

Zions Bank Economic Overview

UAPT Spring Conference

- May 9, 2019



National Economic Conditions

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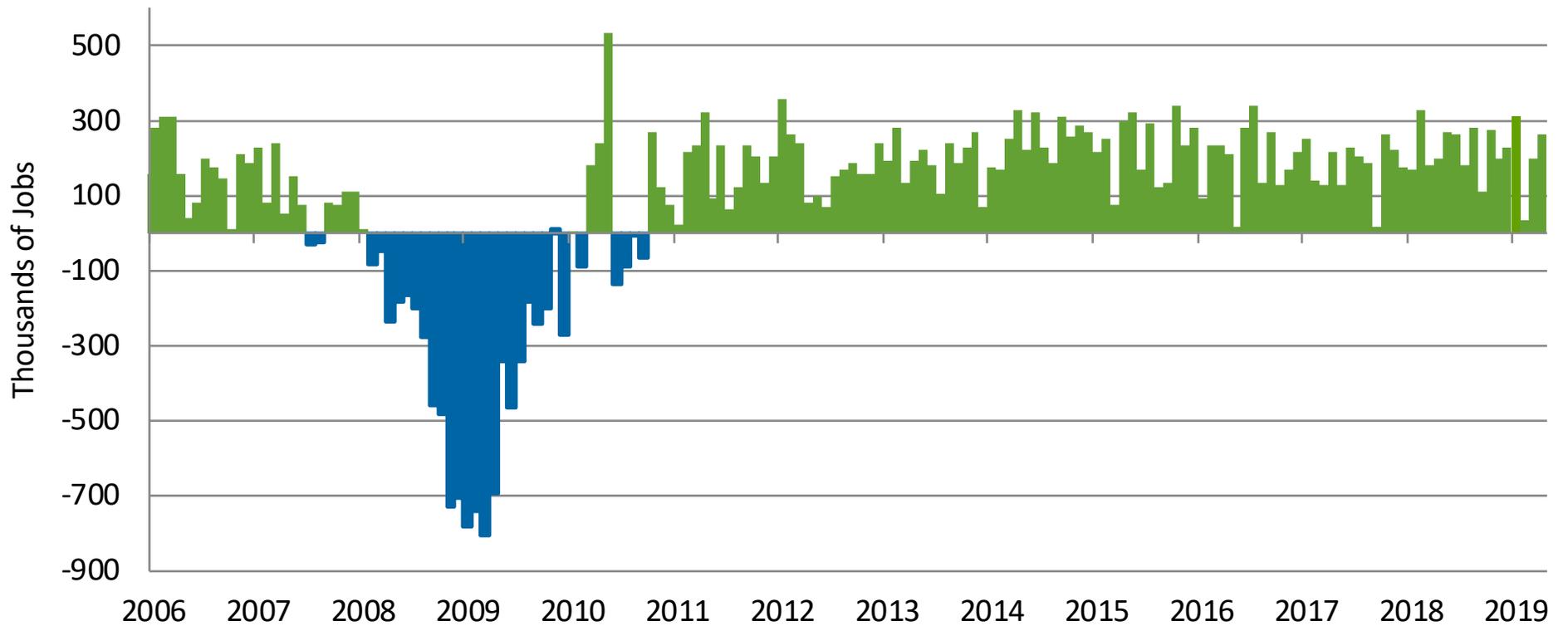


April Job Indicators

Indicator	Expectation	Actual
Total Nonfarm Payrolls	180,000	263,000
Unemployment Rate	3.8%	3.6%
Private Payrolls	178,000	236,000
Monthly Average Hourly Wage Growth	0.2%	0.2%
Yearly Average Hourly Wage Growth	3.2%	3.2%
Labor Force Participation	63.0%	62.8%

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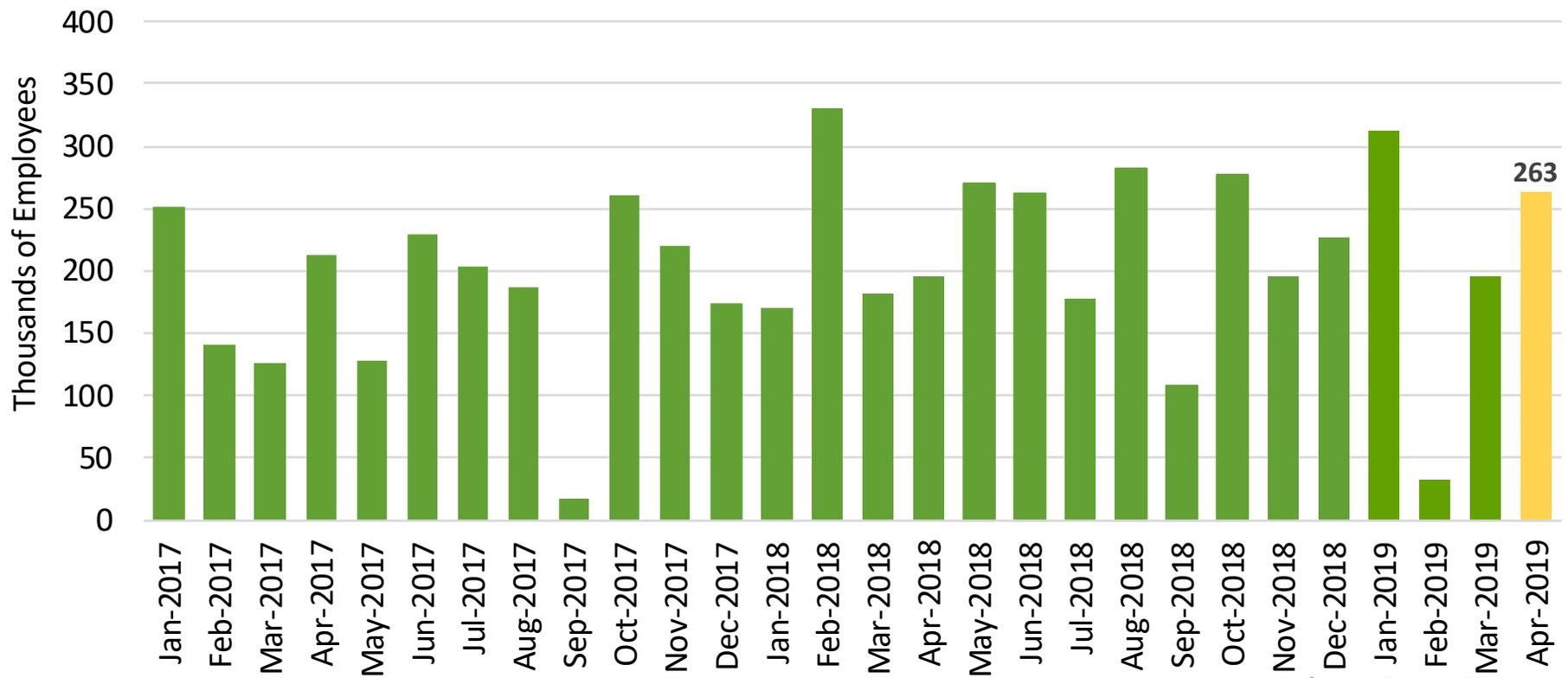
103 Consecutive Months of Job Creation



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Source: Bureau of Labor Statistics

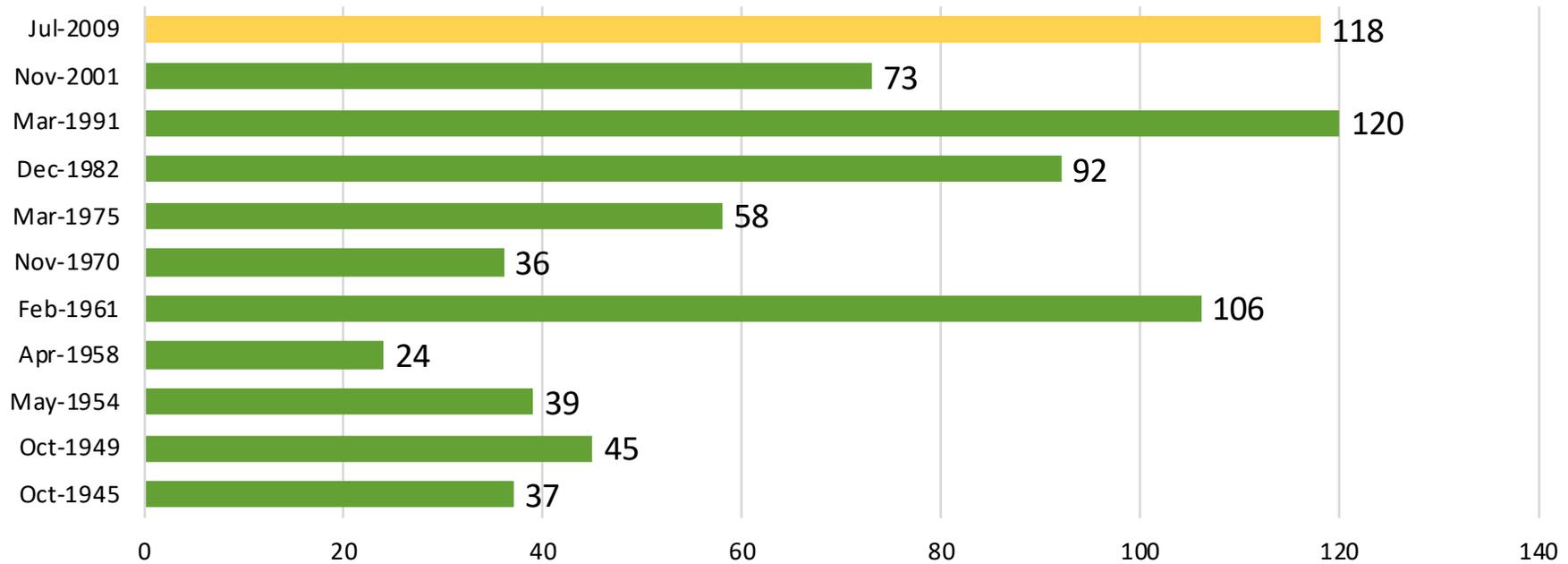
U.S. Job Creation Speeds Up



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US is Currently in the 2nd Longest Economic Expansion on Record

Duration of Economic Expansion by Months

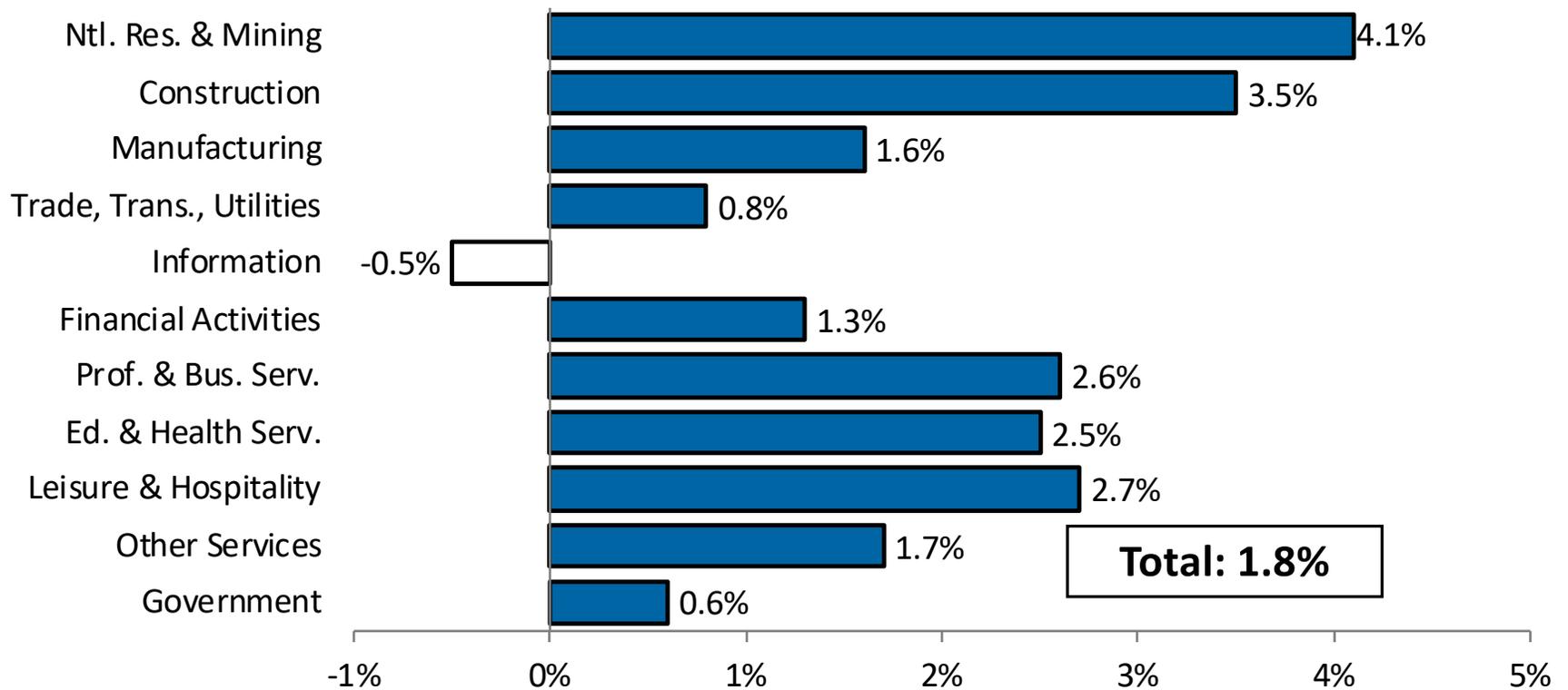


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Source: National Bureau of Economic Research

National Employment Change

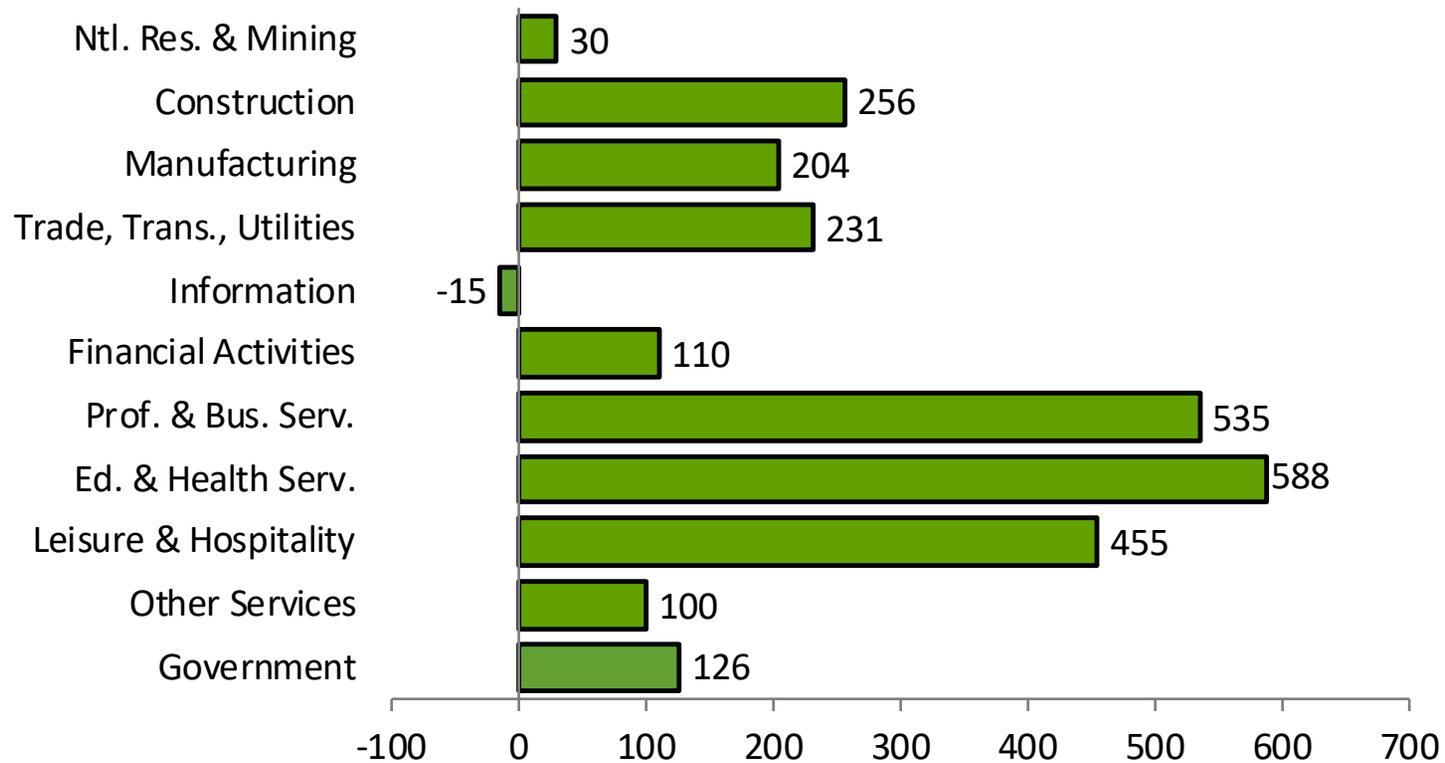
Percent Change in National Employment by Industry: April 2018 to April 2019



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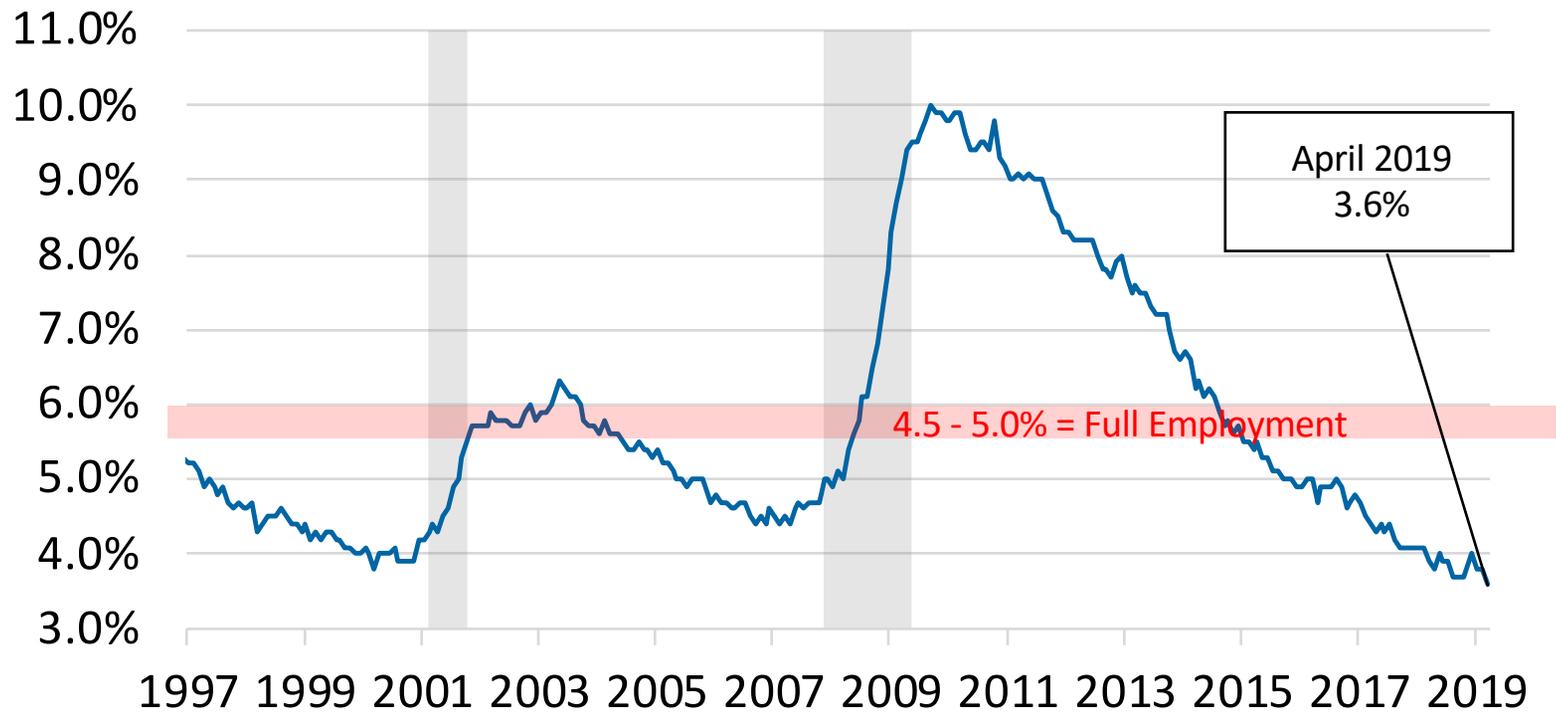
National Employment Change

Total Change in Number of Jobs by Industry in Thousands: April 2018 to April 2019



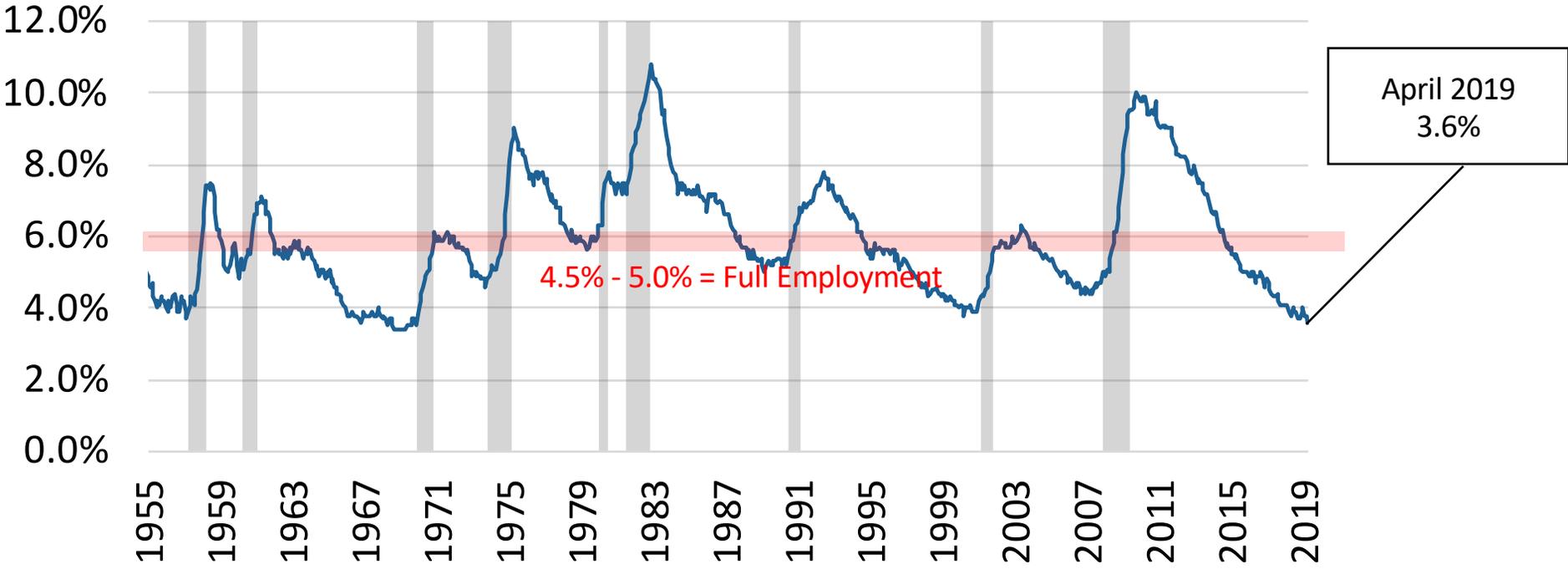
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US Unemployment Rate At Lowest Level in 50 Years



