

# Regional Economic Conditions and National Developments

September 2025

**Nicholas Sly**

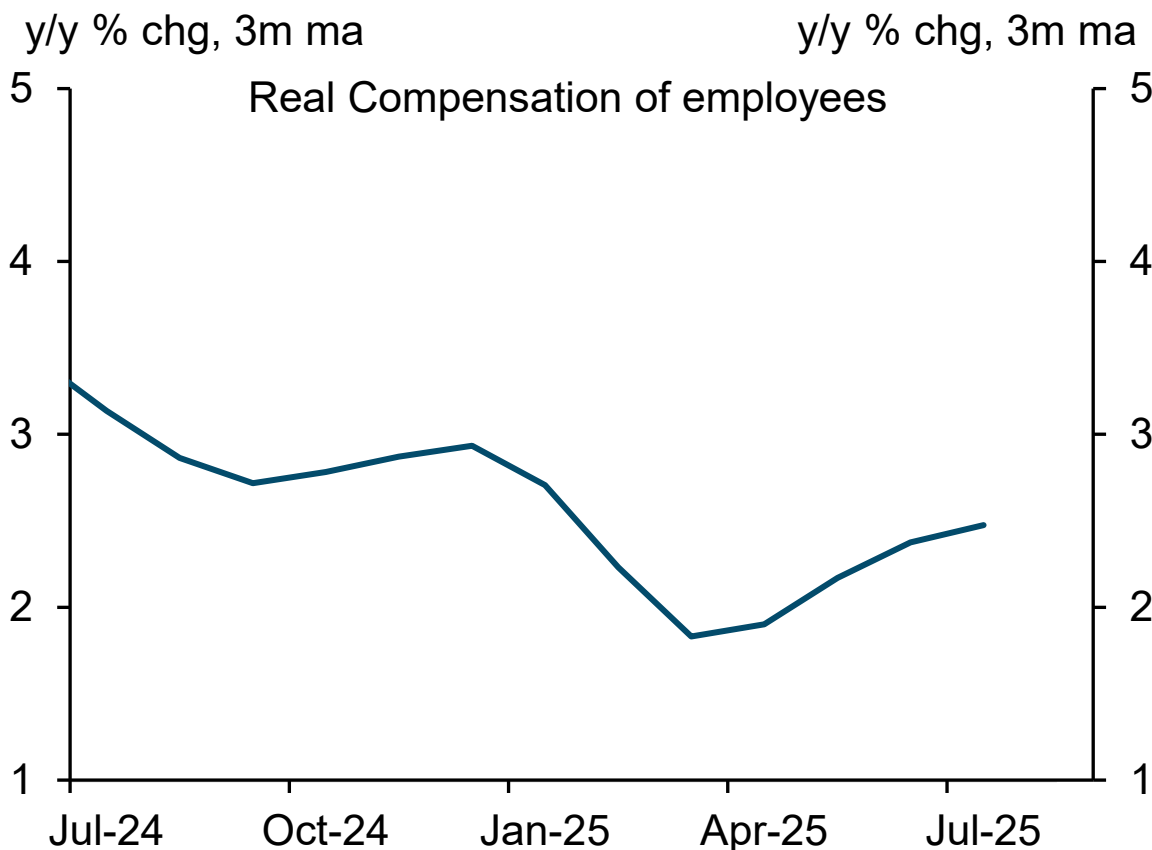
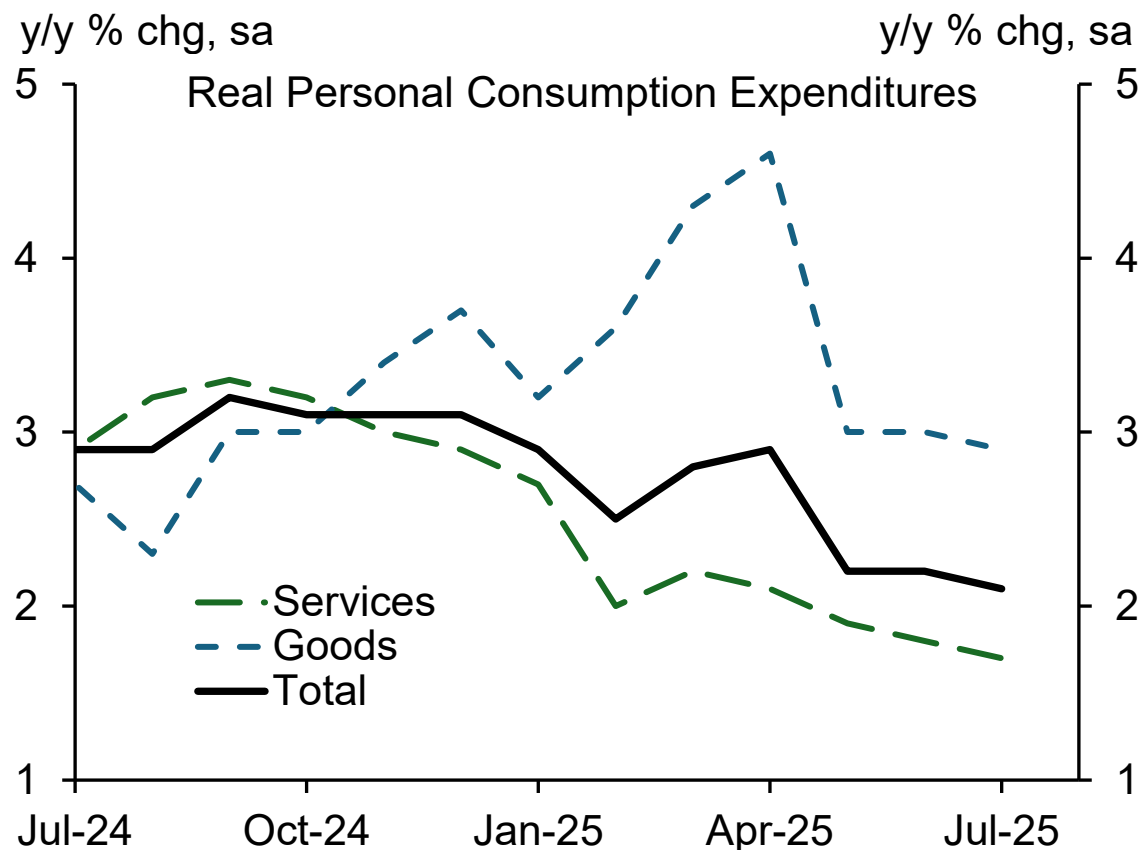
**Denver Branch Executive, Vice President and Economist**

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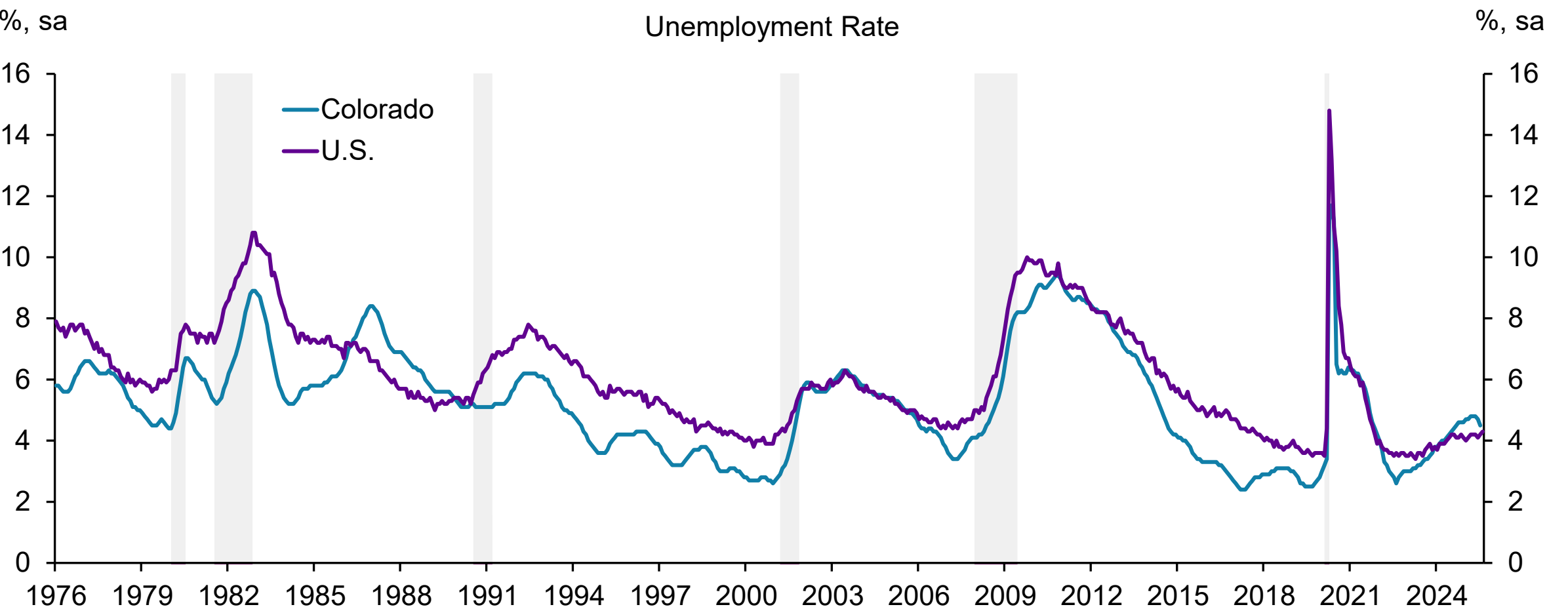
**Denver / Oklahoma City / Omaha**

