



ColoradoCast

ECONOMIC FORECAST Q4 2024

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

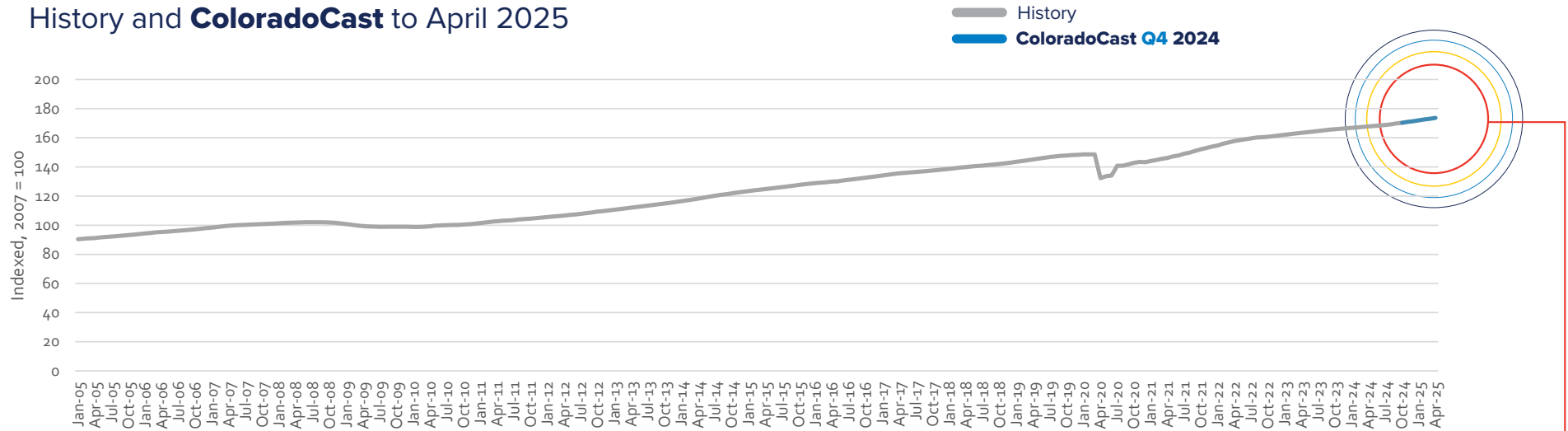


**COLORADO
FUTURES CENTER**

 **CSU SYSTEM**
COLORADO STATE UNIVERSITY

Colorado Economy

History and ColoradoCast to April 2025

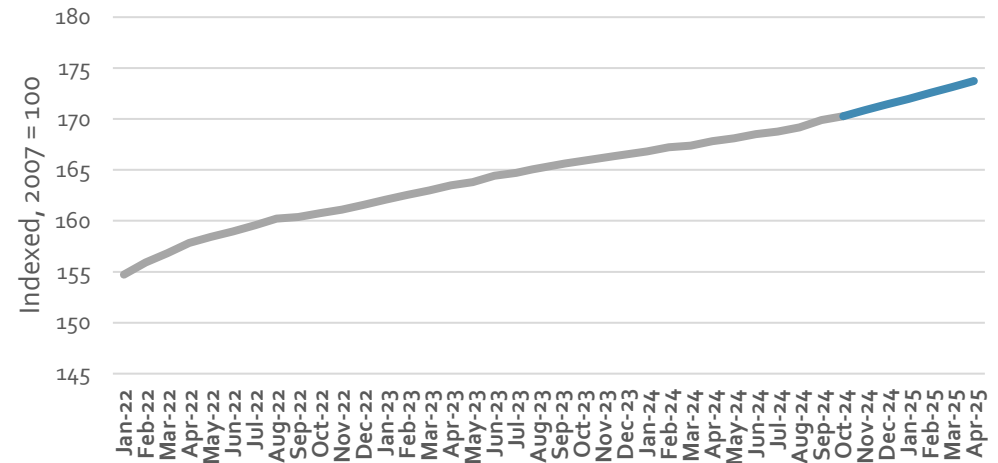


This last ColoradoCast of 2024 shows the state economy continuing and building upon the strength emerging with the third quarter forecast. This release represents the strongest performance of the model, both with respect to forecasting accuracy and sustained economic performance, since the early ColoradoCast releases in the immediate post-pandemic quarters.