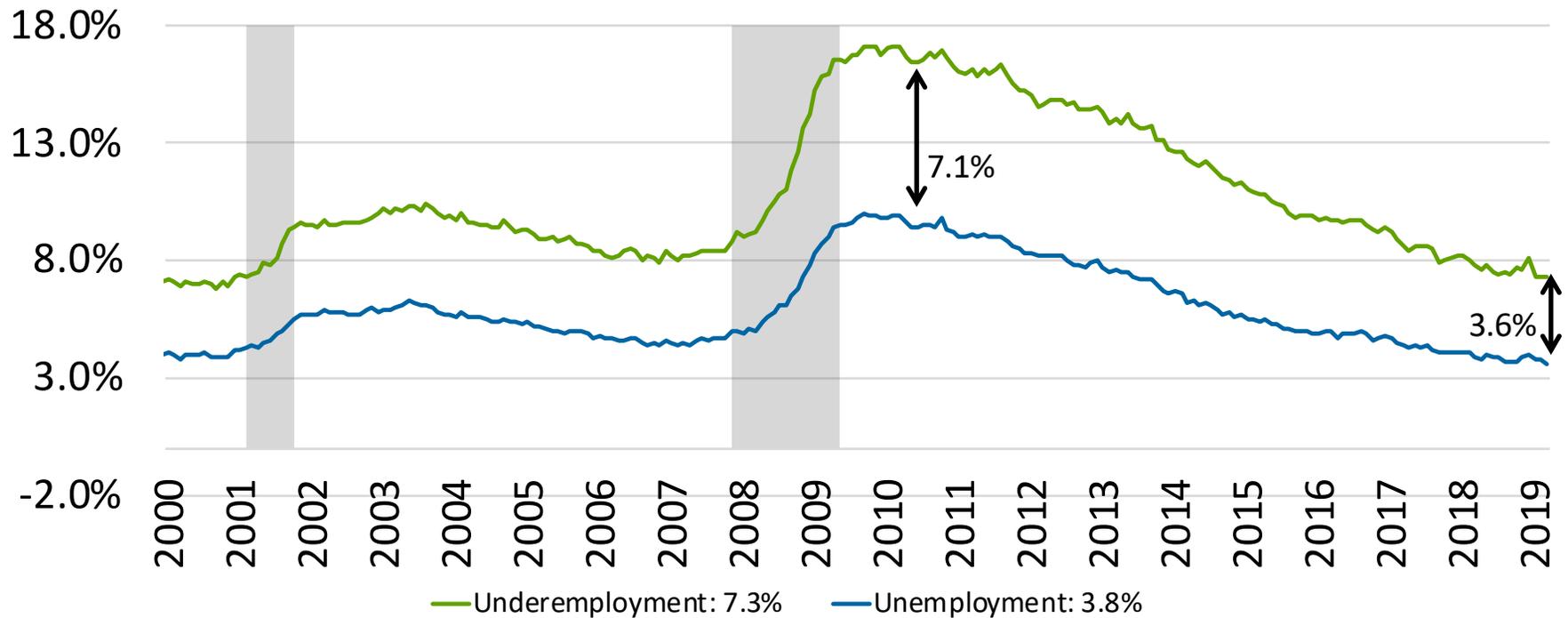
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US Unemployment Rate At Lowest Level in 50 Years



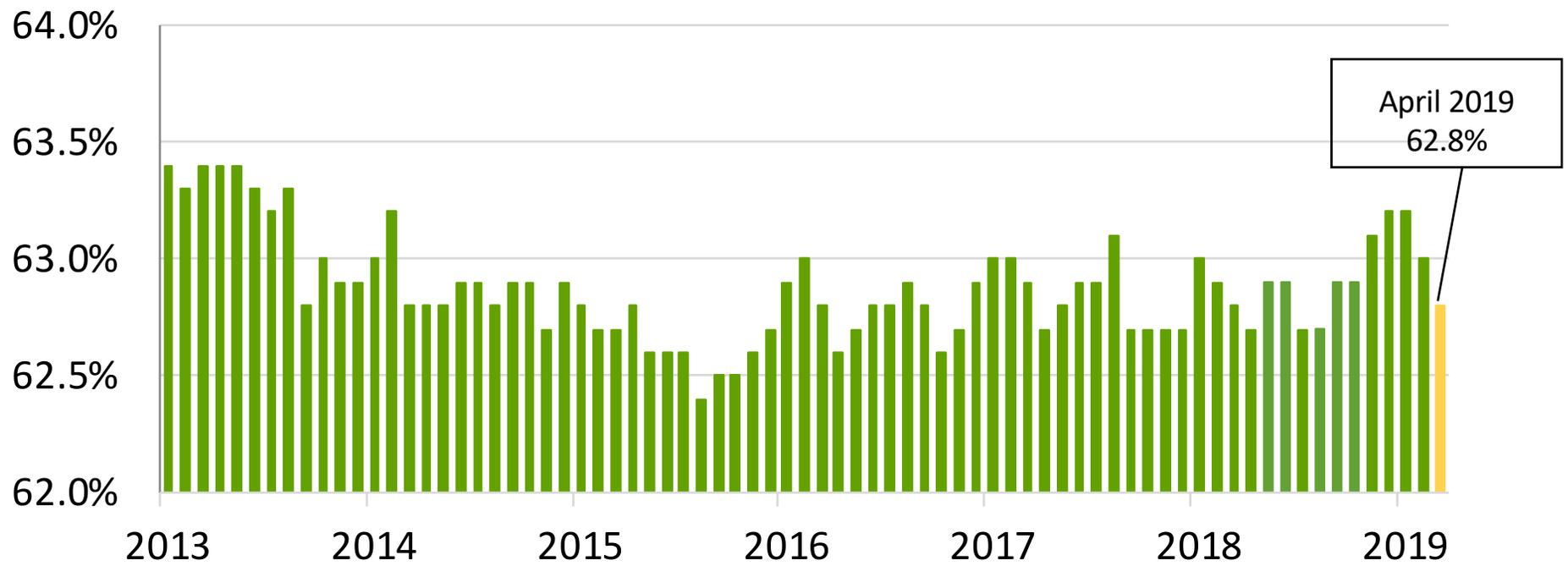
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Unemployment and Underemployment Remain Low



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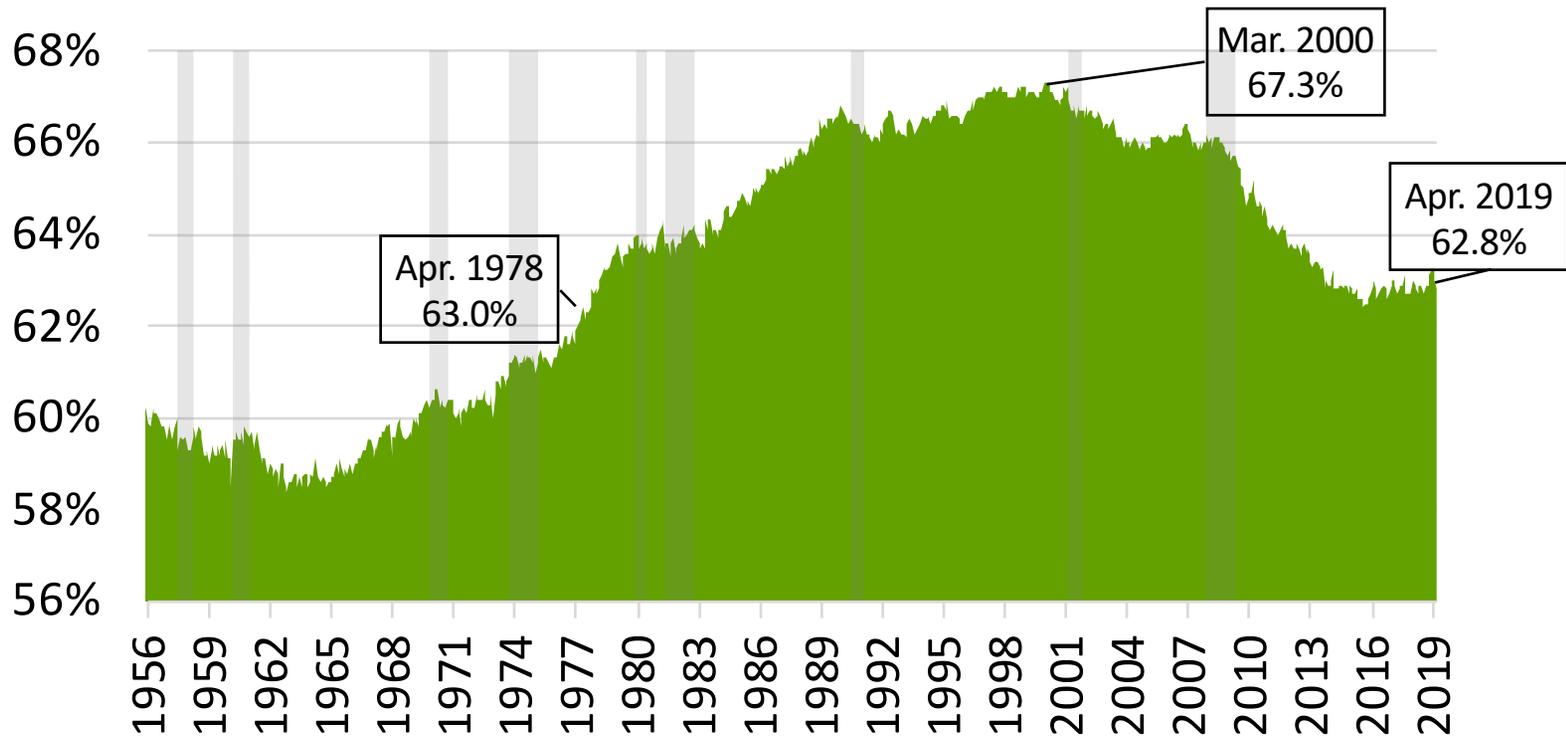
Labor Force Participation Fell in April



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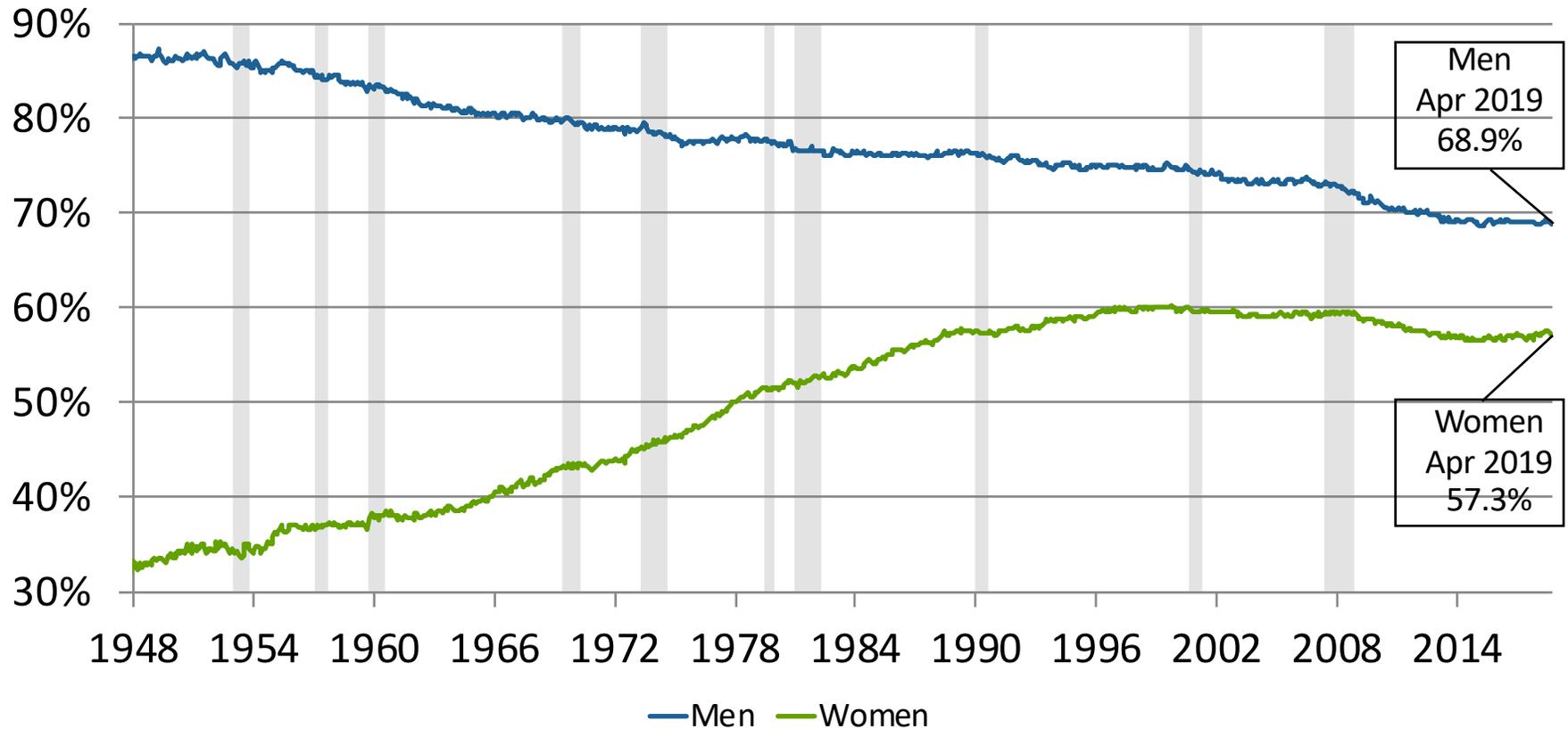
Source: Bureau of Labor Statistics

Labor Force Participation Among Lowest Level in Almost 40 Years



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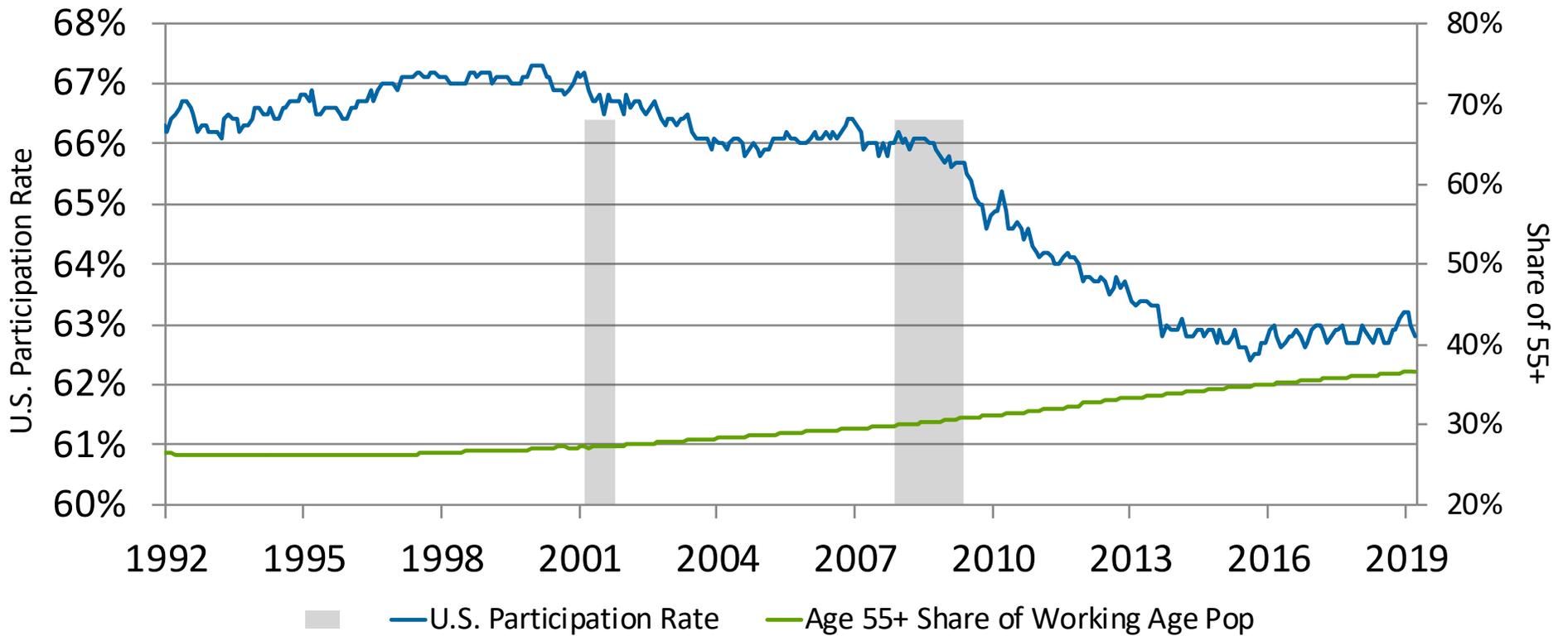
Civilian Labor Force Participation Rate



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Source: Bureau of Labor Statistics

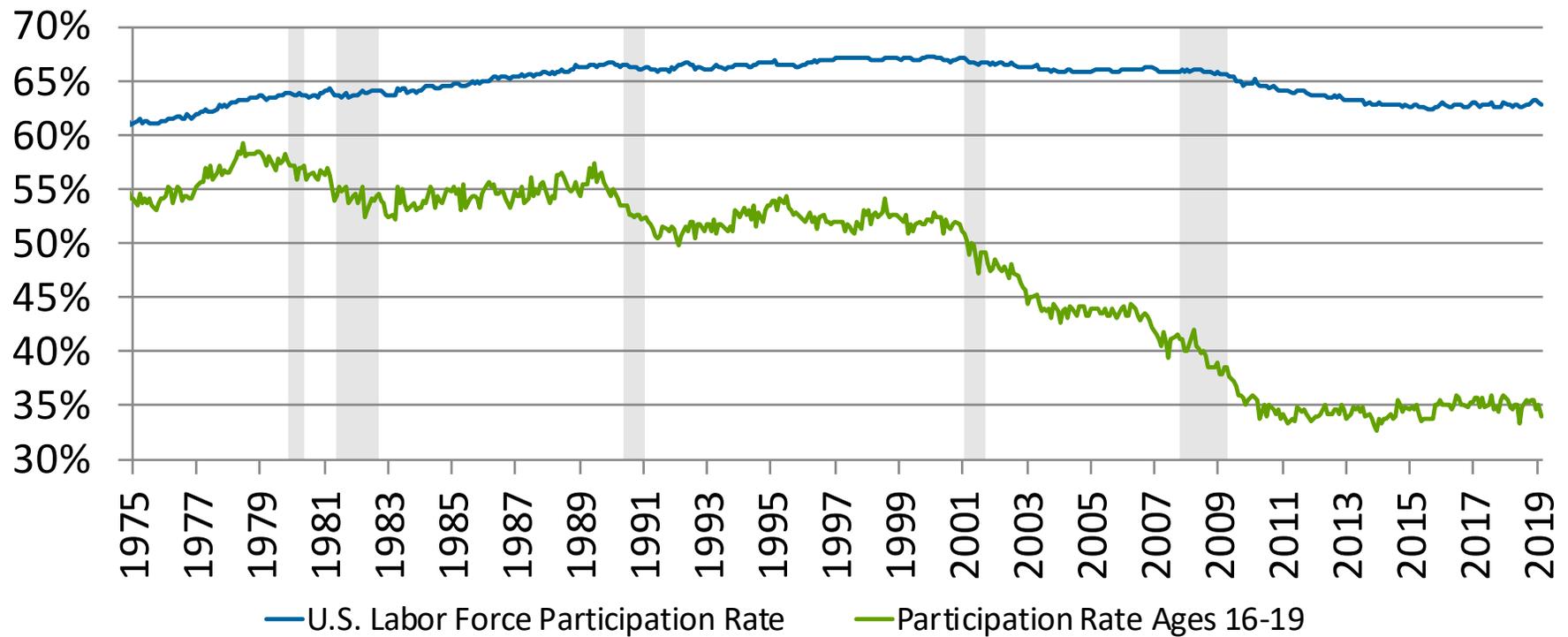
Baby Boomers Head for Retirement



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Source: Bureau of Labor Statistics

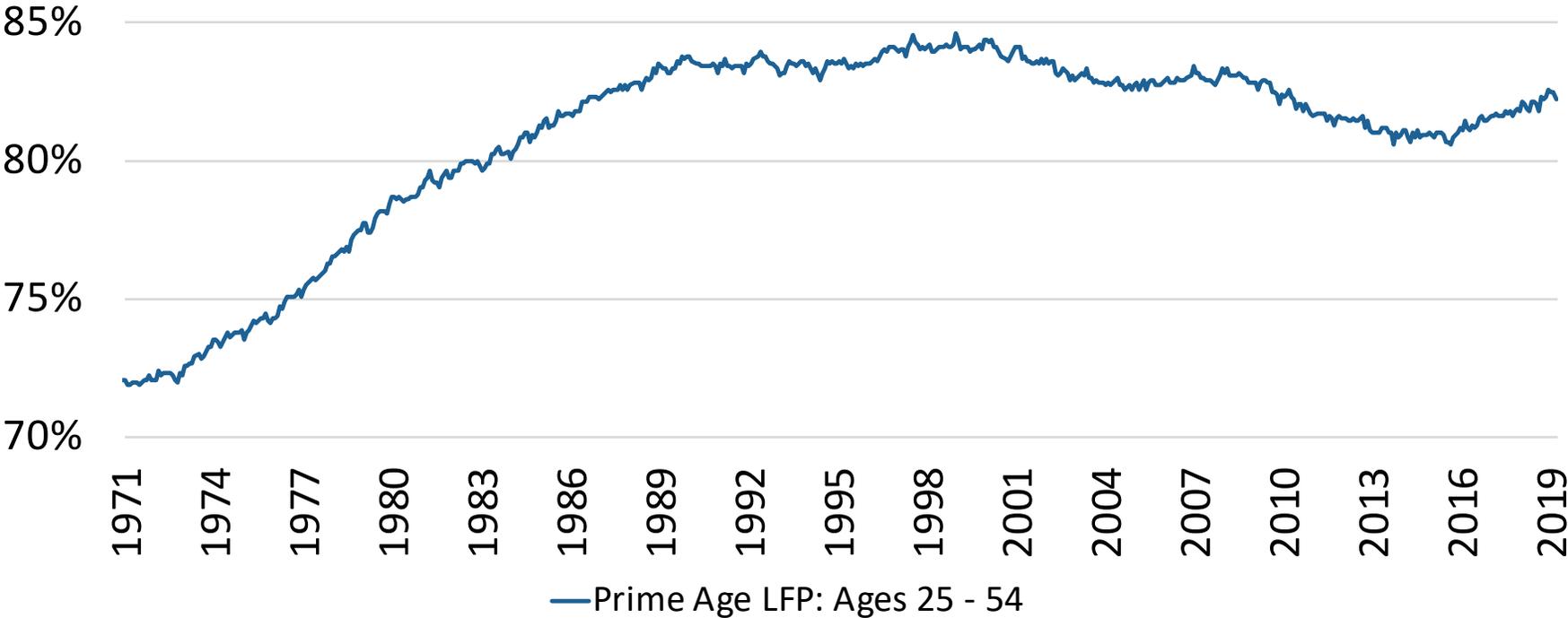
Long-Term Decline of the Teenage Workforce



