Zions Bank Economic Overview

Utah Institute of Real Estate Management Economic Summit

- September 12, 2017

National Economic Conditions

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August Job Indicators

Indicator	Expectation	Actual
Total Nonfarm Payrolls	180,000	156,000
Unemployment Rate	4.3%	4.4%
Private Payrolls	180,000	165,000
Monthly Average Hourly Wage Growth	0.2%	0.1%
Yearly Average Hourly Wage Growth	2.5%	2.5%
Labor Force Participation		62.9%

Sources: Wall street Journal and Bureau of Labor Statistics

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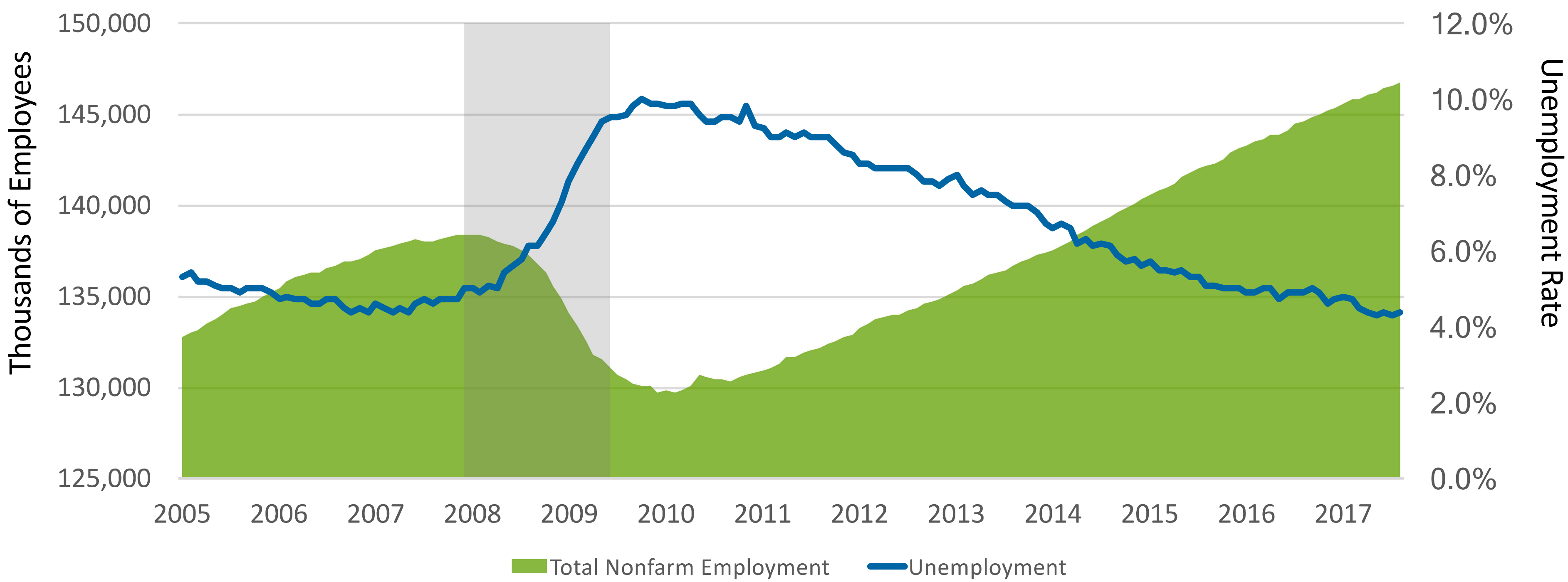
156,000 Jobs Added in August
83rd Consecutive Month of Growth
Unemployment Near 16 Year Low



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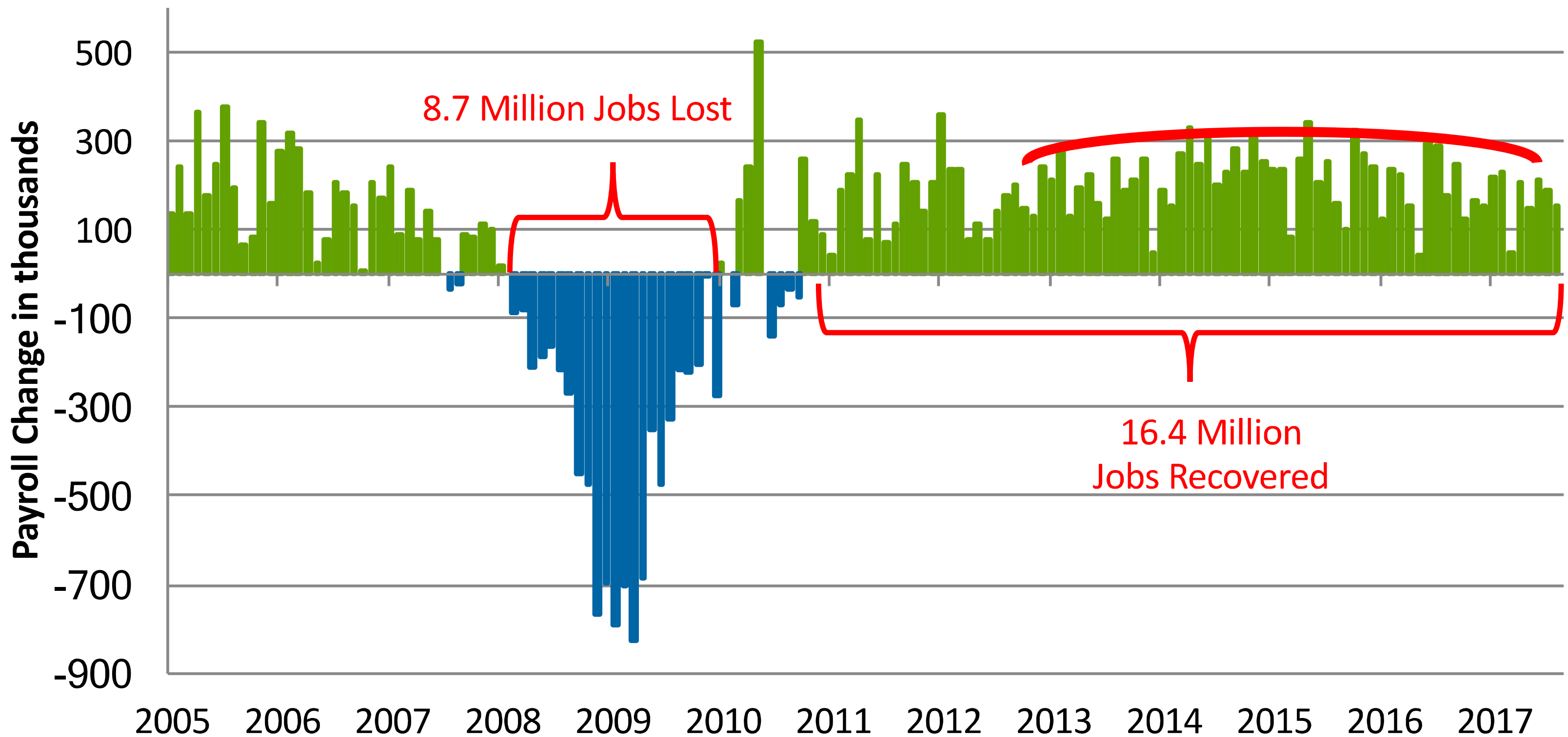
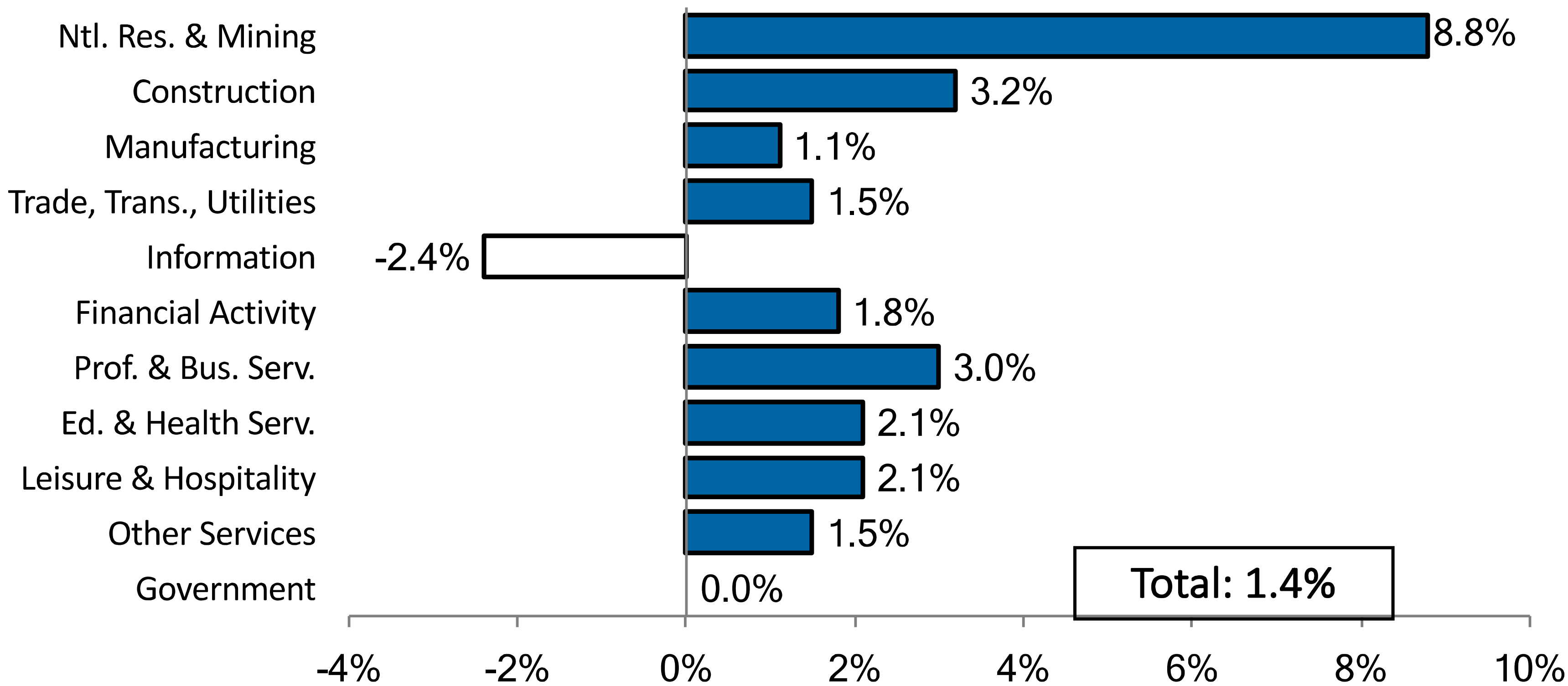
156,000 Jobs Added in August



Source: Bureau of Labor Statistics

National Employment Change

Percent Change in National Employment by Industry: August 2016 to August 2017



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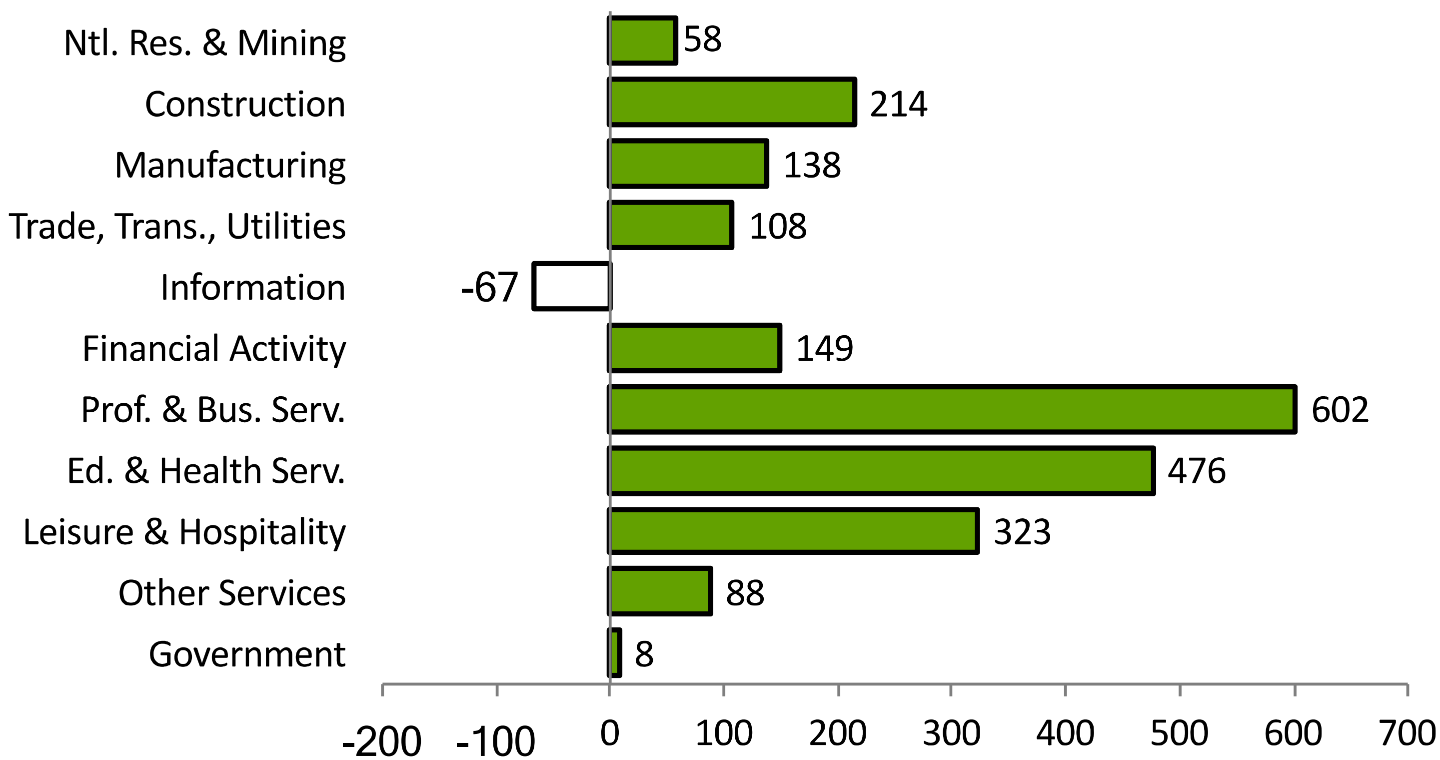
Source: Bureau of Labor Statistics

National Employment Change

Total Change in Number of Jobs by Industry in Thousands: August 2016 to August 2017



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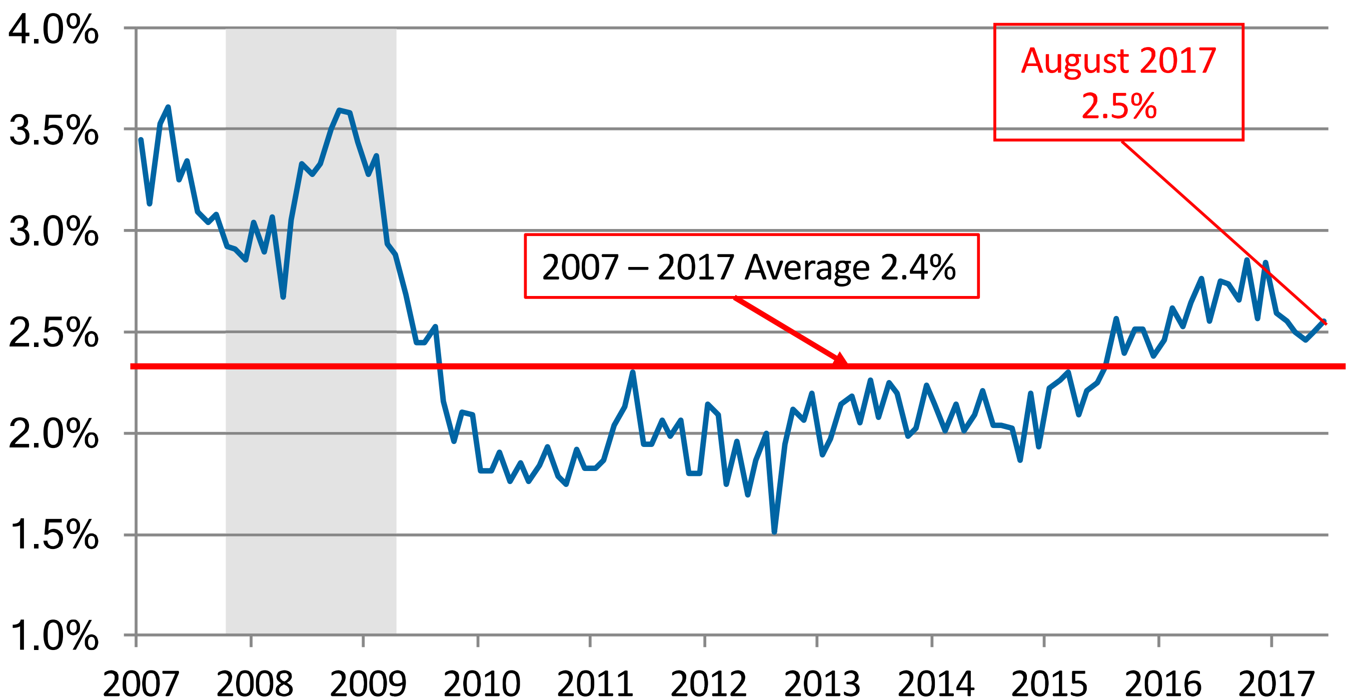
Source: Bureau of Labor Statistics

