

Can a Recession be Avoided?

Louisville Business Forum



Leeds School of Business
UNIVERSITY OF COLORADO **BOULDER**

Brian Lewandowski
Executive Director
Business Research Division
University of Colorado Boulder



April 28, 2023

National Economy Mixed Signals

 GDP growth softened in Q1

 Employment and income up

 ISM slipping

 Confidence mixed

 Consumption up

 Prices improving

 Interest rates expected to move higher

 Business confidence mixed

 Debt recording strong growth

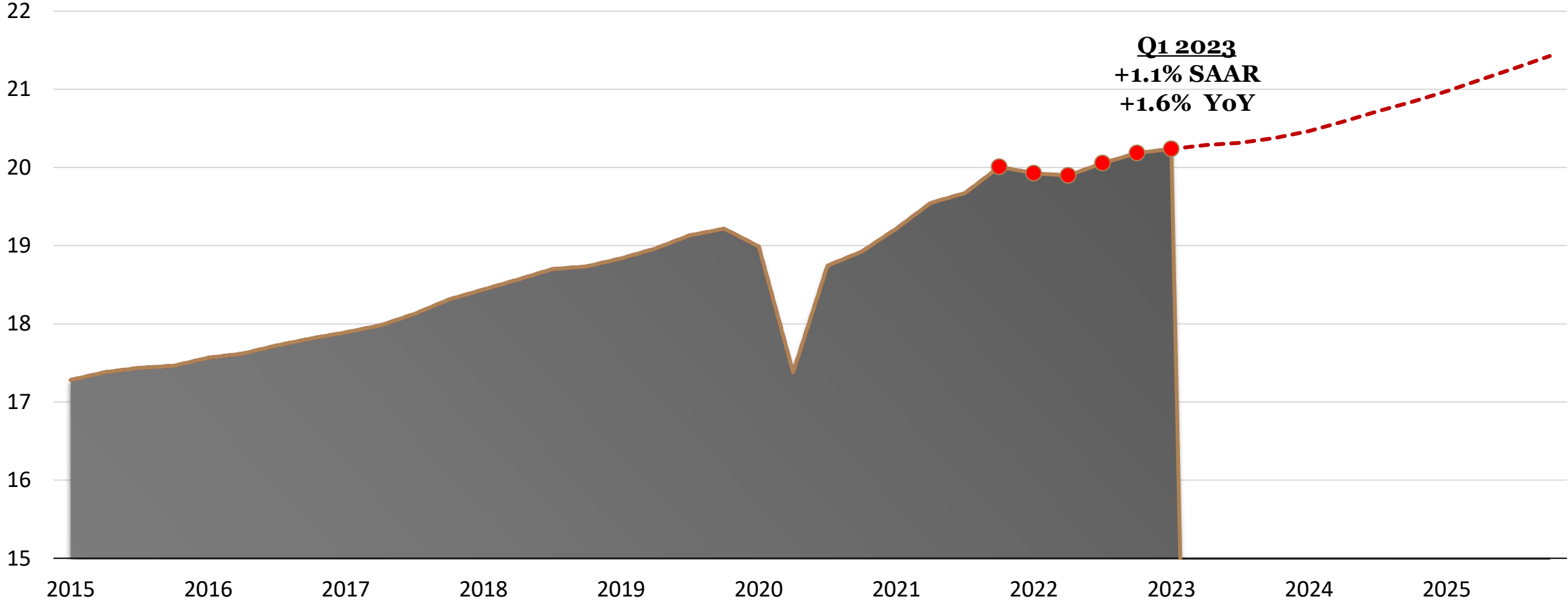
 Industrial production leveling

 Capacity utilization leveling

 Labor force leveling

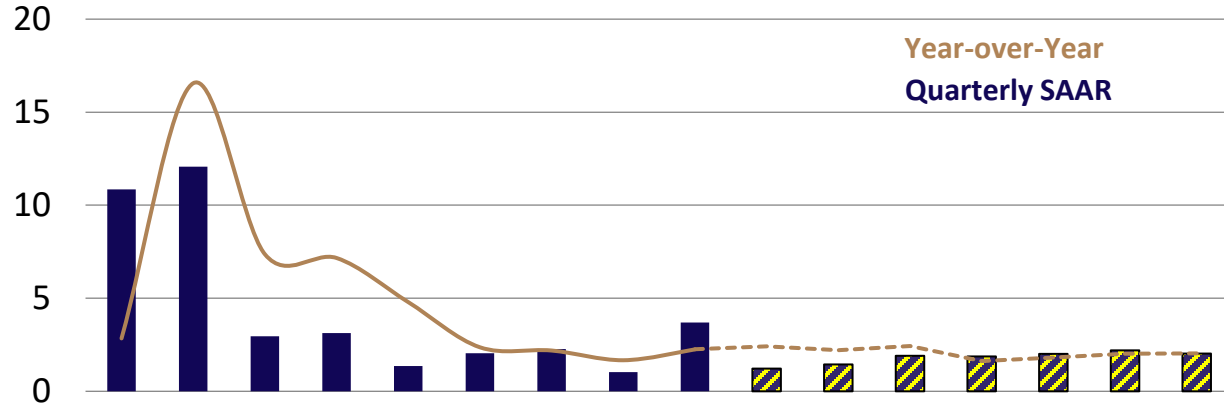
U.S. Real GDP

U.S. Quarterly GDP, \$ Trillions

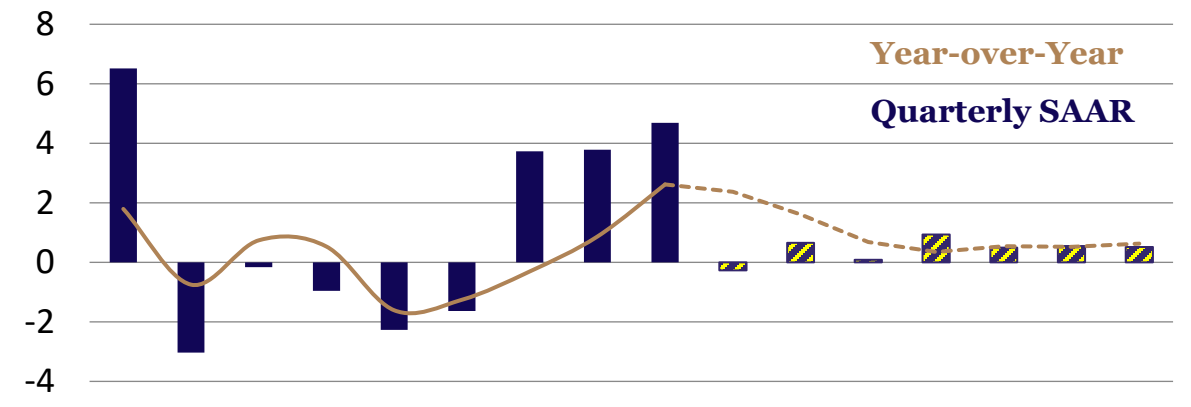