# Consumption slowed over the past year, and household earnings growth lost some momentum



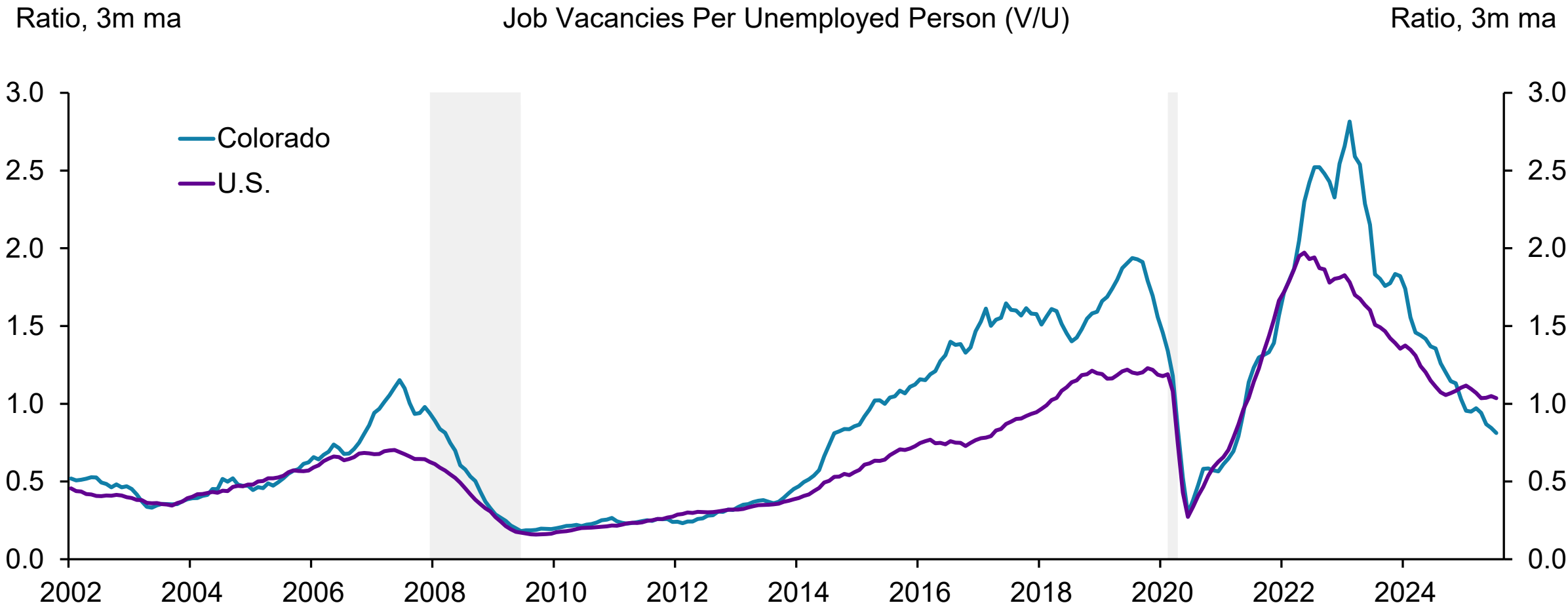
Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Haver

U.S. employment remains near most estimates of its longer-run level, but Colorado is facing a rare circumstance of experiencing higher unemployment than the national average



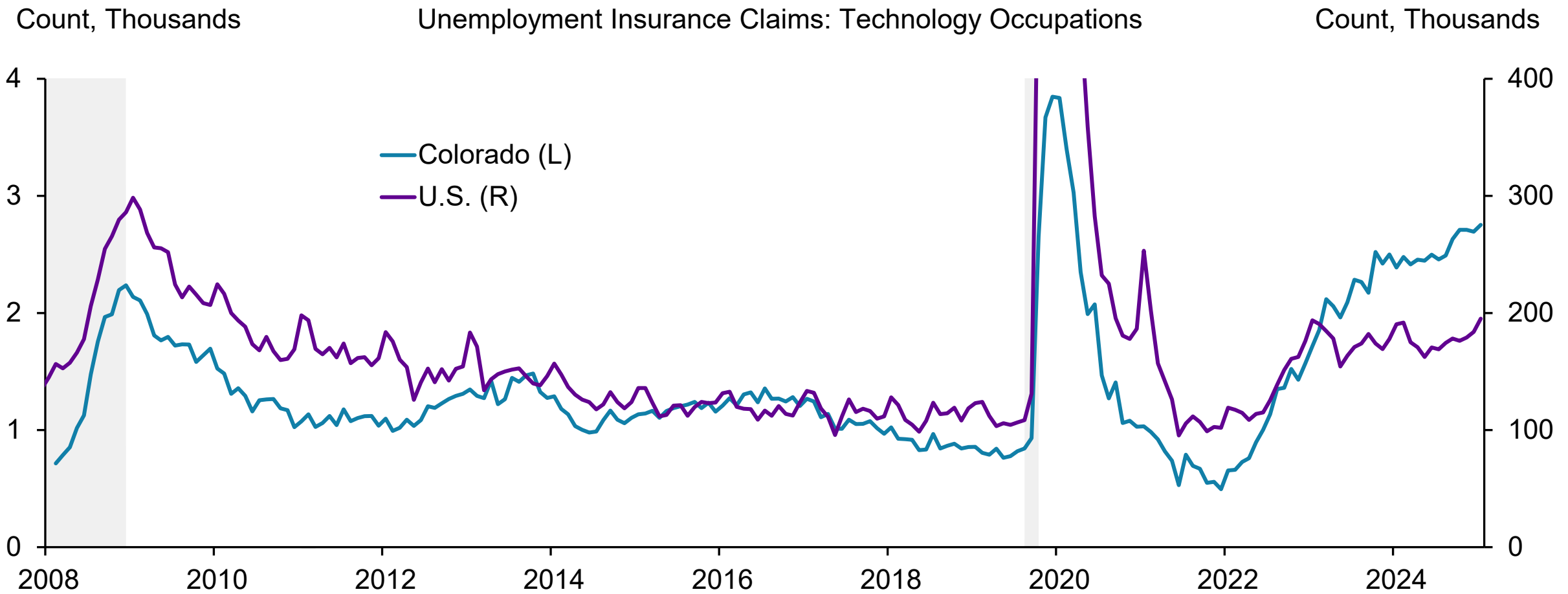
Sources: Bureau of Labor Statistics, Haver  
Notes: Gray bars indicate recession periods.

U.S. labor markets are tenuously balanced but trending softer. Meanwhile, the ratio between the number of jobs available per unemployed person in Colorado is now lower than the U.S. average



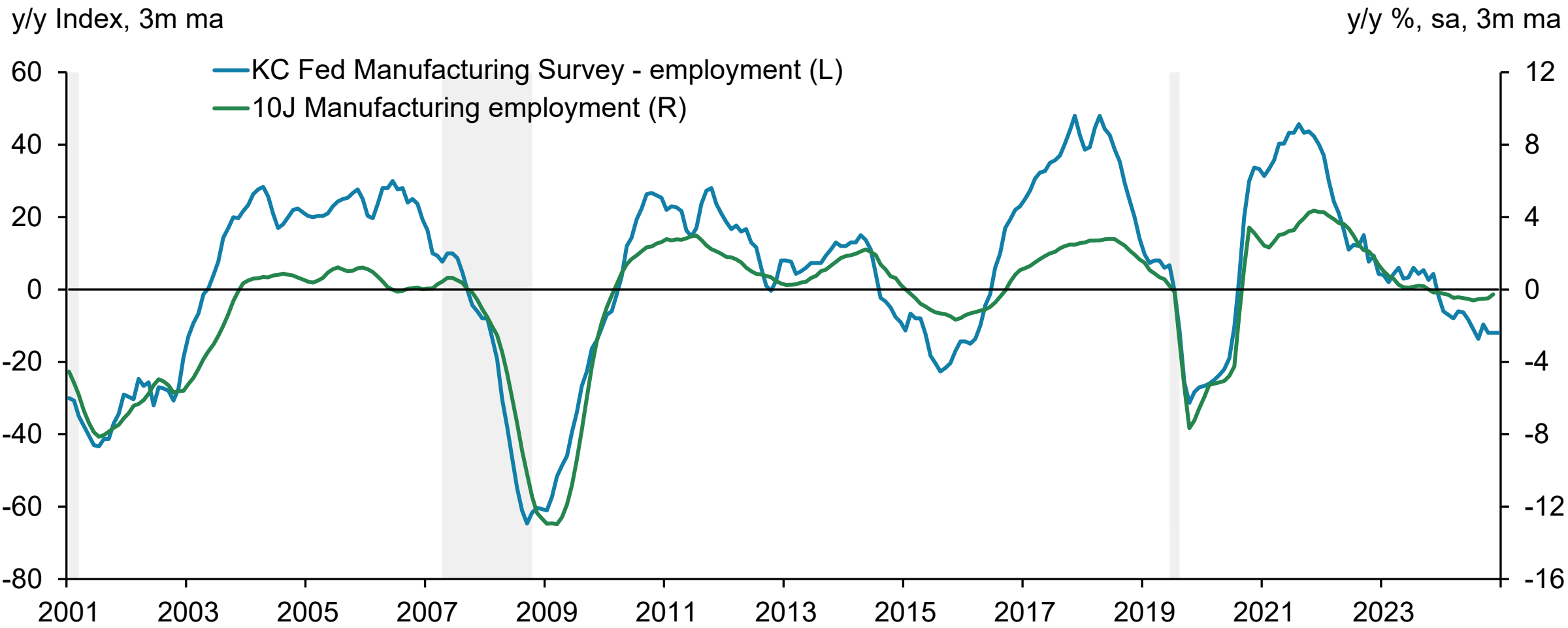
Sources: Bureau of Labor Statistics, Haver