Wage Growth Stagnant



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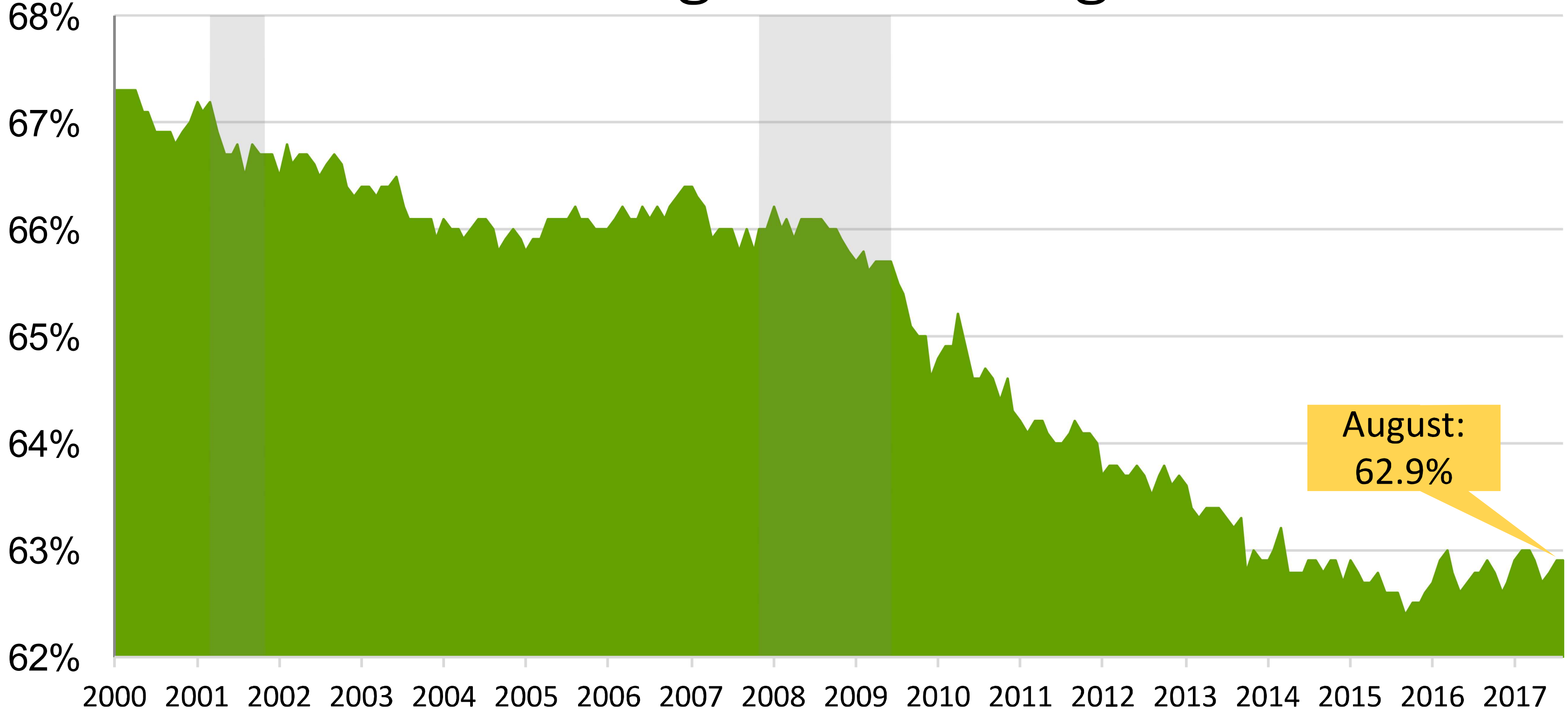
Source: Federal Reserve Bank of St. Louis

Labor Force Participation Seeing Little Change



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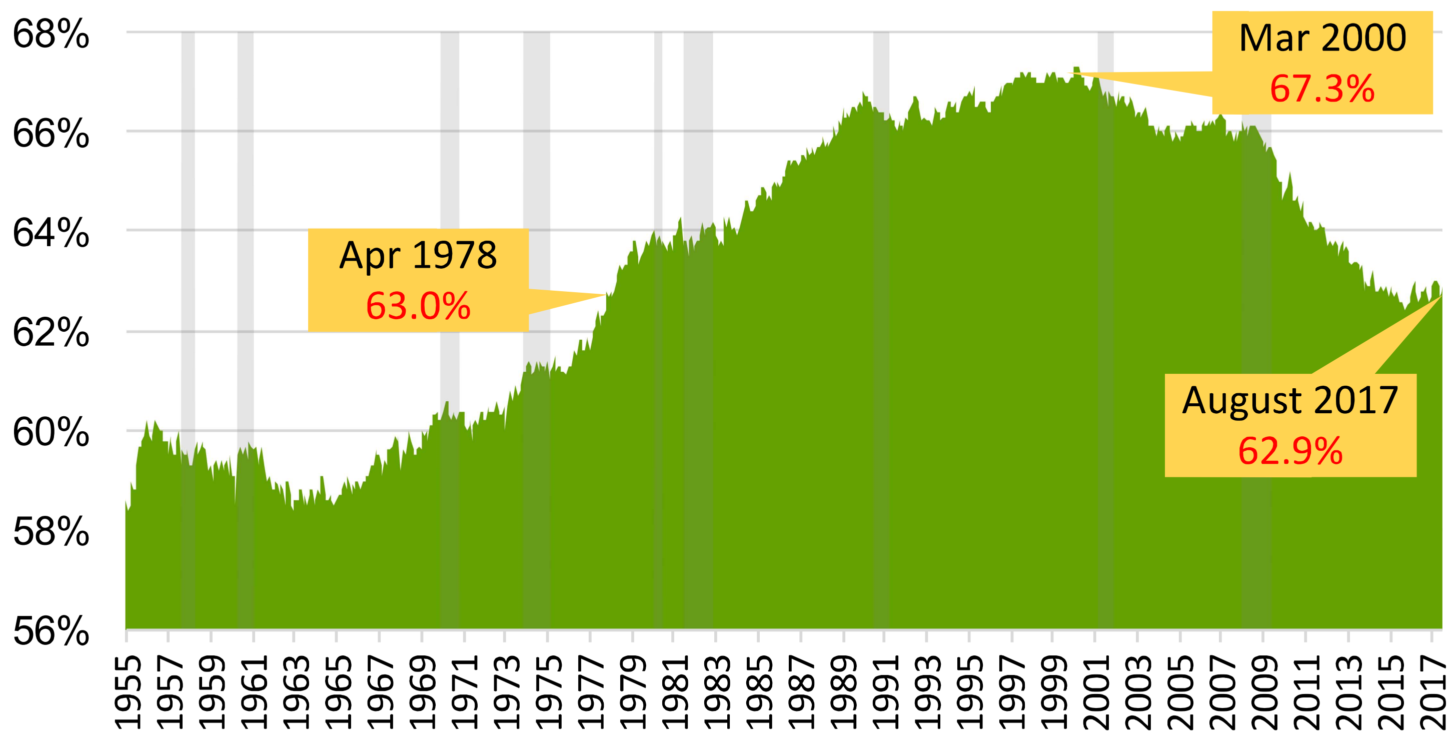
Source: U.S. Bureau of Labor Statistics

Labor Force Participation
Among Lowest Level in Almost 40 Years



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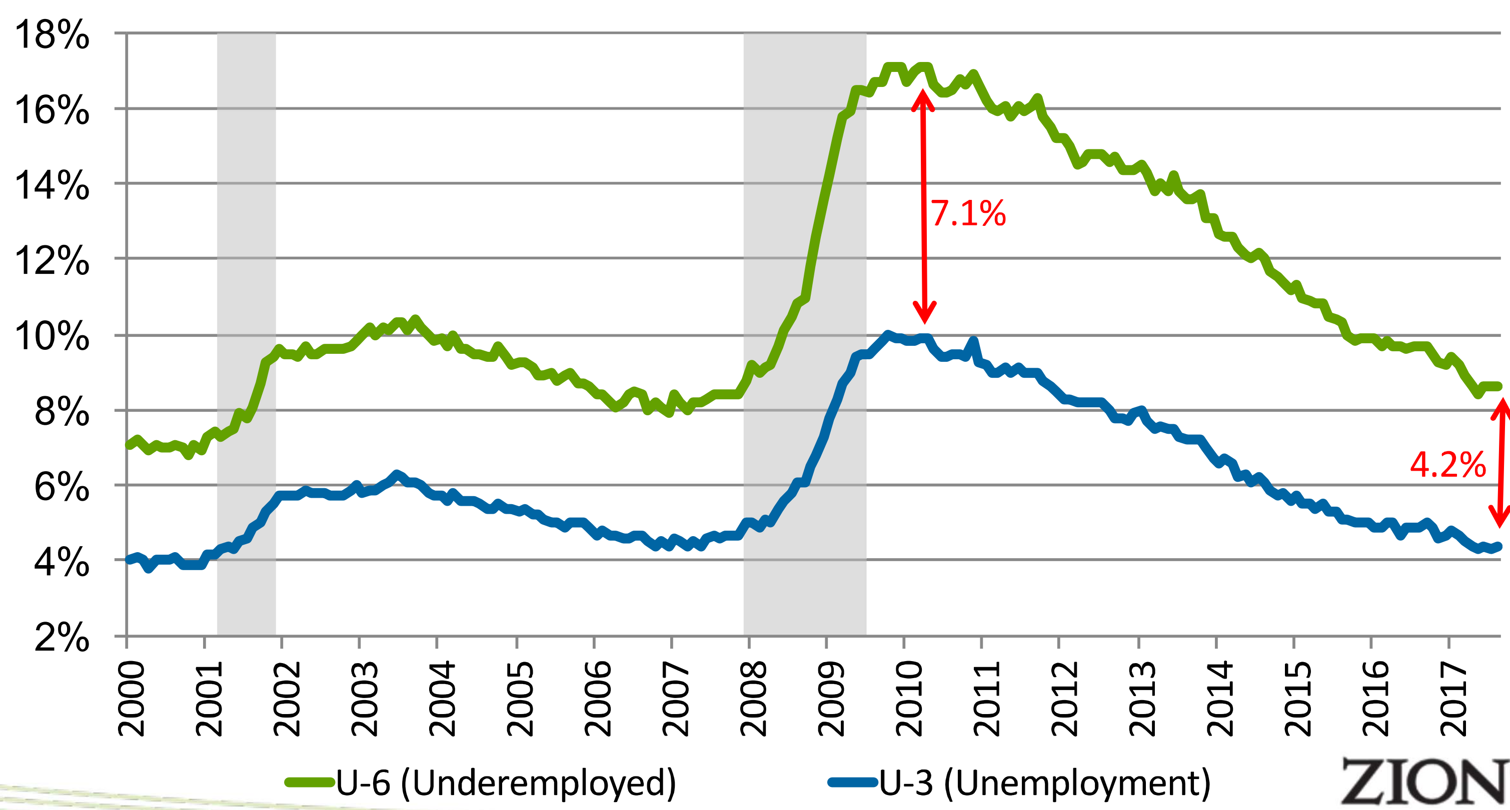
Source: U.S. Bureau of Labor Statistics

Unemployment and Underemployment



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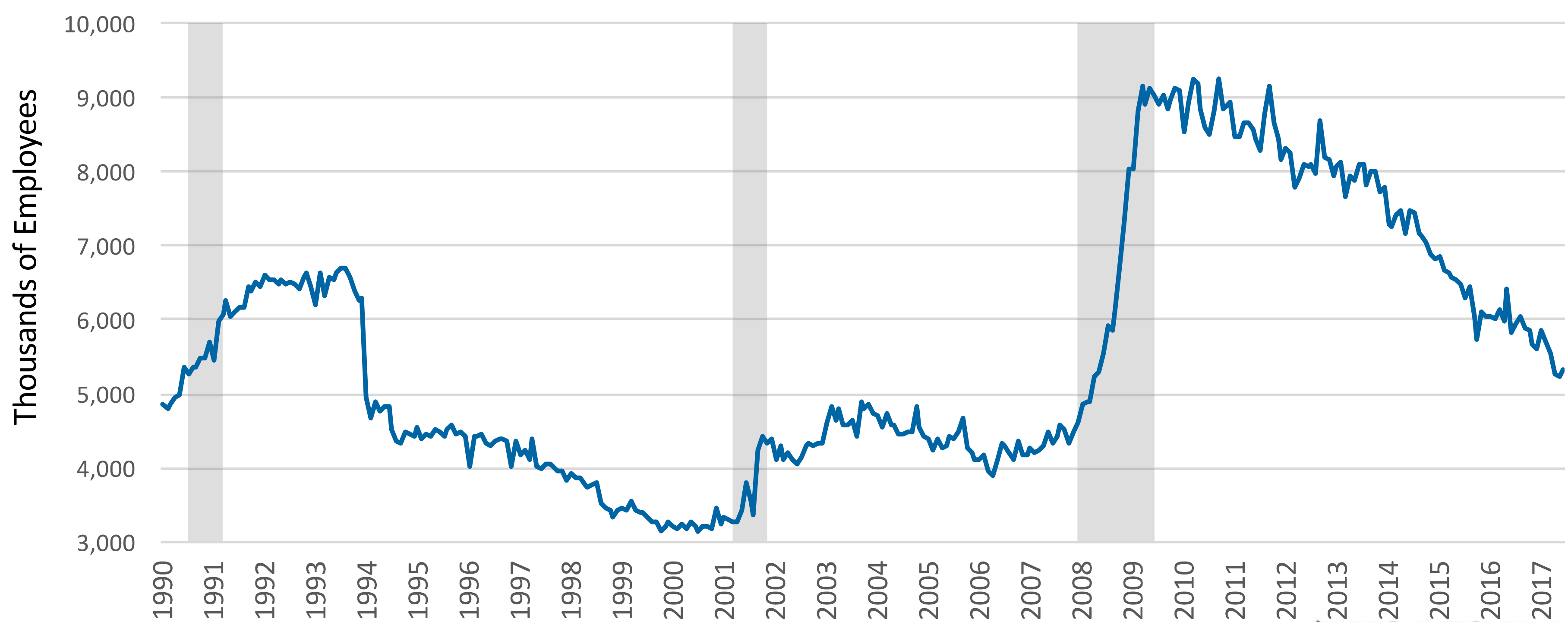
Source: Bureau of Labor Statistics

The Number of Part-time Workers for Economic Reasons Spiked during the Great Recession



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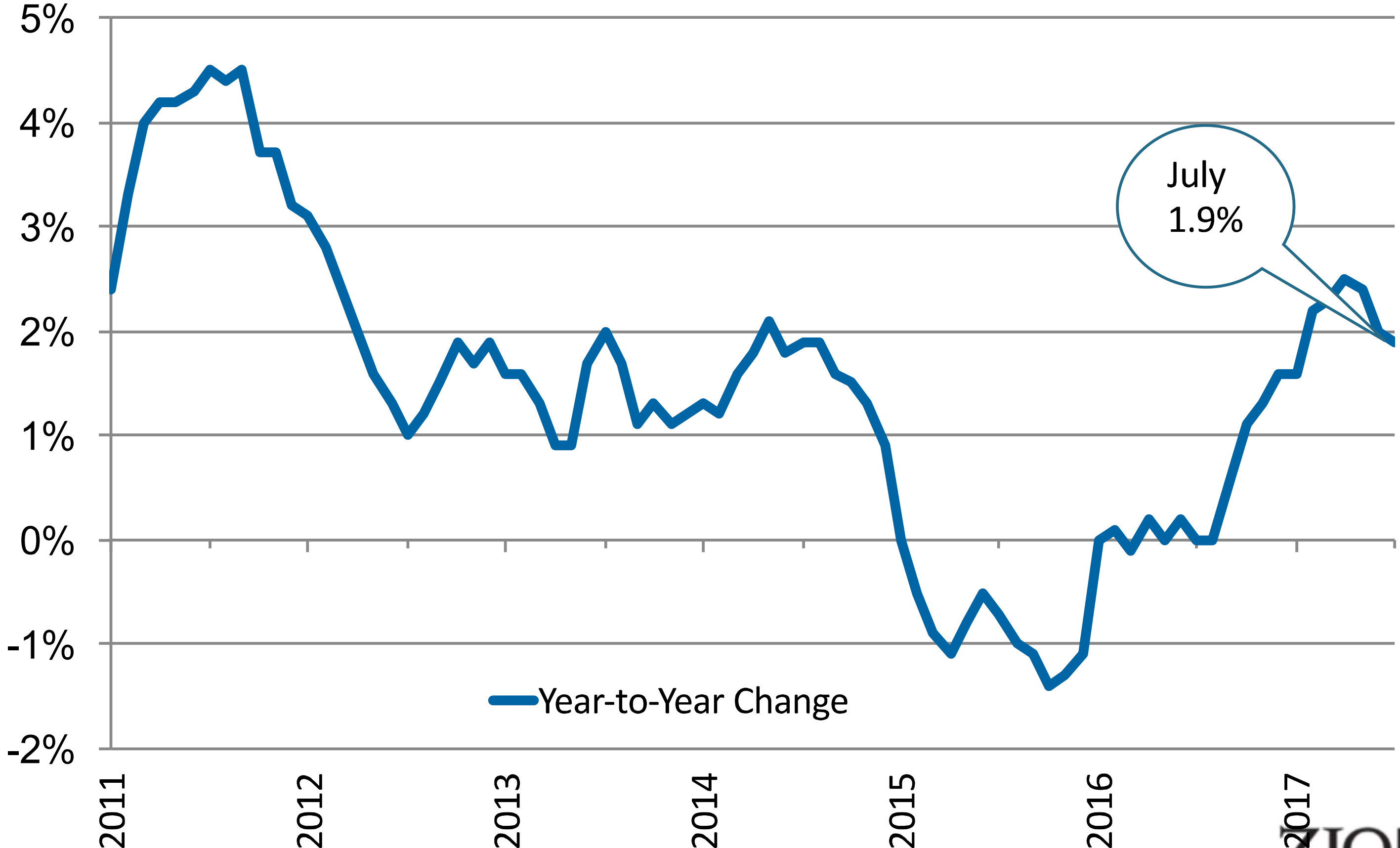
Long-Term Unemployment rose slightly in July

