



ColoradoCast

ECONOMIC FORECAST Q1 2025

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



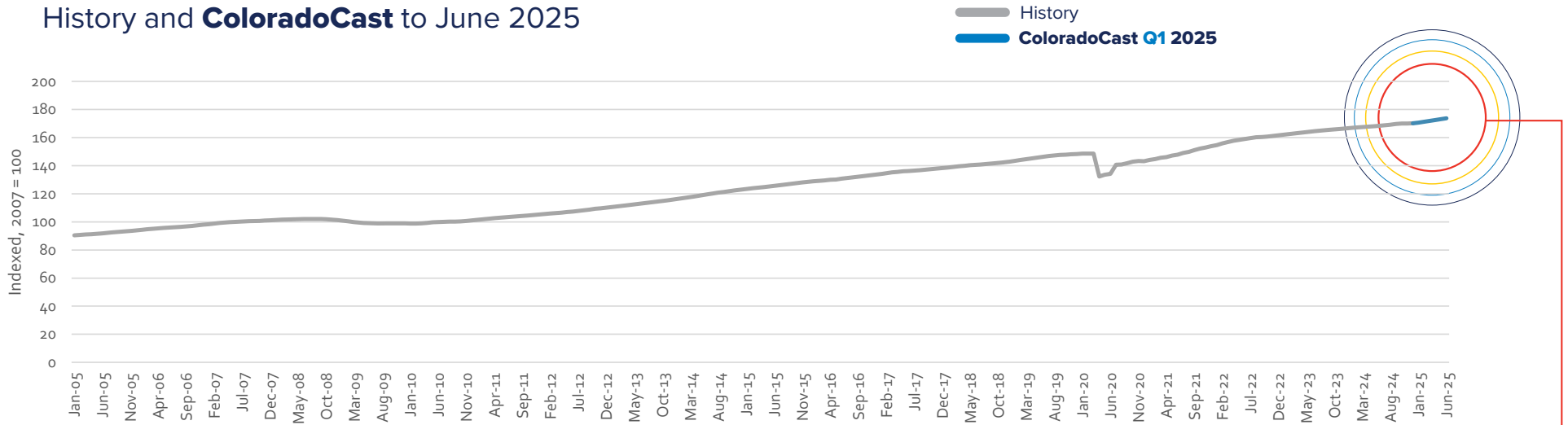
**COLORADO
FUTURES CENTER**



CSU SYSTEM
COLORADO STATE UNIVERSITY

Colorado Economy

History and **ColoradoCast** to June 2025

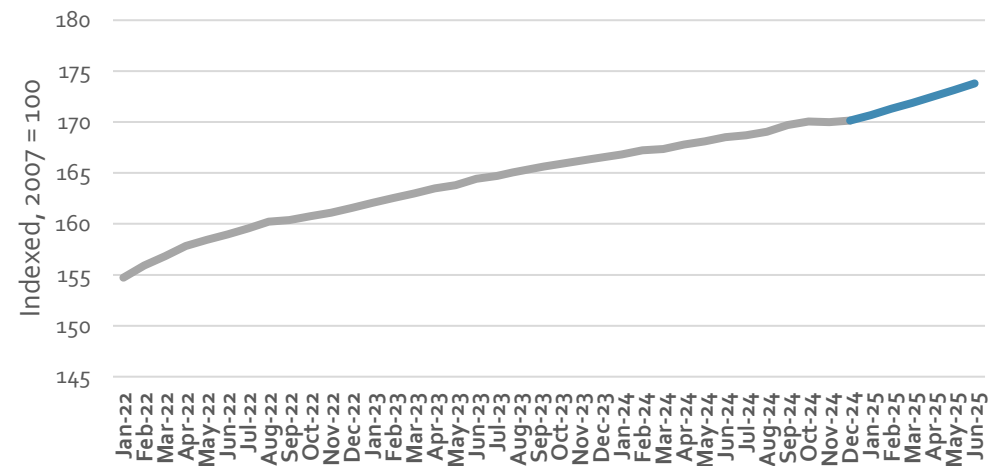


Due to the timing of data releases, the first quarter release of the ColoradoCast is modeled with less current history. Specifically, this release incorporates performance of the Colorado economy only through December, 2024. In most years without abrupt changes in policy, this small data limitation is not significant. However, with this first quarter release the forecast does not yet incorporate the early policy actions of the new administration. This forecast is best interpreted as the baseline projection for the Colorado economy before the incorporation of policy change and will be used as a benchmark for comparison against economic performance for subsequent quarters.

