

MOFFAT COUNTY ECONOMIC UPDATE

First Quarter 2023



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

Economic Summary

- The Moffat County labor market saw a small increase in jobs, averaging 6,738 jobs in Q1 2023 compared to 6,612 in Q1 of 2022. Unemployment numbers have fallen, falling from 299 to 252 in the same time period.
- Moffat County median household income rose from \$63,128 to \$64,133. The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with the Moffat County poverty estimatorising from 9.9% to 10.8%.
- Moffat County GDP data was released in December, showing a slight loss in output at -0.6% for 2021.
- U.S. GDP for Q4 2022 was 2.9%, down slightly from the revised Q3 number of 3.2%. Q1 2023 GDP was at 1.1%, lower than the 2% forecast.
- Headline inflation printed lower at 5% in March. Inflation seems to be falling, with some leading indicators like the production price index (PPI) falling, but other contributors to inflation like wages and rent still rising. 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 Moffat County -NSA	3.57%	2.80%	4.33%	0.77%	-0.77%
Unemployment Rate Colorado -SA	3.00%	2.70%	3.90%	0.30%	-0.90%
Unemployment Rate U.S. -SA	3.80%	3.40%	4.10%	0.40%	-0.30%
Labor Force	6,990	6,808	6,912	182	78
Employed	6,738	6,619	6,613	120	125
Unemployed	252	189	299	63	-48
Business Confidence					
Leeds Colorado Business Confidence	39.8	39.8	58.0	0.00%	-31.38%
Sales/Use Taxes					
	2022		2021		
Moffat County Sales/Use Taxes	\$4,761,545		\$4,316,748		10.30%
Craig Sales/Use Tax	\$9,304,486		\$8,220,831		13.18%
Business Filings					
	2022		2021		
Moffat County New Business Entity Filings	198		196		1.02%

	2021	2020	2019	2018	% change from previous year
Standard of Living and Growth					
Gross Domestic Product (GDP)	\$992,227	\$988,747	\$993,518	\$952,534	.35%
Personal Income	\$649,057	\$605,662	\$555,858	\$553,821	7.16%
Personal Income Per Capita	\$49,227	\$45,652	\$41,744	\$41,820	7.83%
Median Household Income	\$64,133	\$63,128	\$63,232	\$59,500	1.59%
Percent of Population Below Poverty Line	10.8%	9.9%	12.2%	12.3%	.90%
	2022	2021	2020	2019	
Population	13,177	13,155	13,264	13,209	0.17%

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 Craig, Moffat County; 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 Moffat County labor market saw a small increase in employment from 2021 (6,540) to 2022 (6,617), continuing to rise in 2023 (6,738). Unemployment numbers have fallen, falling from 299 to 252 over the last year. Moffat County currently has an extraordinarily low unemployment rate of 3.57%, rising from 2.8% in Q4 of 2022. Overall, employment numbers have still not recovered from their 2019 peak.

Despite lack of job growth, unemployment remains relatively low, close to 2019 unemployment levels. In addition, the unemployment rate remains low and rose in accordance with general seasonal unemployment. 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.

Other Indicators

Craig and Moffat County sales and use tax collections for the year were up 13.2% and 10.3% from 2021, respectively.

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,

Moffat County new business entity filings held steady from 2021, increasing by only 2.

Moffat County GDP data was released in December, showing a slight loss in output at -0.6% for 2021. Note that there is a lag in GDP data at the county level. The largest gains were in finance and real estate and government. The largest losses were in education and healthcare, as well as natural resources and mining.

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

	Labor Force	Employed	Unemployed
Annual	78	125	-48
5-Year	-322	-269	-53
10-Year	-622	-232	-390
Annual %	1.1%	1.9%	-15.9%
5-Year %	-4.4%	-3.8%	-17.4%
10-Year %	-8.2%	-3.3%	-60.8%

Other Indicators

New standard of living measures have been released for 2021, as county level data has a significant lag. Moffat County median household income rose from \$64,133 to \$63,128. 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 Moffat county is that this number has increased every year since 2016. 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 Moffat County rising from 9.9% to 10.8%.

