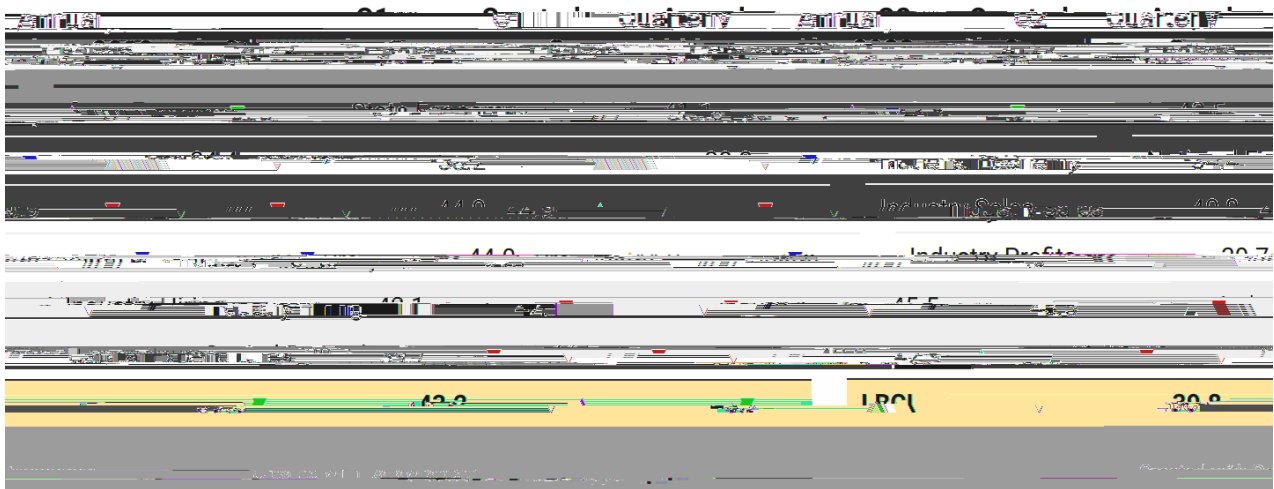
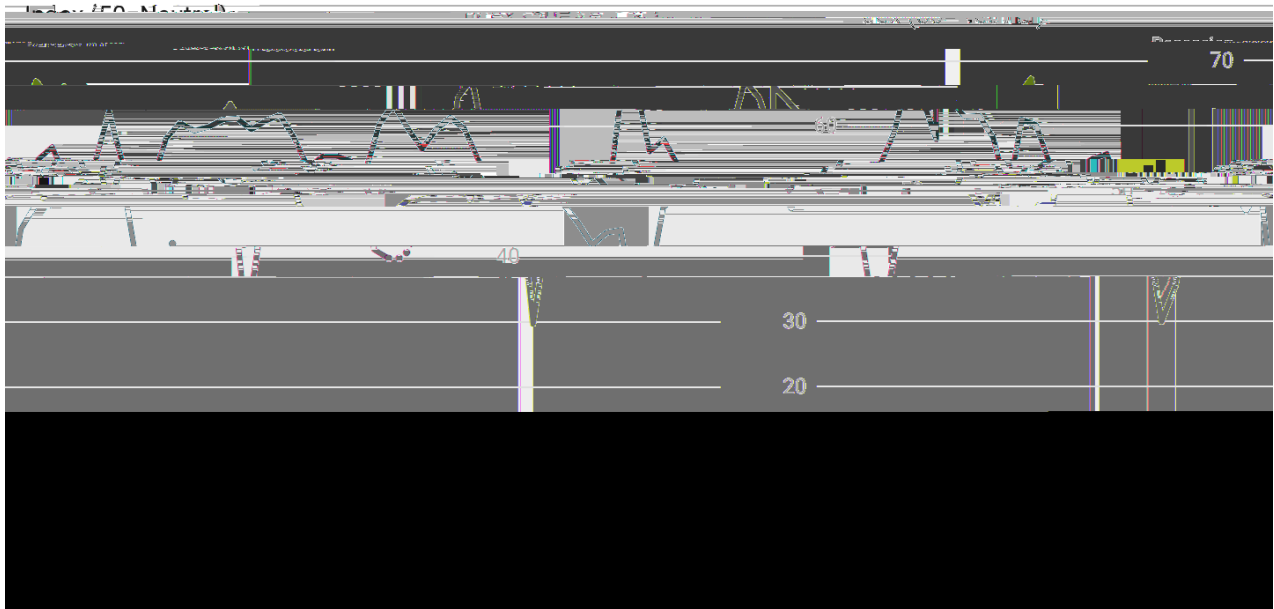