Before incorporating the impact of recent policy actions, the ColoradoCast predicted sustained momentum and strength in the state's economy, with forecast growth rates returning to longer-term growth trends for the state and remaining in the range of three to four percent. At this time, we assess the multiple policy changes related to tariffs, immigration policy, the significant shrinking of the federal workforce and spending as well as the state's budget challenges to all represent negative risks to this baseline.

Colorado Economy

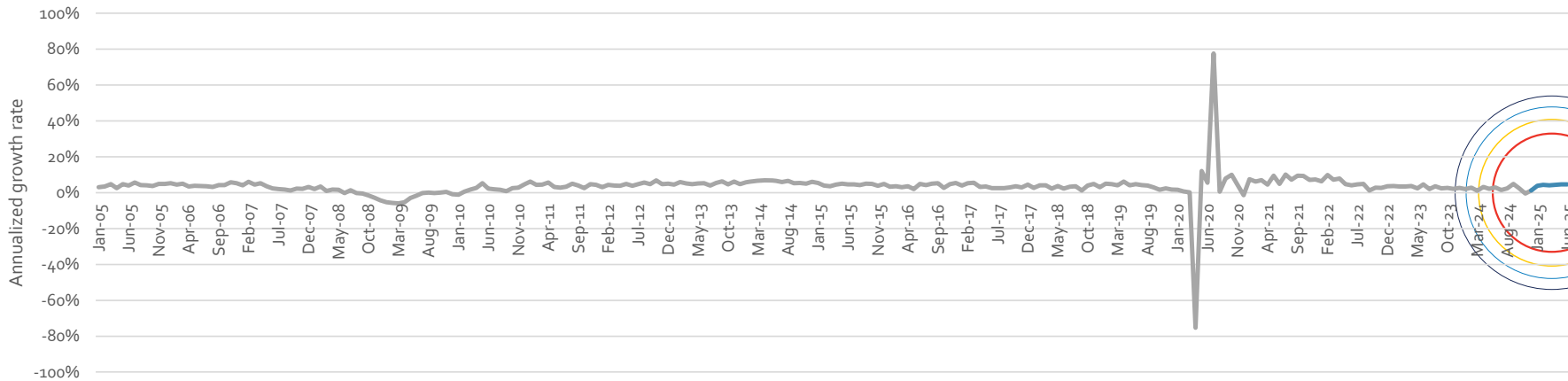
Highlighting the Current Year



Annualized Growth Rate

History and ColoradoCast to June 2025

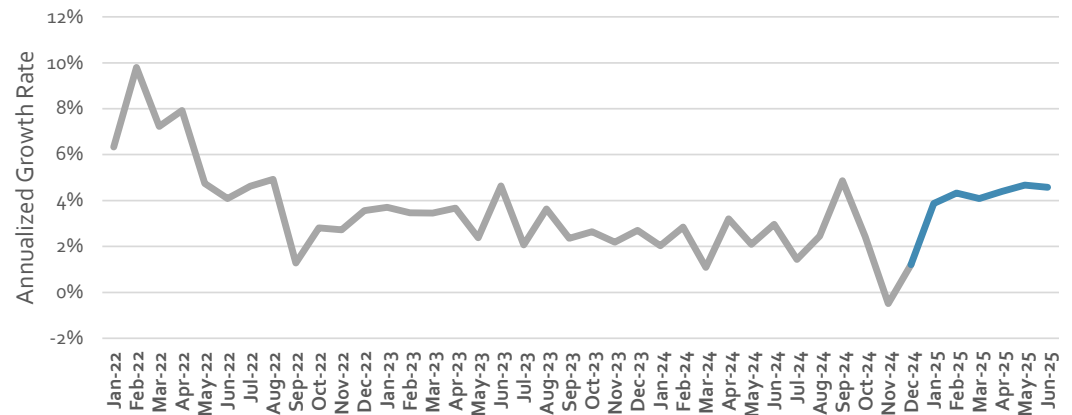
— Annualized Growth Rate History
— Annualized Growth Rate **ColoradoCast**



