

DELTA COUNTY ECONOMIC UPDATE

Fourth Quarter, 2022



The Delta Economic Update is partially funded by
One Delta County

Economic Summary

- Delta County GDP came in at \$867,713, rising 3.14% from the previous year. For context, Colorado's GDP was 5.77%, making what would normally be a strong year for growth at 3.14% GDP seem dampened. Arts, entertainment, and recreation, as well as accomodation and food services were the biggest gainers. This is not surprising due to the bad year these industries had in 2020. Professional and scientific services increased by 17.1%, while construction increased by 14.2%.
- Delta per capita personal income was released and rose from \$43,409 in 2020 to \$46,042 in 2021, a 6% increase. Per capita income has been rising at a fast past the last 4 years.
- Inflation reported at 7.1%, lower than the 7.3% forecast. November saw a big drop in energy prices, used vehicles, energy services, commodities (less food and energy), and medical care services.

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LOCAL ECONOMIC INDICATORS

	Q3 2022	Q2 2022	Q3 2021	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Delta County- NSA	3.47%	3.33%	4.77%	0.13%	-1.30%
Unemployment Rate Colorado - NSA	3.30%	3.20%	5.10%	0.10%	-1.80%
Unemployment Rate U.S. - NSA	3.60%	3.50%	5.20%	0.10%	-1.60%
Labor Force	14,407	14,251	14,576	156	-169
Employed	13,907	13,776	13,881	131	25
Unemployed	500	476	695	25	-195
Business Confidence					
Leeds Colorado Business Confidence Index	41.1	53.9	67.3	-23.75%	-38.93%
Sales/Use Taxes					
City of Delta Sales/Use Taxes (YTD, Oct)	\$6,793,821		\$6,632,991		2.42%
Delta County Sales/Use Tax (YTD, Oct)	\$6,956,819		\$6,222,128		11.81%
Lodging Tax (YTD)	\$95,780		\$81,912		16.93%
Business Filings					
	2022 (YTD)		2021 (YTD)		
Delta County New Business Entity Filings (as of Nov 31st)	578		597		-3.18%

Standard of Living and Growth	2021	2020	2019	2018	% change from 2019
Population	31,661	31,232	31,021	30,835	1.37%
Gross Domestic Product (GDP)	\$867,713	\$841,319	\$809,291	\$783,427	3.14%
Personal Income	\$1,457,743	\$1,355,742	\$1,206,772	\$1,175,400	7.52%
Personal Income Per Capita	\$46,042	\$43,409	\$38,727	\$37,968	6.07%
	2020	2019	2018	2017	
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

The Delta County labor market peaked for the season in July at 14,165 in employment, falling to 12,964 in November. Seasonal fluctuations are normal for Delta County, but because of a looming national recession and the unemployment rate seeming to hit its low at 3.3% in September, it is possible this is also peak business cycle for Delta County and employment gains may stagnate into 2023. Delta County lost 492 jobs in 2020, gained 327 back in 2021, and averaging the 2020 employment numbers has only gained 49 in 2022. 2022 is shaping up to be a weak year in employment for Delta County. This can be seen in figures 2 and 3.

Neighboring counties Mesa and Montrose counties both had big gains in employment in 2022, but Delta County did not. The National and Colorado labor markets have not budged in response to the Federal Reserve's increase in rates. It is possible that the lagged impact of monetary policy may begin a new trend of increasing unemployment due to tight monetary conditions, but we will not know this until we have more data and a longer trend.

Other Indicators

Delta County and City sales and use tax collections through October are up 11.8% and 2.4% year-over-year, respectively. The Leeds Business Confidence Index fell from 53.9 to 41.1, with all of the components showing a significant drop in optimism, including expectations for the state economy, national economy, business sales, profits, and hiring.

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

	Labor Force	Employed	Unemployed
Annual	-169	25	-195
5-Year	60	19	41
10-Year	-183	695	-877
Annual %	-1.2%	0.2%	-28.0%
5-Year %	0.4%	0.1%	8.9%
10-Year %	-1.3%	5.3%	-63.7%

New standard of living measures have been released for 2021, as county level data has a significant lag. Delta County GDP came in at \$867,713, rising 3.14% from the year before. For context, Colorado's GDP was 5.77%, making what would normally be a strong year for growth at 3.14% GDP seem dampened. Figure 9 illustrates Delta County GDP graphically, and table 2 shows the contribution and changes to GDP year-over-year. Figure 8 illustrates where Delta stands compared to the rest of the Western Slope. Arts, entertainment, and recreation, as well as accommodation and food services were the biggest gainers. This is not surprising due to the bad year these industries had in 2020. Professional and scientific services increased by 17.1%, while construction increased by 14.2%.

In addition to GDP, Delta per capita personal income was released and rose from \$43,409 in 2020 to \$46,042 in 2021, a 6% increase.

