Zions Bank Economic Overview

Understanding the Current Economic Environment

Zions Municipal Conference

October 3, 2019



National Indicators

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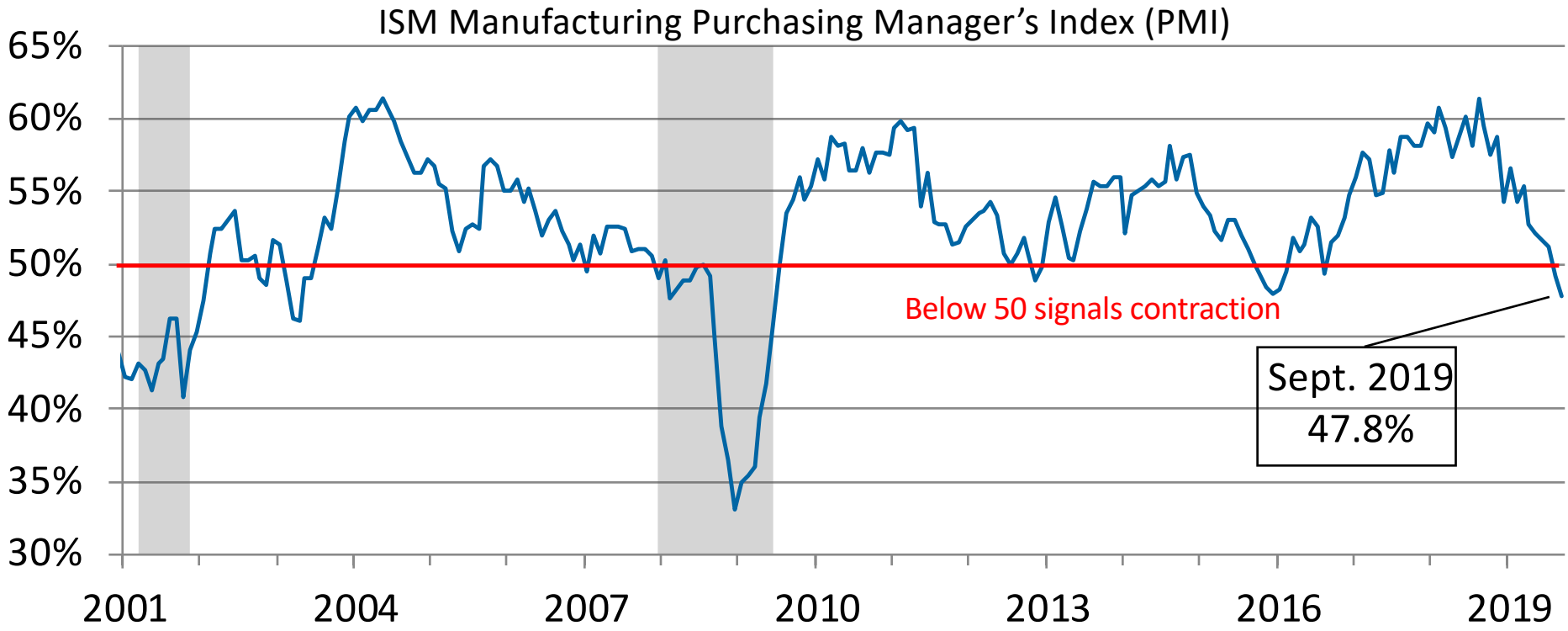
Dow Jones Industrial Average



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Source: Wall Street Journal

Manufacturing Sector Weakest Since June 2009



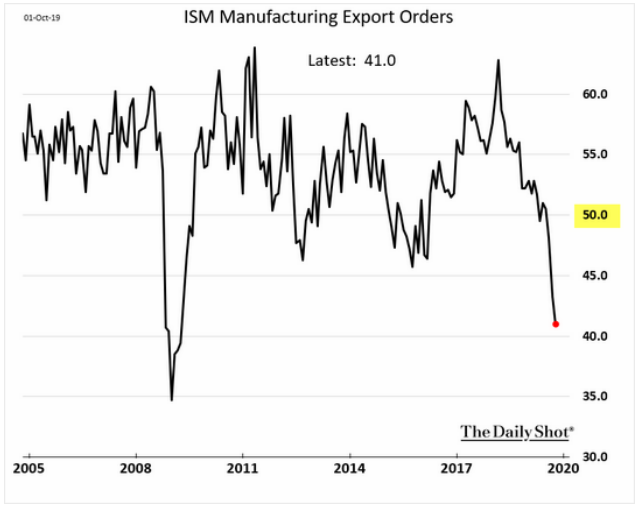
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Source: Institute for Supply Management

Manufacturing Sector Weakest Since June 2009







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Source: Institute for Supply Management, Wall Street Journal

Panel Respondents to the ISM Manufacturing Survey Show the Impact of Tariffs

"Continued softening in the global automotive market. Trade-war impacts also have localized effects, particularly in select export markets. Seeing warehouses filling again after what appeared to be a short reduction of demand." (Chemical Products)

"Chinese tariffs going up are hurting our business. Most of the materials are not made in the U.S. and made only in China." (Food, Beverage & Tobacco Products)

"General market is slowing even more than a normal fourth-quarter slowdown." (Fabricated Metal Products)

"We have seen a reduction in sales orders and, therefore, a lower demand for products we order. We have also reduced our workforce by 10 percent." (Plastics & Rubber Products)

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Source: Institute for Supply Management

Trade War Fears

CNBC

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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MARKETS | U.S. MARKETS

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

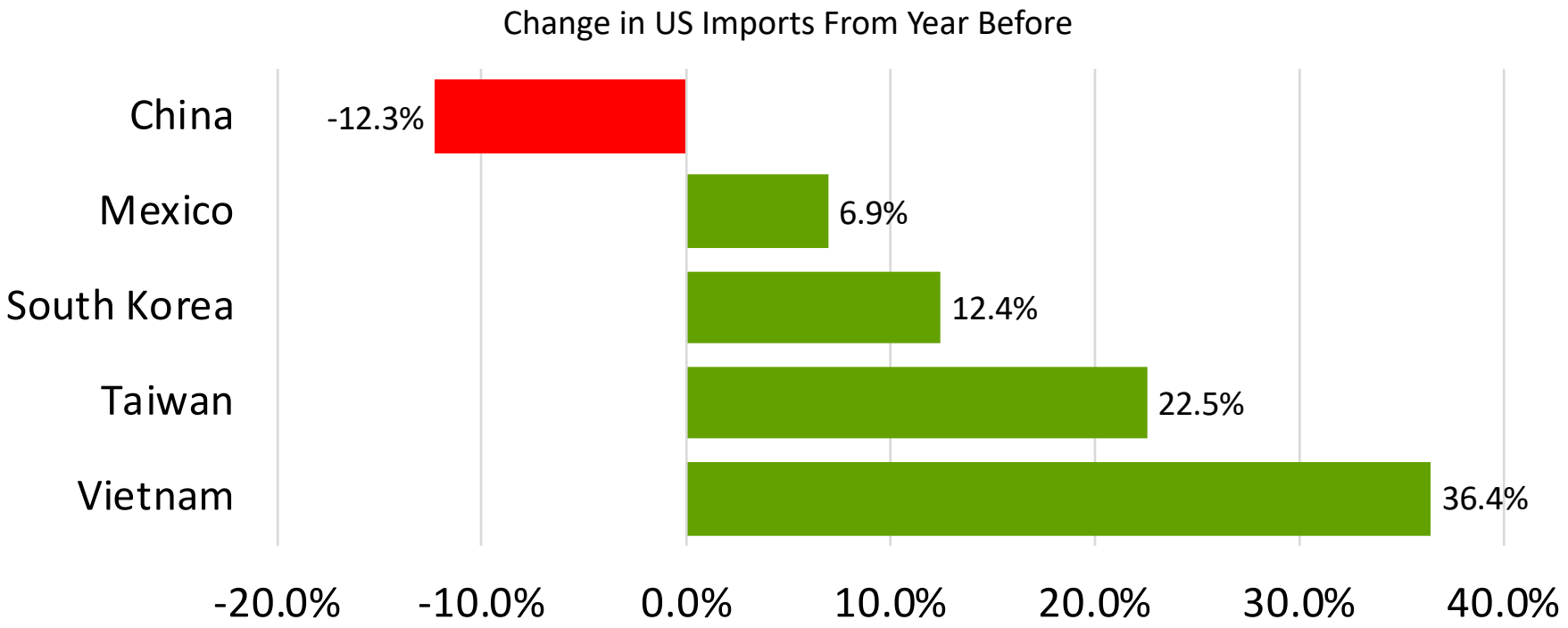
CHICAGO (Reuters) - In the nearly 40 years she has spent in trade, Amy Magnus has never seen retailers hoarding so much inventory.



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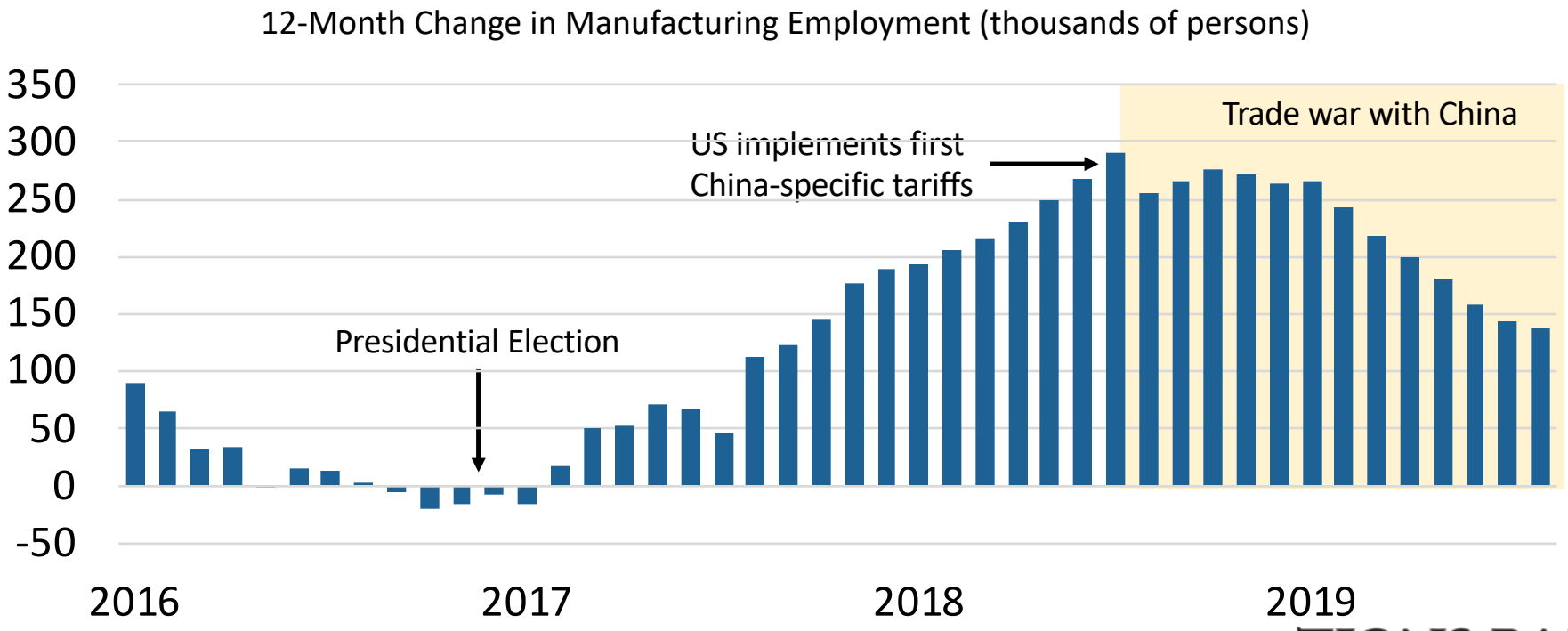
Source: Wall Street journal

Trade War Causes Shift in Imports



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Manufacturing Employment Hit Since Trade War



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Source: Bureau of Labor Statistics

A Slowing Global Economy



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China's Economy is Struggling

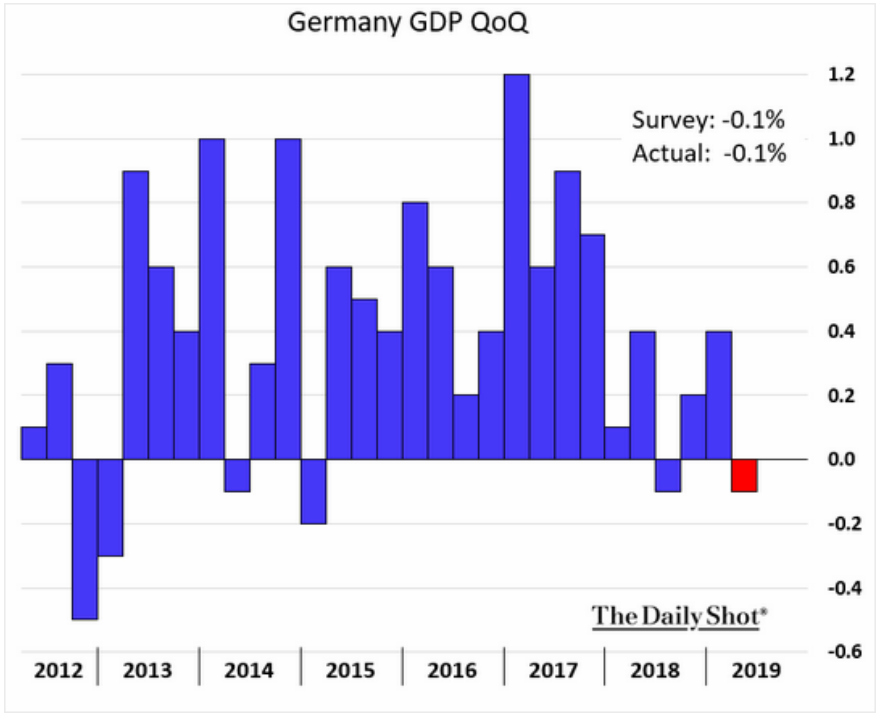


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Source: National Bureau of Statistics

Economic Weakness Throughout World

Germany



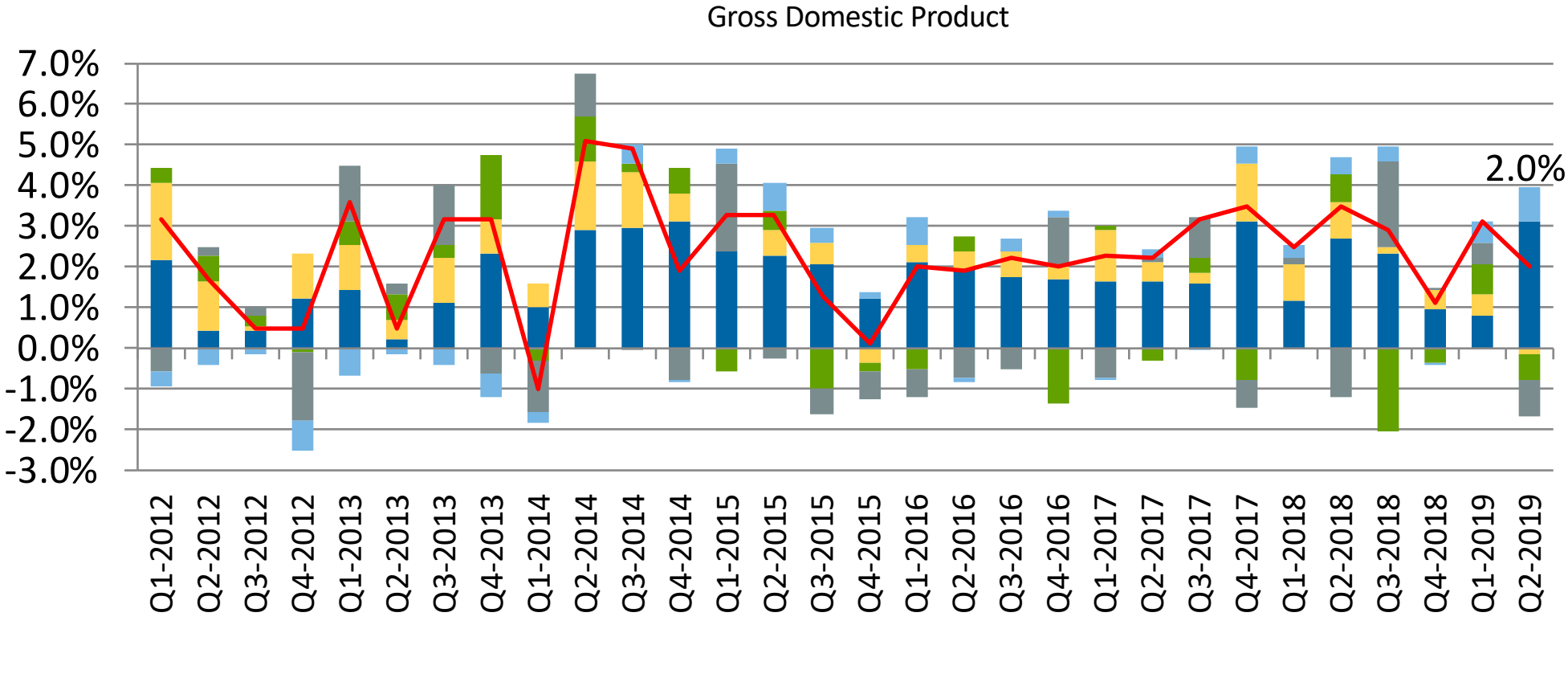
United Kingdom



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Source: Wall Street Journal

Economic Growth Slowed in Q2 2019



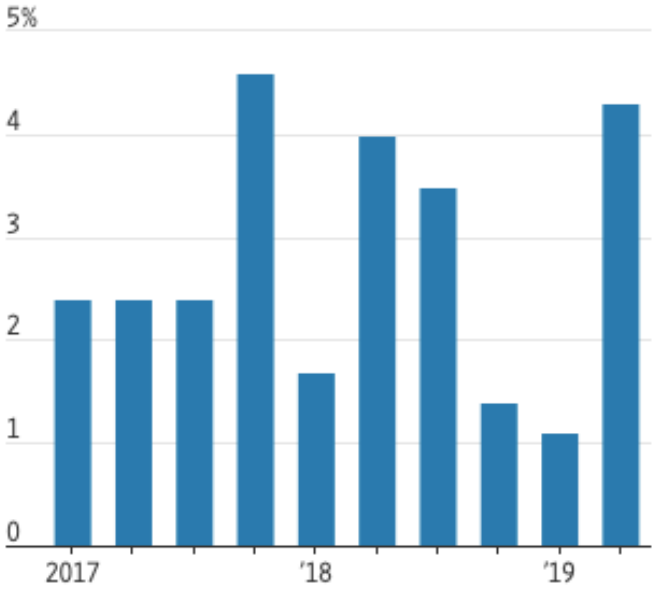
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Source: Bureau of Economic Analysis

