



ColoradoCast

ECONOMIC FORECAST Q2 2026

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

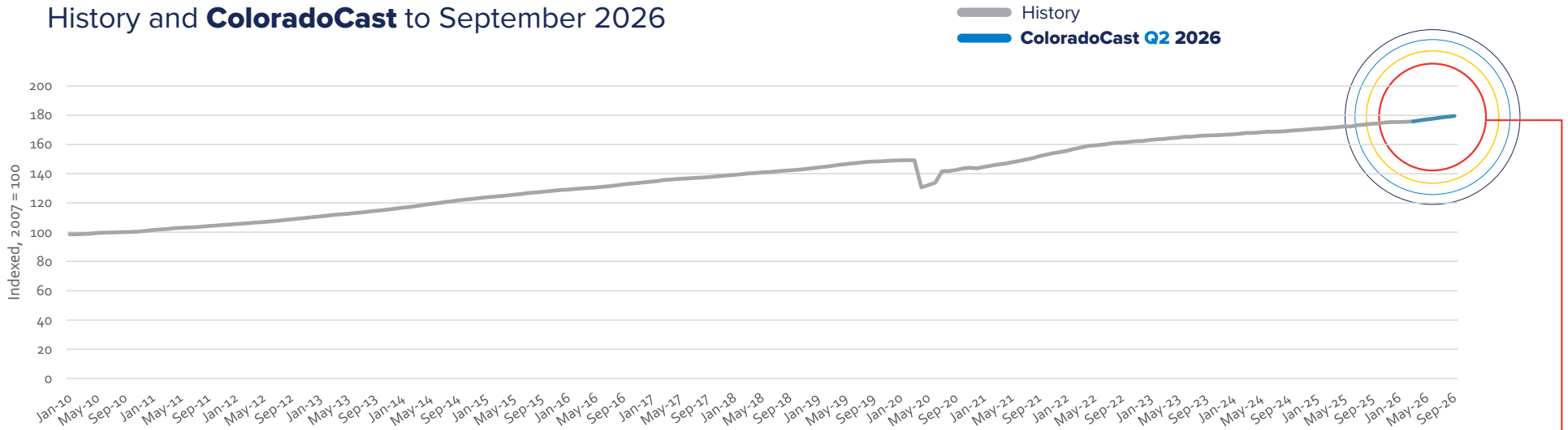


**COLORADO
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Colorado Economy

History and ColoradoCast to September 2026

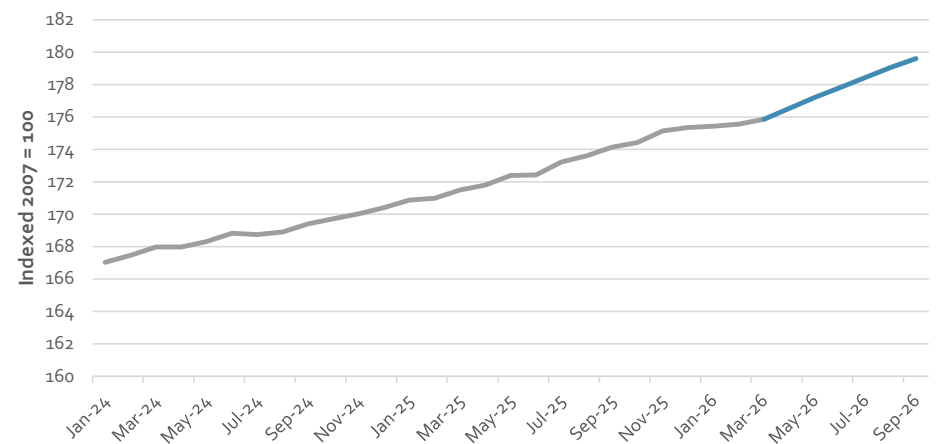


This release of the ColoradoCast, timed to allow for shutdown related data delays to resolve, is the first published update to contain economic data from the first month of the Iran War. Consistent with the general post-March 2026 consensus, the outlook for the Colorado economy, while remaining positive, is now showing slight signs of weakening. The ColoradoCast model uses contemporary data to predict economic performance for the succeeding six months. Thus, the incorporation of data from March 2026 allows for the first assessment of the impact of the war.

This ColoradoCast predicts a slowdown in state economic growth continuing and accelerating into September, 2026. This September 2026 slowdown in growth is consistent with the slight weakening in the major model drivers during the March 2026, the first month of the Iran War. While the overall economy is forecast to continue to grow, the rate of growth is expected to slow. The ColoradoCast forecasts that the annual rate of growth will moderate by a full percentage point at the end of the outlook period.

