

Colorado 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

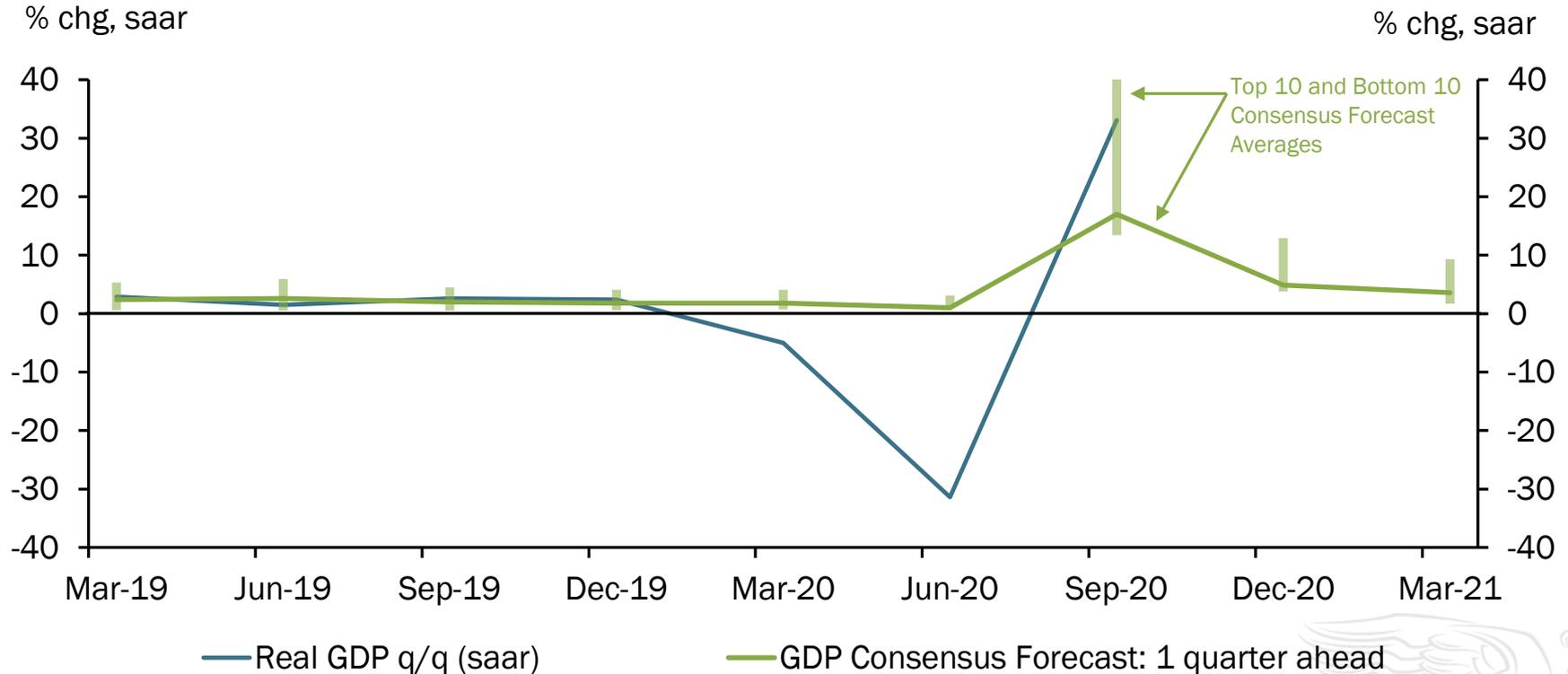


Outlook themes

- The recent surge in the number of COVID-19 cases and waning policy support are risks that are now being realized
- Policies that determine essential work and critical occupations are influencing economic conditions throughout the state, though unevenly
- Home prices continue to appreciate in Colorado, but housing cost growth has decelerated on average



