

# GARFIELD COUNTY ECONOMIC UPDATE

August 2025

  
**COLORADO MESA**  
UNIVERSITY  
DAVIS SCHOOL OF BUSINESS

The Garfield Economic Update is funded by the  
Associated Governments of Northwest Colorado.

## Economic Summary

- Garfield County peaked with an annual employment average of 31,542 in 2019, then fell to 28,830 in 2021, but has now risen to an average of 33,320 in 2025.
- The biggest jobs gains were in construction (337) and administrative and waste services (262). The biggest job losses were in arts, entertainment, and recreation (-88), and utilities (-26). Overall job and wage gains were strong year over year.
- As of August 7th, reciprocal tariffs have been imposed that are intended to reshape global trade imbalances and generate tariff income. According to the Yale Budget Lab, the current average effective tariff rate is now 18.3%, which is the highest since 1934. Thus far gloomy inflation predictions from many economists have not played out. However, it will take several months for the full inflationary impact of tariffs to be known.

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## LOCAL ECONOMIC INDICATORS

	Q2 2025	Q1 2025	Q2 2024	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Garfield County -NSA	3.4%	4.1%	3.3%	-0.7%	0.1%
Unemployment Rate Colorado -NSA	4.5%	4.9%	4.0%	-0.4%	0.5%
Unemployment Rate U.S. -NSA	4.1%	4.4%	3.8%	-0.3%	0.3%
Labor Force	34,546	34,710	33,642	-165	904
Employed	33,361	33,279	32,516	82	845
Unemployed	1,185	1,431	1,126	-246	58
Business Confidence					
Leeds Colorado Business Confidence	37.9	31.9	50.6	18.81%	-25.10%
Sales/Use Taxes					
	2025		2024		
Rifle Sales/Use Taxes (through June)	\$8,122,819		\$7,908,911		2.7%
Garfield County Sales/Use Tax (through July)	\$10,457,863		\$10,373,657		0.8%
Glenwood Springs Sales/Use Tax (through 2024)	\$26,965,652		\$26,205,942		2.9%
Glenwood Springs Accommodation Tax (through 2024)	\$1,762,637		\$1,748,763		0.8%
Business Filings					
	2025 (YTD)		2024		
Garfield County New Business Entity Filings (through May)	1,176		1,735		

	2023	2022	2021	2020	% change from previous year
<b>Standard of Living and Growth</b>					
Gross Domestic Product (GDP)	\$3,837,815	\$3,645,446	\$3,766,850	\$3,594,513	5.3%
Personal Income	\$4,491,670	\$4,149,089	\$3,855,418	\$3,641,303	8.3%
Personal Income Per Capita	\$71,629	\$66,646	\$62,077	\$58,926	7.5%
Median Household Income	\$94,696	\$86,566	\$78,940	\$79,958	9.4%
Percent of Population Below Poverty Line	11.1%	15.9%	15.6%	16.4%	-4.8%
<b>Place of Residence</b>					
Adjustment for Place of Residence (in thousands)	\$119,817	\$79,956	\$23,198	\$19,437	49.9%

SOURCES IN ORDER OF LISTING: Local Unemployment Rates: Bureau of Labor Statistics (LAUS); National Unemployment Rate: Bureau of Labor Statistics; Labor Force, Employed, and Unemployed: Colorado Department of Labor and Employment; Business Confidence: Leeds Business Confidence Index; Sales/Use/Lodging Taxes: City of Rifle, Garfield County, Glenwood Springs; Business Permits: Colorado Secretary of State's Office; Median Household Income, Poverty Rate, Population, and Personal Income: U.S. Bureau of the Census; Gross Regional Product: Bureau of Economic Analysis. Note that in all rows where percentages are presented the % change since last quarter and % change since last year represents the difference between the two percentages, not the actual percentage change.

## Local Labor Market

The Garfield County labor market continues to see a slow but steady increase in employment since the employment trough of 2021. After peaking at an annual employment average of 31,542 in 2019, Garfield County fell to 28,830 by 2021 but has now risen to a 2025 average of 33,320 through June. The June employment number was 34,089, the highest since July of 2018. Unemployment is staying low, with June unemployment rate of 3.2%, significantly lower than the nation and Mesa County.

This employment data is from the state and has a fairly small sample size at the county level. Employment estimates are by place of residence, and individuals are counted as employed once even if they have multiple jobs.

Figure 2 shows yearly jobs data from the Colorado State Demography Office. The jobs data is by place of work, and counts if a person works more than one job. The jobs data is more accurate than employment estimates, and counts if a person works more than one job. Top jobs by industry include government (5,609), construction (4,991), and retail trade (3,519) (Figure 3).

## Other Indicators

Rifle sales taxes are up 2.7% through June, while Garfield County sales taxes are only up 0.8%. Sales tax stagnation reflects a consumer that is pulling back due to inflation and labor market fears. Glenwood Springs sales tax is also up marginally (2.9%), comparing 2023 to 2024. Note that Rifle and Garfield County data are current through 2025, while Glenwood Springs data is only through 2024.

Garfield County new business entity filings are on pace to surpass the 2024 number of 1,735, with 1,176 business entity filings through May already.

Table 1:

## 10, 5, and 1 Year Employment Comparison (Yearly Comparisons)

	Labor Force	Employed	Unemployed
<b>Annual</b>	904	845	58
<b>5-Year</b>	1,995	4,260	-2,265
<b>10-Year</b>	4,760	4,834	-75
<b>Annual %</b>	2.7%	2.6%	5.2%
<b>5-Year %</b>	6.1%	14.6%	-65.7%
<b>10-Year %</b>	16.0%	16.9%	-5.9%

## Place of Residence

Figure 6 illustrates what is called a "place of residence adjustment." This data is from the Bureau of Economic Analysis, and shows inflows and outflows of income to and from the county. A positive number indicates that more income is flowing into the county from other counties than flowing out. A negative number implies that more income is flowing out of the county to other counties than flowing in.

Garfield County has a history of negative place of residence adjustment. This implies that people from other counties commute to Garfield County and take their earnings back to their county of residence. Notice in figure 6 that Garfield County had a trend reversal and now has a positive place of residence, hinting that more people may now be commuting to work outside of Garfield and bringing that income into the county.

