

DELTA COUNTY ECONOMIC UPDATE

First Quarter, 2023



The Delta Economic Update is partially funded by One Delta County

Economic Summary

- Delta County median household income fell from \$53,553 to \$52,403. The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Delta County rising from 12.1% to 13.9%.
- Delta County new business entity filings were down 4.21% from 2022, falling from 642 to 615. The trend of new entity filings has increased every year since 2011, with only the last year decreasing.
- U.S. GDP for Q4 2022 was 2.9%, down slightly from the revised Q3 number of 3.2%. The Atlanta Federal Reserve's GDP NOW forecast as of mid-March shows a Q1 2023 GDP forecast of 3.2%.
- Headline inflation printed lower at 6% in February. 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

	Q4 2022	Q3 2022	Q4 2021	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Delta County-NSA	3.13%	3.07%	4.47%	0.07%	-1.33%
Unemployment Rate Colorado - NSA	2.70%	2.90%	5.20%	-0.20%	-2.50%
Unemployment Rate U.S. - NSA	3.60%	3.50%	5.20%	0.10%	-1.60%
Labor Force	13,223	13,521	13,658	-298	-435
Employed	12,808	13,102	13,045	-293	-237
Unemployed	415	419	613	-4	-198
Business Confidence					
Leeds Colorado Business Confidence Index	39.8	39.8	58.0	0.00%	-31.38%
Sales/Use Taxes					
City of Delta Sales/Use Taxes (YTD, Oct)	\$8,020,632		\$7,900,902		1.52%
Delta County Sales/Use Tax (YTD, Oct)	\$8,961,452		\$7,571,989		18.35%
Lodging Tax (YTD)	\$157,570		\$142,379		10.67%
Business Filings					
	2022 (YTD)		2021 (YTD)		
Delta County New Business Entity Filings (as of Dec 31st)	642		615		-4.21%

Standard of Living and Growth	2021	2020	2019	2018	% change from previous year
Population	31,661	31,232	31,021	30,835	1.37%
Personal Income	\$867,713	\$841,319	\$809,291	\$783,427	3.14%
Personal Income Per Capita	\$1,457,743	\$1,355,742	\$1,206,772	\$1,175,400	7.52%
Mesa County Gross Regional Product (in millions)	\$46,042	\$43,409	\$38,727	\$37,968	6.07%
Median Household Income	\$52,403	\$53,553	\$51,525	\$46,786	3.94%
Percent of Population Below Poverty Line	13.9%	12.1%	15.1%	14.60%	1.80%

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

Delta County employment has been on a consistent downward trend since October of 2019, even adjusting for seasonality. Normally this would be a problem, but unemployment averaged 3.1% in Q4 of 2022, and unemployment numbers are not rising. The reason for the decrease in employment is the fall in the labor force. A simple definition for the labor force would be a measurement of those who are willing and able to work. Aging demographics of the county may be contributing to a slightly declining labor force.

Other Indicators

City sales taxes were up 1.52% while county sales and use taxes were up 18.35%.

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,

Delta County new business entity filings were down 4.21% from 2022, falling from 642 to 615. The trend of new entity filings has increased every year since 2011, with only the last year decreasing.

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

	Labor Force	Employed	Unemployed
Annual	-389	-90	-299
5-Year	-867	-839	-28
10-Year	-1,083	-156	-927
Annual %	-2.8%	-0.7%	-38.4%
5-Year %	-6.1%	-6.2%	-5.5%
10-Year %	-7.5%	-1.2%	-65.9%

New standard of living measures have been released for 2021, as county level data has a significant lag. Delta County median household income fell from \$53,553 to \$52,403. Median household income is an estimate with a fairly large confidence interval, so it is important to not overreact to one number that falls. It is more important with this data point to look at the overall trend, and the story is that the growth that hit the Western Slope in 2017 translated to increased median household income over the next four years, but that trend has now paused for several counties. It's important to note that Colorado's median household income also fell.

The Census Department's SAIPE (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Delta County rising from 12.1% to 13.9%. Poverty estimates fell drastically from 2016 to 2020 falling from 17.8% to 12.1%. This data point also has a large confidence interval so another year or two of rising poverty rate would be necessary to be concerned.

