

Zions Bank Economic Overview

Wasatch Back Economic Summit

May 14, 2024



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slido

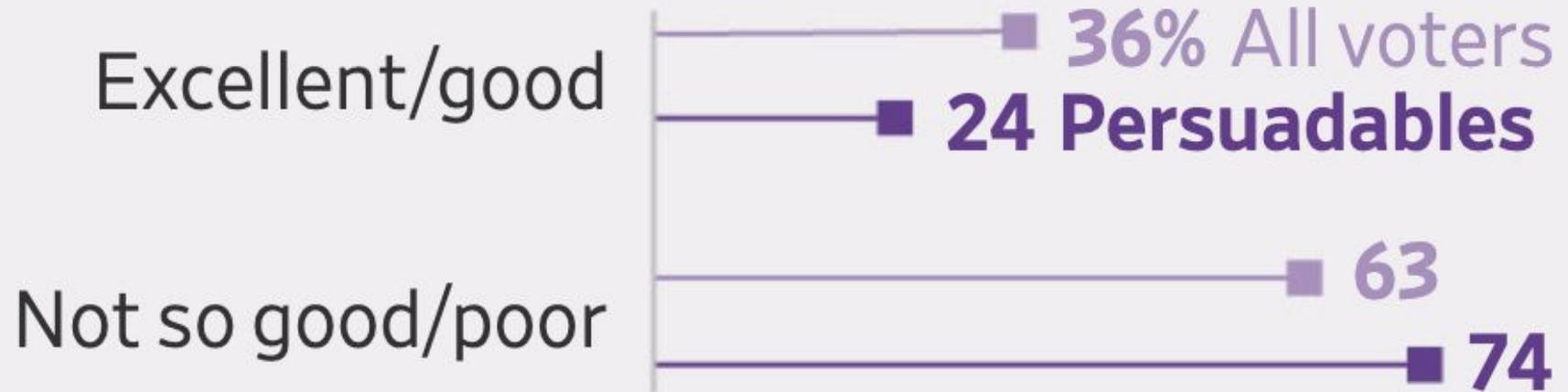


How do you feel about the Utah economy?

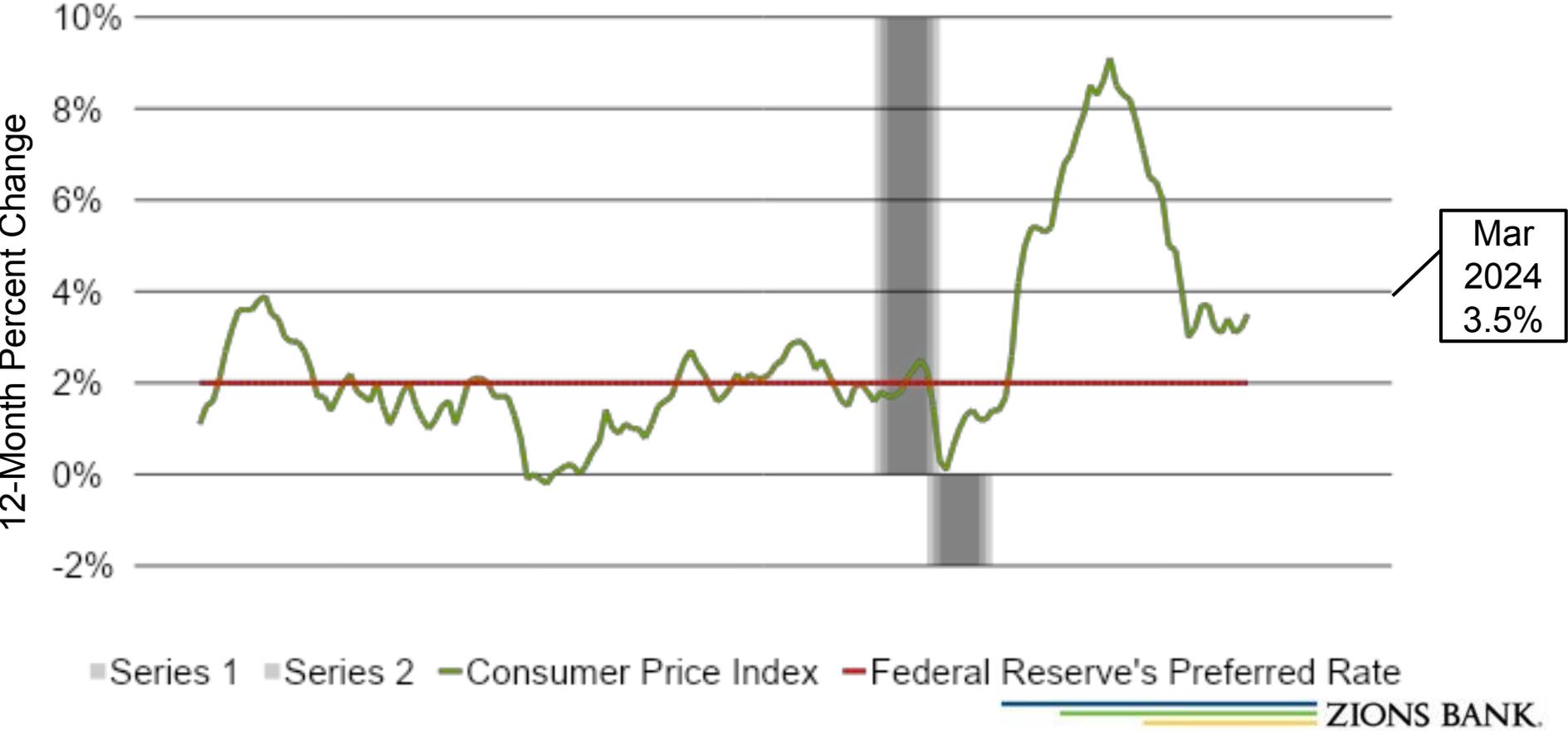
ⓘ Start presenting to display the poll results on this slide.

How Do Voters Feel About the Economy?

Views of the economy...

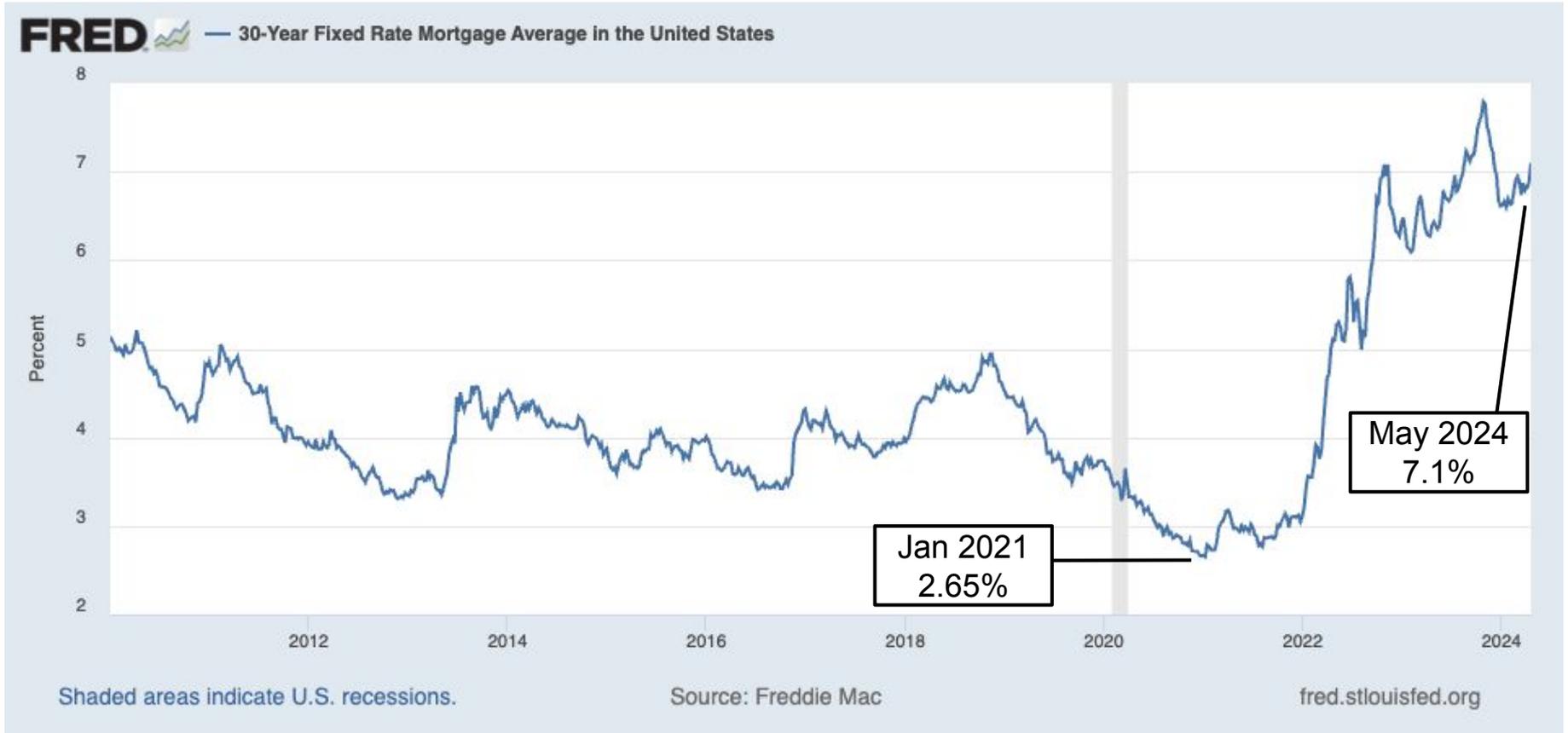


Is Inflation Becoming Too Hot to Handle?

