

MESA COUNTY ECONOMIC UPDATE

August 2025



Economic Summary

- Mesa County unemployment continues to rise, estimated at 3,757, which is 237 more people unemployed than the same time last year. This can be seen in the quarterly unemployment rate, with Mesa County's seasonally adjusted unemployment rate coming in at 4.9% compared to Colorado (4.8%) and the U.S. (4.2%).
- Recent QCEW data shows a strong trend in healthcare job gains. Healthcare has added the most job of any industry in Mesa County over the last few years.
- 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 the 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 Mesa County -SA | 4.90% | 4.80% | 4.20% | 0.10% | 0.70% |
| Unemployment Rate Mesa County -NSA | 4.70% | 5.30% | 4.10% | -0.60% | 0.60% |
| Unemployment Rate Colorado -SA | 4.80% | 4.70% | 4.10% | 0.10% | 0.70% |
| Unemployment Rate U.S. -SA | 4.20% | 4.10% | 4.00% | 0.10% | 0.20% |
| Labor Force | 80,474 | 80,320 | 78,915 | 154 | 1,559 |
| Employed | 76,716 | 76,028 | 75,394 | 688 | 1,322 |
| Unemployed | 3,757 | 4,292 | 3,521 | -534 | 237 |
| Business Confidence | | | | | |
| Leeds Colorado Business Confidence | 37.9 | 31.9 | 50.6 | 18.81% | -25.10% |
| Sales/Use Taxes | | | | | |
| | 2025 (YTD) | | 2024 (YTD) | | |
| Mesa County Sales/Use Tax (through May) | \$22,114,959 | | \$22,003,838 | | 0.51% |
| Business Filings | | | | | |
| | 2025 | | 2024 | | |
| Mesa County New Business Entity Filings (through July) | 1,940 | | 2,410 | | |

| Grand Junction Regional Airport | Q1 2025 | | Q1 2024 | | % change from previous year |
|--|-------------|-------------|-------------|-------------|-----------------------------|
| Scheduled Enplanements (through March) | 66,144 | | 59,371 | | 11.41% |
| Standard of Living and Growth | 2024 | 2023 | 2022 | 2021 | % change from previous year |
| Population | 161,260 | 159,690 | 158,585 | 157,458 | 0.98% |
| | 2023 | 2022 | 2021 | 2020 | |
| Mesa County Gross Regional Product (in millions) | \$7,367 | \$7,178 | \$6,931 | \$6,608 | 2.64% |
| Personal Income | \$9,206,041 | \$8,754,084 | \$8,327,079 | \$7,549,790 | 5.16% |
| Personal Income Per Capita | \$57,653 | \$55,220 | \$52,891 | \$48,393 | 4.41% |
| Median Household Income | \$66,339 | \$69,578 | \$63,531 | \$64,141 | -4.66% |
| Percent of Population Below Poverty Line | 11.9% | 10.7% | 10.6% | 11.1% | 1.20% |
| Place of Residence | 2023 | 2022 | 2021 | 2020 | |
| Adjustment for Place of Residence (in thousands) | \$281,878 | \$252,666 | \$224,400 | \$228,987 | 11.6% |

SOURCES: 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 Grand Junction, Mesa County; Business Permits: Colorado Secretary of State's Office; Scheduled Enplanements: Grand Junction Regional Airport; Median Household Income, Poverty Rate, and Personal Income: U.S. Bureau of the Census; Gross Regional Product: Bureau of Economic Analysis. Population: Colorado State Demography. Place of Residence: Bureau of Economic Analysis. Jobs: Colorado State Demography Office.

Local Labor Market

Quarter 2 2025 labor market data shows growth compared to Q2 of 2024, with employment increasing by 1,322, and the labor force also growing by 1,559. Because the labor force has grown more than employment, unemployment continues to rise, estimated at 3,757, which is 237 more people unemployed than the same time last year. This can be seen in the unemployment rate (figure 4), with Mesa County's seasonally adjusted unemployment rate coming in at 4.9% compared to Colorado (4.8%) and the U.S. (4.2%). Colorado's economic outlook has recently lagged the nation, contributing to a softer labor market. 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 state shows that jobs in Mesa County increased from 83,413 in 2022 to 84,232 in 2023. Top employers are healthcare (12,520), government (11,596), and retail trade (10,045).

Other Indicators

Mesa County sales taxes are up slightly through May (0.51%), while Grand Junction sales taxes have fallen by 0.5%. New business entity filings are at 1,940 through July, on pace to surpass the 2,410 number in 2024. Grand Junction Regional Airport enplanements rose by 4.05%, with Q1 2025 enplanements at 66,144.

Table 1:
10, 5, and 1 Year Employment Comparison

| | Labor Force | Employed | Unemployed |
|------------------|-------------|----------|------------|
| Annual | 1,559 | 1,322 | 237 |
| 5-Year | 5,741 | 10,160 | -4,420 |
| 10-Year | 8,952 | 9,151 | -199 |
| Annual % | 1.98% | 1.75% | 6.72% |
| 5-Year % | 7.68% | 15.27% | -54.05% |
| 10-Year % | 12.52% | 13.54% | -5.04% |

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.

Mesa County has a history of a positive place of residence adjustment. This implies that there are more people who commute to other counties and bring back income than other counties deriving income from Mesa County. Numbers show an increase of 11.6% from 2022 to 2023.