Figure 1:
Employment Estimate

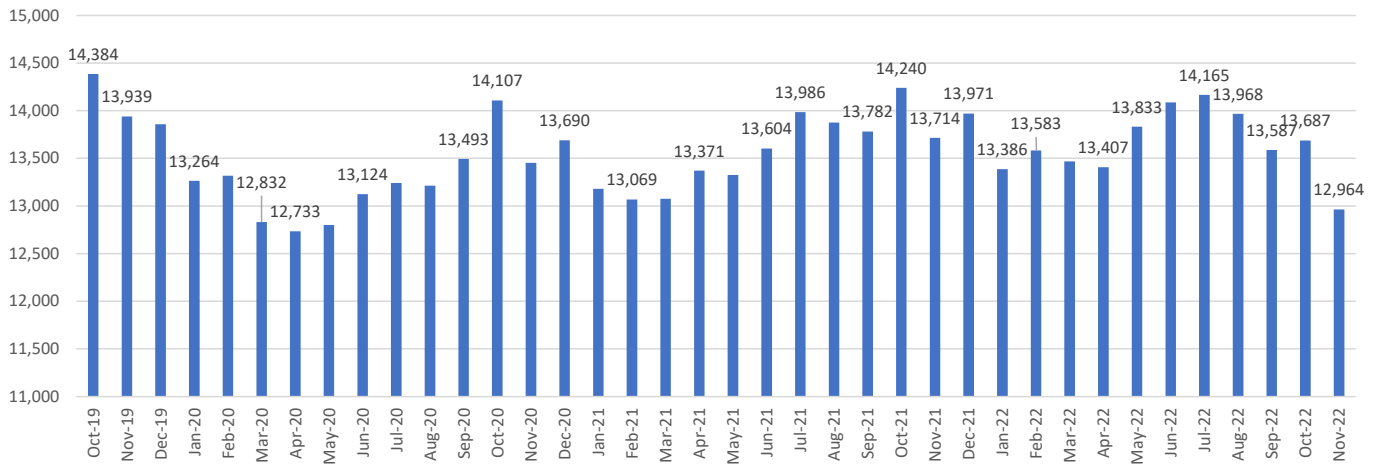


Figure 2:
Yearly Employment Average

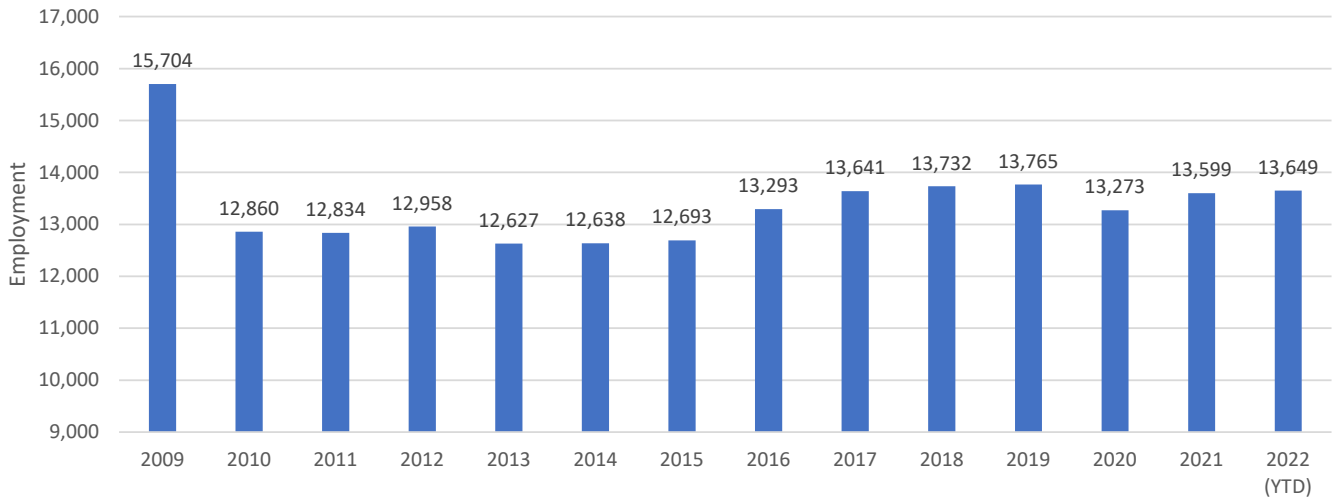


Figure 3:
Change in Yearly Employment Average

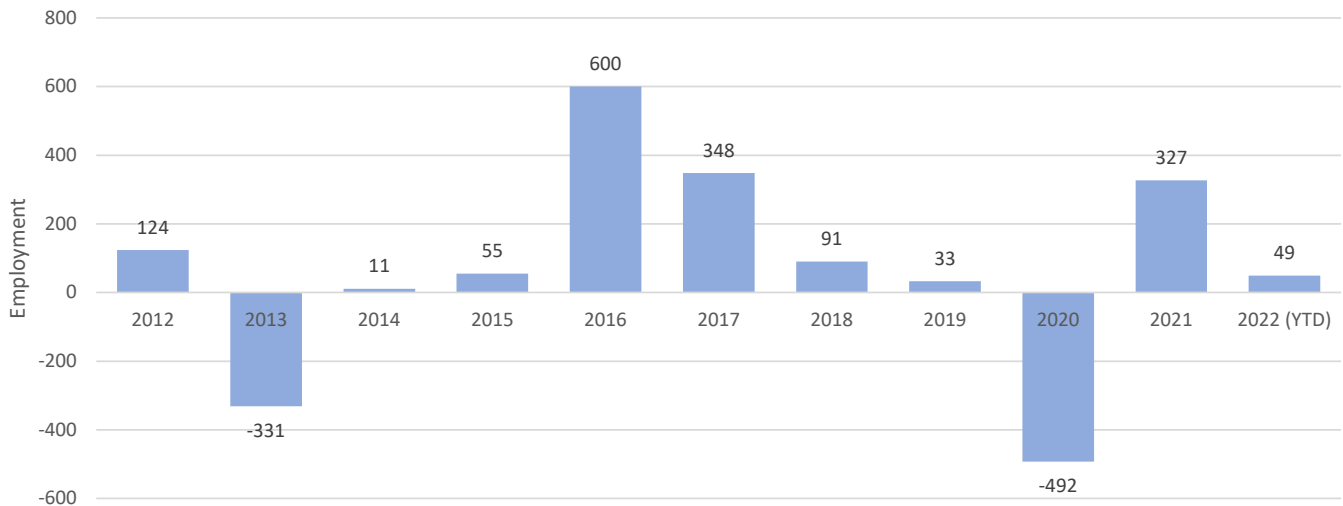


Figure 4:
Leeds Business Confidence Index

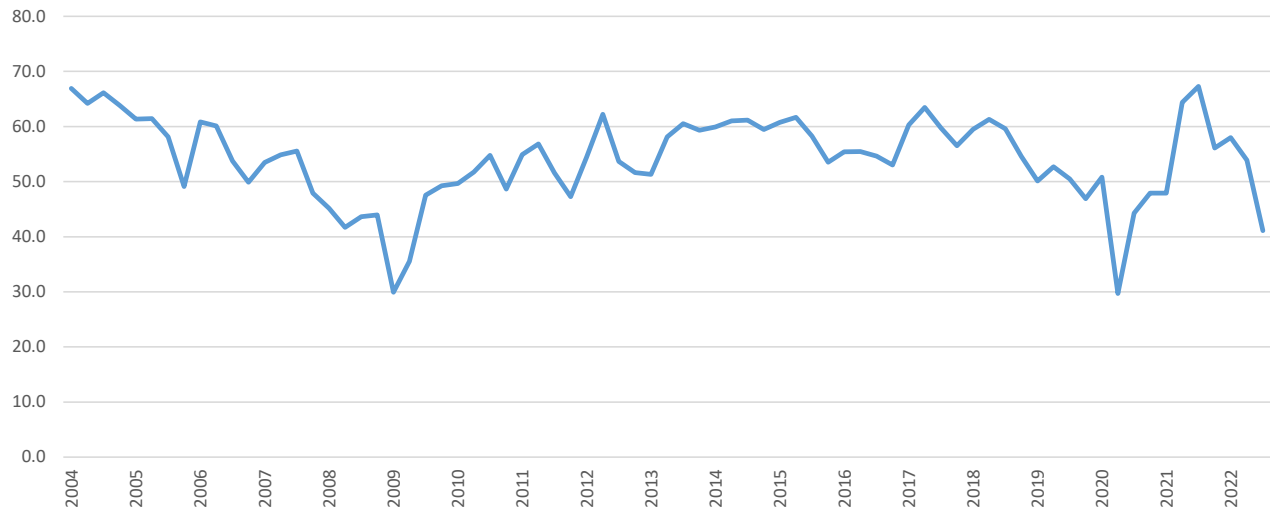


Figure 5:
Delta Sales and Use Tax

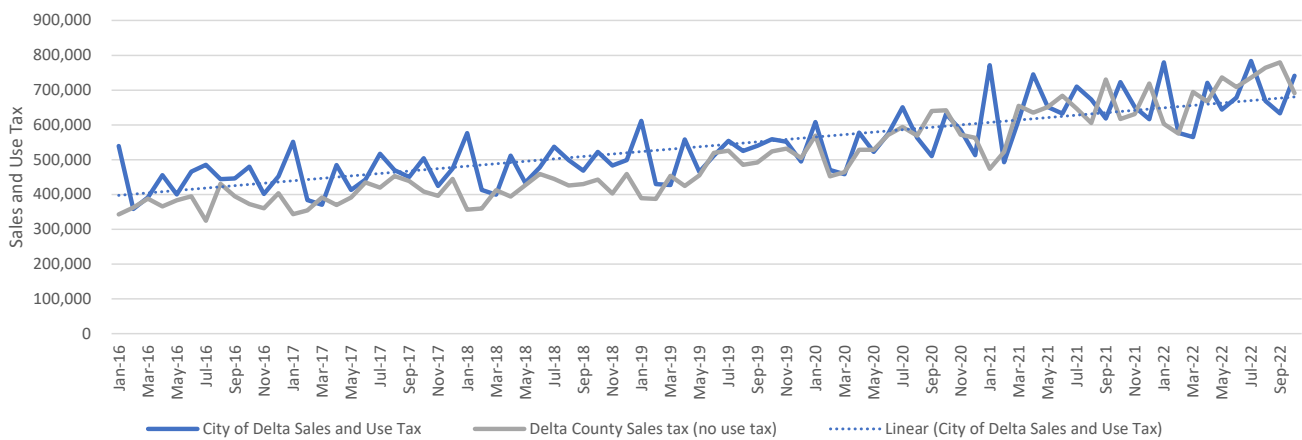


Figure 6:
Total Full and Part Time Jobs (BEA)

