

# DELTA COUNTY ECONOMIC UPDATE

First Quarter, 2022



The Delta Economic Update is partially funded by One Delta County

## Economic Summary

- The 2021 yearly average of employment is 13,599. This is better than 2020's 13,273, and close to 2019's 13,765. Overall, Delta County is now very close to the level of employment that existed in 2019.
- Two new standard of living measures were recently released for Delta County 2020 data. Median household income increased from \$51,525 to \$53,553. This is important because median household income for the United States fell from \$69,560 to \$67,521, which means Delta County did better than the nation.
- Poverty estimates were also released, showing that poverty numbers inched lower. The poverty estimate was 14.6% in 2018, down from 15.1% in 2019, and dropping to 12.1% in 2020.
- The U.S. inflation rate in February hit 7.9%. This is the highest inflation rate since 1982. Before Russia's invasion of Ukraine, a 3.5-4% inflation forecast by year end was a reasonable way to view inflation dynamics for the coming year. However, the Russia-Ukraine crisis has changed the inflation forecast and has much larger implications for the world and U.S. economy, bringing with it significant macroeconomic and financial risks.

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## LOCAL ECONOMIC INDICATORS

	Q4 2021	Q3 2021	Q4 2020	change since last quarter	change since last year (comparable quarters)
<b>Local Labor Market</b>					
Unemployment Rate Delta County- NSA	3.83%	4.77%	5.43%	-0.93%	-1.60%
Unemployment Rate Colorado - NSA	4.00%	5.10%	6.10%	-1.10%	-2.10%
Unemployment Rate U.S. - NSA	4.00%	5.20%	6.50%	-1.20%	-2.50%
Labor Force	14,538	14,576	14,538	-39	-1
Employed	13,975	13,881	13,750	94	225
Unemployed	563	695	788	-132	-226
<b>Business Confidence</b>					
Leeds Colorado Business Confidence Index	56.1	67.3	47.9	-16.64%	17.12%
<b>Sales/Use Taxes</b>					
City of Delta Sales/Use Taxes (YTD, August)	\$7,900,902		\$6,665,595		18.53%
Delta County Sales/Use Tax (YTD, May)	\$7,571,989		\$6,693,612		13.12%
Lodging Tax (YTD, May)	\$142,379		\$97,021		46.75%
<b>Business Filings</b>					
	<b>2021 (YTD)</b>		<b>2020 (YTD)</b>		
Delta County New Business Entity Filings (as of Sept 19th)	632		442		42.99%

Standard of Living and Growth	2020	2019	2018	2017	% change from 2019
Population	31,067	31,021	30,835	30,516	0.15%
Gross Domestic Product (GDP)	\$818,405	\$806,409	\$784,802	\$723,286	1.49%
Personal Income	\$1,308,770	\$1,187,891	\$1,168,661	\$1,108,464	10.18%
Personal Income Per Capita	\$42,127	\$38,293	\$37,900	\$36,324	10.01%
Median Household Income	\$53,553	\$51,525	\$46,786	\$43,528	3.94%
Percent of Population Below Poverty Line	12.1%	15.1%	14.60%	16.7%	-19.87%

SOURCES IN ORDER OF LISTING: State and 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; Leeds Colorado Business Confidence Index: Leeds School of Business; Sales/Use Tax information: City of Delta and Delta County; Business Permits: Colorado Secretary of State's Office; Population, poverty, and median household income: U.S. Census Bureau; Personal income: 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.

## The Local Labor Market

At the beginning of every year the Bureau of Labor Statistics revises their estimates based on new data available, and occasionally updates their methodologies. For the most recent labor market data release, changes were made for Delta County for the past year. The changes affect data back to 2017. The changes for Delta County do not change the employment story much, but do temper some of the gains in 2021. For instance, the October 2021 employment number in the previous estimate was 14,830, while the new estimate is 14,240. The new 2021 yearly average of employment is 13,599, a few hundred less than the previous estimate. This is better than 2020's 13,273, and close to 2019's 13,765. Overall, Delta County has almost fully recovered the jobs lost during the COVID-19 recession, and is very close to the level of employment that existed in 2019.

## Other Indicators

The Leeds Business Confidence Index has fallen by 16.64 percent from last quarter, as businesses see the impacts of inflation, supply chain problems, and labor shortages. These issues do not seem to be impacting local spending, as sales tax collection continues to rise, with city sales/use taxes up 18.5% and county sales/use taxes up 13.1%. As businesses increase prices due to inflation sales taxes will rise proportionally. City lodging tax revenue is up 46.75% from 2020.

Delta County business filings are up 42.99% from 2020, showing increased interest for small business creation. Filings went from 442 in 2020 to 632 in 2021.

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

	Labor Force	Employed	Unemployed
<b>Annual</b>	201	33	-82
<b>5-Year</b>	412	1,127	-506
<b>10-Year</b>	-28	-1,939	-865
<b>Annual %</b>	1.4%	0.2%	-15.4%
<b>5-Year %</b>	3.0%	8.9%	-53.0%
<b>10-Year %</b>	-0.2%	-12.3%	-65.9%

## Standard of Living Measures

Two new standard of living measures were recently released for Delta County 2020 data. Median household income increased from \$51,525 to \$53,553. This is important because median household income for the United States fell from \$69,560 to \$67,521, which means Delta County did better than the nation. Colorado median household income increased from \$72,499 to \$82,611, so Delta County's increase was better than the nation, but did not keep up with Colorado.

Poverty estimates were also released, showing that poverty numbers inched lower. The poverty estimate was 14.6% in 2018, down from 15.1% in 2019, and dropping to 12.1% in 2020.

