

Zions Bank Economic Update

An Economy in Transition

Utah Food Industry Association

August 8, 2023

Recession Scenarios

1. Hard Landing
2. Soft Landing
3. No Landing

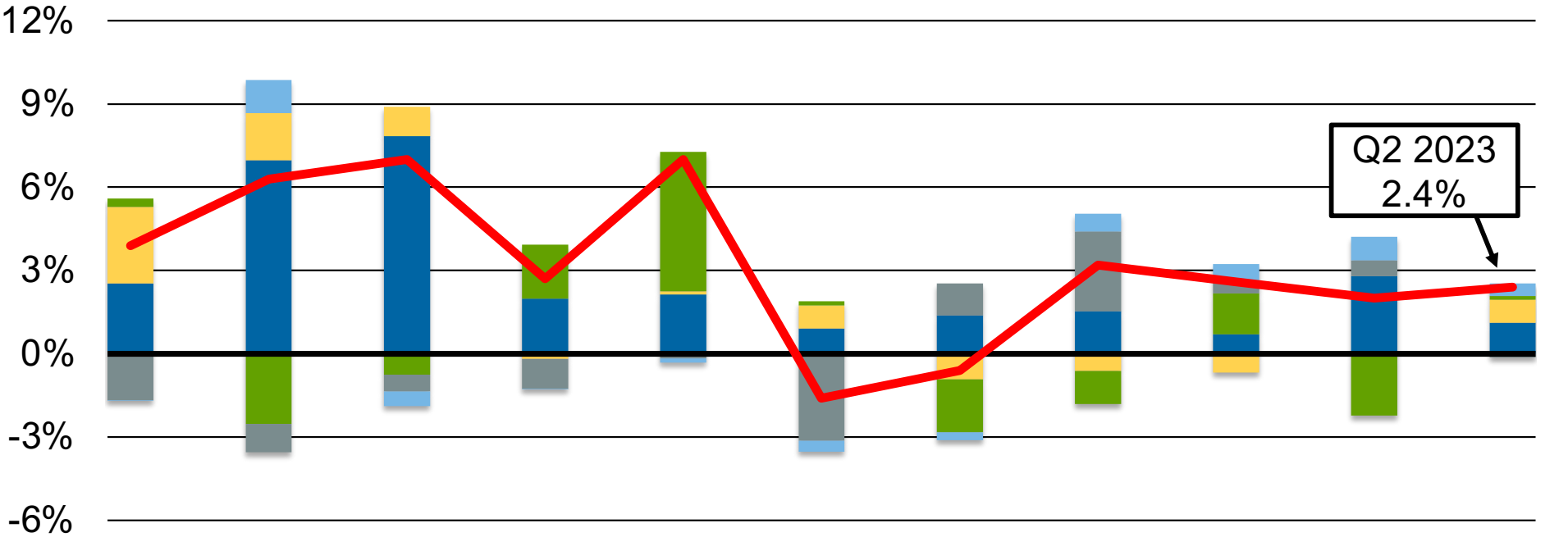
Even the Fed Doesn't Know What Will Happen

"I think no one knows whether there's going to be a recession or not. And if so, how bad that recession would be."

[— Fed Chairman Jerome Powell](#)



GDP Expanded in Second Quarter

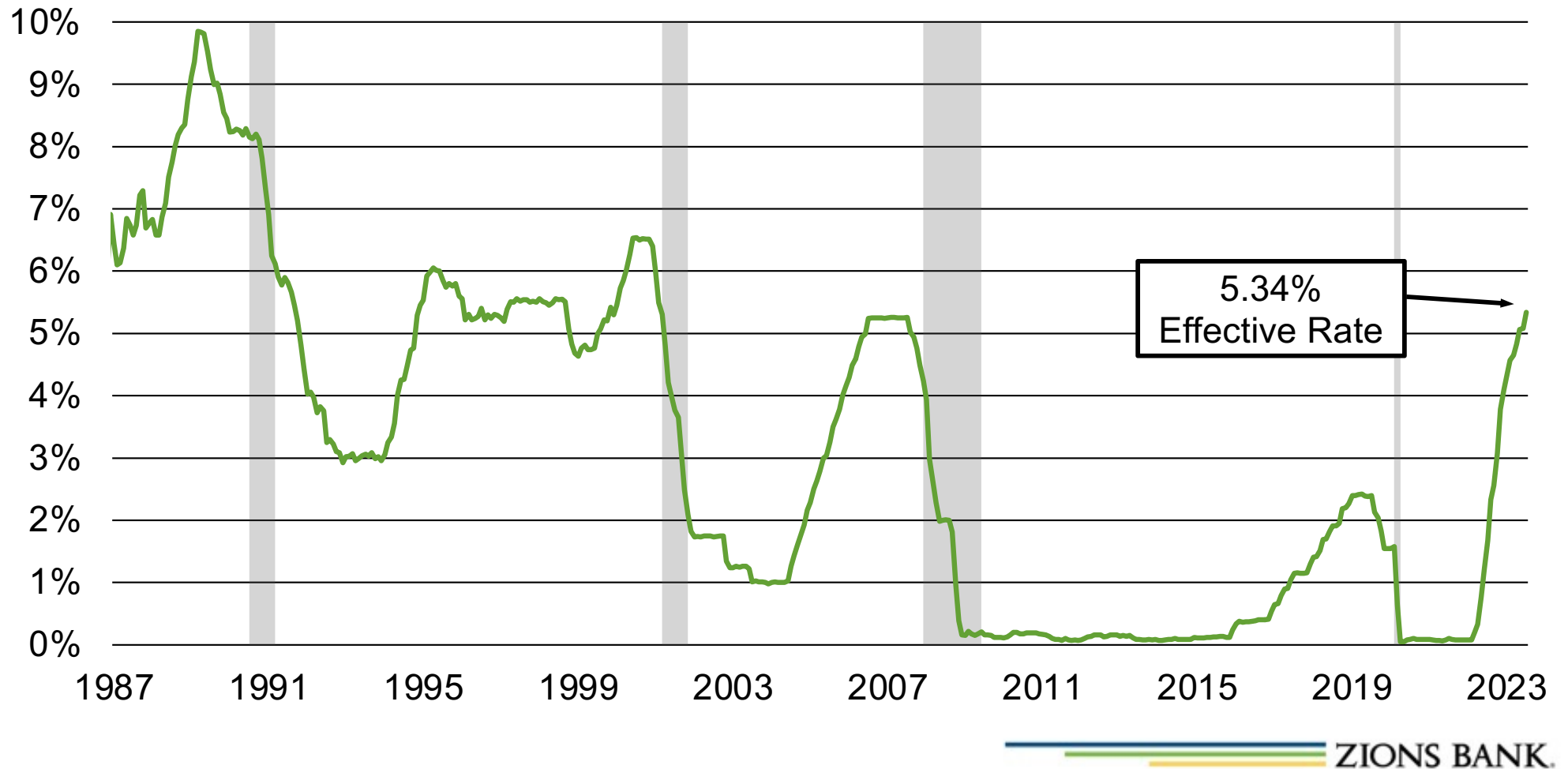


■ Personal Consumption ■ Fixed Investment ■ Private Inventories
■ Net Exports ■ Government — Real GDP Growth



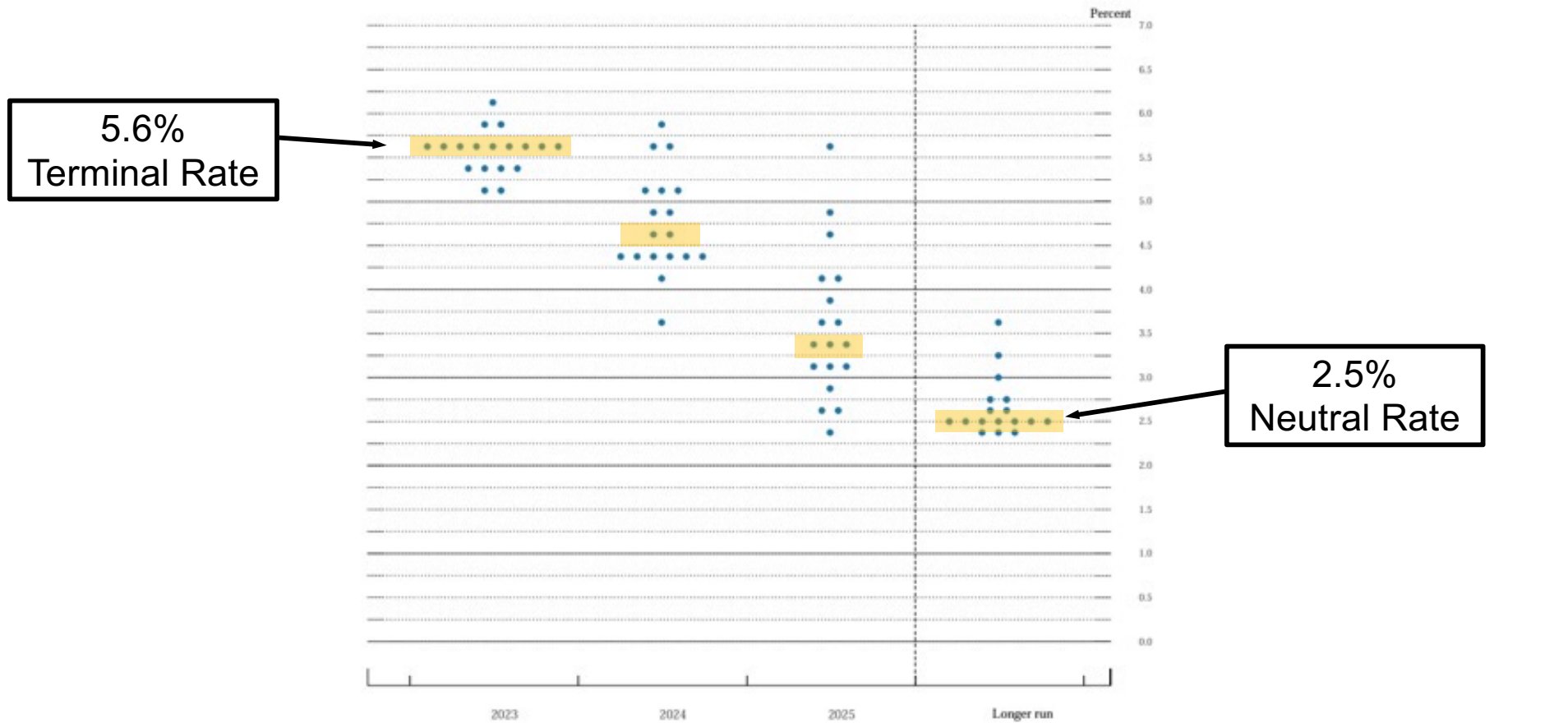
Source: U.S. Bureau of Economic Analysis
Seasonally Adjusted at Annual Rates

Fed Interest Rate Highest in More Than 20 Years



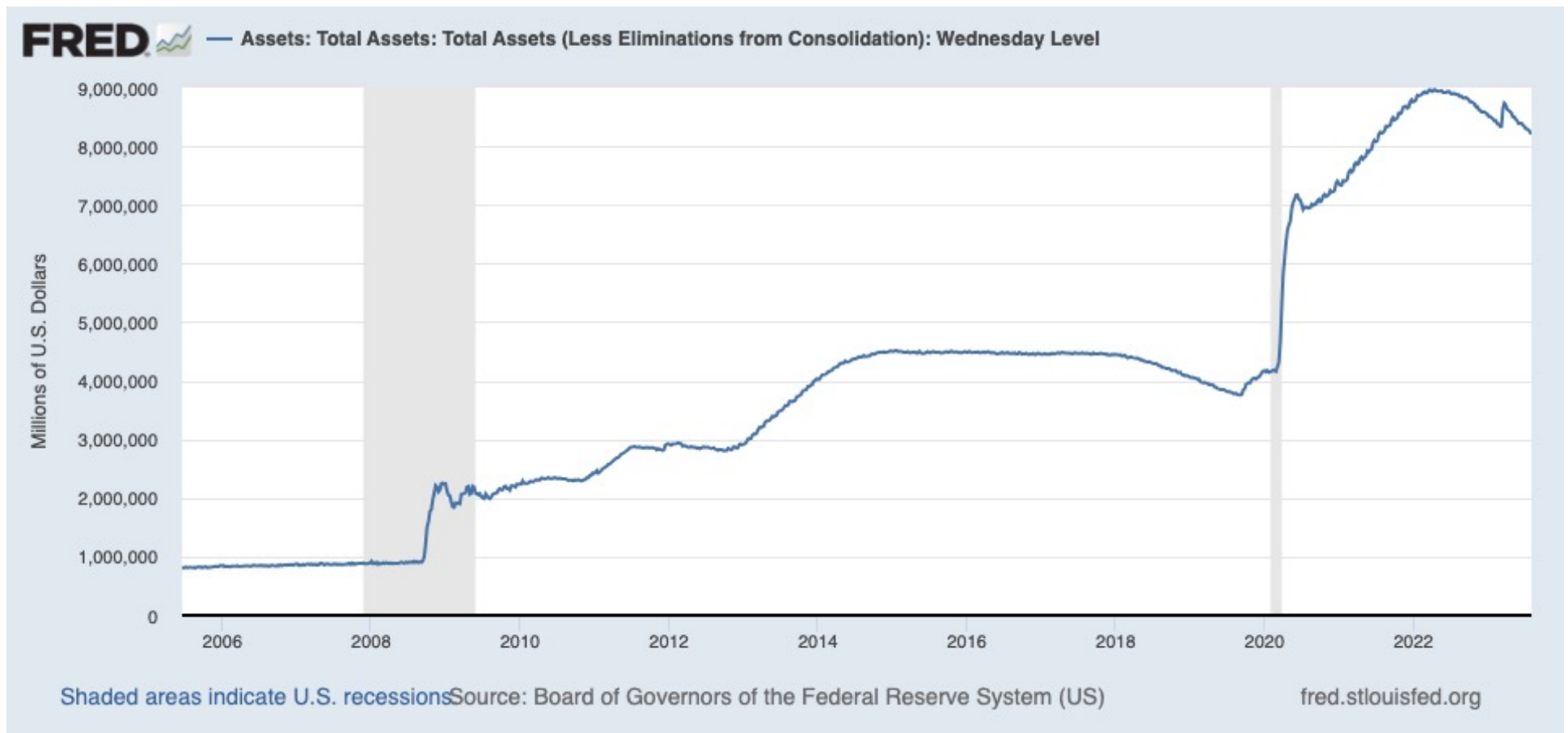
Source: Board of Governors of the Federal Reserve System (US)