Economic Growth: C+I+G+X

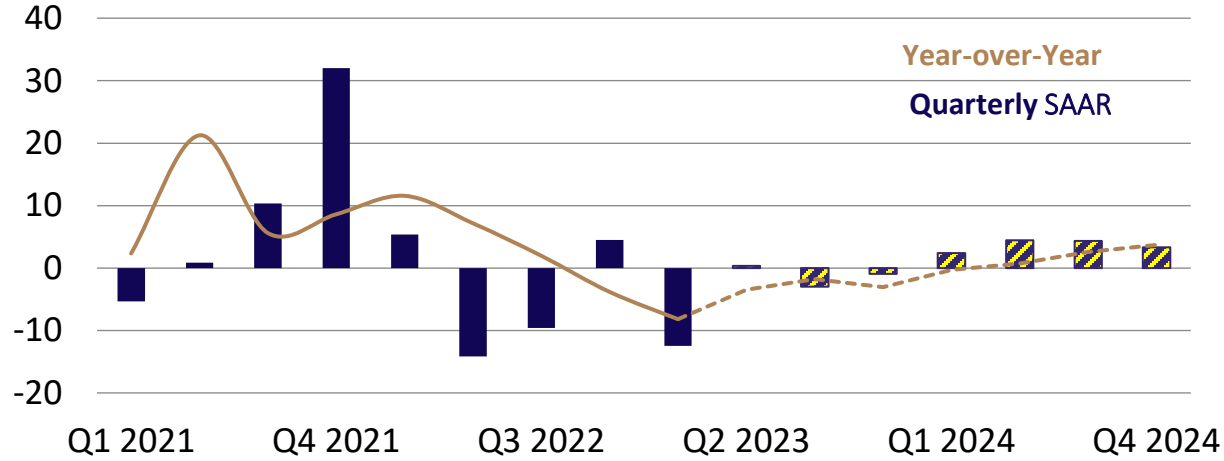
Personal Consumption Expenditures



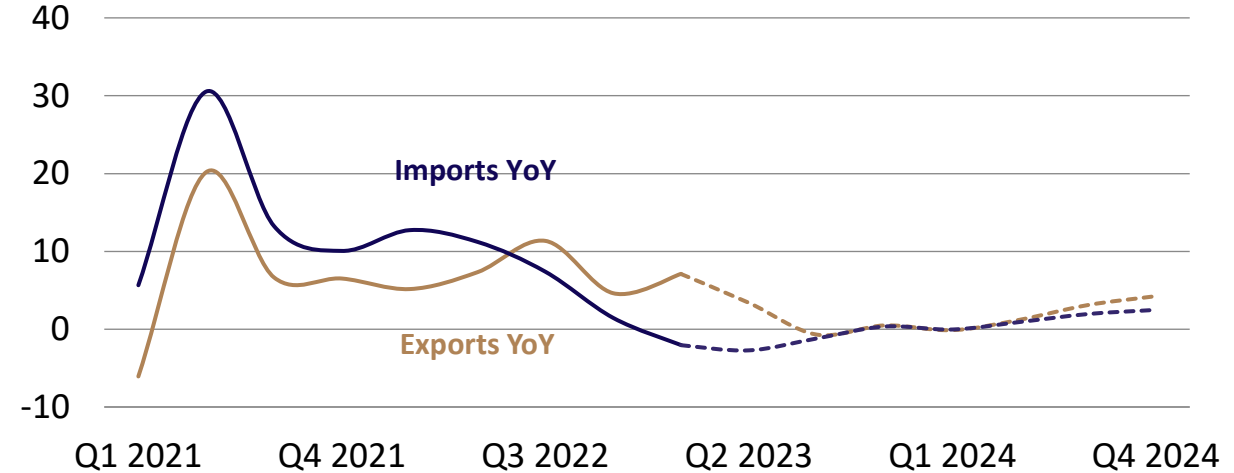
Government Spending



Gross Private Domestic Investment



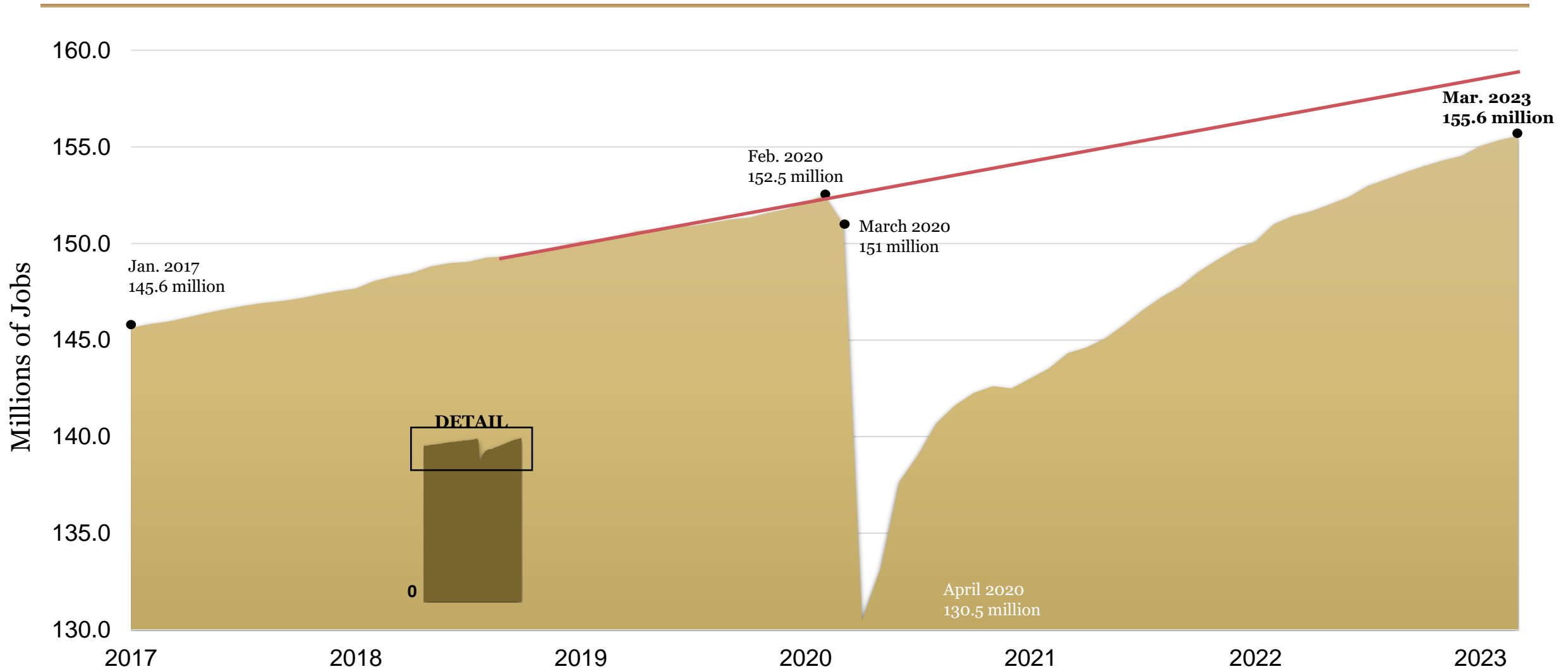
Net Exports





Jobs

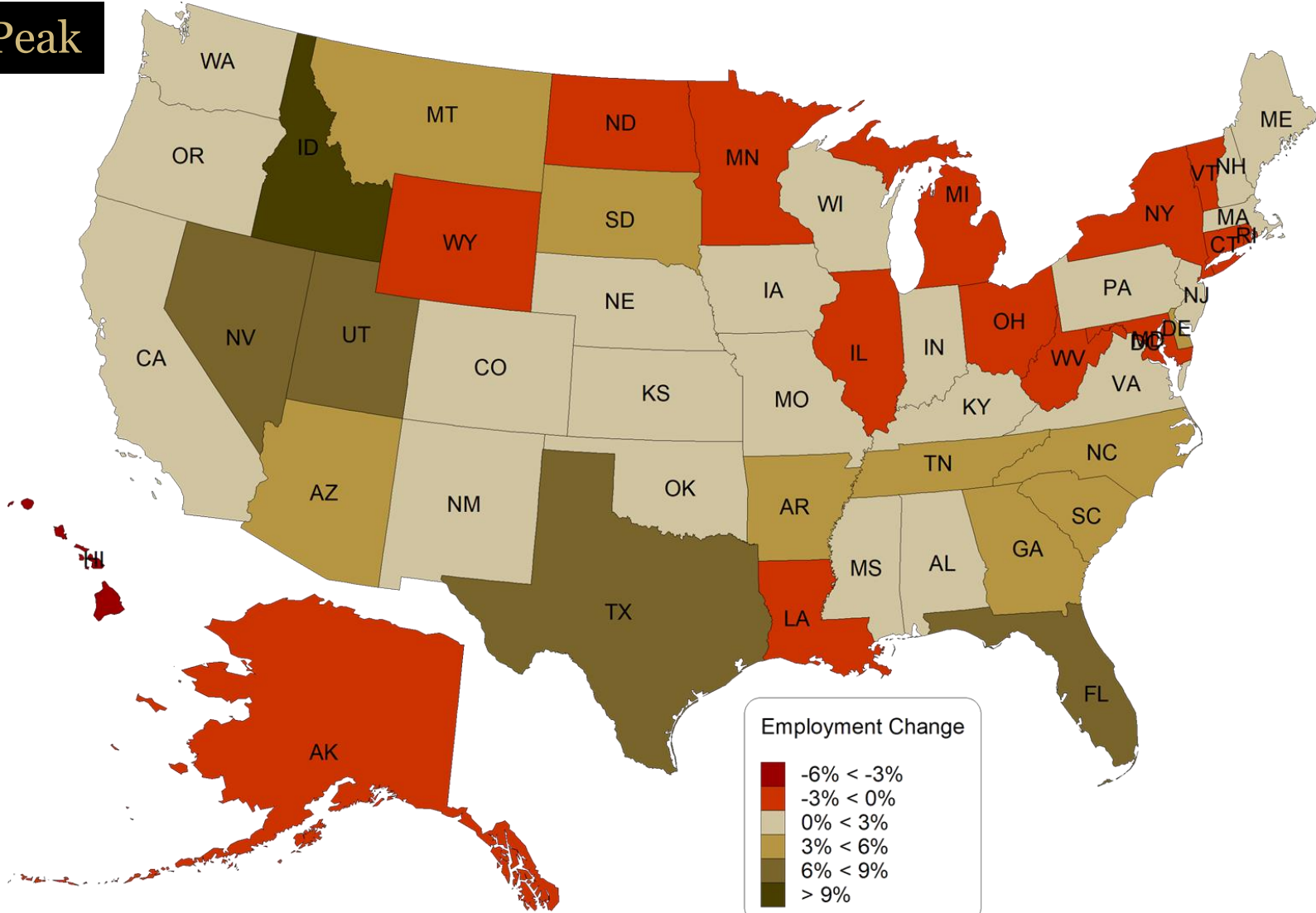
U.S Nonfarm Employment



Employment Recovery

Change from Prerecession Peak

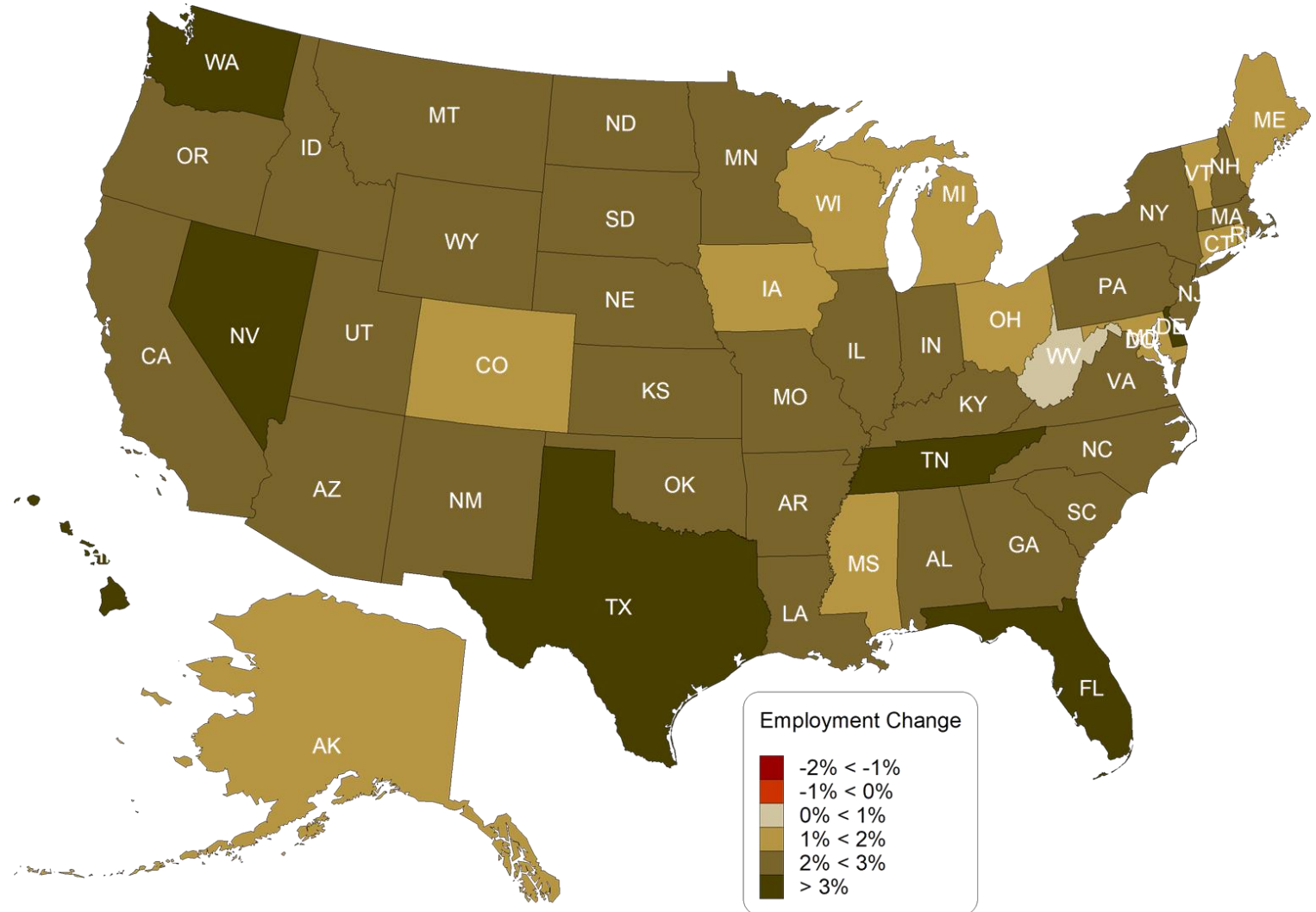
Colorado
Recovery: 2.1%
Rank: 19th



Employment Growth

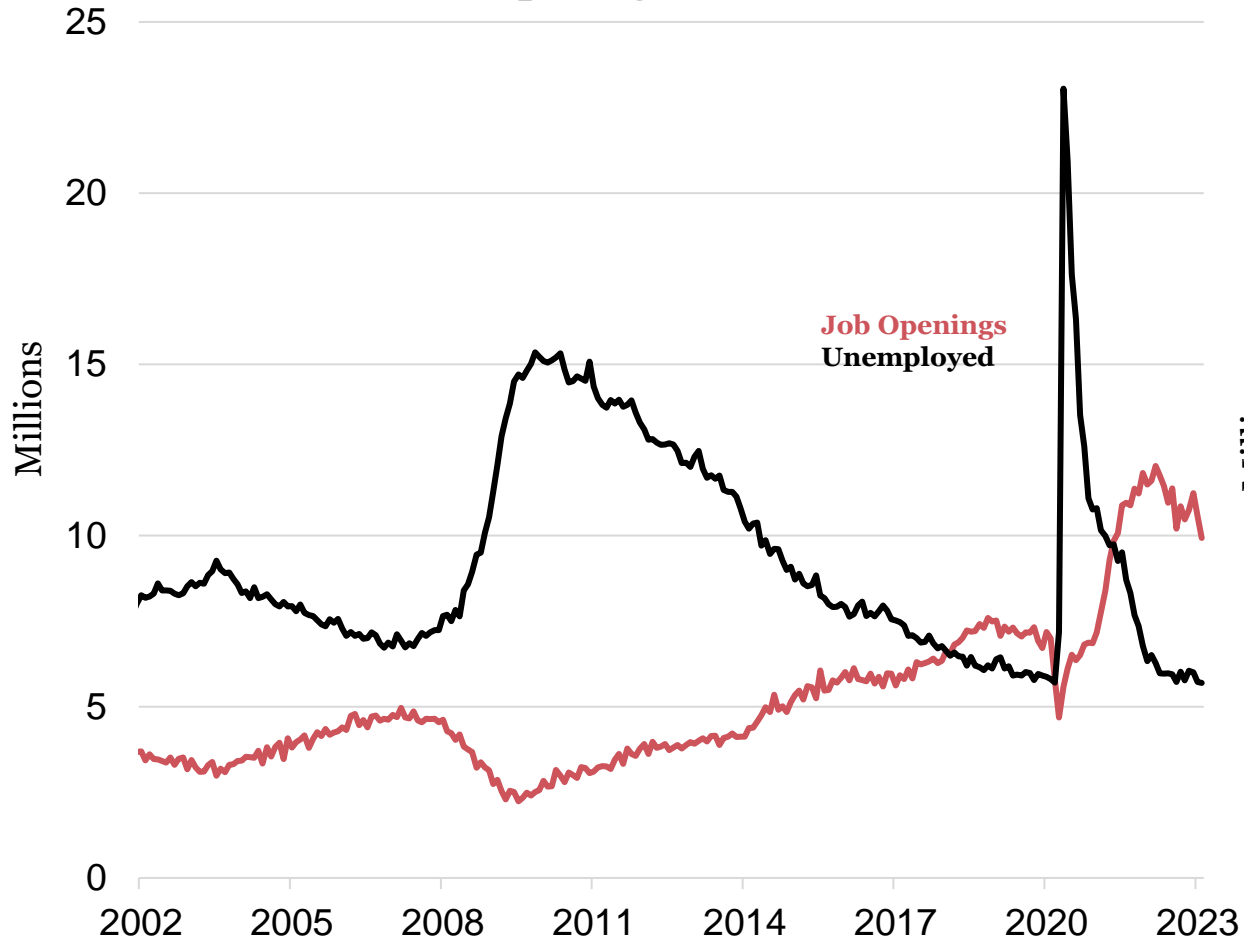
Year-over-Year

Colorado
Growth: 1.2%
Rank: 49th

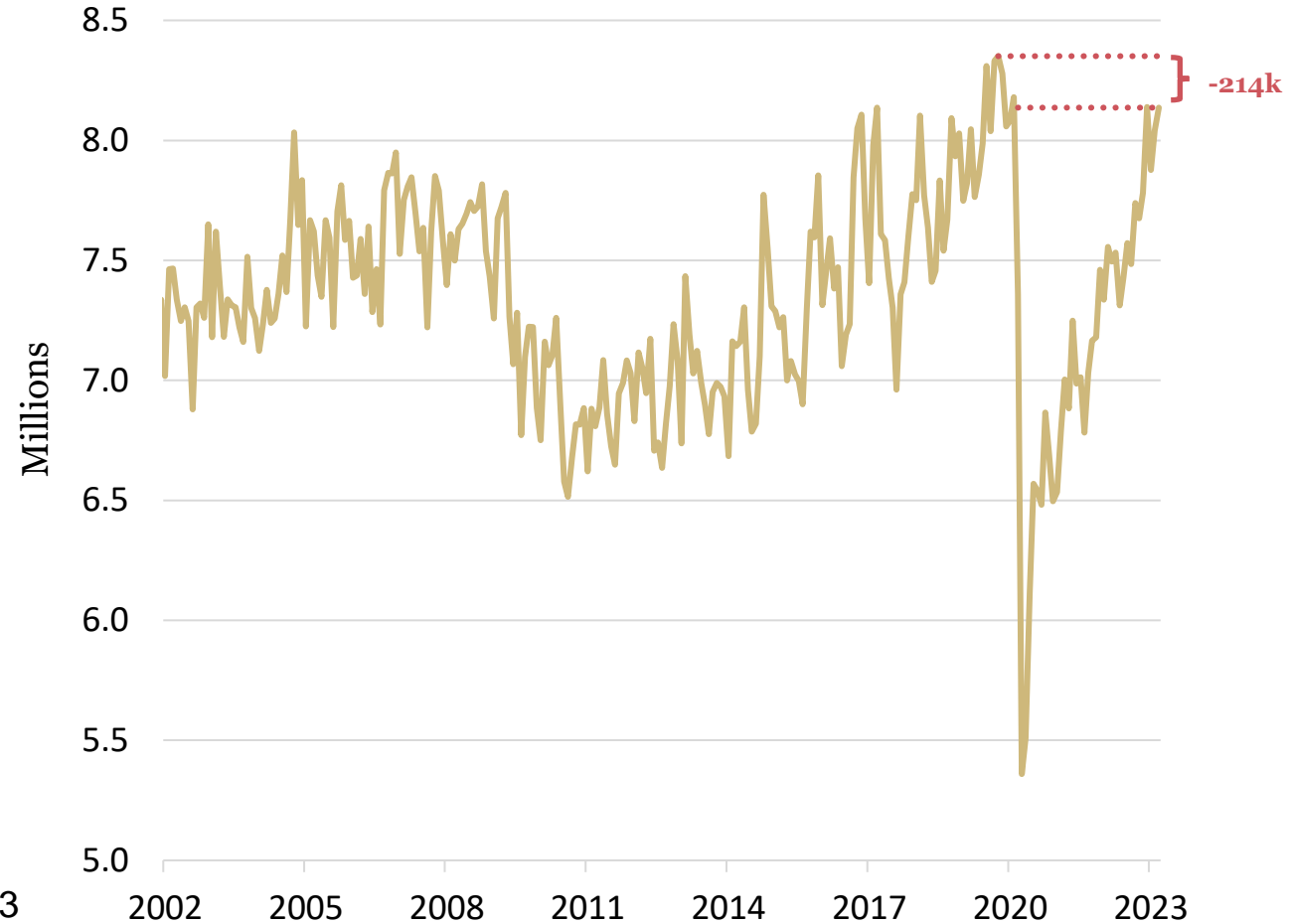


Labor Shortage

Job Openings and Quits



National Multiple Jobholders



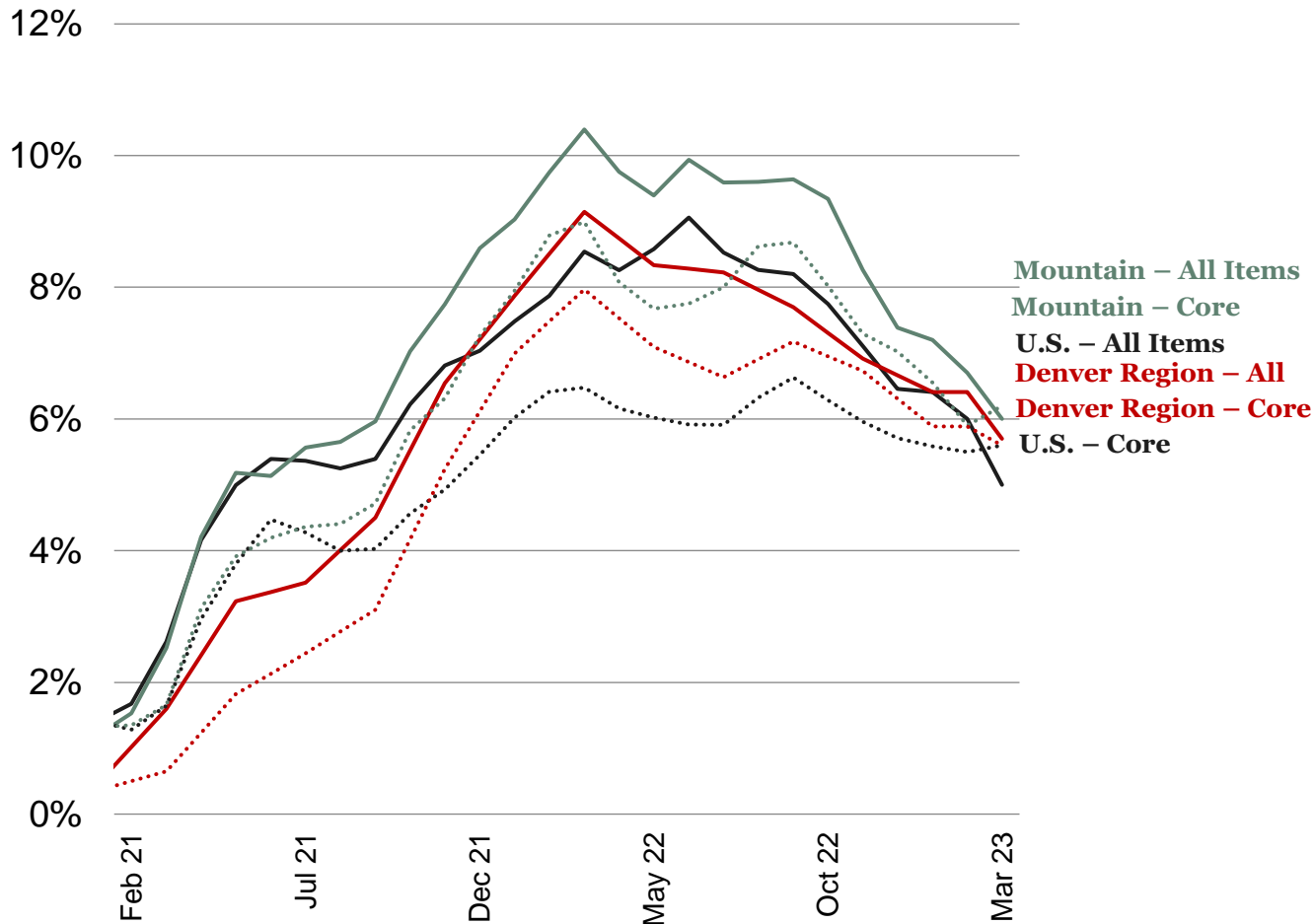