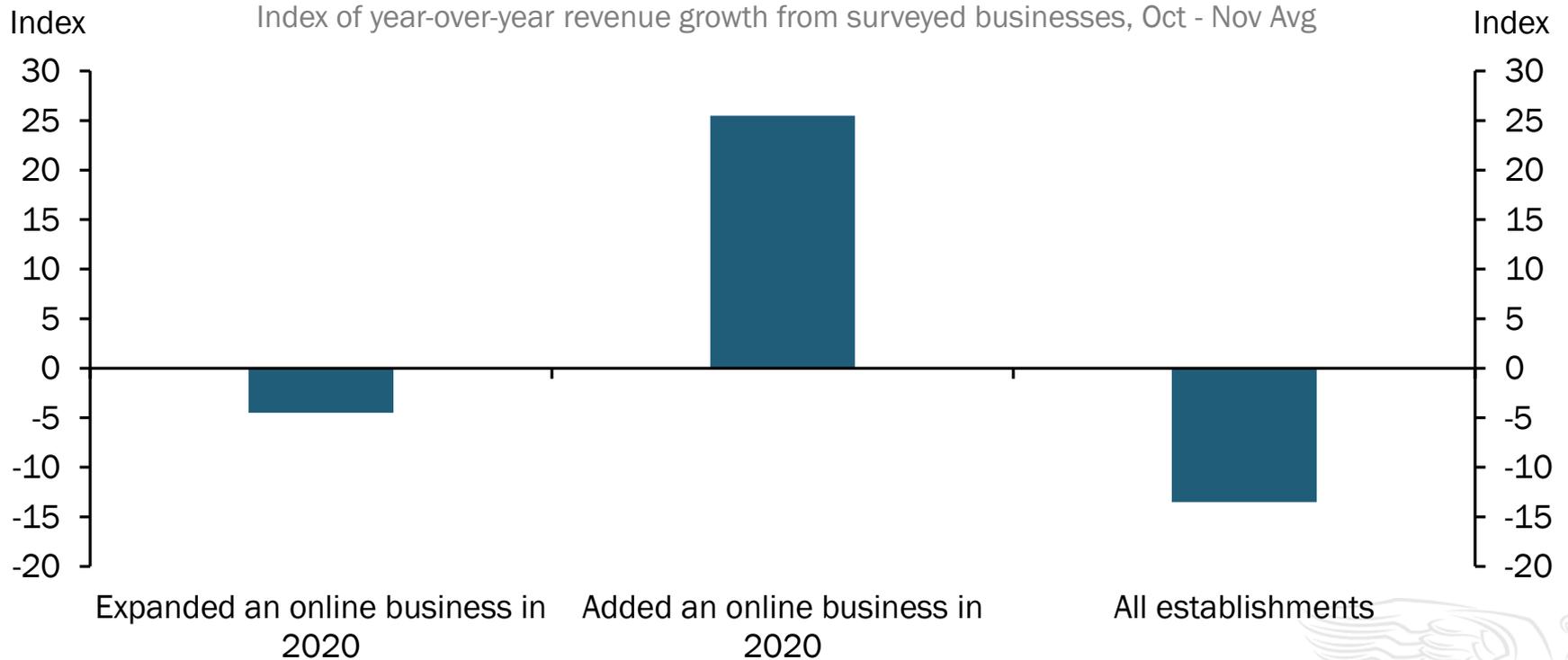
Uncertainty around the U.S. economic outlook continues to be elevated



Consumption remains stable but subdued in the current wave of COVID-19

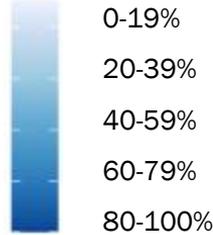
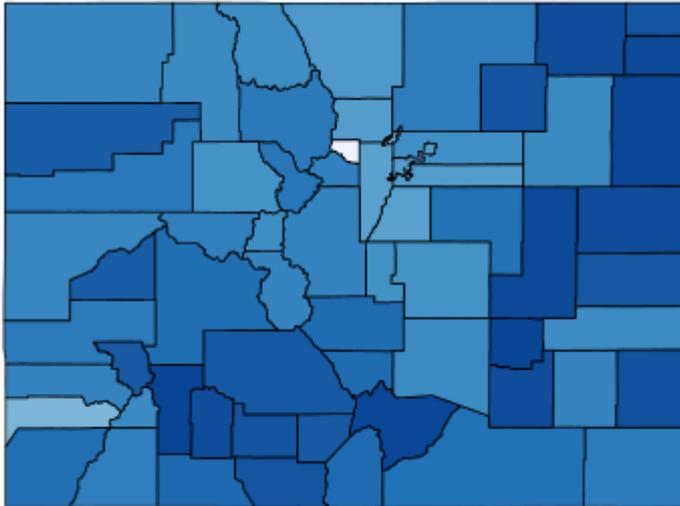


Businesses that evolved in their ability to serve customers remotely are faring better generally

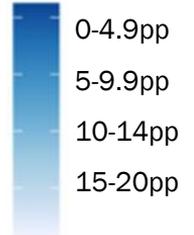
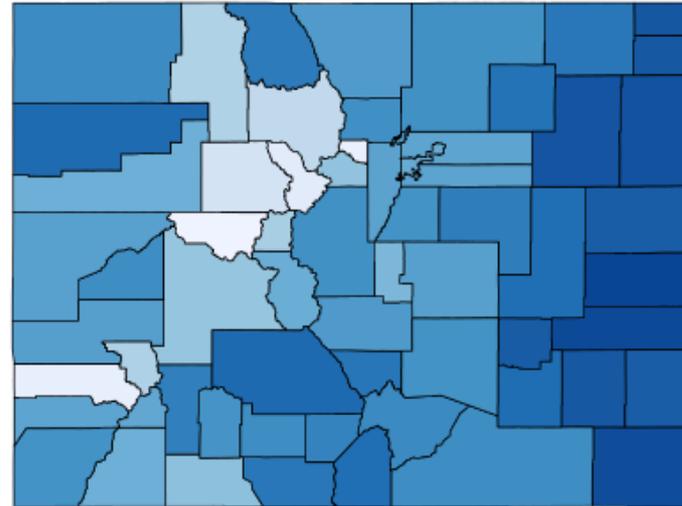