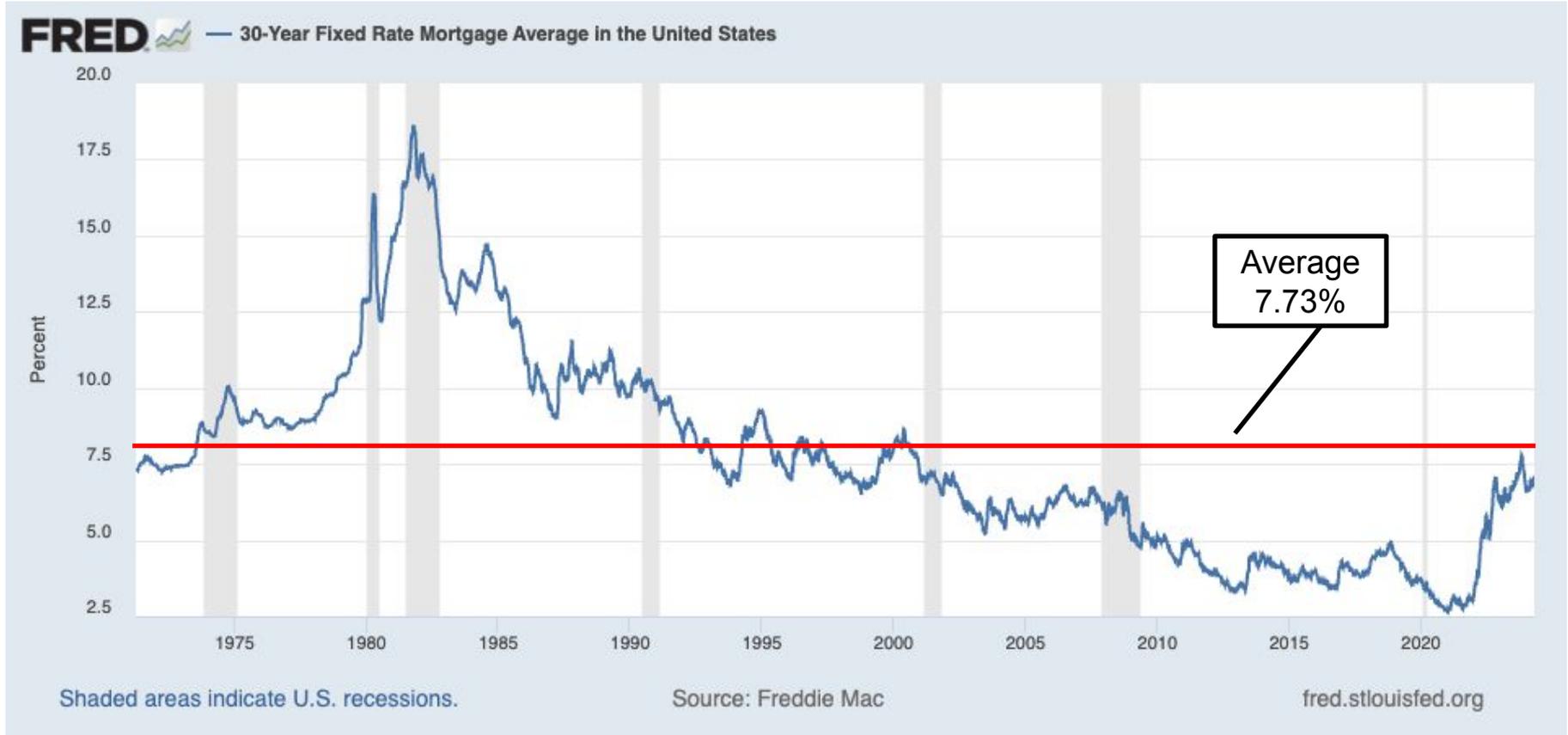


Sources: U.S. Bureau of Labor Statistics

Mortgage Rates Back Around 7%

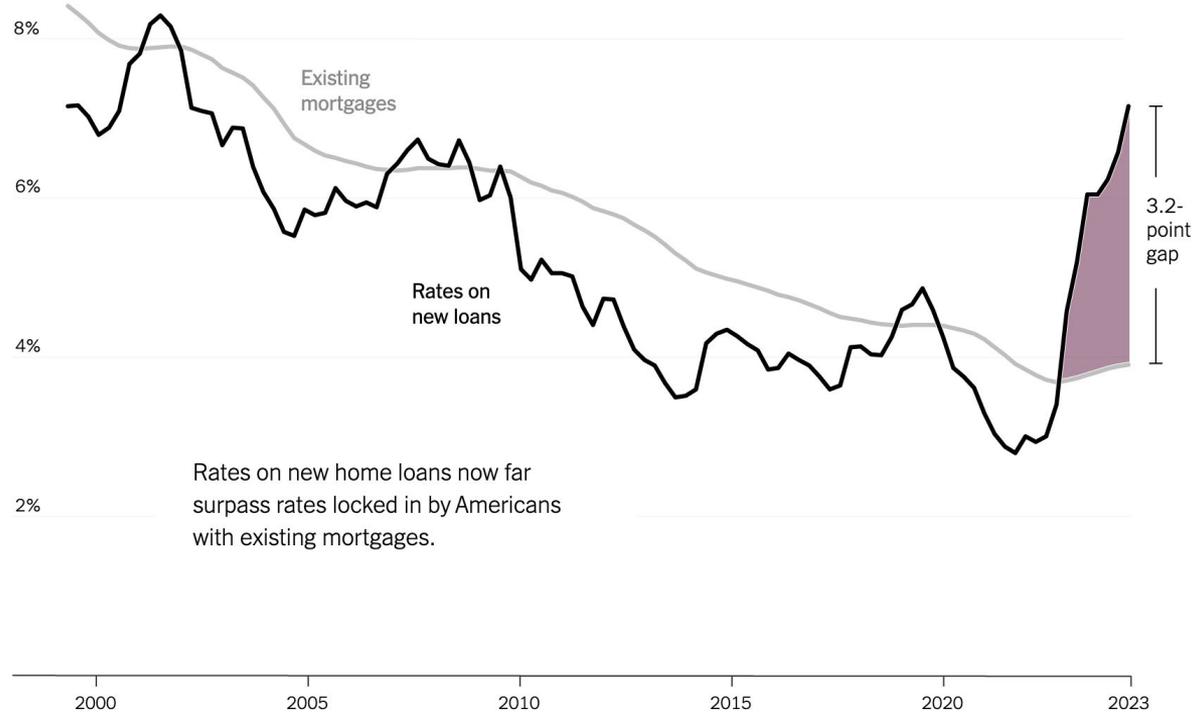


30-Year Mortgage Rates Still Below Average



Higher Mortgage Rates Freeze Homeowners in Place

Average fixed mortgage rates

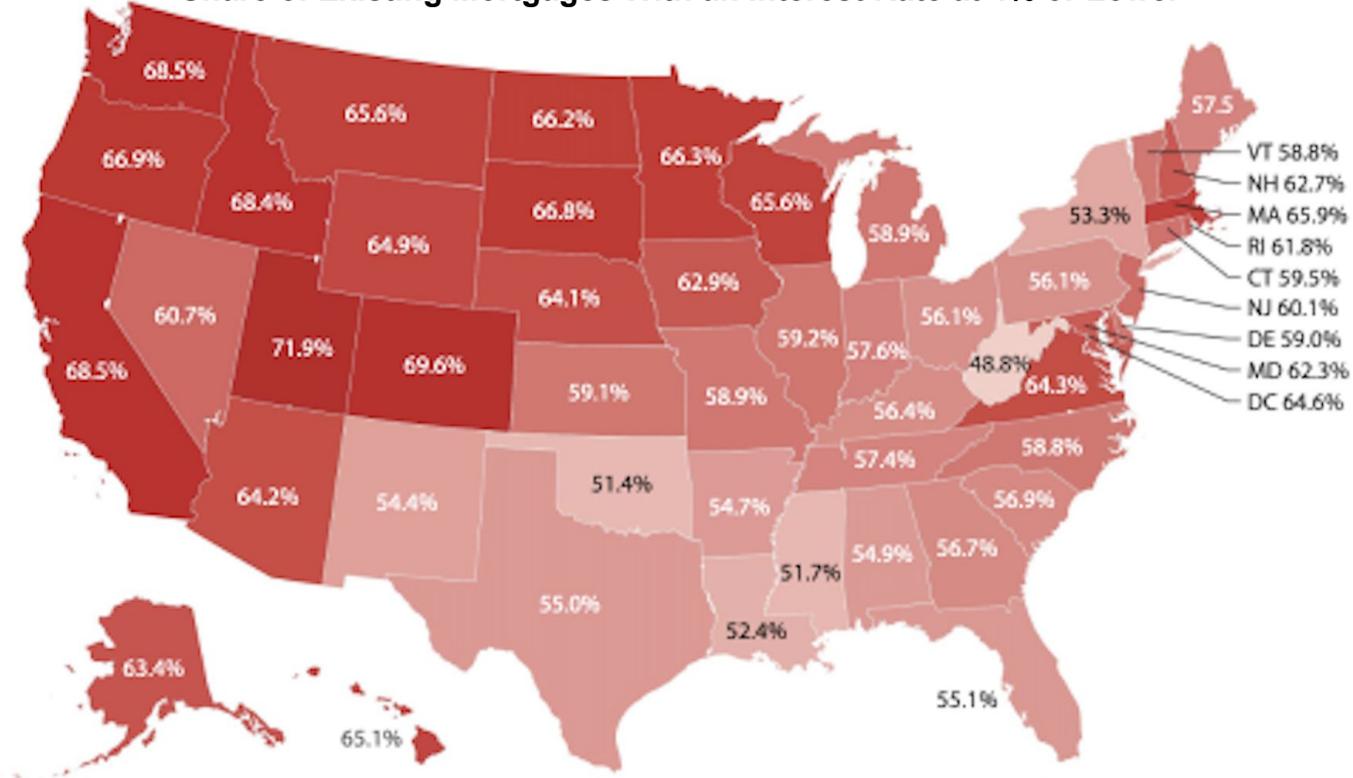


Rates on new home loans now far surpass rates locked in by Americans with existing mortgages.

Source: [Federal Housing Finance Agency analysis](#). Note: New loan figures show the predicted rate that existing mortgage holders could get on the same mortgages at new market conditions.

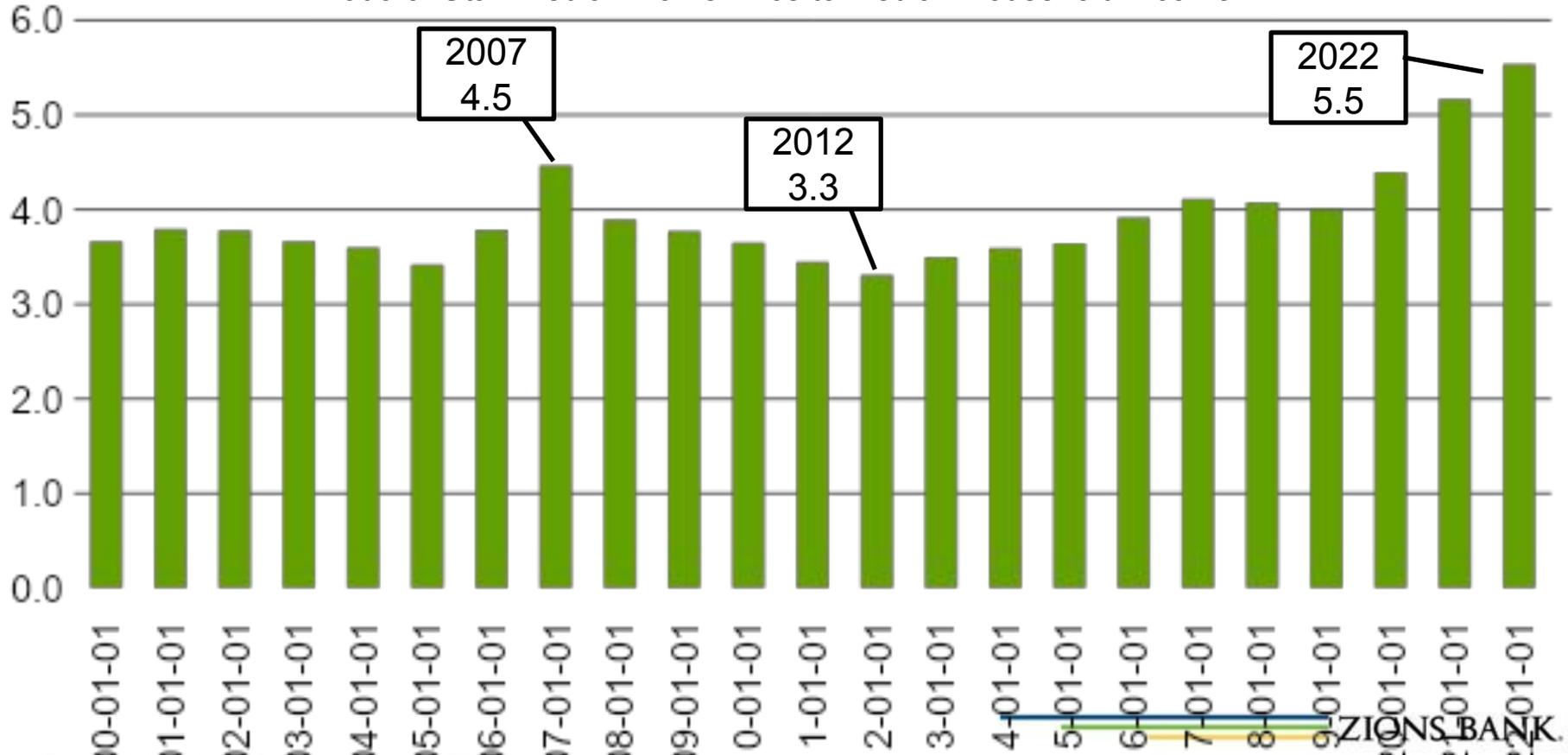
Utah Homeowners Locked in Low-Rate Mortgages