Sources: Bureau of Labor Statistics, JOLTS, and the Current Population Survey (NSA) .



Prices

Inflation

Consumer Price Index, Percent Change Year-Over-Year



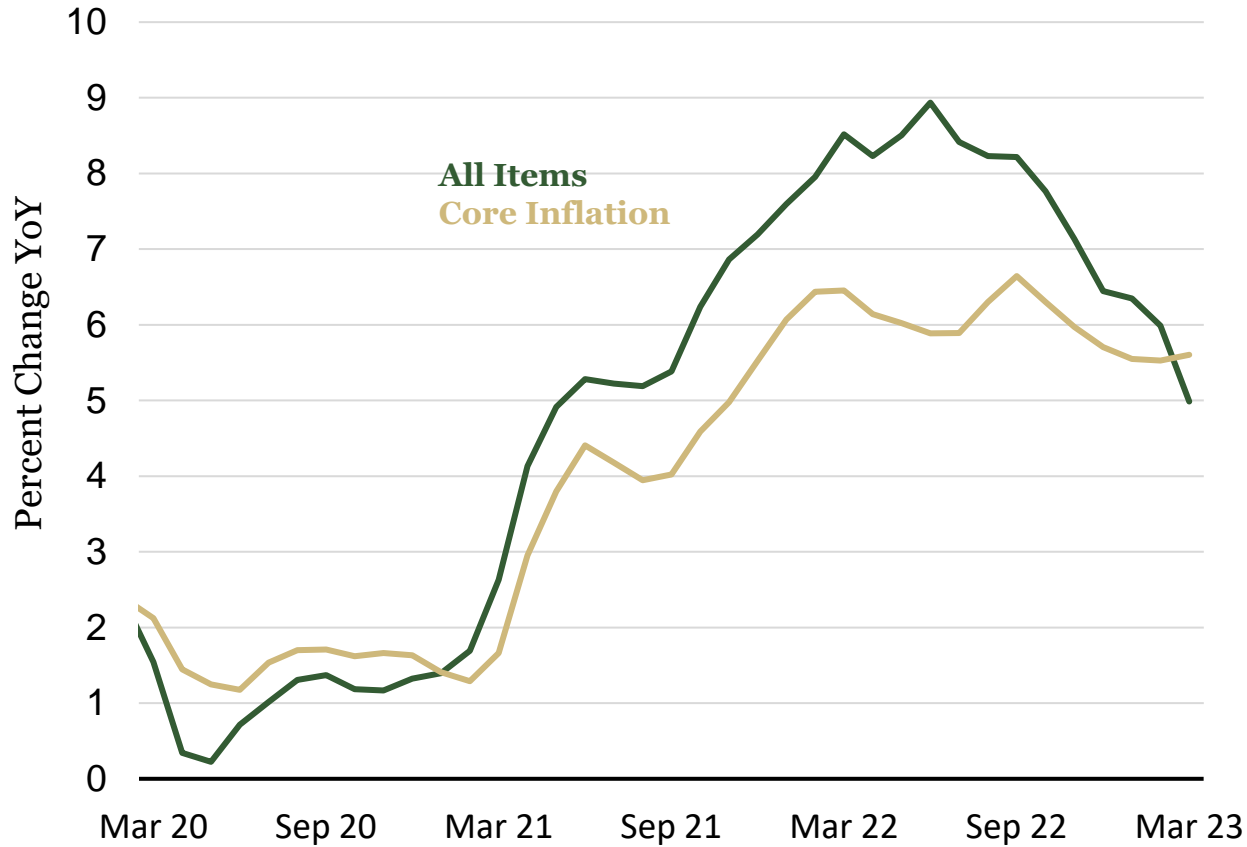
Items	U.S. City Average	Denver-Aurora-Lakewood	Item Weights
All items	5.0%	6.0%	100.0%
Food and beverages	8.3%	9.6%	14.4%
Housing	7.8%	10.2%	44.4%
Apparel	3.3%	3.1%	2.5%
Transportation	-1.0%	-0.5%	16.7%
Medical care	1.5%	-1.5%	8.1%
Recreation	4.8%	5.3%	5.4%
Education and Comm.	1.4%	1.6%	5.8%
Other goods and services	6.1%	3.8%	2.7%
Core Inflation	5.6%	6.2%	5.6%

Source: Bureau of Labor Statistics, CPI for All Urban Consumers (CPI-U), Not Seasonally Adjusted.

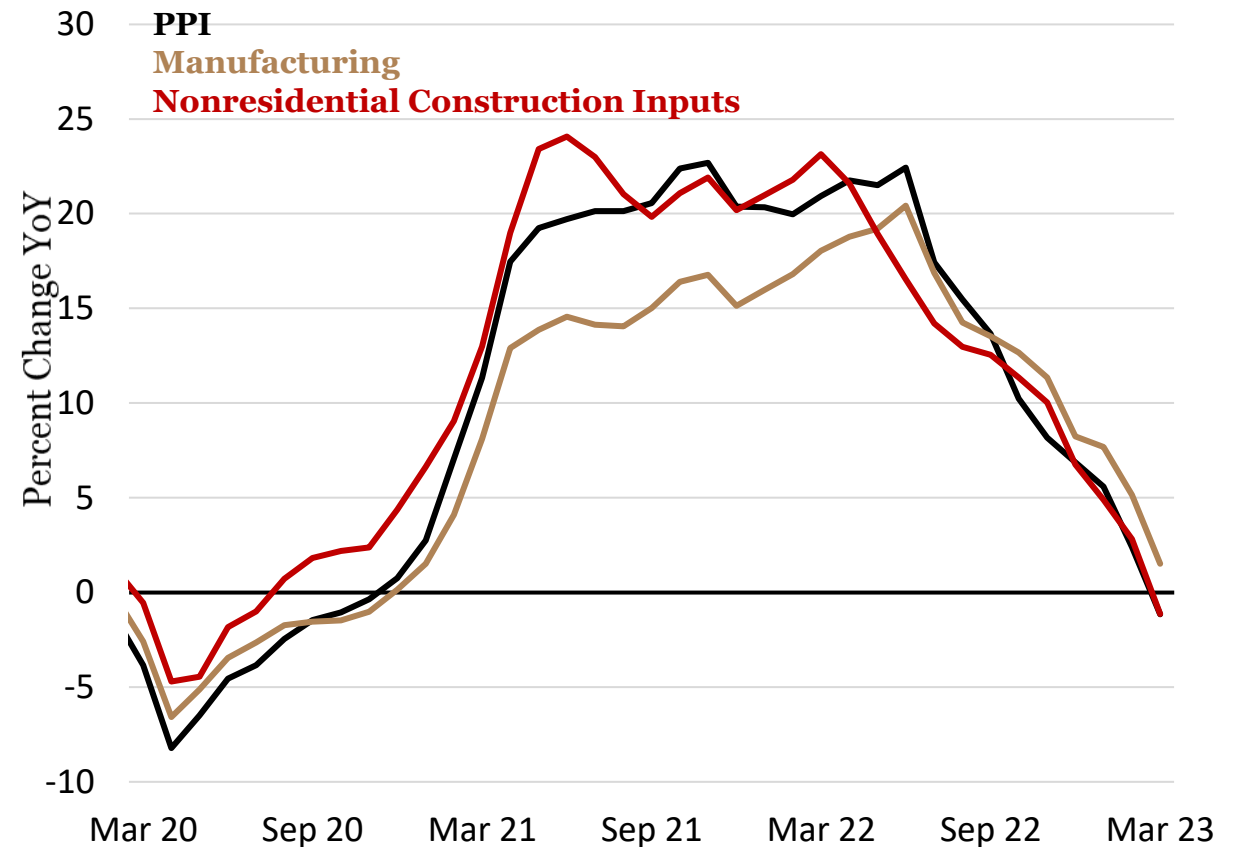
Note: Denver-Aurora-Lakewood values as of Jan. 2023, Mountain and U.S. as of Mar 2023.

