

DELTA COUNTY ECONOMIC UPDATE

September, 2025


COLORADO MESA
UNIVERSITY
DAVIS SCHOOL OF BUSINESS

The Delta Economic Update is in part funded by
One Delta County

Economic Summary

- Delta County sales taxes were up 4% comparing 2024 to 2025 through May. The City of Delta's sales and use taxes also saw growth, rising 3.91%. Lodging taxes increased, rising by 4.36% through June.
- The unemployment rate estimate for Delta spiked in the winter months, rising to as high as 7.3% in February, but has fallen down to 4.8% as of July.
- Q1 2025 QCEW data shows Delta County added jobs. The largest job gains were in finance and insurance (75) and healthcare (61). The biggest job losses were in administrative and waste services (-95), and professional and technical services (-41).
- As of August 7th, reciprocal tariffs have been imposed that are intended to reshape global trade imbalances and generate tariff income. According to the Yale Budget Lab, the current average effective tariff rate is now 18.3%, which is the highest since 1934. Thus far gloomy inflation predictions from many economists have not played out. However, it will take several months for the full inflationary impact of tariffs to be known.

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LOCAL ECONOMIC INDICATORS

	Q2 2025	Q1 2025	Q2 2024	change since last quarter	change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Delta County- NSA	5.43%	6.83%	4.80%	-1.40%	0.63%
Unemployment Rate Colorado - NSA	4.50%	4.90%	4.00%	-0.40%	0.50%
Unemployment Rate U.S. - NSA	4.10%	4.40%	3.80%	-0.30%	0.30%
Labor Force	12,549	12,238	12,306	311	243
Employed	11,868	11,403	11,714	465	154
Unemployed	681	836	592	-154	90
Business Confidence					
Leeds Colorado Business Confidence Index	37.9	31.9	50.6	18.81%	-25.10%
Sales/Use Taxes					
	2025		2024		
City of Delta Sales/Use Taxes	\$4,224,866		\$4,066,015		3.91%
Delta County Sales/Use Tax	\$3,716,041		\$3,572,345		4.02%
Lodging Tax	\$107,036		\$102,563		4.36%
Business Filings					
	2025		2024		
Delta County New Business Entity Filings (2025 through Aug)	452		591		

Standard of Living and Growth	2023	2022	2021	2020	% change
Real Gross Domestic Product	\$911,356	\$900,419	\$853,924	\$854,080	1.21%
Personal Income	\$1,591,638	\$1,515,277	\$1,451,240	\$1,320,202	5.04%
Per Capita Personal Income	\$50,137	\$48,013	\$46,230	\$42,510	4.42%
Median Household Income	\$57,075	\$53,910	\$52,403	\$53,553	5.87%
Percent of Population Below Poverty Line	14.2%	15.0%	16.9%	18.1%	-0.80%
Place of Residence	2023	2022	2021	2020	
Adjustment for Place of Residence (in thousands)	\$99,460	\$92,669	\$83,161	\$84,094	7.33%

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.

Local Labor Market

Delta County employment continues to increase, bottoming in 2021 at 10,922, rising to 11,457 in 2024, and reaching 11,654 averaged through July 2025. The unemployment rate estimate for Delta spiked in the winter months, rising to as high as 7.3% in February, but has fallen down to 4.8% as of July. The non-seasonally adjusted unemployment rate for Q2 averaged 5.43%, higher than both the state, nation, and neighboring counties. This higher unemployment rate comes as national economic data shows a slowing labor market, with the expectation of state and national unemployment rates to increase.

This employment data is from the state and has a fairly small sample size at the county level. Employment estimates are by place of residence, and individuals are counted as employed once even if they have multiple jobs.

The jobs data in Figure 2 is from the state and is by place of work, and counts if a person works more than one job. The state shows that jobs in Delta County increased from 13,387 in 2022 to 13,859 in 2023. Top employers are government (2,779), agriculture (1,733), and retail trade (1,532) (Figure 3).

Other Indicators

Delta County sales taxes were up 4% comparing 2024 to 2025 through May, and the City of Delta's sales and use taxes also saw growth (through June), rising 3.91%. Lodging taxes have also increased, rising by 4.36% through June. As the consumer pulls back due to inflation and a sluggish labor market, rising sales tax data is a solid economic indicator.

Business entity filings in Delta County have increased the last several years but fell in 2024, from 672 in 2023 to 591. Thus far through August in 2025, business entity filings are at 452.

Table 1:

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

	Labor Force	Employed	Unemployed
Annual	243	154	90
5-Year	363	946	-582
10-Year	-1,026	-957	-69
Annual %	2.0%	1.3%	15.2%
5-Year %	3.0%	8.7%	-46.1%
10-Year %	-7.6%	-7.5%	-9.2%

Place of Residence

Figure 6 illustrates what is called a "place of residence adjustment." This data is from the Bureau of Economic Analysis, and shows inflows and outflows of income to and from the county. A positive number indicates that more income is flowing into the county from other counties than flowing out. A negative number implies that more income is flowing out of the county to other counties than flowing in.

Delta County has a history of a positive place of residence adjustment. This implies that there are more people who commute to other counties and bring back income than other counties deriving income from inside of Delta County. Numbers show an 7.33% increase from 2022 to 2023 (Figure 6).

