

GARFIELD COUNTY ECONOMIC UPDATE

First Quarter 2023

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

Economic Summary

- Garfield County GDP data was released in December, showing a slight loss in output at -3% for 2021. Garfield County median household income fell slightly, falling from \$79,958 to \$78,940.
- The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Garfield County rising from 6.7% to 9.2%.
- Rifle sales/use taxes are up 6.9% compared to last year, while County sales and use tax collections for the year are up 16.6%. Glenwood Springs sales and use tax collection is up 9.3%, while the Glenwood Springs accomodation tax is up 15.9%.
- Headline inflation printed lower at 4.9% for April. Inflation seems to be falling, with some leading indicators like the production price index (PPI) and the employment cost index (figure 23) falling, but other contributors to inflation like rent are still elevated. Energy prices continue to fall which should help reduce inflationary pressure.

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LOCAL ECONOMIC INDICATORS

	Q1 2023	Q4 2022	Q1 2022	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Garfield County -NSA	3.0%	2.6%	3.9%	0.3%	-1.0%
Unemployment Rate Colorado -SA	3.0%	2.7%	3.9%	0.3%	-0.9%
Unemployment Rate U.S. -SA	3.8%	3.4%	4.1%	0.4%	-0.3%
Labor Force	32,394	30,792	31,363	1,601	1,031
Employed	31,431	29,985	30,132	1,446	1,299
Unemployed	963	807	1,231	155	-268
Business Confidence					
Leeds Colorado Business Confidence	39.8	39.8	58.0	0.00%	-31.38%
Sales/Use Taxes					
	2022 (YTD)		2021 (YTD)		
Rifle Sales/Use Taxes	\$14,369,038		\$13,436,457		6.9%
Garfield County Sales/Use Tax	\$17,405,581		\$14,929,721		16.6%
Glenwood Springs Sales/Use Tax	\$20,242,496		\$18,516,154		9.3%
Glenwood Springs Accomodation Tax	\$1,471,555		\$1,269,409		15.9%
Business Filings					
	2022		2021		
Garfield County New Business Entity Filings	1,803		1,586		13.7%

	2021	2020	2019	2018	% change from previous year
Standard of Living and Growth					
Gross Domestic Product (GDP)	\$4,348,504	\$4,481,997	\$4,522,952	\$4,373,693	-3.0%
Personal Income	\$4,172,419	\$3,848,383	\$3,626,547	\$3,468,227	8.4%
Personal Income Per Capita	\$67,123	\$62,296	\$59,183	\$57,020	7.7%
Median Household Income	\$78,940	\$79,958	\$73,788	\$74,421	-1.3%
Percent of Population Below Poverty Line	9.20%	6.70%	9.60%	8.40%	2.5%
	2022	2021	2020	2019	
Population	62,271	62,195	61,792	60,031	0.1%

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

Garfield County averaged 29,975 in employment, up 1,061 from 2021. Thus far in 2023 through March, Garfield has added 1,456 to its employment numbers for a 2023 average of 31,431. Unemployment bottomed in September of 2022, rising during the winter months (which is normal) to 1,057 in February. Historically unemployment numbers are very low, with a Q1 2023 unemployment rate of 3%. This could change in 2023, as National labor market data is starting to show a slowing labor market and rising layoffs, so regional weakness could be triggered as the national economy slows down. In addition, oil and gas prices have fallen in recent months which could accelerate job losses in the energy counties.

Other Indicators

Rifle sales/use taxes are up 6.9% compared to last year, while County sales and use tax collections for the year are up 16.6%. Glenwood Springs sales and use tax collection is up 9.3%, while the Glenwood Springs accommodation tax is up 15.9%.

The Leeds Business Confidence Index held steady at 39.8, the third lower point on the index since 2004 when the index began. Of the different parts of the weighted index, businesses were most pessimistic about the state of the national economy.

Garfield County new business entity filings rose considerably, rising from 1,586 in 2021 to 1,803 in 2022.

Garfield County GDP data was released in December, showing a slight loss in output at -3% for 2021. Note that there is a lag in GDP data at the county level. The loss in GDP was led by large losses in oil and gas output, as 2020 and 2021 were bad for natural gas and oil prices.

Table 1:
**10, 5, and 1 Year Employment Comparison
(Yearly Comparisons)**

	Labor Force	Employed	Unemployed
Annual	1,031	1,299	-268
5-Year	-37	85	-123
10-Year	440	2,201	-1,761
Annual %	3.3%	4.3%	-21.8%
5-Year %	-0.1%	0.3%	-11.3%
10-Year %	1.4%	7.5%	-64.7%

New standard of living measures have been released for 2021, as county level data has a significant lag. Garfield County median household income fell slightly, falling from \$79,958 to \$78,940. Median household income is an estimate with a fairly large confidence interval, so it is important to not overreact to one number that changes. It is more important with this data point to look at the overall trend, and the trend in Garfield County is that this number has increased almost every year since 2012. Several other Western Slope counties saw median household income fall.

The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Garfield County rising from 6.7 to 9.2%.

