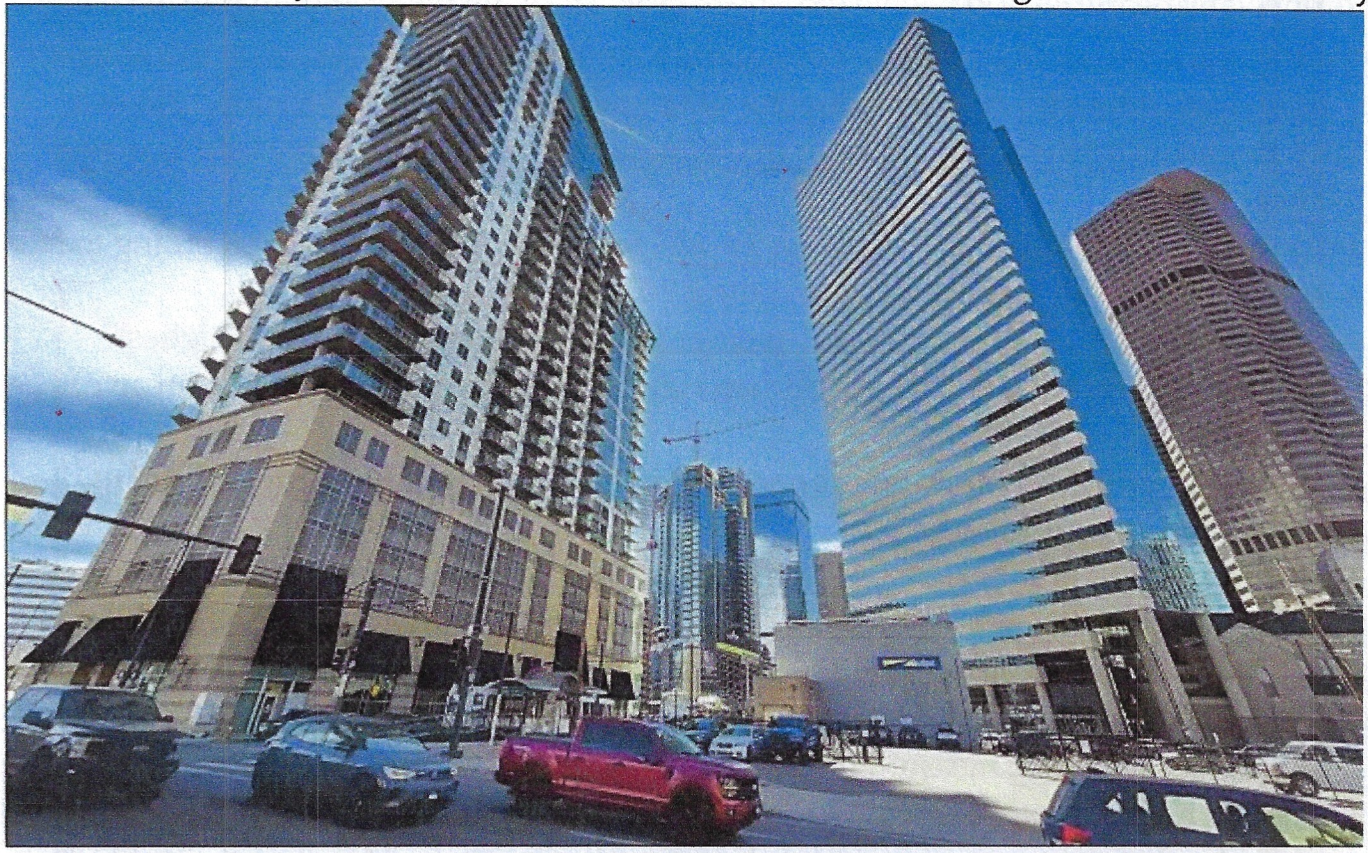
2026-8-12
Gen RE

Signals mixed for Colorado economy

The Denver Gazette · 12 Aug 2026 · A1 · BY BERNADETTE BERDYCHOWSKI The Denver Gazette

Colorado's economy faces a mix of headwinds and tailwinds through the first half of the year.



Inflation is up again, job growth is slowing and geopolitical turmoil has added the effects of high oil prices to the state's economy.

Yet, despite those issues, Colorado's economy continues to expand, according to a report from the University of Colorado Boulder released Tuesday.

The state added 28,600 jobs in June, up 1% year-over-year, the report said. Twelve industries in Colorado saw job losses and eight saw gains, with the most job growth consistently in the healthcare and social assistance sector.

Colorado's economy in 2025 was largely defined by a period of uncertainty Not spurred by a slew of federal policy changes — from tariffs to federal worker layoffs — after President Donald Trump took office for his second term.

The report found much of the uncertainty caused by those policies has stabilized and the state was able to weather it with "soft growth."

But new issues arose in 2026 driving economic uncertainty.

One of the largest causes of economic strain this year is the U. S. war against Iran, which has pushed oil prices up and, thus, reignited higher inflation.

The good news is that oil prices have dropped about 31% from their peak in April. But oil prices are still 16% higher than the same time last year, according to the report.

While risks of a recession in the nation are fading, economists at CU Boulder said, there are still worries about stagflation — a period of weak or flat economic growth caused by unemployment and inflation rising at the same time.

Note

"The economy is sending mixed signals," the report said.

While job growth continues, albeit nearly flat, the state's labor force is shrinking. Note

The state is 4.1 percentage points above the national average when it comes to its labor force participation rate but it dropped by nearly 65,000 people year-over-year. The state ranks 46th in rate of change.

"An aging population and slow net migration to Colorado are among the factors resulting in a shrinking labor force," Brian Lewandowski, executive director of the Business Research Division, said in a news release. "This is squeezing the supply of labor in Colorado, which will inherently lead to slower job growth in the near term."

Note

The Denver-Aurora-Lakewood metro area recorded a 5% rise in prices in the last year, according to federal data for the month of May, the highest level seen since 2023.

Note

Denver is trending higher than the national annual average of 4.2% and was the second-highest among 12 metropolitan regions in the nation after Urban Hawaii in May, according to the Bureau of Labor Statistics.

CU Boulder also released another economic report on Tuesday detailing trends affecting one of the economic metrics Colorado watches closely.

The state saw more than 64,000 new business filings in the second quarter of 2026, up 25% year-over-year and countering seasonal trends when business filings usually drop halfway through the year.

That's according to the Q2 Quarterly Business & Economic Indicators report by CU's Leeds Business Research Division on behalf of the Secretary of State's Office.

New business filings are an economic measurement tracking entrepreneurial activity in the state. Any new business is required by law to register with the Colorado Secretary of State's Office.

"Business filings provide a helpful gauge of economic health and opportunity," Lewandowski said. "We view new filings as a signal of entrepreneurship, businesses in good standing as a barometer of business health and delinquencies as an indicator of business strain."

But some state officials also believe higher business filings could be a sign people are struggling and in need of other means of income.

Last year, Secretary of State Jena Griswold, a Democrat opposed to Trump's economic policies such as tariffs, said higher business filings could mean more people are scared of the future of the economy and are looking for additional sources of money.

"People could be opening up businesses because they are trying to supplement their incomes, whether they are working hourly or salaried jobs and they feel that they need to bring more resources in or because their paycheck just isn't stretching far enough," Griswold said.

Meanwhile, the report said business renewals were down 1.2% from the previous year, businesses in good standing were up 3.9% and delinquencies were also up by 9.9%.