Figure 1:
Employment Estimates

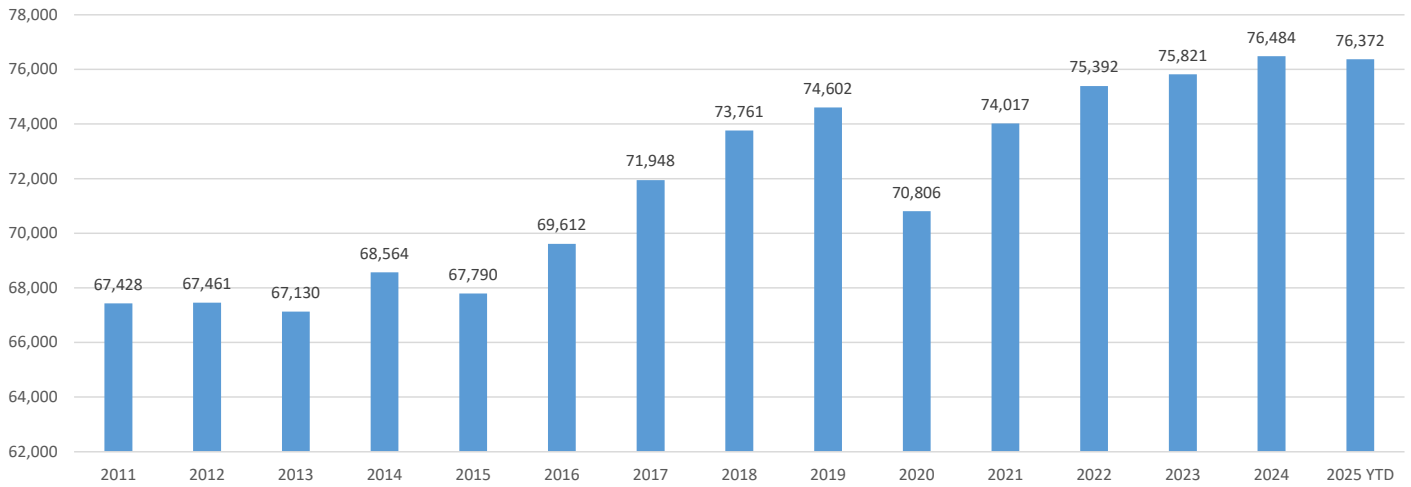


Figure 2:
Total Full and Part Time Jobs

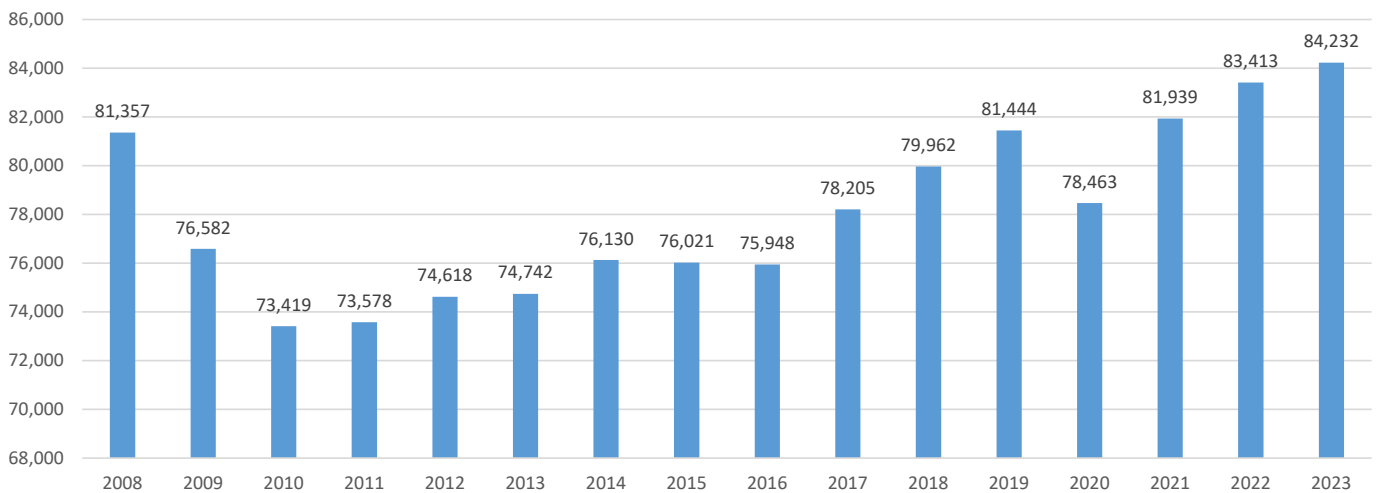


Figure 3:
Jobs by Industry

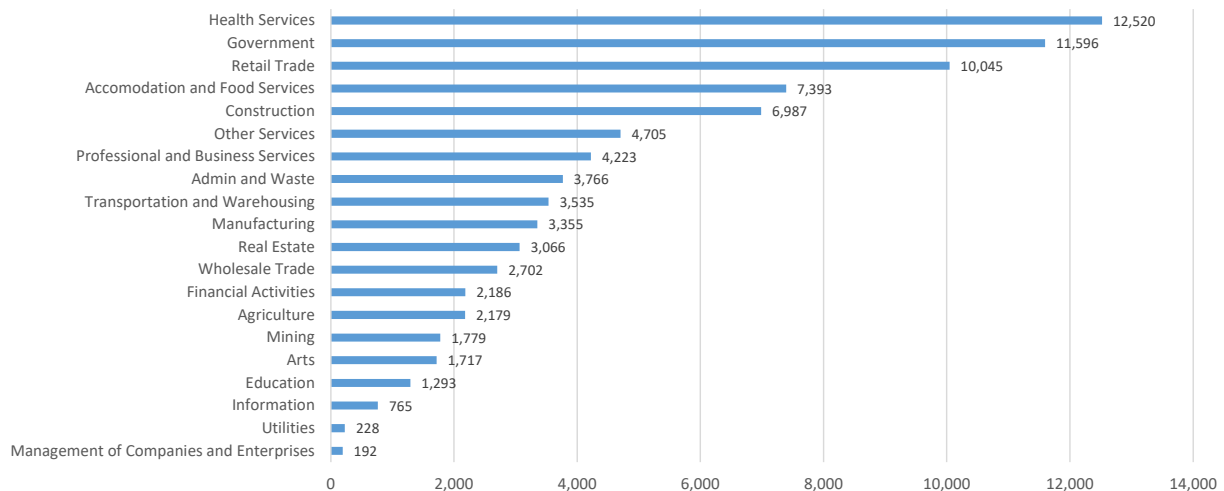


Figure 4:
Mesa Unemployment

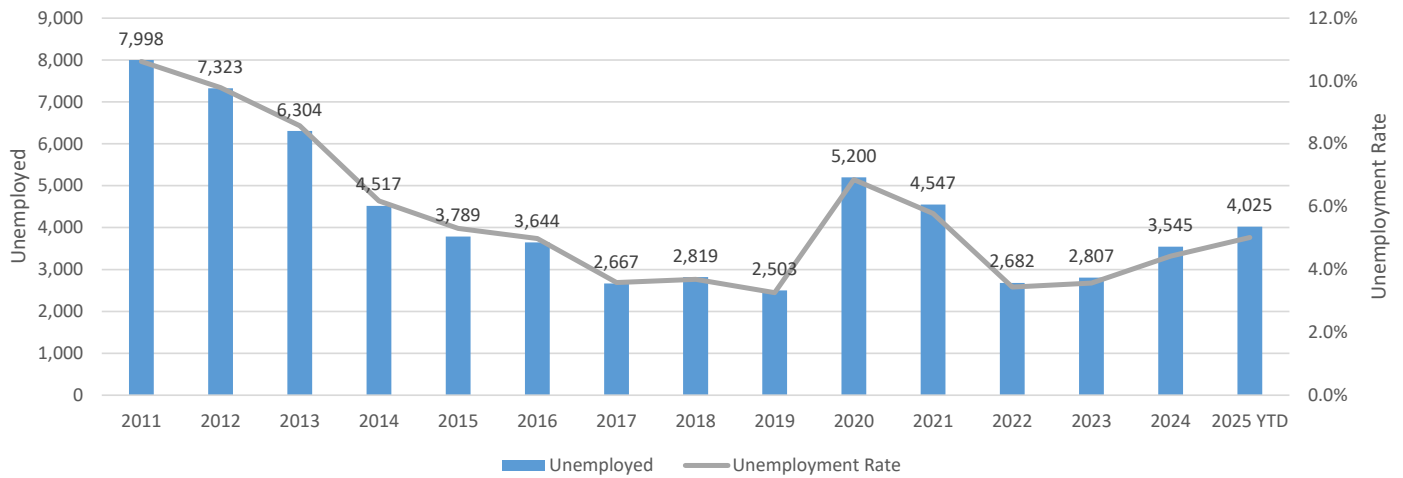


Figure 5:
New Business Entity Filings Mesa

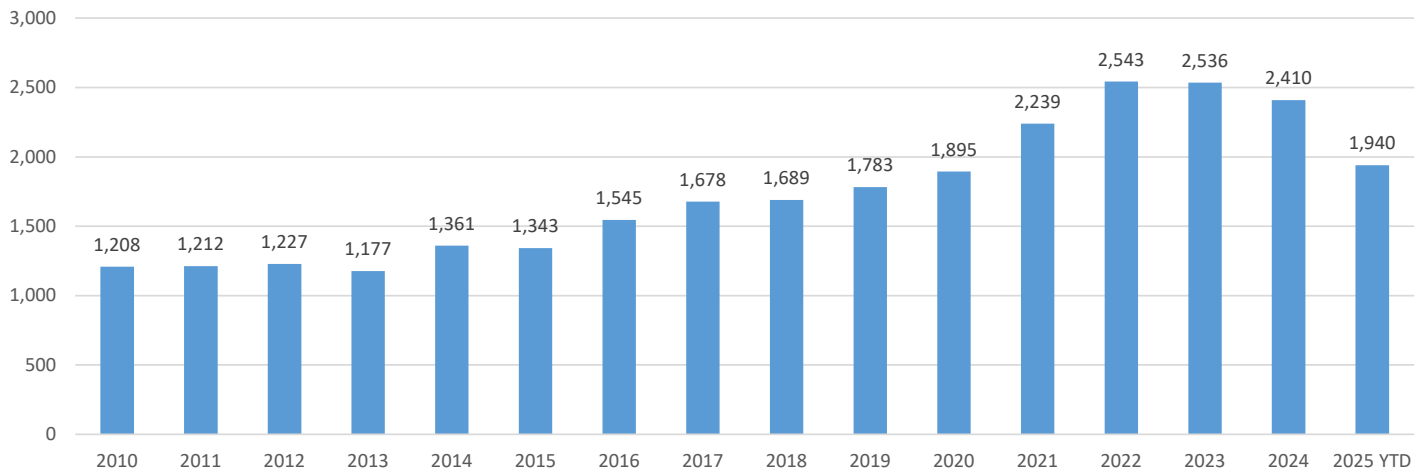
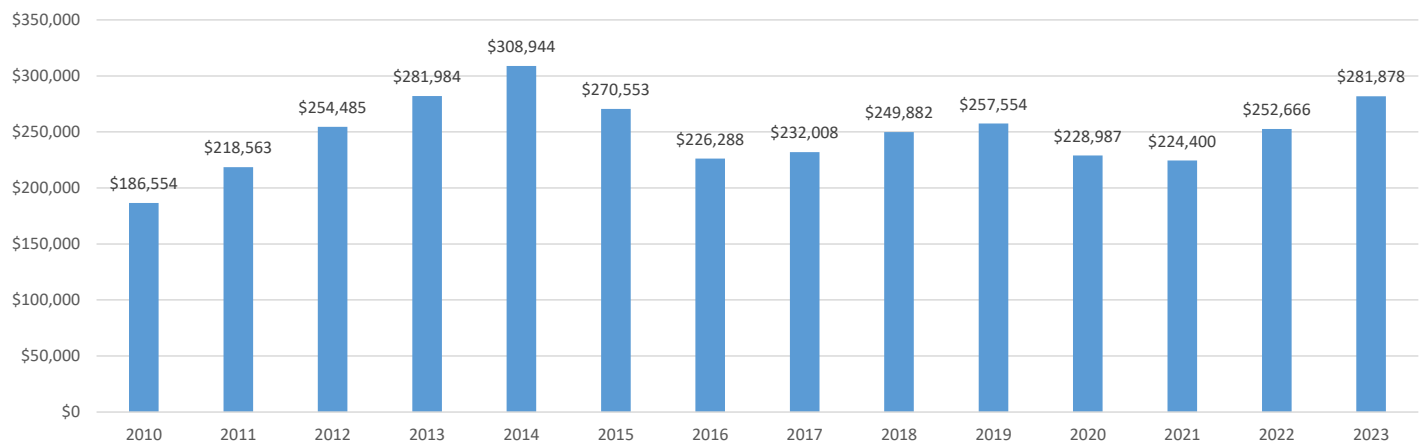


Figure 6:
Place of Residence



Standard of Living Measures

Standard of living measures are generally released each year in December for the previous year's data. The current estimates are for 2023, as county level data lags national data. Mesa County GDP for 2023 grew by 2.64% compared to 2022. This can be seen in Figure 8. In addition to this, the BEA has revised previous year estimates for GDP, and has updated the 2022 number to 3.56%, which is more reflective of the economic data than the previous estimate.