Figure 1:  
2 Year Employment

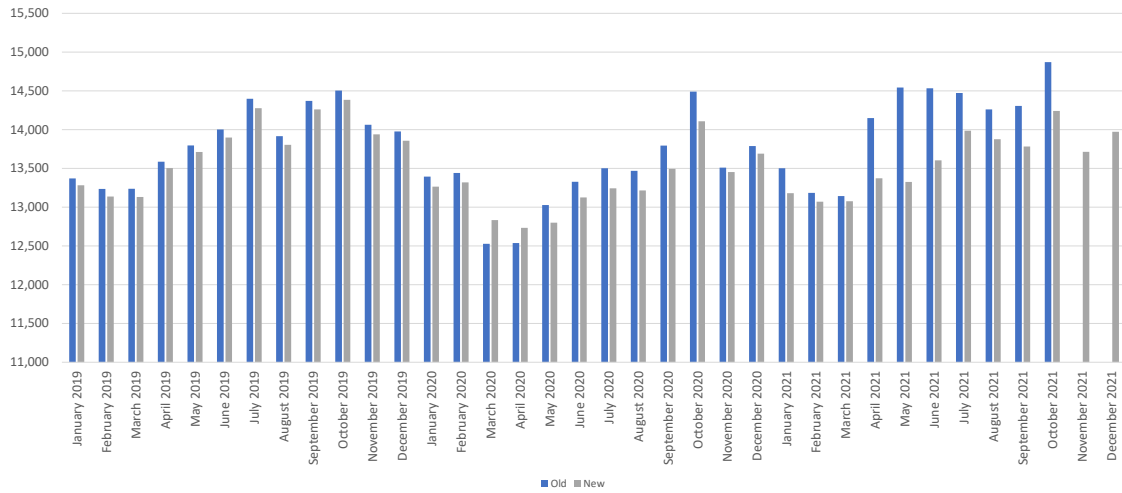


Figure 2:  
Yearly Employment Average

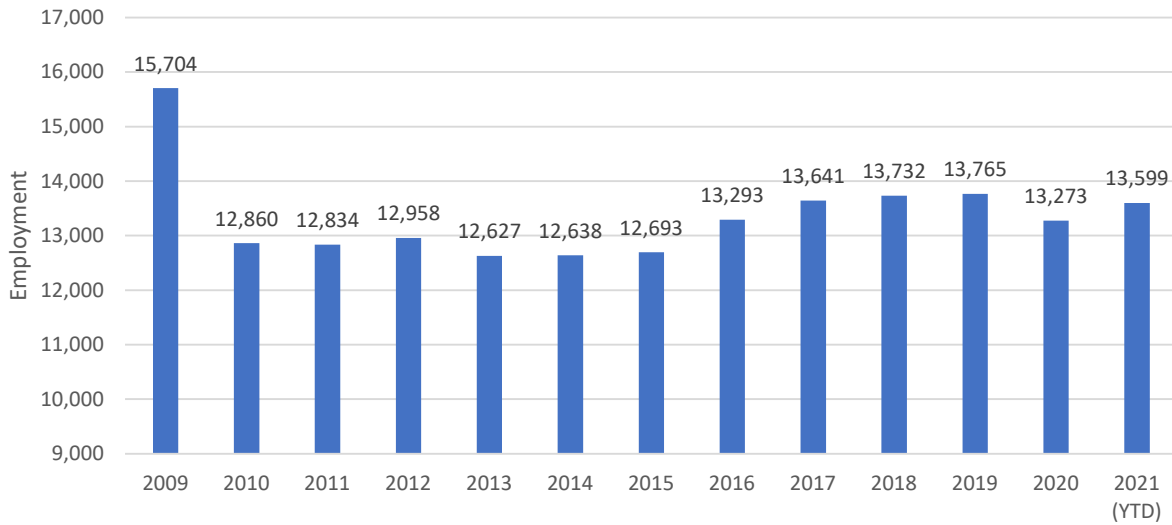


Figure 3:  
Change in Yearly Employment Average

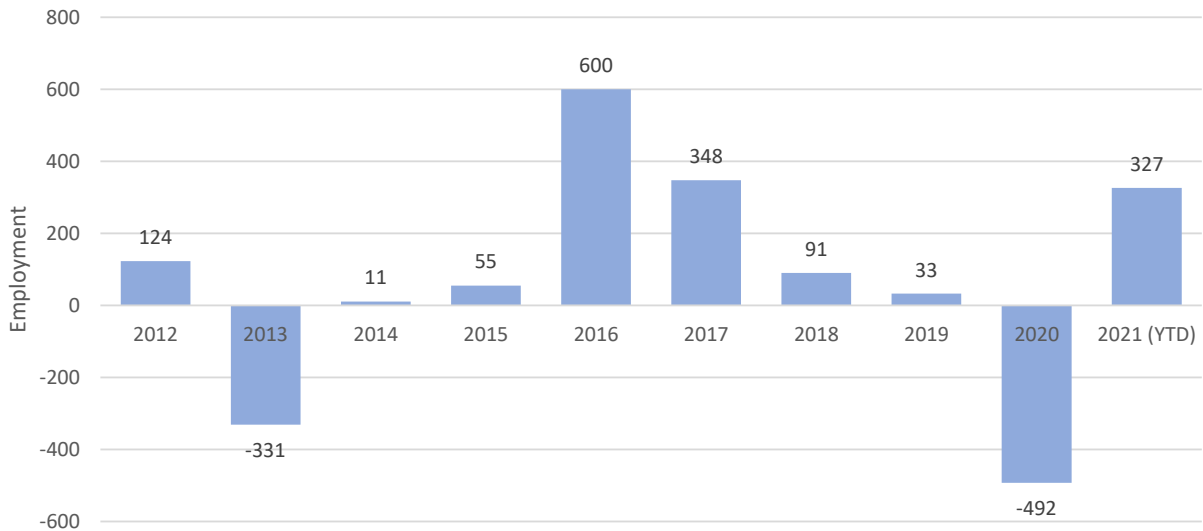


Figure 4:  
Delta County and Colorado Unemployment Rates

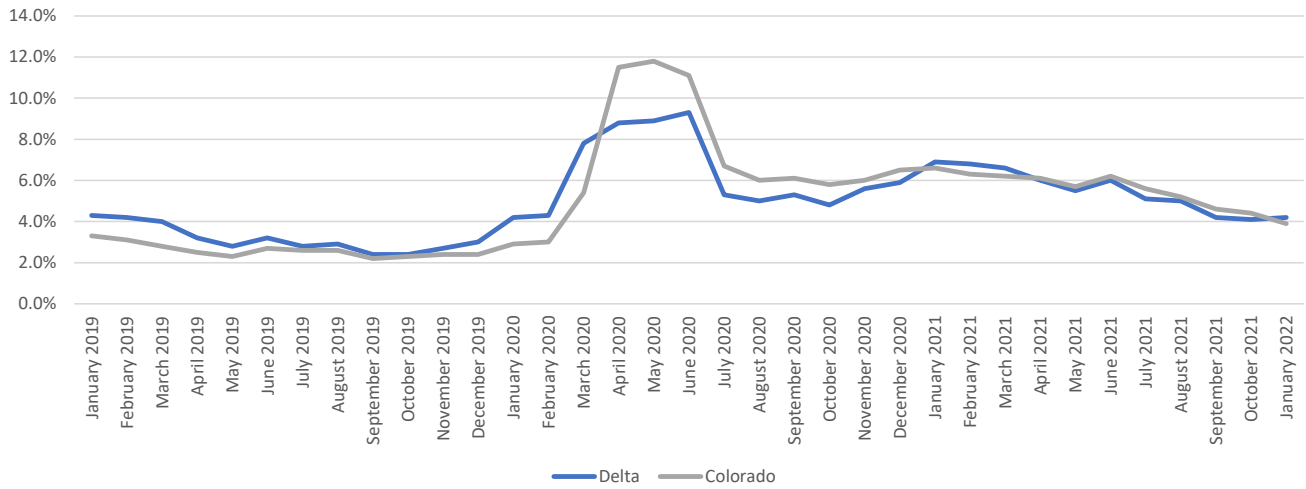


Figure 5:  
Number of Unemployed Delta County

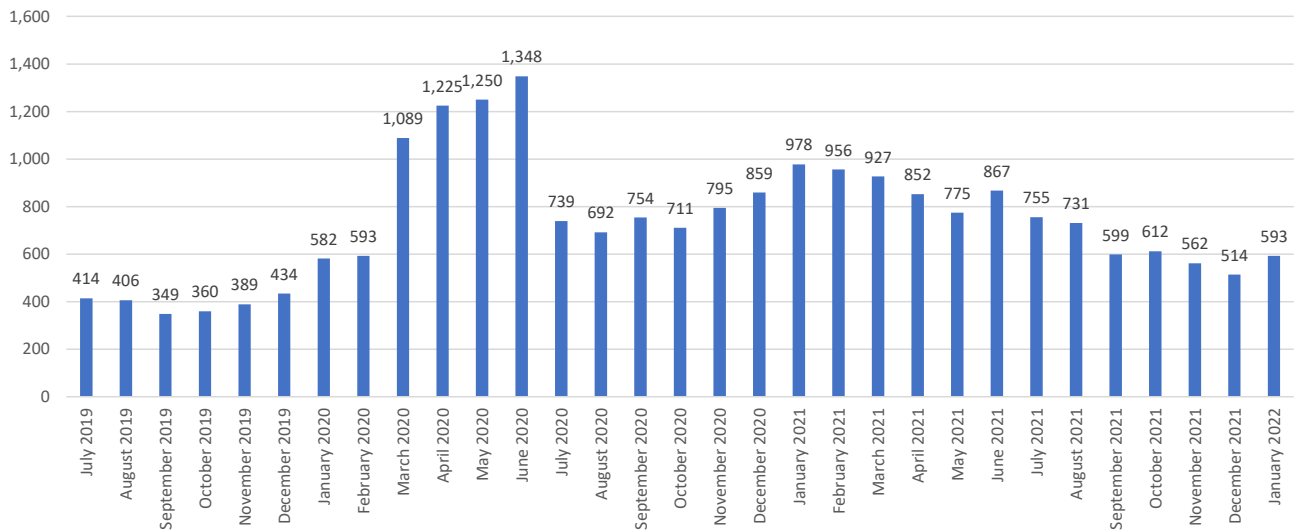


Figure 6:  
Total Full and Part Time Jobs (BEA)

