



ColoradoCast

ECONOMIC FORECAST Q4 2021

A STATEWIDE 6-MONTH ECONOMIC FORECAST
FROM THE COLORADO FUTURES CENTER

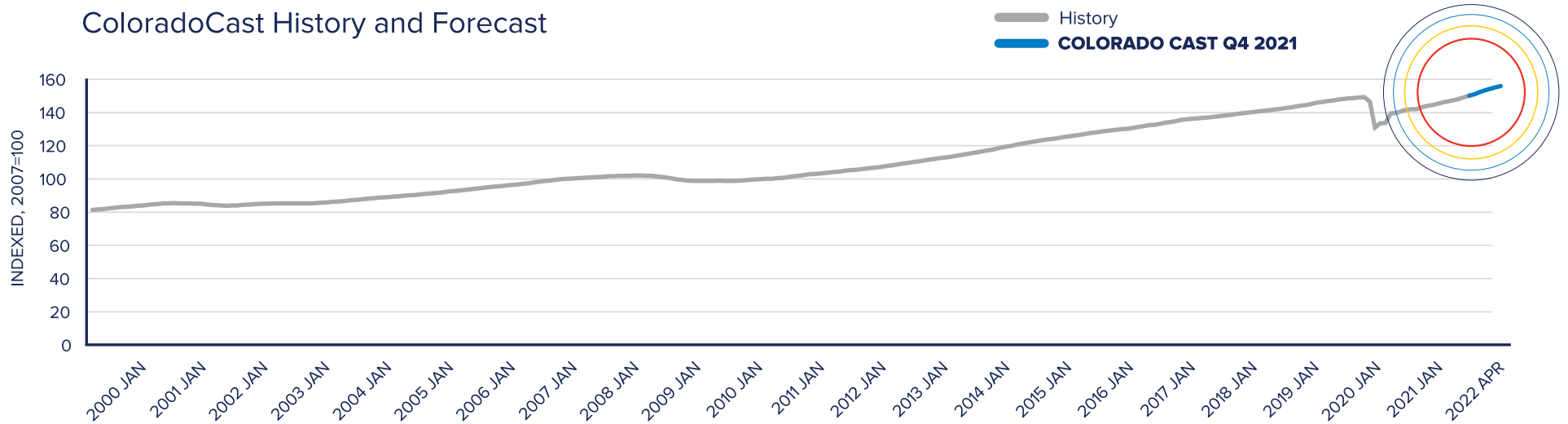


COLORADO
FUTURES CENTER

 **CSU SYSTEM**
COLORADO STATE UNIVERSITY

Current ColoradoCast

ColoradoCast History and Forecast



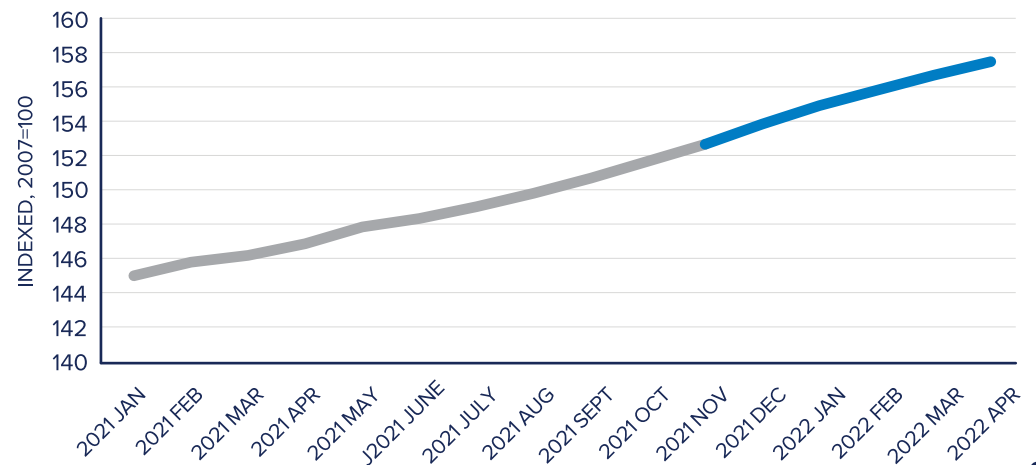
According to the Coincident Economic Activity Index for Colorado developed by the Federal Reserve Bank of Philadelphia (the base of the Colorado Cast), economic activity in Colorado rebounded to its pre-pandemic high in September 2021 and the economy is projected to continue to expand throughout the April, 2022 forecast horizon.

By April, 2022 the Colorado economy is projected to be growing at an annual rate of 6.45 percent, a slowdown from the more robust annualized rates of growth at the end of 2021, but still a healthy rate of growth relative to the months immediately preceding the pandemic.

While the Colorado Cast projects continued economic growth for the state, unknowns such as the newly emergent Omicron variant pose real and significant risks to the forecast.