Figure 1:
3 Year Employment Estimates

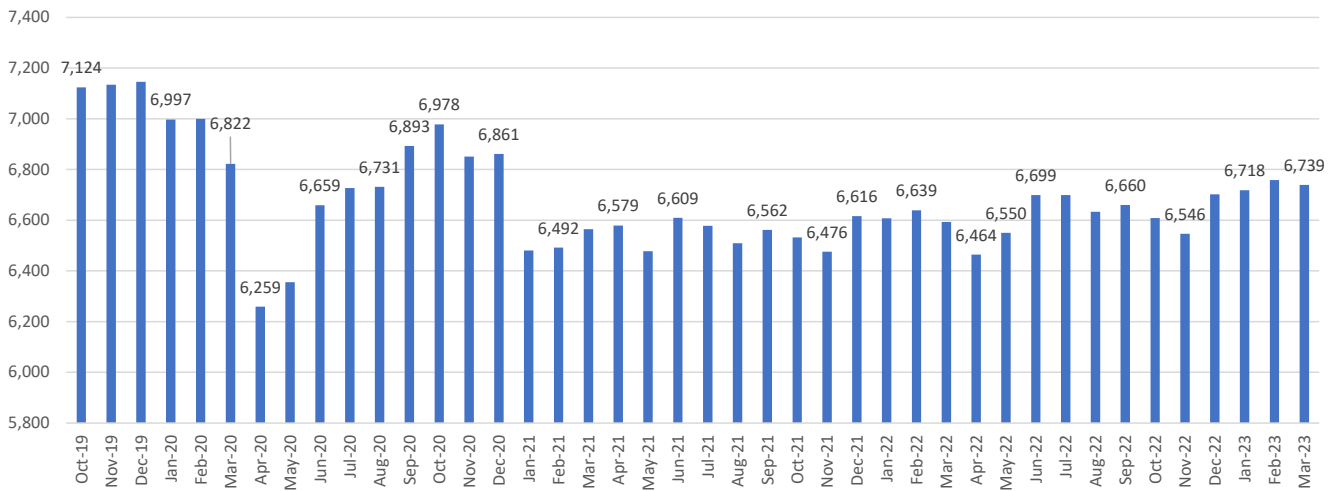


Figure 2:
Yearly Employment Average

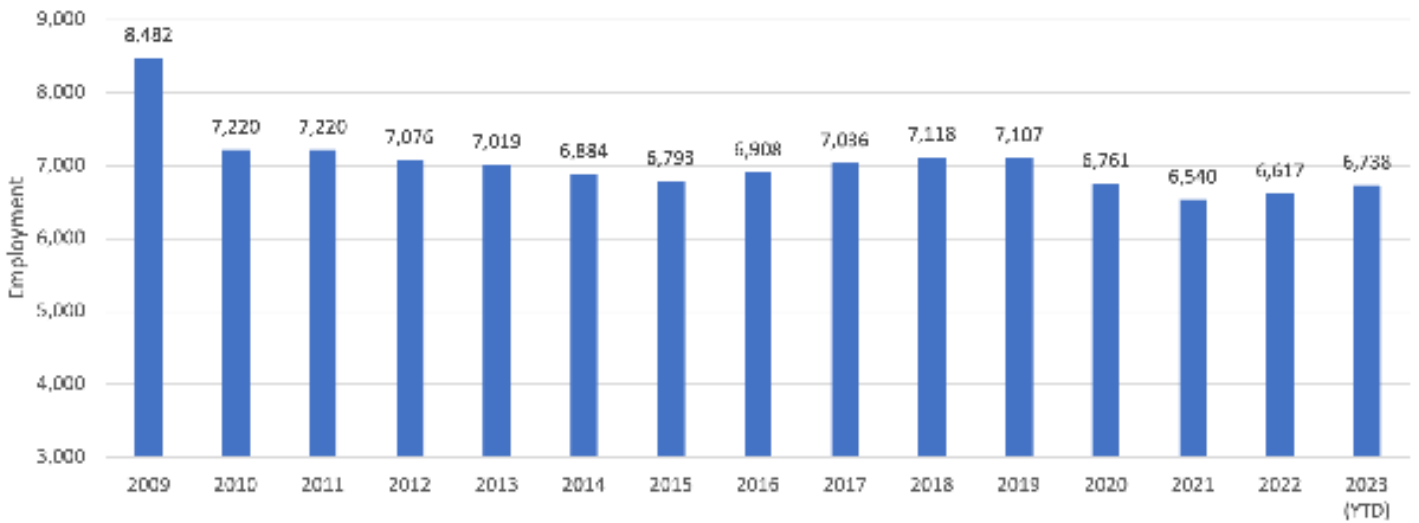


Figure 3:
Change in Yearly Employment Average

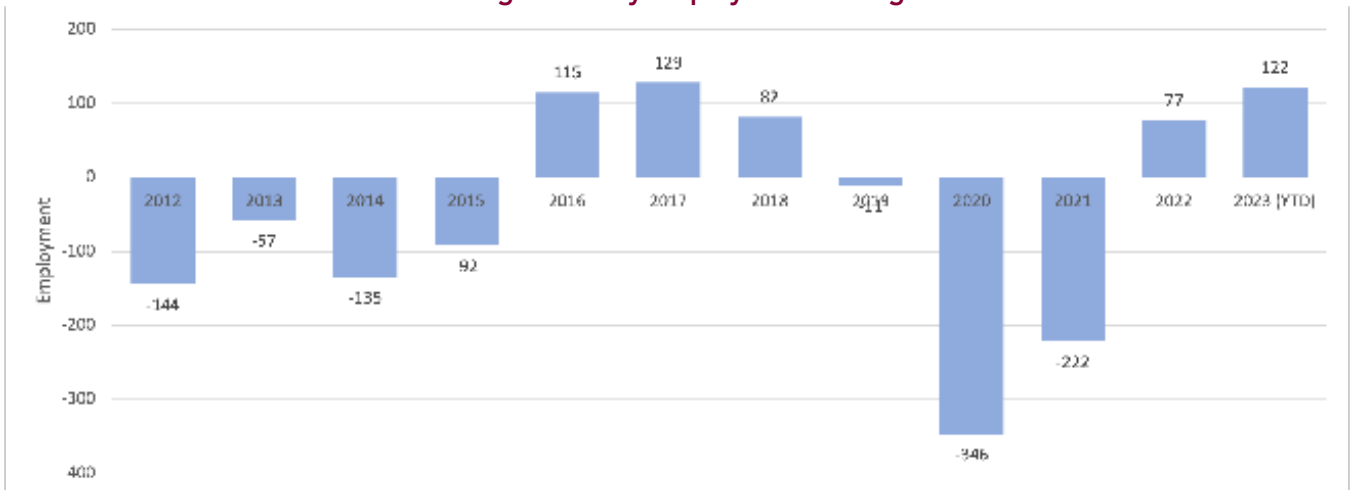


Figure 4:
Leeds Business Confidence Index

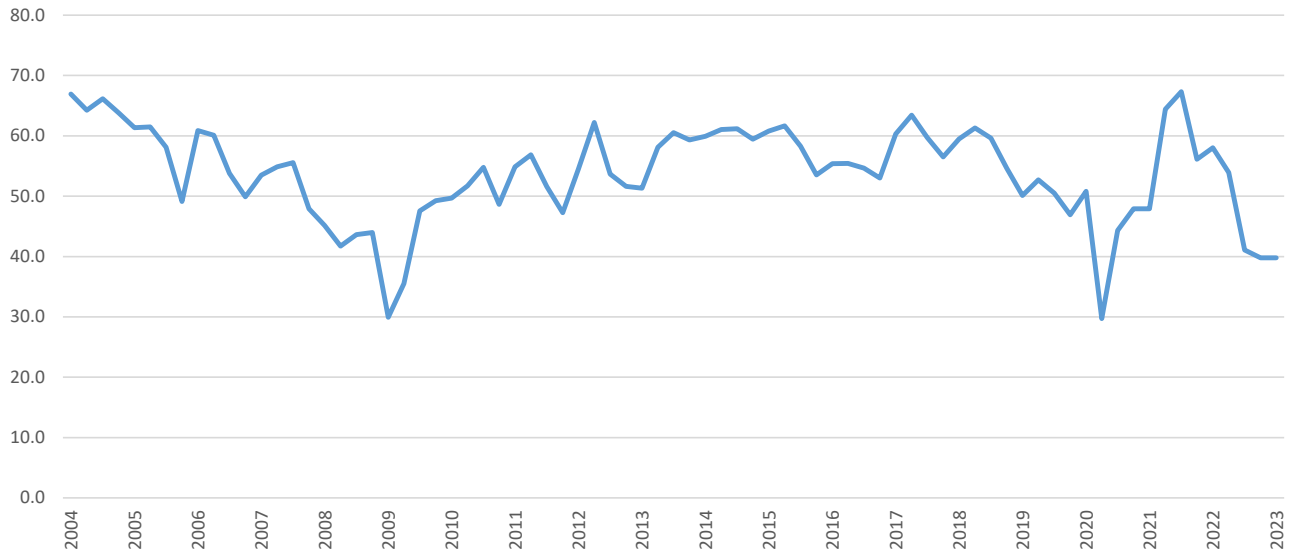


Figure 5:
Moffat County Sales Tax

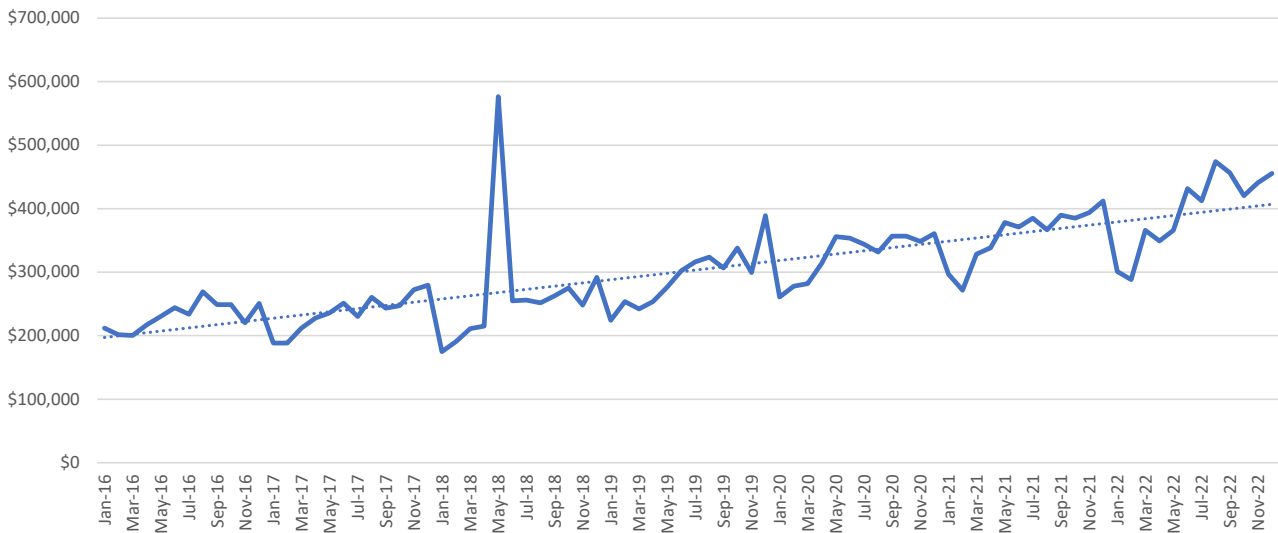


Figure 6:
Total Full and Part Time Jobs (BEA)