Figure 1:  
**Yearly Employment Average**

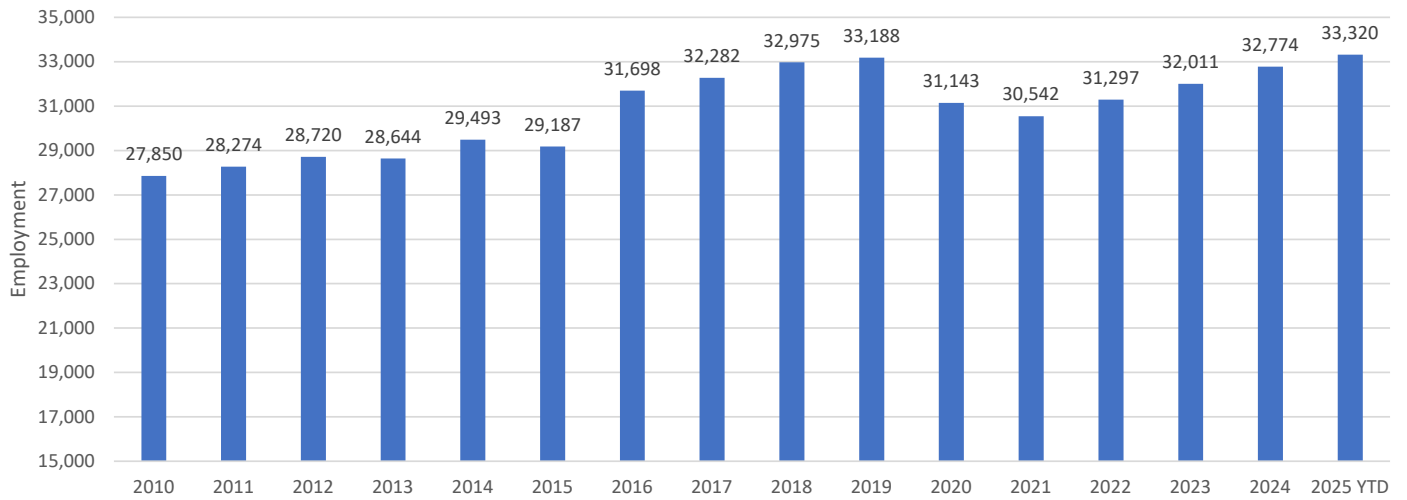


Figure 2:  
**Total Full and Part Time Jobs**

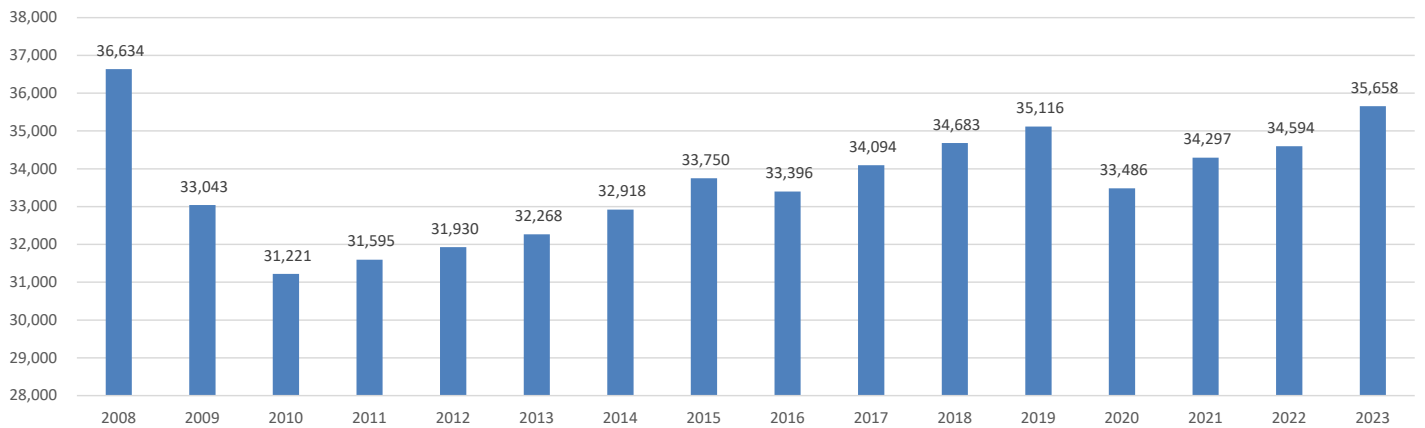


Figure 3  
**Jobs by Industry**

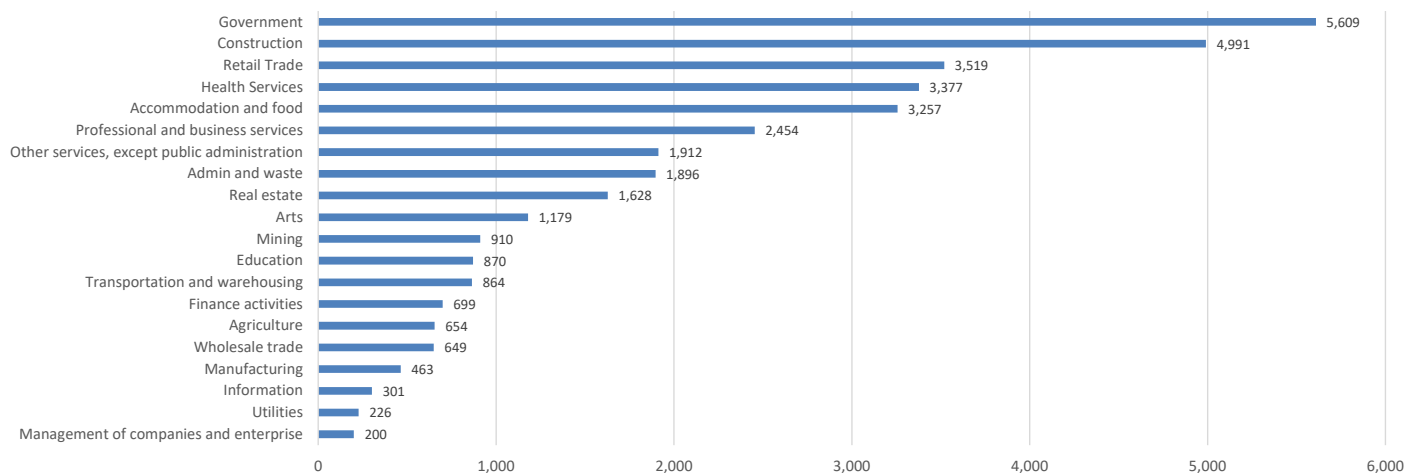


Figure 4:  
**Sales Taxes**

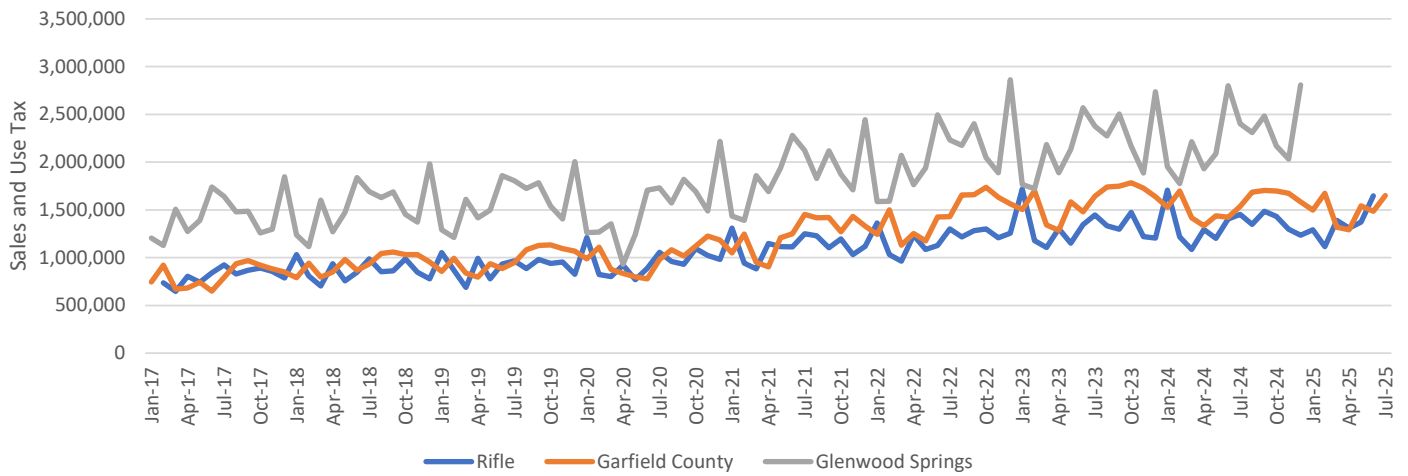


Figure 5:  
**New Business Entity Filings Garfield**

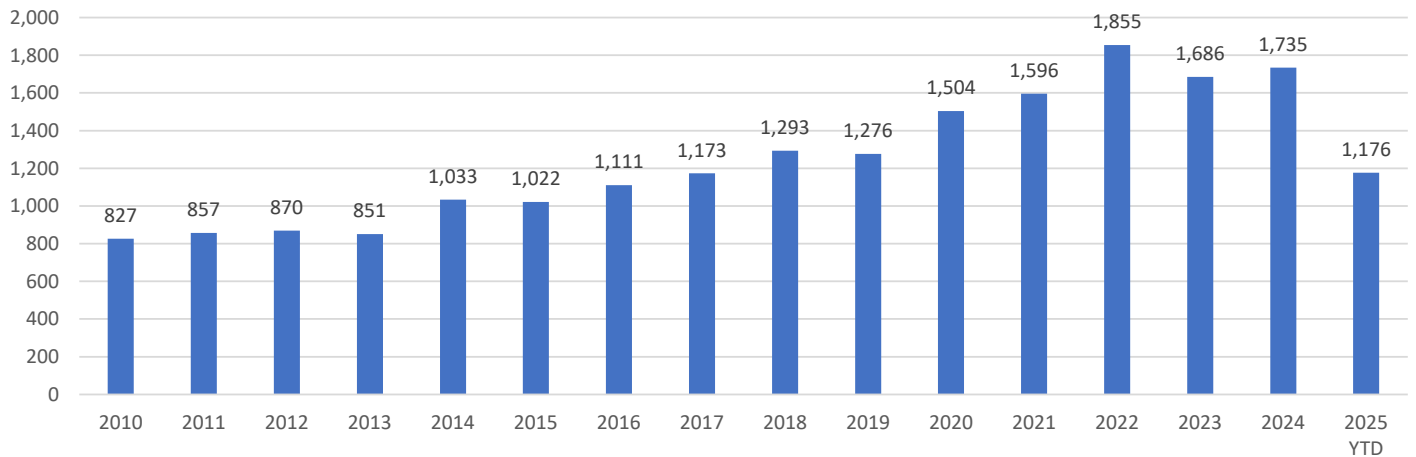
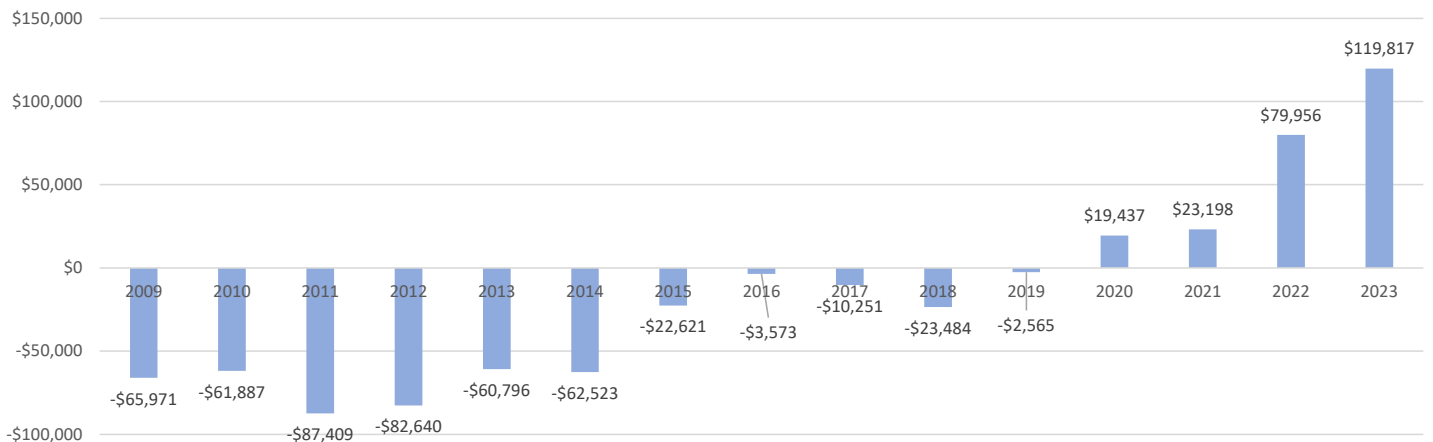


Figure 6:  
**Place of Residence Adjustment Garfield County (in thousands of dollars)**



## Standard of Living Measures

Standard of living measures are generally released each year in December for the previous year's data. Garfield County GDP shows a large increase in GDP for 2023, rising 5.28% (Figure 8), led primarily by large gains in finance and insurance.

Garfield County median household income rose significantly from \$86,566 to \$94,696, a 9.4% increase (Figure 9). Median household income has been rising quickly since 2012.

The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Garfield County rising from 8% to 9.1%.

Personal income per capita increased from \$66,646 in 2022 to \$71,629 in 2023. Per capita personal income is a measure of all personal income in the county divided by the population. Per capita personal income has increased drastically over the last decade.

