

Inflation in Colorado - January 2022 Update

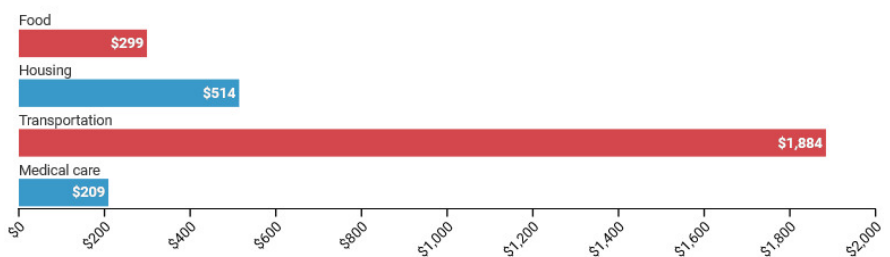
In 2021, inflation in the Denver metropolitan area was the highest it's ever been since the Bureau of Labor Statistics began tracking it in 1986. The largest two-month period of inflation occurred in late spring and a resurgence at the end of the year through January added an additional 2.6%. High inflation erodes savings and increases the costs of daily commutes, groceries, and other consumer goods. This threatens the financial health of Colorado citizens and the strength and swiftness of the state's ongoing economic recovery.

Inflation in Metro Denver was 1.4% between November and January and 7.9% over the Last 12 Months - Jan '21 through Jan '22 - (BLS CPI Survey)ⁱ

- The average Colorado household spent a combined \$2,902 more on food, housing, transportation, medical care, recreation, and education in past 12 months than in 2020.ⁱⁱ Together, these items account for just under 80% of a household's total expenditure.ⁱⁱⁱ
- Inflation in metro Denver over the past 12 months was .4 percentage points higher than the national average of 7.5%.
- Inflation has been consistently high since spiking in March 2021 except during August and September.

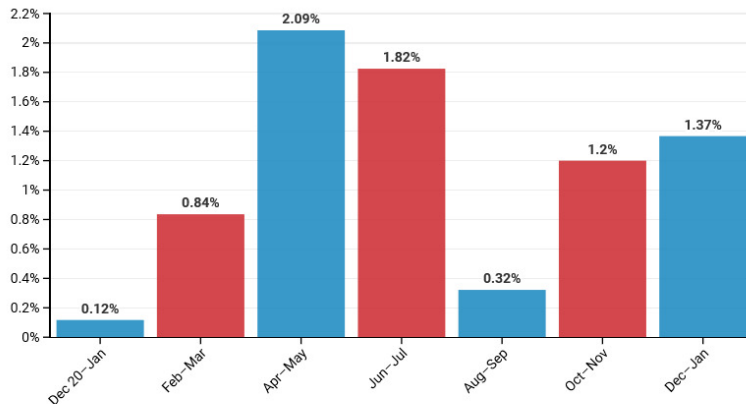
Inflation's Impact on What We Buy

How much more did the average household spend in the last year than in 2020?



Bi-monthly Inflation in Metro Denver since January 2021

Inflation first accelerated to high rates during the spring of 2021. After briefly yielding to normal during the summer, the unusually high rates reoccurred in the fall and have persisted through the winter.

