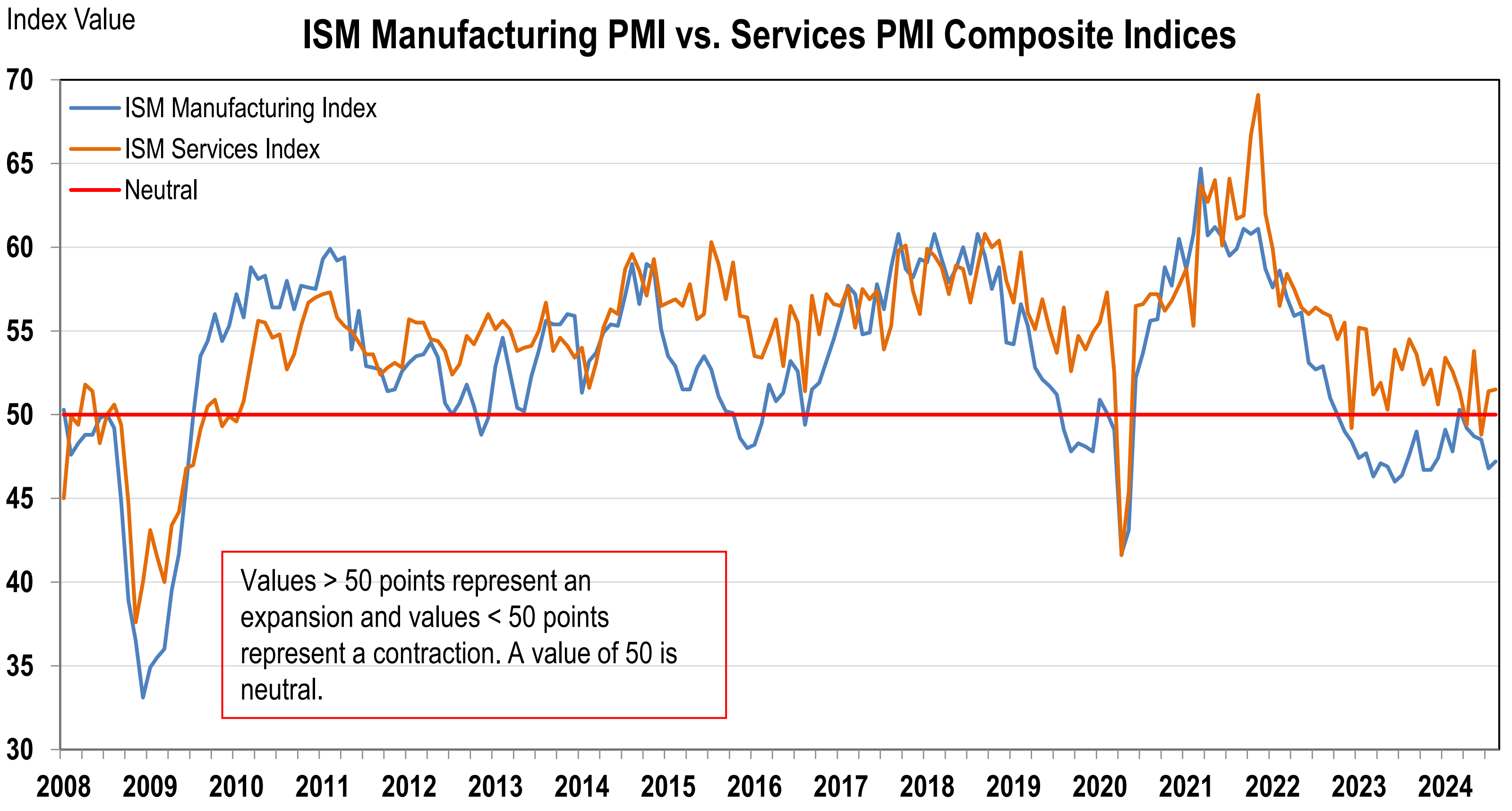
2023 Bull Market
Helped by a Santa Claus rally in December
December 29, 2023 4,739, a change of **+24.2%**

2024 Bull Market
September 20, 2024 5,703 YTD change **+19.6%.**

U.S. Indicators

ISM Purchasing Managers Composite Indices

Manufacturing vs. Services



Source: Institute of Supply Management, cber.co.

Manufacturing and Services PMI

The ISM manufacturing index (blue) was below 50 for 16 months before posting 50.2 in March 2024.