Figure 7:  
**Western Slope GDP % Change 2023**

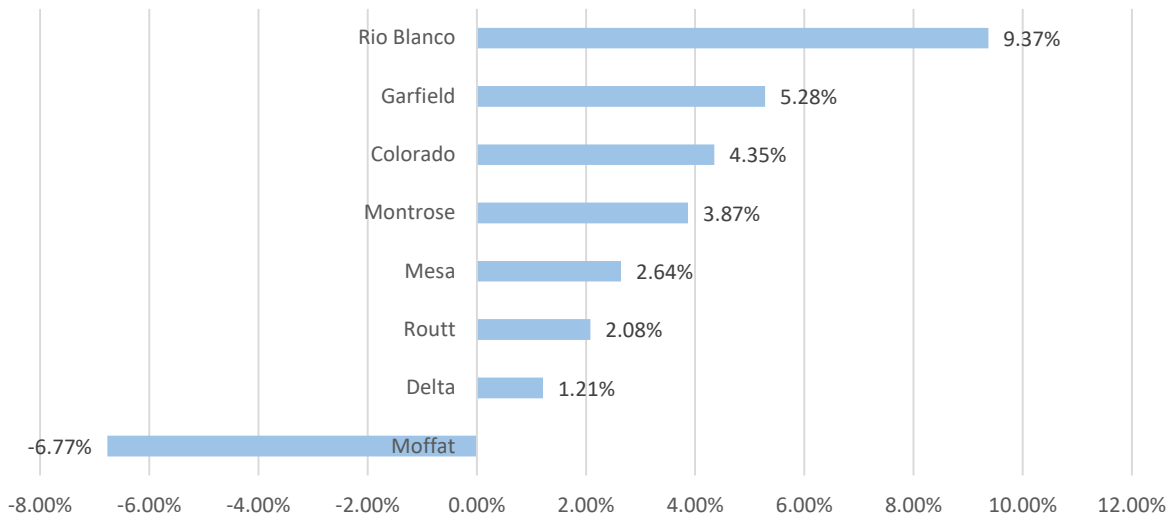


Figure 8:  
**Garfield County Real GDP % Change (chained 2017 dollars)**

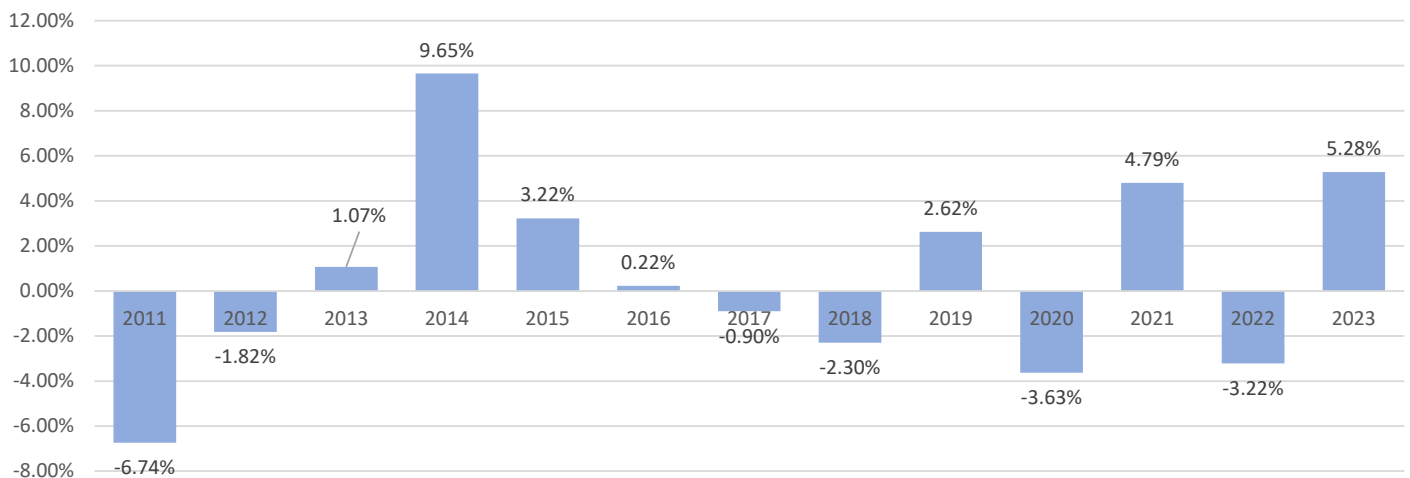


Figure 9:  
**Garfield County Median Household Income**

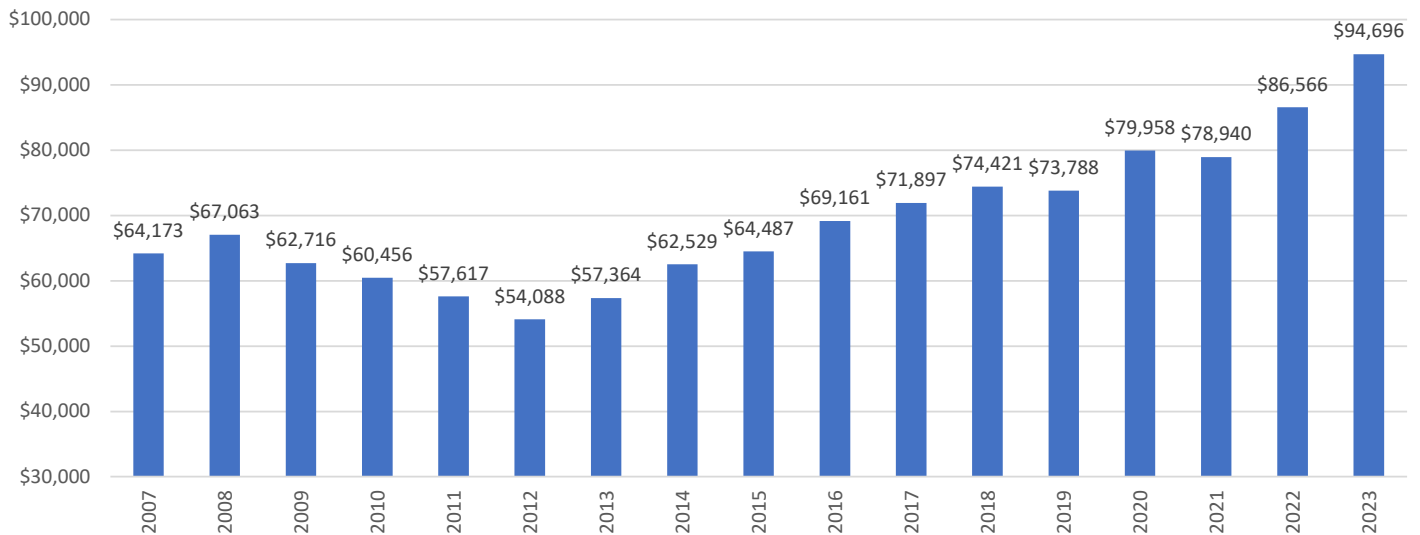


Figure 10:  
**Garfield County Income Per Capita**

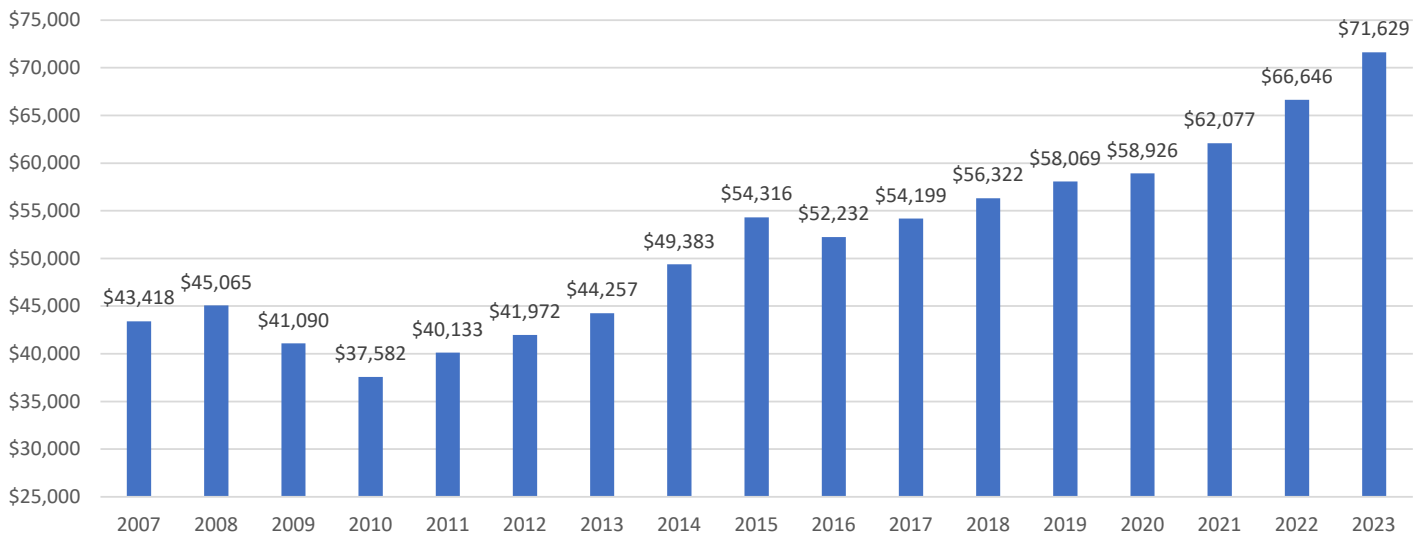
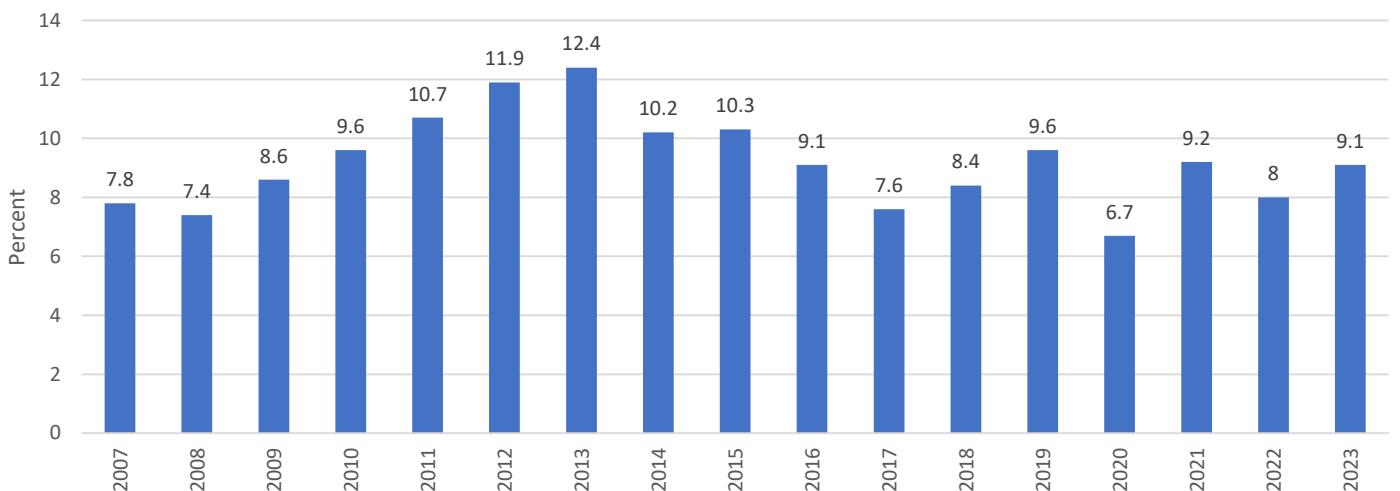