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Source: Bureau of Labor Statistics

Prime Age Labor Force Participation Rate

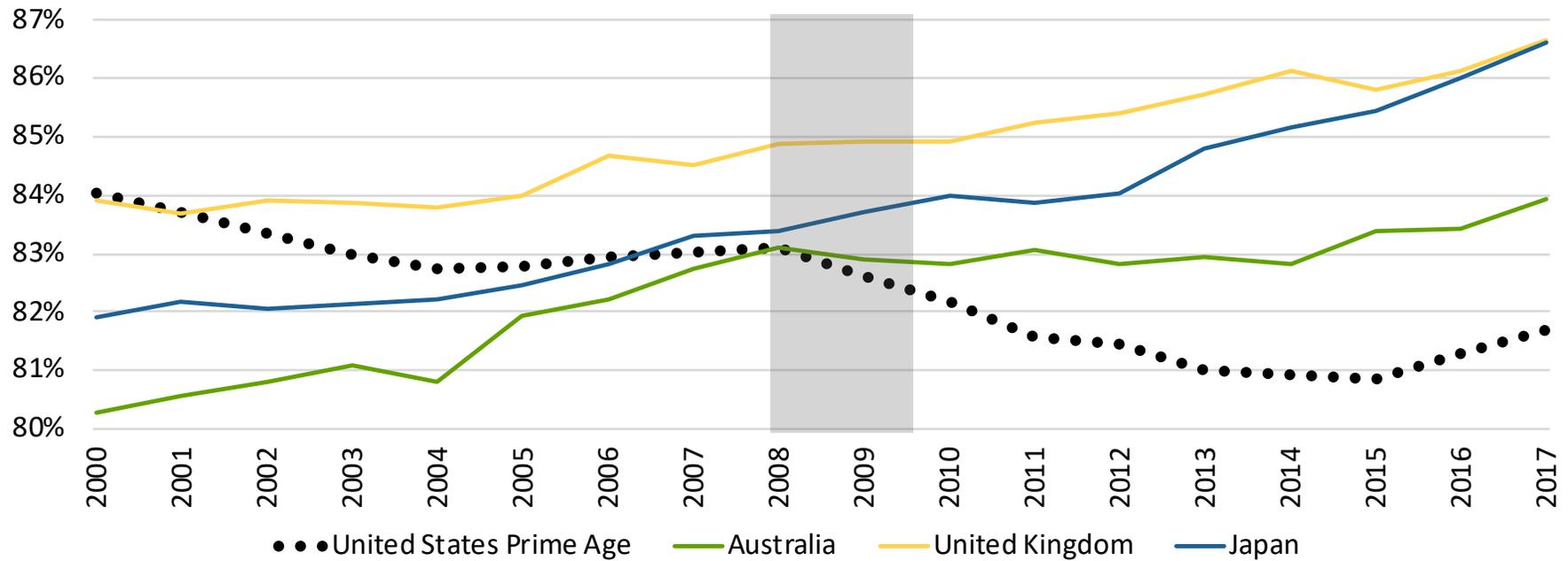


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Source: Bureau of Labor Statistics

US Prime Age Participation Lags Other Advanced Economies

Prime Age Labor Force Participation Rate (Ages 25 – 54)



Source: OECD

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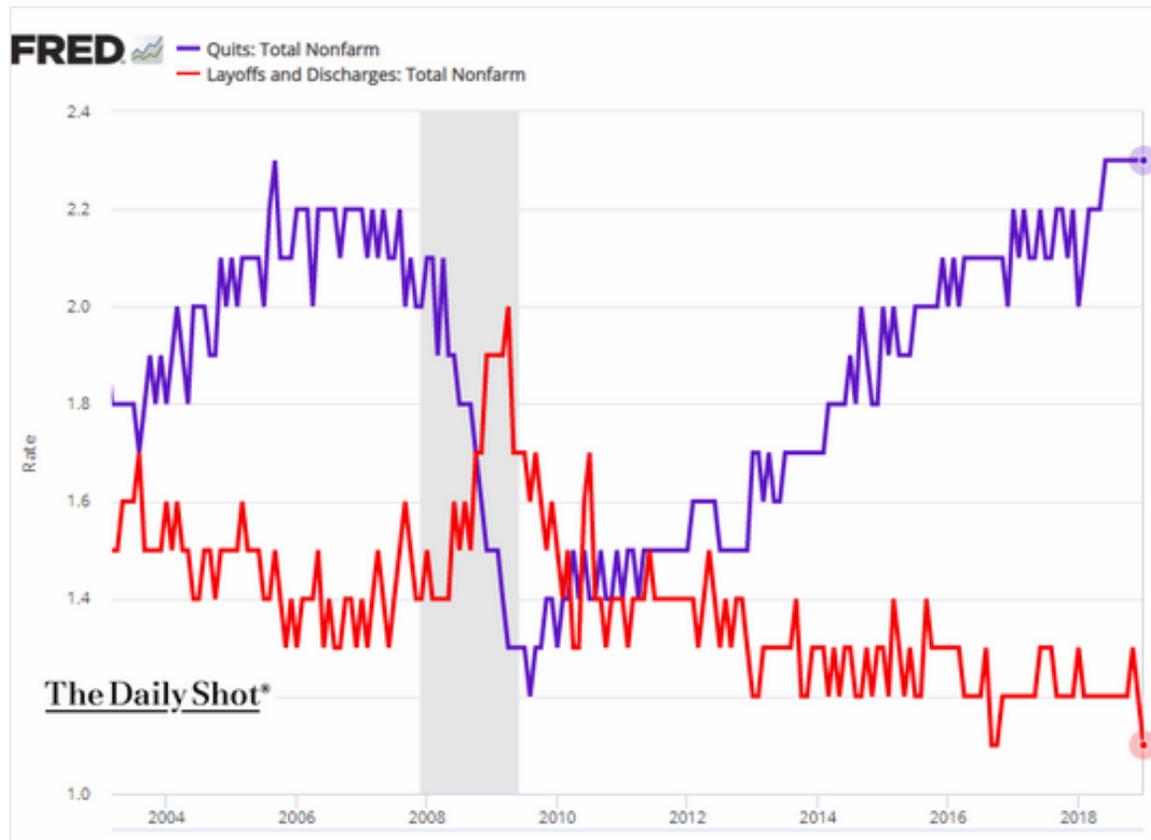
Fewer than One Unemployed Worker Per Job Opening



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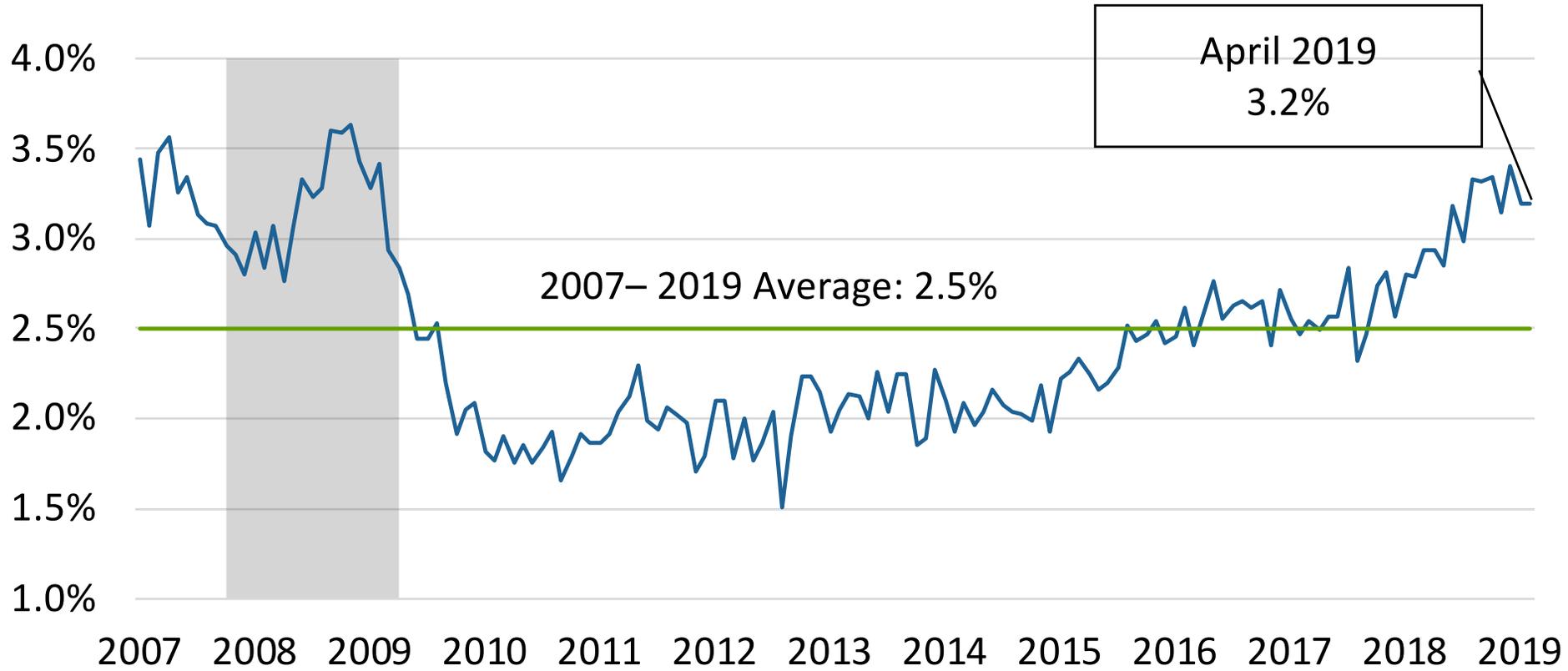
Source: Bureau of Labor Statistics

Job Quits vs Layoffs at All Time High



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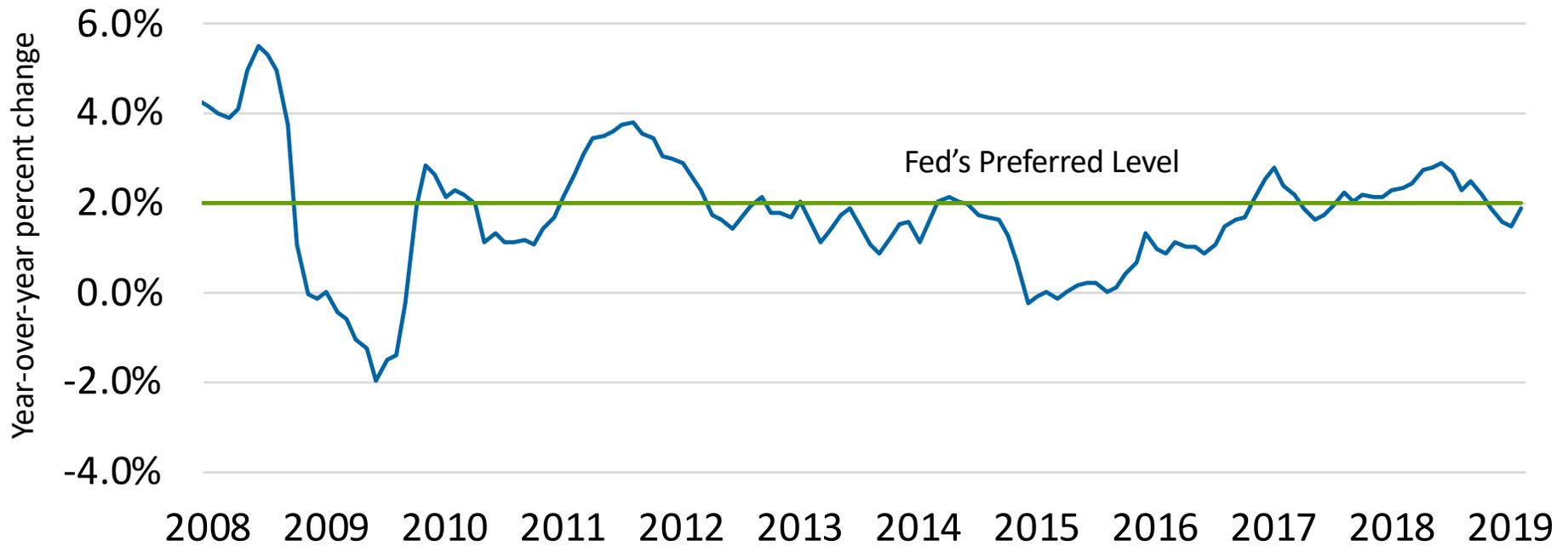
Solid Wage Growth



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Inflation is Near the Fed's 2% Goal

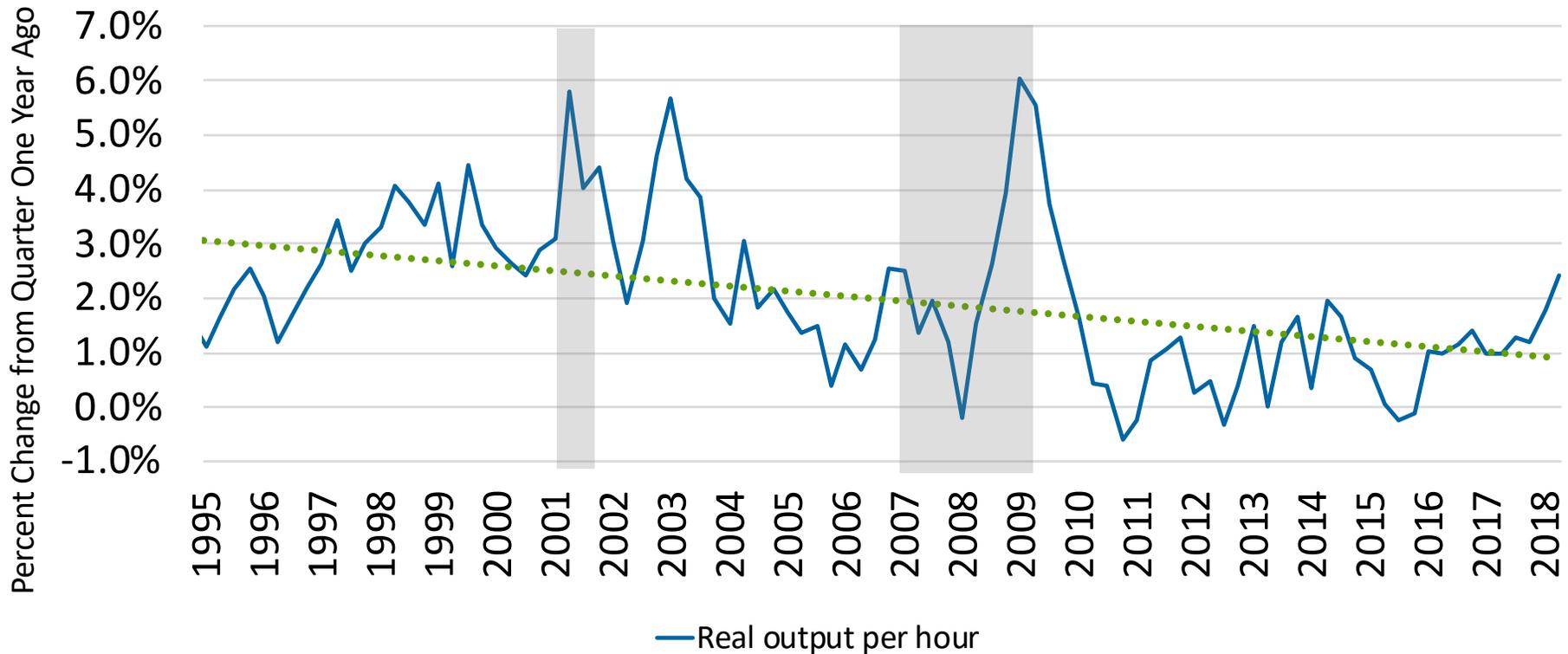
Consumer Price Index



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Source: Bureau of Labor Statistics

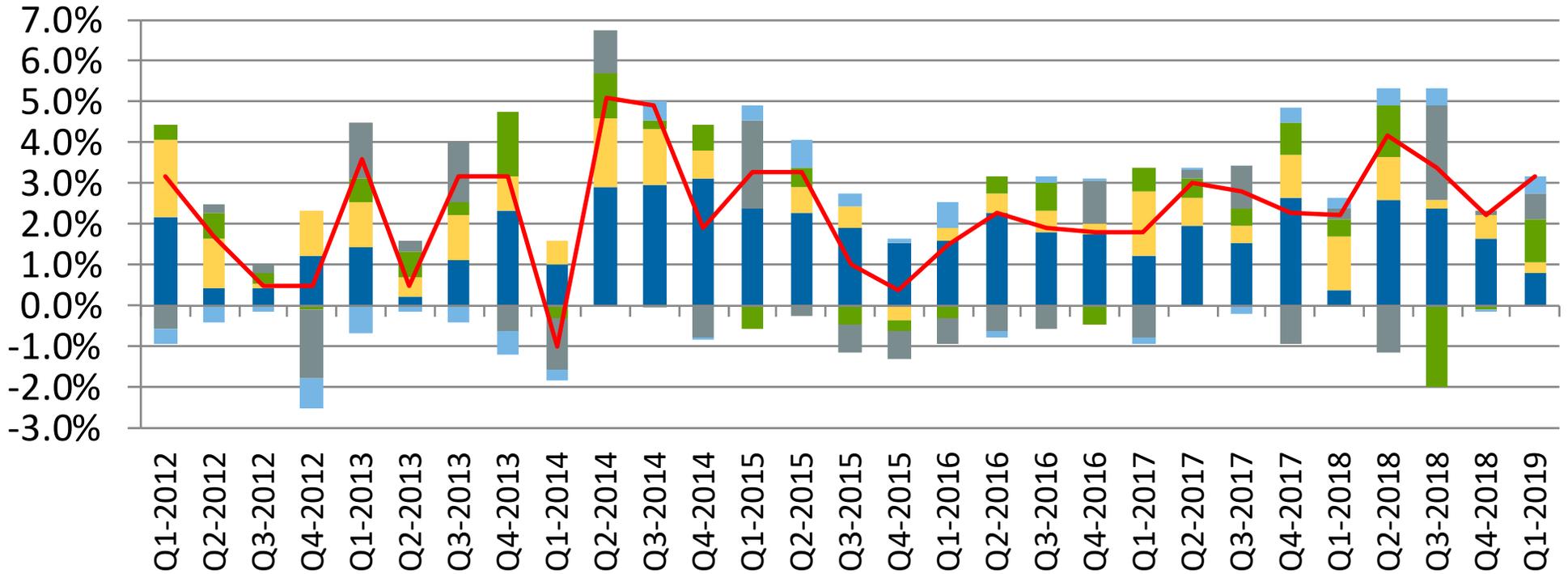
Labor Productivity Improving



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Economic Growth Rises in Q1 2019

Gross Domestic Product

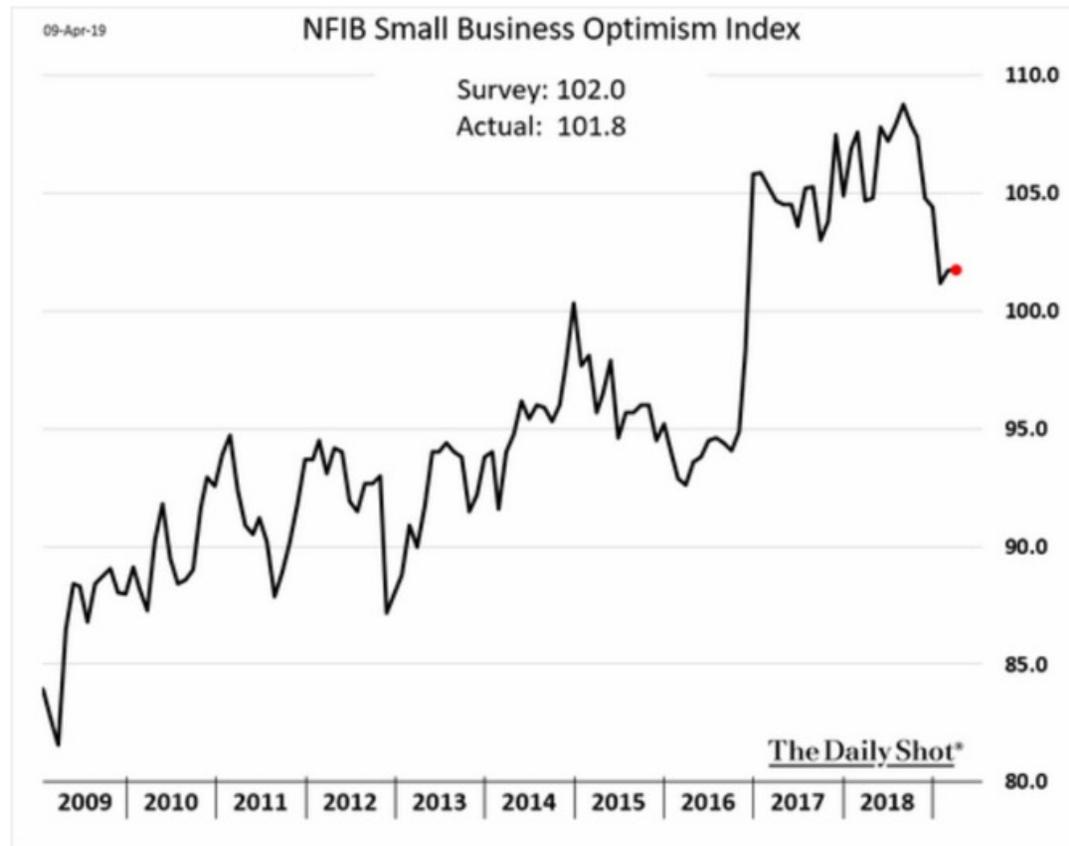


■ Personal Consumption ■ Fixed Investment ■ Net Exports
■ Inventories ■ Government — Real GDP Growth

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Source: Bureau of Economic Analysis