For the first time since mid-2022, the Colorado economy is projected to experience growth in the range of four percent annual rate. This ColoradoCast forecasts an economy weathering the slight labor market softening from last summer and the continuing uncertainties, while benefitting from strong performance of national equity and bond market indicators.

Colorado Economy

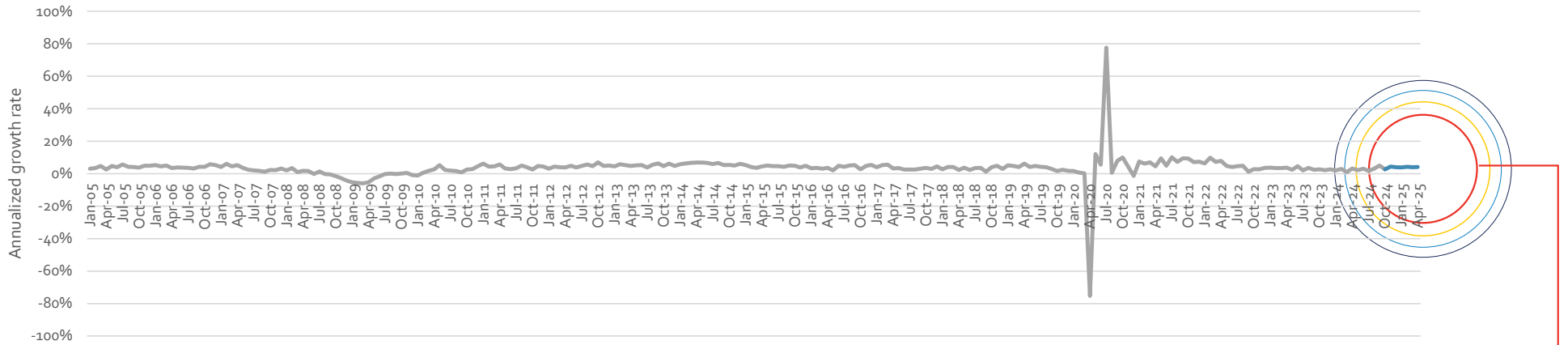
Highlighting the Current Year



Annualized Growth Rate

History and ColoradoCast to April 2025

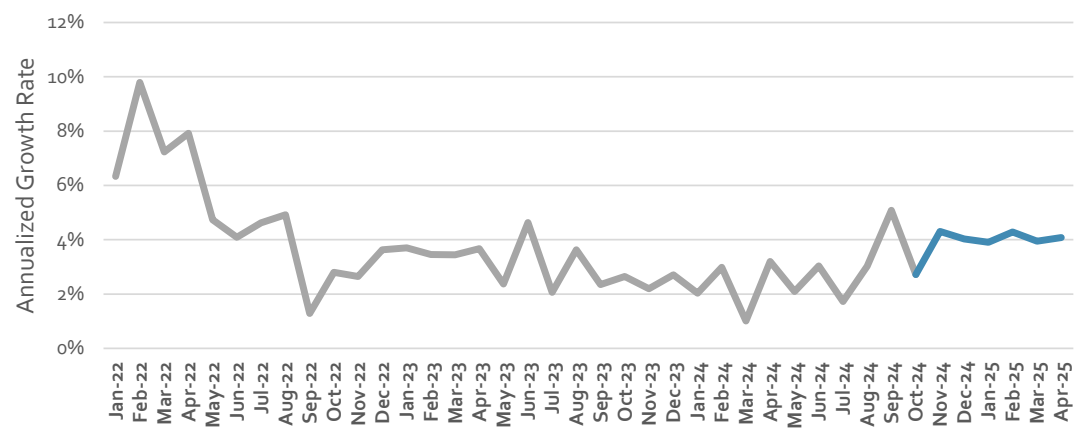
— Annualized Growth Rate History
— Annualized Growth Rate ColoradoCast