most other states, increasing 2.9% above the pre-recession peak as of November 2022. # 1th nationally; the nation improved 0.7% above pre-recession levels as of November.

Year-over-year in November, employment in Colorado increased 3.7%, or 103,400 jobs. The employment forecast for 2022 stands at 4.4%, based on the BRD forecasting model, but slows to 2% in 2023.

per capita personal income increased 7.9% year-over-year in Q3 2022, ranking Colorado 1st. Personal income increased 8.5% ranking Colorado 2nd. Personal income growth is projected at 6.2% in 2023.

National real gross domestic product (GDP) increased at an annualized rate of 3.2% in Q3 2022 and 1.9% year-over-year. # 8) h at an annualized rate of 3.5% in Q3 and 3.2% year-over-year, ranking the state 16th and 6th, respectively. State real GDP is projected to increase 2% in 2023.



Sales and profits expectations fell ahead of the first quarter 2023 but rebounded ahead of Q2. The sales index decreased from 42.2 ahead of Q4 to 40.9 ahead of Q1 2023, rebounding to 44.9 ahead of Q2 2023. The profits index changed from 41.7 in Q4 to 39.7 ahead of Q1 2023 and 44 ahead of Q2 2023. Individuals with a negative sales outlook (51%) outweighed those with positive perceptions (20.3%), while 28.7% remained neutral. This imbalance was even more pronounced for profits the negative perceptions outweighed positive, 51% to 18.2% (30.8% remained neutral).

Sales and profits largely depend on the strength of the consumer. Personal consumption expenditures increased at an annualized rate of 2.3% quarter-over-quarter in Q3 2022 and 2.2% year-over-year. Growth in services consumption (3.5%) offset the decrease in goods (-0.2%



While hiring expectations recorded the highest outlook among the six components of the index, expectations remained bearish (below 50). The outlook for capital expenditures and hiring both decreased ahead of Q1 2023 but signaled a turnaround heading into Q2 2023. These components reflect investment in firm growth; thus, the degrading index is an indication of negative business conditions. The capital expenditures index decreased from 40.8 in Q4 2022 to 39.7 ahead of Q1 2023 and 42.9 looking out further to Q2 2023. Hiring expectations performed similarly, decreasing from 43.3 in Q4 to 42.1 ahead of Q1 2023 and 45.5 ahead of Q2 (hiring recorded the highest index values in Q1 and Q2 2023).

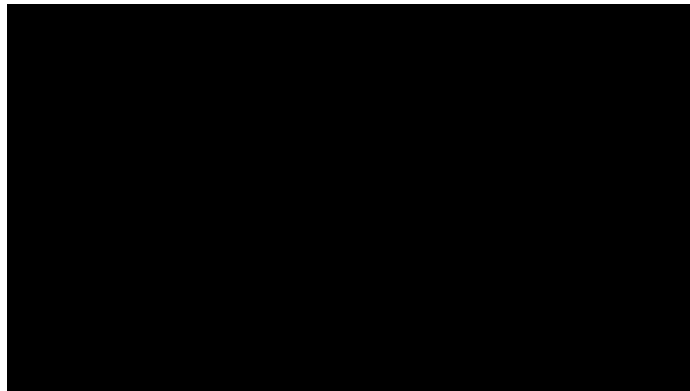
Ahead of Q1 2023, 46.2% of respondents expected capital investment to slow versus 17.5% who expected an increase (36.4% were neutral). Regarding hiring, 39.9% of respondents expected a slowdown versus 18.2% who remained positive and 42% who remained neutral.