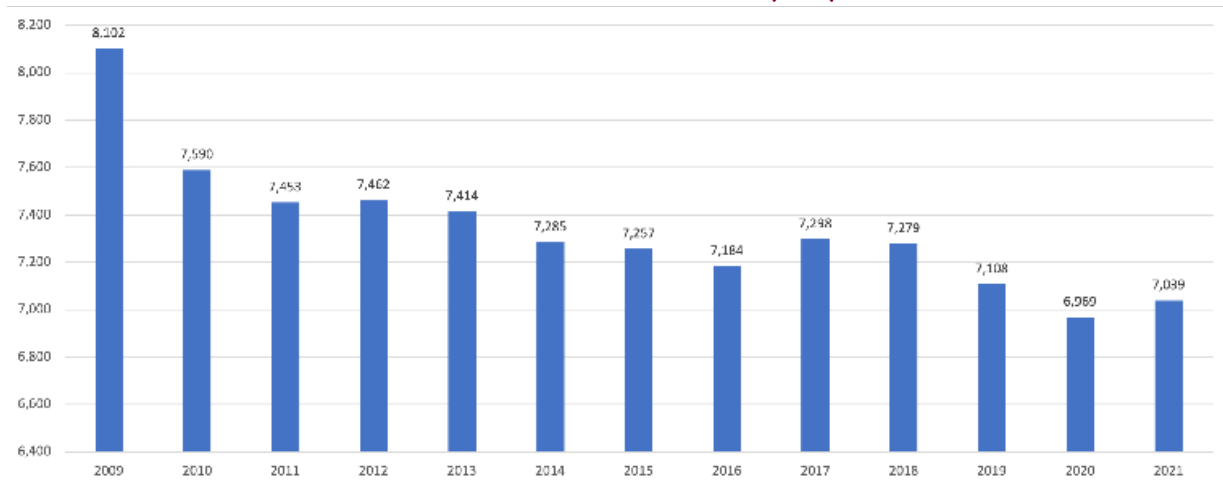


Figure 7:
Moffat County Median Household Income



Figure 8:
Moffat County Poverty Rate Estimate

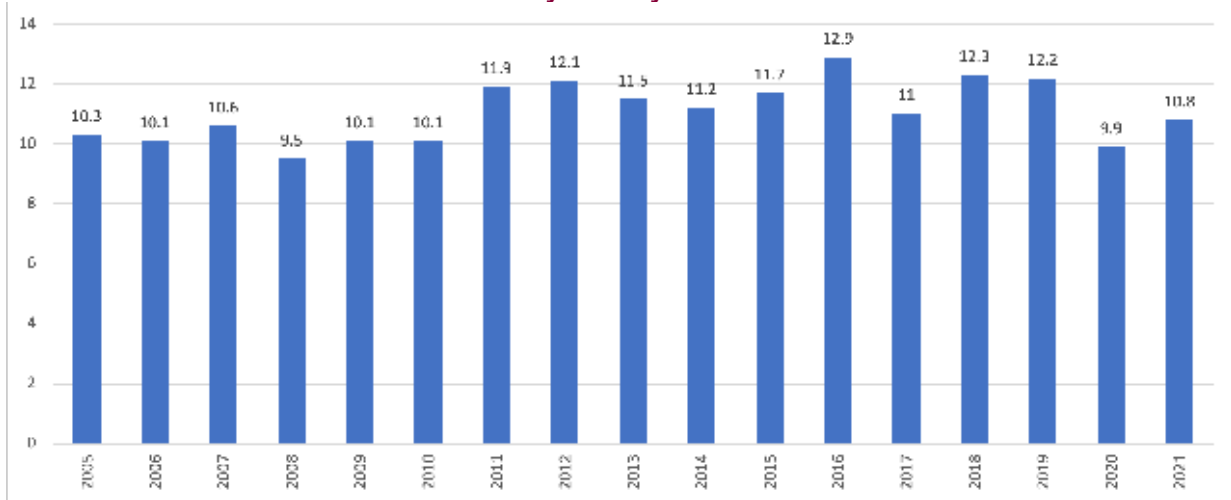
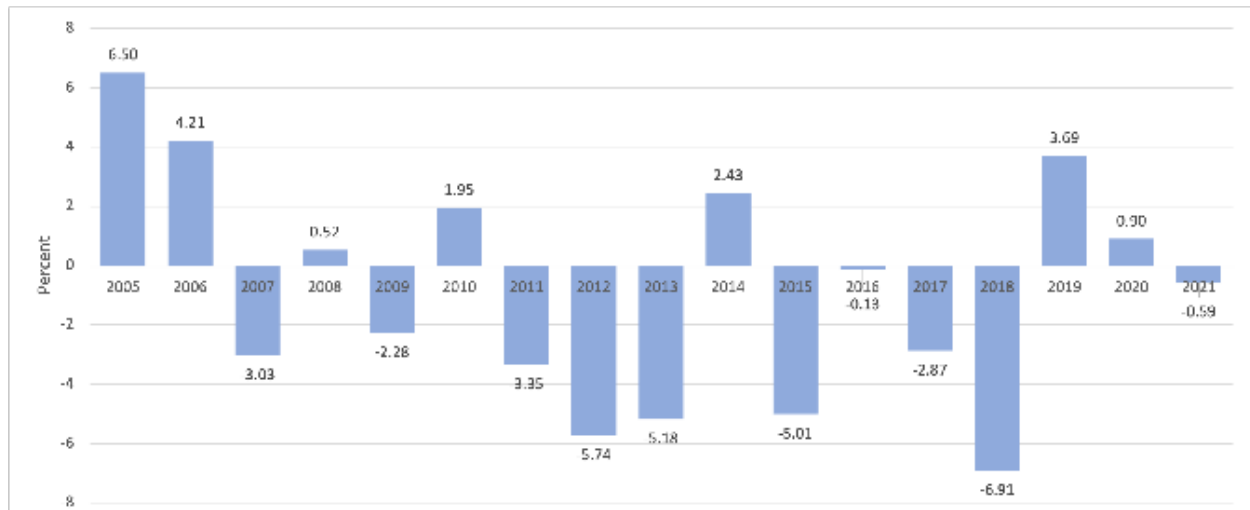


Figure 9:
Moffat County Real GDP % Change (chained 2012 dollars)



Moffat County Employment Trends

Q3 2022 Quarterly Census of Employment and Wage data shows small job losses but reasonable wage gains compared to the previous year. The biggest job gains were in manufacturing (25), and retail trade (23). Job losses year over year were in accomodation and food services (-72) and administrative waste services (-53). Wage gains outweigh losses, with the largest gains in mining/oil and gas, healthcare, and public administration. 2021 Bureau of Economic Analysis farm employment and sole proprietor employment was released in December. Both farm employment and sole proprietor employment have held steady over the past 4 years.

