



ColoradoCast

ECONOMIC FORECAST Q2 2025

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



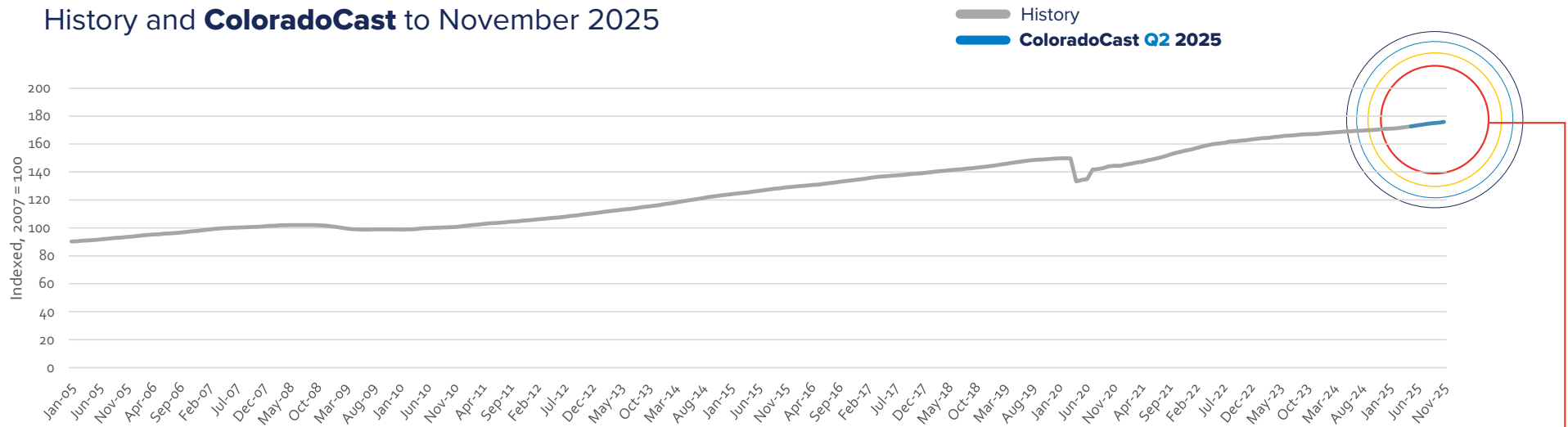
COLORADO
FUTURES CENTER



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Colorado Economy

History and **ColoradoCast** to November 2025

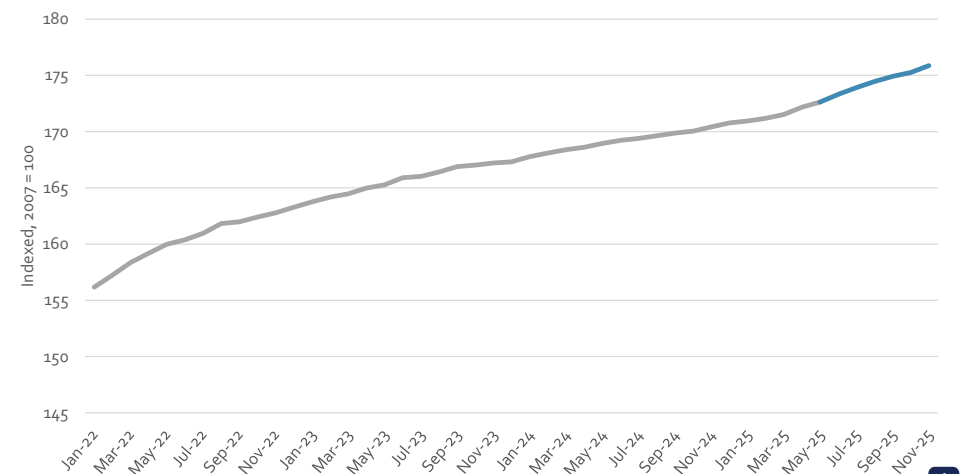


This release of the ColoradoCast for the second quarter of 2025 represents a slight deviation from the release schedule. As the first release to incorporate the early economic policy actions of the new presidential administration, this release represents a second run of the model for the second quarter. The first run, completed in April 2025 but unreleased until now, showed the Colorado economy turning sharply downward compared to the outlook completed at the end of 2024. We delayed the release to further monitor the outlook for persistence of the projected slowing of the state's economy. The results were mixed.