Share of Existing Mortgages With an Interest Rate at 4% or Lower



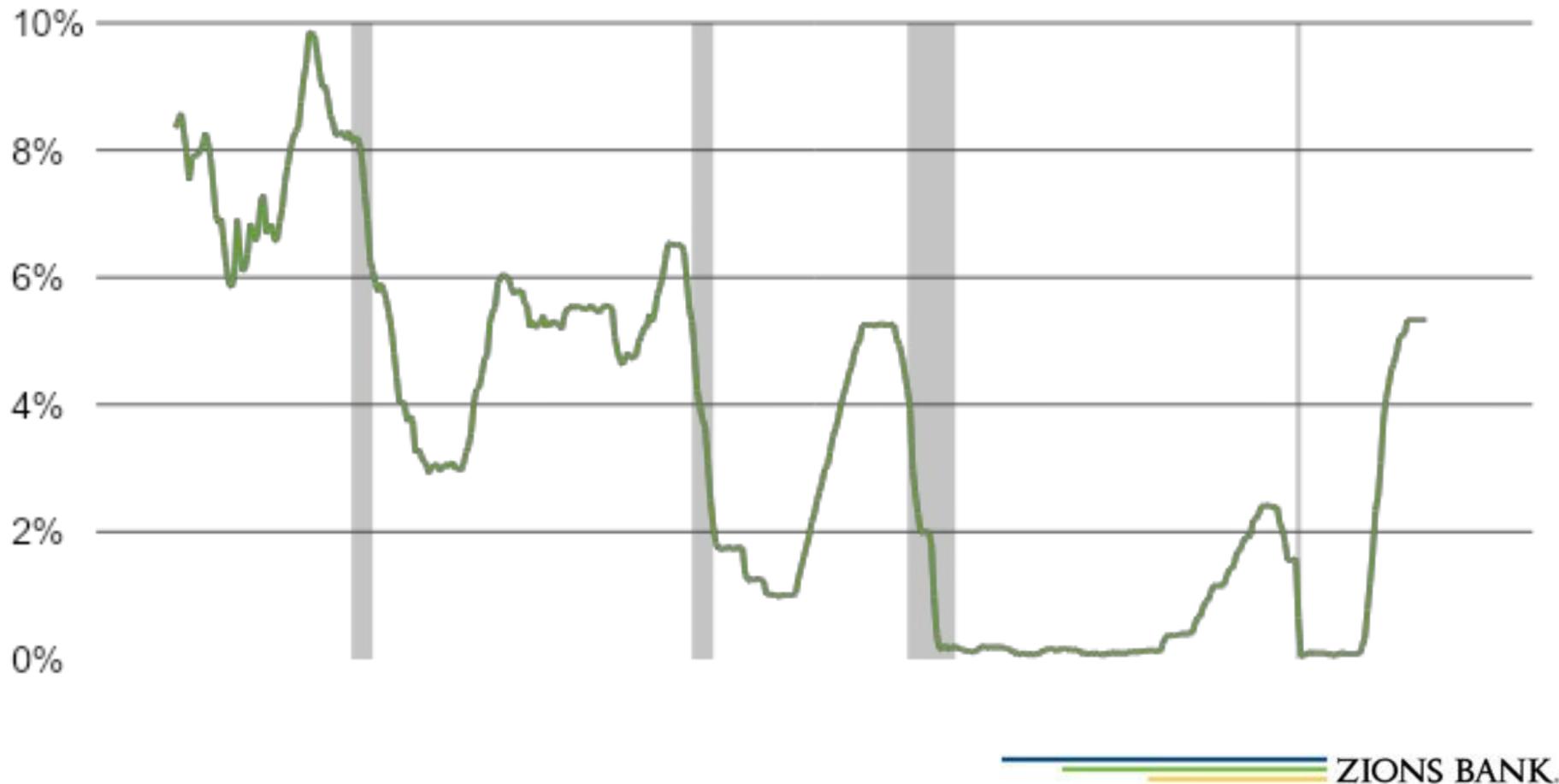
Utah Housing is Unaffordable

Ratio of Utah Median Home Price to Median Household Income

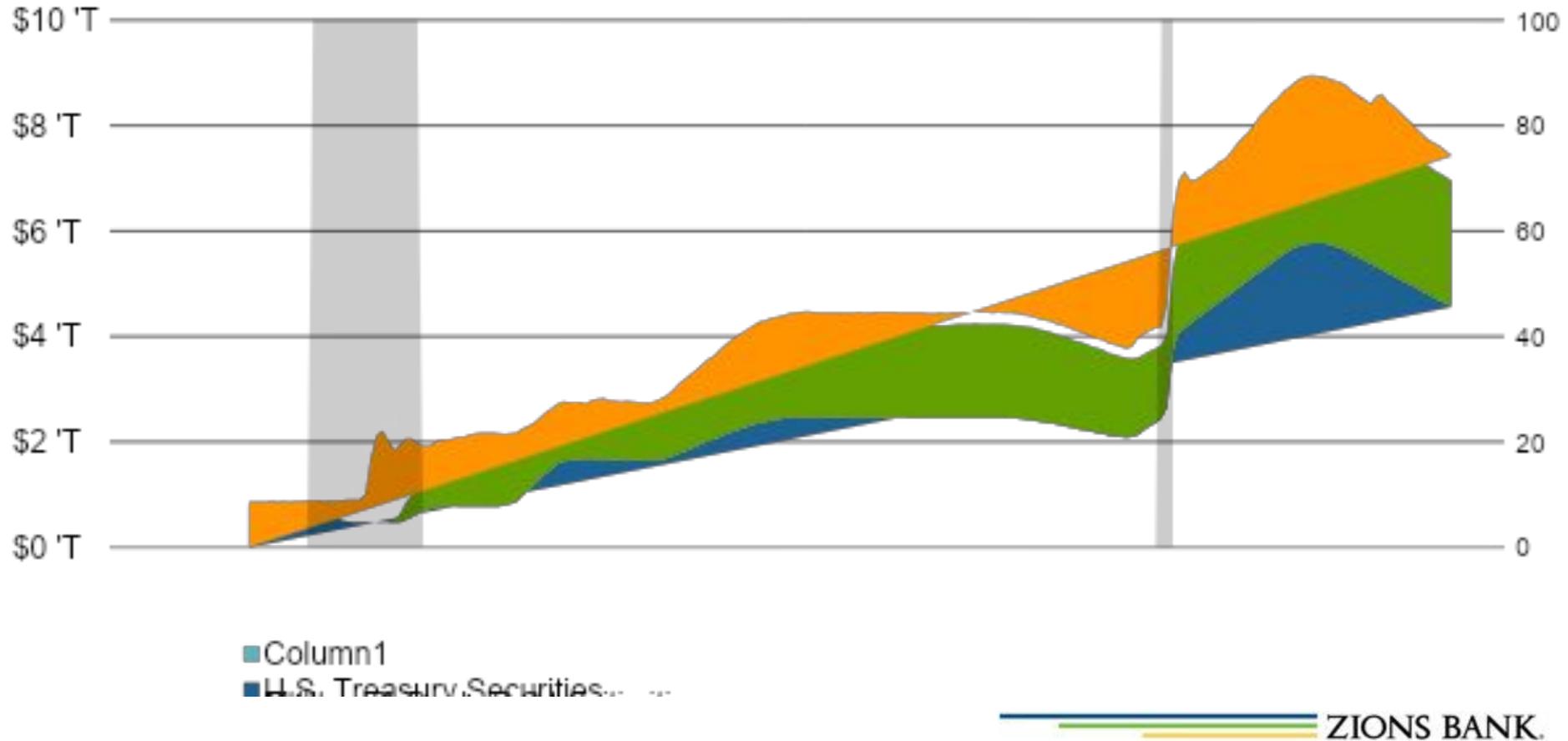


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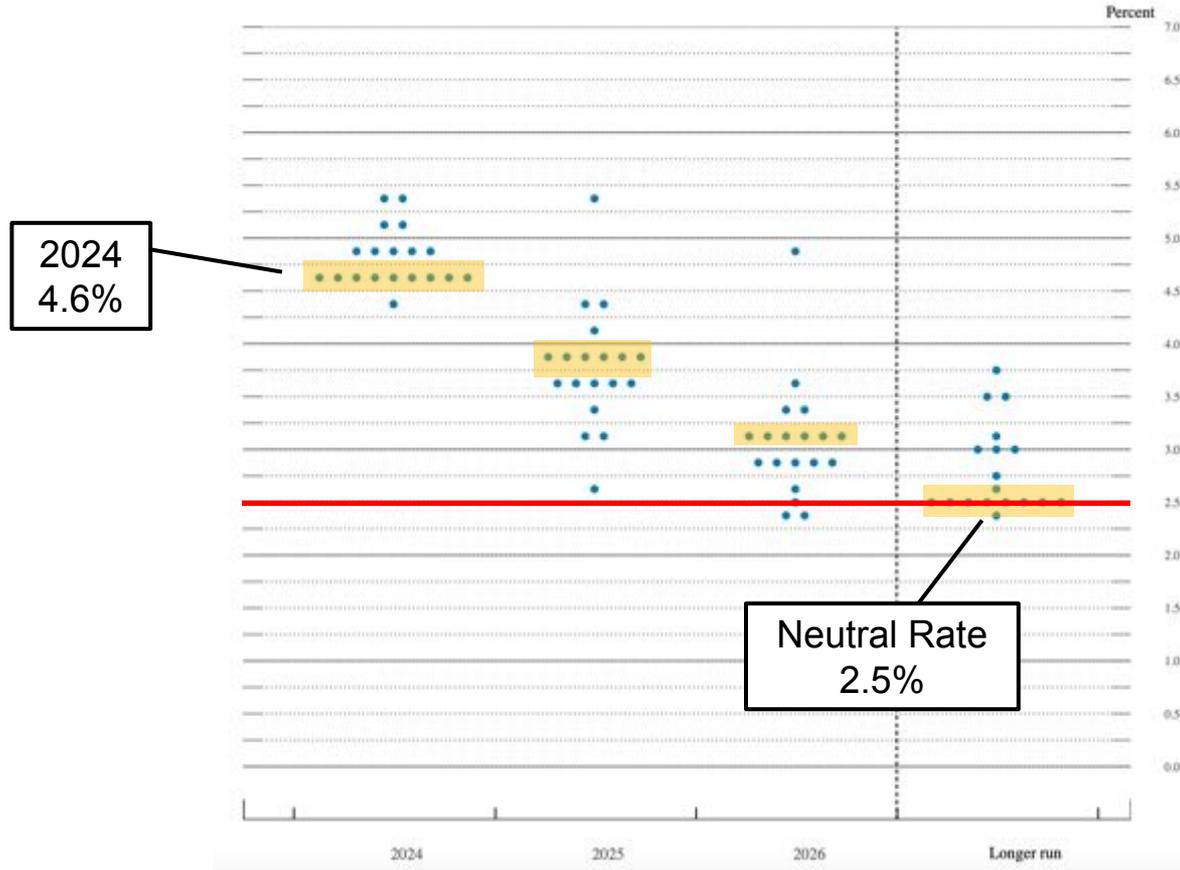
Fed Again Held Interest Rates in May



Fed Shrinking Its Balance Sheet



Fed Predicting Lower Interest Rates – But When?



2024
4.6%

Neutral Rate
2.5%

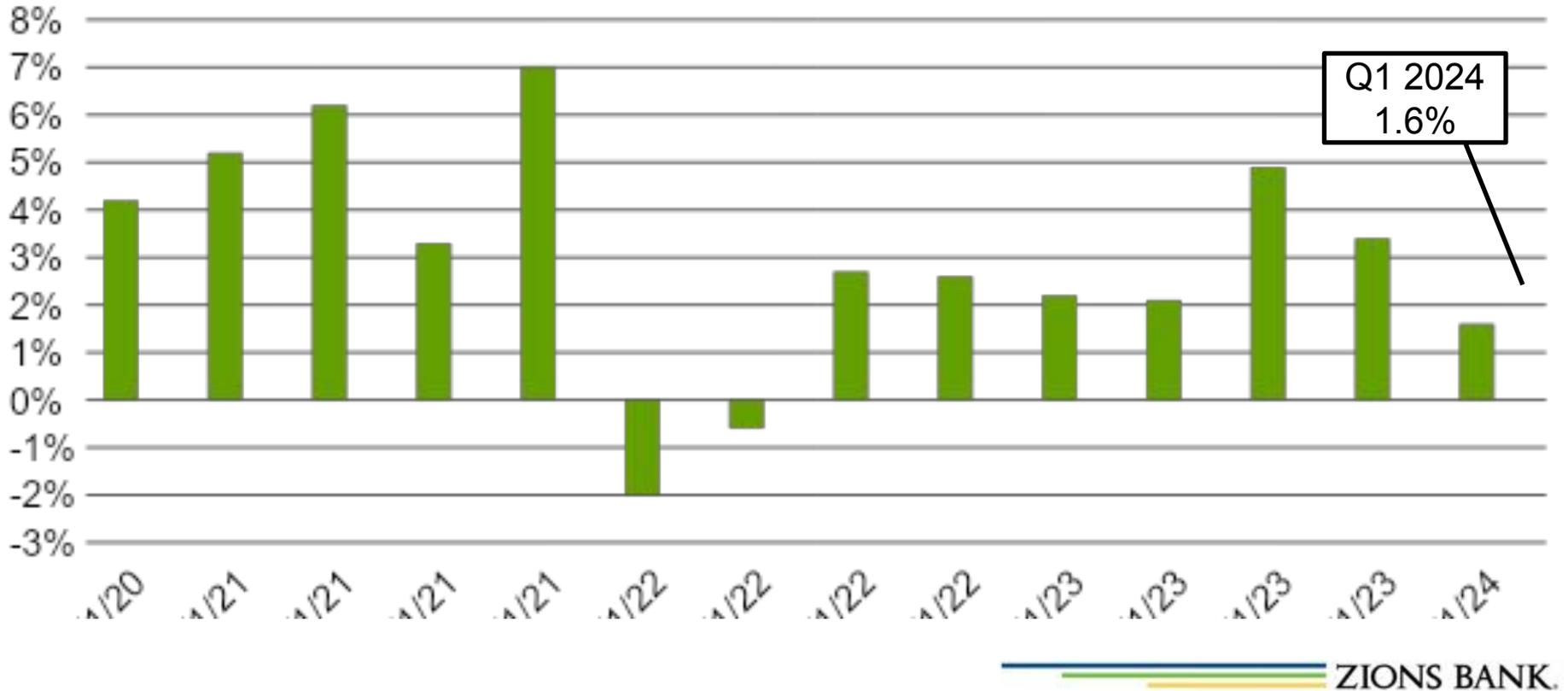
RESTRICTIVE
–
Slow the
Economy

ACCOMODATIVE
–
Grow the
Economy

Source: Board of Governors of the Federal Reserve System

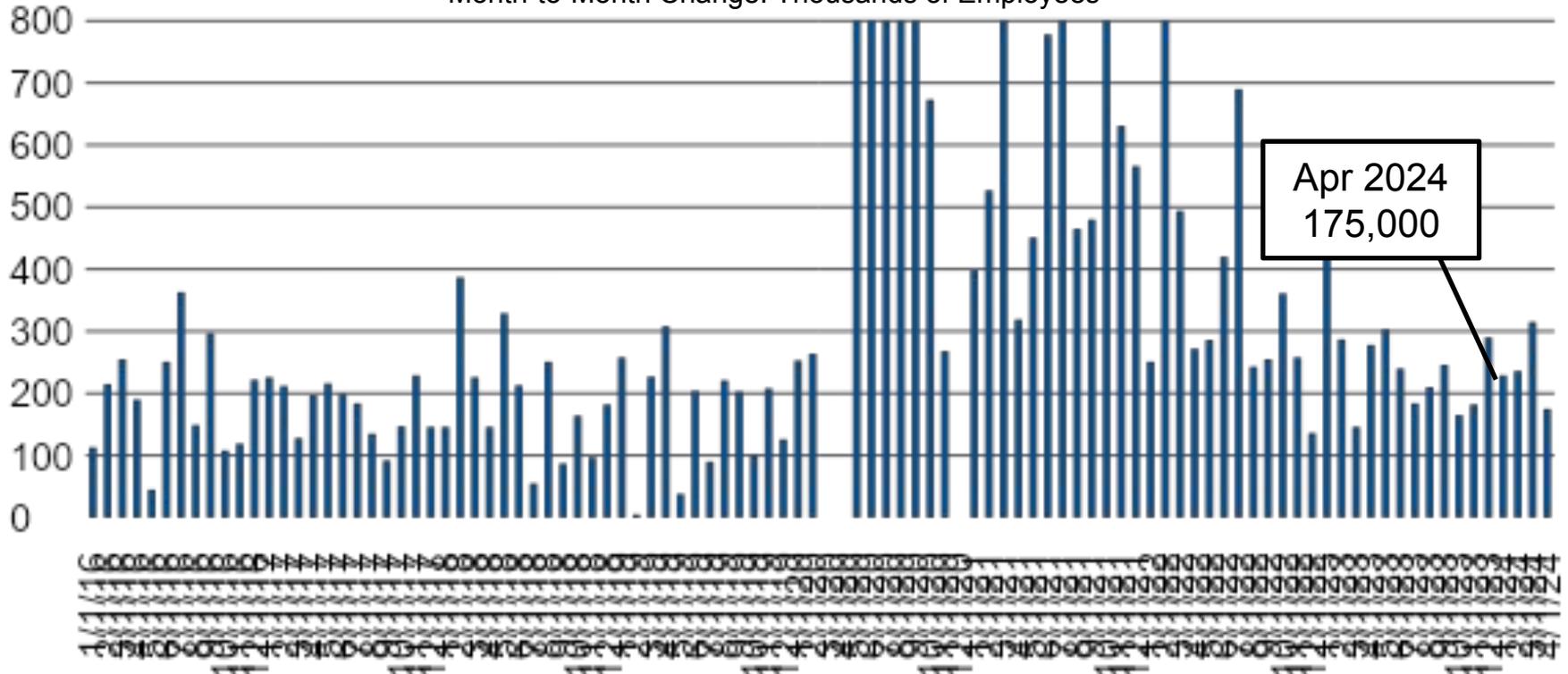
Are Interest Rates Restrictive?