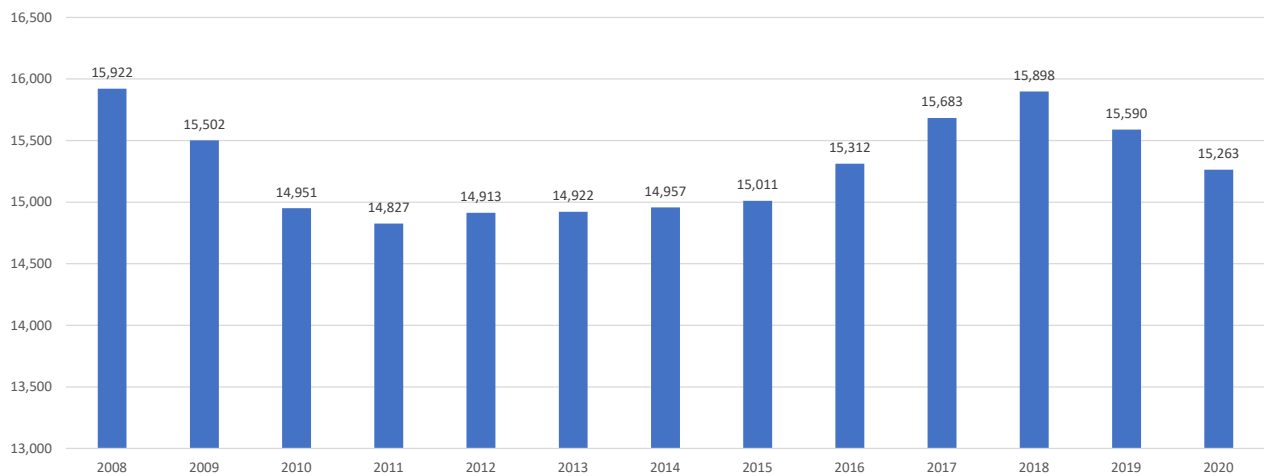


Figure 7:  
Delta County Median Household Income

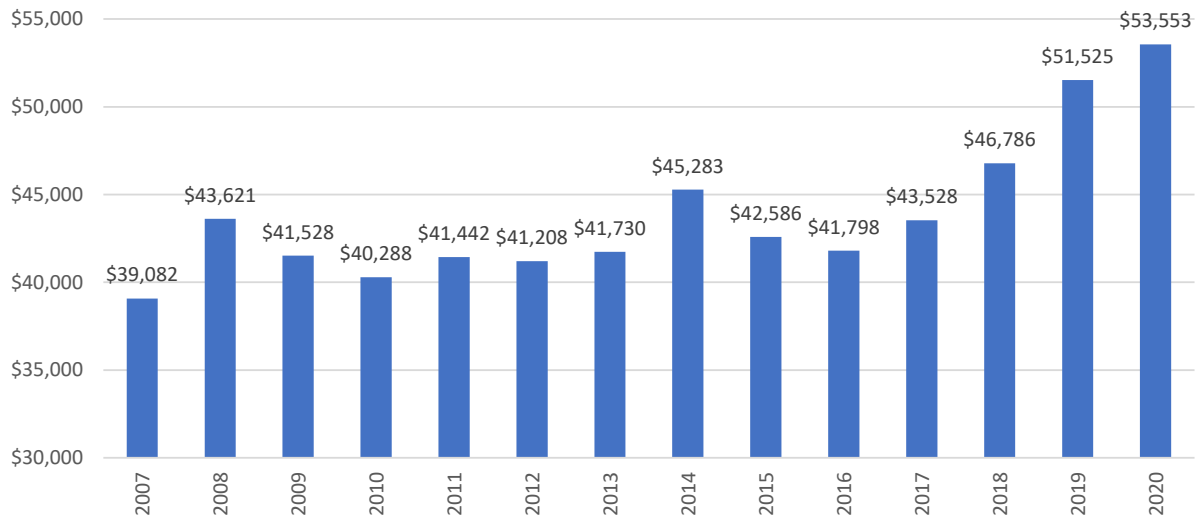


Figure 8:  
Delta County Poverty Rate Estimate

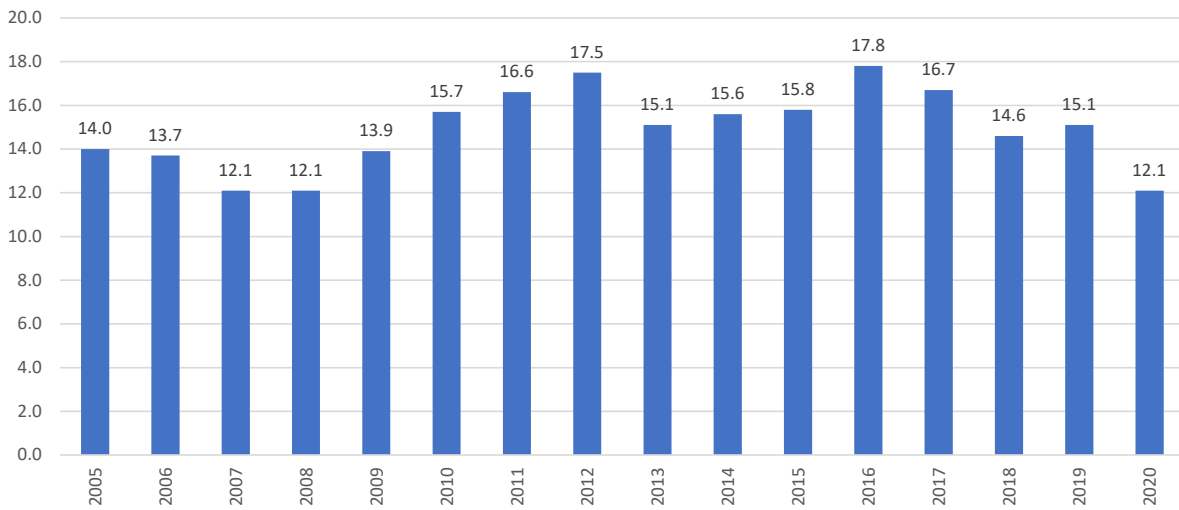
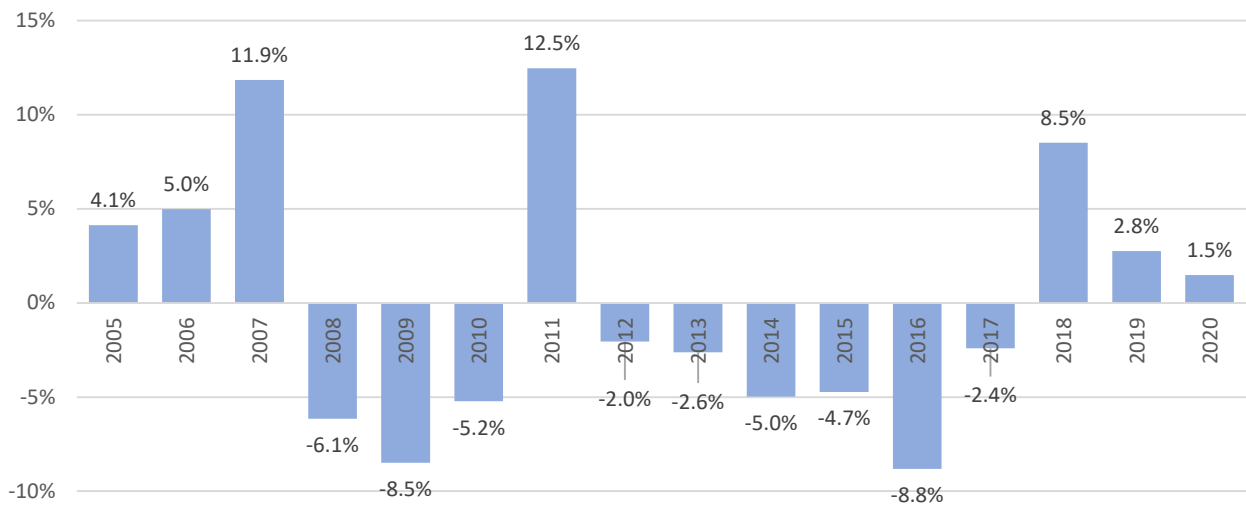