Inflation

Consumer Price Index



Producer Price Index





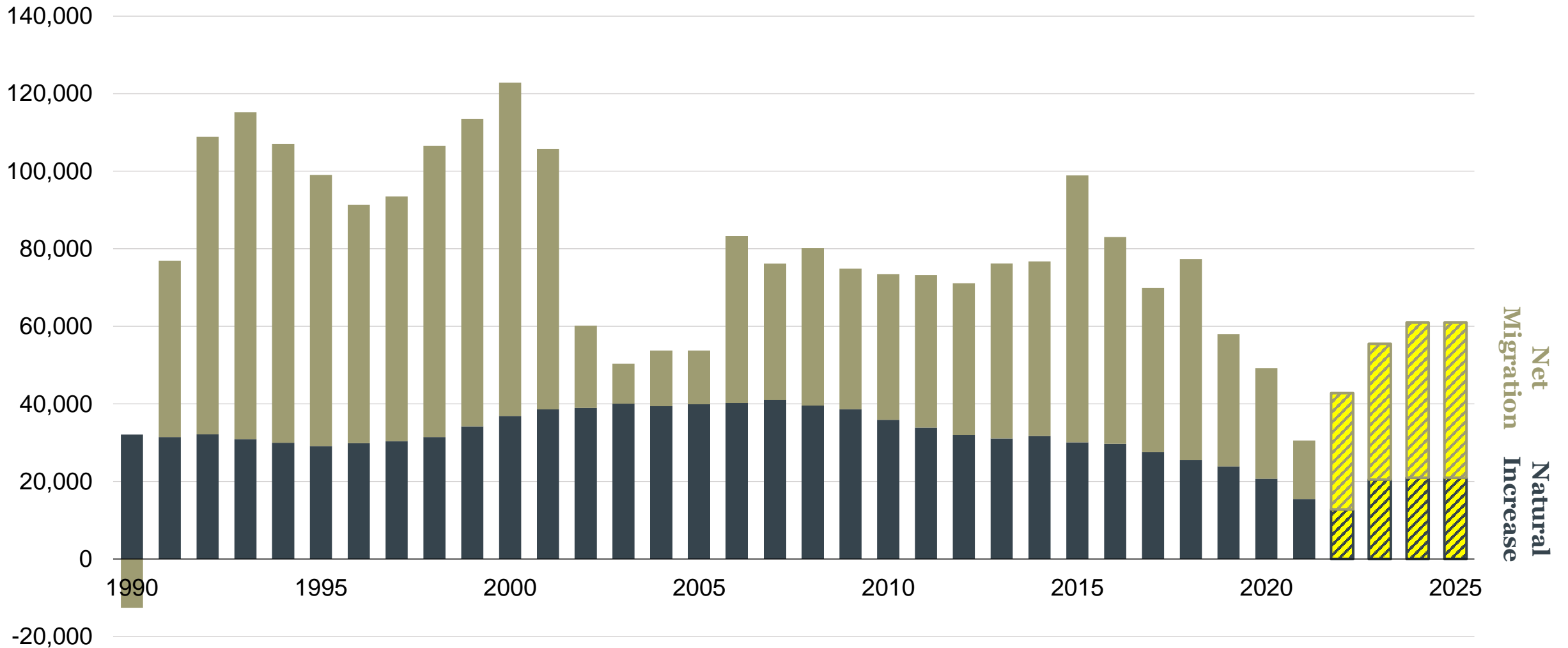
Population, Employment, and the Economy

Colorado Rank Among Other States

Metric	1-Year Change/ Current Level		1-Year Rank
Real GDP Growth	1-Year Change	1.7%	8
Employment Growth	1-Year Change	1.2%	49
Population Growth	1-Year Change	0.5%	19
Personal Income Growth	1-Year Change	5.9%	27
PCPI Growth	1-Year Change	5.3%	28
PCPI	Current Level	\$75,206	8
Average Hourly Wage % Growth	1-Year Change	5.0%	18
Average Annual Pay % Growth	1-Year Change	8.1%	11
Average Annual Pay	Current Level	\$72,076	8
Unemployment Rate	Current Level	2.8%	15
Labor Force % Growth	1-Year Change	0.7%	18
LFPR	Current Level	68.5%	4
FHFA Home Price Index Growth	1-Year Change	9.0%	39

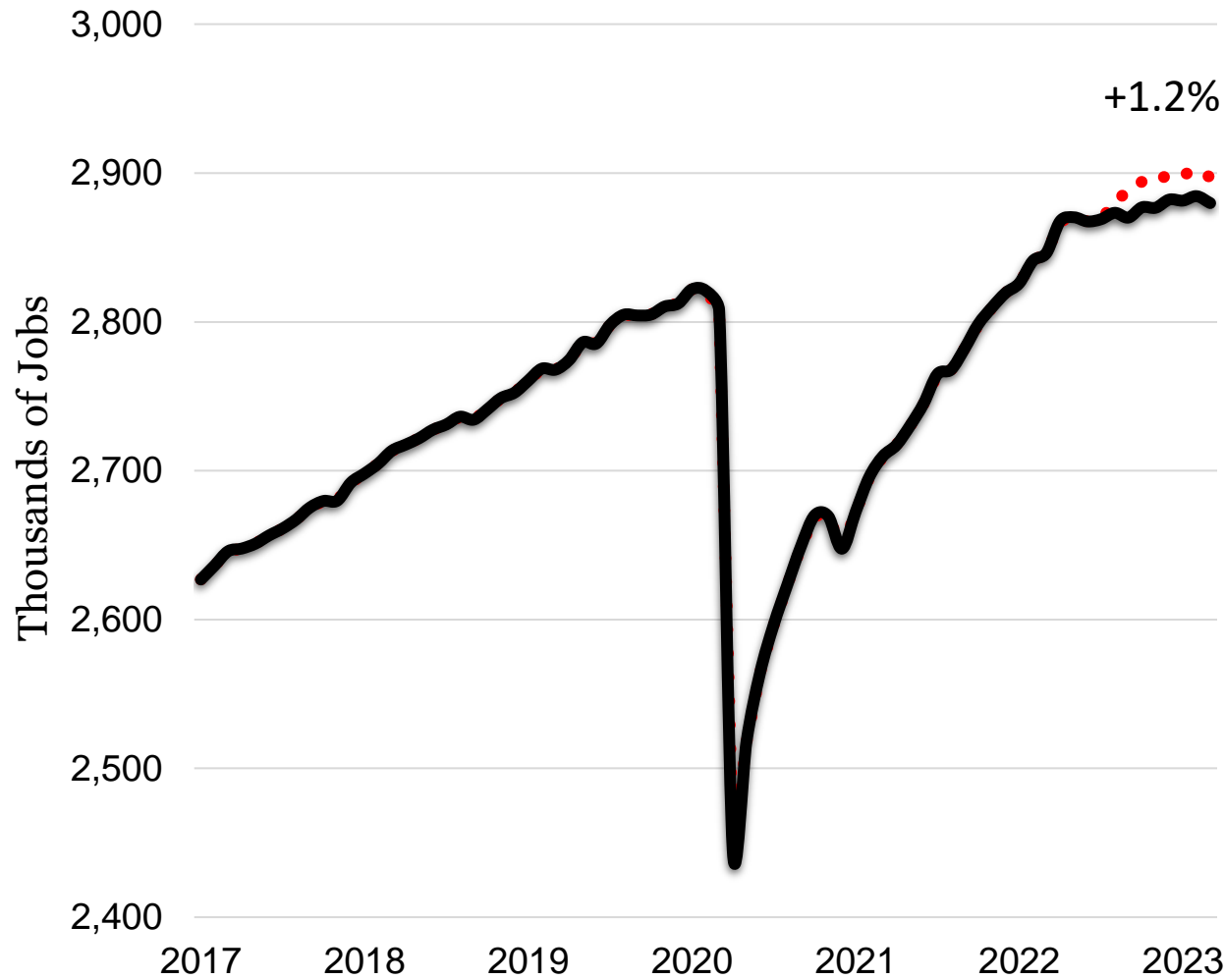
Data Sources: Bureau of Economic Analysis (2022), Bureau of Labor Statistics (3/23), U.S. Census Bureau (2022), Bureau of Labor Statistics (2022), Federal Housing Finance Agency All Transactions Index (Q4 2022), BRD calculations. *Unemployment rate for the last month.