Fed Indicates Further Rate Increases

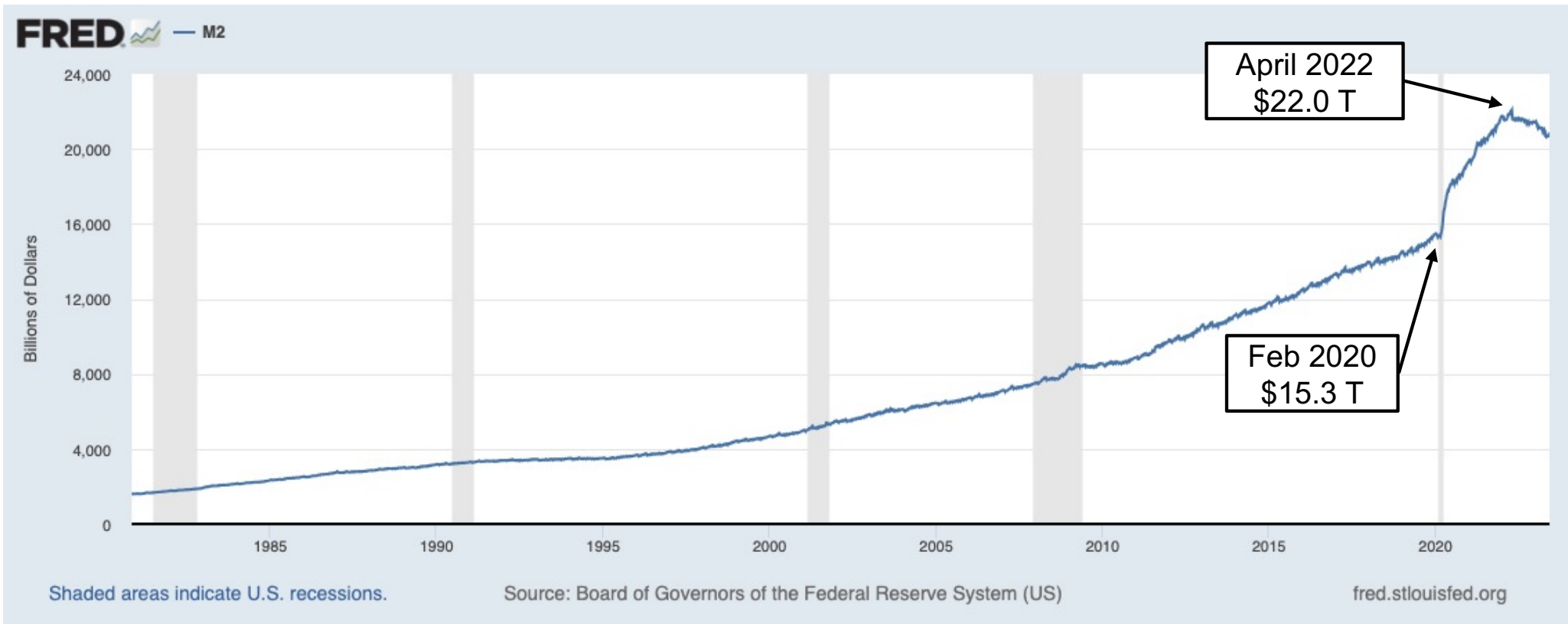


Source: Board of Governors of the Federal Reserve System

Fed Shrinking Its Balance Sheet

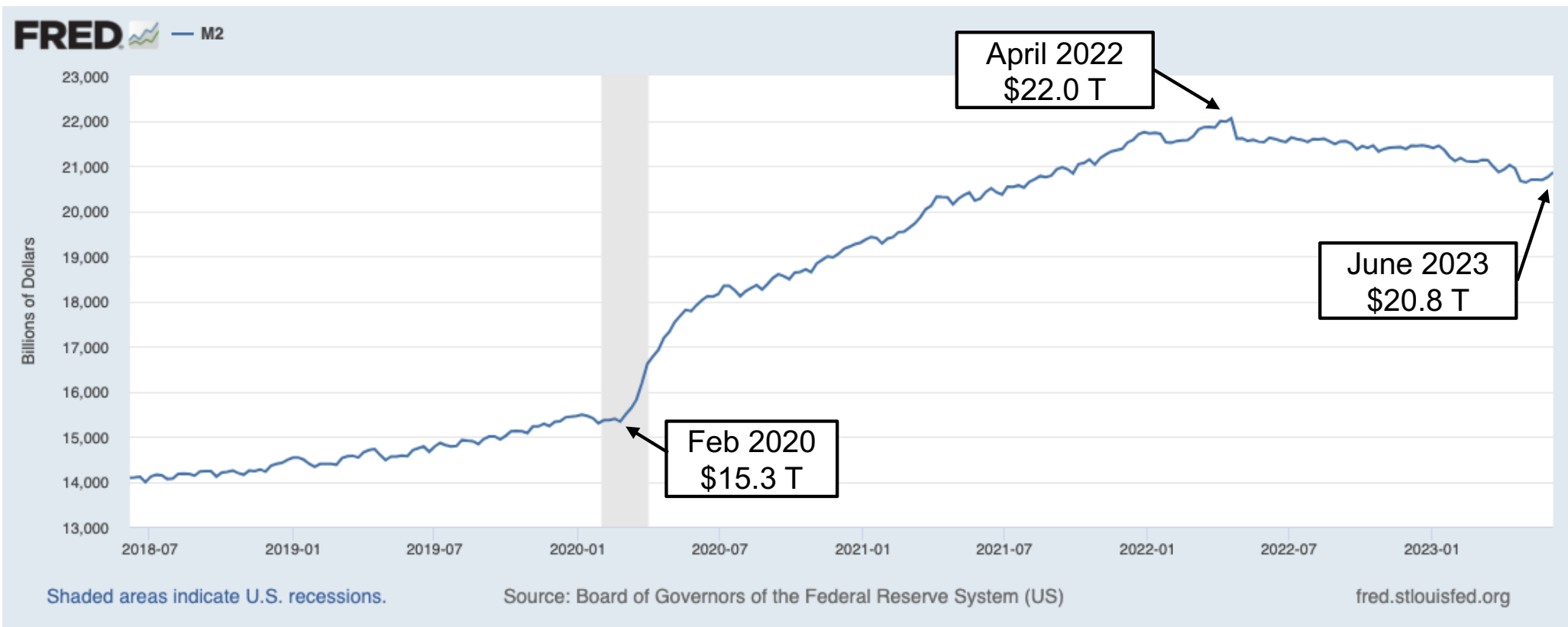


U.S. Money Supply Increased By \$6.7 Trillion



Source: Federal Reserve Bank of St Louis

U.S. Money Supply Now Dropping



Source: Federal Reserve Bank of St Louis

Credit Supply and Demand Tightening

Net percentage of domestic banks tightening standards for commercial and industrial loans to...

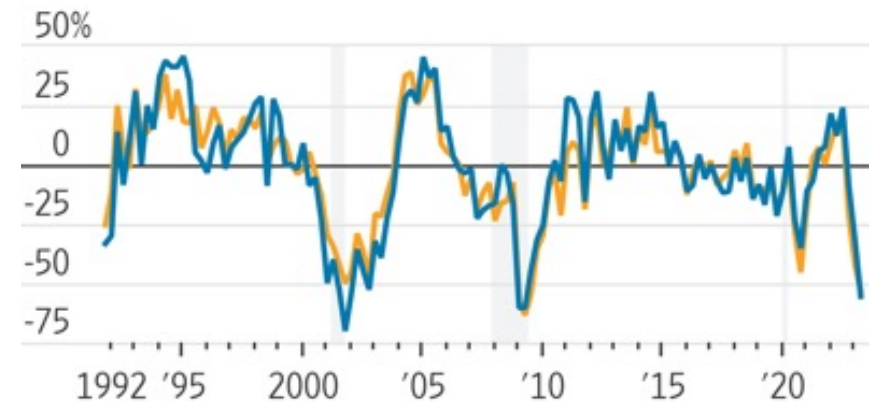
- Large- and middle-market firms
- Small firms



Source: Federal Reserve via the St. Louis Fed

Net percentage of domestic banks reporting stronger demand for commercial and industrial loans from...

- Large- and middle-market firms
- Small firms

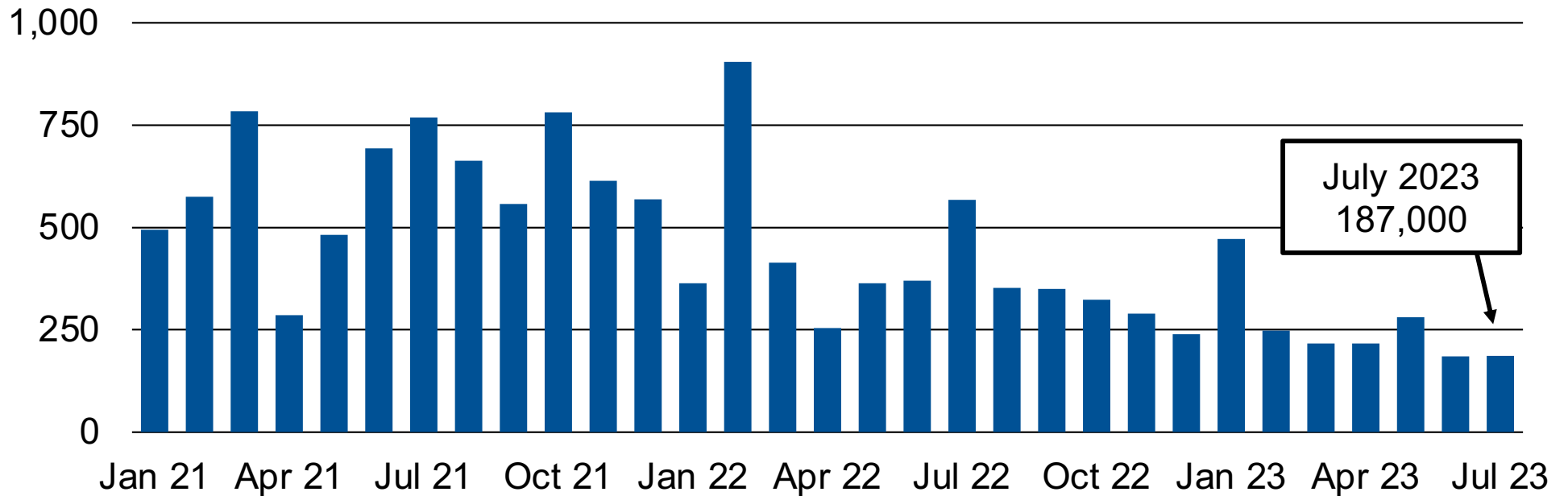


Source: Federal Reserve via the St. Louis Fed

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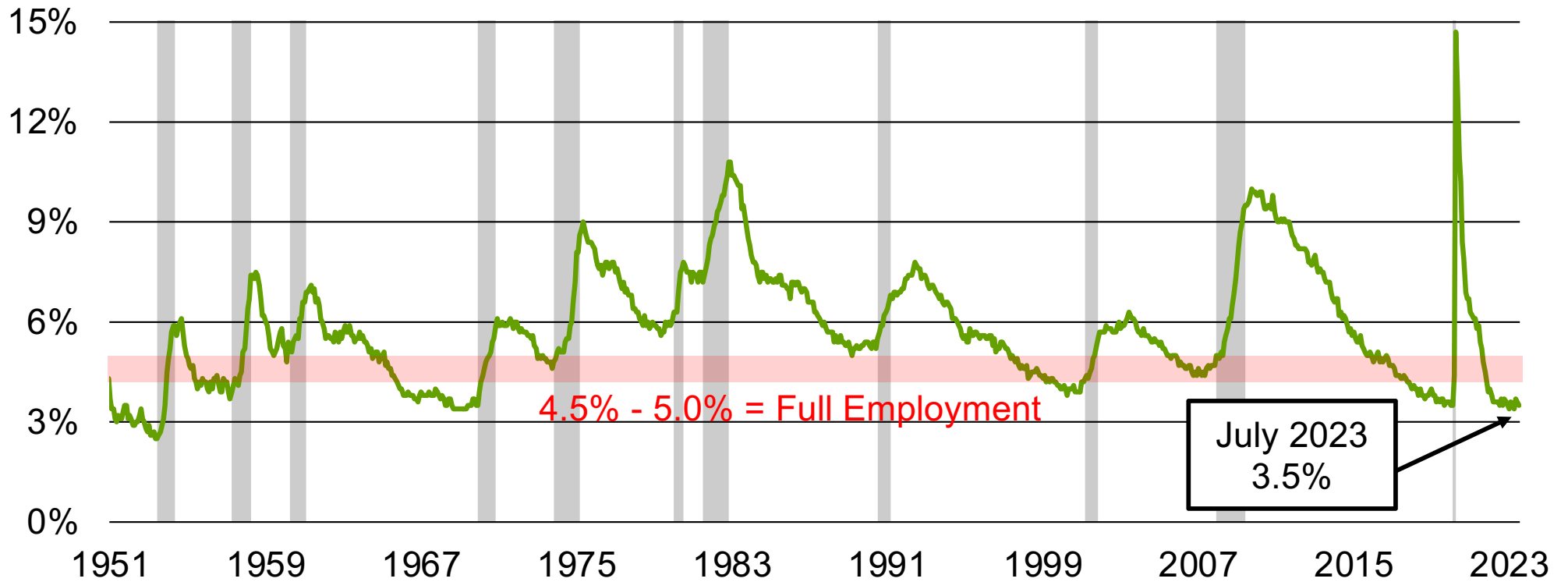
U.S. Job Growth Slowing