This July vintage release projects a slowdown in the immediate months with a recovery of growth rates at the end of the forecast horizon (November, 2025). While the latest outlook suggests some vulnerability for Colorado's economic growth, it does not project a recession before the end of 2025. However, we continue to assess that the multiple policy changes related to tariffs including the uncertain nature of tariff policy, along with immigration policy, the significant shrinking of the federal workforce and spending and the state's budget challenges to all represent negative risks to this outlook.

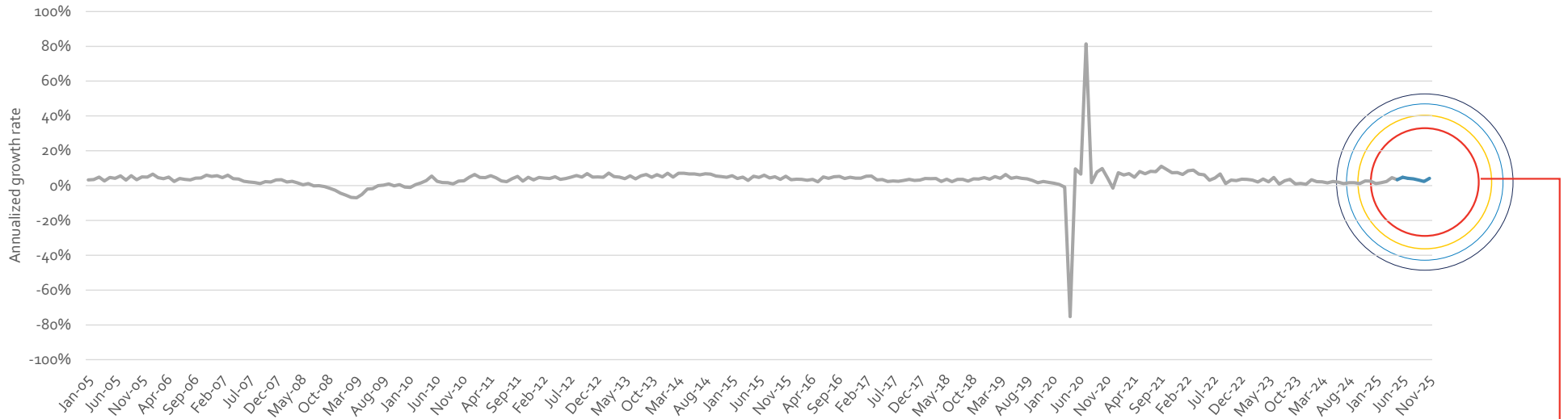
Colorado Economy

Highlighting the Current Year



Annualized Growth Rate

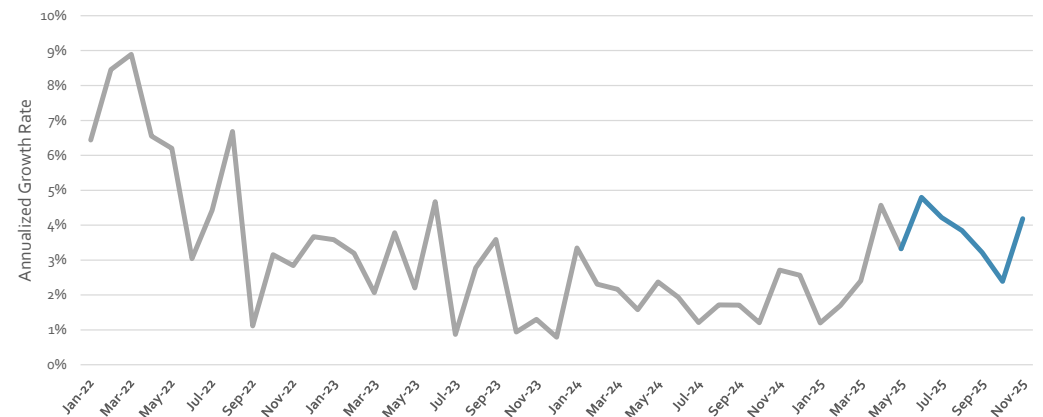
History and **ColoradoCast** to November 2025



