

Entering a period of greater volatility?

The economy is worth watching more closely in 2018. Early signs show growing volatility in President Trump's second year as: 1) we move towards mid-term elections, 2) the President pursues a "fair trade" agenda, 3) the Federal Reserve hikes interest rates, and 4) the fiscal reality of borrowing to cover the federal tax cuts sinks in.

Indicator	2017	2018	% Change	Comments
Summit Economics, LLC <i>Peer into the future before it becomes the present</i> www.summiteconomics.com <i>Applied Economics</i>				
			Colorado Indicators 2017 to 2018	
Employment (Feb - Unadjusted)				
Declining job openings worth watching				
Wage & Salary Employment (000s)	2,613,200	2,683,100	2.7%	Accelerating after a slowdown of YoY growth in 2nd half of 2017. From employer survey.
Unemployment Rate	3.1%	3.3%		Too low to sustain strong growth similar to last several years.
Job Openings		87,229		Online advertised jobs declining in Colorado and 42 other states. Leading declining sector (industry) nationally is healthcare professionals and technical workers.
Housing				
Can new homes help market with low resale inventory				
Single-Family Housing Building Permits (Jan & Feb)	3,226	4,468	38.5%	Early 2018 growth may be seasonal compared to 2017, but industry growth is expected and could be substantial due to low resale inventories.
Other				
Slowing rate of statewide population growth?				
Denver/Boulder Consumer Prices YoY			3.4%	3.7% in second half of year driven by shelter 4.9% and energy 8.9%
Population 2017 Increase over 2016	77,049		1.4%	Rate is slowing a bit statewide. Lowest in 5 years.
CDLE, Census Bureau, State Demography Office, Summit Economics				

The Census Bureau's recent report of a slowing rate of population growth in Colorado is not surprising given the economy was so hot (leading most states) for much of this decade. The market could be self-correcting slightly in a very desirable location. Stronger growth appears to be shifting more to Colorado Springs, Greeley, and Ft. Collins. A great indicator in recent years is the ratio of employment growth to population growth throughout the state. Last year it was approximately .90 as compared to a longer-term average closer to .75 and a ratio below .30 from 2001 to 2008 when high tech manufacturing exited the state.