



# ColoradoCast

**ECONOMIC FORECAST Q2 2023**

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



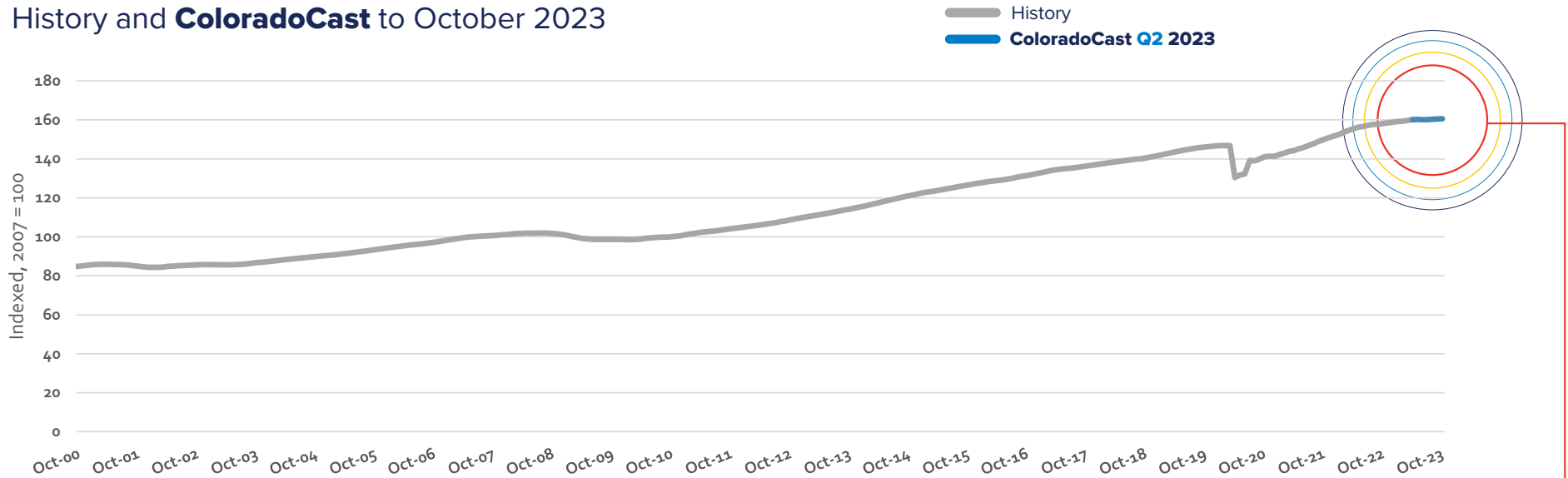
**COLORADO  
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 **CSU SYSTEM**  
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## Colorado Economy

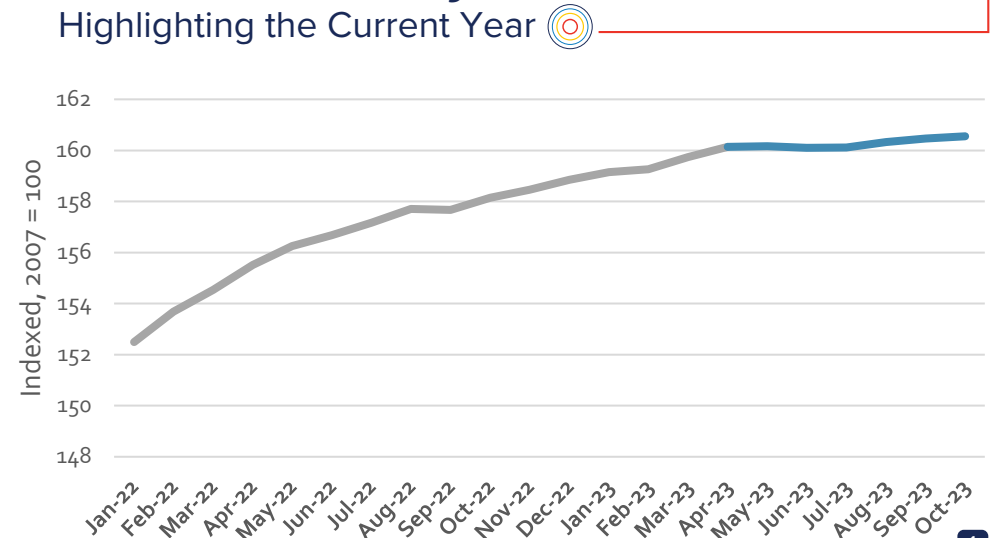
History and **ColoradoCast** to October 2023



The latest ColoradoCast, with a forecast through October 2023, shows the Colorado economy continuing to avert recession. In the months of March and April, the actual economic growth exceeded the ColoradoCast and the forecast for the subsequent months is for largely positive, albeit weak, growth in the state's economy. The latest model projects only one month with negative annual rate growth, and that negative growth is only slightly negative, suggesting that the economy likely could retain a modest but positive rate of growth through the majority of the remainder of the year. This improved economic performance coupled with the latest easing in inflation and the recent Federal reserve decision to pause rate hikes reduces the risk of a major downturn in the Colorado economy.