Colorado counties with a larger share of essential employment experienced smaller rises in unemployment at the onset of the pandemic

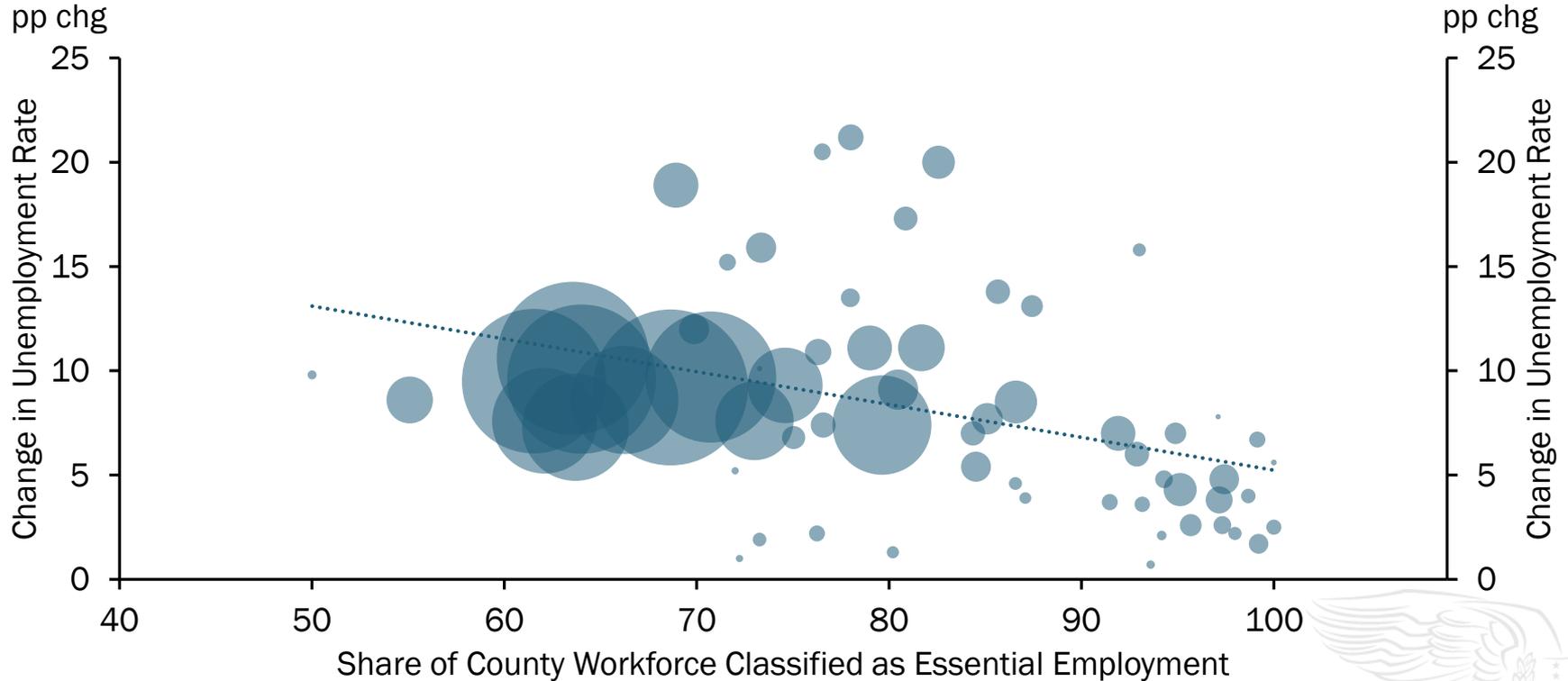
Proportion of Essential Employment



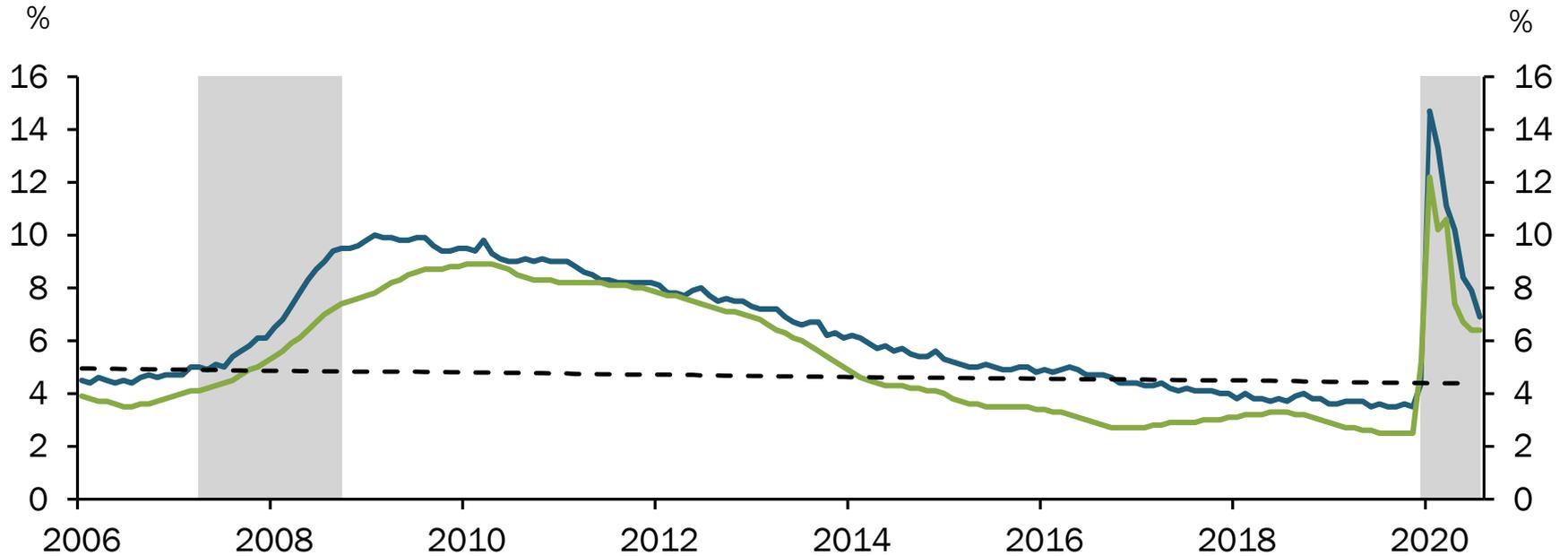
Change in Unemployment Rate



