



June 2023

Inflation in Colorado – May 2023 Update

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Bi-Monthly Inflation Slows

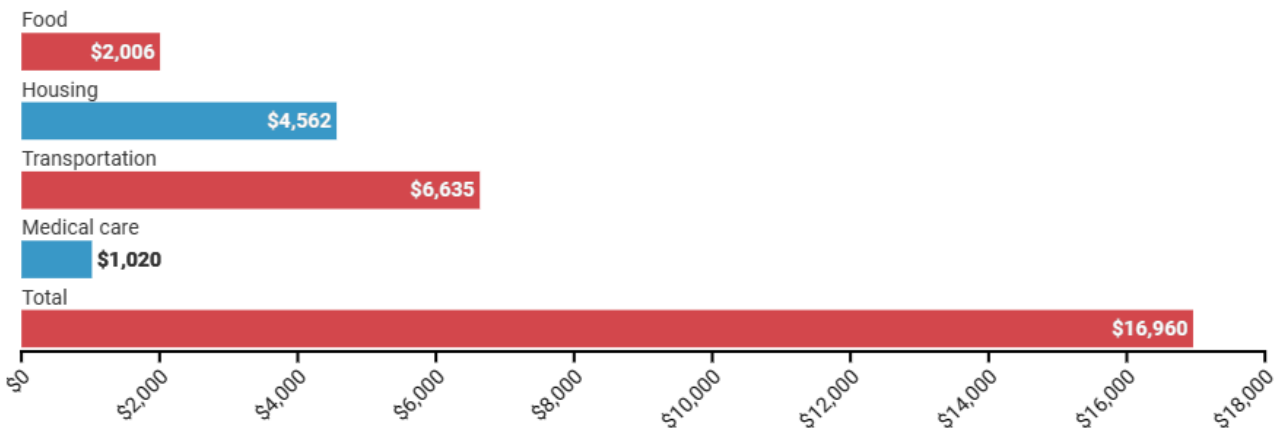
Prices in Colorado increased by 0.81% during April and May, down from a 1.34% increase over the two months prior. Aided by slower increase, Colorado’s 12-month inflation rate dropped from 5.7% to 5.15%. The primary causes of this change were a decrease in the price of energy which includes oil and gas, and slower rates of growth of prices of medical care and transportation. The energy sector saw a 6% price decrease over the last 12 months, the largest drop of any sector. This comes on the heels of enormous energy price growth which saw the sector’s prices increase 34% May ’20 to May ’21, and 25% May ’21 to May ’22.

- **In April and May, the average Colorado household spent \$2,160 more due to inflation—an average of \$1,080 per month.** The average Colorado household has spent \$16,960 more since 2020 because of inflation.ⁱ
- Metro Denver inflation has outpaced the national average over the last 12 months - 5.2% in Denver compared to 4.1% nationally.
- After increasing 35% May ’20 and another 25% May ’21 to May ’22, the energy sector saw its prices fall 6% over the last 12 months, the largest decrease of any sector tracked over that period.

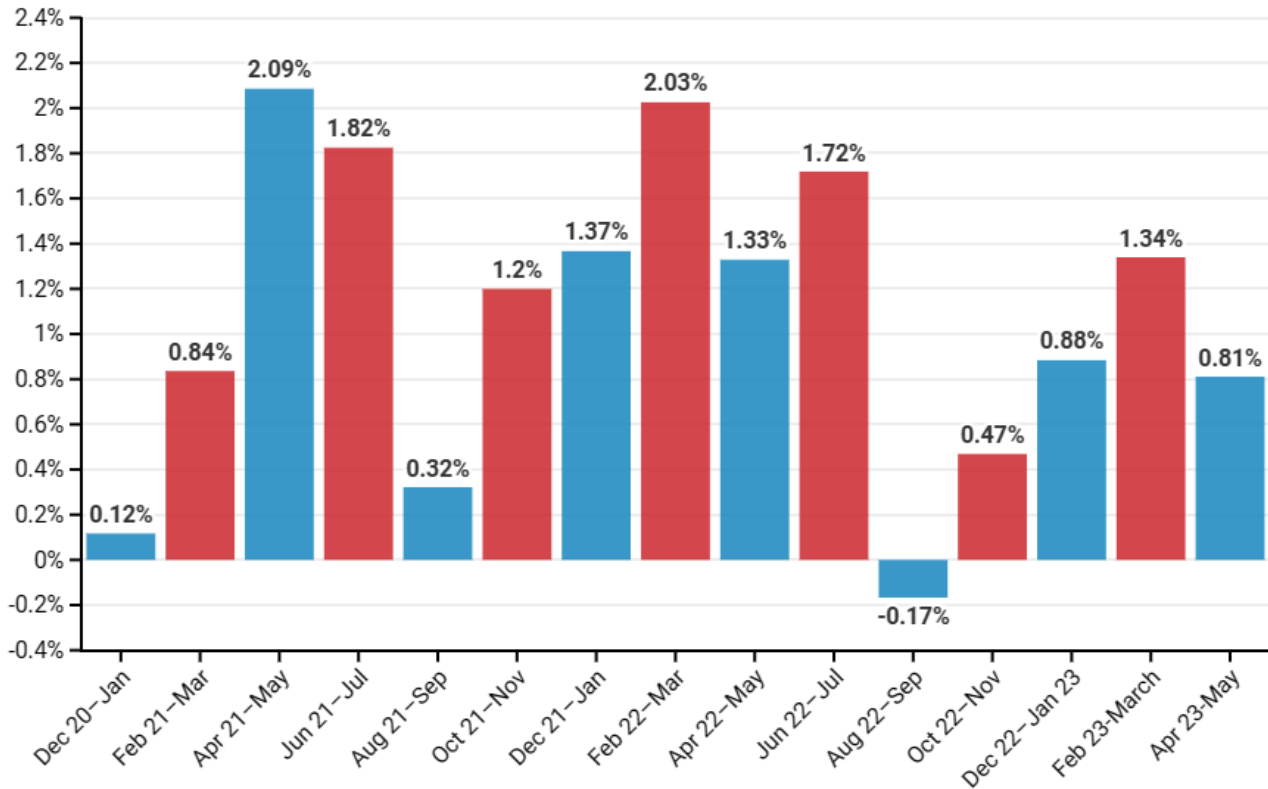
In April and May, the average Colorado household spent \$2,160 more due to inflation—an average of \$1,080 per month. The Federal Reserve increased the fed funds rate by 50 basis-points in December and 25 basis-points in February, though experts now say the Fed may now be “pausing” these raises to assess inflationary levels.