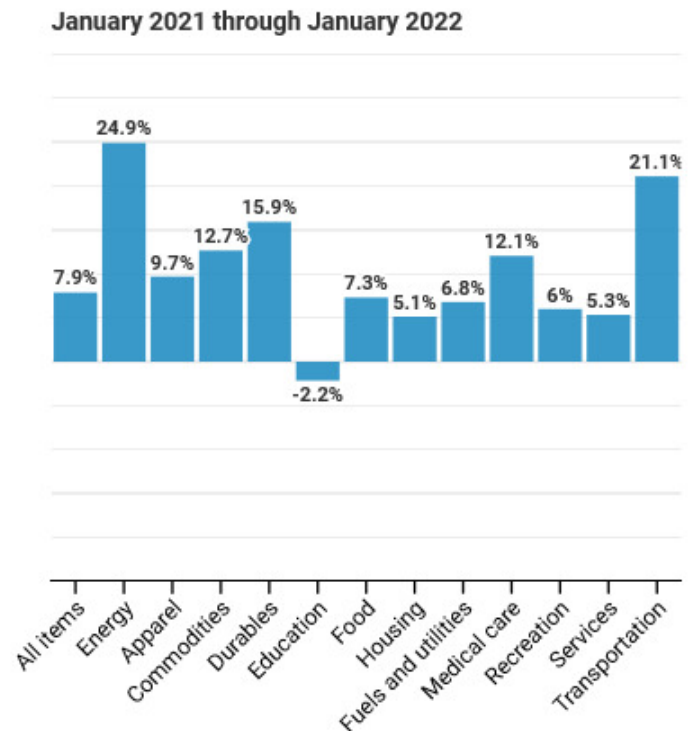
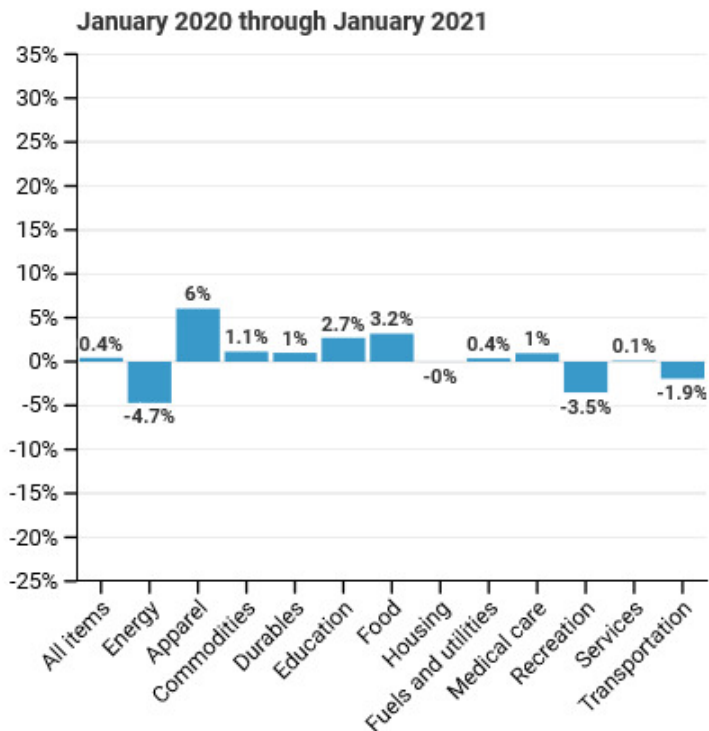
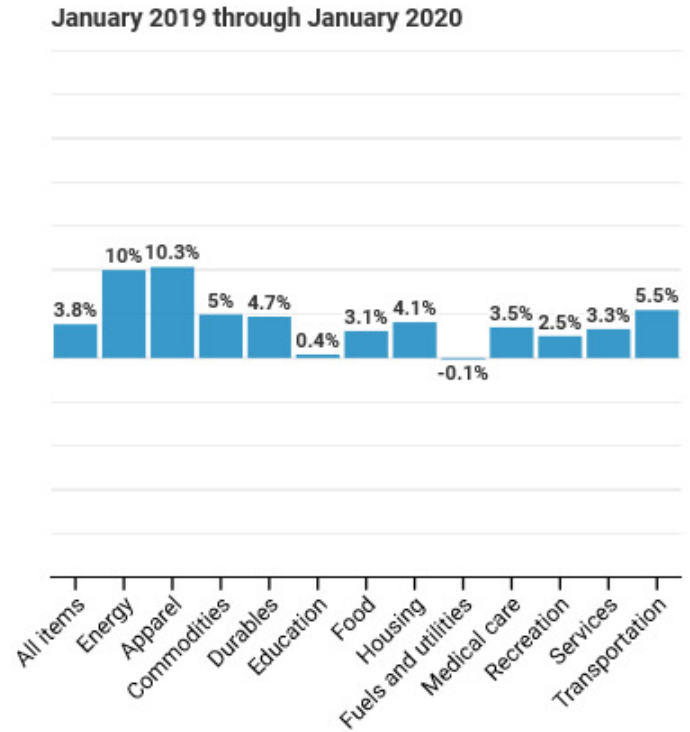
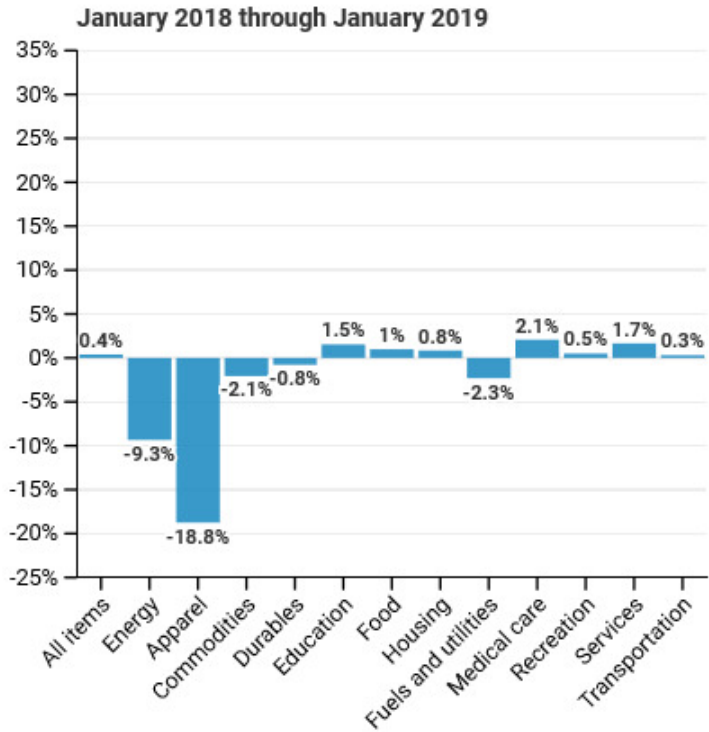