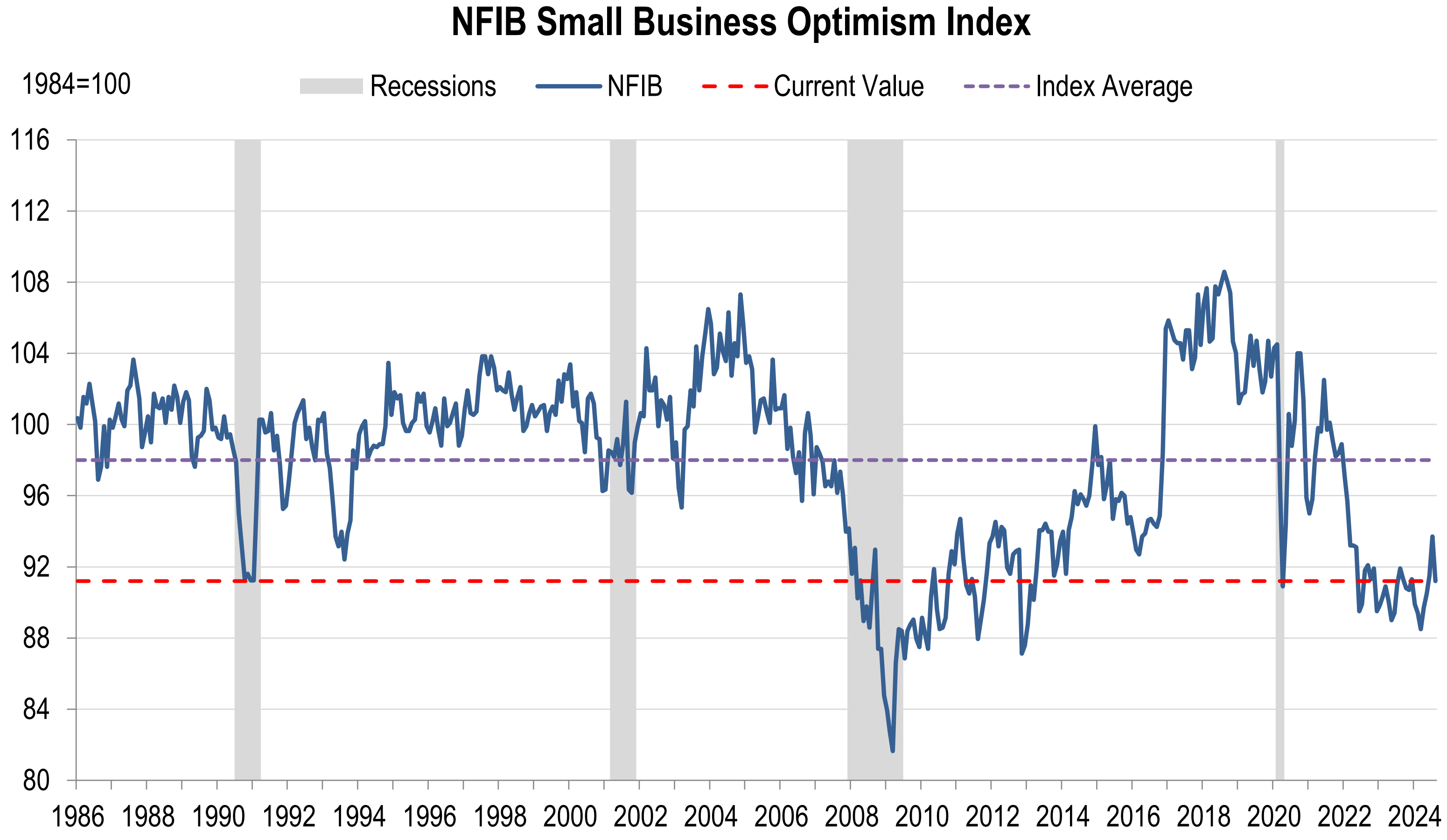
Since April, it has been below 50 and was 47.2 in August. Demand and output were weak in August.

In November 2021, the ISM service index (orange) registered 69.1. In 2024, the index has been between 48.8 and 53.8. It has been positive, but historically weak.

In August, ten service industries posted gains, and 8 reported declines.

NFIB Small Business Optimism Index

United States



Source: NFIB, cber.co.