Colorado counties with a larger share of essential employment experienced smaller rises in unemployment at the onset of the pandemic



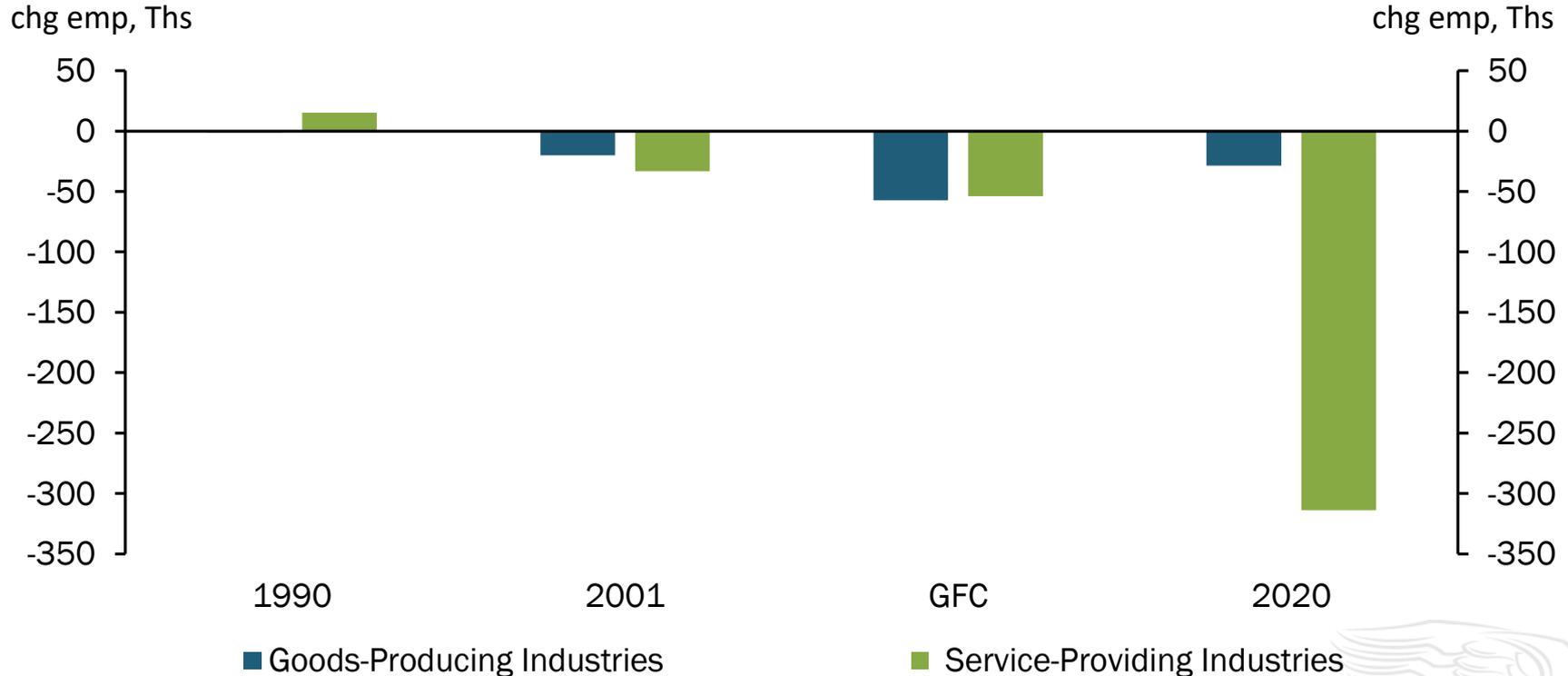
Unemployment moved from a 50-year low to a record high within months, and remains above its natural level after several months of job gains