Figure 9:  
Delta County Real GDP % Change (chained 2012 dollars)



## Delta County Employment Trends

Q3 2021 QCEW data shows an increase in jobs and wages. The biggest gains in wages were retail trade, manufacturing, and construction. The biggest job gains were in accomodation and food services (65), construction (38), and manufacturing (37). Real estate, rental, and leasing are showing lost wages, which may be attributable to the lack of housing inventory for the real estate to engage with. The biggest job loss was in administrative and waste services, losing 100 jobs. Note that QCEW is industry level data that illustrates wages and employment by industry, but does not capture 100% of employment (sole proprietors and many farm employees are not counted in this dataset).

Table 2:  
**Quarterly Census of Employment and Wages (QCEW) Q3 2021 Compared to Q3 2020**

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Wage Change	Total Employment Change
Total, All Industries	8,457	\$86,162,928	\$784	\$4,115,367	72
Health Care and Social Assistance	1,727	\$20,238,147	\$901	\$290,760	-47
Public Administration	816	\$10,454,704	\$986	\$462,797	27
Retail Trade	1,261	\$10,319,674	\$630	\$957,226	3
Construction	531	\$6,607,280	\$957	\$759,815	37
Manufacturing	539	\$5,827,965	\$832	\$811,665	38
Accommodation and Food Services	711	\$3,713,748	\$402	\$527,792	65
Agriculture, Forestry, Fishing & Hunting	363	\$3,672,338	\$778	\$62,730	-32
Finance and Insurance	190	\$2,276,516	\$922	\$31,536	-7
Professional and Technical Services	201	\$2,257,515	\$864	\$479,118	34
Other Services, Ex. Public Admin	246	\$2,168,787	\$678	\$279,485	27
Real Estate and Rental and Leasing	180	\$2,032,696	\$869	-\$1,201,289	-41
Information	132	\$1,418,510	\$827	\$2,892	-7
Transportation and Warehousing	124	\$1,375,397	\$853	\$90,493	2
Wholesale Trade	122	\$1,309,895	\$826	\$169,304	12
Administrative and Waste Services	147	\$1,228,607	\$643	-\$679,366	-100
Utilities	52	\$922,048	\$1,364	-\$22,635	-4
Management of Companies and Enterprises	48	\$539,283	\$864	\$286,101	33
Arts, Entertainment, and Recreation	64	\$328,970	\$395	\$6,218	8

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	2020	2019	2018	2017	% change from 2019
Farm Employment	1,259	1,257	1,263	1,262	-0.3%
Sole Proprietors (non-farm)	5,154	5,247	5,573	5,436	-7.5%

Figure 10:  
**Total Wage Changes from Q3 2020 to Q3 2021**

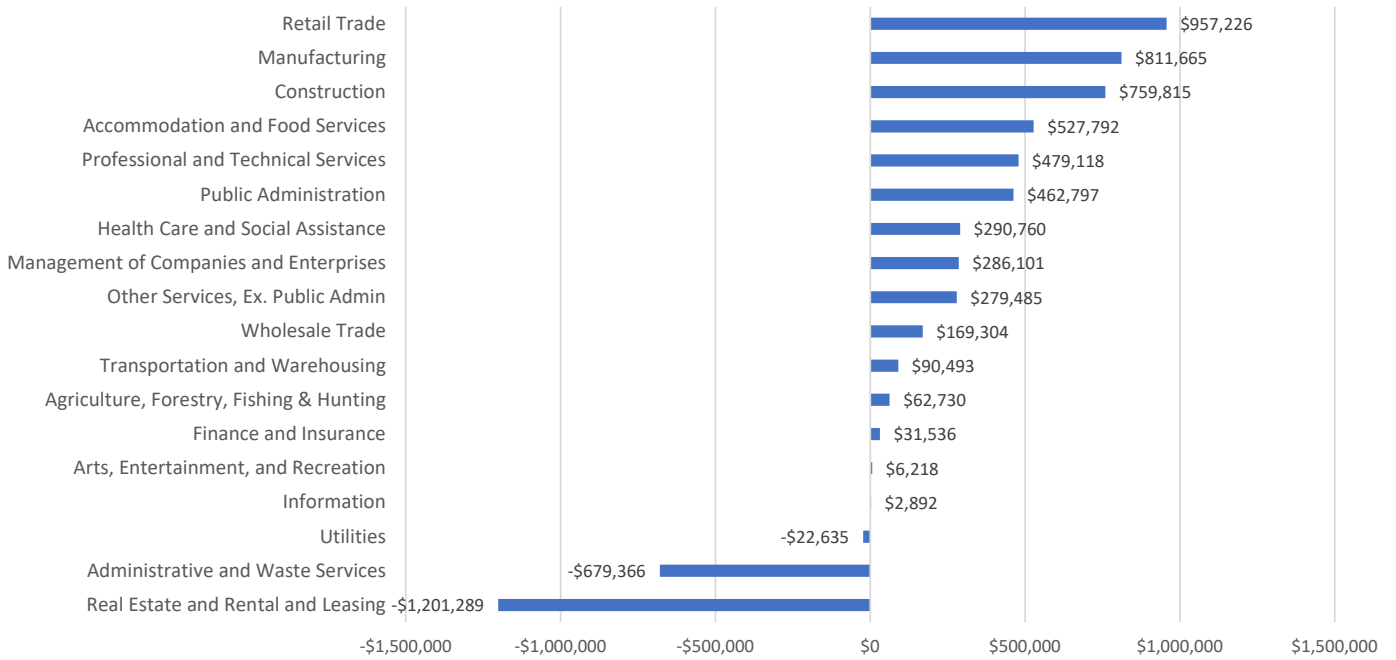
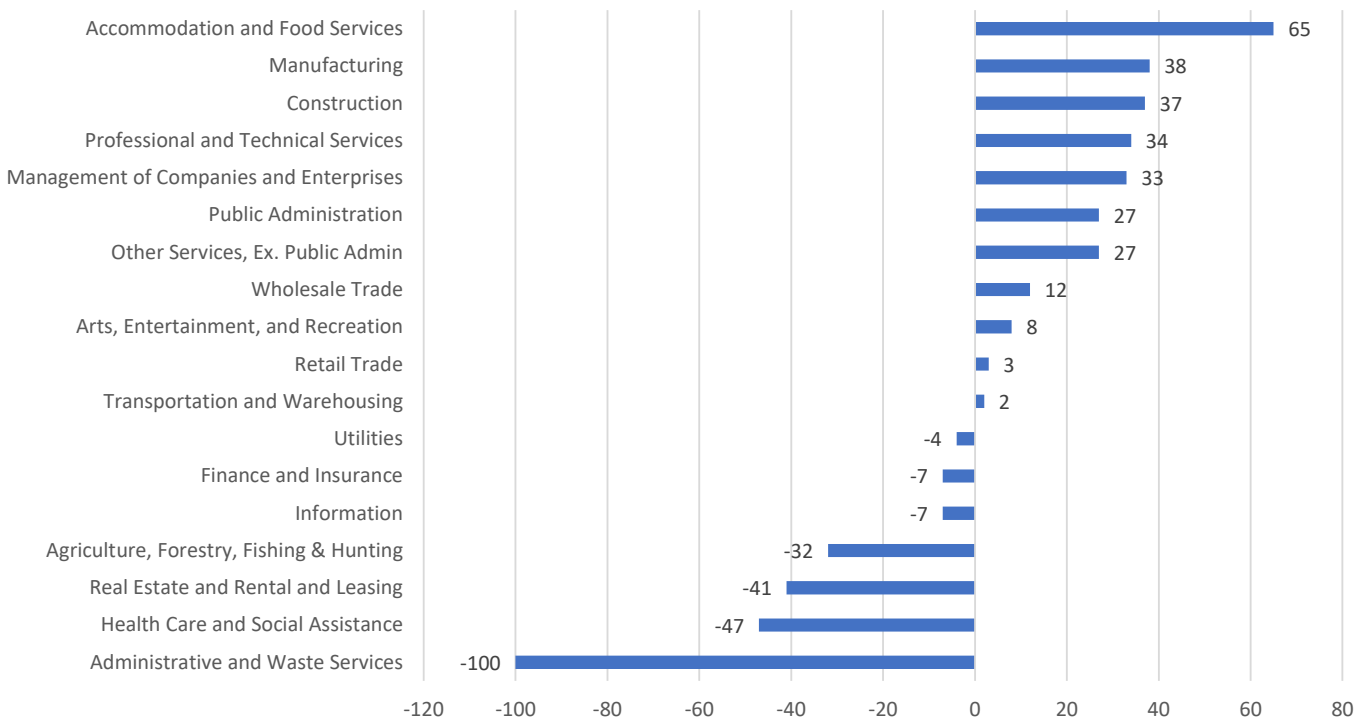