NFIB Small Business Index

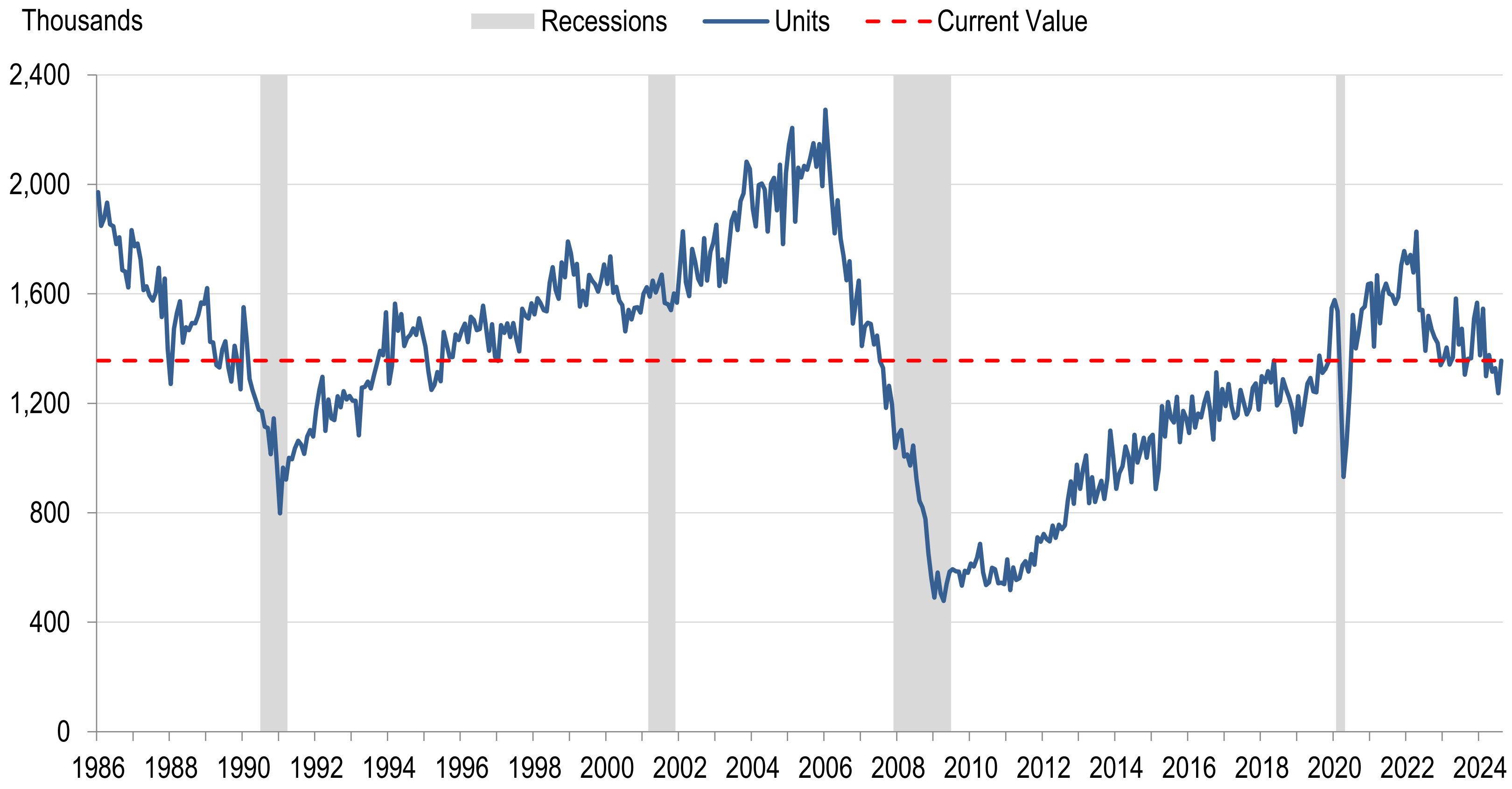
In August 2024, the NFIB index fell to 91.2 (red dotted line), the 32nd consecutive month below the 50-year average of 98.0 (purple dotted line). The July value was the best for 2024. Two of the ten index components increased and eight decreased.

The sales and outlook components are weak and getting worse. On a positive note, the most favorable components are government spending and hiring. Volatility will be prevalent in the months ahead. For more details, the NFIB monthly SBET report is available at 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.

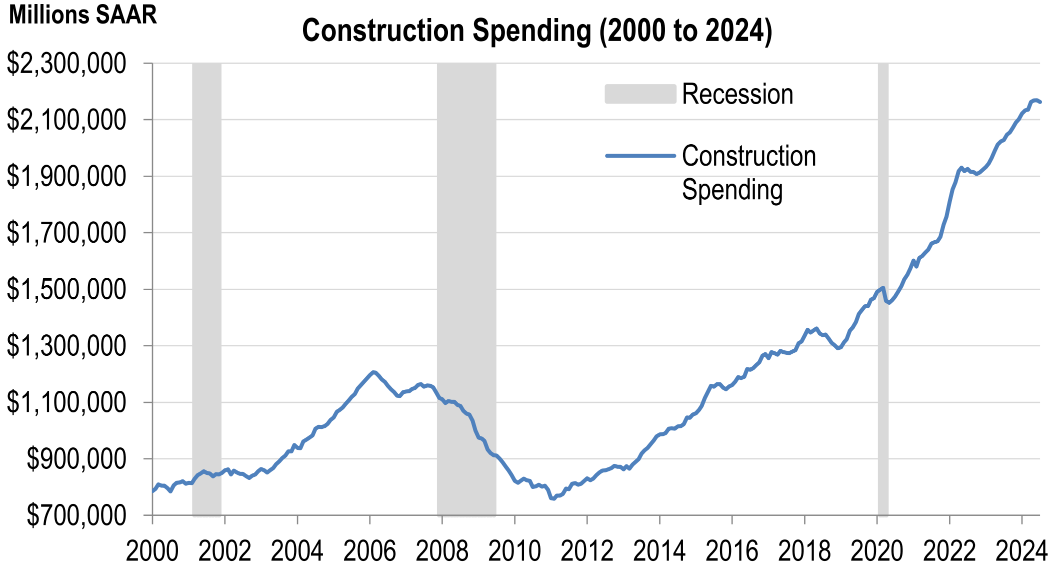
New Privately Owned Housing Units Started