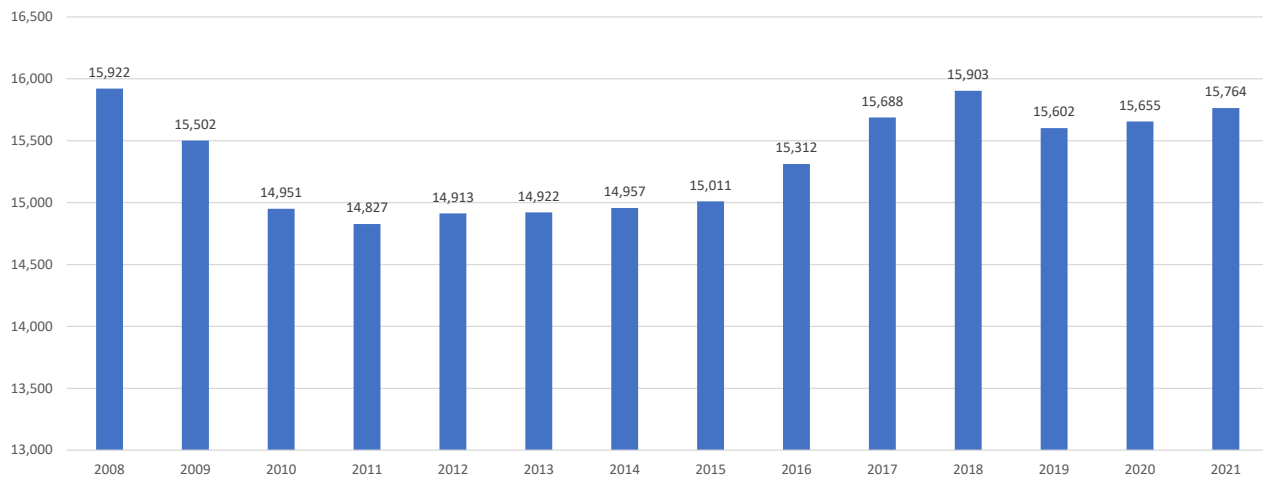


Figure 7:
Delta County Per Capita Income

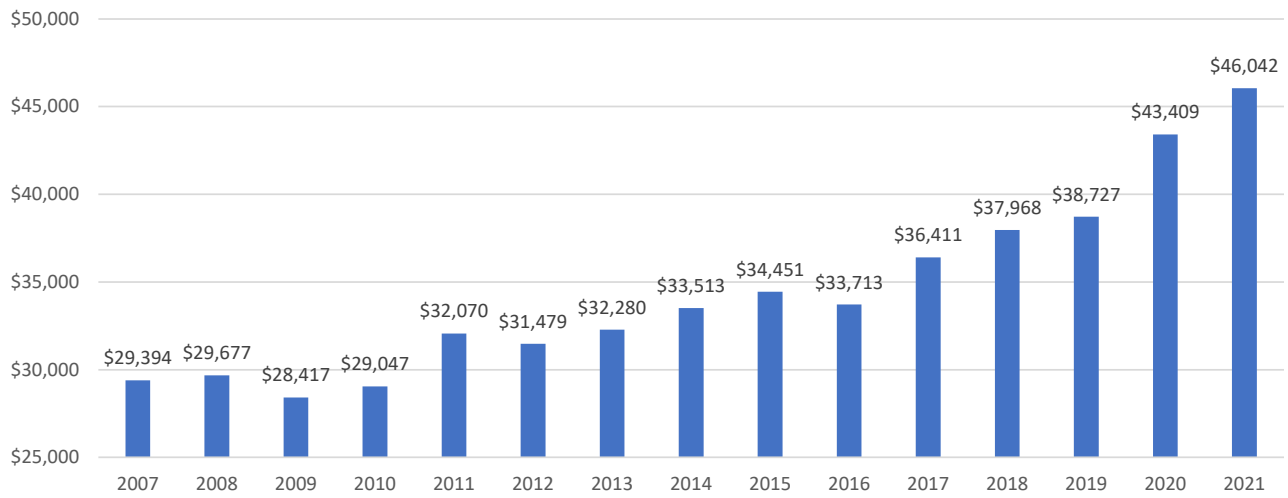


Figure 8:
Western Slope 2021 GDP Comparison

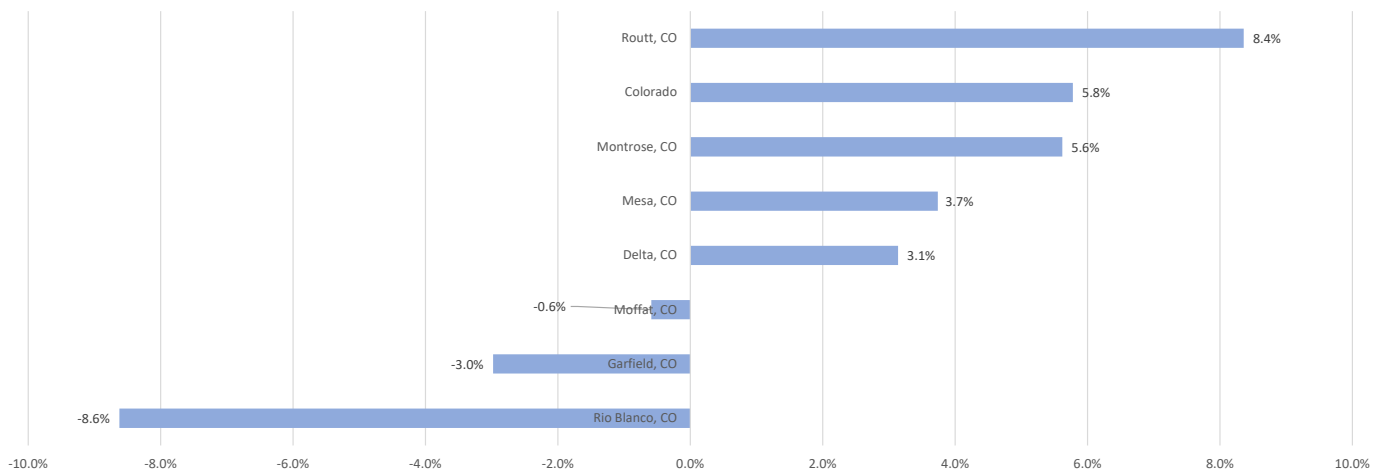


Figure 9:
Delta County Real GDP % Change (chained 2012 dollars)

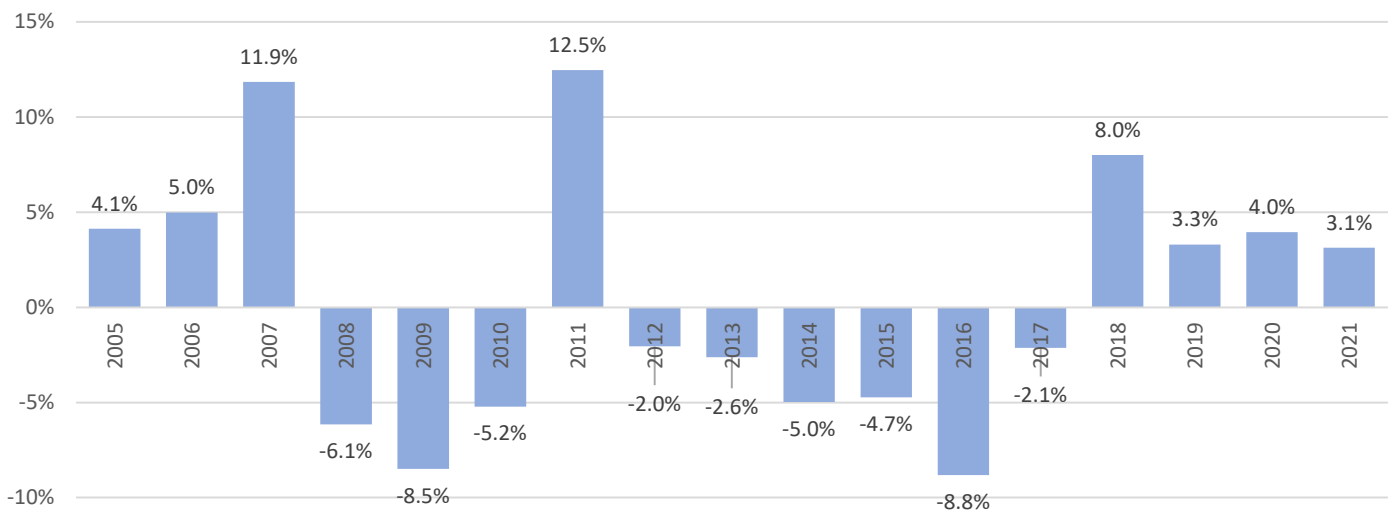


Table 2:
Delta County Real GDP by Industry (in thousands)