Figure 11:  
**Total Jobs Change from Q3 2020 to Q3 2021**



## LOCAL REAL ESTATE

	Q4 2021	Q4 2020	% change since last year
<b>Real Estate</b>			
Inventory of Homes for Sale (3 month avg)	100	133	-25.25%
New Residential listings (3 month total)	108	123	-12.20%
Sold Residential Listings (3 month total)	136	176	-22.73%
Median Sales Price	\$343,933	\$309,425	11.15%
Average Sales Price	\$378,921	\$356,060	6.42%
Days on Market	87.00	109.67	-20.67%
Months Supply of Inventory	2.03	2.73	-25.61%
<b>Foreclosures</b>			
Foreclosure Filings	6	3	100.00%
Foreclosure Sales	3	2	50.00%
<b>Mortgage Rates</b>			
15 Year Mortgage Rate	2.34%	2.29%	0.05%
30 Year Mortgage Rate	3.08%	2.76%	0.32%

SOURCES IN ORDER OF LISTING: Real Estate Data: Colorado Association of Realtors; Building Permits and Valuation: City of Delta and Orchard City totals; Foreclosure Filings and Sales: Delta County; Mortgage rates: Freddie Mac.

### Local Real Estate Indicators

The Delta County real estate market continues to be tight, with inventory falling by 5% from last year, and median prices rising by 11.15%. Days on market have fallen by 20.67%, and months supply of inventory by 25.61%. All data points show a very tight housing market with limited inventory. The Federal Reserve is raising the Federal Funds rate and reducing their purchases of 10 year treasury bonds, with the goal of raising interest rates. The hope is to slow what has become one of the strongest housing markets in recent history.

