

MONTROSE COUNTY ECONOMIC UPDATE



Provided by the Business Department
of Colorado Mesa University

Second Quarter 2019

Economic Summary

- The number of employed is up from last year, increasing by 531 since Q1 of 2018. Construction and real estate are the big wage gainers from last year, while retail trade and manufacturing had strong job gains.
- Sales and Use taxes are up for both the city and the county, with city numbers increasing by 4.59% and county numbers increasing by 15.32%.
- The Montrose real estate market remains strong, although median and average home values have started to slow their previous rapid growth. Median home values increased 3.92% from last year, while average home values increased 1.30%.
- The national economy continues to be strong with the lowest unemployment rate in 50 years. Some cracks are starting to show, with the yield curve inverting in both March and May. Yield curve inversions are strong predictors of coming recessions.

The Montrose County Economic Update is provided by the Business Department of Colorado Mesa University and is published quarterly. Please direct all correspondence to Dr. Nathan Perry, Associate Professor of Economics, 970.248.1888, naperry@coloradomesa.edu.

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LOCAL ECONOMIC INDICATORS

	Q1 2019	Q4 2018	Q1 2018	% change since last quarter	% change since last year (comparable quarters)
Local Labor Market					
Unemployment Rate Montrose County-NSA	4.63%	3.73%	4.13%	0.90%	0.50%
Unemployment Rate Colorado - NSA	3.60%	3.60%	3.20%	0.00%	0.40%
Unemployment Rate U.S. - NSA	4.10%	3.60%	4.30%	0.50%	-0.20%
Labor Force	21,756	22,422	21,094	-2.97%	3.14%
Employed	20,753	21,587	20,222	-3.86%	2.63%
Unemployed	1,003	836	872	20.06%	15.06%
Business Confidence					
Leeds Colorado Business Confidence Index	52.7	50.1	61.3	5.19%	-14.03%
Sales/Use Taxes					
City Sales/Use Taxes (Quarterly)	\$4,075,314	\$4,688,499	\$3,896,286	-13.08%	4.59%
City Sales/Use Taxes (YTD)	\$4,075,314		\$3,896,286		4.59%
County Sales/Use Tax (Quarterly)	\$3,344,288	\$3,306,305	\$2,899,928	1.15%	15.32%
County Sales/Use Tax (YTD)	\$3,344,288		\$2,899,928		15.32%
Hotel and Restaurant Tax (Quarterly)	\$117,614	\$122,490	\$111,997	-3.98%	5.02%
Hotel and Restaurant Tax (YTD)	\$117,614		\$111,997		5.02%
Telluride Sales/Use Tax (Quarterly)	\$2,372,049	\$1,449,682	\$1,958,850	63.63%	21.09%
Telluride Sales/Use Tax (YTD)	\$2,372,049		\$1,958,850		21.09%

Montrose Regional Airport	Q1 2019	Q4 2018	Q1 2018	% change since last quarter	% change since last year
Enplanements	64,363	23,357	54,047	175.56%	19.09%
Yearly Indicators	2017	2016	2015	% change since 2016	% change from 2015
Median Household Income	\$51,031	\$43,285	\$46,860	17.90%	8.90%
Percent of Population Below Poverty Line	17.80%	18.00%	19.00%	-0.20%	-1.20%
Population	41,784	41,160	40,534	1.52%	3.08%
Personal Income (in thousands)	\$1,573,486	\$1,495,704	\$1,449,275	5.20%	8.57%
Per Capita Personal Income	\$37,658	\$36,339	\$35,755	3.63%	5.32%

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 Montrose, Montrose County, City of Telluride; Montrose Regional Airport enplanements/deplanements: Montrose Regional Airport; 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

Montrose unemployment spiked in January to 5.3%, pushing the quarterly unemployment rate up to 4.63%, up from 4.3% in Q1 of 2018. This short spike in unemployment can be seen in several Western Slope counties, even adjusting for seasonality. The good news is that looking at the monthly numbers, February (4.6%), March (3.9%), and April (3.0%) are back to very low unemployment rates, especially April's 3.0%. Employment is up 531 from Q1 of 2018, or 2.63%. Labor force is up 662 (3.14%), and unemployment is up slightly by 131.

Compared to 5 years ago, employment is up 3,472 and compared to 10 years ago employment is up 1,609. Montrose has had fairly steady employment growth the last few years, but had especially strong growth in 2017 and 2018. When the median household income data is released for 2018, I am expecting strong numbers.

Other Local Data

Sales and Use taxes are up for both the city and the county, with city numbers increasing by 4.59% and county numbers increasing by 15.32%. The trend for sales and use taxes in Montrose is up (figure 1). With a strong local and national economy and strong projected population growth, these numbers should continue to increase. Telluride sales and use taxes, a proxy for tourism activity, is up 21% from last year.