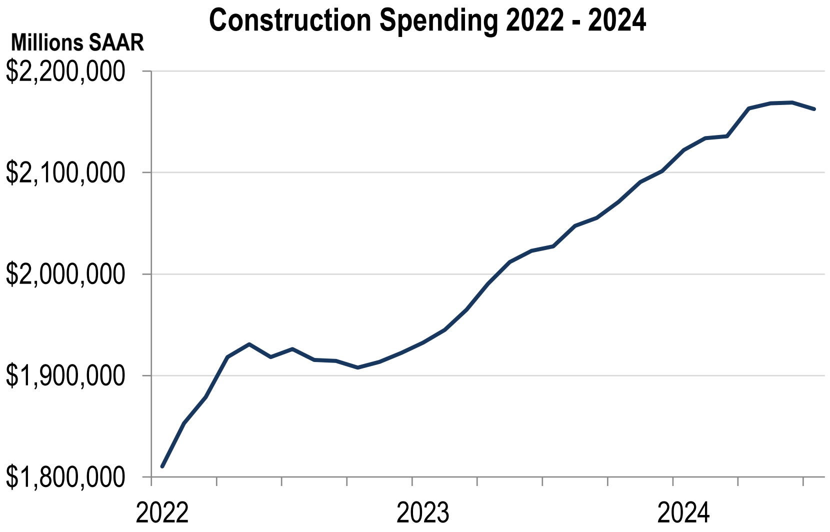
The number of housing starts has been volatile. Starts have been below 1.9 million units SAAR since May 2006.The peak since that date was 1.8 million units in April 2022.

There is demand for housing, even with high interest rates; however, there were only 1.36 million starts in August 2024 (red-dotted line).

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

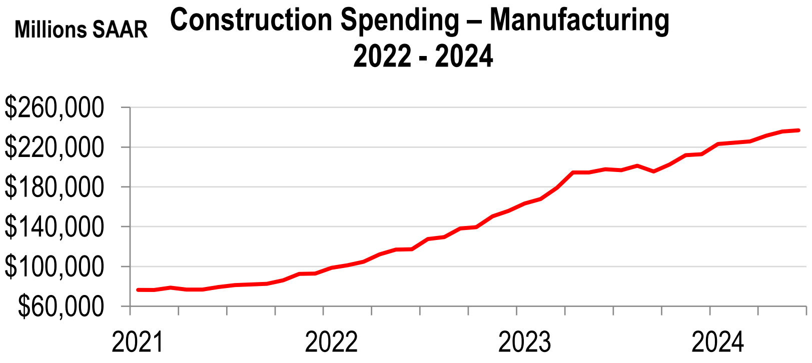
Construction Spending
United States





Construction Spending

Construction spending trended down beginning in May 2022 and remained stagnant through the end of the year. Spending was solid in 2023 but turned flat in mid-2024. Federal funds have supported the construction of manufacturing facilities (bottom right) since 2022.



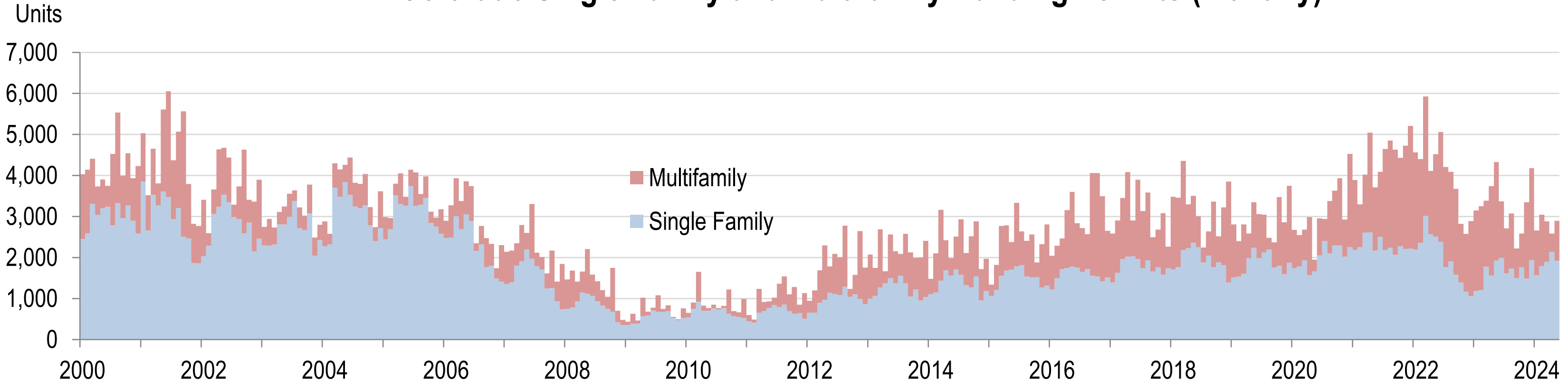
Source: FRED, U.S. Census Bureau, Note: Spending is Seasonally Adjusted Annualized Rate, cber.co.

