

Colorado Economic Update

Quarterly Report / Q2 2024

Prepared by: Corporate Strategy

Data as of August 5, 2024 – Please see appendix for source and data information



Summary of Current Economic Conditions

The Colorado unemployment rate ended second quarter 2024 at 2.6 percent, well below the national rate of 4.1 percent and only up 0.2 percent since June 2023. Job growth slowed relative to the previous month with Colorado gaining only 1,400 jobs in June 2024, led by gains in financial activities and government. Some industries experienced job losses, including construction, education and health services, and leisure and hospitality.

Economic activity in Colorado weakened slightly during the first quarter of 2024. Annualized GDP growth of 2.3 percent for the quarter exceeded the U.S. average by 0.8 percent after trailing the national average significantly during the previous quarter. Wage growth remains strong.

Activity in the housing market remains stable. Colorado housing prices grew by 3.7 percent in the first quarter of 2024, an improvement from the previous three quarters but still below the U.S. average. Permitting activity was down across both segments in June 2024 on a trailing twelve-month average. Multifamily permitting activity decreased by 4.5 percent while single-family permitting activity decreased 1.5 percent month-over-month.

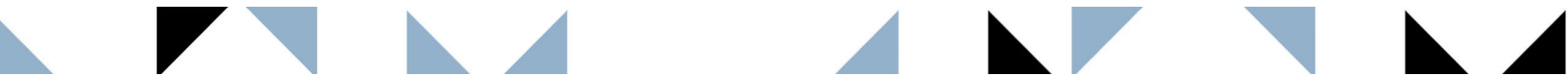
Interest rates and inflation remain a primary concern for consumers across the country. Progress has continued in reducing both core and headline inflation, though perhaps at a slower rate than that preferred by the Federal Open Market Committee. Headline inflation (which includes the typically more volatile prices of food and energy) has recently been the more stubborn measure of the two, while the core reading is now more in-line with the Fed's target of 2.0 percent.

This trend has allowed the Fed to signal a loosening in monetary policy and the target range of the federal funds rate. With the recent improvement in inflation readings, short-term rates are expected to decline as soon as September 2024.

With the summer travel season well underway and OPEC signaling curbed production, crude oil prices are expected to remain near \$80 per barrel for the foreseeable future. A warmer-than-expected summer has natural gas prices back on the rise as spring stockpiles continue to dwindle. Sustained warmth, and therefore unseasonably high natural gas use as the fall months approach, could drive prices even higher.

Dampened expectations for agricultural commodity prices remain for 2024 compared to recent years. Corn demand is weak while production is strong on both a domestic and global scale, leading to a 14.0 percent stock/use ratio. Increased competition in soybean production supports forecasts for a year-over-year price decline of 15.5 percent, while global supplies of wheat are increasing as impacts from recent market disruptors alleviate. The elevated price of cattle is expected to hold throughout the year as herd figures remain depressed.

This publication provides current economic indicators to help monitor trends and allow comparison of past information. These indicators include employment and labor, economic growth and wage measures, interest rates, consumer inflationary measures, energy, agriculture, and housing. Please view the selection of charts that follows to aid in your understanding of the current economic situation in the state of Colorado.