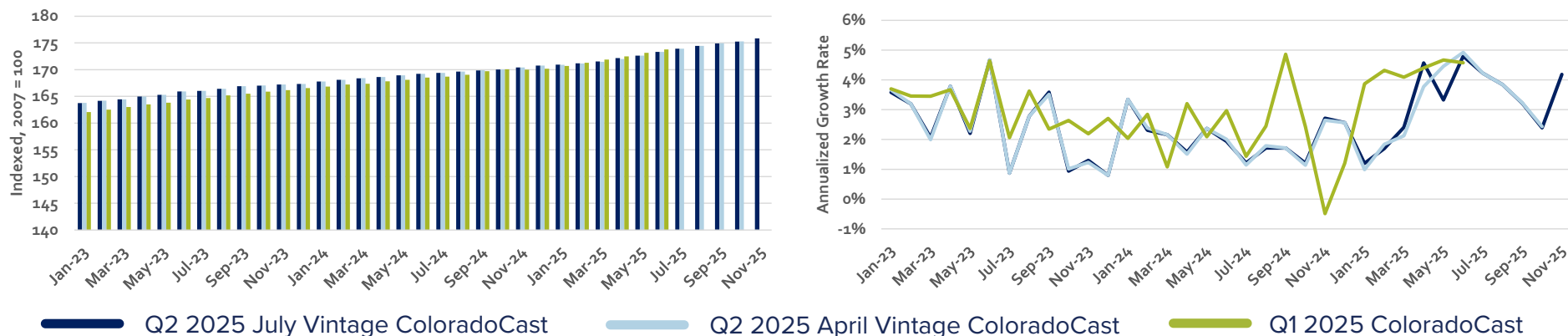
AS NATIONAL DRIVERS CONTINUE RESPONDING TO ECONOMIC AND POLICY CONDITIONS RELATED TO TARIFFS, INFLATION AND OTHER ECONOMIC POLICIES, THE COLORADOCAST OUTLOOK IS LIKELY TO BECOME MORE ERRATIC

Annualized Growth Rate

Highlighting the Current Year



Forecast Comparison: Colorado Economy and Annualized Growth Rate



The forecast comparison represents a departure from previous ColoradoCast releases. In this delayed second quarter release, we compare both to the first quarter outlook and to the earlier second quarter model results (the April vintage). The three way comparison shows an economy beginning to respond to the evolving federal policies and particularly sensitive to the erratic nature of those policies.

Consistent with recent ColoradoCast outlooks, this forecast is most sensitive to the national equity and bond market drivers and as federal policy evolves, those drivers, particularly equity markets, have become increasingly erratic. The projected recovery in state growth rates at the end of the July vintage forecast is largely driven by the recovery in the S and P 500 index in the later spring. As equity markets continue to respond to economic and policy conditions related to tariffs, inflation and other economic policies, the ColoradoCast is likely to become more variable, with inflection points in the growth trajectory increasingly replacing the largely trending forecasts from the period before 2025.

Notable among the state drivers is housing prices which have now experienced declines for six months in a row. This is the most protracted decline in the housing price index since 2022.

Factors Driving the ColoradoCast

The thumbnail graphics show the Jan 2024 to May 2025 pattern of the variables used to model the ColoradoCast.

*Home prices include forecast values for the month of May 2025.

**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*



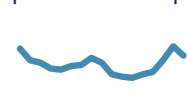
Employment Services



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 S&P 500 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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