Mesa County median household income fell from \$69,578 in 2022 to \$66,339 in 2023 (Figure 9). Median household income is an estimate with a fairly large confidence interval, so it is important not to overreact to one number that changes.

The Census Department's SAIPE program (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Mesa County rising from 10.7% in 2022 to 11.9% in 2023.

Personal income per capita increased from \$54,220 in 2022 (Figure 10) to \$57,653 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

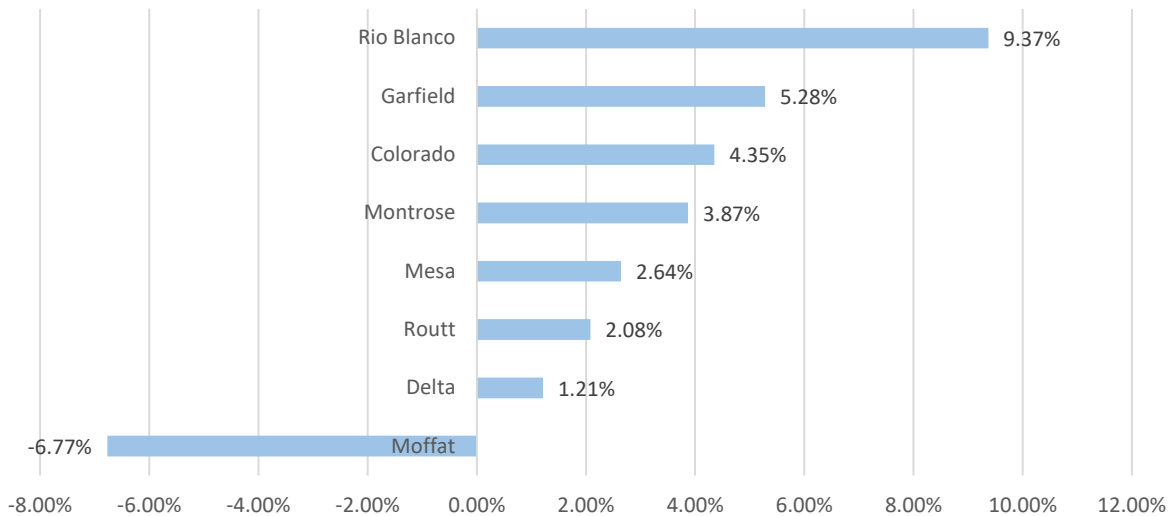


Figure 8:
Mesa County Real GDP % Change (chained 2017 dollars)