Industry Category	2020 GDP	2021 GDP	Difference in Percent
All industry total	\$841,319	\$867,713	3.14%
Agriculture, forestry, fishing and hunting	\$17,641	\$15,305	-13.24%
Mining, quarrying, and oil and gas extraction	\$15,270	\$14,257	-6.63%
Utilities	\$4,767	\$3,890	-18.40%
Construction	\$41,650	\$47,572	14.22%
Manufacturing	\$31,174	\$33,500	7.46%
Durable goods manufacturing	\$21,533	\$22,985	6.74%
Nondurable goods manufacturing	\$9,413	\$10,294	9.36%
Wholesale trade	\$8,105	\$8,887	9.65%
Retail trade	\$71,914	\$70,968	-1.32%
Transportation and warehousing	\$11,406	\$10,527	-7.71%
Information	\$21,114	\$21,711	2.83%
Finance, insurance, real estate, rental, and leasing	\$276,190	\$286,113	3.59%
Finance and insurance	\$20,663	\$22,764	10.17%
Real estate and rental and leasing	\$259,531	\$267,183	2.95%
Professional and business services	\$63,828	\$68,505	7.33%
Professional, scientific, and technical services	\$19,585	\$22,942	17.14%
Management of companies and enterprises	\$31,059	\$35,346	13.80%
Administrative and support and waste management and remediation services	\$13,420	\$11,107	-17.24%
Educational services, health care, and social assistance	\$45,171	\$42,720	-5.43%
Educational services	\$2,506	\$2,741	9.38%
Health care and social assistance	\$42,619	\$39,925	-6.32%
Arts, entertainment, recreation, accommodation, and food services	\$17,587	\$21,113	20.05%
Arts, entertainment, and recreation	\$927	\$1,162	25.35%
Accommodation and food services	\$16,644	\$19,934	19.77%
Other services (except government and government enterprises)	\$25,425	\$26,309	3.48%
Government and government enterprises	\$157,826	\$161,025	2.03%

Delta County Employment Trends

Q2 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) Q2 2022 Compared to Q2 2021

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Wage Change	Total Employment Change
Total, All Industries	8,411	84,990,373	777	5,535,307	-30
Health Care and Social Assistance	1,583	18,464,289	897	-705,282	-212
Retail Trade	1,230	10,238,575	640	343,487	-8
Public Administration	811	8,925,945	847	242,706	7
Manufacturing	595	6,280,007	812	746,990	51
Construction	524	6,201,364	910	139,359	9
Accommodation and Food Services	716	3,693,745	397	429,002	16
Finance and Insurance	224	3,489,785	1,198	1,143,629	32
Agriculture, Forestry, Fishing & Hunting	347	3,453,345	766	749,769	24
Professional and Technical Services	210	2,708,133	992	451,047	7
Other Services, Ex. Public Admin	271	2,508,949	712	454,594	35
Real Estate and Rental and Leasing	176	2,158,694	943	247,264	3
Administrative and Waste Services	206	1,958,189	731	845,753	68
Wholesale Trade	131	1,563,802	918	200,602	7
Transportation and Warehousing	121	1,436,446	913	55,544	0
Information	123	1,349,373	844	64,393	-5
Utilities	48	811,370	1,300	59,825	-3
Management of Companies and Enterprises	24	355,847	1,141	-217,645	-24
Arts, Entertainment, and Recreation	48	217,808	349	20,230	6

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:
Delta Industry Job Recovery, Q4 2019 compared to Q2 2022

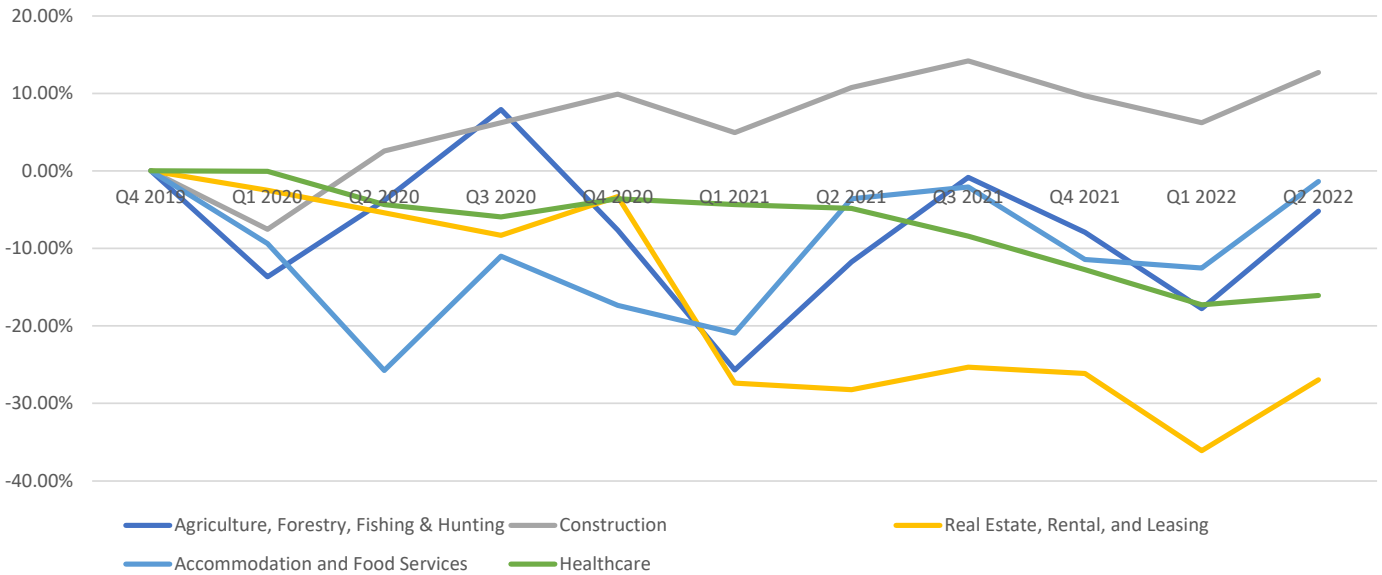
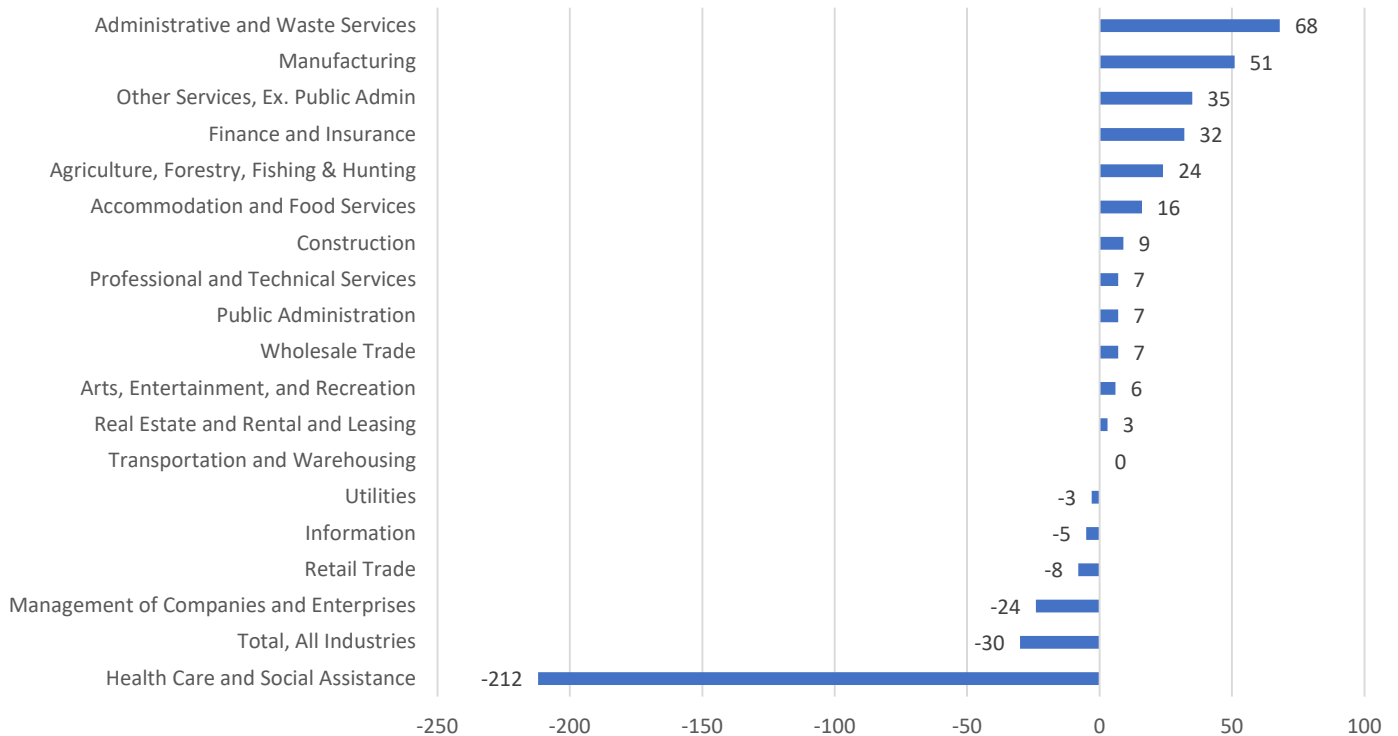