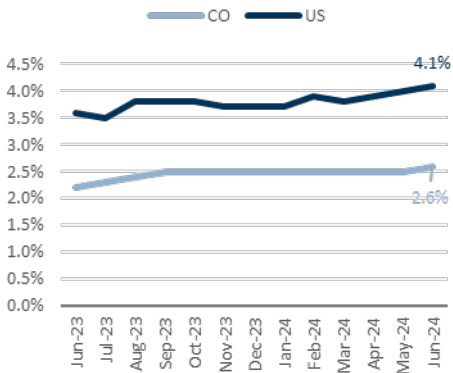


Economic Charts & Appendix

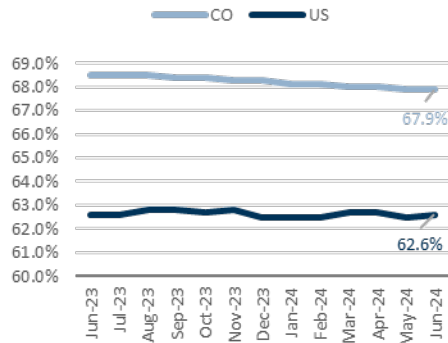


Employment & Labor

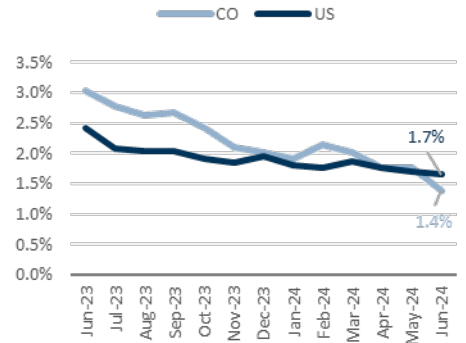
Unemployment Rate¹; Last 13 Months



Labor Force Participation Rate²; Last 13 Months

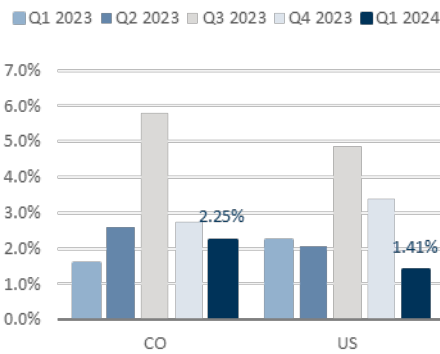


Nonfarm Payroll Employment³; Year-over-year Growth, Last 13 Months

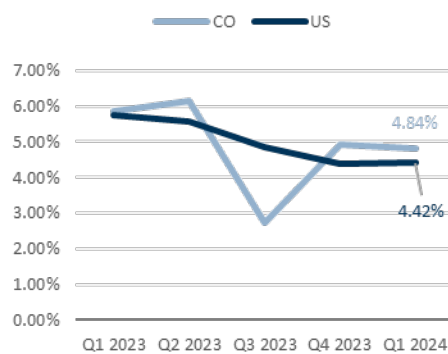


Economic Growth & Wage Measures

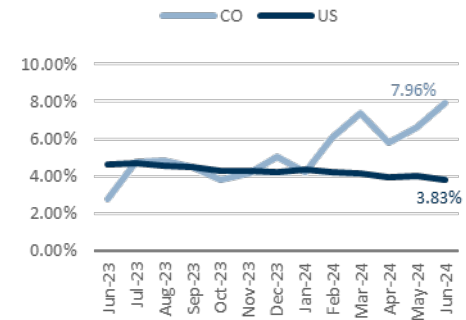
Real Gross Domestic Product⁴; Compounded Annual Rate of Change



Total Personal Income⁵; Year-over-year Growth, Last Five Quarters

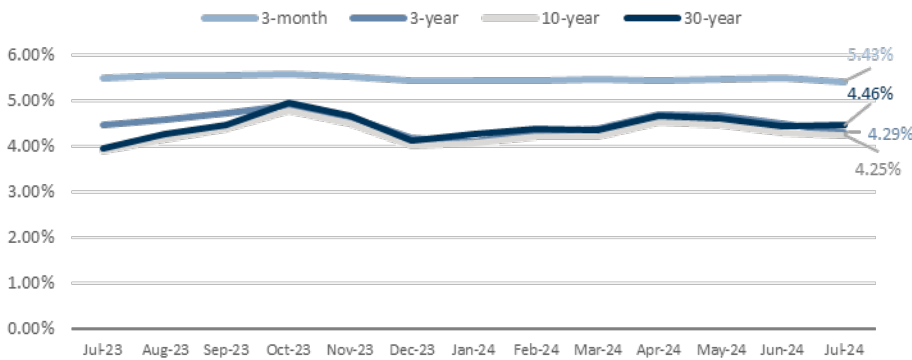


Average Hourly Earnings of All Employees: Total Private⁶; Year-over-year Growth, Last 13 Months