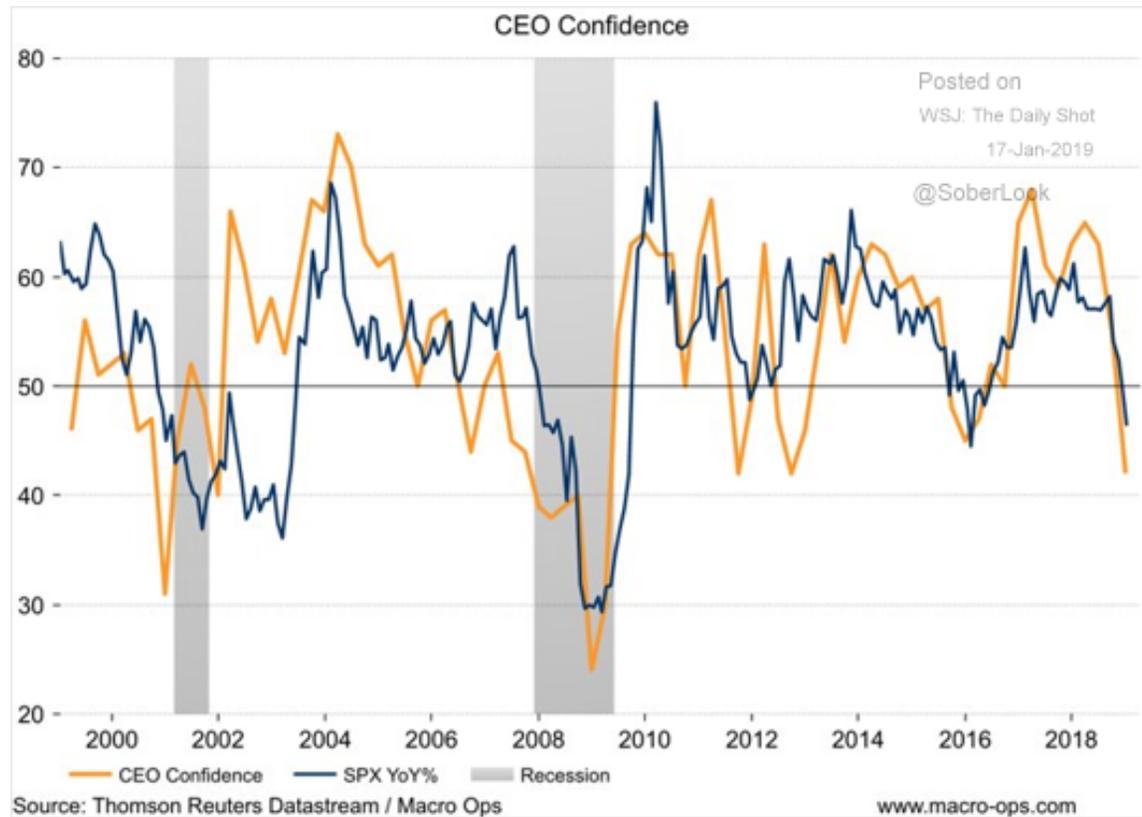
Business Optimism Moderating



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Source: Wall Street Journal, NFIB Small Business Optimism Index

CEO Confidence Moderating



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Consumer Confidence Declines



Source: The Conference Board

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Trade War Fears



Trump says there will be a 'REAL DEAL' or no deal at all with China

THE WALL STREET JOURNAL

Robert Spendlove

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Dow Tumbles Nearly 800 Points as Trade Jitters Return

Bond yields retreat amid worries about pace of U.S. growth

The New York Times

Trump Warns China That He's 'Tariff Man,' Spooking Stock Investors

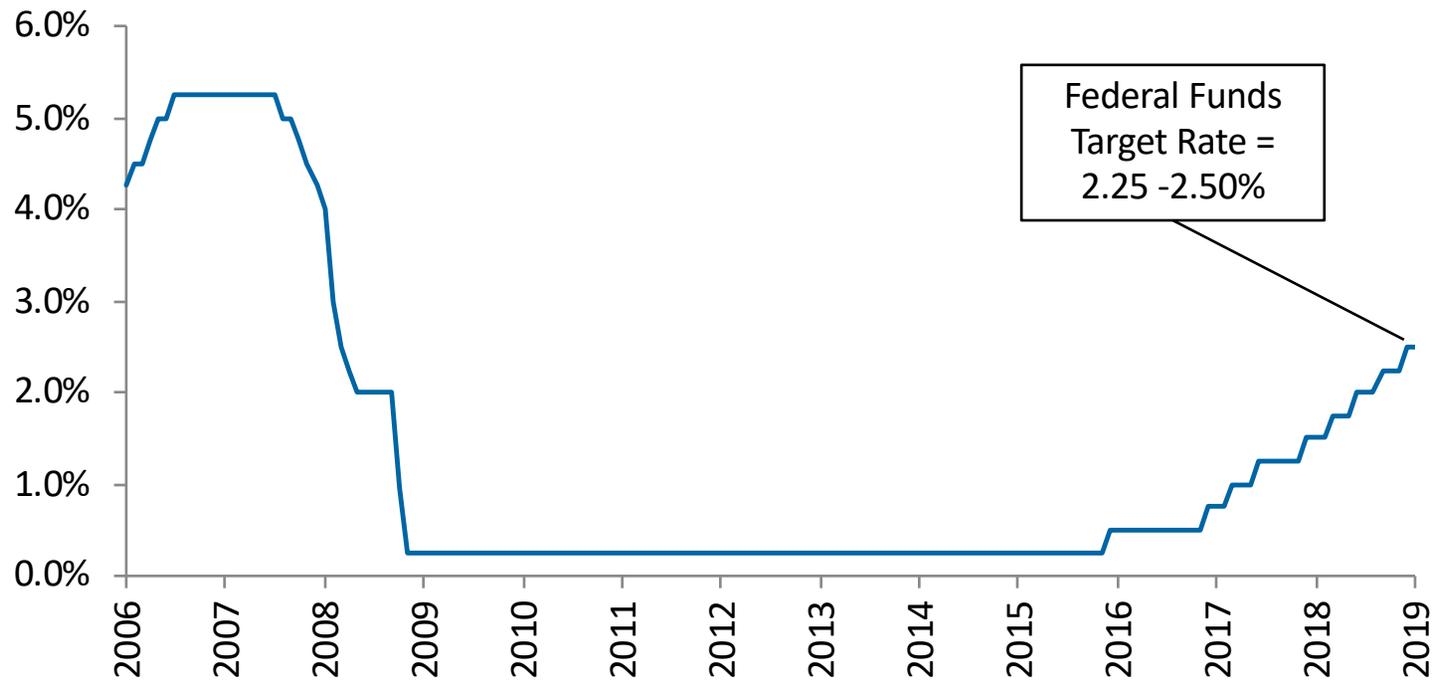
Trump tariff war with China sends U.S. retailers on buying binge

CHICAGO (Reuters) - In the nearly 40 years she has spent in trade, Amy Magnus has never seen retailers hoarding so much inventory.



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Federal Funds Target Rate Sees 9 Increases Since 2015



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Fed Signals a Slowdown in Rate Hikes

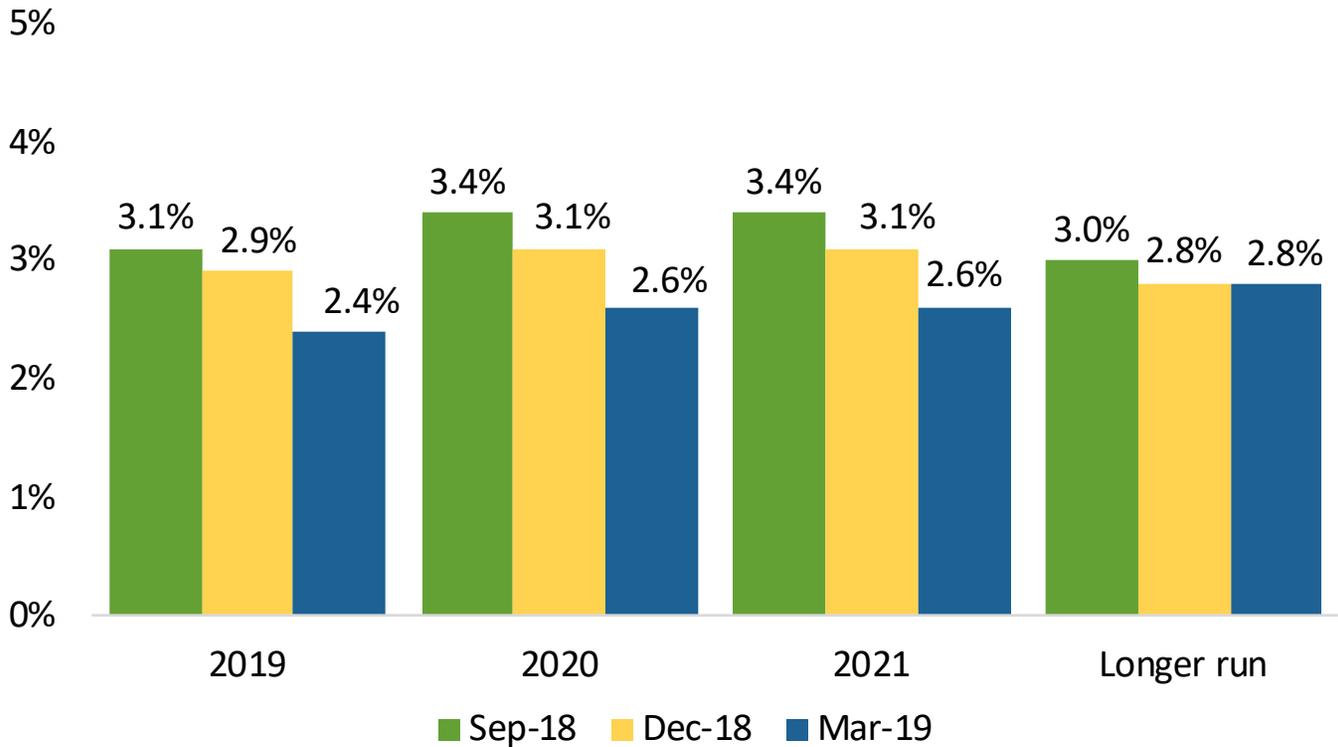


“With our policy rate in the range of neutral, with muted inflation pressures and with some of the downside risks we’ve talked about, this is a good time to be patient and watch and wait and see how the situation evolves,”

~Jerome Powell 2/26/2019

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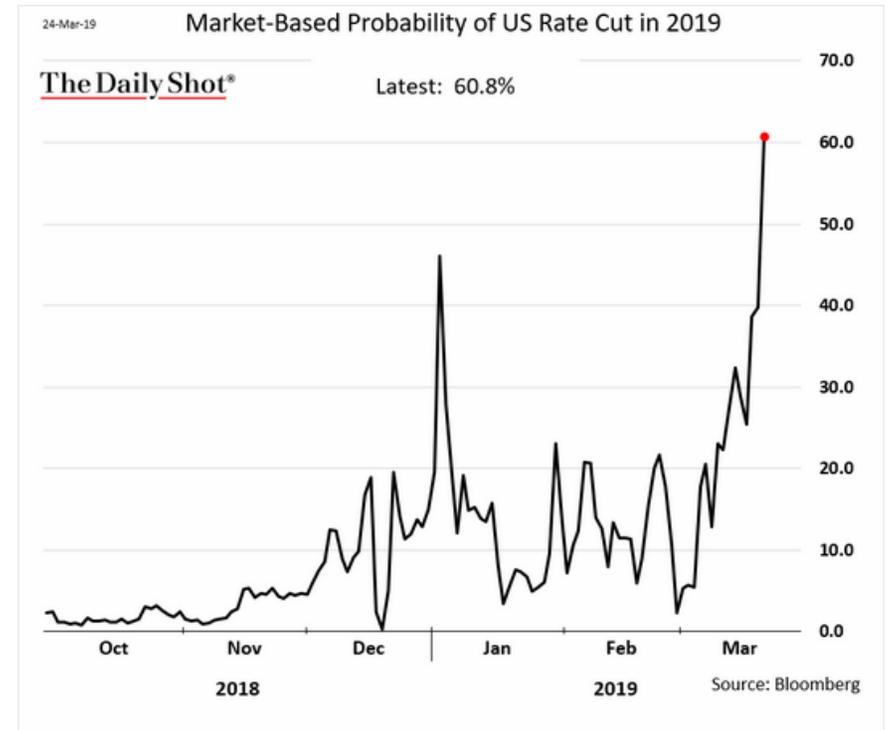
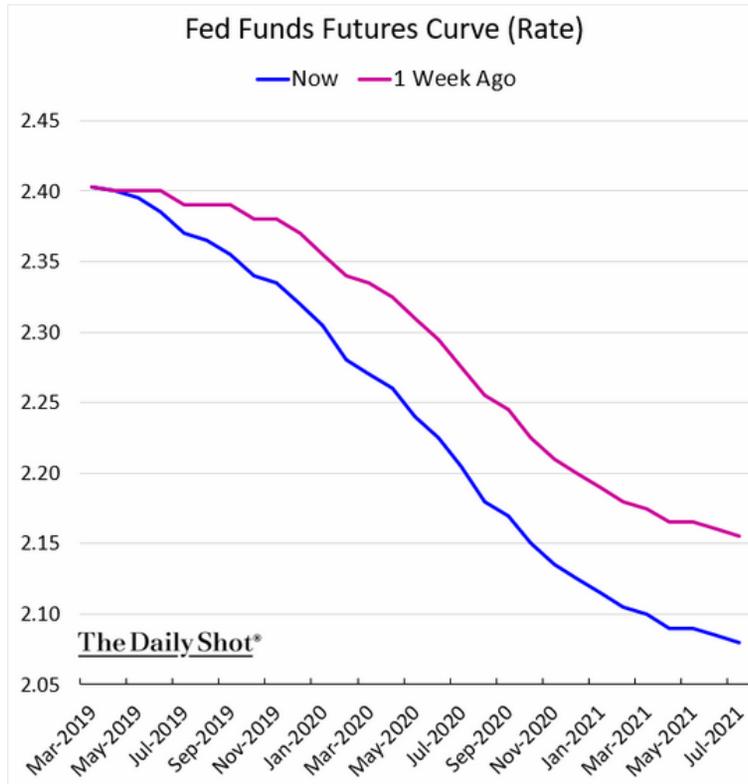
Fed Projections Signal Fewer Rate Hikes



Source: Board of Governors of the Federal Reserve

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Markets Expect Rate Decreases



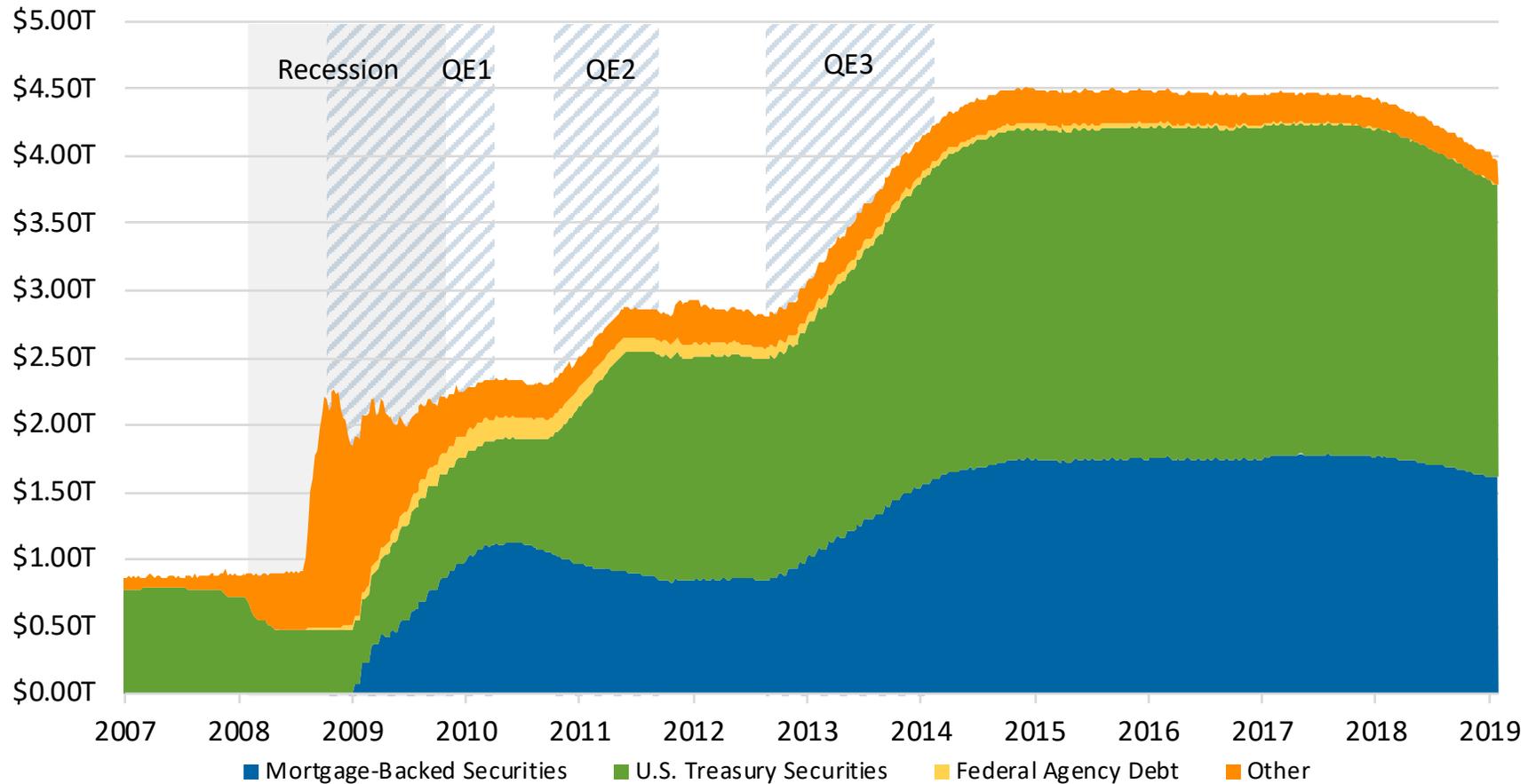
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Trump calls for Fed to adopt quantitative easing after jobs report



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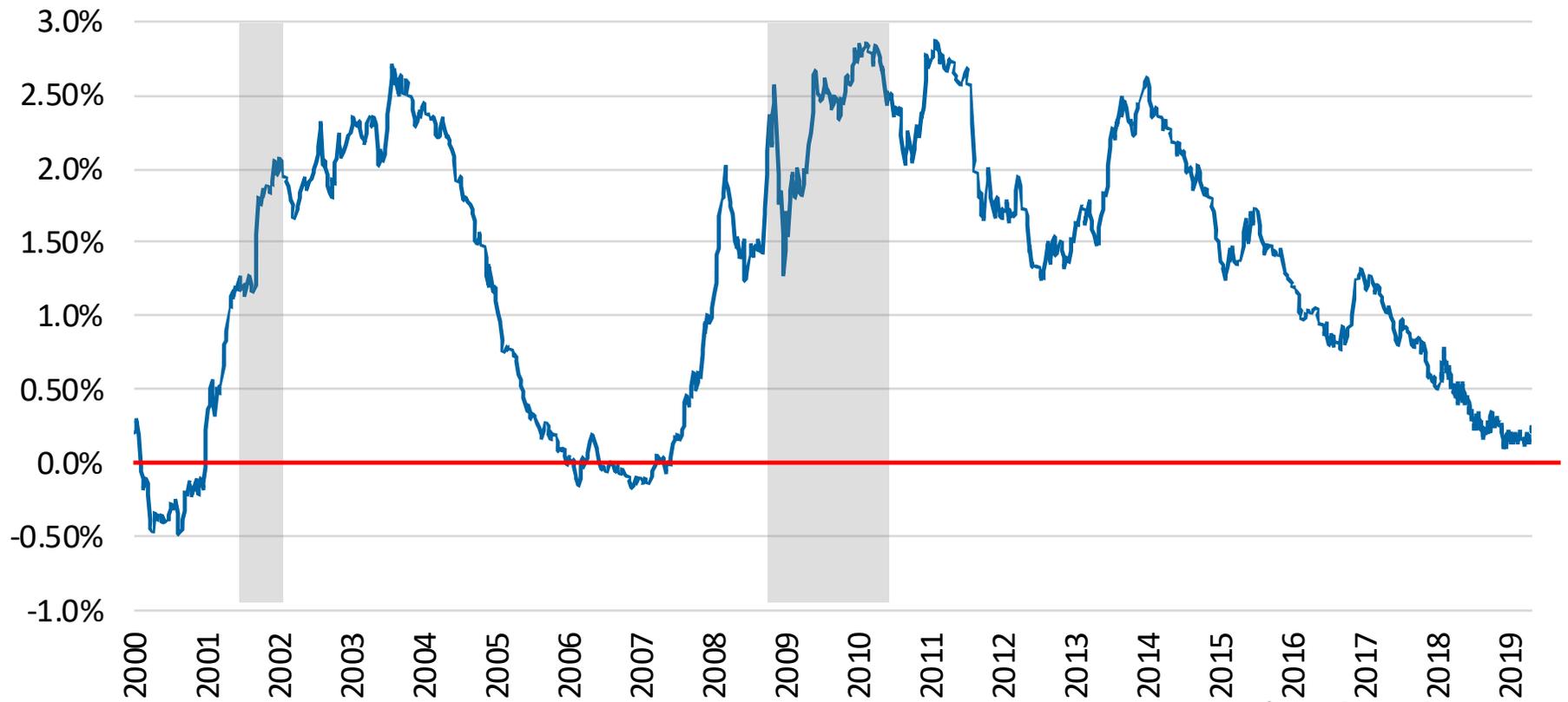
Fed Balance Sheet to Stop Shrinking ~\$3.5 T



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Source: Board of Governors of the Federal Reserve System

Yield Curve Declines to Lowest-Level Since 2007 10-year minus 2-year spread

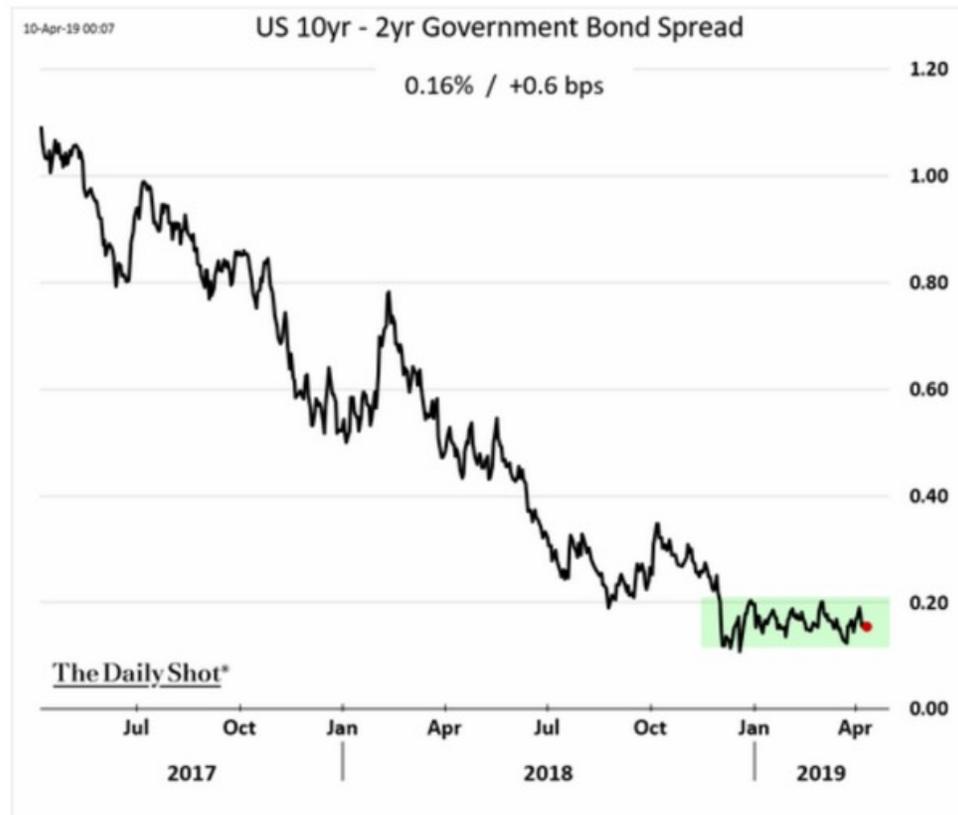


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Source: Federal Reserve Bank of St. Louis