Figure 12:  
**Median and Average Home Values**

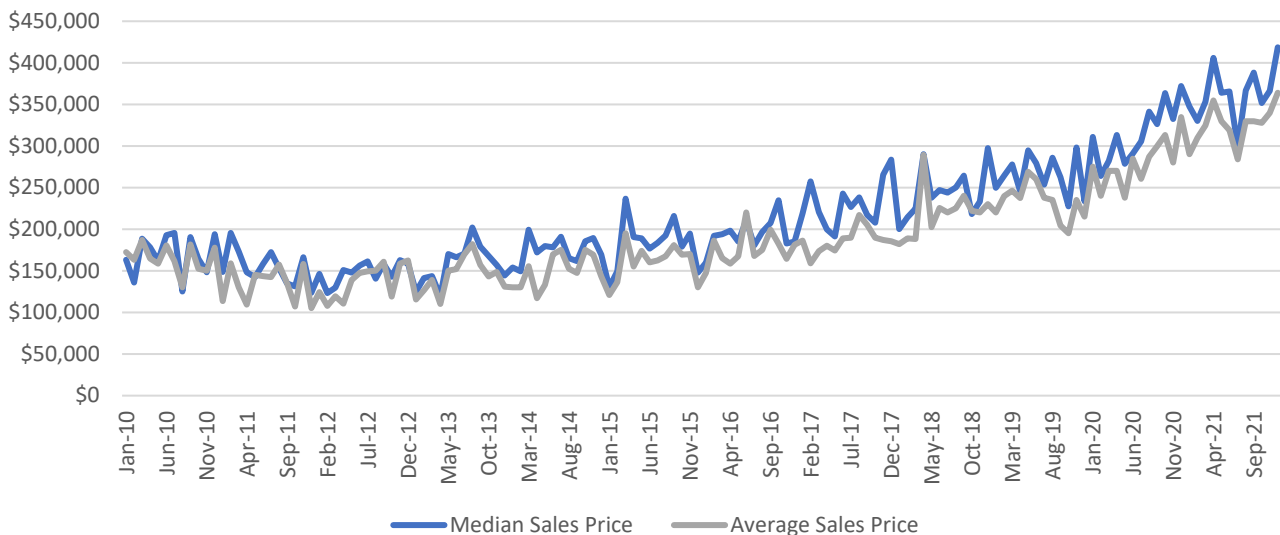




Figure 13:  
**Days on Market Until Sale**

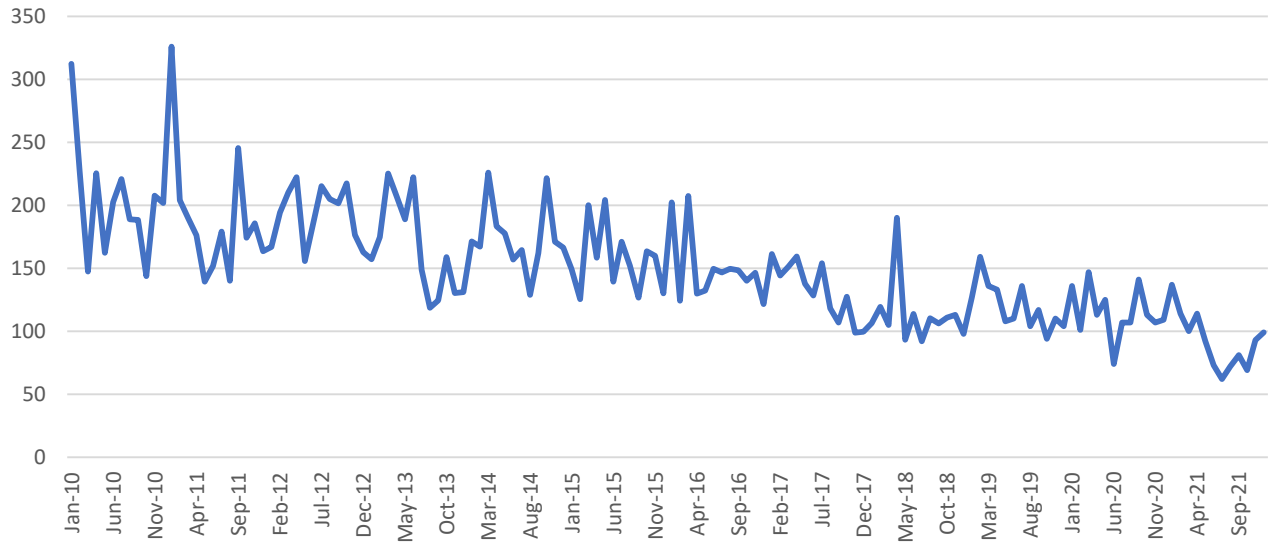


Figure 14:  
**Months Supply of Inventory**

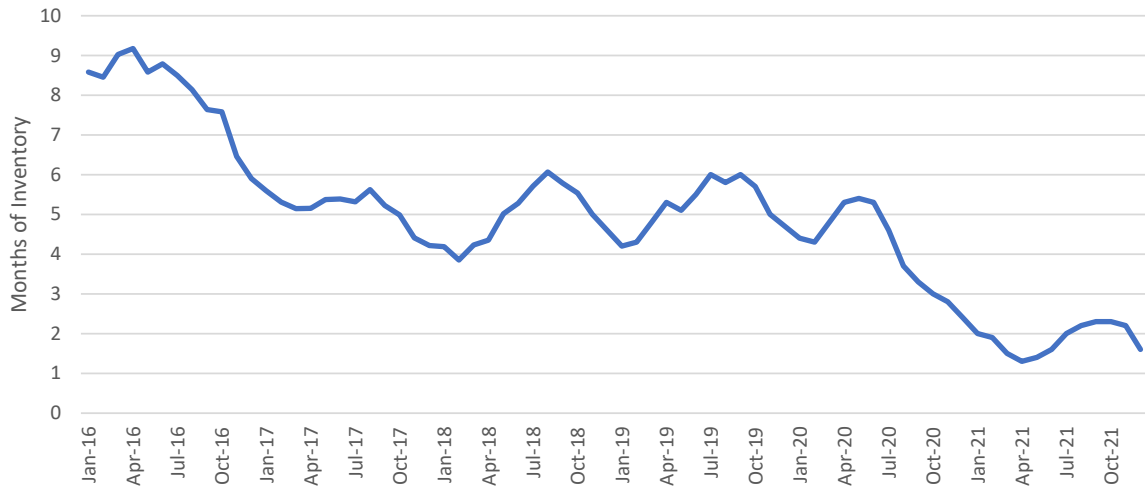


Figure 15:  
**Inventory of Active Listings**



## REGIONAL ENERGY

	Q4 2021	Q3 2021	Q4 2020	% change since last quarter	% change since last year (comparable quarters)
<b>Energy Prices</b>					
WTI Crude Oil	\$77.33	\$70.58	\$42.52	9.56%	81.87%
Henry Hub Natural gas	\$4.77	\$4.36	\$2.53	9.40%	88.54%
Retail Gasoline Price	\$3.21	\$3.06	\$2.06	4.90%	55.62%
<b>Drilling Permits</b>					
	2021 (YTD)	2020	2019	% Change since same time last year	
Drilling Permits (Mesa County)	0	1	0	N/A	
Drilling Permits (Rio Blanco County)	39	33	59	-44.07%	
Drilling Permits (Garfield County)	133	127	149	-14.77%	
Drilling Permits (Moffat County)	1	1	7	-85.71%	
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	173	162	215	-24.65%	
Total Permits (Colorado)	757	1,543	2,032	-24.06%	
<b>Regional Rig Count</b>					
	Feb-22	Aug-21	Feb-21		
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	2	2	1		
<b>Delta/Gunnison Coal Industry</b>					
	2021 (YTD)	2020 (YTD)	% Change		
Delta/Gunnison Average Monthly Employment for Coal Mining	216	284	-23.97%		
Delta/Gunnison Coal Production (tons)	273,521	223,307	22.49%		

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: Colorado Division of Reclamation and Safety.