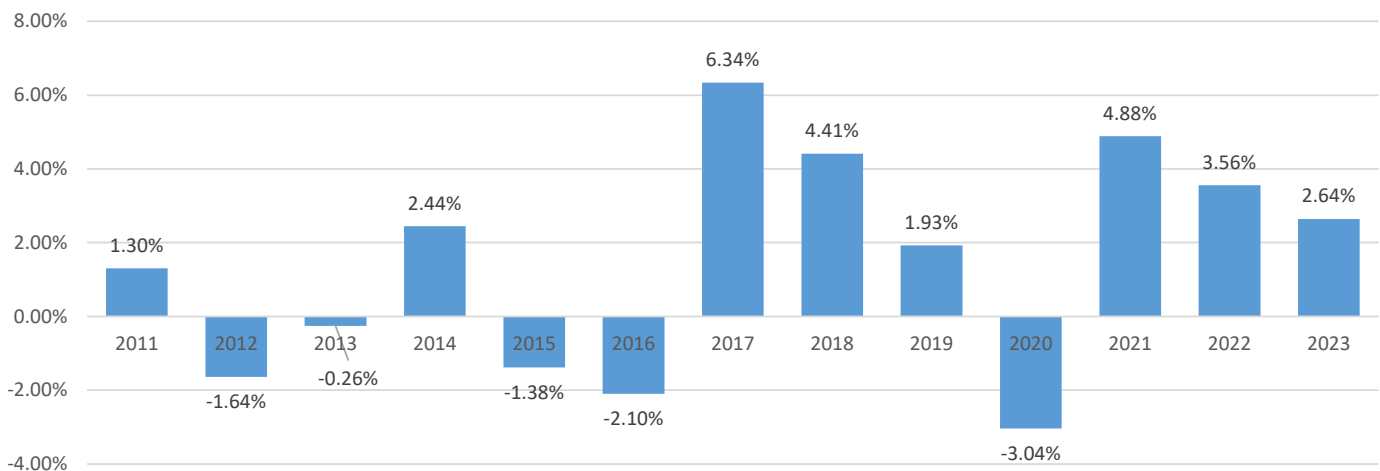


Figure 9:
Mesa County Median Household Income

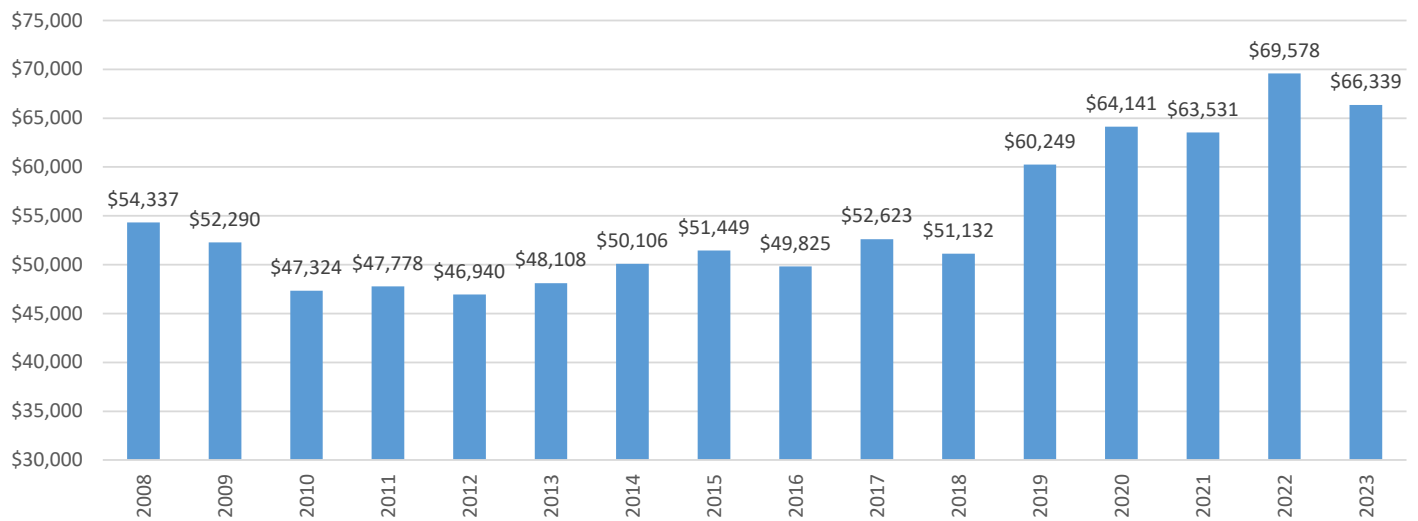


Figure 10:
Per Capita Income

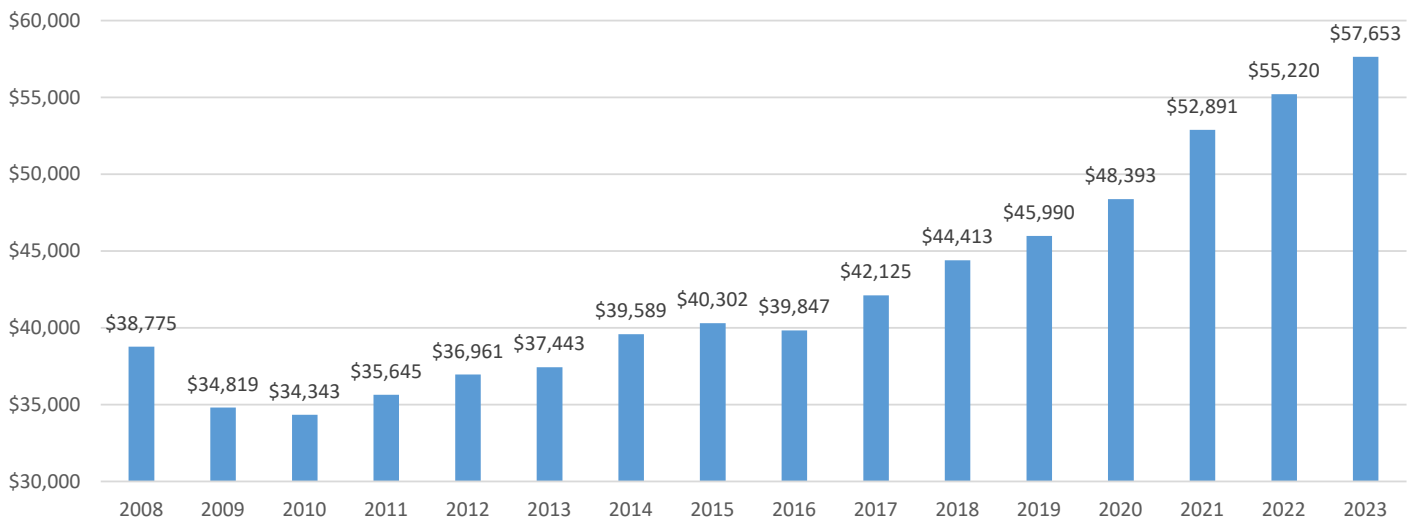
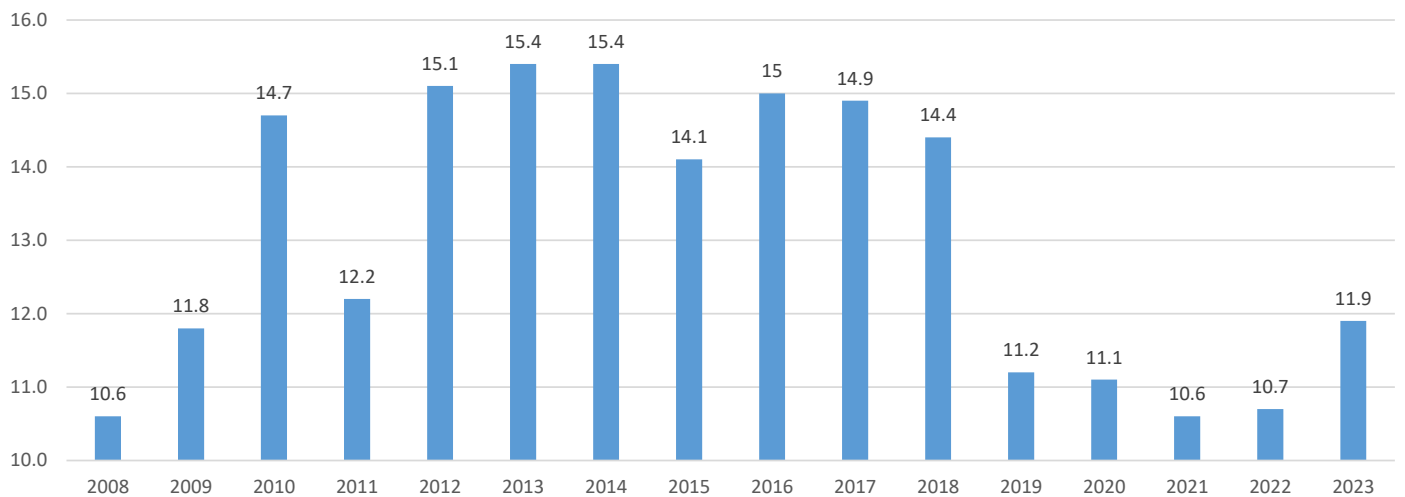


Figure 11:
Percent Below Poverty Line Mesa County



Population Trends

The Colorado State Demography Office produces population estimates and population forecasts. Table 2 illustrates these forecasts for counties in the Western Slope. Mesa County is expected to grow from the previous 2020 estimate of 155,993 to 174,827 in 2030, 198,890 in 2040, and 214,206 in 2050.

Population is a function of birth rate, death rate, and migration. Mesa County is expected to be fairly neutral with births and deaths, which means natural population growth is not what is expected to push Mesa County's population higher. It is in fact migration that is expected to fuel Mesa County's growth. Table 2 shows total population forecasts by county, while table 3 shows the components of this forecast for Mesa County.

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

| | Mesa | Montrose | Delta | Garfield | Rio Blanco | Moffat | Routt |
|-------------|---------|----------|--------|----------|------------|--------|--------|
| 2020 | 155,993 | 42,810 | 31,052 | 61,791 | 6,521 | 13,265 | 24,834 |
| 2025 | 162,833 | 45,413 | 32,027 | 64,496 | 6,511 | 13,037 | 25,786 |
| 2030 | 174,827 | 48,327 | 33,286 | 69,950 | 6,440 | 12,851 | 27,336 |
| 2035 | 187,931 | 50,973 | 34,303 | 76,392 | 6,291 | 12,706 | 28,840 |
| 2040 | 198,890 | 52,958 | 35,029 | 82,780 | 6,147 | 12,577 | 30,133 |
| 2045 | 207,560 | 54,152 | 35,512 | 88,422 | 5,978 | 12,435 | 31,082 |
| 2050 | 214,206 | 54,586 | 35,769 | 92,516 | 5,773 | 12,261 | 31,700 |

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

| | Population | Change | Births | Deaths | Net Migration |
|-------------|------------|--------|--------|--------|---------------|
| 2018 | 154,047 | 1,899 | 1,657 | 1,527 | 1,769 |
| 2019 | 155,109 | 1,062 | 1,604 | 1,543 | 1,001 |
| 2020 | 155,993 | 884 | 1,568 | 1,685 | 1,001 |
| 2021 | 157,432 | 1,439 | 1,527 | 1,898 | 1,810 |
| 2022 | 158,534 | 1,102 | 1,448 | 2,015 | 1,669 |
| 2023 | 159,503 | 969 | 1,426 | 1,776 | 1,319 |
| 2030 | 174,827 | 2,836 | 1,760 | 2,040 | 3,116 |

Industrial Diversification

Figure 12 illustrates the Hachman Index for Mesa County. The Hachman Index is an industrial diversification index that compares the industrial composition of Mesa County to the industrial composition of Colorado. A higher Hachman Index indicates that Mesa County is closer to the composition of Colorado, whereas a lower Hachman Index implies less diversification compared to Colorado. Figure 12 shows that the Hachman Index indicates Mesa County has been increasing in industrial diversification since the oil and gas bubble burst.

Another way to measure industrial diversification is through the Herfindah-Hirshman (HHI) Index. This measure only takes into account the market concentration of Mesa County, and does not use a comparison with the state like the Hachman Index. A higher HHI indicates more industrial concentration. The HHI shows that Mesa County has seen an increase in concentration since 2008 (Figure 13). The reason for this is health care. The Hachman Index differs from the HHI because Colorado as a state has seen an increase in job concentration in healthcare, so the growth in healthcare in Mesa County is offset by the growth in Colorado. Notice the small changes on the Y axis on the HHI Index, indicating that the HHI has not moved much.

Figure 14 shows the percentage of healthcare jobs in Mesa County, while Figure 15 illustrates oil and gas jobs versus non-oil and gas jobs. Non-oil and gas jobs have been on a steady growth trend, while oil and gas have fallen. Ultimately the Hachman Index is a better measure of industrial diversification because it uses Colorado as a comparison baseline.

Figure 12:
Hachman Index Mesa County

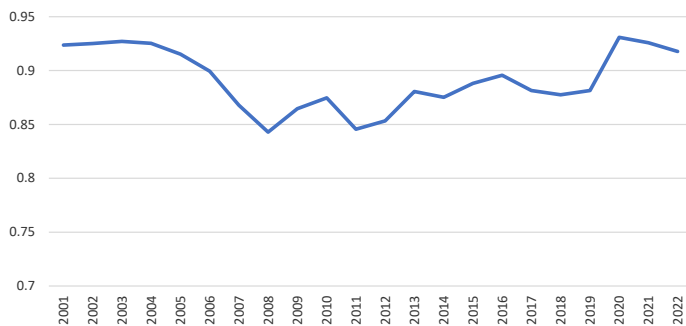


Figure 13:
HHI Index Mesa County

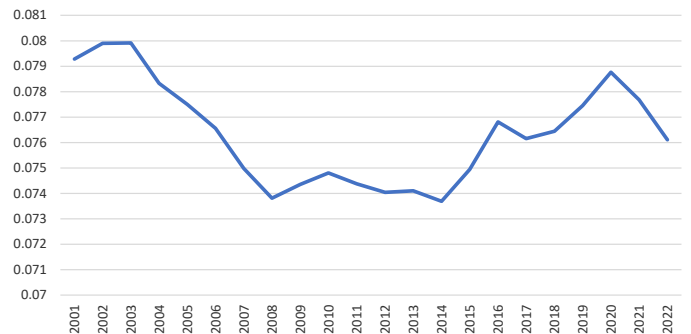
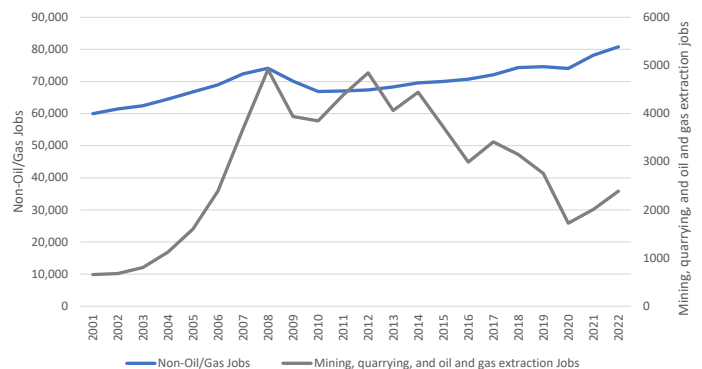
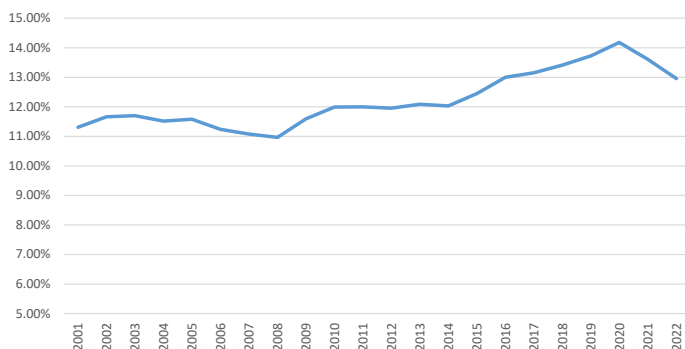


Figure 14:
Healthcare Percentage of Jobs

Figure 15:
Non-Oil and Gas Jobs



Mesa County Industry Trends

Q4 2024 Quarterly Census of Employment and Wage data shows job and wage gains compared to Q4 2023. The biggest jobs increase was in healthcare (794), which has seen a steady trend of employment growth after falling during COVID-19. Public administration (305) and transportation and warehousing (201) also saw large gains. Figure 16 show job changes in the QCEW data from the previous year. The biggest job losses were in manufacturing (-180) and finance and insurance (-128).