Figure 11:  
**Garfield County Poverty Rate Estimate**



## Population Trends

The Colorado State Demography Office produces population estimates and population forecasts. Table 2 illustrates these forecasts for counties in the Western Slope. Garfield County is expected to gain population, rising from 63,668 in 2025 to 68,594 in 2030, to 81,467 in 2040, and to 91,068 in 2050. Population is a function of birth rate, death rate, and migration. Garfield County population growth is expected to be driven by its very high birth rate. In addition to a high birth rate, the expected migration rate is high. Population growth is a primary determinant of economic growth, and bodes well for Garfield County's future. Cost of living may be the issue that curbs Garfield County's population growth in the future.

Table 2:  
**Population Estimates Table (2020-2050),  
Colorado State Demography Office**

	Mesa	Montrose	Delta	Garfield	Rio Blanco	Moffat	Routt
<b>2020</b>	155,993	42,810	31,052	61,791	6,521	13,265	24,834
<b>2025</b>	162,833	45,413	32,027	63,668	6,511	13,037	25,786
<b>2030</b>	174,827	48,327	33,286	68,594	6,440	12,851	27,336
<b>2035</b>	187,931	50,973	34,303	74,980	6,291	12,706	28,840
<b>2040</b>	198,890	52,958	35,029	81,467	6,147	12,577	30,133
<b>2045</b>	207,560	54,152	35,512	87,161	5,978	12,435	31,082
<b>2050</b>	214,206	54,586	35,769	91,068	5,773	12,261	31,700

Table 3:  
**Garfield County Population Change Breakdown,  
Colorado State Demography Office**

	Population	Change	Births	Deaths	Net Migration
<b>2020</b>	61,794	1238	748	358	848
<b>2021</b>	62,098	304	729	437	12
<b>2022</b>	62,282	184	728	414	-130
<b>2023</b>	62,722	440	711	420	149
<b>2024</b>	63,268	546	745	396	197
<b>2025</b>	63,668	400	745	405	60
<b>2030</b>	68,594	1226	865	469	830

## Garfield County Employment Trends

Q4 2024 Quarterly Census of Employment and Wage data shows job and wage gains compared to Q4 2023. The biggest jobs gains were in construction (337) and administrative and waste services (262). Figure 13 shows construction and healthcare jobs over the last four years. Construction and healthcare are the two largest industries by wages (omitting government because this is business data). The biggest job losses were in arts, entertainment, and recreation (-88), and utilities (-26). Overall job and wage gains were strong year over year.

Table 3:  
**Quarterly Census of Employment and Wages (QCEW) Q4 2024 Compared to Q4 2023**

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Employment Change	Total Wage Change
Total, All Industries	27,833	\$478,449,739	\$1,322	1,040	\$51,442,409
Health Care and Social Assistance	3,999	\$83,128,580	\$1,599	77	\$7,954,876
Construction	3,937	\$78,972,904	\$1,543	337	\$19,335,057
Educational Services	2,959	\$39,938,513	\$1,038	86	\$3,231,559
Retail Trade	3,167	\$37,739,203	\$917	72	\$2,309,627
Professional and Technical Services	1,446	\$36,878,920	\$1,961	-21	\$6,259,005
Public Administration	1,867	\$34,193,093	\$1,409	21	\$68,470
Accommodation and Food Services	3,040	\$25,799,876	\$653	105	\$2,533,592
Mining	943	\$24,945,259	\$2,036	-15	-\$4,344,848
Administrative and Waste Services	1,243	\$20,397,481	\$1,262	262	\$7,188,067
Finance and Insurance	549	\$14,637,608	\$2,052	16	\$889,751
Real Estate and Rental and Leasing	683	\$14,522,097	\$1,636	38	-\$87,499
Other Services, Ex. Public Admin	913	\$12,764,941	\$1,075	90	\$2,042,172
Transportation and Warehousing	624	\$11,532,330	\$1,422	8	\$851,714
Wholesale Trade	502	\$9,382,353	\$1,439	-26	-\$2,127,207
Utilities	337	\$8,481,066	\$1,936	52	\$1,381,339
Manufacturing	393	\$6,774,224	\$1,326	30	\$1,533,460
Arts, Entertainment, and Recreation	591	\$6,019,299	\$783	-88	\$313,654
Management of Companies and Enterprises	207	\$5,700,000	\$2,122	18	\$2,024,210
Information	285	\$4,819,000	\$1,302	-8	\$343,143
Agriculture, Forestry, Fishing & Hunting	148	\$1,720,300	\$892	-14	-\$360,425

SOURCE: Colorado Department of Labor and Employment (QCEW). The most recent quarterly data available is reported.

Figure 12:  
Total Jobs Change Q4 2023 to Q4 2024

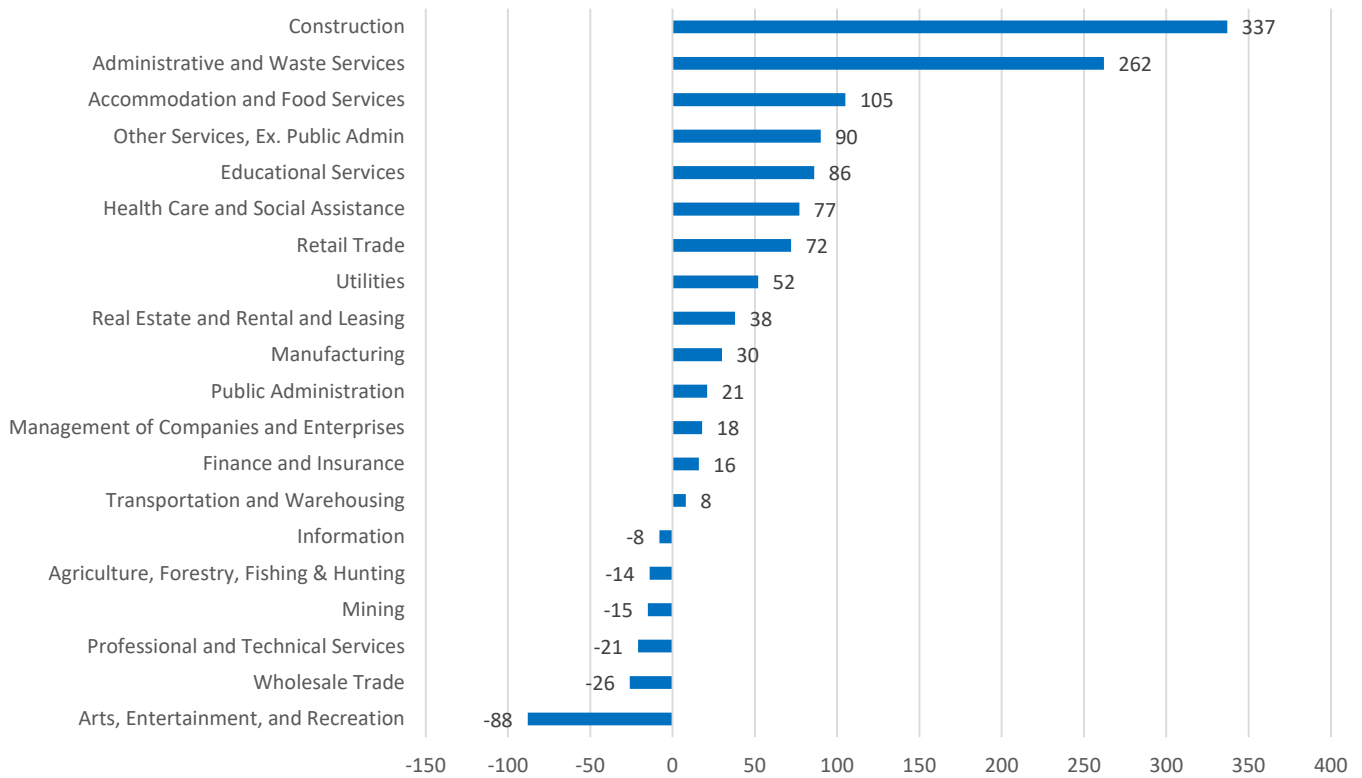
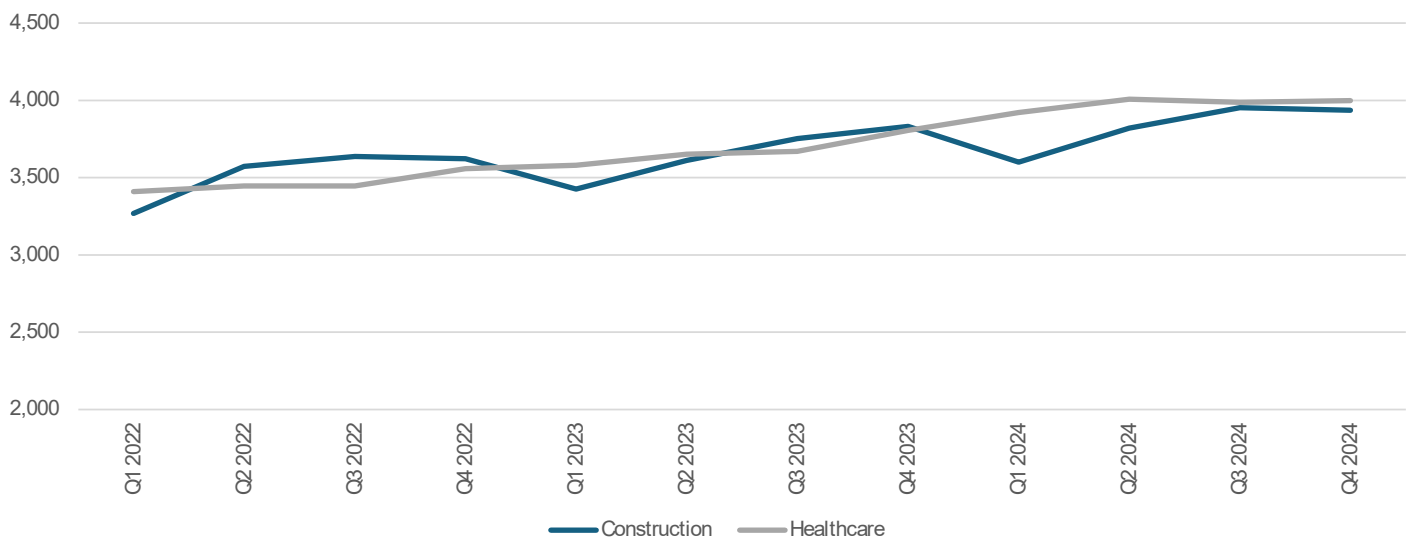