Colorado Economy

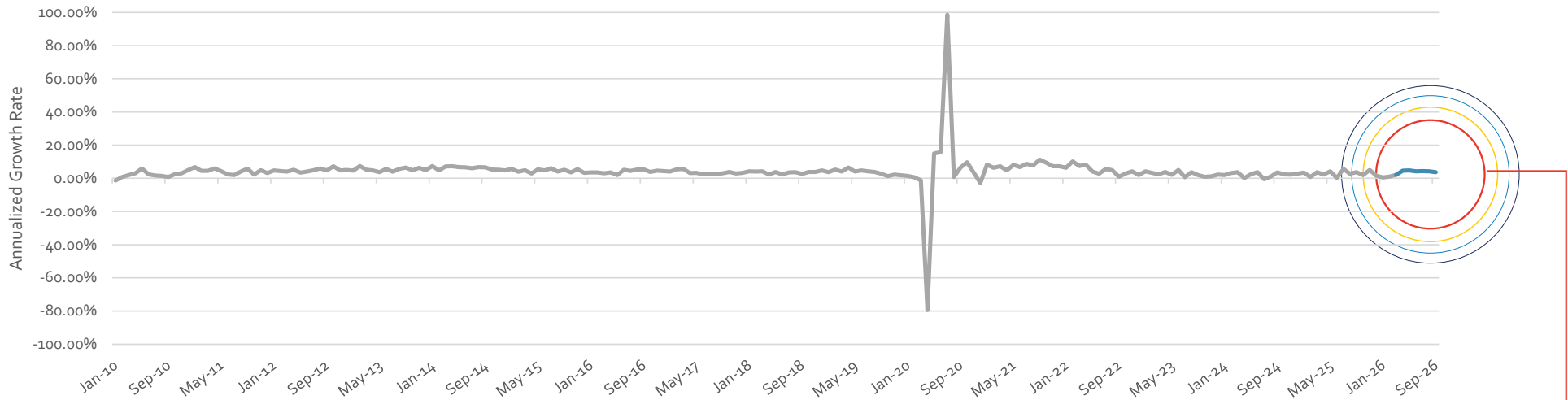
Highlighting the Current Year



Annualized Growth Rate

History and **ColoradoCast** to September 2026

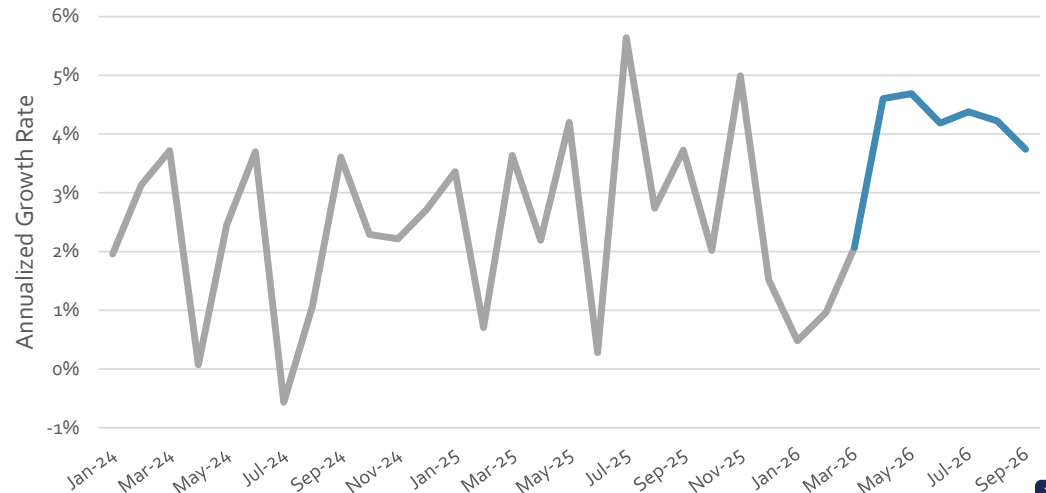
— Annualized Growth Rate History
— Annualized Growth Rate **ColoradoCast**