Figure 1:
Employment Estimate

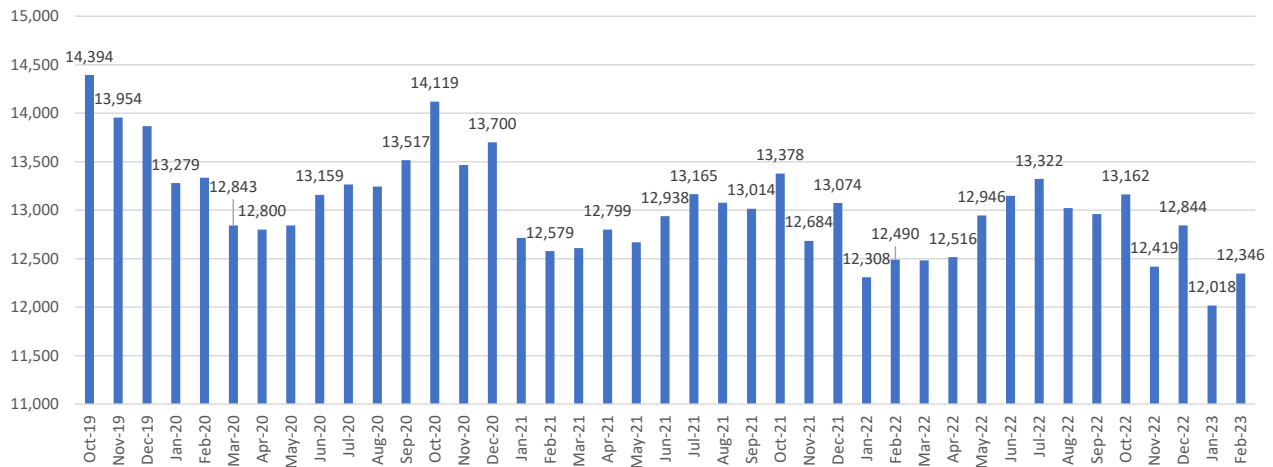


Figure 2:
Yearly Employment Average

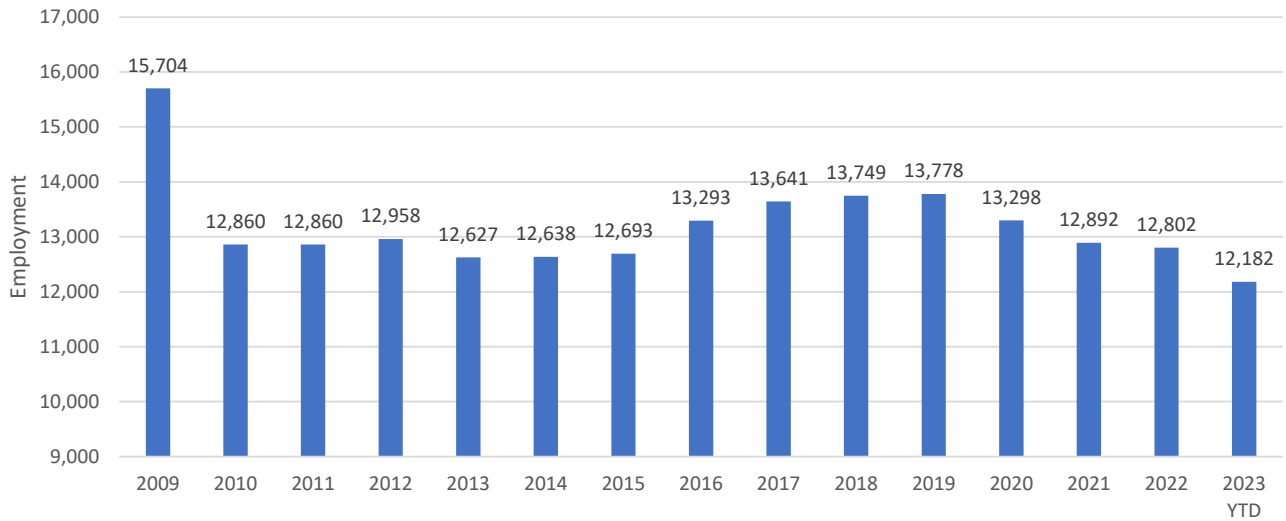


Figure 3:
Change in Yearly Employment Average

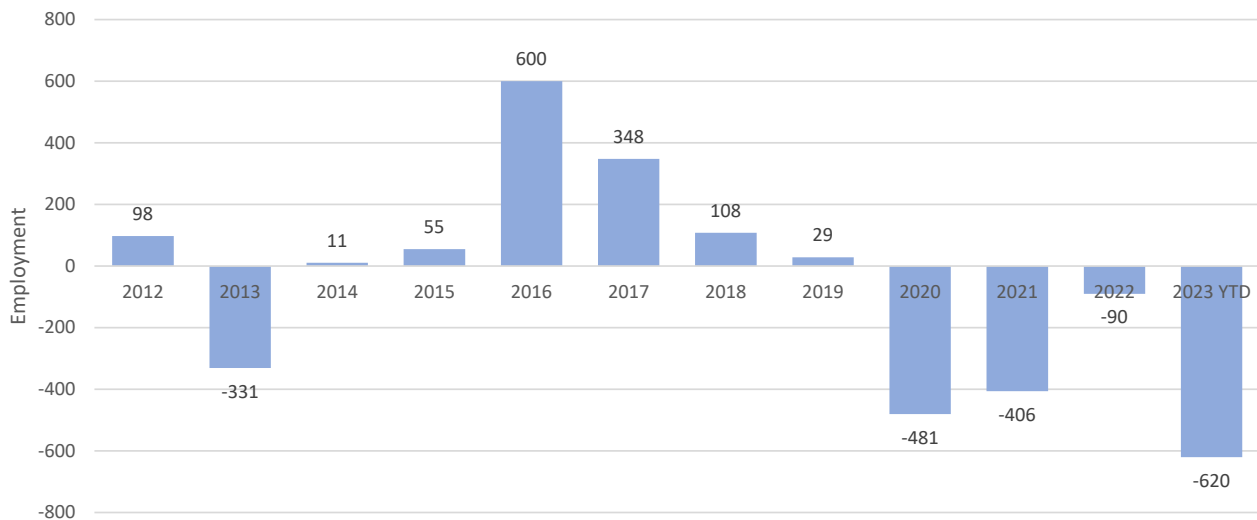


Figure 4:
Leeds Business Confidence Index

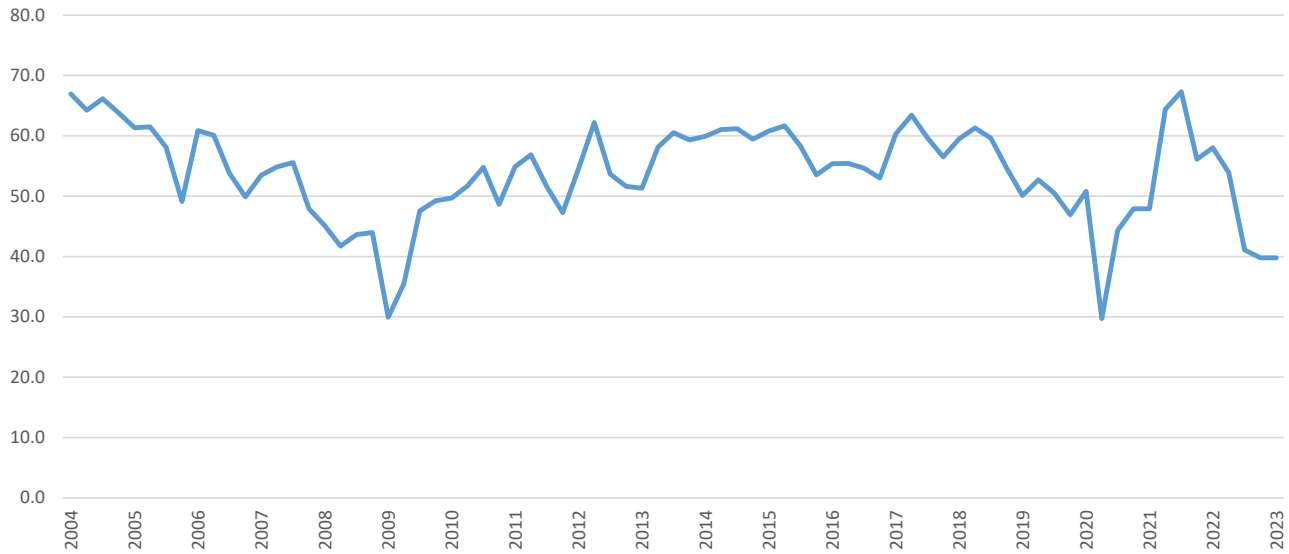


Figure 5:
Delta Sales and Use Tax

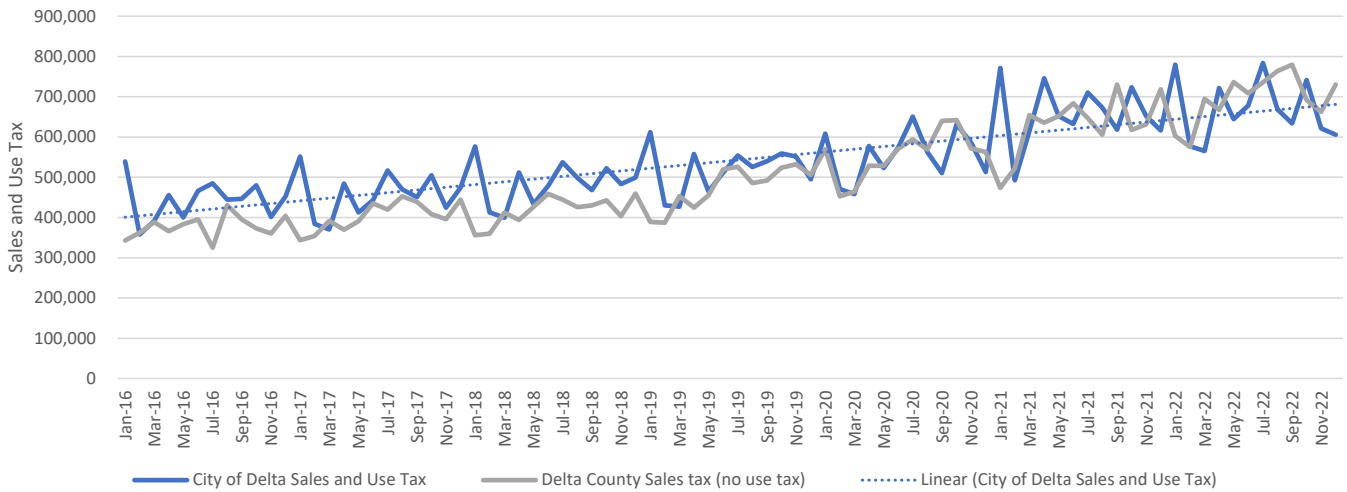


Figure 6:
Total Full and Part Time Jobs (BEA)