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

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Employment Change	Total Wage Change
Total, All Industries	4,525	\$66,209,488	\$1,126	-27	\$7,651,904
Mining	394	\$10,256,234	\$2,004	21	\$1,552,200
Health Care and Social Assistance	541	\$9,184,518	\$1,307	-31	\$1,059,443
Public Administration	539	\$8,652,716	\$1,235	7	\$1,036,639
Retail Trade	785	\$7,455,511	\$731	23	\$761,537
Construction	299	\$4,611,760	\$1,188	20	\$608,007
Accommodation and Food Services	425	\$2,508,617	\$454	-72	-\$58,753
Transportation and Warehousing	97	\$1,704,202	\$1,356	14	\$522,775
Finance and Insurance	83	\$1,311,355	\$1,210	7	\$164,849
Professional and Technical Services	110	\$1,247,364	\$875	14	\$190,819
Arts, Entertainment, and Recreation	94	\$1,098,368	\$902	12	\$163,691
Other Services, Ex. Public Admin	129	\$1,060,874	\$634	-11	\$25,271
Manufacturing	86	\$956,423	\$852	25	\$132,289
Administrative and Waste Services	91	\$809,914	\$682	-53	-\$144,717
Real Estate and Rental and Leasing	39	\$689,051	\$1,348	3	\$135,775
Agriculture, Forestry, Fishing & Hunting	41	\$371,790	\$698	-2	\$13,281
Information	31	\$264,619	\$657	5	-\$12,968
Management of Companies and Enterprises	N/A	N/A	N/A	N/A	N/A
Education	N/A	N/A	N/A	N/A	N/A
Utilities	N/A	N/A	N/A	N/A	N/A

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 2019
Farm Employment	475	471	471	474	0.8%
Sole Proprietors (non-farm)	1,672	1,639	1,587	1,694	2.0%

Figure 10:

Total Jobs Change Q3 2021 to Q3 2022

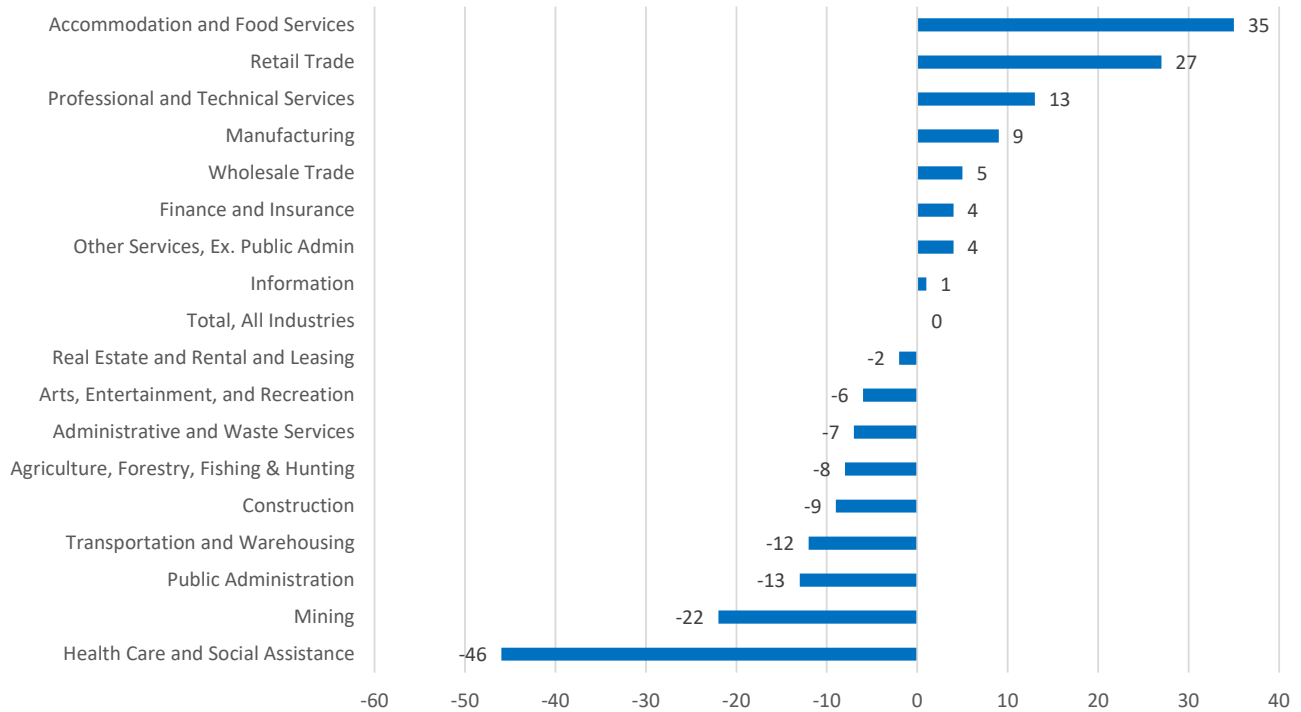
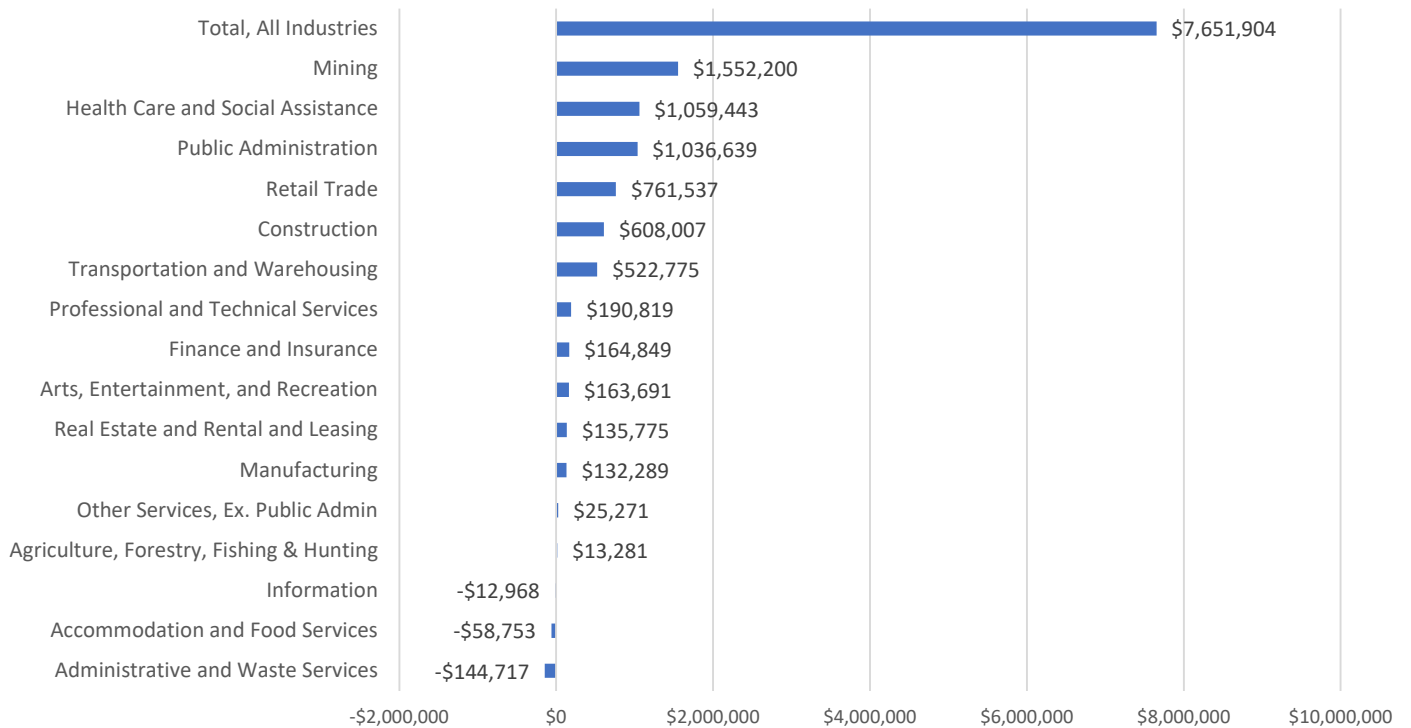