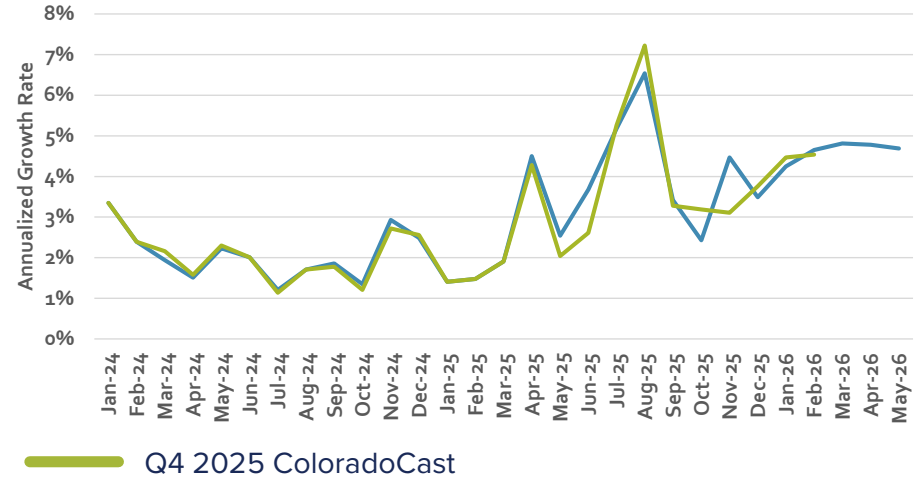
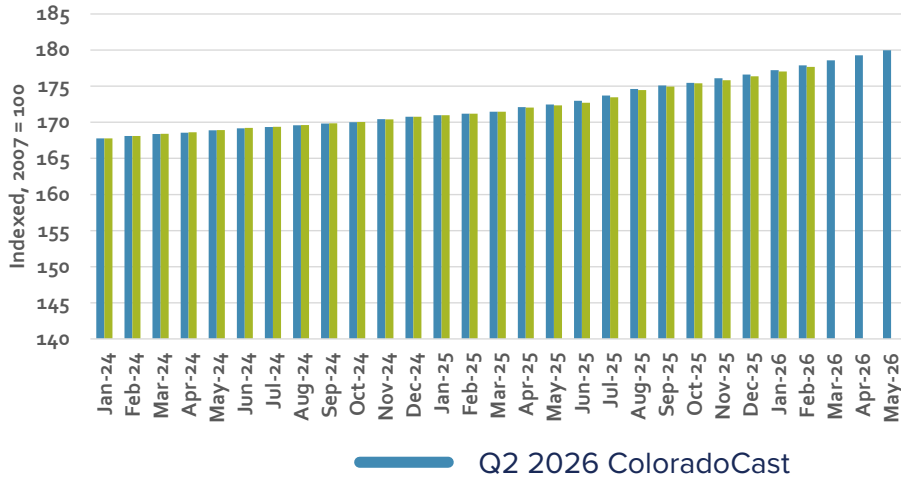
THIS COLORADOCAST FORECASTS THAT THE ANNUAL RATE OF GROWTH OF THE COLORADO ECONOMY WILL MODERATE BY A FULL PERCENTAGE POINT AT THE END OF THE OUTLOOK PERIOD

Annualized Growth Rate

Highlighting the Current Year



Forecast Comparison: Colorado Economy and Annualized Growth Rate



For the first time since the pandemic, none of the six model drivers are positively affecting the economic outlook in the last month of the ColoradoCast. Notably, the national bond and equity market indicators, previously the major source of strength in the model, turned slightly negative in March 2026. Risk premiums edged up, the yield curve slightly flattened, and the S and P 500 dipped slightly in the March data (note that as of this writing the S and P 500 index had recovered and surpassed the March dip). These softening, together with the continued easing of Colorado housing prices, combined to result in a weakening growth projection for the Colorado economy.

Outside the formal ColoradoCast model, other indicators suggest that the risks to the forecast are to the downside. Nationally, consumer confidence is registering at a series low and 90-day delinquency rates are on the rise for all categories of household debt. Closer to home, traffic through Denver International Airport and the job quits rate both are falling, suggesting Coloradans are growing cautious about the economy. Falling quits rates are considered indicators of concern about weak employment opportunities. Overarching these less followed economic indicators, the Colorado inflation rate breached four percent in March 2026, reaching 4.2 percent annually, outpacing national inflation and placing cost pressures on many Colorado households.

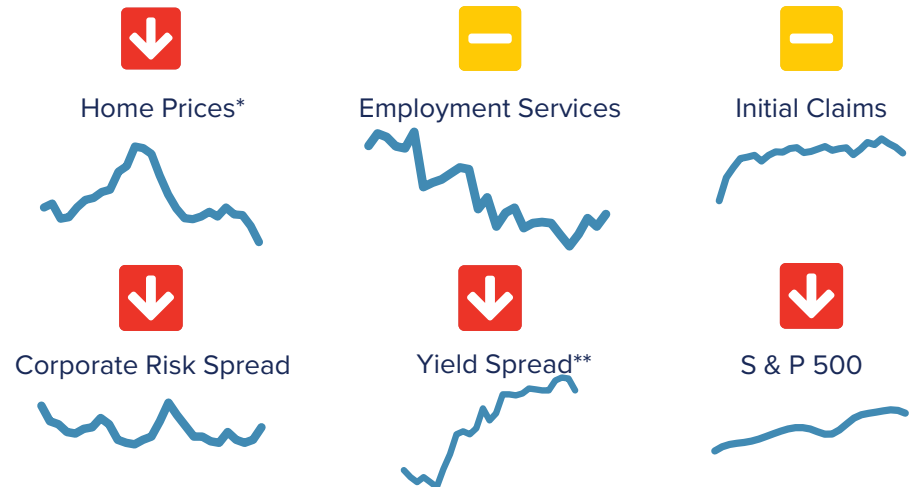
Factors Driving the ColoradoCast

The thumbnail graphics show January 2024 through March 2026 pattern of the variables used to model the ColoradoCast.

*House prices include a forecast value for the month of March 2026
 **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





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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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.