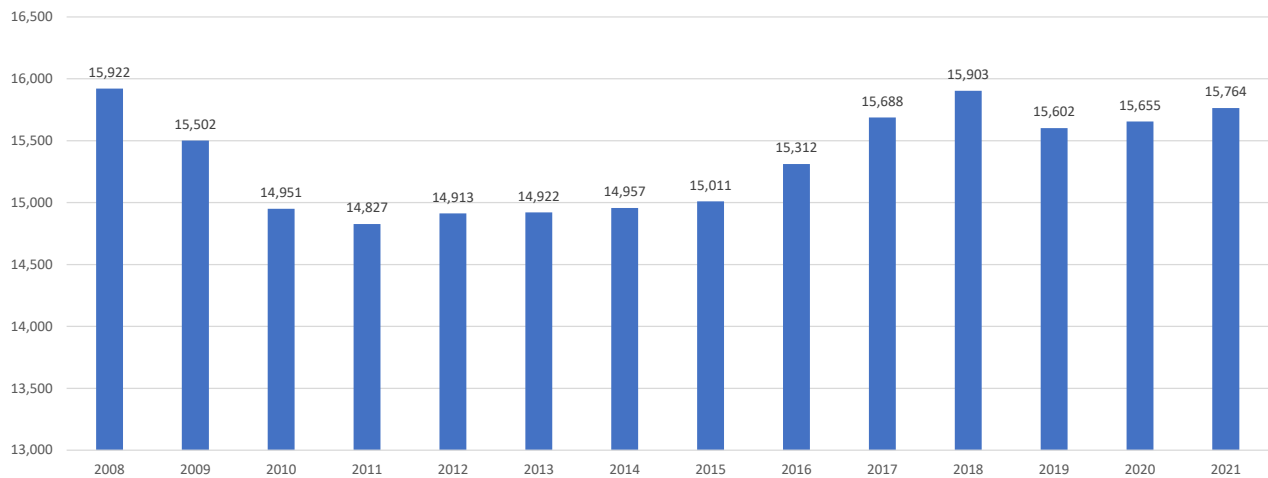


Figure 7:
Delta County Median Household Income

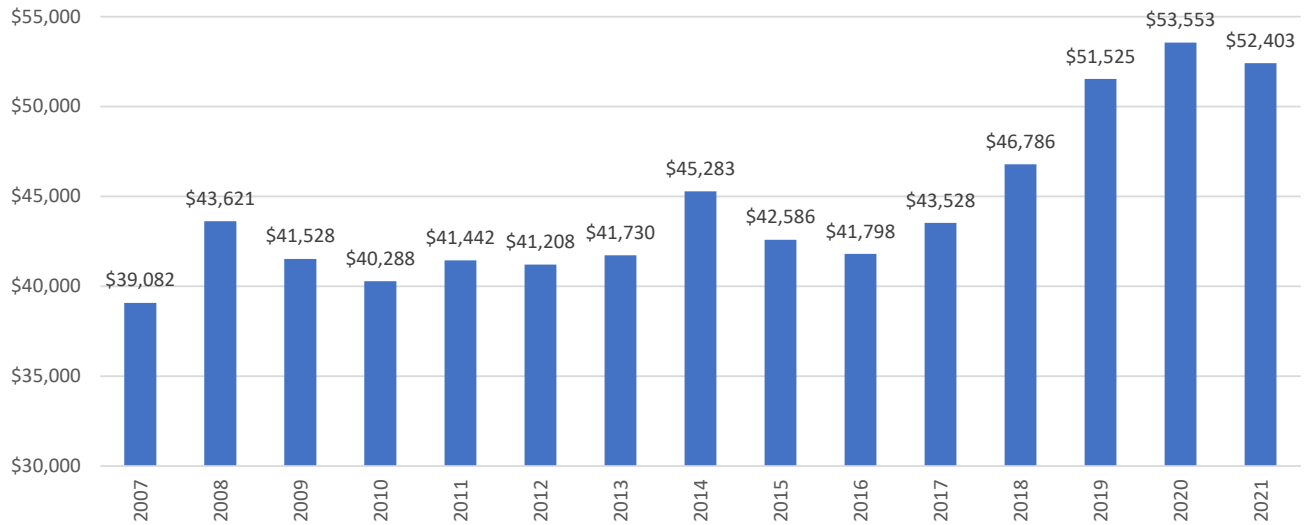


Figure 8:
Delta County Poverty Rate

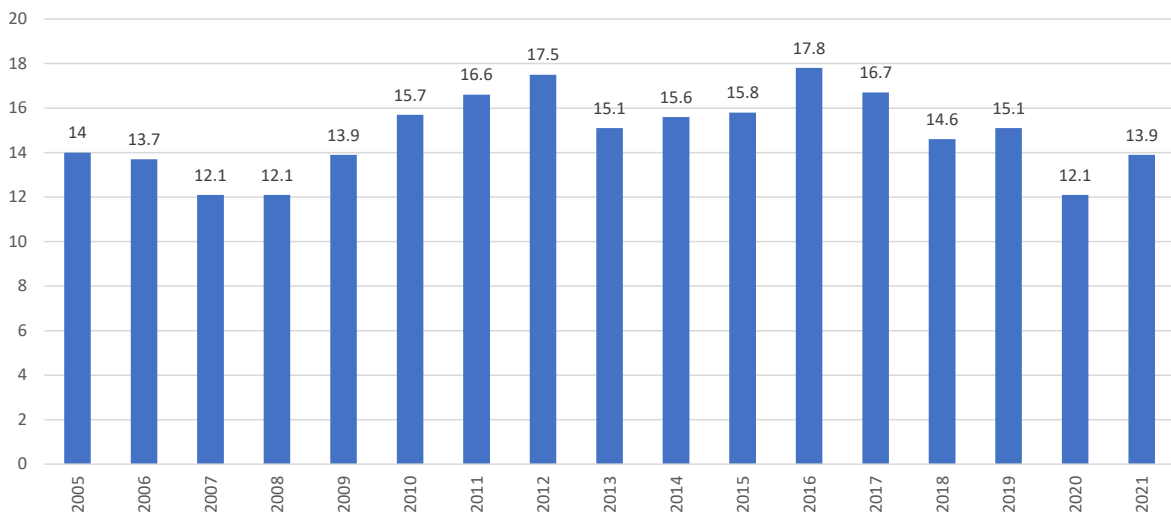
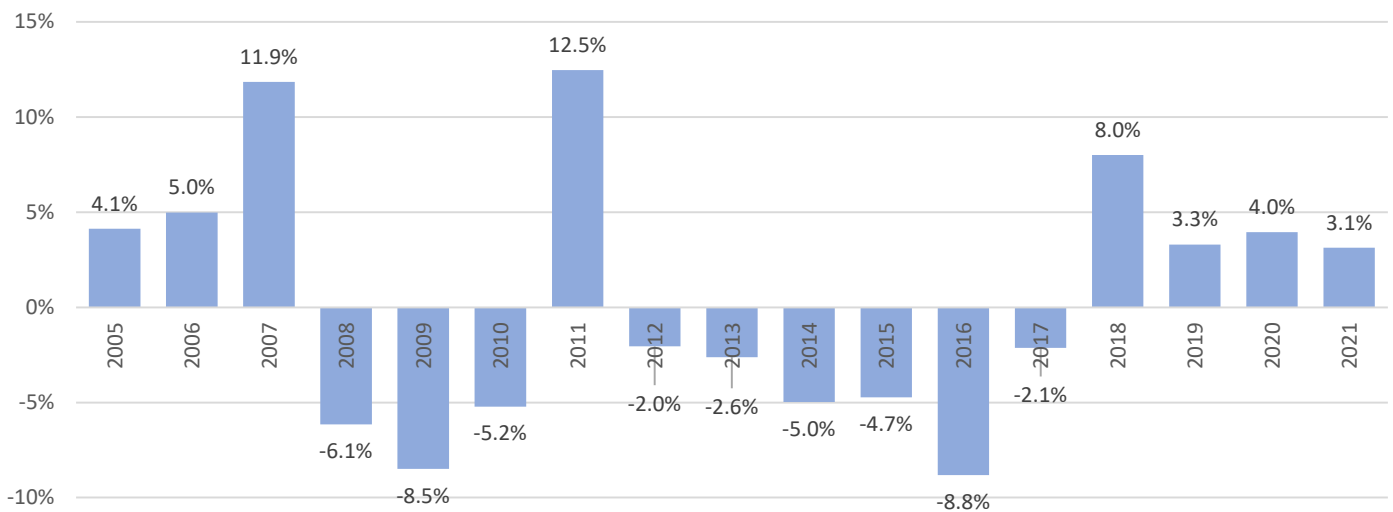


Figure 9:
Delta County Real GDP % Change (chained 2012 dollars)



Delta County Employment Trends

Q3 2022 QCEW data shows a loss in jobs but a slight gain in wages, similar to last quarter. The job losses were mainly in healthcare, with the healthcare industry struggling to staff workers in qualified positions. Job gains were in administrative and waste services and manufacturing. Administrative and waste services includes subcategories such as janitors and cleaners, laborers and freight, stock, material movers, landscaping and groundskeeping, office clerks, and security guards. Finance and insurance led wage gains along with administrative and waste services. 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). However, table 4 below illustrates updated farm and sole proprietor jobs with sole proprietors increasing by 6%. Educational services and mining are omitted due to confidentiality.

Table 3:
Quarterly Census of Employment and Wages (QCEW) Q3 2022 Compared to Q3 2021

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Wage Change	Total Employment Change
Total, All Industries	8,378	\$92,487,451	\$849	\$6,324,523	-79
Health Care and Social Assistance	1,577	\$20,840,637	\$1,017	\$602,490	-150
Retail Trade	1,235	\$10,871,652	\$677	\$551,978	-26
Public Administration	830	\$10,765,518	\$997	\$310,814	14
Construction	499	\$6,652,824	\$1,026	\$45,544	-32
Manufacturing	560	\$6,604,533	\$907	\$776,568	21
Agriculture, Forestry, Fishing & Hunting	398	\$4,263,895	\$824	\$591,557	35
Accommodation and Food Services	747	\$4,048,394	\$417	\$334,646	36
Finance and Insurance	246	\$3,660,790	\$1,146	\$1,384,274	56
Professional and Technical Services	212	\$2,938,514	\$1,065	\$680,999	11
Other Services, Ex. Public Admin	262	\$2,667,417	\$784	\$498,630	16
Real Estate and Rental and Leasing	187	\$2,192,365	\$903	\$159,669	7
Information	128	\$1,572,721	\$945	\$154,211	-4
Transportation and Warehousing	124	\$1,509,603	\$939	\$134,206	0
Wholesale Trade	124	\$1,467,975	\$913	\$158,080	2
Administrative and Waste Services	158	\$1,462,738	\$712	\$234,131	11
Utilities	48	\$823,303	\$1,329	-\$98,745	-4
Management of Companies and Enterprises	20	\$430,693	\$1,657	-\$108,590	-28
Arts, Entertainment, and Recreation	74	\$357,579	\$373	\$28,609	10

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

Table 4:
Farm and Sole Proprietor Employment

BEA Data	2021	2020	2019	2018	% change from 2020
Farm Employment	1,266	1,259	1,257	1,263	0.6%
Sole Proprietors (non-farm)	5,573	5,247	5,542	5,673	6.2%