# Job losses in technology occupations are a key headwind to services employment in Colorado



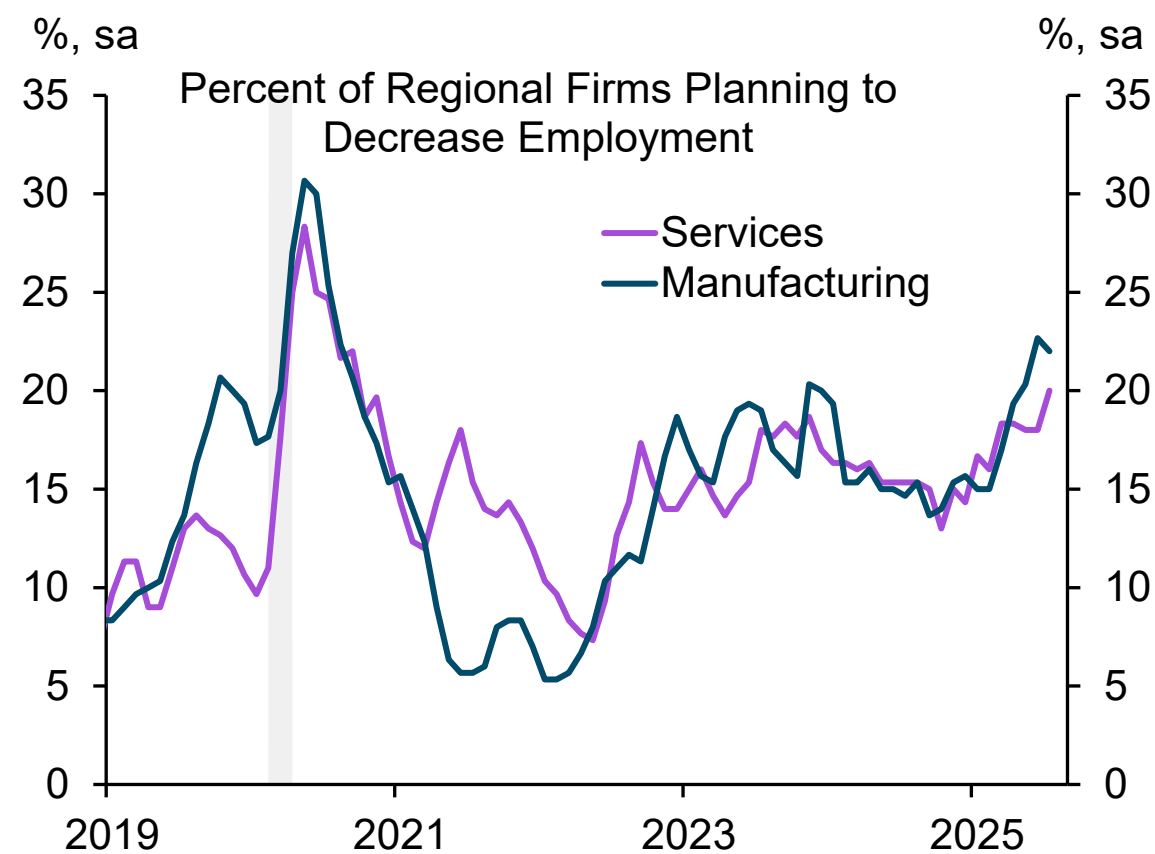
Sources: Department of Labor, Haver  
Note: Gray bars indicate recession periods

The KC Fed’s monthly measures of employment activity, which are released more than three weeks prior to official state-level employment data from the BLS, point to softer hiring in manufacturing



Sources: Federal Reserve Bank of Kansas City, Bureau of Labor Statistics, Haver  
Note: Gray bars indicate recession periods

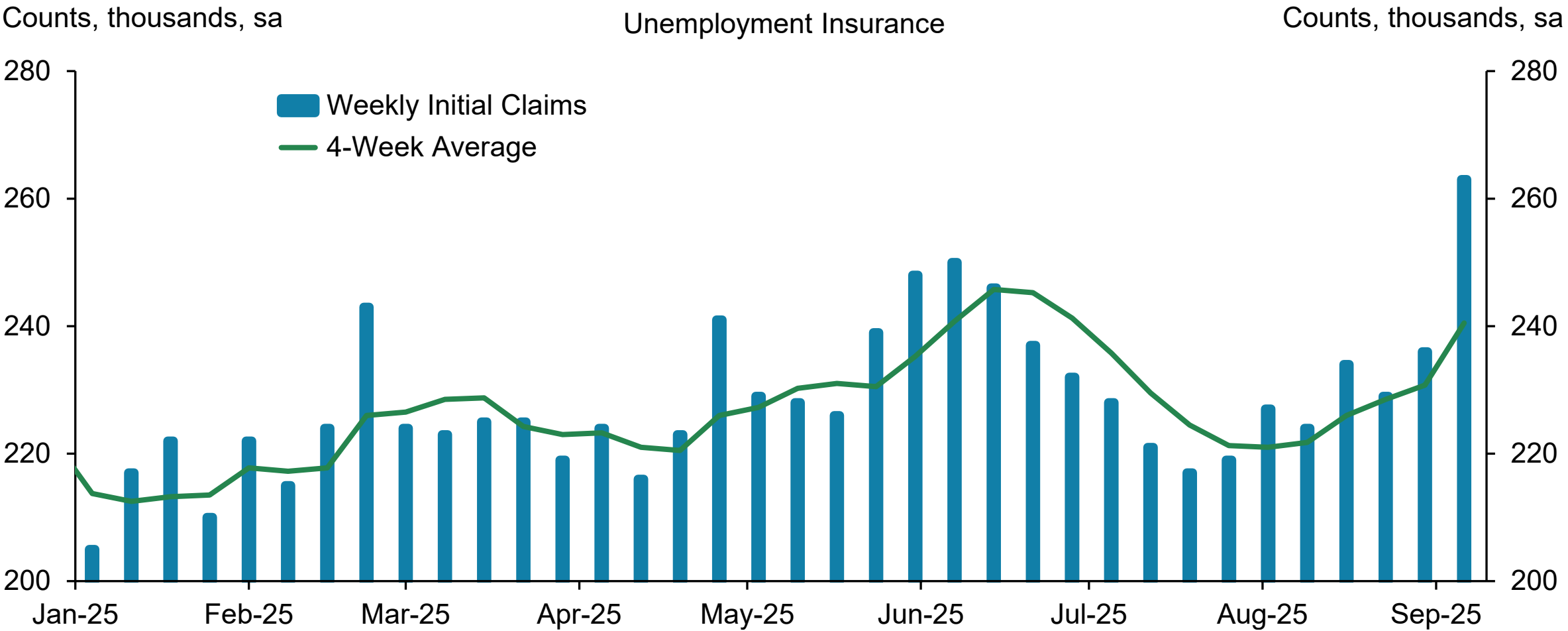
A rising share of firms in the region indicate they expect their headcount to fall in coming months, and the hiring rate remains subdued nationally



Sources: Federal Reserve Bank of Kansas City, Bureau of Labor Statistics, Haver  
Note: Gray bars indicate recession periods



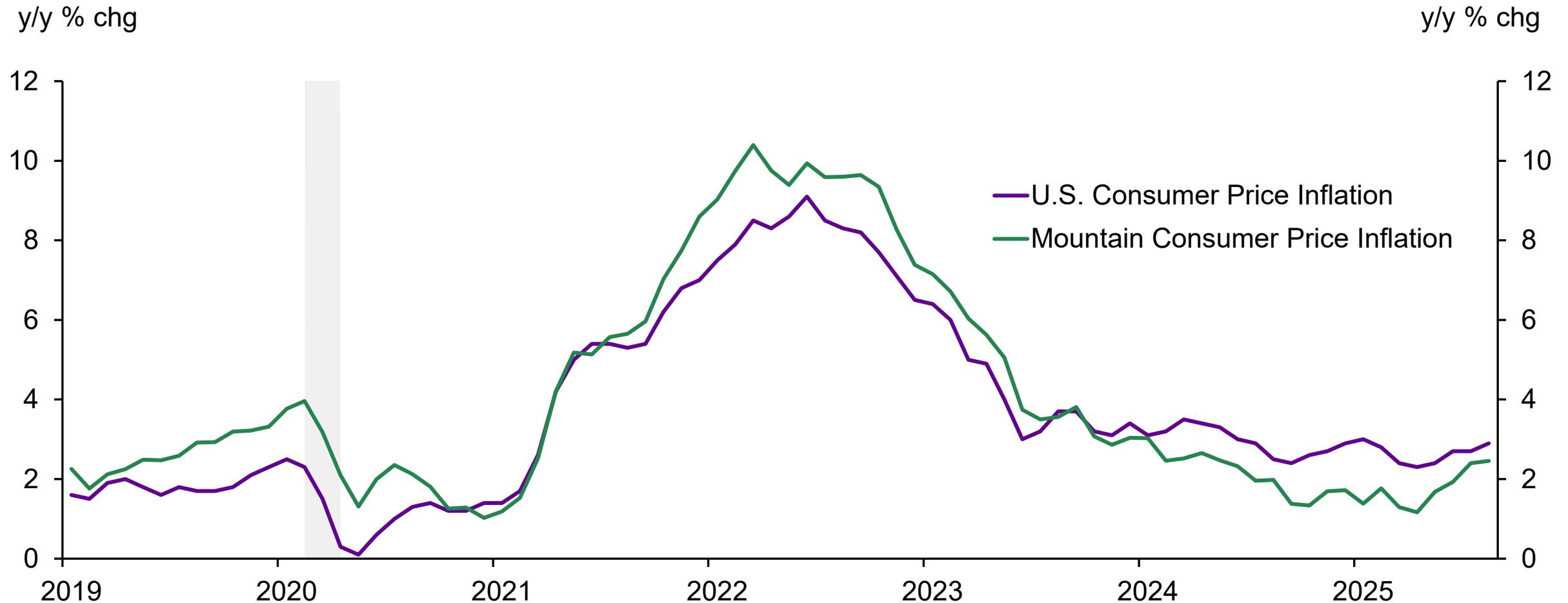
# Unemployment claims ebbed over the summer after a pickup that began in April, but they have started to flow again in recent weeks