Inflation's Impact on What We Buy

How much more has the average household spent since 2020 because of inflation?



Bi-monthly Inflation in Metro Denver since January 2021



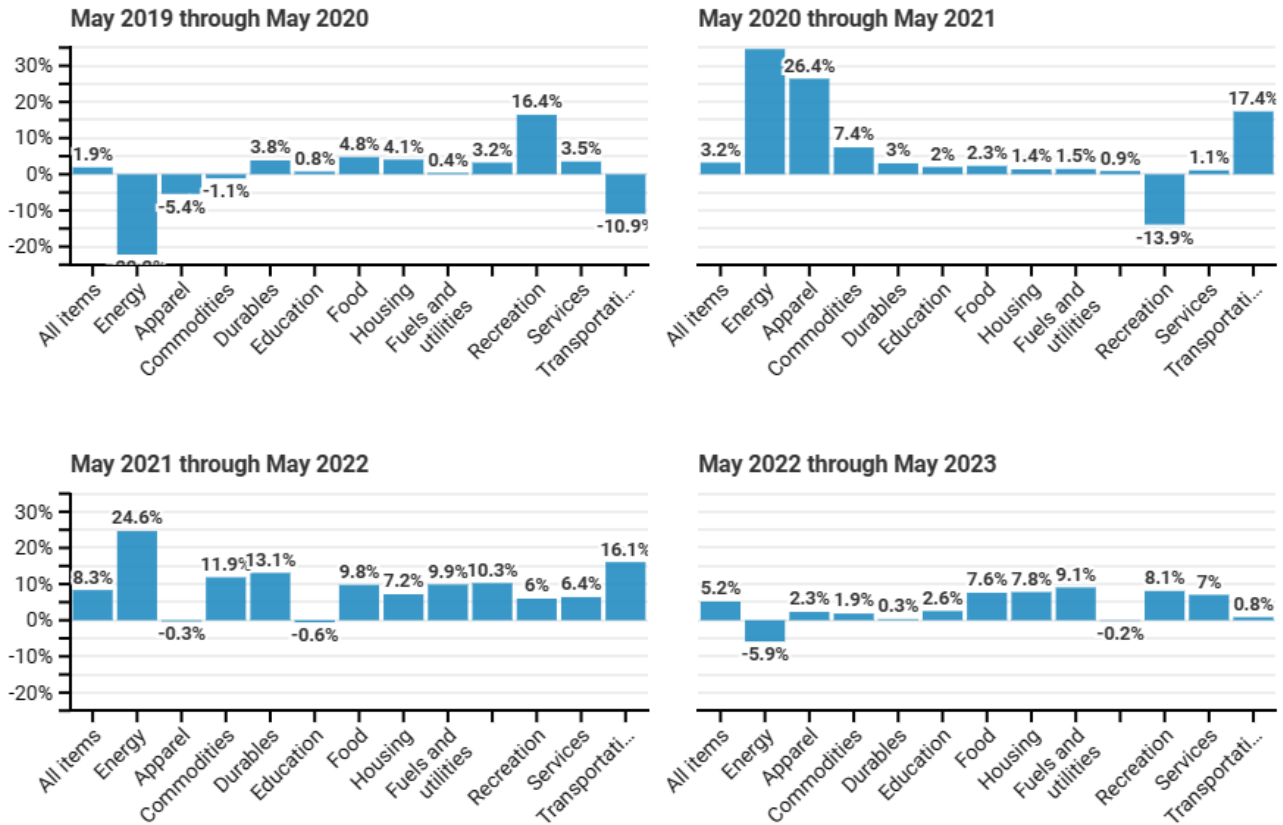
Source: BLS CPI-U Data

Inflation in Metro Denver over the last 12 months was 5.2%—1.1 Percentage Points above the National Average (BLS CPI Survey)ⁱⁱ

- Of the 23 urban consumer price indices tracked by the BLS, Denver–Aurora–Lakewood's ranks 10th in total growth since the end of 2020.
- Average annual inflation between 2010 and 2020 was 2.51%. Since May 2022, 7 of the categories shown on page 4 have grown more than that, while 6 have grown less.
- The two price categories that grew the fastest over the last 12 months were fuel and recreation, which grew by 9.06% and 8.10%, respectively.

Price Changes in Metro Denver over the Previous Year

Source: BLS CPI-U Data



ⁱ Impacts on household spending 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.

ⁱⁱ <https://www.bls.gov/cpi/>