Colorado Change in Population

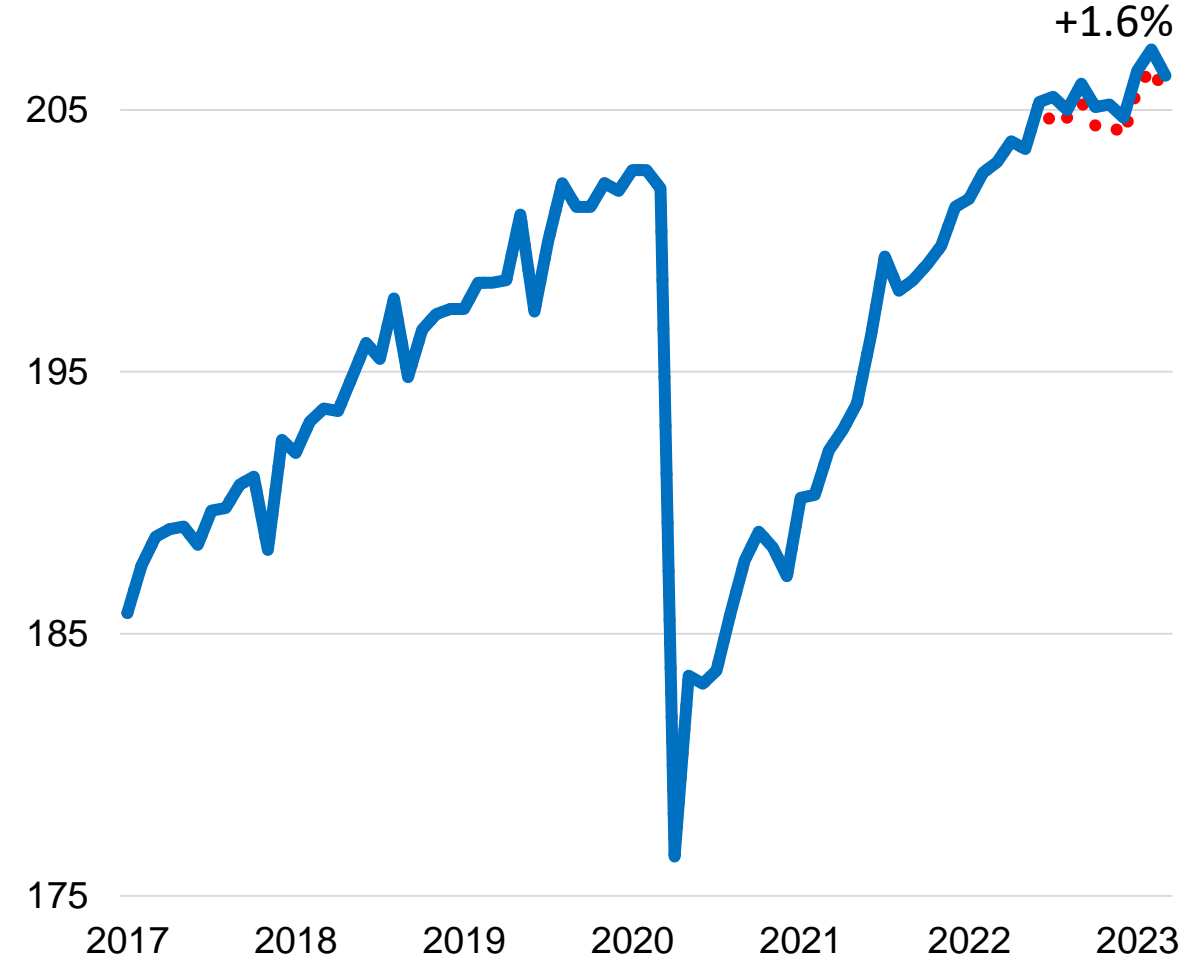


Colorado and the Boulder MSA Employment

Colorado

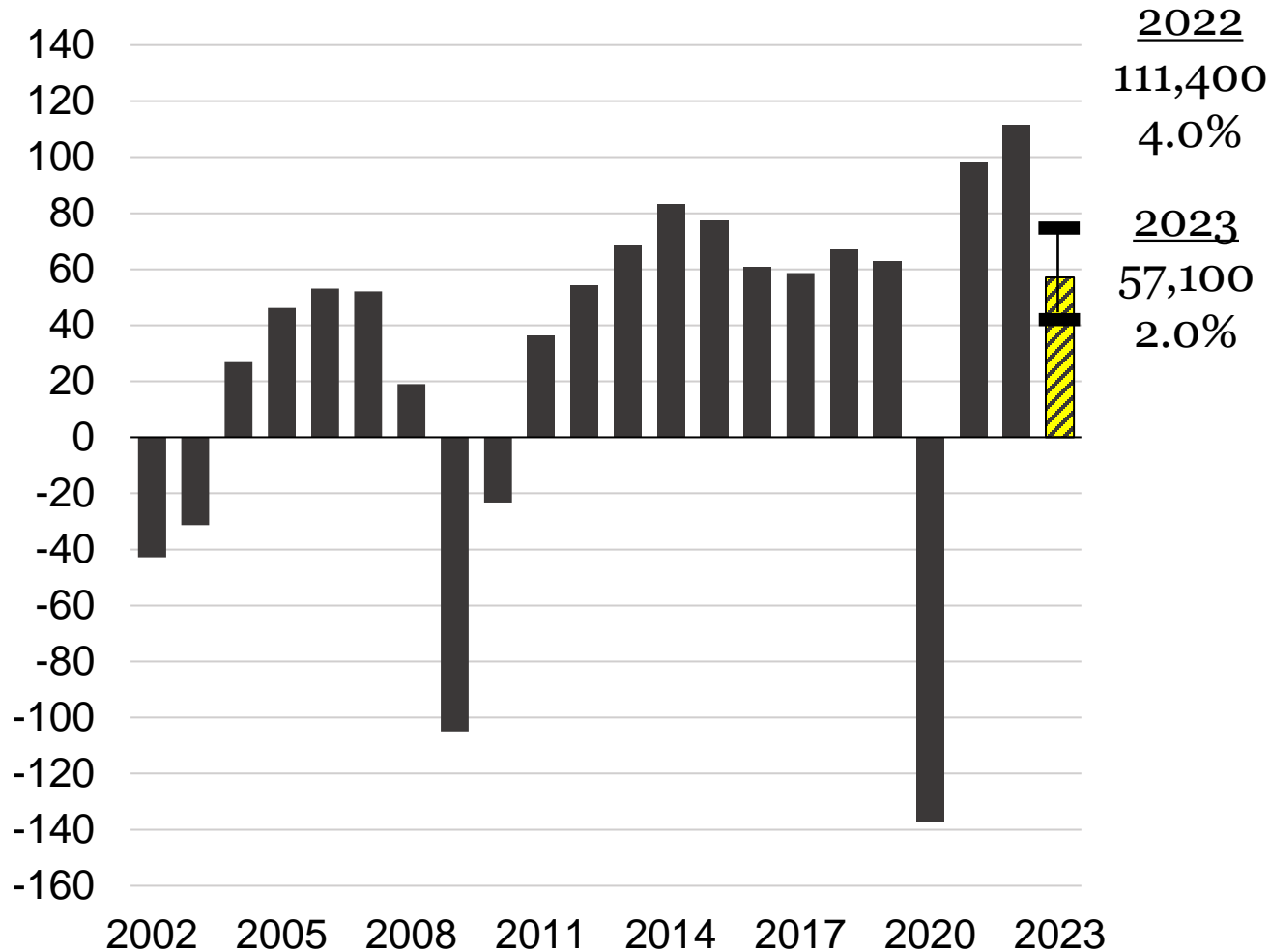


Boulder MSA

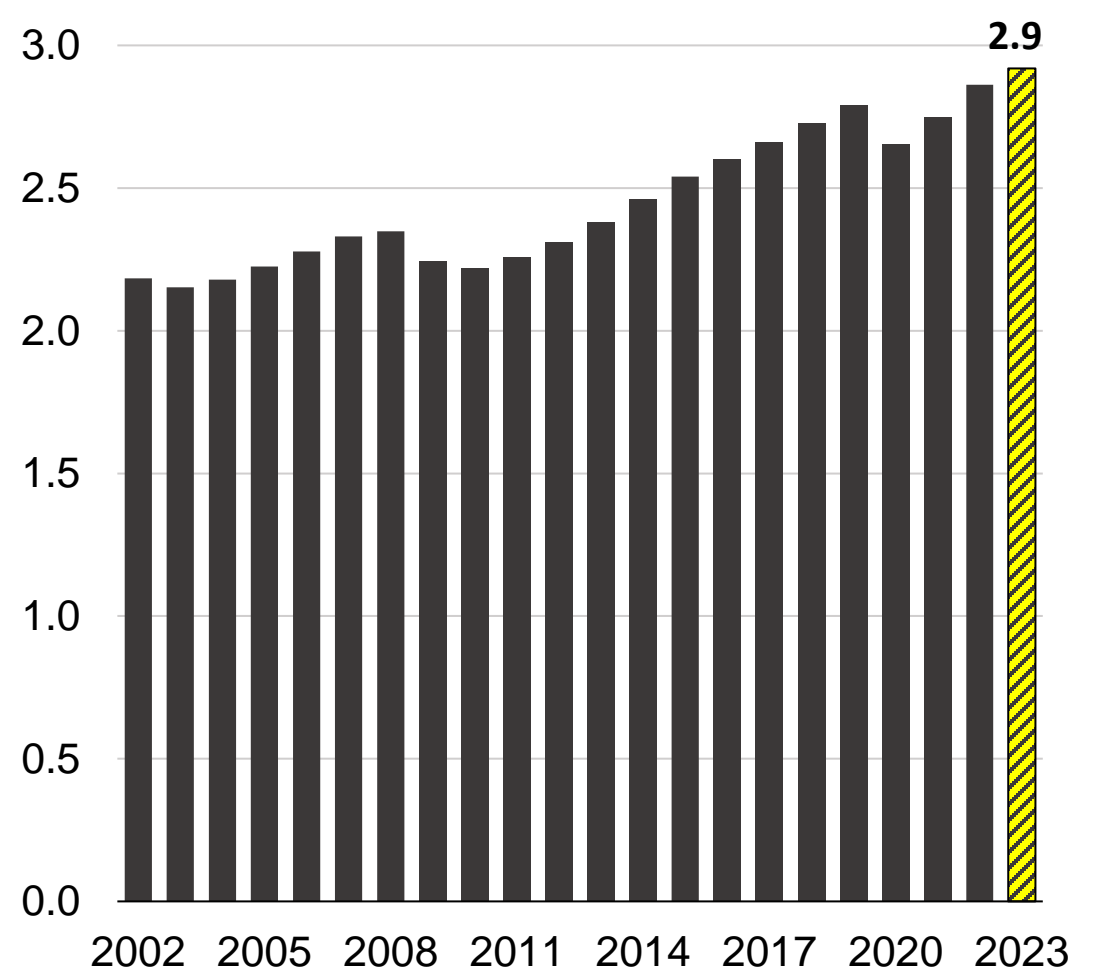


Colorado Employment Forecast

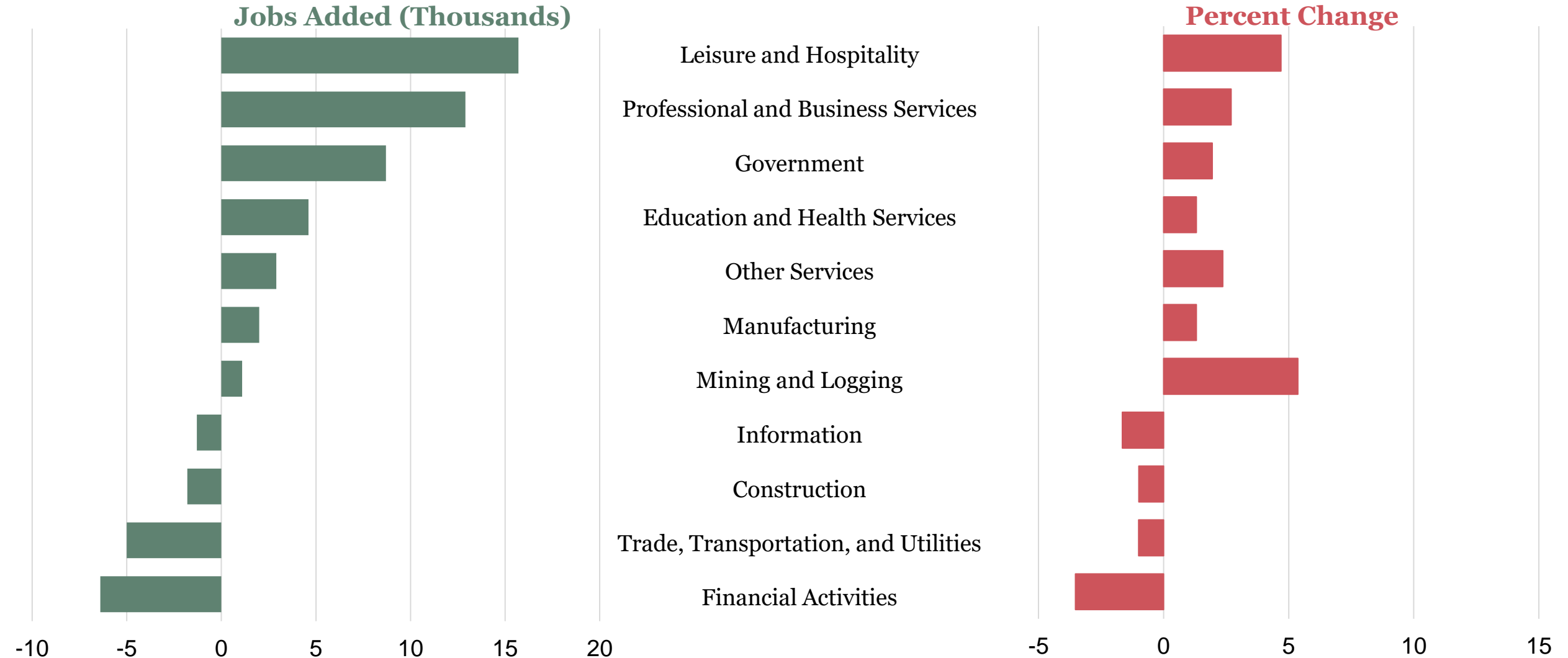
Workers Added, Thousands, 2002-2023



Total Employment, Millions, 2002-2023



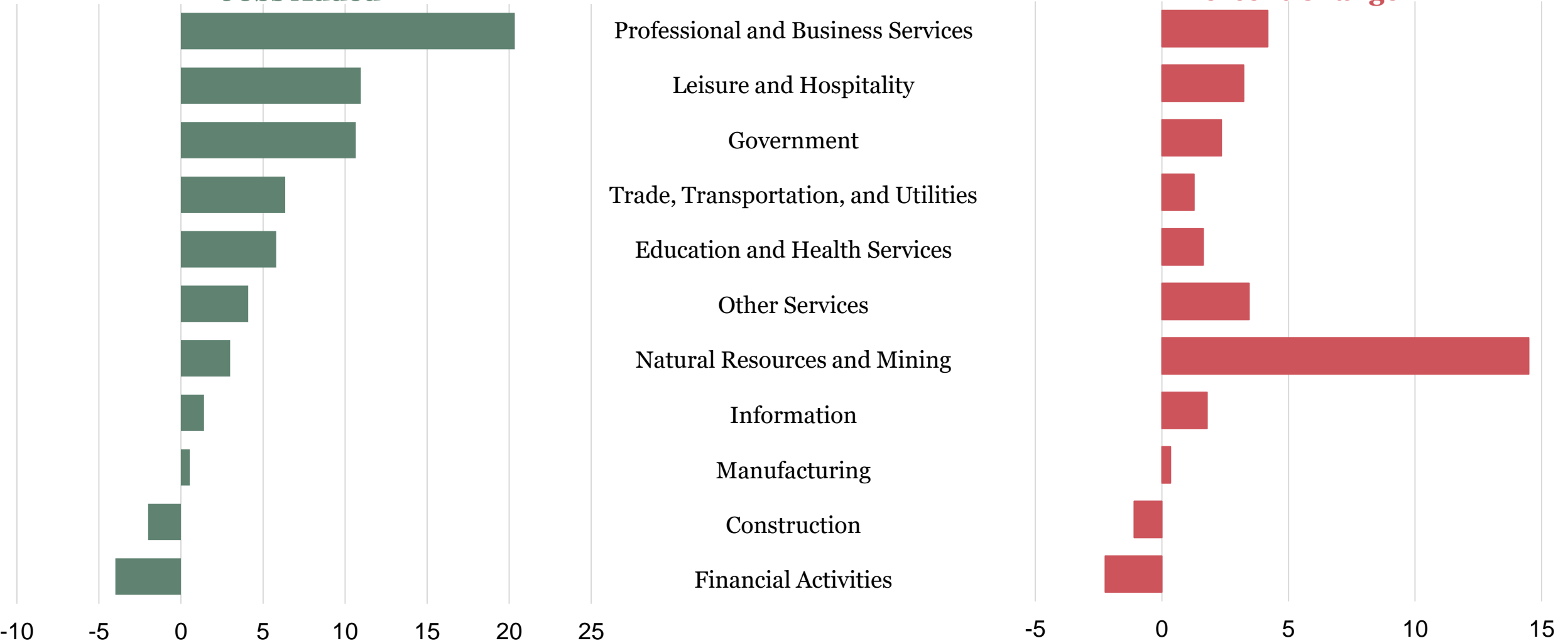
CO Employment Change, March Year-Over-Year