Colorado business confidence is down from last year, moving from 61.3 to 52.7, possibly reflecting business expectation that our economic run may be ready to slow. The Montrose Regional Airport continues its strong growth with a 19.09% growth in enplanements from Q1 2018. Yearly indicators have not changed from last newsletter.

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

	Labor Force	Employed	Unemployed
Annual	662	531	131
5-Year	2,717	3,472	-755
10-Year	924	1,609	-685
Annual %	3.14%	2.63%	15.06%
5-Year %	14.27%	20.09%	-42.93%
10-Year %	4.44%	8.40%	-40.56%

Figure 1:
Montrose Sales and Use Taxes

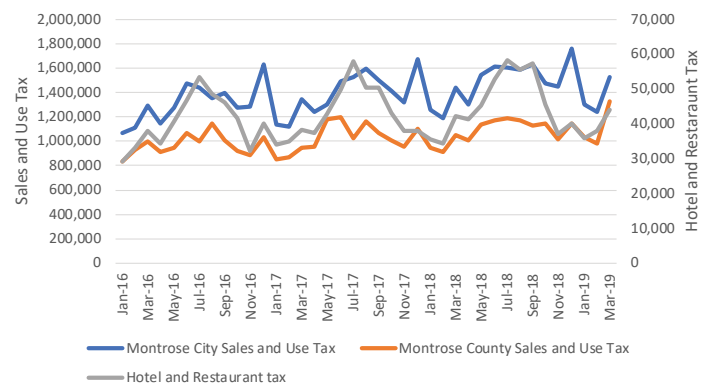


Figure 2:
Montrose County Employment With Trend Line

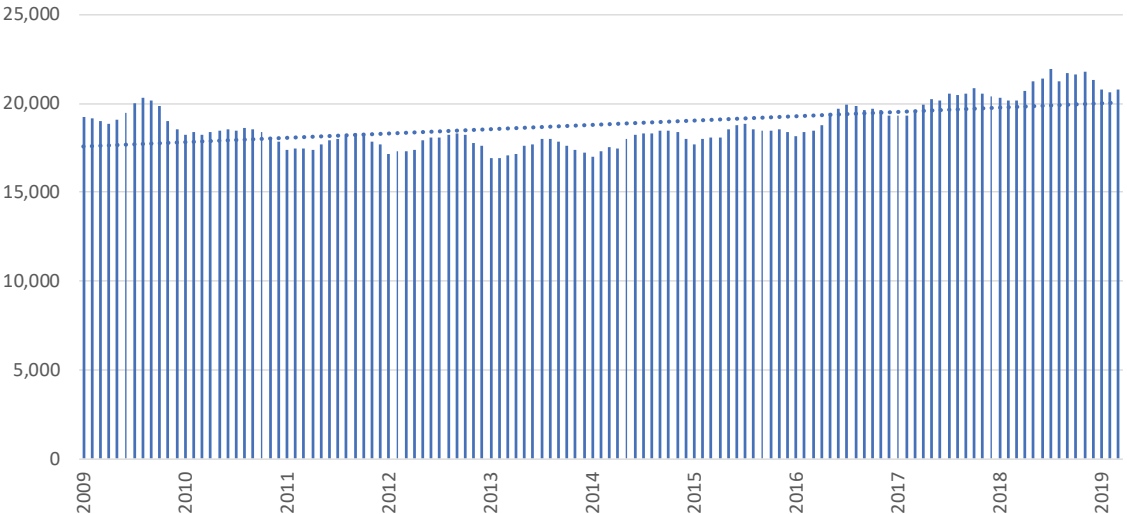


Figure 3:
Montrose Labor Force

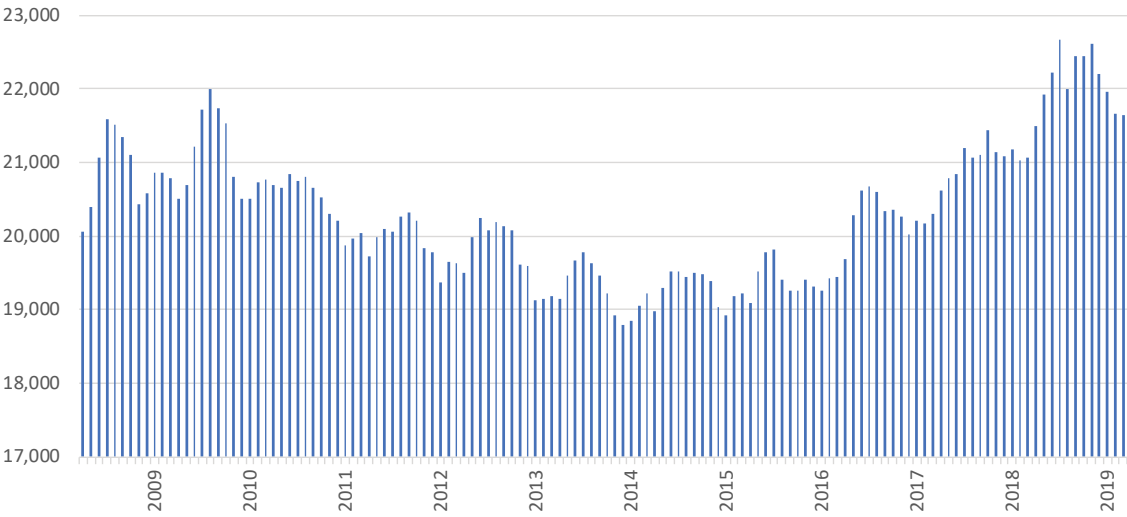
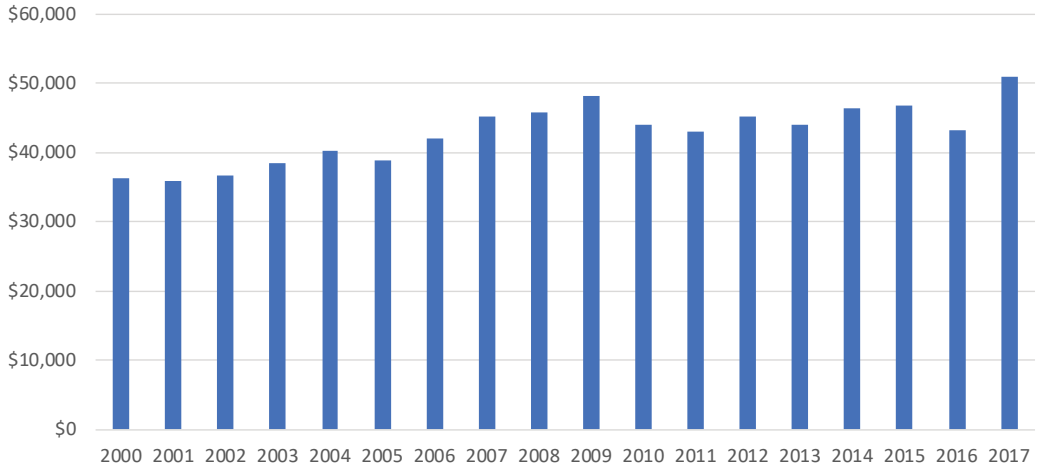


Figure 4:
Montrose Median Household Income



Montrose County Employment Trends

Construction and real estate are the largest wage contributors from Q4 2017 to Q4 2018, with construction at three times that of real estate and leasing. Healthcare is still the largest industry in Montrose, but held steady the last year in terms of employment and wages. Construction (219), retail trade (83) and manufacturing (66) are the biggest job gain leaders, while other services, and wholesale trade were the two top employment losers in the last year. Although mining only saw a loss of 16 jobs, those 16 jobs payed \$432,990 in wages, leading to the biggest wage drop from the previous year. Table 3 illustrates yearly farm employment estimates.