Source: BLS CPI-U Data

- Of the 23 urban consumer price indices tracked by the BLS, Denver-Aurora-Lakewood's ranks 8th in total growth since the end of 2020.
- Average annual inflation between 2010 and 2019 was 2.85%. Since January 2021, all categorized prices in the graphs below except for education have grown by more than that.
- The two price categories that grew the fastest over the last 12 months were energy and transportation, which grew by 24.9% and 21.1%, respectively.

Price Changes in Metro Denver over the Previous Year

Source: BLS CPI-U Data

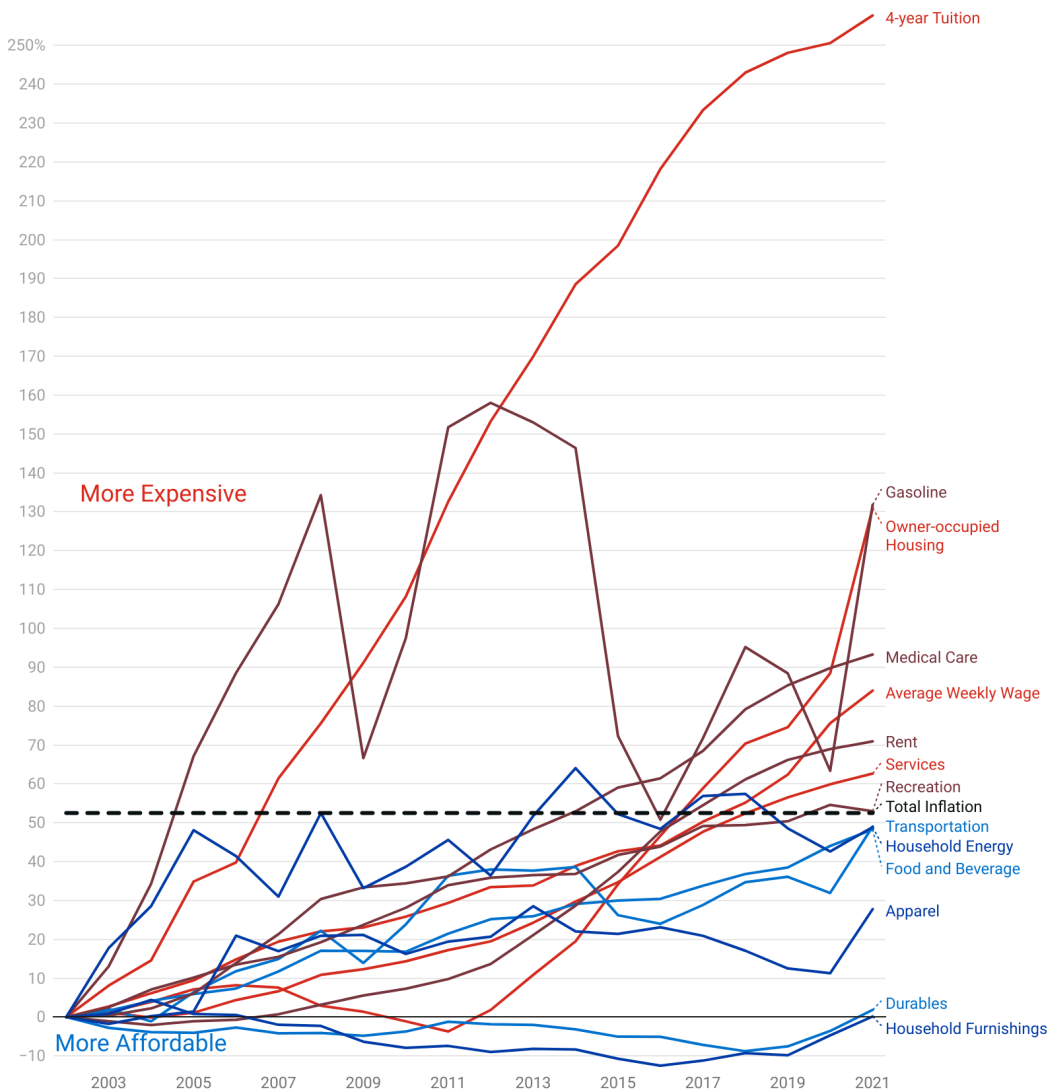


Annual Feature: Metro Denver Prices in the 21st Century

The chart below, inspired by the American Enterprise Institute's "Chart of the Century," displays 19 years of changes in wages, inflation, and the prices of consumer goods and services in the Denver metropolitan area. As real wages have risen locally, most durable and nondurable goods have become more affordable; conversely, the rising costs of housing, health care, and higher education have increasingly crowded out more and more of every dollar of spending. This chart includes some items which are representative of a statewide average and not just the Denver MSA. Similarly, the price changes reported at the Denver MSA level may not be fully representative of actual price changes in regions across Colorado that are outside of the MSA.

Colorado Prices in the 21st Century (through 2021)

This chart, inspired by AEI's "Chart of the Century," tracks the change in the prices of different goods and services in Colorado and the Denver Metropolitan Statistical Area (MSA) from 2002 through 2021. Items the prices of which have grown faster than inflation, depicted in red lines, are now more expensive in real dollars than they were in 2002. Those in blue lines are less expensive now than they were in 2002.



See the table below for a full list of sources. View AEI's "Chart of the Century" here: <https://www.aei.org/carpe-diem/chart-of-the-day-or-century-5/>
Created with Datawrapper

"Colorado Prices in the 21st Century" Chart Sources

Below are the sources of the data used to construct the "Colorado Prices in the 21st Century" chart.

Data	Source	Region