Figure 1:
Employment Estimate

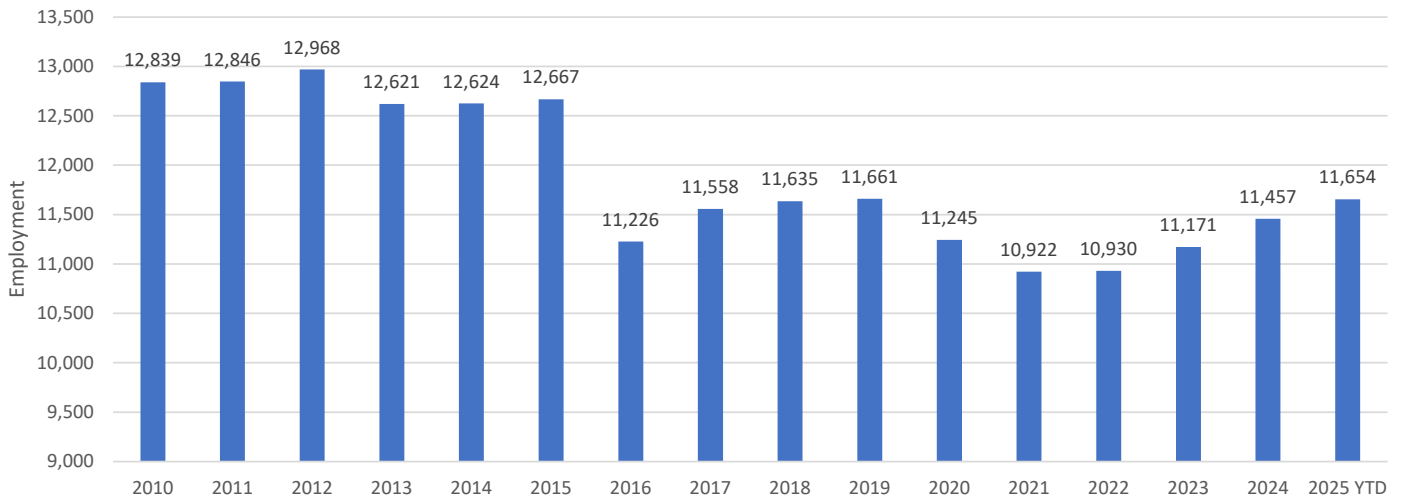


Figure 2:
Total Full and Part Time Jobs

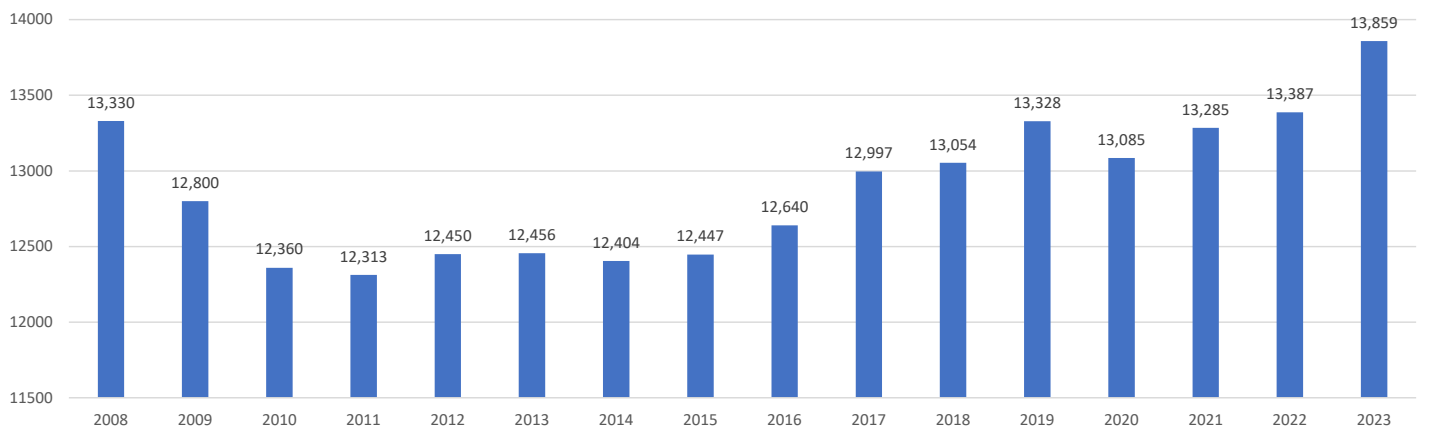


Figure 3:
Jobs by Industry

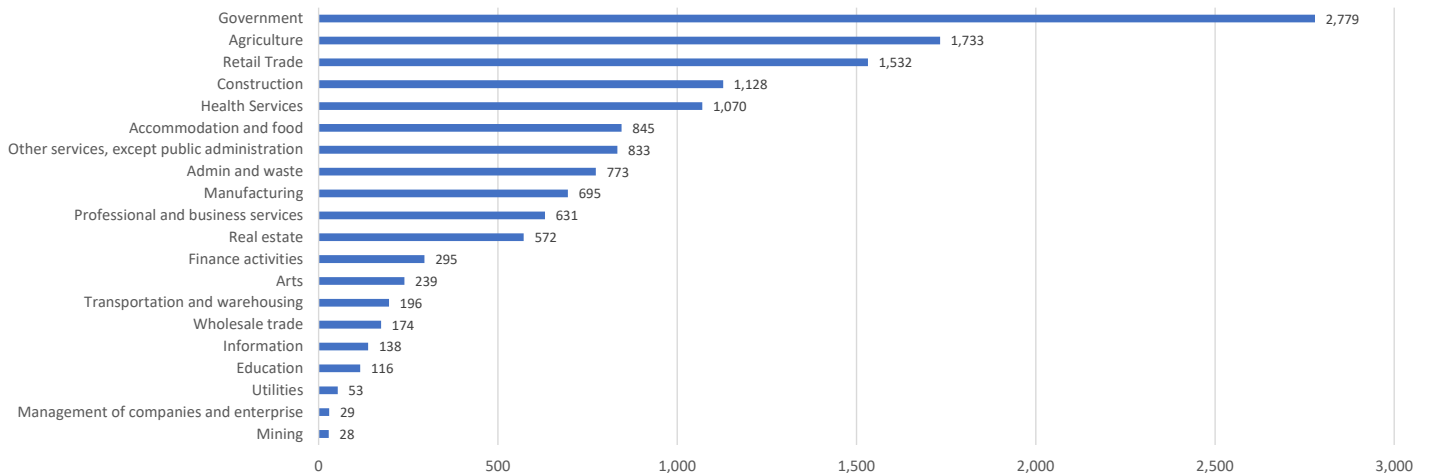


Figure 4:
Delta Sales Taxes

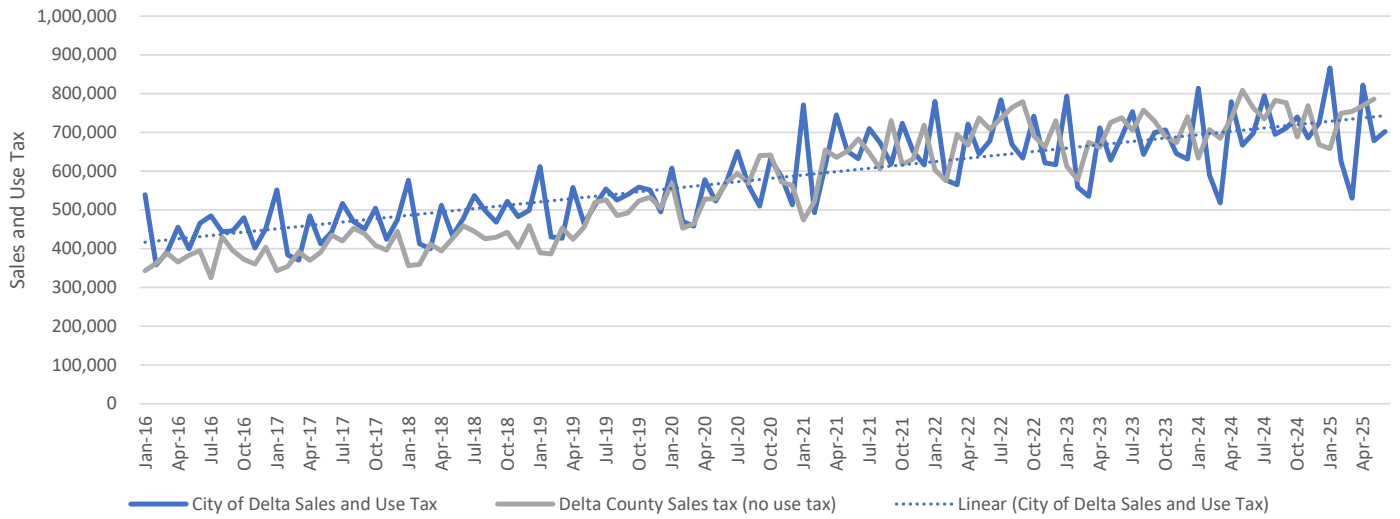


Figure 5:
Business Entity Filings Delta

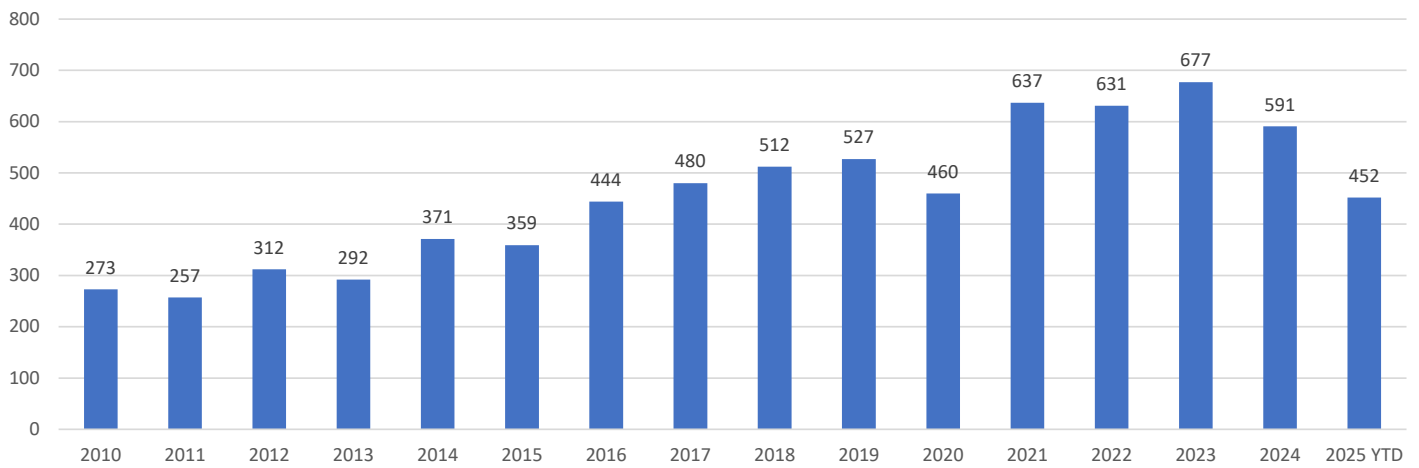
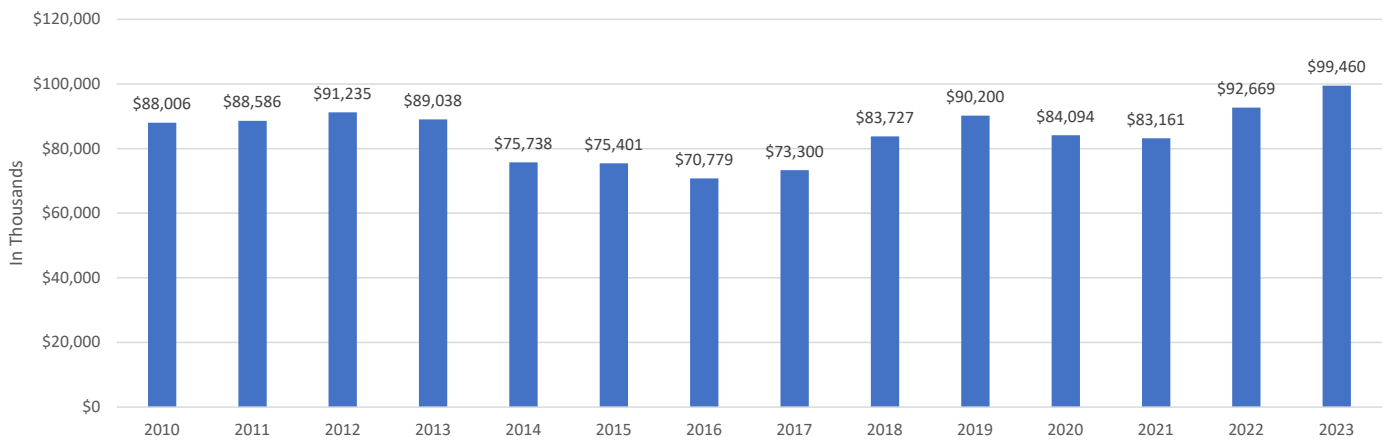


Figure 6:
Place of Residence



Standard of Living Measures

Standard of living measures are generally released each year in December for the previous year's data. Delta County GDP for 2023 grew by 1.21% compared to 2022. Major gains were in professional and business services and retail trade. Major losses were in agriculture, forestry, fishing and hunting.

Delta County median household income rose from \$53,910 in 2022 to \$57,075 in 2023 (Figure 9). Median household income estimates have wide confidence intervals, so year-to-year changes should be interpreted cautiously.

Personal income per capita increased from \$48,013 in 2022 to \$50,137 in 2023. Note that these data points also changed from last year. Per capita personal income is a measure of all personal income in the county divided by the population. Per capita personal income has increased drastically over the last decade (Figure 10).

The Census Department's SAIPE program (Small Area Income and Poverty Estimates) released their most recent poverty estimate, with Delta County's poverty falling to 12.9%, down from 14.6% in 2022. Note that these figures are revised and different from last year's release (Figure 11).