Table 2:
Quarterly Census of Employment and Wages Q4 2017 Compared to Q4 2018

Sector	Average Employment Q4 2018	Total Quarterly Wages (Q4 2018)	Average Weekly Wage (Q4 2018)	Total Employment Change (Q4 2017 to Q4 2018)	Total Wage Change (Q4 2017 to Q4 2018)
Total, All Industries	15,446	\$160,807,421	\$801	353	\$10,722,513
Health Care and Social Assistance	2,853	\$30,943,220	\$834	-22	\$164,437
Construction	1,354	\$17,124,022	\$973	219	\$3,753,309
Retail Trade	2,177	\$16,630,150	\$588	83	\$871,512
Public Administration	1,012	\$15,082,377	\$1,146	-11	\$786,074
Manufacturing	1,398	\$14,171,591	\$780	66	\$602,309
Professional and Technical Services	454	\$7,255,161	\$1,229	-3	-\$417,149
Accommodation and Food Services	1,382	\$6,497,698	\$362	33	\$524,320
Wholesale Trade	455	\$5,759,522	\$974	-31	\$328,841
Transportation and Warehousing	552	\$5,419,730	\$755	11	\$590,846
Utilities	276	\$5,270,756	\$1,469	-6	-\$52,566
Finance and Insurance	306	\$4,617,954	\$1,161	-6	\$306,822
Administrative and Waste Services	504	\$4,515,714	\$689	21	\$600,247
Other Services, Ex. Public Admin	358	\$4,280,475	\$920	-54	\$67,417
Real Estate and Rental and Leasing	352	\$3,938,581	\$861	31	\$1,032,563
Agriculture, Forestry, Fishing & Hunting	254	\$1,957,816	\$593	-12	-\$34,200
Information	183	\$1,698,003	\$714	4	\$127,634
Arts, Entertainment, and Recreation	331	\$1,482,382	\$344	-23	\$13,561
Mining, Oil and Gas	42	\$939,172	\$1,720	-16	-\$432,990
Educational Services	N/A	N/A	N/A	N/A	N/A
Management of Companies and Enterprises	N/A	N/A	N/A	N/A	N/A