Current ColoradoCast

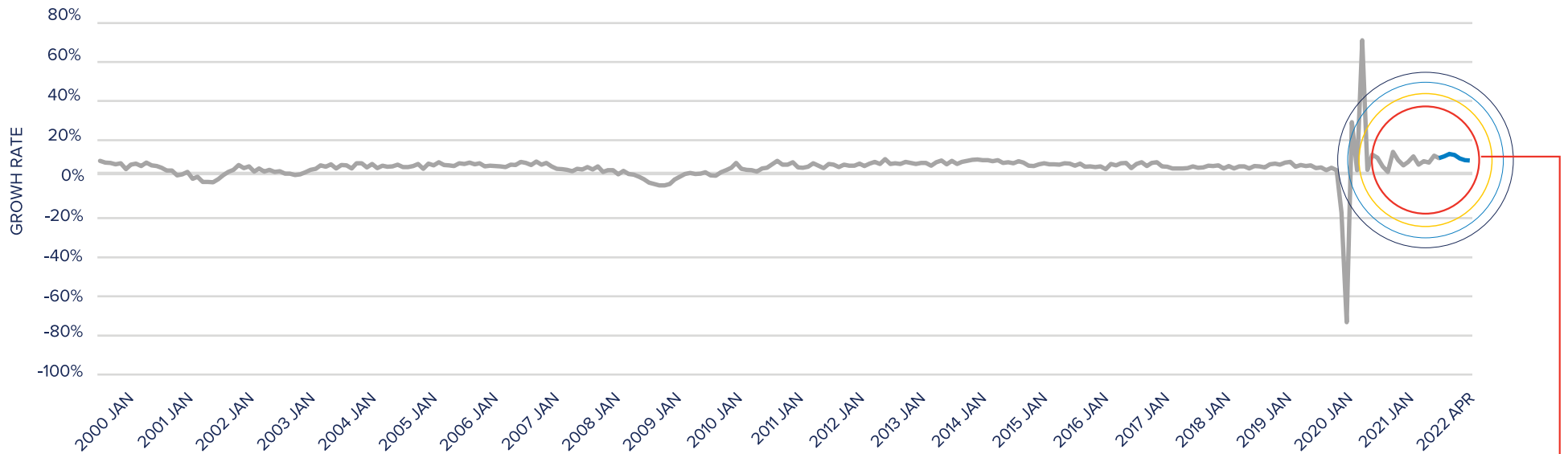
Highlighting the Current Year



Annualized Growth Rate

History and ColoradoCast

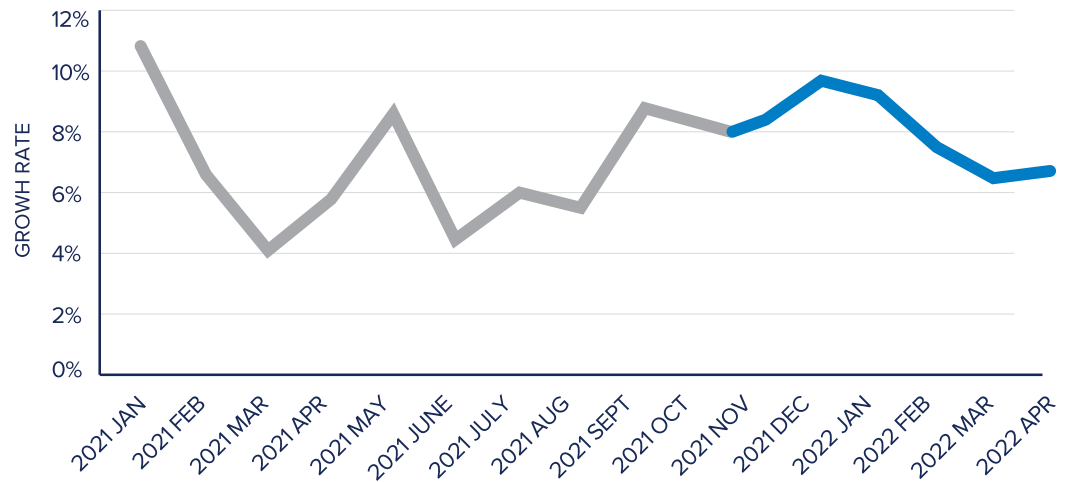
— Annualized Growth Rate History
— Annualized Growth Rate **ColoradoCast**