Figure 1:
3 Year Employment

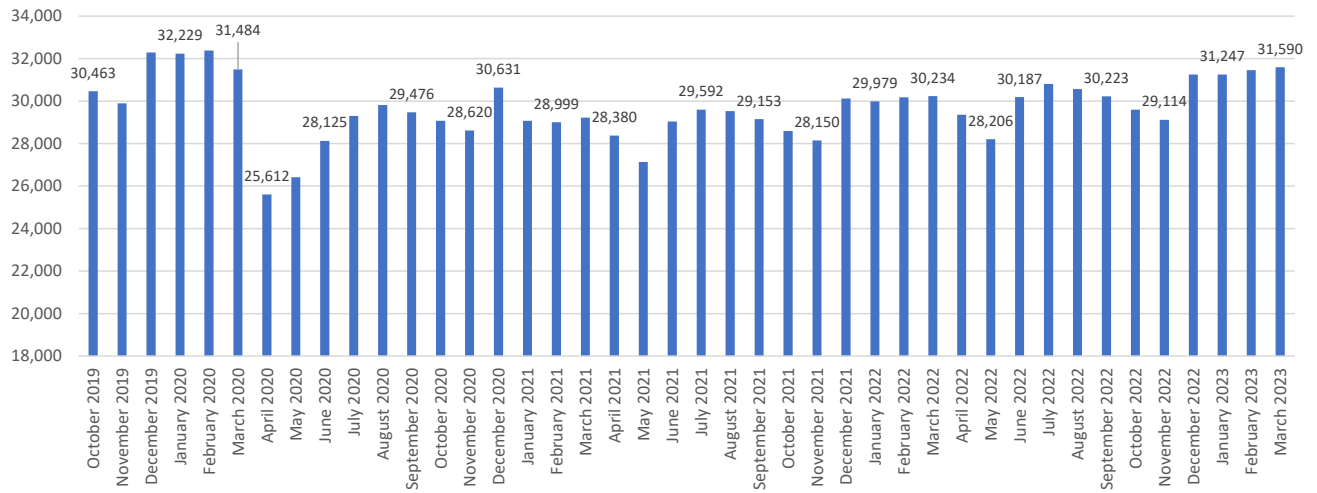


Figure 2:
Yearly Employment Average

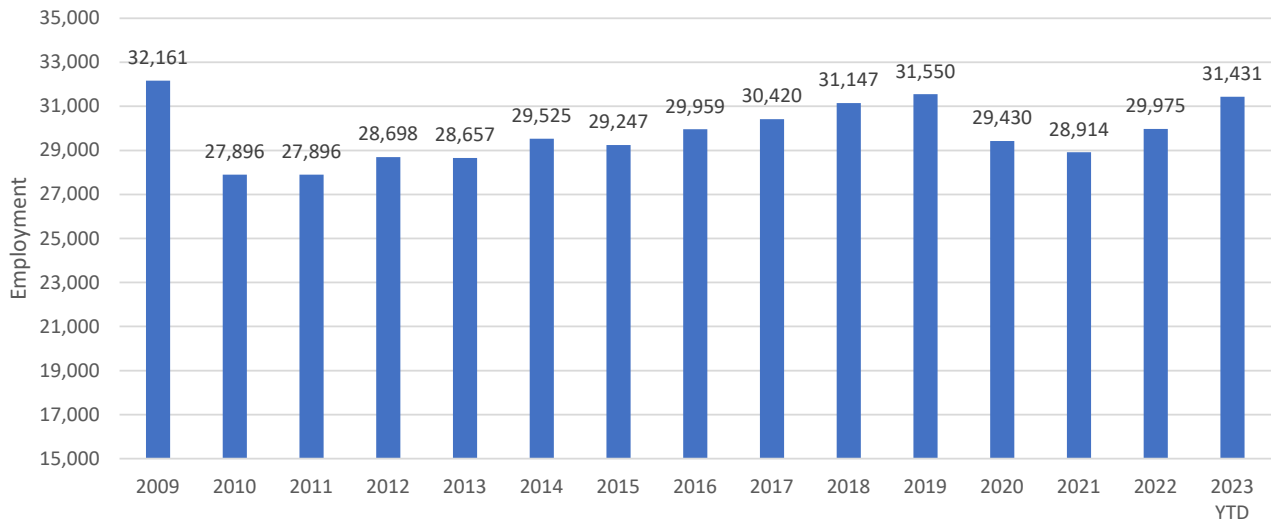


Figure 3:
Change in Yearly Employment Average

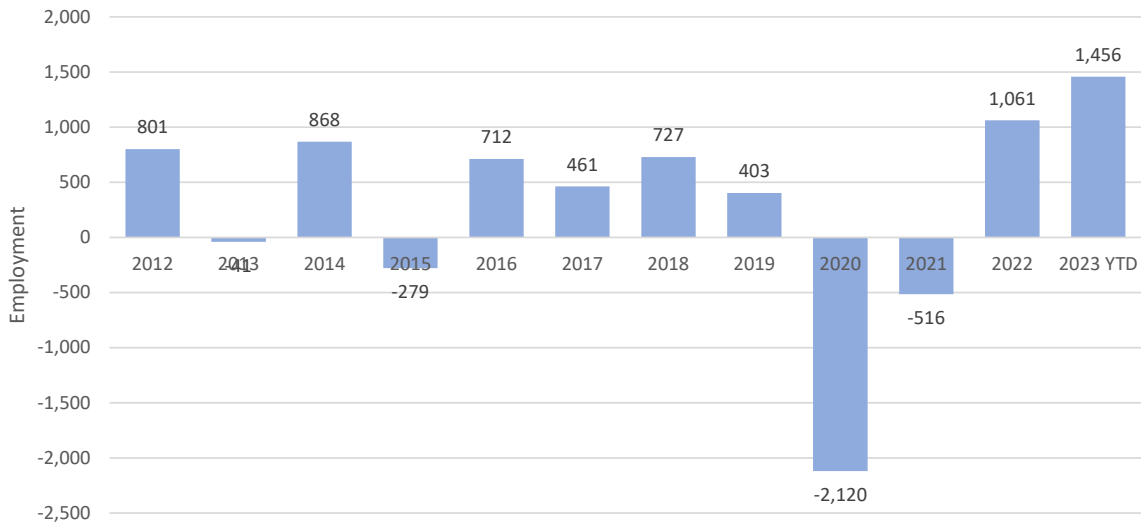


Figure 4:
Leeds Business Confidence Index

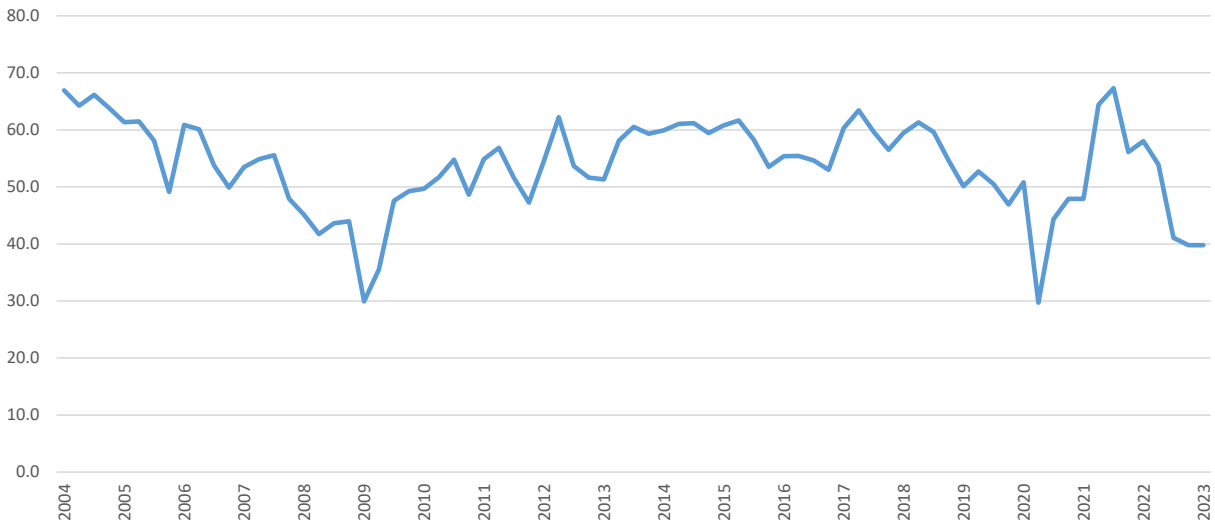


Figure 5:
Garfield Sales Taxes

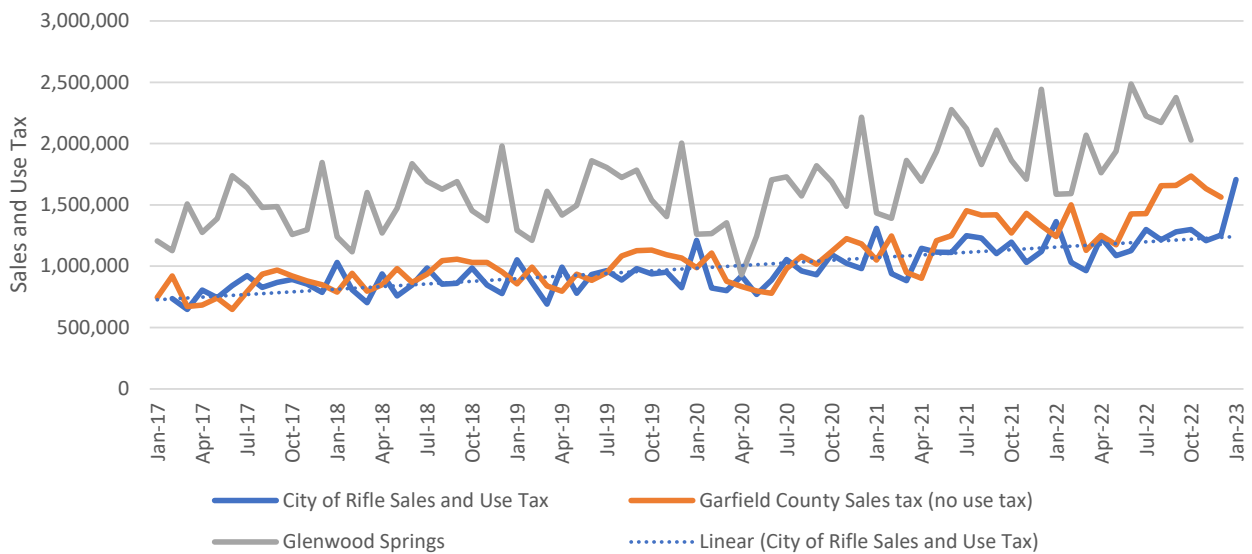


Figure 6:
Total Full and Part Time Jobs (BEA)