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

Table 3:
Farm Employment

Agriculture	2017	2016	2015	% change since 2016	% change from 2015
Farm Employment	1,328	1,274	1,273	4.24%	4.32%

LOCAL REAL ESTATE

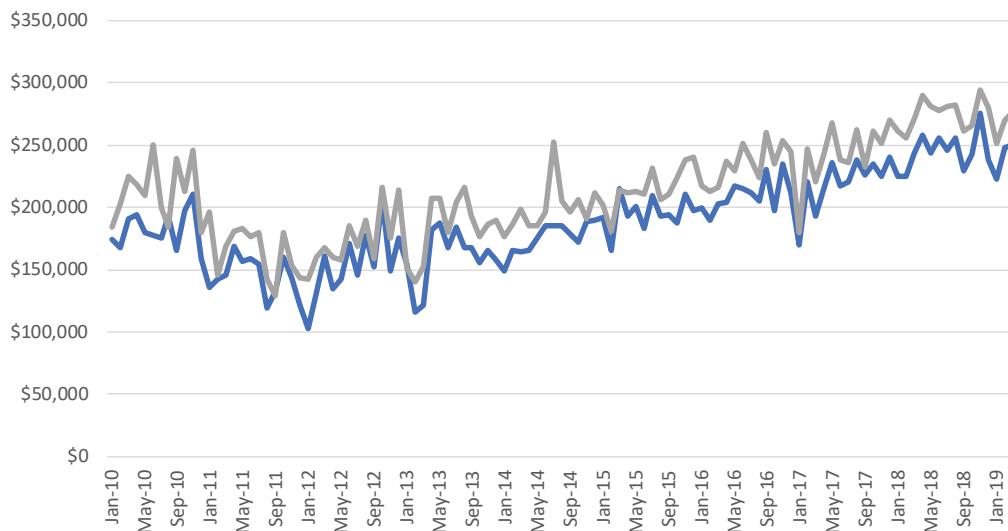
	Q1 2019	Q1 2018	% change since last year
Real Estate			
Inventory of Homes for Sale (3 month avg)	202	210	-3.97%
New Residential Listings (3 month total)	202	259	-22.01%
Sold Residential Listings (3 month total)	121	157	-22.93%
Median Sales Price	\$240,167	\$231,117	3.92%
Average Sales Price	\$265,929	\$262,511	1.30%
Days on Market	102.67	100.50	2.15%
Months Supply of Inventory	3.33	3.13	6.58%
Total Building Permits	129	144	-10.42%
Total Building Permit Valuation	\$14,854,127	\$13,932,334	6.62%
Single Family Home Permits	48	64	-25.00%
Single Family Home Permit Valuation	\$7,859,335	\$9,317,709	-15.65%
Foreclosures			
Foreclosure Filings	20	15	33.33%
Foreclosure Sales	9	8	12.50%
Mortgage Rates			
30 Year Mortgage Rate	3.82%	3.74%	0.08%
15 year Mortgage Rate	4.37%	4.28%	0.09%

SOURCES IN ORDER OF LISTING: Real Estate: Colorado Association of Realtors Market Trends Program through ShowingTime. Note that real estate data is just single family homes; Building Permits and Valuation: Montrose County and Montrose City; Foreclosure Filings and Sales: Montrose County; Mortgage rates: Freddie Mac.

Local Real Estate Indicators

The Montrose real estate market remains strong, although median and average home values have started to slow their previous rapid growth. Median home values increased 3.92% from last year, while average home values increased 1.30%. This may not be a bad thing, as prices have moved much higher than incomes. Both days on market and months supply of inventory slightly increased, but all indicators are still showing a strong sellers market. Single family home permits are actually down from 64 to 48, which is an interesting data point in a market with a high demand for homes.

Figure 5:
Average and Median Home Value for Montrose



REGIONAL ENERGY

	Q1 2019	Q4 2018	Q1 2018	% change since last quarter	% change since last year (comparable quarters)
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Energy Prices

WTI Crude Oil	\$54.82	\$59.97	\$62.91	-8.59%	-12.86%
Henry Hub Natural gas	\$2.92	\$3.80	\$3.08	-23.16%	-5.19%
Retail Gasoline Price	\$2.27	\$2.54	\$2.48	-10.49%	-8.50%