The largest wage contributor to Mesa County is by far healthcare, at \$240,904,338 for the quarter. Figure 17 illustrates the trend of healthcare jobs and wages since early 2020. Since Q3 of 2022, healthcare jobs have been increasing at a high rate and have been the largest contributor to Mesa County job gains with a gain of 1,325 since Q4 of 2019.

Table 4:

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 | 67,258 | \$999,530,955 | \$1,143 | 662 | \$36,774,005 |
| Healthcare and Social Assistance | 13,721 | \$240,904,338 | \$1,351 | 794 | \$18,088,378 |
| Construction | 5,320 | \$95,856,941 | \$1,386 | -119 | \$1,673,273 |
| Retail Trade | 8,903 | \$91,320,161 | \$789 | -127 | -\$9,349,162 |
| Public Administration | 4,116 | \$74,272,573 | \$1,388 | 305 | \$7,386,672 |
| Educational Services | 5,520 | \$65,413,369 | \$912 | 199 | \$4,573,049 |
| Professional and Technical Services | 2,577 | \$53,700,398 | \$1,603 | 48 | \$886,110 |
| Wholesale Trade | 2,384 | \$50,235,197 | \$1,621 | -111 | \$4,603,370 |
| Transportation and Warehousing | 3,001 | \$48,838,804 | \$1,252 | 142 | \$4,775,779 |
| Accommodation and Food Services | 7,173 | \$48,585,193 | \$521 | -52 | \$1,516,100 |
| Manufacturing | 3,012 | \$45,029,388 | \$1,150 | -180 | \$1,271,086 |
| Mining | 1,502 | \$40,931,222 | \$2,096 | -120 | -\$5,004,490 |
| Administrative and Waste Services | 2,767 | \$39,660,367 | \$1,103 | 85 | \$5,322,447 |
| Finance and Insurance | 1,575 | \$31,504,096 | \$1,539 | -128 | -\$1,084,324 |
| Other Services, Ex. Public Admin | 1,975 | \$21,883,338 | \$852 | -72 | -\$46,389 |
| Real Estate and Rental and Leasing | 1,056 | \$15,200,679 | \$1,107 | 10 | \$1,389,736 |
| Information | 661 | \$12,142,320 | \$1,414 | -23 | -\$93,626 |
| Utilities | 380 | \$9,564,518 | \$1,938 | -7 | -\$1,027 |
| Arts, Entertainment, and Recreation | 1,090 | \$6,695,885 | \$472 | 29 | \$800,176 |
| Management of Companies and Enterprises | 210 | \$4,878,766 | \$1,784 | 21 | \$948,117 |
| Agriculture, Forestry, Fishing & Hunting | 305 | \$2,693,050 | \$680 | -30 | -\$678,200 |

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

Figure 16:
Total Jobs Change from Q4 2023 to Q4 2024

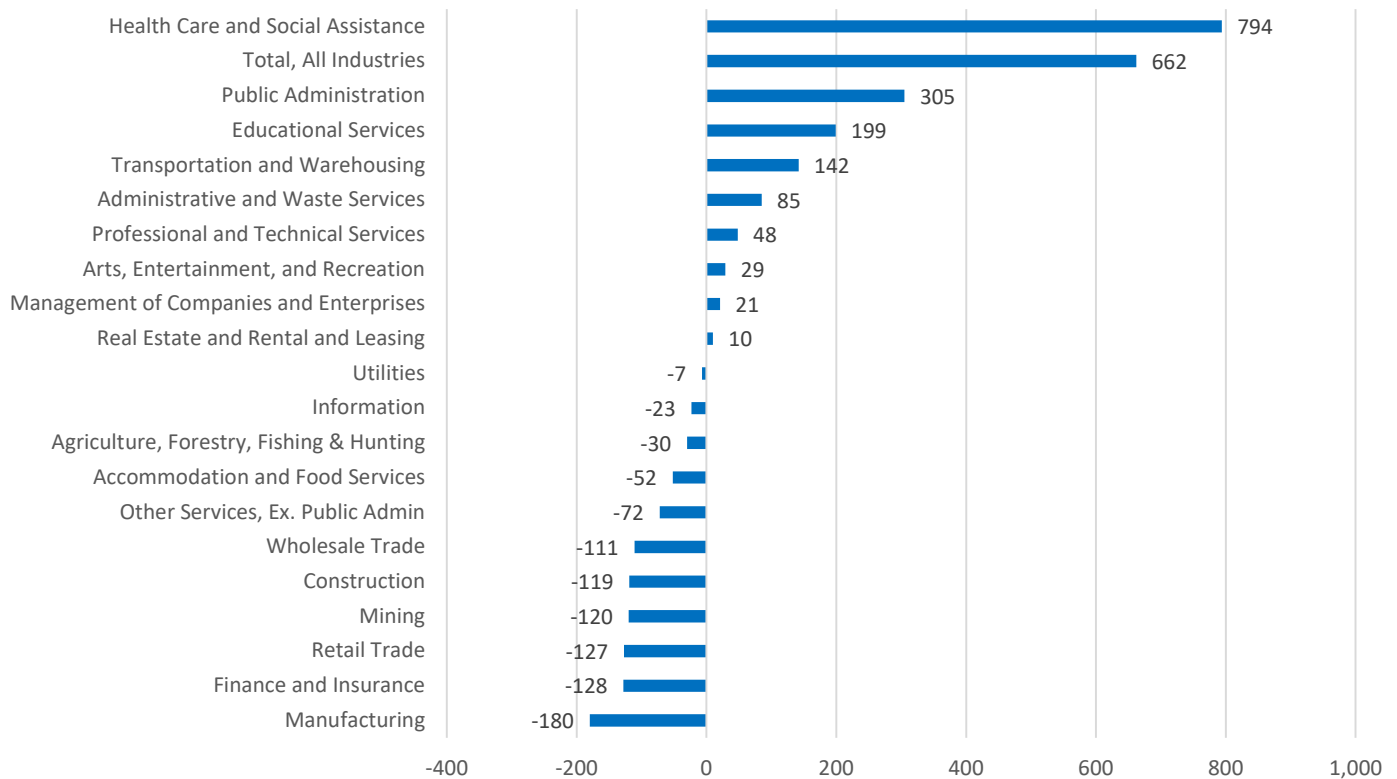
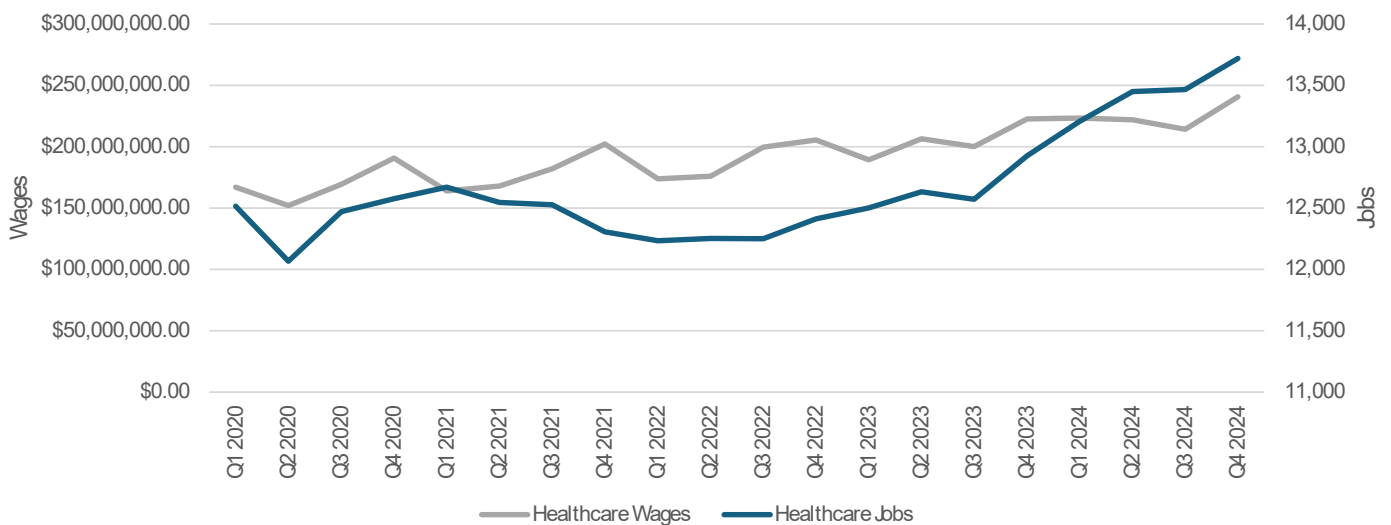


