



ColoradoCast

ECONOMIC FORECAST Q3 2025

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



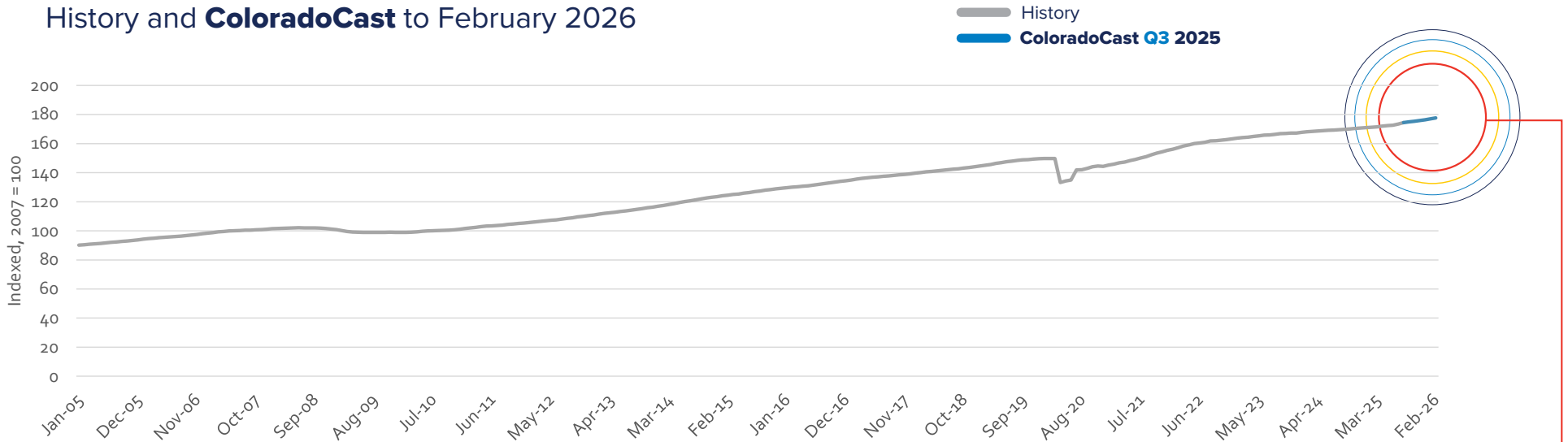
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Colorado Economy

History and **ColoradoCast** to February 2026

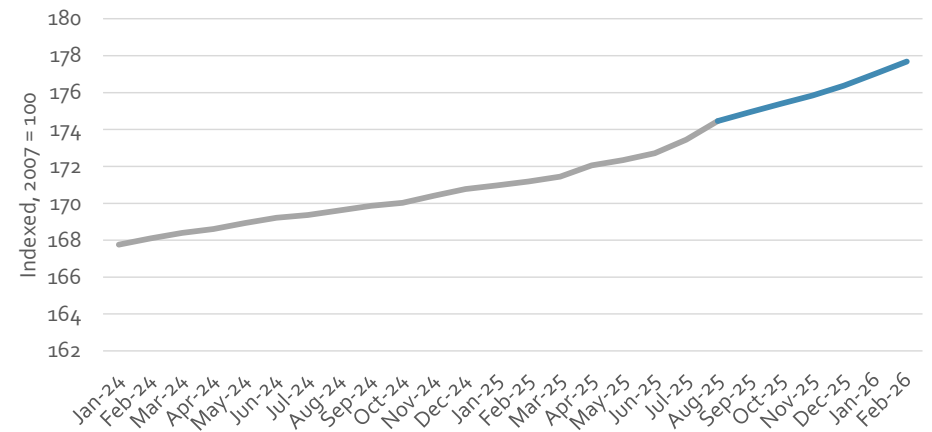


This third quarter 2025 ColoradoCast projects the economy to once again stabilize at close to long term trend growth rates in the range of 3 to 4 percent. However, this outlook was performed with historical data through August 2025, on the heels of the first large downward revision to employment data and before the subsequent revisions which now are delayed by the shutdown.

The fourth quarter forecast, due out at the end of 2025, should reflect updated employment conditions which likely will prove more challenging and is anticipated to degrade from this third quarter outlook. In addition to the expected slowdown in employment growth suggested by the September ADP numbers, Colorado, with its high concentration of federal workers, is likely to be disproportionately impacted by the end of the federal deferred resignation period. For these reasons, we assess the risks to this longer-term trend growth forecast to be to the negative. However, this turnaround (relative to the second quarter outlook), and after a modestly stronger Colorado economy in the summer of 2025 (see the last page of this report), should be sufficient for the state's economy to maintain some resiliency and avert recession.