Figure 11:

Total Wage Change 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)	29	32	-7.37%
New Residential listings (3 month total)	41	57	-28.07%
Sold Residential Listings (3 month total)	27	54	-50.00%
Median Sales Price	\$242,125	\$215,333	12.44%
Average Sales Price	\$254,344	\$228,361	11.38%
Days on Market	61.67	57.00	8.19%
Months Supply of Inventory	1.63	1.20	36.11%
Foreclosures			
Foreclosure Filings (YTD, 2022 compared to 2021)	22	9	111%
Mortgage Rates			
15 Year Mortgage Rate	5.42%	3.00%	2.42%
30 year Mortgage Rate	6.26%	3.76%	2.50%

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: Moffat County Treasurer and Public Trustee; Mortgage rates: Freddie Mac.

Local Real Estate Indicators

Moffat County single family real estate prices continue to rise, despite higher interest rates in 2022. The Colorado Association of Realtors data shows continued double-digit price growth for Moffat. Comparing Q1 2022 to Q1 2023, prices increased by 12.44%. Prices increased partially due to inventory falling by 7%. Months supply of inventory, a measure that shows the number of months it would take to clear the inventory at the current rate of sales, increased from 1.20 to 1.63. 1.63 is an exceptionally low months supply of inventory number that shows how little inventory is for sale in the county. Days on market increased from 57 to 61.

Higher interest rates have increased the risks of building single family homes. 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.

Figure 12:
Months Supply of Inventory

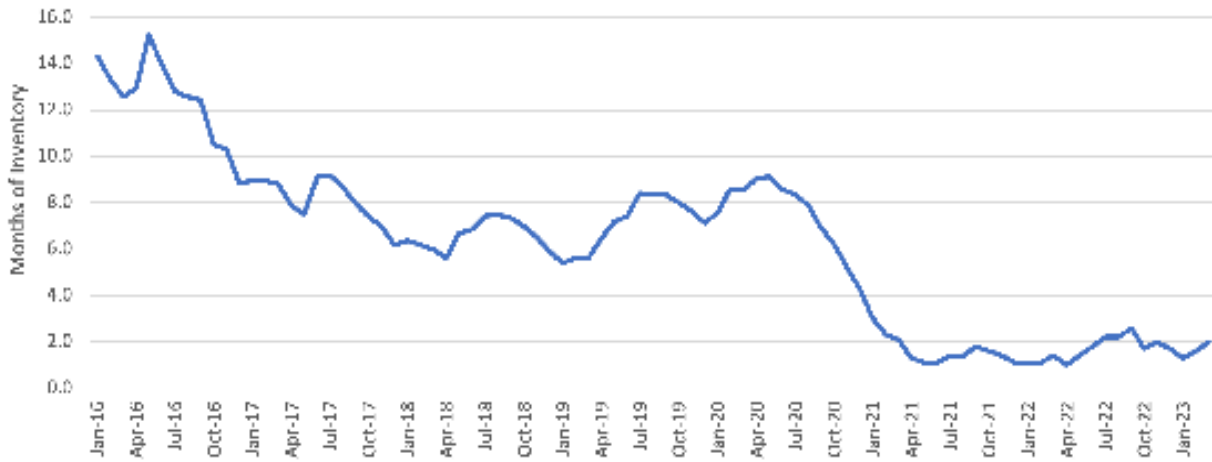


Figure 13:
Foreclosures

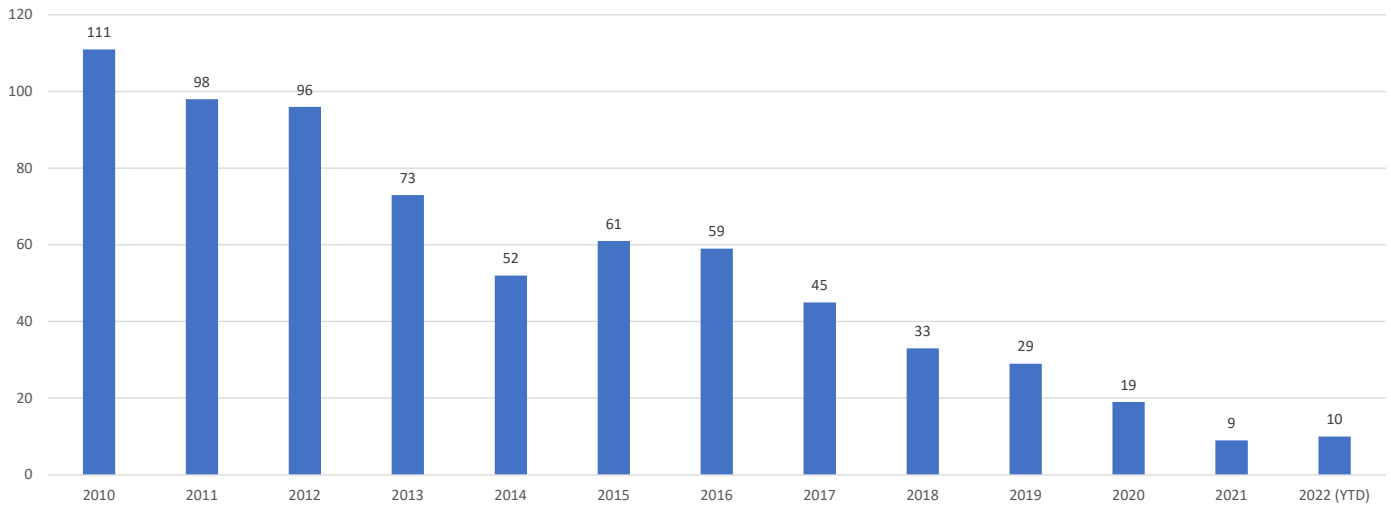
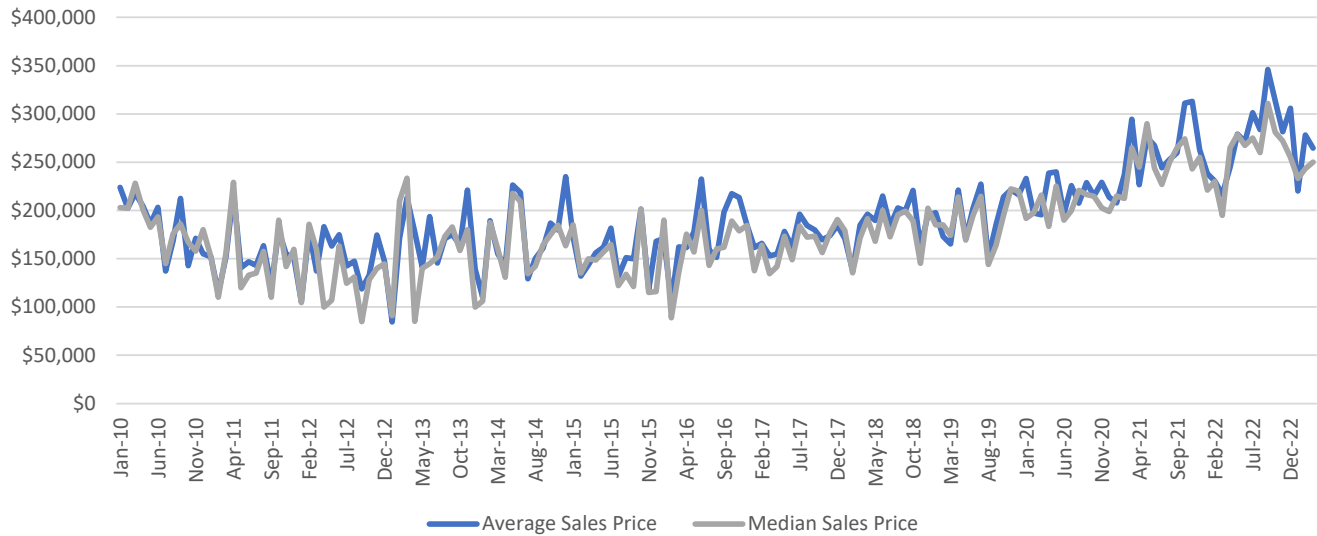