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

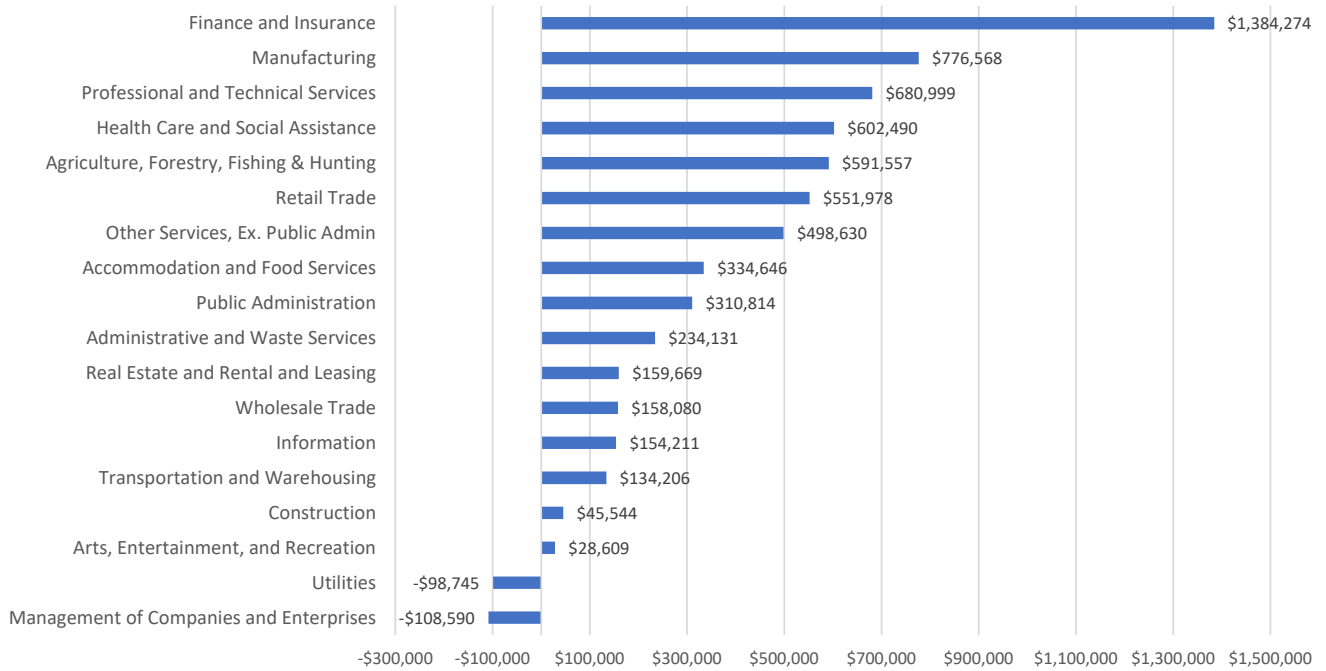
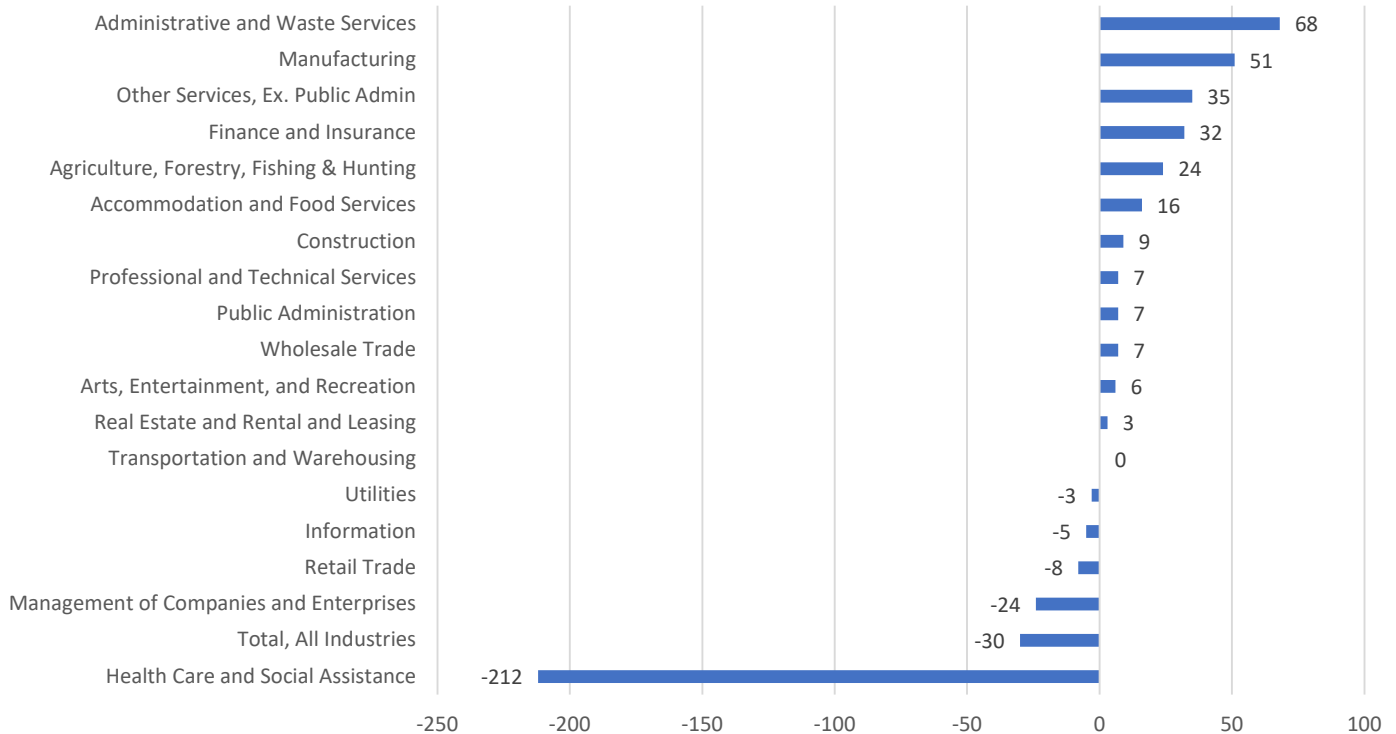


Figure 11:
Total Jobs Change from Q3 2021 to Q3 2022



LOCAL REAL ESTATE

	Q4 2022	Q4 2021	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	150	100	50.50%
New Residential listings (3 month total)	82	108	-24.07%
Sold Residential Listings (3 month total)	86	136	-36.76%
Median Sales Price	\$358,167	\$343,933	4.14%
Average Sales Price	\$405,673	\$378,921	7.06%
Days on Market	88.00	87.00	1.15%
Months Supply of Inventory	3.77	2.03	85.25%
Foreclosures			
Foreclosure Filings	12	9	33.33%
Foreclosure Sales	4	2	100.00%
Mortgage Rates			
15 Year Mortgage Rate (as of November)	5.42%	3.00%	2.42%
30 Year Mortgage Rate (as of November)	6.26%	3.76%	2.50%

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 housing market saw an increase in median home values of 4.14%, rising from \$343,933 to \$358,167. The average sales price ended at \$405,673. Inventory of homes for sale rose from 100 to 150, while months supply of inventory rose to 3.77. Foreclosure filings stayed steady at 12, and are not historically high. Days on market held steady, while 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 economist are forecasting rates closer to 6% this summer as the economy begins to slow down.