Colorado Economy

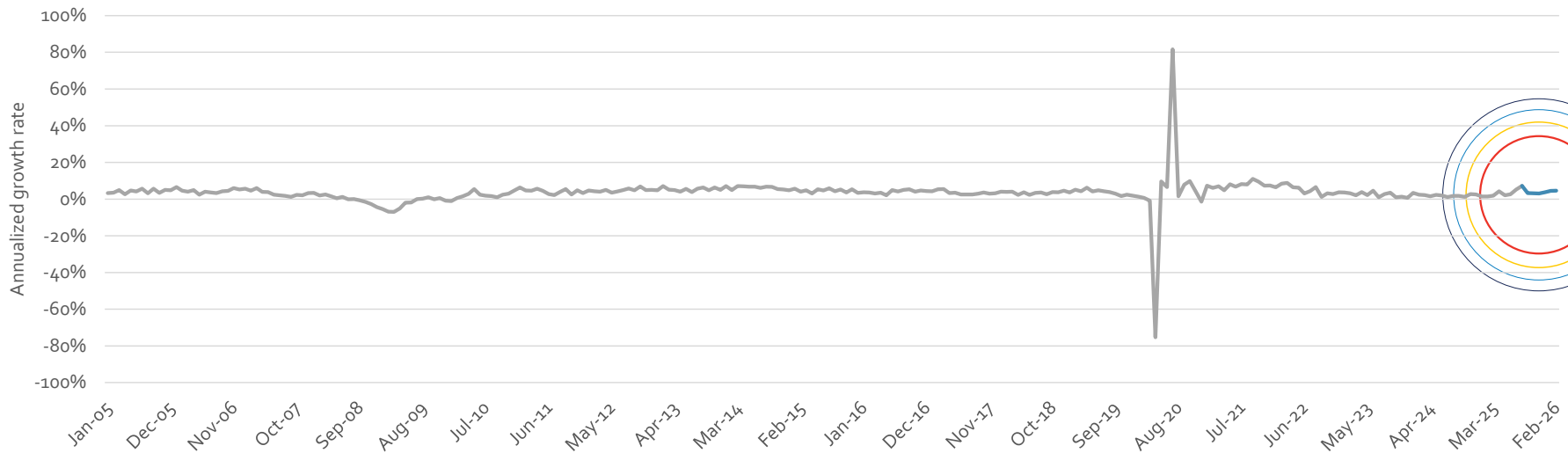
Highlighting the Current Year



Annualized Growth Rate

History and **ColoradoCast** to February 2026

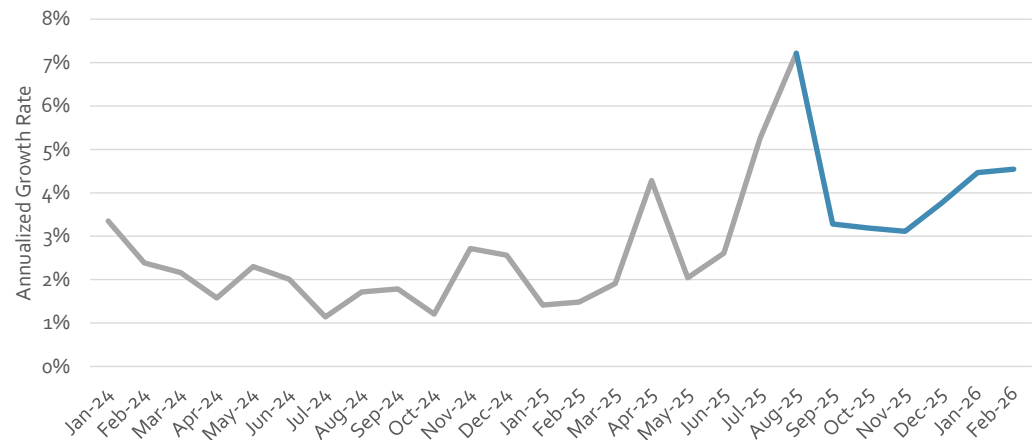
— Annualized Growth Rate History
— Annualized Growth Rate **ColoradoCast**