Figure 7:
Western Slope GDP % Change 2023

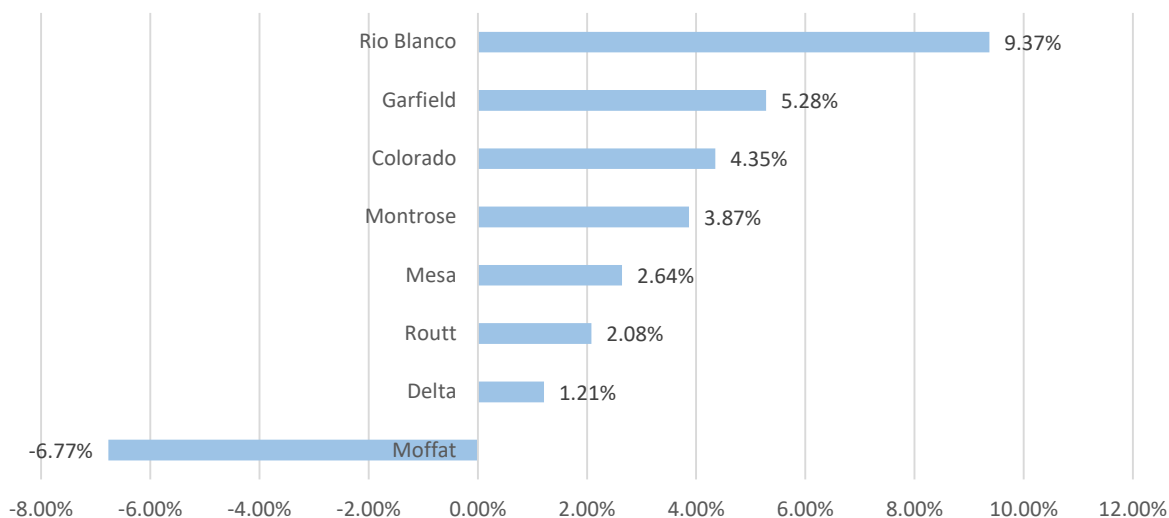


Figure 8:
Delta County Real GDP % Change (chained 2017 dollars)

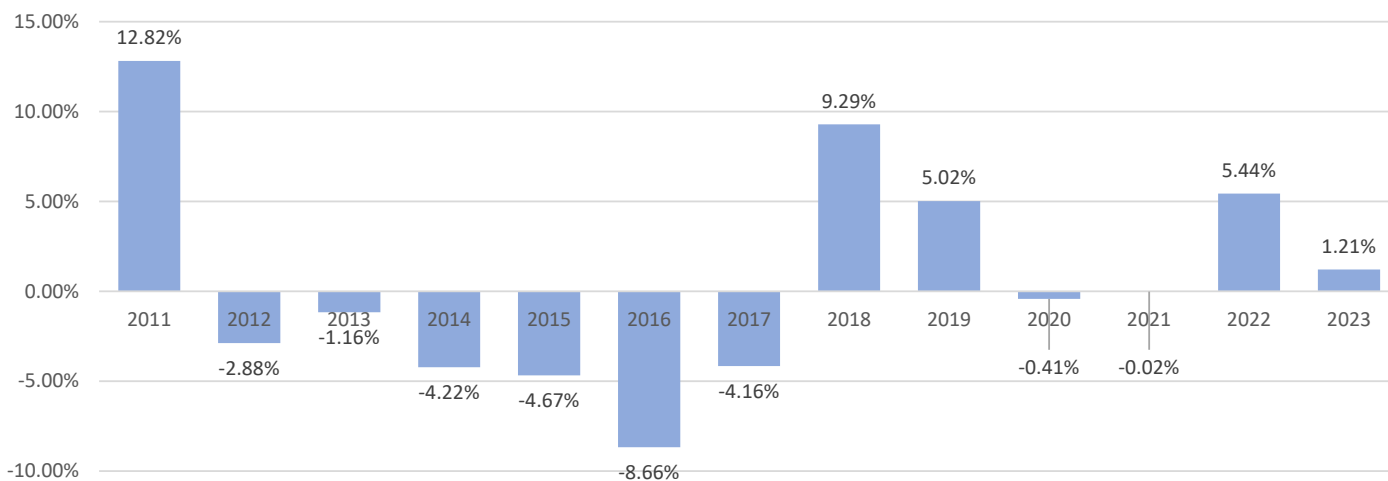


Figure 9:
Delta County Median Household Income

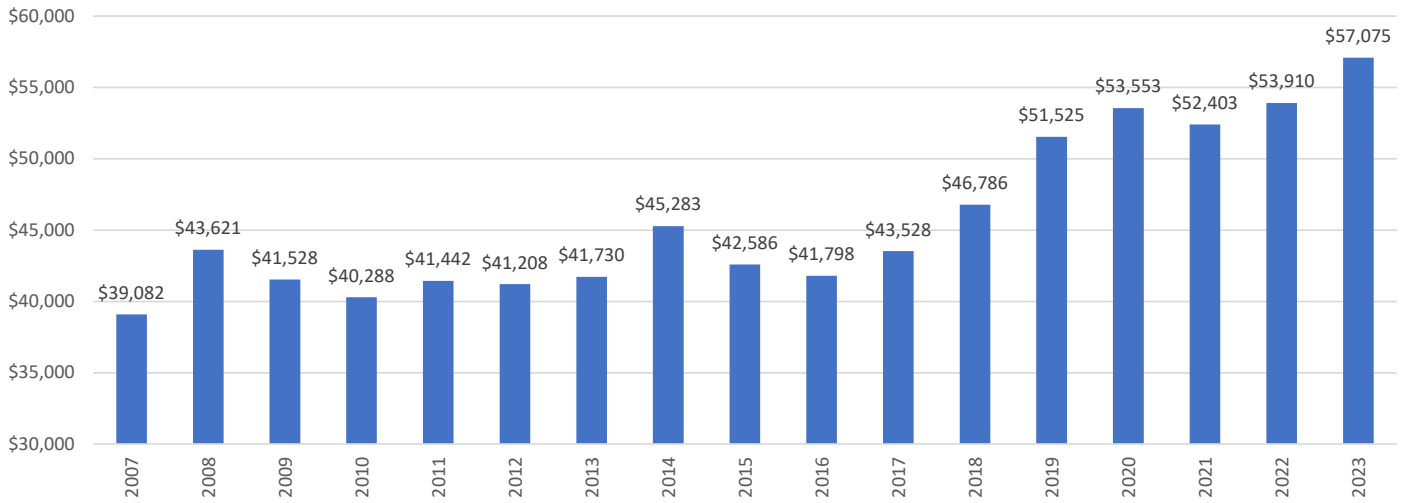


Figure 10:
Delta County Per Capita Income

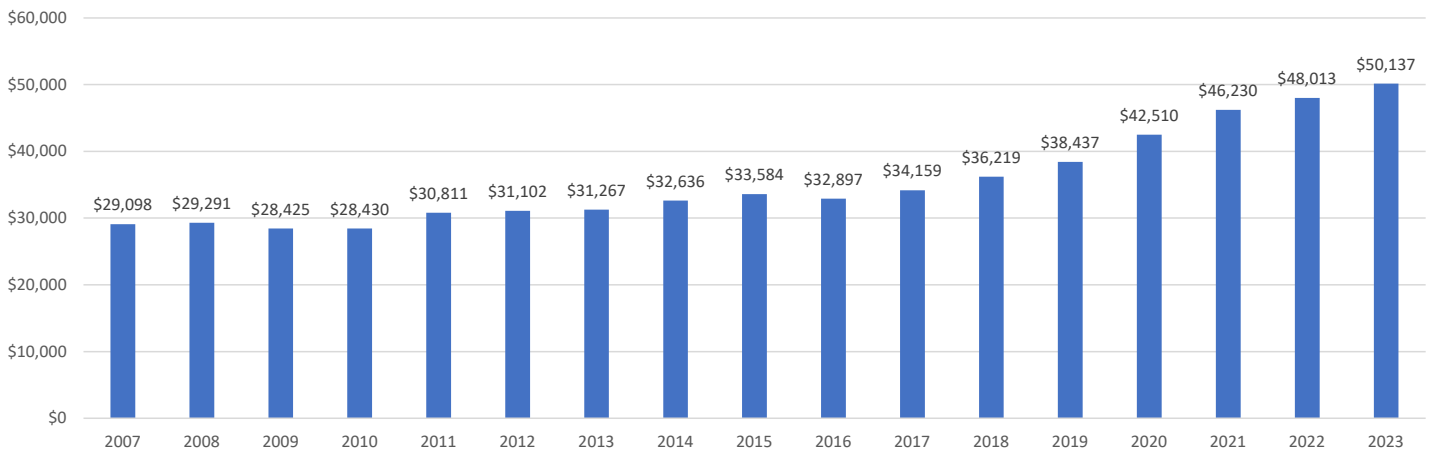
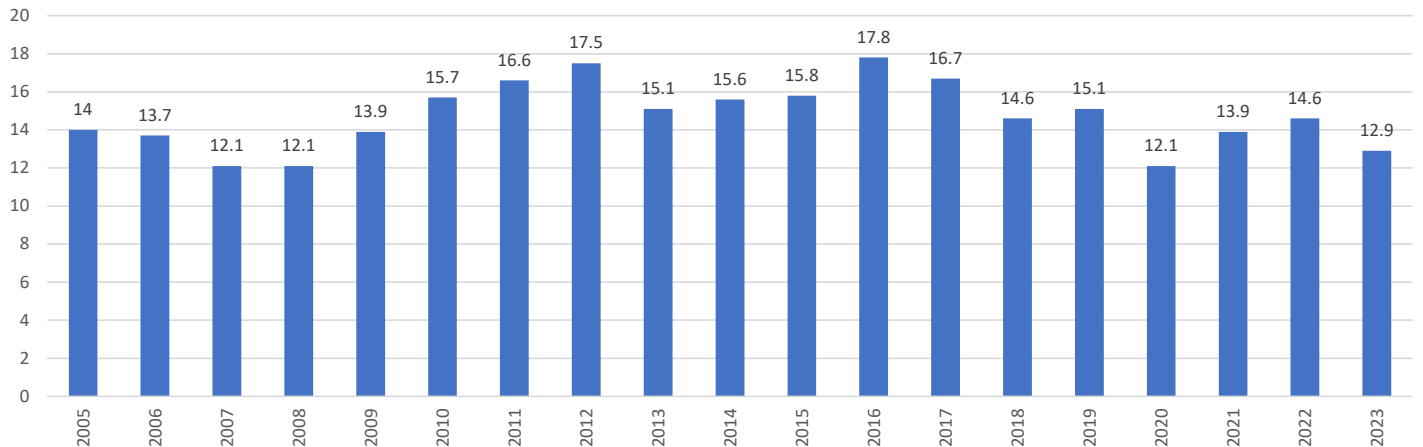


Figure 11:
Delta County Poverty Rate



Population Trends

The Colorado State Demography Office produces population estimates and population forecasts. Table 2 illustrates these forecasts for the Western Slope counties. Delta County is expected to grow from the 2025 estimate of 32,325 to 34,040 in 2030, 36,713 in 2040, to 38,168 in 2050.

Population is a function of birth rate, death rate, and migration. Delta County has a higher death rate than birth rate, which means natural population growth is not what is expected to push Delta County's population higher. It is in fact migration that is expected to fuel Delta County's population growth.