Yield Curve Declines to Lowest-Level Since 2007

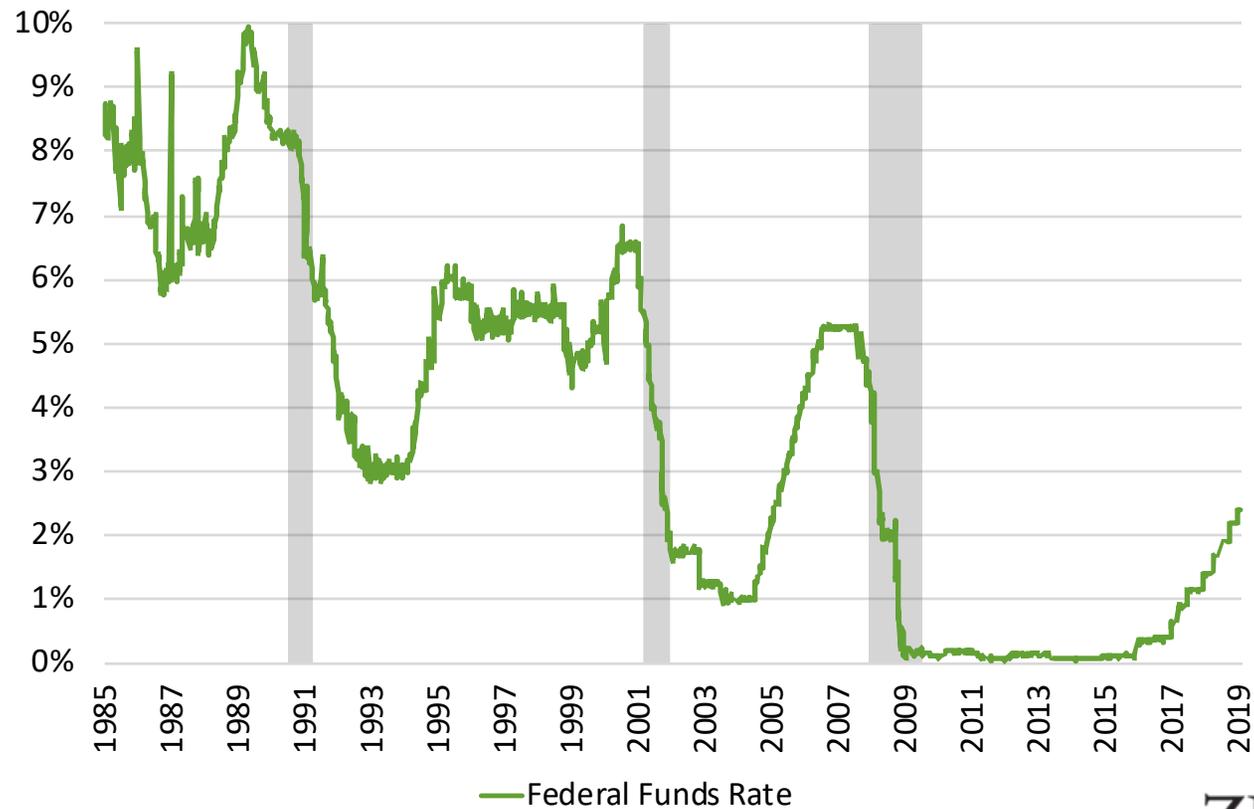
10-year minus 2-year spread



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Source: Federal Reserve Bank of St. Louis

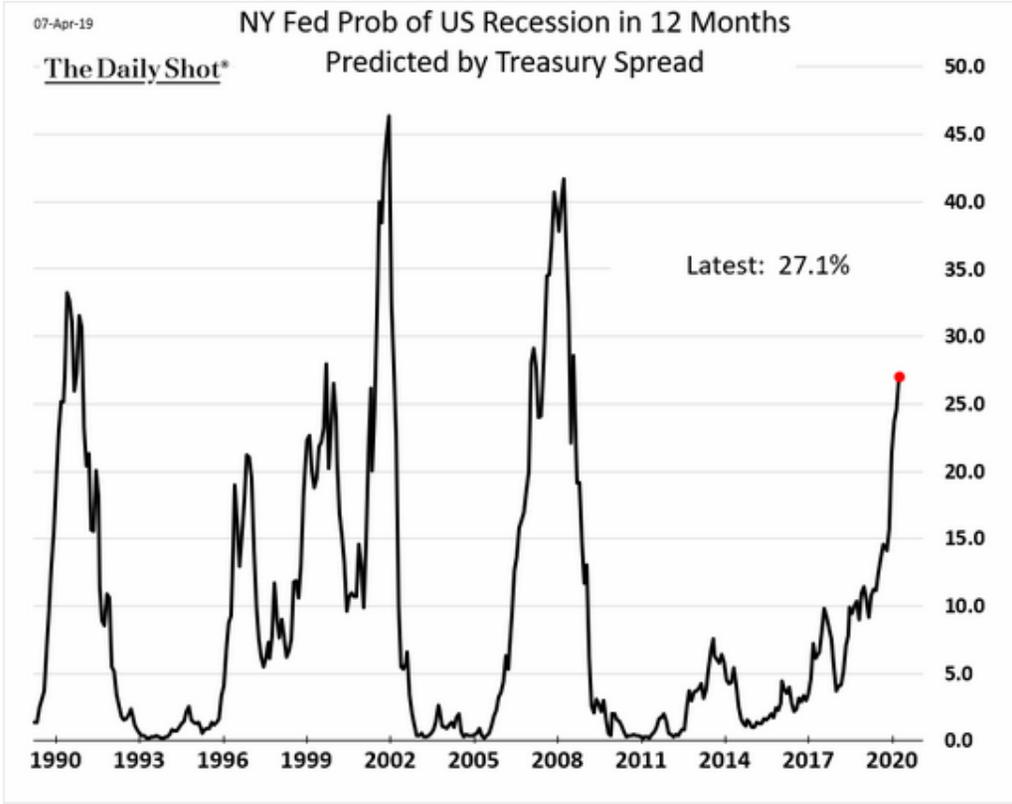
Previous Downturns Called for Big Drops in the Federal Funds Rate



Source: Board of Governors of the Federal Reserve System

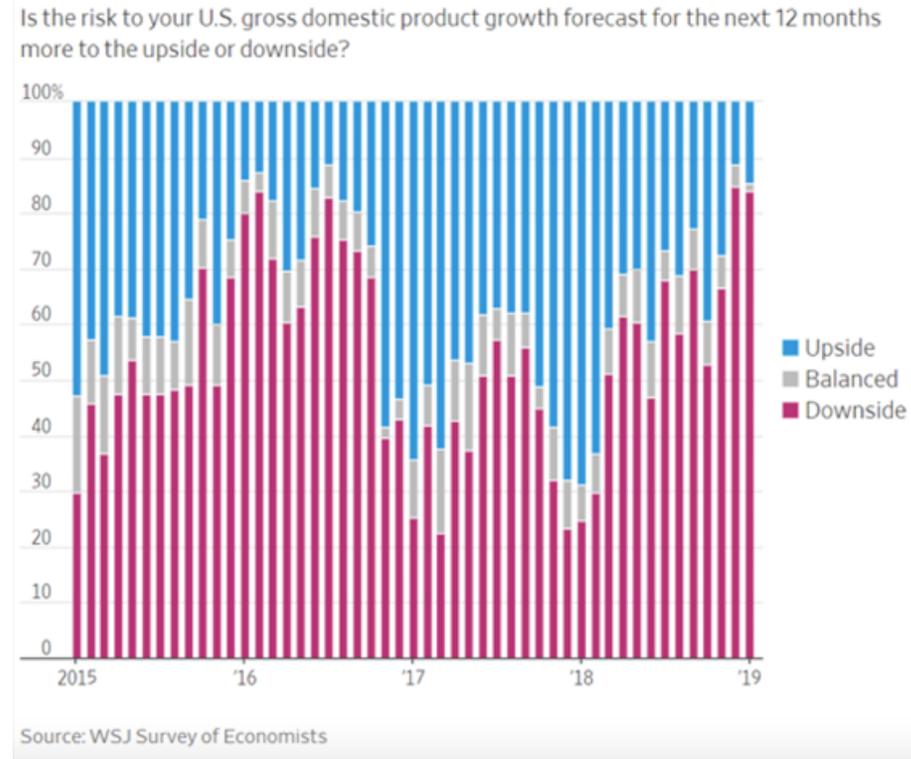
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Probability of Recession Rising but Not As High as Past Recursions



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Is a Recession on the Way?



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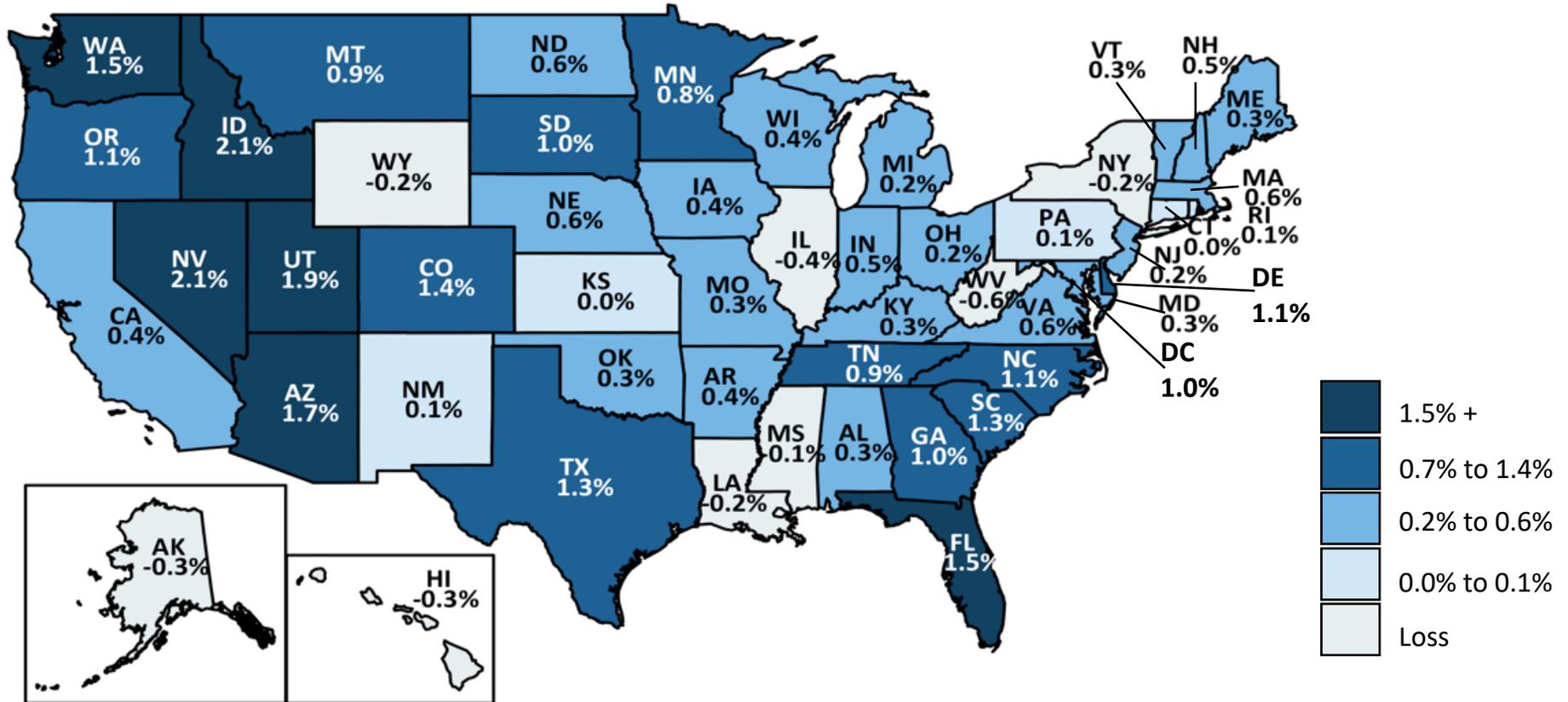
Regional Economic Conditions

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Utah Population **3rd Fastest** Growing in U.S.

Percent Change: 2017 to 2018

U.S. Rate = 0.6%

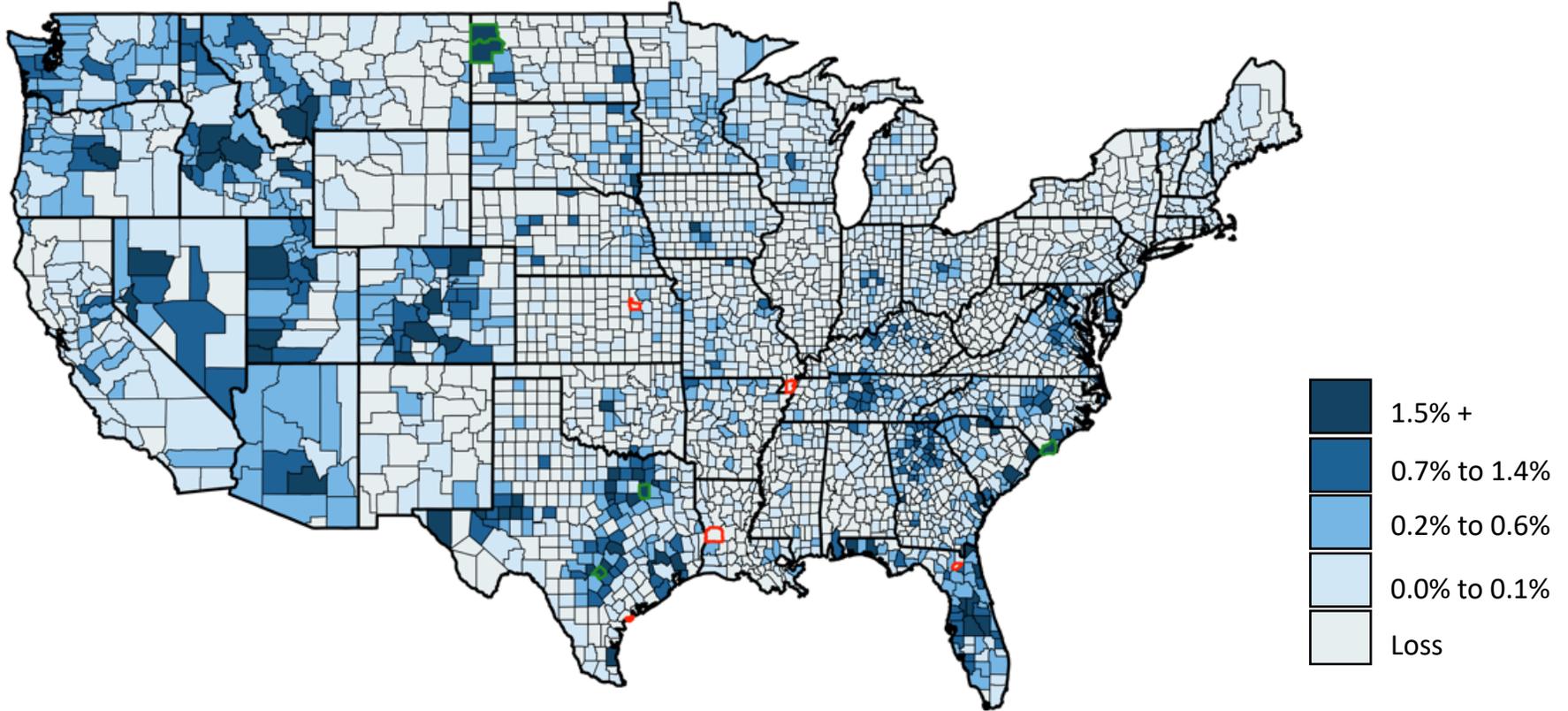


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Utah Counties' Growth Outpacing Nation

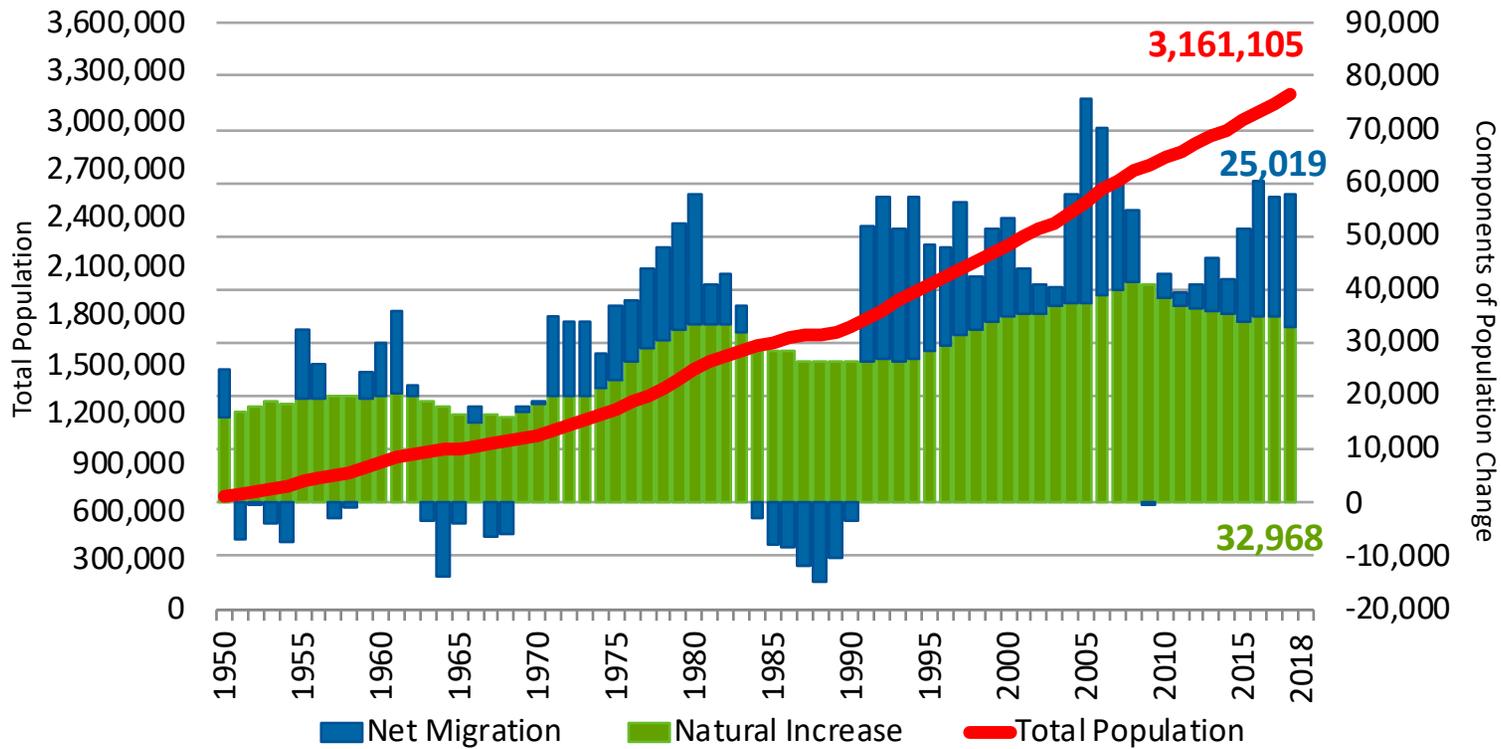
Percent Change: 2017 to 2018

U.S. Rate = 0.6%



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Utah Population and Components of Change



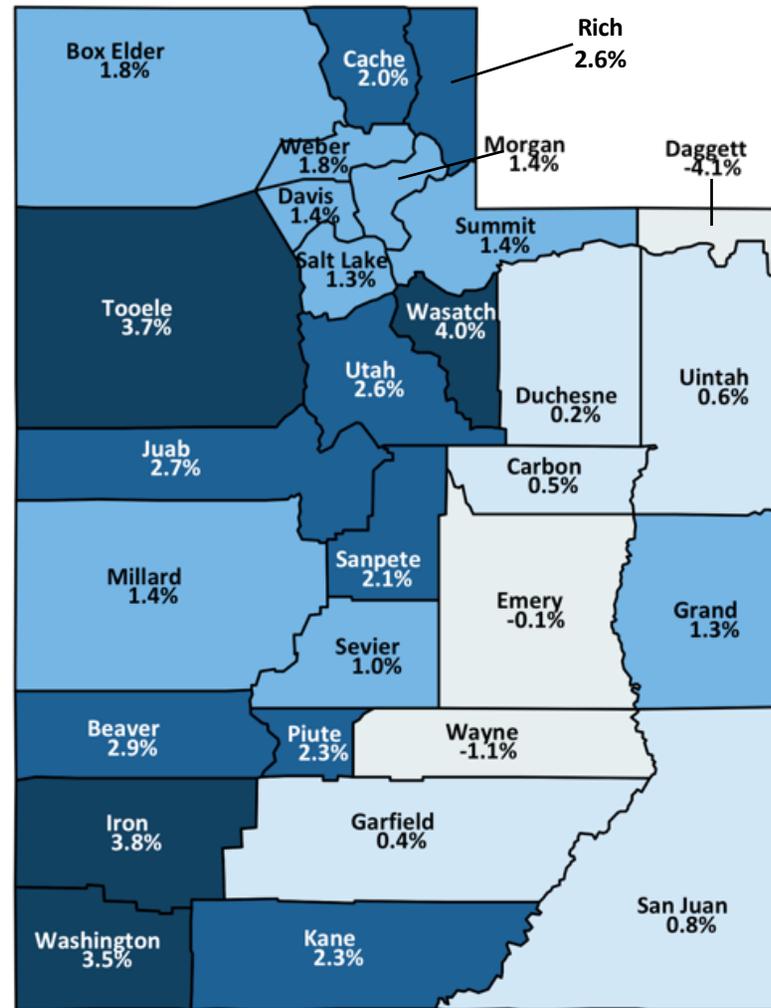
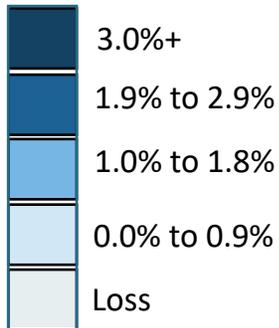
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Sources: U.S. Census Bureau

e = estimate, f = forecast

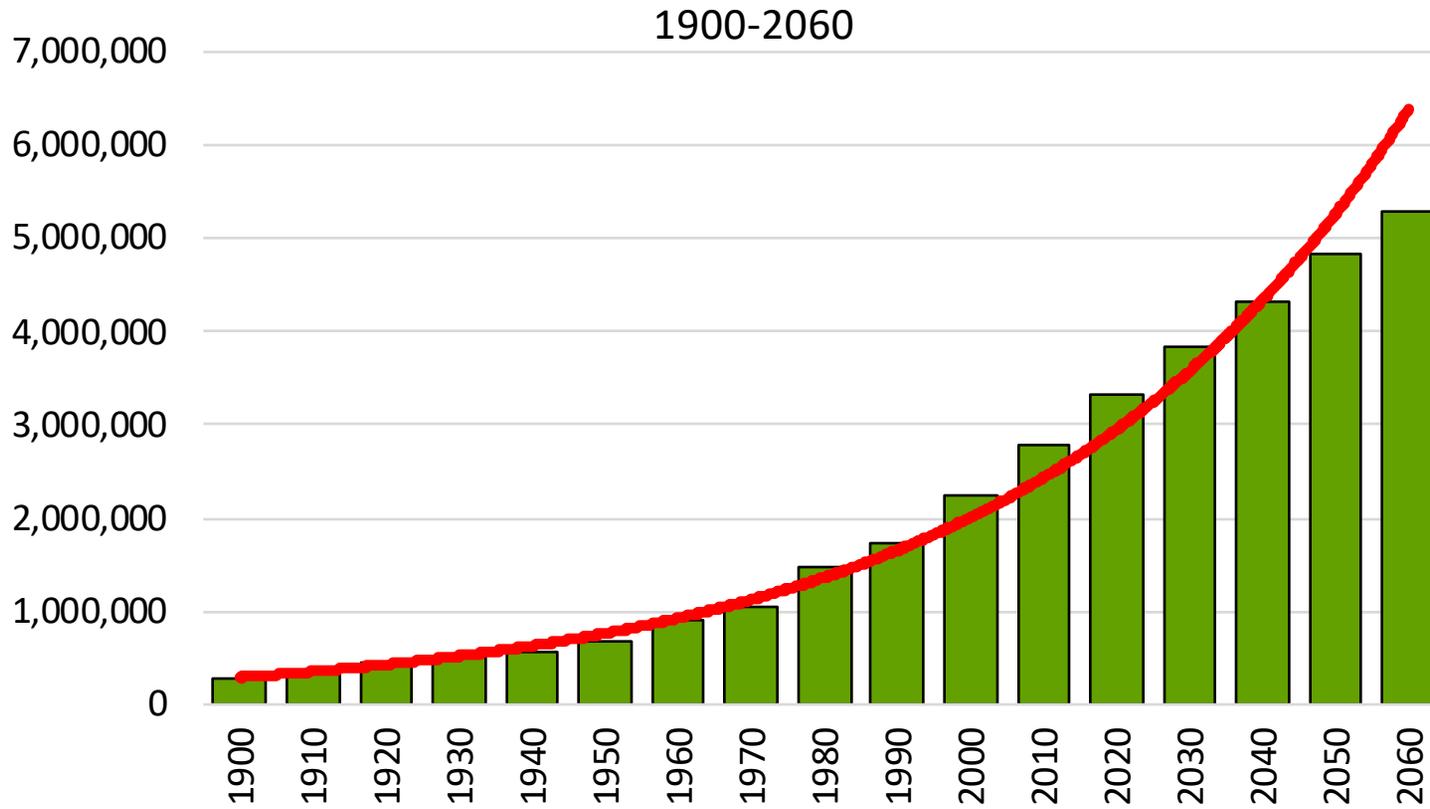
Utah Population Growth Rates By County 2017 to 2018