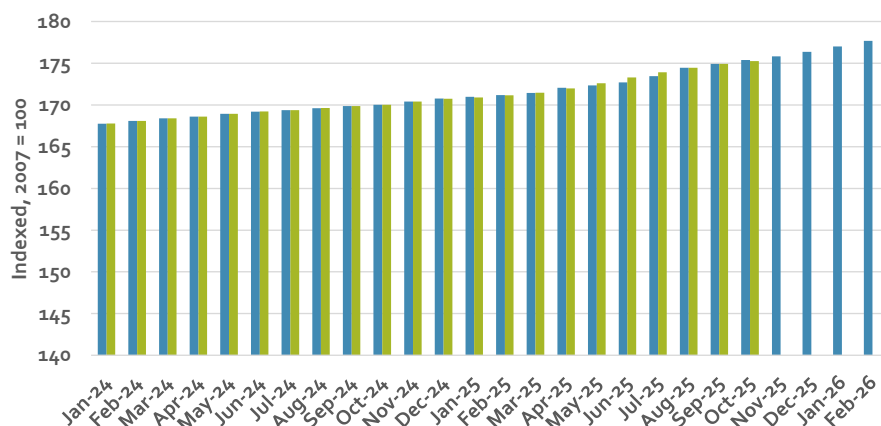
THE FOURTH QUARTER FORECAST, DUE OUT AT THE END OF 2025, IS LIKELY TO SHOW A SLIGHT DEGRADATION FROM THIS THIRD QUARTER OUTLOOK.

Annualized Growth Rate

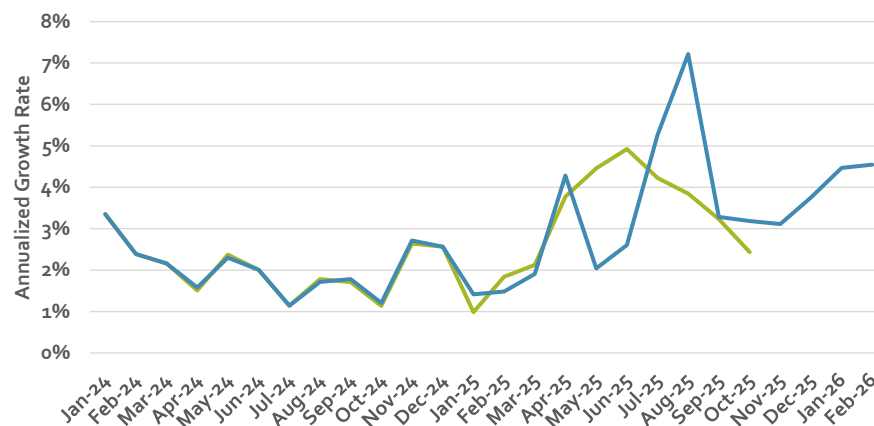
Highlighting the Current Year



Forecast Comparison: Colorado Economy and Annualized Growth Rate



Q3 2025 ColoradoCast



Q2 2025 ColoradoCast

This third quarter ColoradoCast has a stronger outlook than the previous forecast, somewhat reflecting a stronger summer economy in Colorado. However, as has been the case for many ColoradoCasts, the national drivers have been the more significant ones. The strongest driver in this outlook is the recent performance of the S and P 500 index. The Colorado specific indicators have been weaker drivers or even presenting slight headwinds to the outlook.

Initial claims for unemployment insurance trended slightly downward over the summer. However, initial claims continue to not significantly affect the forecast outcome and we characterize this driver as neutral. Additionally, housing prices continued their downward trend. August 2025 is the seventh month in a row in which Colorado housing prices declined. While this decline is serving to mute the forecast growth in the model, the easing it provides to households might be helping to support other economic activity, particularly consumer activity. For this reason, we also characterize housing prices as neutral in the outlook.

Factors Driving the ColoradoCast

The thumbnail graphics show January 2024 through August 2025 pattern of the variables used to model the ColoradoCast.

