

Inflation in Colorado: July 2022 Update

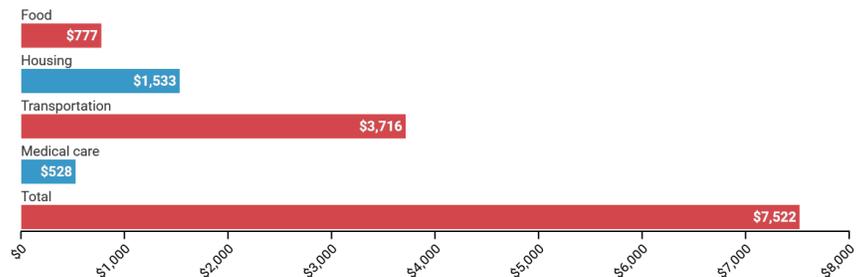
Prices in Colorado rose by 1.72% between May and July, up from 1.33% over the two months prior. Despite this, Colorado’s 12-month inflation rate dropped from 8.3% to 8.2% over the last two months—this is because the exceptionally high inflation between March and May 2021 is no longer counted in the 12-month calculation. Much of the two-month increase in inflation may have occurred in June, which is not reported separately in Colorado, as national inflation was flat in July. Despite any moderation in July, overall price growth continues to outpace earnings growth; nationally, average hourly earnings has only increased by 4.6% over the past 12 months, which is 54% percent of inflation over that same period. **In June and July, the average Colorado household spent \$1,642 more due to inflation—an average of \$821 per month.** Any impacts of the Federal Reserve’s July 27th 75 basis-point increase in interest rates and the recently passed federal “Inflation Reduction Act” are not captured in the latest measurements of price levels.

Inflation in Metro Denver was 5.2% between January and July and 8.2% over the Last 12 Months, .3 Percentage Points below the National Average (BLS CPI Survey)ⁱ

- The average Colorado household has spent \$7,522 more since 2020 because of inflation.ⁱⁱ
- Since March 2021, when the period of high inflation began, average bi-monthly inflation in metro Denver has been 253% higher than its historical average of .42%.
- Of the 23 urban consumer price indices tracked by the BLS, Denver–Aurora–Lakewood's ranks 13th in total growth since the end of 2020.

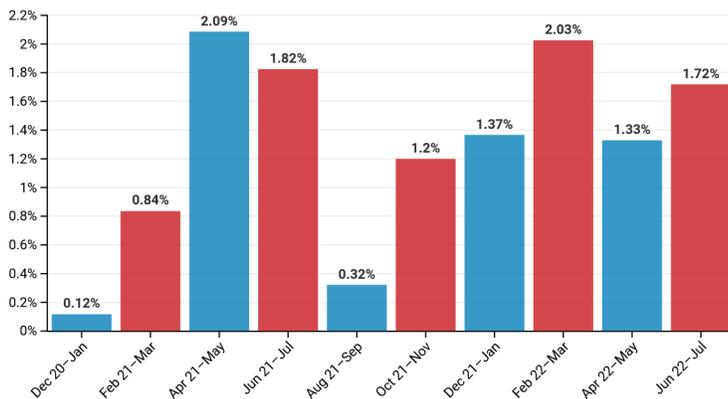
Inflation's Impact on What We Buy

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



Bi-monthly Inflation in Metro Denver since January 2021

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 throughout 2022.

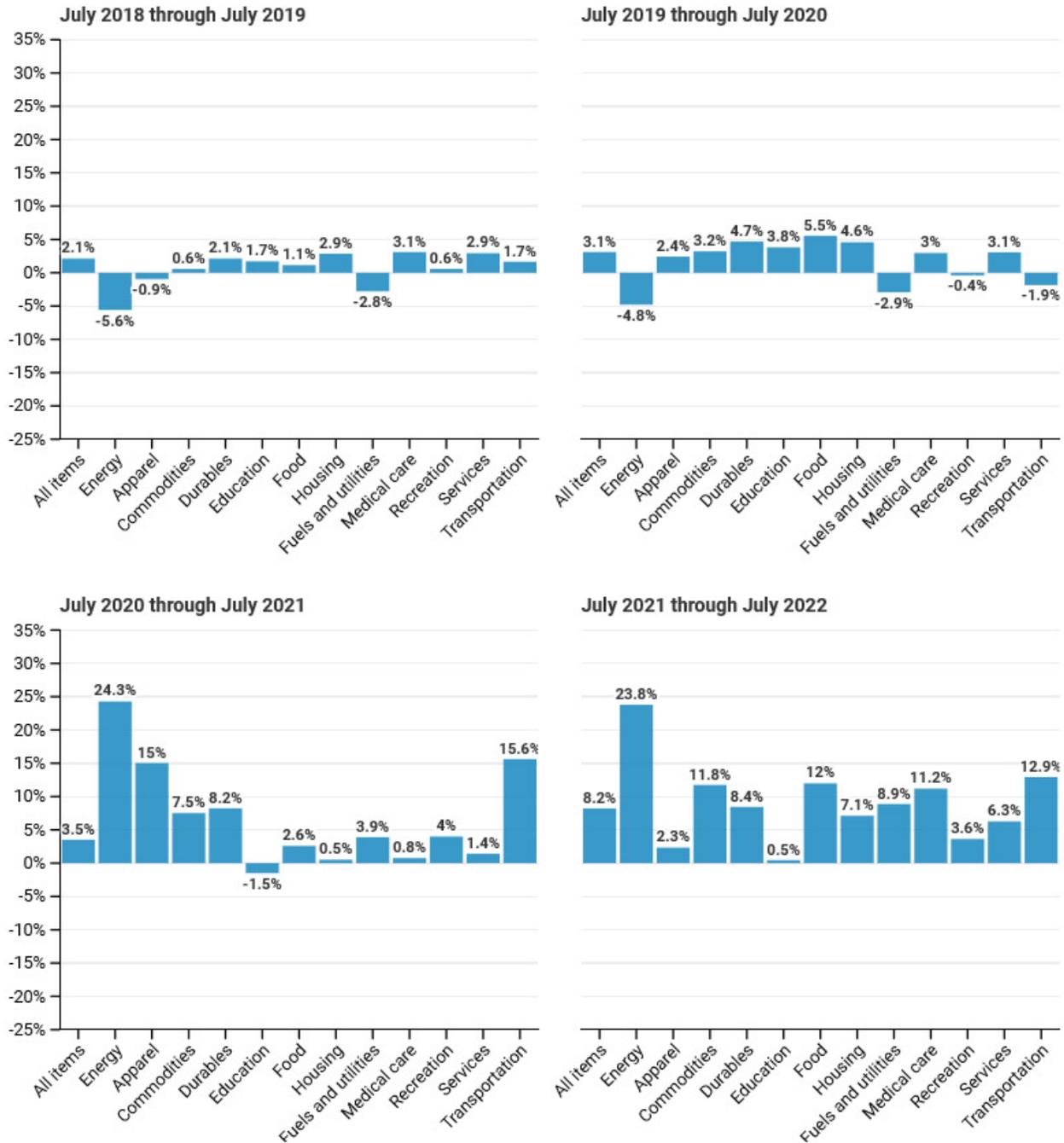


Source: BLS CPI-U Data

- Average annual inflation between 2010 and 2020 was 2.51%. Since July 2021, all categorized prices in the graphs below except for education and apparel 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 23.8% and 12.9%, respectively.

Price Changes in Metro Denver over the Previous Year

Source: BLS CPI-U Data



ⁱ <https://www.bls.gov/cpi/>

ⁱⁱ 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.