Colorado Economic Conditions

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The views herein are those of the presenter and do not necessarily reflect those of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Outlook themes

• The recent surge in the number of COVID-19 cases and waning policy support are risks that are now being realized

• Policies that determine essential work and critical occupations are influencing economic conditions throughout the state, though unevenly

• Home prices continue to appreciate in Colorado, but housing cost growth has decelerated on average
Uncertainty around the U.S. economic outlook continues to be elevated

Sources: BEA, Wolters Kluwer, Haver Analytics
Consumption remains stable but subdued in the current wave of COVID-19

Sources: Opportunity Insights Economic Tracker, CDC COVID Data Tracker
Note: Percentage change in retail spending is relative to January 2020 levels
Businesses that evolved in their ability to serve customers remotely are faring better generally

Index of year-over-year revenue growth from surveyed businesses, Oct - Nov Avg

Sources: KC Fed Services Survey
Note: Value greater than 0 indicates more businesses experiencing revenue growth
Colorado counties with a larger share of essential employment experienced smaller rises in unemployment at the onset of the pandemic.

Sources: Quarterly Census of Employment and Wages, Bureau of Labor Statistics/Haver Analytics

Note: Change in unemployment rate for each county measured as the annual difference in the rate in April 2020.
Colorado counties with a larger share of essential employment experienced smaller rises in unemployment at the onset of the pandemic.
Unemployment moved from a 50-year low to a record high within months, and remains above its natural level after several months of job gains.

Sources: Bureau of Labor Statistics, NBER, Haver Analytics, CBO
Note: Grey bars represent recession shading
An outsized proportion of jobs lost this year were in service industries.
Labor force participation declined nationwide during the first half of the year, and declined more in states with greater service sector employment.
Since February, the size of the Colorado labor force declined by nearly 50,000 persons

Sources: Bureau of Labor Statistics, Haver Analytics
Inflation is likely to remain subdued on net over the medium term

Sources: BEA, NBER, Haver Analytics
Note: Grey bars represent recession shading
Growth in Colorado home values is accelerating, while overall housing price growth is decelerating on average.
As policy support for households waned, the share of those missing housing payments increased nationally.
Looking forward

• The current surge in the number of cases is likely to have a different effect on economic activity than in late Spring

• A key question is whether households and businesses have enough momentum to reach a point in time when vaccines are widely available and economic activity can normalize

• The Federal Reserve remains committed to using its full range of tools to support the recovery and limit lasting damage to the economy

• Over the medium term, the ability of workers to remain engaged in the labor force will be an important factor driving the shape of the recovery