Figure 12:
Months Supply of Inventory

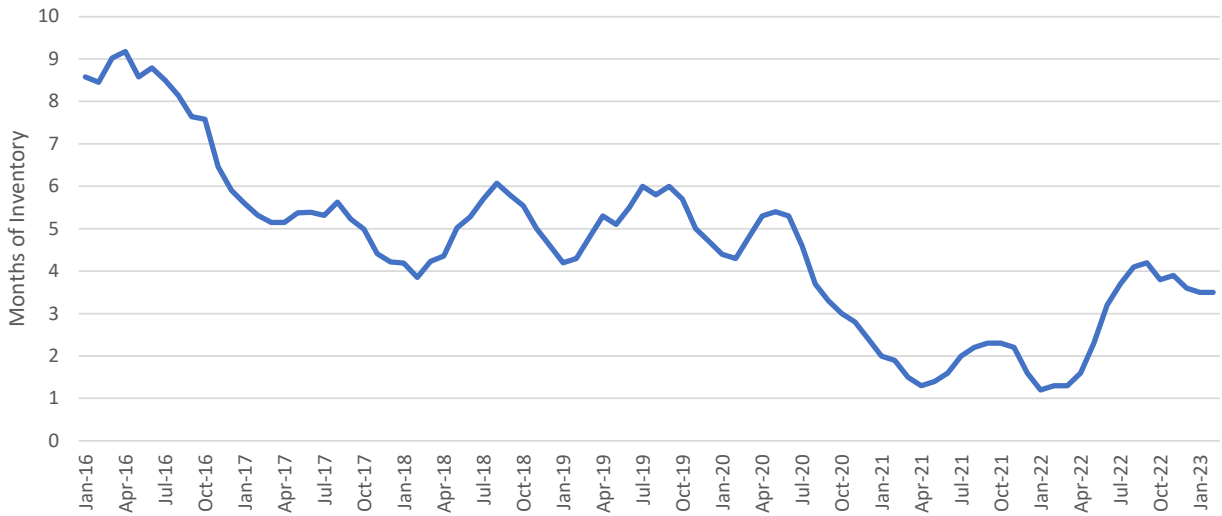
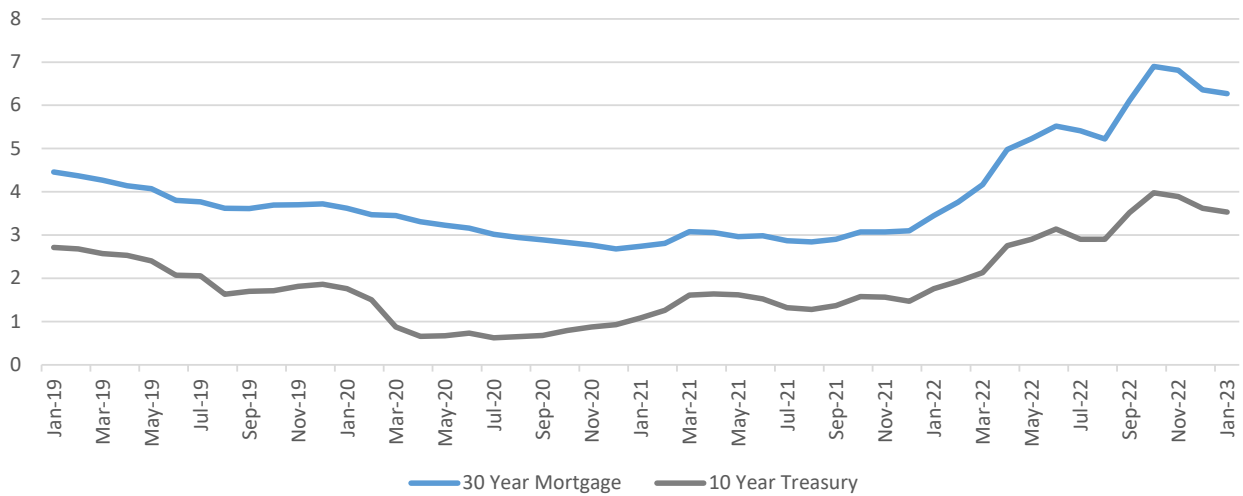


Figure 13:
Foreclosures



Figure 14:
10 Year Treasury and 30 Year Mortgage Rates



REGIONAL ENERGY

	Q3 2022	Q2 2022	Q3 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					
	Mar-23	Nov-22	Aug-22		
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	3	3	4		
Delta/Gunnison Coal Industry					
	2022 (YTD)	2021 (YTD)	% Change		
Delta/Gunnison Average Monthly Employment for Coal Mining	255	214	19.03%		
Delta/Gunnison Coal Production (tons)	385,626	230,202	67.52%		

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 15:
Oil and Natural Gas Prices