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

	Mesa	Montrose	Delta	Garfield	Rio Blanco	Moffat	Routt
2020	155,993	44,832	31,052	61,791	6,521	13,265	24,834
2025	162,123	47,255	32,325	63,668	6,510	13,221	25,332
2030	173,194	49,652	34,040	68,594	6,317	13,023	26,785
2035	185,317	51,510	35,530	74,980	6,041	12,855	28,404
2040	195,212	52,695	36,713	81,467	5,774	12,700	29,898
2045	202,778	53,212	37,584	87,161	5,498	12,528	31,059
2050	208,260	54,586	38,168	91,068	5,213	12,320	31,839

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

	Population	Change	Births	Deaths	Net Migration
2020	31,054	-184	277	416	-45
2021	31,390	336	300	491	527
2022	31,571	181	261	503	423
2023	31,778	207	264	445	388
2024	32,056	278	269	393	402
2025	32,325	269	273	432	429
2030	34,040	330	290	481	521

Industrial Diversification

Figure 12 illustrates the Hachman Index for Delta County. The Hachman Index is an industrial diversification index that compares the industrial composition of Delta County to the industrial composition of Colorado. A higher Hachman Index indicates that Delta County is closer to the composition of Colorado, whereas a lower Hachman Index implies Delta is less like Colorado, with Colorado considered the comparison of diversification. Figure 12 shows that the Hachman Index indicates Delta County has seen a decrease in diversification peaking in 2007, and moving horizontally since 2013.

Another way to measure industrial diversification is through the Herfindahl-Hirschman (HHI) Index. This measure only takes into account the market concentration of Delta County, and does not use a comparison to the state like the Hachman Index. A higher HHI indicates more industrial concentration. The HHI shows that from 2014 through 2021 Delta become more concentrated. Notice the small changes on the Y axis on the HHI Index, indicating that the HHI has not moved too much. Ultimately, the Hachman Index is a better measure of industrial diversification because it uses Colorado as a comparison baseline.

Figure 12:
Hachman Index Delta County

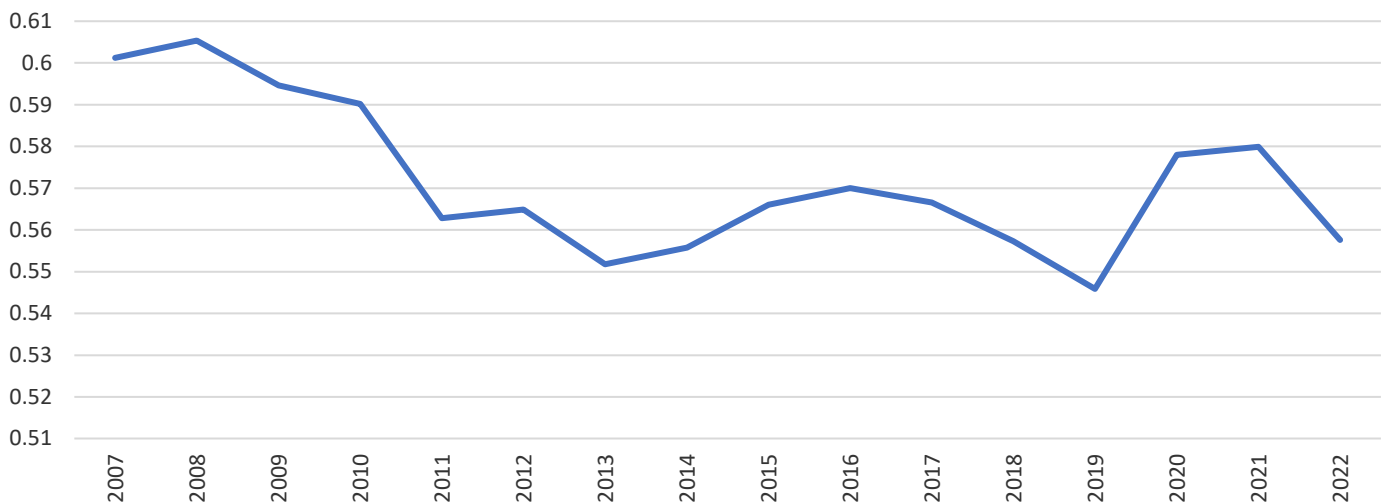
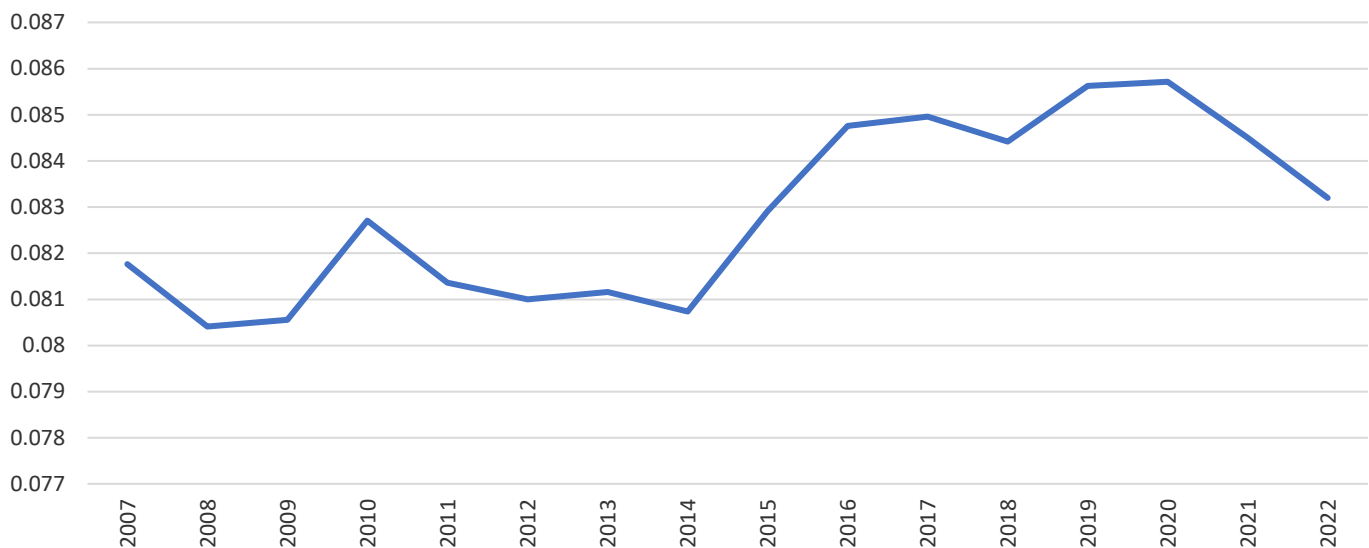


Figure 13:
HHI Index Delta County



Delta County Employment Trends

Q1 2025 QCEW data shows Delta County added jobs. The largest job gains were in finance and insurance (75) and healthcare (61). The biggest job losses were in administrative and waste services (-95), and professional and technical services (-41). Healthcare maintains in the top spot as the largest wage contributor, with public administration and retail trade coming in second and third. Education is omitted due to limited responses to the QCEW survey. The QCEW survey is by place of work and is a business survey.

Table 4:
Quarterly Census of Employment and Wages (QCEW) Q1 2025 Compared to Q1 2024

Sector	Average Employment	Total Quarterly Wages	Average Weekly Wage	Total Wage Change	Total Employment Change
Total, All Industries	8,696	\$105,511,669	\$933	\$8,375,587	139
Health Care and Social Assistance	1649	\$21,840,856	\$1,019	\$1,941,221	61
Public Administration	810	\$11,965,071	\$1,137	\$847,160	26
Retail Trade	1,191	\$11,432,870	\$738	\$501,023	-6
Finance and Insurance	404	\$9,500,393	\$1,807	\$3,236,759	75
Construction	618	\$9,045,934	\$1,126	\$1,217,573	41
Manufacturing	539	\$6,519,870	\$930	-\$163,453	-37
Agriculture, Forestry, Fishing & Hunting	373	\$4,438,795	\$915	\$559,958	13
Accommodation and Food Services	779	\$3,906,869	\$386	\$160,249	54
Administrative and Waste Services	256	\$3,274,055	\$983	-\$443,771	-95
Other Services, Ex. Public Admin	271	\$2,918,229	\$829	\$33,682	-4
Professional and Technical Services	189	\$2,779,964	\$1,129	-\$501,501	-41
Transportation and Warehousing	156	\$1,896,055	\$933	\$47,039	19
Wholesale Trade	158	\$1,610,279	\$782	\$120,550	31
Utilities	53	\$1,051,988	\$1,517	\$125,986	4
Information	84	\$1,047,658	\$959	-\$95,780	-16
Real Estate and Rental and Leasing	85	\$786,181	\$714	\$101,317	9
Management of Companies and Enterprises	20	\$372,702	\$1,458	-\$10,276	-3
Arts, Entertainment, and Recreation	35	\$250,513	\$551	\$65,516	2
Mining	12	\$181,206	\$1,162	-\$37,923	-1