Figure 17:
Healthcare Job and Wage Change



LOCAL REAL ESTATE

| | Q2 2025 | Q2 2024 | % change since last year |
|---|-----------|-----------|--------------------------|
| Real Estate | | | |
| Inventory of Homes for Sale (3 month avg) | 594 | 470 | 26.54% |
| New Residential listings (3 month total) | 992 | 899 | 10.34% |
| Sold Residential Listings (3 month total) | 714 | 725 | -1.52% |
| Median Sales Price | \$430,983 | \$438,317 | -1.67% |
| Average Sales Price | \$500,470 | \$500,673 | -0.04% |
| Days on Market | 82.00 | 75.67 | 8.37% |
| Months Supply of Inventory | 2.90 | 2.43 | 19.18% |
| Total Building Permits (YTD) | 2,129 | 1,969 | 8.13% |
| Single Family Permits (YTD) | 165 | 131 | 25.95% |
| Foreclosures | | | |
| Foreclosure Filings | 66 | 45 | 46.7% |
| Foreclosure Sales | 10 | 5 | 100.0% |
| Freddie Mac House Price Index | | | |
| Grand Junction | 327.3 | 322.7 | 1.42% |
| Colorado | 304.0 | 305.7 | -0.56% |
| National | 303.4 | 296.7 | 2.27% |
| Zillow Rental Price Index | | | |
| All rentals combined | \$1,738 | \$1,668 | 4.2% |
| Single Family | \$2,029 | \$1,920 | 5.7% |
| Multifamily | \$1,406 | \$1,369 | 2.6% |
| Mortgage Rates | | | |
| | July 2025 | July 2024 | |
| 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; Permit data: Mesa County; Foreclosure Filings and Sales: Mesa County Public Trustee Office; Freddie Mac House Price Index, Rental Index: Zillow, Mortgage rates: Freddie Mac.

Local Real Estate Indicators

Mesa County real estate inventory continues to climb, rising from 470 in Q2 of 2024 to 594 in Q2 of 2025. This is reflected in months supply of inventory, which has now risen to 2.9 for Q2 and is 3.2 as of June. The general rule for switching from a sellers market to a buyers market is when months supply of inventory crosses the 5 or 6 number, and Mesa County is not there yet. The average median sales price in Q2 2025 was \$430,983, with an average sales price of \$500,470. Rental prices continue to climb, rising 4.2% comparing the second quarter of 2025 to 2024. Total building permits are up compared to Q2 of last year, rising by 8.37%, while single family homes are up much higher than Q2 of last year, rising by 26%. Both data points are almost identical to last quarter's changes.

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 18:
Building Permits

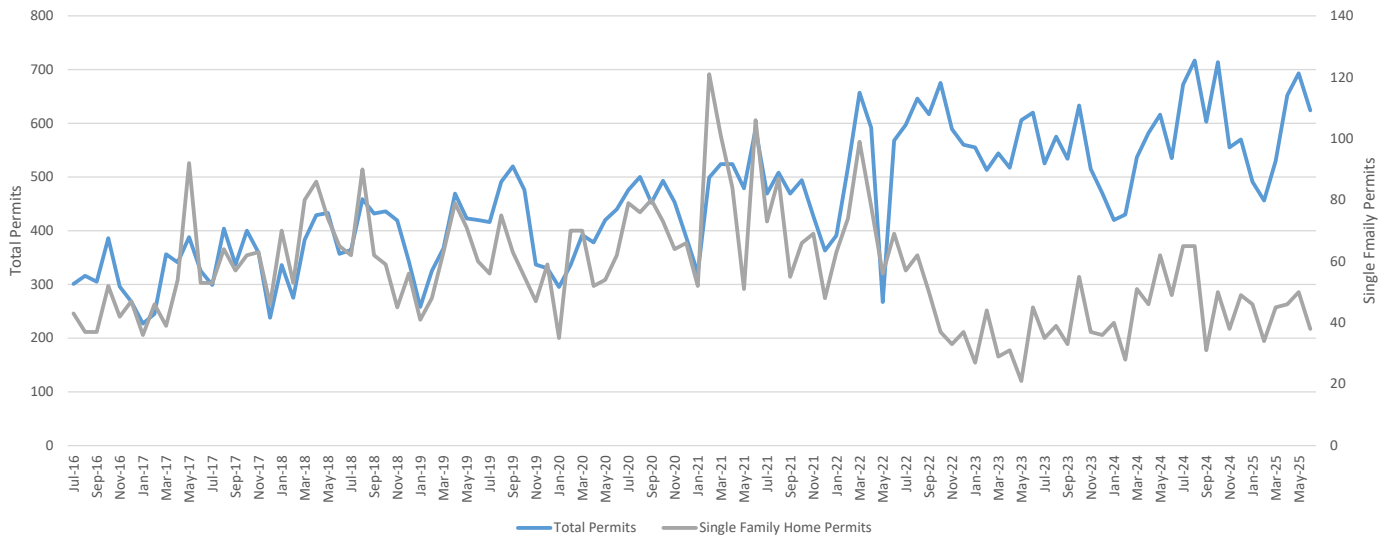


Figure 19:
Median and Average Sales Price

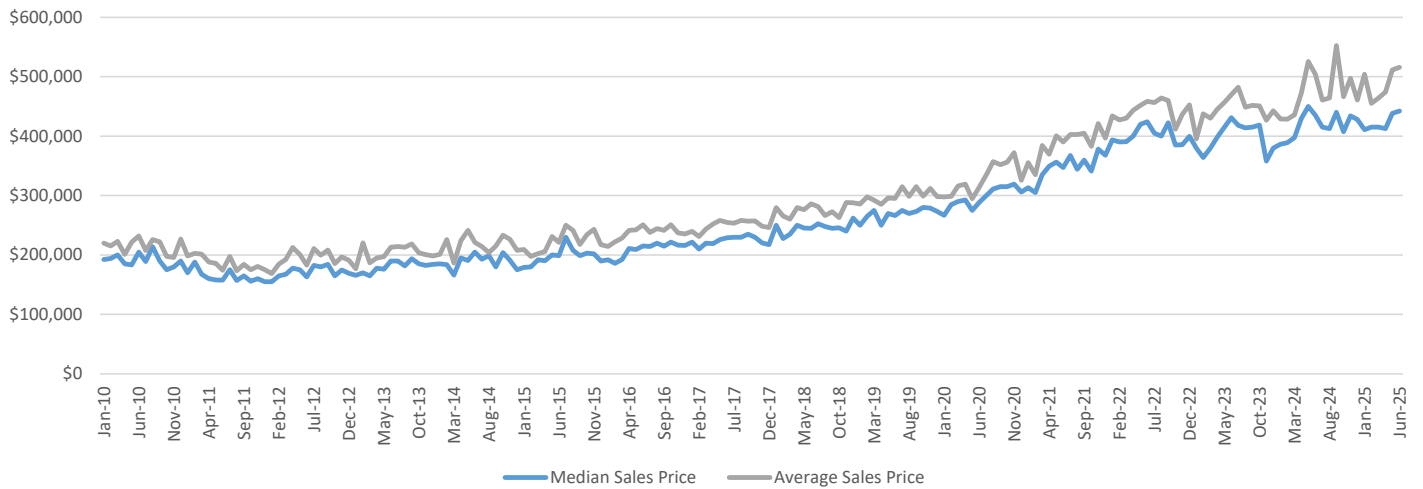
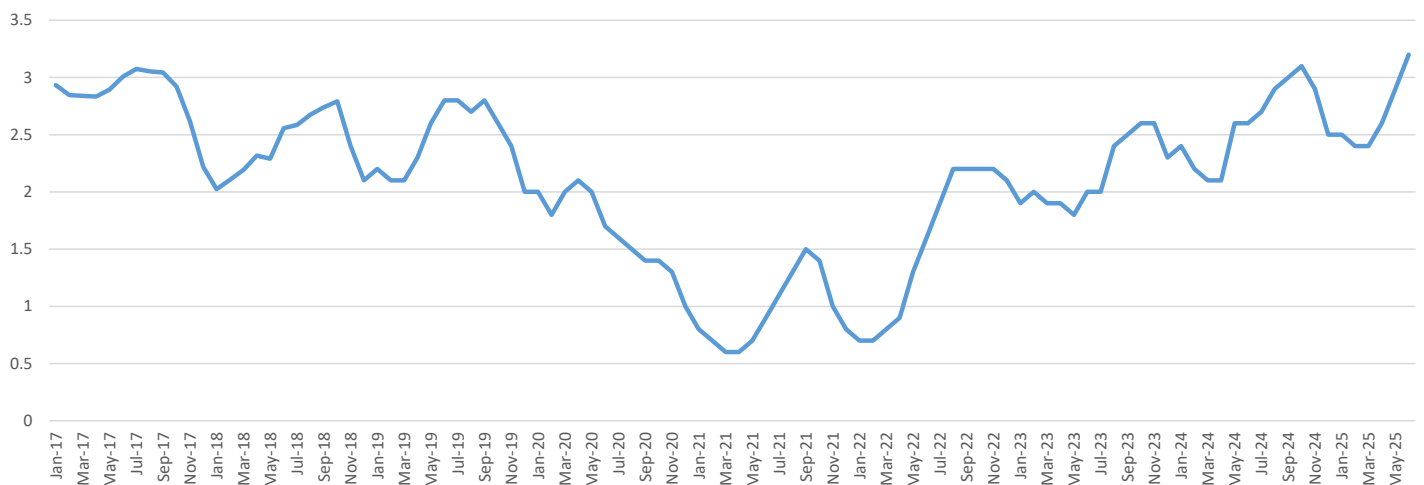