**BY APRIL 2022 THE
COLORADO ECONOMY
IS PROJECTED TO BE
GROWING AT AN ANNUAL
RATE OF 6.45%**

Annualized Growth Rate

Highlighting the Current Year



Impact on ColoradoCast

- ↑ Positive
- Neutral
- ↓ Negative

*Home prices include forecast values for Sept. and Oct. 2021

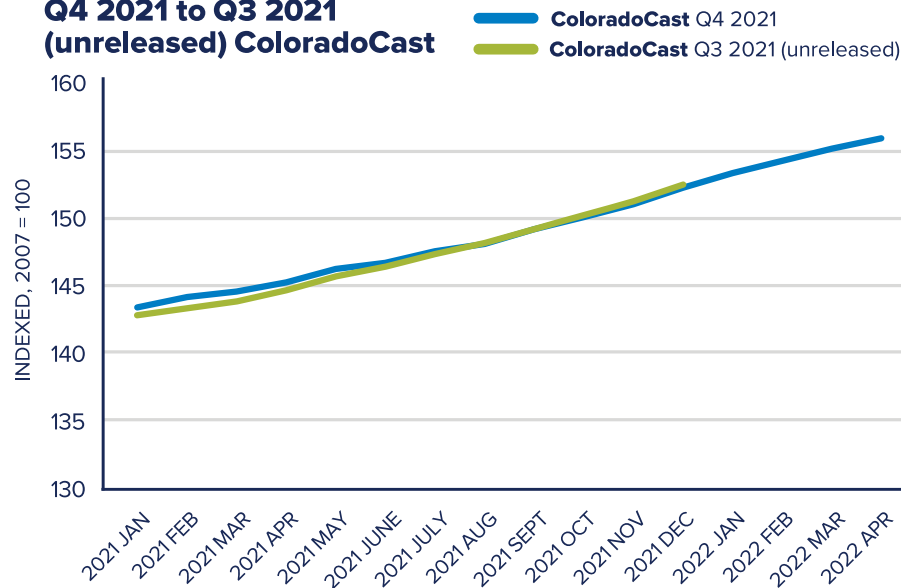
Factors Driving the ColoradoCast

2021 YTD (through October) pattern of the 6 variables used to forecast the ColoradoCast

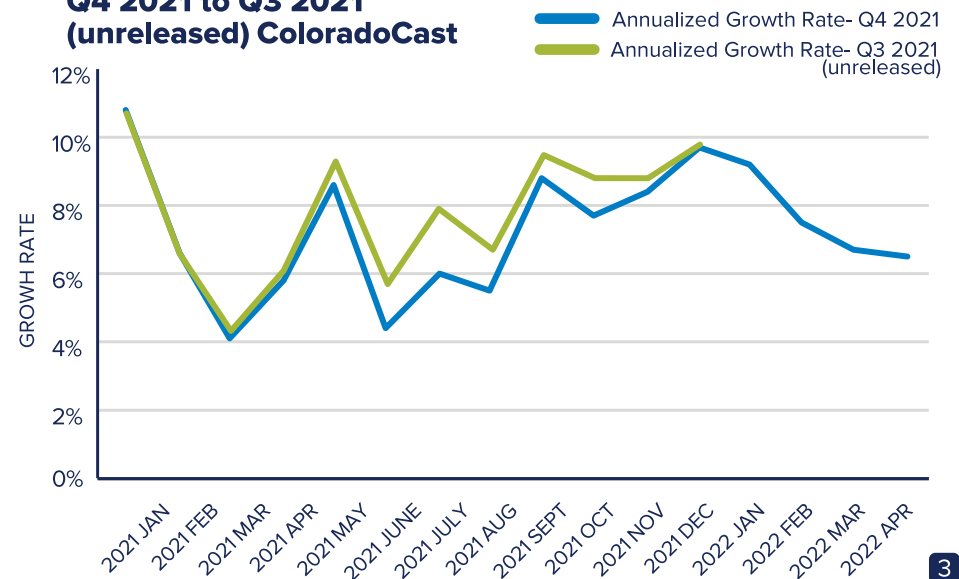


In comparison with an unpublished third quarter 2021 run of the ColoradoCast, the current forecast shows a slight decline in both the size of the Colorado economy and the annualized rate of growth. While the slowing in the forecast is slight, it does suggest that the enduring pandemic, along with the emerging supply chain and labor market stresses, over time are presenting modest headwinds to the economic recovery.

Forecast Comparison Q4 2021 to Q3 2021 (unreleased) ColoradoCast



Annualized Growth Rate Comparison Q4 2021 to Q3 2021 (unreleased) ColoradoCast





The **ColoradoCast** is a short-term (approximately 6 months ahead) economic forecast for the Colorado economy developed by the Colorado Futures Center. It is designed to forecast a well-known contemporaneous measure of statewide economic activity, the Coincident Economic Activity Index for Colorado, developed by the Federal Reserve Bank of Philadelphia. The Coincident Economic Activity Index includes four indicators: non-farm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries. The trend for the index is set to match the trend for gross state product.

The **ColoradoCast** predicts the value and annualized growth rate in the coincident index using six factors whose predicted relationship with economic activity are as follows (relationship in parentheses): the yield curve measured by the spread between two and ten month treasuries (positive), the risk spread between high quality corporate and ten year treasury returns (negative), employment in the employment services sector (positive), housing prices as measured by the Case-Shiller index for Denver (positive), initial claims for unemployment insurance (negative), and the value of the Wilshire 5000 stock index (positive).

The **ColoradoCast** will be released quarterly in February, May, August and November.

Thank you to Steven Fisher, PhD for his collaboration on the initial development of the ColoradoCast.

Further Inquiries | More Insight | Follow Us

Phyllis Resnick, PhD | Executive Director & Lead Economist
phyllis@coloradofuturescsu.org



@ColoFutures



coloradofuturescsu.org

The Colorado Futures Center is a 501c3 organization dedicated to informing about economic, fiscal and public policy issues impacting community economic health and quality of life.