Figure 11:
Total Jobs Change from Q2 2021 to Q2 2022



LOCAL REAL ESTATE

	Q3 2022	Q3 2021	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	138	118	17.56%
New Residential listings (3 month total)	194	195	-0.51%
Sold Residential Listings (3 month total)	124	141	-12.06%
Median Sales Price	\$387,000	\$314,667	22.99%
Average Sales Price	\$438,050	\$351,537	24.61%
Days on Market	80.00	71.67	11.63%
Months Supply of Inventory	4.00	2.17	84.62%
Foreclosures			
Foreclosure Filings	12	9	33.33%
Foreclosure Sales	4	2	100.00%
Mortgage Rates			
15 Year Mortgage Rate (as of November)	6.14%	2.36%	3.78%
30 Year Mortgage Rate (as of November)	6.81%	3.07%	3.74%

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 shows a lot of mixed signals. On one hand, prices are rising, with median sales prices increasing 23% since the same time last year. Measuring it with a different method by taking the average median home values for 2021 and 2022 shows a 17% increase in prices. On the other hand, inventory is up 17.5%, with months supply of inventory rising from 2.17 to 4. A months supply of inventory of 4 is close to the 5-6 range where there is enough inventory that home prices can start to fall. Days on market is also up by 11.63%. Foreclosure filings are up, but still low by historical standards (figure 13). Mortgage rates were increasing through most of fall, but have dropped as of December, with the bond market betting on recessionary fears and the Fed pivoting on their tight interest rate policy.

Figure 12:
Months Supply of Inventory

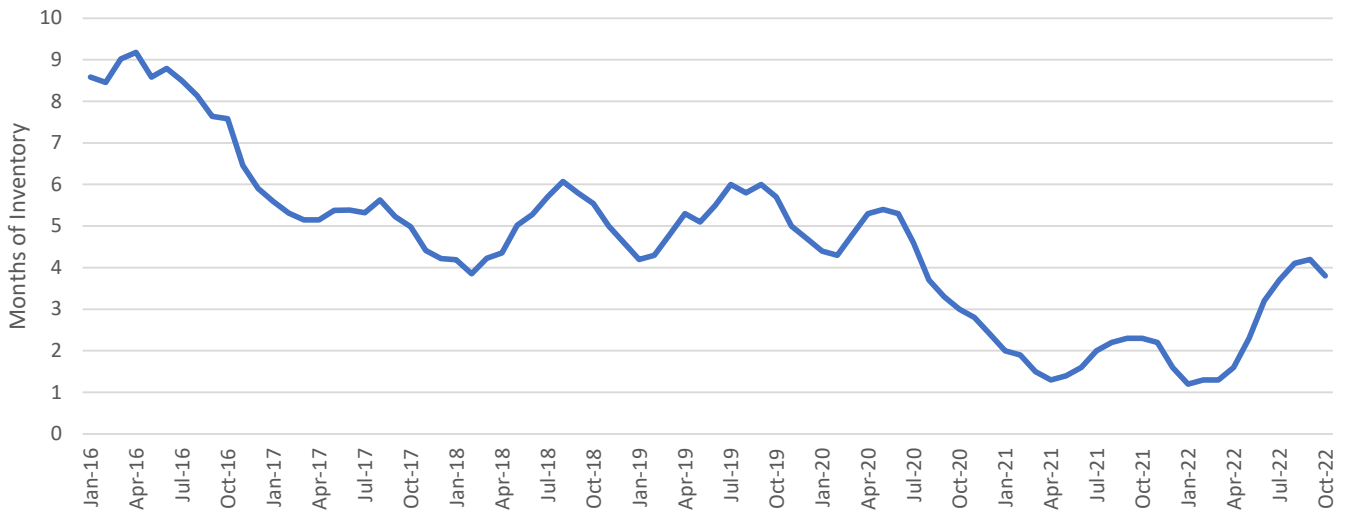


Figure 13:
Foreclosures

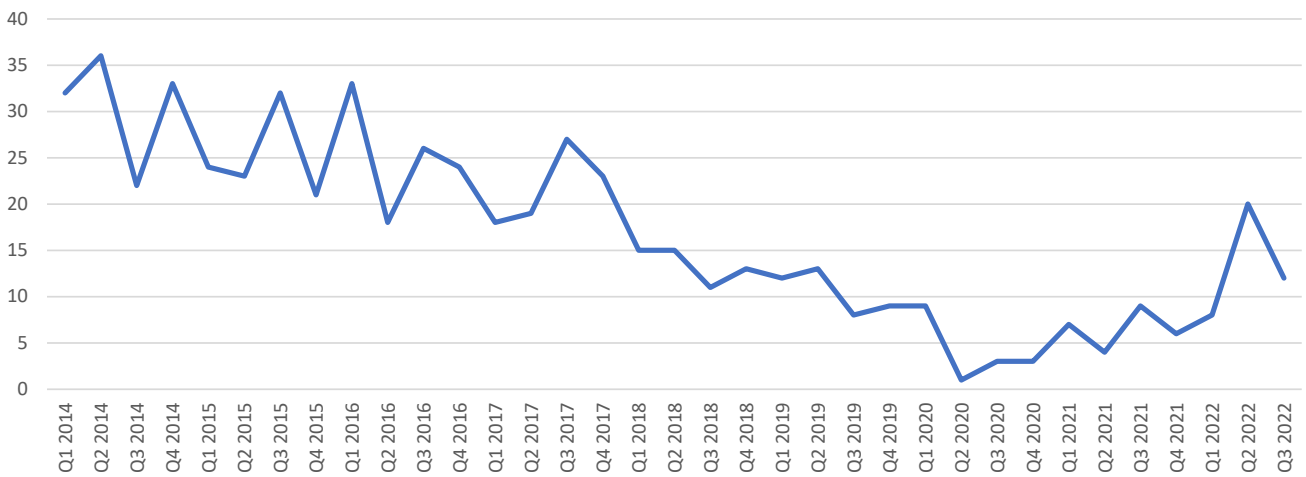
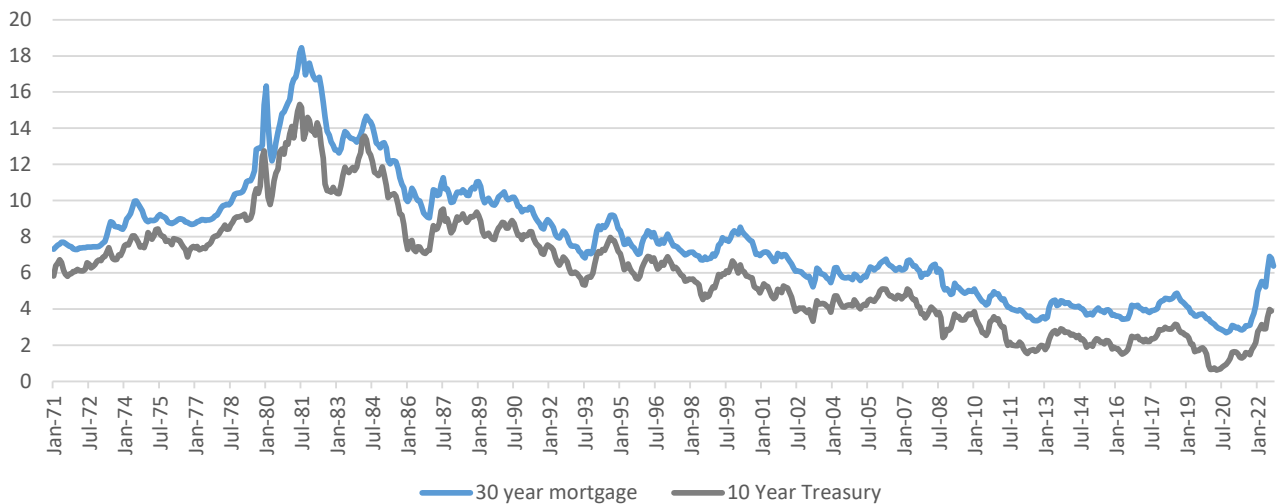