Figure 20:
Months Supply of Inventory



REGIONAL ENERGY

| | Q2 2025 | Q1 2025 | Q2 2024 | % change since last quarter | % change since last year (comparable quarters) |
|--|------------|---------|---------|-----------------------------|--|
| Energy Prices | | | | | |
| 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% |
| Drilling Permits | | | | | |
| | 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 |
| Local Rig Count | | | | | |
| | 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 21:
Oil and Natural Gas Prices

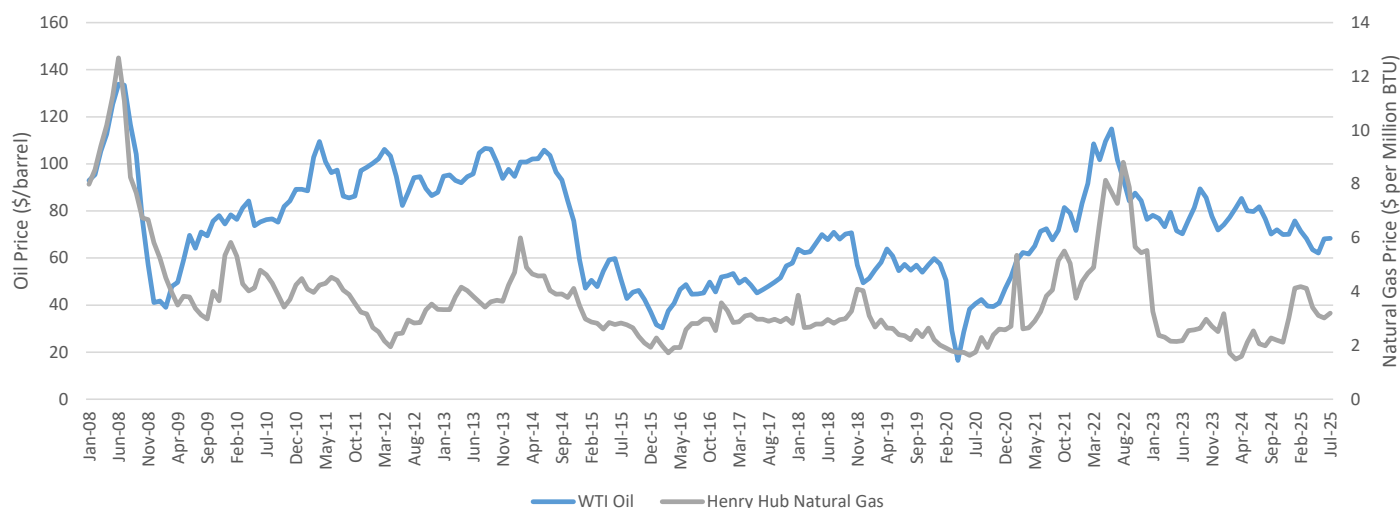


Figure 22:
Oil/Gas Drilling Permits and Oil/Gas Jobs

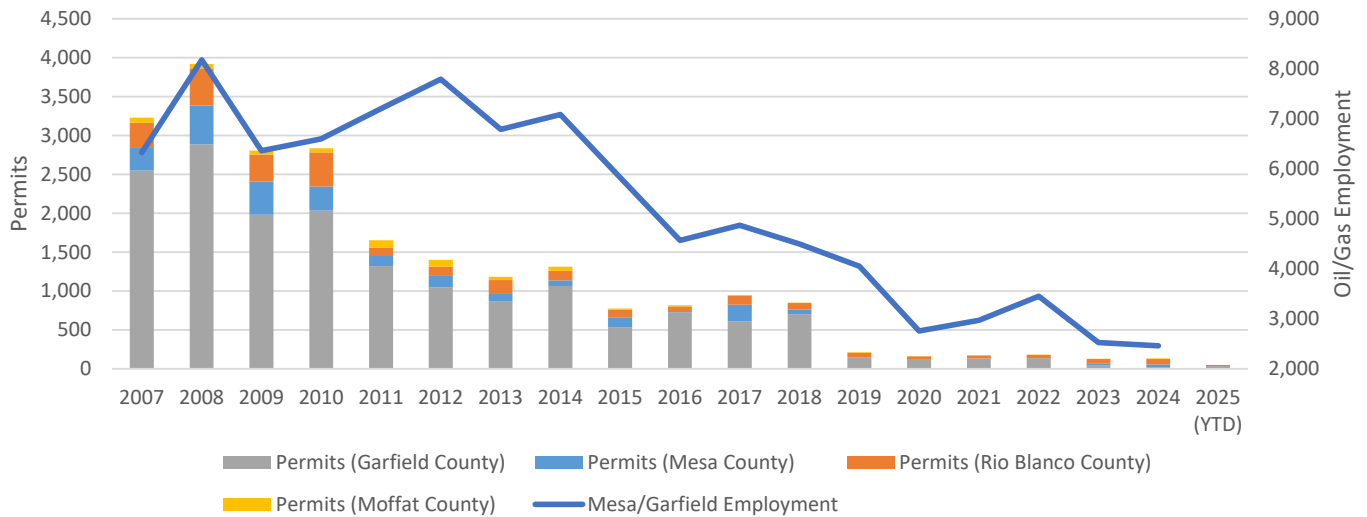
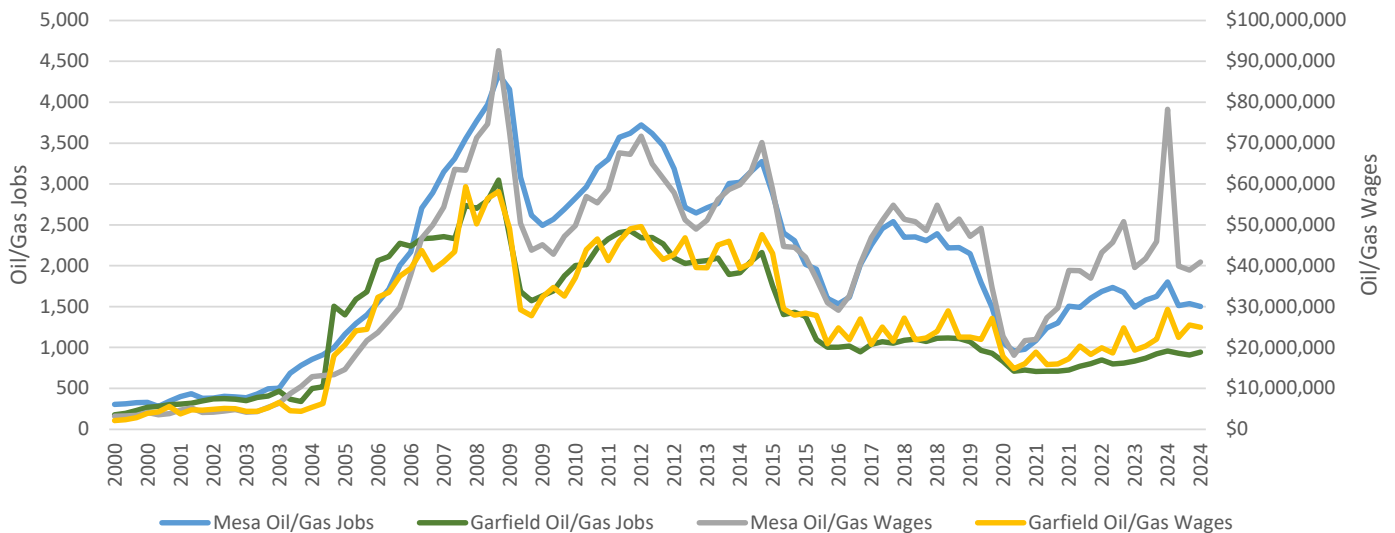