GDP Slowed in the First Quarter



U.S. Job Growth Slowed in April

Month-to-Month Change: Thousands of Employees



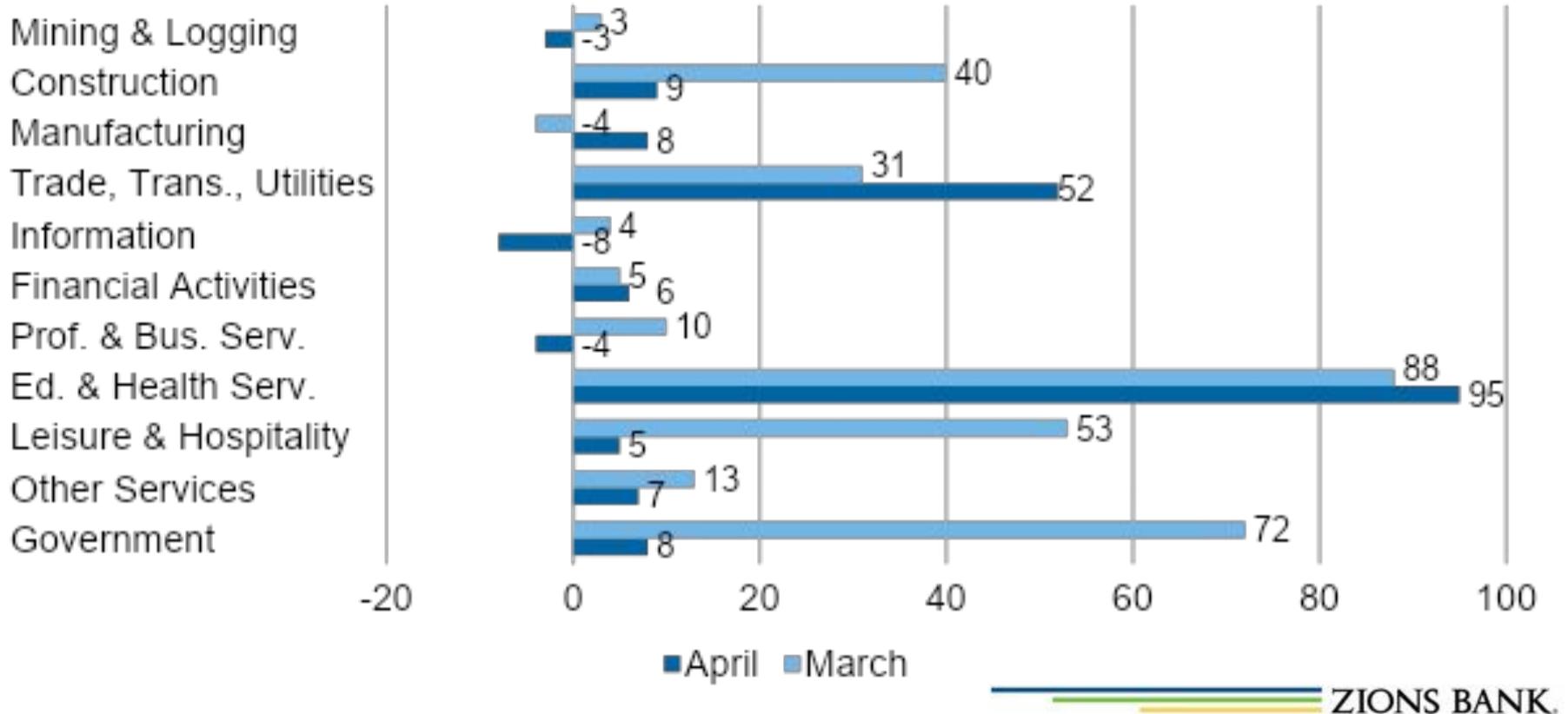
Apr 2024
175,000



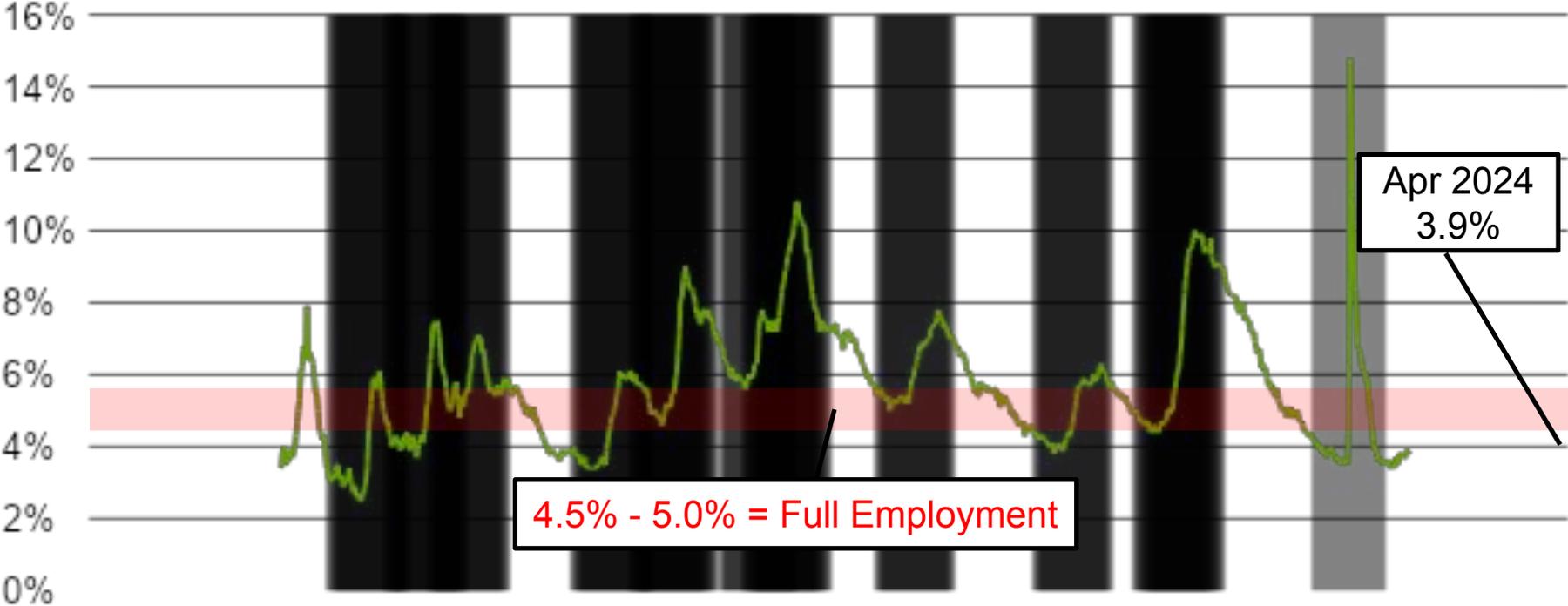
Source: U.S. Bureau of Labor Statistics

Most Industries Expanded in April

Monthly Job Change by Industry (In Thousands)