Colorado Indicators

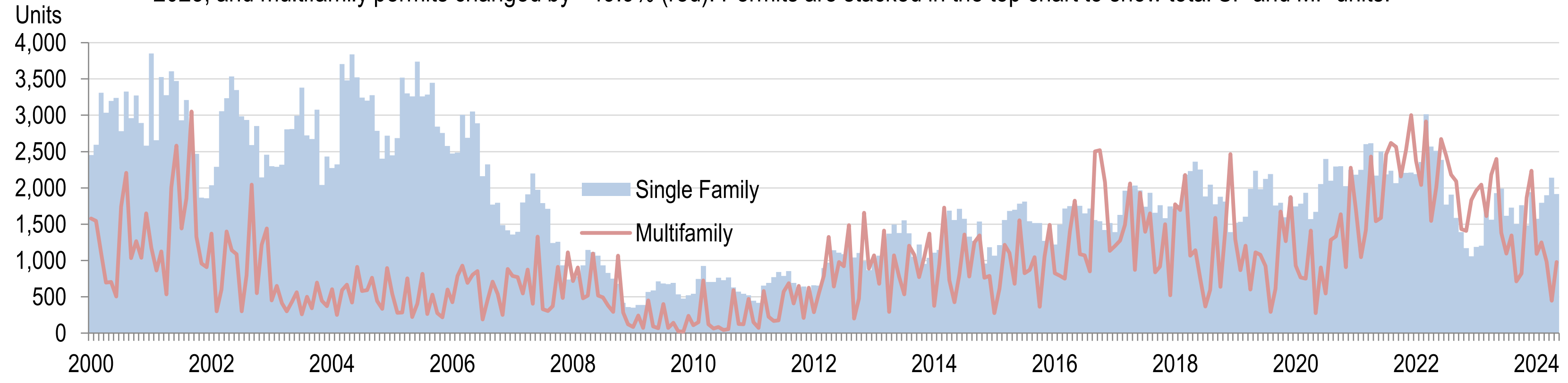
Colorado Residential Building Permits

Single Family and Multifamily Units

Colorado Single Family and Multifamily Building Permits (Monthly)



The total number of single-family permits for the first seven months of 2024 changed by +12.9% (blue) compared to the same period in 2023, and multifamily permits changed by –49.9% (red). Permits are stacked in the top chart to show total SF and MF units.



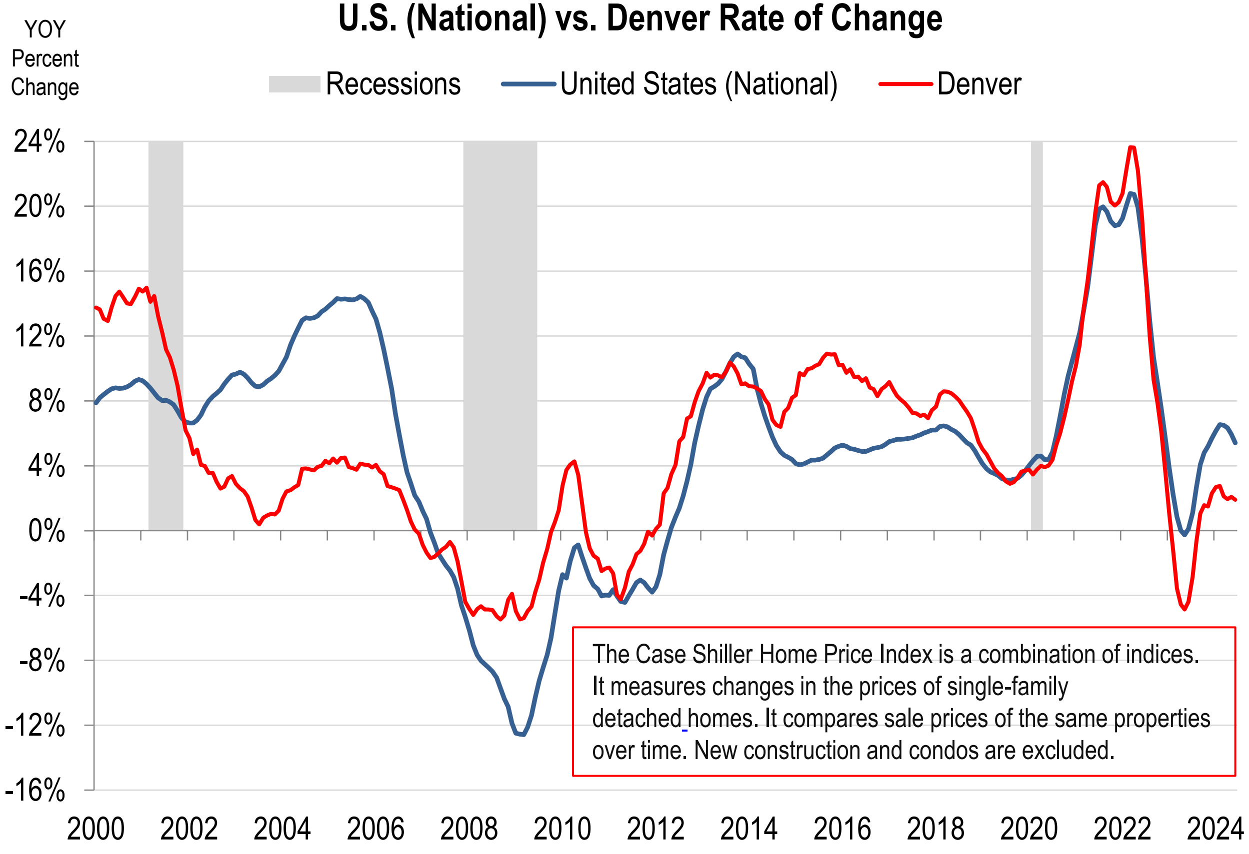
Source: TAMU Real Estate Center, U.S. Census Bureau, cber.co.