Month-to-Month Nonfarm Payroll Change: Thousands of Employees



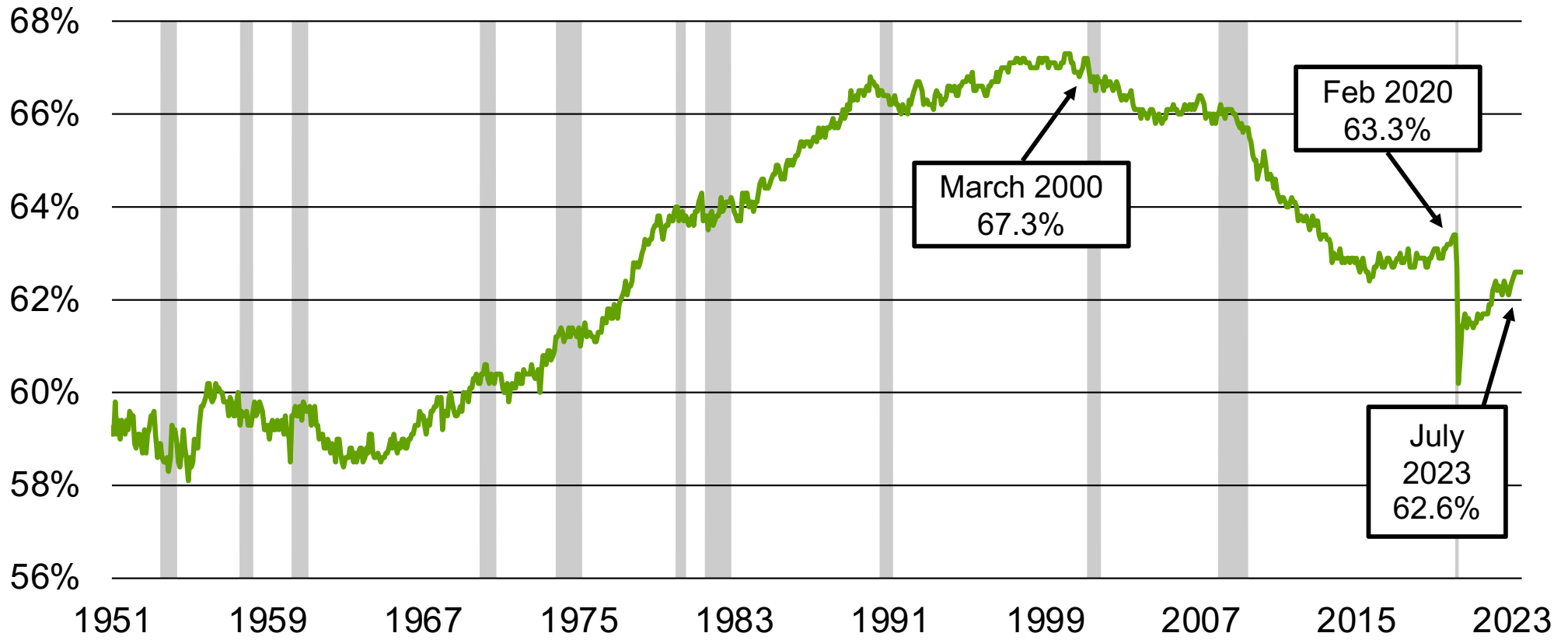
Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

U.S. Unemployment Rate Very Low



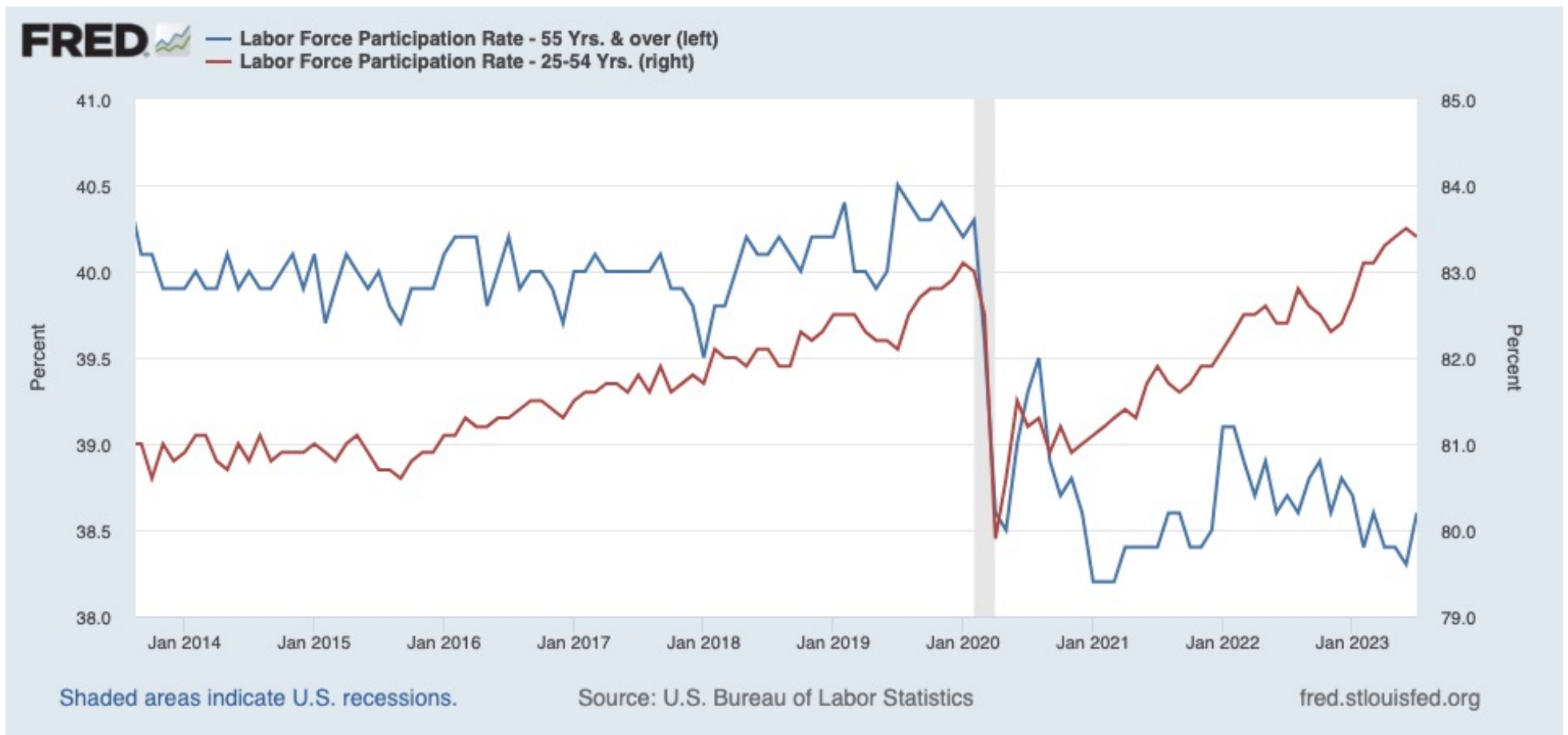
Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