Unemployment Increased in April

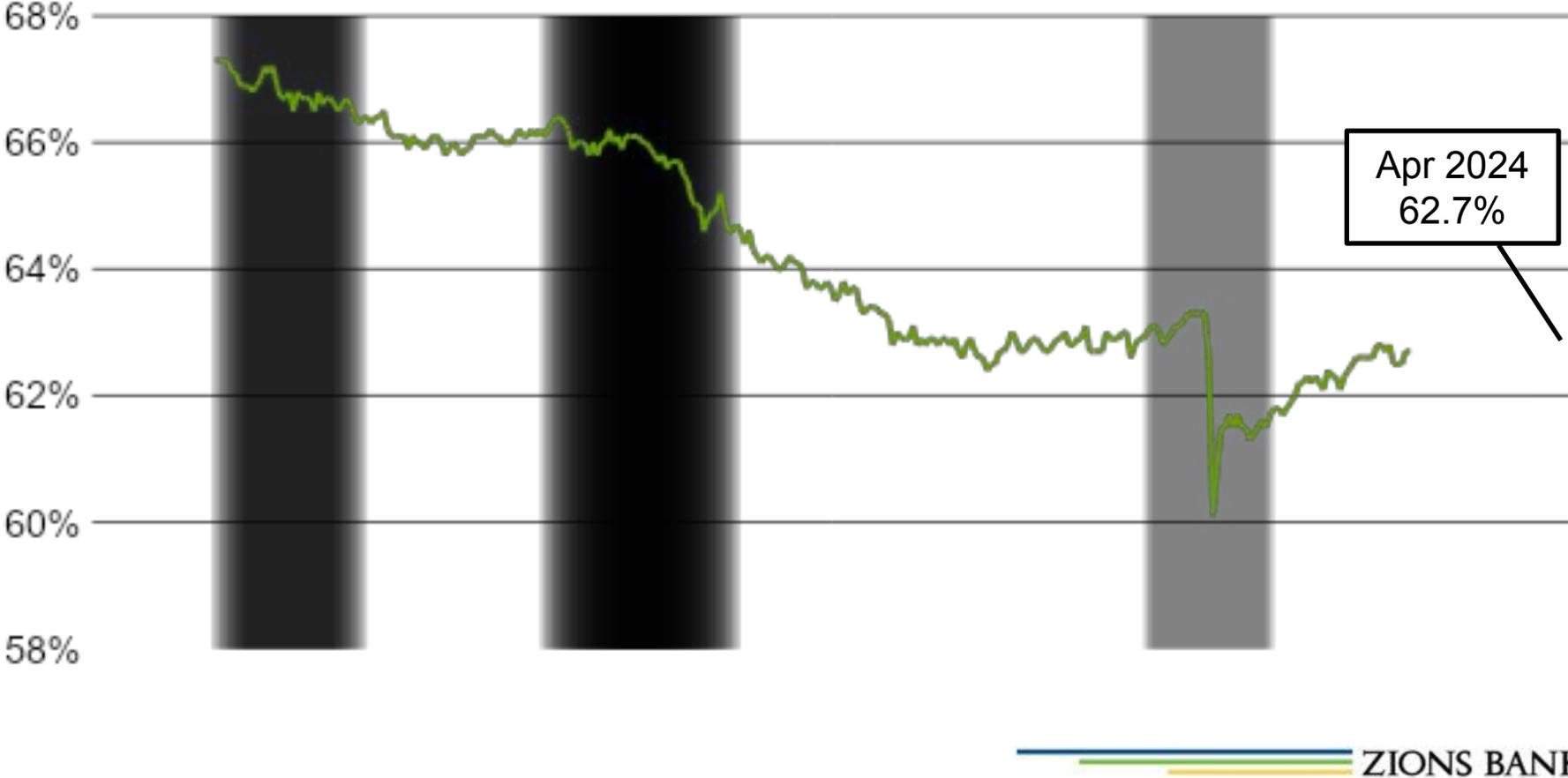


4.5% - 5.0% = Full Employment

Apr 2024
3.9%

Source: U.S. Bureau of Labor Statistics

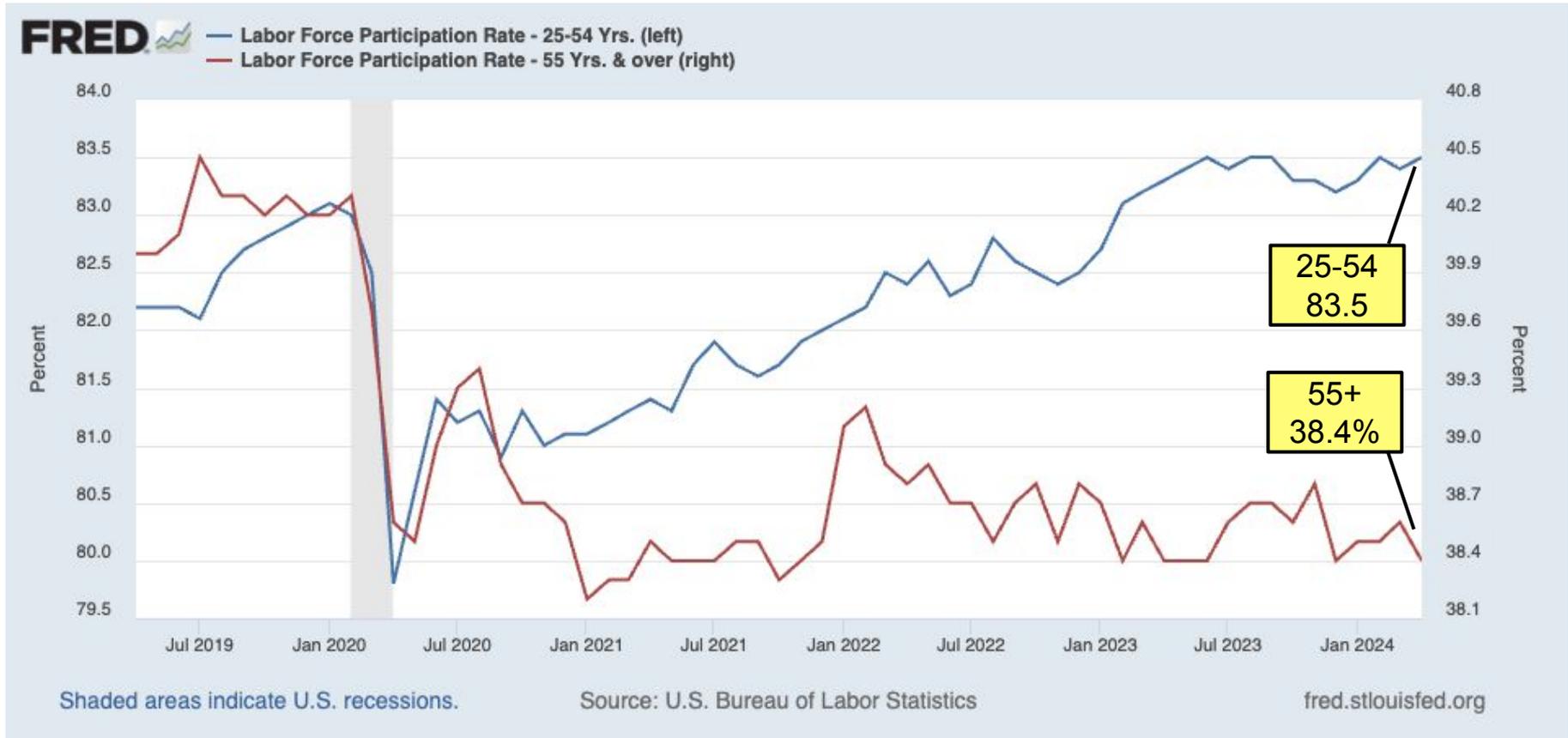
Labor Force Participation Rate Unchanged in April



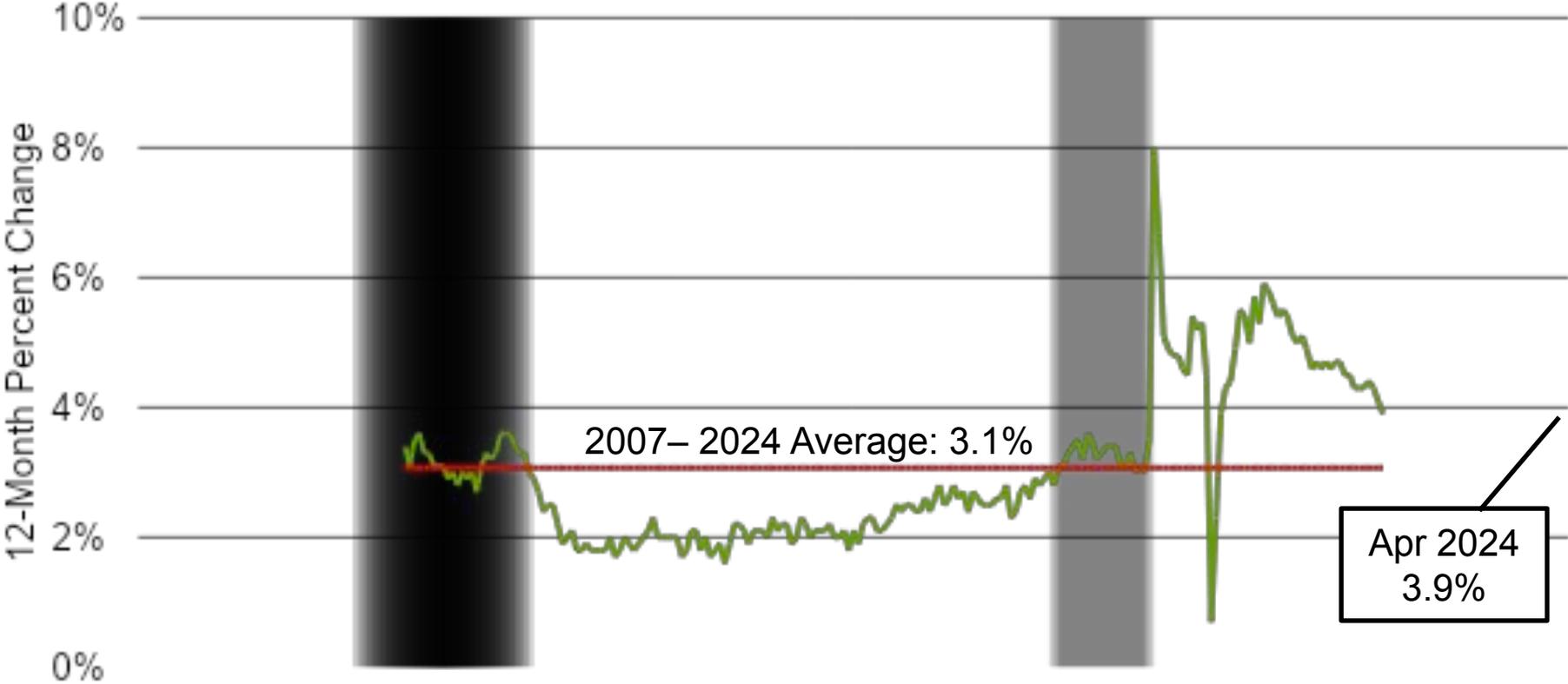
Apr 2024
62.7%

Source: U.S. Bureau of Labor Statistics

Older Workers Still on the Sidelines

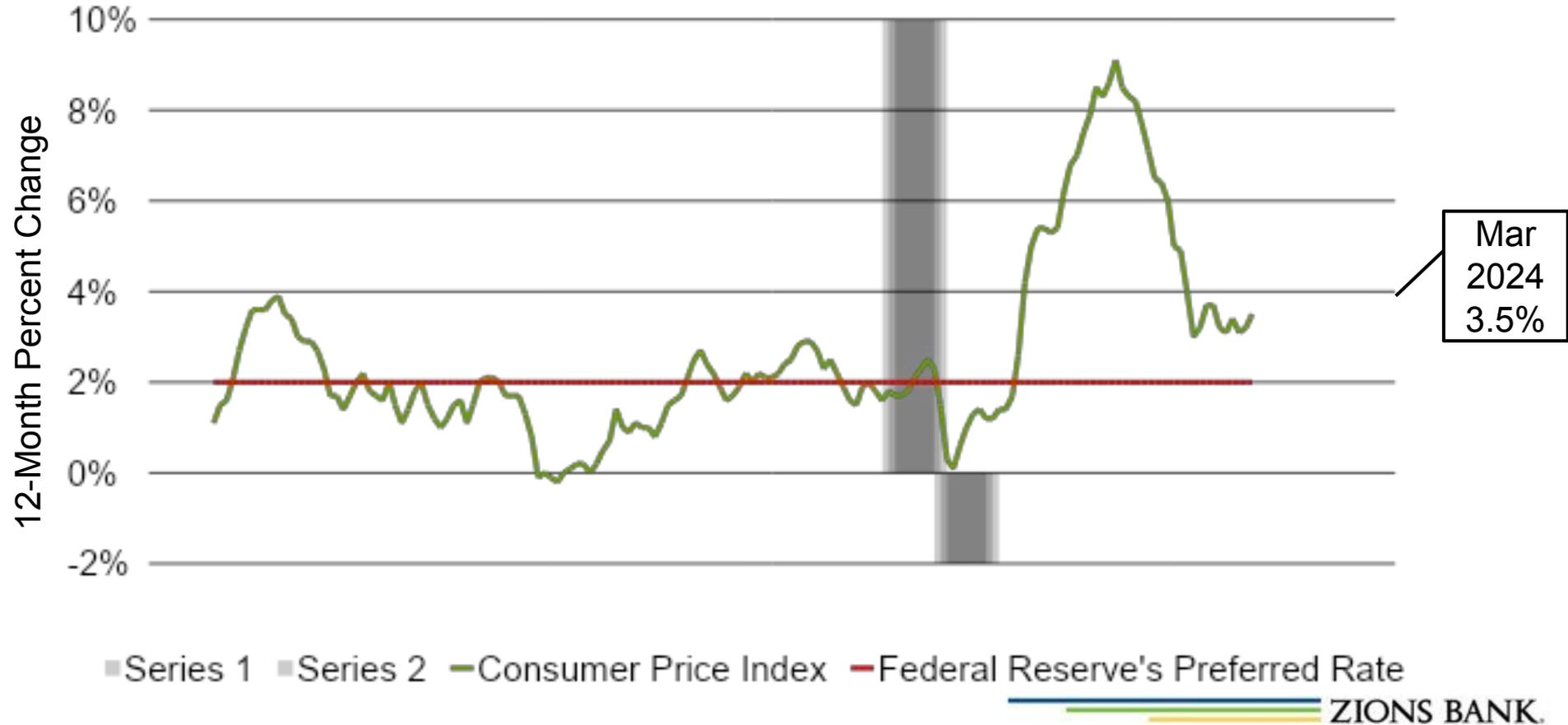


Wage Growth Slowed in April



Source: U.S. Bureau of Labor Statistics

Is Inflation Becoming Too Hot to Handle?



Consumer Prices Up 20% Since 2020



— Consumer Price Index for All Urban Consumers: All Items in U.S. City Average



Shaded areas indicate U.S. recessions.

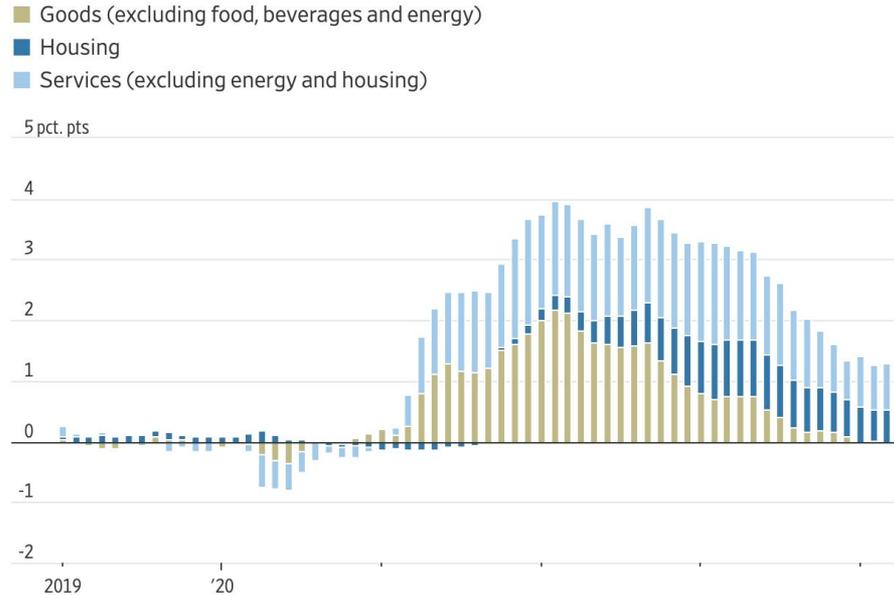
Source: U.S. Bureau of Labor Statistics

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Housing and Services Adding to Inflation Pressure

Contribution to core PCE inflation, difference from prepandemic trend

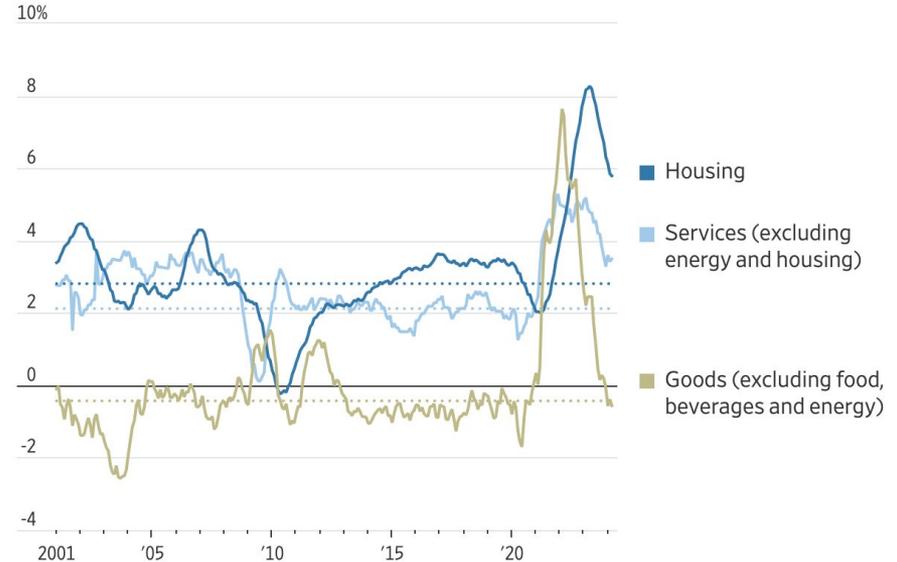


Note: Prepandemic trend is average from January 2011 to January 2020. Core PCE is the price index of personal-consumption expenditures, excluding food and energy.