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

Case Shiller Home Price Index

YOY National vs. Denver Rate of Change

S&P CoreLogic Case Shiller Home Price Index
U.S. (National) vs. Denver Rate of Change



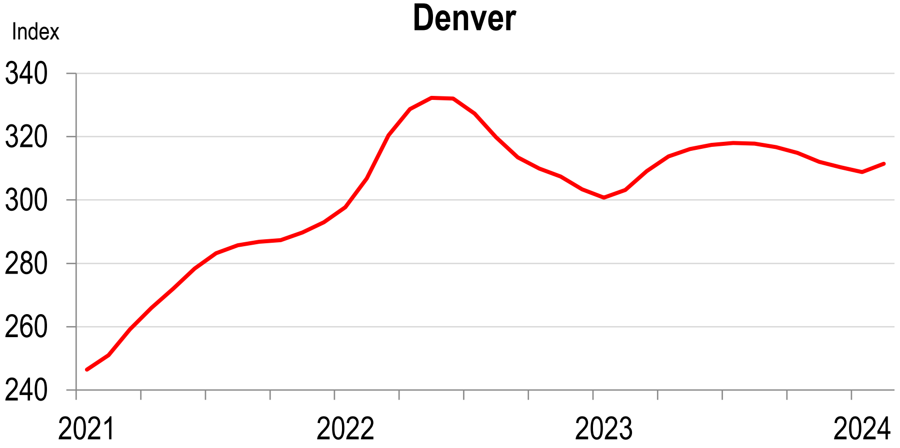
Source: FRED, S&P Case Shiller, cber.co.

Change in S&P CoreLogic Case Shiller Index

In June 2024, the YOY change in the U.S. index was +5.4%, and the Denver index changed by 1.9%. (Close up of Denver index is below).

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%.

S&P CoreLogic Case Shiller Home Price Index - Denver



Colorado Single Family Market Review
August

Colorado Single Family Market Review						
August 2023	August 2024	% Change		YTD 2023	YTD 2024	% Change
8,129	8,606	5.9%	**New Listings**	60,347	66,856	10.8%
5,722	6,421	12.2%	**Pending/Under Contract**	47,186	47,606	0.9%
6,167	6,087	-1.3%	**Sold Listings**	45,132	44,611	-1.2%
$ 580,000	$ 584,000	0.7%	**Median Sales Price**	$ 565,000	$ 582,000	3.0%
$ 774,868	$ 767,222	-1.0%	**Average Sales Price**	$ 715,075	$ 747,341	4.5%
99.0%	98.6%	-0.4%	**Percent of List Price Received**	99.2%	99.0%	-0.2%
41	50	22.0%	**Days on Market Until Sale**	47	50	6.4%
46	49	6.5%	**Housing Affordability Index**	48	49	2.1%
17,122	20,117	17.5%	**Inventory Active Listings**			
3.1	3.8	22.6%	**Months Supply of Inventory**			

Colorado Single Family Market Review
YTD new listings and pending contracts have risen in 2024, and prices are higher in 2024 than in 2023. In August 2024 there were 3.8 months of inventory.

