

## Inflation in Colorado – January 2023 Update

Prices in Colorado increased by 0.88% between November and January, up from a 0.47% increase over the two months prior. Despite this increase, Colorado’s 12-month inflation rate dropped from 6.9% to 6.4%. The primary causes of this change are increases in the prices of household fuels and food and slower rates of growth of other prices, such as transportation and housing. Overall earnings growth has caught up with price growth; in Colorado, average weekly earnings have increased by 6.5% over the past 12 months ending in December, slightly outpacing inflation by .1 percentage points over that same period.

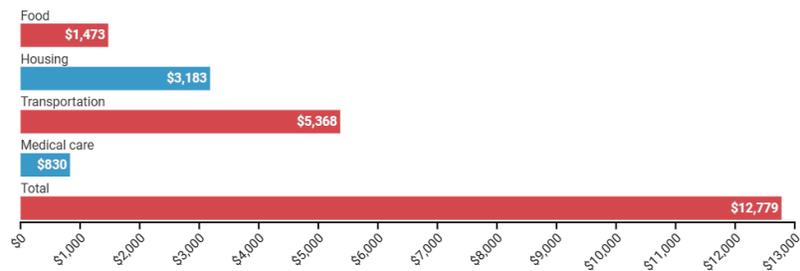
**In December and January, the average Colorado household spent \$1,842 more due to inflation—an average of \$921 per month.** After the Federal Reserve’s increase in the fed funds rate by 50 basis-points in December and 25 basis-points in February forecasts expect fed rates to continue to rise as needed throughout 2023.

### Inflation in Metro Denver over the last 12 months was 6.4%—.1 Percentage Points below the National Average (BLS CPI Survey)<sup>i</sup>

- The average Colorado household has spent \$12,779 more since 2020 because of inflation.<sup>ii</sup>
- Since March 2021, when the period of high inflation began, average bi-monthly inflation in metro Denver has been 150% of its historical average of .42%.
- Of the 23 urban consumer price indices tracked by the BLS, Denver–Aurora–Lakewood's ranks 4<sup>th</sup> in total growth since the end of 2020.

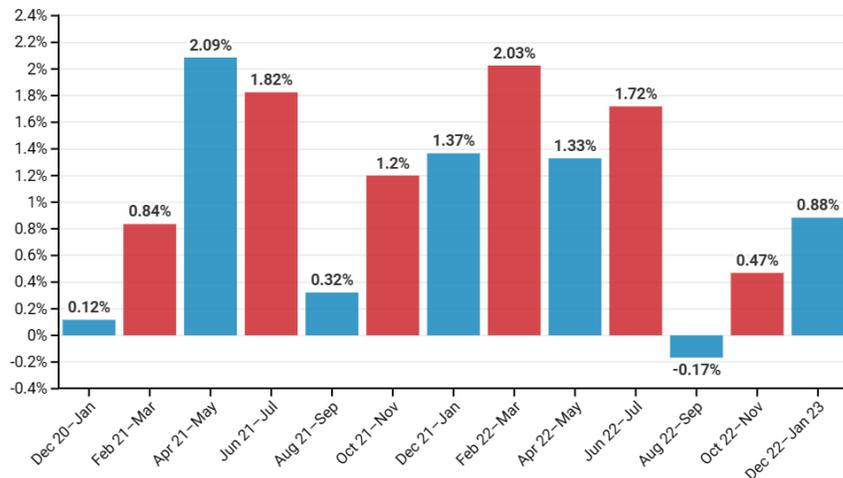
#### Inflation's Impact on What We Buy

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 persisted until September.