Source: Commerce Department

Inflation has returned to its prepandemic trend for goods, but not for housing and nonhousing services

Twelve-month change in personal-consumption expenditures index

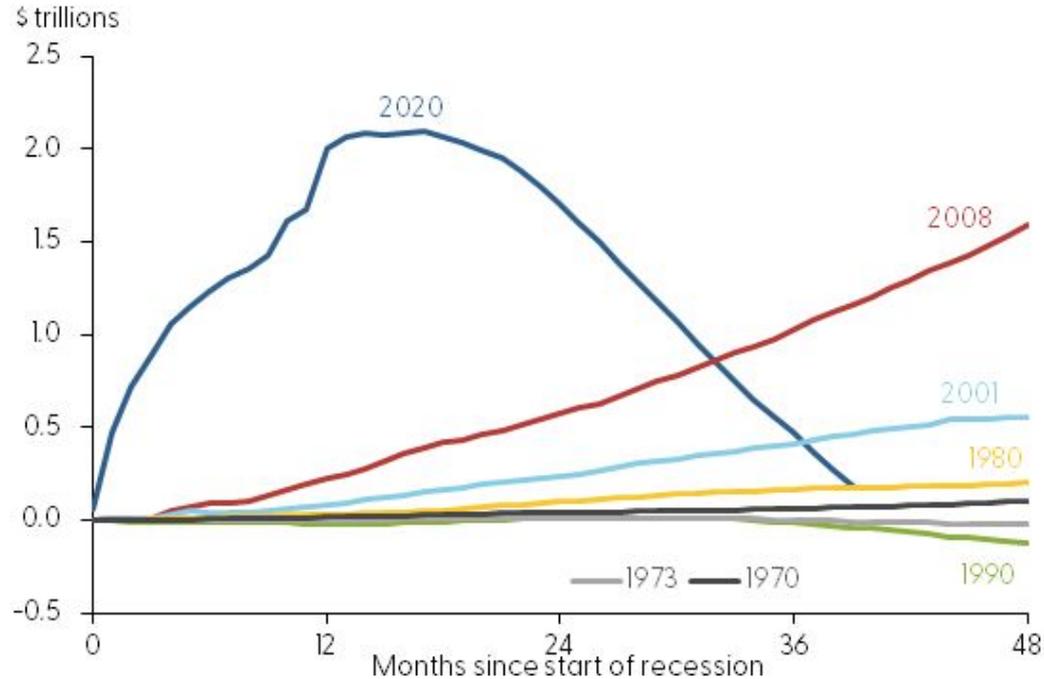


Note: Dotted lines show average inflation rate for each component from January 2011 to January 2020

Source: Commerce Department

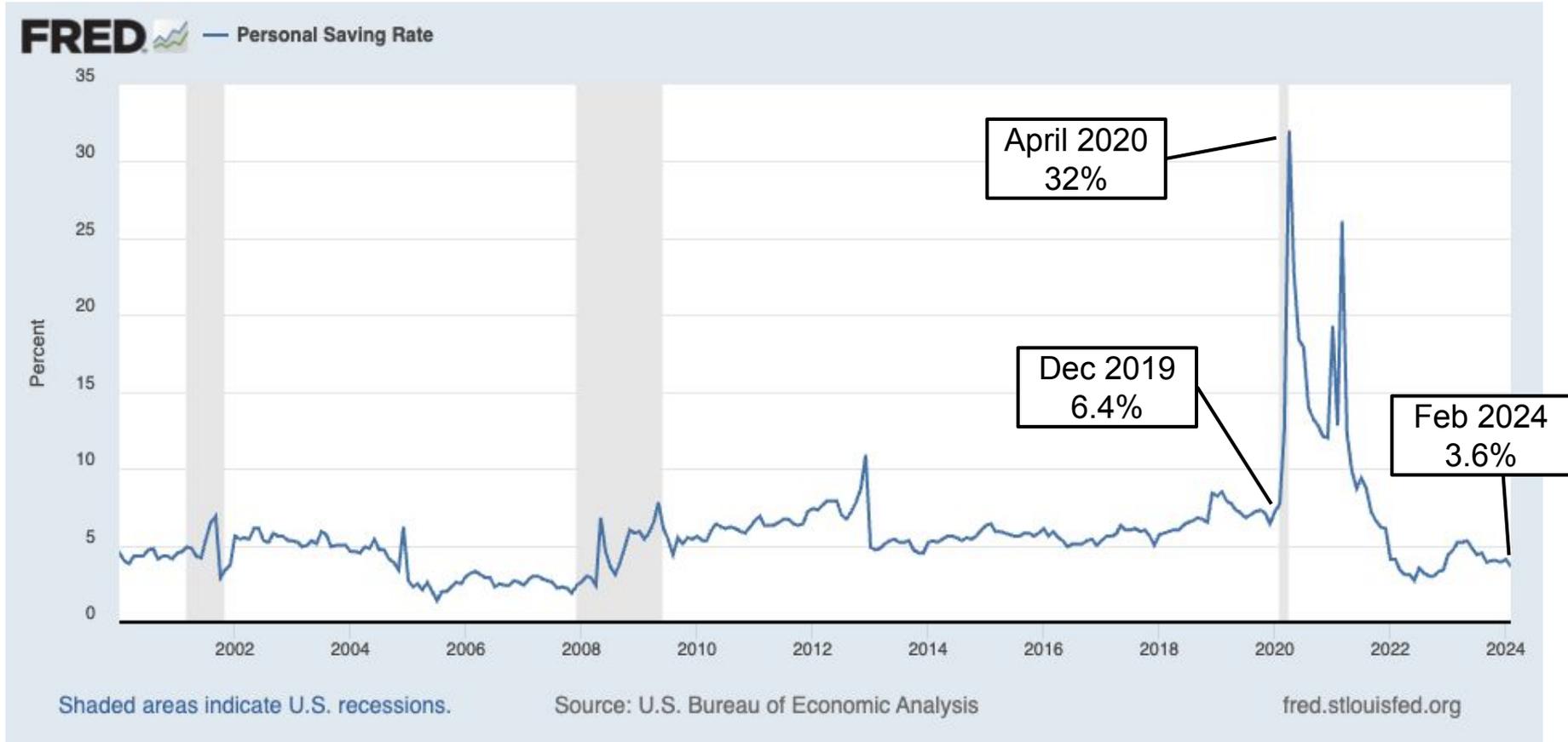
How Long Will We Be Swimming in Extra Cash?

Figure 2: Aggregate excess savings following onset of recessions



Source: Bureau of Economic Analysis and authors' calculations.

Personal Saving Rate Lower than Before COVID



Delinquent Debt Increasing As Consumers Get Tapped Out

FRED

— Delinquency Rate on Credit Card Loans, All Commercial Banks

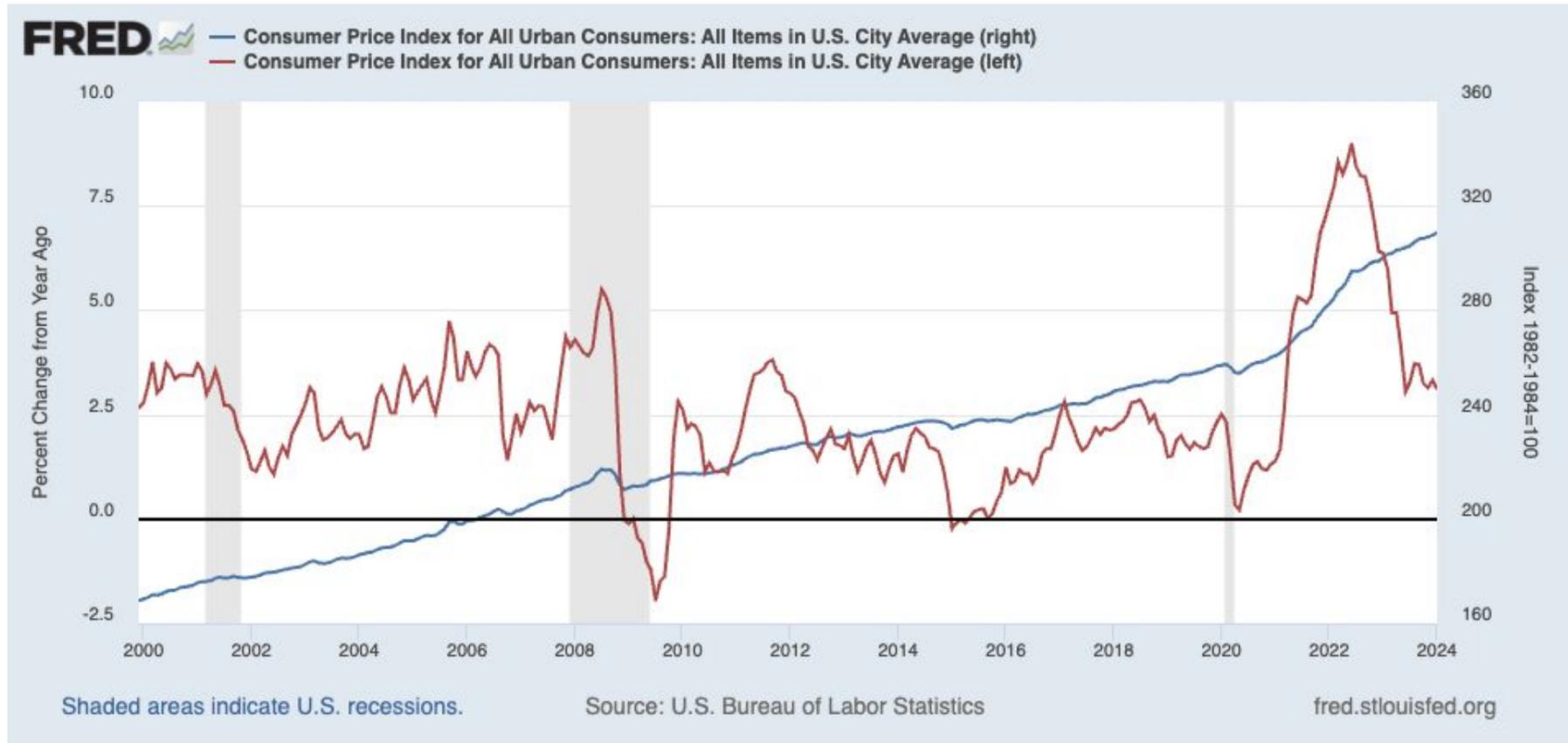


Shaded areas indicate U.S. recessions Source: Board of Governors of the Federal Reserve System (US)

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CPI Inflation: 2000-2024



CPI Inflation: 1960-1985

FRED

— Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (right)
— Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (left)



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

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Regional Economic Conditions

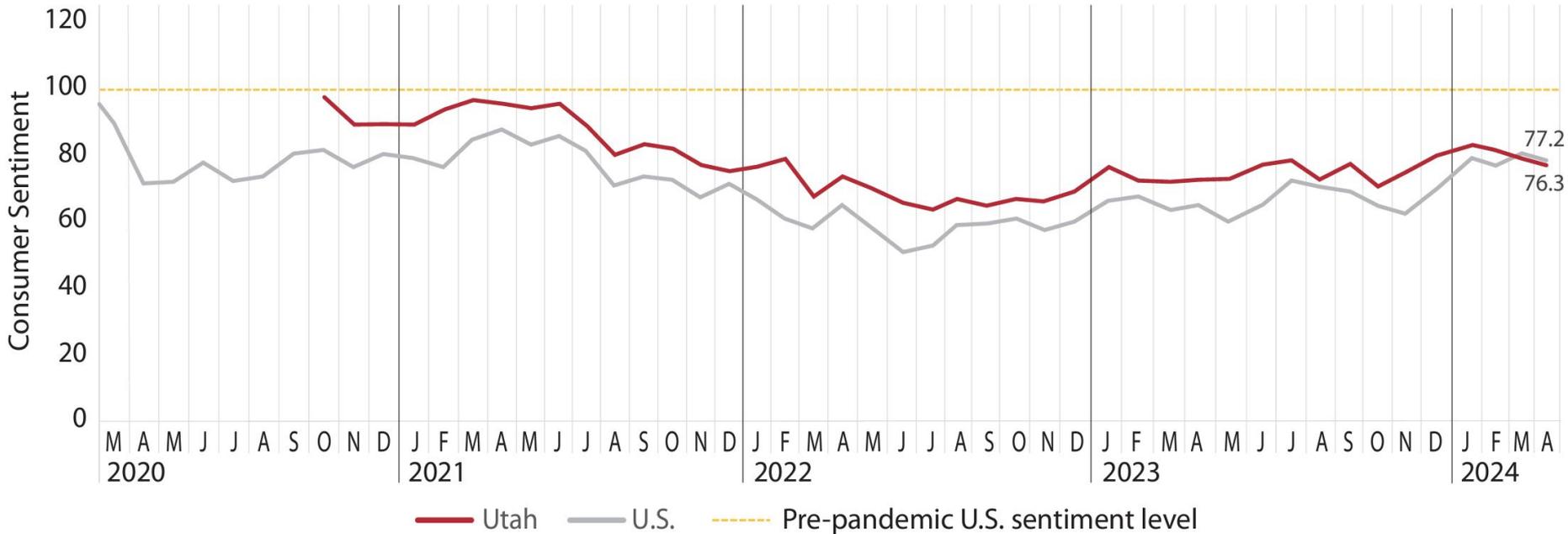
Utah Ranked as the Best State in America