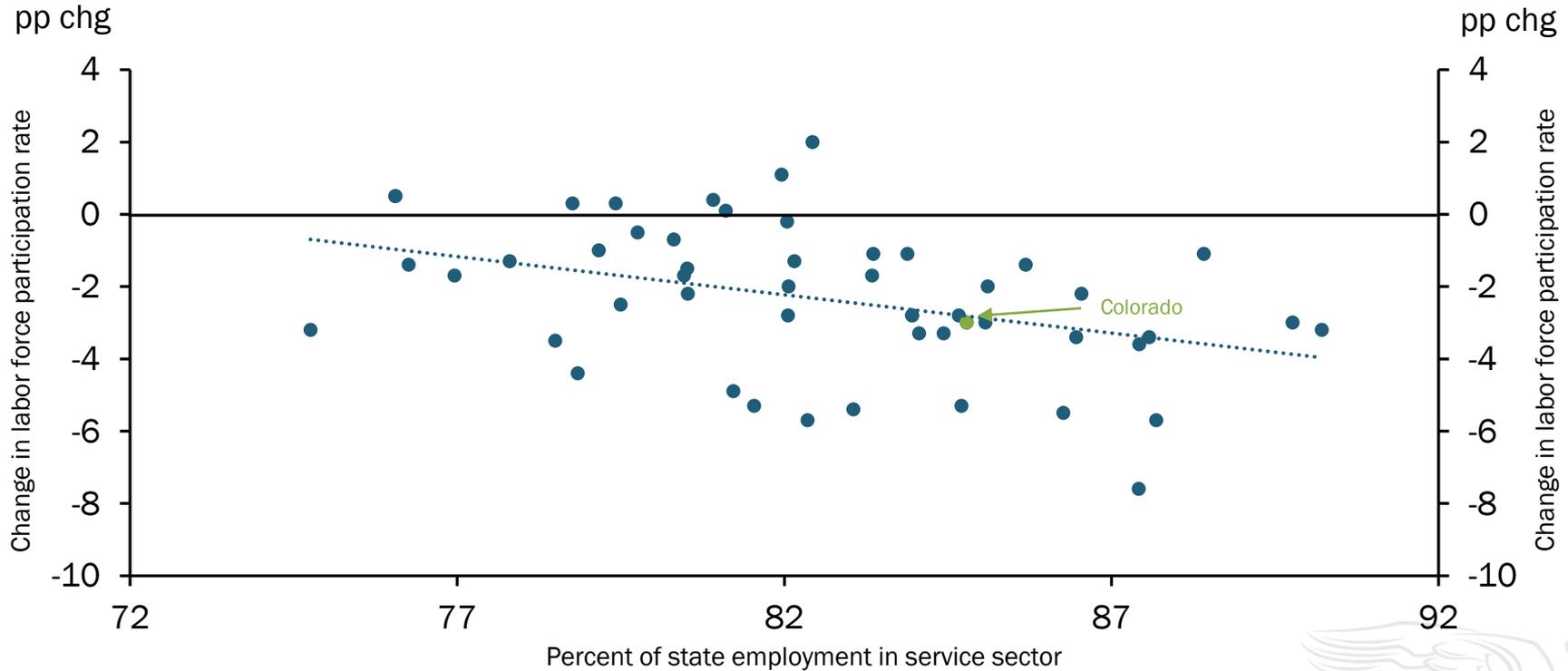
— Unemployment Rate: U.S. — Unemployment Rate: CO - - - Natural Rate of Unemployment