Figure 14:
10 Year Treasury and 30 Year Mortgage Rates (through Nov 2022)



REGIONAL ENERGY

	Q3 2022	Q2 2022	Q3 2021	% change since last quarter	% change since last year (comparable quarters)
Energy Prices					
WTI Crude Oil	\$93.06	\$108.83	\$70.58	-14.49%	31.85%
Henry Hub Natural gas	\$7.99	\$7.48	\$4.36	6.82%	83.26%
Retail Gasoline Price	\$3.93	\$4.33	\$3.06	-9.21%	28.45%
Drilling Permits					
	2022 (YTD)	2021	2020		
Drilling Permits (Mesa County)	0	0	1		
Drilling Permits (Rio Blanco County)	40	40	33		
Drilling Permits (Garfield County)	139	133	127		
Drilling Permits (Moffat County)	3	4	1		
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	182	177	162		
Total Permits (Colorado)	182	805	1,543		
Local Rig Count					
	Nov-22	Aug-22	Jun-22		
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	3	4	3		
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

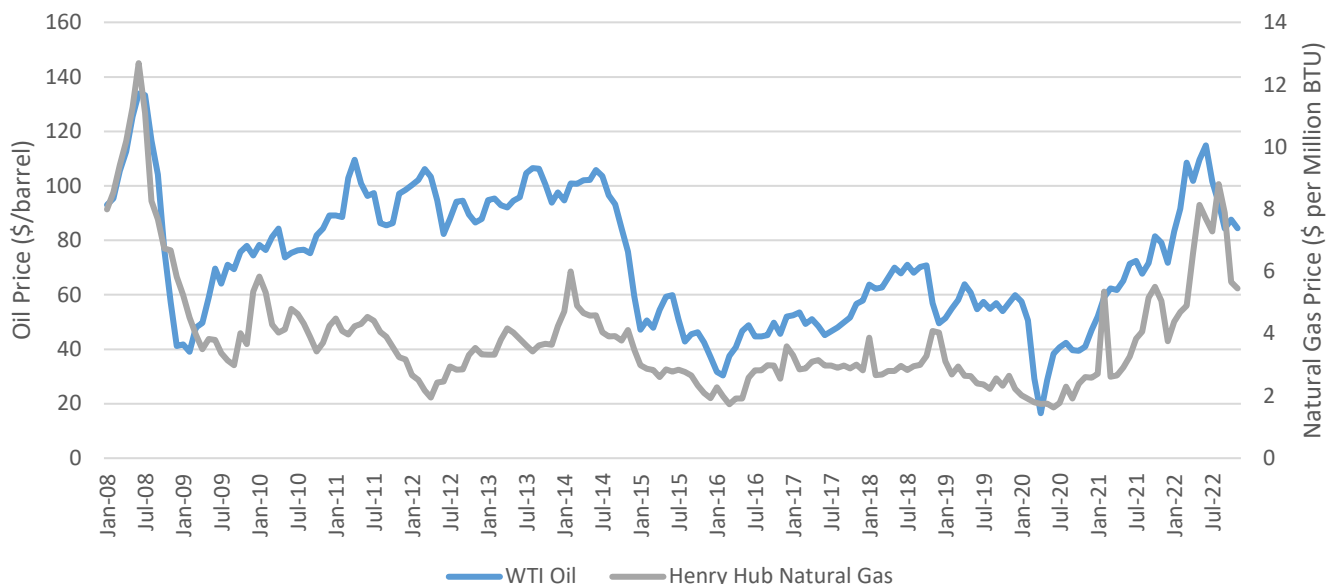


Figure 16:
Delta/Gunnison Coal Production and Employment

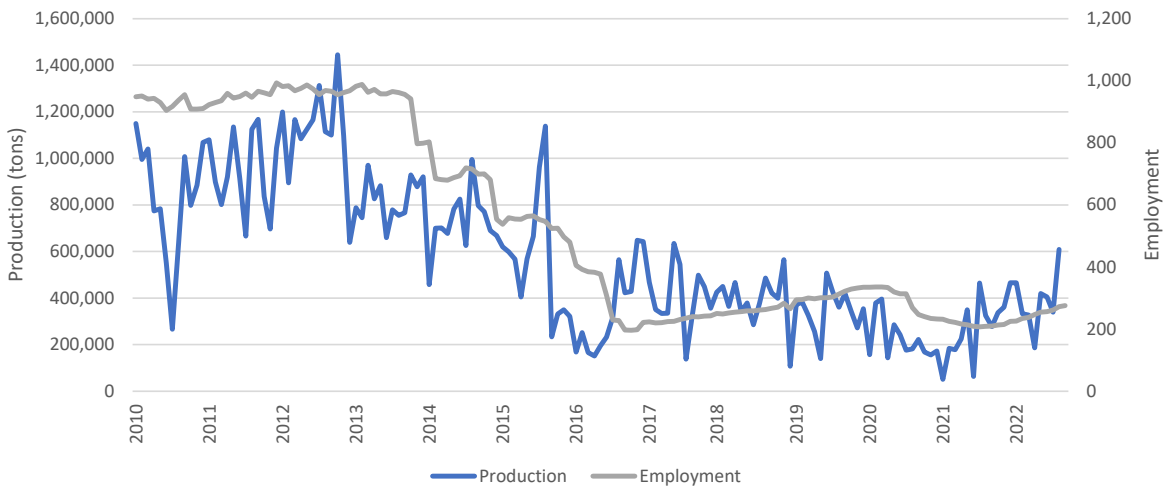
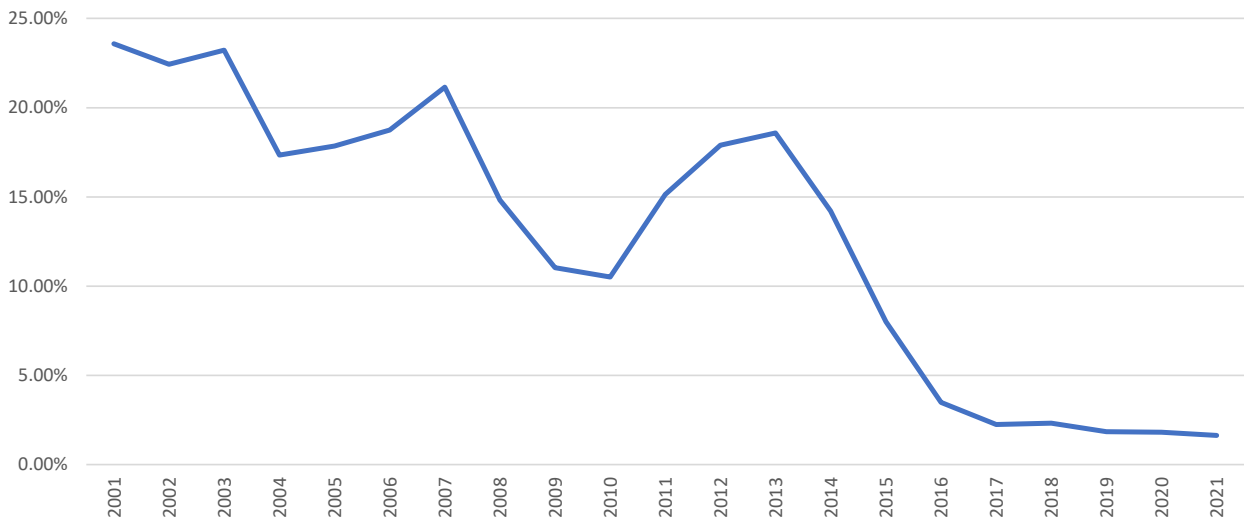


Figure 17:
Mining and Oil and Gas as a Percentage of GDP for Delta County



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.