## Colorado Economy

Highlighting the Current Year

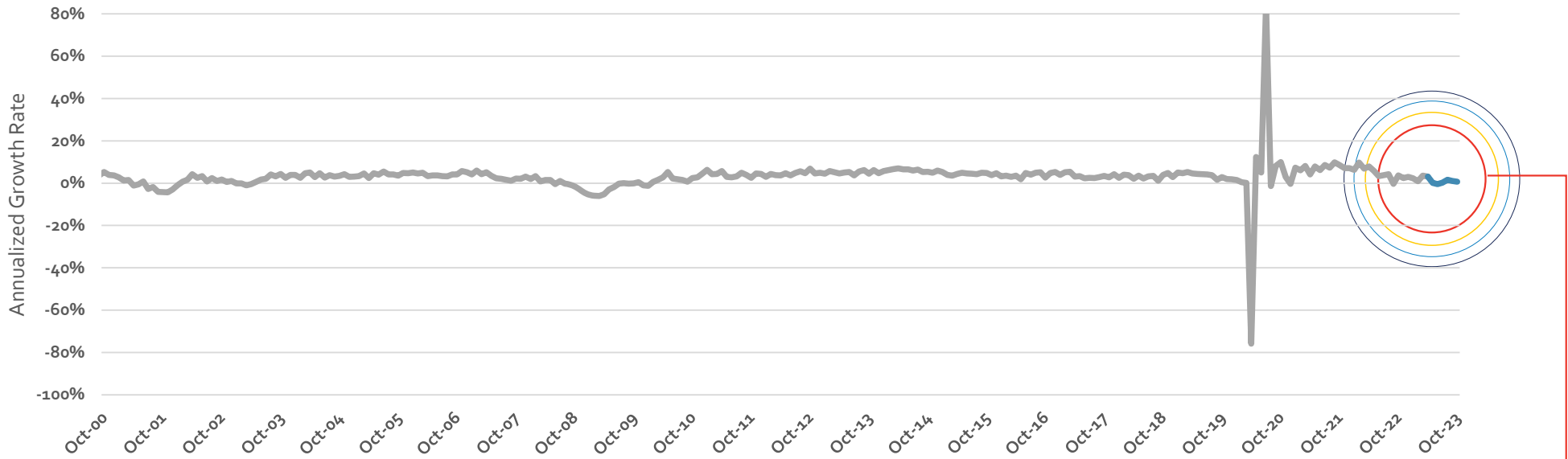


# Annualized Growth Rate

History and **ColoradoCast** to October 2023



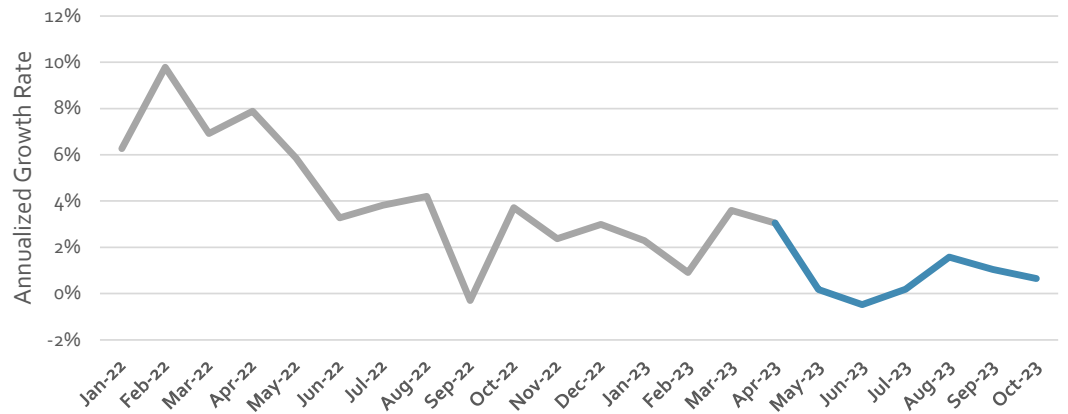
— Annualized Growth Rate History  
 — Annualized Growth Rate **ColoradoCast**