State Average = 1.9%



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Utah's Population Continues to Grow



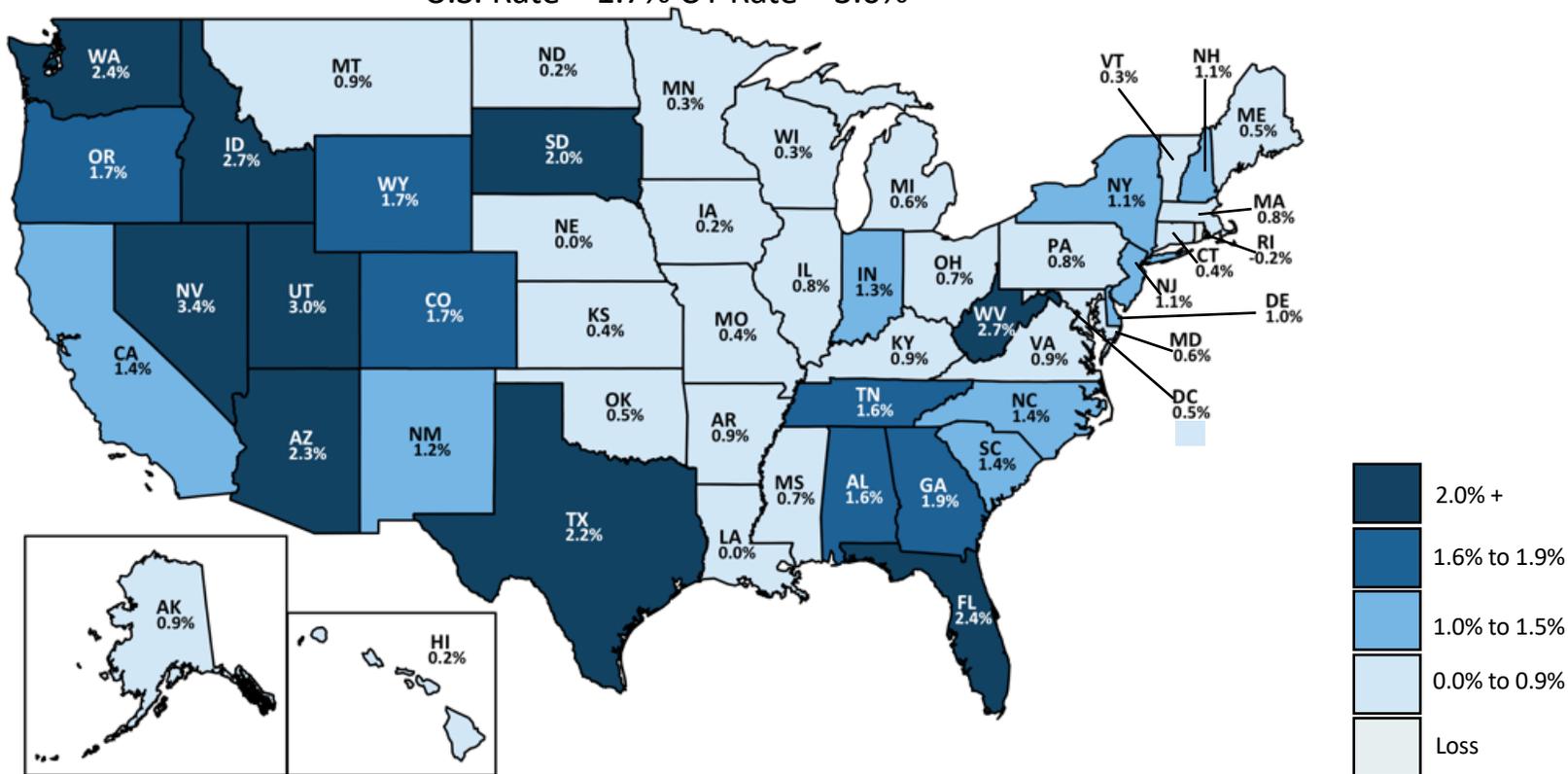
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Source: U.S. Census Bureau and University of Utah Kem C. Gardner Policy Institute

Utah Employment Growth **2nd Highest** in the Nation

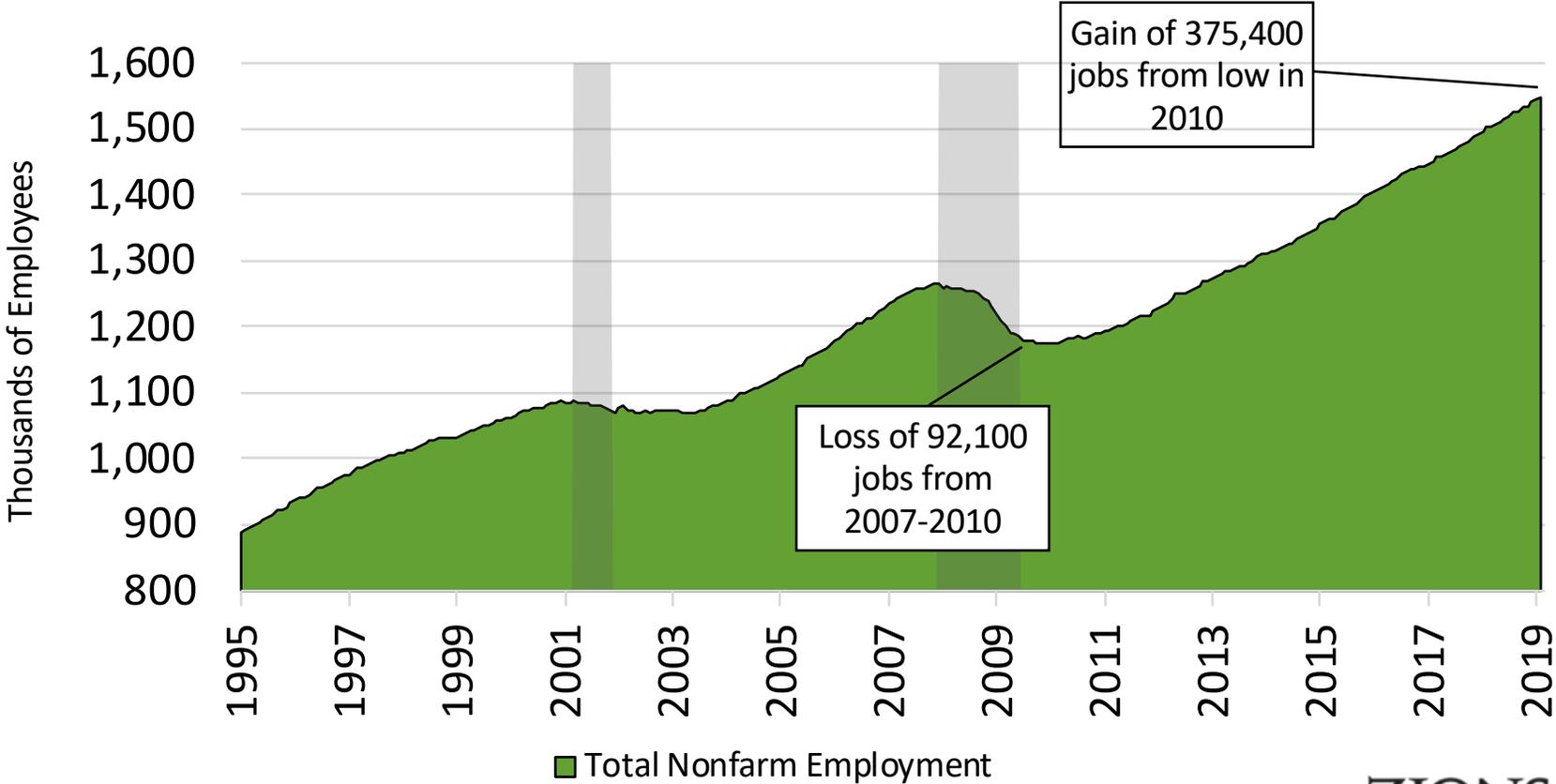
Percent Change in Employment for States: March 2018 to March 2019

U.S. Rate = 1.7% UT Rate = 3.0%



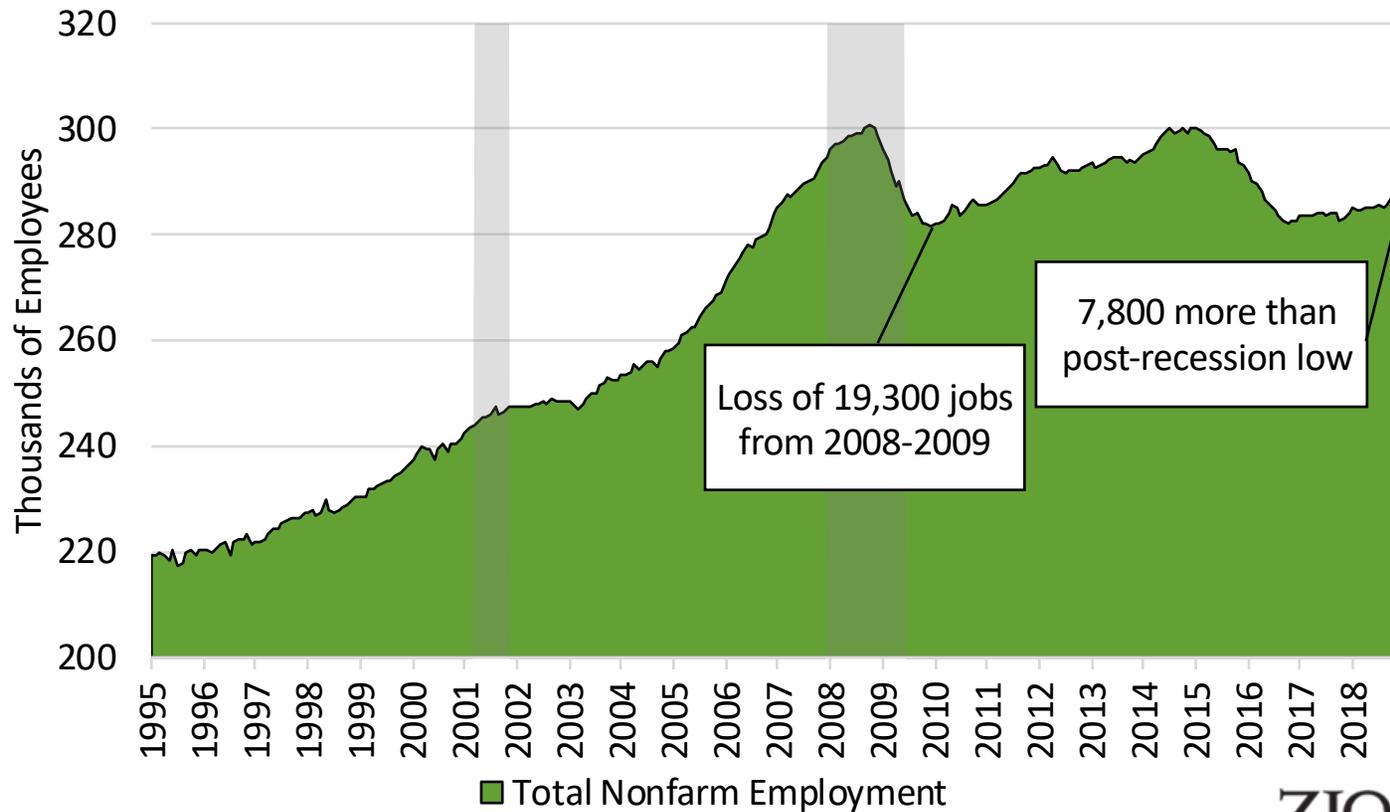
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Utah Total Employment at New Highs



Source: U.S. Bureau of Labor Statistics
Note: Numbers rounded to nearest thousand

Wyoming Employment Level Higher than Post-Recession Low

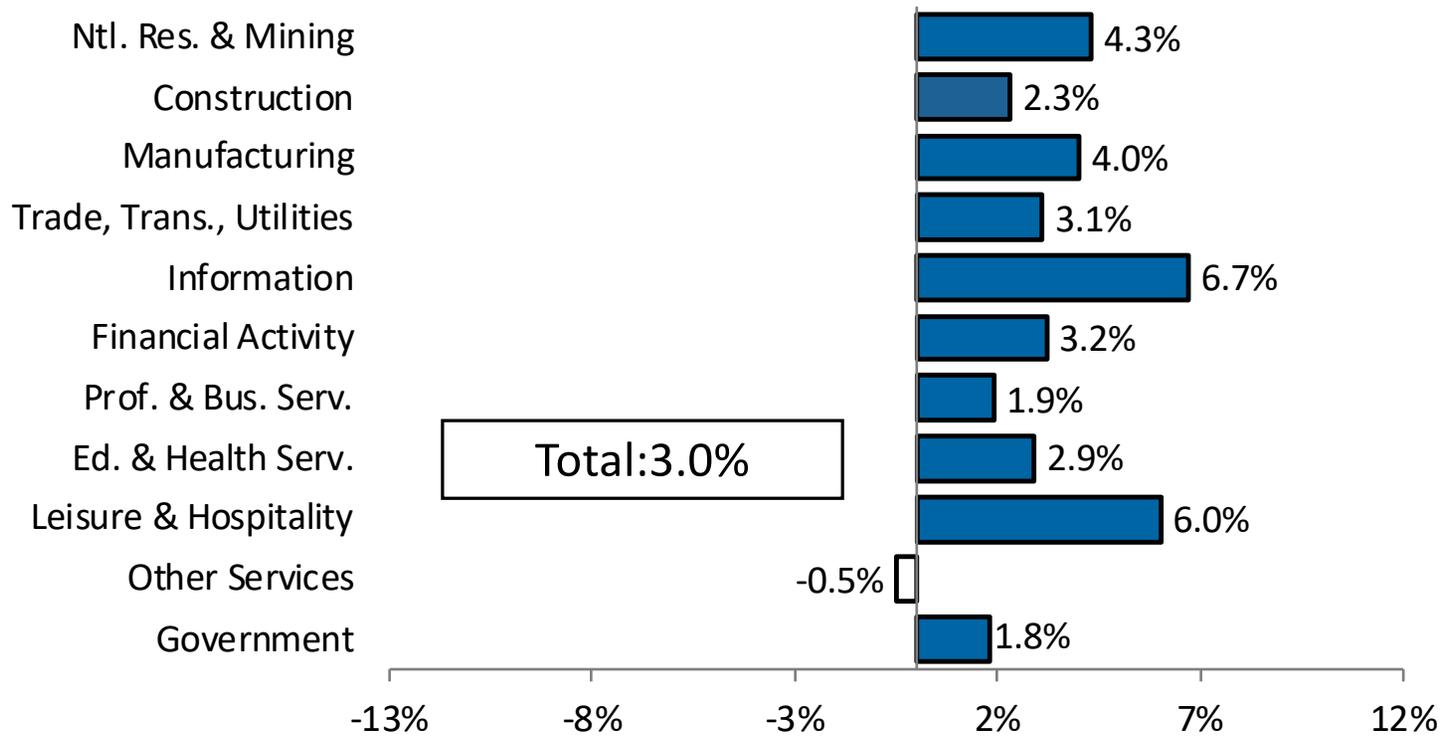


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Source: U.S. Bureau of Labor Statistics, Total nonfarm

Utah Industries Seeing Growth

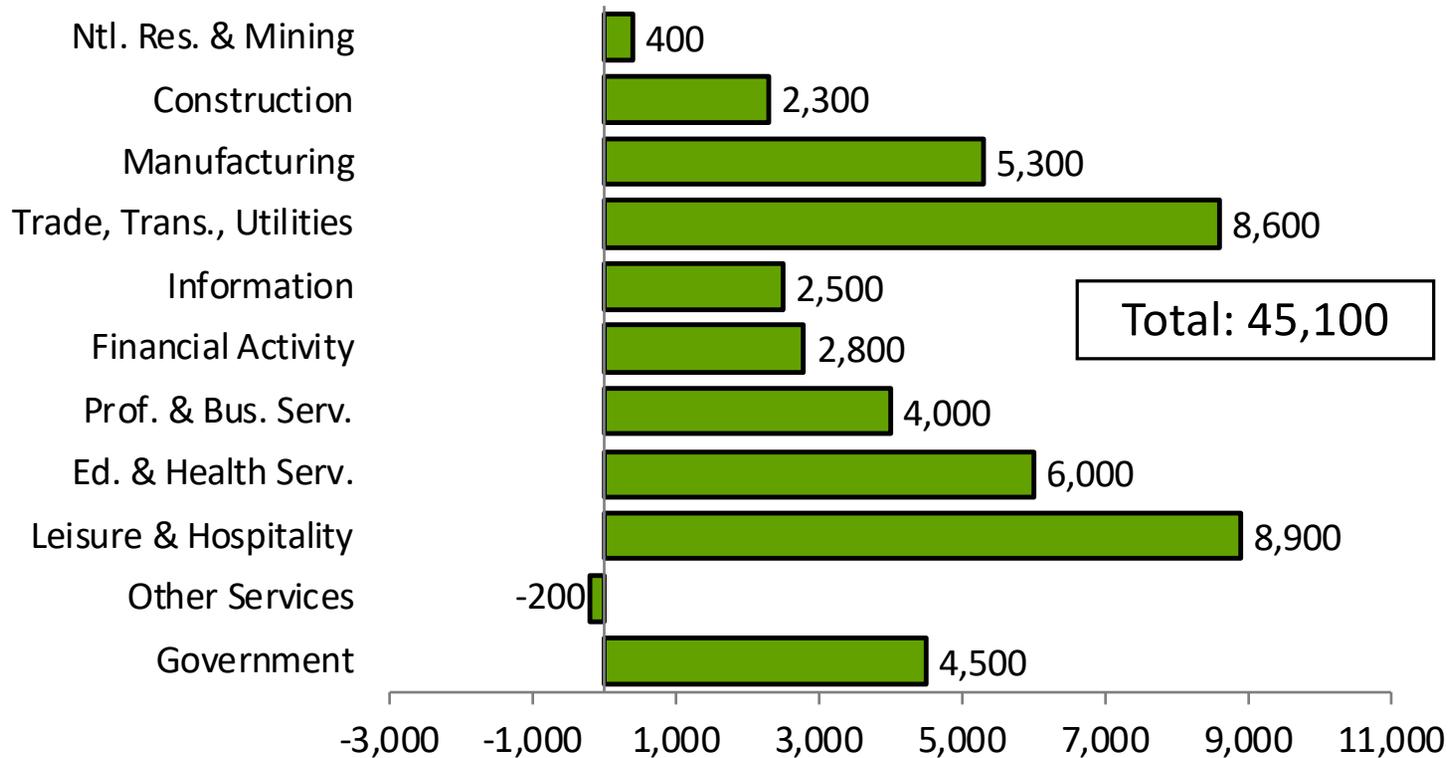
Percent Change in Utah Employment by Industry: March 2018 to March 2019



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Utah Industries Seeing Growth