Labor Force Participation Hasn't Recovered From Pandemic



Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

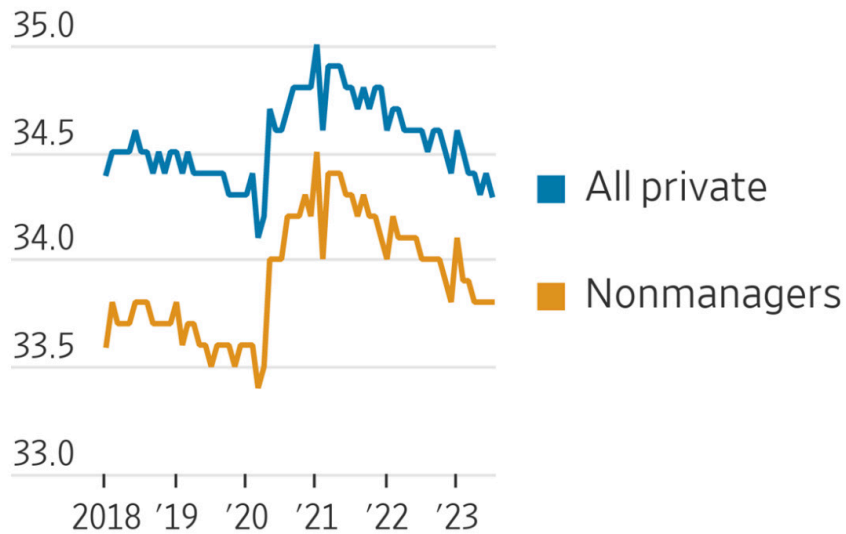
Older Workers Still on the Sidelines



Source: Wall Street Journal

Hours Worked and Temp Help Dropping

Average weekly hours of private-sector employees



Note: Seasonally adjusted
Source: Labor Department

U.S. temporary help services employment

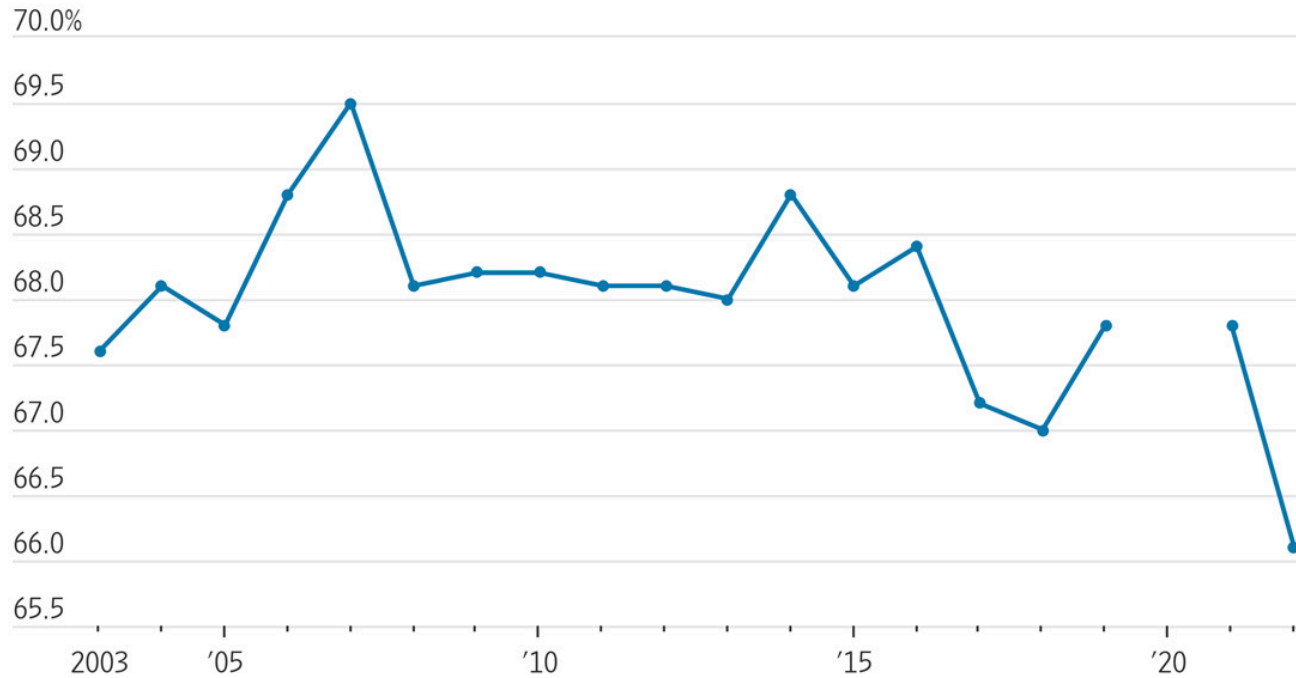


Note: Seasonally adjusted
Source: Labor Department



Employees Working Less

Share of employed people working on a given day

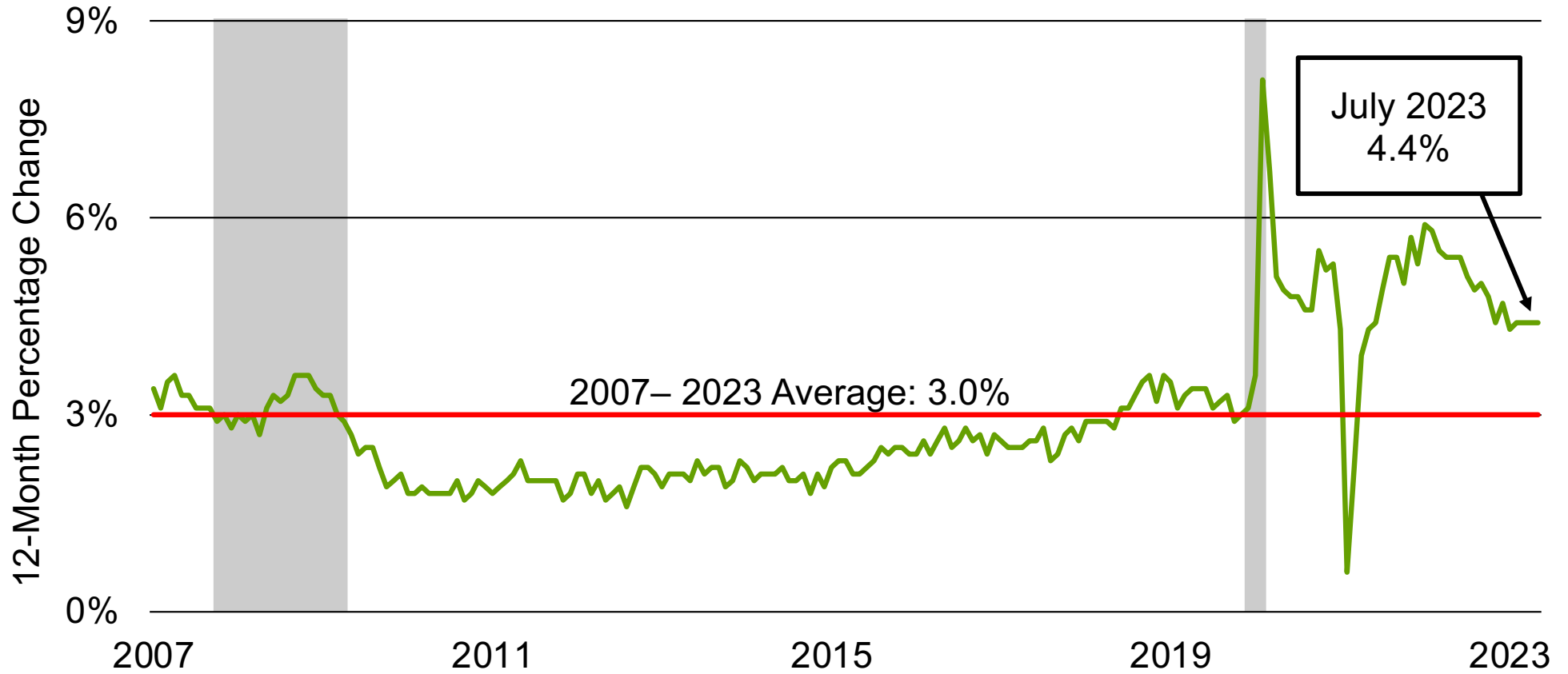


Note: There is no data for 2020

Source: Labor Department American Time Use Survey

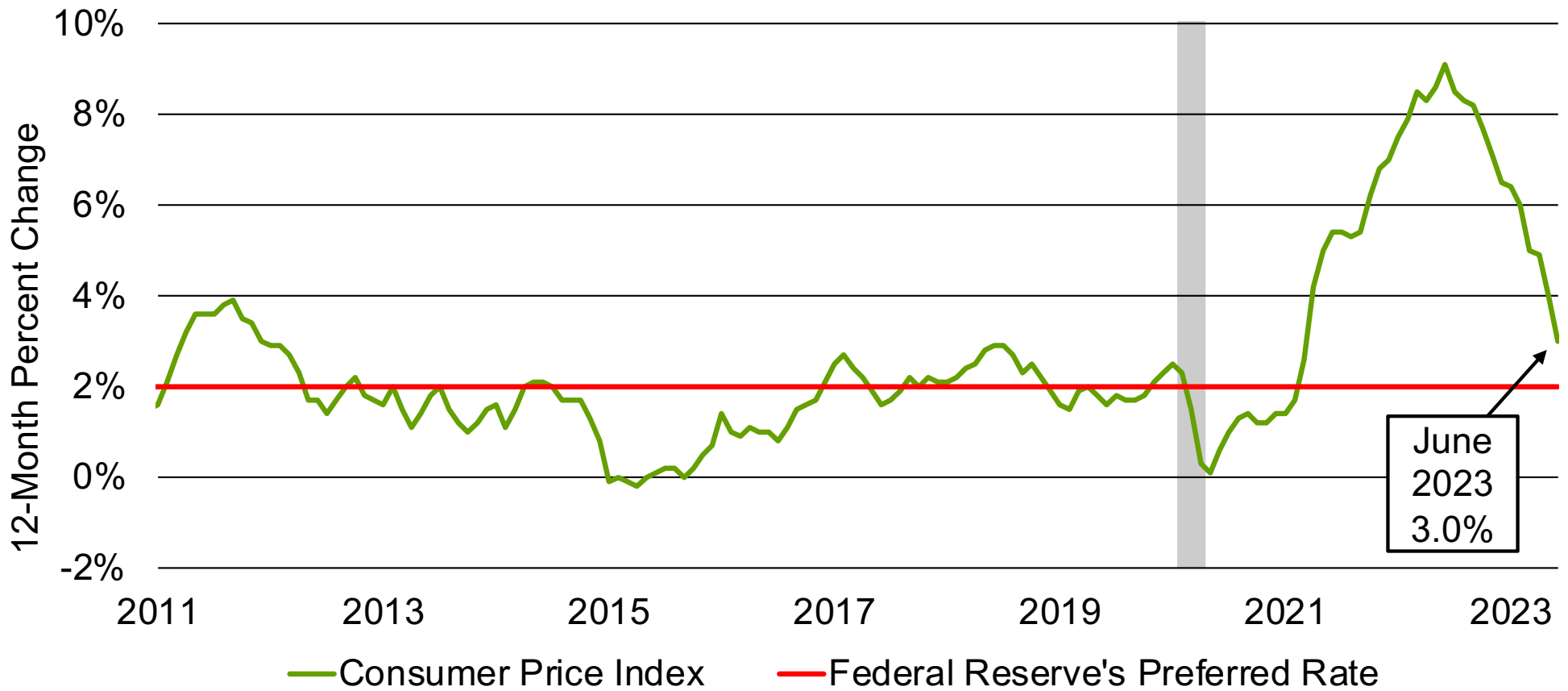


Wage Inflation Slowing But Too High



Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

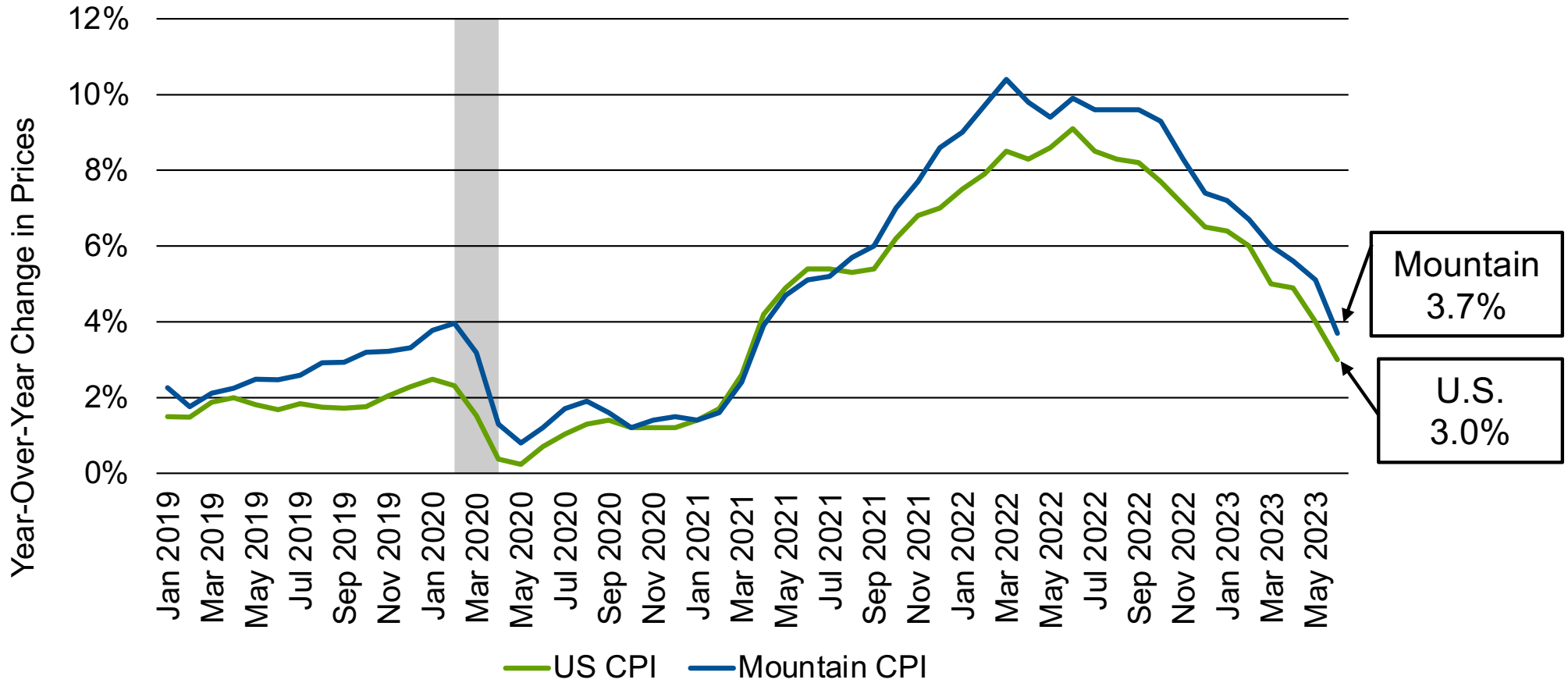
Inflation Slowing – But How Long Until it Returns to Normal?



Sources: U.S. Bureau of Labor Statistics
Not Seasonally Adjusted

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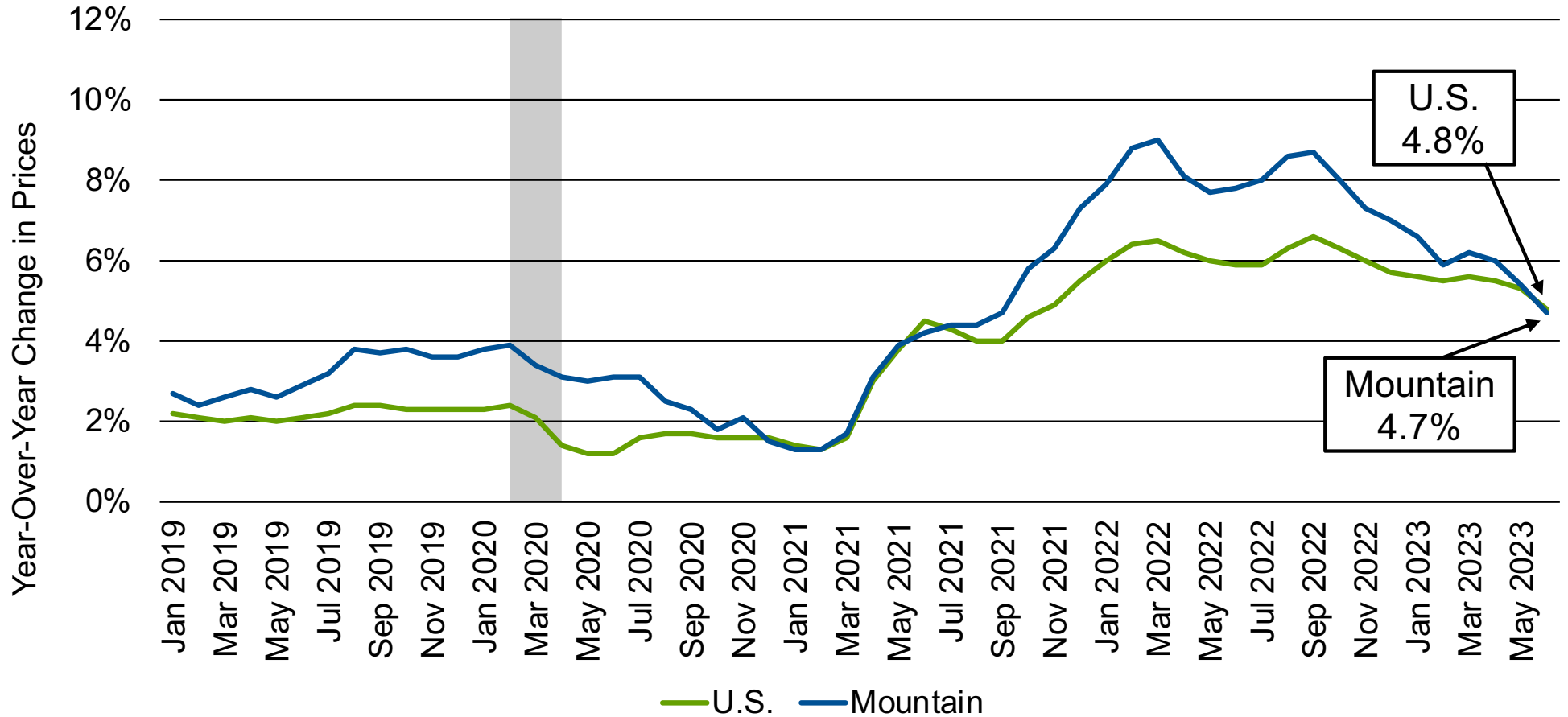
Mountain State Inflation Above National Average