Sources: Federal Reserve Bank of St. Louis, Numbers are rounded

Producer Price Index declining



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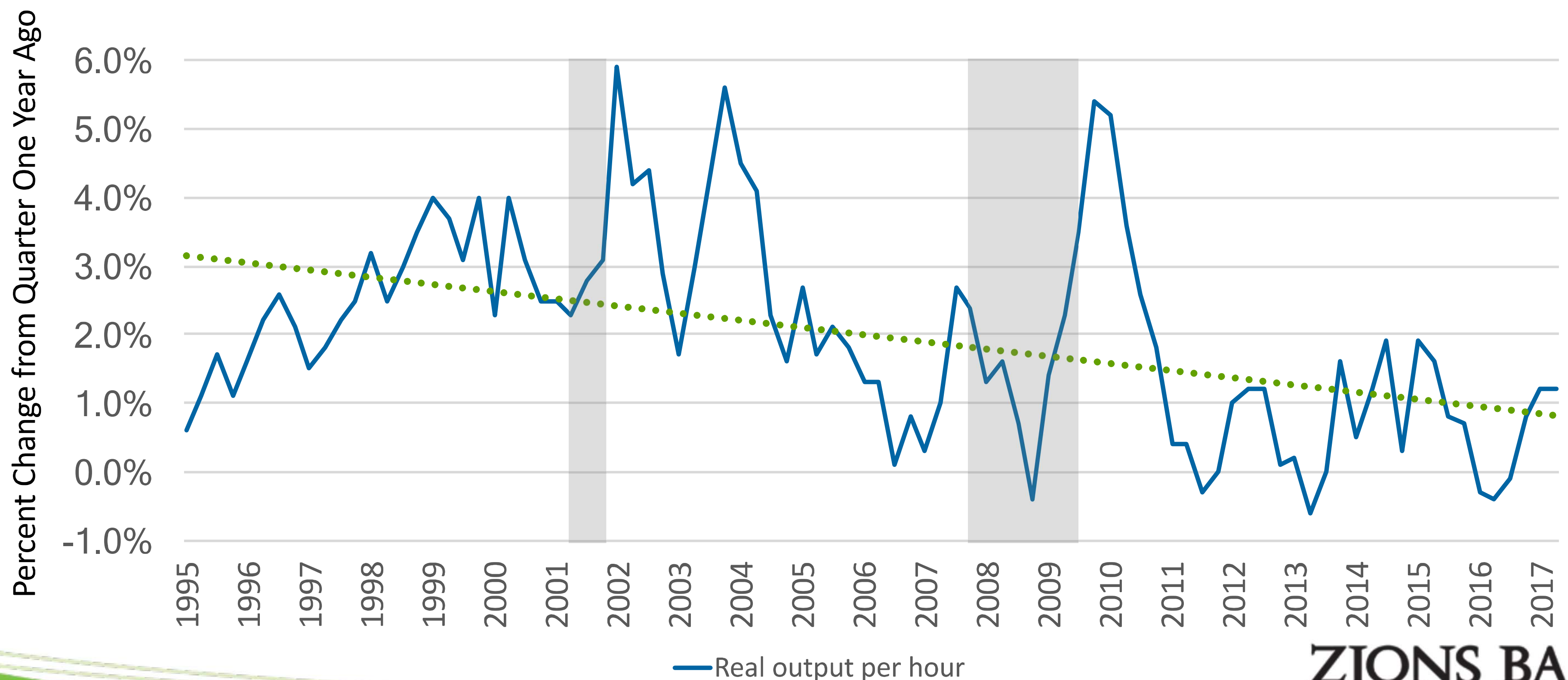
Source: Bureau of Labor Statistics

Labor productivity has declined since strong growth during late 1990's and early 2000's



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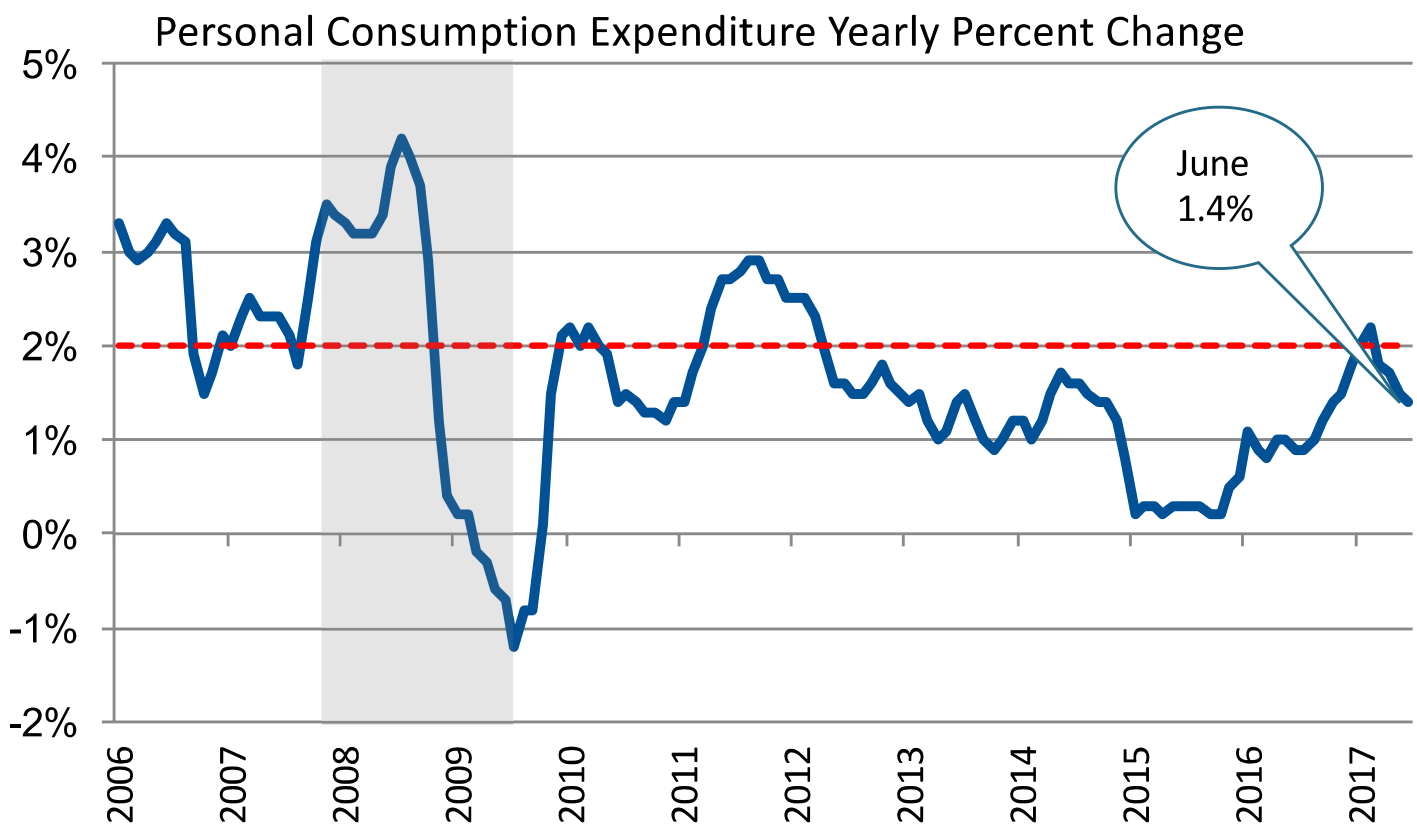
Source: Bureau of Economic Analysis

Growth in Consumer Spending Under Par



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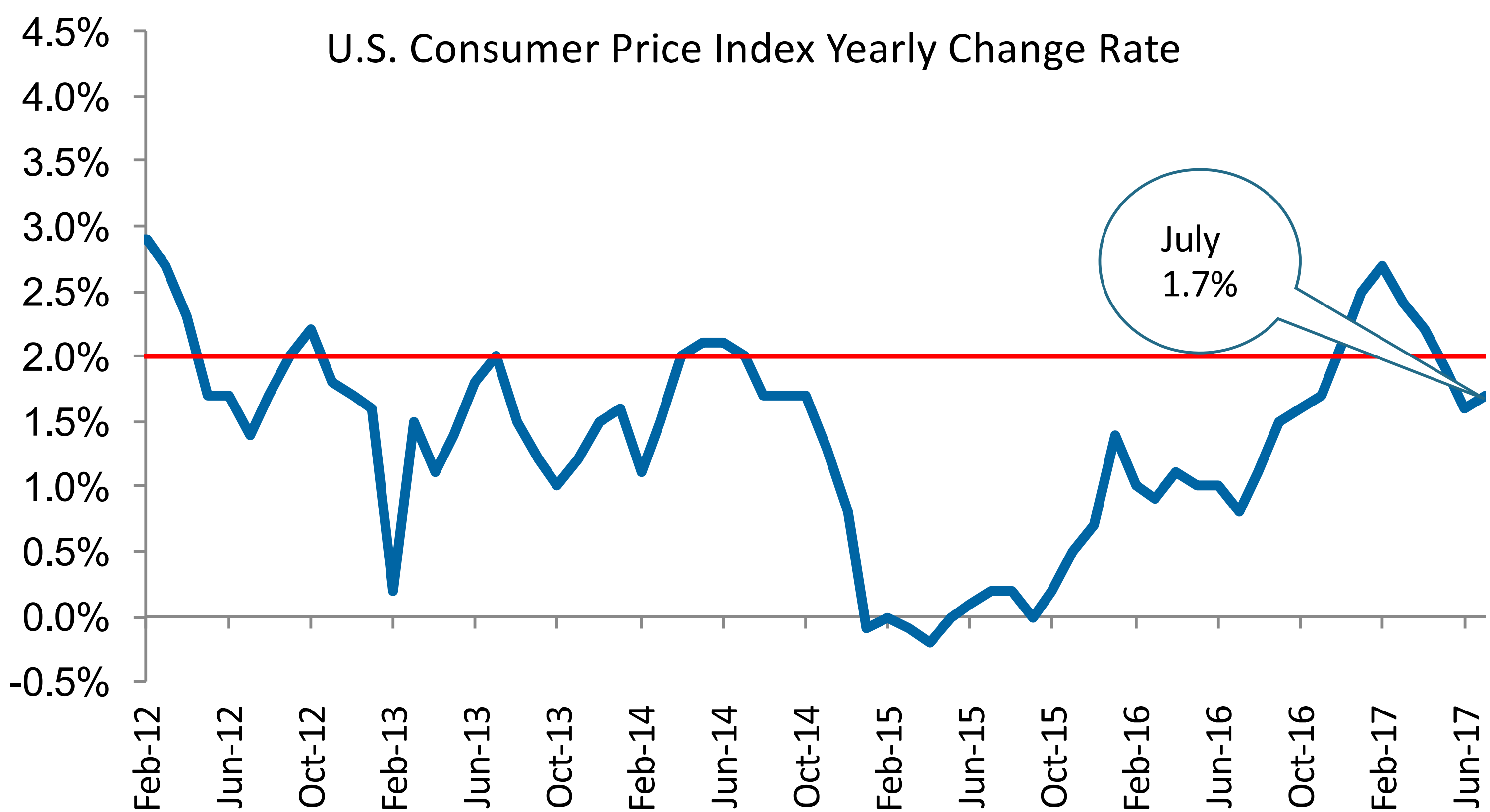
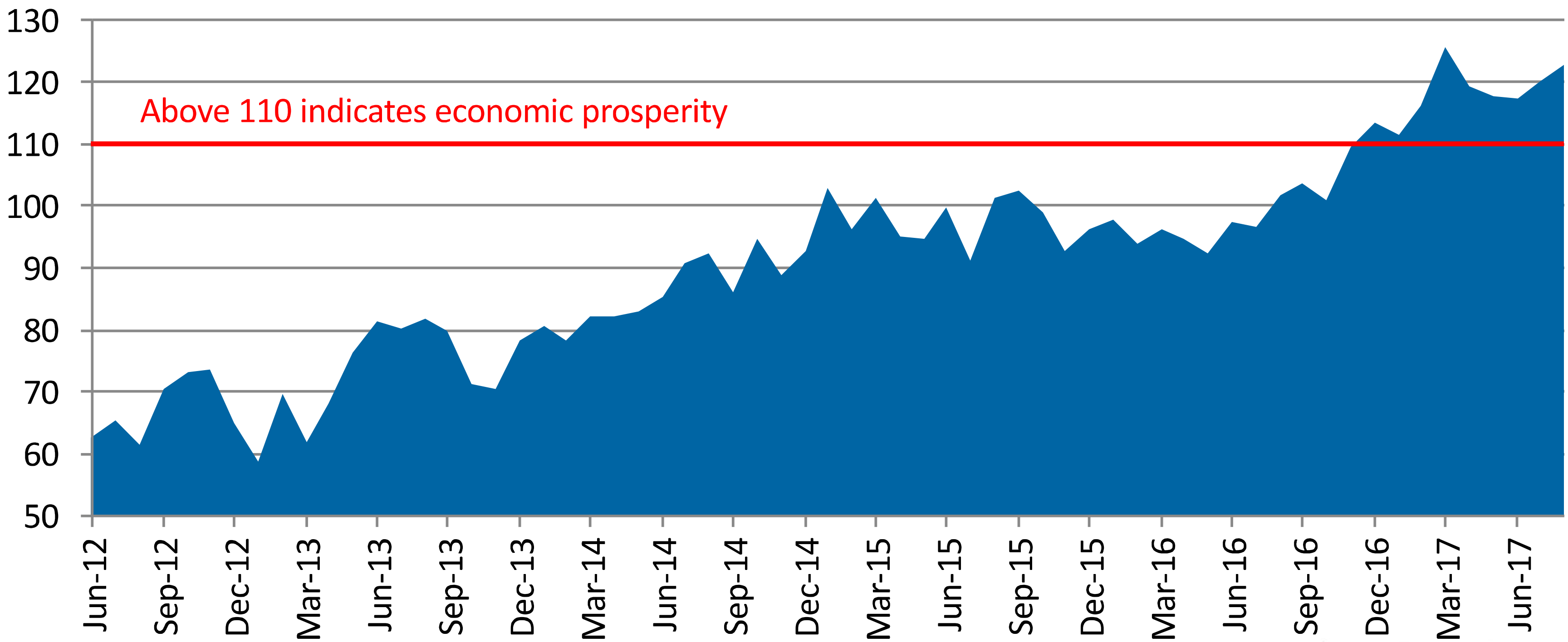
Source: Bureau of Economic Analysis