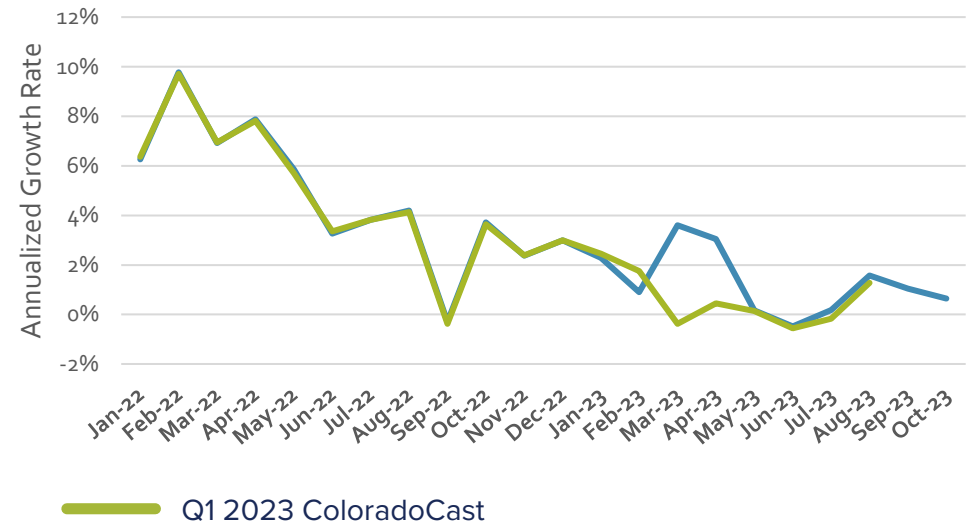
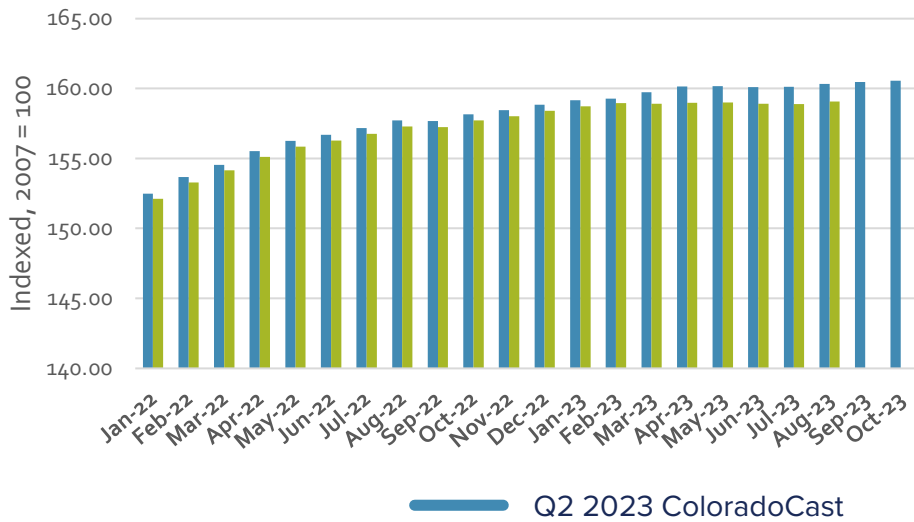
**THE LATEST COLORADOCAST SHOWS THE COLORADO ECONOMY CONTINUING TO AVERT RECESSION.**

## Annualized Growth Rate

Highlighting the Current Year



## Forecast Comparison: Colorado Economy and Annualized Growth Rate



Compared to the first quarter 2023 ColoradoCast, the current model shows the Colorado economy gaining some strength. The performance of most of the drivers of the ColoradoCast improved in the latest model. Housing prices once again turned upward, the yield curve slightly steepened (although still inverted) and the risk premium came off marginally. These improvements, coupled with continued increases in equity markets were sufficient to maintain a forecast of modest growth with fewer months of projected economic declines.

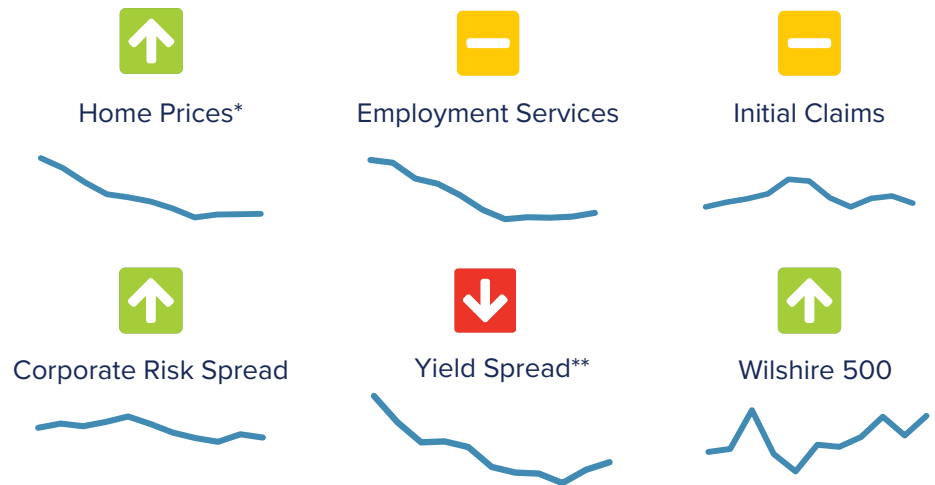
## Factors Driving the ColoradoCast

The thumbnail graphics show the mid-2022 through April 2023 pattern of the variables used to model the ColoradoCast.

\*Home prices include forecast values for the month of April 2023  
 \*\*The yield curve (ten-two spread) inverted in July 2022

Impact on last month of **ColoradoCast**

↑ Positive    
 ▬ Neutral    
 ↓ Negative





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** is released quarterly for the months of February, May, August and November.

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

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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.