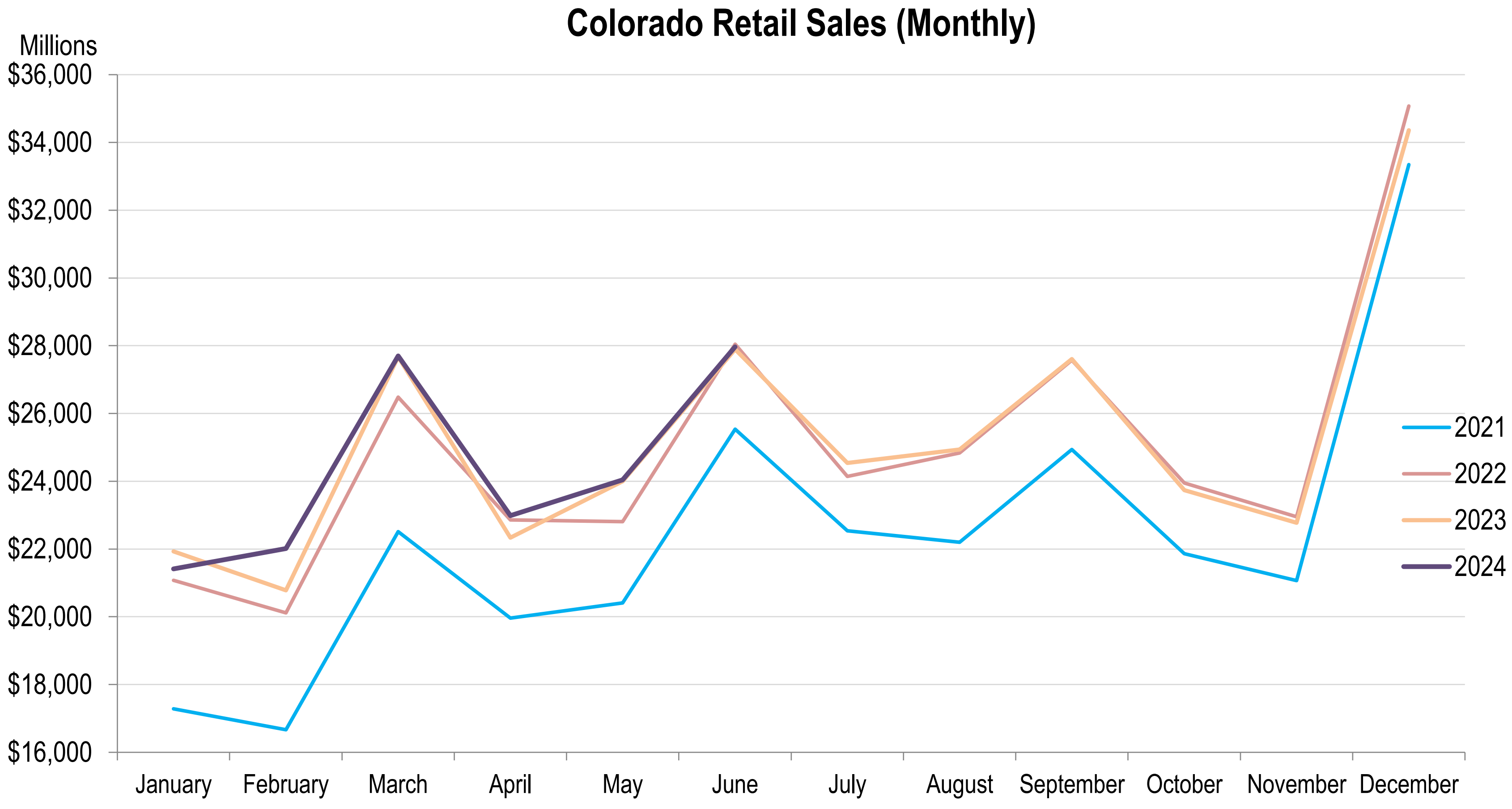
Lower interest rates are likely to improve the performance of the Colorado residential real estate market.

Source: CAR, cber.co.

New Listings – Measures new supply coming onto market.
Pending/Under Contract – A leading indicator of buyer demand.
Sold Listings – Home sales that are closed during the period.
Median Sales Price – Half of the activity is above the median and half of the activity is lower than this price point.
Average Sales Price – The sum of all home sales prices divided by the number of houses sold.
Percent of List Price Received – The percent difference from the last list price and the sales price.
Days on Market Until Sale – The average number of days it takes homes to sell.
Affordability Index – A higher number means greater affordability.
Inventory of Active Listings – The number of homes available for sale at a given time. This may affect home prices.
Supply of Inventory – Measure of the balance between buyers and sellers. A balanced market ranges from four to seven months. A buyer's market has a higher number.