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

Figure 14:
Jobs Change from Q1 2025 to Q1 2024

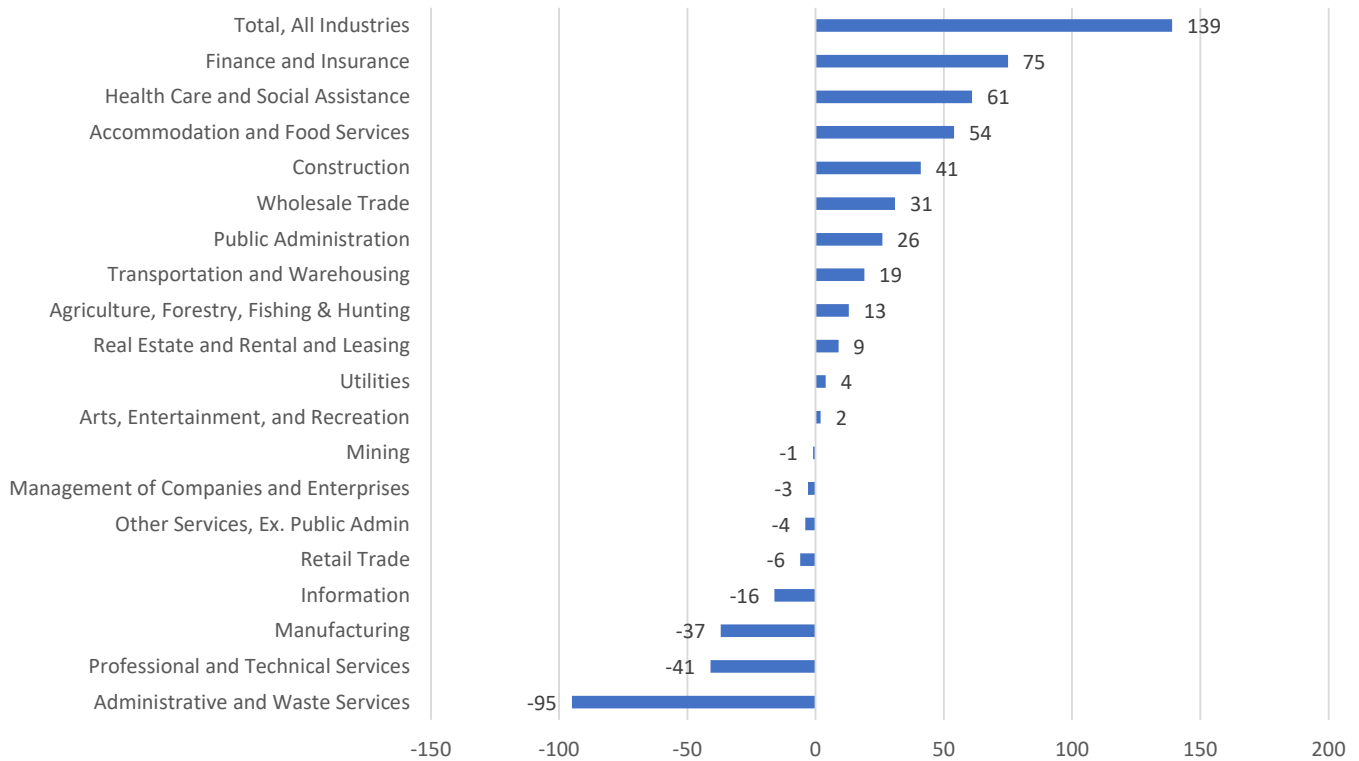
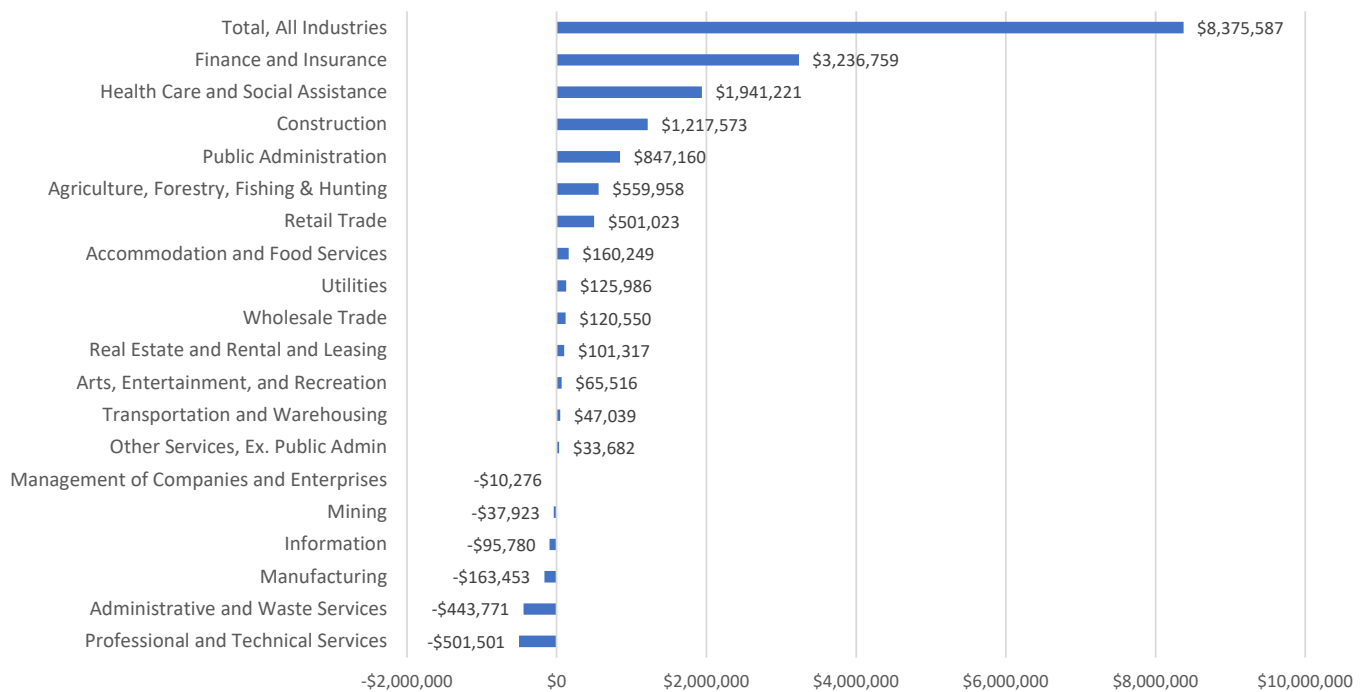


Figure 15:
Total Wage Change from Q1 2025 to Q1 2024



LOCAL REAL ESTATE

	Q2 2025	Q2 2024	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	206	160	28.69%
New Residential listings (3 month total)	210	121	73.55%
Sold Residential Listings (3 month total)	108	67	61.19%
Median Sales Price	\$404,522	\$426,167	-5.08%
Average Sales Price	\$485,278	\$482,015	0.68%
Days on Market	121.00	122.67	-1.36%
Months Supply of Inventory	6.57	5.00	31.33%
	2024	2023	
Building Permits (Census)	115	53	116.98%
Foreclosures	2025	2024	
Foreclosure Filings (YTD)	34	24	41.67%
Foreclosure Sales (YTD)	7	6	16.67%
Mortgage Rates	Aug 2025	Aug 2024	
15 Year Mortgage Rate	5.71%	5.68%	0.03%
30 year Mortgage Rate	6.59%	6.50%	0.09%

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

Delta County's real estate market shows a market with rising inventory, stagnating prices, and rising months supply of inventory. The three month average of inventory increased from 160 to 206, while new residential listings (three month total) increased from 121 to 210 from the same time last year. Rising inventory is putting downward pressure on prices, with the median sales price falling by just over 5%. Months supply of inventory increased from 5 to 6.57. The general rule for months supply of inventory is that when it passes five, the market turns into a buyers market. Foreclosures are up from 2024, rising to 34 from 24 (through July).

As of August 2025, U.S. mortgage rates remain elevated, with the average 30-year fixed-rate mortgage at 6.59%, having been elevated since late 2022. Those hoping for lower interest rates because of potential Federal Reserve intervention may be disappointed. Although there is a relationship between the Federal Funds Rate and the 10 year treasury (the treasury that the 30 year mortgage is based on), they can operate as separate markets and many economists are anticipating even as the federal funds rate goes lower due to potential Fed cuts, the 10 year treasury and hence mortgage rates will not fall proportionately. The Fed is likely to cut rates in September due to deteriorating labor market data. However, the Fed will likely remain cautious with multiple rate cuts until the full inflationary impact of tariffs is known, which could be several months.

Figure 16:
Building Permits (Census)