Figure 14:
Median and Average Sales Price



REGIONAL ENERGY

	Q4 2022	Q3 2022	Q4 2021	% change since last quarter	% change since last year (comparable quarters)
Energy Prices					
WTI Crude Oil	\$82.79	\$93.06	\$77.33	-11.04%	7.06%
Henry Hub Natural gas	\$5.55	\$7.99	\$4.77	-30.54%	16.35%
Retail Gasoline Price	\$3.42	\$3.93	\$3.21	-13.12%	6.38%
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					
	Apr-23	Nov-22	Aug-22		
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	2	3	4		
Regional Coal Industry					
	2022 (YTD)	2021 (YTD)	% Change		
Moffat, Rio Blanco, Routt Average Monthly Employment for Coal Mining	582	544	6.93%		
Moffat, Rio Blanco, Routt Coal Production (tons)	644,767	680,275	-5.22%		

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 15:
Oil and Natural Gas Prices

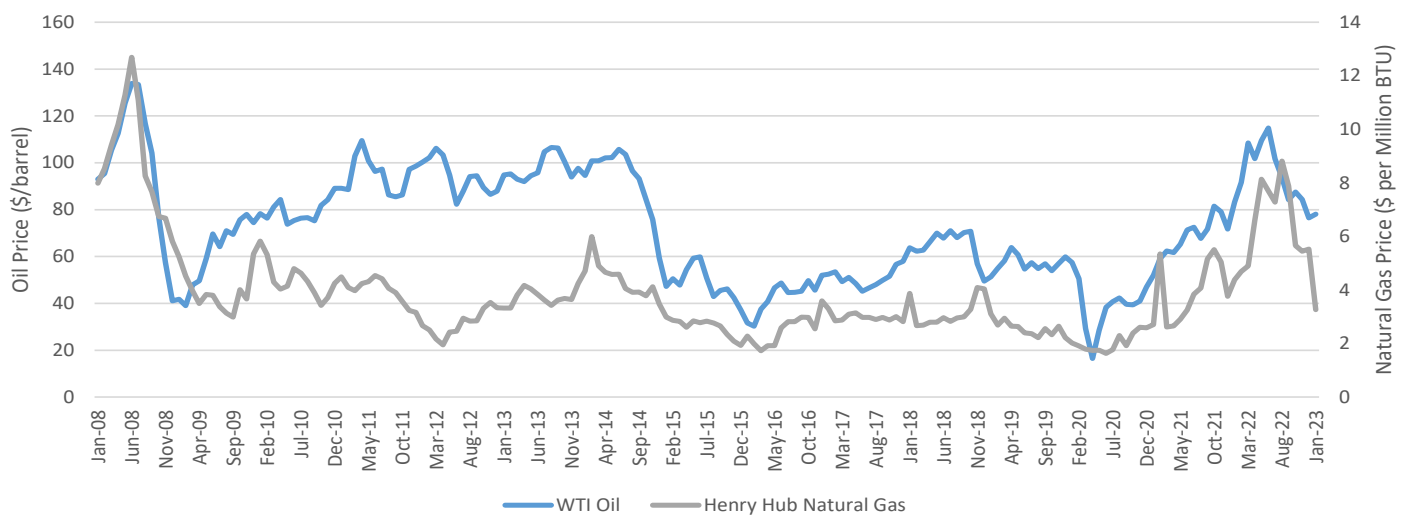


Figure 16:
Oil/Gas Drilling Permits and Oil/Gas Jobs

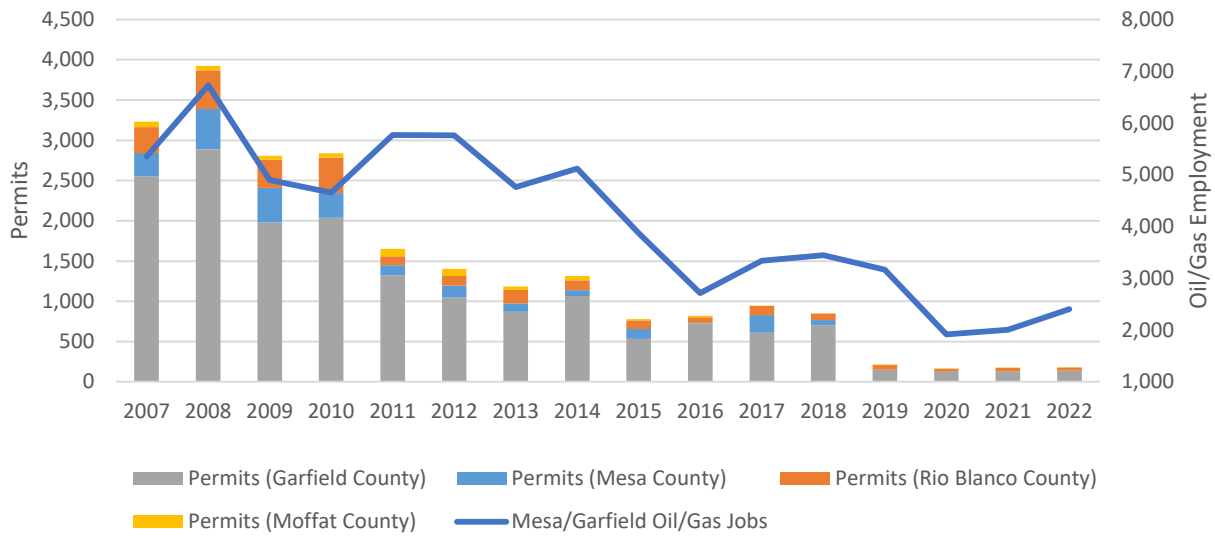
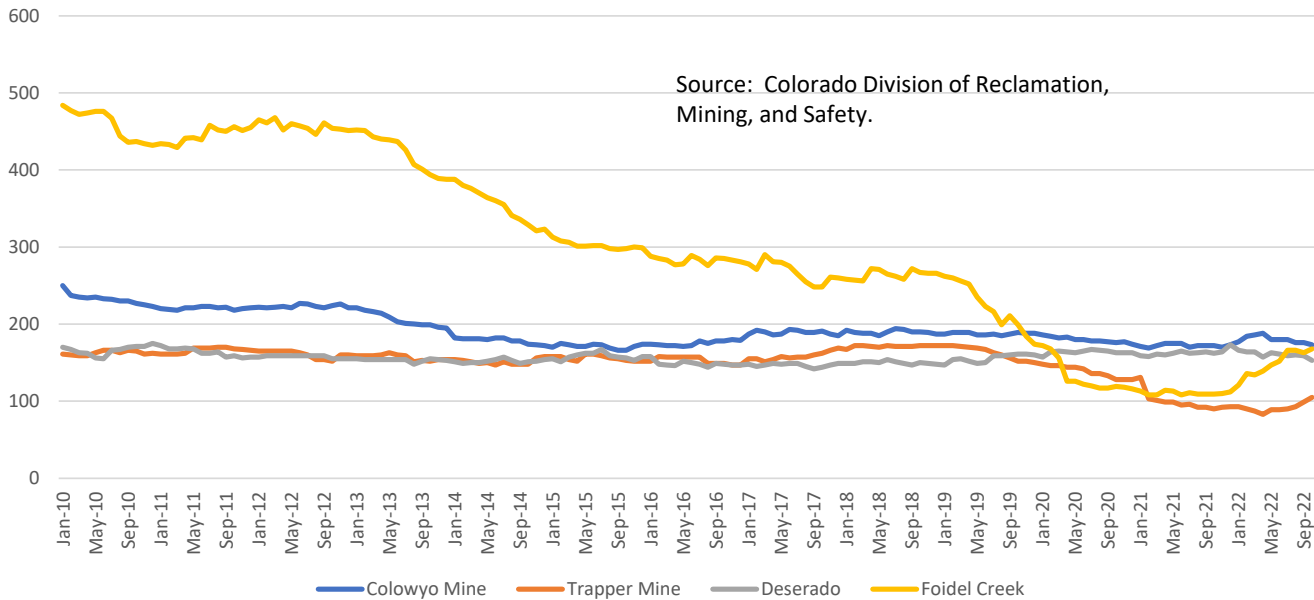