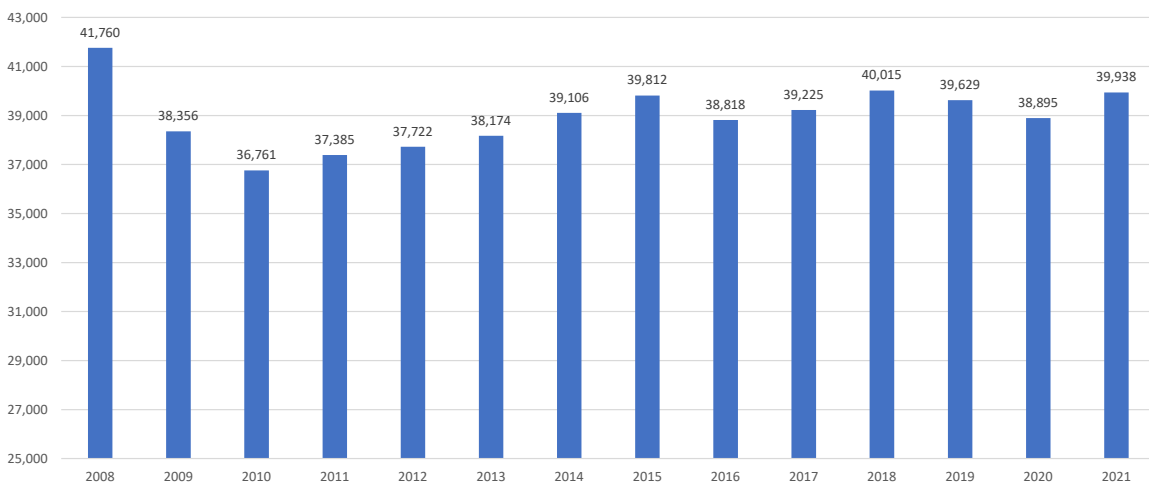


Figure 7:
Garfield County Median Household Income

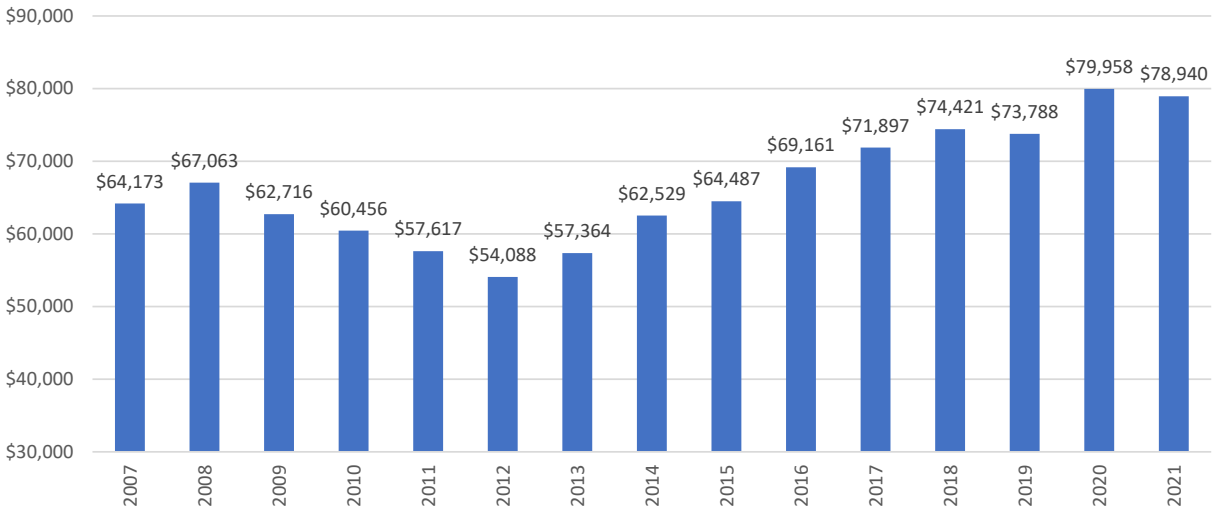


Figure 8:
Garfield County Poverty Rate Estimate

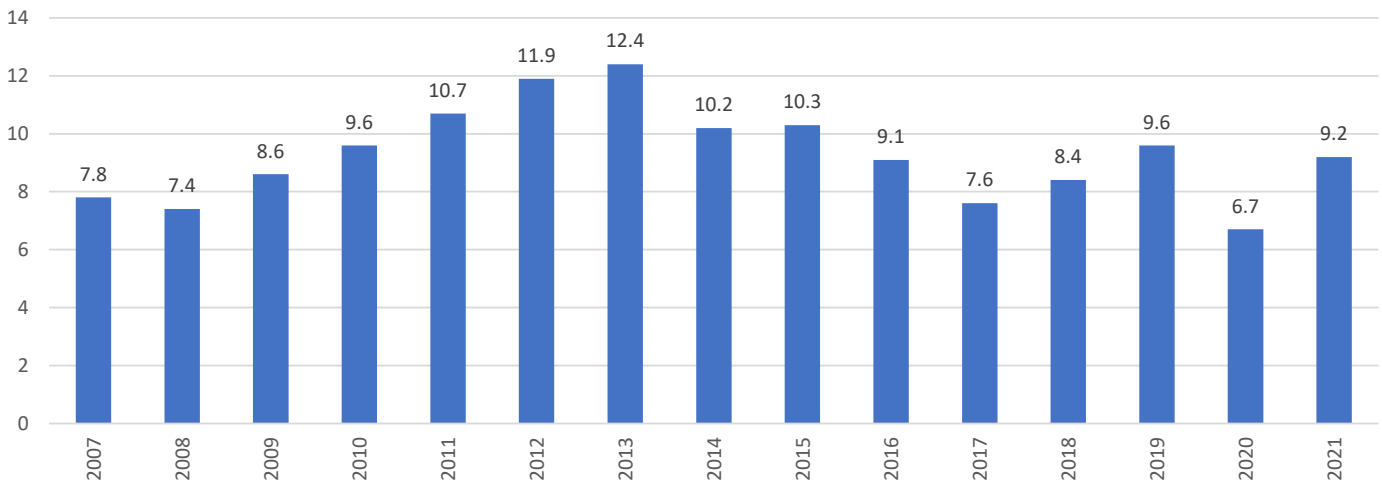
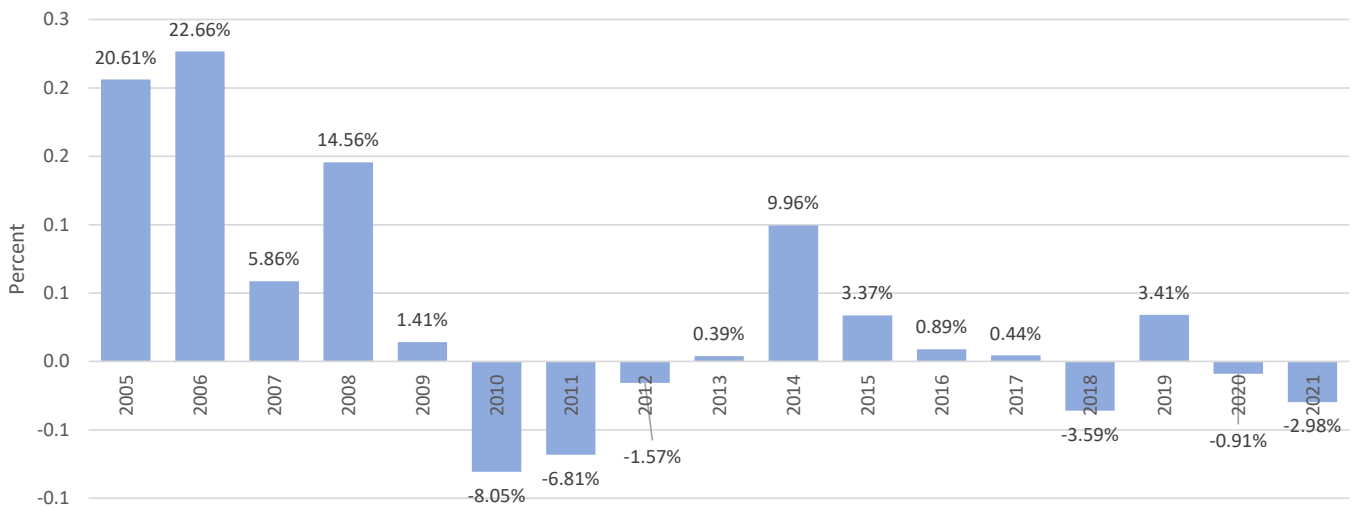


