



ColoradoCast

ECONOMIC FORECAST Q2 2024

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

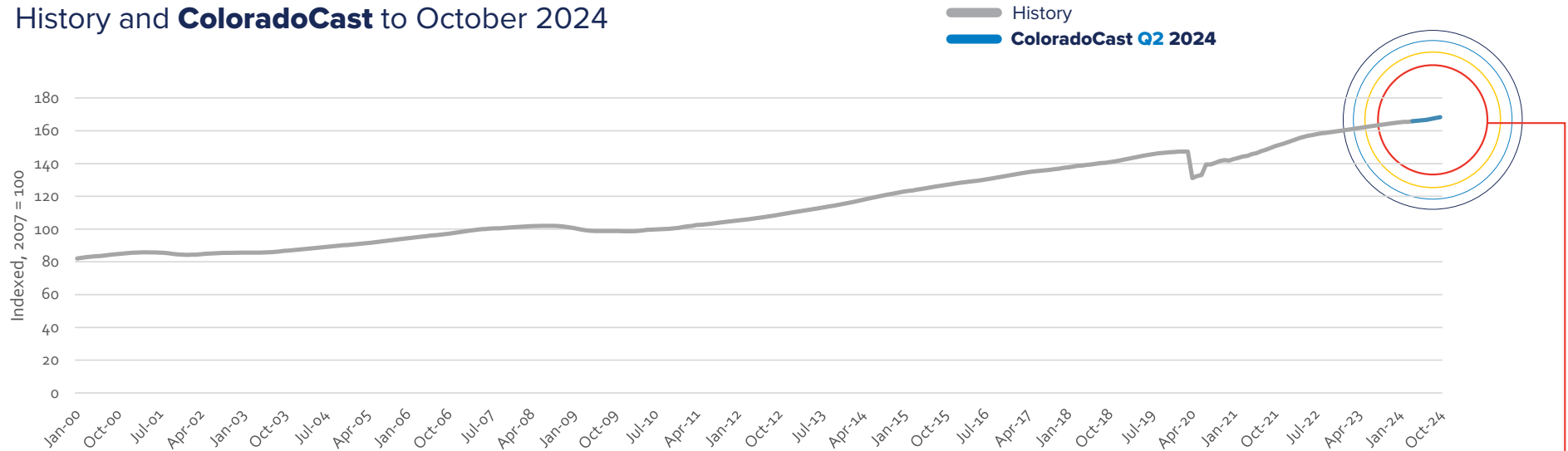


**COLORADO
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Colorado Economy

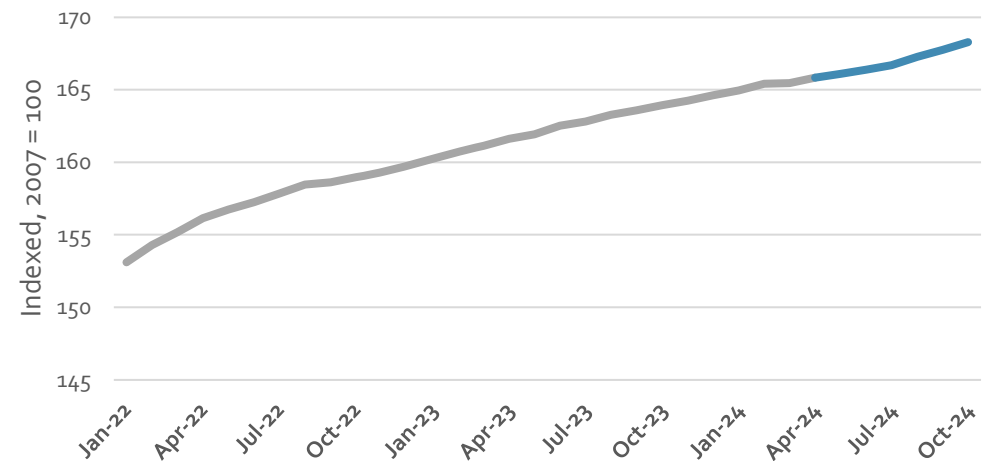
History and ColoradoCast to October 2024



The second quarter 2024 ColoradoCast shows a somewhat surprising improvement in forecast economic growth for Colorado. The current outlook, which extends through October 2024, projects continuing increases in annual growth rates, with early autumn economic growth exceeding three and a half percent. While growth rates in the range of three to four percent are not outsized for Colorado and are consistent with recent historical ColoradoCast growth rates, the projected return to those more historic rates are a reversal from the previous two ColoradoCast outlooks which projected more muted growth. This latest release comes at a time when nationally consumer confidence is rebounding, corporate earnings, in general, were stronger than expected and home prices nationally continue to increase, even in the presence of higher interest rates, making this ColoradoCast consistent with many of the most recent national economic indicators.