Inflation Continues to Underperform



Source: Bureau of Labor Statistics

Current Level of Consumer Confidence Remains High



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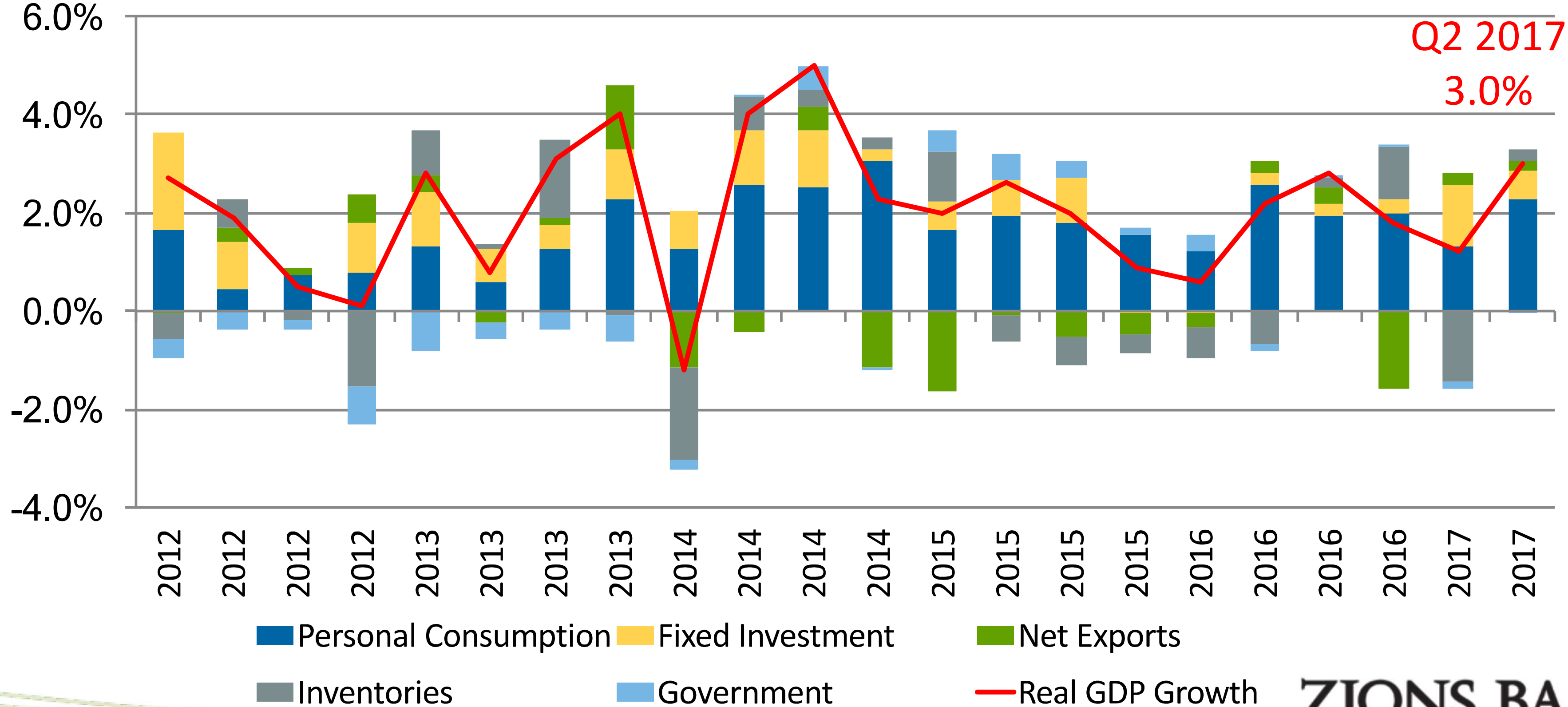
Source: The Conference Board

Real GDP Growth



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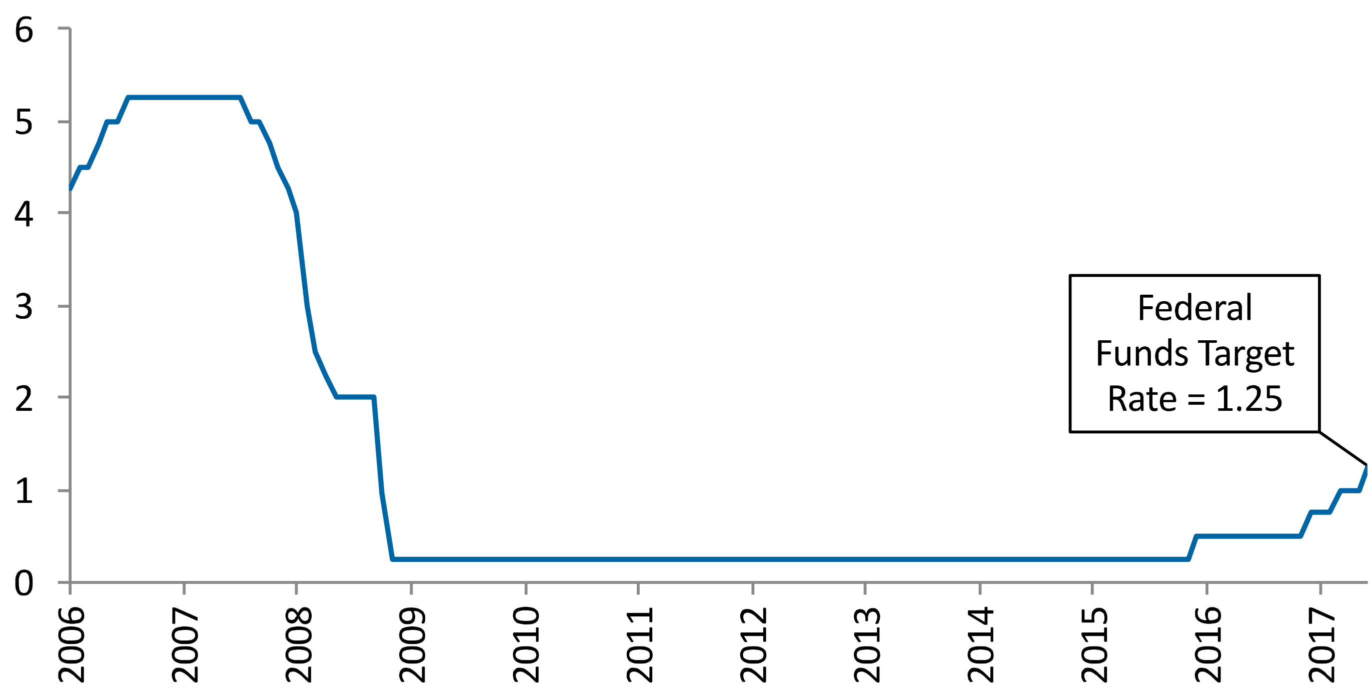
Source: Bureau of Economic Analysis

Federal Funds Target Rate Sees 4th Increase in Over a Decade



Source: U.S. Federal Reserve

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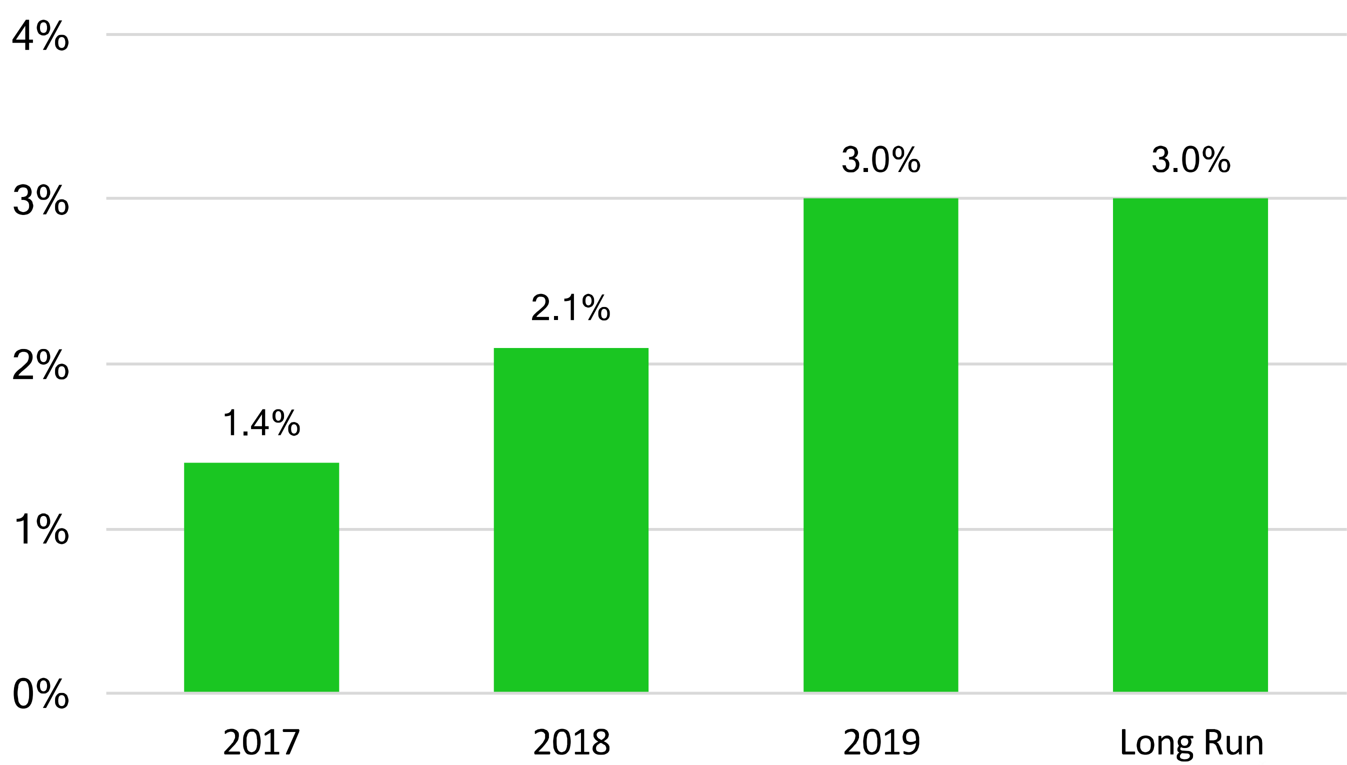
Fed Rate Increase Projections



Source: Board of Governors of the Federal Reserve

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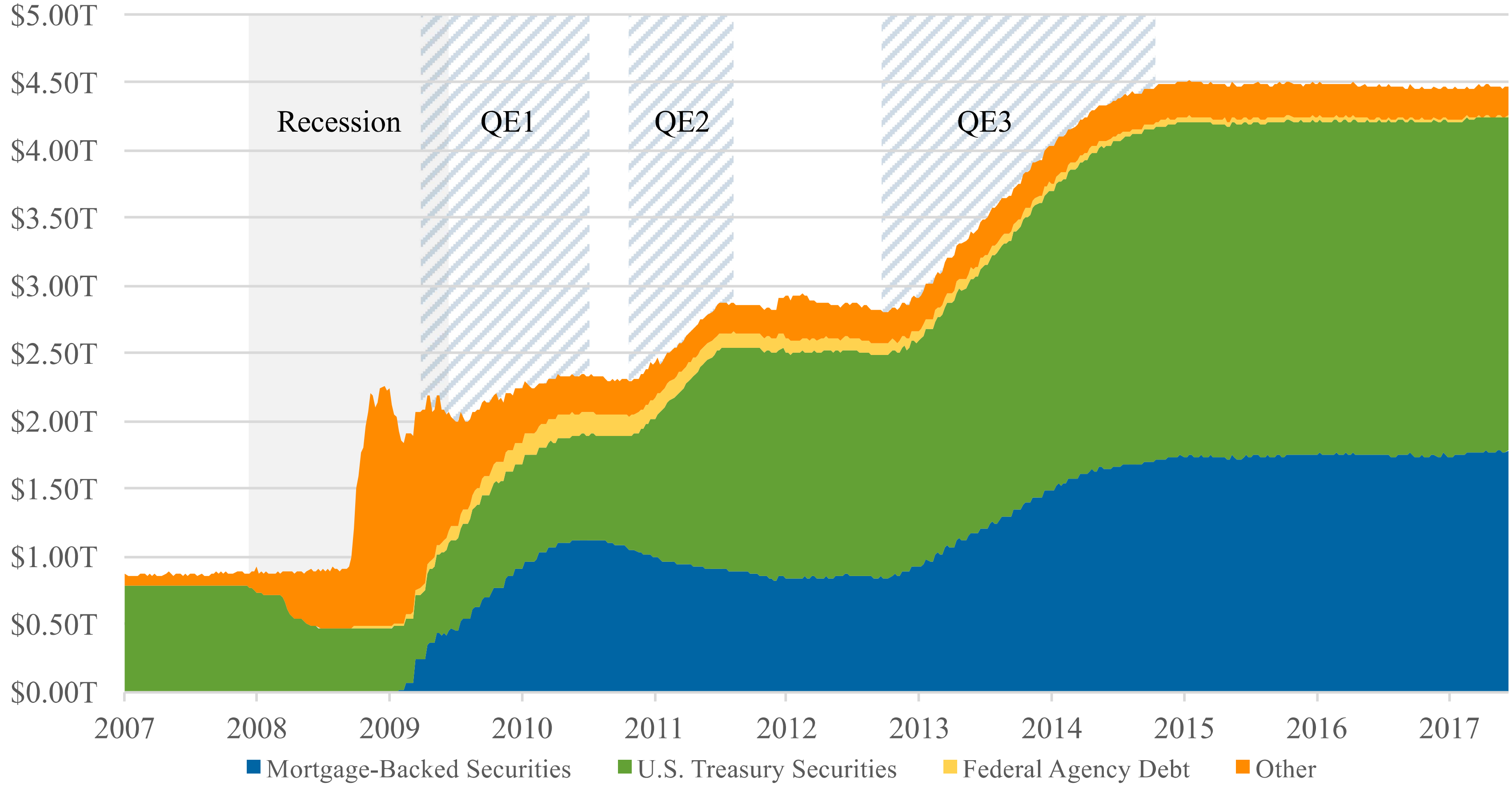
Explosion in the Federal Reserve's Balance Sheet



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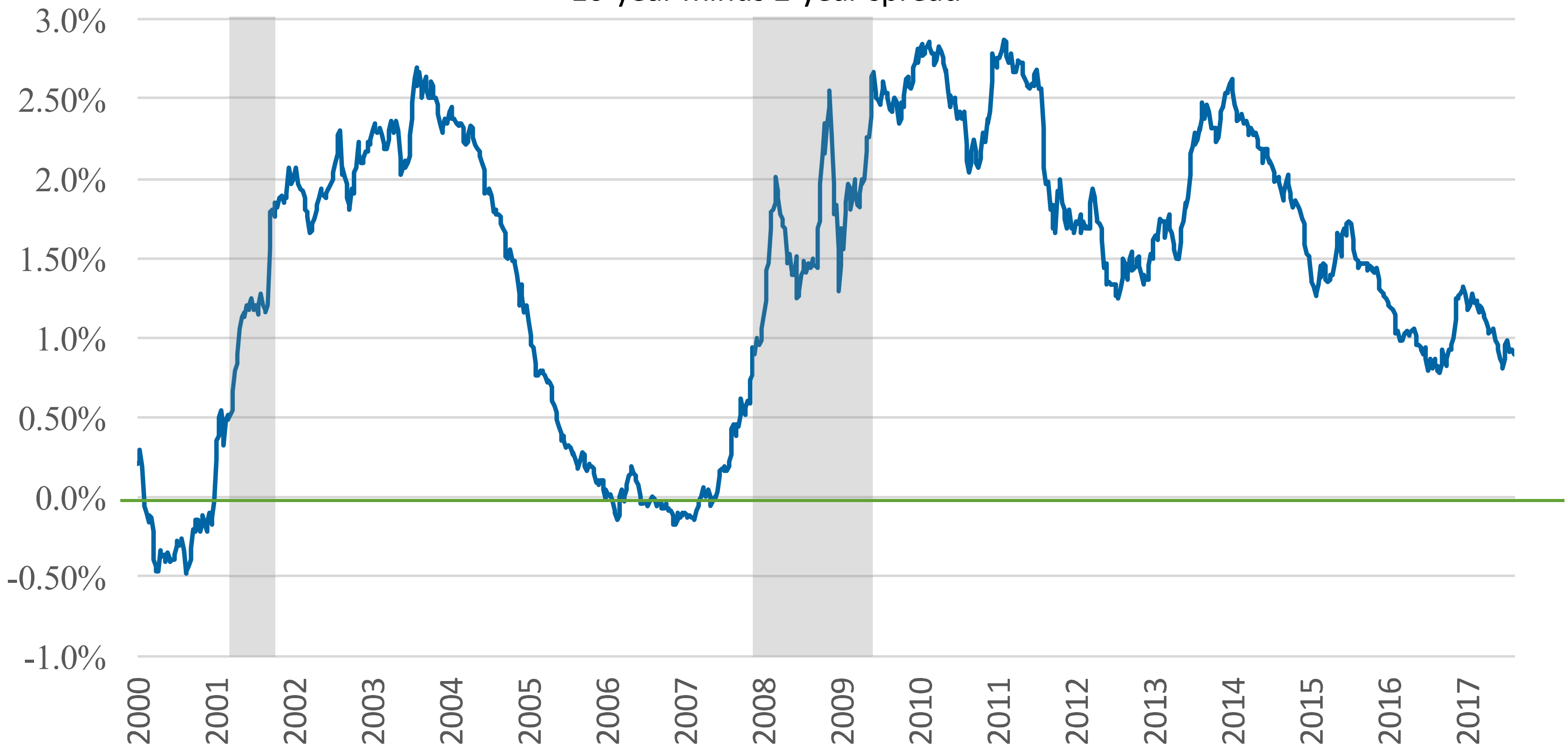
Source: Federal Reserve Bank of St. Louis

Yield Curve Showing Signs of Distress

10-year minus 2-year spread



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Regional Economic Conditions