Gross Domestic Product Components

Spending Boost

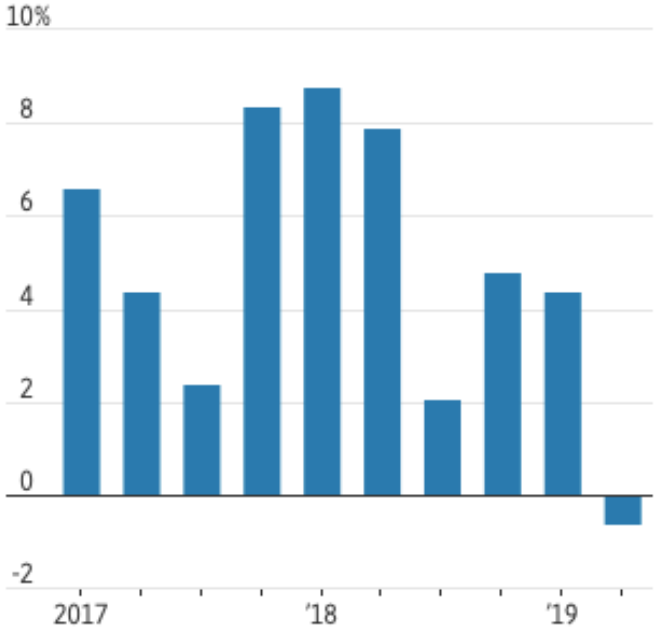
Percentage change in consumer spending from preceding period



Note: Seasonally adjusted annual rate
Source: Commerce Department

Falling Business Investment

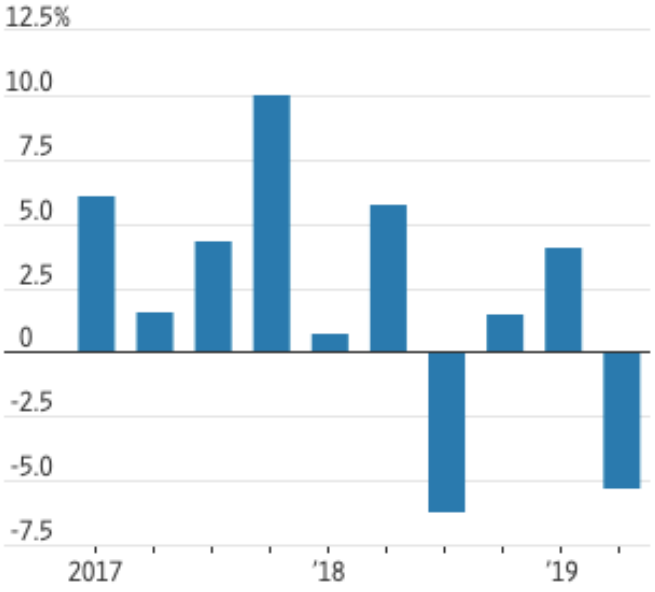
Percentage change from preceding period



Note: Seasonally adjusted annual rate
Source: Commerce Department

Trade Woes

Percentage change in exports from preceding period

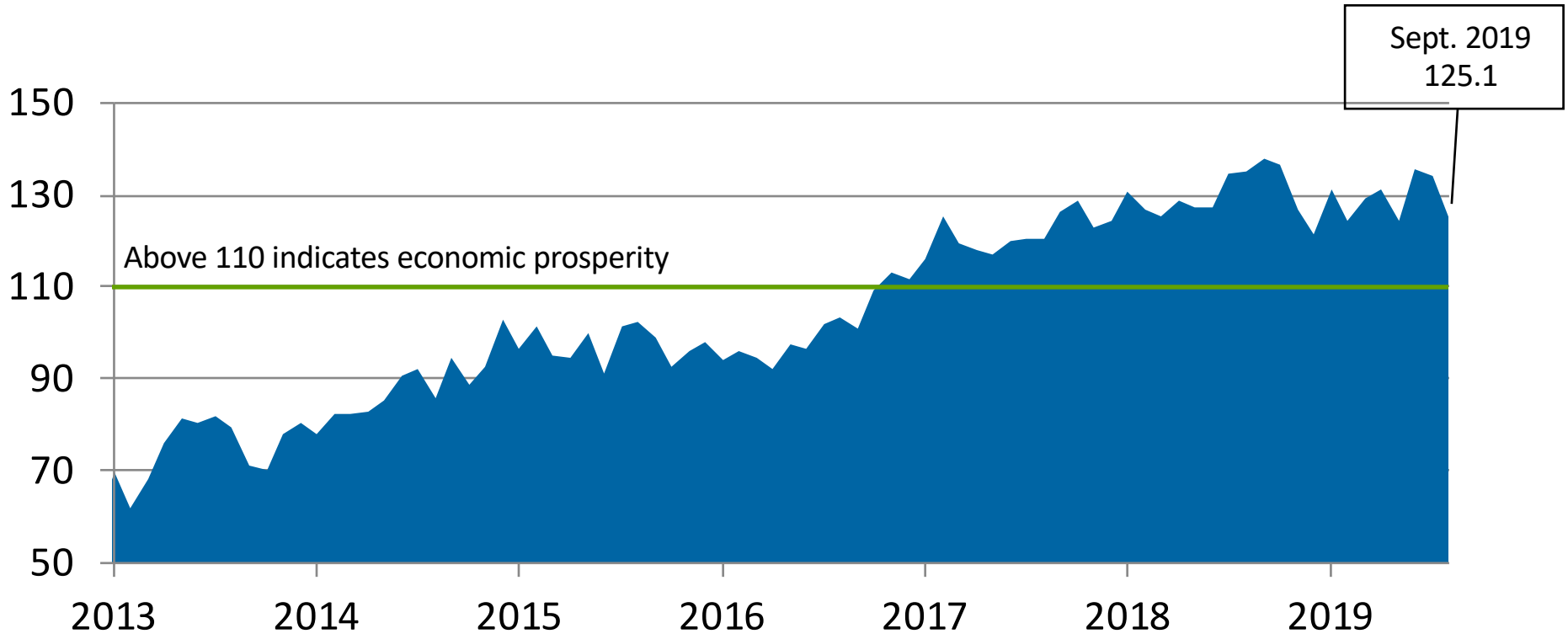


Note: Seasonally adjusted annual rate
Source: Commerce Department

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Source: Wall Street journal

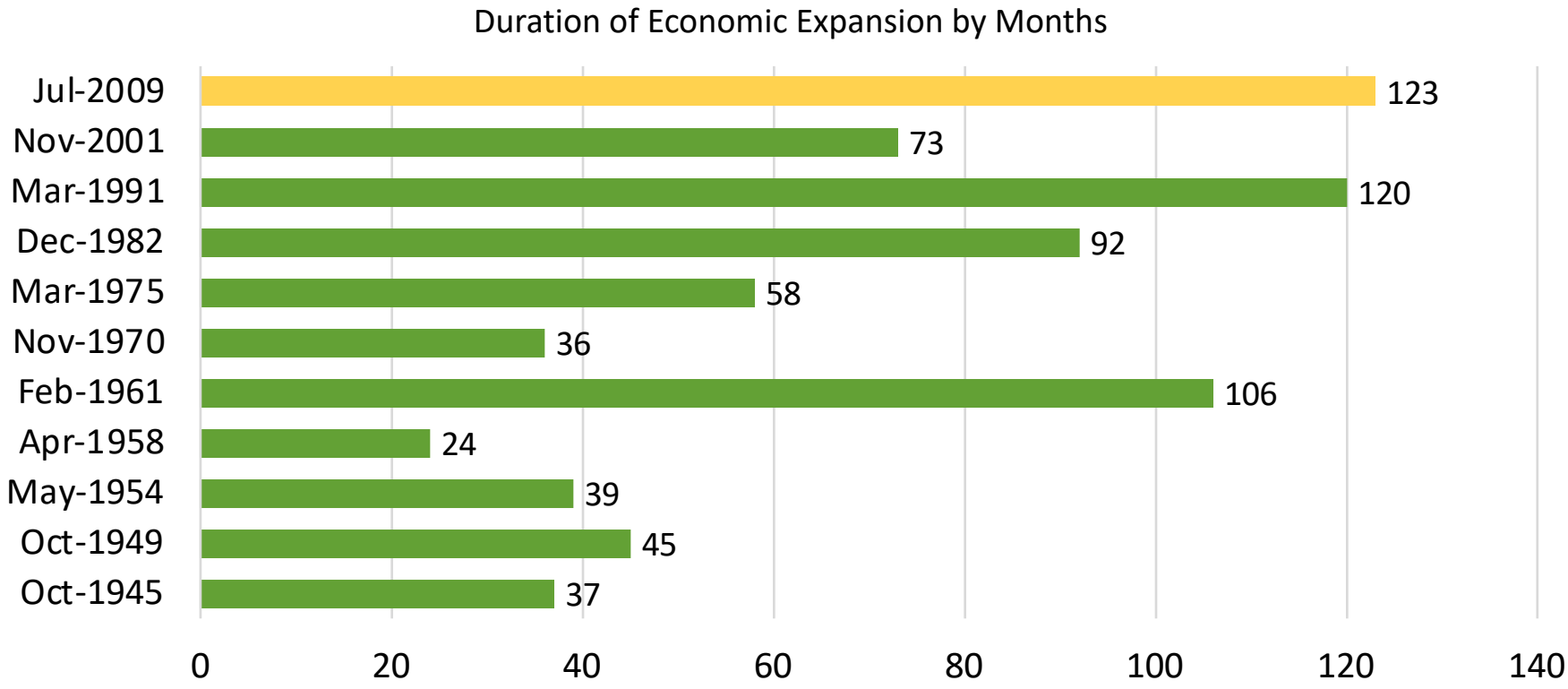
Consumer Confidence Slipped in September



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Source: The Conference Board

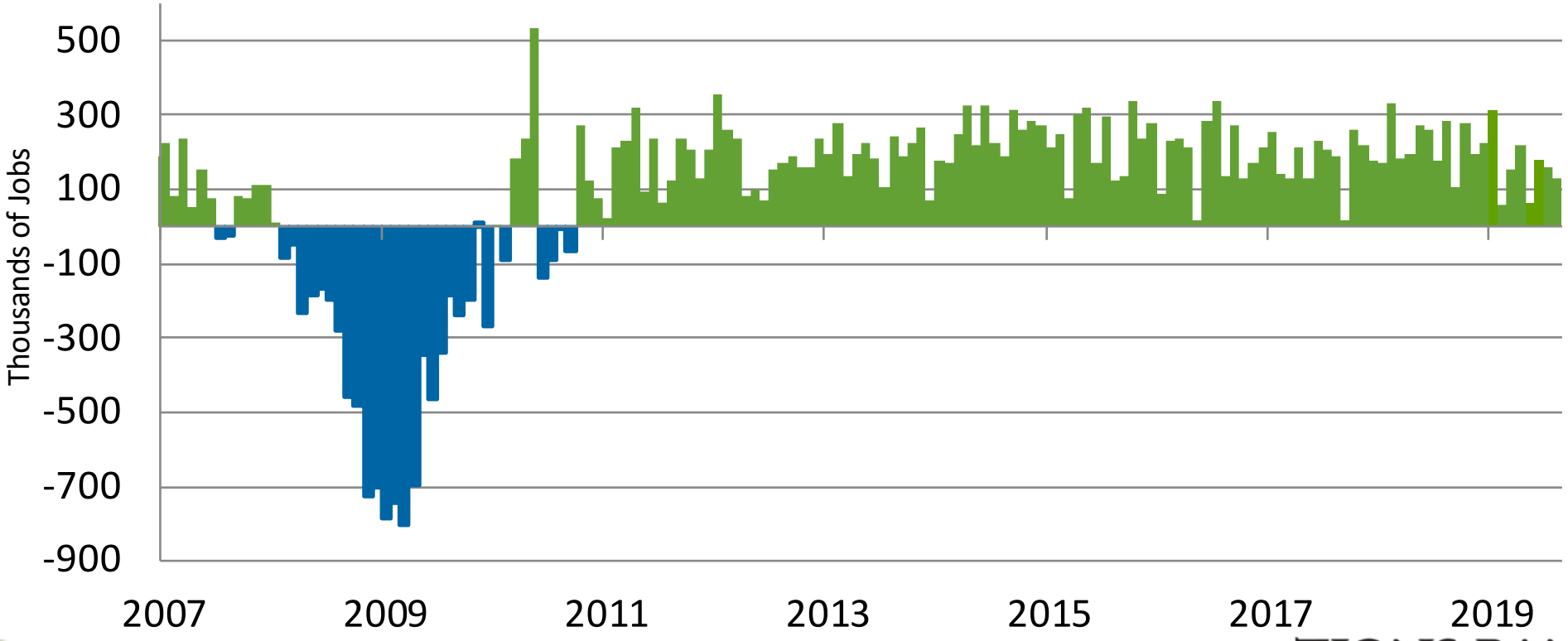
Longest Economic Expansion on Record



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Source: National Bureau of Economic Research

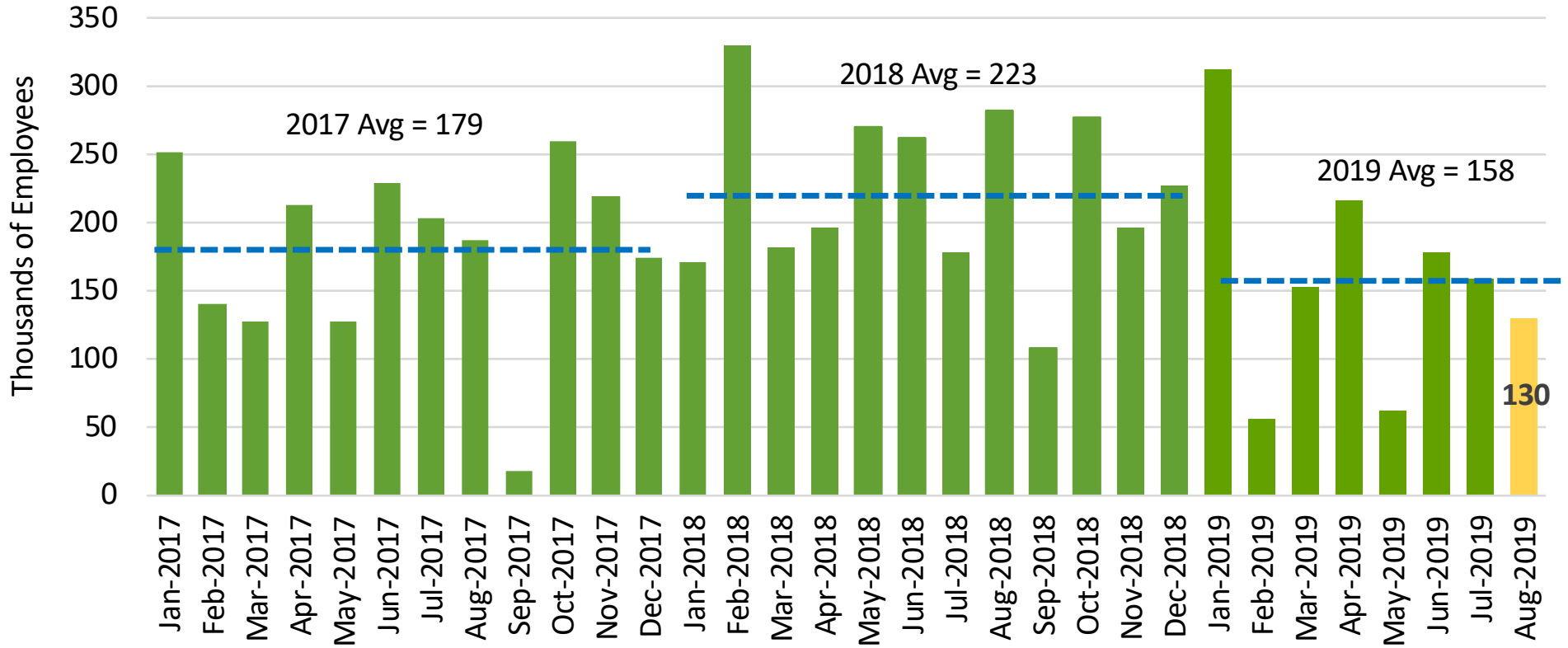
107 Consecutive Months of Job Creation



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Source: Bureau of Labor Statistics

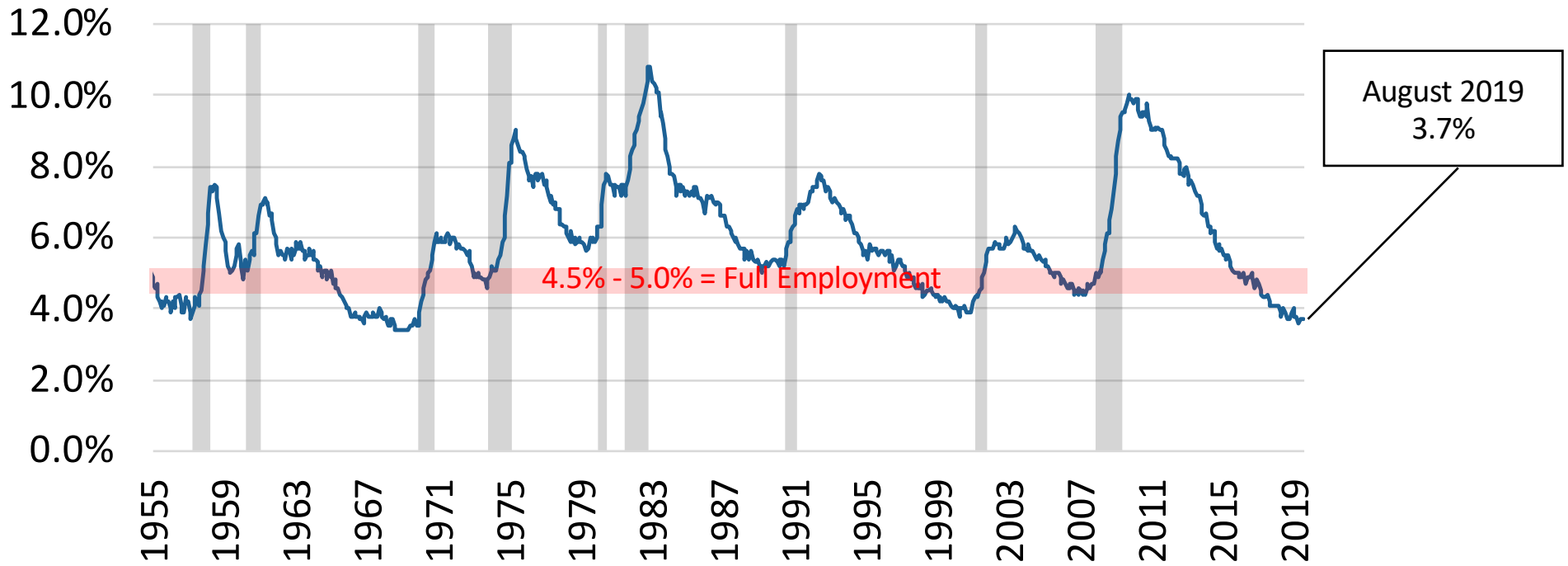
U.S. Job Creation Slowing



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Source: Bureau of Labor Statistics