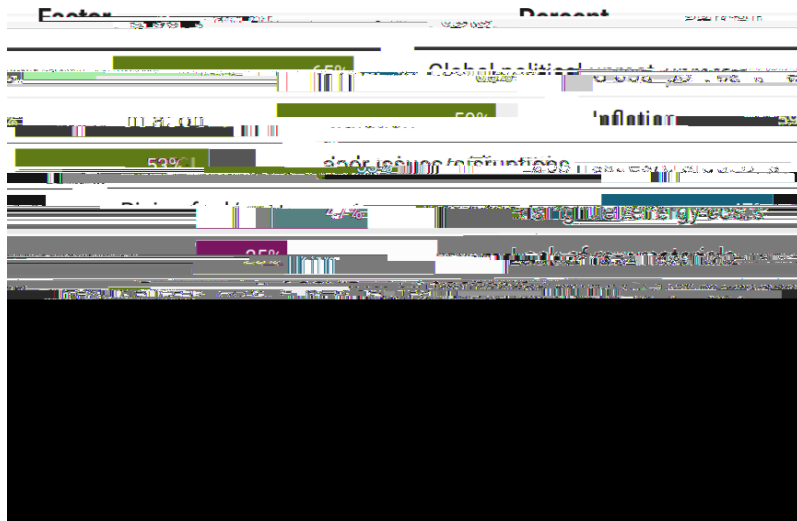
An indicator of capital expenditures is construction. According to Dodge Data and Analytics, the nominal value of construction starts in Colorado increased 0.6% year-to-date in November 2022 compared to the same period the year prior. However, based on the rate of price growth, *real* (inflation-adjusted) construction was negative. Nominal residential construction posted an 11.7% decline in the value of construction (nominal dollars) while non 0 1



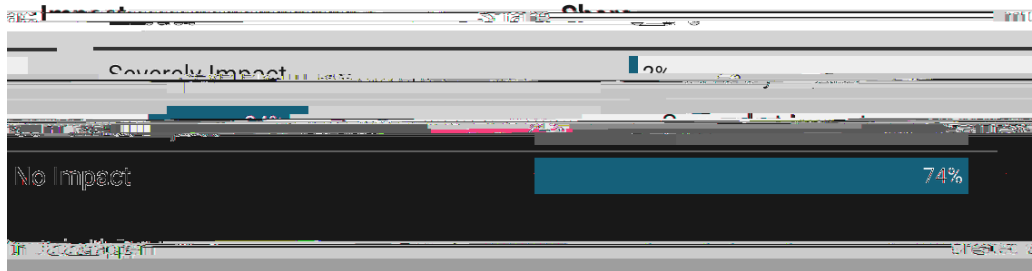
Lakewood	Weights	Items	Average	Region
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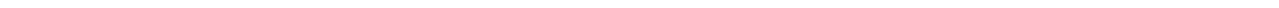
A majority of respondents (56%) expect the supply chain to improve slightly or strongly in 2023, while 23% expect conditions to stay the same and 21% expect it to worsen. A majority of respondents noted that global political unrest (65%), inflation (59%), and labor issues (53%) will be the factors that continue to disrupt the supply chain. The Business Research Division projects Denver-Aurora-Lakewood MSA inflation to average 4.5% in 2023.





Water made the headlines in 2022 with decreasing reservoir levels and persistent drought conditions. Despite the concerns, few businesses foresee short-term disruptions – 74% of panelists expect no impact on their business in 2023, nearly a quarter expect the water supply to somewhat impact their business, and 2% expect severe impacts. According to the U.S. Drought Monitor, 43.3% of Colorado was experiencing moderate to severe drought conditions in late December. However, a year ago 99.8% of the state was experiencing moderate to severe drought conditions. According to the USDA, northwestern Colorado and the central mountains were at or above 100% snowpack, while southern Colorado was below average in December.





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