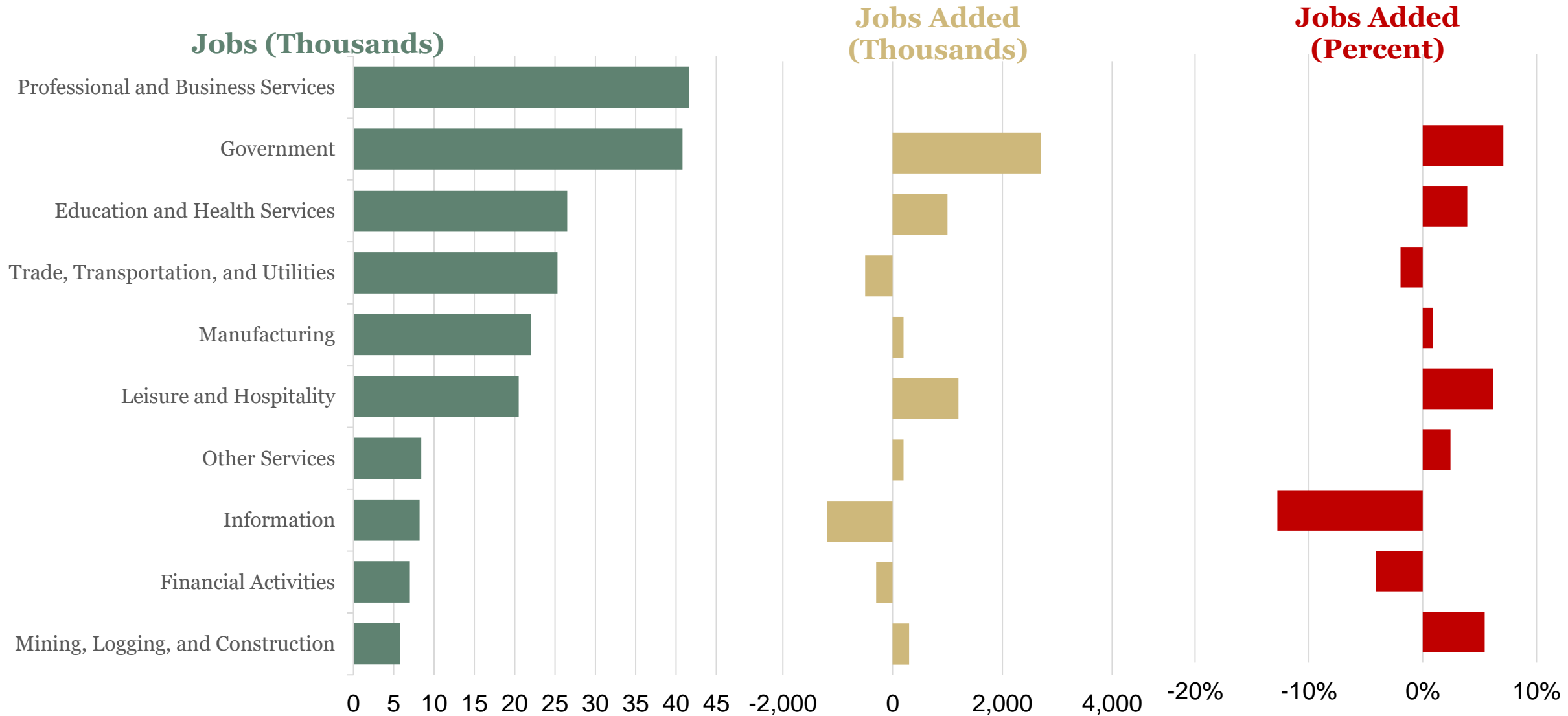
Colorado 2023 Projected Employment Change

Jobs Added

Percent Change



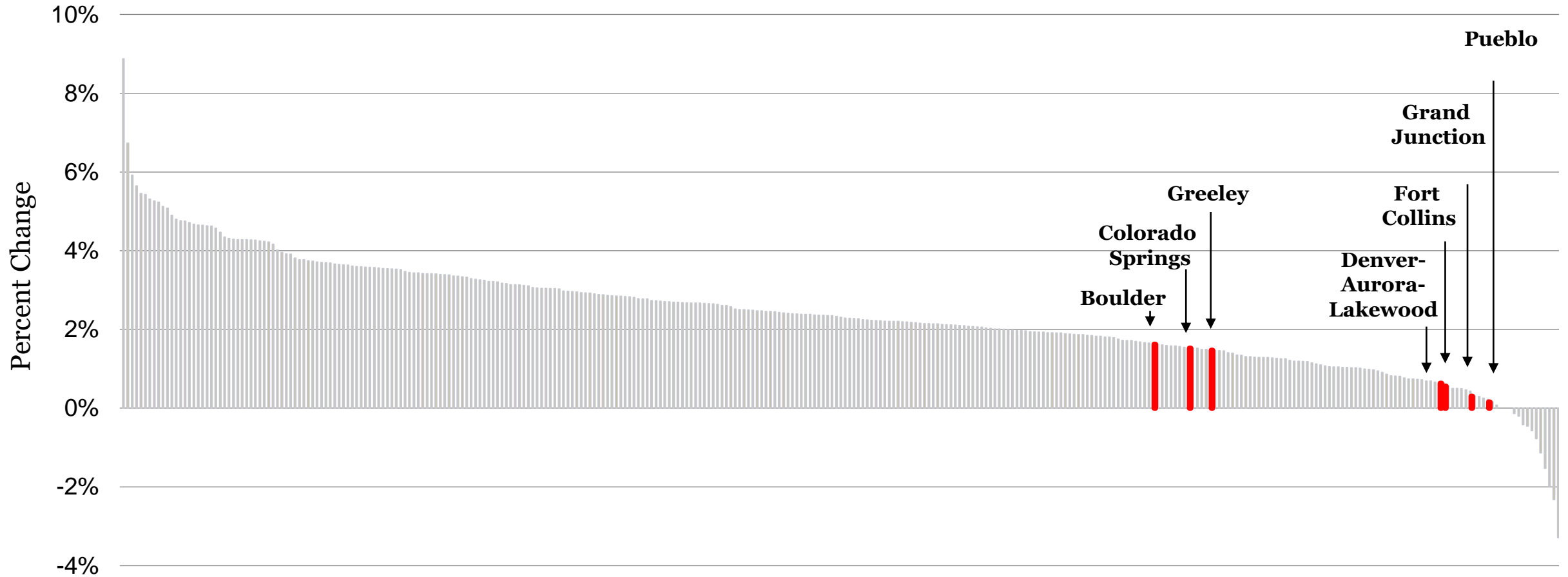
Boulder MSA Employment



Sources: Bureau of Labor Statistics, Seasonally Adjusted.

Colorado MSA Employment Growth

1-Year Change, March 2023



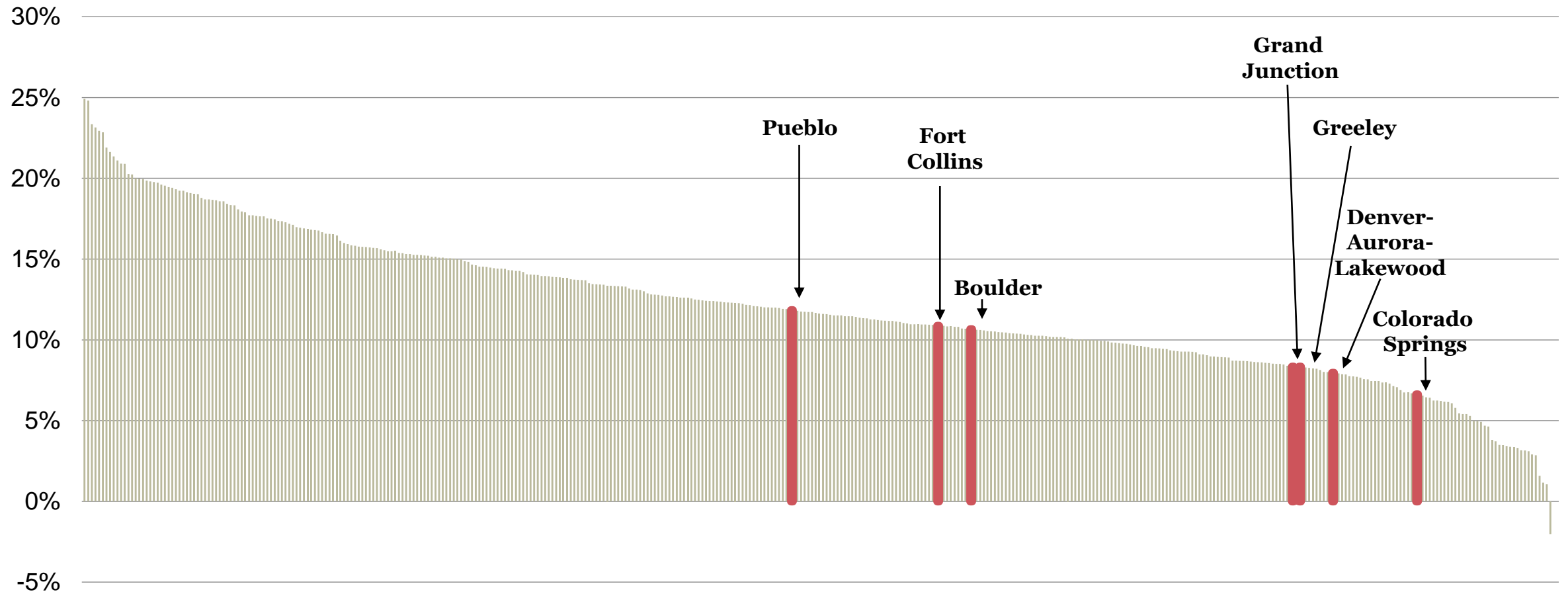


Construction & Real Estate

Photo by Christopher Burns on Unsplash.

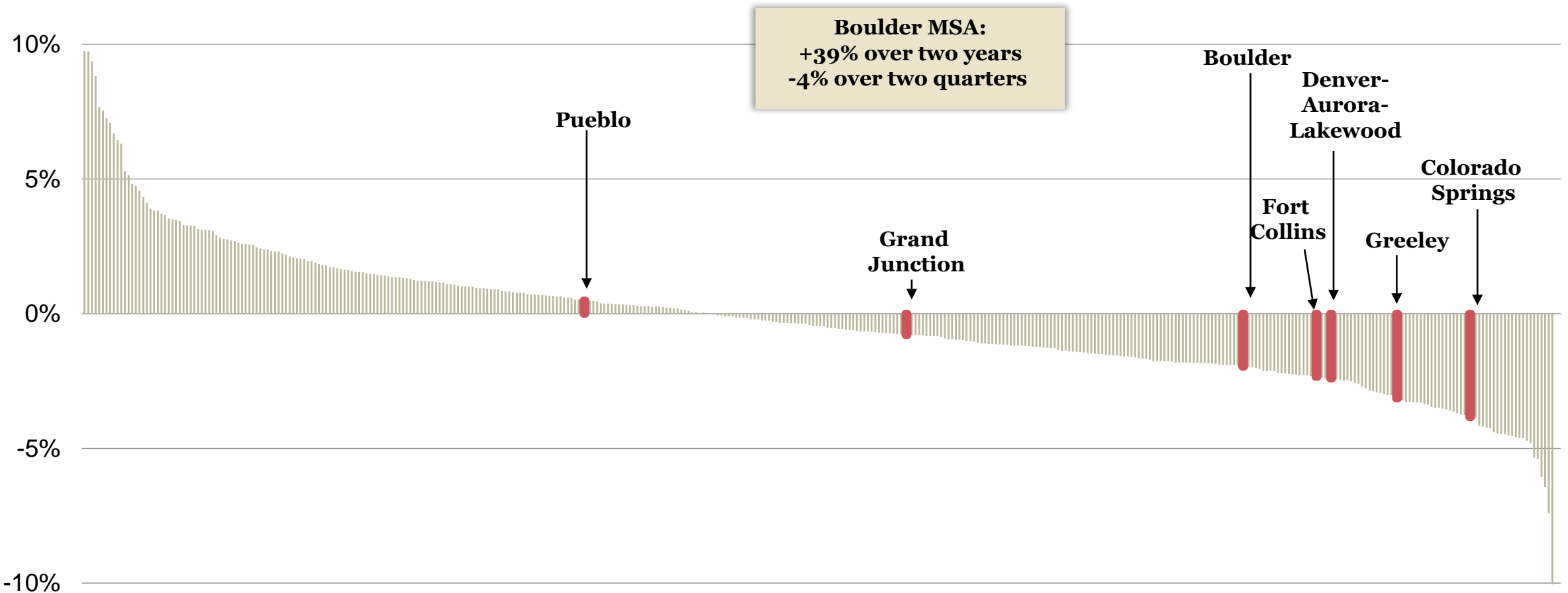
Home price growth slowing ahead of average

FHFA Home Price Index by MSA, 1-Year Home Price Change, Q4 2022



Home price growth slowing ahead of average

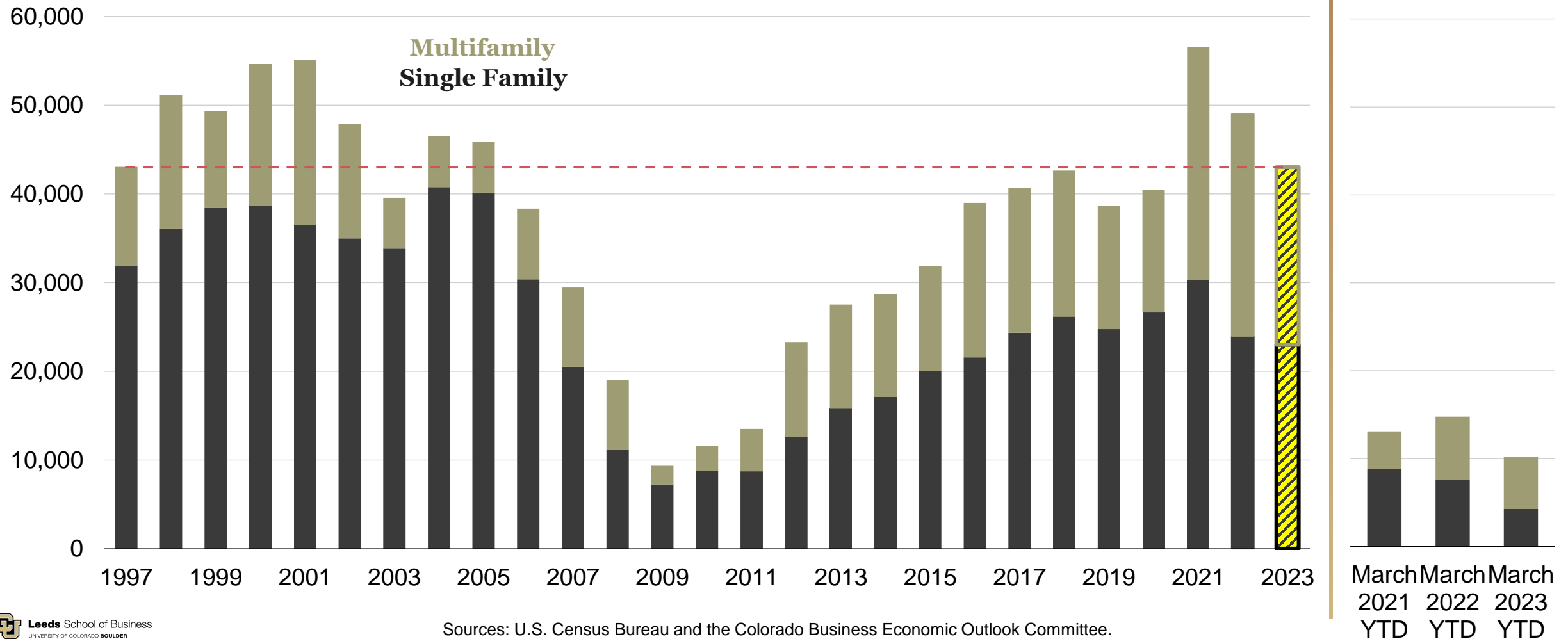
FHFA Home Price Index by MSA, Quarter-over-Quarter Home Price Change, Q4 2022



Source: Federal Housing Finance Agency, All Transactions Index (Not Seasonally Adjusted).