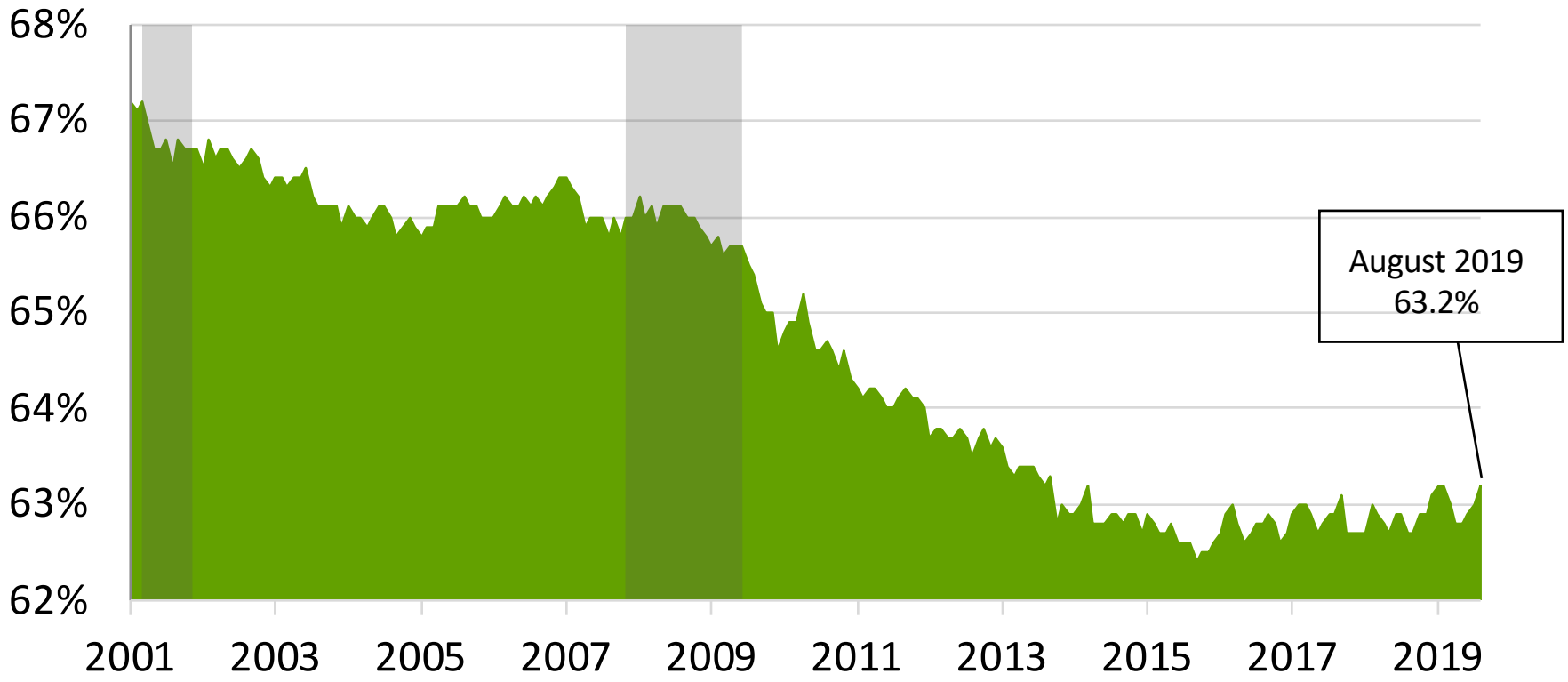
US Unemployment Rate
Near Lowest Level in 50 Years



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Source: U.S. Bureau of Labor Statistics

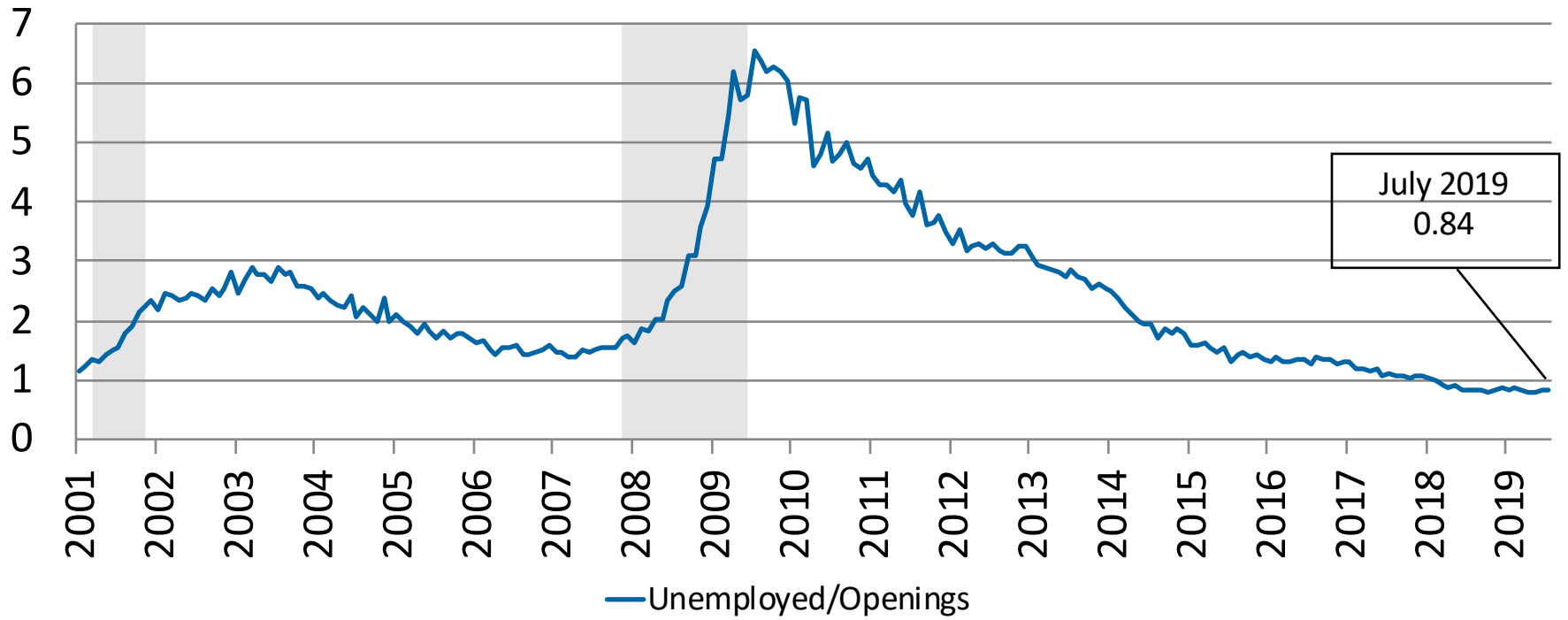
Labor Force Participation Rose in August



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Source: Bureau of Labor Statistics

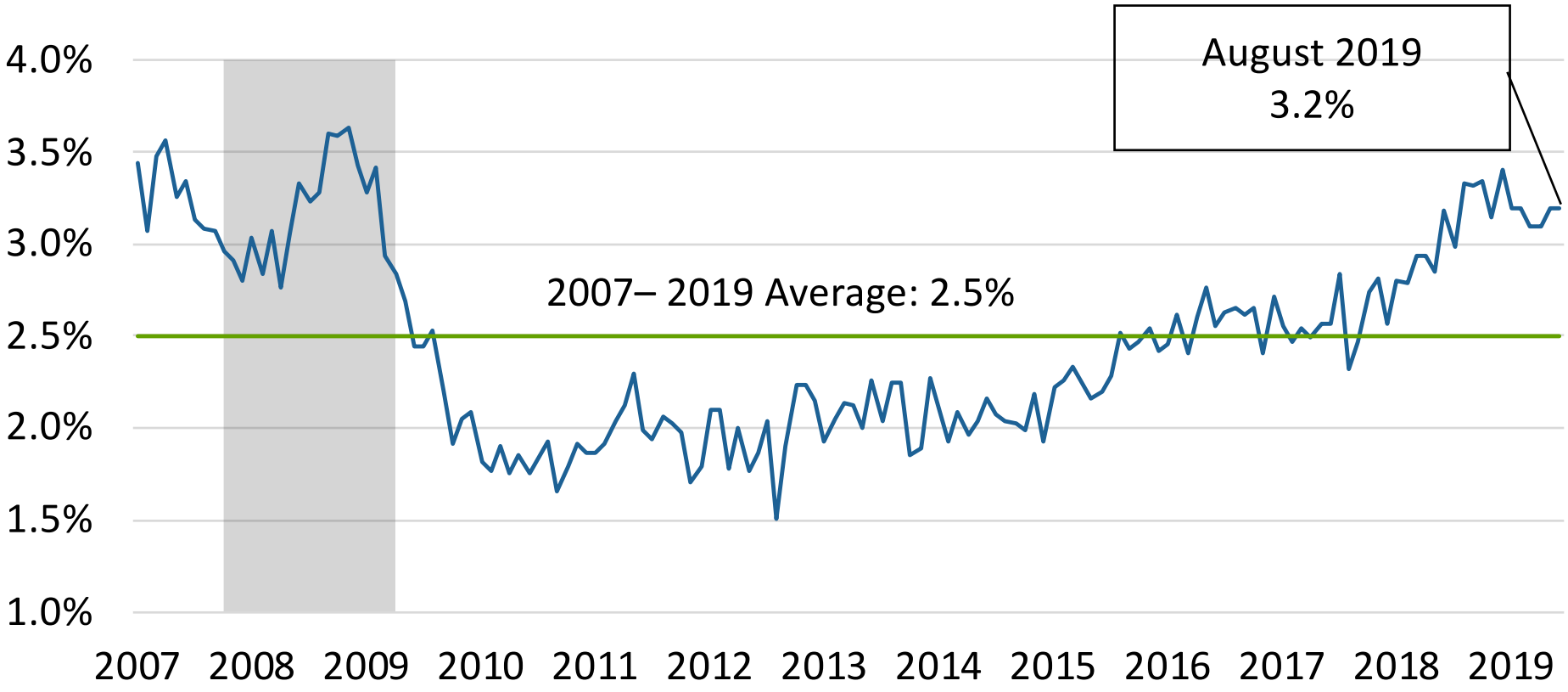
Fewer than One Unemployed Worker Per Job Opening



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Source: Bureau of Labor Statistics

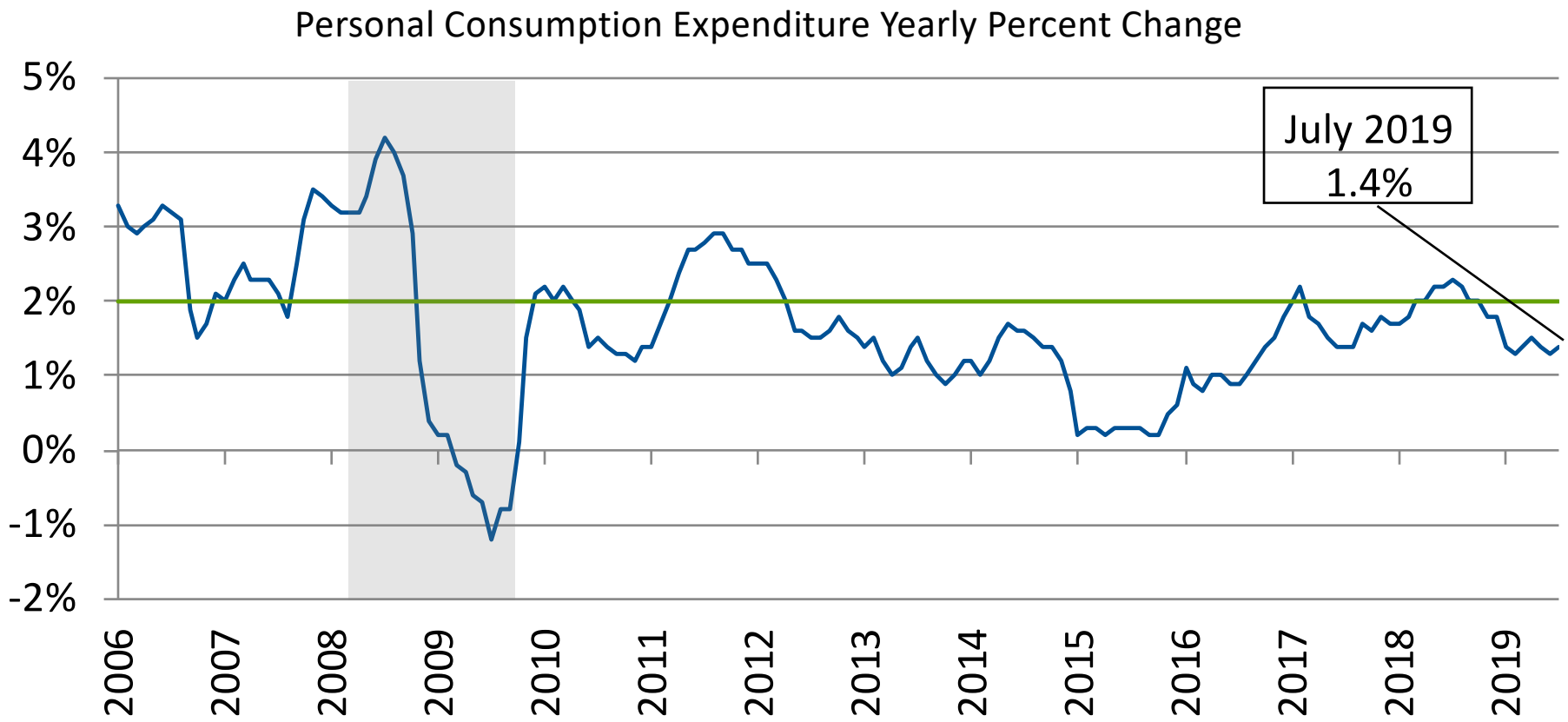
Wage Growth Moderating



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Source: Bureau of Labor Statistics

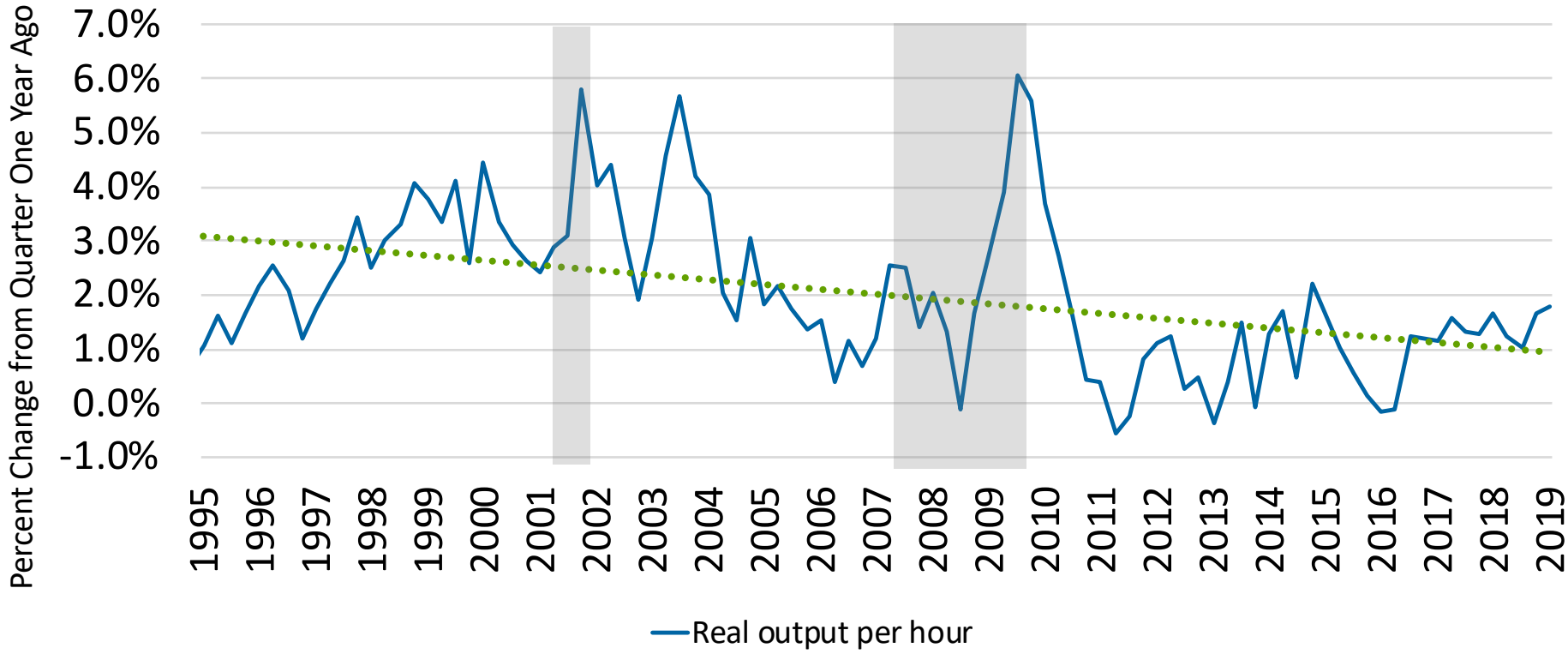
Inflation is Below the Fed's 2% Goal



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Source: Bureau of Economic Analysis