- Wall Street Journal

Utah's Tech Hub Powers America's Hottest Job Market, WSJ Ranking Finds

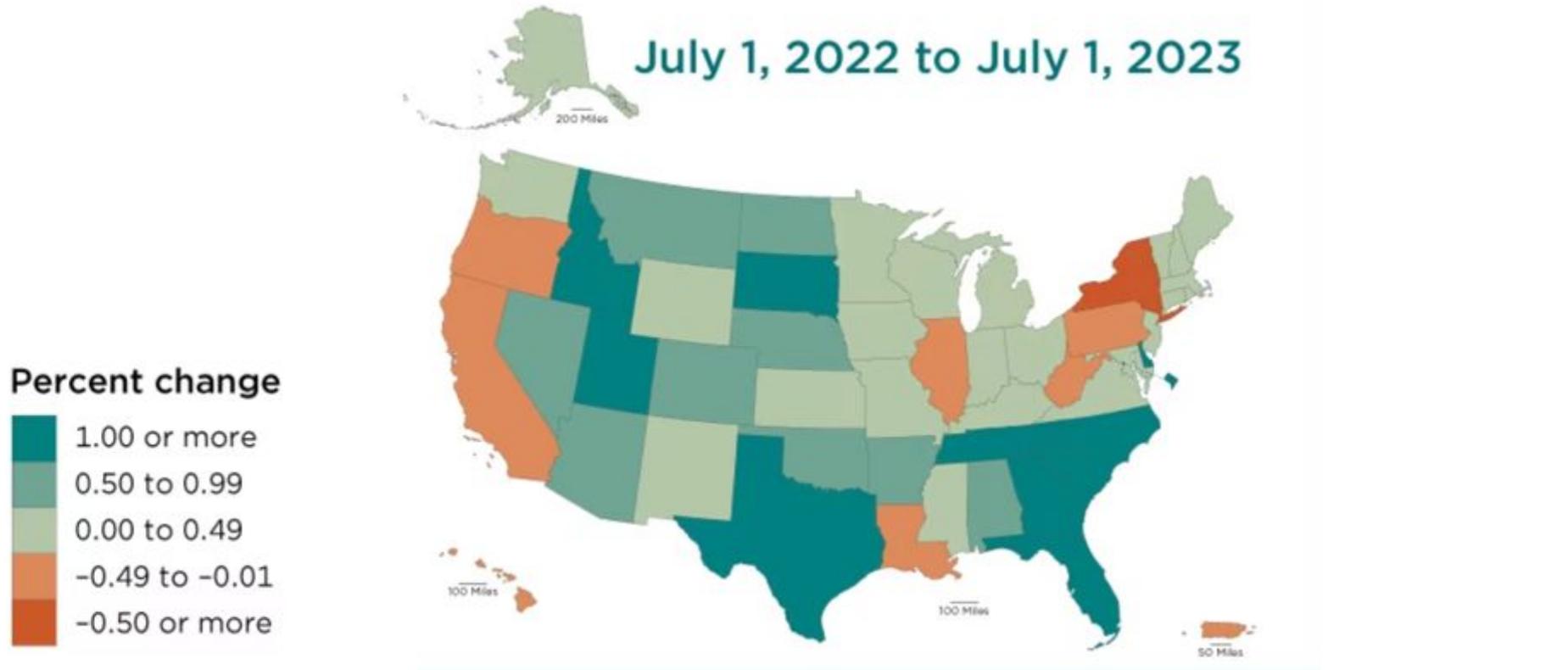
- US News
 - #1 Best State Overall
 - #1 Best State for Fiscal Stability
 - #1 Best State for Economy

Utah Consumer Sentiment Lower than U.S.



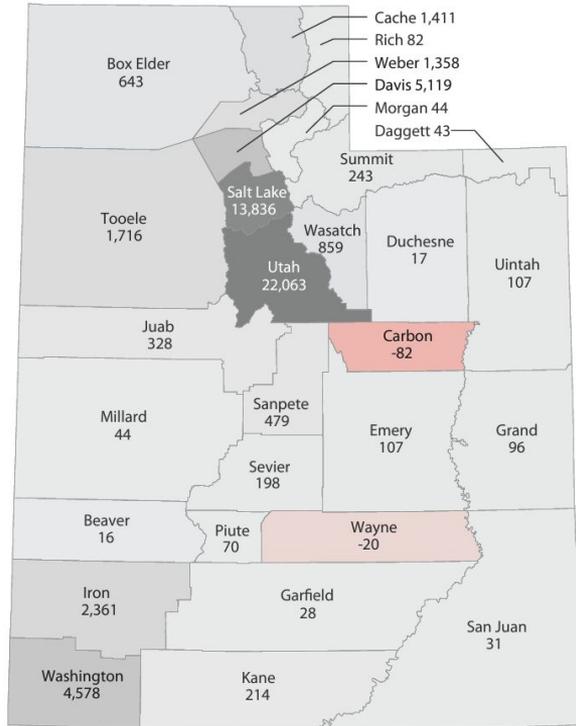
Sources: University of Michigan, University of Utah Kem C Gardner Inst.

Large Differences in State Population Growth

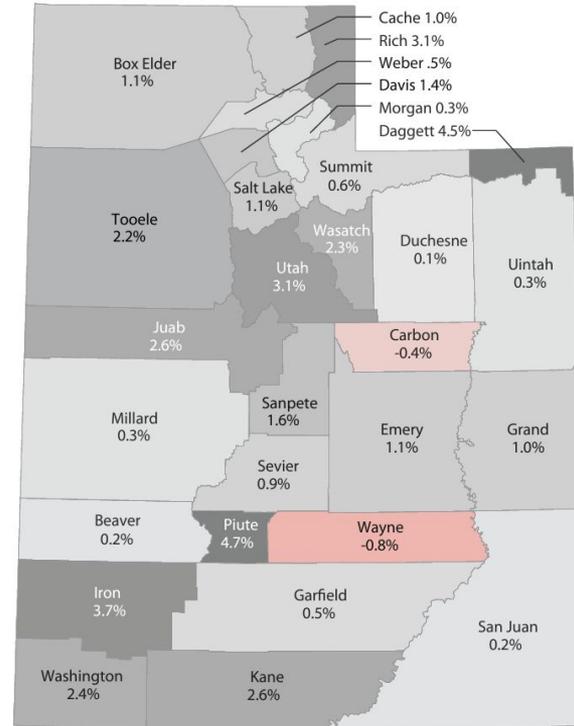


Most Utah Counties Grew in 2023

**State of Utah
55,989**

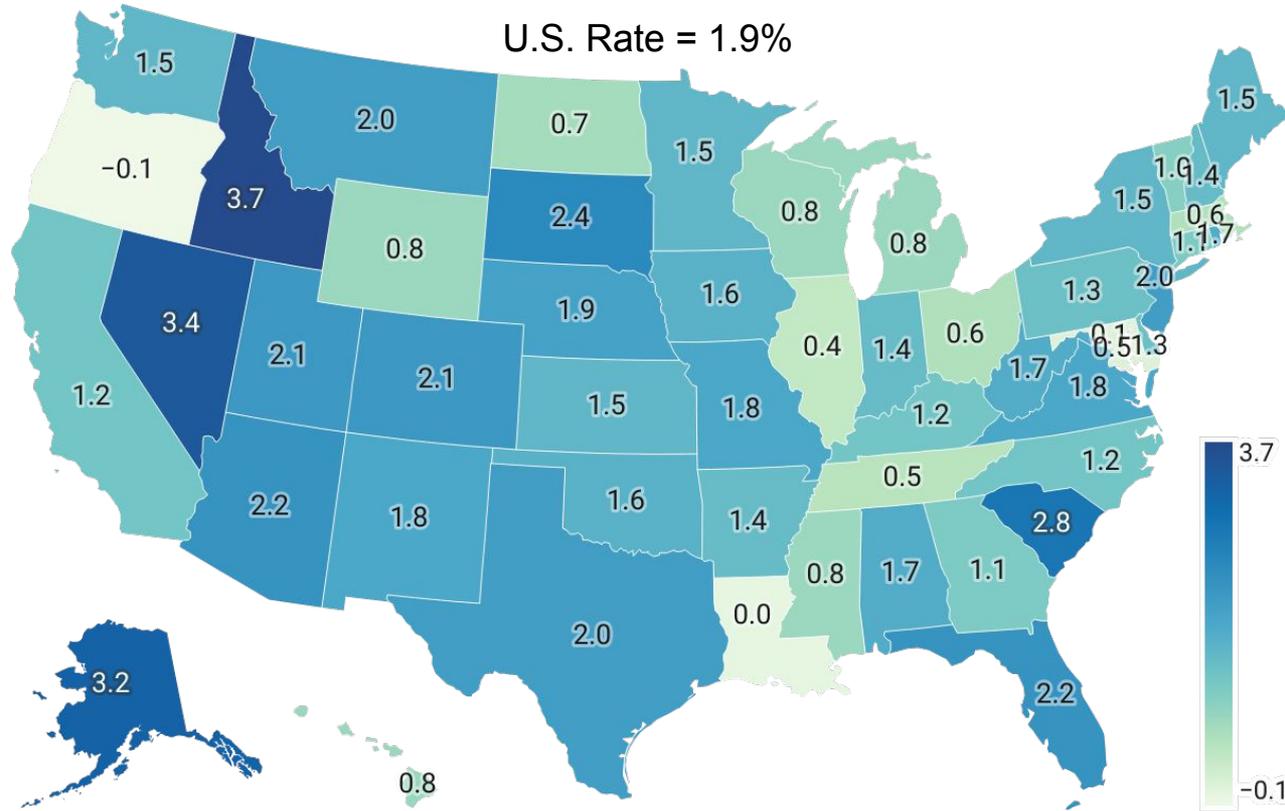


**State of Utah
1.6%**



Note: 2021 and 2022 population estimates and net migration have been revised due to methodological improvements
Source: Utah Population Committee, Kem C. Gardner Policy Institute

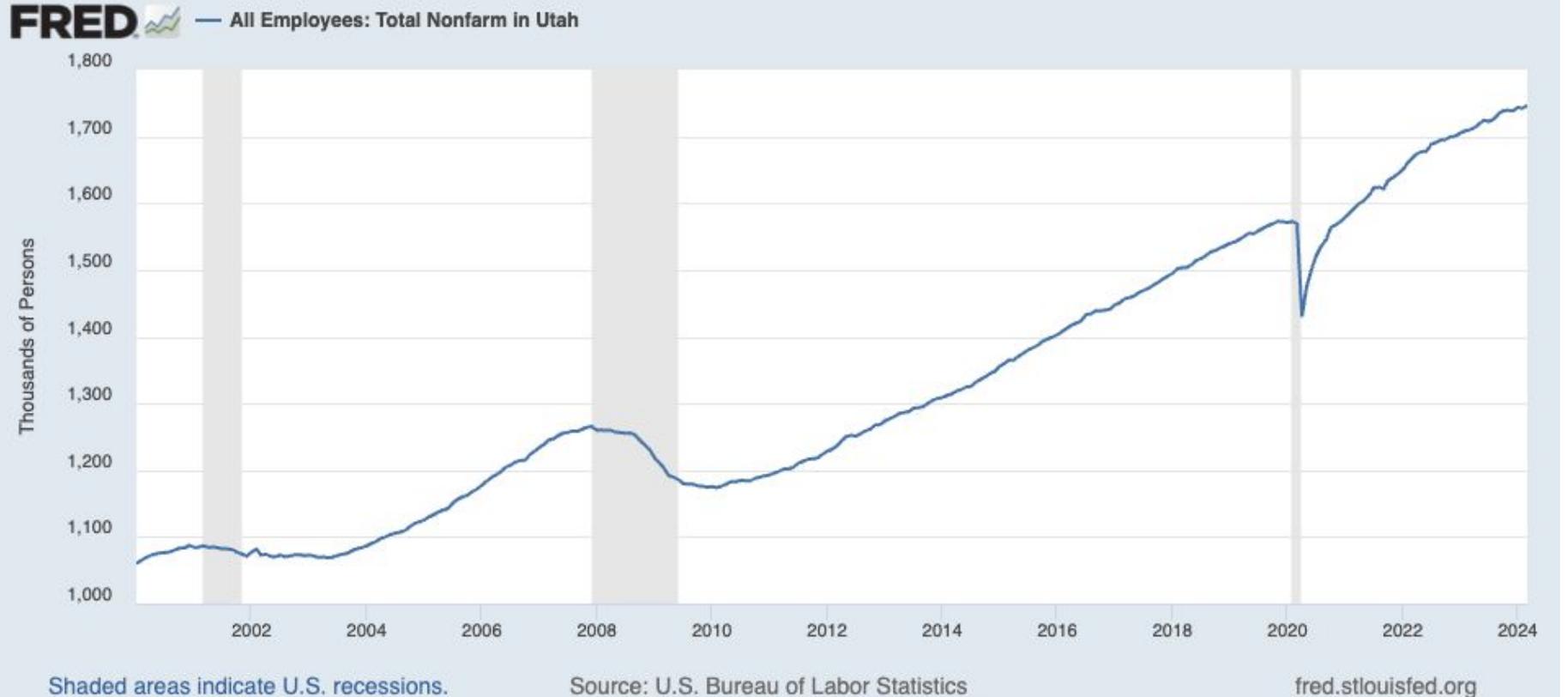
Utah Employment Growth Above U.S.