Drilling Permits

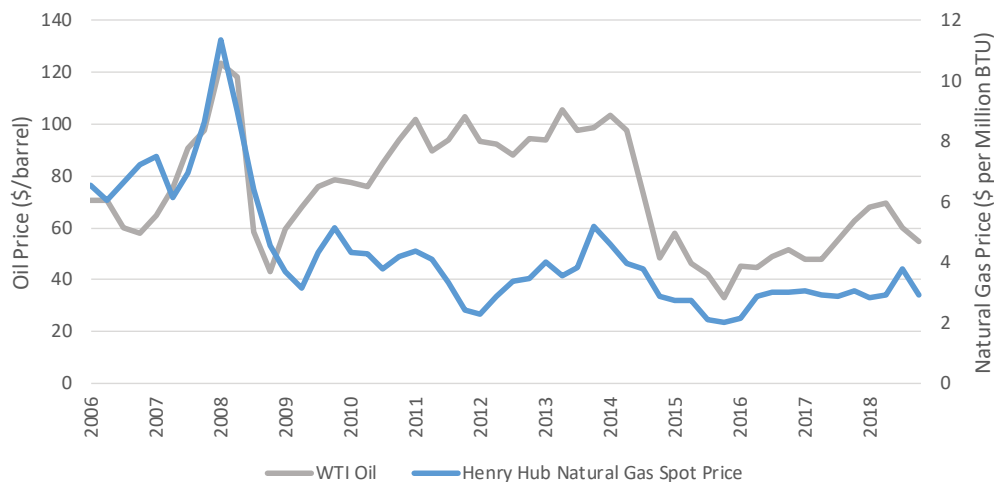
	2019 YTD	2018 YTD	2018 total	% Change since same time last year
Drilling Permits (Mesa County)	0	3	215	-100.00%
Drilling Permits (Rio Blanco County)	27	52	118	-48.08%
Drilling Permits (Garfield County)	67	161	612	-58.39%
Drilling Permits (Moffat County)	0	0	5	N/A
Total Permits (Mesa, Rio Blanco, Garfield, Moffat)	94	216	950	-56.48%
Total Permits (Colorado)	1,103	898	3,909	22.83%

Local Rig Count

	May-19	Jan-19
Rig Count (Western Colorado, Mesa, Rio Blanco, Garfield, Moffat)	4	7

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 as of May 27th, 2019

Figure 6:
Oil and Natural Gas Prices



Natural Gas Prices

The Henry Hub price of natural gas fell to \$2.64/MMBtu in April, down significantly from the short term highs of \$4.09 in November. EIA notes that continued high natural gas output, higher than normal temperatures have led to high levels of natural gas inventory. Strong growth in natural gas production is expected to keep downward pressure on the price of natural gas. EIA estimates that the price of natural gas will average 2.79/MMBtu in 2019, down 36 cents from 2018. The average price for Q1 of 2019 was \$2.92/MMBtu.

Source: <https://www.eia.gov/outlooks/steo/report/natgas.php>

Oil and Gasoline Prices

Crude oil prices rose for the fourth straight month, reaching \$63.86 in April from recent lows in December. Oil prices are rising based on perceived international risks in Venezuela and Iran. Venezuela's political situation is tenuous and Iran and U.S. tensions are rising. OPEC is expected to offset the loss of Iranian crude oil but perceived market risks are still pushing oil prices higher.

April through September is driving season and the EIA expects gasoline prices to hover around \$2.92, slightly higher from last year due to high gasoline refining margins. Gasbuddy.com shows that gas prices in Mesa County range from \$2.82 to \$3.21 as of late May.

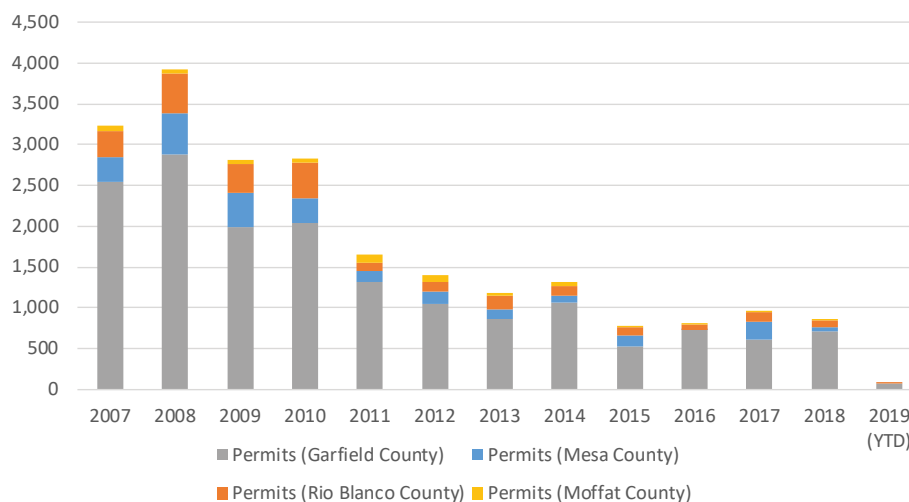
Source: <https://www.eia.gov/outlooks/steo/>

Western Slope Drilling Activity

Drilling activity is lower in 2019, with 4 active rigs compared to the 7 rigs that have been in use the last several quarters. Lower rig count reflects industry expectations of lower prices due to the current natural gas supply glut. Drilling permits are also down from the same time last year, although permits for the State of Colorado are up significantly from last year. Although the lower drilling permit numbers do not look good it is important to note that drilling permit activity is very volatile and can catch up quickly. However, with lower rig counts and downward pressure on natural gas prices it is unlikely.