Figure 16:  
**Oil and Natural Gas Prices**

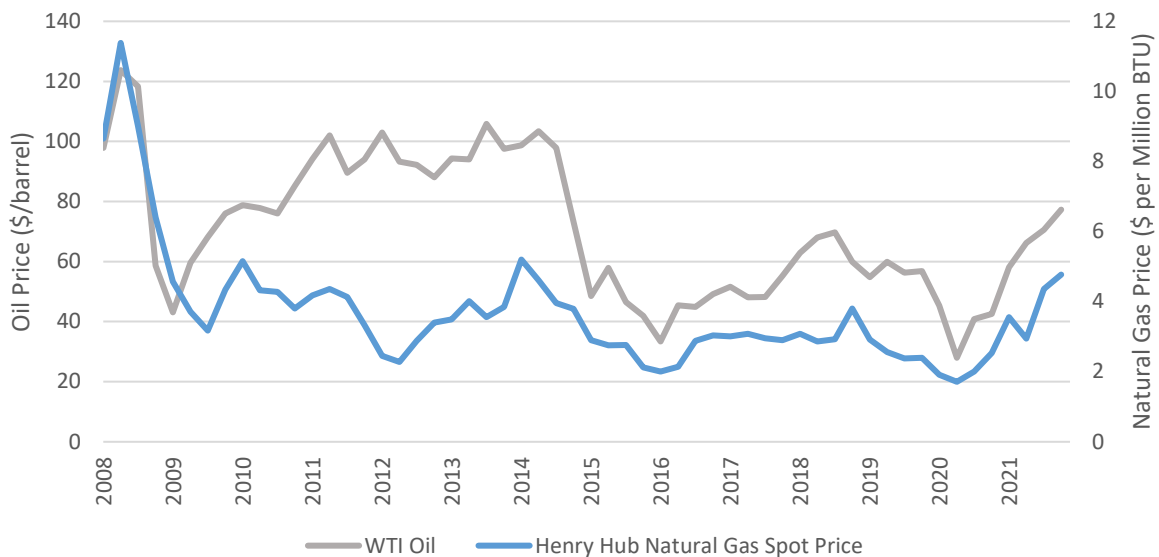


Figure 17:  
**Oil/Gas Drilling Permits and Oil/Gas Jobs**

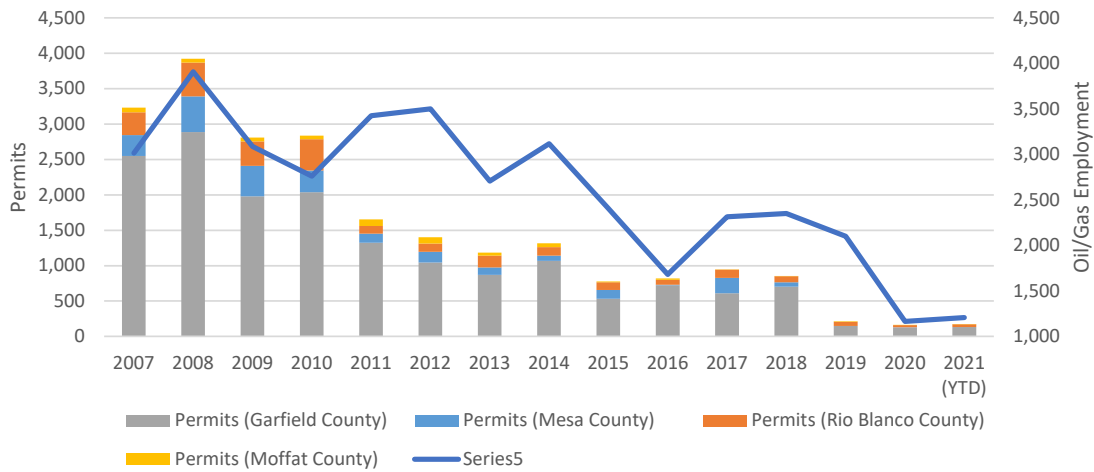
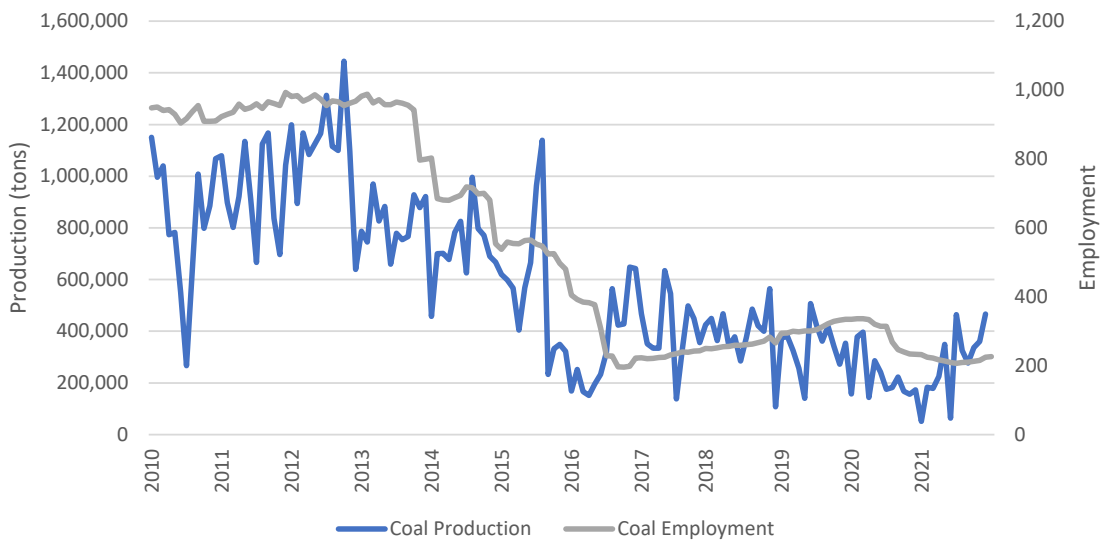


Figure 18:  
**Delta/Gunnison Coal Production and Employment**



### Western Slope Oil, Gas, and Coal

The Energy Information Agency (EIA) reports that in February, the natural gas spot price at Henry Hub averaged \$4.69/MMBtu, while Brent crude oil averaged \$97 per barrel. There is much uncertainty in energy markets currently due to Russia's invasion of Ukraine. EIA forecasts Brent crude oil to average \$117 per barrel in March, and \$102 per barrel for the second half of 2022. U.S. retail gasoline prices averaged \$3.52 in February, while Gasbuddy.com shows that the average gas price as of March 14th in Mesa County ranged between \$3.83 and \$4.05.

How rising oil and gas prices affects the Piceance Basin remains to be seen. In the past when oil, and specifically natural gas prices rise the region would see rig activity pick up, but there are still two rigs operating in the Piceance as of March 14th. There was an uptick in jobs and wages in this industry but for employment and wages to really pick up rig activity will have to increase.

Comparing 2020 to 2021, West Elk Mine production has increased by 22%, while mining jobs have fallen by 24%.

## NATIONAL ECONOMIC INDICATORS

	Q4 2021	Q3 2021	Q4 2020	% change since last period	% change since last year (comparable quarters)
<b>Business Cycle Indicators</b>					
Real GDP	6.90%	2.30%	4.50%	4.60%	2.40%
Personal Consumption Expenditures	3.30%	2.00%	3.40%	1.30%	-0.10%
Gross Private Domestic Investment	32.00%	12.40%	24.70%	19.60%	7.30%
National Consumer Confidence	69.9	74.8	79.8	-6.55%	-12.41%
Industrial Production Index	101.8	100.7	97.4	1.09%	4.55%
Initial Weekly Unemployment Claims (4 week MA)	265,923	369,788	787,250	-28.09%	-66.22%
Non Farm Payroll Change (in thousands)	1,733,333	1,695,333	1,998,333	2.24%	-13.26%
<b>Unemployment</b>					
Unemployment Rate-U3-SA	4.20%	5.10%	6.80%	-0.90%	-2.60%
Unemployment Rate-U6-SA	7.70%	8.80%	11.90%	-1.10%	-4.20%
<b>Interest Rates</b>					
Federal Funds Rate	0.08%	0.09%	0.09%	-0.01%	-0.01%
10 Year U.S. Treasury	1.54%	1.32%	0.86%	0.22%	0.68%
30 Year U.S. Treasury	1.94%	1.93%	1.62%	0.01%	0.32%
<b>Inflation Measures</b>					
Inflation Rate (CPI)	6.72%	5.29%	1.20%	1.43%	5.52%
Core Inflation Rate (All Items Less Food and Energy)	5.01%	4.07%	1.62%	0.94%	3.39%
Inflation Rate (Shelter)	3.86%	2.92%	1.93%	0.94%	1.93%
Producer Price Index (PPI)	21.77%	20.27%	-0.22%	1.50%	21.99%
Employment Cost Index	4.00%	3.68%	2.52%	0.33%	1.48%
<b>Stock Prices</b>					
S&P 500	4,602	4,422	3,555	4.08%	29.47%
Dow Jones Industrial Average	35,517	34,916	29,092	1.72%	22.09%
<b>Trade Balance and Debt</b>					
Trade Balance (% of GDP)	-962.593	-947.023	-798.431	1.64%	20.56%
Federal Debt (% of GDP)*	122.5%	127.5%	127.5%	-5.0%	-5.0%

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.

Figure 19:  
Real GDP for U.S.

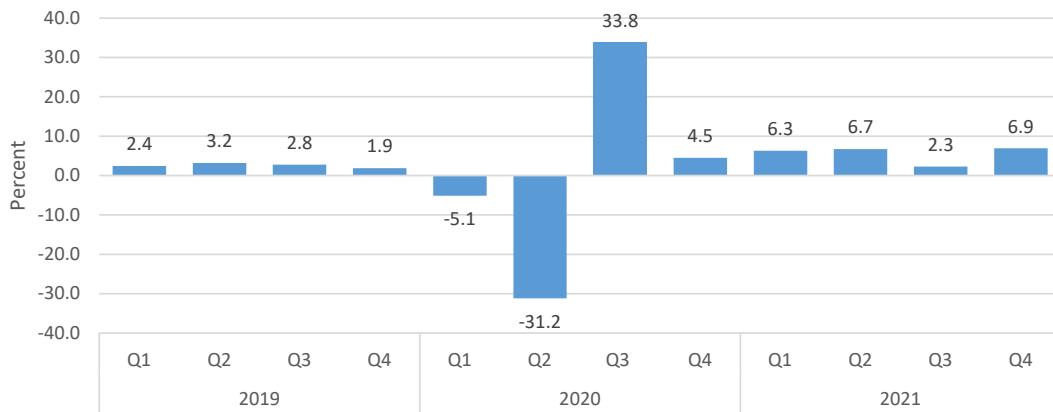
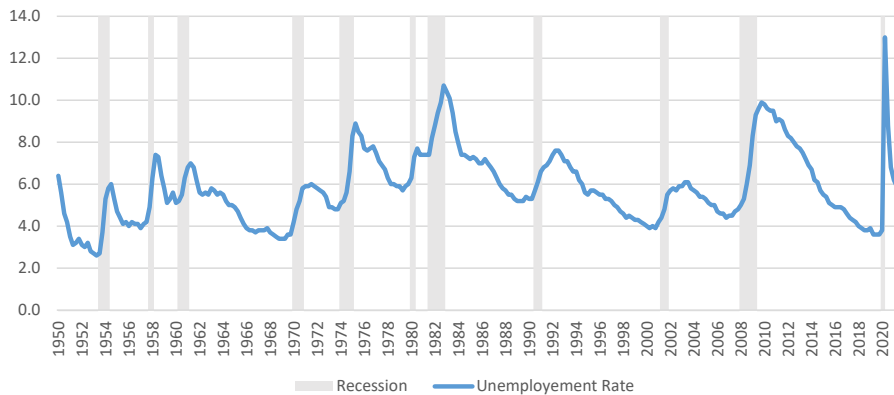