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Utah Accolades

- No. 1 State for Business (24/7 Wall Street)
- Top State for Economic Outlook (Rich States, Poor States)
- Best State for Employment (US News)
- One of the Top States to Start a Business (TheStreet.com)
- Utah Named 2016 State with Best Economy (WalletHub)
- Salt Lake City (18), Ogden (7), and Provo (2) Named Among Top 20 Metro Areas to Start a Business in U.S. (CNBC)
- #1 Best State for Business (top stop 5 out of past 6 years) (Forbes)
- One of the Best Places to Live (US News)
- Salt Lake Top City Poised to be Tech Mecca (Forbes)
- Standard & Poor's, Moody's Investors Service, and Fitch Ratings: Utah One of only 10 States with AAA Bond Rating

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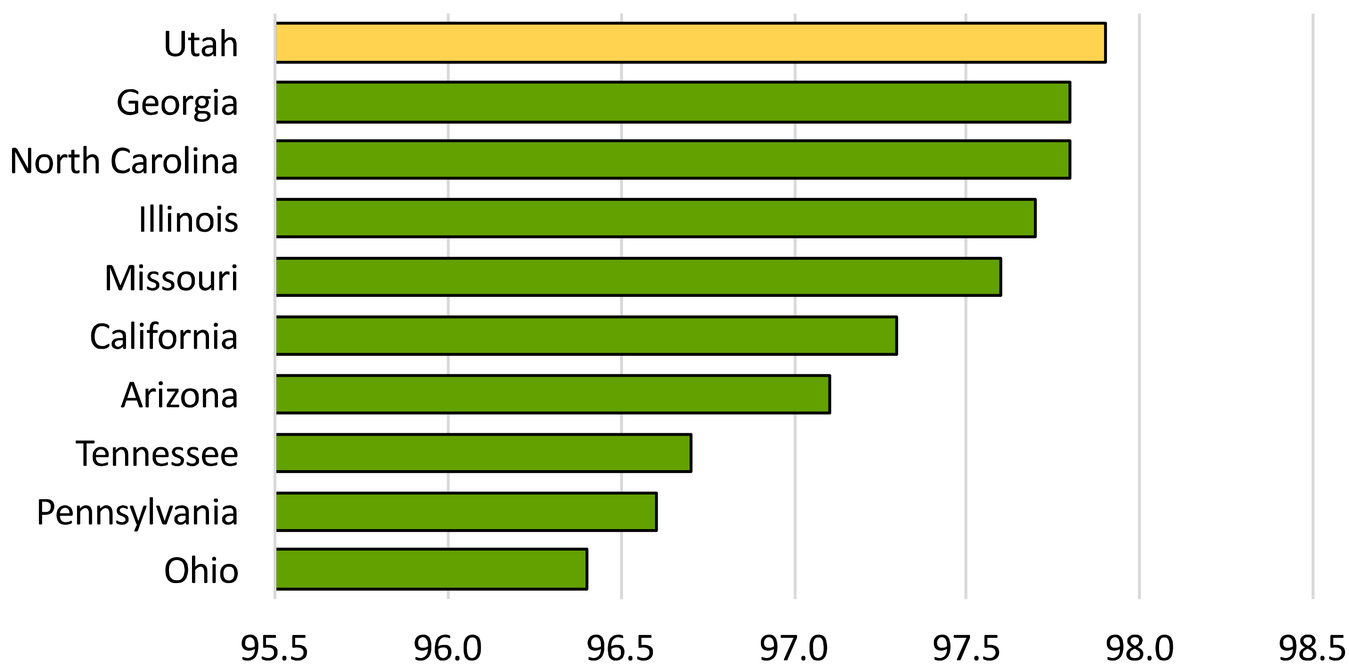
Utah Has the Most Diverse Economy in the Nation

Ten Most Diversified Economies in the Country: Hachman Index 2015



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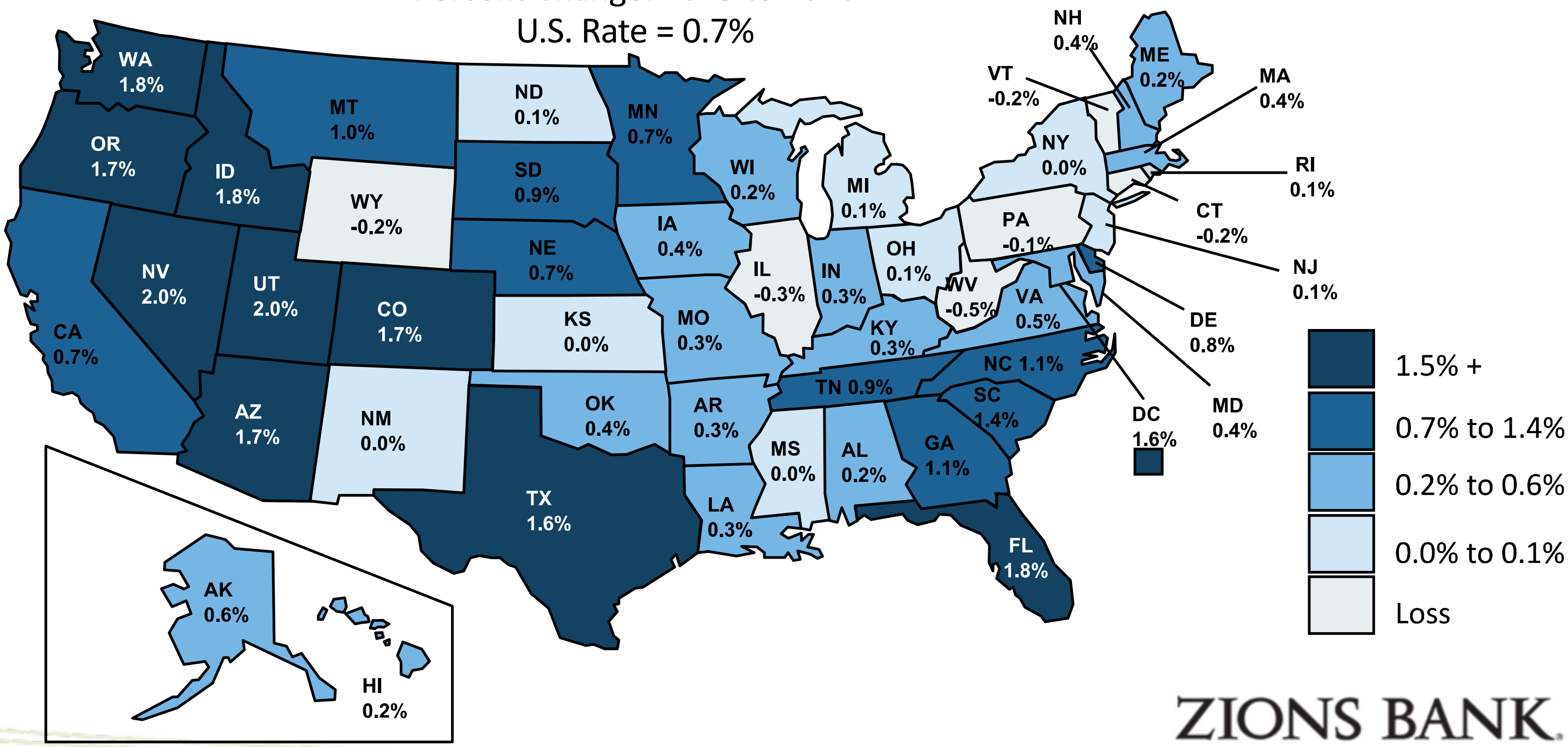
Source: Kem C. Gardner Institute Analysis of BEA data
Note: A Hachman Index value of 100 means that the distribution of employment among industries is exactly the same as the nation. The closer the value to 100, the more diverse the state's economy.

Utah Population
Fastest Growing in U.S.

Percent Change: 2015 to 2016

U.S. Rate = 0.7%



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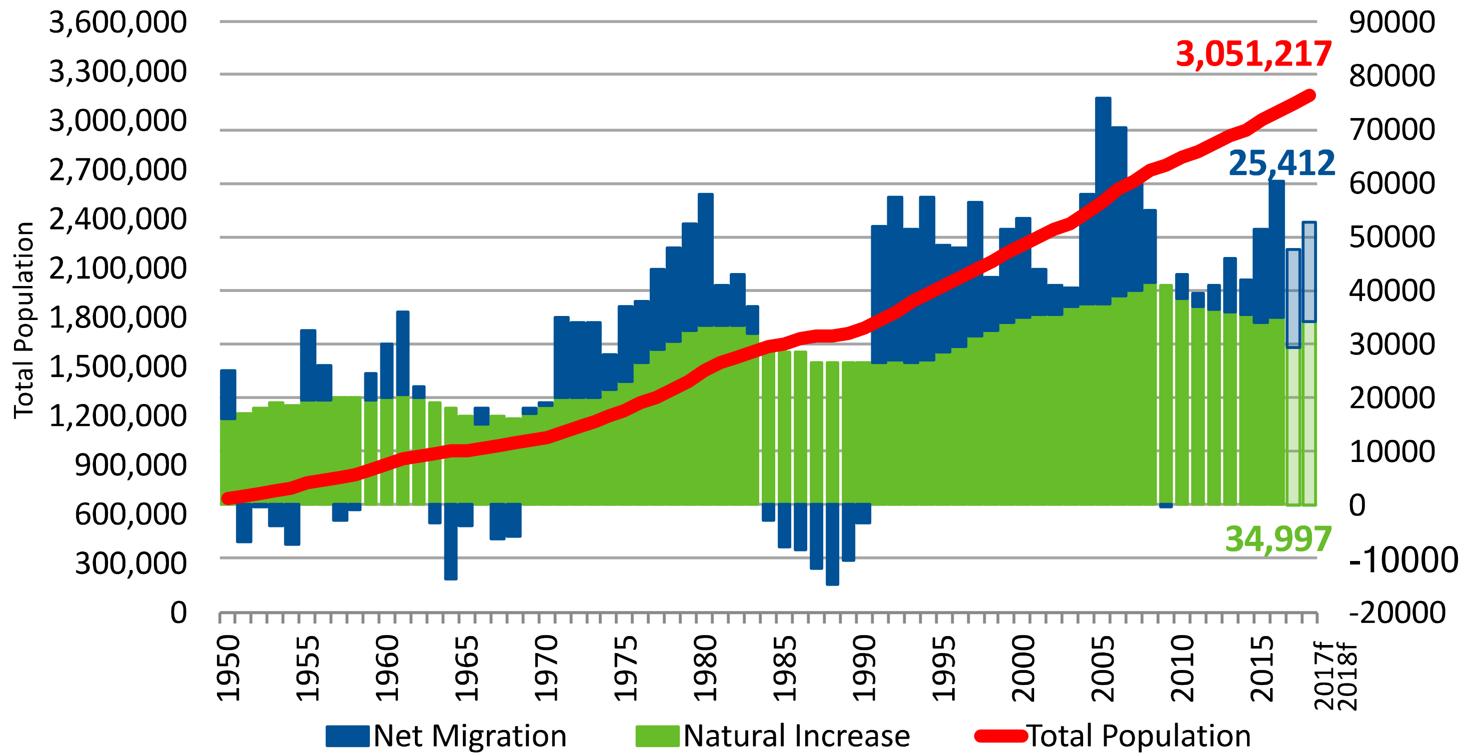
Source: U.S. Census Bureau

Utah Population and Components of Change



Sources: U.S. Census Bureau; Data from 2014 on from State of Utah Revenue Assumptions Working Group

e = estimate, f = forecast

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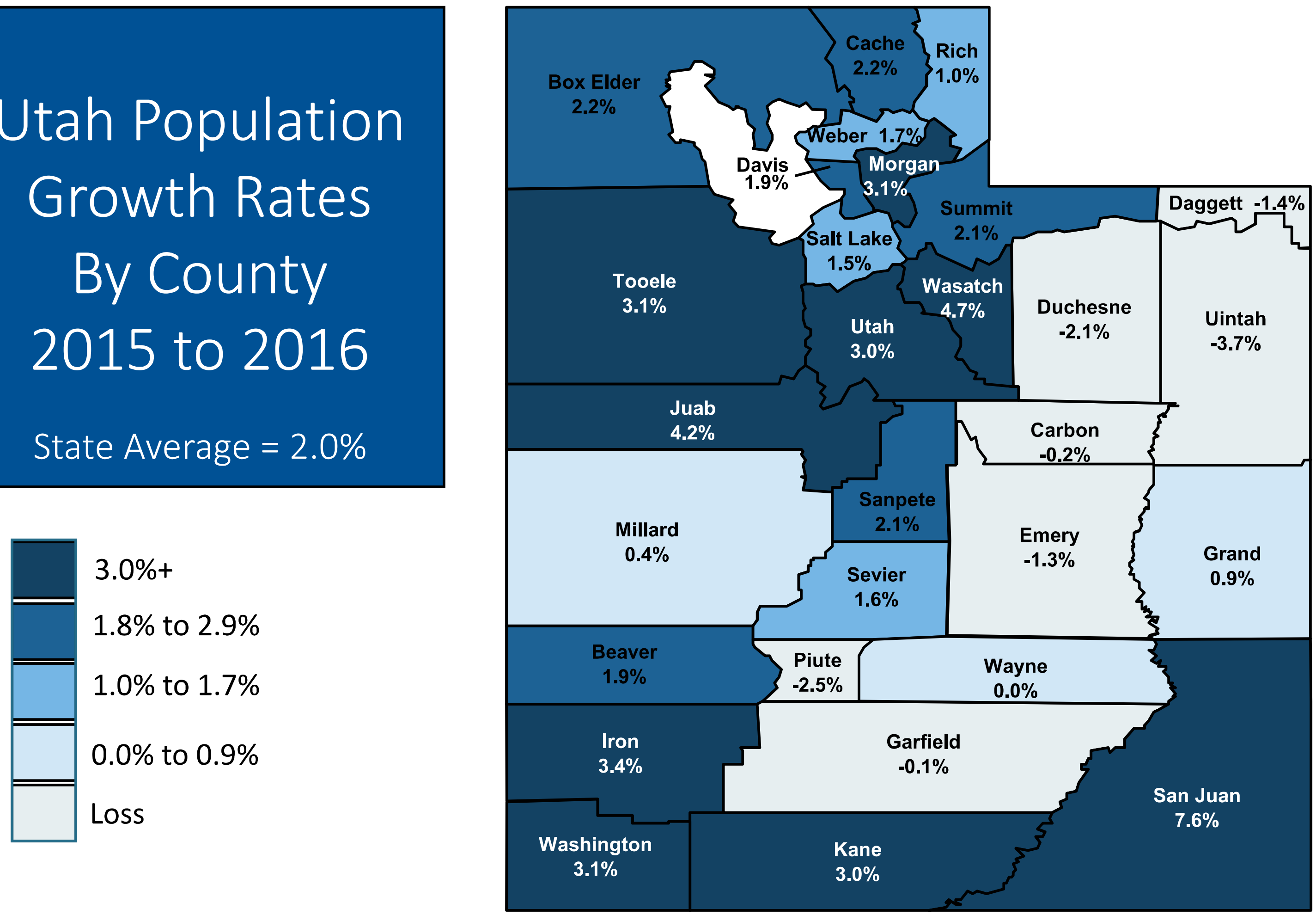
Utah Population Growth Rates By County 2015 to 2016

State Average = 2.0%



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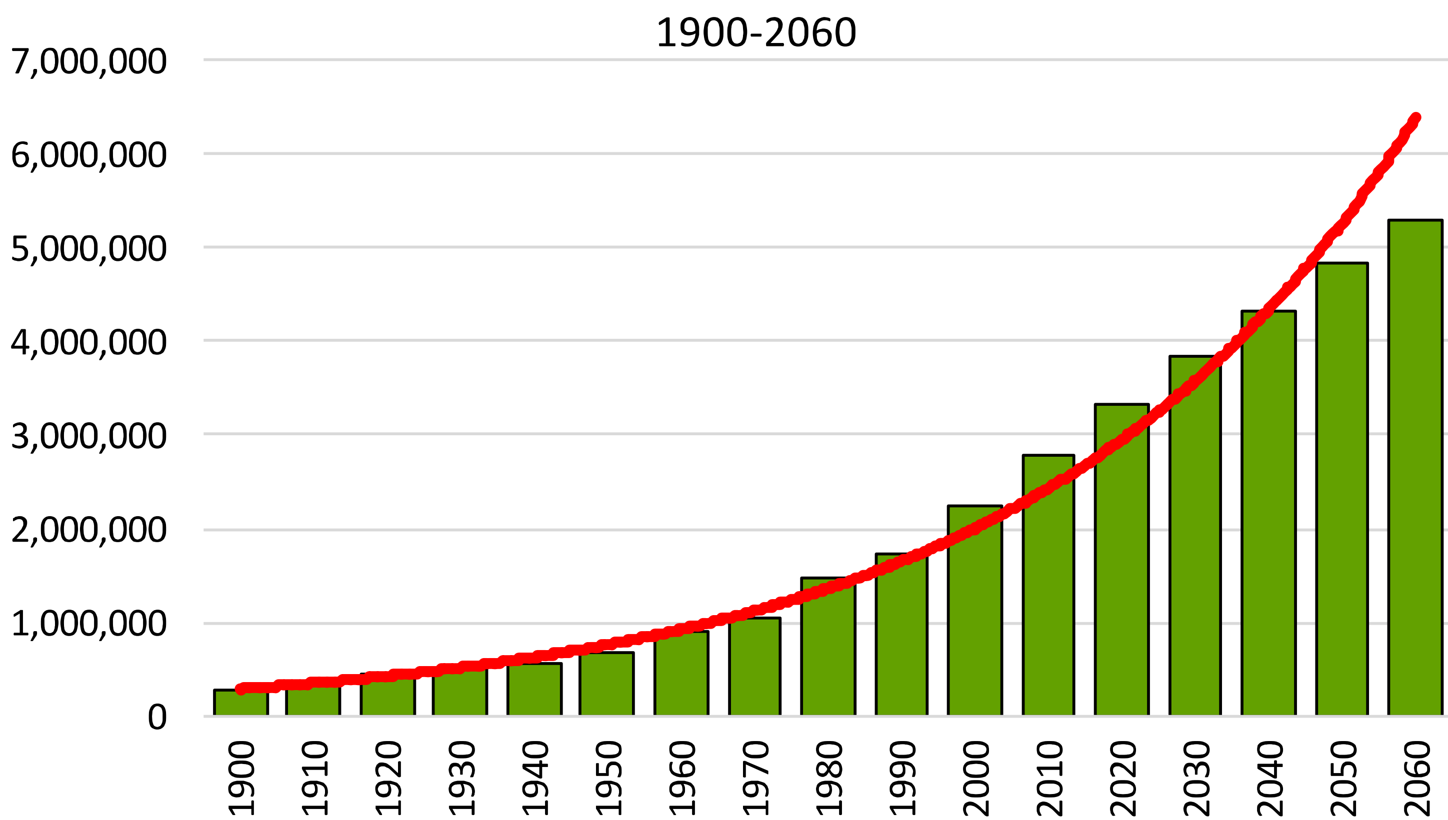
Source: U.S. Census Bureau