Figure 9:
Garfield County Real GDP % Change (chained 2012 dollars)



Garfield County Employment Trends

Q3 2022 Quarterly Census of Employment and Wage data shows job and wage gains compared to Q3 2021. The biggest wage gains were in construction, educational services, and real estate, rental, and leasing. The biggest job gains were in construction (267), oil and gas (137), and educational services (130). There were job losses in healthcare (75) and wholesales trade (53). Figure 10 illustrates job gains and losses. Farm employment has held steady around 650, while non-farm sole proprietors have increased 2.7%, rising from 12,081 to 12,383.

Table 2:
Quarterly Census of Employment and Wages (QCEW) Q3 2022 Compared to Q3 2021

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Employment Change	Total Wage Change
Total, All Industries	26,736	\$416,188,390	\$1,197	612	\$59,077,936
Health Care and Social Assistance	3,447	\$65,483,324	\$1,461	-75	\$4,742,854
Construction	3,637	\$62,915,722	\$1,331	267	\$10,649,682
Retail Trade	3,056	\$35,432,484	\$892	38	\$2,908,558
Educational Services	2,622	\$35,339,408	\$1,037	130	\$7,123,520
Public Administration	1,856	\$33,594,941	\$1,392	44	\$4,203,436
Professional and Technical Services	1,368	\$29,425,724	\$1,655	23	\$4,449,551
Accommodation and Food Services	3,224	\$26,073,614	\$622	59	\$3,582,263
Mining/oil and gas	847	\$19,929,901	\$1,811	137	\$3,973,110
Real Estate and Rental and Leasing	701	\$18,351,079	\$2,013	-9	\$6,803,715
Administrative and Waste Services	1,291	\$17,997,218	\$1,073	-52	\$1,797,698
Finance and Insurance	548	\$11,632,785	\$1,634	2	\$630,081
Transportation and Warehousing	594	\$10,258,299	\$1,328	-32	\$1,359,419
Wholesale Trade	498	\$9,562,644	\$1,477	-53	\$1,500,947
Other Services, Ex. Public Admin	776	\$9,474,467	\$939	-7	\$867,773
Arts, Entertainment, and Recreation	886	\$7,503,012	\$651	0	\$1,136,664
Utilities	296	\$6,497,364	\$1,690	-11	-\$285,828
Manufacturing	353	\$5,155,080	\$1,123	-3	\$334,943
Information	287	\$4,289,925	\$1,148	63	\$1,506,281
Management of Companies and Enterprises	212	\$4,033,613	\$1,461	41	\$756,479
Agriculture, Forestry, Fishing & Hunting	236	\$3,237,786	\$1,054	57	\$1,129,983

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

Table 3:
Farm and Sole Proprietor Employment

BEA Data	2021	2020	2019	2018	% change from 2020
Farm Employment	658	654	653	655	0.6%
Sole Proprietors (non-farm)	12,383	12,081	11,178	11,710	2.7%

Figure 10:
Total Wage Change from Q3 2021 to Q3 2022

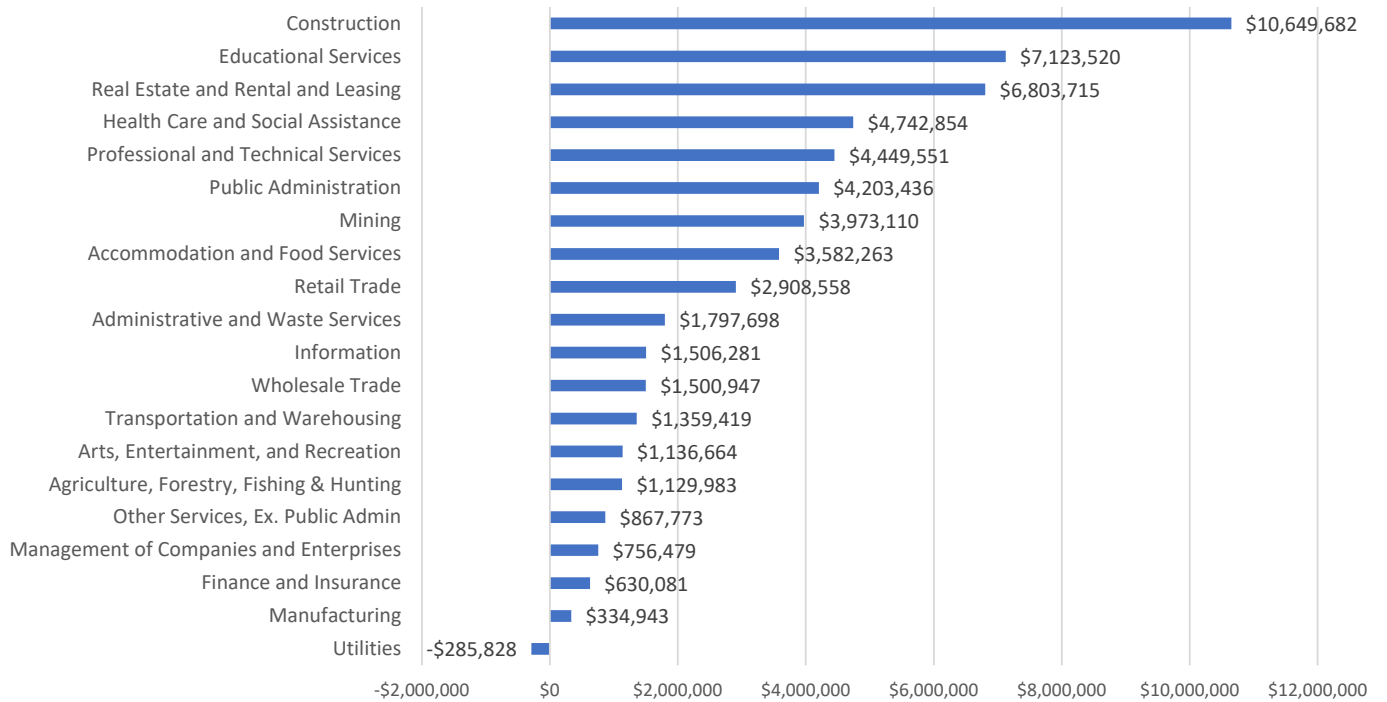
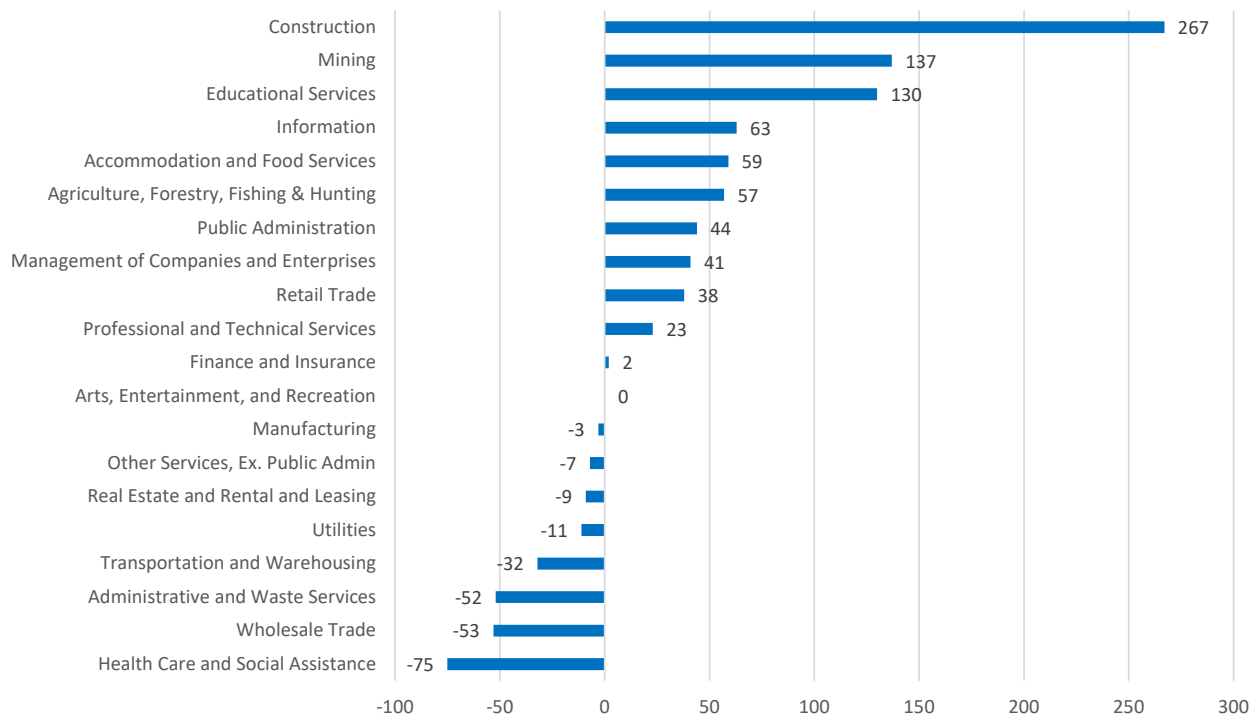