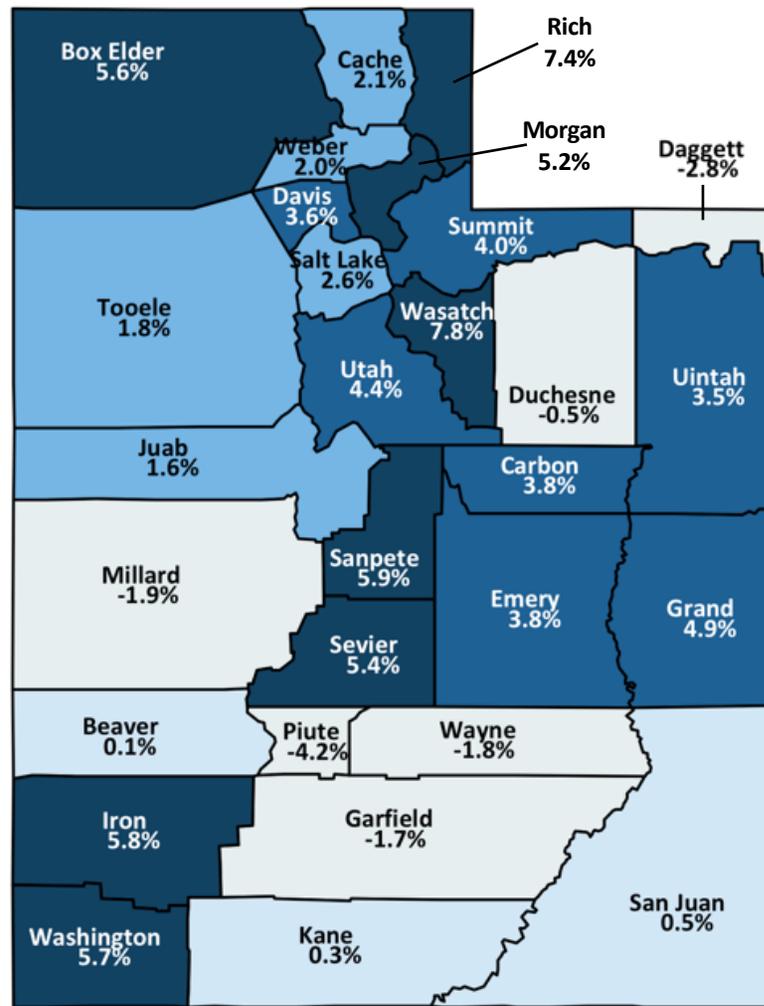
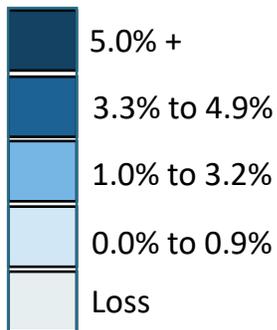
Total Change in Utah Employment by Industry: March 2018 to March 2019



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Utah Employment Change Rates By County March 2018 to March 2019

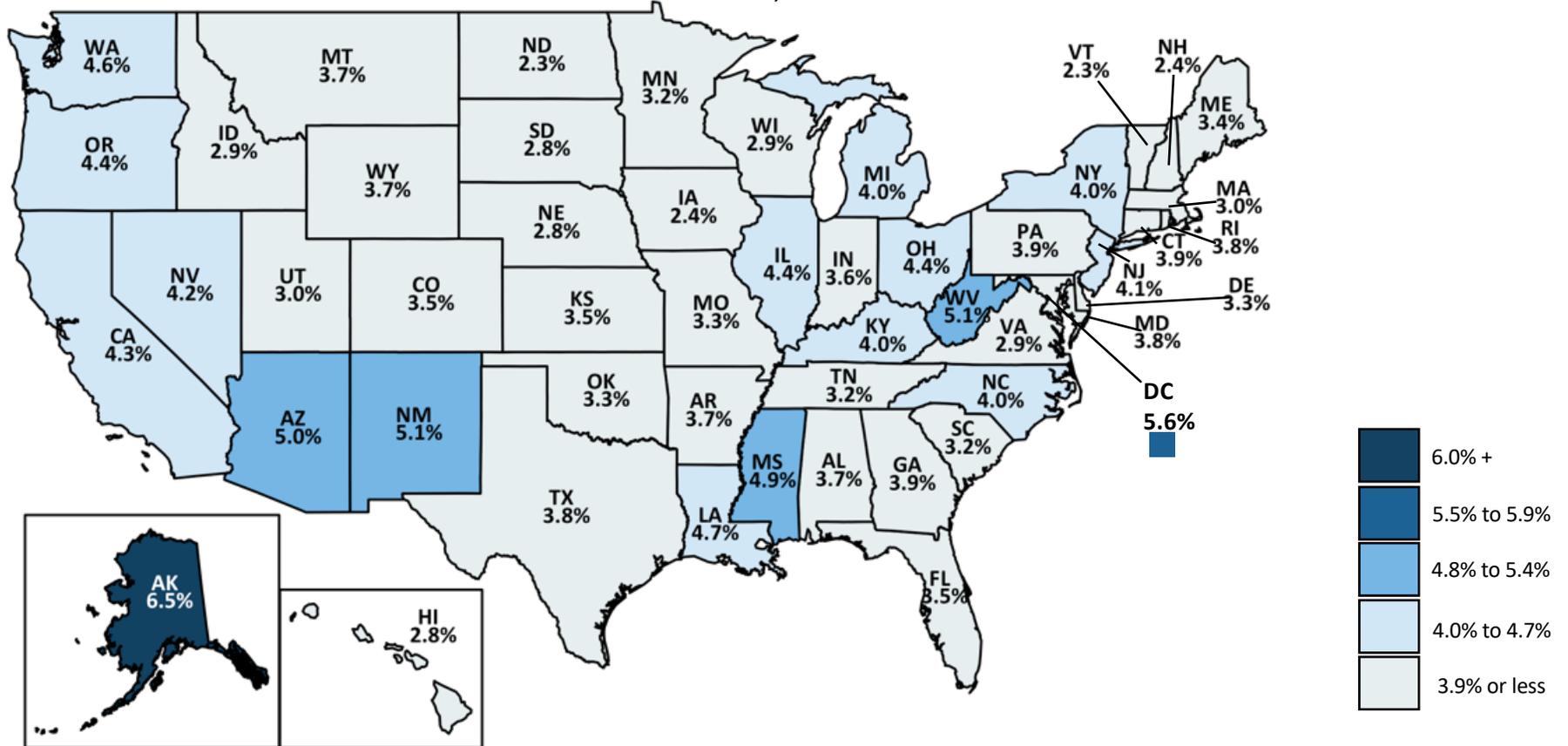
State Rate = 3.0%



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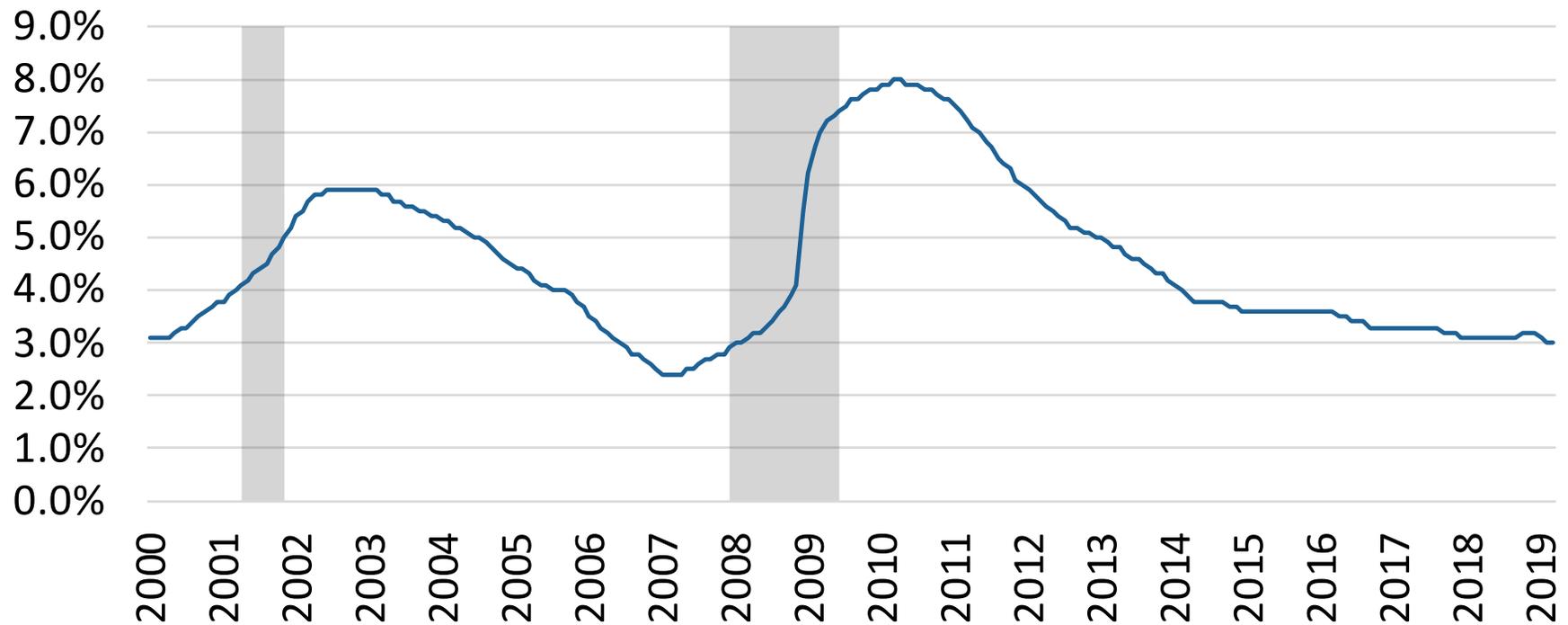
Utah Has the **12th Lowest** Unemployment Rate

March 2019 U.S. Rate = 3.8%, UT Rate = 3.0%



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Utah's Unemployment Rate is the Lowest Since 2008



— Utah Unemployment Rate

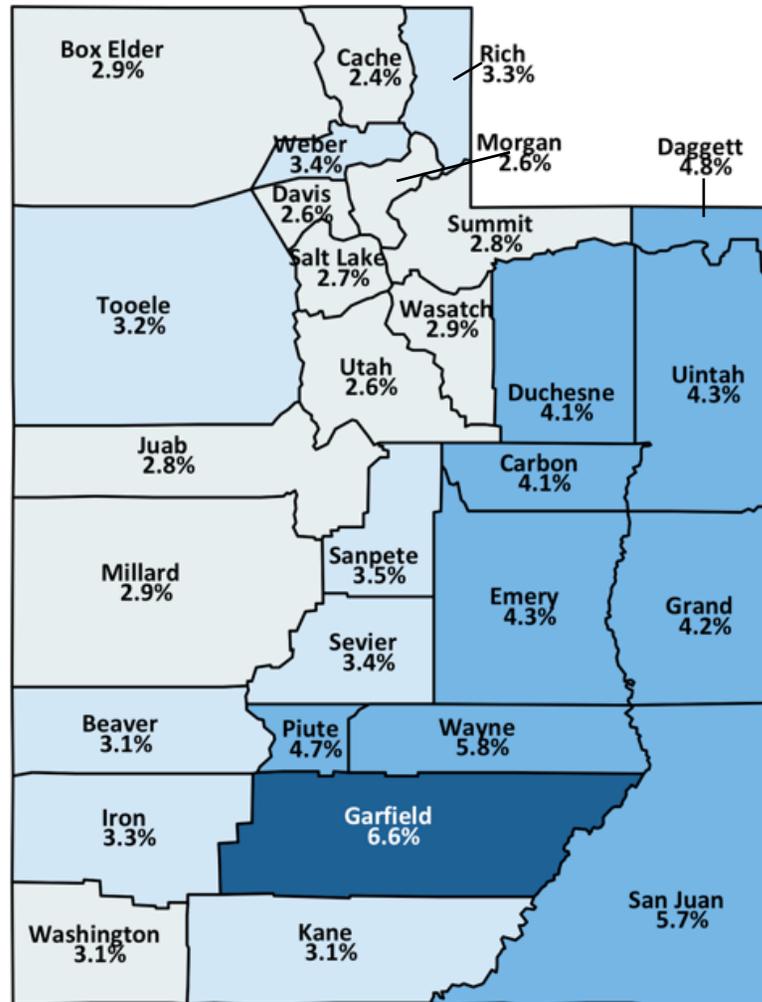
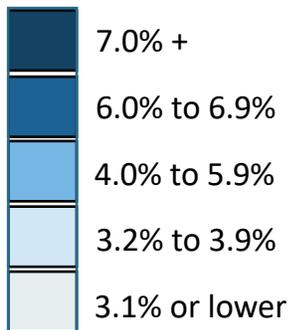
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Source: Bureau of Labor Statistics

Utah Unemployment Rates By County

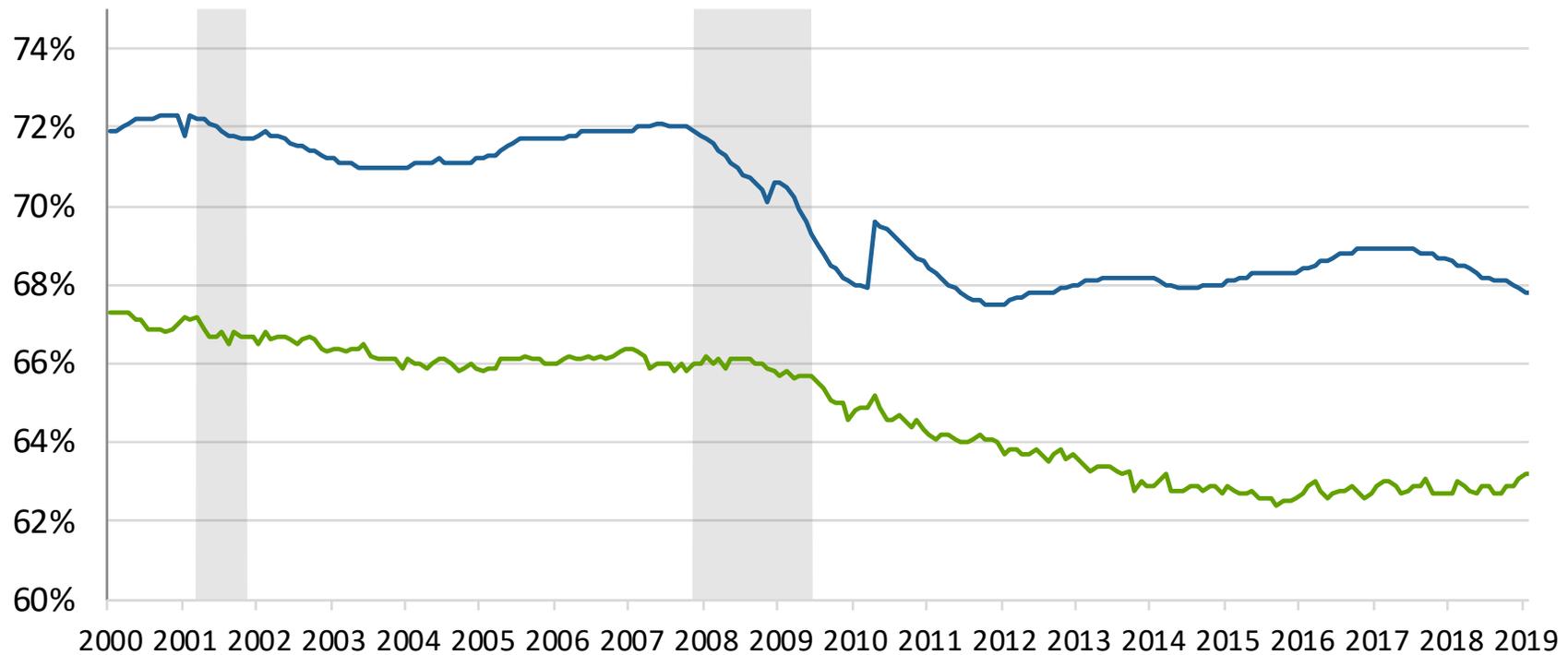
March 2019

State Rate = 3.0%



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Utah Labor Force Participation Rate Higher than Nation



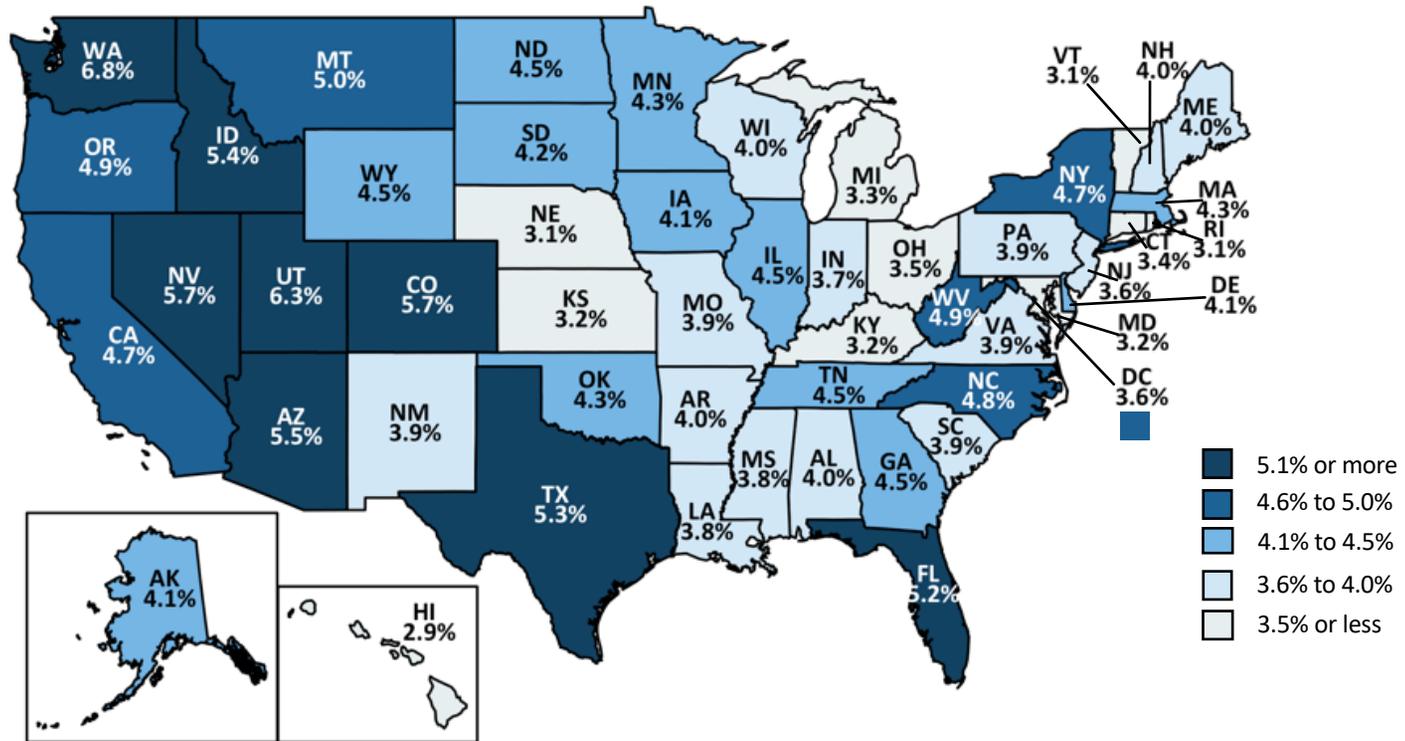
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Source: Bureau of Labor Statistics and Utah Dept. of Workforce Services

Utah Personal Income Growth 2nd Highest in the Nation

Percent Change in Personal Income : 2017 - 2018

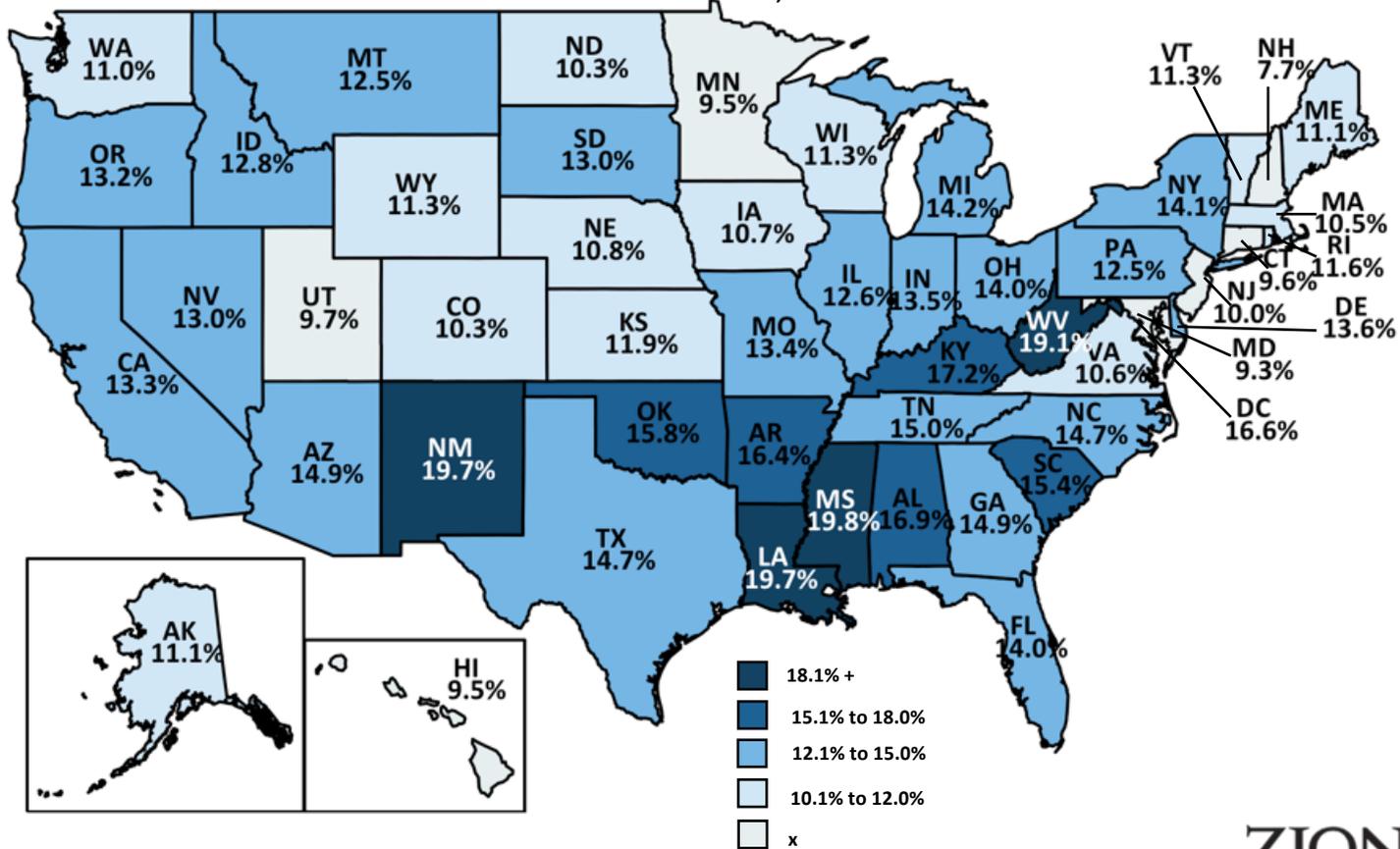
U.S. = 4.5%, UT = **6.3%** ID = **5.4%** WY = **4.5%**