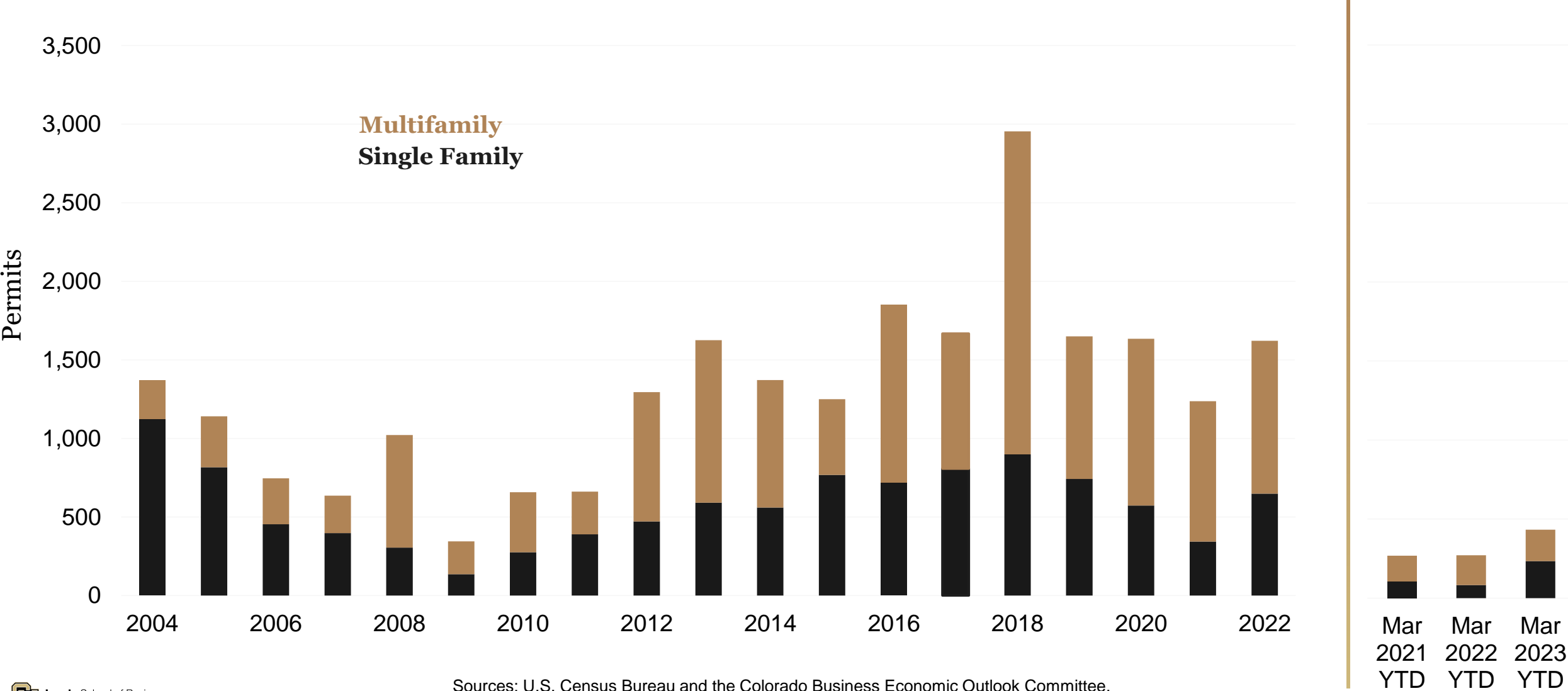
Colorado Residential Building Permits

Permits, 1998-2023



Sources: U.S. Census Bureau and the Colorado Business Economic Outlook Committee.

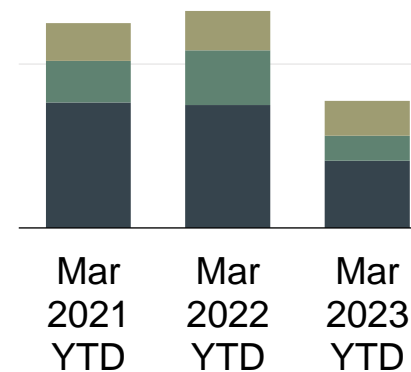
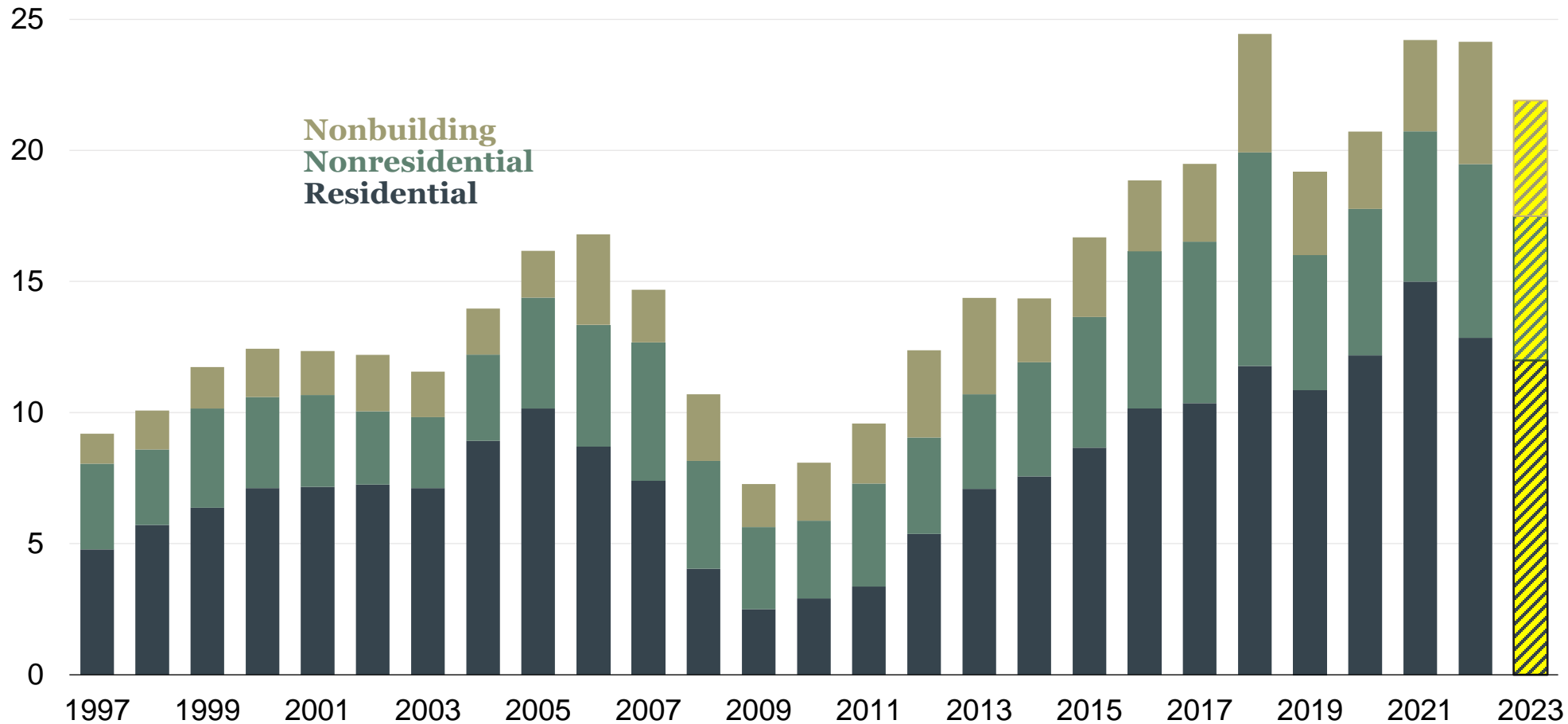
Boulder MSA Residential Building Permits



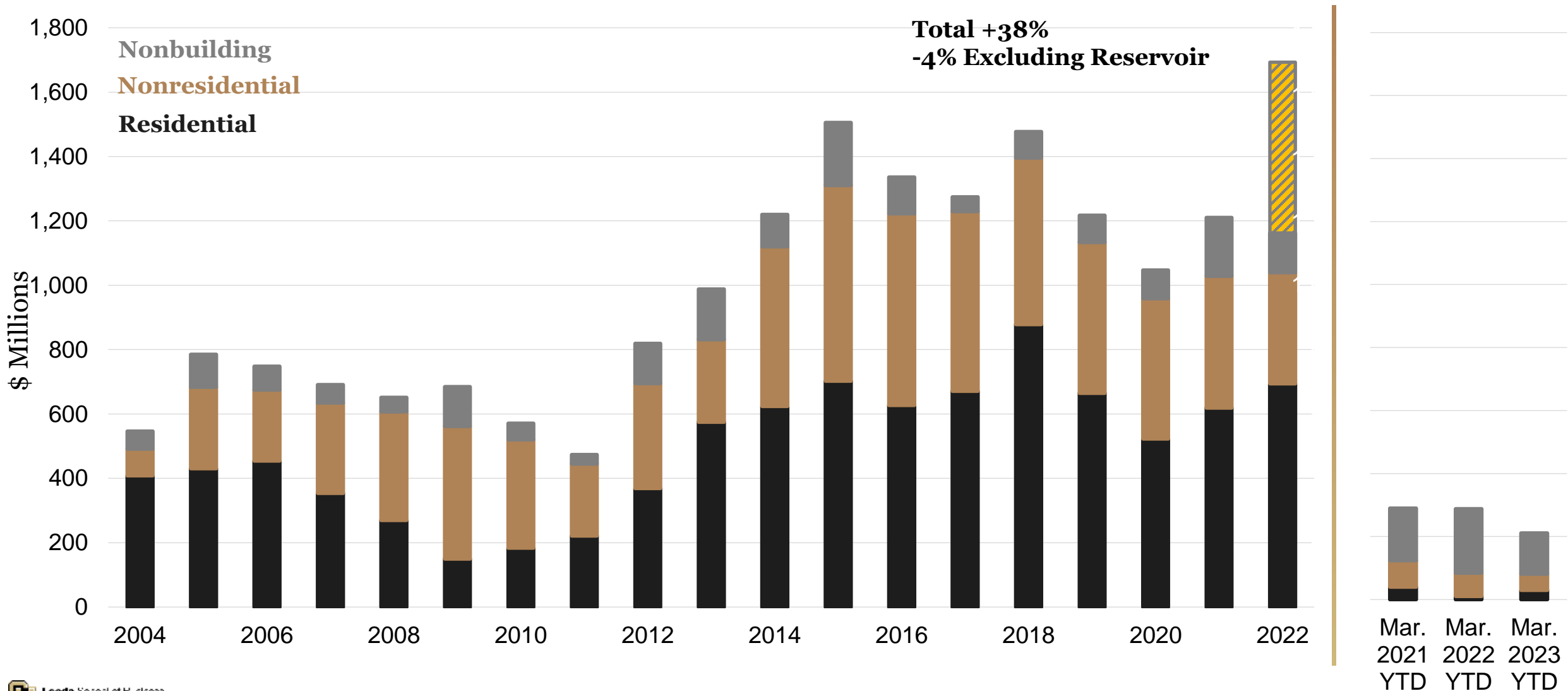
Sources: U.S. Census Bureau and the Colorado Business Economic Outlook Committee.