Figure 11:
Total Jobs Change from Q3 2021 to Q3 2022



LOCAL REAL ESTATE

	Q1 2023	Q1 2022	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	189	152	24.6%
New Residential listings (3 month total)	239	296	-19.3%
Sold Residential Listings (3 month total)	189	239	-20.9%
Median Sales Price	\$647,000	\$615,333	5.1%
Average Sales Price	\$816,311	\$770,027	6.0%
Days on Market	41.00	30.67	33.7%
Months Supply of Inventory	2.80	1.93	44.8%
Foreclosures			
Foreclosure Filings (YTD)	N/A	N/A	N/A
Mortgage Rates			
	May 2023	May 2022	
15 Year Mortgage Rate	5.81%	4.44%	1.37%
30 year Mortgage Rate	6.43%	5.23%	1.20%

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 has several mixed signals. On one hand, median sales price continues to increase, rising by 5.1%. On the other hand, inventory has increased by 24%, while months supply of inventory has rising from 1.93 to 2.80. The general rule of thumb is that as months supply of inventory approaches 4 or 5 prices begin to slow or fall. Days on market has also increased, rising from 30 to 41, yet sold listings are down by 21% and new listings are down by 19%. Overall, there is more evidence that interest rates are slowing the Garfield housing market.

Mortgage rates continue to stay elevated in the mid 6% range, however many economists are forecasting rates closer to 6% this summer as the economy begins to slow down. In addition, the Federal Reserve has stated as of early May that they are going to stop raising rates until data warrants another increase. This could be the end of the rising rate environment, which would be good for mortgage rates moving forward. However, keeping rates at their current spot may be good in order to force the housing market to slow it's several year upward momentum.

Figure 12:
Days on Market

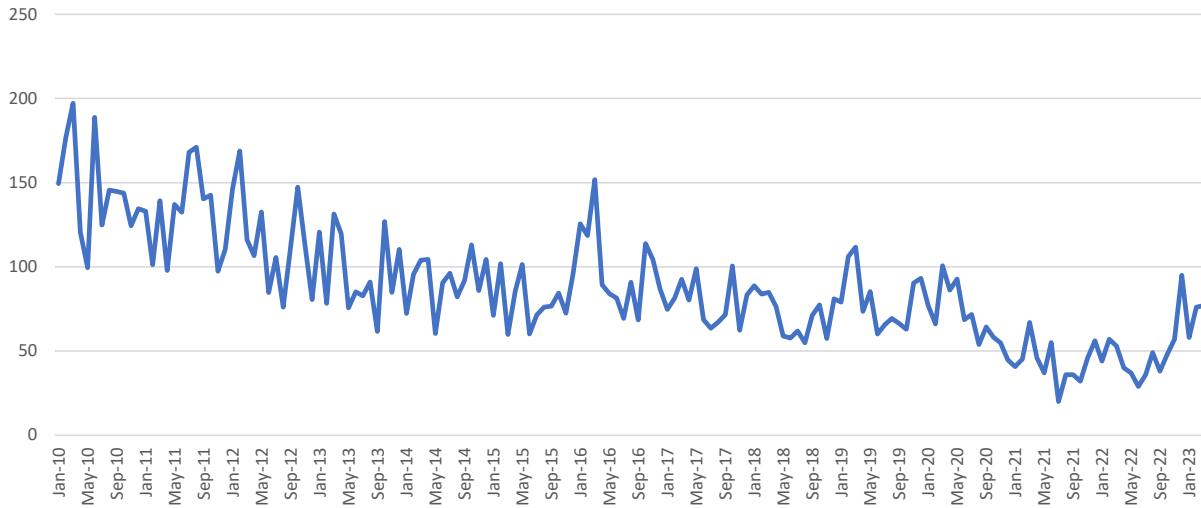
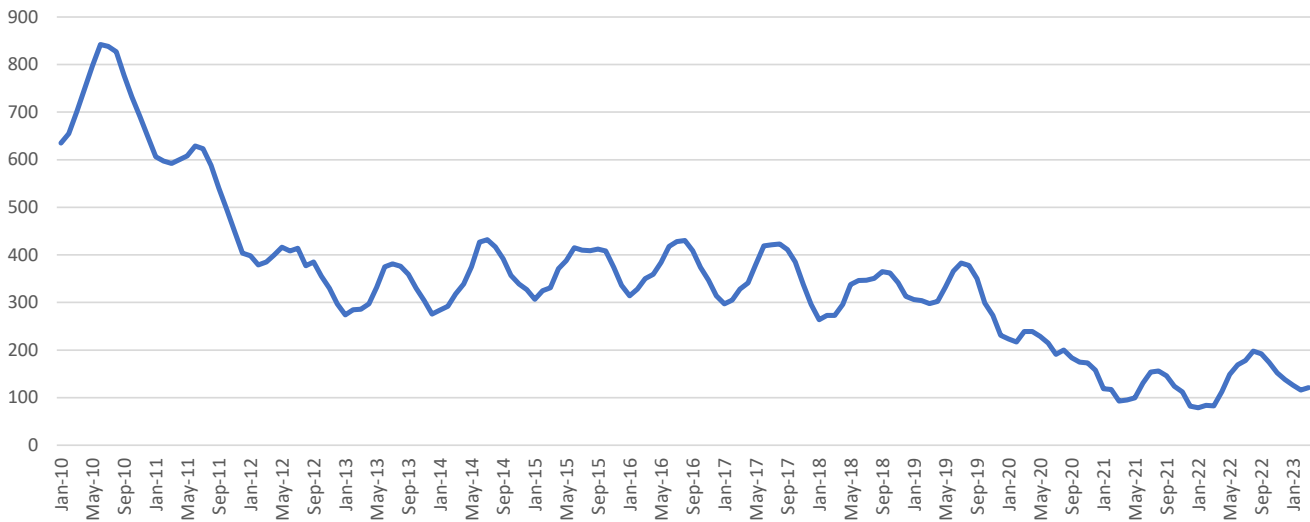