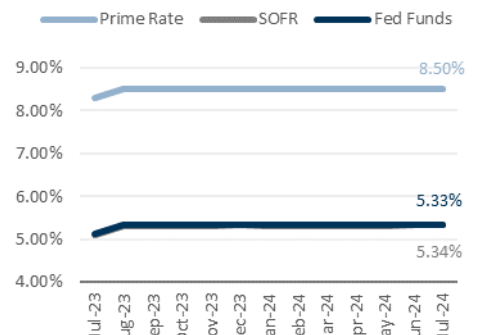


Interest Rates

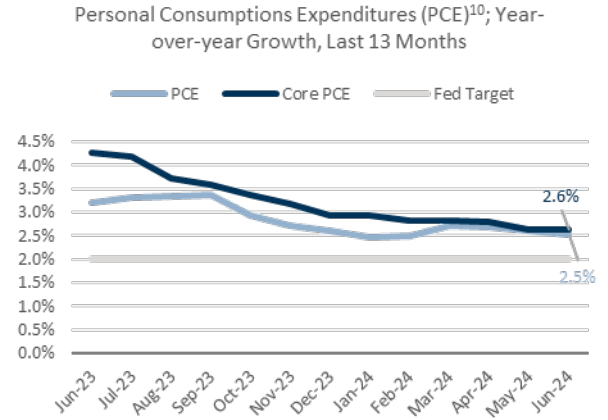
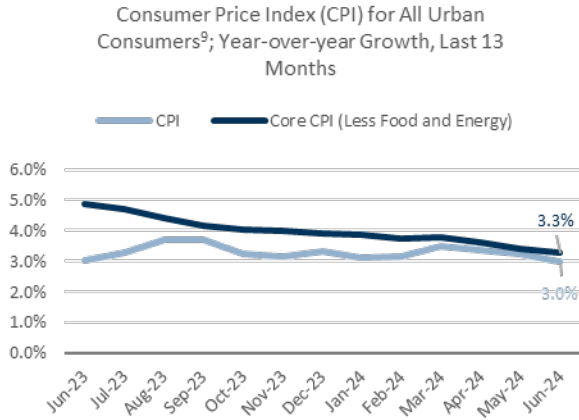
Select Treasury Rates⁷; Last 13 Months



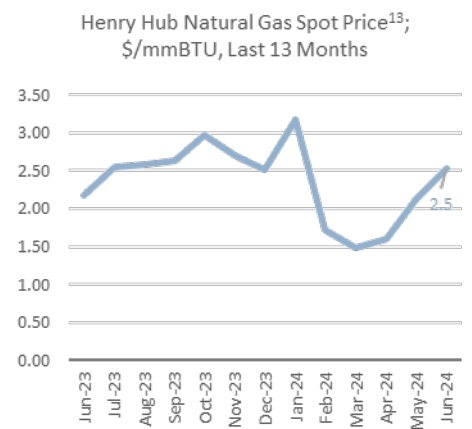
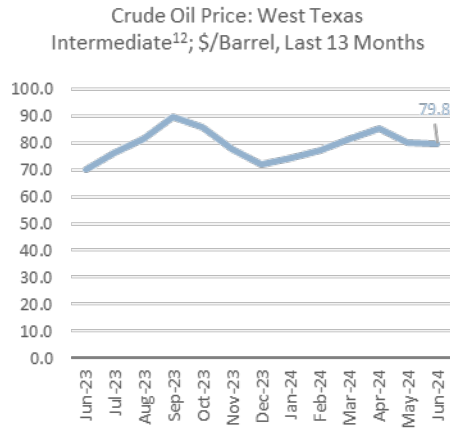
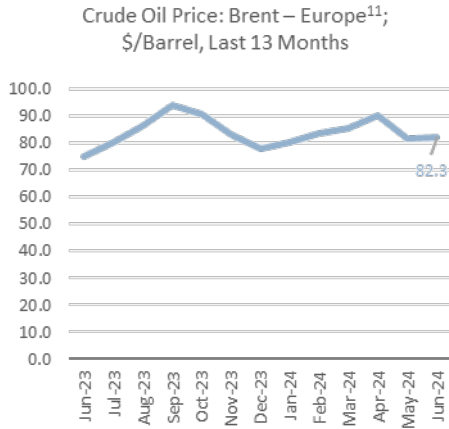
Select Benchmark Rates⁸; Last 13 Months