An outsized proportion of jobs lost this year were in service industries



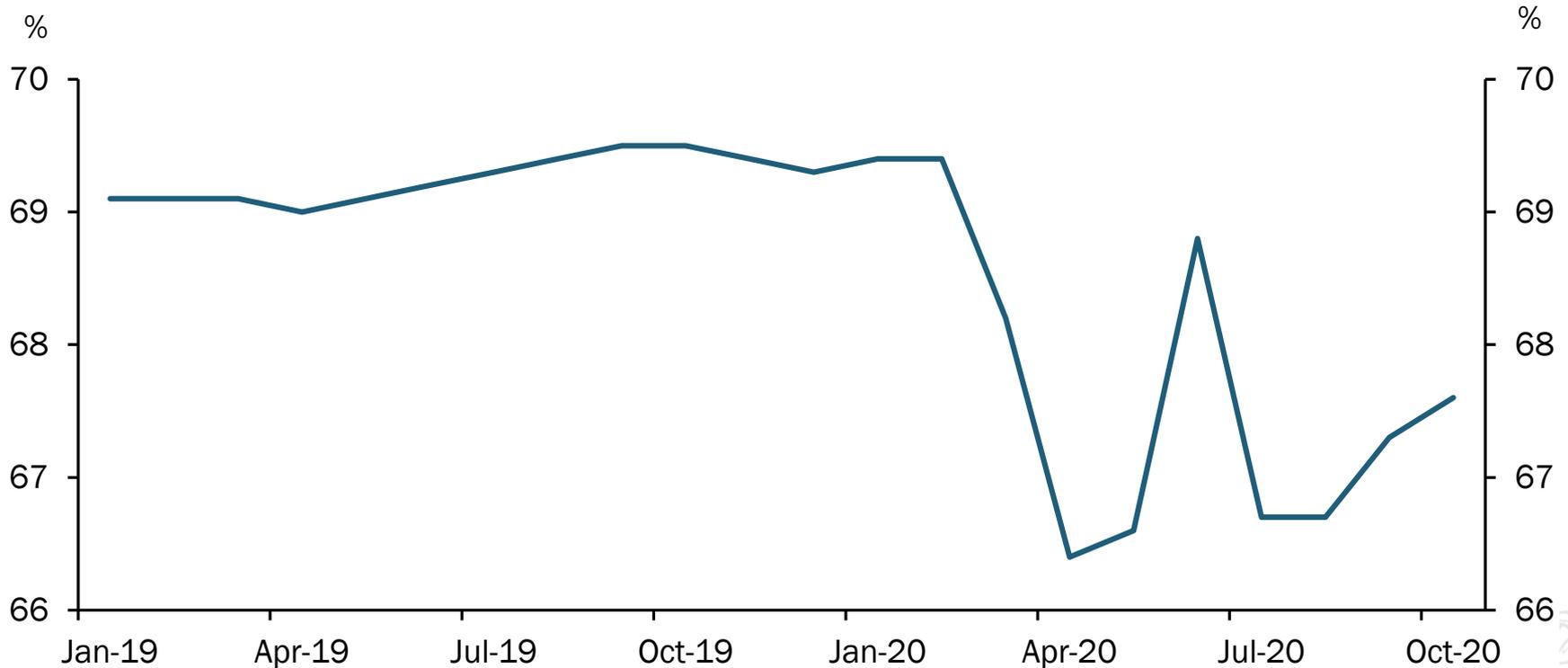
Labor force participation declined nationwide during the first half of the year, and declined more in states with greater service sector employment