Colorado Total Value of Construction

Total Value of Construction, \$ Billions



Boulder County Value of Construction



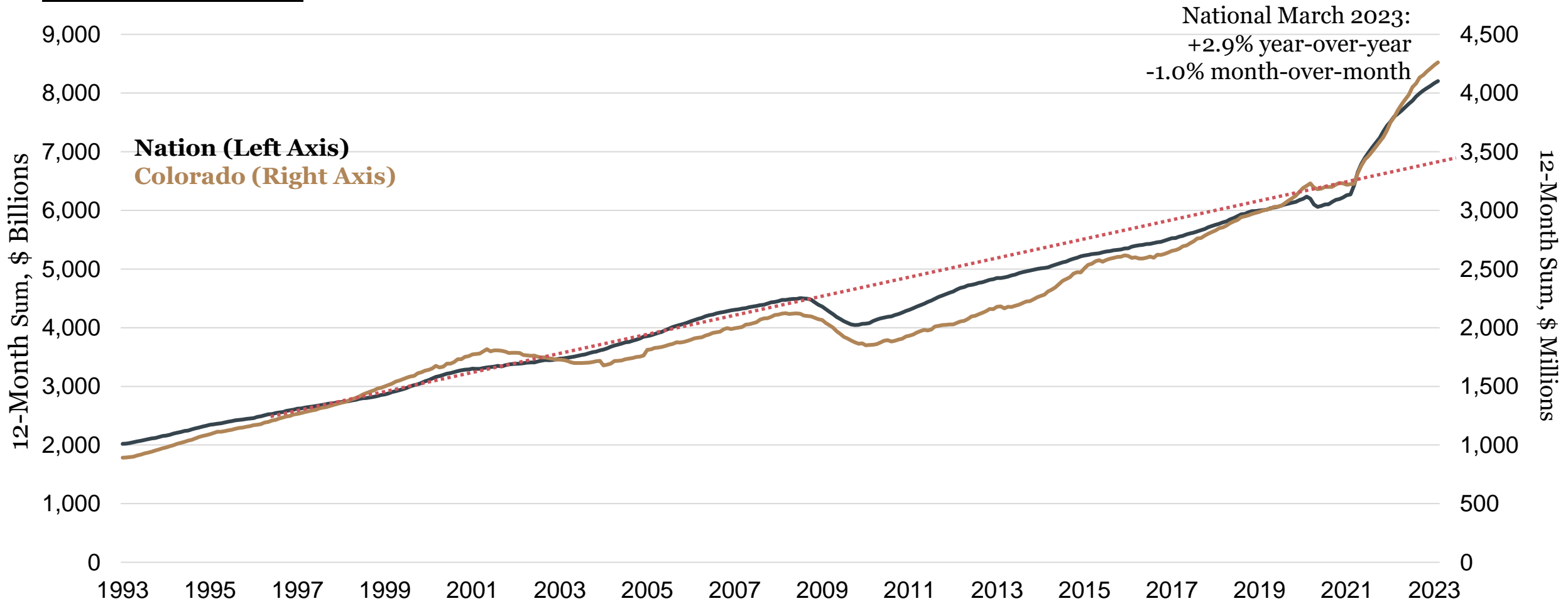


Retail



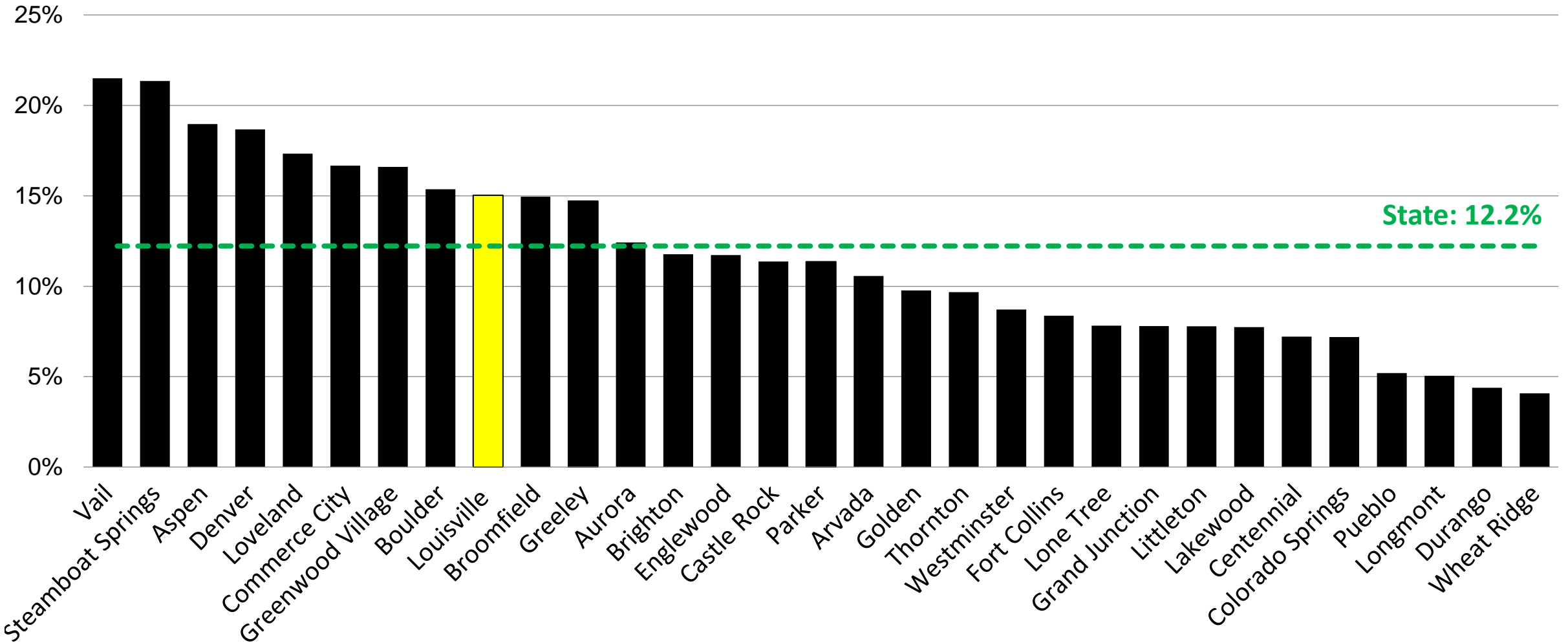
National Retail Sales vs. Colorado Sales Taxes

12-Month Sum



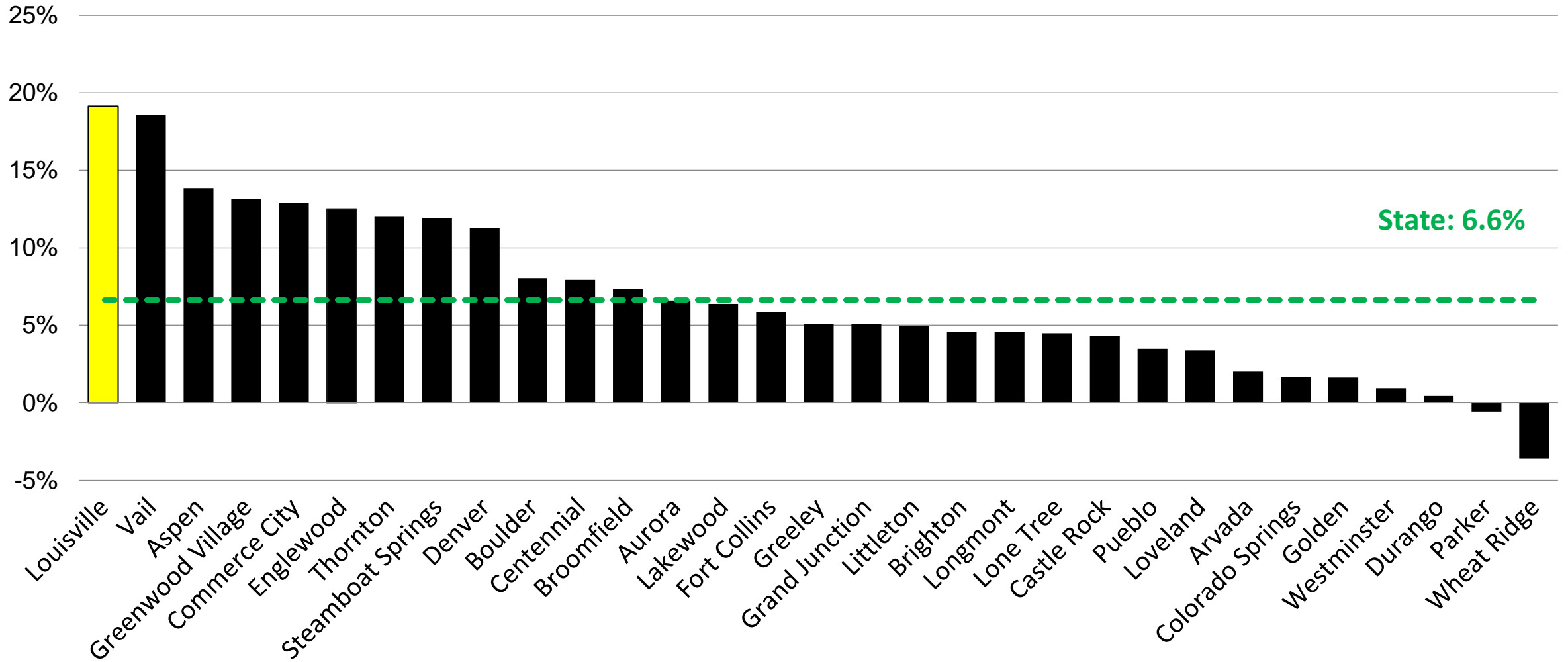
Taxable Sales Growth – 30 Largest + 1

2022 vs. 2021

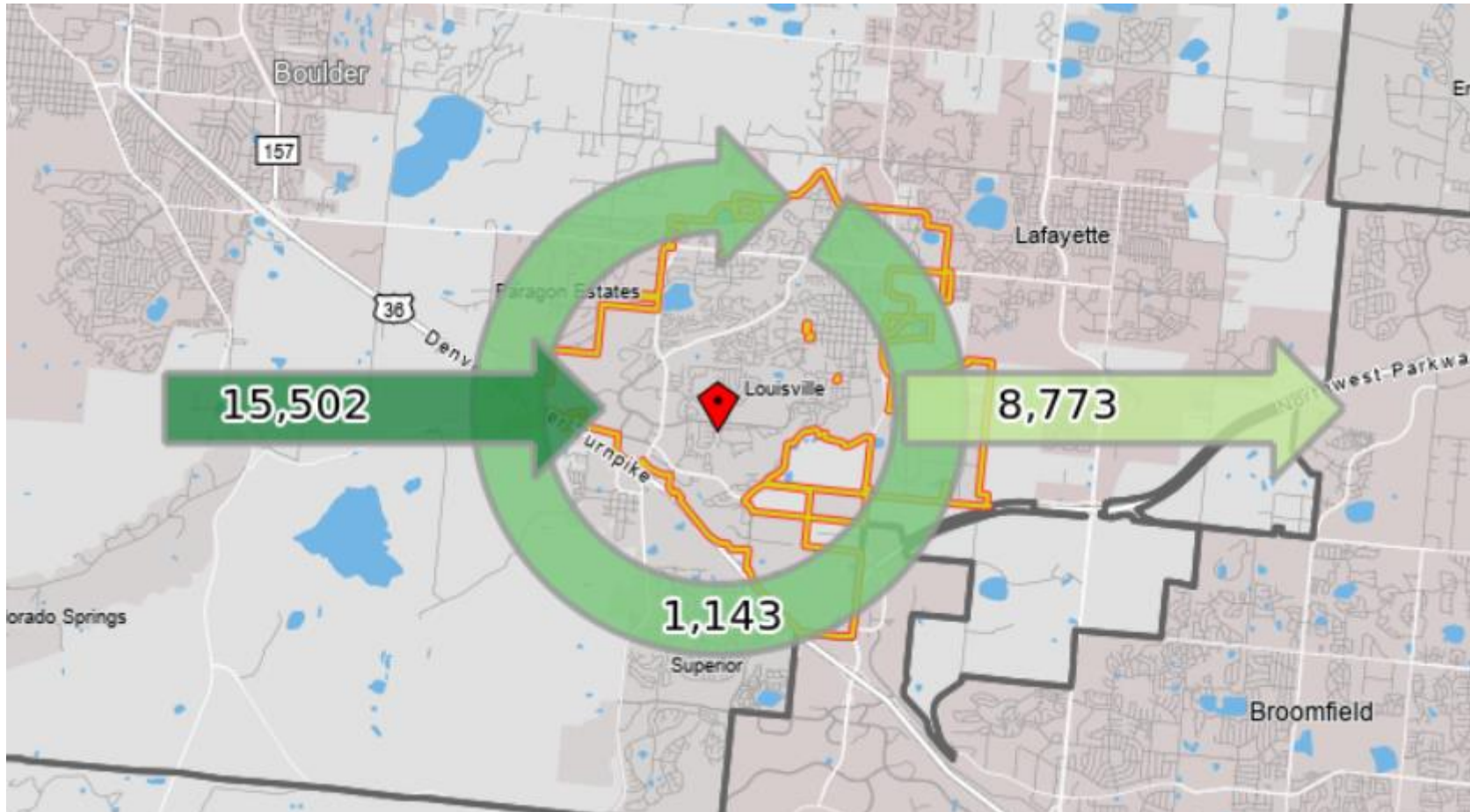


Taxable Sales Growth – 30 Largest + 1

January 2023 vs. January 2022



Commuting Patterns



Tailwinds

Employment Growth
Consumer
Consumption
Retail Sales
Gasoline Prices
Income Growth
Infrastructure Spending

Headwinds

GDP Growth
Ukraine Conflict
Inflation
Interest Rates
Worker Shortages
Fed Policy
Debt Ceiling

Unknowns

Labor Participation
Supply Chain Disruptions
Human Behavior
Demographic Shifts
China
Remote Work