Figure 13:
Months Supply of Inventory



Figure 14:
Inventory of Active Listings



REGIONAL ENERGY

	Q1 2023	Q2 2022	Q1 2022	% change since last quarter	% change since last year (comparable quarters)
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Energy Prices

WTI Crude Oil	\$75.93	\$82.79	\$58.09	-8.29%	30.71%
Henry Hub Natural gas	\$2.65	\$5.55	\$3.56	-52.25%	-25.56%
Retail Gasoline Price	\$3.29	\$3.42	\$2.46	-3.69%	33.78%

Drilling Permits

	2023 (YTD)	2022	2021	2020
Drilling Permits (Mesa County)	0	0	0	1
Drilling Permits (Rio Blanco County)	0	40	40	33
Drilling Permits (Garfield County)	21	133	133	127
Drilling Permits (Moffat County)	0	4	4	1
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	21	177	177	162
Total Permits (Colorado)	199	805	805	1,543

Local Rig Count

	Mar-23	Nov-22	Aug-22
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	3	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

Figure 15:
Oil and Natural Gas Prices

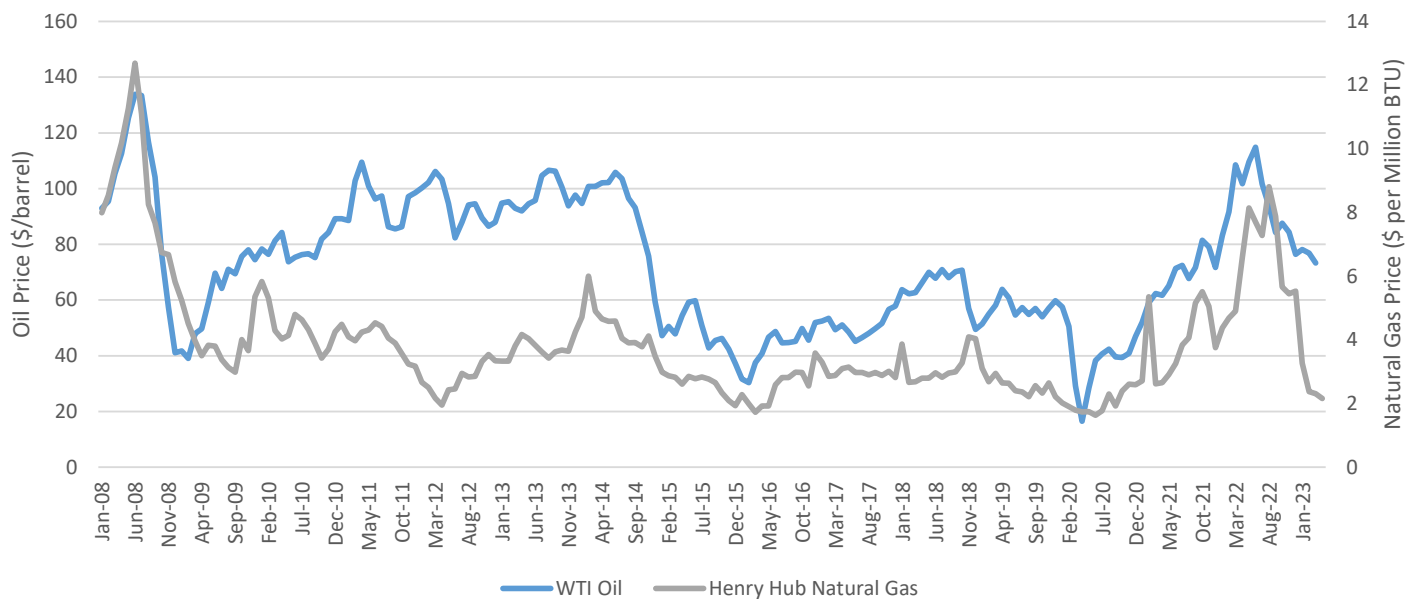


Figure 16:
Oil/Gas Drilling Permits and Oil/Gas Jobs

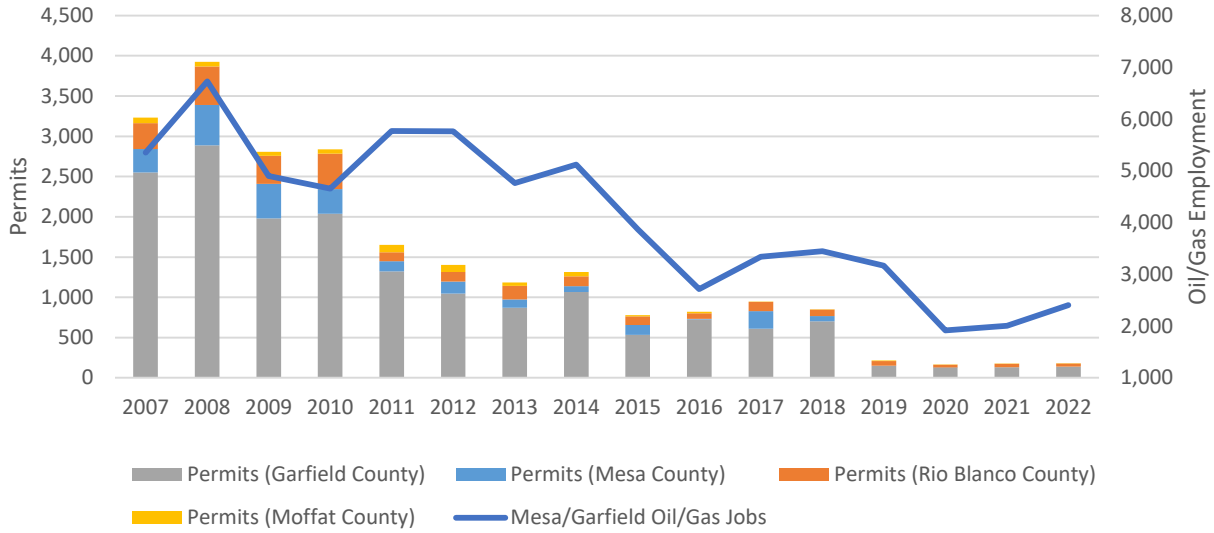
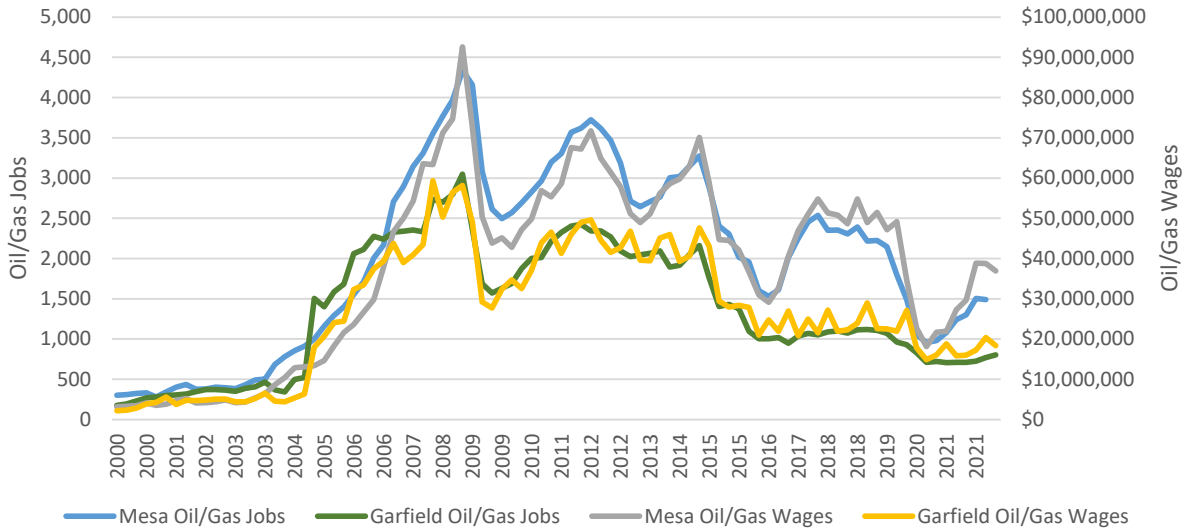


Figure 17:
Oil and Gasoline Prices



Western Slope Energy

WTI oil decreased from last quarter, falling from \$93.06 in Q4 to \$82.79 in Q3. As of mid-March, the price of WTI oil is hovering in the mid 70's. Much of this is due to concerns about slowing global growth. Natural gas prices averaged close to \$5.55 in Q4, falling from \$8.00 in Q3. Natural gas prices have fallen significantly in the last quarter as mild winter in Europe eroded concerns of a natural gas shortage due to the Russian/Ukraine war. 2022 drilling permit applications on the Western Slope finished at 1,005, rising from 805 the previous year. Drill rig counts are rotating between three and four, with March showing three rigs, down from four over the summer.