Utah’s Population Continues to Grow



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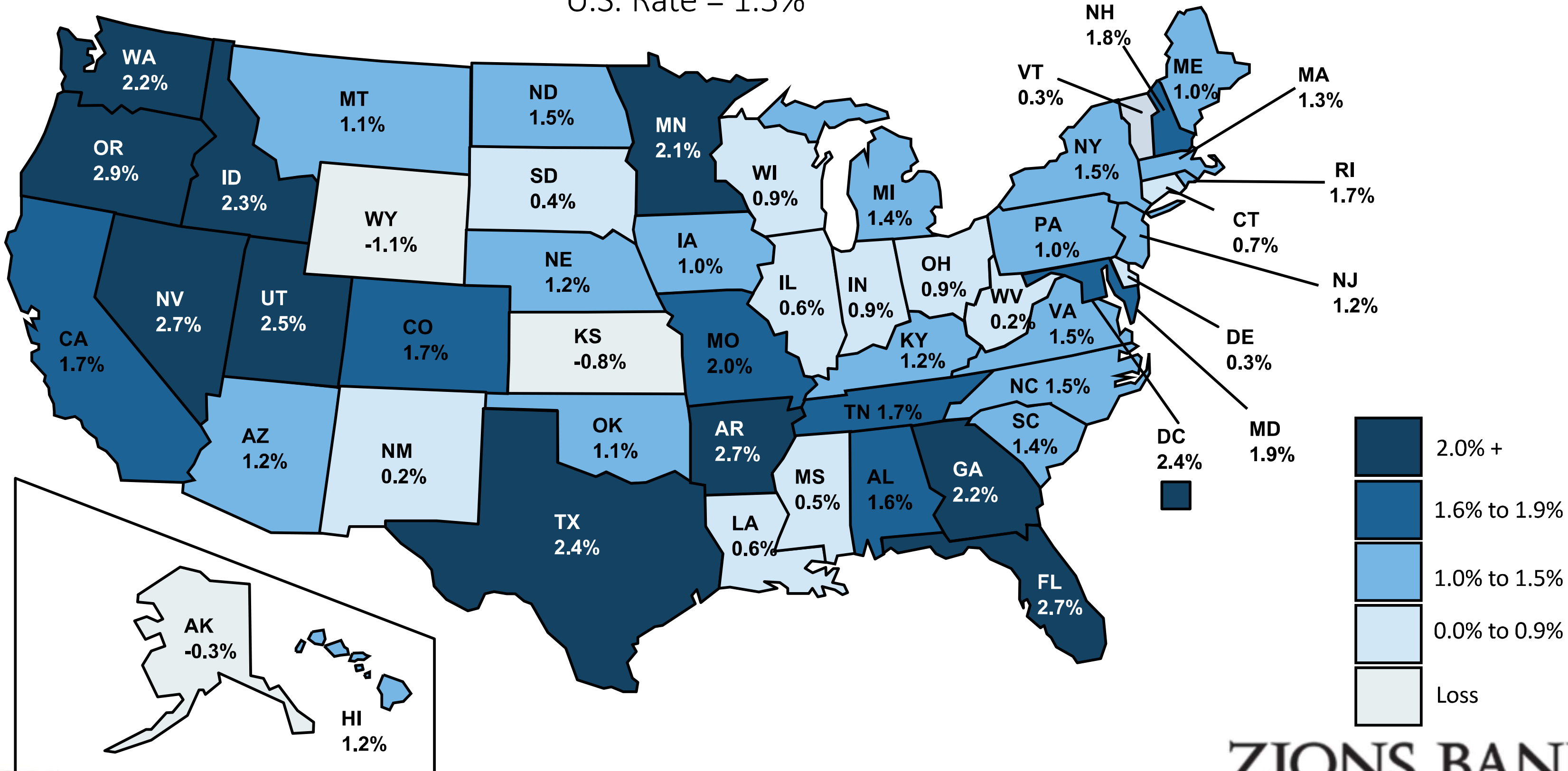
Source: U.S. Census Bureau and University of Utah Kem C. Gardner Policy Institute

Utah Employment Growth

5th Highest in the Nation

Percent Change in Employment for States: July 2016 to July 2017

U.S. Rate = 1.5%



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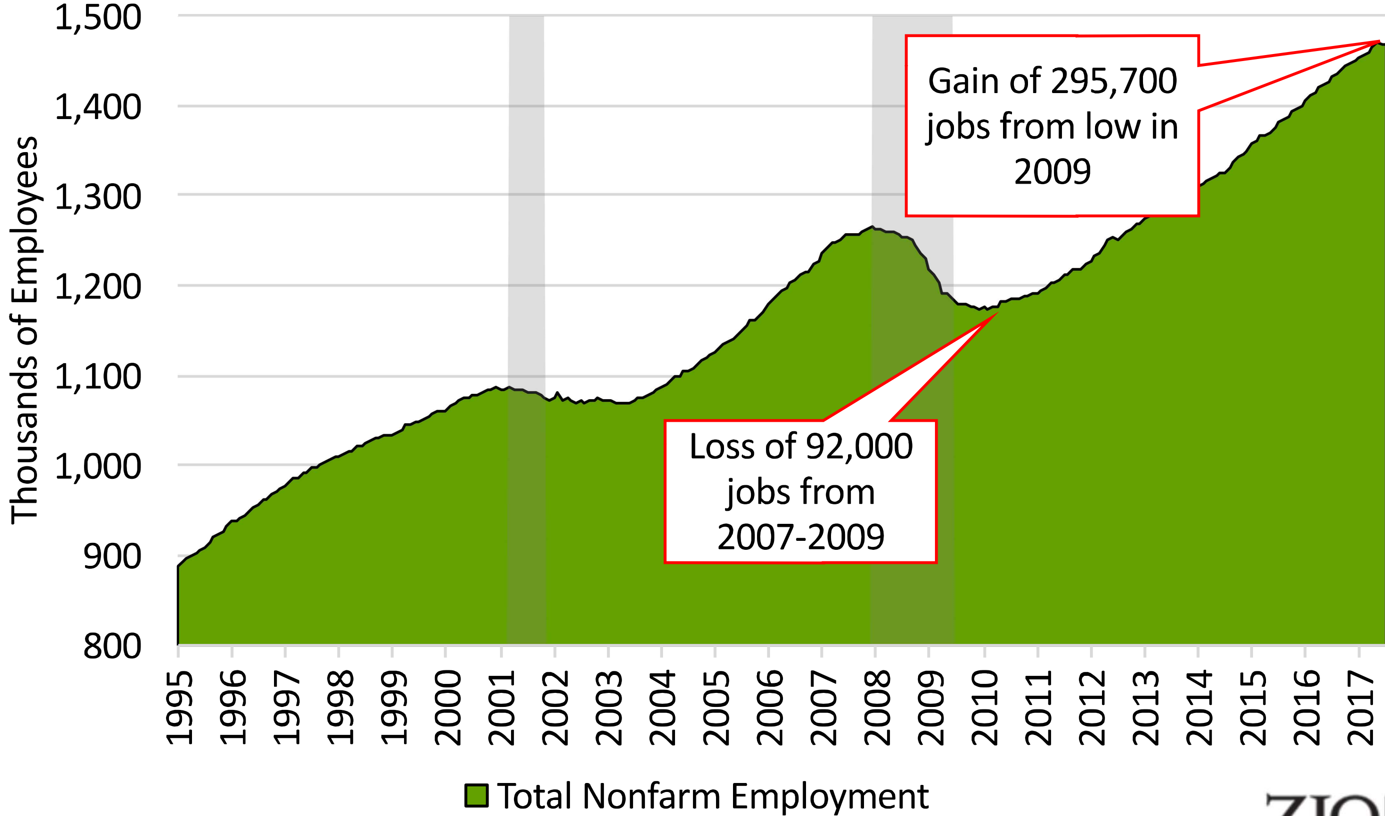
Note: Seasonally Adjusted
Source: Bureau of Labor Statistics

Utah Total Employment at New Highs



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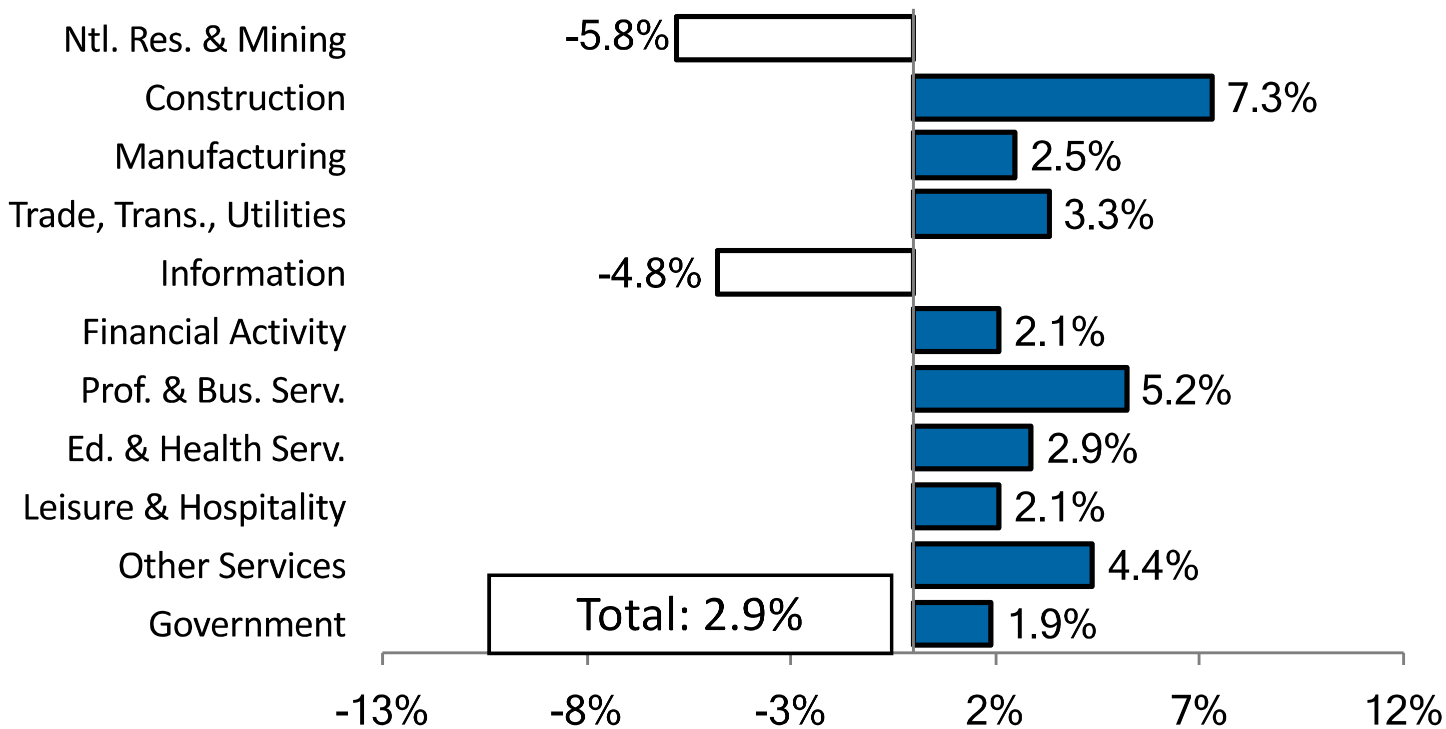
Source: U.S. Bureau of Labor Statistics, Total nonfarm seasonally adjusted

Note: Numbers rounded to nearest thousand

Utah Industries Seeing Growth

Percent Change in Utah Employment by Industry: July 2016 to July 2017



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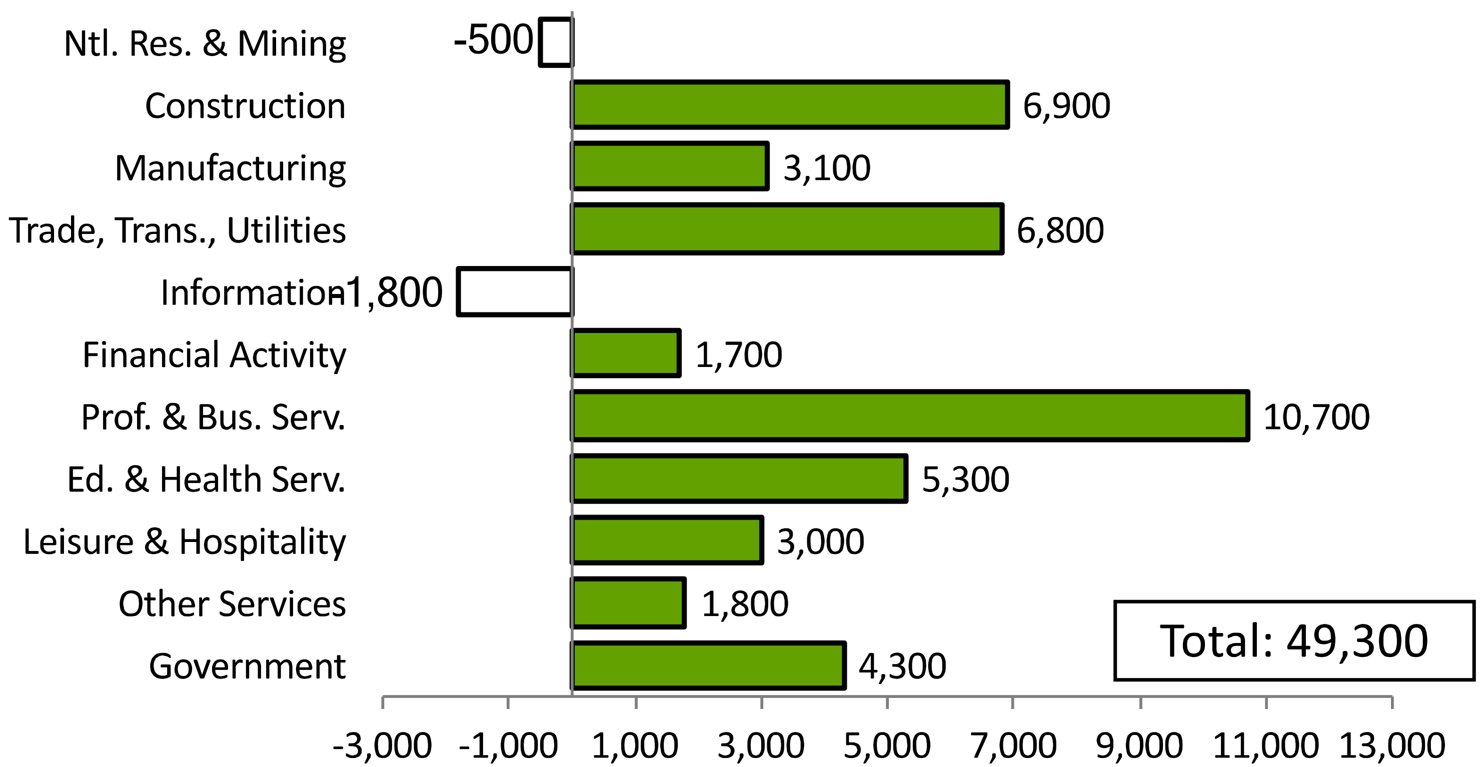
Source: Utah Department of Workforce Services