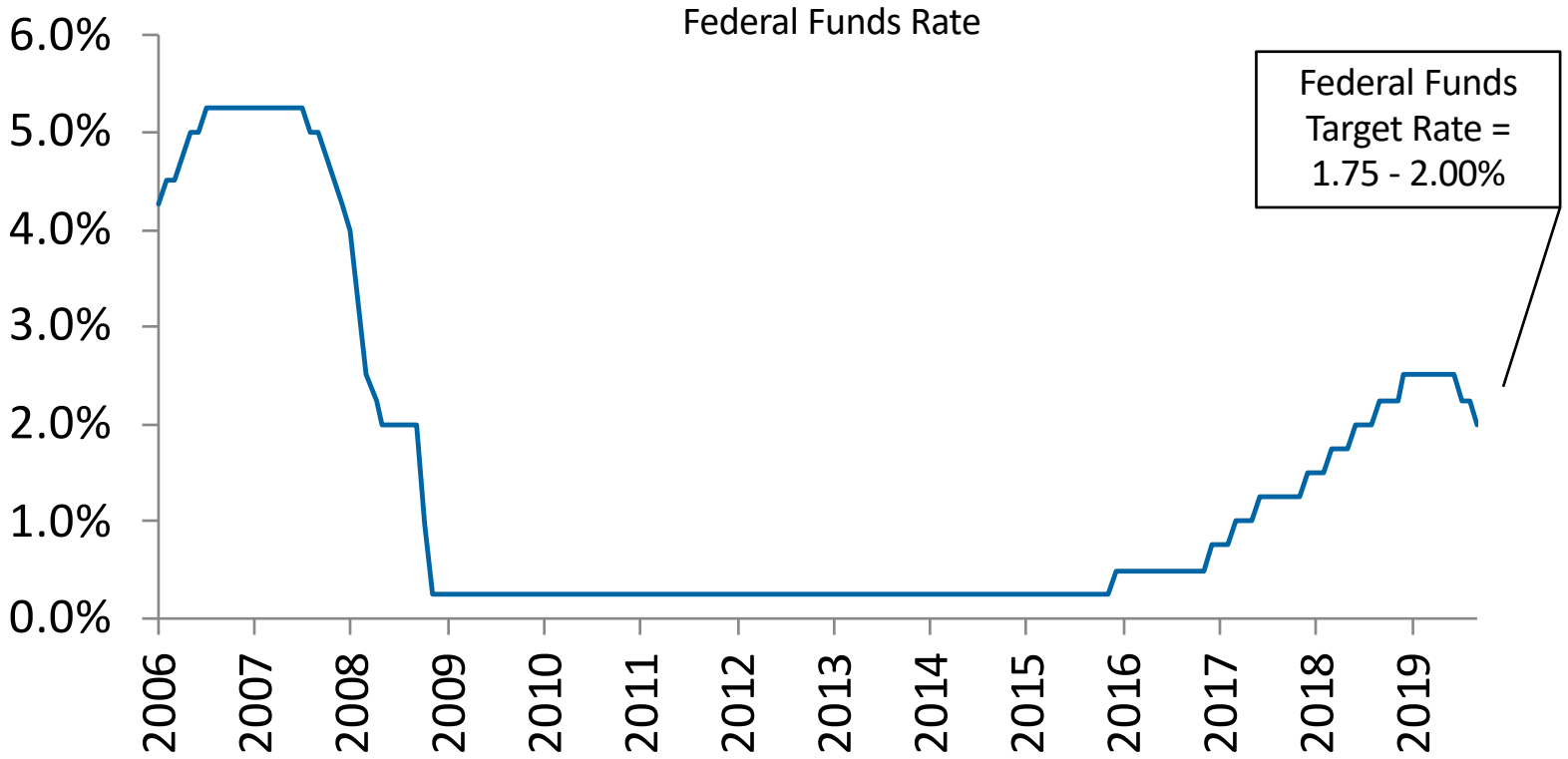
Labor Productivity Rebounding?



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Source: Bureau of Economic Analysis

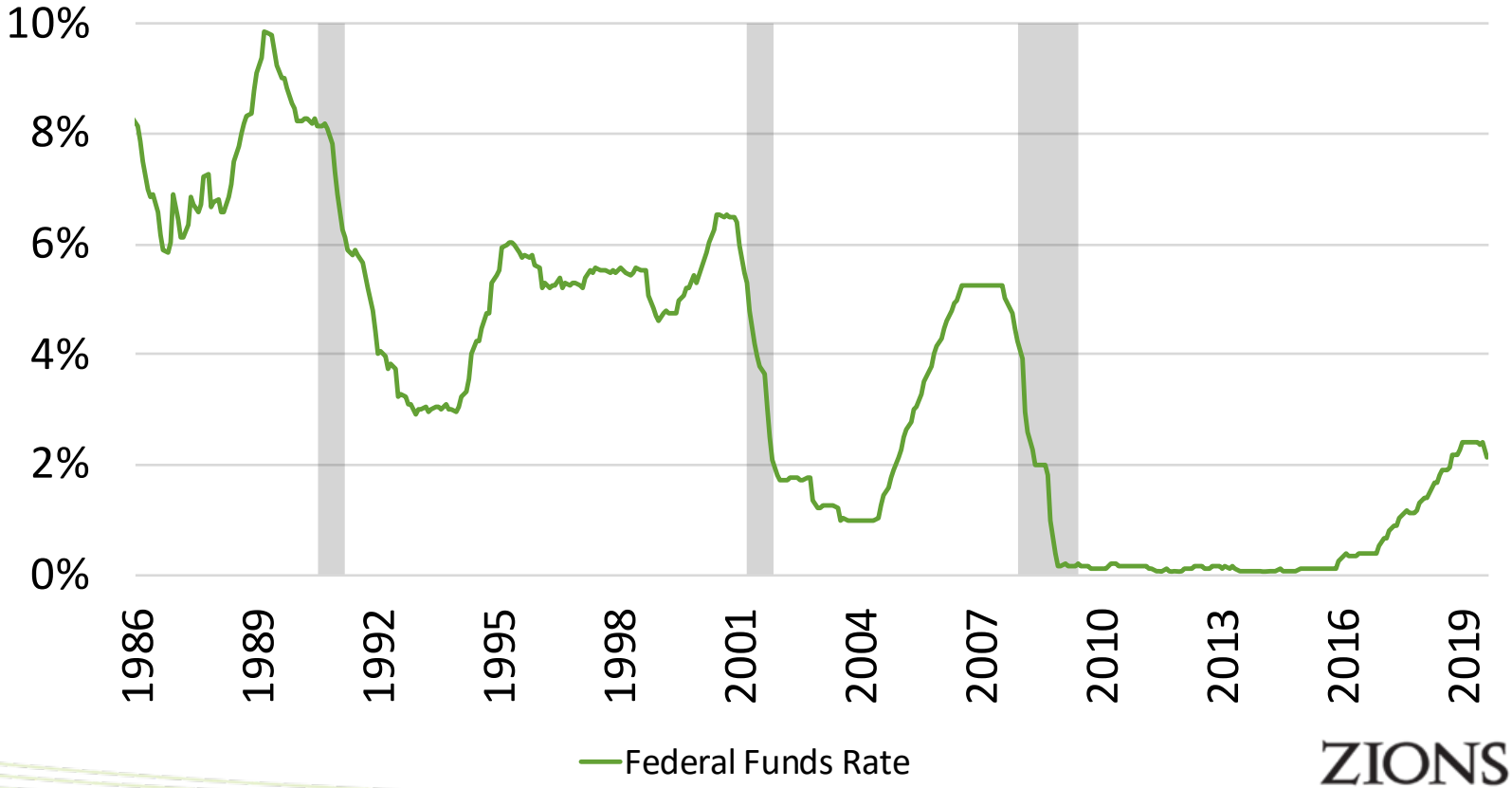
Fed Cuts Rates for Second Time in 2019



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Source: Federal Reserve Board of Governors

The Fed Won't Have Much Room to Cut in the Next Economic Downturn

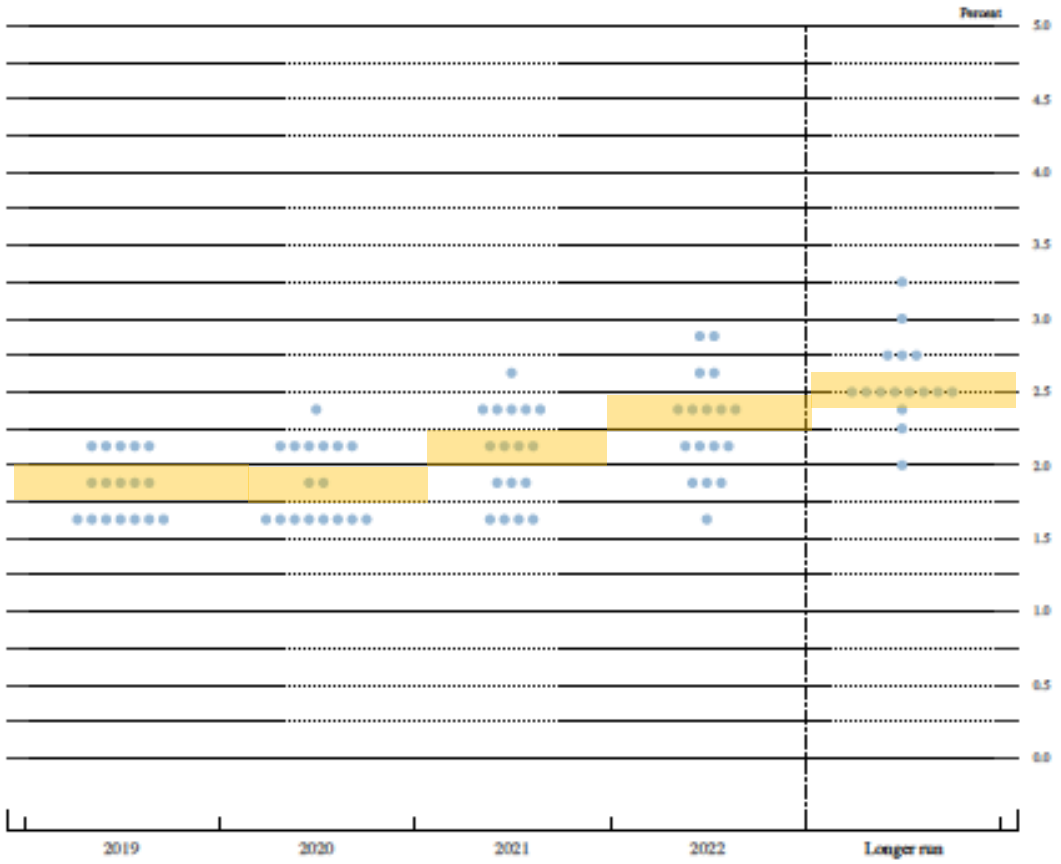


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Source: Board of Governors of the Federal Reserve System

Federal Funds Rate Forecast

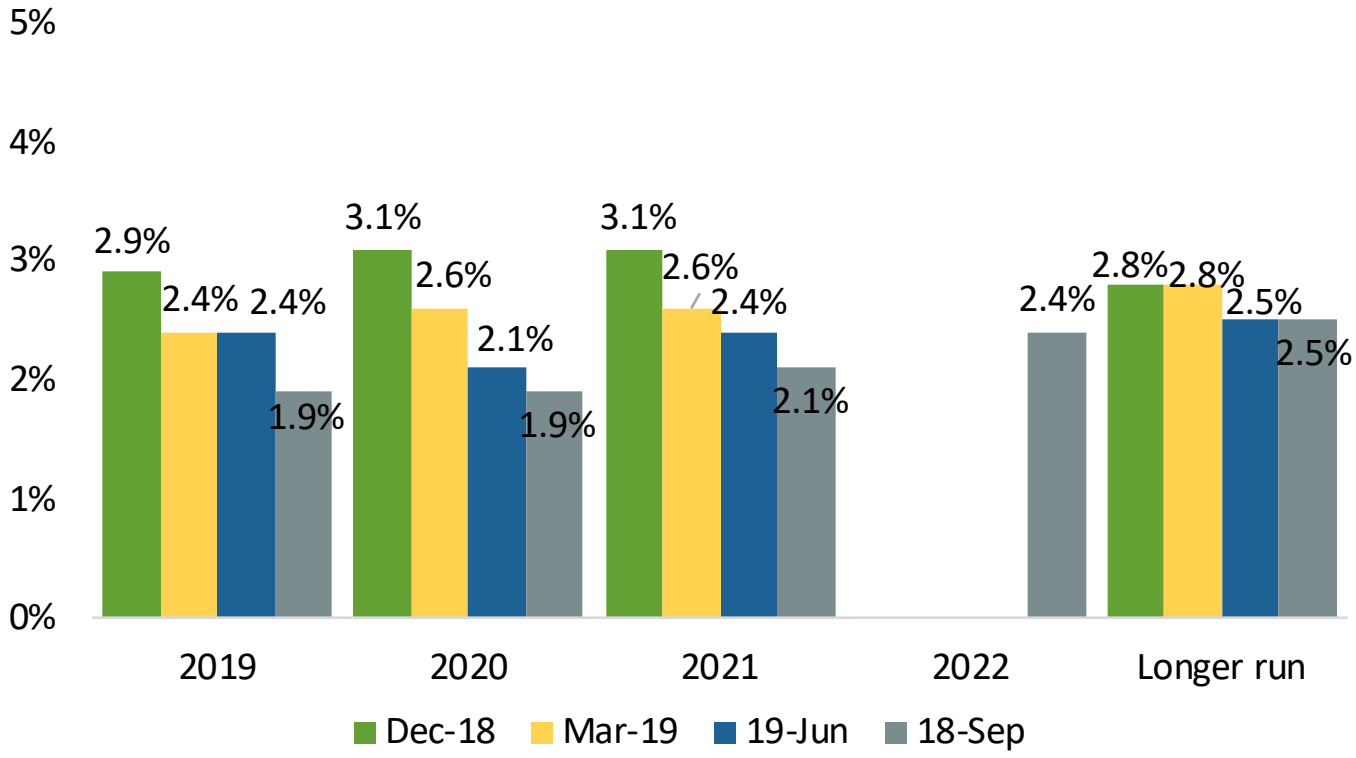
(September 2019)



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Source: Board of Governors of the Federal Reserve

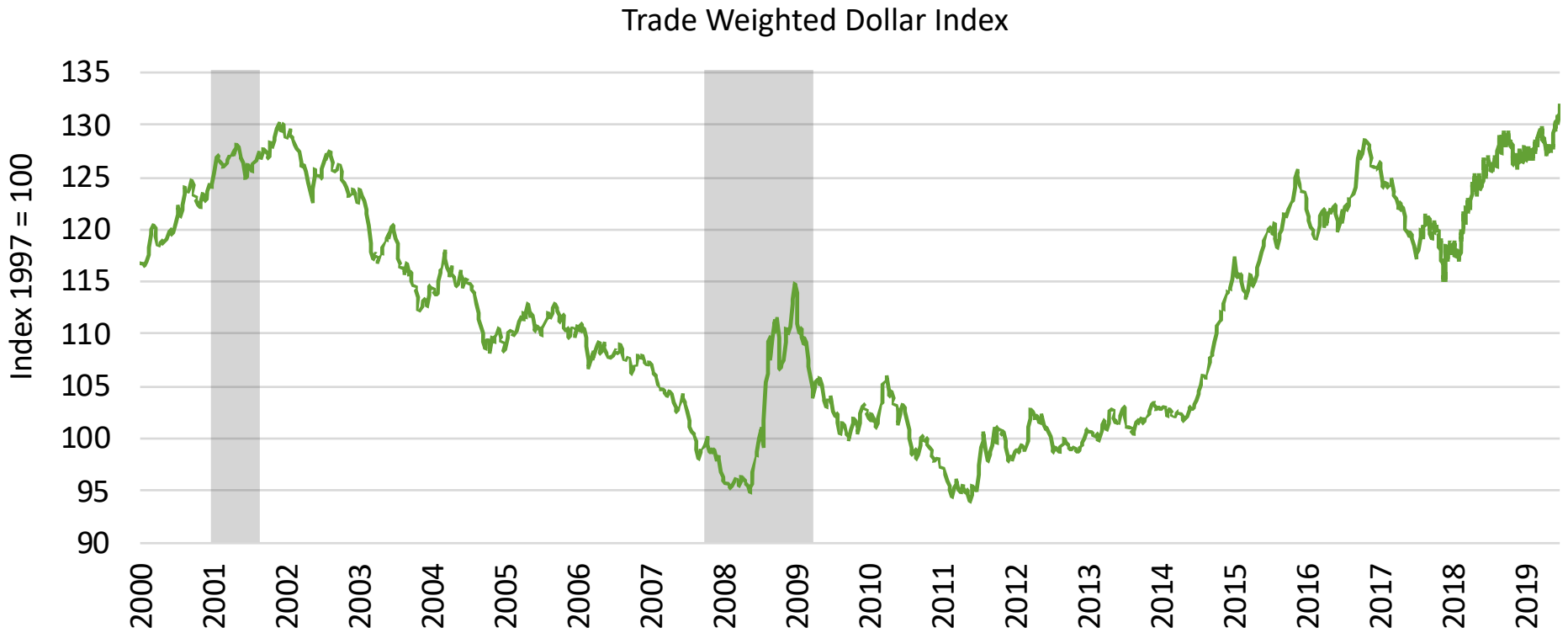
Fed Projections Signal Lower Rates



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Source: Board of Governors of the Federal Reserve

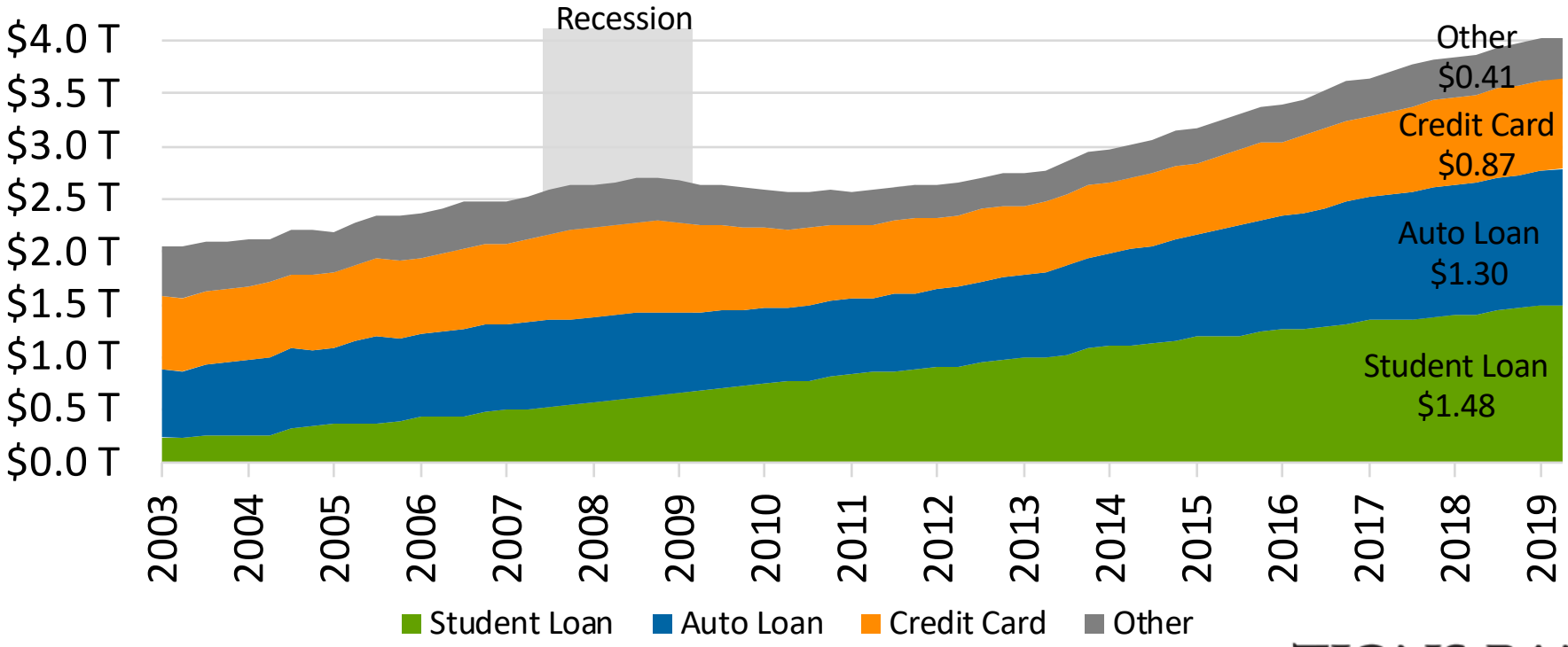
Dollar Index Near All Time High



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Source:Fed Board of Governors