NATIONAL ECONOMIC INDICATORS

	Q1 2023	Q4 2022	Q1 2022	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	-1.60%	2.60%	6.30%	-4.20%	-7.90%
Personal Consumption Expenditures	1.30%	1.00%	10.80%	0.30%	-9.50%
Gross Private Domestic Investment	5.40%	4.50%	-5.40%	0.90%	10.80%
National Consumer Confidence	64.6	58.8	80.2	9.86%	-19.45%
Industrial Production Index	102.7	102.7	97.4	0.04%	5.40%
Initial Weekly Unemployment Claims (4 week MA)	215,708	205,429	774,077	5.00%	-72.13%
Non Farm Payroll Change (in thousands)	948,333	947,667	1,048,000	0.07%	-9.51%
Unemployment					
Unemployment Rate-U3-SA	3.50%	3.60%	6.20%	-0.10%	-2.70%
Unemployment Rate-U6-SA	6.70%	6.60%	11.00%	0.10%	-4.30%
Interest Rates					
Federal Funds Rate	4.50%	3.62%	0.08%	0.88%	4.42%
10 Year U.S. Treasury	3.65%	3.83%	1.32%	-0.18%	2.33%
30 Year U.S. Treasury	3.75%	3.90%	2.09%	-0.15%	1.66%
Inflation Measures					
Inflation Rate (CPI)	5.77%	7.11%	1.91%	-1.34%	3.86%
Core Inflation Rate (All Items Less Food and Energy)	5.56%	5.99%	1.45%	-0.43%	4.11%
Inflation Rate (Shelter)	8.07%	7.16%	1.58%	0.91%	6.48%
Producer Price Index (PPI)	20.42%	8.42%	7.01%	12.00%	13.41%
Employment Cost Index	4.86%	5.06%	2.64%	-0.20%	2.22%
Stock Prices					
S&P 500	4,000	3,852	3,866	3.84%	3.48%
Dow Jones Industrial Average	33,219	32,490	31,551	2.24%	5.29%
Trade Balance and Debt					
Trade Balance (% of GDP)	-839.471	-857.068	-808.606	-2.05%	3.82%
Federal Debt (% of GDP)*	120.2%	120.2%	121.6%	0.0%	-1.4%

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.

Figure 18:
Real GDP for U.S.

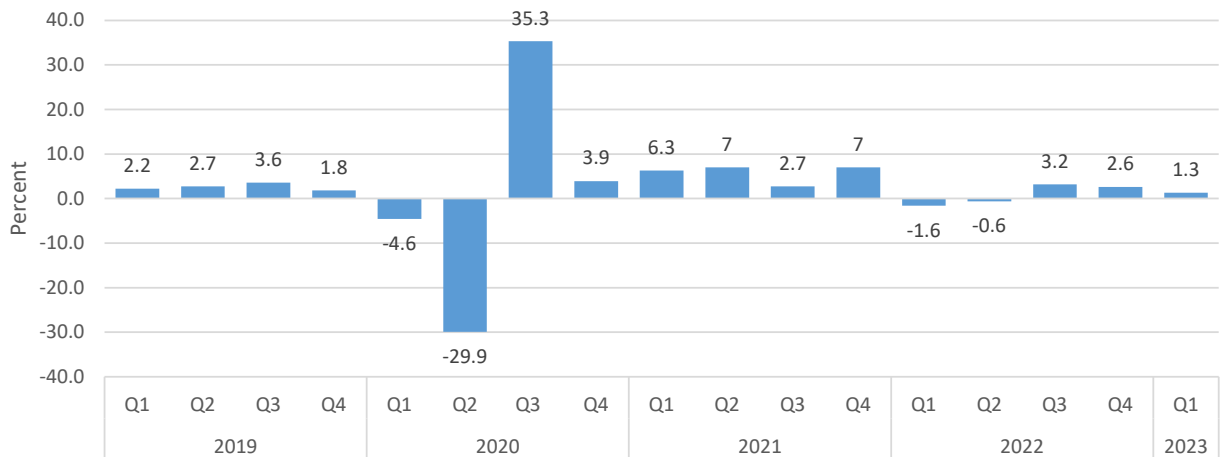
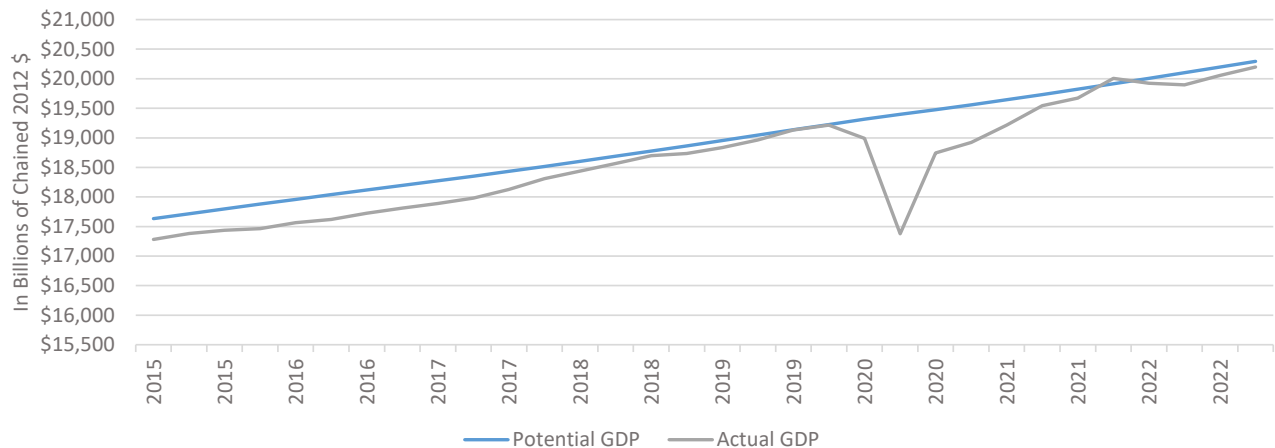


Figure 19:
GDP Gap



Economic Growth

U.S. GDP for Q1 2023 was up 1.3%, down from Q4 of 2022's 2.6%. The Atlanta Federal Reserve's GDP NOW forecast as of late-May shows a Q2 2023 GDP forecast of 1.9%. There have been risks of a global slowdown for several months, but more recently a small and mid-cap banking crisis starting with Silicon Valley Bank has markets on edge and several investment banks forecasting lower growth. As of this writing Silicon Valley Bank issues have not caused a contagion but these are the type of issues that an economist looks for when a potential recession is around the corner. Many economists have taken the opinion that unless something "breaks" we may avoid a recession at all. With the fall of Silicon Valley Bank, the fall of Credit Suisse (which has been happening for some time), if there is contagion, this could be the "break" event, as higher rates put more and more pressure on banks and the financial system.