Figure 23:
Mesa and Garfield Oil and Gas Jobs/Wages



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

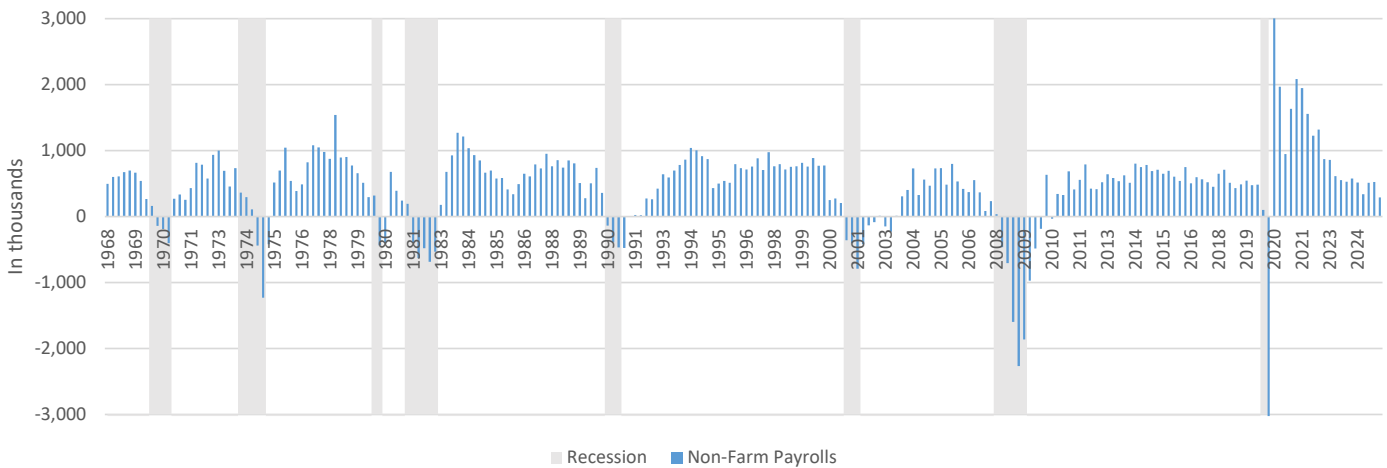
| | Q2 2025 | Q1 2025 | Q2 2024 | % change since last period | % change since last year (comparable quarters) |
|--|----------|-----------|---------|----------------------------|--|
| Business Cycle Indicators | | | | | |
| Real GDP | 3.00% | -0.50% | 3.00% | 3.50% | 0.00% |
| Personal Consumption Expenditures | 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% |
| Unemployment | | | | | |
| 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% |
| Interest Rates | | | | | |
| 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% |
| Inflation Measures | | | | | |
| 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% |
| Stock Prices | | | | | |
| 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% |
| Trade Balance and Debt | | | | | |
| 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 24:
Real GDP for U.S.



Figure 25:
Non-Farm Payrolls (Quarterly)



Economic Growth

U.S. GDP growth for Q2 2025 was 3%, rising from last quarter's -0.3% (Figure 24). 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 27). The current deficit is -6.2% of GDP (Figure 26), 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 the 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 26:
Deficit/GDP

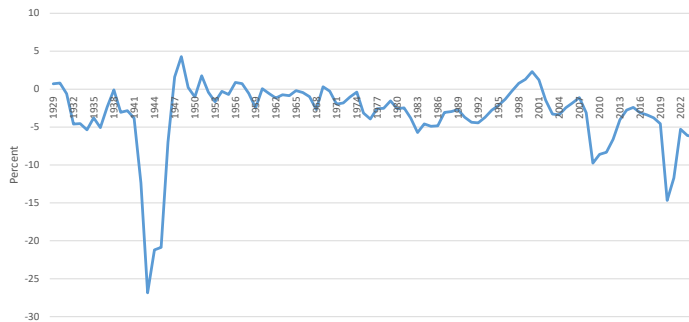


Figure 27:
Debt/GDP

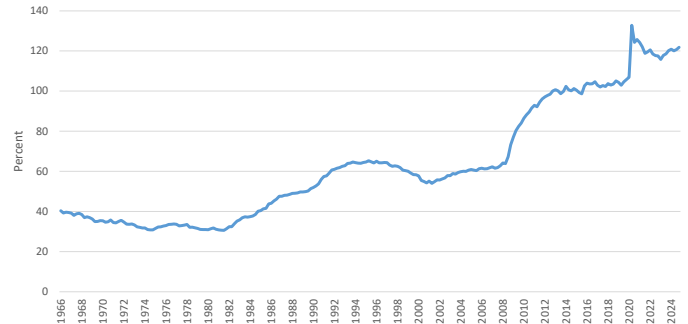


Figure 28:
Inflation and the 10 Year Treasury

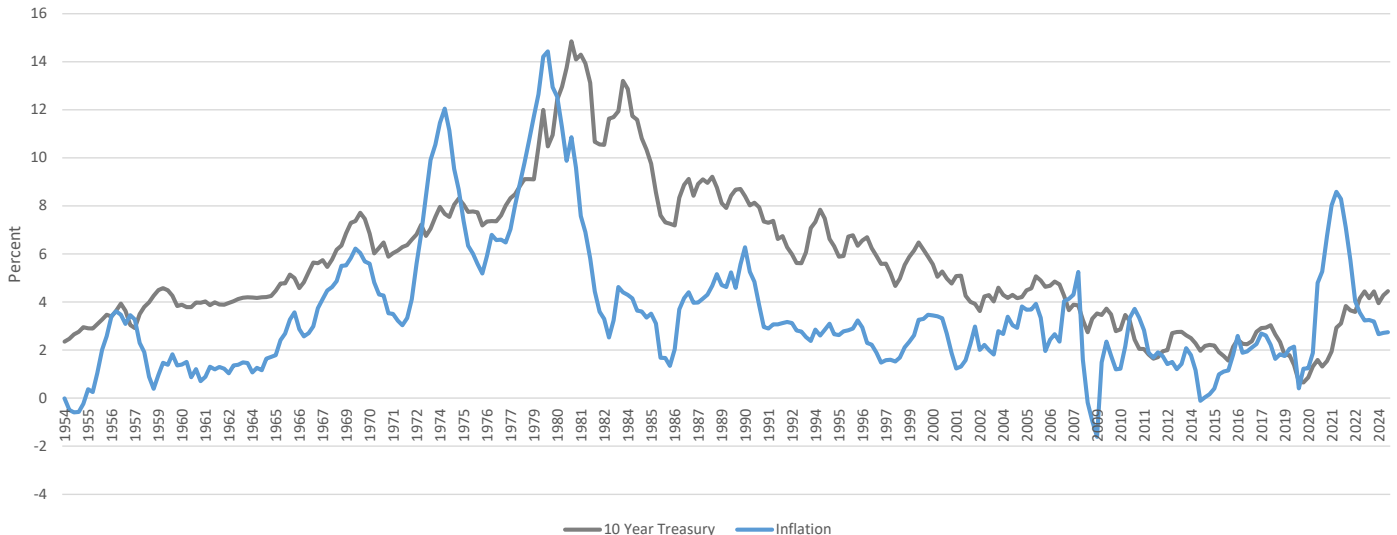


Figure 29:
Change in M2

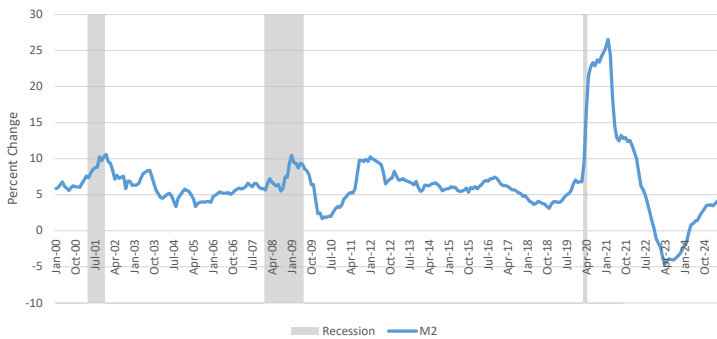


Figure 30:
University of Michigan Consumer Confidence Index



Figure 31:
Unemployment Rate

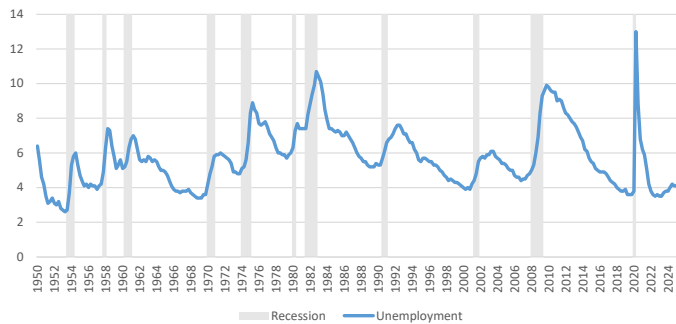
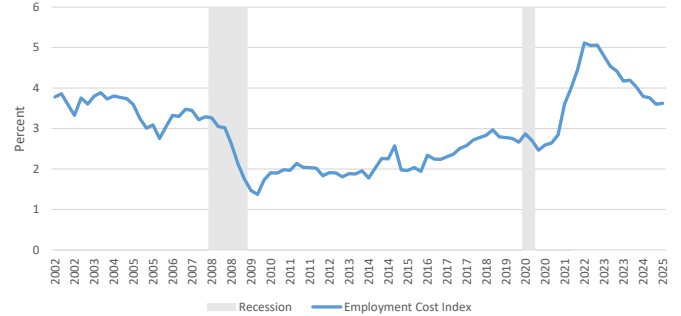


Figure 32
Employment Cost Index



The Mesa County Economic Update is compiled and written by Dr. Nathan Perry, Professor of Economics at Colorado Mesa University.

970.248.1888
naperry@coloradomesa.edu



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