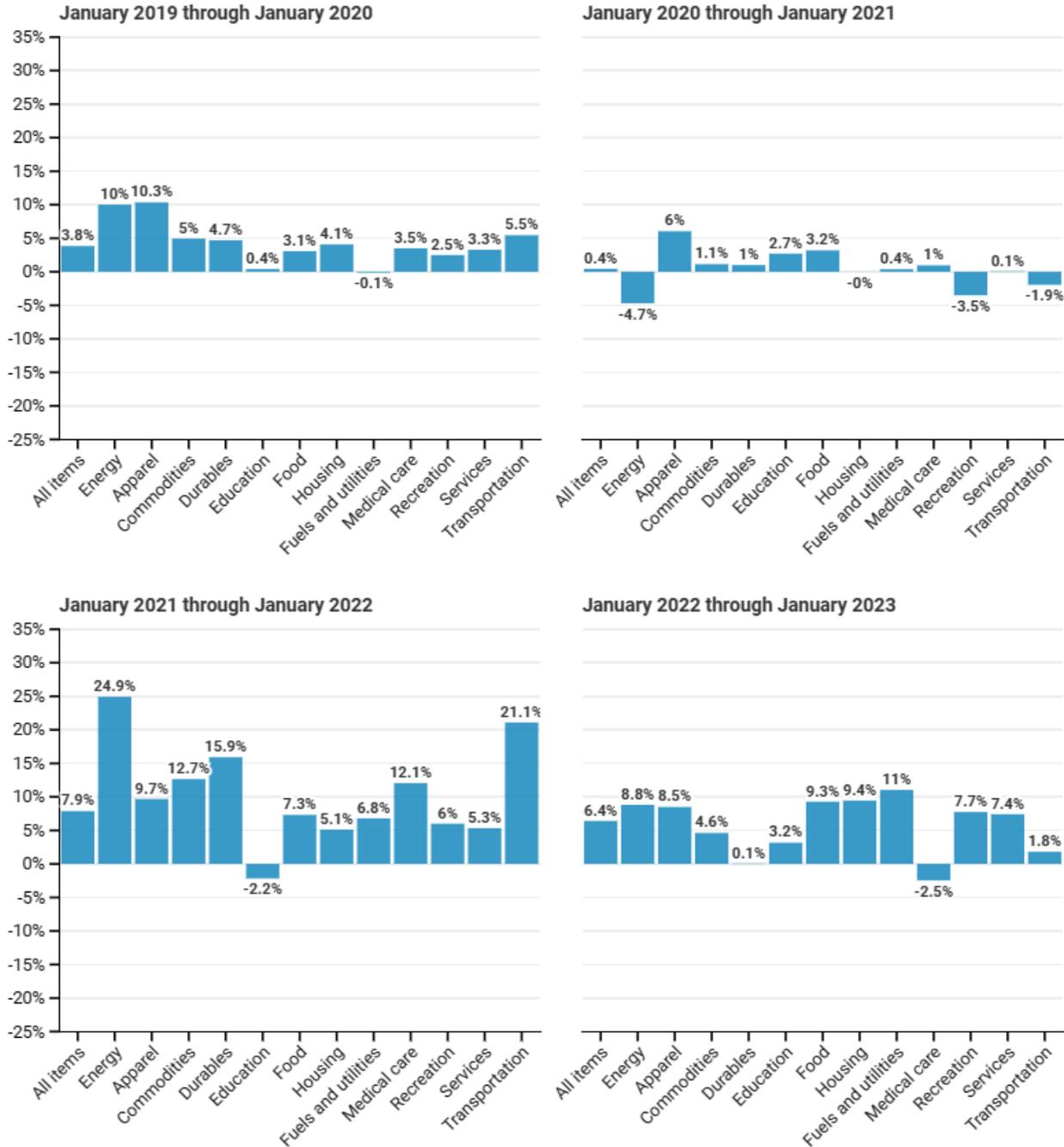


- Average annual inflation between 2010 and 2020 was 2.51%. Since January 2022, all categorized prices in the graphs on page 3 except for medical care, durables, and transportation have grown by more than that.
- The two price categories that grew the fastest over the last 12 months were fuels and utilities and housing, which grew by 11.04% and 9.45%, respectively.

Source: BLS CPI-U Data

## Price Changes in Metro Denver over the Previous Year

Source: BLS CPI-U Data



<sup>i</sup> <https://www.bls.gov/cpi/>

<sup>ii</sup> 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](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.