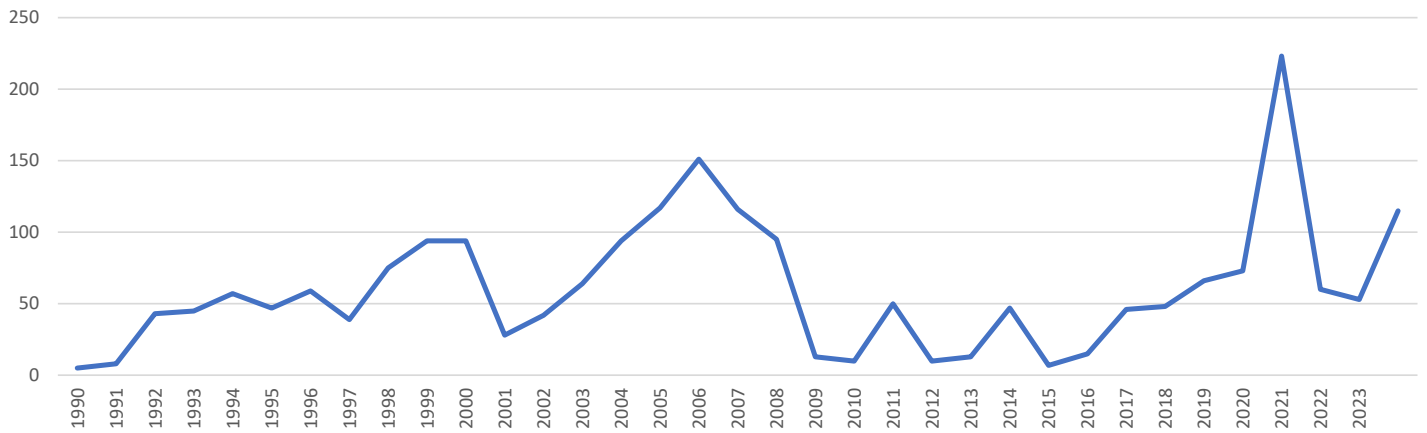


Figure 17:
Median and Average Sales Price

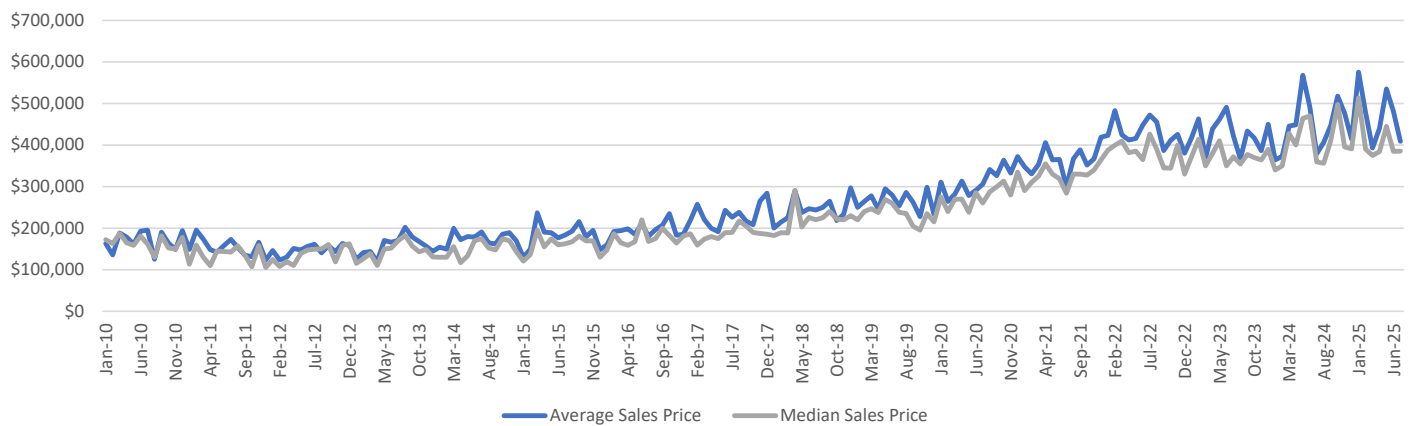
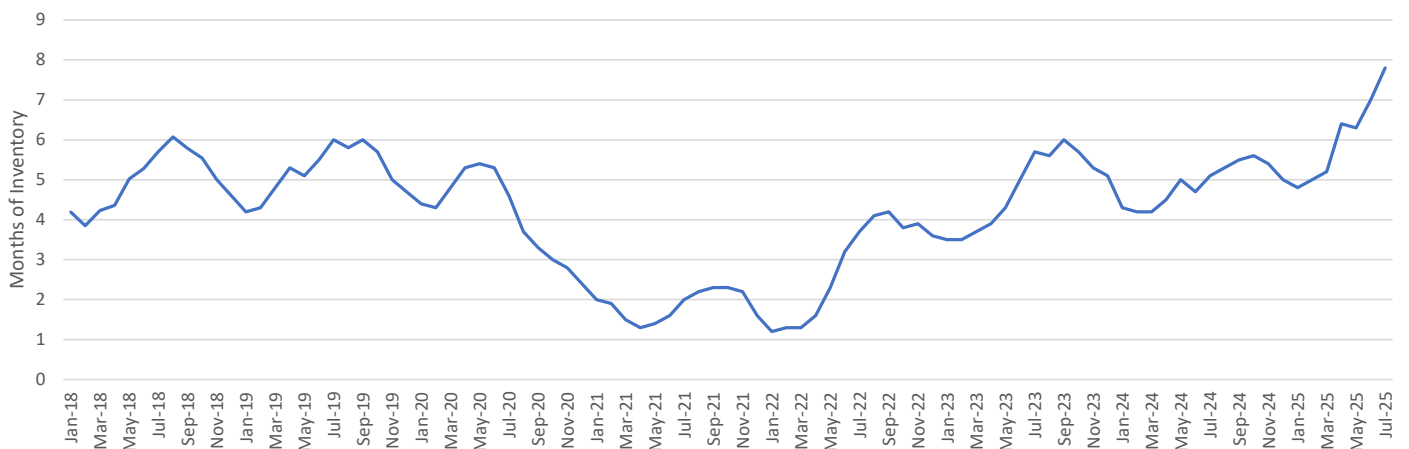


Figure 18:
Months Supply of Inventory



REGIONAL ENERGY

	Q2 2025	Q1 2025	Q2 2024	% change since last quarter	% change since last year (comparable quarters)
Energy Prices					
WTI Crude Oil	\$64.57	\$71.78	\$81.81	-10.04%	-21.07%
Henry Hub Natural gas	\$3.19	\$4.15	\$2.09	-23.13%	52.63%
Retail Gasoline Price	\$3.04	\$2.99	\$3.42	1.61%	-11.18%
Drilling Permits					
	2025 (YTD)	2024	2023	2022	2021
Drilling Permits (Mesa County)	2	40	0	0	1
Drilling Permits (Rio Blanco County)	12	67	40	40	33
Drilling Permits (Garfield County)	35	18	139	133	127
Drilling Permits (Moffat County)	0	10	3	4	1
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	49	135	182	177	162
Total Permits (Colorado)	260	980	1,005	805	1,543
Local Rig Count					
	25-Aug	25-May	Feb-23	Aug-22	
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	1	1	3	4	
Delta/Gunnison Coal Industry					
	2024	2023	% Change		
Delta/Gunnison Average Monthly Employment for Coal Mining	283	296	-4.12%		
Delta/Gunnison Coal Production (tons)	308,578	284,968	8.29%		

SOURCES: All energy prices: Energy Information Administration; 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 19:
Oil and Natural Gas Prices

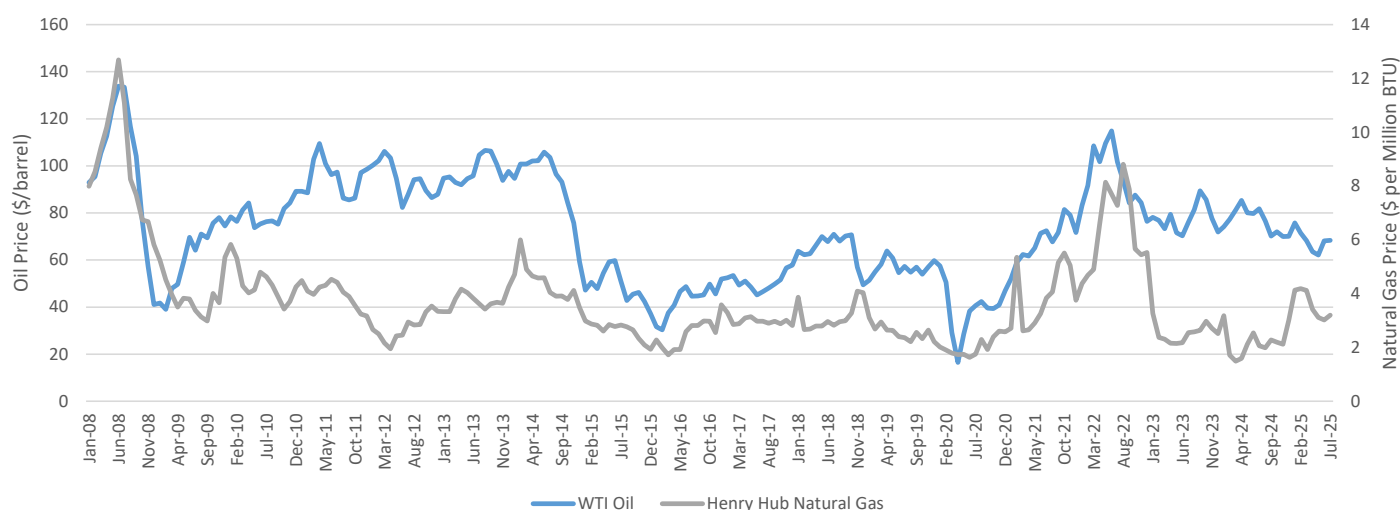


Figure 20:
Delta/Gunnison Coal Production and Employment

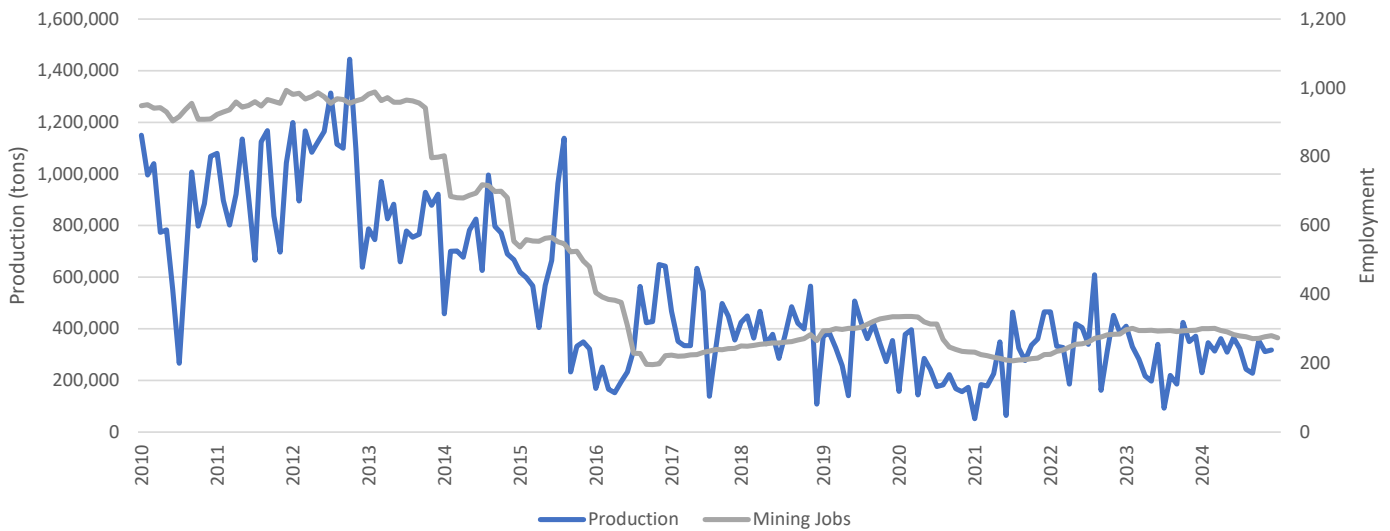
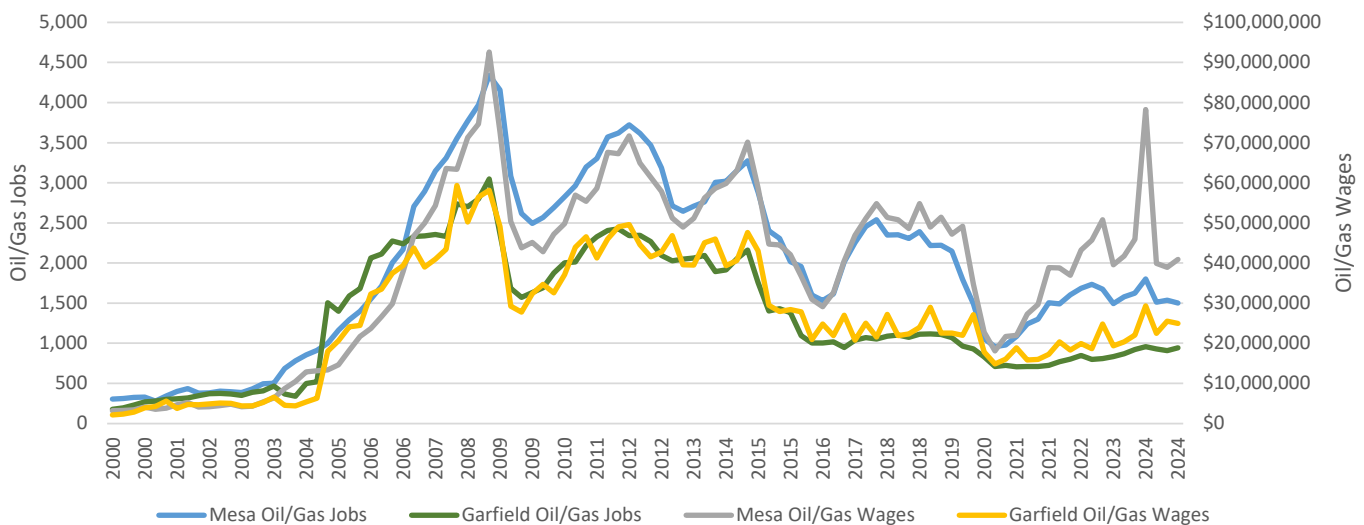