Source: U.S. Bureau of Labor Statistics
 Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

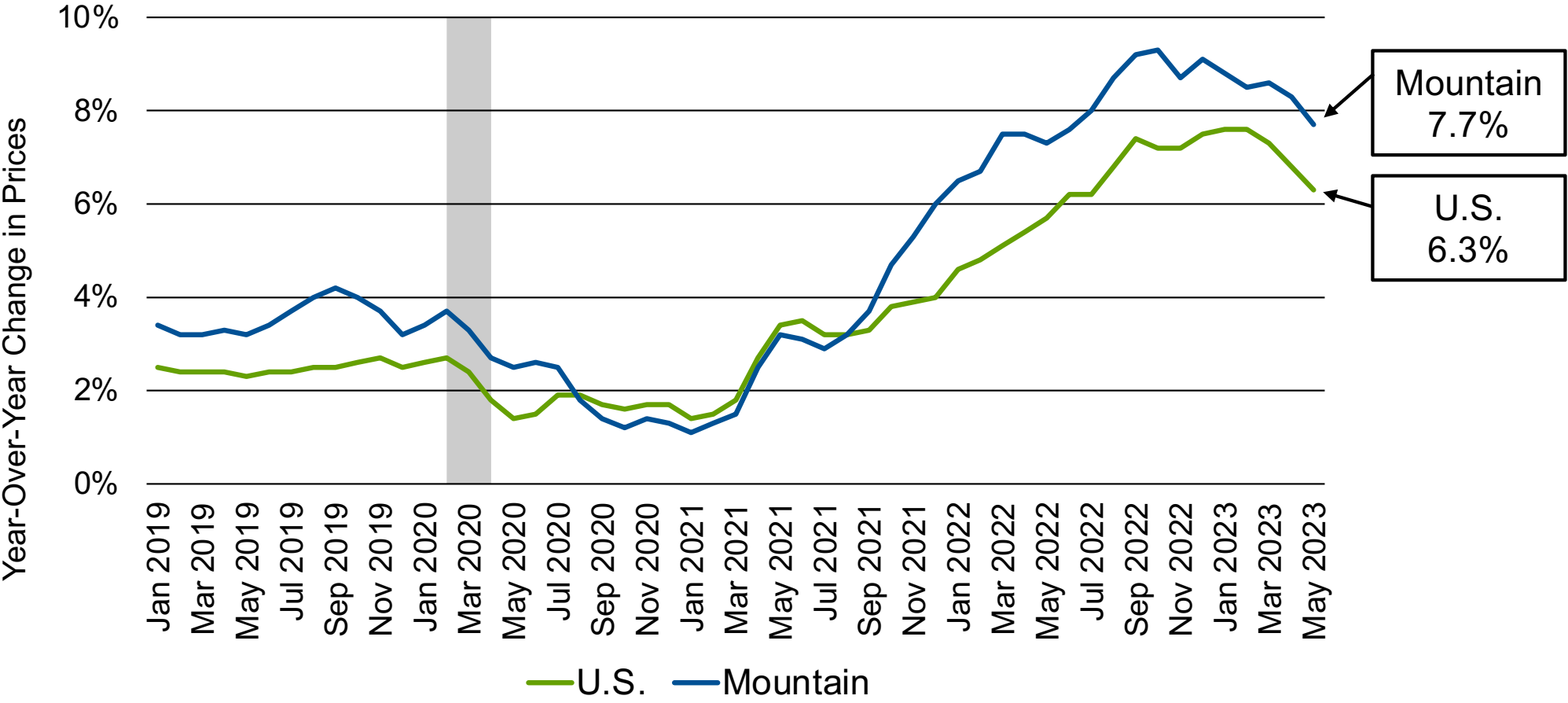


All Items Less Food and Energy (Core Inflation)



Source: U.S. Bureau of Labor Statistics
 Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

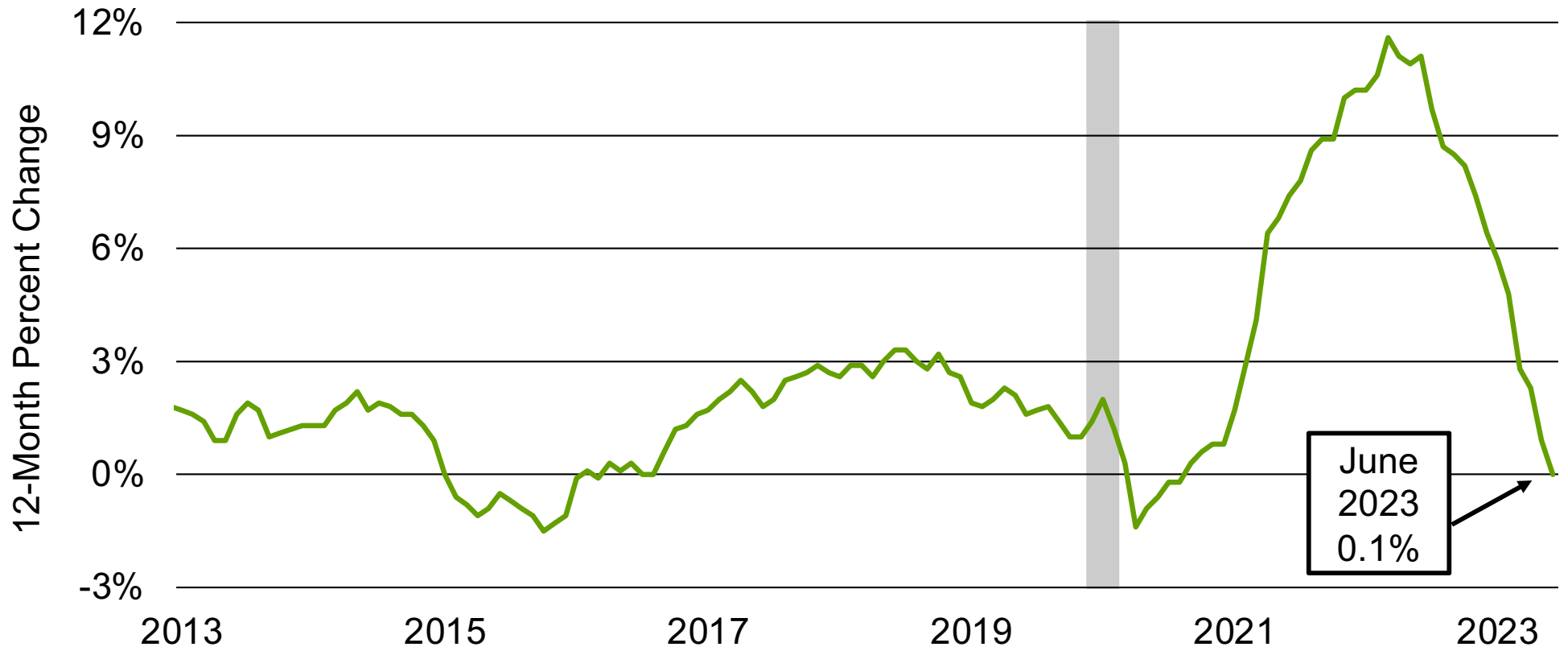
Services Price Inflation Still High



Source: U.S. Bureau of Labor Statistics
 Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