Figure 13:  
Construction and Healthcare Jobs



## LOCAL REAL ESTATE

	Q2 2025	Q2 2024	% change since last year
<b>Real Estate</b>			
Inventory of Homes for Sale (3 month avg)	192	163	18.0%
New Residential listings (3 month total)	271	271	0.0%
Sold Residential Listings (3 month total)	158	170	-7.1%
Median Sales Price	\$750,667	\$690,000	8.8%
Average Sales Price	\$1,098,186	\$1,020,438	7.6%
Days on Market	87.00	71.00	22.5%
Months Supply of Inventory	3.83	3.17	21.1%
<b>Building Permits and House Price Data</b>	<b>2024</b>	<b>2023</b>	
House Price Index (Federal Housing Finance Agency)	288.79	274.46	5.22%
New Private Housing Structures (All types, Census)	174.00	155.00	12.26%
<b>Foreclosures</b>	<b>2024</b>	<b>2023</b>	
Foreclosure Filings (YTD)	22	51	
<b>Mortgage Rates</b>	<b>July 2025</b>	<b>July 2024</b>	
15 Year Mortgage Rate	5.86%	6.14%	-0.28%
30 year Mortgage Rate	6.72%	6.85%	-0.13%

SOURCES: Real Estate: Colorado Association of Realtors Market Trends Program through ShowingTime. Note that real estate data is just single family homes; Foreclosure Filings and Sales: Garfield County Public Trustee Office; Mortgage rates: Freddie Mac.

## Local Real Estate Indicators

The Garfield County real estate market shows rising inventory, with inventory increasing year over year from 163 single family homes to 192. This is the same trend from six months ago. Although inventory is slowly picking up, Figure 14 shows that historically inventory is still low. The median sales prices is currently at \$750,667 for the quarter, rising from last year's \$690,000 (Figure 16). Days on market has increased from 71 to 87, indicating that homes are taking longer to sell. The Federal Housing Finance Agency house price index for Garfield County shows that homes increased in value by 5.22% from 2023 to 2024. The Census department shows that new private housing structures of all types have risen from 155 to 174. Figure 15 shows this trend and illustrates the building permit data, although rising from last year, is still low.

As of August 2025, U.S. mortgage rates remain elevated, with the average 30-year fixed-rate mortgage at 6.72%, having been elevated since late 2022. Those hoping for lower interest rates because of potential Federal Reserve intervention may be disappointed. Although there is a relationship between the Federal Funds Rate and the 10 year treasury (the treasury that the 30 year mortgage is based on), they can operate as separate markets and many economists are anticipating even as the federal funds rate goes lower due to potential Fed cuts, the 10 year treasury and hence mortgage rates will not fall proportionately. Markets are showing close to a 90% chance of a rate cut in September, primarily due to the poor job numbers discussed earlier. However, the Fed will likely remain cautious with rate cuts until the full inflationary impact of tariffs is known, which could be several months.

Figure 14:  
**Inventory of Active Listings**

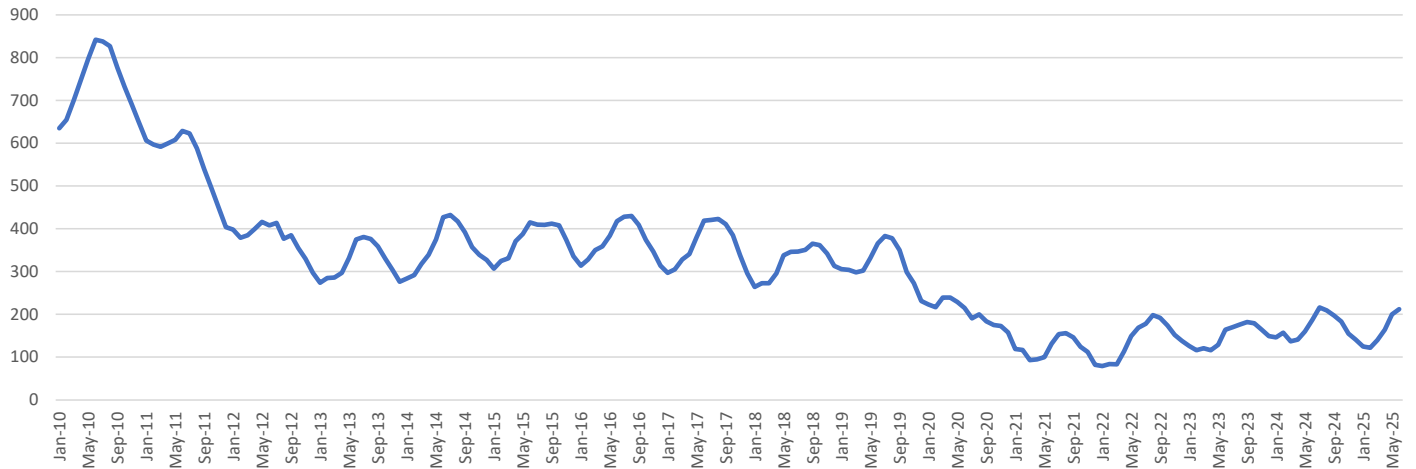


Figure 15:  
**Census Housing Permits**

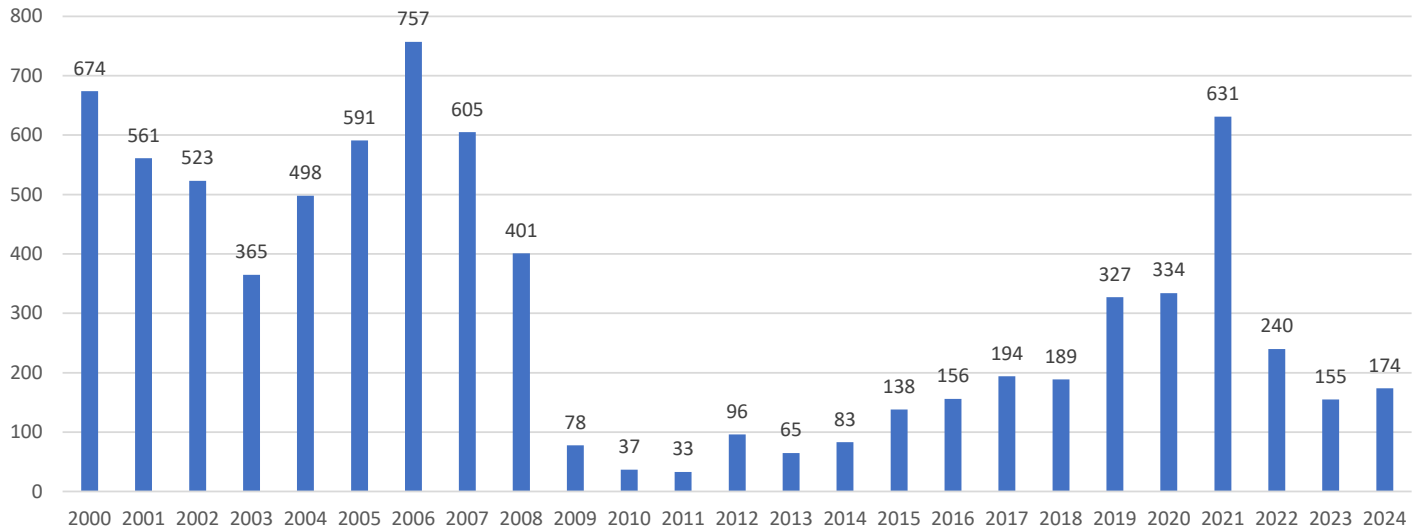
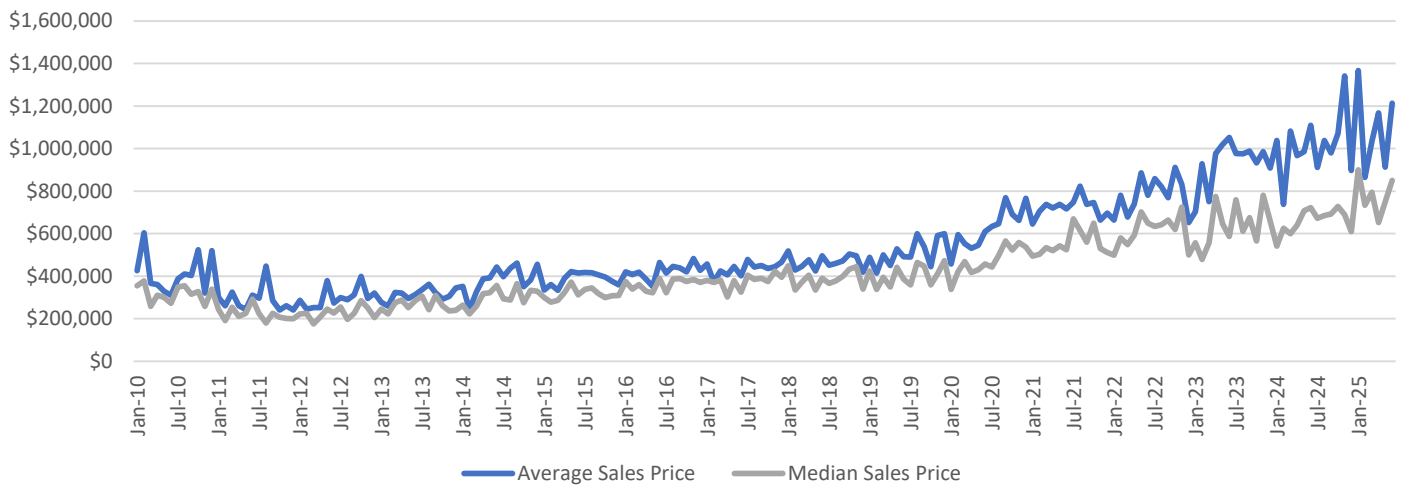