Utah Industries Seeing Growth

Total Change in Utah Employment by Industry: July 2016 to July 2017



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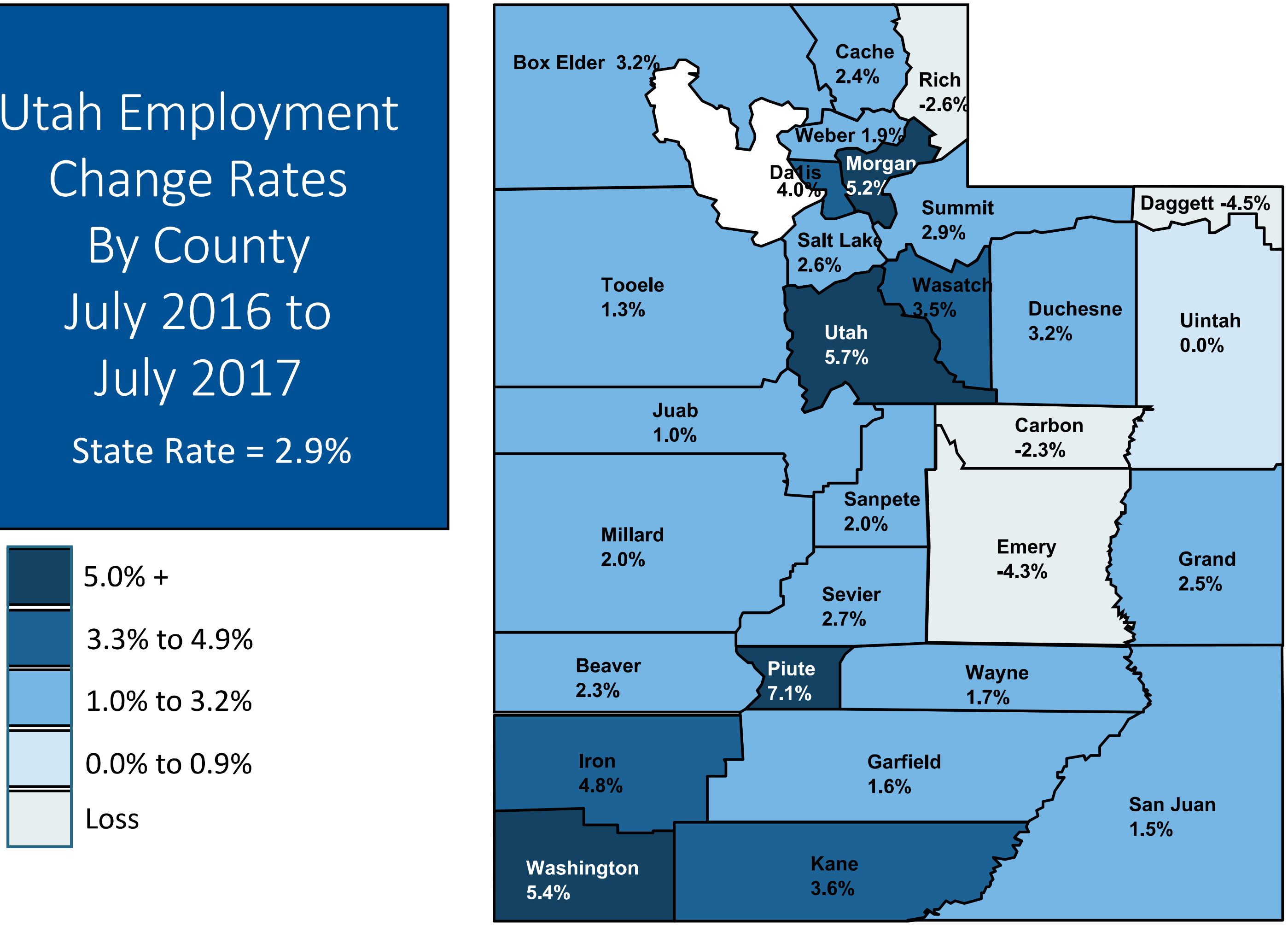
Source: Utah Department of Workforce Services

Utah Employment Change Rates By County July 2016 to July 2017

State Rate = 2.9%



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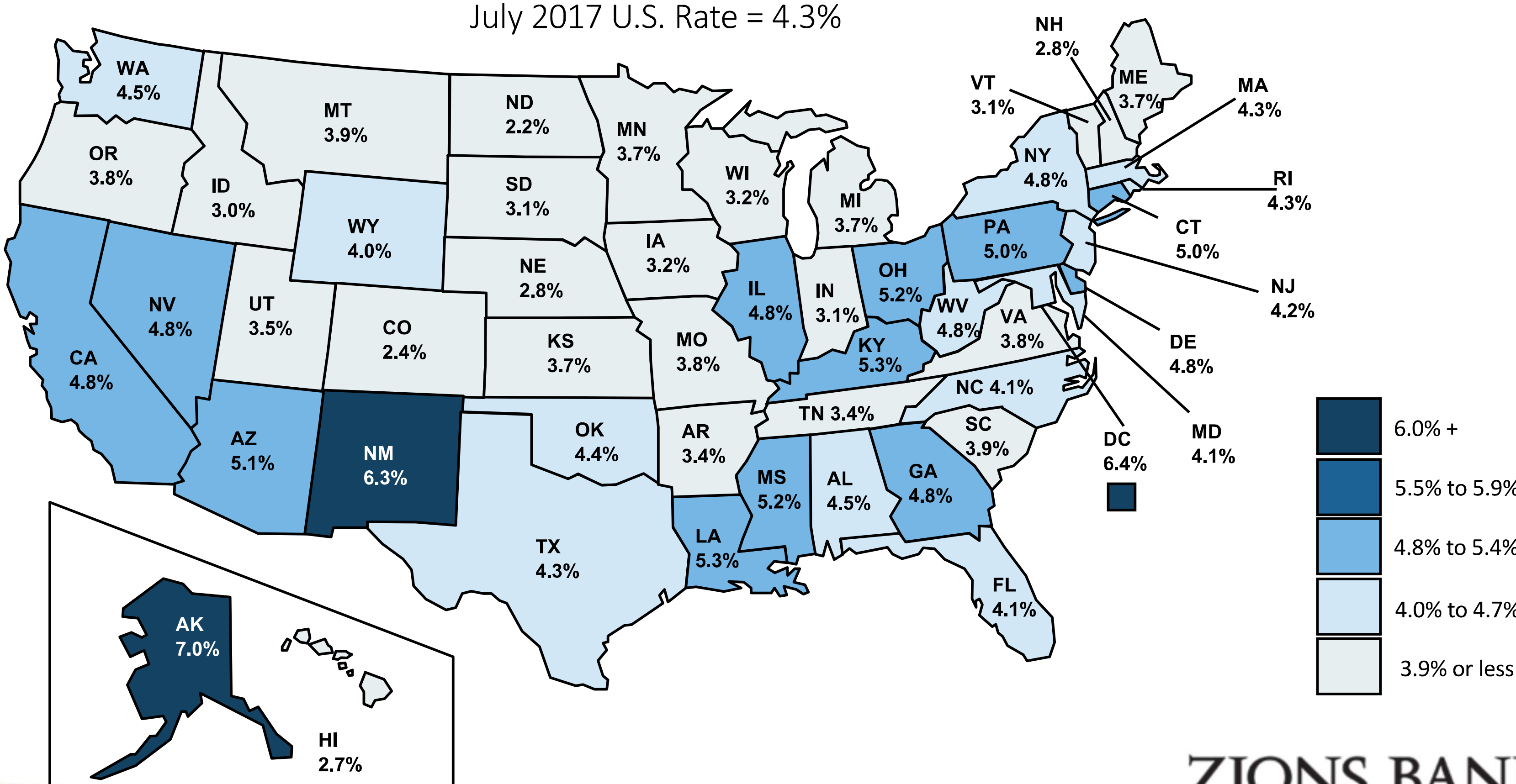
Source: Utah Department of Workforce Services;
Not seasonally adjusted

Utah Unemployment 15th Lowest in the Nation

July 2017 U.S. Rate = 4.3%



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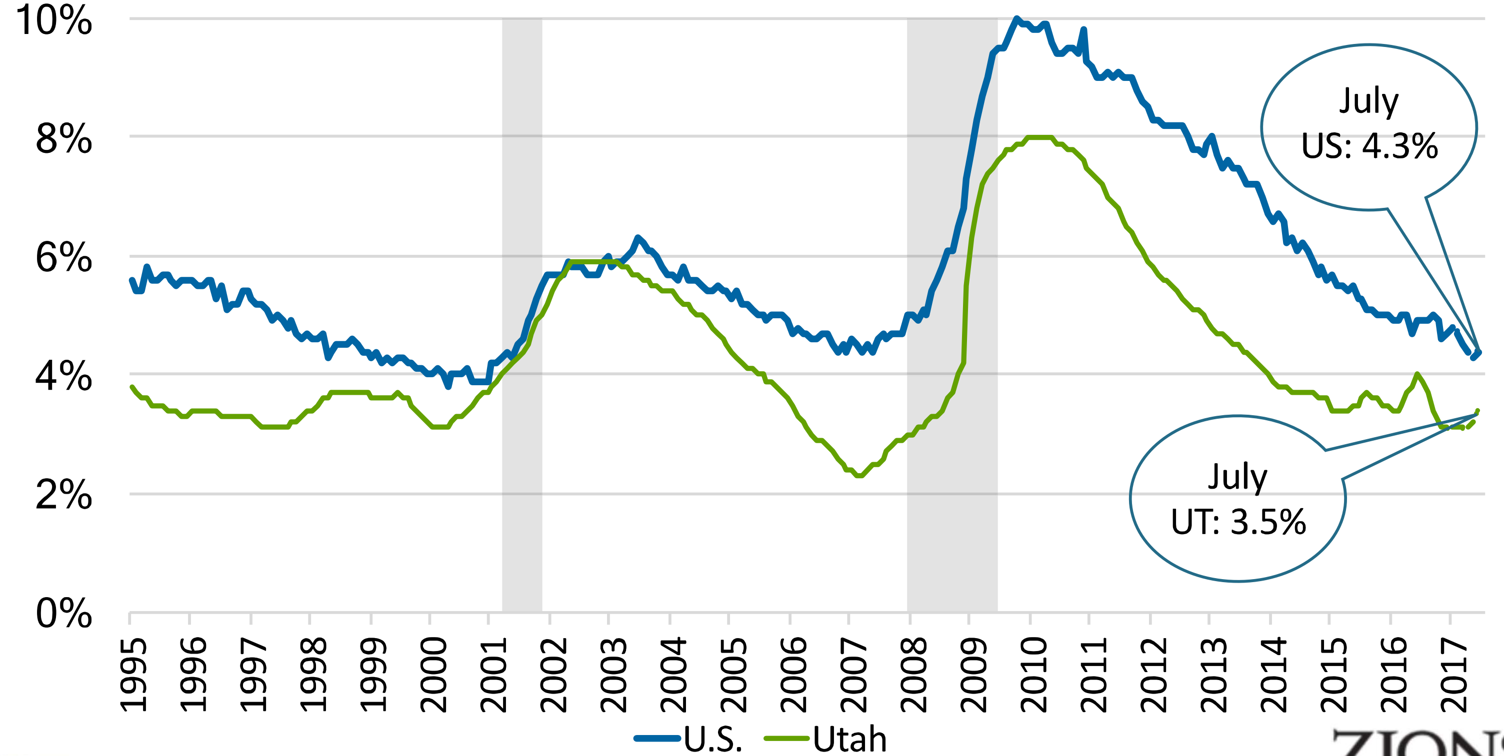
Source: Bureau of Labor Statistics

UT Unemployment Rates Consistently Lower than the Nation



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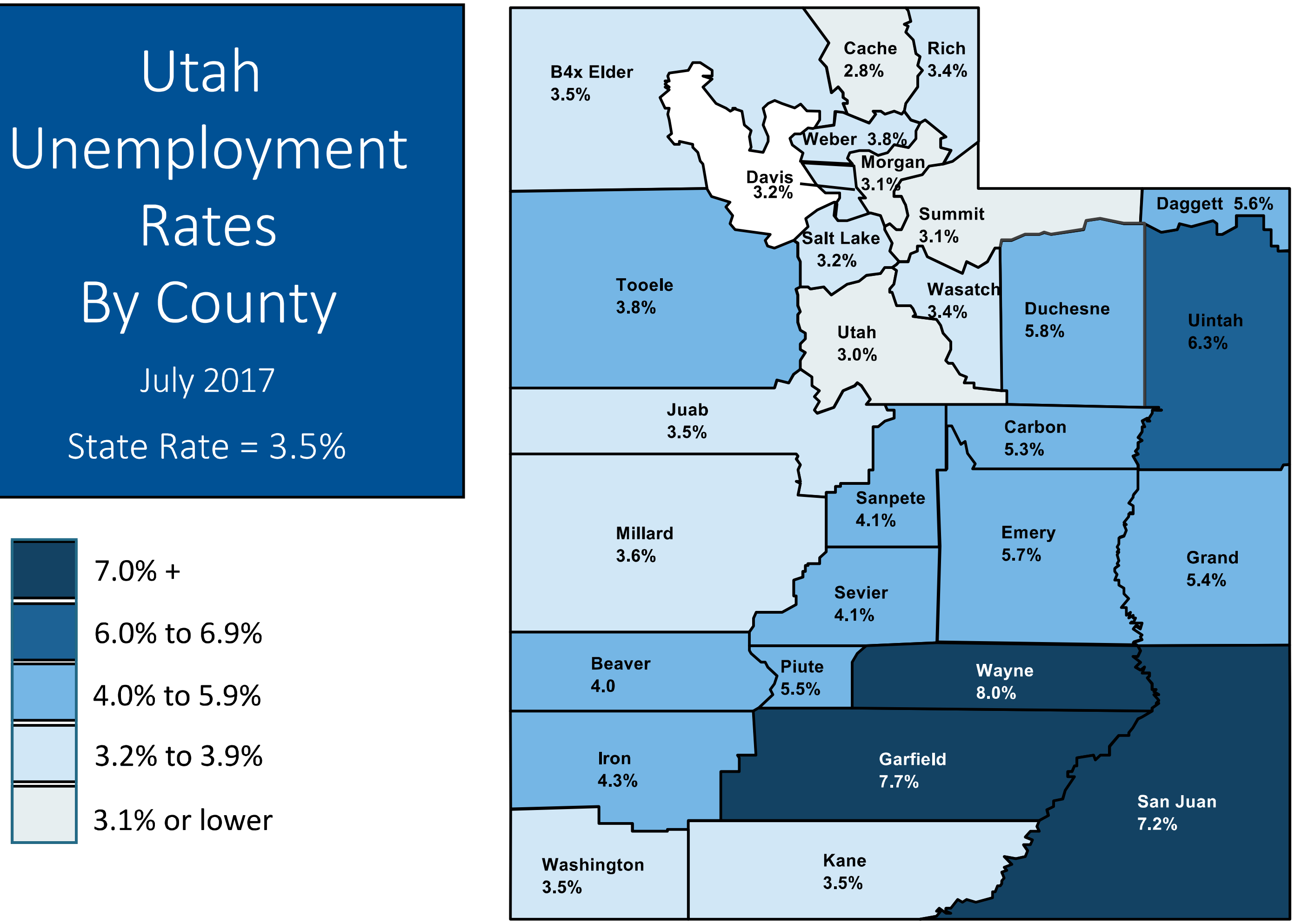
Sources: U.S. Bureau of Labor Statistics

Utah Unemployment Rates By County

July 2017

State Rate = 3.5%



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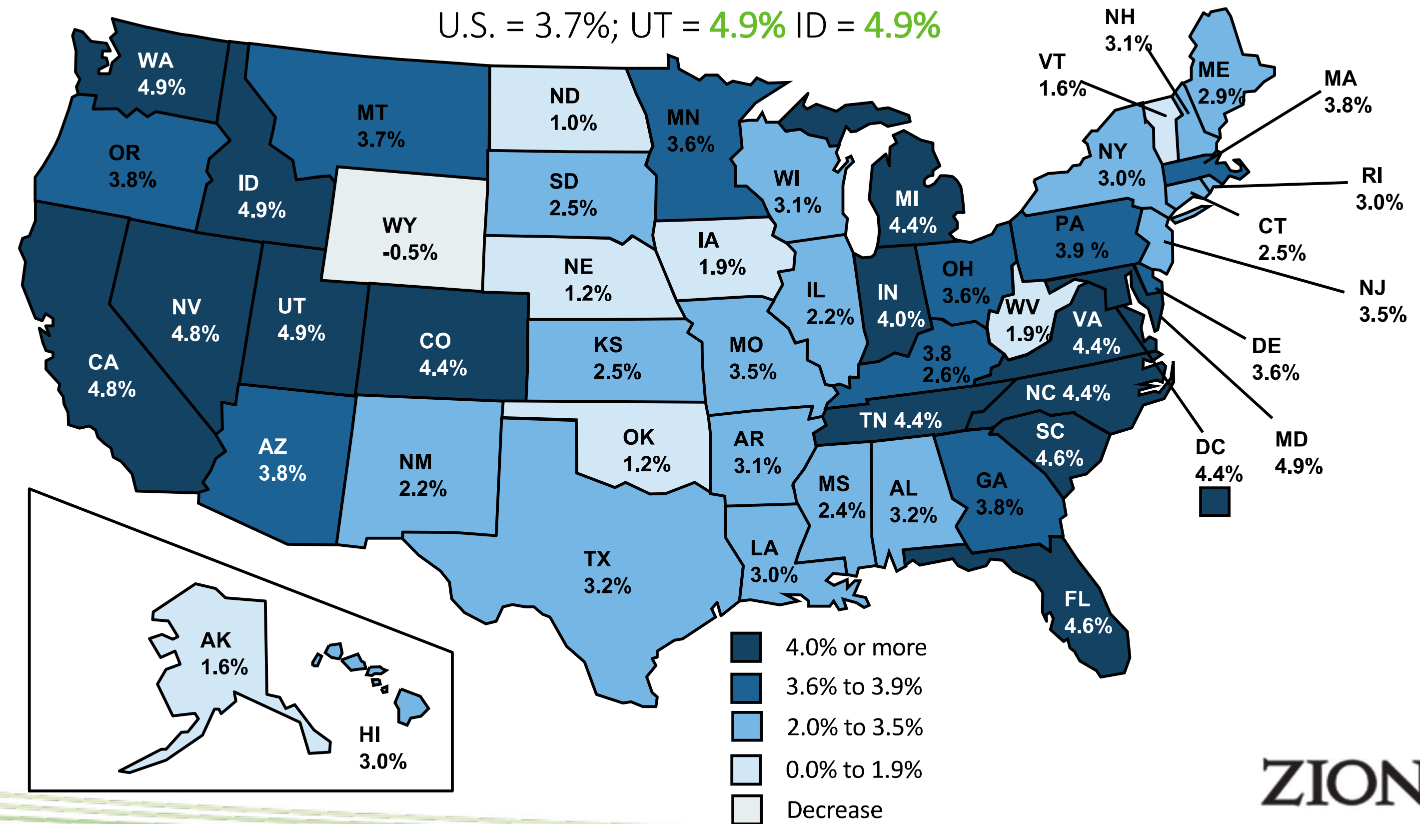
Source: Utah Department of Workforce Services