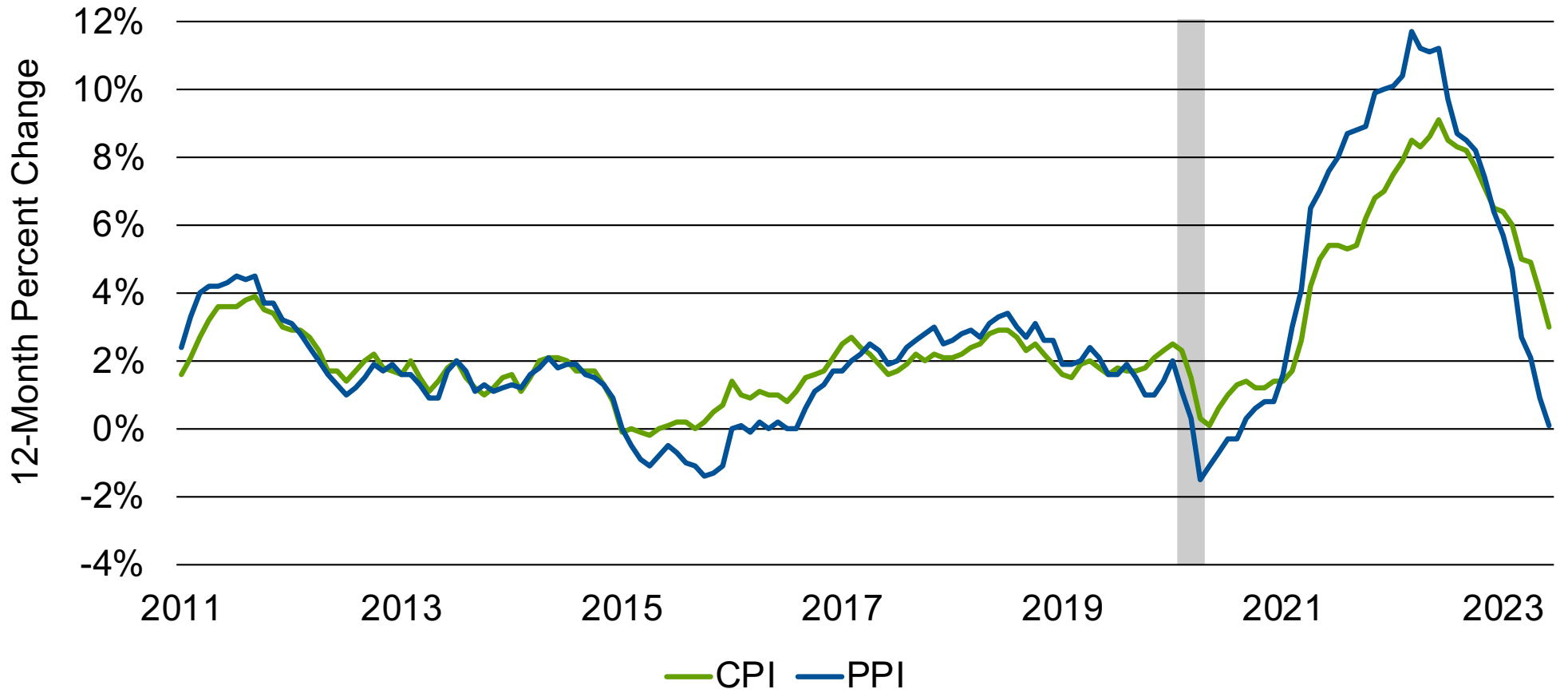


Producer Inflation Slowing



Source: U.S. Bureau of Labor Statistics
Not Seasonally Adjusted

Producer and Consumer Inflation Slowing



Source: U.S. Bureau of Labor Statistics
Not Seasonally Adjusted

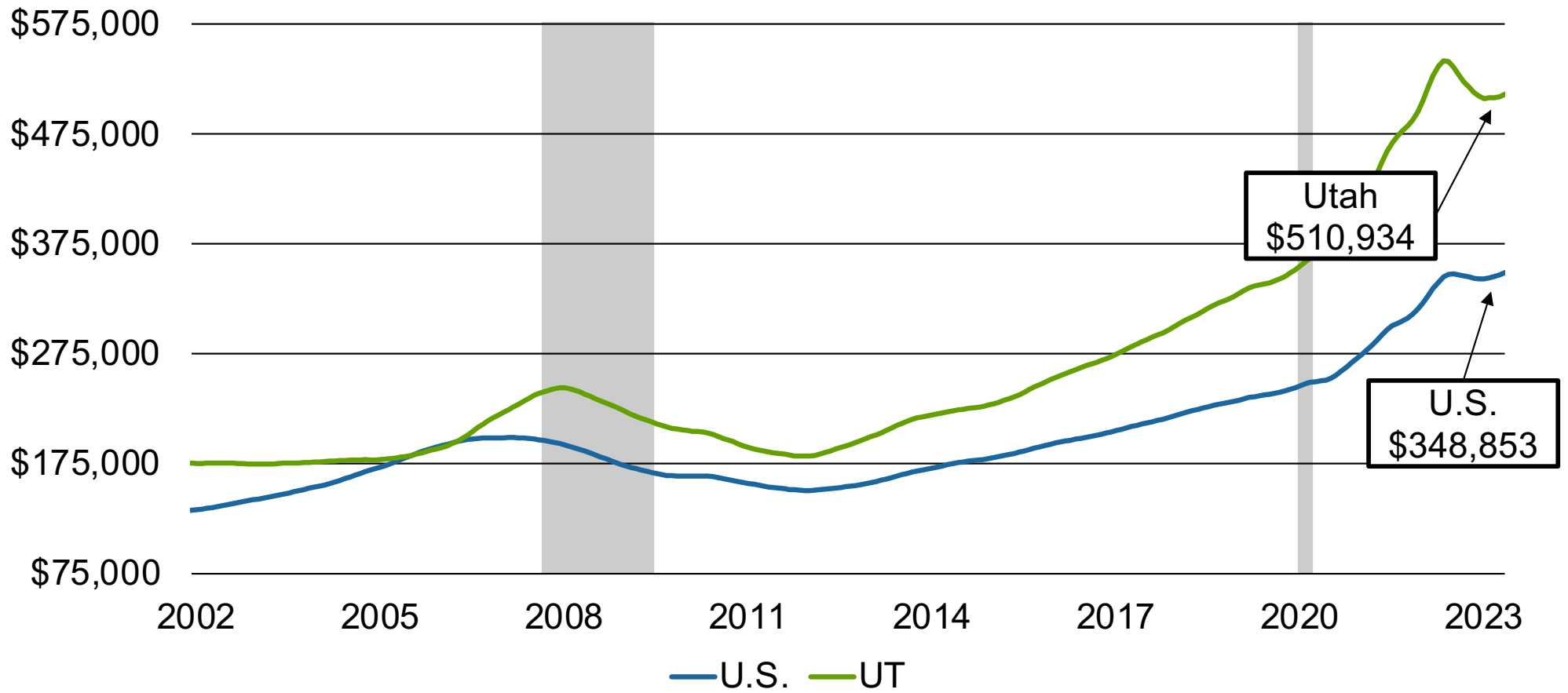
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30-Year Mortgage Rate Highest in 20 Years



Source: Federal Reserve Bank

Utah Home Values Much Higher Than U.S.

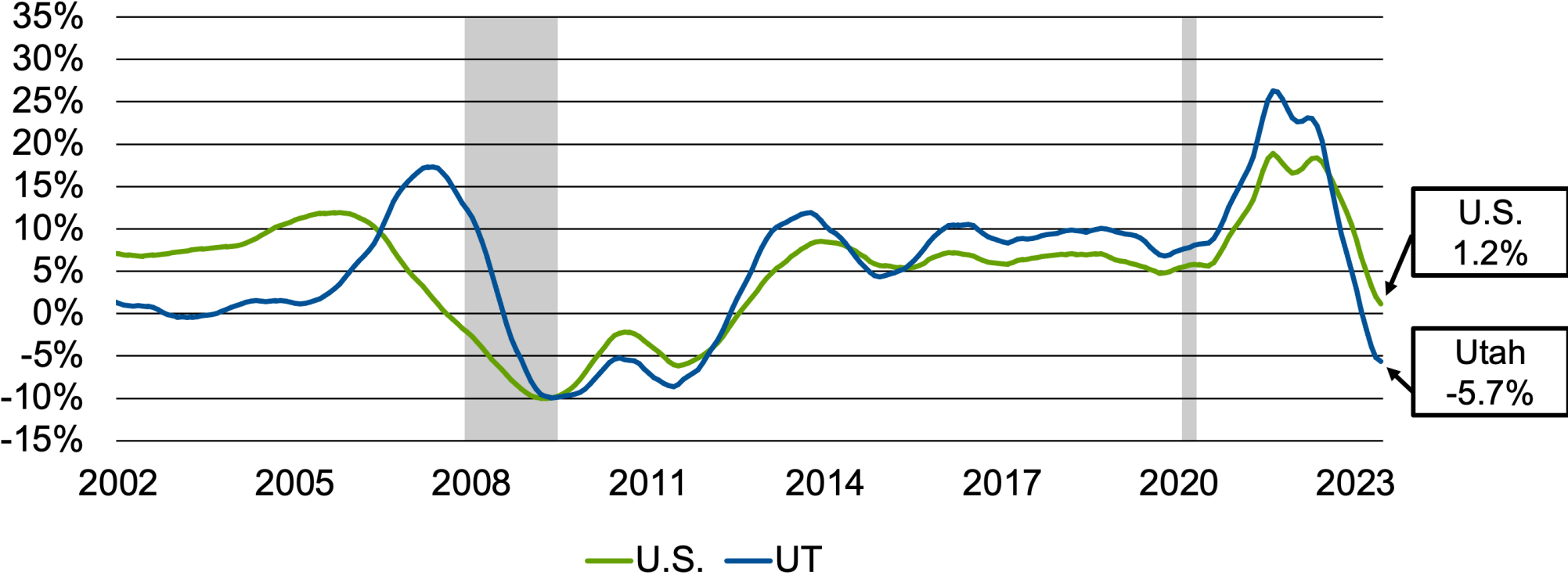


Source: Zillow Home Value Index
Seasonally Adjusted

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Utah Home Prices Still Dropping

