U.S. and Regional Economic Conditions

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The views herein are those of the presenter and do not necessarily reflect those of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Outlook themes

• Uncertainty about the near-term outlook remains elevated as a variety of factors – including the pandemic and economic policies – continue to fluctuate

• Retail spending declined in the early winter months, as did employment at restaurants and other leisure and hospitality businesses

• The rollout of COVID-19 vaccines firmed expectations about the medium- to long-term outlook, while questions linger about the viability of many households and businesses in coming months

• Inflation remains subdued on net with some consumer prices facing upward pressures
Colorado counties with a larger share of essential employment experienced smaller declines in employment at the onset of the pandemic.
Proximity to essential employment cushioned local consumption initially, while policy support and adaptation muted local differences later.

Sources: Bureau of Labor Statistics, Opportunity Insights Economic Tracker, Staff
Notes: Each dot corresponds to a single county in Colorado, with the size of the dot corresponding to county-level population.
A return to peak employment in Colorado’s leisure & hospitality sector may be delayed if the sector recovers at typical rates.
Other sectors where leisure & hospitality workers find employment are also facing headwinds, suggesting recent job losses may be persistent.

Sources: U.S. Census Bureau

Note: Bars represent the fraction of workers that transition to the respective industry during latest recovery period.
Unemployment across the U.S. remains above its natural level, and is more elevated for black and Hispanic workers.

Sources: Bureau of Labor Statistics, CBO, Haver Analytics
Inflation is likely to remain subdued on net over the medium term.

Sources: BEA, NBER, Haver Analytics.
Note: Grey bars represent recession shading.
Growth in Colorado home values is accelerating, while overall housing price growth is decelerating on average.
Inflation slowed overall but accelerated in some key components at the onset of the pandemic.

Sources: Bureau of Economic Analysis, Haver Analytics.

Note: Bars indicate change in year over year price growth between February and July of last year.
Looking forward

• While proximity to essential work drove some local differences early in the pandemic, policy support muted many of those local differences over the past year

• Leisure and hospitality remains the most disaffected sector, and employment in the industry continues to be linked closely with the path of the pandemic

• The rate of recovery in labor markets will depend how consumer confidence responds to the rollout of the vaccine and the remaining resources households have to continue spending