Figure 7:

Drilling Permits: Western Colorado



Economic Contribution of the Oil and Gas Industry in the Western Slope

I conducted a study to determine the economic contribution of the oil and gas industry in the Piceance Basin. The study was conducted through the Unconventional Energy Center at Colorado Mesa University. The goal of the research was twofold: 1) To determine the impact on employment resulting from changes in rigs and the price of natural gas, and 2) To determine the total economic contribution to regional GDP that the oil and gas industry contributes. The study can be downloaded from the Colorado Mesa University Unconventional Energy Center here: <https://www.coloradomesa.edu/energy/index.html>. Below are some highlights from the two part study.

We know from above that rig counts have fallen from 7 to 4, and that the price of natural gas has fallen from the 2018 average of \$3.20 to \$2.64, with the EIA expecting prices to average \$2.79. For simplicity purposes, let's suppose natural gas prices will be \$0.50 cents less than 2018. The model I developed predicts a change of approximately 707 jobs in the Western Slope, most of which are in Mesa and Garfield County. Moving from 7 to 4 rigs would create an employment loss of 624, which again would mostly fall in Mesa and Garfield Counties. For this reason Mesa county should expect some job losses in this industry, and expect job losses due to the negative multiplier effects those job losses and their high wages will bring. The hope is that growth in other industries will offset these potential losses. Montrose county due to the lack of oil and gas jobs was not included in this study.

Executive Summary Part 1: The Relationship Between Rigs, Natural Gas Price, and Employment

- Part 1 of this report studies the relationship between rigs, natural gas price, and employment in the Piceance Basin using both a panel and aggregated autoregressive distributed lag (ADL) regression model.
- Each change in rig count changes employment by 208 people within the five county area of Mesa, Garfield, Rio Blanco, Delta, and Moffat Counties.
- At the county level, Mesa County experiences a change in employment of 122 per rig, while Garfield County experiences a change of 70 per rig. Rio Blanco (16), Delta (15), and Moffat (18) have much smaller effects per rig.
- From 1999-2009, the effect of rigs on employment is much more pronounced, changing employment by 373 per rig. From 2010-2017 the effect on employment is 91 per rig, reflecting changing technology in drilling.
- For every change in \$1.00 of natural gas price as measured by the Rocky Mountain Opal Hub, employment changes by 1,183. For the three county area (Mesa, Garfield, and Rio Blanco), a \$1.00 change in the price of natural gas changes employment by 1,415. Conducting the same analysis with Henry Hub gas prices for the five county area shows a change of employment of 1,289.
- At the individual county level, changes in the price of natural gas effect Garfield County the most, changing employment by 828, while the effect in Mesa County is 646.
- Every dollar change in the price of natural gas changes rig count by 8.8.

Executive Summary Part 2: The Economic Contribution of the Oil and Gas Industry in the Piceance Basin

- This section studies the economic contribution of the oil and gas industry in a six county area that represents the Piceance Basin (Mesa, Garfield, Rio Blanco, Delta, Gunnison, and Moffat Counties).
- The economic contribution analysis takes into account employment and wages, severance and Federal Mineral Lease royalties, ad valorem taxes, sales taxes, and royalties that are spent or distributed in this region.
- This economic contribution report uses multipliers to estimate the supply-chain and household spending effects associated with an industry, while adjusting for leakages to imports, commuting, taxes, profits, and savings, to determine the total economic contribution of the oil and gas industry in the Piceance.
- The regional GDP contribution of the oil and gas industry in the Piceance Basin is \$1,083,361,743. For scale purposes, the total GDP of the study region is \$11,819,208,415, equating to 9.2% of total regional GDP.
- The total contribution in terms of labor income (which is a part of the overall total) as a result of the oil and gas industry is \$737,240,560.
- The total number of jobs supported by direct employment in the industry, supply chain effects, and induced (multiplier) effects is 10,959. For scale purposes, there are 164,956 total jobs estimated by IMPLAN equating to 6.6% of total jobs.