Colorado Retail Sales

Monthly



Colorado Retail Sales

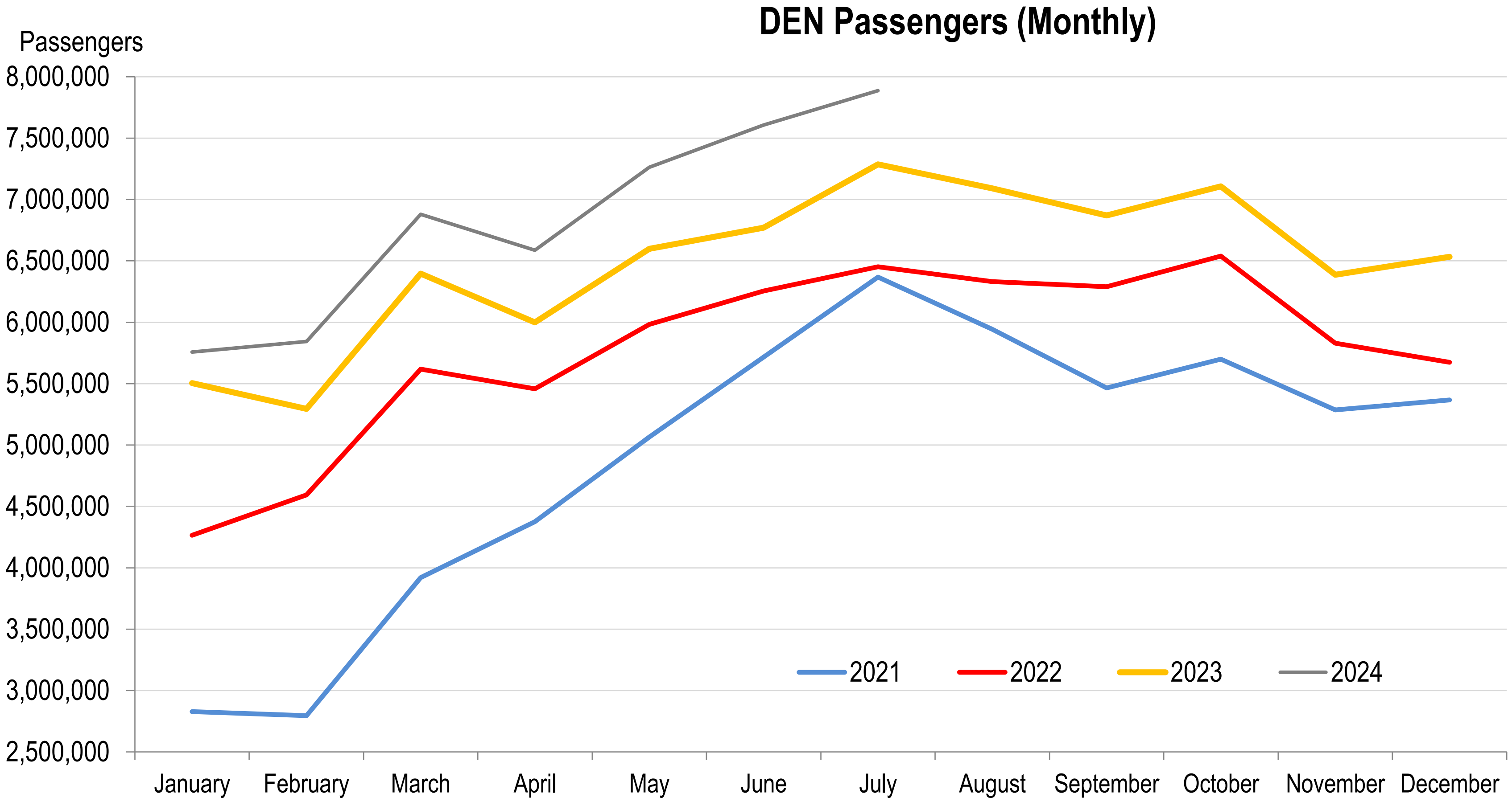
Year-over-year retail sales through June 2024 (dark purple) were 1.1% greater than for the same period in 2023.

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

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.

DEN and COS Passengers
Monthly



Air Travel

There were 47.8 million passengers through DIA in the first seven months of 2024 (grey line), an increase of 9.1% compared to the same period last year.

There were 2.3 million passengers through COS in 2023. Through seven months in 2024, there were 1,439,840 passengers, a YOY increase of 14.9%.

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

Source: flydenver.com, https://www.flydenver.com/about-den/governance/reports-and-financials/, administration/governance, COS airport, cber.co.

Colorado Forecast

Colorado Economic Forecast 2024

In 2024, the Colorado real GDP growth rate will be 3.0%, higher than the U.S. rate.

The job market will taper off to about 44,000 in 2024. The unemployment rate will increase significantly 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 many 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	$443.00
% Change Real GDP	6.8%	2.2%	3.4%	3.0%
CES Employment (thousands)	2,750.9	2,869.7	2,942.0	2,986.0
Annual Change (thousands)	98.2	118.8	72.3	44.0
% Change	3.7%	4.3%	2.5%	1.5%
Unemployment Rate	5.5%	3.1%	3.2	3.7%
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 (SF) Permits	30,246	24,000	20,000	20,000
Multi-family (MF) Permits	26,278	25,000	19,000	15,000
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 (COS) airport.

The total number of SF and MF 2024 building permits will be less than in 2023. There will be weaker MF growth. The construction (housing) and real estate markets will remain volatile in 2024. Office vacancies will remain at high levels.

Annual production of crude oil has stabilized at more than 160 million barrels. Fossil fuels will play an integral role in the U.S. and Colorado economies in the future.

cber.co
Economic Outlook and Trends through August 2024
Colorado and the United States

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.