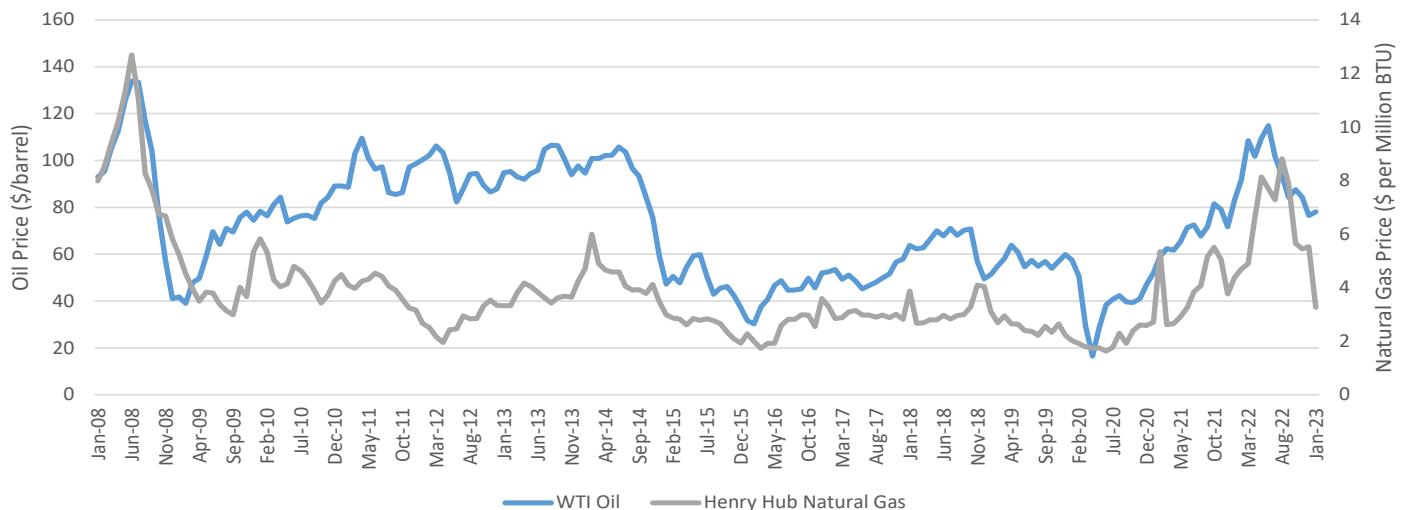


Figure 16:
Delta/Gunnison Coal Production and Employment

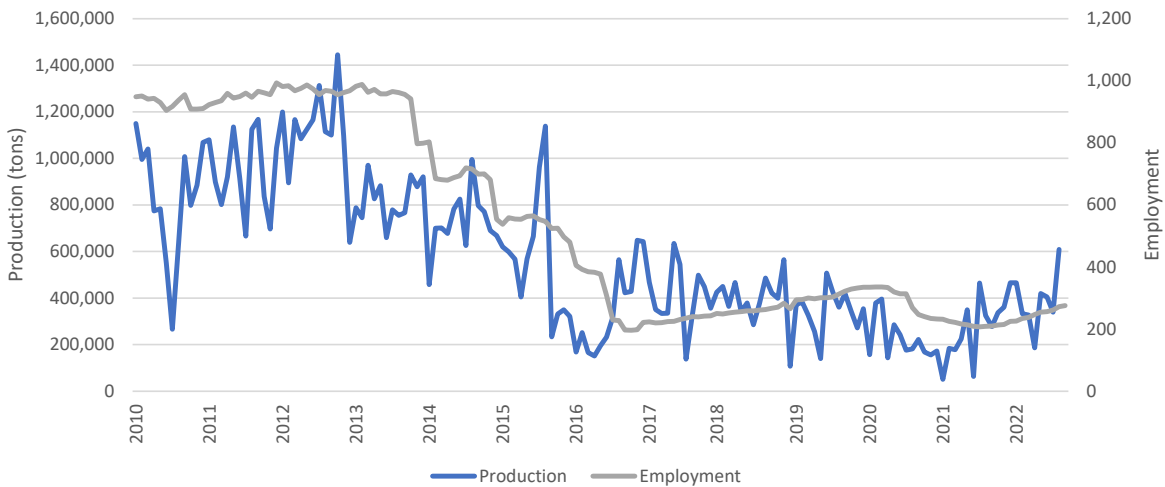
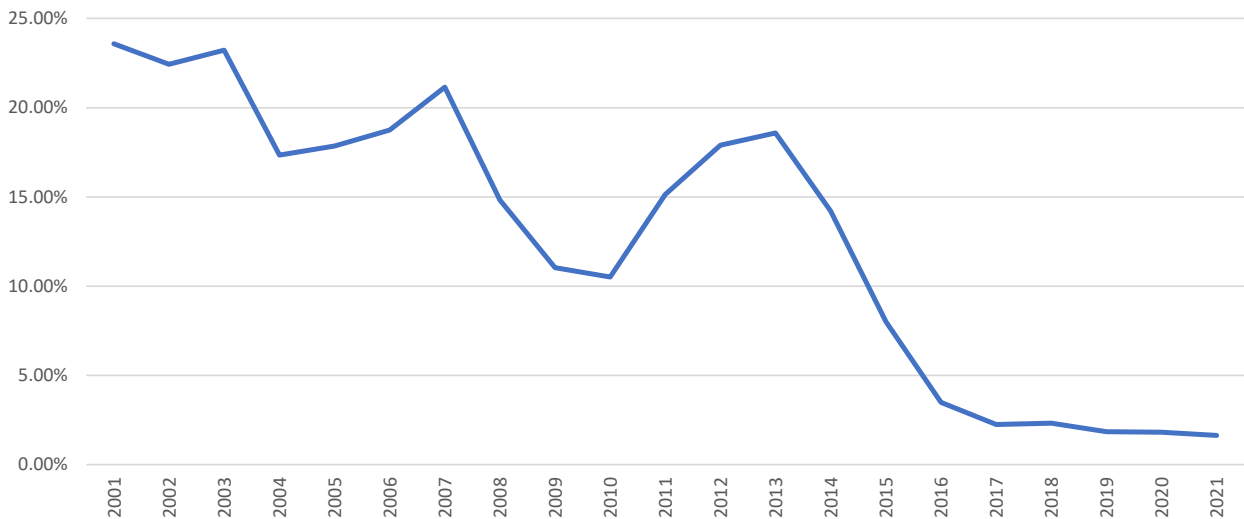


Figure 17:
Mining and Oil and Gas as a Percentage of GDP for Delta County



Western Slope Energy

WTI oil decreased from last quarter, falling to \$93.06 for Q3 from \$108.83 in Q2. As of mid-December, prices are hovering just above \$70 per barrel, illustrating a large drop in prices from their peak of \$118 in June. Much of this is due to concerns about slowing global growth. Natural gas prices average close to \$8.00 in Q3, rising from Q2 prices that averaged close to \$7.50. As of mid-December, natural gas prices were close to \$7.00. 2022 drilling permit applications on the Western Slope are up slightly from 2021, rising to a YTD total (as of early December) of 182, up from 177 in 2021 and 162 in 2020. Drill rig counts are rotating between three and four, with December showing three rigs, down