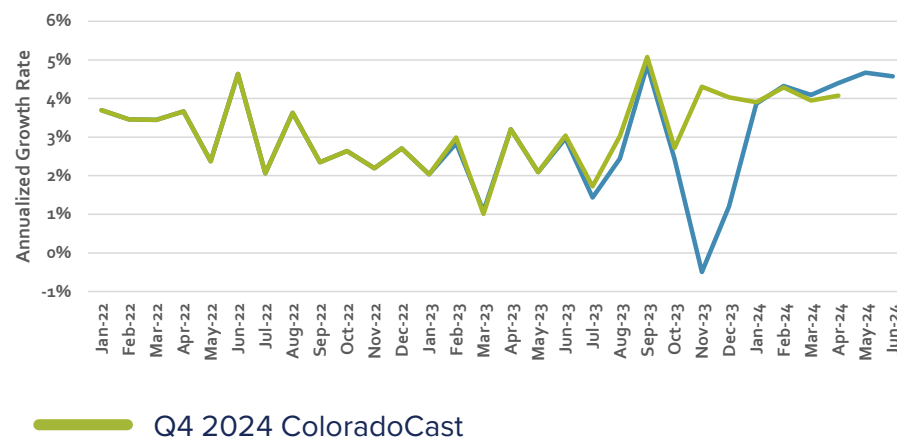
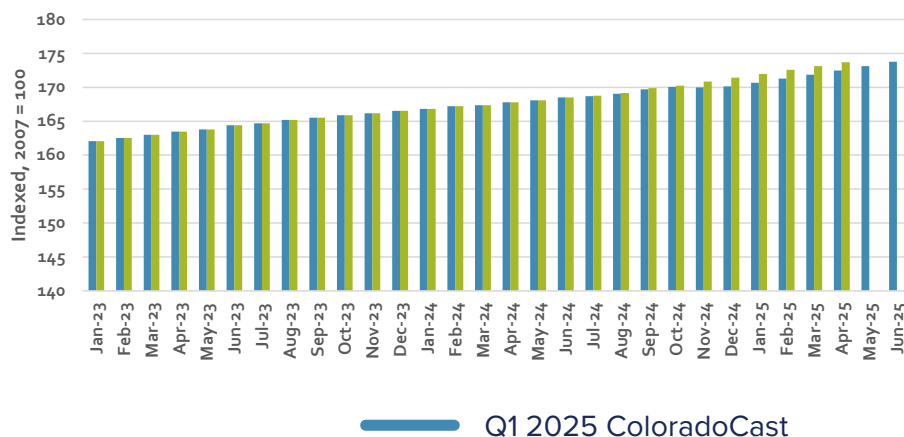
**TARIFFS, IMMIGRATION POLICY,
THE SIGNIFICANT SHRINKING
OF THE FEDERAL WORKFORCE
AND SPENDING AS WELL AS THE
STATE'S BUDGET CHALLENGES
ALL REPRESENT NEGATIVE RISKS
TO THIS BASELINE.**

Annualized Growth Rate

Highlighting the Current Year



Forecast Comparison: Colorado Economy and Annualized Growth Rate



The current ColoradoCast, which incorporates the outcome of the November election but retains policy uncertainty, projects a Colorado economy that is generally consistent with the pre-election outlook released in the fourth quarter 2024 ColoradoCast. Both forecasts were for a growing state economy with growth rates normalizing to the longer term performance for Colorado.

Consistent with recent ColoradoCast outlooks, the strength in this forecast is derived from the national equity and bond market drivers with the Colorado specific drivers, particularly housing prices, less significant. Throughout 2023 and continuing into 2024, house price increases have moderated, and with that moderation housing became less of a driver of Colorado economic activity. The increased reliance on the performance of national drivers leaves the Colorado economy perhaps more vulnerable to the headwinds and risks posed by recent national economic policy.

Factors Driving the ColoradoCast

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

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

**The yield curve inverted in July 2022. As of September 2024 it is no longer inverted.

Impact on last month of **ColoradoCast**



Positive



Neutral



Negative



Home Prices*



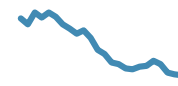
Employment Services



Initial Claims



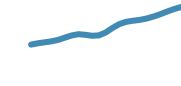
Corporate Risk Spread



Yield Spread**



S & P 500





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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