Figure 16:  
**Median and Average Sales Price**



## REGIONAL ENERGY

	Q2 2025	Q1 2025	Q2 2024	% change since last quarter	% change since last year (comparable quarters)
<b>Energy Prices</b>					
WTI Crude Oil	\$64.57	\$71.78	\$81.81	-10.04%	-21.07%
Henry Hub Natural gas	\$3.19	\$4.15	\$2.09	-23.13%	52.63%
Retail Gasoline Price	\$3.04	\$2.99	\$3.42	1.61%	-11.18%
<b>Drilling Permits</b>					
	2025 (YTD)	2024	2023	2022	2021
Drilling Permits (Mesa County)	2	40	0	0	1
Drilling Permits (Rio Blanco County)	12	67	40	40	33
Drilling Permits (Garfield County)	35	18	139	133	127
Drilling Permits (Moffat County)	0	10	3	4	1
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	49	135	182	177	162
Total Permits (Colorado)	260	980	1,005	805	1,543
<b>Local Rig Count</b>					
	25-Aug	25-May	Feb-23	Aug-22	
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	1	1	3	4	

SOURCES: All energy prices: Energy Information Agency; All permit data from Colorado Oil and Gas Conservation Commission (COGCC); Local Rig Count: Baker Hughes Rig Count; Coal data from the Colorado Division of Reclamation, Mining, and Safety.

Figure 17:  
**Oil and Natural Gas Prices**

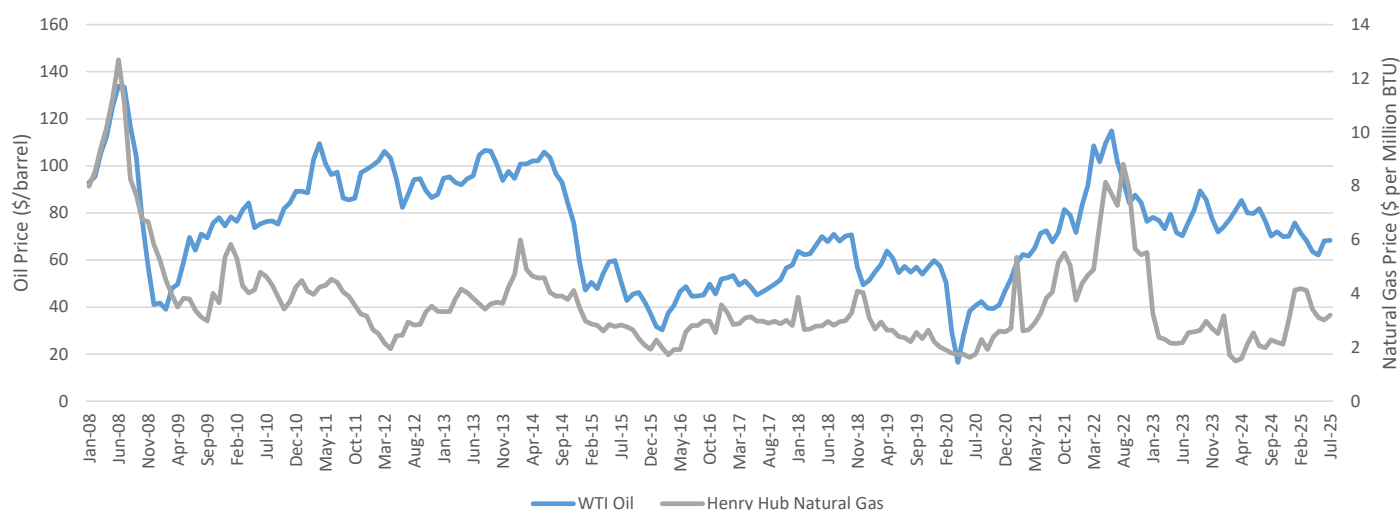


Figure 18:  
Oil/Gas Drilling Permits and Oil/Gas Jobs

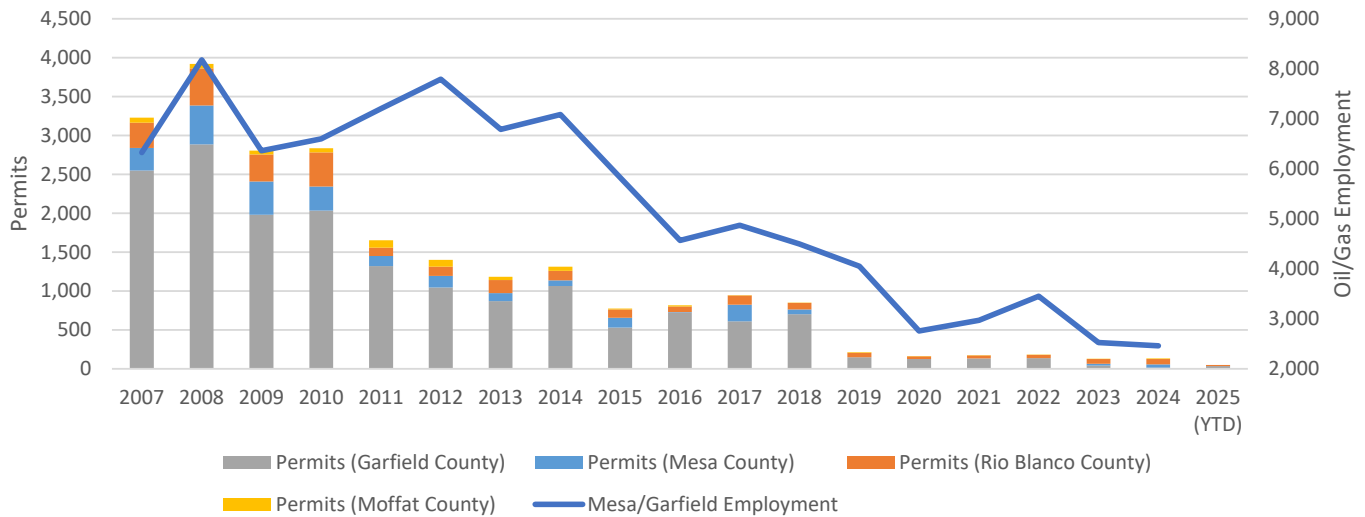
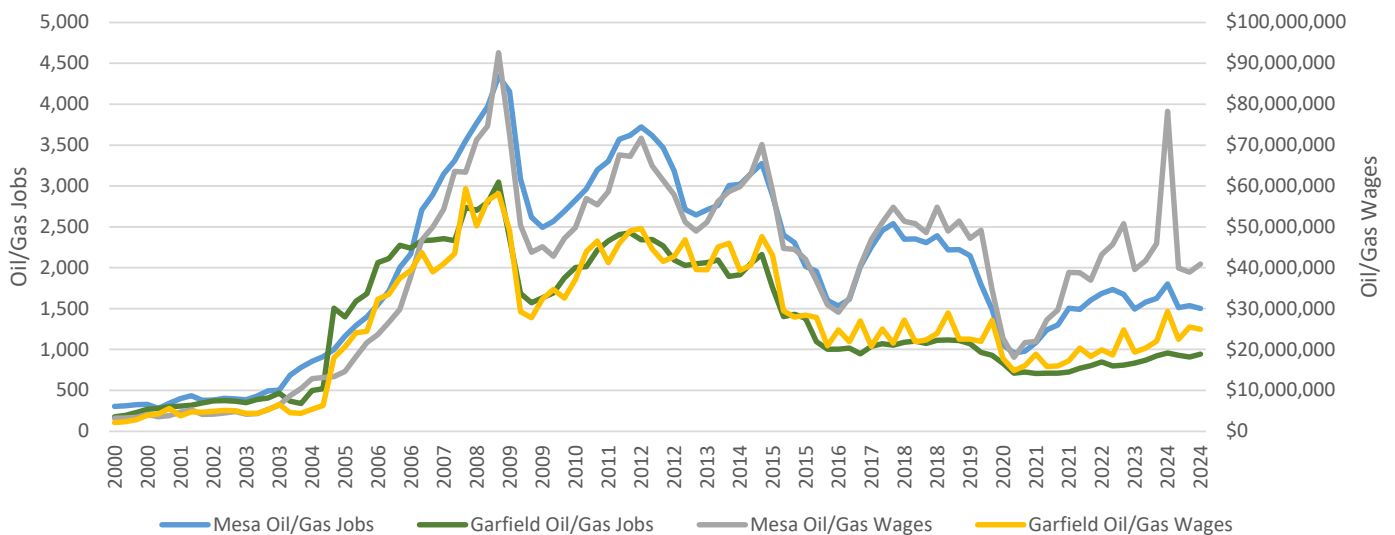


Figure 19:  
Mesa and Garfield Oil and Gas Jobs/Wages



## Western Slope Energy

Natural gas prices averaged \$3.19/per million British thermal units (MMBtu) in Q2 of 2025. The U.S. Energy Information Administration (EIA) projects the Henry Hub spot price to average \$3.40/MMBtu in Q3, and \$3.70/MMBtu by the end of the year, rising to \$4.40/MMBtu in 2026. This increase is driven by several factors including increasing storage levels this summer, slightly falling production, and increased liquified natural gas export demand.