Delta coal employment has now dropped to 9 in the QCEW data, although the mine in Gunnison has increased the number of workers from 214 to 245 year over year. Production has also drastically increased at the mine, up almost 67% comparing 2021 through August of 2022 through August.

NATIONAL ECONOMIC INDICATORS

	Q3 2022	Q2 2022	Q3 2021	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	2.90%	-0.60%	2.70%	3.50%	0.20%
Personal Consumption Expenditures	1.70%	2.00%	3.00%	-0.30%	-1.30%
Gross Private Domestic Investment	-9.10%	-14.10%	10.40%	5.00%	-19.50%
National Consumer Confidence	56.1	57.9	74.8	-3.11%	-25.00%
Industrial Production Index	104.6	104.1	100.5	0.43%	4.03%
Initial Weekly Unemployment Claims (4 week MA)	235,500	198,846	398,481	18.43%	-40.90%
Non Farm Payroll Change (in thousands)	1,145,333	1,226,333	1,695,333	-6.61%	-32.44%
Unemployment					
Unemployment Rate-U3-SA	3.60%	3.60%	5.10%	0.00%	-1.50%
Unemployment Rate-U6-SA	6.80%	6.90%	8.80%	-0.10%	-2.00%
Interest Rates					
Federal Funds Rate	2.16%	0.75%	0.09%	1.41%	2.07%
10 Year U.S. Treasury	3.11%	2.93%	1.32%	0.18%	1.79%
30 Year U.S. Treasury	3.26%	3.04%	1.93%	0.22%	1.33%
Inflation Measures					
Inflation Rate (CPI)	8.32%	8.58%	5.29%	-0.26%	3.03%
Core Inflation Rate (All Items Less Food and Energy)	6.30%	6.02%	4.07%	0.28%	2.23%
Inflation Rate (Shelter)	6.19%	5.40%	2.92%	0.79%	3.28%
Producer Price Index (PPI)	15.55%	21.90%	20.27%	-6.35%	-4.72%
Employment Cost Index	5.05%	5.04%	3.68%	0.01%	1.37%
Stock Prices					
S&P 500	3,980	4,106	4,422	-3.05%	-9.98%
Dow Jones Industrial Average	31,774	32,688	34,916	-2.79%	-9.00%
Trade Balance and Debt					
Trade Balance (% of GDP)	-889.543	-1035.565	-889.143	-14.10%	0.04%
Federal Debt (% of GDP)*	121.1%	122.9%	123.8%	-1.8%	-2.7%

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.

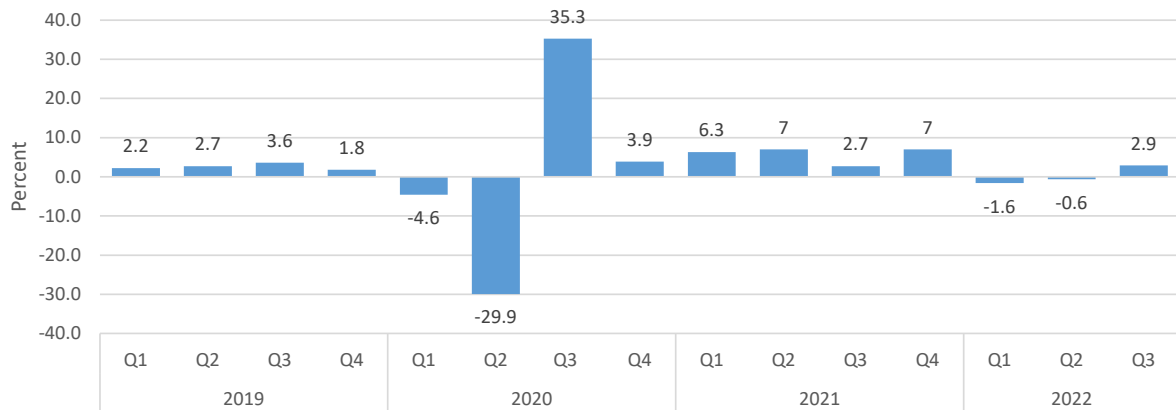
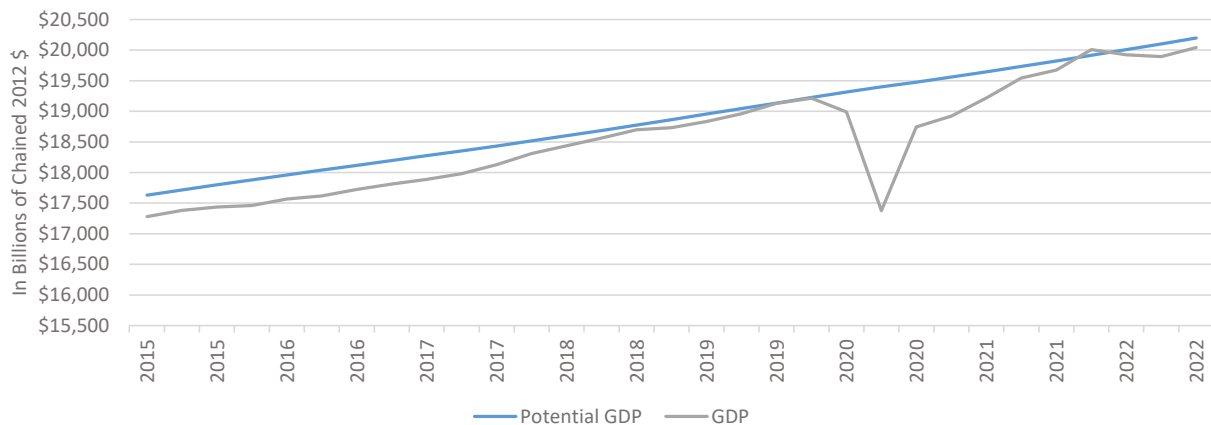


Figure 19:
GDP Gap



Economic Growth

U.S. GDP for Q3 2022 was 2.9%, a relatively good number compared to the previous two negative quarters. The Atlanta Federal Reserve’s GDP NOW forecast as of mid-December shows a Q4 GDP forecast of 2.8%, down from over 4% the last two months. As more data comes in, the forecast is being lowered. There is significant concern about a global slowdown, and a global recession seems very high. The forecast for a U.S. slowdown is more subdued, with most forecasting a shallow recession, and some forecasting no recession at all, just slower growth. Certainly businesses and consumers are expecting a slowdown, evident by the national consumer confidence index and for Colorado the Leeds business confidence index.

The unemployment rate as of November is 3.7%, 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 (figure 24).

Inflation Watch

Headline inflation printed lower at 7.1%, lower than the 7.3% forecast. Inflation seems to be falling, with many leading indicators such as the Producer Price Index (PPI) falling precipitously. November saw a big drop in energy prices, used vehicles, energy services, commodities (less food and energy), and medical care services.

Delivery time, a supply chain proxy data point, is back down to normal levels, indicating that supply chain delivery time has improved (figure 22). The employment cost index, a wage proxy, continues to show gains of over 5% (figure 23). The Federal Reserve raising rates has yet to have an impact on the labor market. This may be due to the lagged effects of monetary policy, but may also be caused by a demographic issue causing an unusually tight labor market.