Sources: Department of Labor

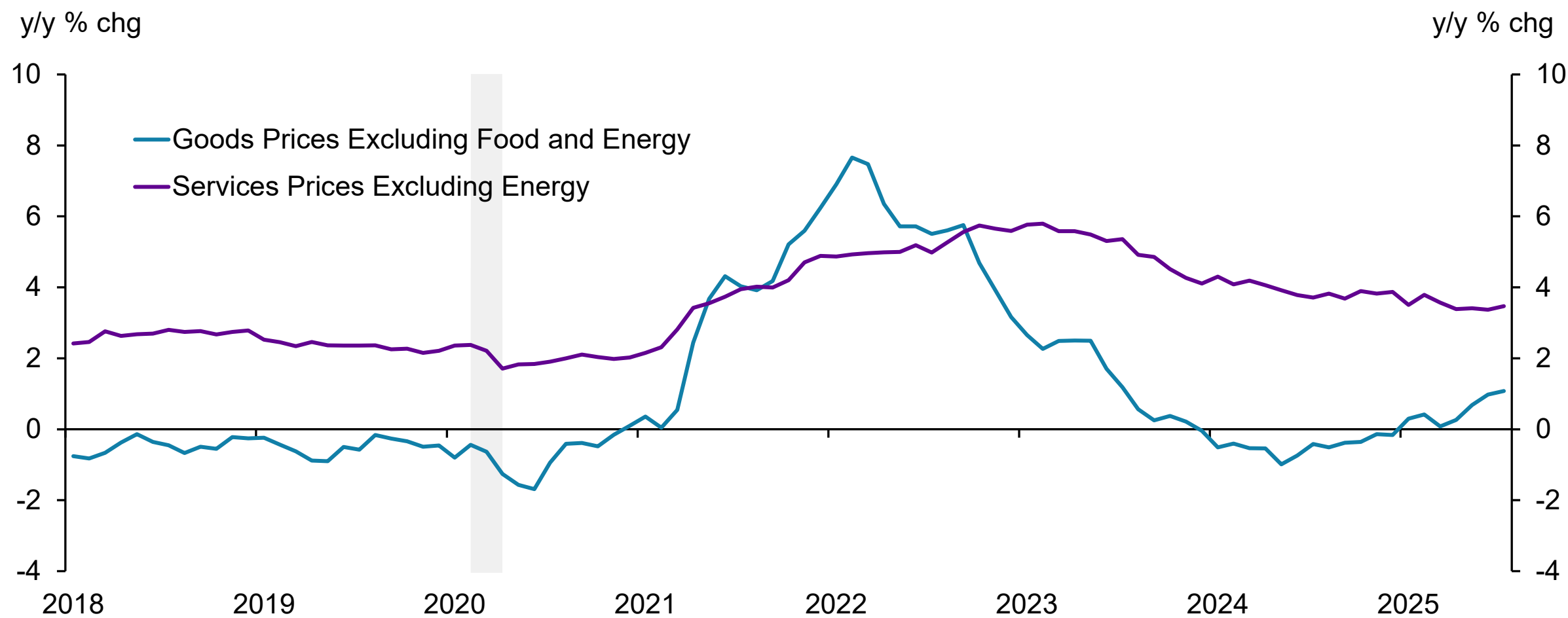


## Inflation has picked up slightly in recent months, slightly more so in Rocky Mountain states as regional price growth is catching back up with national trends



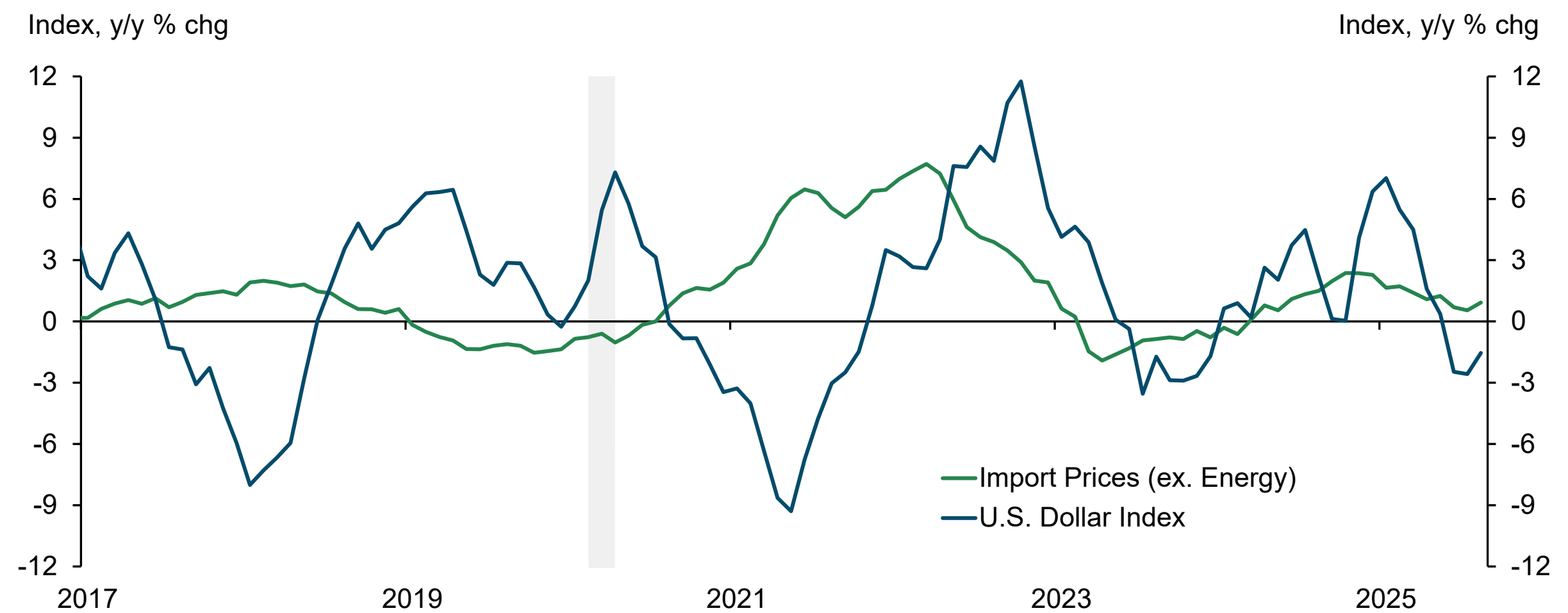
Sources: Bureau of Labor Statistics, Haver  
Note: Gray bars indicate recession periods

# The recent acceleration in inflation is concentrated among goods prices



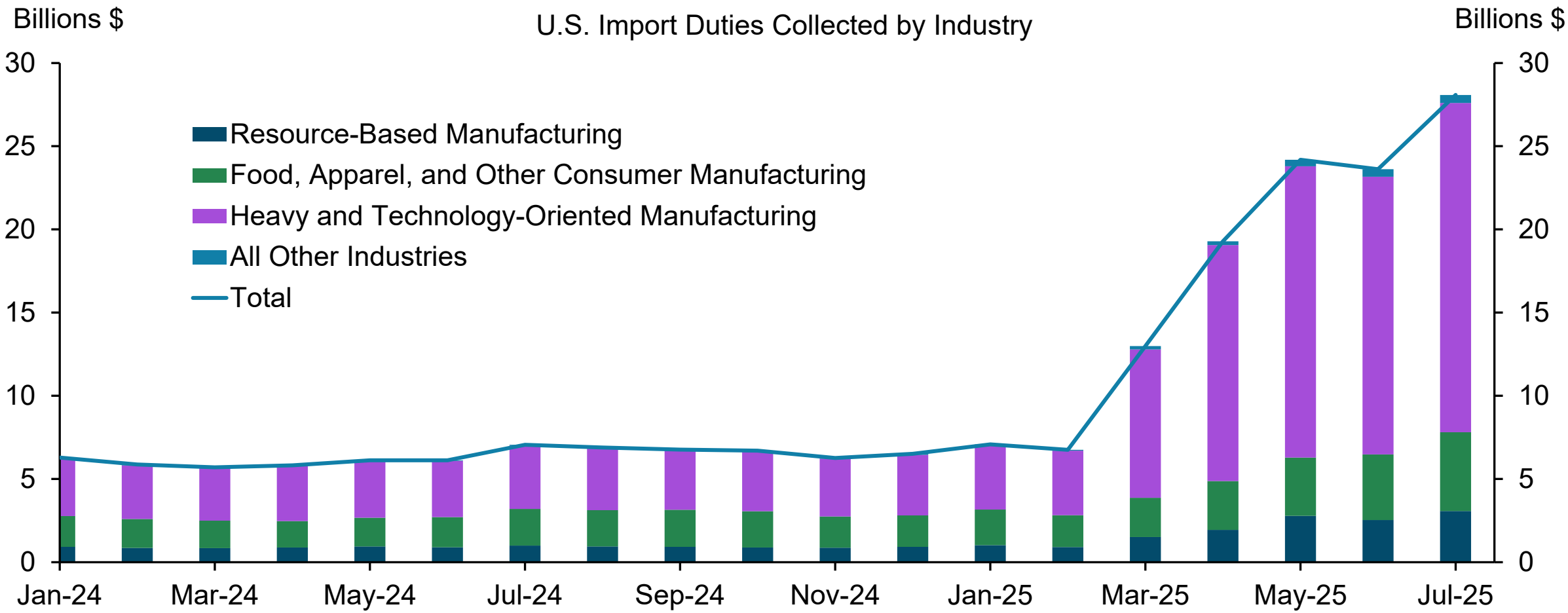
Sources: Bureau of Economic Analysis, Haver  
Note: Gray bars indicate recession periods.