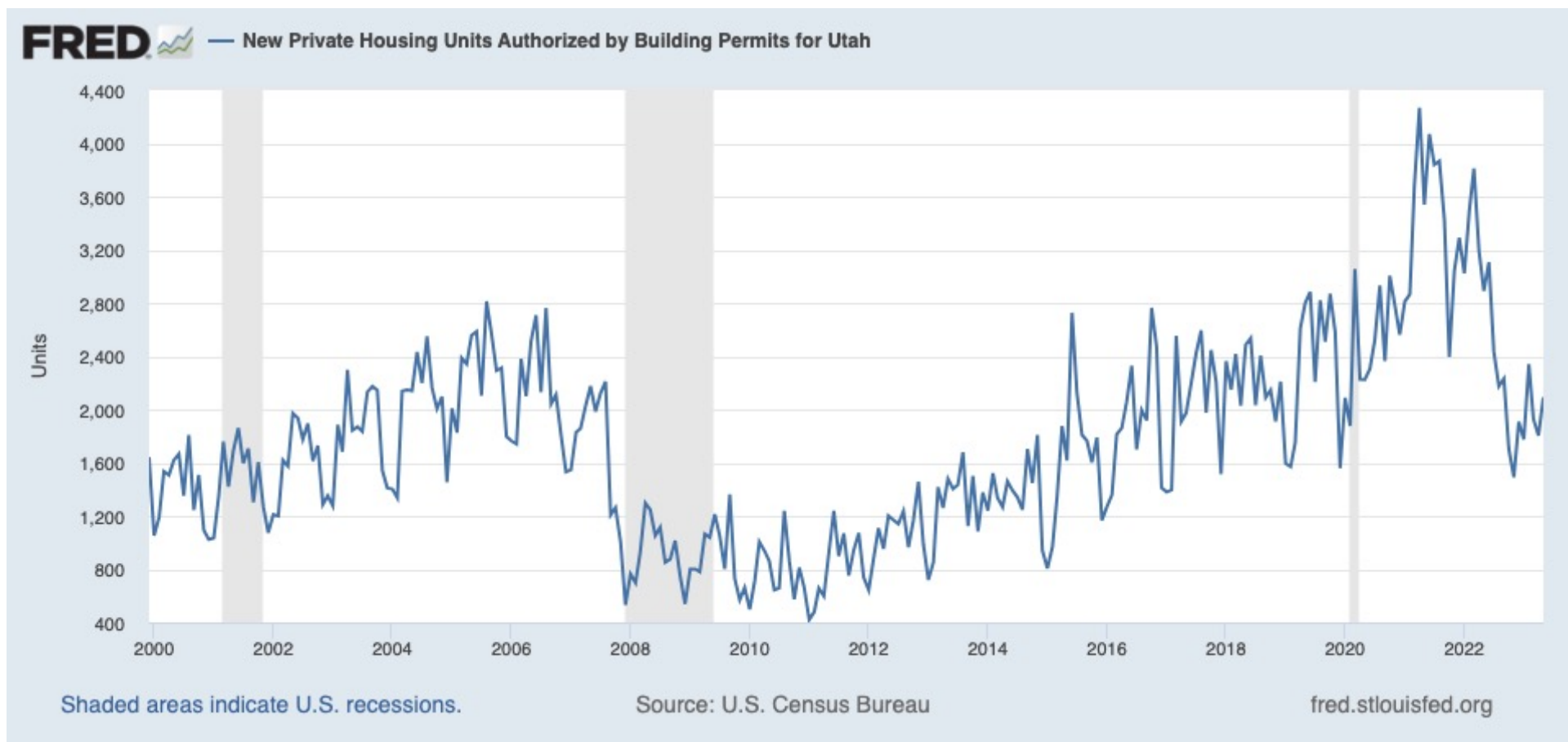
Year-Over-Year Percent Change



Source: Zillow and Zions Bank Analysis
Seasonally Adjusted



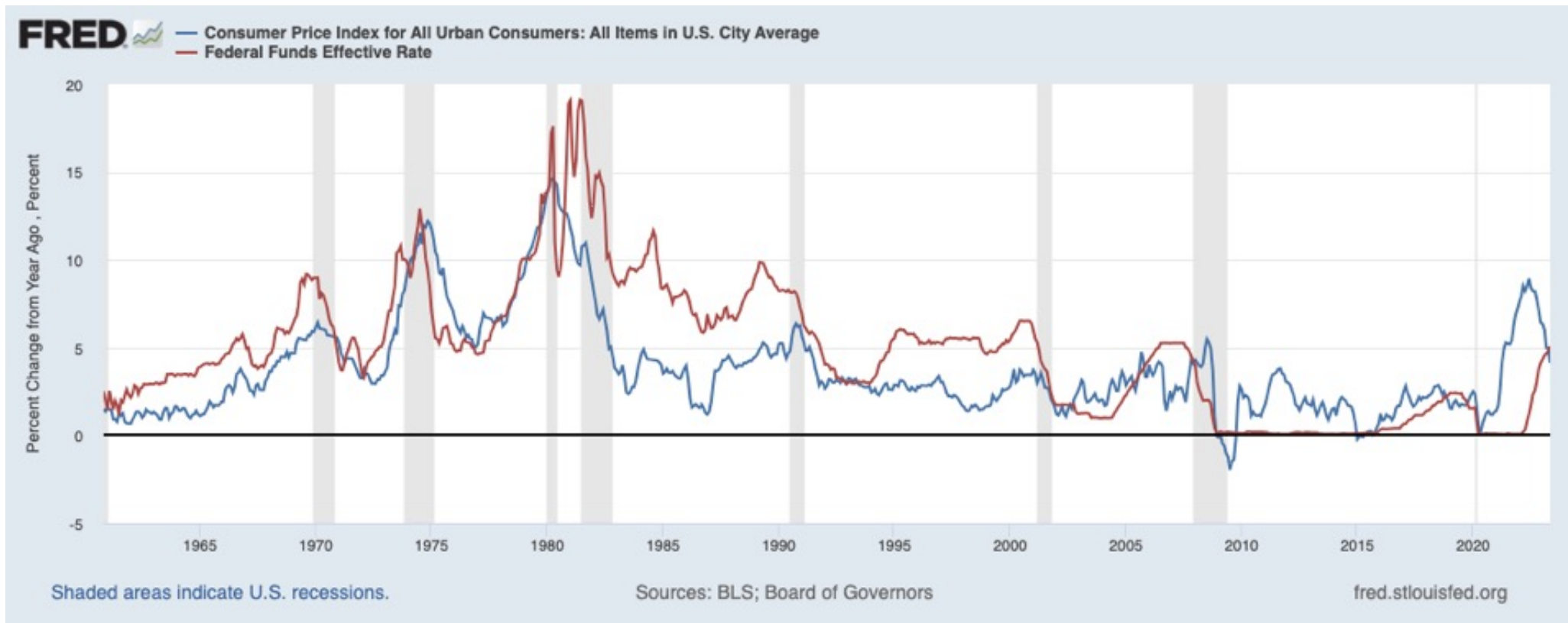
Utah Building Permits Down



Source: Federal Reserve Bank

Lessons Learned from the 1970s

Several Failed Attempts to Bring Down Inflation

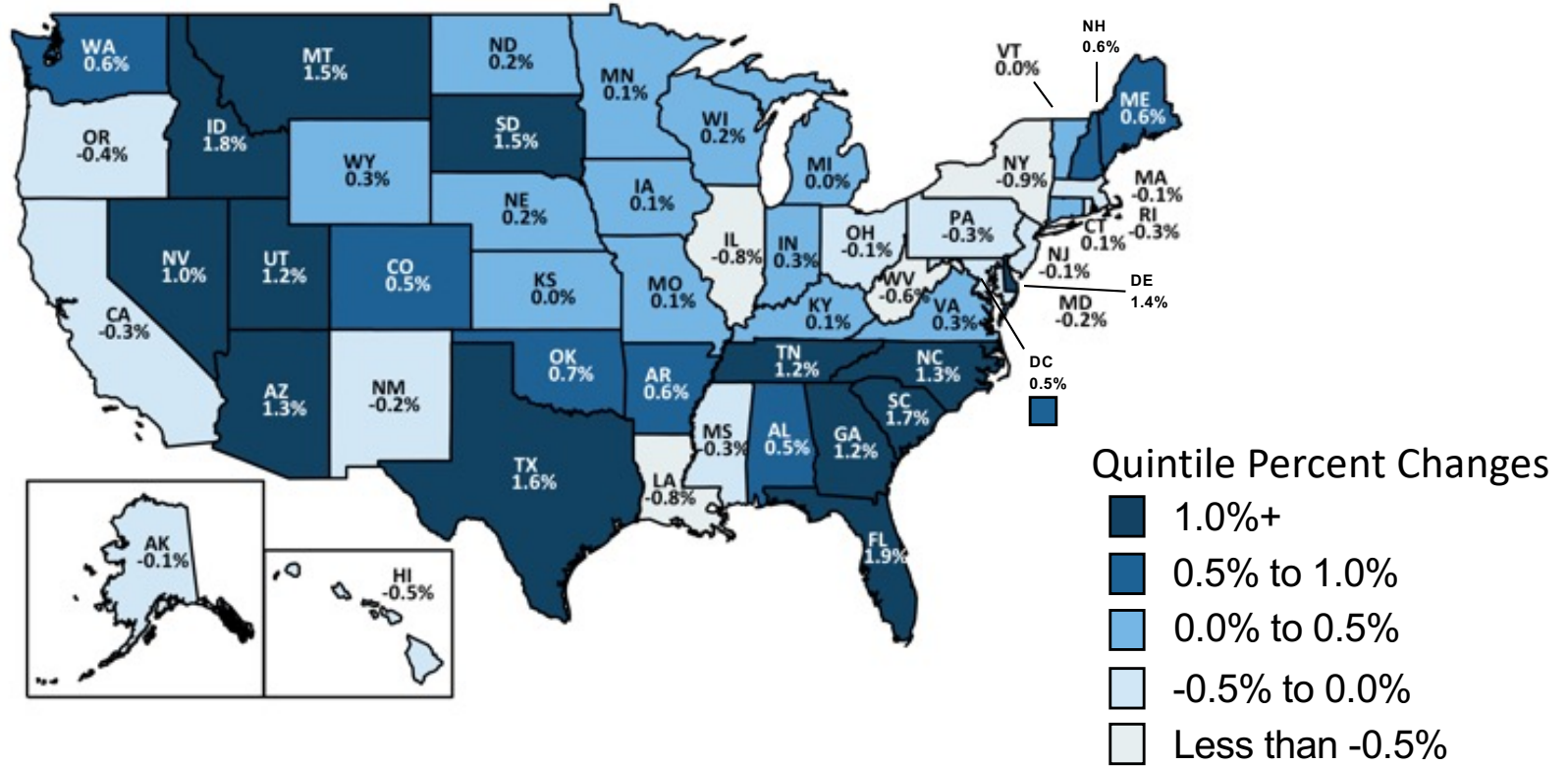


Regional Economic Conditions

Large Differences in State Population Growth

Percent Change: 2021 – 2022

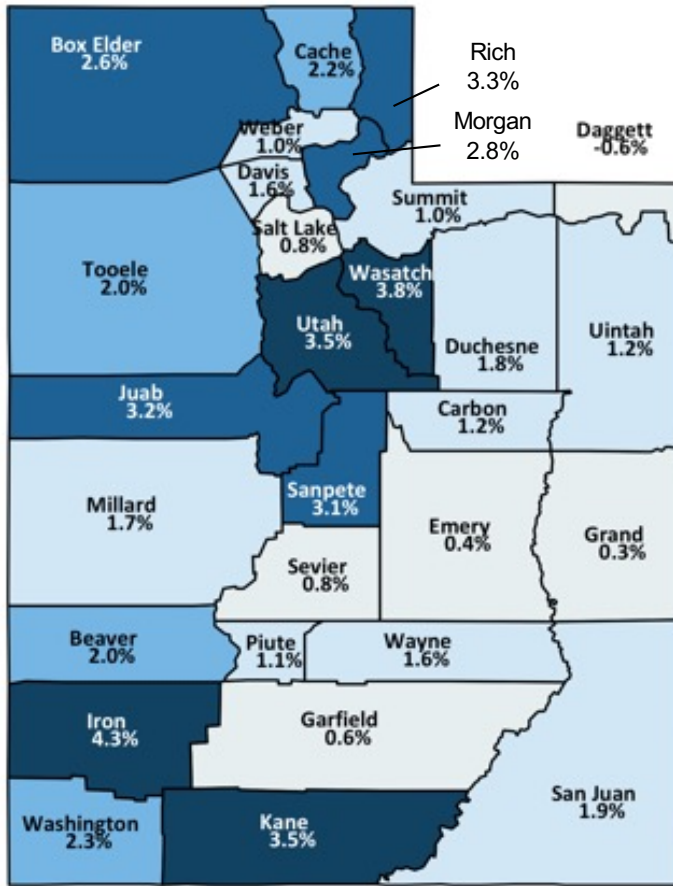
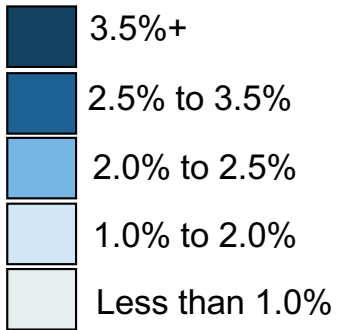
U.S. Rate = 0.4%



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Utah Population Growth Rates By County 2021 to 2022