In-state Tuition and Fees (Public 4-year)	Western Interstate Commission for Higher Education (WICHE), Tuition and Fees in Higher Education in the West. Rates are unweighted state averages.	Colorado
Gasoline	Colorado Regular All Formulations Retail Gasoline Prices (EIA)	Colorado
Owner-occupied Housing	Zillow Home Value Index All Homes (SFR, Condo/Co-op)	Colorado
Medical Care	Consumer Price Index for All Urban Consumers: Medical care in Denver-Aurora-Lakewood	Denver MSA
Household Energy	Consumer Price Index for All Urban Consumers: Household energy in Denver-Aurora-Lakewood	Denver MSA
Rent	Consumer Price Index for All Urban Consumers: Rent of primary residence in Denver-Aurora-Lakewood	Denver MSA
Services	Consumer Price Index for All Urban Consumers: Services in Denver-Aurora-Lakewood	Denver MSA
Recreation	Consumer Price Index for All Urban Consumers: Recreation in Denver-Aurora-Lakewood	Denver MSA
Overall Inflation	Consumer Price Index for All Urban Consumers: All items in Denver-Aurora-Lakewood	Denver MSA
Food and Beverage	Consumer Price Index for All Urban Consumers: Food and beverages in Denver-Aurora-Lakewood	Denver MSA
Transportation	Consumer Price Index for All Urban Consumers: Transportation in Denver-Aurora-Lakewood	Denver MSA
Apparel	Consumer Price Index for All Urban Consumers: Apparel in Denver-Aurora-Lakewood	Denver MSA
Durables	Consumer Price Index for All Urban Consumers: Durables in Denver-Aurora-Lakewood	Denver MSA
Household Furnishings	Consumer Price Index for All Urban Consumers: Household furnishings and operations in Denver-Aurora-Lakewood	Denver MSA
Average Weekly Wage	Average Weekly Wages for Employees in Total Covered Establishments in Denver-Aurora-Broomfield	Denver MSA

ⁱ <https://www.bls.gov/cpi/>

ⁱⁱ This figure corresponds to the data in the first graph. These are generated by distributing the consumer expenditure estimates from https://www.bls.gov/regions/mountain-plains/news-release/consumerexpenditures_denver.htm across individual months, weighting them according to their corresponding CPI levels, and adjusting them according to the latter's growth history.

ⁱⁱⁱ https://www.bls.gov/regions/mountain-plains/news-release/consumerexpenditures_denver.htm