Utah and Idaho Tied for Highest Personal Income Growth in the Country

Percent Change in Personal Income : 2016 Q1 –2017 Q1

U.S. = 3.7%; UT = 4.9% ID = 4.9%



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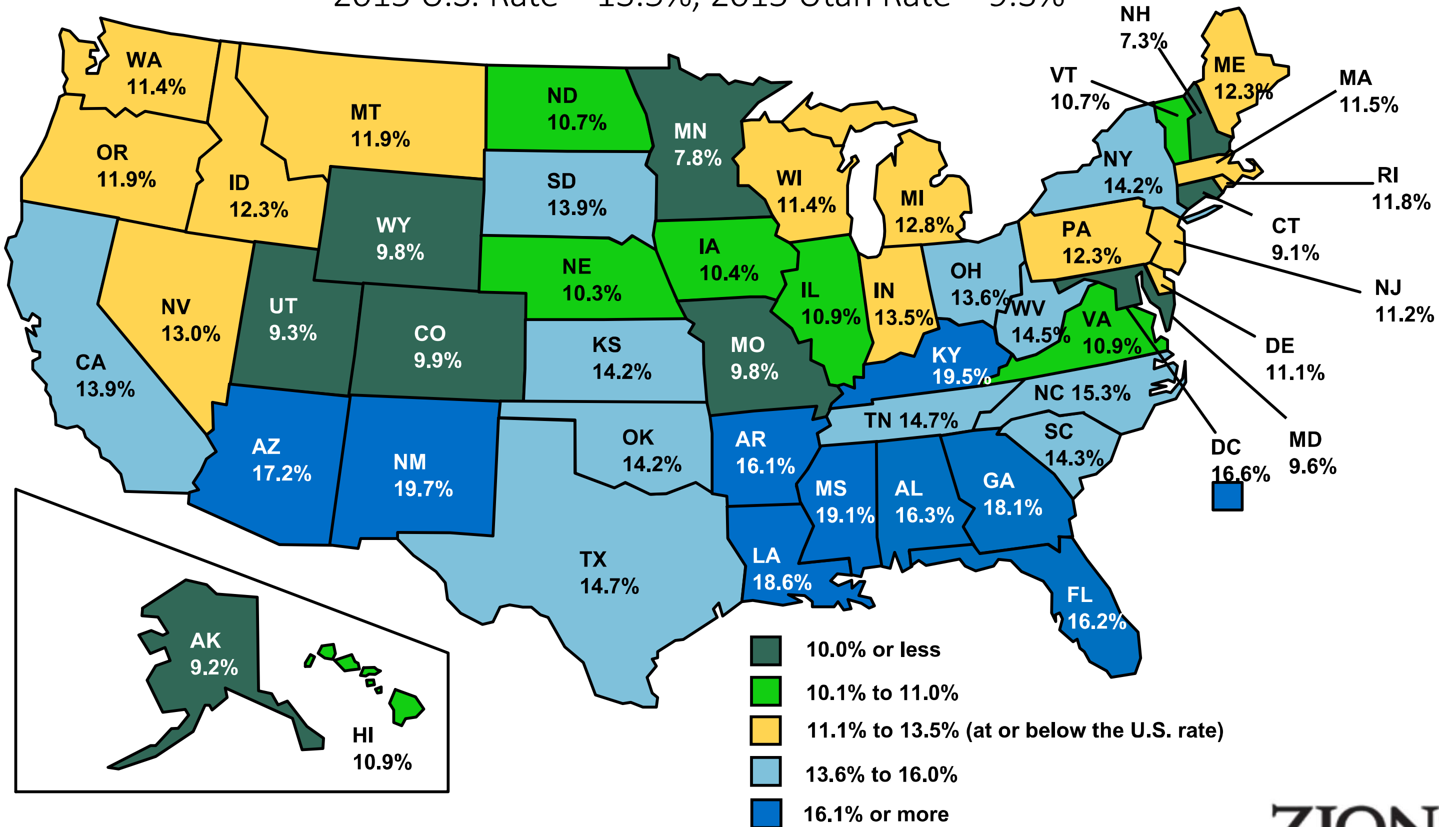
Source: Bureau of Economic Analysis

Utah Poverty Rate 5th Lowest in the Nation

2015 U.S. Rate = 13.5%, 2015 Utah Rate = 9.3%



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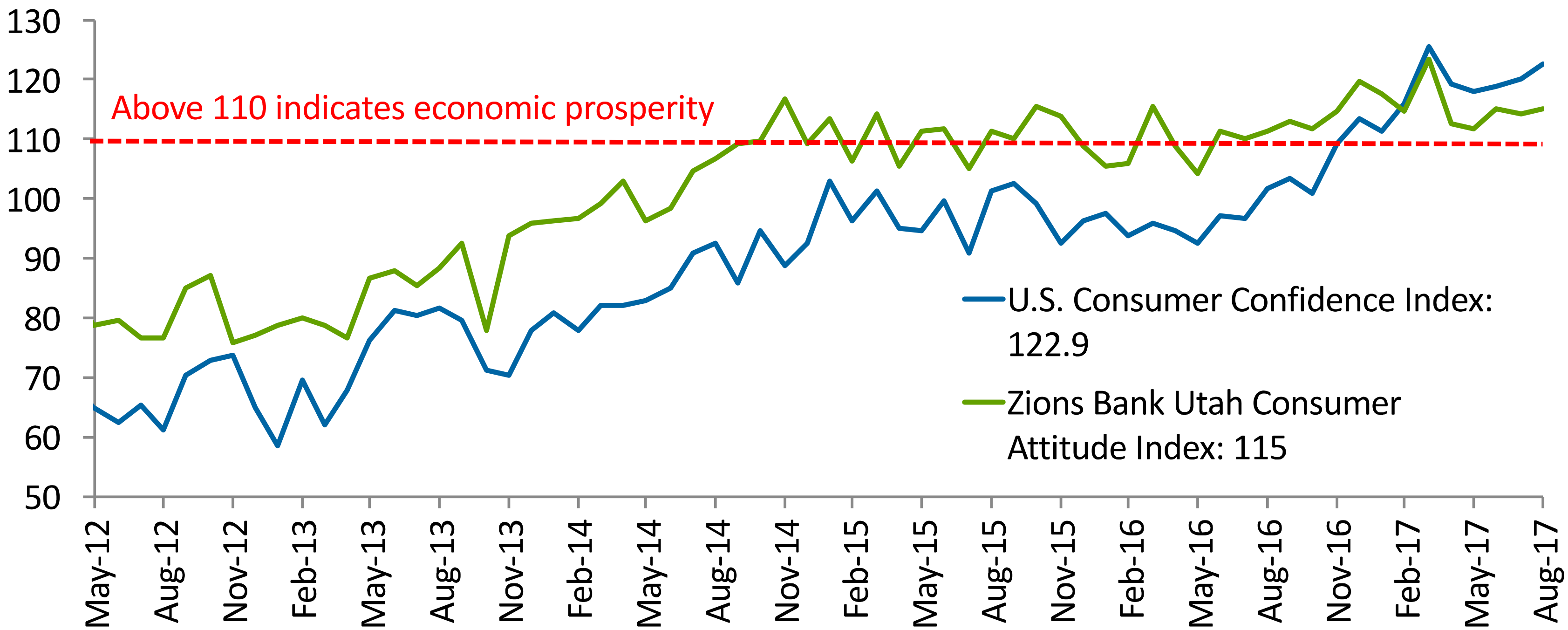
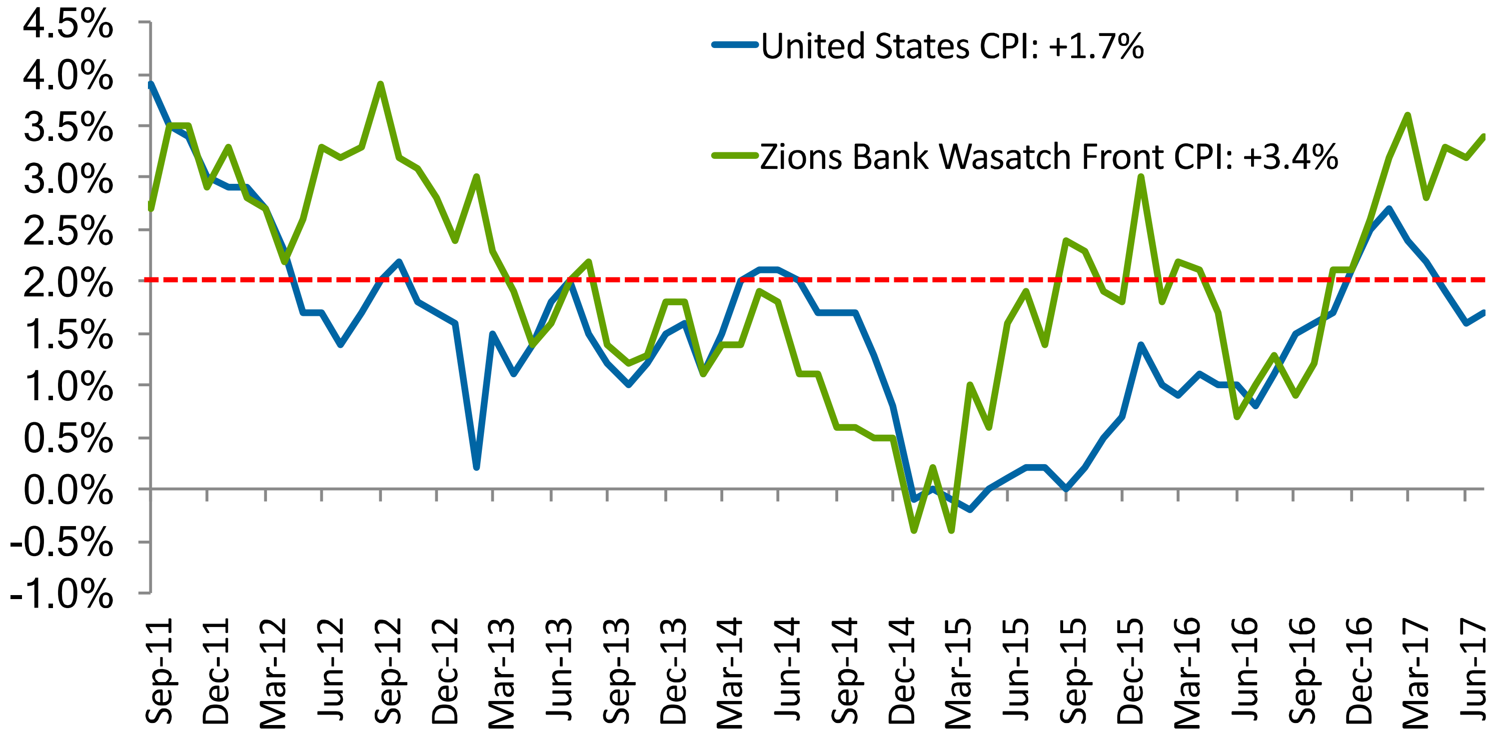
Source: U.S. Census Bureau

Consumer Sentiment on the Rise



Sources: Conference Board and Cicero Group

Consumer Price Index Yearly Growth
United States vs. Wasatch Front



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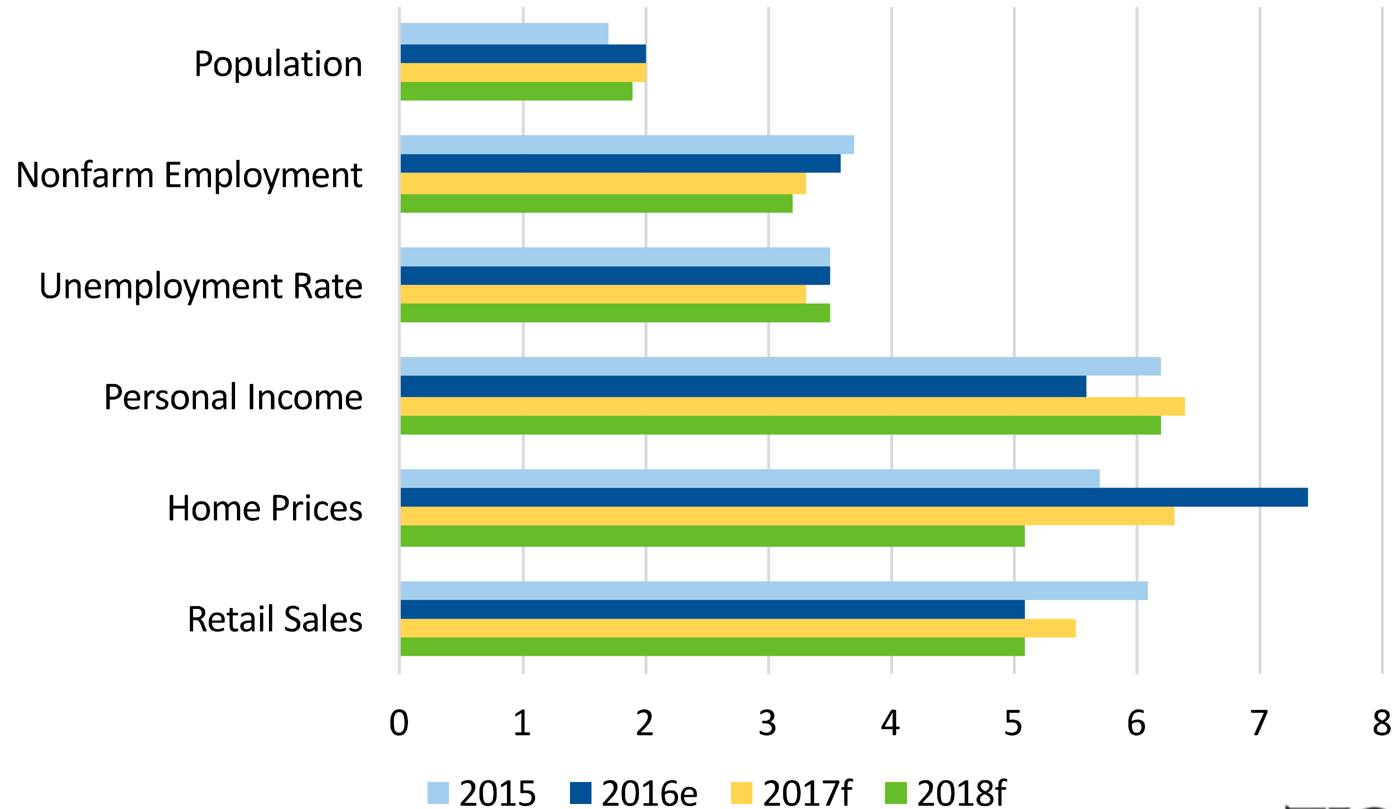
Source: U.S. CPI from National Bureau of Labor Statistics and Wasatch Front CPI from Cicero Group

Utah Economic Indicators 2015-2018f



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

e = estimate f = forecast

Economic Positives

- Strong consumer and business confidence
- Housing growth
- Strong population growth in the Intermountain West
- Utah has a diversified economy
- Utah job growth best in the country
- Utah inflation is strong

Economic Negatives

- National and international uncertainty
- Depressed business investment
- Unstable inflation outlook
- Skills mismatch
- Low productivity growth
- Overregulation from Washington

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WE HAVEN'T FORGOTTEN WHO KEEPS US IN BUSINESS®

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