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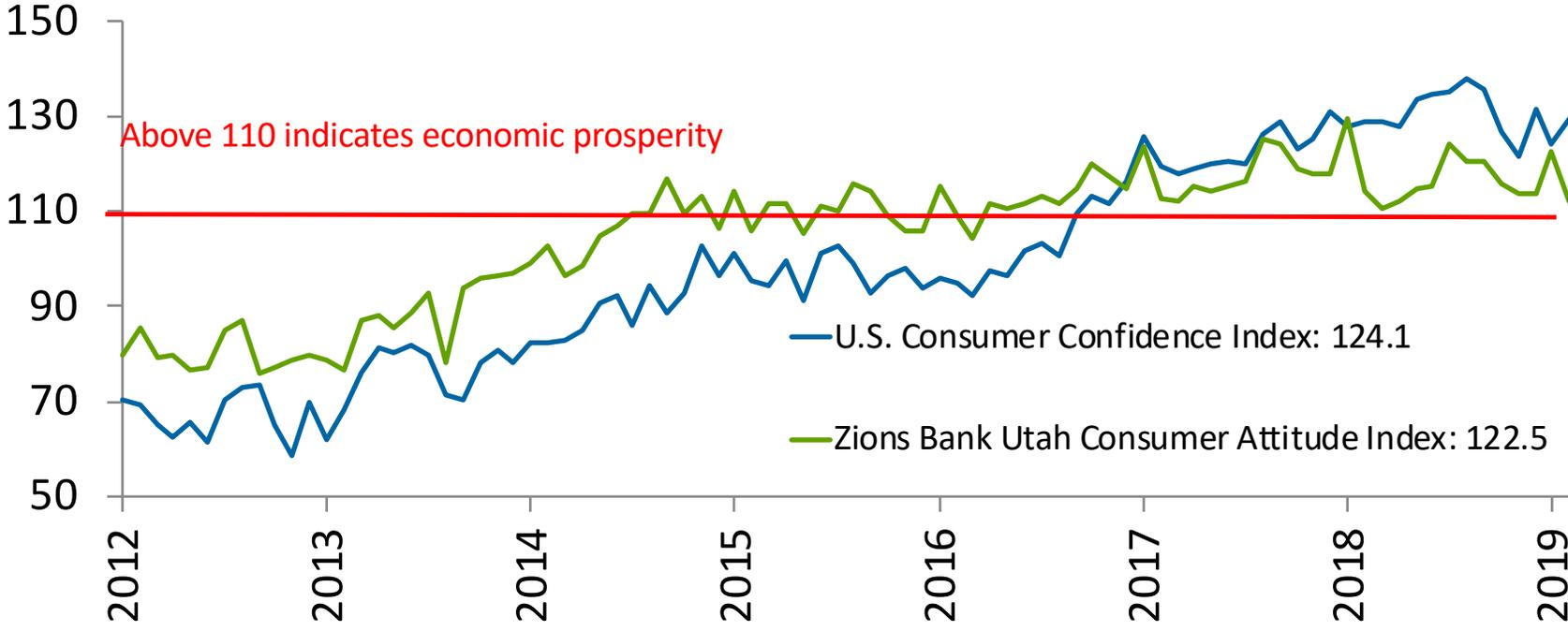
Utah has the 6th Lowest Poverty Rate

2017 U.S. Rate = 13.4%, UT = 9.7%



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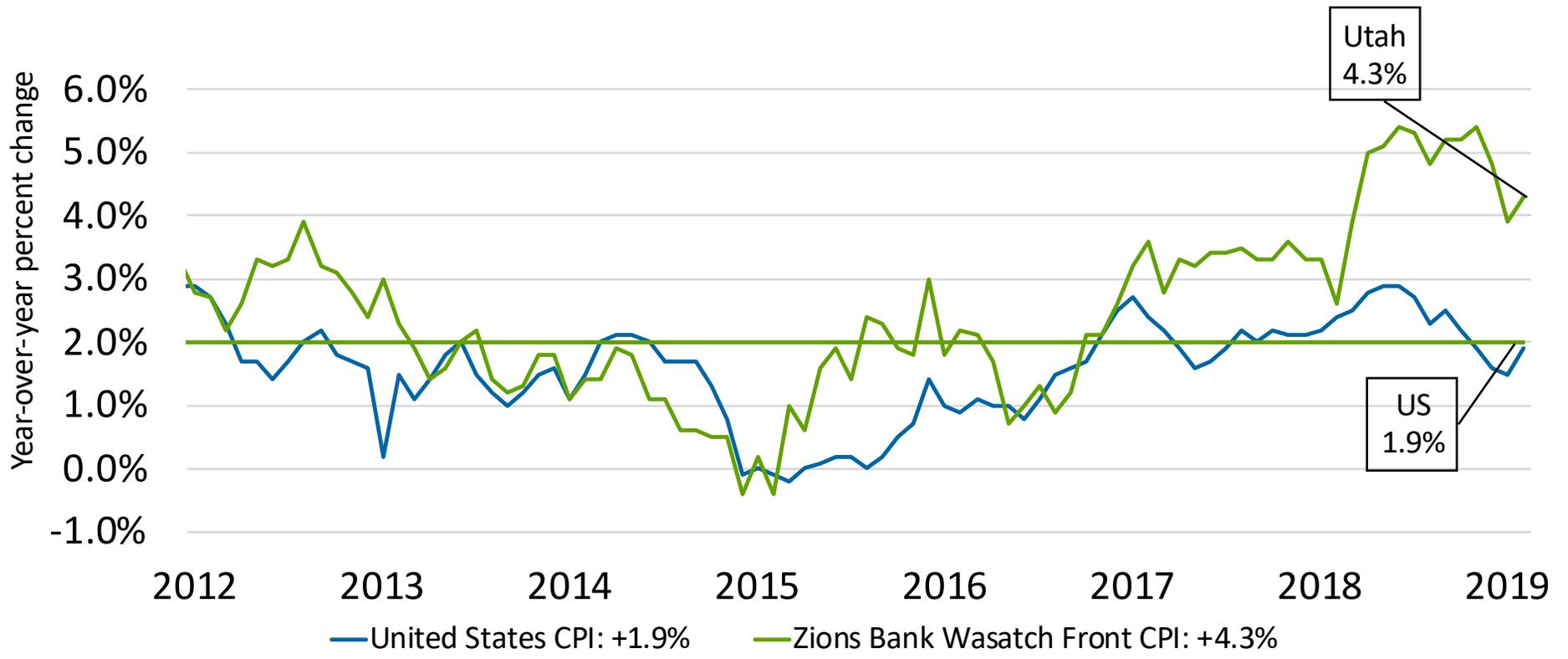
Utah Consumer Sentiment Lower Than US



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Sources: Conference Board and Cicero Group

Wasatch Front Inflation Near All-Time Highs



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Source: U.S. CPI from National Bureau of Labor Statistics and Wasatch Front CPI from Cicero Group

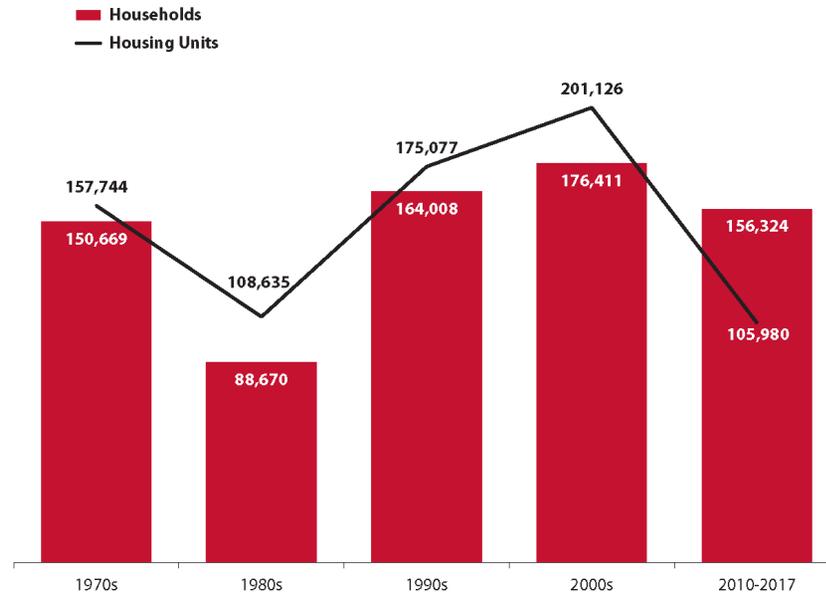
Utah Housing

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Households Surpass Housing Units

New housing units and households in Utah

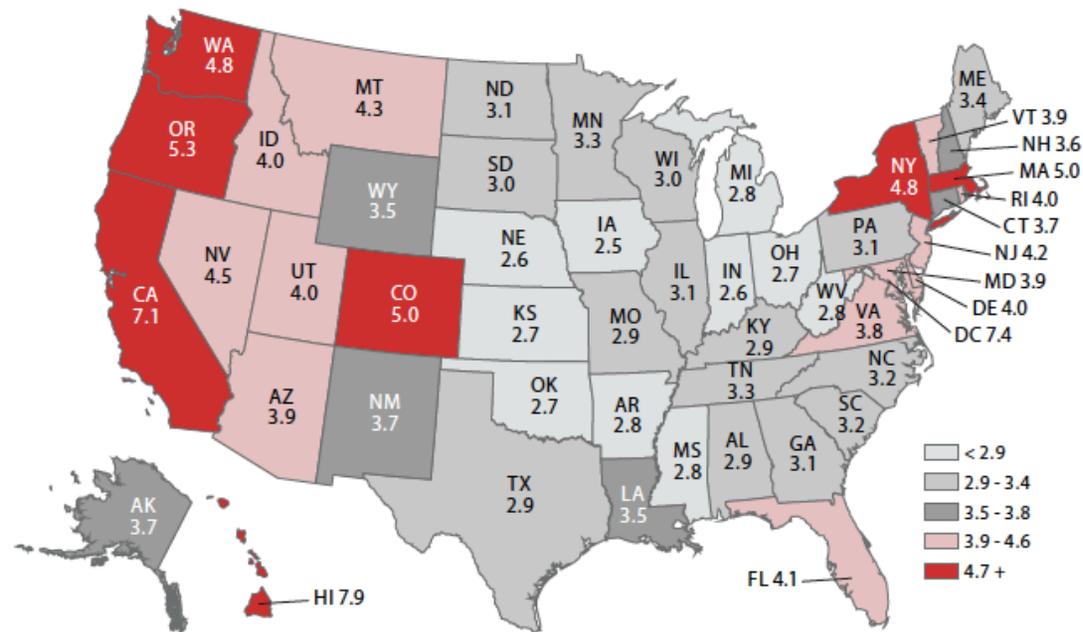


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Source: Kem C. Gardner Policy Institute Population Projections and Ivory Boyer Construction Database

Growth in Utah and Idaho Home Values Far Outpacing Income Growth

United States = 3.5



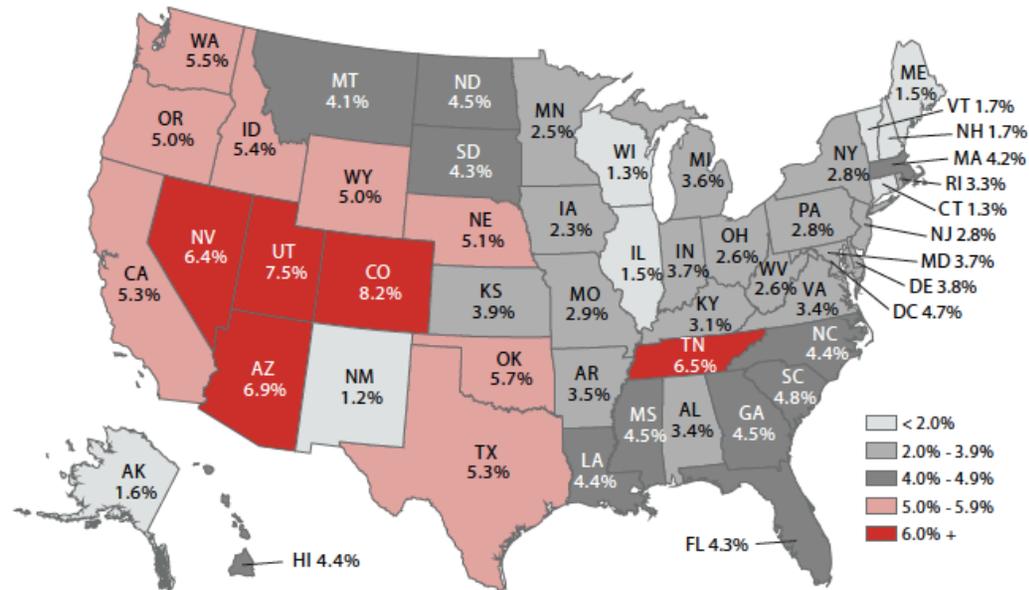
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Source: Kem C. Gardner Policy Institute

Utah's growth in mortgage debt burden second in nation

Growth in mortgage debt balance per capita, 2016-2017

United States = 4.3%



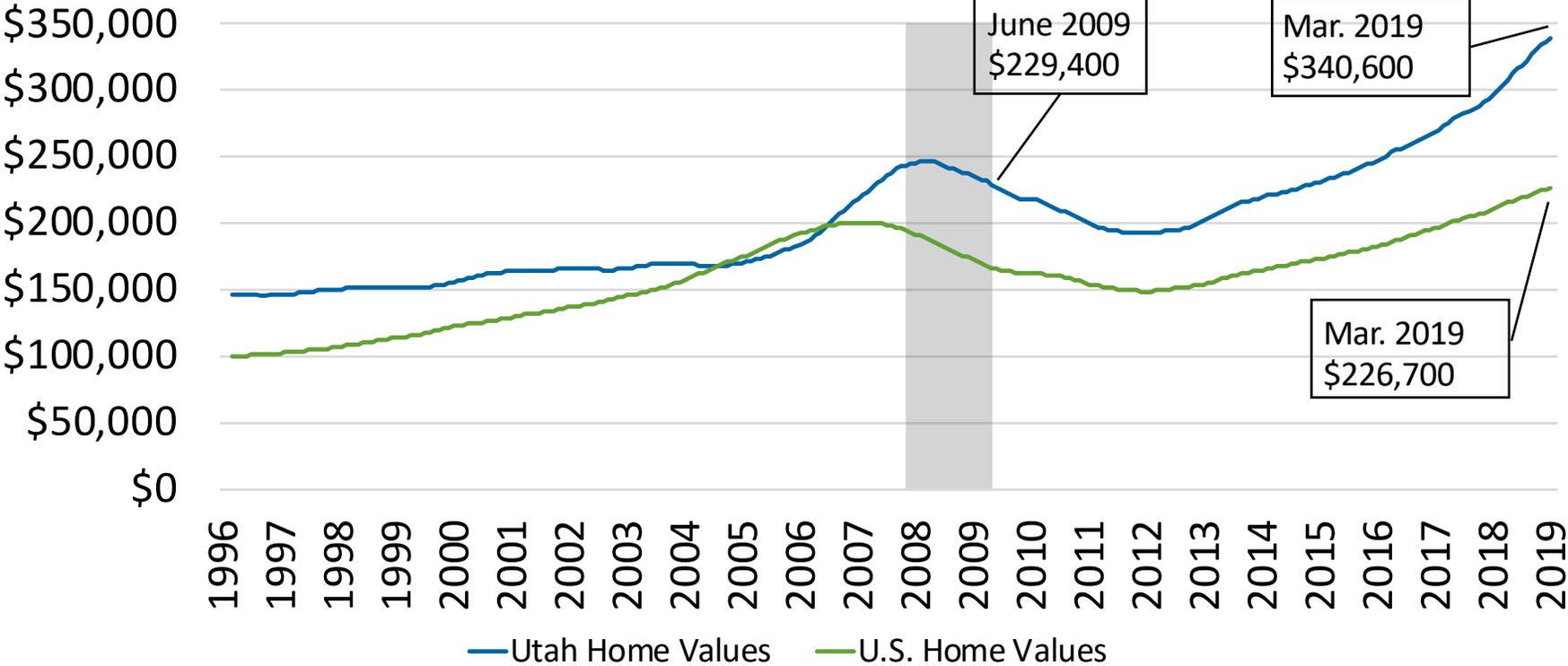
Note: Population is ages 18 years and older with an Equifax credit file; District of Columbia mortgage debt per capita = \$62,080.
 Source: Federal Reserve Bank of New York State Level Household Debt Statistics 2003-2017

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Source: Kem C. Gardner Policy Institute

Utah Home Values

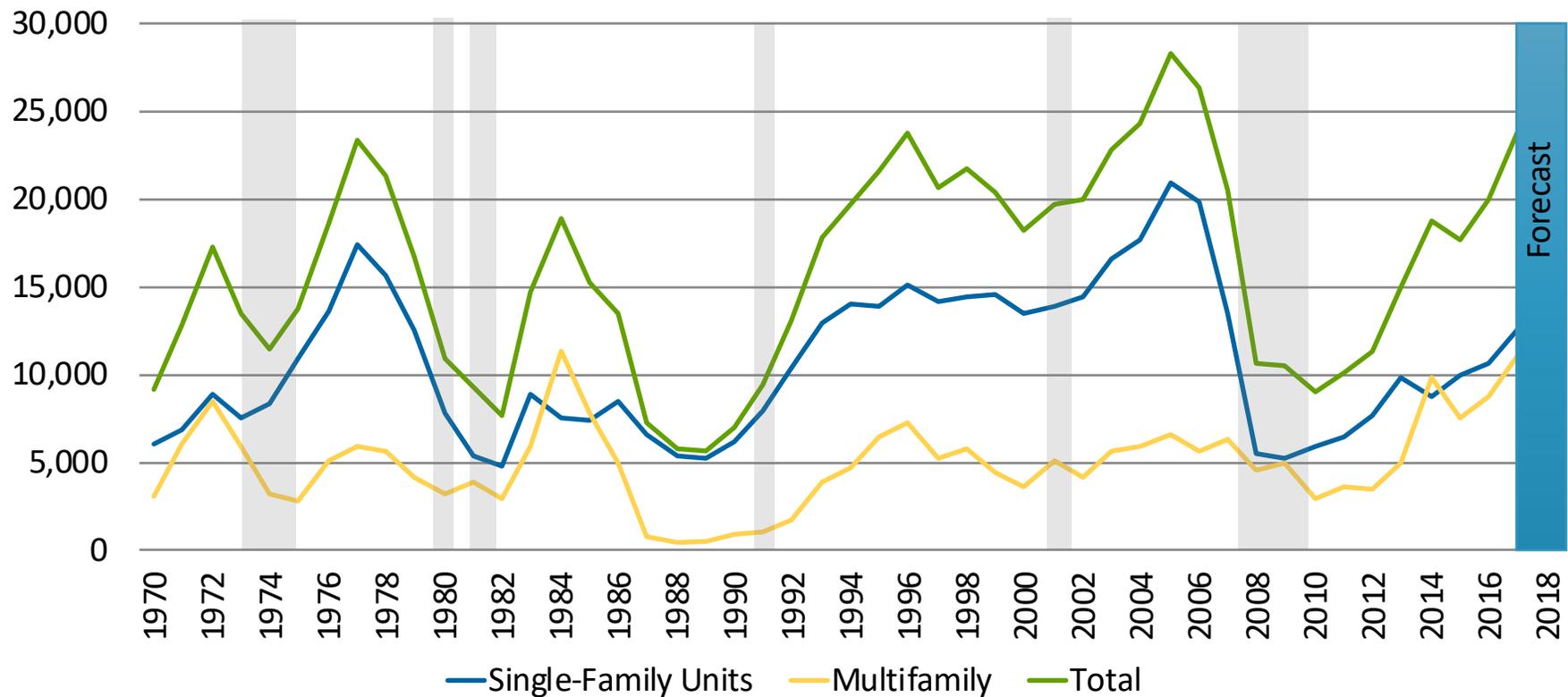
All homes



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Source: Zillow Research

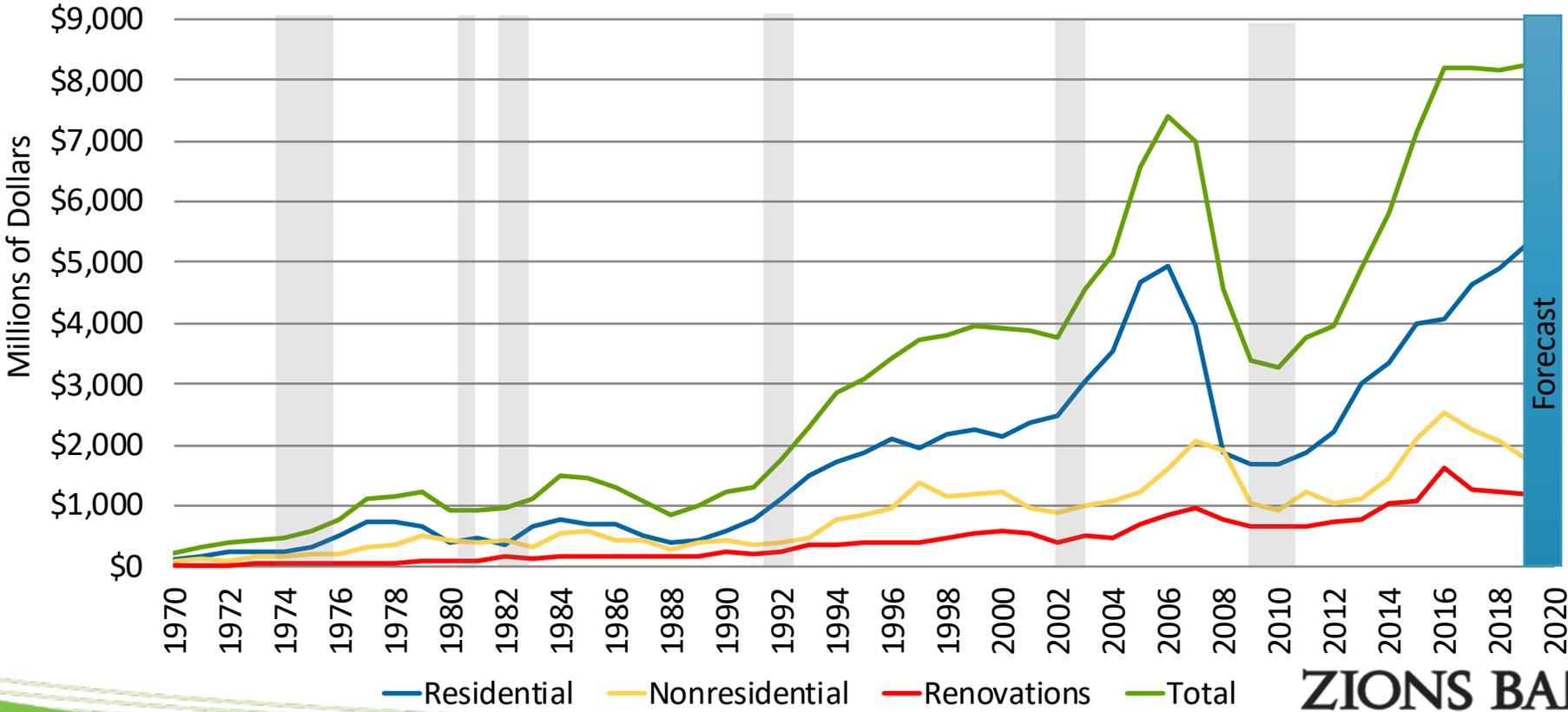
Utah Residential Construction Activity Continues to Rise



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Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute

Utah Value of New Residential Construction Permits Increasing



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Source: State of Utah Revenue Assumptions Working Group, Moody's Economy.com, and IHS Global Insight

Economic Summary

- ↑ • US economy on pace for longest ever
- ↓ • National and international uncertainty
 - Trade wars
 - Brexit
- ↓ • Labor shortages intensifying
- ↑ • Inflation remains low
- ↔ • Interest rate increases on hold
- ↑ • Economic fundamentals in the Intermountain West remain strong
 - Population
 - Employment
- ↓ • Affordable housing becoming scarce

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**WE HAVEN'T FORGOTTEN
WHO KEEPS US IN BUSINESS®**

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Economic and Public Policy Officer

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