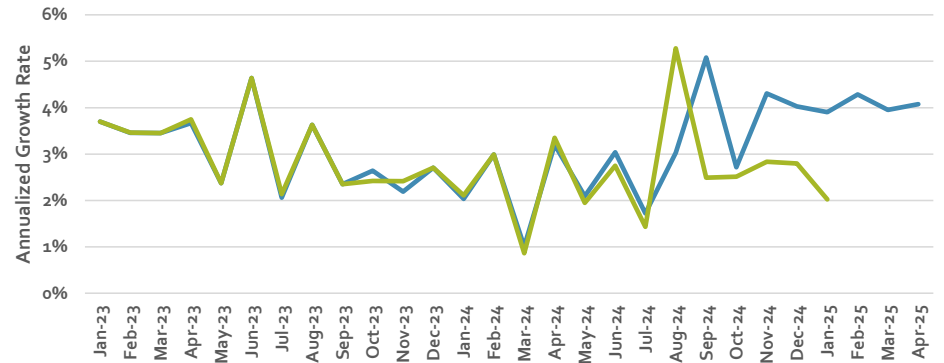
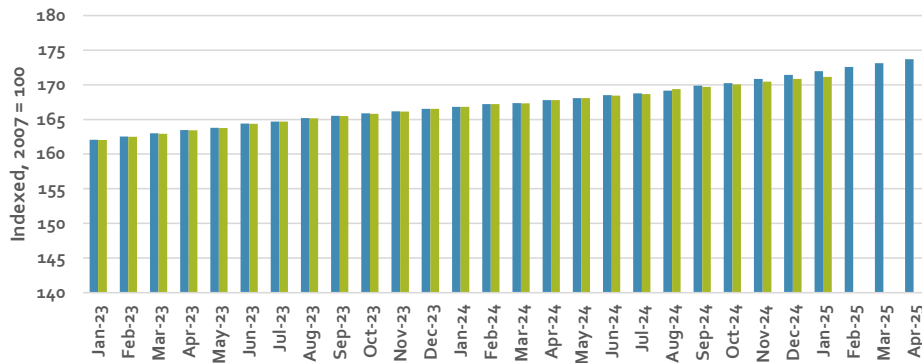
FOR THE FIRST TIME SINCE MID-2022, THE COLORADO ECONOMY IS PROJECTED TO EXPERIENCE GROWTH IN THE RANGE OF FOUR PERCENT ANNUAL RATE.

Annualized Growth Rate

Highlighting the Current Year



Forecast Comparison: Colorado Economy and Annualized Growth Rate



Q4 2024 ColoradoCast

Q3 2024 ColoradoCast

With the previous data revisions and model respecifications fully incorporated, this fourth quarter ColoradoCast experienced the best modeling performance since the initial release in the immediate wake of the pandemic. Compared to the previous forecast, the drivers all remain positive or neutral with only house prices experiencing a change from positive to neutral. With this change, national indicators once again are most significantly driving the Colorado forecast.

For the first time since the middle of 2022, as of the September 2024 data the yield spread is no longer inverted, the corporate risk spread continues to decline modestly, and equity markets continue their positive performance. It is important to note that this update incorporates data through the end of October, 2024; political uncertainty remained in this latest update. The full impact of the election outcome now being certain will be evident in the next ColoradoCast, scheduled to be released in late February, 2025.

Factors Driving the ColoradoCast

The thumbnail graphics show the mid-2023 to Oct 2024 pattern of the variables used to model the ColoradoCast.

*Home prices include a forecast value for the month of October 2024.

**Yield curve inverted in July 2022. With the September 2024 data it is no longer inverted.

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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