Figure 20:  
U.S. Unemployment Rate



## National Economic Performance

U.S. GDP growth showed a 6.9% gain. The Q1 2022 GDP Now forecast shows a much more subdued quarter at 0.5%. The national unemployment rate fell to 3.8% in February, bringing the unemployment rate down to 2019 levels. Figure 21 shows the GDP gap, with the grey line showing the actual level of GDP, and the blue line representing what is called “potential GDP”, which is where we want to be. The difference is called the “GDP gap,” and the graph shows that the U.S. is very close to full economic recovery from the COVID-19 induced economic downturn.

## Inflation

The U.S. inflation rate in February hit 7.9%, a continued increase of the inflation we began to see in mid-2021. This is the highest inflation rate since 1982. Like last quarter, energy and vehicles lead the charge with a 25.6% increase in energy and used cars and trucks increasing by 41.2%, and not to be outdone, food increased by 7.9%. Before Russia’s invasion of Ukraine, and 3.5-4% inflation forecast by year end was a reasonable way to view inflation dynamics in the coming year. Energy shows inflation because 2020 energy prices were so low, supply chains would eventually work themselves out, etc. However, the Russia-Ukraine crisis has changed the inflation forecast and has much larger implications for the world and U.S. economy.

## Russia-Ukraine

Russia is a huge exporter of oil and natural gas, and although

the U.S. only imports 3% of its oil from Russia, any disruption in the world market will affect the price of oil domestically. Russia and Ukraine also produce a sizable portion of the world’s wheat supply. Commodities are a world market, hence the price of food will increase. Russia also produces platinum, aluminum, fertilizers, and other important products.

Perhaps the more esoteric risk is the risk to the international financial system and global trade. This includes global supply chains, reliance on the U.S. dollar, and trade flows between the U.S. and China. This is clearly a coordinated challenge from China and Russia to the existing global order, a challenge that has resulted in sanctions on Russia and may necessitate a form of de-coupling from China economically. This is an enormous amount of risk for the financial markets to digest, which is one of the reasons markets have been trending downwards since the invasion. How Russia-Ukraine resolves itself is unknown, but what is certain is that politically the global order, and economically the trade and financial flows we have been accustomed to are under threat and likely to change to some degree. This means lower growth, higher inflation (or what we call stagflation), and the distinct possibility of a world recession this year. The Fed raising interest rates can help bring inflation down, certainly helping with housing, vehicle inflation, but because so much of the inflationary pressure is a supply shock, the Fed will likely not be able to eliminate all inflation with monetary policy.

Figure 21:  
**GDP Gap**

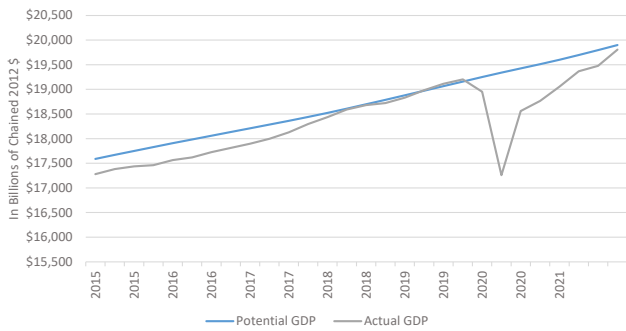


Figure 22:  
**Employment Cost Index**

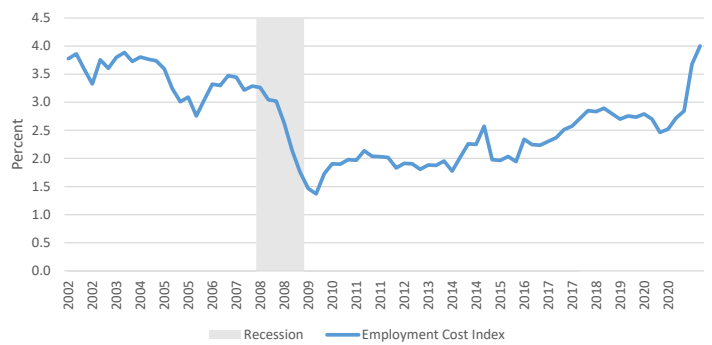
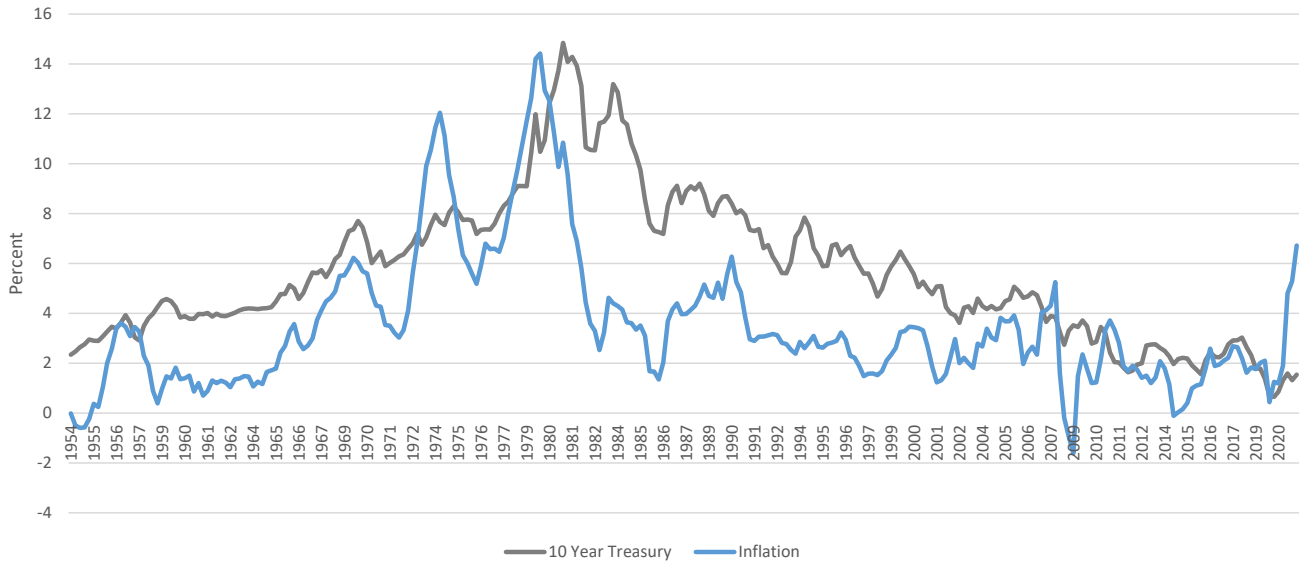


Figure 22:  
**Inflation Rate and 10 Year Treasury Rate**



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