# Rising import prices and a softening dollar have supported rising goods prices

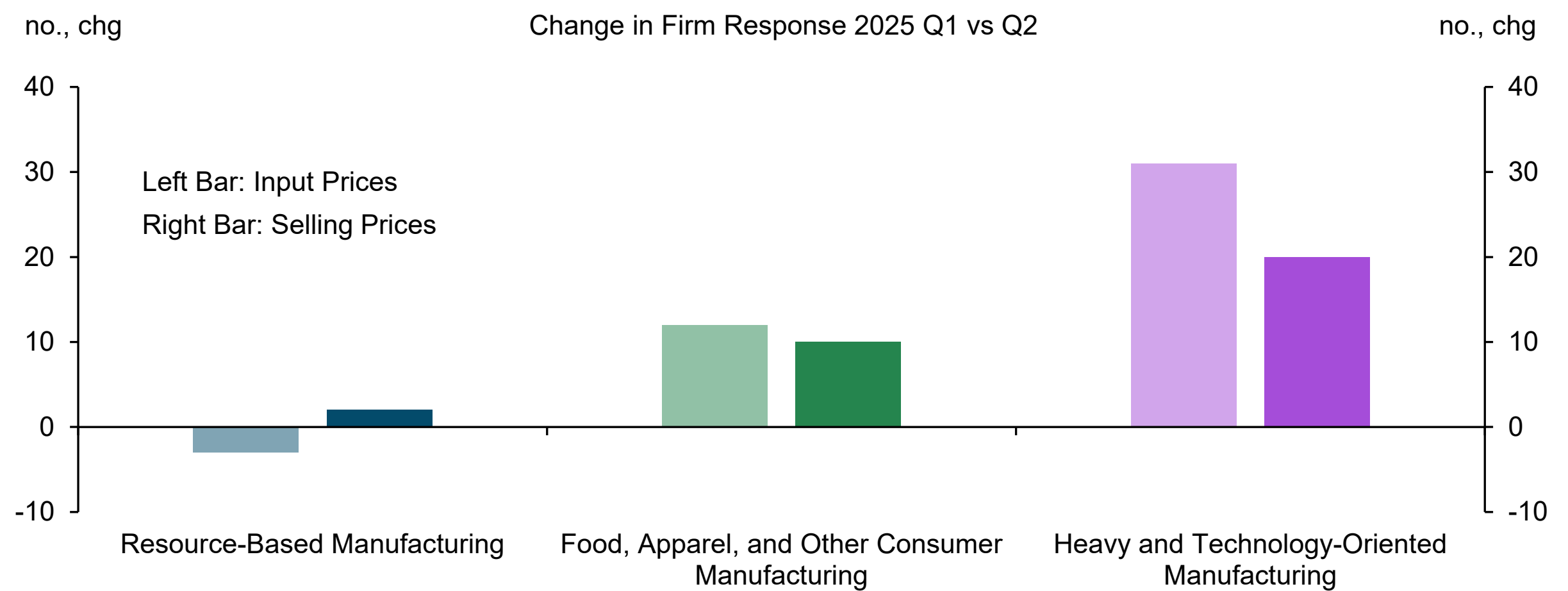


Sources: Federal Reserve Board, Bureau of Labor Statistics, FRED, Haver  
Note: Uses the Nominal Broad U.S. Dollar Index. Gray bars indicate recession periods.

# The bulk of rising import duties were collected from heavy manufacturing businesses

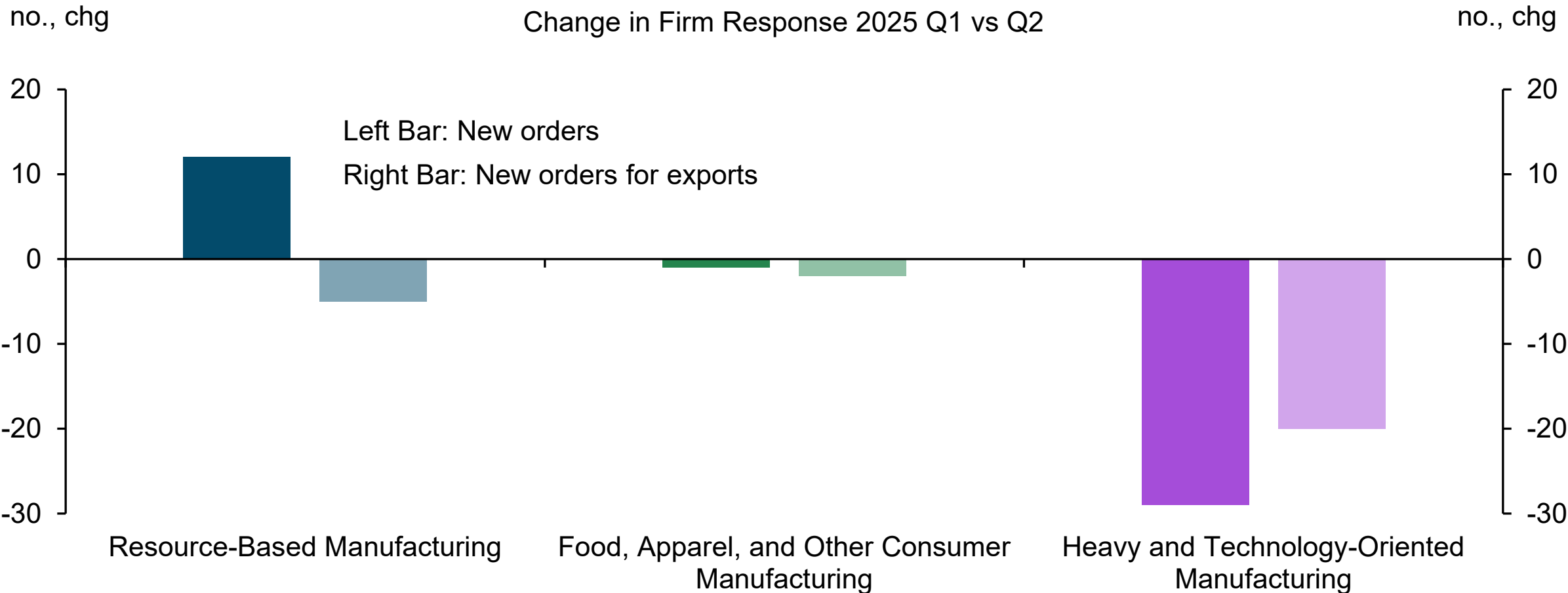


# Pressures on input costs and profit margins were greatest in heavy manufacturing industries



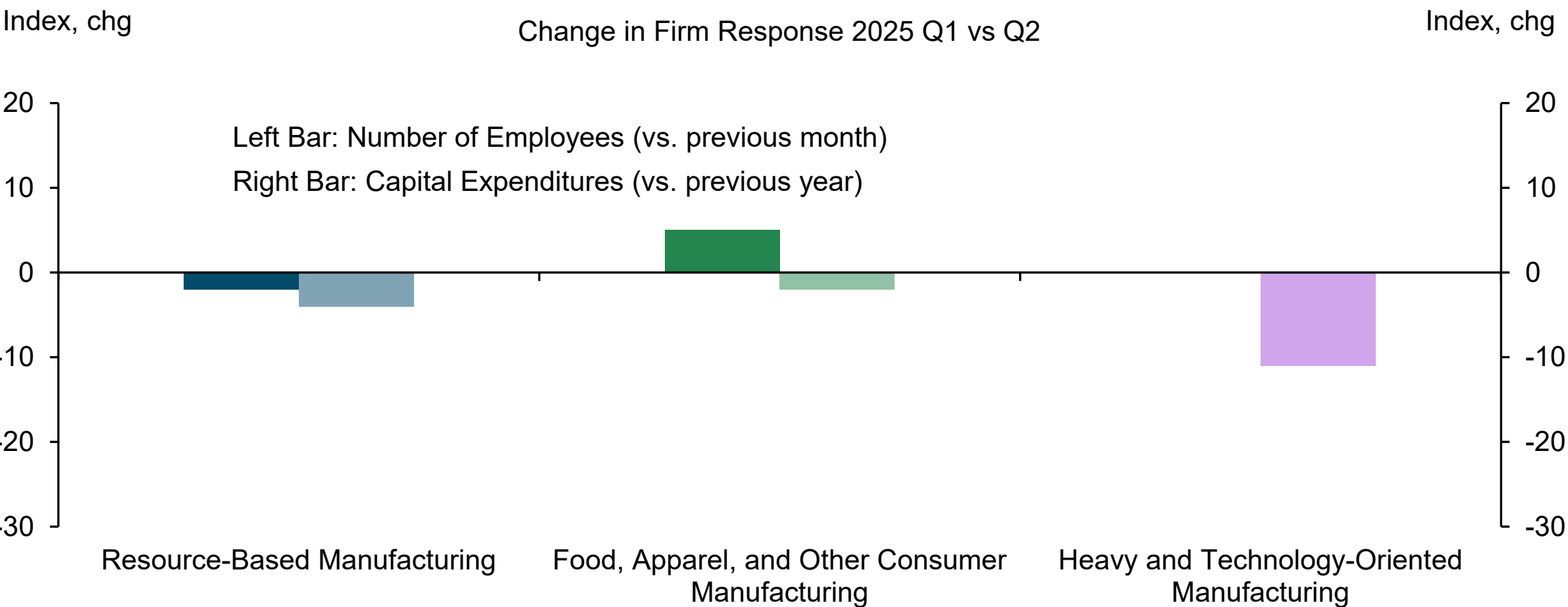
Sources: Federal Reserve Bank of Kansas City Manufacturing Survey, staff calculations