NATIONAL ECONOMIC INDICATORS

	Q1 2018	Q4 2018	Q1 2018	% change since last period	% change since last year (comparable quarters)
Business Cycle Indicators					
Real GDP	3.20%	2.20%	2.20%	1.00%	1.00%
Personal Consumption Expenditures	1.20%	2.50%	0.50%	-1.30%	0.70%
Gross Private Domestic Investment	5.10%	3.70%	9.60%	1.40%	-4.50%
National Consumer Confidence	94.5	98.1	98.9	-3.67%	-4.45%
Industrial Production Index	109.8	110.3	106.7	-0.48%	2.88%
Initial Weekly Unemployment Claims (4 week MA)	222,442	220,058	228,077	1.08%	-2.47%
Non Farm Payroll Change (in thousands)	629,000	649,333	641,000	-3.13%	-1.87%
Unemployment					
Unemployment Rate-U3-SA	3.90%	3.80%	4.10%	0.10%	-0.20%
Unemployment Rate-U6-SA	7.60%	7.60%	8.10%	0.00%	-0.50%
Interest Rates					
Federal Funds Rate	2.40%	2.21%	1.44%	0.19%	0.96%
10 Year U.S. Treasury	2.65%	3.03%	2.76%	-0.38%	-0.11%
30 Year U.S. Treasury	3.01%	3.27%	3.03%	-0.26%	-0.02%
Inflation Measures					
Inflation Rate (CPI)	1.63%	2.22%	2.22%	-0.59%	-0.59%
Core Inflation Rate (All Items Less Food and Energy)	2.09%	2.21%	1.92%	-0.12%	0.17%
Inflation Rate (Shelter)	3.32%	3.21%	3.22%	0.11%	0.10%
Producer Price Index (PPI)	0.32%	3.54%	3.96%	-3.22%	-3.64%
Employment Cost Index	2.79%	2.89%	2.71%	-0.10%	0.08%
Stock Prices					
S&P 500	2,721	2,699	2,733	0.82%	-0.46%
Dow Jones Industrial Average	25,147	24,916	25,127	0.93%	0.08%
Trade Balance and Debt					
USD Exchange Rate (trade weighted)	127	128	118	-0.64%	7.89%
Trade Balance (% of GDP)	-603.362	-658.947	-639.161	-8.44%	-5.60%
Federal Debt (% of GDP)*	105.3%	104.2%	103.3%	1.2%	2.0%

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 8:
Real GDP

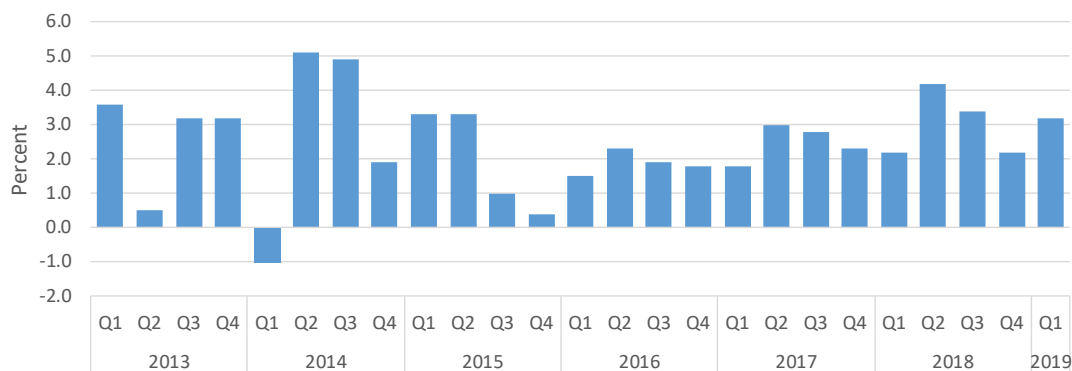
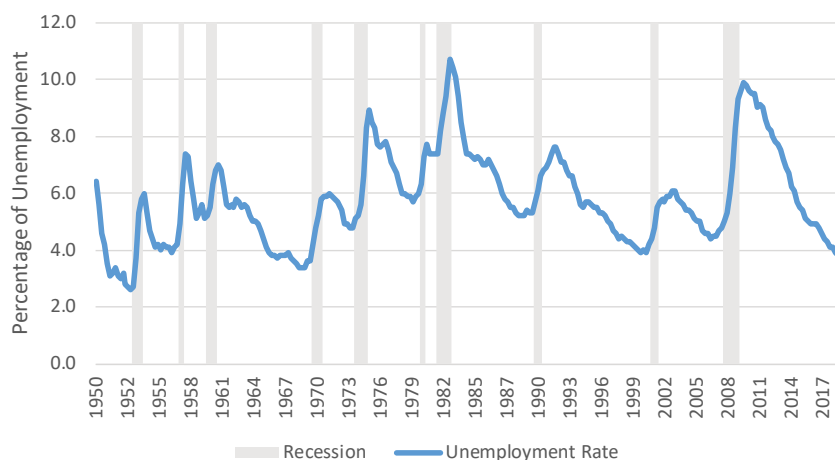


Figure 9:
U.S. Unemployment: 1950-Q1 2019



National Economic Performance

The Q1 GDP estimate came in at a strong 3.2%, surprising many who thought growth would slow. The national unemployment rate hit a 50 year low falling to 3.6% for the month of April (which is not in the Q1 numbers). The Q1 unemployment rate is at 3.9%. Industrial production is holding steady, while initial weekly unemployment claims are down since the same time last year. Non farm payrolls (figure 11) continue to be strong. A drop in non-farm payrolls can be a leading indicator for the labor market weakening. National consumer confidence dropped from last quarter and from last year.