The unemployment rate as of April is 3.4%, with unemployment looking to form a trough. Unemployment troughs are good recession indicators, predicting recession 9-10 months out on average.

Another recessionary indicator is the inverted yield curve.

Inverted yield curves have been strong recession indicators as well, with the current 10 year treasury to 2 year treasury being extremely inverted, in fact the most inverted since 1981 (figure 24).

Inflation Watch

Headline inflation printed lower at 4.9% for April. Inflation seems to be falling, with some leading indicators like the production price index (PPI) and the employment cost index (figure 23) falling, but other contributors to inflation like rent are still elevated. Energy prices continue to fall which should help reduce inflationary pressure.

The Federal Reserve continues to signal more rate increases in the face of falling inflation. The Fed is concerned that the labor market is still too tight and that wage inflation may continue, they are also still concerned about housing and rental prices. The Federal Reserve is currently digesting data and watching for signs of slowing inflation. As of late May, the Fed is expected to pause raising rates to see if their existing policy will be effective enough to slow inflation.

Figure 20:
CPI (Inflation) Release from the Bureau of Labor Statistics (reproduced from BLS.gov)

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Apr. 2023
	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	Mar. 2023	Apr. 2023	
All items.....	0.5	0.2	0.1	0.5	0.4	0.1	0.4	4.9
Food.....	0.7	0.6	0.4	0.5	0.4	0.0	0.0	7.7
Food at home.....	0.5	0.6	0.5	0.4	0.3	-0.3	-0.2	7.1
Food away from home ¹	0.9	0.5	0.4	0.6	0.6	0.6	0.4	8.6
Energy.....	1.7	-1.4	-3.1	2.0	-0.6	-3.5	0.6	-5.1
Energy commodities.....	3.7	-2.1	-7.2	1.9	0.5	-4.6	2.7	-12.6
Gasoline (all types).....	3.4	-2.3	-7.0	2.4	1.0	-4.6	3.0	-12.2
Fuel oil ¹	19.8	1.7	-16.6	-1.2	-7.9	-4.0	-4.5	-20.2
Energy services.....	-0.7	-0.6	1.9	2.1	-1.7	-2.3	-1.7	5.9
Electricity.....	0.5	0.5	1.3	0.5	0.5	-0.7	-0.7	8.4
Utility (piped) gas service.....	-3.7	-3.4	3.5	6.7	-8.0	-7.1	-4.9	-2.1
All items less food and energy.....	0.3	0.3	0.4	0.4	0.5	0.4	0.4	5.5
Commodities less food and energy commodities.....	-0.1	-0.2	-0.1	0.1	0.0	0.2	0.6	2.0
New vehicles.....	0.6	0.5	0.6	0.2	0.2	0.4	-0.2	5.4
Used cars and trucks.....	-1.7	-2.0	-2.0	-1.9	-2.8	-0.9	4.4	-6.6
Apparel.....	-0.2	0.1	0.2	0.8	0.8	0.3	0.3	3.6
Medical care commodities ¹	0.0	0.2	0.1	1.1	0.1	0.6	0.5	4.0
Services less energy services.....	0.5	0.5	0.6	0.5	0.6	0.4	0.4	6.8
Shelter.....	0.7	0.6	0.8	0.7	0.8	0.6	0.4	8.1
Transportation services.....	0.6	0.3	0.6	0.9	1.1	1.4	-0.2	11.0
Medical care services.....	-0.4	-0.5	0.3	-0.7	-0.7	-0.5	-0.1	0.4

¹ Not seasonally adjusted.

Figure 21:
Inflation Rate and 10 Year Treasury

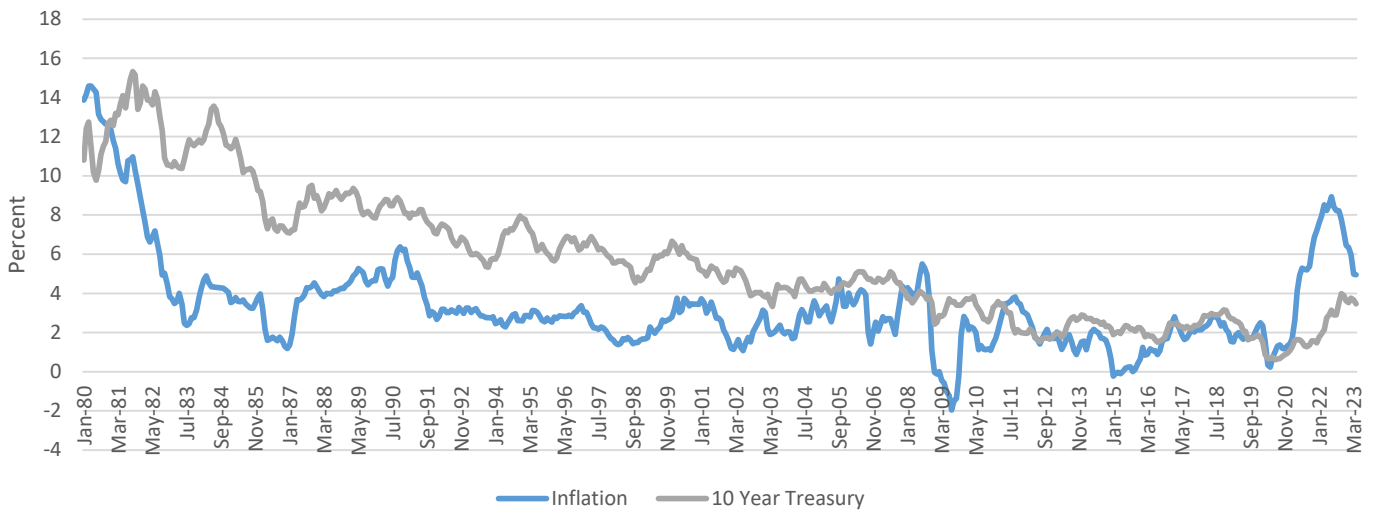


Figure 22:
Unemployment Rate

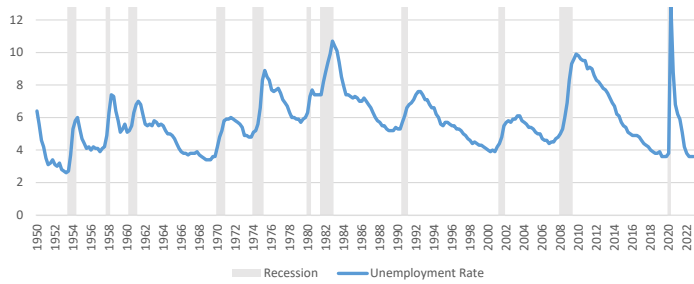


Figure 23:
Employment Cost Index

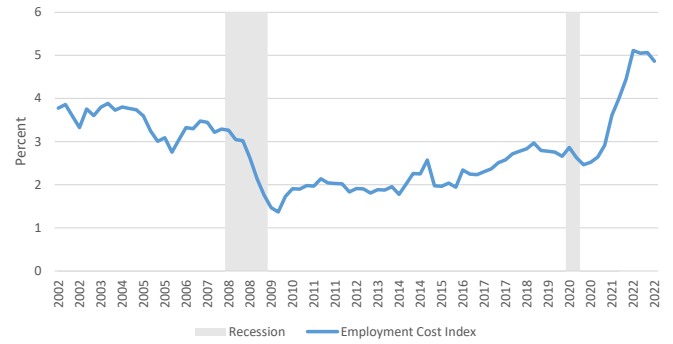


Figure 24:
Yield Curve: 10 Year Treasury minus 2 year Treasury



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The Garfield County Economic Update is compiled and written by Dr. Nathan Perry, Associate Professor of Economics at Colorado Mesa University, and funded by the Associated Governments of Northwest Colorado.

📞 970.248.1888
✉️ naperry@coloradomesa.edu



1100 North Avenue
Grand Junction, Colorado 81501-3122
970.248.1778 • 970.248.1138 (f)

coloradomesa.edu