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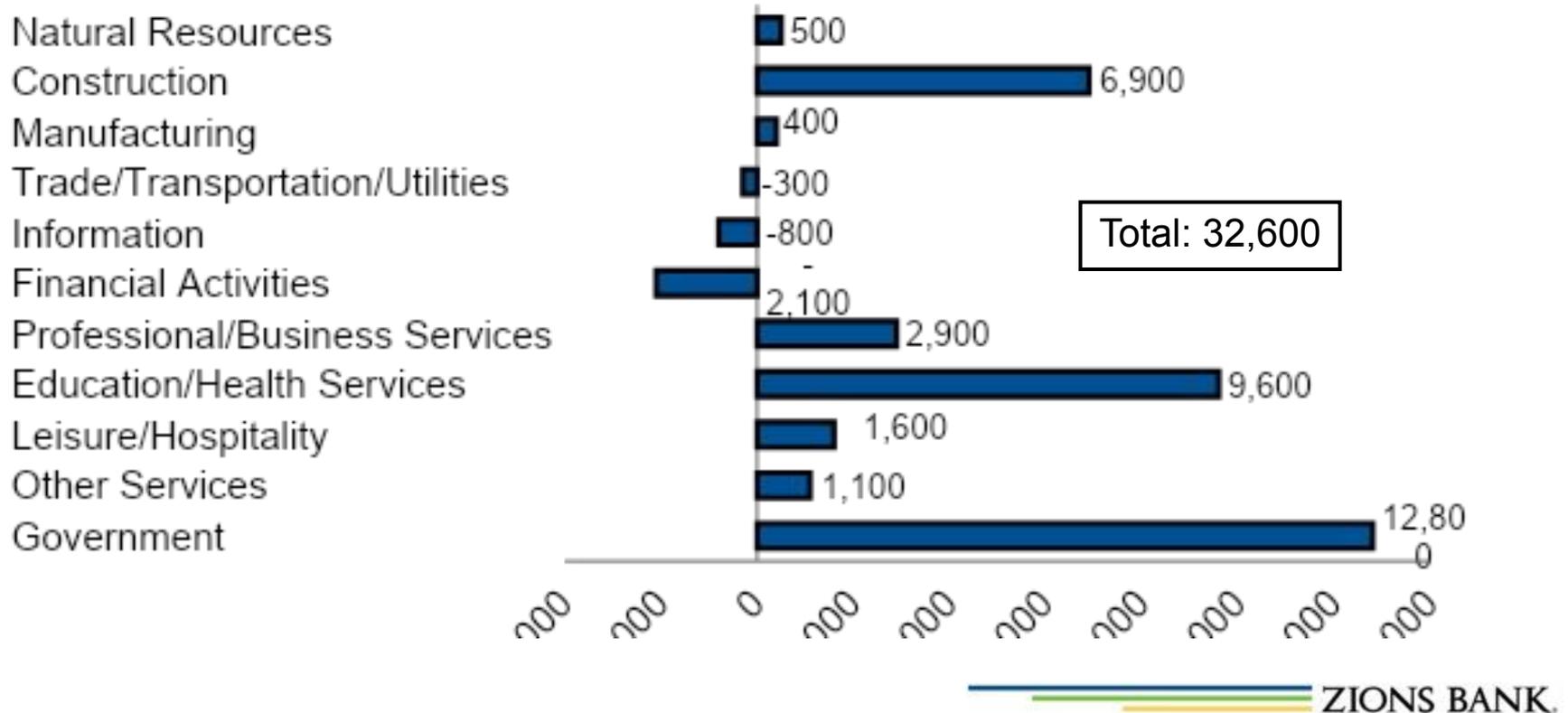


Utah Job Growth is Strong



Most Utah Industries Grew Over the Past Year

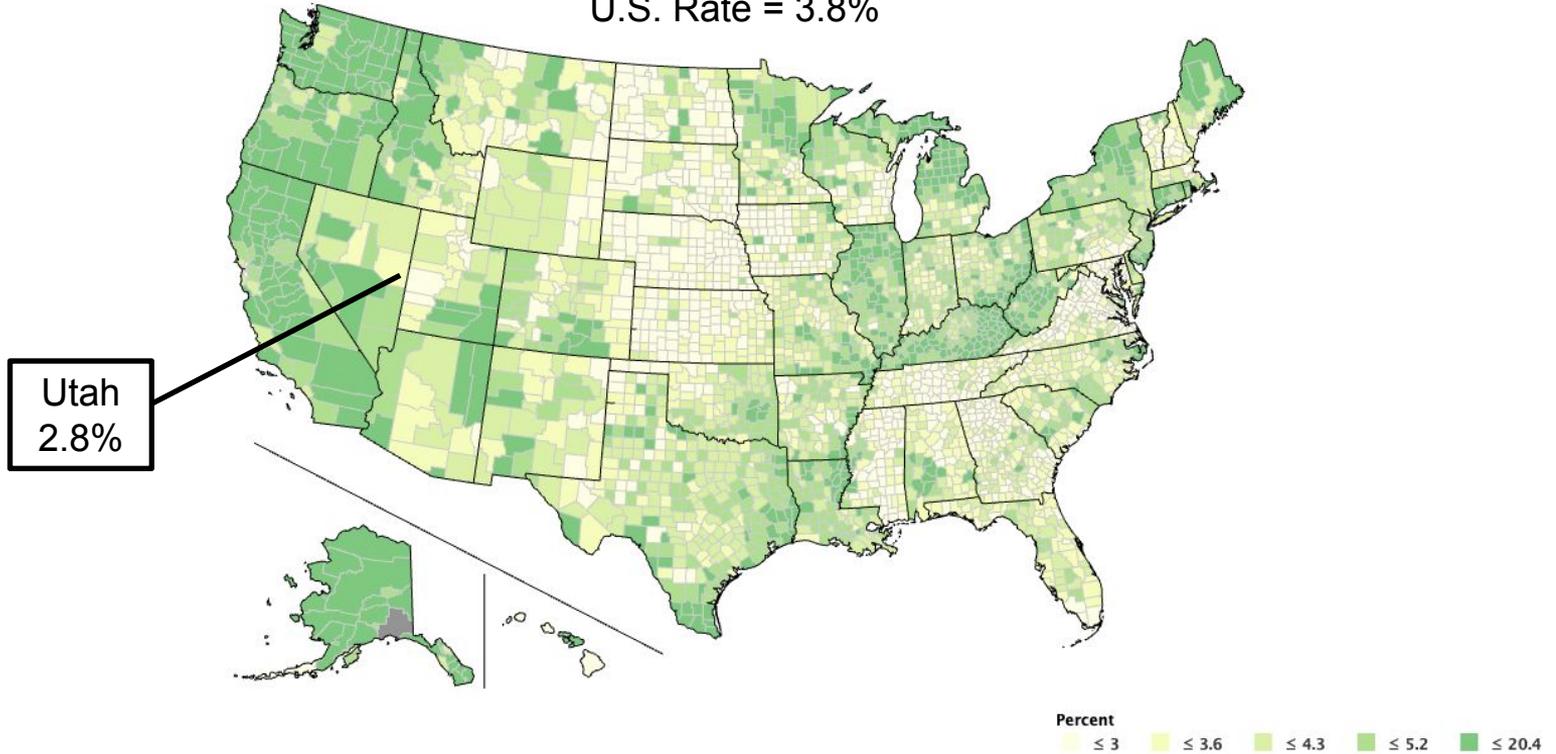
February 2023 to 2024



Utah Unemployment Among Lowest in the Nation

FRED  2024 February Unemployment Rate by County (Percent)

U.S. Rate = 3.8%



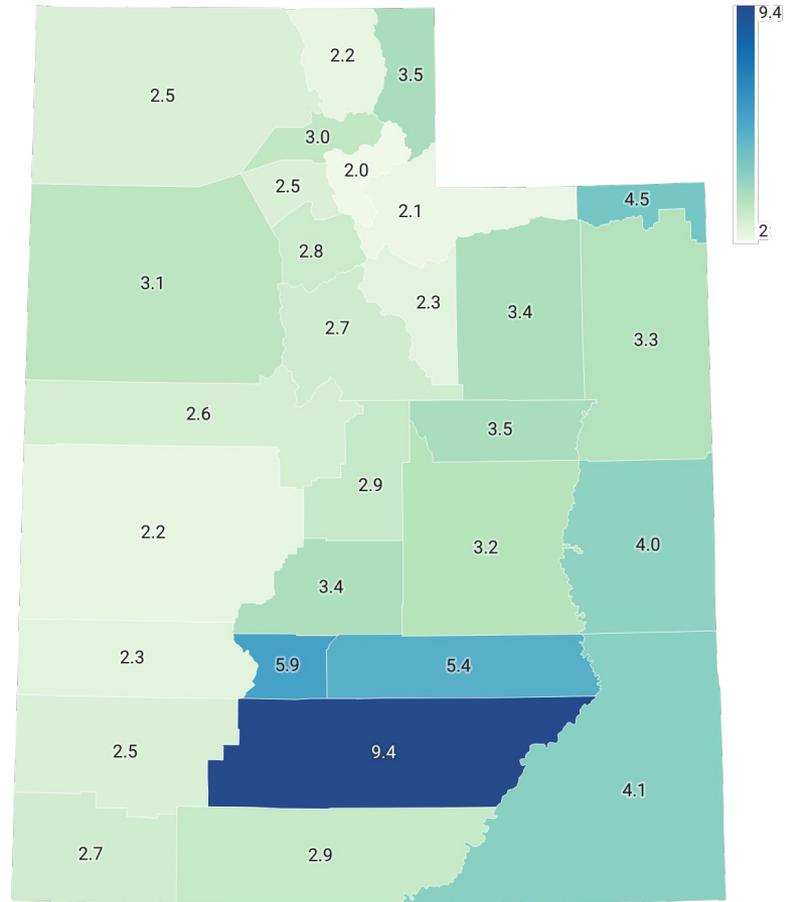
Source: U.S. Bureau of Labor Statistics



Utah Unemployment Rates By County

March 2024

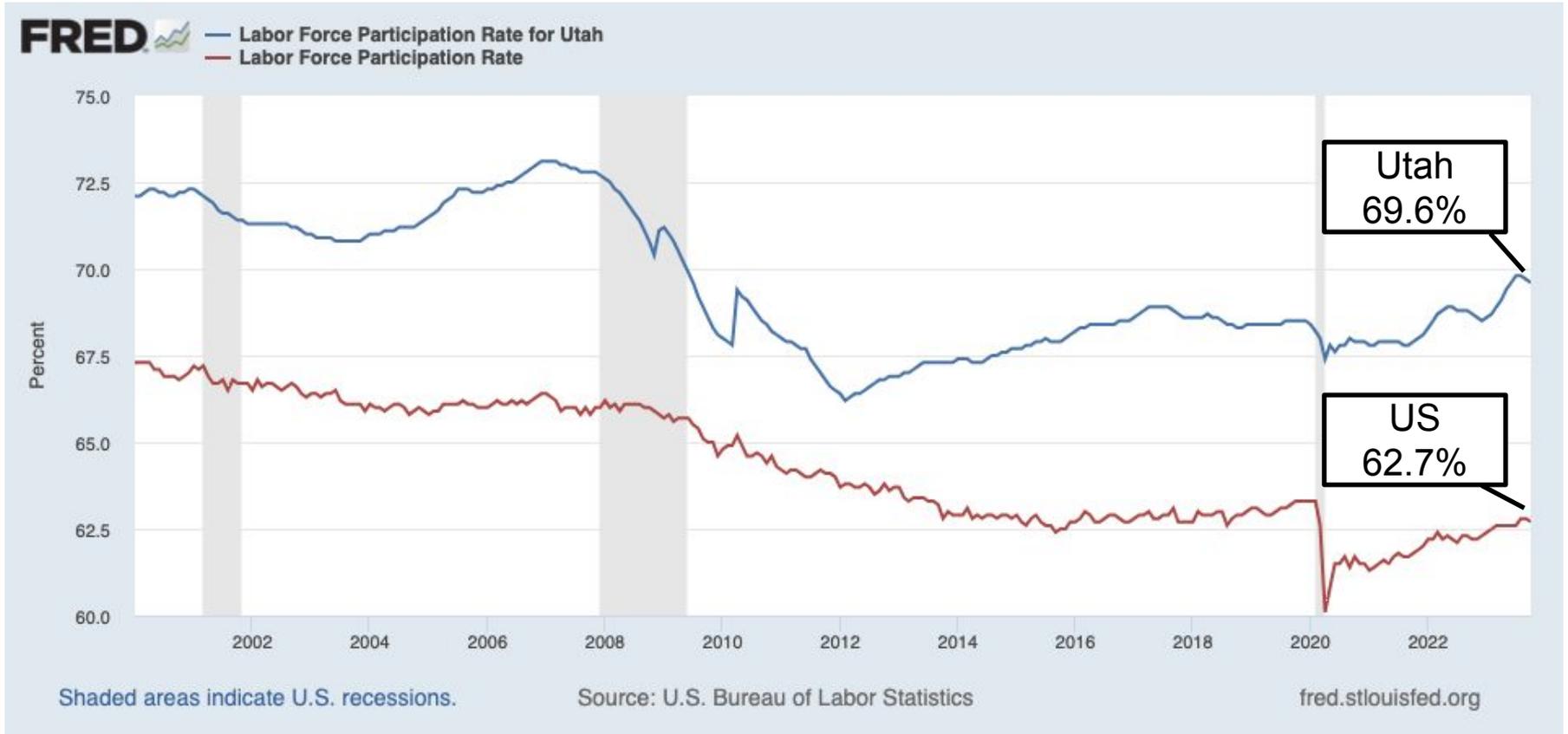
State Rate = 2.8%



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Utah Labor Force Participation Much Higher Than US



2024 Economic Outlook

1. Federal Reserve rate cuts?
2. Inflation outlook more uncertain
3. Labor market growth will slow and unemployment will increase
4. International uncertainty and elections could add to volatility
5. The U.S. economy remains broadly resilient

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WE HAVEN'T FORGOTTEN
WHO KEEPS US IN BUSINESS®

Robert Spendlove

Senior Economist

Robert.Spendlove@zionsbank.com

801-560-5394



Robert Spendlove
Senior Economist at Zions Bank



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