# New purchase orders contracted in sectors where import duties and prices rose most



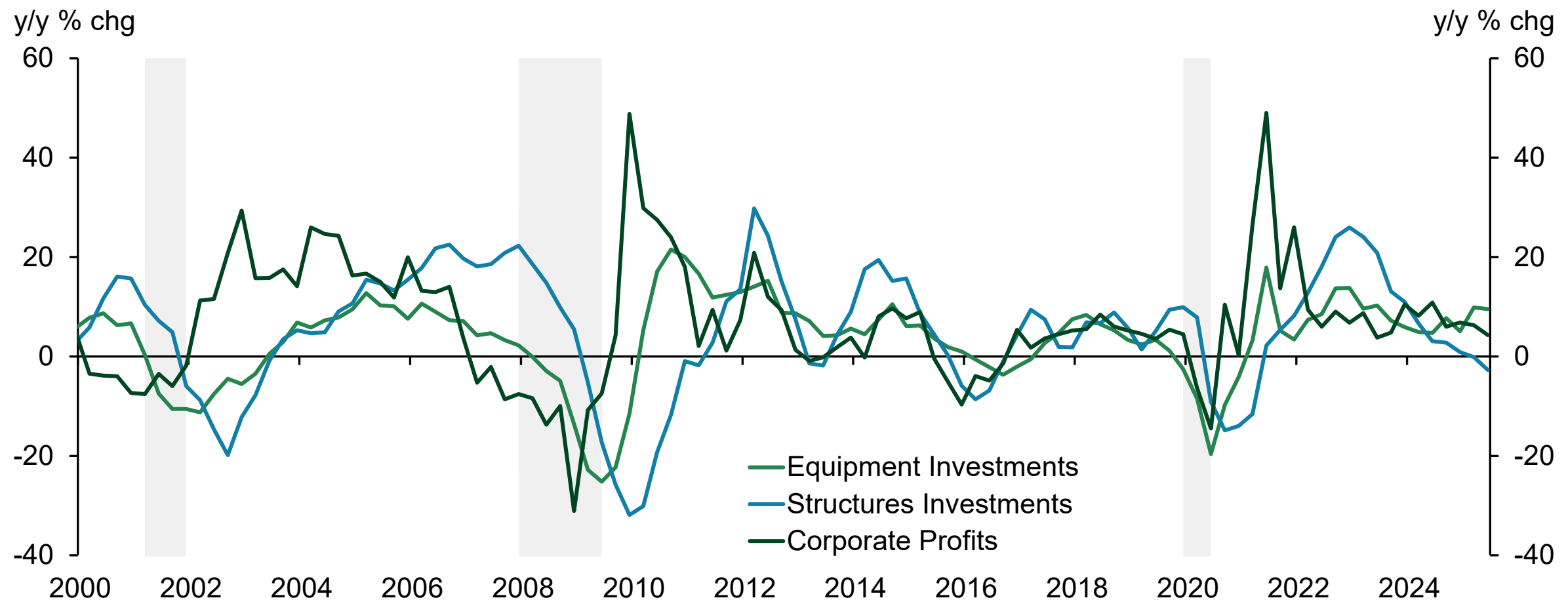
Sources: Federal Reserve Bank of Kansas City Manufacturing Survey, staff calculations

# So far, hiring and capital expenditures have remained unchanged amid rising import duties



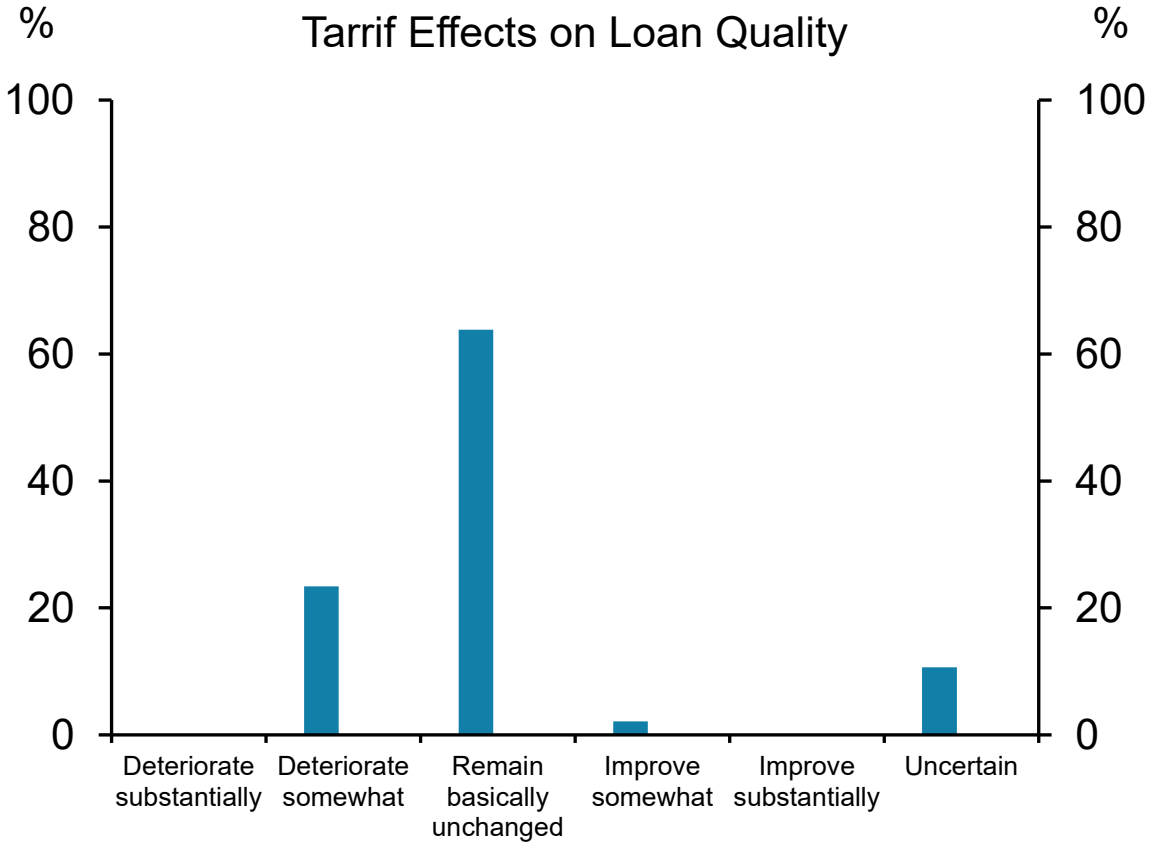
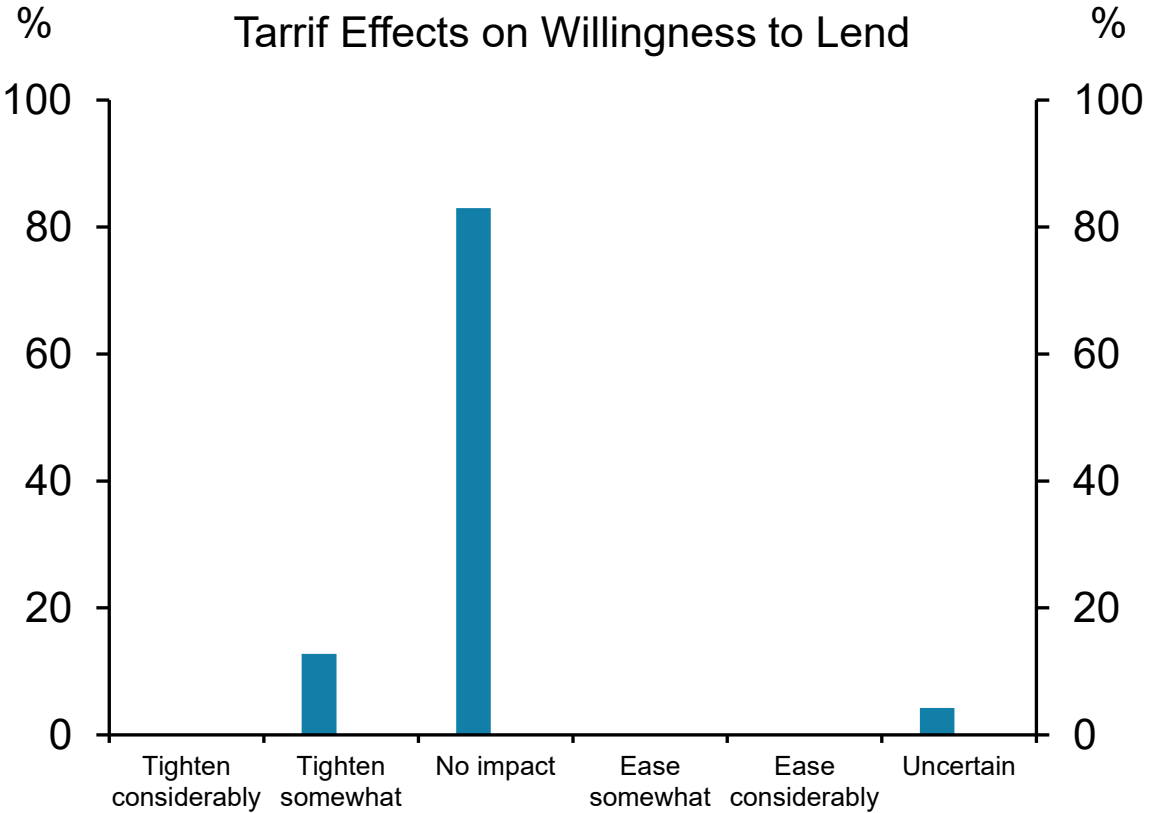


# Changes in profit margins tend to lead changes in planned capital expenditures, and several indicators point to slimming margins