Figure 17:
NW Colorado Jobs per Mine



Western Slope Drilling Activity

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.

Regional Mining Activity

Mining in the region makes up a very large portion of GDP and wages. Total coal production was down year over year by 5.22%, while coal jobs were up close to 7% (comparing year to date through October for 2022 and 2021). Foidel Creek Mine saw an increase in mining jobs (figure 17), with Trapper Mine also seeing a slight increase.

NATIONAL ECONOMIC INDICATORS

	Q4 2022	Q3 2022	Q4 2021	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	2.90%	3.20%	7.00%	-0.30%	-4.10%
Personal Consumption Expenditures	2.10%	2.30%	3.10%	-0.20%	-1.00%
Gross Private Domestic Investment	1.40%	-9.60%	32.00%	11.00%	-30.60%
National Consumer Confidence	58.8	56.1	69.9	4.81%	-15.88%
Industrial Production Index	103.8	104.5	101.7	-0.61%	2.11%
Initial Weekly Unemployment Claims (4 week MA)	219,857	235,500	284,115	-6.64%	-22.62%
Non Farm Payroll Change (in thousands)	954,667	1,287,333	1,972,333	-25.84%	-51.60%
Unemployment					
Unemployment Rate-U3-SA	3.60%	3.60%	4.20%	0.00%	-0.60%
Unemployment Rate-U6-SA	6.60%	6.80%	7.70%	-0.20%	-1.10%
Interest Rates					
Federal Funds Rate	3.62%	2.16%	0.08%	1.46%	3.54%
10 Year U.S. Treasury	3.83%	3.11%	1.54%	0.72%	2.29%
30 Year U.S. Treasury	3.90%	3.26%	1.94%	0.64%	1.96%
Inflation Measures					
Inflation Rate (CPI)	7.11%	8.28%	6.77%	-1.17%	0.34%
Core Inflation Rate (All Items Less Food and Energy)	5.99%	6.28%	5.03%	-0.29%	0.96%
Inflation Rate (Shelter)	7.16%	6.19%	3.85%	0.96%	3.31%
Producer Price Index (PPI)	8.47%	15.53%	21.80%	-7.06%	-13.34%
Employment Cost Index	5.07%	5.05%	3.93%	0.02%	1.13%
Stock Prices					
S&P 500	3,852	3,980	4,602	-3.23%	-16.30%
Dow Jones Industrial Average	32,490	31,774	35,517	2.25%	-8.52%
Trade Balance and Debt					
Trade Balance (% of GDP)	-847.216	-890.825	-914.708	-4.90%	-7.38%
Federal Debt (% of GDP)*	120.2%	121.1%	120.7%	-0.8%	-0.5%

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.

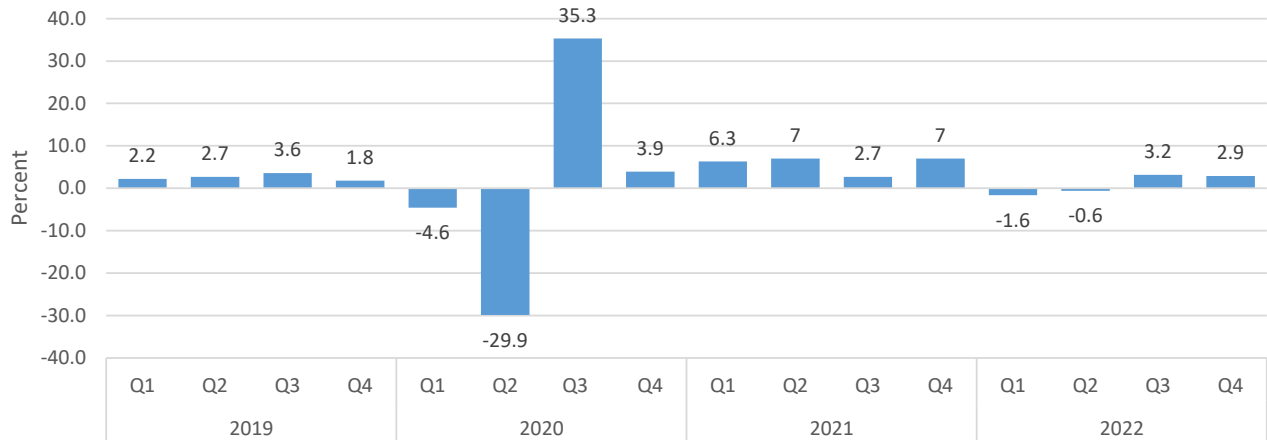
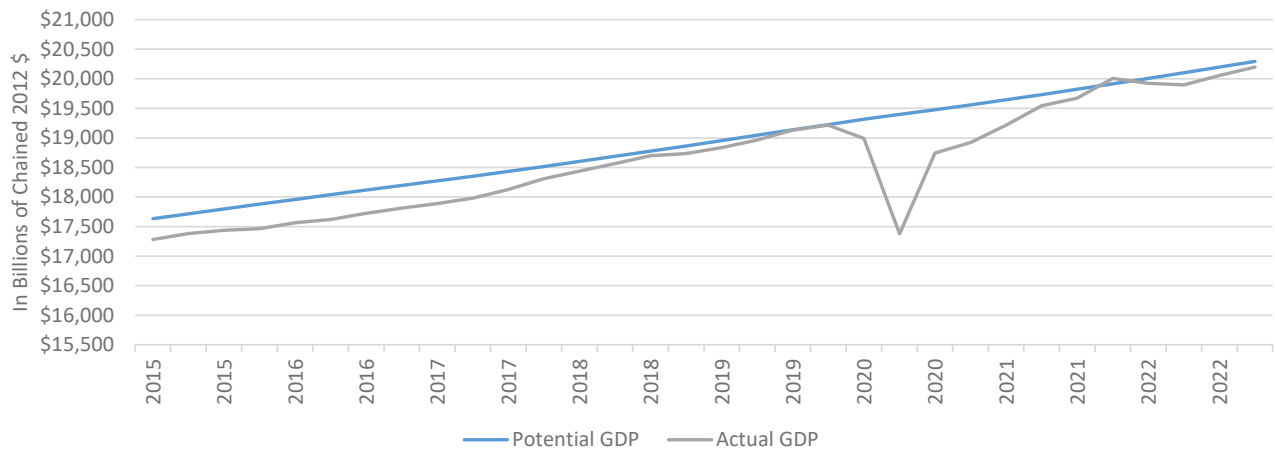


Figure 19:
GDP Gap



Economic Growth

U.S. GDP for Q4 2022 was 2.9%, down slightly from the revised Q3 number of 3.2%. Q1 2023 GDP was at 1.1%, lower than the 2% forecast. 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 low Q1 GDP number adds weight to the argument that the economy is significantly slowing.