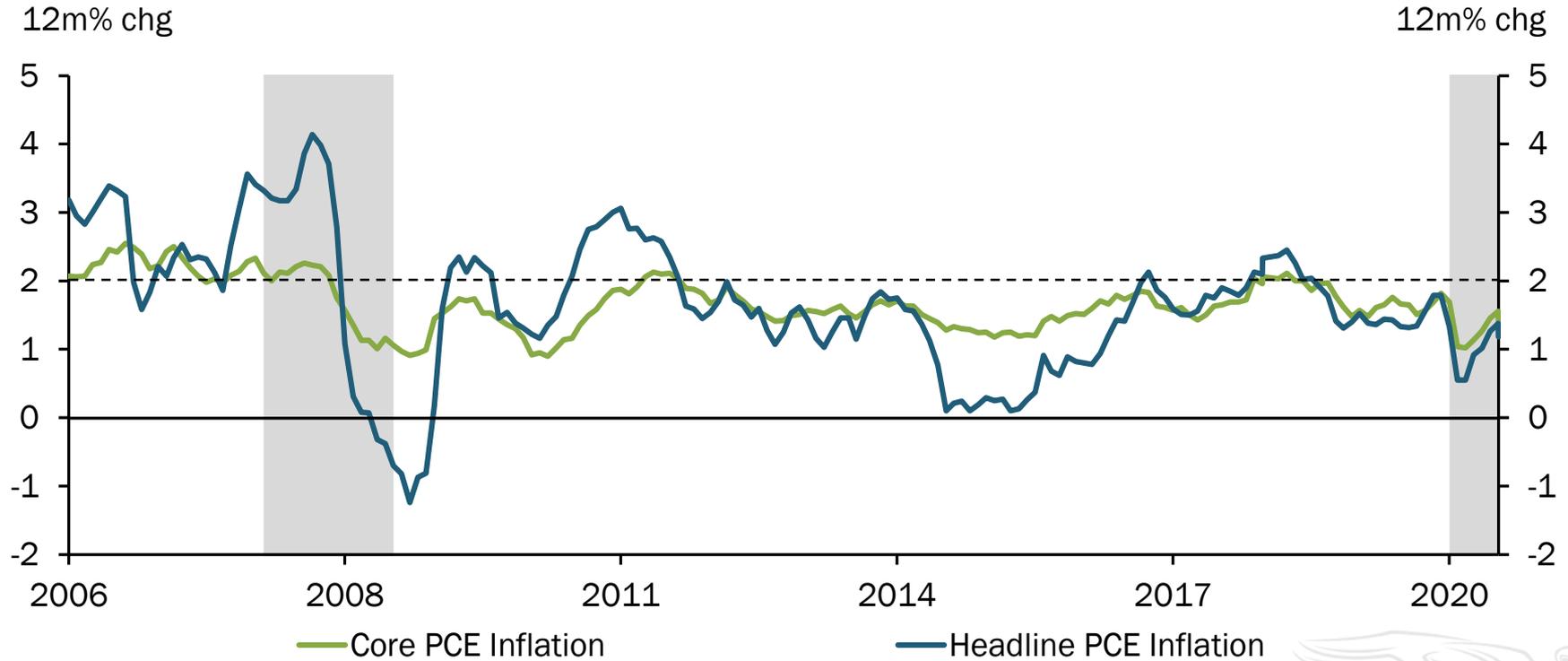
Sources: Sly and Greene (2020), Bureau of Labor Statistics, Haver Analytics

Note: Individual data points correspond to U.S. states. Change in state LFPR is measured between February and April

Since February, the size of the Colorado labor force declined by nearly 50,000 persons