from four over the summer. Oil and gas employment numbers are climbing higher with prices rising, and in Mesa County, oil and gas is only 10% off of pre-COVID employment levels.

Coal mining in the region has increased the number of workers from 216 to 255 year over year. Production has also drastically increased at the mine, up almost 33.91% comparing 2021 to 2022.

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.

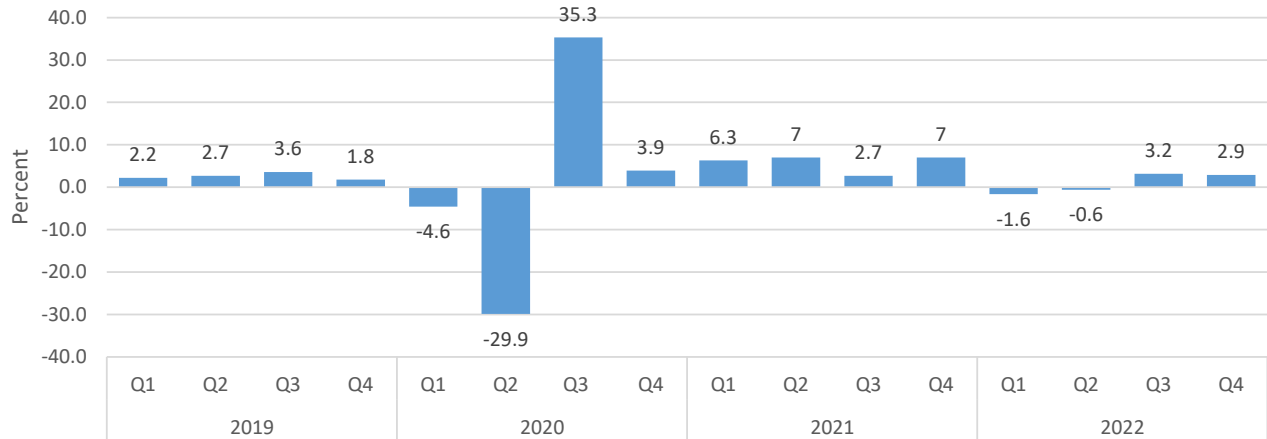
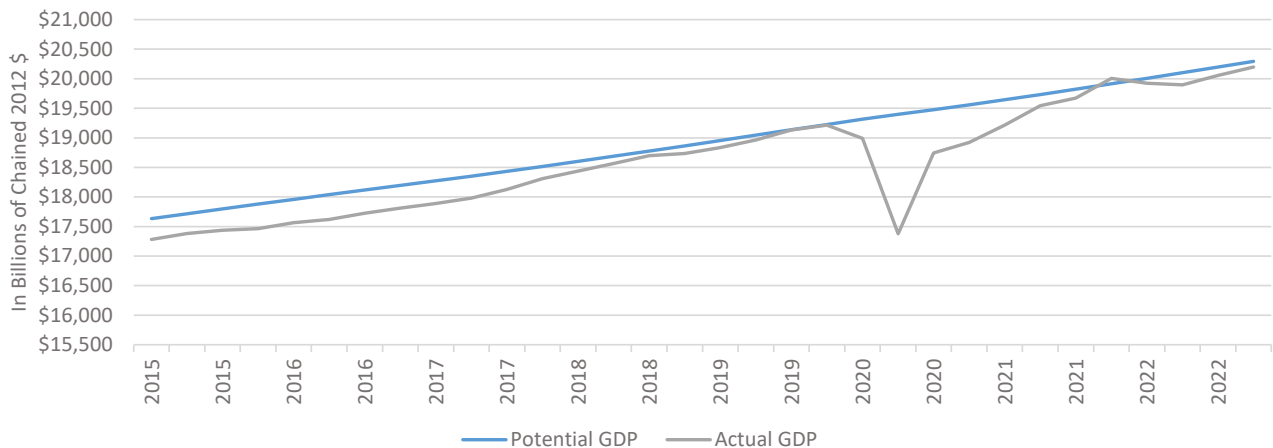


Figure 19:
GDP Gap



Economic Growth

U.S. GDP for Q4 2022 was 2.9%, down slightly from the revised Q3 number of 3.2%. The Atlanta Federal Reserve’s GDP NOW forecast as of mid-March shows a Q1 2023 GDP forecast of 3.2%. 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 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 6% in February. 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 is over 25 basis points or zero. The Fed is signalling 25 basis points as of this writing.