The unemployment rate as of February is 3.6%, 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 5% in March. Inflation seems to be falling, with some leading indicators like the production price index (PPI) falling, but other contributors to inflation like wages and rent still rising. 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. A month ago many believed the Fed would increase the Fed Funds rate by 50 basis points, but after Silicon Valley Bank’s implosion the debate has changed to whether it is smart to continue to raise rates. It is more likely that the Fed goes into a holding pattern for the intermediate term with inflation falling.

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

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Mar. 2023
	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	Mar. 2023	
All items.....	0.4	0.5	0.2	0.1	0.5	0.4	0.1	5.0
Food.....	0.8	0.7	0.6	0.4	0.5	0.4	0.0	8.5
Food at home.....	0.7	0.5	0.6	0.5	0.4	0.3	-0.3	8.4
Food away from home ¹	0.9	0.9	0.5	0.4	0.6	0.6	0.6	8.8
Energy.....	-1.7	1.7	-1.4	-3.1	2.0	-0.6	-3.5	-6.4
Energy commodities.....	-4.1	3.7	-2.1	-7.2	1.9	0.5	-4.6	-17.0
Gasoline (all types).....	-4.2	3.4	-2.3	-7.0	2.4	1.0	-4.6	-17.4
Fuel oil ¹	-2.7	19.8	1.7	-16.6	-1.2	-7.9	-4.0	-14.2
Energy services.....	1.2	-0.7	-0.6	1.9	2.1	-1.7	-2.3	9.2
Electricity.....	0.8	0.5	0.5	1.3	0.5	0.5	-0.7	10.2
Utility (piped) gas service.....	2.2	-3.7	-3.4	3.5	6.7	-8.0	-7.1	5.5
All items less food and energy.....	0.6	0.3	0.3	0.4	0.4	0.5	0.4	5.6
Commodities less food and energy commodities.....	0.0	-0.1	-0.2	-0.1	0.1	0.0	0.2	1.5
New vehicles.....	0.7	0.6	0.5	0.6	0.2	0.2	0.4	6.1
Used cars and trucks.....	-1.1	-1.7	-2.0	-2.0	-1.9	-2.8	-0.9	-11.2
Apparel.....	0.0	-0.2	0.1	0.2	0.8	0.8	0.3	3.3
Medical care commodities ¹	-0.1	0.0	0.2	0.1	1.1	0.1	0.6	3.6
Services less energy services.....	0.8	0.5	0.5	0.6	0.5	0.6	0.4	7.1
Shelter.....	0.7	0.7	0.6	0.8	0.7	0.8	0.6	8.2
Transportation services.....	1.9	0.6	0.3	0.6	0.9	1.1	1.4	13.9
Medical care services.....	0.8	-0.4	-0.5	0.3	-0.7	-0.7	-0.5	1.0

¹ Not seasonally adjusted.

Figure 21:
Inflation Rate

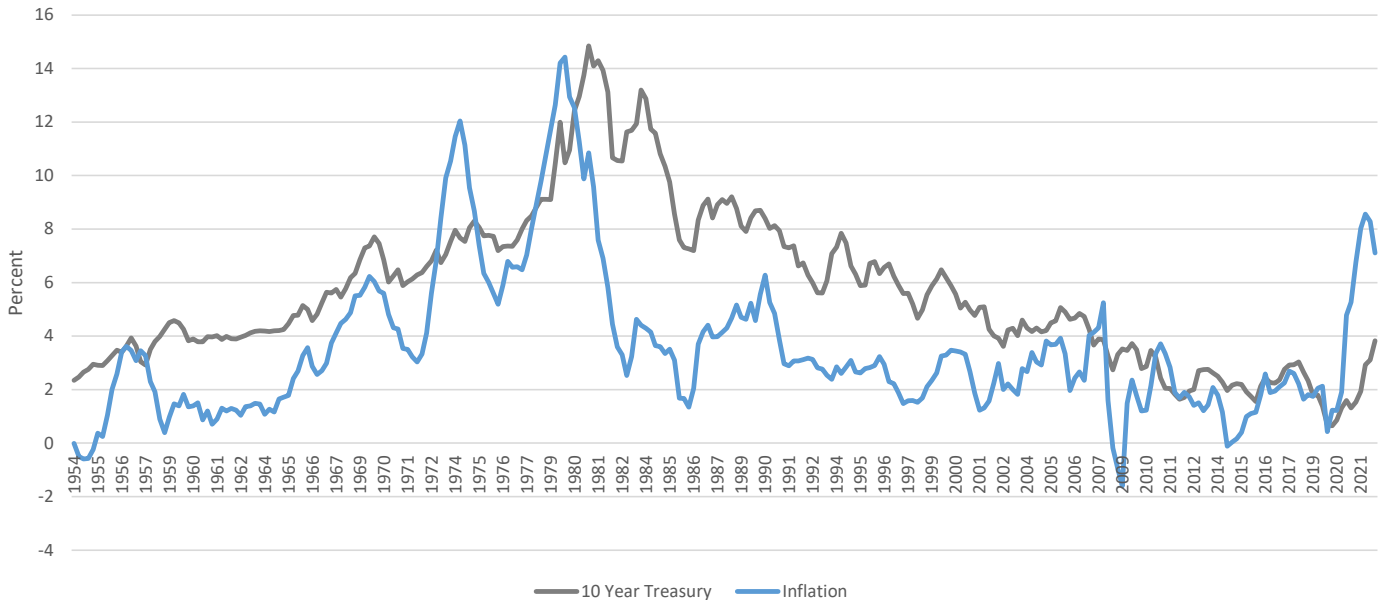


Figure 22:
Unemployment Rate



Figure 23:
Employment Cost Index

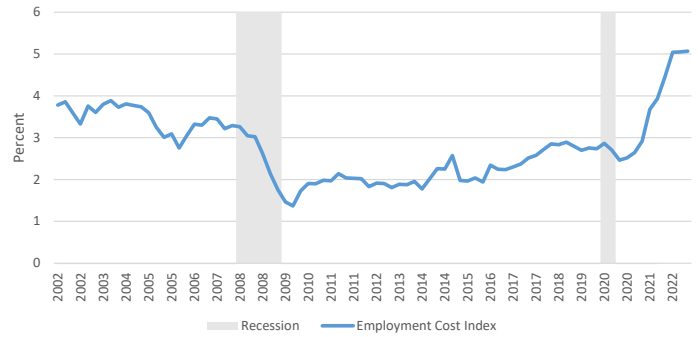


Figure 24:
Yield Curve: 10 Year Treasury minus 2 year Treasury



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