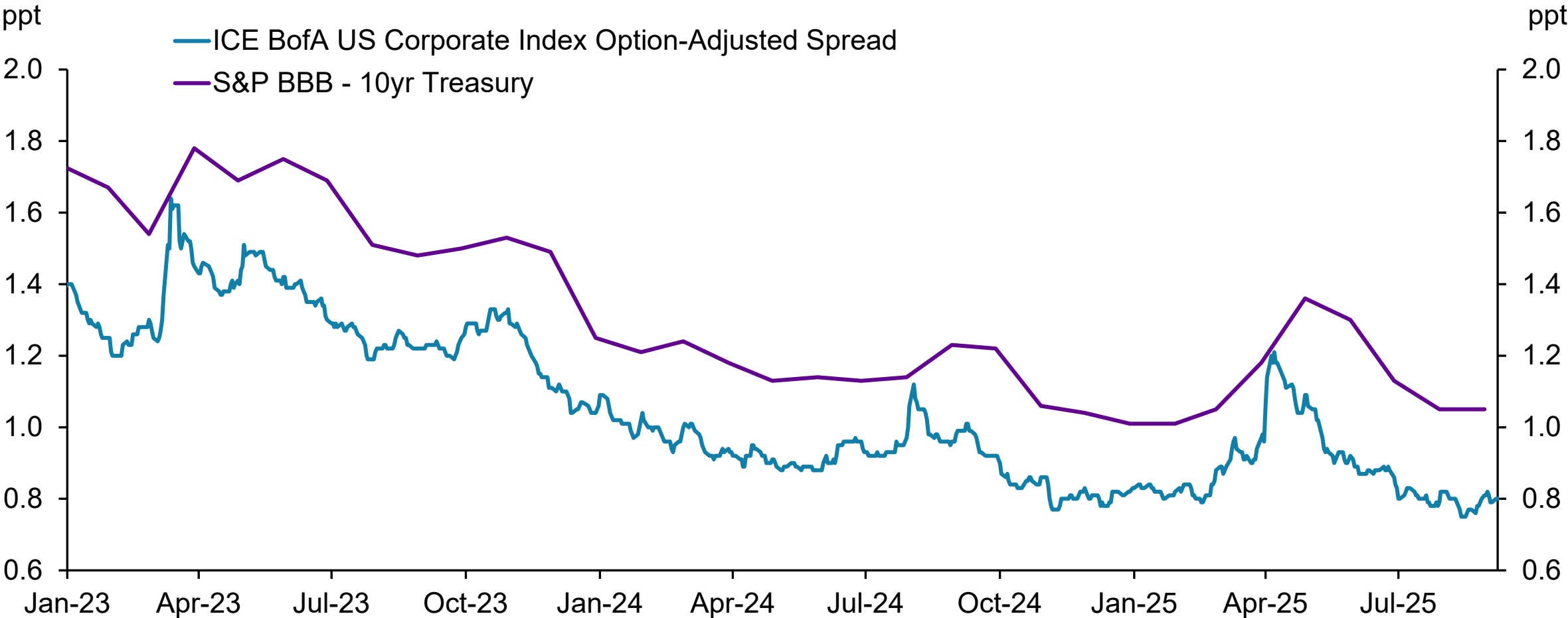


Sources: Bureau of Economic Analysis, Haver  
Note: Gray bars indicate recession periods

**Banks report they are attentive to the risks to credit quality from the pressure of tariffs, but bankers overwhelmingly indicate that tariffs have not affected their willingness to lend**

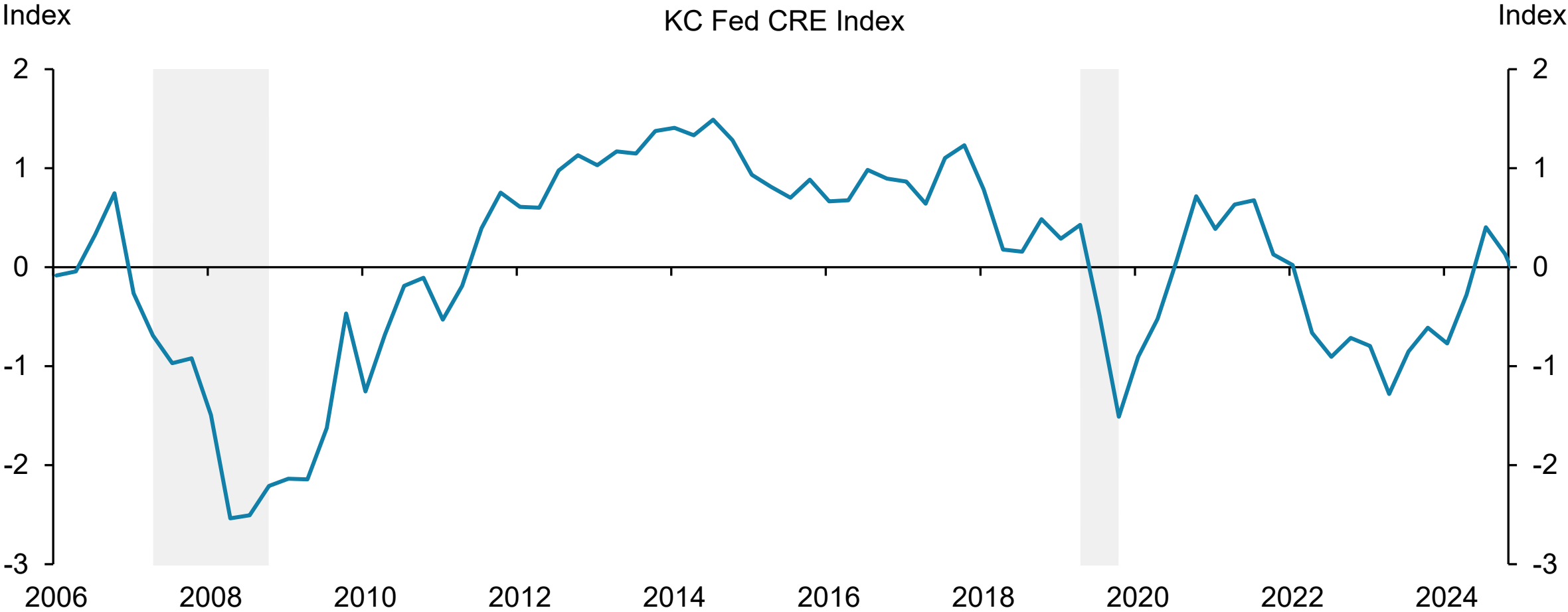


# Credit risk spreads have retraced from their climb earlier this year



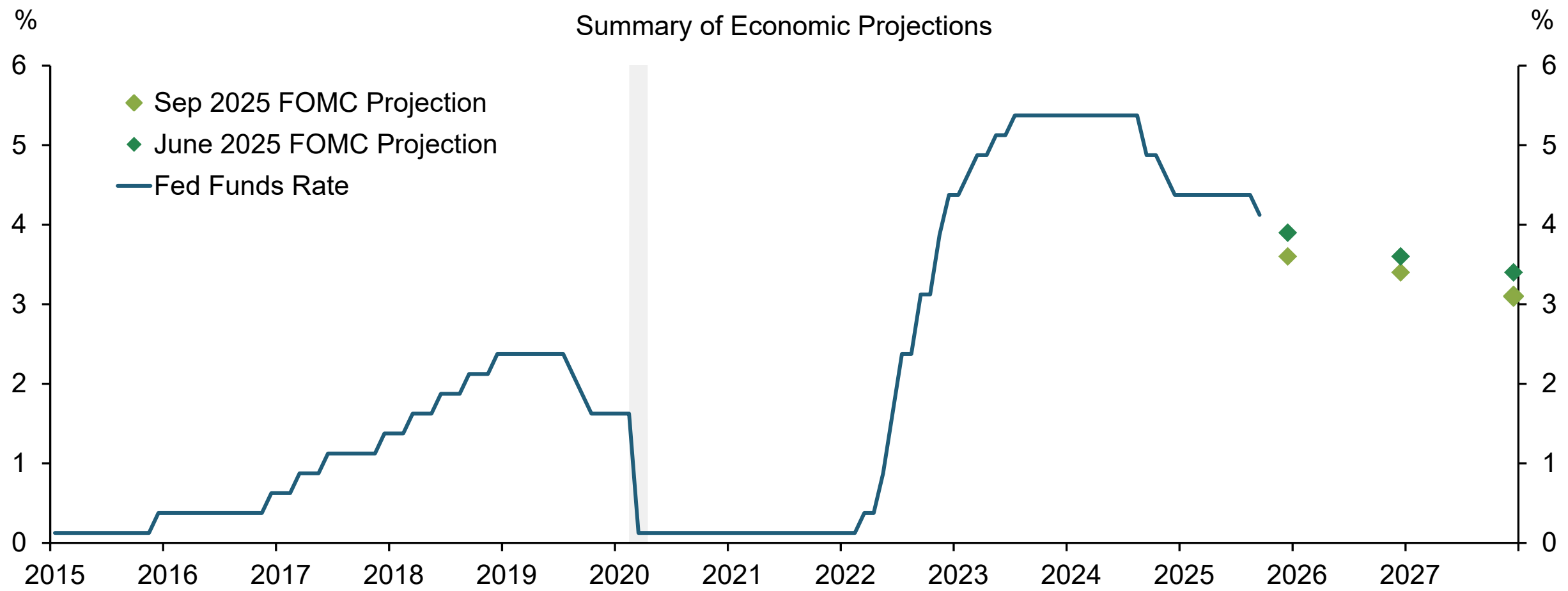
Sources: S&P Global Fixed Income Research, Federal Reserve Board, Haver  
Note: The risk spread shown is the difference between the BBB 10-year bond yields and the 10-year treasury bond yields at constant maturity.

