Emerging Trends in the Colorado Economy

Alison Felix
Economist and Branch Executive
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.
Employment has been increasing in Colorado and the nation for more than nine years.

**PAYROLL EMPLOYMENT GROWTH**

*Index 100 = December 2007, Seasonally Adjusted*

<table>
<thead>
<tr>
<th>Percent Change (Aug. ‘19)</th>
<th>Dec. ‘07 to Present</th>
<th>Past Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>9.5%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Colorado</td>
<td>19.1%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

Sources: Bureau of Labor Statistics / Haver Analytics and author’s calculations.
Job gains have been broad based across industries in Colorado over the past year.

CHANGE IN PAYROLL EMPLOYMENT, AUGUST 2019

Percent Change Year-over-Year

<table>
<thead>
<tr>
<th>Industry</th>
<th>United States</th>
<th>Colorado</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional &amp; Business Services</td>
<td>6.5%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Private Educational Services</td>
<td>3.3%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Local Government</td>
<td>3.3%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Other Services</td>
<td>2.9%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Health Care &amp; Social Assistance</td>
<td>1.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>1.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>1.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Transportation &amp; Utilities</td>
<td>0.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-0.2%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Federal Government</td>
<td>0.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>State Government</td>
<td>-2.3%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>-2.3%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Construction</td>
<td>-2.3%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>-2.3%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Information</td>
<td>-2.3%</td>
<td>-2.3%</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics / Haver Analytics
Unemployment rates have declined steadily in the U.S. and are now below most estimates of their longer-run levels.

### Unemployment Rates

**U-3, Monthly, Seasonally Adjusted**

<table>
<thead>
<tr>
<th></th>
<th>U-3</th>
<th>U-5*</th>
<th>U-6*</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>3.7%</td>
<td>4.6%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Colorado</td>
<td>2.8%</td>
<td>3.8%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

*U-5 and U-6 values are 12-month moving averages as of Q2 2019 for Colorado and are for August, 2019 for the United States.

Note: Grey regions indicate recessions.

Source: Bureau of Labor Statistics, Federal Reserve Board, NBER / Haver Analytics
Population growth has slowed in Colorado since the 1990s, but people continue to migrate into the state.
The services sector is expanding at a moderate pace.

Non-Manufacturing and Services Activity
Diffusion Index, Seasonally Adjusted, Month-over-Month

Sources: Kansas City Federal Reserve Bank and ISM / Haver Analytics
Manufacturing activity has been strong the past two years, but recent surveys suggest the pace of expansion is slowing.

**Manufacturing Activity**

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

Sources: Kansas City Federal Reserve Bank and ISM / Haver Analytics
Residential construction activity has increased significantly since 2009, but permitting has declined so far this year.

**Residential Permits**

*Seasonally Adjusted, Year-to-Date through July*

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Source: Census Bureau / Haver Analytics
Low inventories have led to strong home price appreciation in recent years in Colorado.

Source: Federal Housing Finance Agency / Haver Analytics
Colorado exports have decreased so far this year.

COLORADO EXPORTS BY TRADING PARTNER

Total Trade -6.4%      SHARE*
All Other -1.1          31.5%
Japan -9.6           5.5
Mexico -25.8         15.1
Canada -2.0          17.3
China -6.9          12.5
Eurozone -0.7         18.1

*Shares are for 2018

Sources: WISERTrade and Census Bureau
Oil production in near record-high levels in Colorado.

**Crude Oil Production**

*Millions of Barrels, Monthly, Seasonally Adjusted*

Sources: Baker Hughes and Energy Information Administration / Haver Analytics
Expectations for energy activity have weakened as oil prices remain below year-ago levels.

**Energy Survey Activity Indicators**

*Quarterly Diffusion Index*

- **Drilling/Business Activity**
- **Total Profits**
- **Number of Employees**

Source: Kansas City Federal Reserve Bank Energy Survey
The agriculture sector continues to struggle as commodity prices remain low.

U.S. Real Net Farm Income

Billions, 2019 Dollars

*Forecast for 2019
Source: USDA

*Forecast for 2019
Source: USDA
Marijuana sales continue to rise in Colorado, but the pace of growth has slowed.

**Marijuana Sales in Colorado**

*Monthly, Millions*

- Total Retail Sales
- Total Medical Sales

Source: Colorado Department of Revenue
Similarly, tax collections are above year-ago levels but are rising at a slower pace.

**Marijuana Tax Collections in Colorado**

- **Total Marijuana Tax Collections**
  - Millions
  - **Total Annual Tax Collections**
  - **Year-to-Date Tax Collections Through July**

- **Total Marijuana Tax Collections as Percent of Total General Fund Revenue**
  - 0%
  - 1%
  - 2%
  - 3%

Note: Total monthly tax collections include state sales tax, retail marijuana sales tax, retail marijuana excise tax, and licenses and fees.

Sources: Colorado Department of Revenue & author’s calculations
The number of medical stores is declining, but the number of retail stores continues to increase.

**Marijuana Business Licenses in Colorado**

*Monthly*

Source: Colorado Department of Revenue – Enforcement Division
The number of occupational licenses in the marijuana industry is also leveling off.

**Active Marijuana Occupational Licenses in Colorado**

*Monthly*

Source: Colorado Department of Revenue – Enforcement Division
Employment in the marijuana industry makes up less than one percent of Colorado employment.

**Marijuana Employment in Colorado**

Direct Employment in the Marijuana Industry as a Share of Total Employment

Change in Marijuana Employment as a Share of Change in Total Employment

Note: In Chart 5, 2014 represents an 11-month change from January to December. Total active marijuana occupational licenses include current total active occupational licenses multiplied by 0.467.

Sources: Colorado Marijuana Enforcement Division, Bureau of Labor Statistics and Haver Analytics
For additional information on the regional economy: