Emerging Trends in the U.S. and Colorado Economies

Alison Felix
Senior Policy Advisor
Federal Reserve Bank of Kansas City
Denver Branch

The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
The U.S. economy continues to rebound after contracting sharply following the onset of the pandemic.

**Real U.S. Gross Domestic Product**

*Percent Change from Previous Year*

Sources: Bureau of Economic Analysis and Federal Open Market Committee (FOMC) / Haver Analytics

*Projections as of June FOMC meeting*
Still, unemployment rates remain elevated compared to pre-COVID levels as the pandemic led to a severe disruption in the labor market.

UNEMPLOYMENT RATES
June 2021, Percent, Seasonally Adjusted

Sources: Bureau of Labor Statistics / Haver Analytics
Unemployment rates would be even higher at the national level if labor force participation rates hadn’t dropped.

**Labor Force Participation Rates**

*June 2021, Percent, Seasonally Adjusted*

Sources: Bureau of Labor Statistics / Haver Analytics
Although employment has been increasing steadily since last spring, employment remains below pre-pandemic levels.

Payroll Employment Growth

Index 100 = Jan. 2020, Seasonally Adjusted

Sources: Bureau of Labor Statistics / Haver Analytics and author’s calculations.
Employment in most sectors is within 3% of pre-pandemic levels, but larger losses are still apparent in the leisure and hospitality sector.

COLORADO EMPLOYMENT GROWTH BY INDUSTRY

Index 100 = Jan. 2020, Seasonally Adjusted

Sources: Bureau of Labor Statistics / Haver Analytics and author’s calculations.
Despite job losses, personal incomes and savings rates increased during the pandemic due to federal stimulus payments.

**Consumer savings and financial obligations**

*Percent of Disposable Income, Seasonally Adjusted*

Sources: BEA, NBER, FRB / Haver Analytics
COVID-related restrictions eased considerably in recent months as vaccinations increased and cases were below peak levels.

**Population with at least one vaccine**

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<th>Percent</th>
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<td>Jan. '21</td>
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**COVID-19 related policy**

*Stringency Index, 7 day moving average*

Source: Our World in Data

Source: University of Oxford
Health concerns and COVID-related restrictions limited spending last year, but consumer spending has now risen above pre-pandemic levels.

**CONSUMER CREDIT/DEBIT CARD SPENDING**

*Percent change relative to January 4-31, 2020, 7 day moving average, Seasonally Adjusted*
Consumer spending patterns have changed, with travel and service sectors especially hard hit during the pandemic.

**Consumer credit/debit card spending in Colorado**

*Percent change relative to January 4-31, 2020, 14 day moving average, Seasonally Adjusted*

Source: Opportunity Insights Economic Tracker
In-person dining has improved significantly this year, with levels now comparable to 2019.

**Open Table, Year-Over-Year Seated Diners**

*Year-over-2019 Percent Change, 7 day moving average*
Air travel also dropped sharply at the onset of the pandemic and has not yet fully recovered.

**Air Passengers, Compared to 2019**

*Percent change, 7 day moving average*

Sources: TSA and Denver International Airport
Overall, services contacts have reported strong activity in recent months.

**Non-Manufacturing and Services Activity**

*Diffusion Index, Seasonally Adjusted, Month-over-Month*

- **U.S.** 60.1
- **Kansas City** 62.5

*District*

- **July 2021**
- **June 2021**

Sources: Kansas City Federal Reserve Bank and ISM / Haver Analytics
Manufacturers have also reported a robust pace of activity in recent months.

MANUFACTURING ACTIVITY
Diffusion Index, Seasonally Adjusted, Month-over-Month

Sources: Kansas City Federal Reserve Bank and ISM / Haver Analytics
The housing market is extremely tight as the number of homes for sale remains historically low.

**MONTHS SUPPLY**

*Seasonally Adjusted*

Sources: National Association of Realtors and Colorado Association of Realtors
Home prices have risen sharply due in part to exceptionally low inventories.

**Home Prices**

*Percent Change Year-over-Year*

Sources: Federal Housing Finance Agency / Haver Analytics
More broadly, inflation has risen as firms have struggled to keep up with rising demand, materials costs/availability, and labor shortages.

**Personal Consumption Expenditure Price Index (PCEPI)**

*Percent Change Year-over-Year*

- **Headline Inflation**
- **Core Inflation**
- **FOMC’s Target Inflation Rate**
- **FOMC* Projections**

Sources: Bureau of Economic Analysis and Federal Open Market Committee / Haver Analytics

*Projections as of June FOMC meeting; median projections*
For economic research and additional information on the economy: https://kansascityfed.org/research/