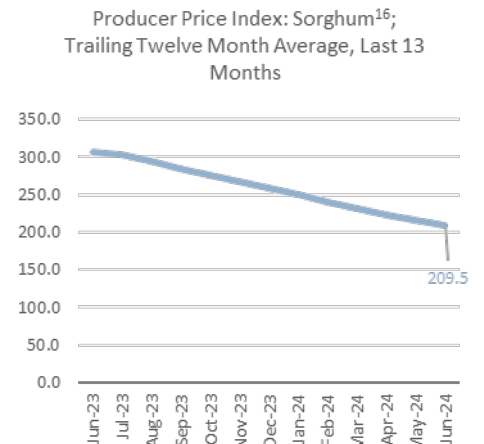
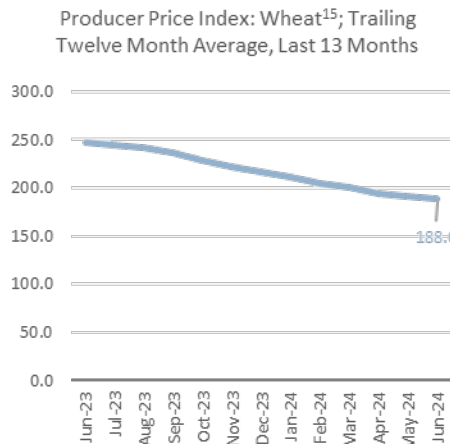
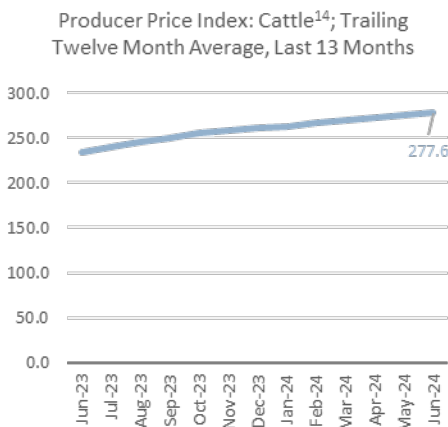
Consumer Inflation Measures