Colorado Economy

Highlighting the Current Year

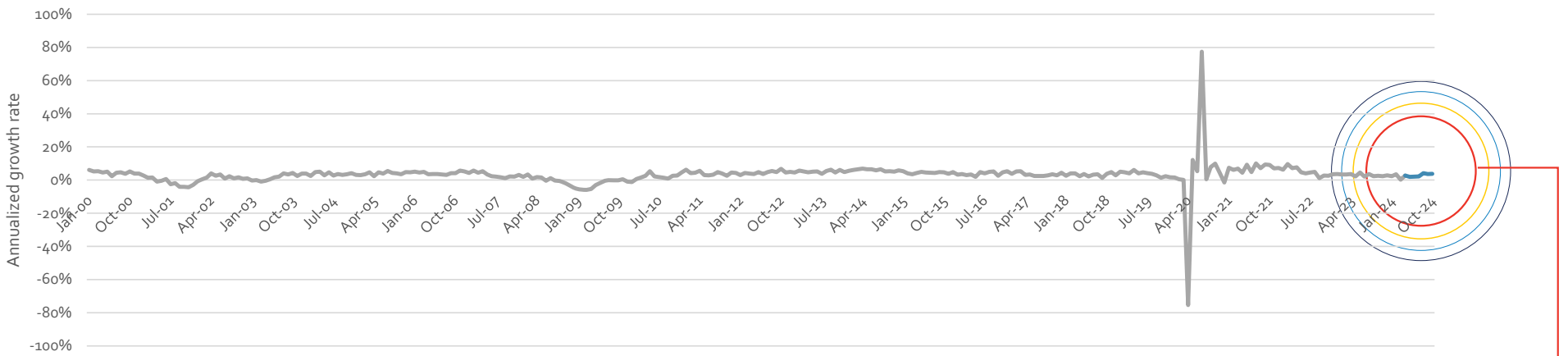


Annualized Growth Rate

History and **ColoradoCast** to October 2024



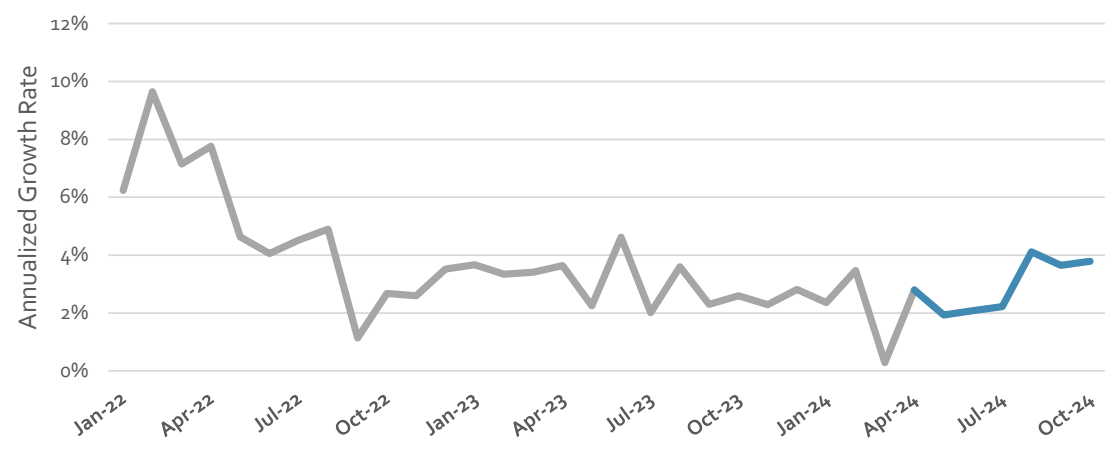
— Annualized Growth Rate History
 — Annualized Growth Rate **ColoradoCast**