Oil prices (WTI) averaged \$64.57 in Q2, falling from the previous quarter and previous year. The EIA forecasts Brent oil prices to average \$69 per barrel through the rest of the year. The EIA forecasts an even lower oil price for 2026, expecting Brent crude oil to average \$58 per barrel. This is based on rising global inventory. U.S. crude oil production is expected to fall due to falling prices, with 13.4 million barrels per day in Q2 of 2025, expecting a decline to 13.3 million barrels per day by Q4 2026.

Western Slope natural gas production remains stagnant, with one rig in the field for the last 1.5 years. The last time this number was higher was three rigs operating in February 2023.

## NATIONAL ECONOMIC INDICATORS

	Q2 2025	Q1 2025	Q2 2024	% change since last period	% change since last year (comparable quarters)
<b>Business Cycle Indicators</b>					
Real GDP	3.00%	-0.50%	3.00%	3.50%	0.00%
Personal Consumption Expenditures	1.40%	0.50%	2.80%	0.90%	-1.40%
Gross Private Domestic Investment	-15.60%	23.80%	8.30%	-39.40%	-23.90%
National Consumer Confidence	55.0	64.5	71.5	-14.73%	-23.08%
Industrial Production Index	103.8	103.5	102.9	0.28%	0.90%
Initial Weekly Unemployment Claims (4 week MA)	232,154	220,212	221,558	5.42%	4.78%
Non Farm Payroll Change (in thousands)	289,333	521,333	513,667	-44.50%	-43.67%
<b>Unemployment</b>					
Unemployment Rate-U3-SA	4.20%	4.10%	4.00%	0.10%	0.20%
Unemployment Rate-U6-SA	7.80%	7.80%	7.40%	0.00%	0.40%
<b>Interest Rates</b>					
Federal Funds Rate	4.33%	4.33%	5.33%	0.00%	-1.00%
10 Year U.S. Treasury	4.36%	4.45%	4.44%	-0.09%	-0.08%
30 Year U.S. Treasury	4.83%	4.71%	4.58%	0.12%	0.25%
<b>Inflation Measures</b>					
Inflation Rate (CPI)	2.46%	2.74%	3.19%	-0.28%	-0.73%
Core Inflation Rate (All Items Less Food and Energy)	2.82%	3.08%	3.42%	-0.26%	-0.61%
Inflation Rate (Shelter)	3.90%	4.21%	5.35%	-0.32%	-1.46%
Producer Price Index (PPI)	1.14%	1.84%	0.49%	-0.70%	0.65%
Employment Cost Index	3.62%	3.60%	4.03%	0.02%	-0.40%
<b>Stock Prices</b>					
S&P 500	5,732	5,895	5,247	-2.76%	9.25%
Dow Jones Industrial Average	41,478	43,240	38,807	-4.08%	6.88%
<b>Trade Balance and Debt</b>					
Trade Balance (% of GDP)	-872.384	-1245.141	-906.87	-29.94%	-3.80%
Federal Debt (% of GDP)*	120.9%	121.9%	120.8%	-1.0%	0.0%

SOURCES: GDP, Consumption, Investment, and Trade Balance: Bureau of Economic Analysis; Consumer Confidence: University of Michigan; Industrial Production, Interest Rates and USD Exchange Rate: Board of Governors of the Federal Reserve System; Weekly Unemployment Claims: U.S. Employment and Training Administration. Non-Farm Payroll, Unemployment Rates, Inflation Measures: Bureau of Labor Statistics; Stock Prices: S&P Dow Jones Indices, LLC.; USD Exchange Rate: Board of Governors of the Federal Reserve; Trade Balance: BEA; Federal Debt: U.S. Office of Management and Budget. \* indicates data is lagged by one quarter. Regional CPI data from the Bureau of Labor Statistics. Yield Curve from the Federal Reserve Board. Tariff rate from (10.5281/zenodo.15151391).

Figure 20:  
**Real GDP for U.S.**

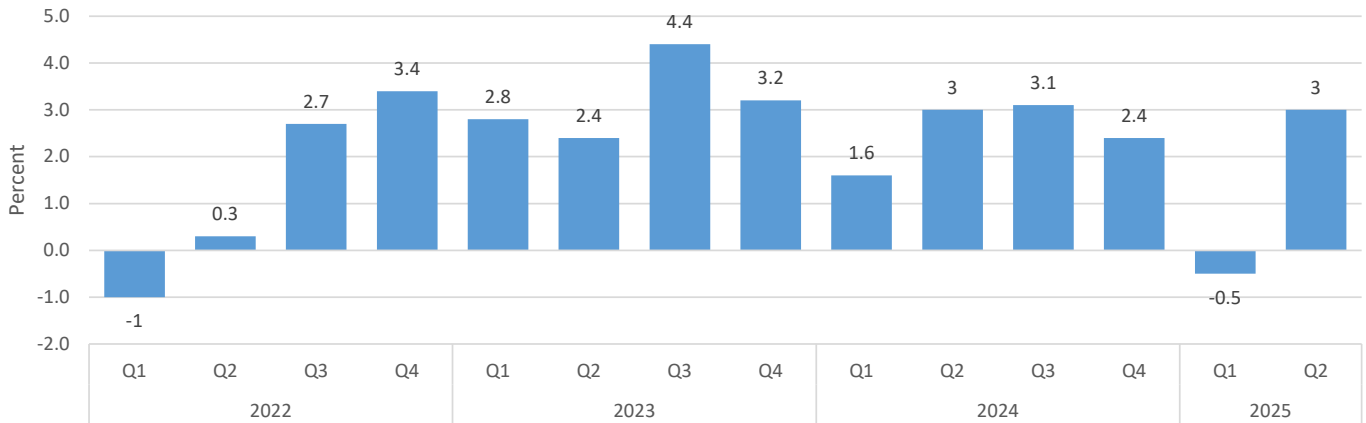
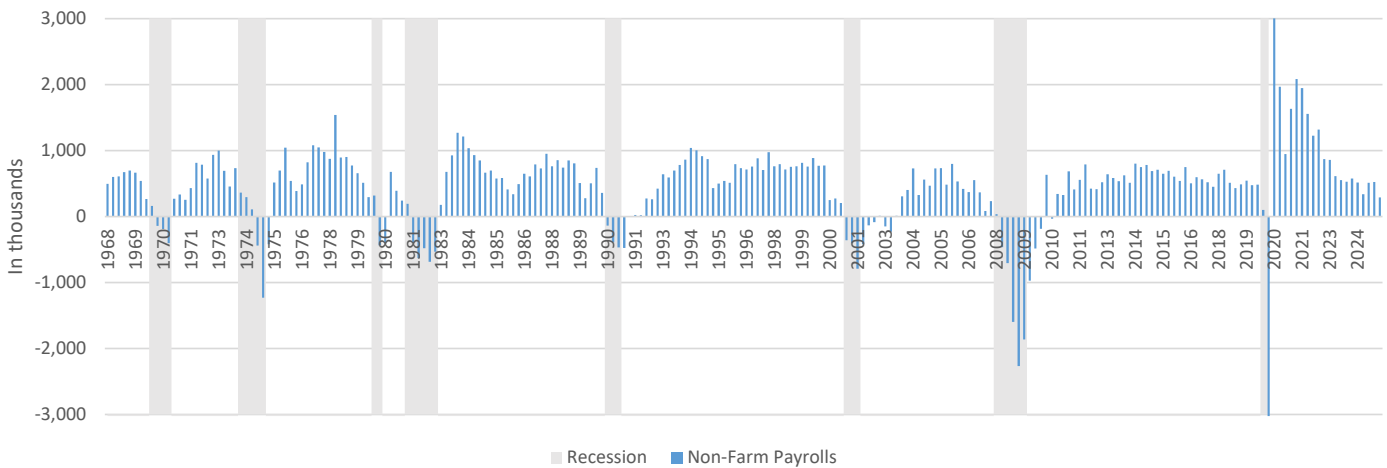


Figure 21:  
**Non-Farm Payrolls (Quarterly)**



## Economic Growth

U.S. GDP growth for Q2 2025 was 3%, rising from last quarter's -0.3% (Figure 20). This was expected, the Q1 negative number was due to large pre-tariff purchases that pushed imports up (a subtraction from GDP) due to businesses buying inventory from overseas before tariffs hit, while Q2 had less business imports for the exact opposite reason. As of August 7th, the Atlanta Federal Reserve's GDPNow forecasts Q3 GDP at 2.5%. Many are watching the tariff situation closely to see how it impacts growth. So far growth seems strong but the full impact of the tariffs has not been felt. The Wall Street Journal's quarterly economist survey (published July 18th) shows a 12 month recession probability of 33%.

## Labor Market

The seasonally adjusted unemployment rate has been at 4.2% for several months, while Colorado's seasonally adjusted unemployment rate has hovered around 4.8%. Ultimately, labor market data still shows a stagnating labor market. Layoffs are not accelerating, but neither is hiring.