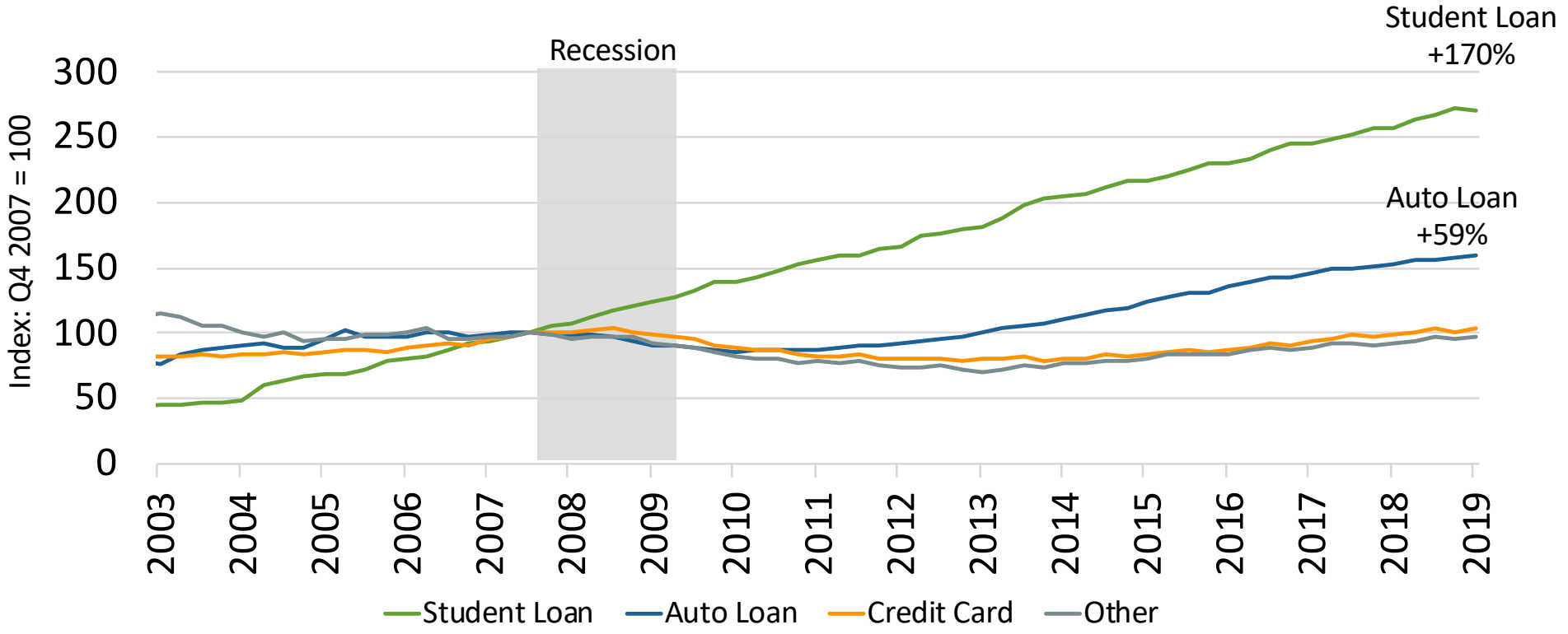
Student and Auto Loan Debt Make Up the Majority of Non-Housing Debt



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Source: Federal Reserve Bank of New York

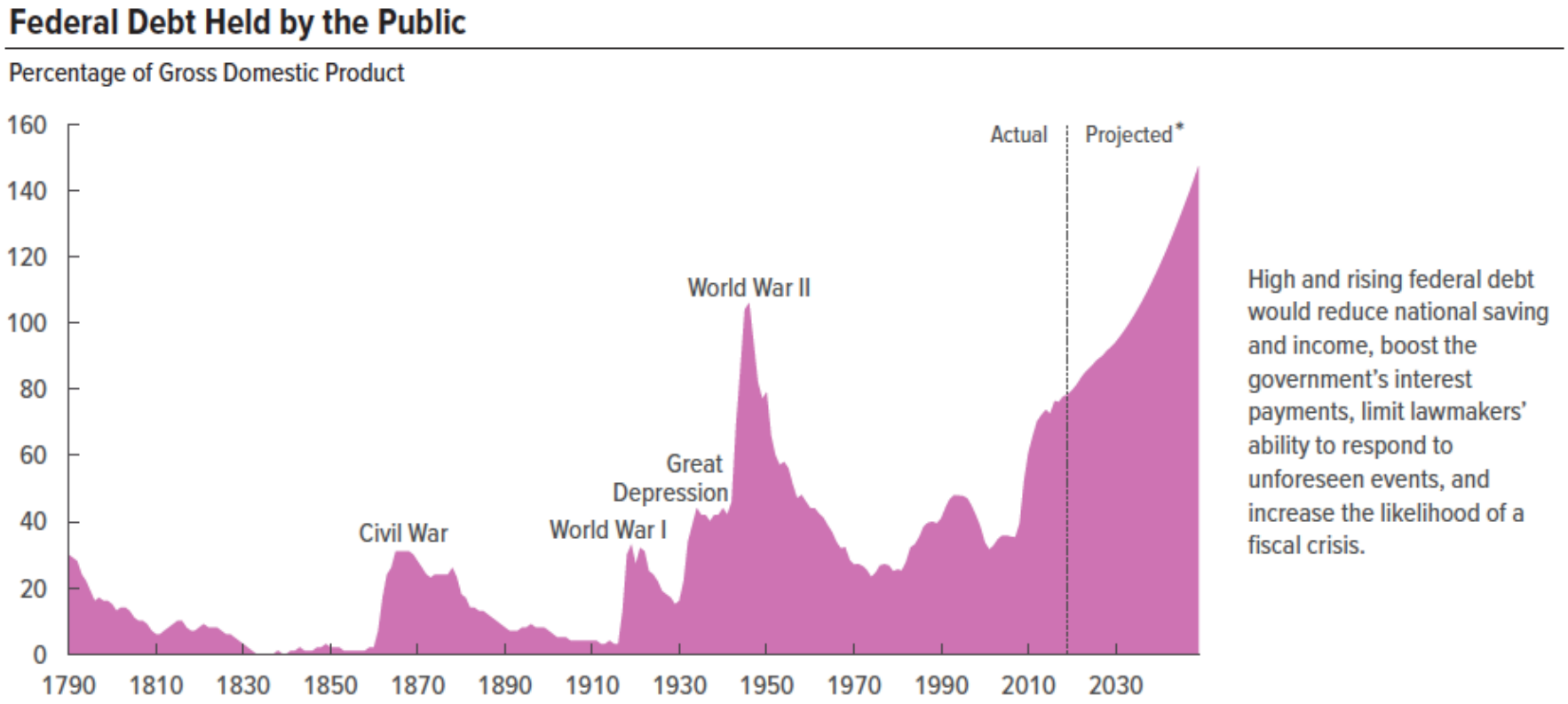
Since the Start of the Great Recession Student Loan Debt Balances have Continued to Climb



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Source: Zions Bank Analysis of Federal Reserve Bank of New York Data

National Debt Levels Approaching All-Time Highs



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Source: Congressional Budget Office

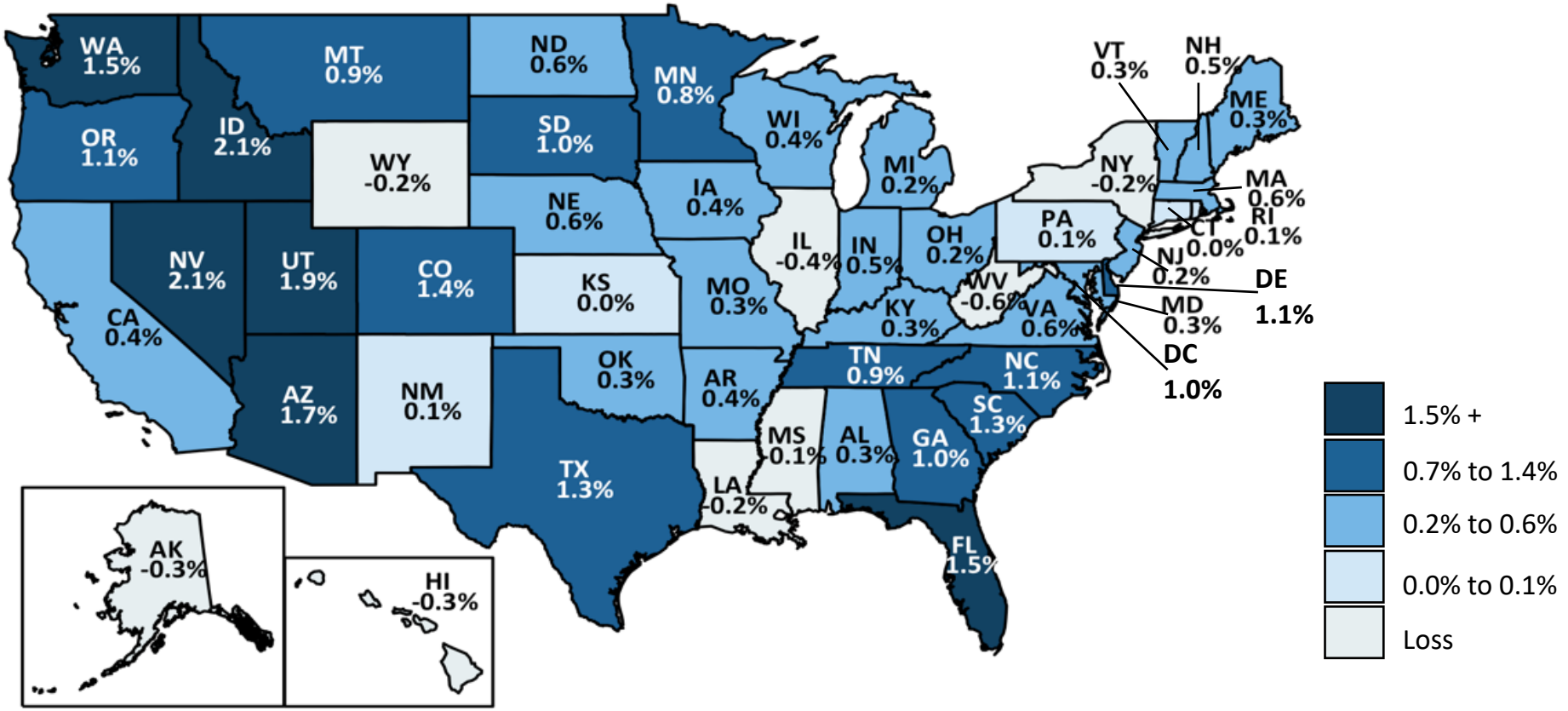
Regional Economic Conditions

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Utah Population 3rd Fastest Growing in U.S.

Percent Change: 2017 to 2018

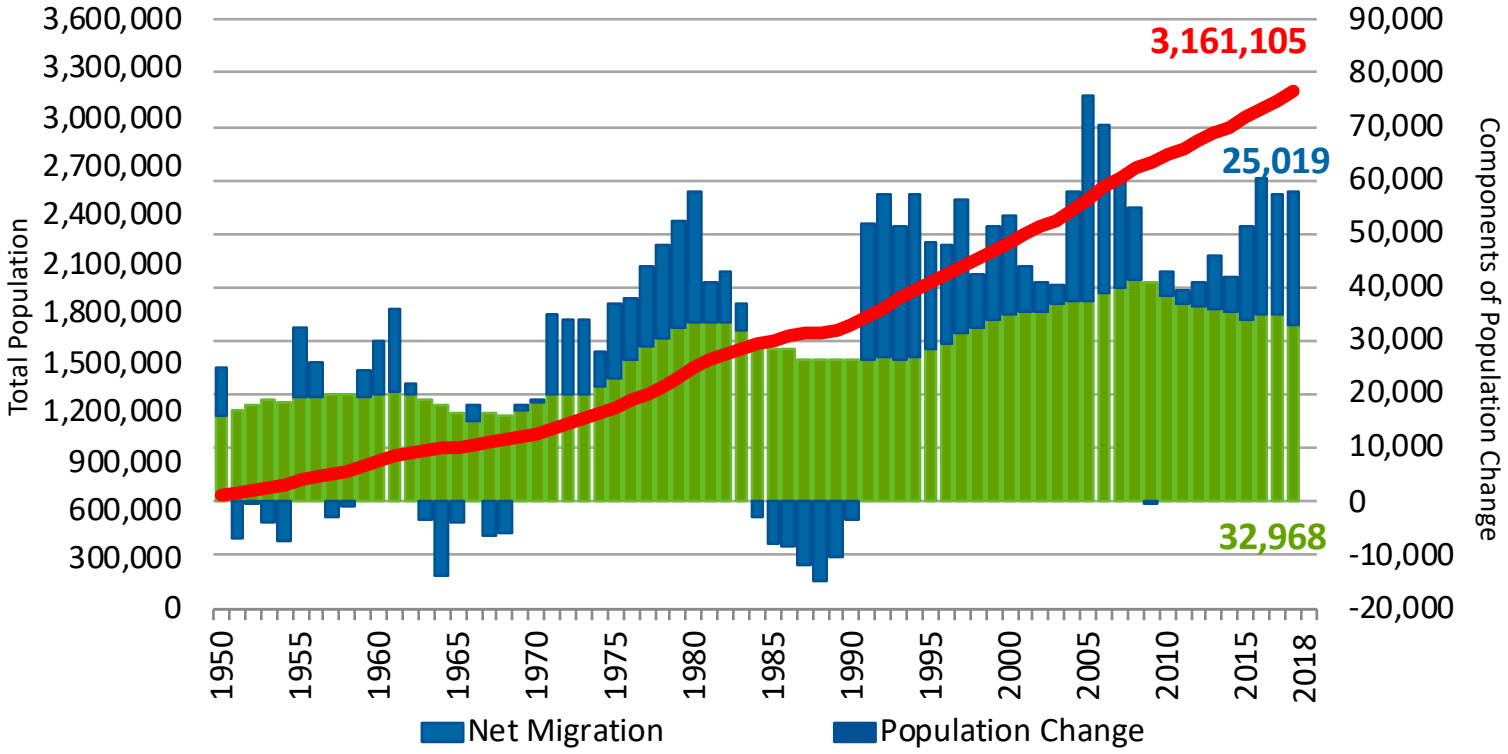
U.S. Rate = 0.6%



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Source: U.S. Census Bureau

Utah Population and Components of Change



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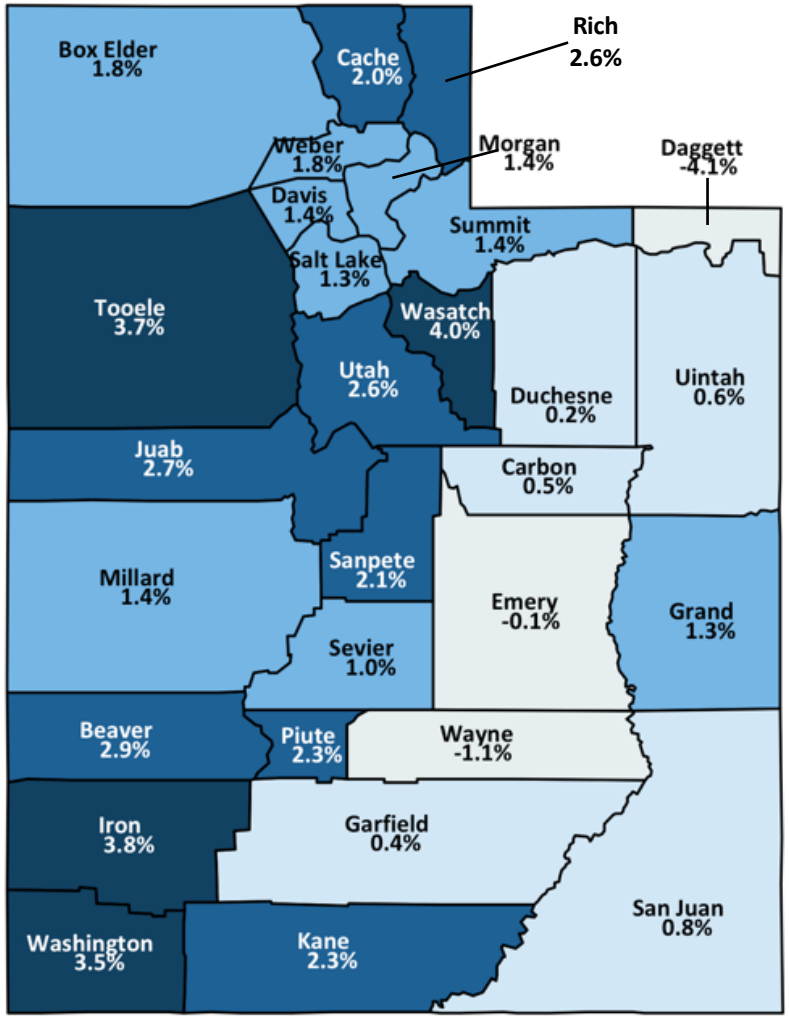
Sources: U.S. Census Bureau