*House prices include a forecast value for the months of July and August 2025

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

Impact on last month of ColoradoCast



Positive



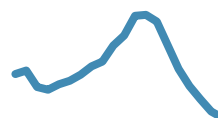
Neutral



Negative



Home Prices*



Corporate Risk Spread



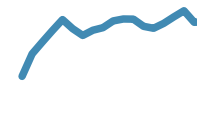
Employment Services



Yield Spread**



Initial Claims



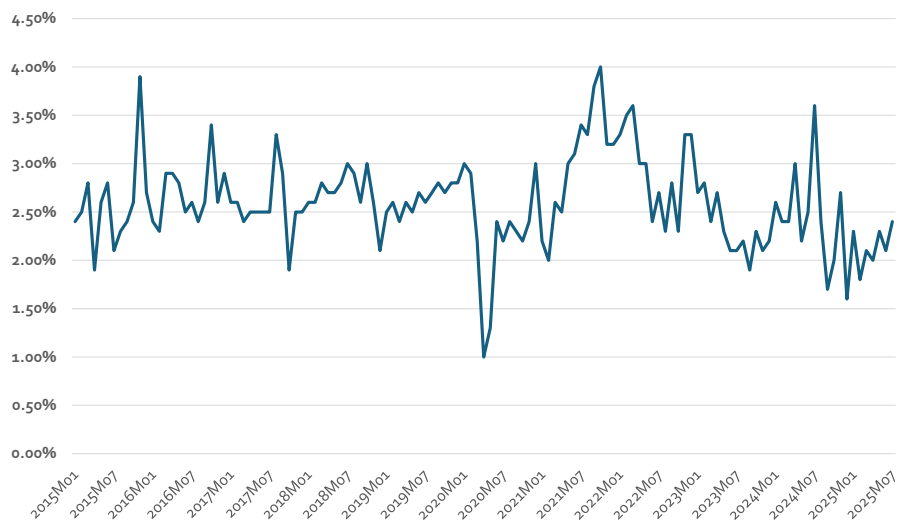
S & P 500



The current shutdown has delayed the release of important economic data, particularly related to employment. For this reason, we have begun to follow additional indicators to measure the pulse of the Colorado economy. While these indicators are not explicitly in our forecast models, they do support the turnaround in the outlook between the second and third quarter ColoradoCasts.

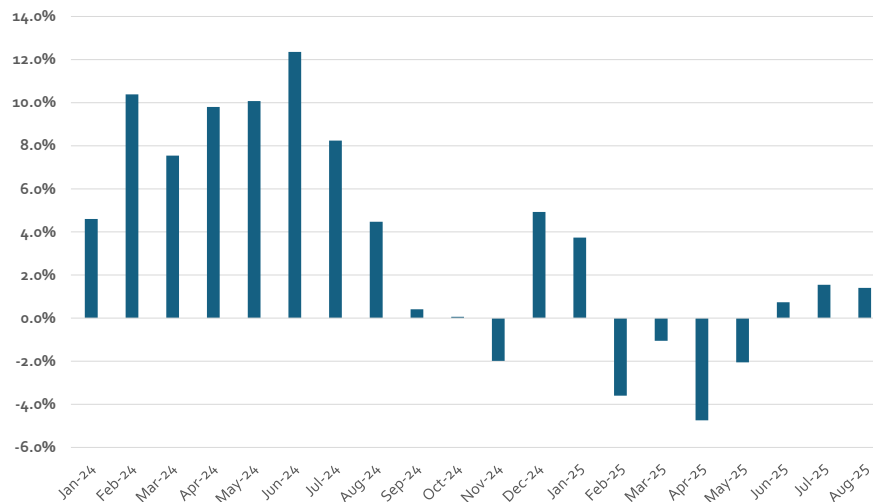
Over the summer, passenger traffic at DIA and retail sales once again turned marginally or increasingly positive year over year, and the quits rate increased slightly. An upturn in the quits rate suggests a slight easing in economic unease in Colorado households. While these are positive reversals in trend, it is important to note that in most cases these upticks are quite modest and could revert to declines if the national economic headwinds increase.

Quits Rate, Colorado



Source: BLS, July 2025 value is preliminary and subject to revision

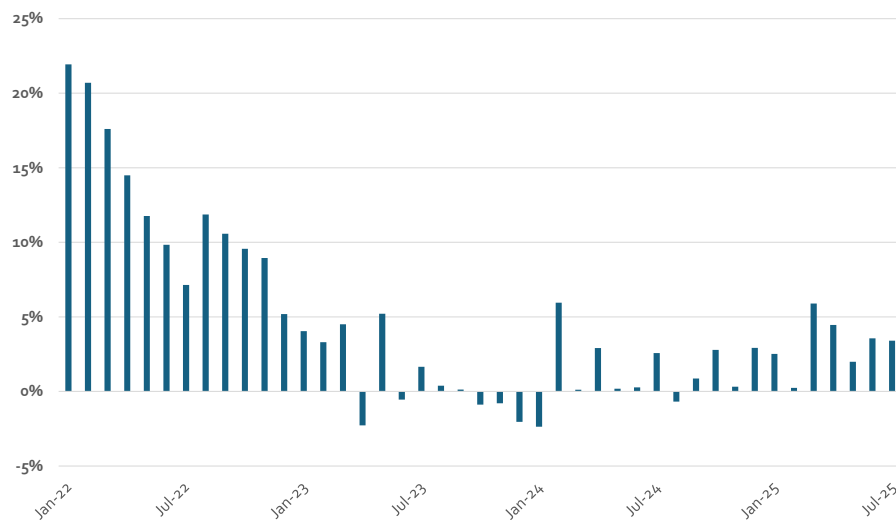
Year over year percent change in DIA total passengers



Source: Denver International Airport

Note: As of August 2025, the year-over-year passenger traffic was down 247,807, a 0.4% decline.

Year over year percent change in retail sales, Colorado



Source: Colorado Department of Revenue



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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