A recent jobs report caused controversy as the Bureau of Labor Statistics (BLS) revised a payroll report from May and June significantly downward, erasing 258,000 from the spring job estimates. The July jobs number showed 73,000 jobs, far below estimates. This revision was unexpected and was due to poor establishment survey response rate, a seasonality correction, and some sector-specific misestimates. The newly updated data now fits the narrative of other labor market data, that layoffs are low but job gains are declining leading to a stagnating labor market. Figure 25 illustrates the drop in job estimates.

## Inflation

July inflation landed at 2.7%, a 0.2% increase for the month of June. Figure 28 illustrates the inflation rate along with the 10 year treasury bond yield. Figures 29 show the change in money supply (M2). M2 has fallen from its COVID-19 high but has crept up again. M2 is theoretically associated with rising inflation. Wages continue to fall from their peak as seen in the employment cost index. This is good news for inflation but bad news for workers hoping for wage gains. All eyes on are tariffs and how they will impact inflation over the next several months.

## Tariffs

In April, the Trump administration imposed a 10% across the board tariff on U.S. trading partners while they evaluated trade agreements and trade imbalances. As of August 7th, reciprocal tariffs have been imposed that are intended to reshape global trade imbalances and generate tariff income. According to the Yale Budget Lab, the current average effective tariff rate is now 18.3%, which is the highest since 1934.

In addition to across the board tariffs, several materials have had tariffs imposed including aluminum, copper, lumber, and steel. So far, the April tariffs have not contributed significantly to inflation. Some economists argue it's going to take longer for an impact. Economic theory shows that tariffs would have to increase prices or decrease profitability, unless businesses find cheaper alternatives for their input sourcing. Some of the tariffs will be pushed on to the consumer, while some will be absorbed by the firm. We see some signs of tariff impact in the July CPI report but so far no major price increases from tariffs. We will find out precisely how this plays out over the next several months. For now, the gloomy inflation predictions of many economists have not come to fruition.

## Deficit/Debt

Another important economic topic that has hit the national stage is the U.S. debt and deficit. The debt is the total amount owed, while the deficit is the yearly accrual of debt. The U.S. is currently at a 121% debt/GDP ratio. Some like to view the total value of the debt, which is close to \$36 trillion, however, the best way to view it historically is as a percentage of GDP (Figure 23). The current deficit is -6.2% of GDP (Figure 22), which is very high compared to the post WW2 era.

The debt can be burdensome on the economy through a variety of channels. The first is that future taxpayers have to pay it back. The second is that the long term treasury market prices in more risk as debt levels rise, which pushes long term interest rates up. This is one of the main obstacles to lower rates. There are two solutions, the first is to raise taxes or cut spending. The second is to grow our way out of it. Ultimately as the debt continues to expand, interest rates will begin to slowly drift higher. It also puts a damper on fiscal policy if the U.S. enters into a recession.

Figure 22:  
**Deficit/GDP**

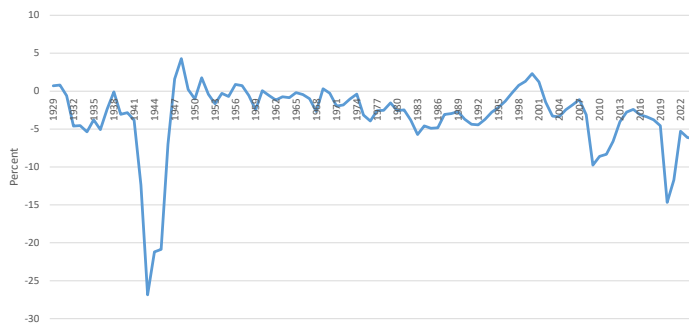


Figure 23:  
**Debt/GDP**

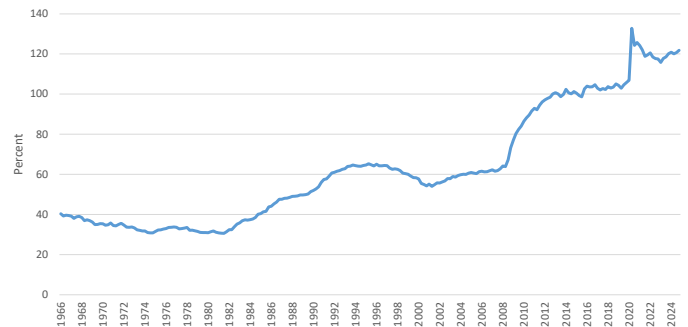


Figure 24:  
**Inflation and the 10 Year Treasury**

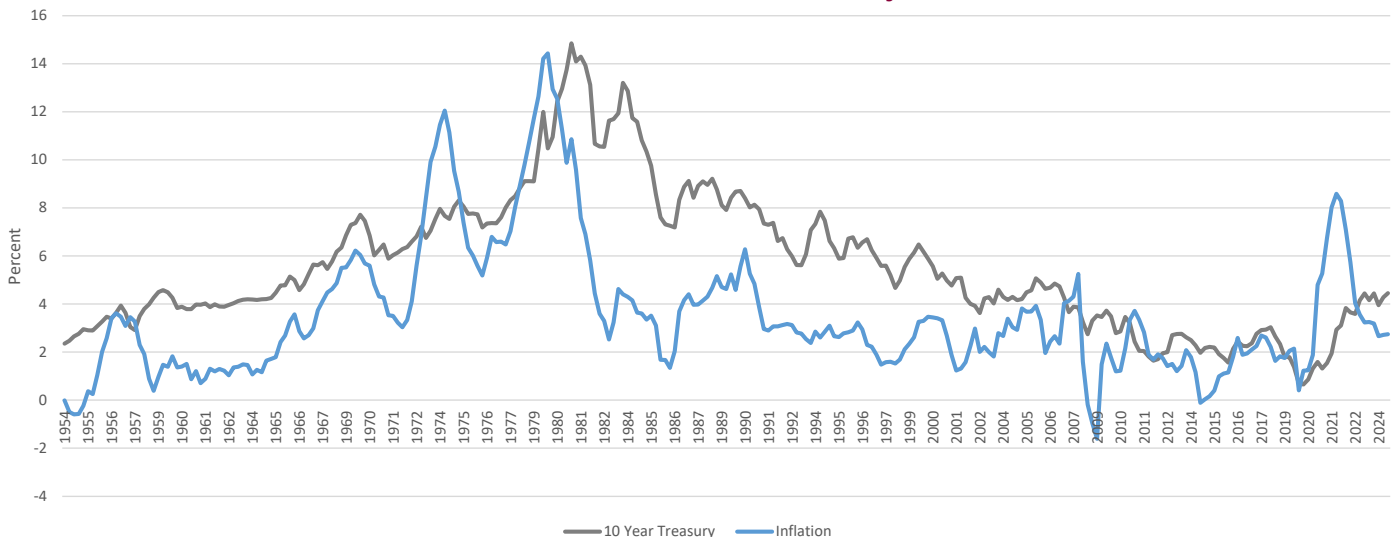


Figure 25:  
**Change in M2**

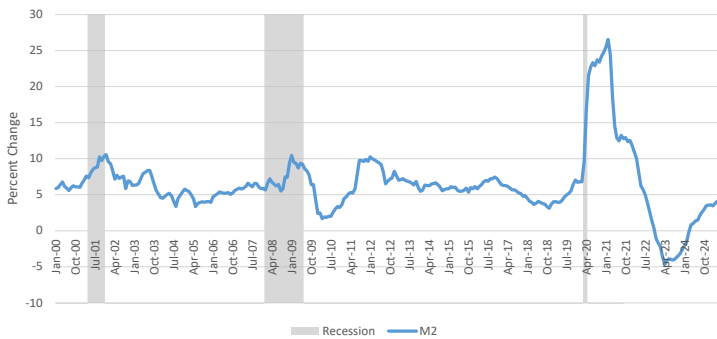


Figure 26:  
**University of Michigan Consumer Confidence Index**

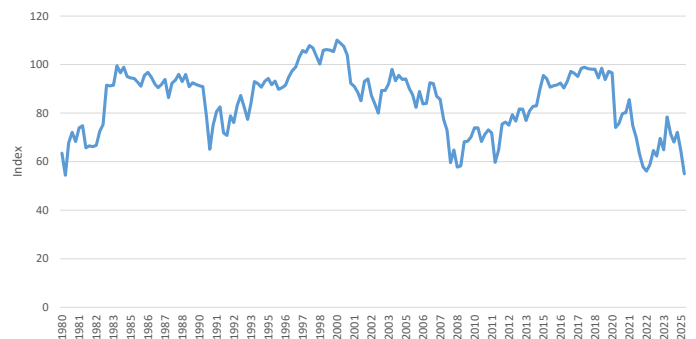


Figure 27:  
**Unemployment Rate**

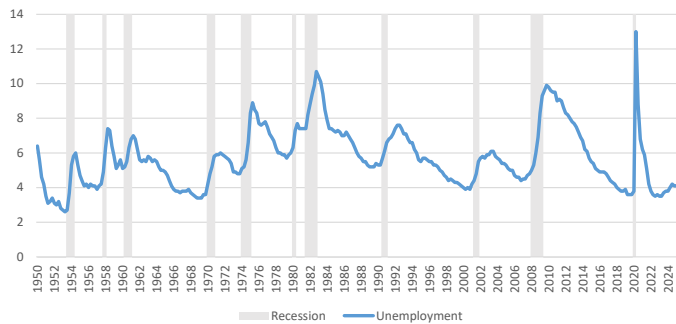
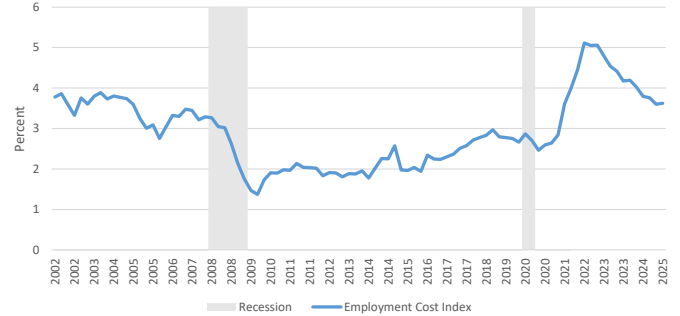


Figure 28  
**Employment Cost Index**



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