e = estimate, f = forecast

Utah Population Growth Rates By County 2017 to 2018

State Average = 1.9%

- 3.0%+
- 1.9% to 2.9%
- 1.0% to 1.8%
- 0.0% to 0.9%
- Loss

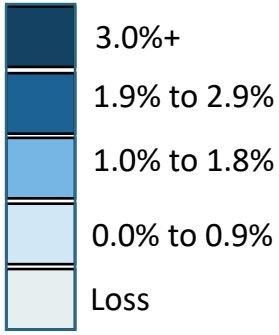


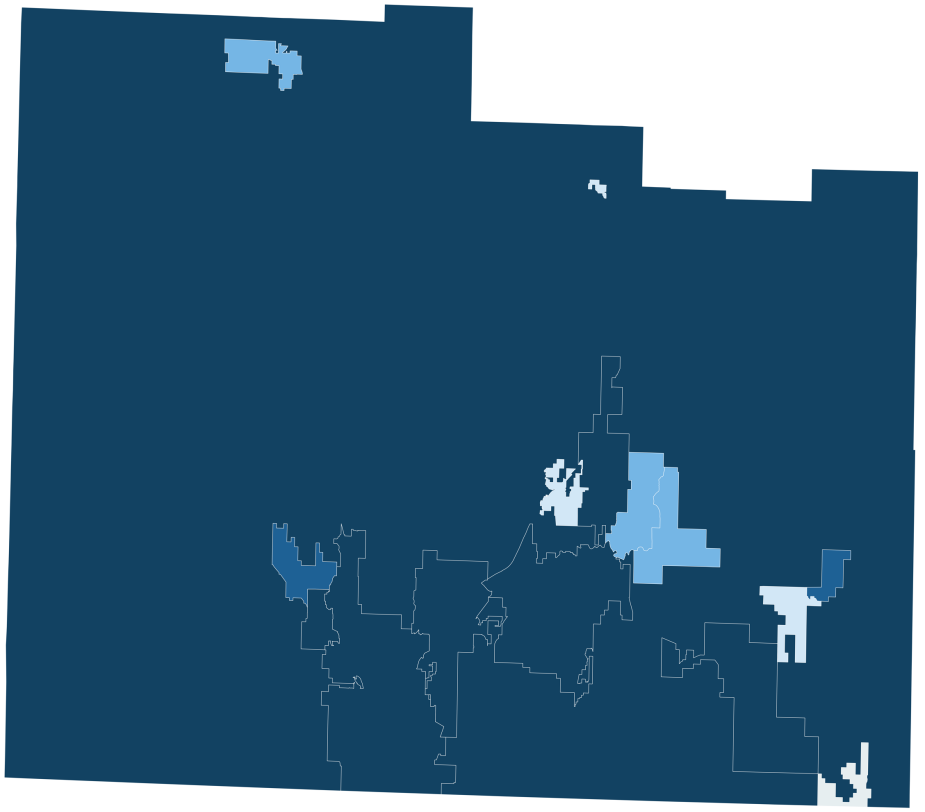
ZIONS BANK

Source: U.S. Census Bureau

Washington County Population Growth Rates By City 2017 to 2018

State Average = 1.9%



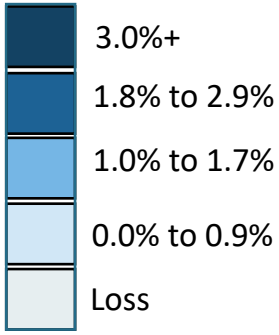


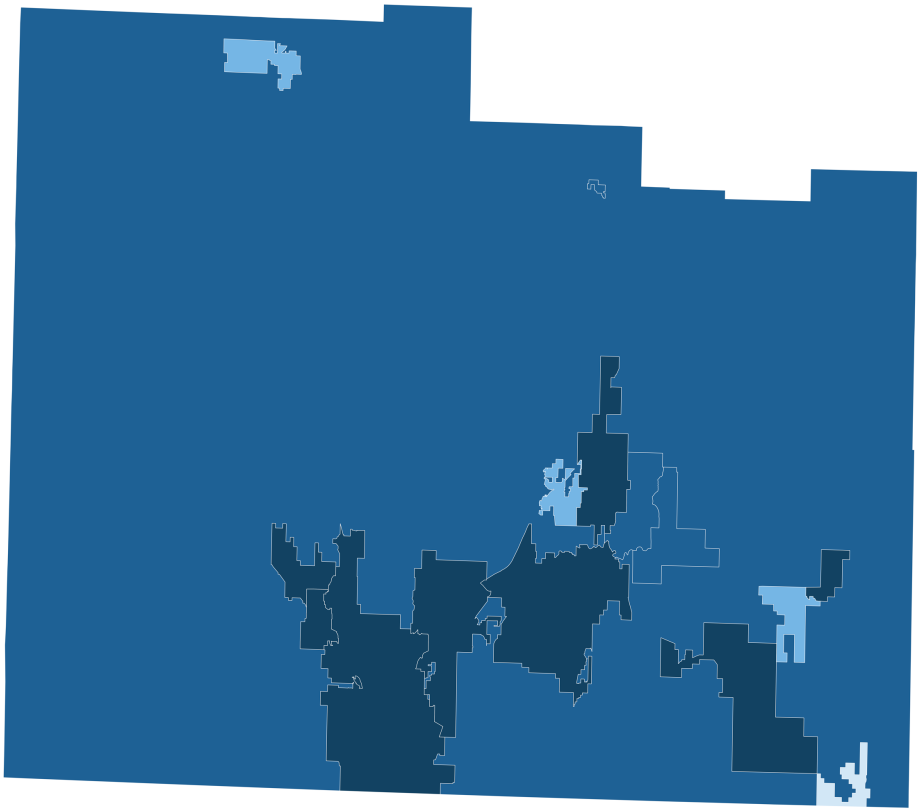
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Source: U.S. Census Bureau

Washington County AARC 2010 to 2017

State Average = 1.7%



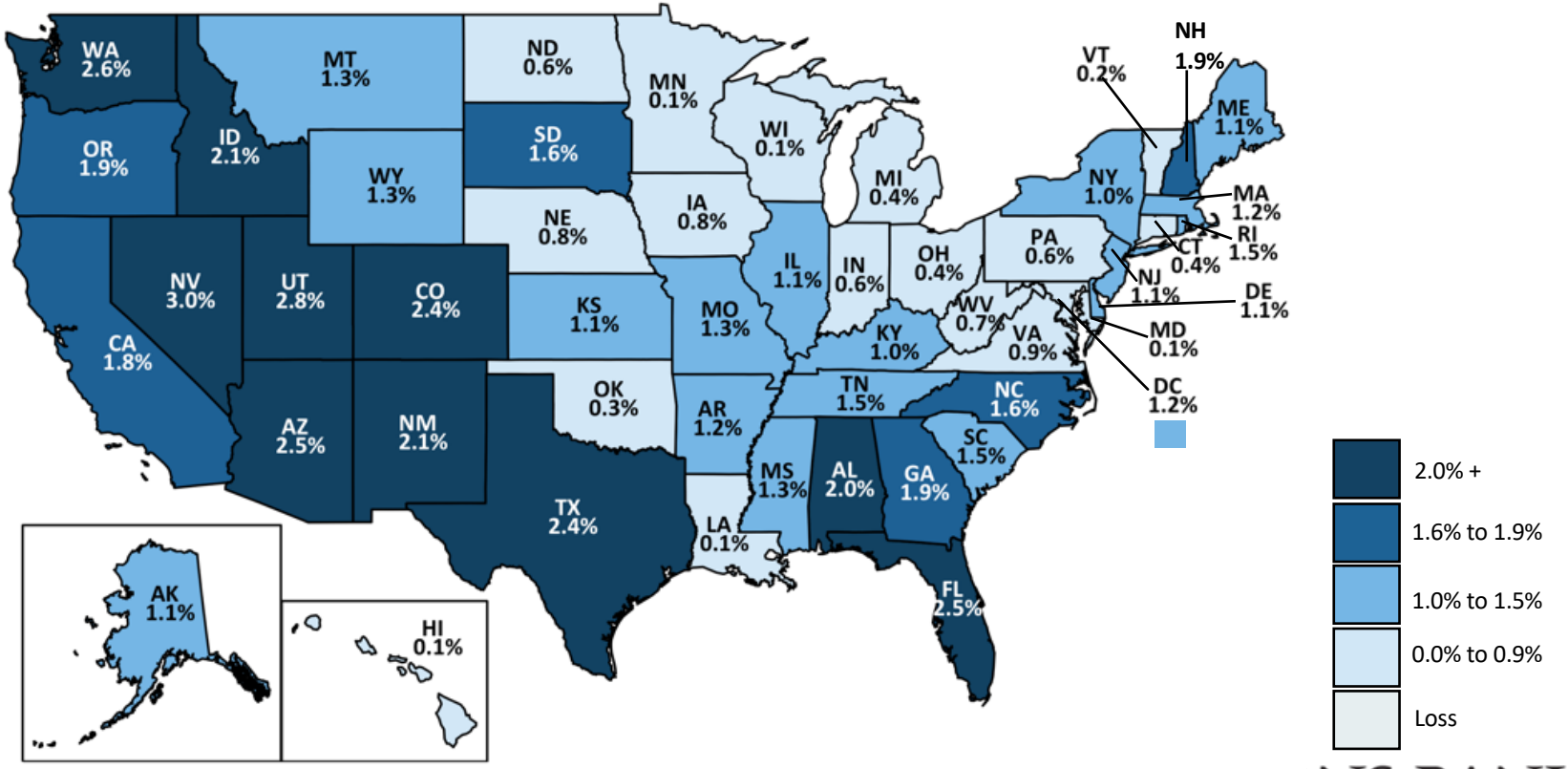


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Source: U.S. Census Bureau

Utah Employment Growth 2nd Highest in the Nation

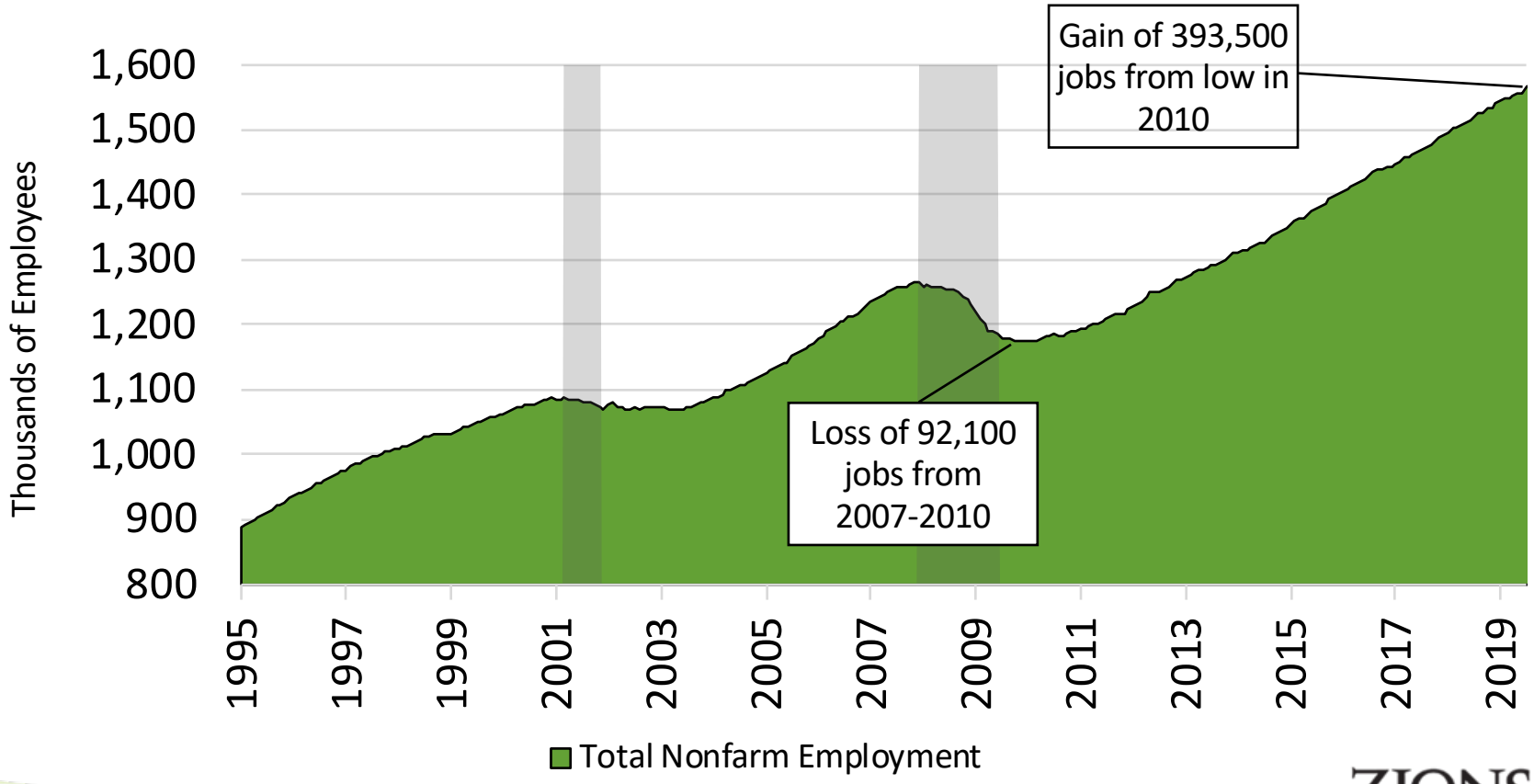
Percent Change in Employment for States: August 2018 to August 2019
U.S. Rate = 1.4% UT Rate = 2.8%