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 Feb. 2023
	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	
All items.....	0.2	0.4	0.5	0.2	0.1	0.5	0.4	6.0
Food.....	0.8	0.8	0.7	0.6	0.4	0.5	0.4	9.5
Food at home.....	0.8	0.7	0.5	0.6	0.5	0.4	0.3	10.2
Food away from home ¹	0.9	0.9	0.9	0.5	0.4	0.6	0.6	8.4
Energy.....	-3.9	-1.7	1.7	-1.4	-3.1	2.0	-0.6	5.2
Energy commodities.....	-8.0	-4.1	3.7	-2.1	-7.2	1.9	0.5	-1.4
Gasoline (all types).....	-8.4	-4.2	3.4	-2.3	-7.0	2.4	1.0	-2.0
Fuel oil ¹	-5.9	-2.7	19.8	1.7	-16.6	-1.2	-7.9	9.2
Energy services.....	1.8	1.2	-0.7	-0.6	1.9	2.1	-1.7	13.3
Electricity.....	1.2	0.8	0.5	0.5	1.3	0.5	0.5	12.9
Utility (piped) gas service.....	3.5	2.2	-3.7	-3.4	3.5	6.7	-8.0	14.3
All items less food and energy.....	0.6	0.6	0.3	0.3	0.4	0.4	0.5	5.5
Commodities less food and energy commodities.....	0.4	0.0	-0.1	-0.2	-0.1	0.1	0.0	1.0
New vehicles.....	0.8	0.7	0.6	0.5	0.6	0.2	0.2	5.8
Used cars and trucks.....	-0.2	-1.1	-1.7	-2.0	-2.0	-1.9	-2.8	-13.6
Apparel.....	0.3	0.0	-0.2	0.1	0.2	0.8	0.8	3.3
Medical care commodities ¹	0.2	-0.1	0.0	0.2	0.1	1.1	0.1	3.2
Services less energy services.....	0.6	0.8	0.5	0.5	0.6	0.5	0.6	7.3
Shelter.....	0.7	0.7	0.7	0.6	0.8	0.7	0.8	8.1
Transportation services.....	1.0	1.9	0.6	0.3	0.6	0.9	1.1	14.6
Medical care services.....	0.7	0.8	-0.4	-0.5	0.3	-0.7	-0.7	2.1

¹ Not seasonally adjusted.

Figure 21:
Inflation Rate

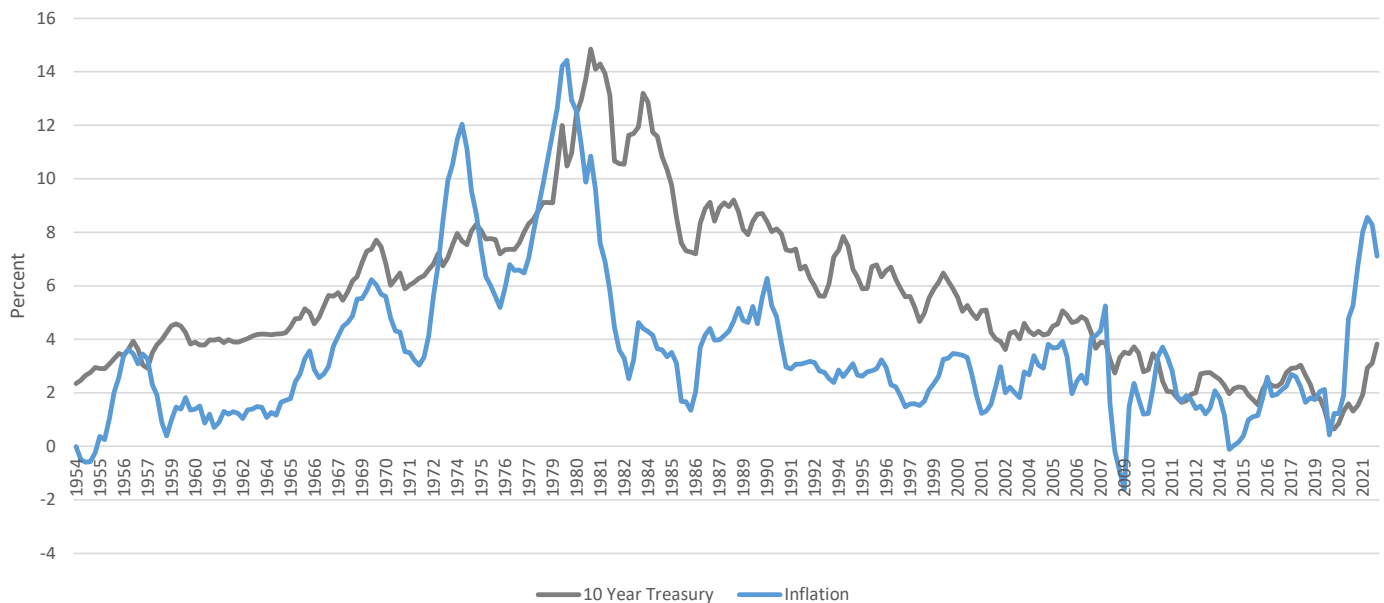


Figure 22:
Unemployment Rate

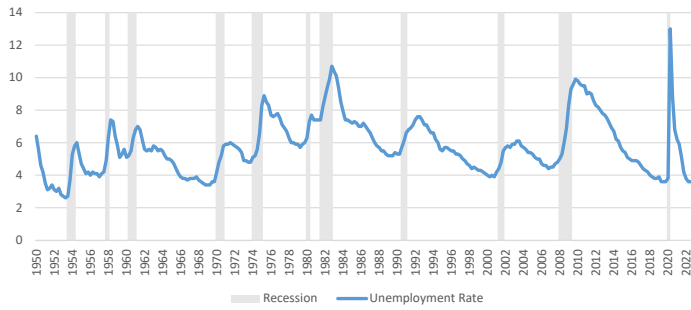


Figure 23:
Employment Cost Index

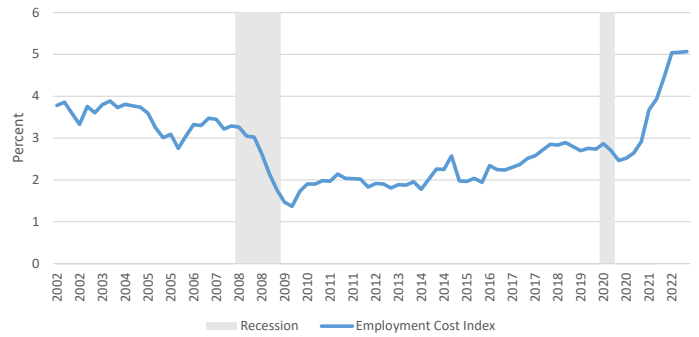


Figure 24:
Yield Curve: 10 Year Treasury minus 2 year Treasury



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