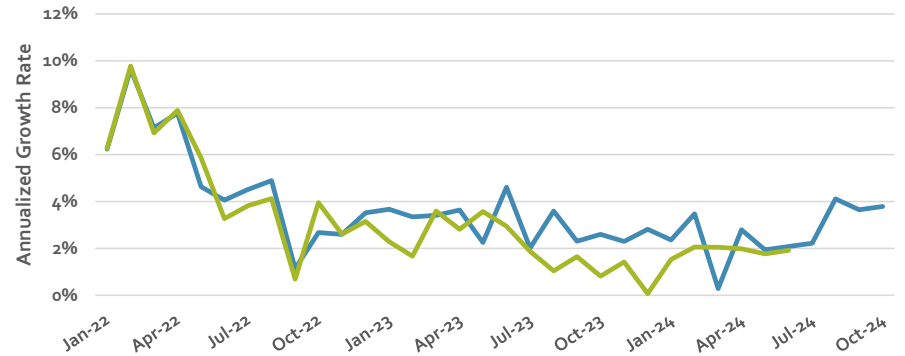
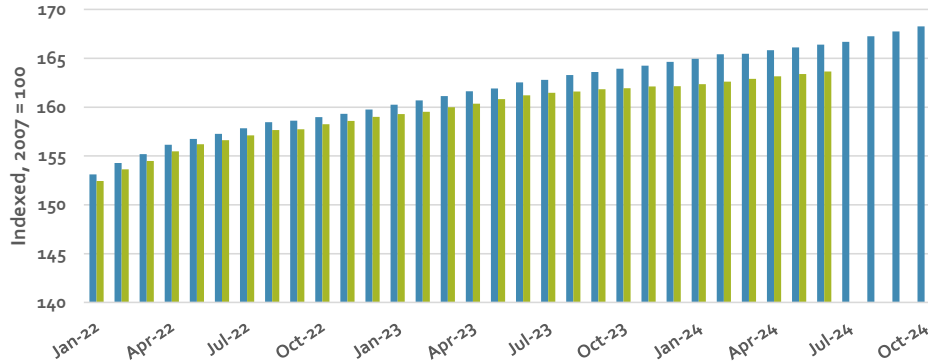
**THE CURRENT OUTLOOK
 PROJECTS CONTINUING
 INCREASES IN ANNUAL
 GROWTH RATES, WITH EARLY
 AUTUMN 2024 ECONOMIC
 GROWTH EXCEEDING THREE
 AND A HALF PERCENT.**

Annualized Growth Rate

Highlighting the Current Year



Forecast Comparison: Colorado Economy and Annualized Growth Rate



— Q2 2024 ColoradoCast

— Q1 2024 ColoradoCast

Consistent with recent ColoradoCast updates, all drivers of the current ColoradoCast are either positive or neutral, with the national drivers of equity and bond markets leading the way. Economic growth in Colorado continues to be buoyed by equity and bond markets, with the continued flattening of the still inverted yield curve and a considerable reduction in the risk premium. Local economic drivers continue to have a more muted impact on the ColoradoCast, with housing prices being the most important local indicator. After reaching a recent high in the fall of 2023, Colorado housing prices, as measured by the S&P CoreLogic Case-Shiller Home Price Index for Denver, have been bouncing in a small range with a slightly downward trend, making housing a less significant driver of statewide economic activity. Finally, this release reflects upward revisions in the recent estimates of Colorado economic activity, resulting in a stronger economic profile than previously reported and contributing to the improved outlook in the second quarter ColoradoCast.

Factors Driving the ColoradoCast

The thumbnail graphics show the 2023 to April 2024 pattern of the variables used to model the ColoradoCast.

*Home prices include forecast values for the month of April 2024.

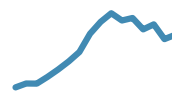
**The yield curve (ten-two spread) inverted in July 2022 and remains inverted.

Impact on last month of **ColoradoCast**

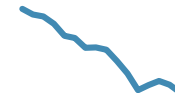
↑ Positive
 - Neutral
 ↓ Negative



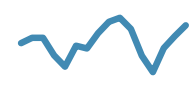
Home Prices*



Employment Services



Initial Claims



Corporate Risk Spread



Yield Spread**



Wilshire 5000





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.