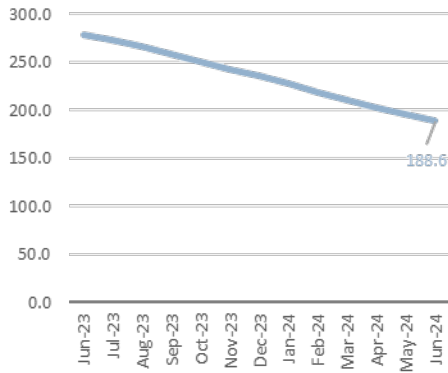
Energy



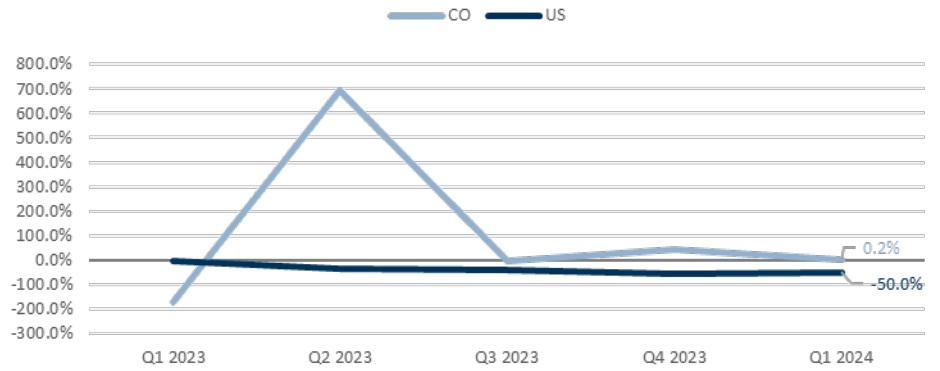
Farm and Agriculture



Producer Price Index: Corn¹⁷; Trailing Twelve Month Average; Last 13 Months

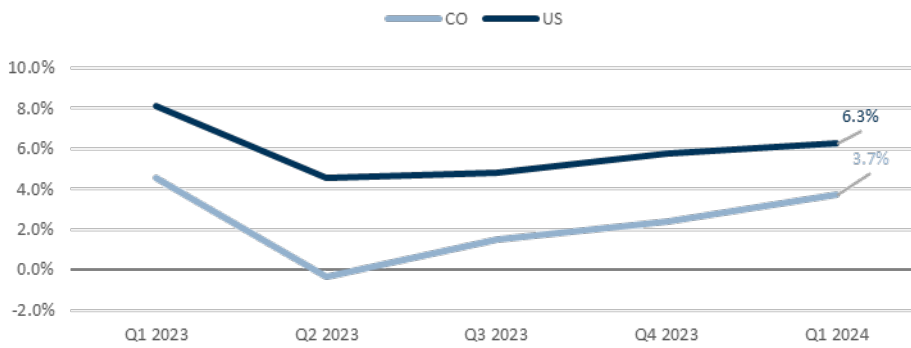


Proprietors' Farm Income by State¹⁸; Year-Over-Year Growth, Last 5 Quarters

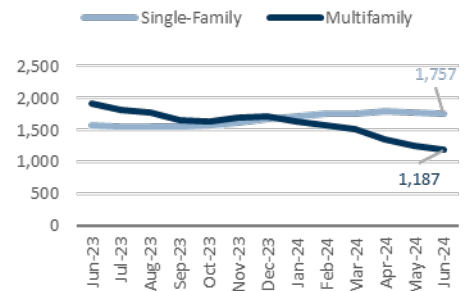


Housing

All-Transactions House Price Index by State¹⁹; Year-Over-Year Growth, Last 5 Quarters



New Private Housing Units Authorized by Building Permits: Colorado²⁰; Trailing Twelve Month Average (Units), Last 13 Months



Appendix – Definitions & Sources

Tables 1 & 2 – The Local Area Unemployment Statistics program measures employed people and unemployed people on a place-of-residence basis. The universe for each is the civilian noninstitutional population 16 years of age and older. Employed people are those who did any work at all for pay or profit in the reference week (typically the week including the 12th of the month) or worked 15 hours or more without pay in a family business or farm, plus those not working who had a job from which they were temporarily absent, whether or not paid, for such reasons as bad weather labor-management dispute, illness, or vacation.

Unemployed people are those who were not employed during the reference week (based on the definition above), had actively looked for a job sometime in the 4-week period ending with the reference week, and were currently available for work; people on layoff expecting recall need not be looking for work to be counted as unemployed. The civilian labor force is the sum of employed and unemployed people. The unemployment rate is the number of unemployed as a percent of the civilian labor force.

Source: U.S. Bureau of Labor Statistics – State Employment and Unemployment

Table 3 – Employment data refer to people on establishment payrolls who receive pay for any part of the pay period that includes the 12th of the month. People are counted at their place of work rather than at their place of residence; those appearing on more than one payroll are counted on each payroll.

Source: U.S. Bureau of Labor Statistics – State Employment and Unemployment

Table 4 – GDP estimates the value of the goods and services produced either by state or by country.

Source: U.S. Bureau of Economic Analysis – Gross Domestic Product by State

Table 5 – The income people get from wages, proprietors' income, dividends, interest, rents, and government benefits.