Figure 21:
Mesa and Garfield Oil and Gas Jobs/Wages



Western Slope Energy

Natural gas prices averaged \$3.19/per million British thermal units (MMBtu) in Q2 of 2025. The U.S. Energy Information Administration (EIA) projects the Henry Hub spot price to average \$3.40/MMBtu in Q3, and \$3.70/MMBtu by the end of the year, rising to \$4.40/MMBtu in 2026. This increase is driven by several factors including increasing storage levels this summer, slightly falling production, and increased liquified natural gas export demand.

Oil prices (WTI) averaged \$64.57 in Q2, falling from the previous quarter and previous year. The EIA forecasts Brent oil prices to average \$69 per barrel through the rest of the year. The EIA forecasts an even lower oil price for 2026, expecting Brent crude oil to average \$58 per barrel. This is based on rising global inventory. U.S. crude oil production is expected to fall due to falling prices, with 13.4 million barrels per day in Q2 of 2025, and a predicted decline to 13.3 million barrels per day by Q4 2026.

Regional Mining Activity

Coal production in neighboring Gunnison County increased by 8.29% from 2023 to 2024, while coal employment fell by 4.12%. 2025 mining data has not been released by the Colorado Division of Reclamation and Safety as of late August.

NATIONAL ECONOMIC INDICATORS

	Q2 2025	Q1 2025	Q2 2024	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	3.00%	-0.50%	3.00%	3.50%	0.00%
Personal Consumption Expenditures	1.40%	0.50%	2.80%	0.90%	-1.40%
Gross Private Domestic Investment	-15.60%	23.80%	8.30%	-39.40%	-23.90%
National Consumer Confidence	55.0	64.5	71.5	-14.73%	-23.08%
Industrial Production Index	103.8	103.5	102.9	0.28%	0.90%
Initial Weekly Unemployment Claims (4 week MA)	232,154	220,212	221,558	5.42%	4.78%
Non Farm Payroll Change (in thousands)	289,333	521,333	513,667	-44.50%	-43.67%
Unemployment					
Unemployment Rate-U3-SA	4.20%	4.10%	4.00%	0.10%	0.20%
Unemployment Rate-U6-SA	7.80%	7.80%	7.40%	0.00%	0.40%
Interest Rates					
Federal Funds Rate	4.33%	4.33%	5.33%	0.00%	-1.00%
10 Year U.S. Treasury	4.36%	4.45%	4.44%	-0.09%	-0.08%
30 Year U.S. Treasury	4.83%	4.71%	4.58%	0.12%	0.25%
Inflation Measures					
Inflation Rate (CPI)	2.46%	2.74%	3.19%	-0.28%	-0.73%
Core Inflation Rate (All Items Less Food and Energy)	2.82%	3.08%	3.42%	-0.26%	-0.61%
Inflation Rate (Shelter)	3.90%	4.21%	5.35%	-0.32%	-1.46%
Producer Price Index (PPI)	1.14%	1.84%	0.49%	-0.70%	0.65%
Employment Cost Index	3.62%	3.60%	4.03%	0.02%	-0.40%
Stock Prices					
S&P 500	5,732	5,895	5,247	-2.76%	9.25%
Dow Jones Industrial Average	41,478	43,240	38,807	-4.08%	6.88%
Trade Balance and Debt					
Trade Balance (% of GDP)	-872.384	-1245.141	-906.87	-29.94%	-3.80%
Federal Debt (% of GDP)*	120.9%	121.9%	120.8%	-1.0%	0.0%

SOURCES: GDP, Consumption, Investment, and Trade Balance: Bureau of Economic Analysis; Consumer Confidence: University of Michigan; Industrial Production, Interest Rates and USD Exchange Rate: Board of Governors of the Federal Reserve System; Weekly Unemployment Claims: U.S. Employment and Training Administration. Non-Farm Payroll, Unemployment Rates, Inflation Measures: Bureau of Labor Statistics; Stock Prices: S&P Dow Jones Indices, LLC.; USD Exchange Rate: Board of Governors of the Federal Reserve; Trade Balance: BEA; Federal Debt: U.S. Office of Management and Budget. * indicates data is lagged by one quarter. Regional CPI data from the Bureau of Labor Statistics. Yield Curve from the Federal Reserve Board. Tariff rate from (10.5281/zenodo.15151391).

Figure 21:
Real GDP for U.S.

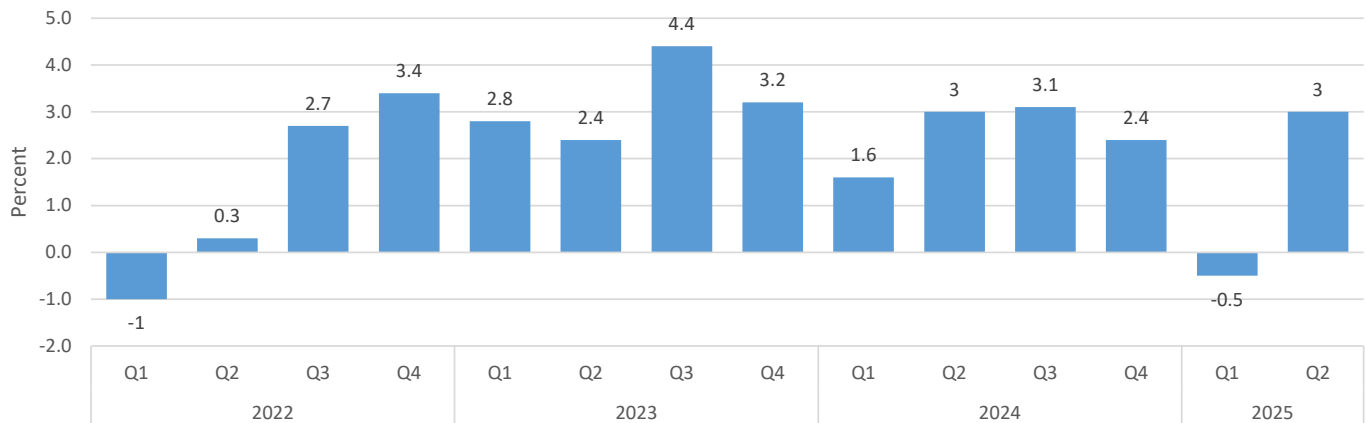
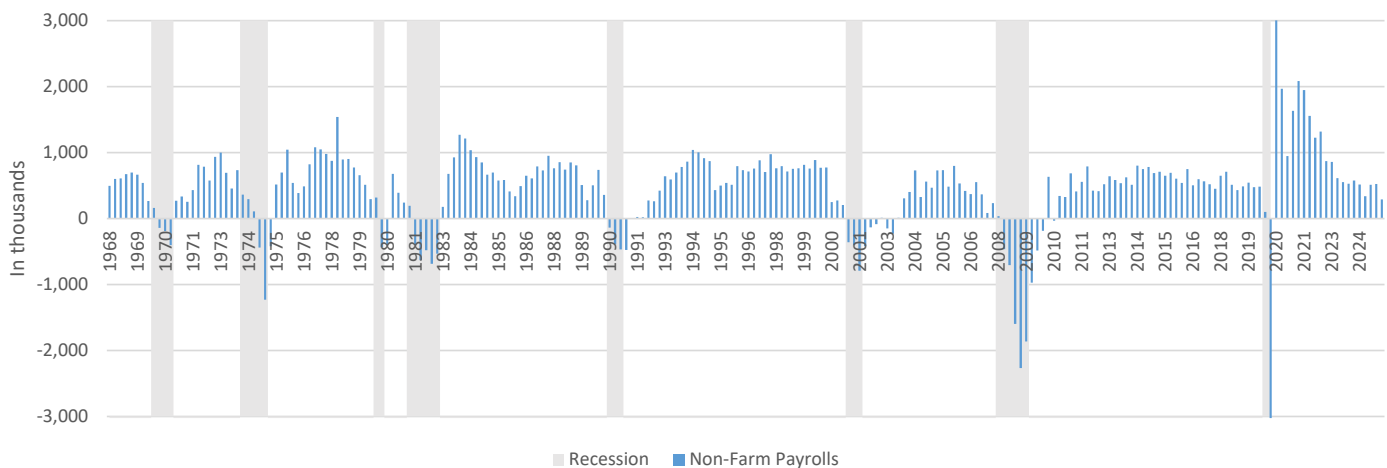


Figure 22:
Non-Farm Payrolls (Quarterly)



Economic Growth

U.S. GDP growth for Q2 2025 was 3%, rising from last quarter's -0.3% (Figure 21). This was expected, the Q1 negative number was due to large pre-tariff purchases that pushed imports up (a subtraction from GDP) due to businesses buying inventory from overseas before tariffs hit, while Q2 had less business imports for the exact opposite reason. As of September 7th, the Atlanta Federal Reserve's GDPNow forecasts Q3 GDP at 3%. Many are watching the tariff situation closely to see how it impacts growth. So far growth seems strong but the full impact of the tariffs has not been felt. The Wall Street Journal's quarterly economist survey (published July 18th) shows a 12 month recession probability of 33%.