Commercial real estate activity rose sharply over the past two years, but stalled in recent quarters



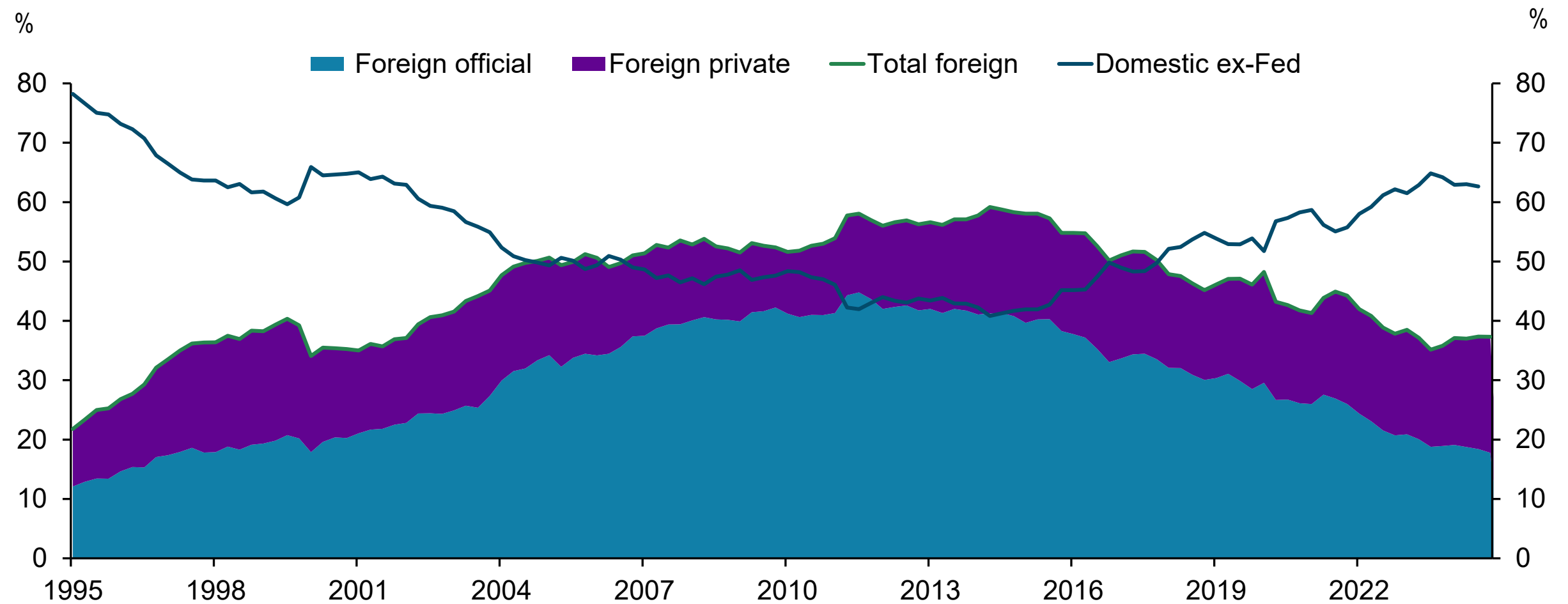
Sources: Federal Reserve Bank of Kansas City  
Note: Gray bars indicate recession periods

# The most recent Summary of Economic Projections shows a shallower path for rates



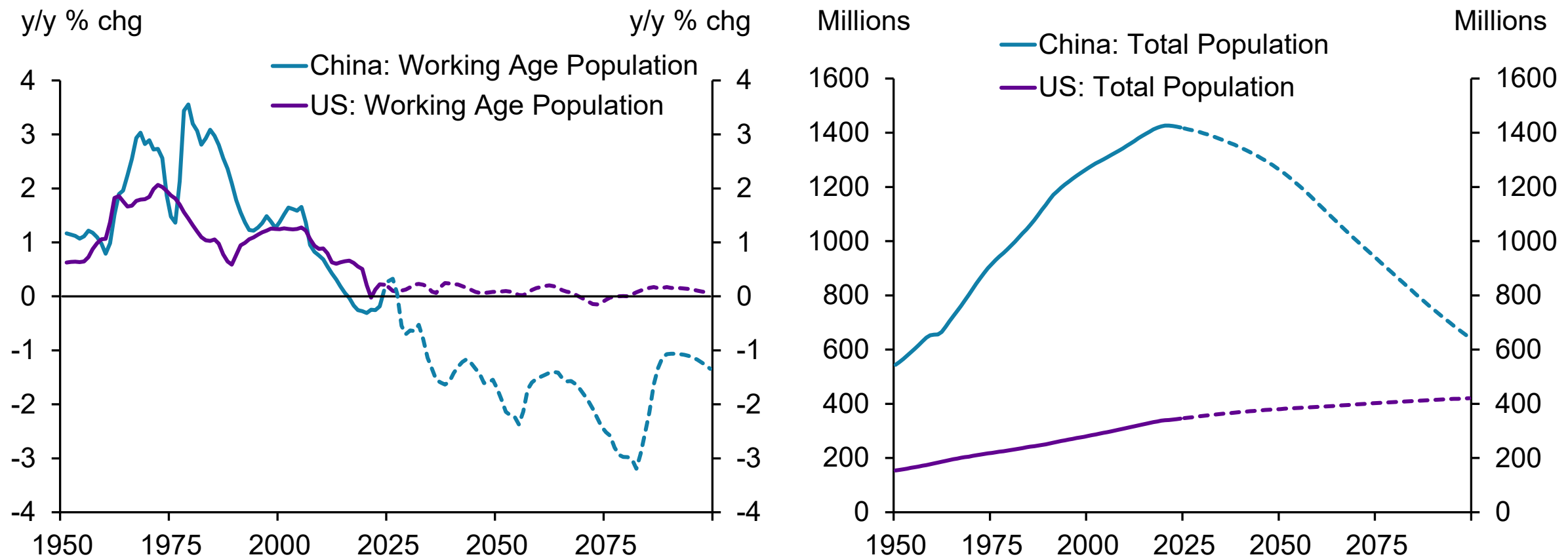
Sources: Federal Reserve Board, Haver  
Note: Gray bars indicate recession periods.

# An increasing share of Treasury debt is held by domestic investors



Sources: Federal Reserve Board, US Department of Treasury, Haver Analytics

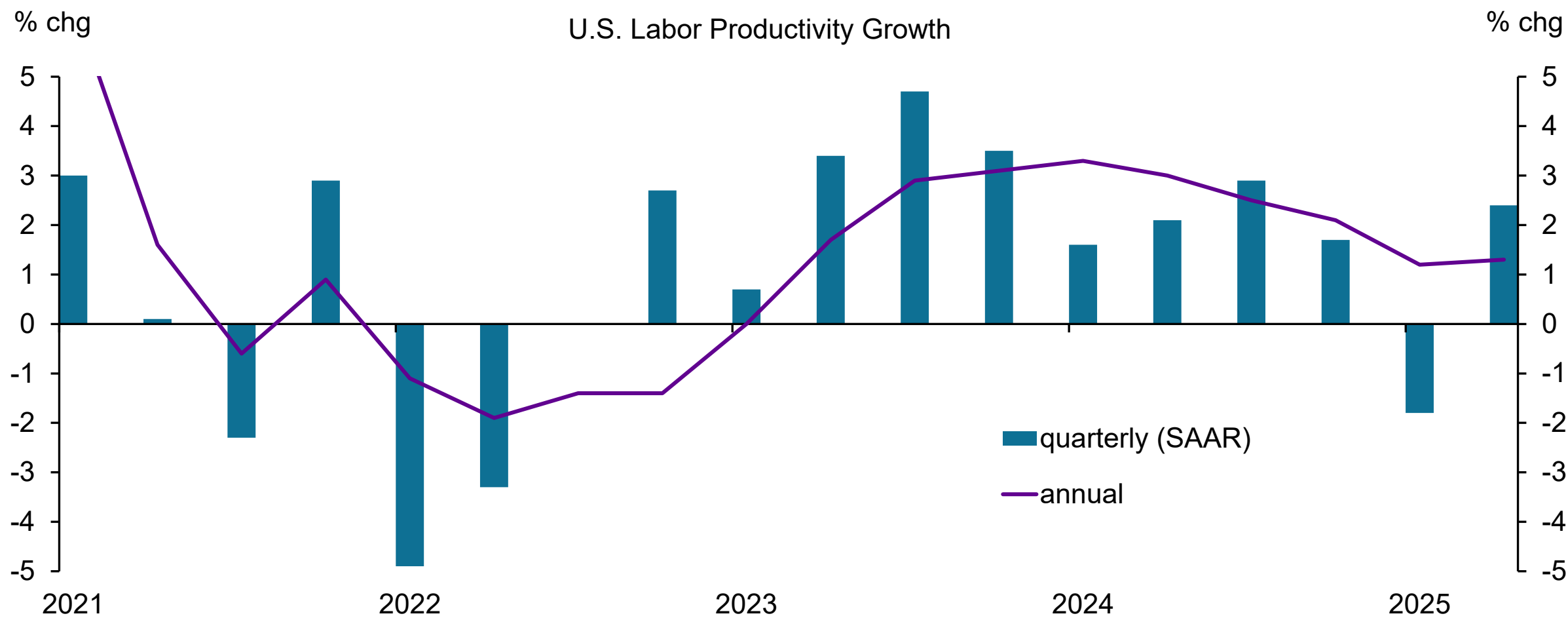
# Population growth and other demographic trends point to slowing labor force growth globally



Sources: United Nations, Haver



Productivity growth was particularly strong in 2023 and 2024, but has been volatile this year



Sources: Bureau of Labor Statistics, Haver

**These productivity, demographic and fiscal trends all influence the level of interest rates over the long term**

	Growth	Interest Rates
Productivity Boom	↑	↑
Demographic Decline	↓	↓
Debt Overhang	↓	↑

## Resources

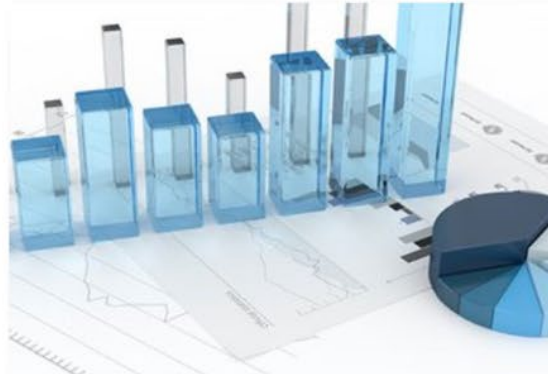
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Banking



### Banking Summary Statistics Dashboard

Aggregated banking metrics by asset size, state, and/or Federal Reserve district

Community Banking



Resources from the Kansas City Fed's Economic Research Department

- [Beige Book](#)  
Anecdotal information on current economic conditions in the District.
- [Labor Market Conditions Indicators](#)  
Two monthly measures of labor market conditions based on 24 labor market variables.
- [Community Connections](#)  
Get information on community and economic development trends across the Tenth Federal Reserve District.
- [Kansas City Financial Stress Index](#)  
A monthly measure of stress in the U.S. financial system based on 11 financial market variables.

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