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Note: full report is available for download at <https://www.coloradofuturescsu.org/>

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ColoradoCast forecasts that economic growth will slow in coming months

FOR IMMEDIATE RELEASE – Denver, Colo. – the ColoradoCast, the state’s only short-term economic forecast, forecasts that Colorado’s economic growth will slow considerably in the fourth quarter of 2022.

The current ColoradoCast projects economic growth in October 2022 to slow to a 1.8% annual rate, a considerable slowdown from the current rates in the range of 5% annual growth.

Due to the strong economic recovery after the COVID shutdown, the Colorado economy is projected to remain above pre-pandemic levels. However, the state economy, like other state and national economies, is affected by the headwinds from continued supply chain disruptions, the war in Ukraine, and multiple impacts of inflation.

The slowdown in the forecast model largely is attributed to lags in some drivers of the economy, notably the more national drivers of equity and bond markets. The local indicators of housing prices and labor markets remained relatively strong over the forecast period.

“The slowdown is not unexpected,” said Dr. Phyllis Resnick, director of the Colorado Futures Center.

“The Colorado economy is not immune from the stressors facing all economies. Hopefully the underlying strength of the local economy can assist Colorado in avoiding a recession, but warning signs are beginning to emerge.”

About the ColoradoCast:

The ColoradoCast is a short-term (approximately 6 months ahead) economic forecast for the Colorado economy developed by the Colorado Futures Center, a 501c3 organization dedicated to informing about economic, fiscal, and public policy issues impacting community economic health and quality of life. 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: nonfarm 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: the yield curve measured by the spread between two- and ten-month treasuries, the risk spread between high quality corporate and ten-year treasury returns, employment in the employment services sector, home prices as measured by the Case-Shiller index for Denver, initial claims for unemployment insurance, and the value of the Wilshire 5000 stock index. The ColoradoCast is released quarterly and fills within economic forecasts and the importance of understanding short-term economic projections to businesses.

The Colorado Futures Center extends a thank you to Dr. Steven Fisher who collaborated on the initial development of the ColoradoCast model.

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