Labor Market

The seasonally adjusted unemployment rate has been at 4.2% for several months and moved up to 4.3% in August, while Colorado's seasonally adjusted unemployment rate has hovered around 4.8%. Ultimately, labor market data still shows a stagnant labor market. Layoffs are not accelerating, but neither is hiring.

A recent jobs report showed a significant slowdown in hiring, with only 22,000 jobs added in August. The number came in under expectations and shows that we may be entering a labor market downturn. This jobs number has increased the odds of Federal Reserve interest rate cuts in the fall. Figure 25 illustrates the drop in job estimates.

Inflation

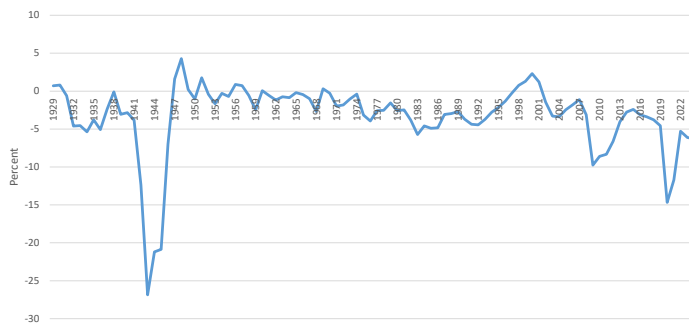
July inflation landed at 2.7%, a 0.2% increase for the month of June. Figure 28 illustrates the inflation rate along with the 10 year treasury bond yield. Figures 29 show the change in money supply (M2). M2 has fallen from its COVID-19 high but has crept up again. M2 is theoretically associated with rising inflation. Wages continue to fall from their peak as seen in the employment cost index. This is good news for inflation, but bad news for workers hoping for wage gains. All eyes on are tariffs and how they will impact inflation over the next several months.

Tariffs

In April, the Trump administration imposed a 10% across the board tariff on U.S. trading partners while they evaluated trade agreements and trade imbalances. As of August 7th, reciprocal tariffs have been imposed that are intended to reshape global trade imbalances and generate tariff income. According to the Yale Budget Lab, the current average effective tariff rate is now 18.3%, which is the highest since 1934.

In addition to across the board tariffs, several materials have had tariffs imposed including aluminum, copper, lumber, and steel. So far, the April tariffs have not contributed significantly to inflation. Some economists argue it's going to take longer for an impact. Economic theory shows that tariffs would have to increase prices or decrease profitability, unless businesses find cheaper alternatives for their input sourcing. Some of the tariffs will be pushed on to the consumer, while some will be absorbed by the firm. We see some signs of tariff impact in the July CPI report, but so far no major price increases from tariffs. We will find out precisely how this plays out over the next several months. For now, the gloomy inflation predictions of many economists have not come to fruition.

Figure 23:
Deficit/GDP



Deficit/Debt

Another important economic topic that has hit the national stage is the U.S. debt and deficit. The debt is the total amount owed, while the deficit is the yearly accrual of debt. The U.S. is currently at a 121% debt/GDP ratio. Some like to view the total value of the debt, which is close to \$36 trillion, however, the best way to view it historically is as a percentage of GDP (Figure 24). The current deficit is -6.2% of GDP (Figure 23), which is very high compared to the post WW2 era.

The debt can be burdensome on the economy through a variety of channels. The first is that future taxpayers have to pay it back. The second is that the long term treasury market prices in more risk as debt levels rise, which pushes long term interest rates up. This is one of the main obstacles to lower rates. There are two solutions, the first is to raise taxes or cut spending. The second is to grow our way out of it. Ultimately as the debt continues to expand, interest rates will begin to slowly drift higher. It also puts a damper on fiscal policy if the U.S. enters into a recession.

Figure 24:
Debt/GDP

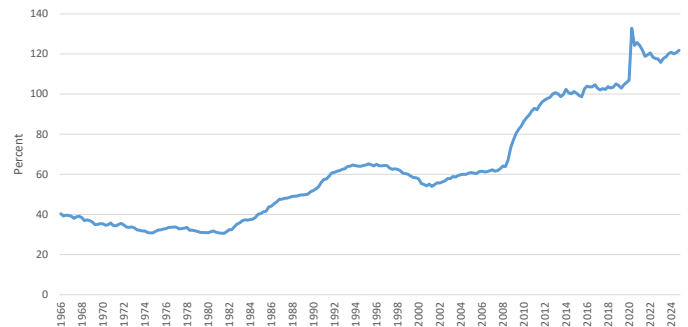


Figure 25:
Inflation and the 10 Year Treasury

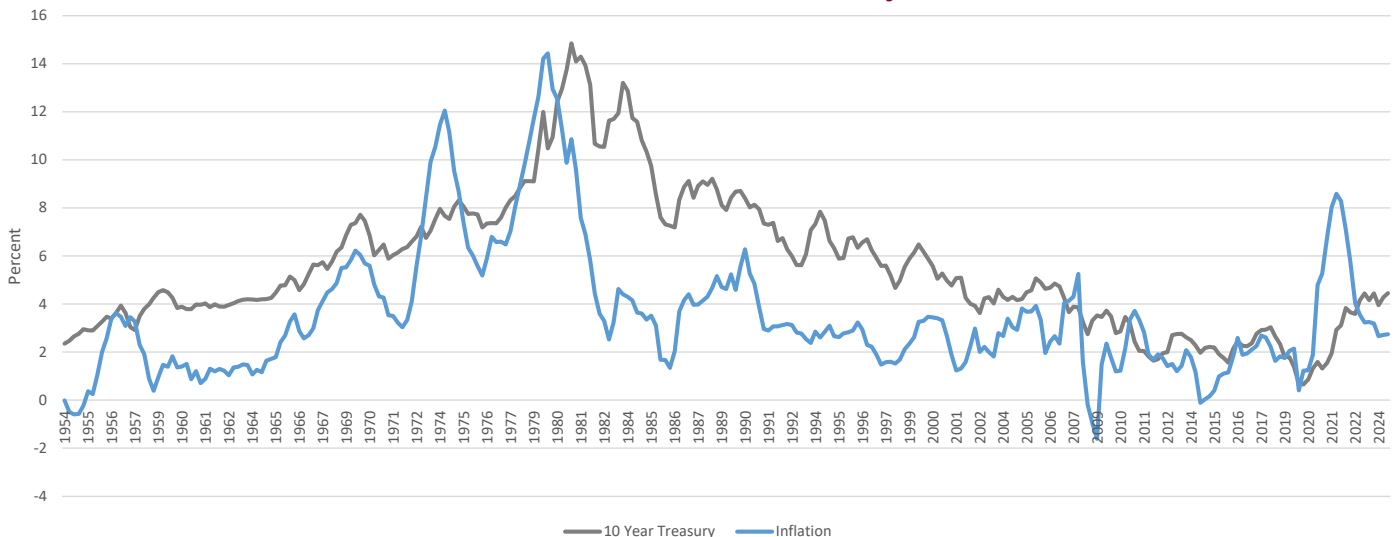


Figure 26:
Change in M2

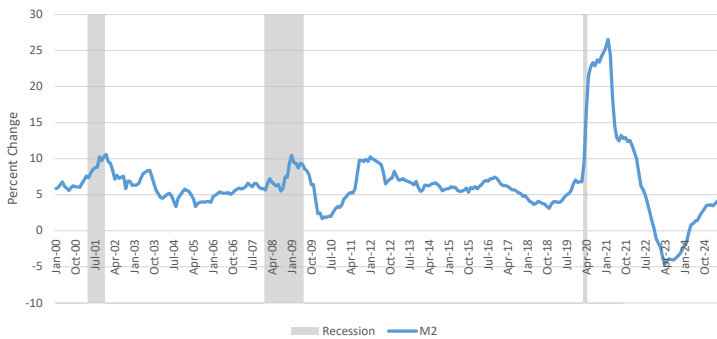


Figure 27:
University of Michigan Consumer Confidence Index

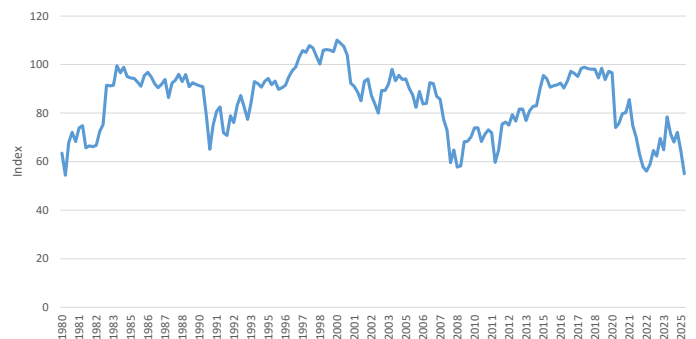


Figure 28:
Unemployment Rate

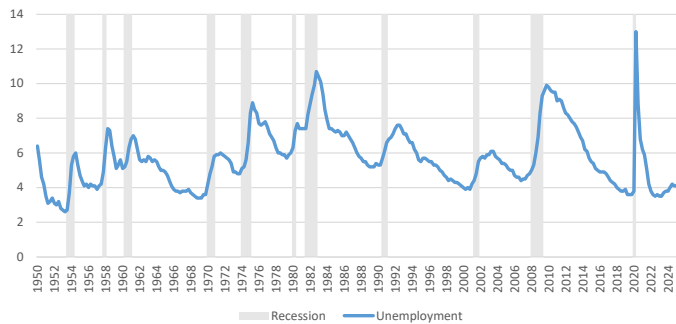
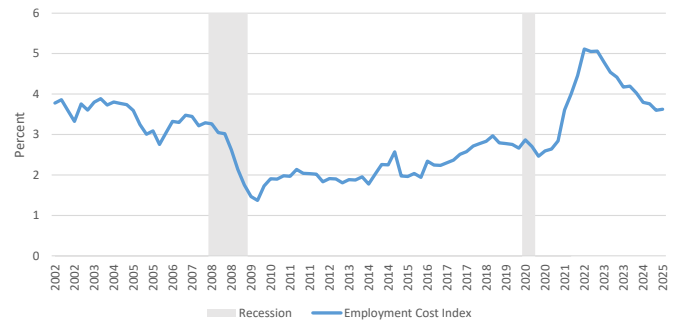


Figure 29:
Employment Cost Index



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