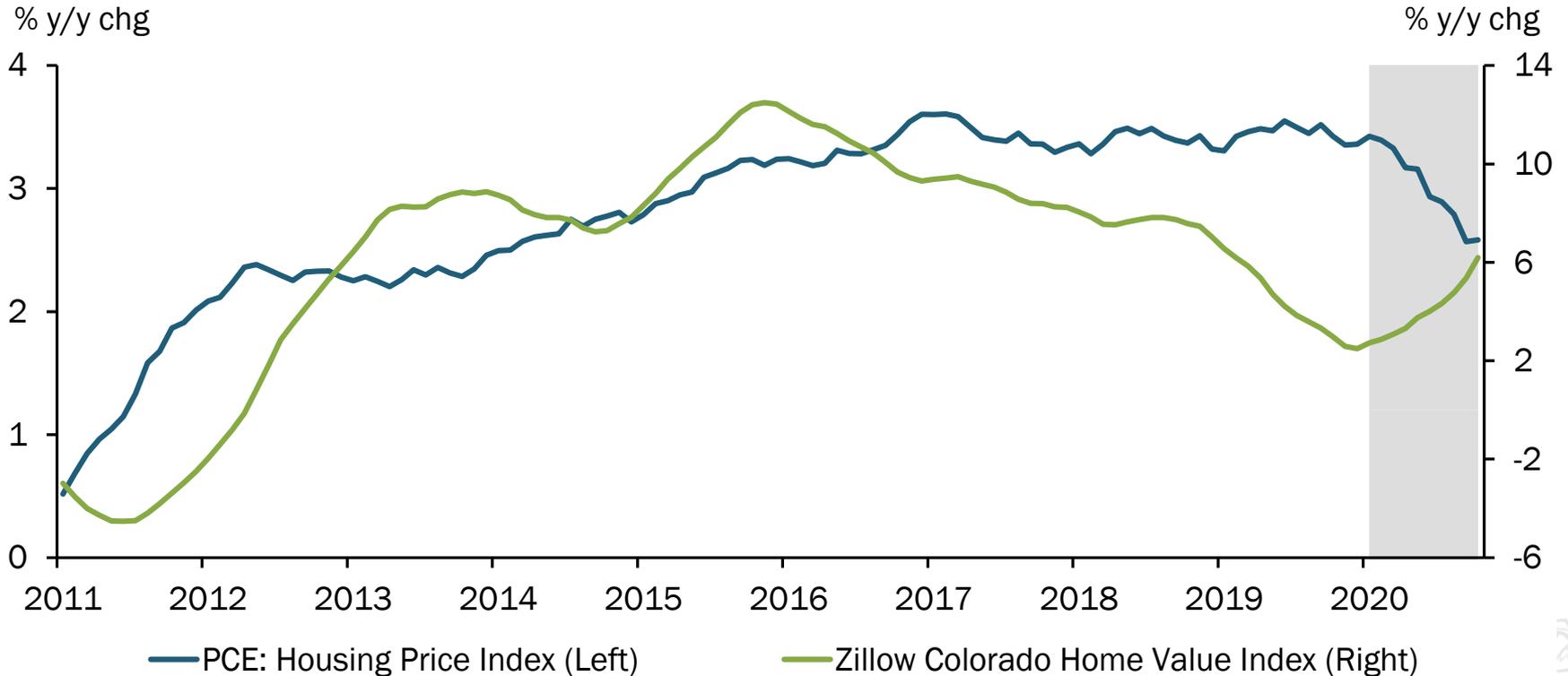


Inflation is likely to remain subdued on net over the medium term



Sources: BEA, NBER, Haver Analytics
 Note: Grey bars represent recession shading

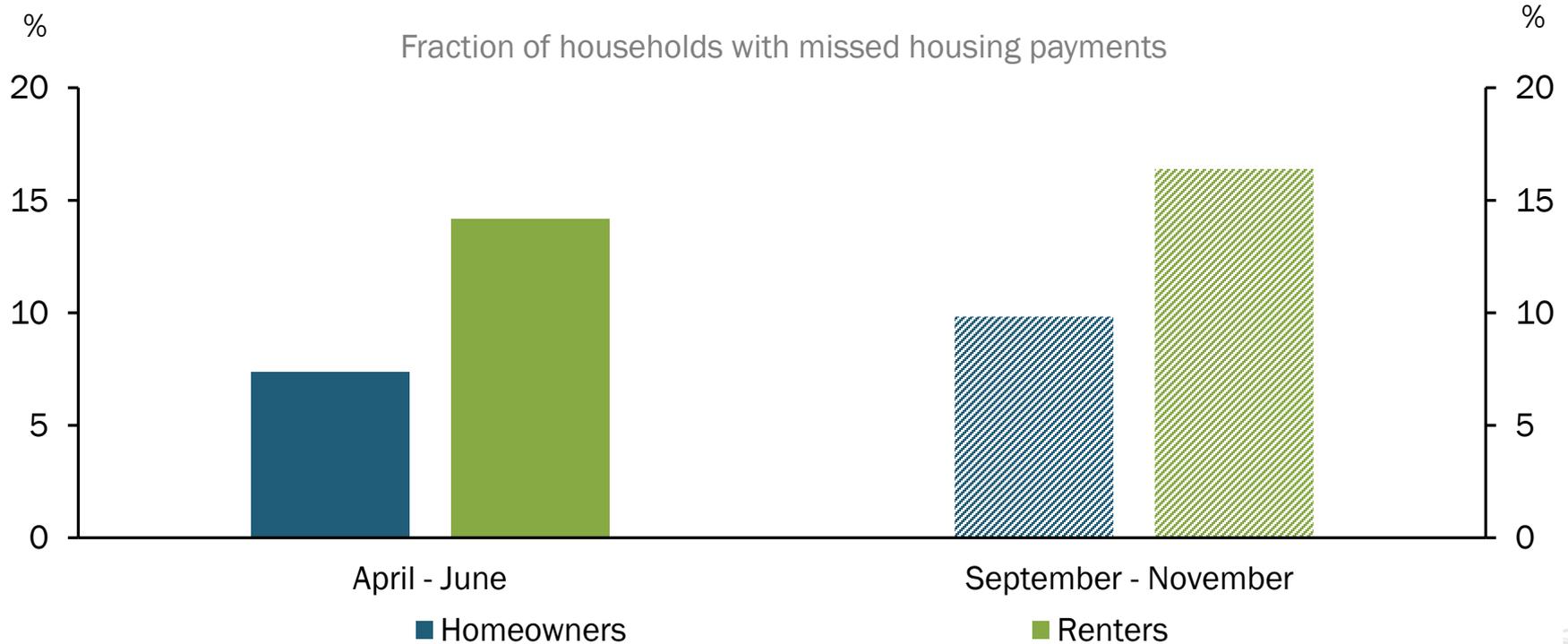
Growth in Colorado home values is accelerating, while overall housing price growth is decelerating on average



Sources: Zillow Research, Bureau of Economic Analysis/ Haver Analytics, NBER

Note: Grey bars indicate recession shading

As policy support for households waned, the share of those missing housing payments increased nationally



Sources: U.S. Census Bureau Household Pulse Survey

Note: Data from April through June indicate payment missed in previous month, while September through November data indicate outstanding payment from any prior month.

Looking forward

- The current surge in the number of cases is likely to have a different effect on economic activity than in late Spring
- A key question is whether households and businesses have enough momentum to reach a point in time when vaccines are widely available and economic activity can normalize
- The Federal Reserve remains committed to using its full range of tools to support the recovery and limit lasting damage to the economy
- Over the medium term, the ability of workers to remain engaged in the labor force will be an important factor driving the shape of the recovery