ZIONS BANK

Source: Bureau of Labor Statistics

Utah Total Employment at New Highs

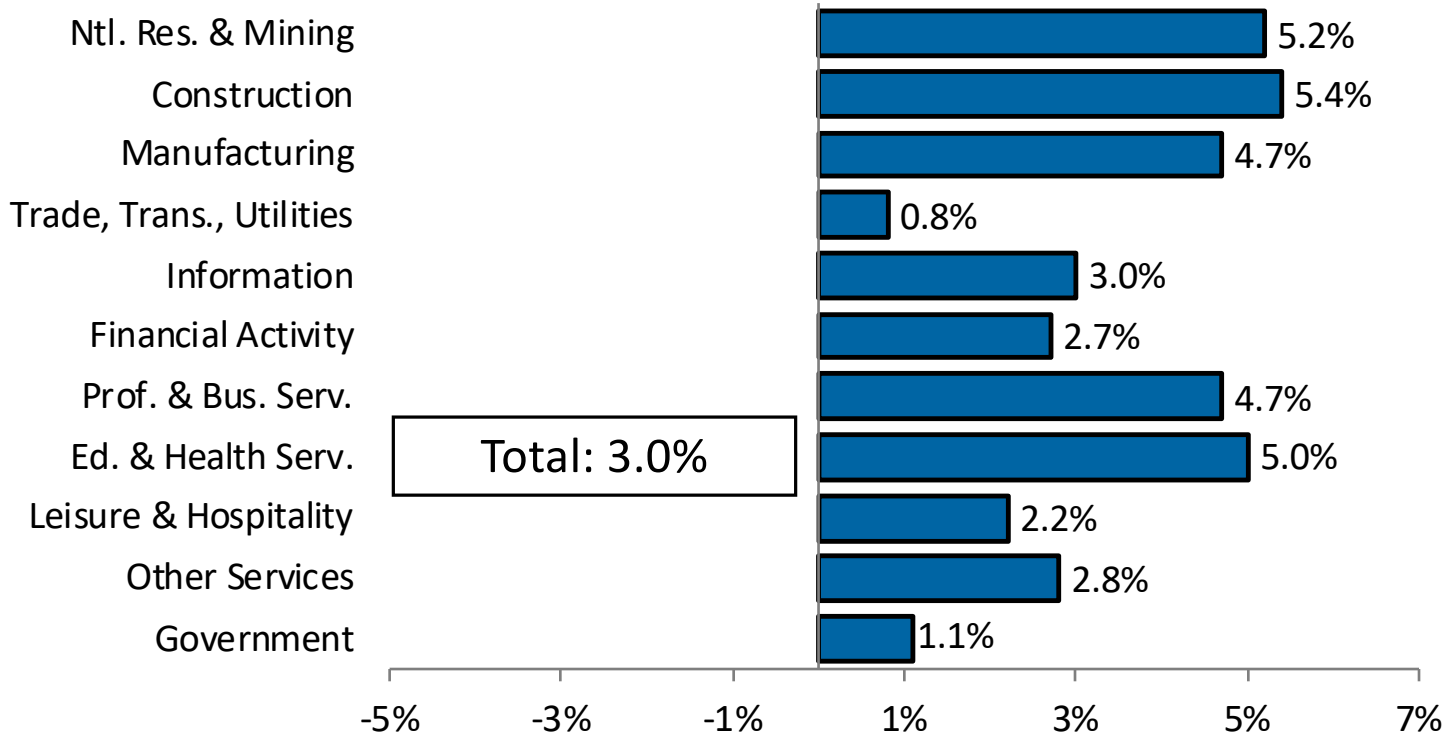


ZIONS BANK

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

All Utah Industries Seeing Growth

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

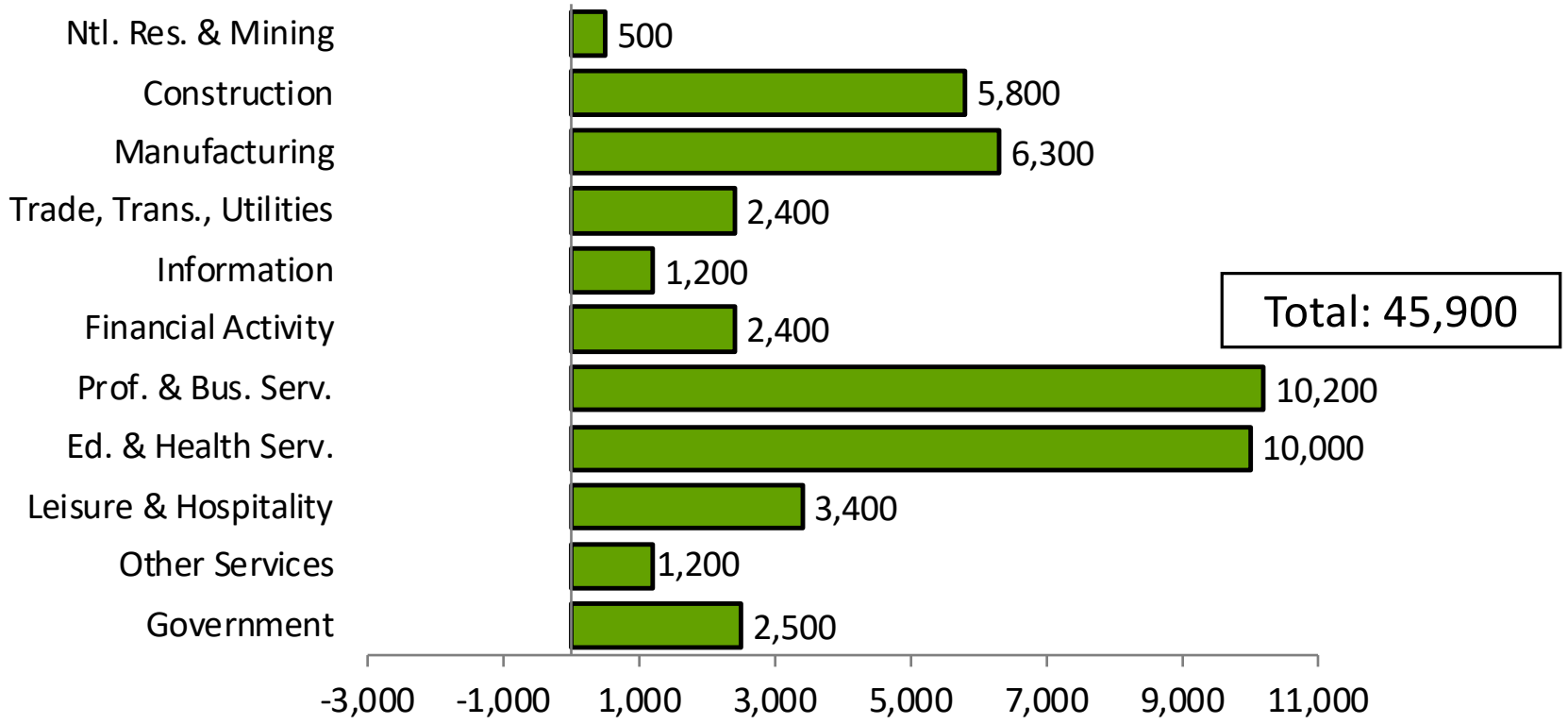


ZIONS BANK

Source: Utah Department of Workforce Services

All Utah Industries Seeing Growth

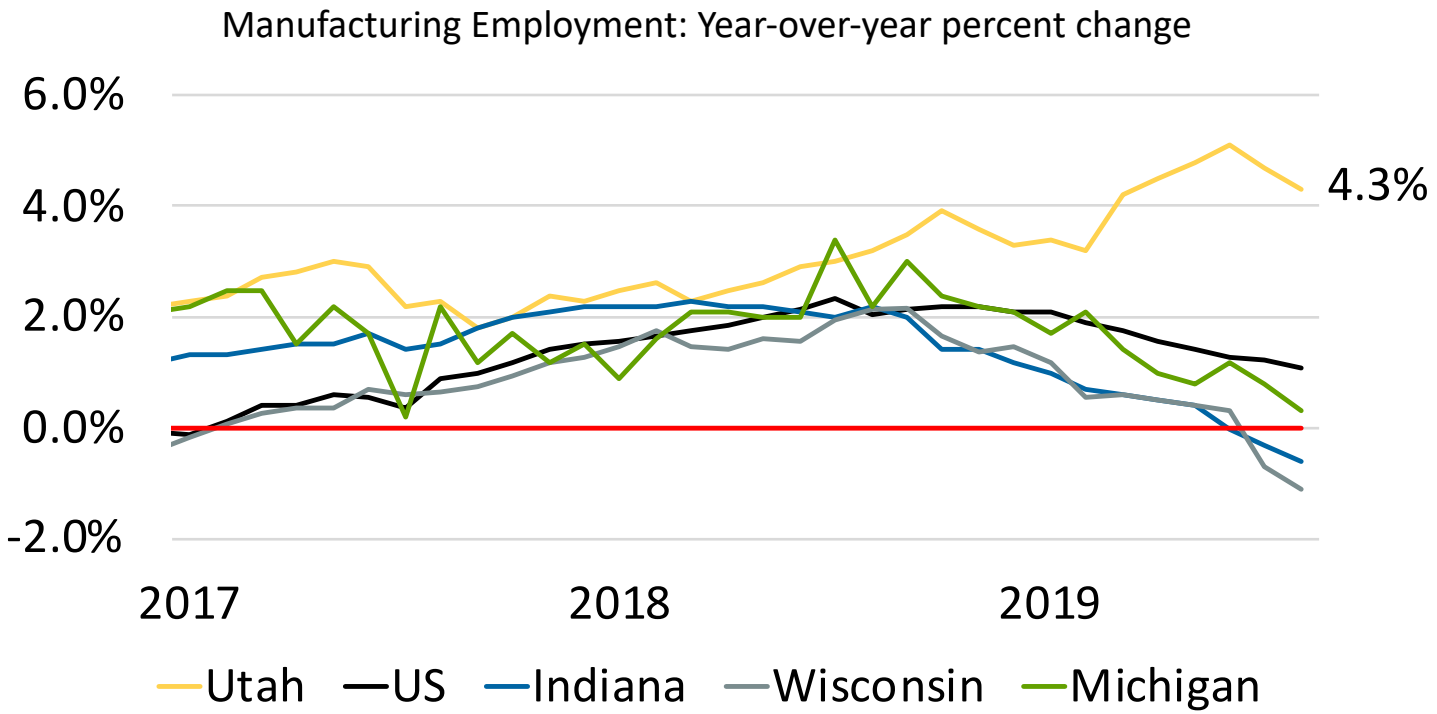
Total Change in Utah Employment by Industry: August 2018 to August 2019



ZIONS BANK

Source: Utah Department of Workforce Services

Utah Manufacturing Appears to Defy Downturn



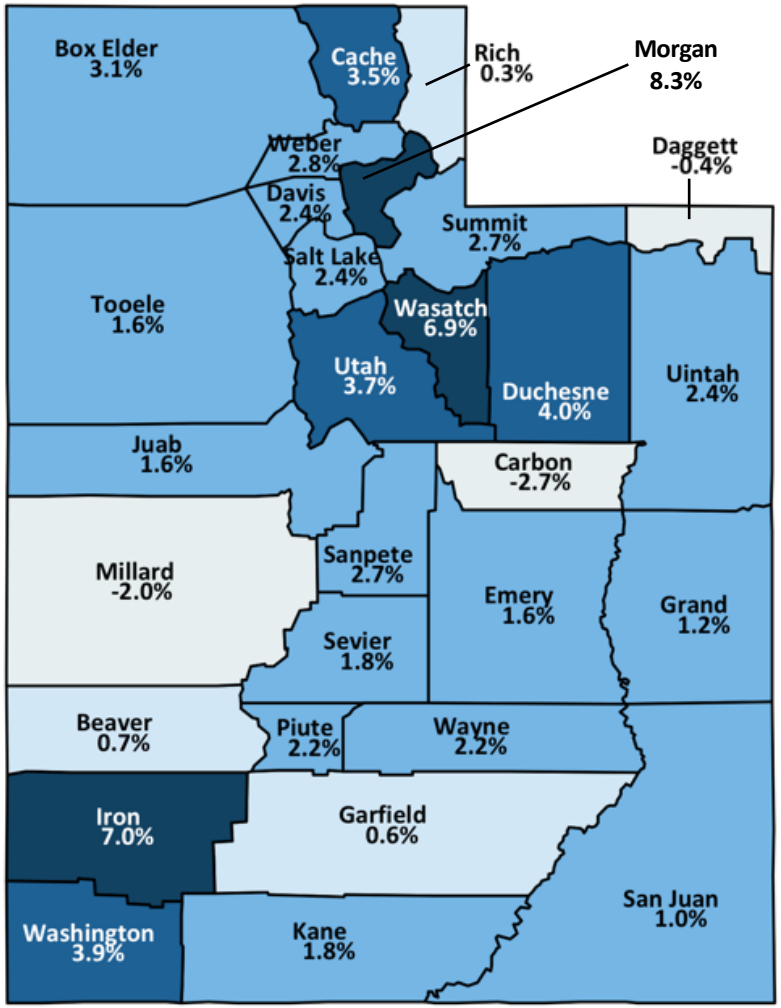
ZIONS BANK

Source: Bureau of Labor Statistics

Utah Employment Change Rates By County August 2018 to August 2019

State Rate = 3.0%

- 5.0% +
- 3.3% to 4.9%
- 1.0% to 3.2%
- 0.0% to 0.9%
- Loss

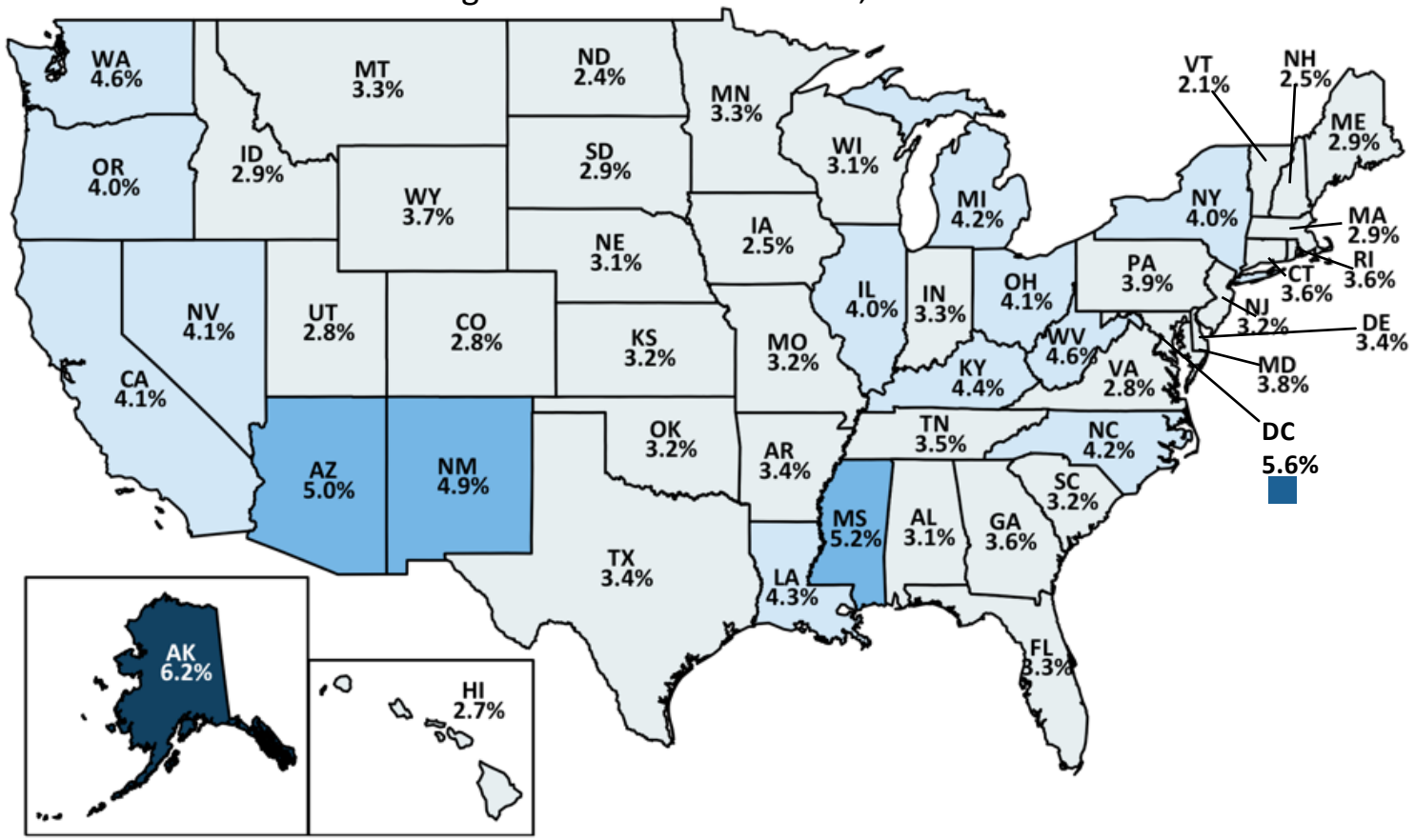


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Source: Utah Department of Workforce Services