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 Nov. 2022
	May 2022	Jun. 2022	Jul. 2022	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	
All items.....	1.0	1.3	0.0	0.1	0.4	0.4	0.1	7.1
Food.....	1.2	1.0	1.1	0.8	0.8	0.6	0.5	10.6
Food at home.....	1.4	1.0	1.3	0.7	0.7	0.4	0.5	12.0
Food away from home ¹	0.7	0.9	0.7	0.9	0.9	0.9	0.5	8.5
Energy.....	3.9	7.5	-4.6	-5.0	-2.1	1.8	-1.6	13.1
Energy commodities.....	4.5	10.4	-7.6	-10.1	-4.7	4.4	-2.0	12.2
Gasoline (all types).....	4.1	11.2	-7.7	-10.6	-4.9	4.0	-2.0	10.1
Fuel oil ¹	16.9	-1.2	-11.0	-5.9	-2.7	19.8	1.7	65.7
Energy services.....	3.0	3.5	0.1	2.1	1.1	-1.2	-1.1	14.2
Electricity.....	1.3	1.7	1.6	1.5	0.4	0.1	-0.2	13.7
Utility (piped) gas service.....	8.0	8.2	-3.6	3.5	2.9	-4.6	-3.5	15.5
All items less food and energy.....	0.6	0.7	0.3	0.6	0.6	0.3	0.2	6.0
Commodities less food and energy commodities.....	0.7	0.8	0.2	0.5	0.0	-0.4	-0.5	3.7
New vehicles.....	1.0	0.7	0.6	0.8	0.7	0.4	0.0	7.2
Used cars and trucks.....	1.8	1.6	-0.4	-0.1	-1.1	-2.4	-2.9	-3.3
Apparel.....	0.7	0.8	-0.1	0.2	-0.3	-0.7	0.2	3.6
Medical care commodities ¹	0.3	0.4	0.6	0.2	-0.1	0.0	0.2	3.1
Services less energy services.....	0.6	0.7	0.4	0.6	0.8	0.5	0.4	6.8
Shelter.....	0.6	0.6	0.5	0.7	0.7	0.8	0.6	7.1
Transportation services.....	1.3	2.1	-0.5	0.5	1.9	0.8	-0.1	14.2
Medical care services.....	0.4	0.7	0.4	0.8	1.0	-0.6	-0.7	4.4

¹ Not seasonally adjusted.

Figure 21:
Inflation Rate

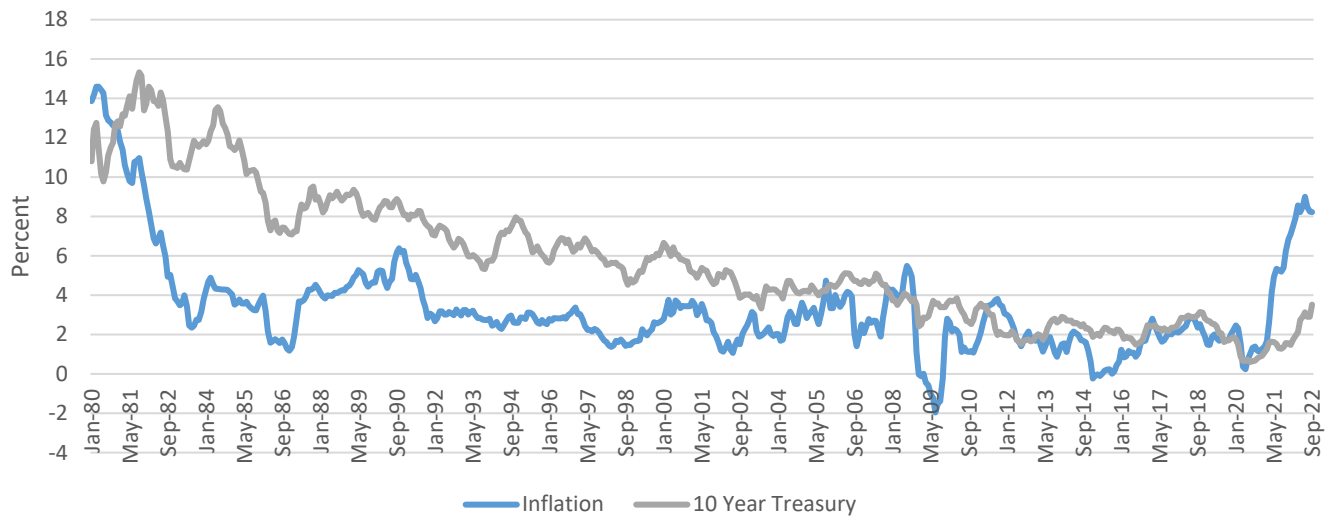


Figure 22:
Delivery Time (Supply Chain Index)

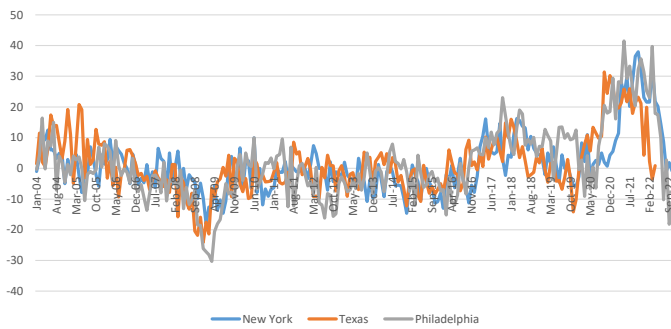


Figure 23:
Employment Cost Index

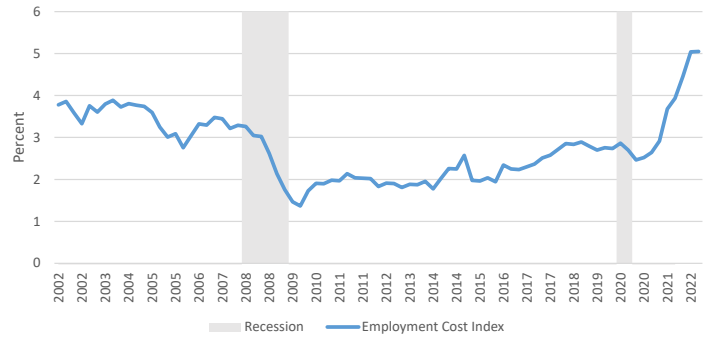
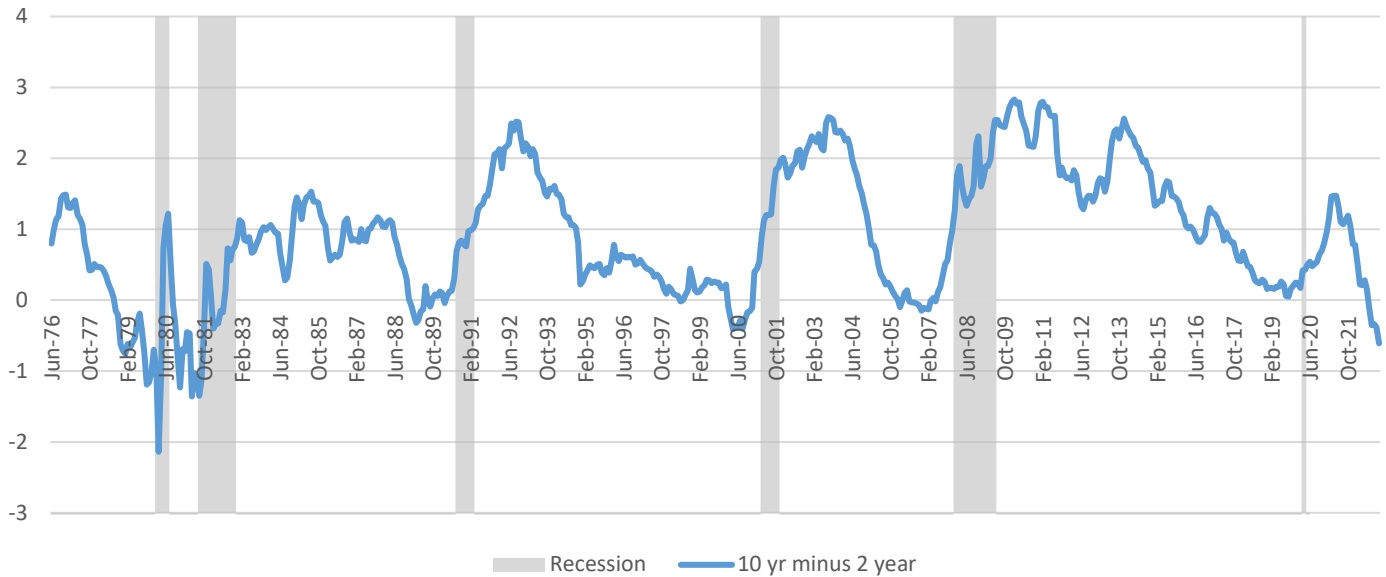


Figure 24:
Yield Curve: 10 Year Treasury minus 2 year Treasury



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