Source: U.S. Bureau of Economic Analysis – Personal Income by State

Table 6 – Average hourly earnings reflect not only changes in basic hourly and incentive wage rates, but also such variable factors as premium pay for overtime and late-shift work and changes in output of workers paid on an incentive plan. They also reflect shifts in the number of employees between relatively high-paid and low-paid work and changes in workers' earnings in individual establishments.

Earnings differ from wage rates in that earnings are the actual return to the worker for a stated period while wage rates are the amount stipulated for a given unit of work or time. Earnings do not measure the level of total labor costs on the part of the employer as benefits, irregular bonuses, retroactive items and payroll taxes paid by employers are excluded.

Source: U.S. Bureau of Labor Statistics – State Employment, Hours, and Earnings

Table 7 – Yields on actively traded non-inflation-indexed issues adjusted to constant maturities.

Source: Board of Governors of the Federal Reserve System – Selected Interest Rates

Table 8 – The federal funds rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight. The federal funds rate is the central interest rate in the



U.S. financial market. It influences other interest rates such as the prime rate, which is the rate banks charge their customers with higher credit ratings.

The Secured Overnight Financing Rate (or SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

Sources: Board of Governors of the Federal Reserve System – Selected Interest Rates; Federal Reserve Bank of New York – Secured Overnight Financing Rate Data

Tables 9 & 10 – In measuring the purchasing value of the U.S. dollar, two indices are often cited. Both track the price level of a basket of goods, but differ in a myriad of ways, including the weights applied to different items in the basket, accounting for changes in the basket and simply what items are included in the basket. Two types of inflation are reported: (1) “headline” inflation and (2) “core” inflation which excludes the typically more volatile prices of food and energy.

The Consumer Price Index (CPI, Table 9) attempts to capture the cost of what households are buying. The second and more often cited inflationary measure is the Personal Consumption Expenditures Index (PCE, Table 10). Based on surveys of business sales, the Fed targets 2.0 percent for the core PCE measure when setting monetary policy.

Sources: U.S. Bureau of Labor Statistics (CPI); U.S. Bureau of Economic Analysis (PCE)

Tables 11-13 – Two different prices of crude oil are generally tracked by those monitoring the energy sector – Brent (Table 11) and West Texas Intermediate (Table 12). A number of factors can contribute to differences between the prices, including extraction and production, shipping and storage costs, content quality and politics such as trade tensions.

The Henry Hub is a pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange and therefore the most often cited benchmark for the cost of natural gas.

Source: U.S. Energy Information Administration – Spot Prices

Tables 14-17 – The Producer Price Index (PPI) is a family of indexes that measures the average change over time in prices received (price changes) by producers for domestically produced goods, services, and construction. PPI’s measure price change from the perspective of the seller. This contrasts with other measures, such as the Consumer Price Index (CPI). CPI’s measure price change from the purchaser’s perspective.

Source: U.S. Bureau of Labor Statistics – Producer Price Index

Table 18 – Farm personal income comprises the net personal income of sole proprietors, partners, and hired laborers arising directly from the current production of agricultural commodities, both livestock and crops. It excludes corporate farm income.

Source: U.S. Bureau of Economic Analysis – Personal Income by State



Table 19 – The All-Transactions House Price Index (HPI) is a broad measure of the movement of single-family house prices. The HPI is a weighted, repeat-sales index meaning it measures average price changes in repeat sales or refinancing on the same properties. Data is obtained by reviewing repeat mortgage transactions on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since 1975.

Source: U.S. Federal Housing Finance Agency – House Price Indices

Table 20 – These numbers provide a general indication of the amount of new housing stock that may have been added to the housing inventory. Since not all permits become actual housing starts and starts lag the permit stage of construction, these numbers do not represent total new construction but should provide a general indicator on construction activity and the local real estate market. Authorized permits can vary greatly from month-to-month, so a trailing twelve-month average is used to provide a general trend.

Source: U.S. Census Bureau – Building Permits Survey