Utah has 6th Lowest Unemployment Rate

August 2019 U.S. Rate = 3.7%, UT Rate = 2.8%



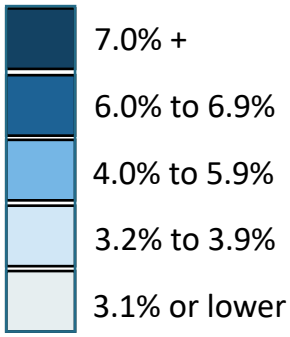
ZIONS BANK

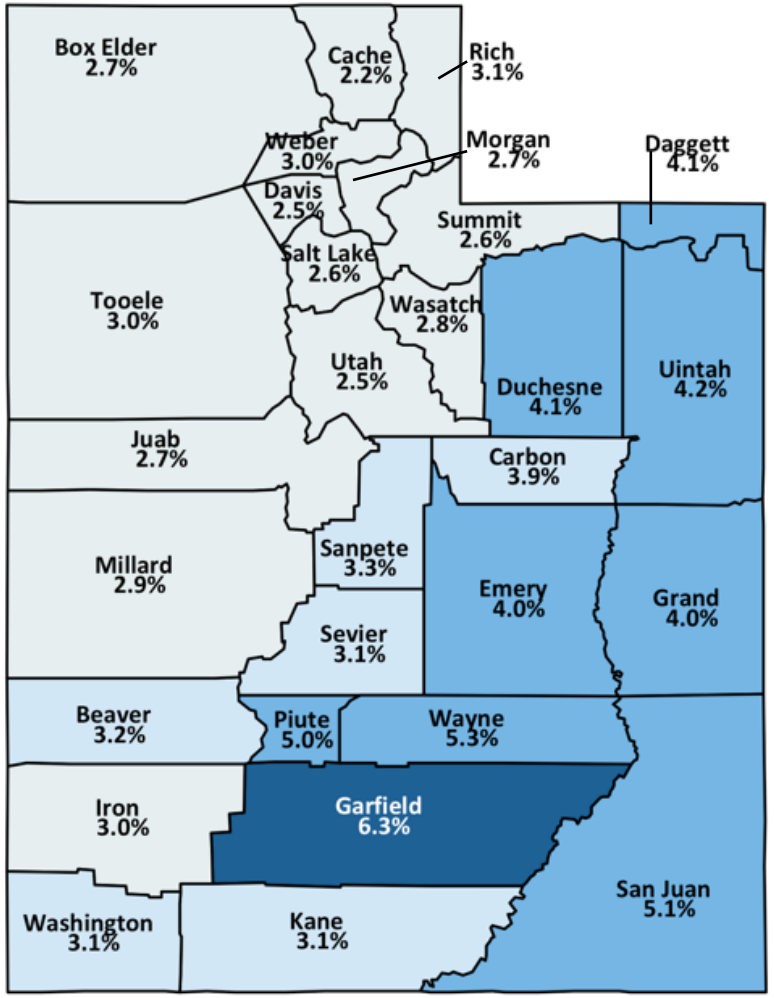
Source: Bureau of Labor Statistics

Utah Unemployment Rates By County

August 2019

State Rate = 2.8%





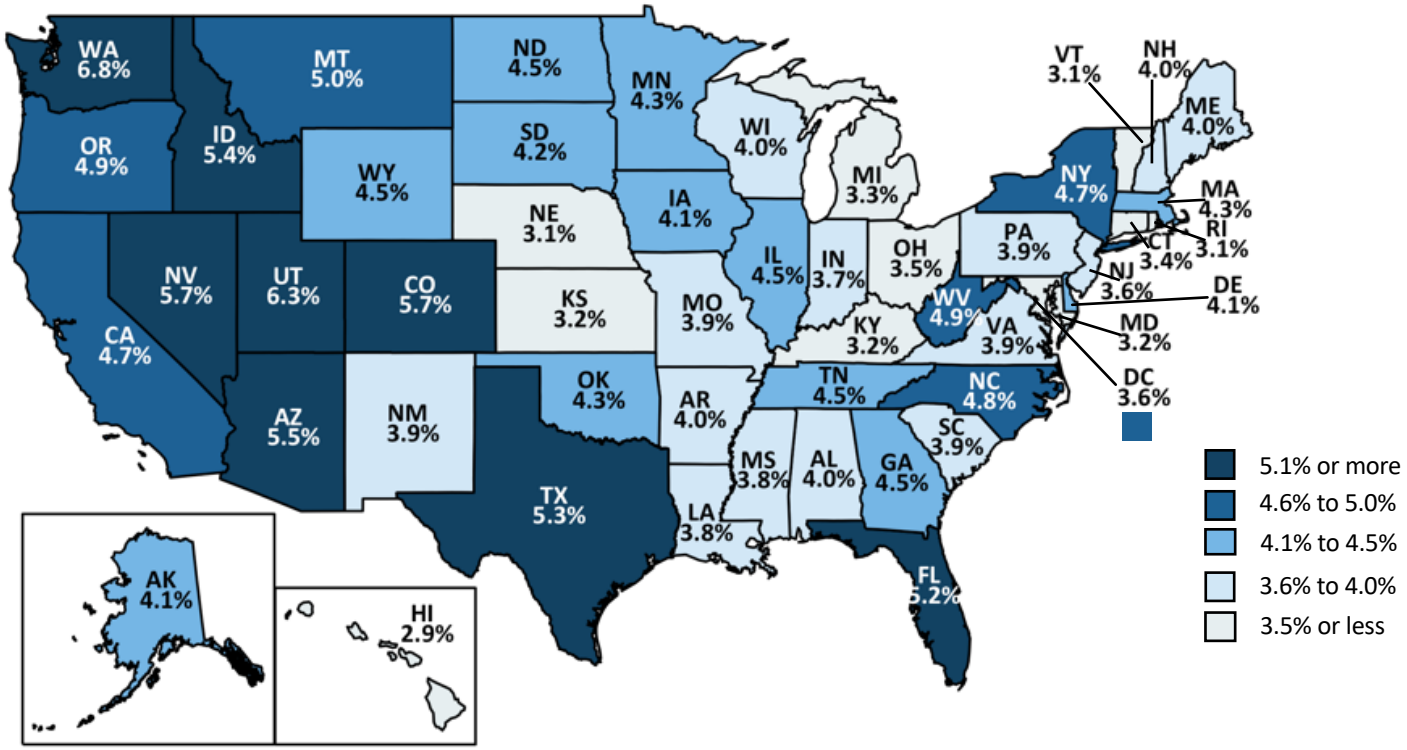
ZIONS BANK

Source: Utah Department 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%**

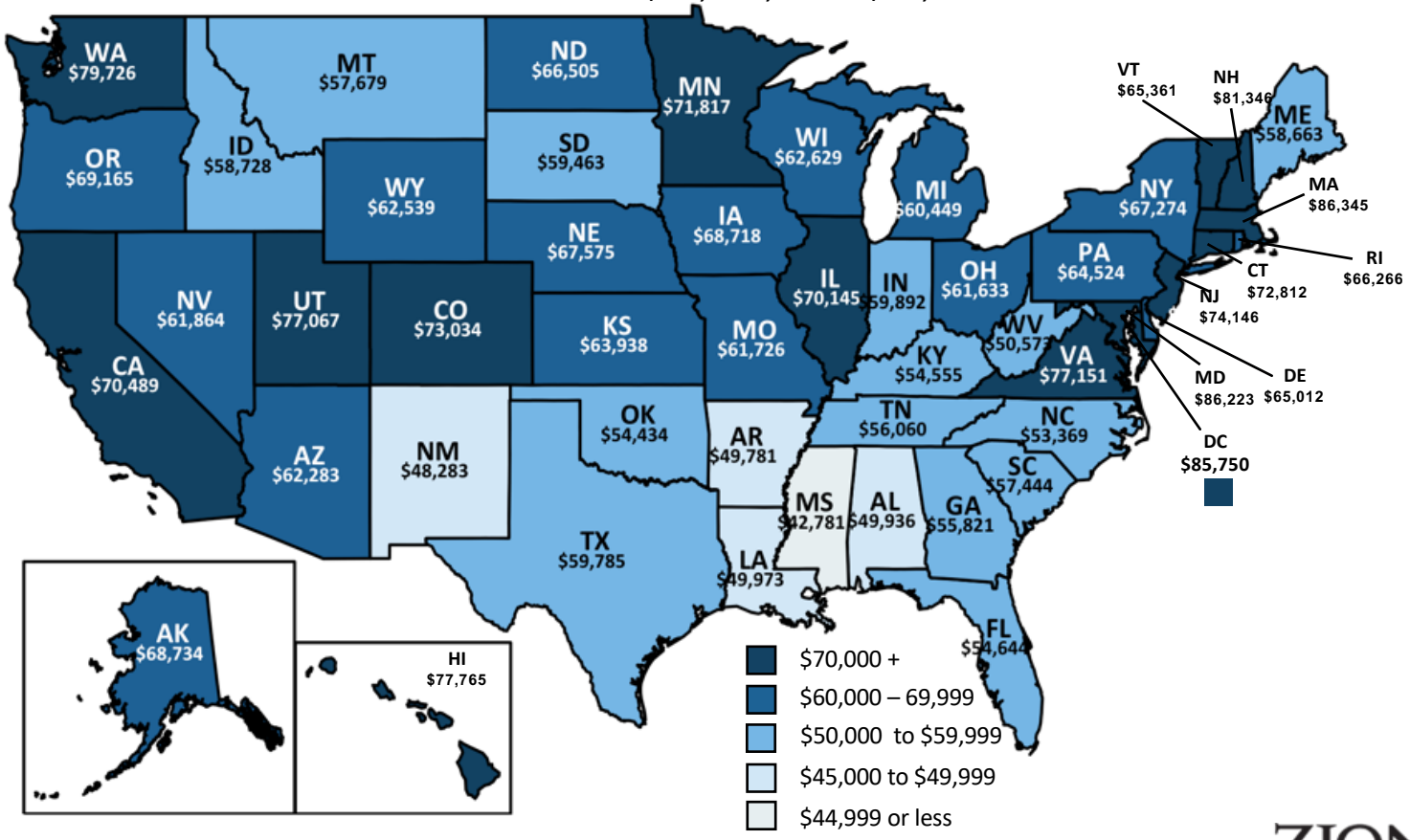


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Source: Bureau of Labor Statistics

Utah 9th Highest Median Household Income

2018 U.S. = $63,179, UT. = $77,067

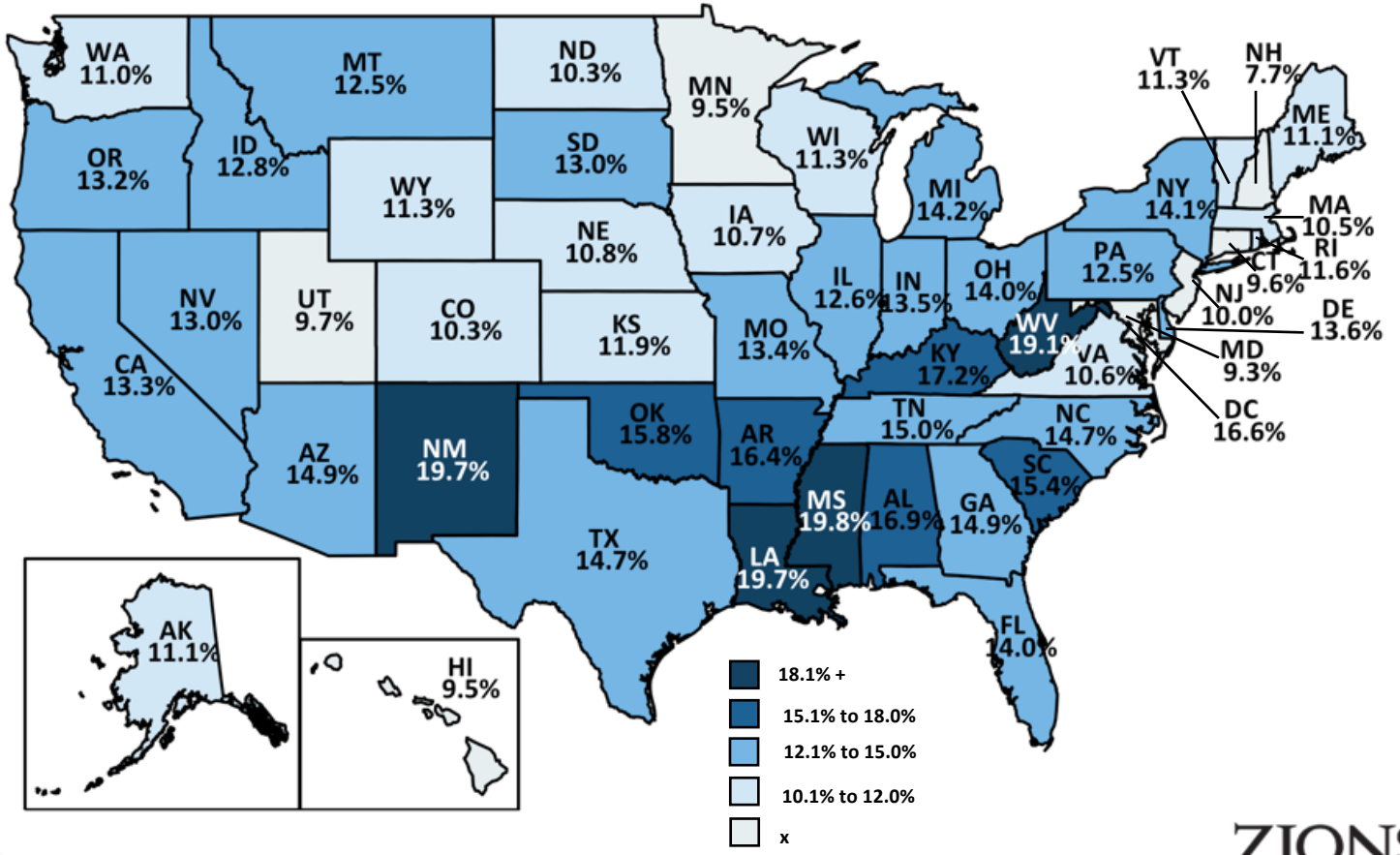


ZIONS BANK

Source: Bureau of Labor Statistics

Utah has the 6th Lowest Poverty Rate

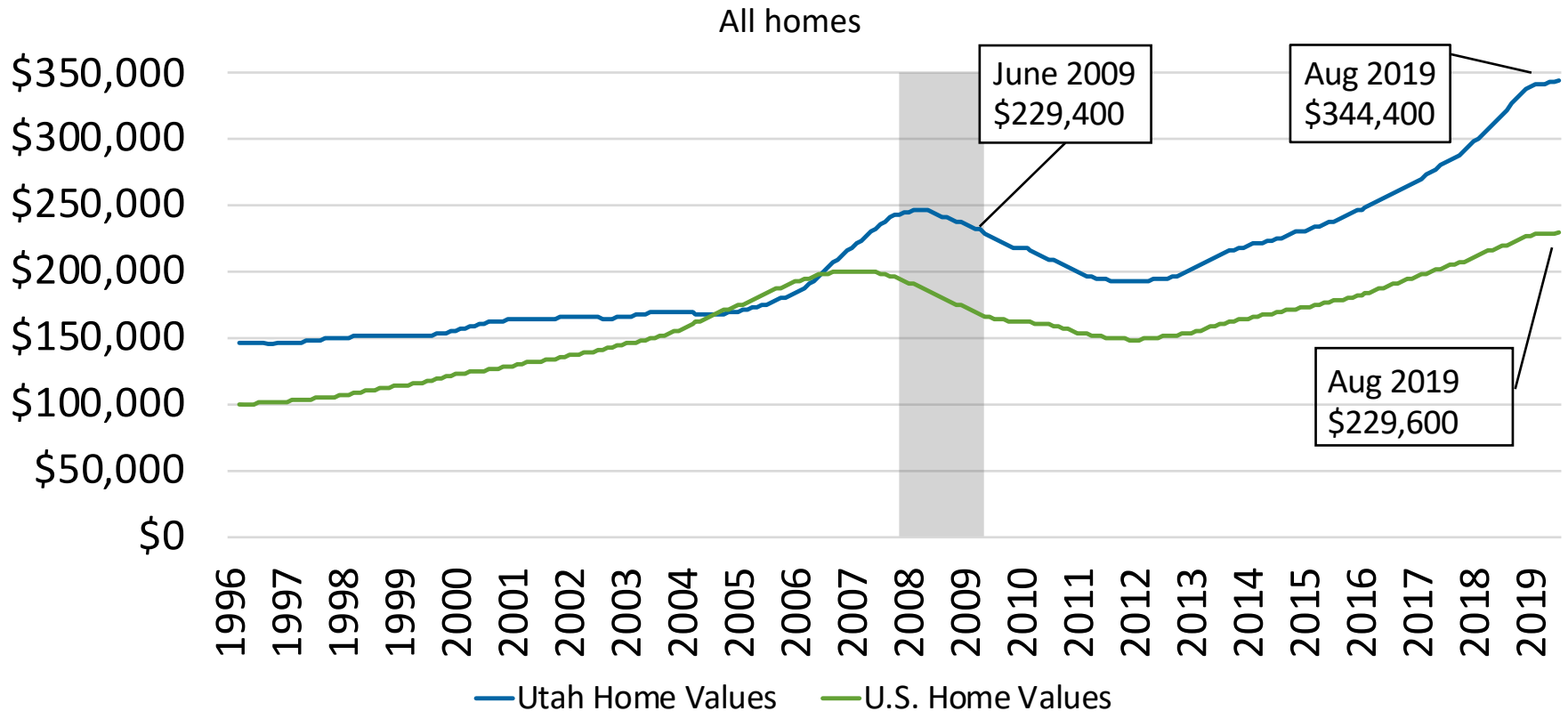
2017 U.S. Rate = 13.4%, UT = 9.7%



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Source: Bureau of Labor Statistics

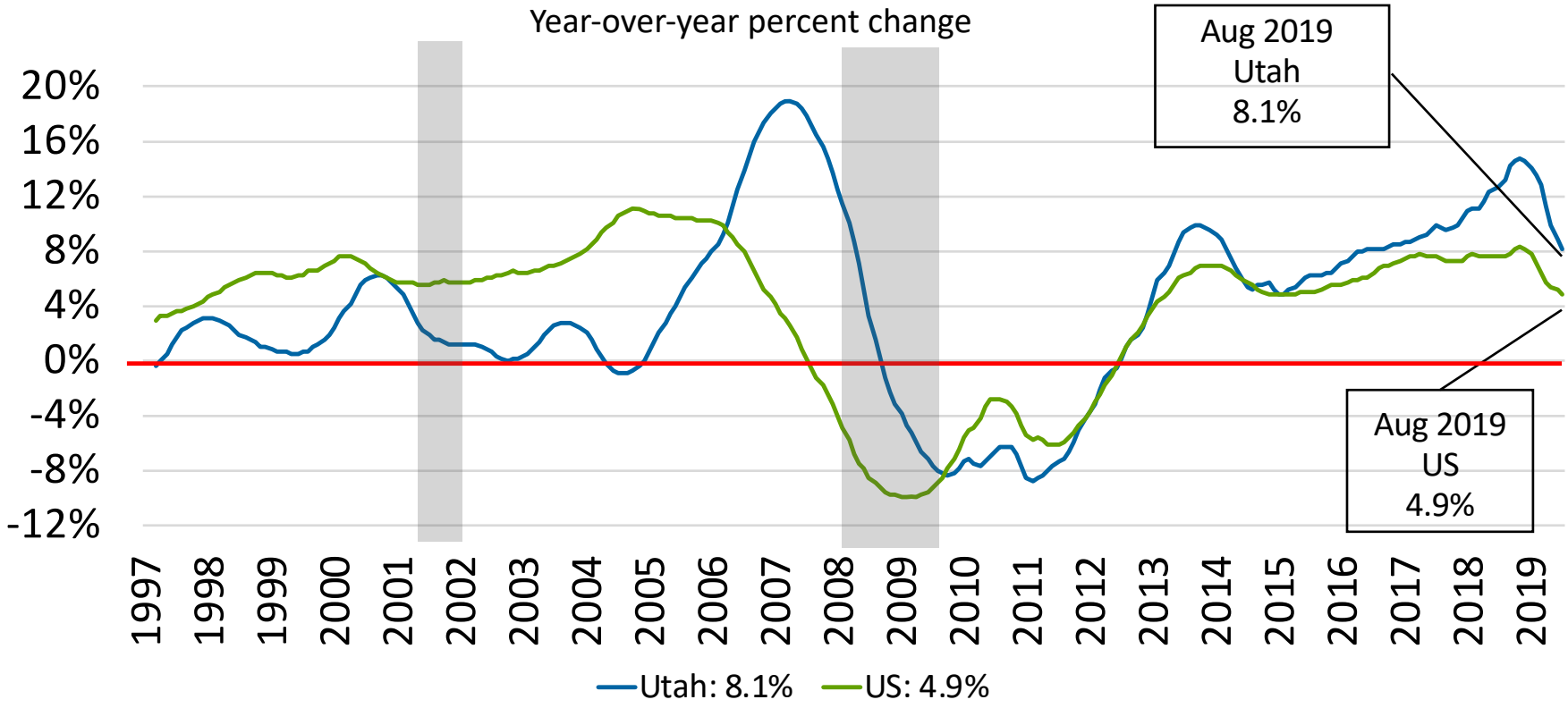
Utah Home Values



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Source: Zillow Research

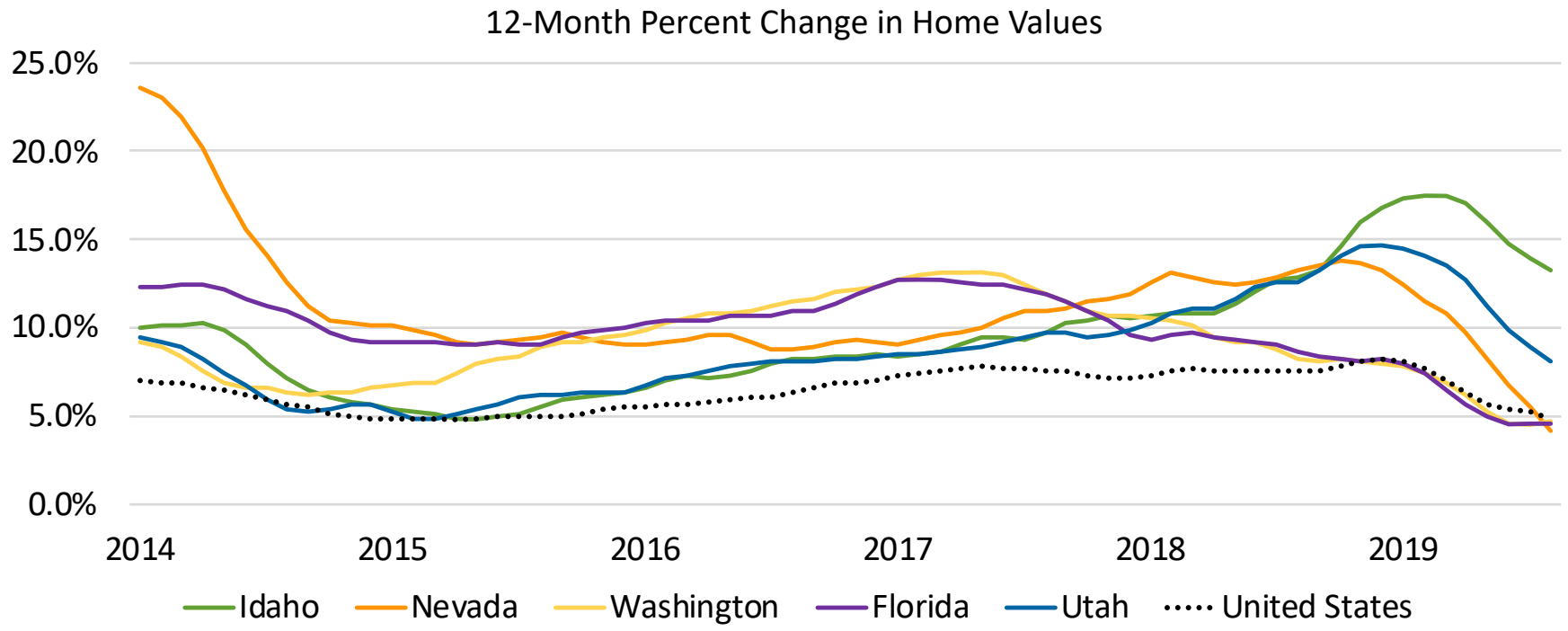
Utah Home Value Appreciation is Moderating



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Source: Zillow Research

Home Price Growth Continues to Slow Across the US and in Top Markets



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Source: Zillow Research, Home Value Index

Economic Summary

- National and international uncertainty
- US economic expansion longest in US history
- Job growth above expectations
- Wage growth and inflation continue to disappoint
- Labor productivity looking good
- Manufacturing activity and trade wars drag on growth
- Interest rate cuts on the way?
- Regional employment growth remains strong
- Labor shortages in the West are becoming more pronounced

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