CPI inflation continues to stay low at 1.63%, while core inflation (the rate the Federal Reserve focuses on and subtracts energy and food) also remains low at 2.09%. The producer price index (PPI) fell from last year, falling to 0.32%. The PPI can be a leading indicator of the CPI. The employment costs index, which is used as a proxy for employee wage compensation, is holding steady right below 3%. Wage growth is still low for how well the economy is performing and where we are at in the business cycle. Although employment keeps gaining, wages are not gaining at

the rate seen through most of post WWII history. This is bad for workers, but good news for inflation as wage inflation is a large contributor to actual inflation.

As expected stock prices have cooled in 2019, with both indices holding steady from 2018. The U.S. dollar exchange rate has increased since last year, making imports cheaper and exports more expensive. Despite this, the trade balance has fallen from last quarter and from last year. Federal debt as a percentage of GDP is currently at 105%.

Interest Rates and the Inverted Yield Curve

The Federal Reserve is expected to keep interest rates the same. If we start to see inflation in the next year we could see a rate increase, however there are still no signs of inflation, so there is a higher probability that as growth slows over the next year we would see an interest rate decrease. As stock markets slow and global growth slows, investors will see the end of the business cycle coming and move into bonds. This will push the price of bonds up and their interest rate (yield) down.

Figure 10:
Inflation Rate and 10 Year Treasury Yield

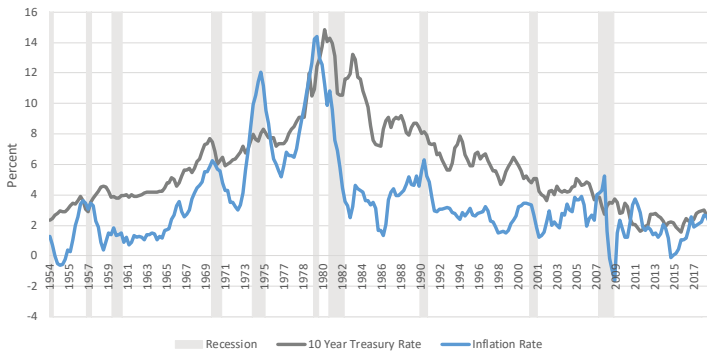
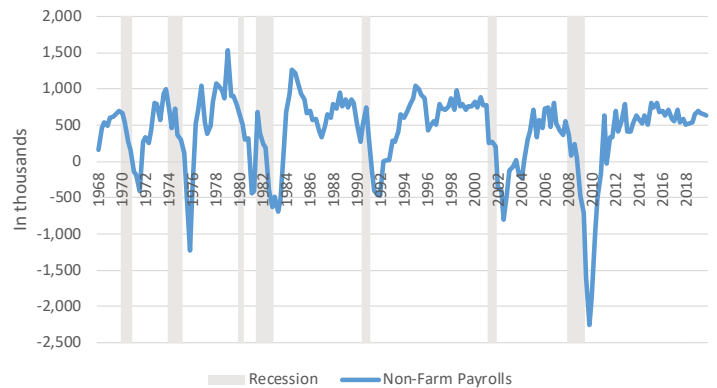


Figure 11:
Change in Non-Farm Payrolls



This is typical near the end of business cycles. As long as inflation stays low, the intermediate outlook for interest rates is for them to stay low. Current threats to low inflation include wage growth and a trade war causing prices to jump.

The more important point for interest rates is the inverted yield curve. This was discussed several newsletters ago. When long term interest rates (say the 10 year treasury) fall below the yield of a shorter term bond (say the 3 month t-bill or the 2 year bond) it indicates that financial markets see recession coming, and people are moving into long term treasuries. An inverted yield curve on average signals the end of unemployment lows by 9 months, and signals recession by 16 months (see “Recession Signals: The Yield Curve vs. Unemployment Rate Troughs” by K. Kliesen). An inverted yield curve has correctly signaled all nine recessions since 1955, although there has been a false positive. The 10 year bond and 3 month t-bill inverted shortly in March, recovered, and in May have inverted to a higher degree, which is a sign that financial markets predict slower growth in the near future.

What Could Turn the Economy?

The consensus among economists is that the economy is in late stage business cycle. What this means is that growth is expected to slow, with the implication that recession may follow at some point. This has been the case historically (see figure 9). Some recessions have been preceded by high inflation creating stagnation (for example the 1970’s). In other recessions there have been financial bubbles that popped that facilitated economic downturn (2001 tech bubble, 2008 housing bubble). International turmoil can affect economic conditions as well (1991 Iraq war and recession). The current threats to our economy include international turmoil in the form of conflict with Iran and trade disputes with China. Although the U.S. is more insulated than in the past from middle east conflict and the impact on oil prices, any conflict itself would cause a high degree of financial risk and could facilitate a downturn. A continued or escalated trade war with China could throw off supply chains, hurt farmers, and slow growth (although China would likely be hurt more). The stock market seems to have taken a pause, not rising, not falling, indicating that perhaps investors are being careful not to overvalue stocks. Housing continues to rise, but many housing economists believe it is fueled by healthy demand. The economy so far seems very healthy, but signs like the inverted yield curve show that some cracks are starting to show.



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