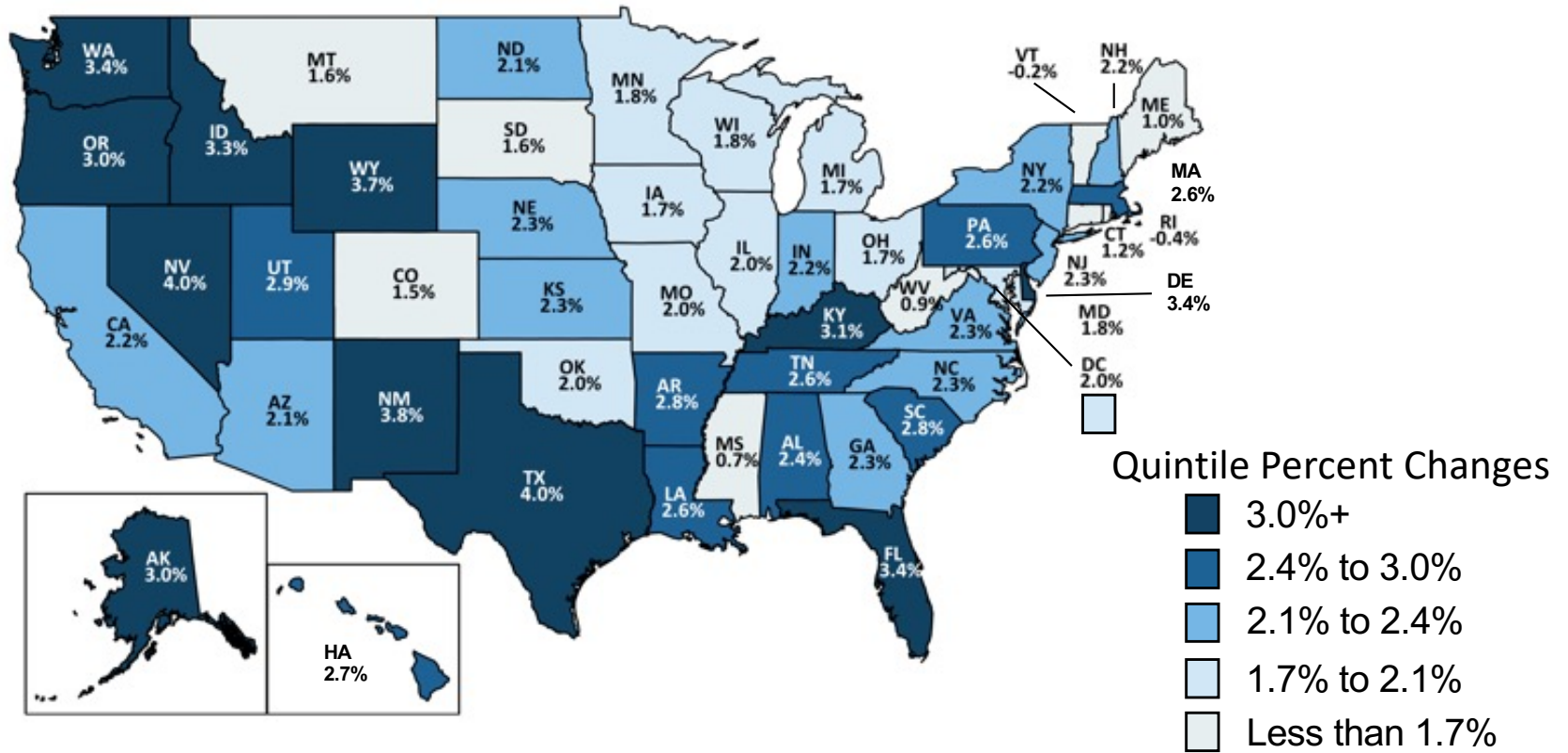
State Average = 1.8%



Source: Kem C. Gardner Policy Institute and Utah Population Committee

Utah and Idaho Job Growth Above National Average

June 2022 – June 2023
U.S. Rate = 2.5%

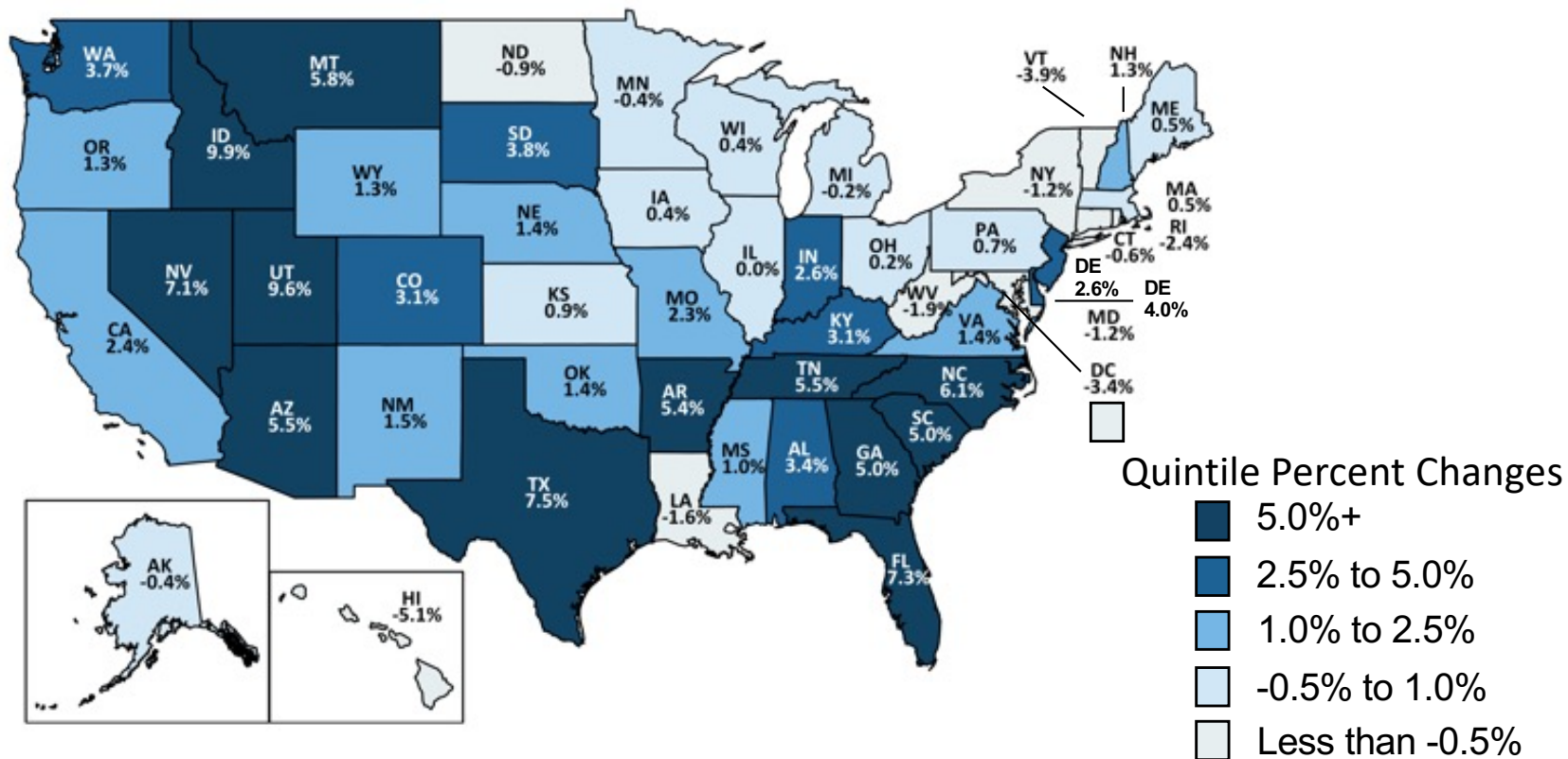


Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

39 States Have Positive Job Growth Since Pre-COVID

February 2020 – June 2023

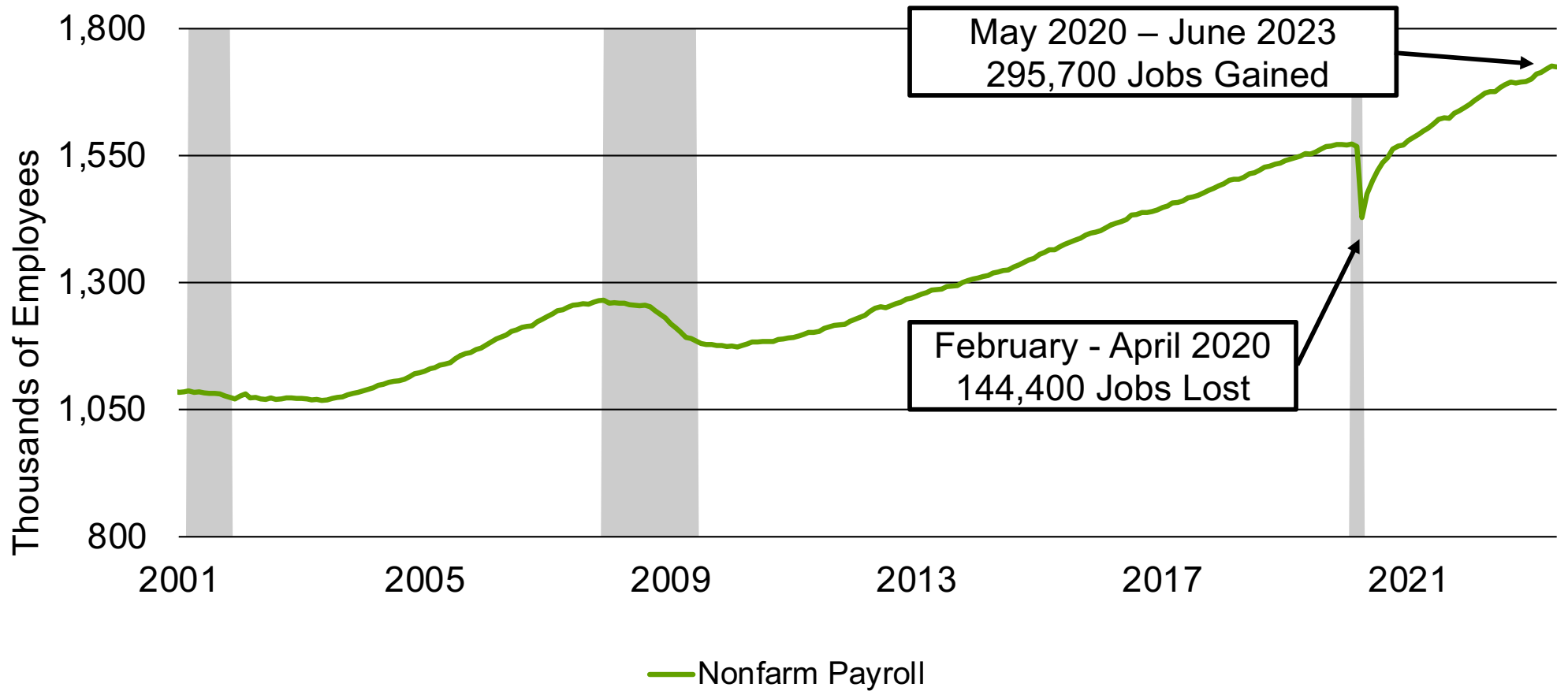
U.S. Rate = 2.5%



Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

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Utah Job Growth Back to Trend

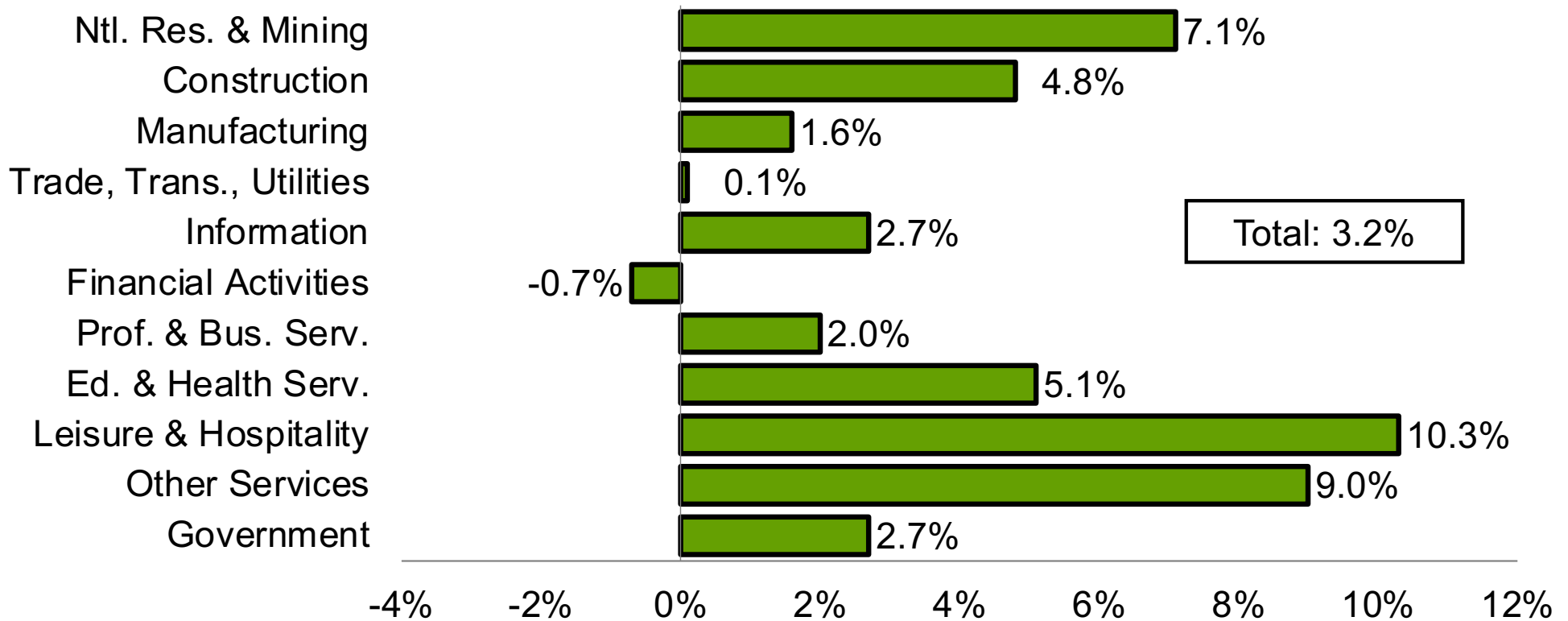


Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

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Most Utah Industries Grew Over the Past Year

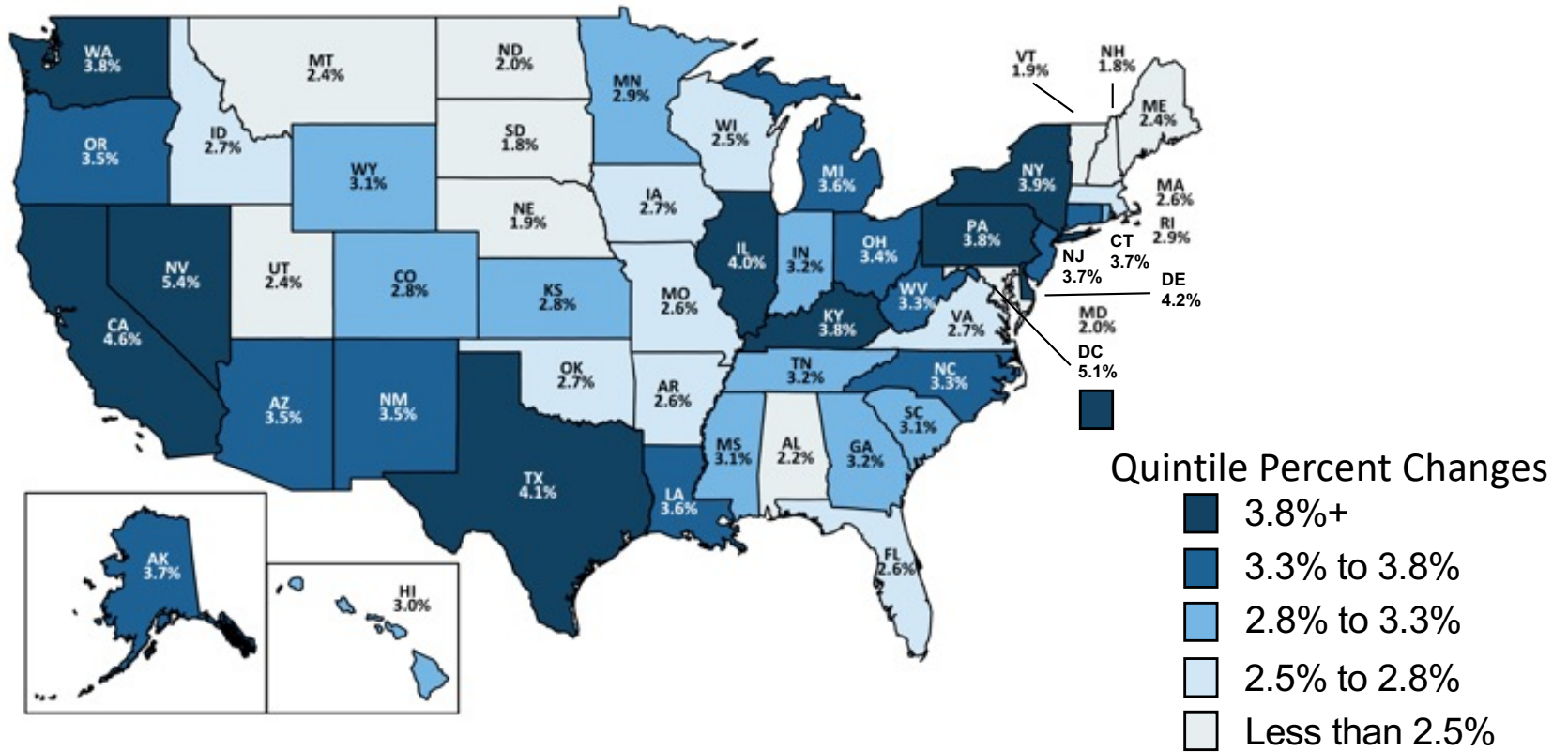
Change in Utah Payroll Employment by Industry: June 2022 to June 2023



Source: Utah Department of Workforce Services
Not Seasonally Adjusted

Utah and Idaho Unemployment Among Lowest in the Nation

June 2023 U.S. Rate = 3.6%



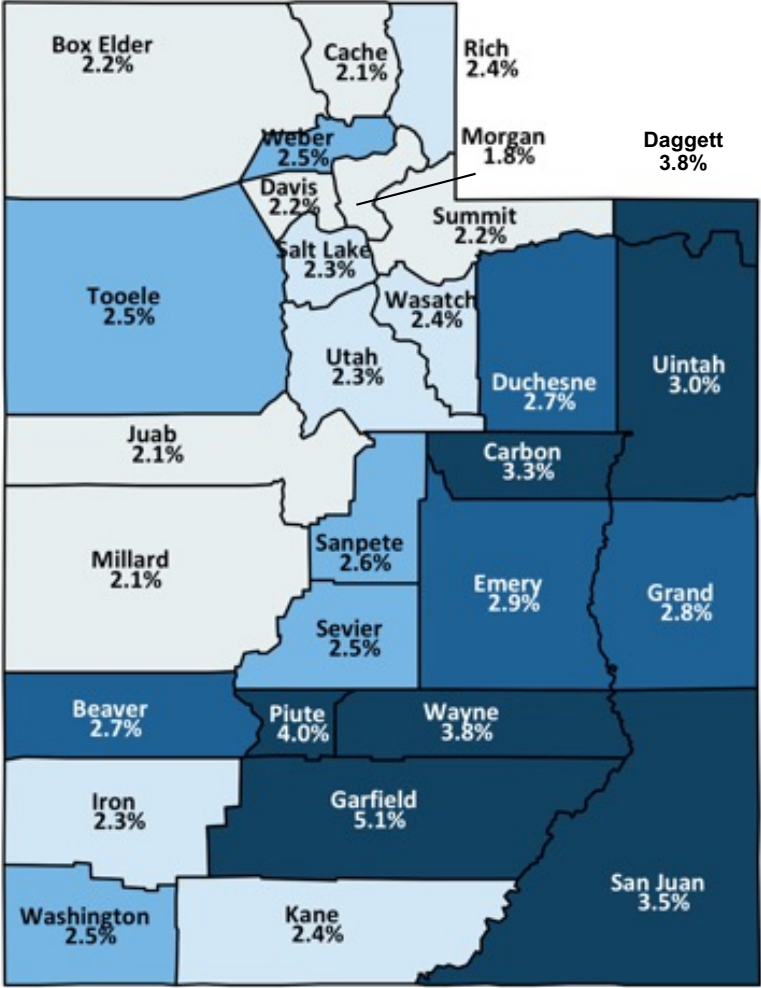
Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

Utah Unemployment Rates By County

May 2023
State Rate = 2.3%

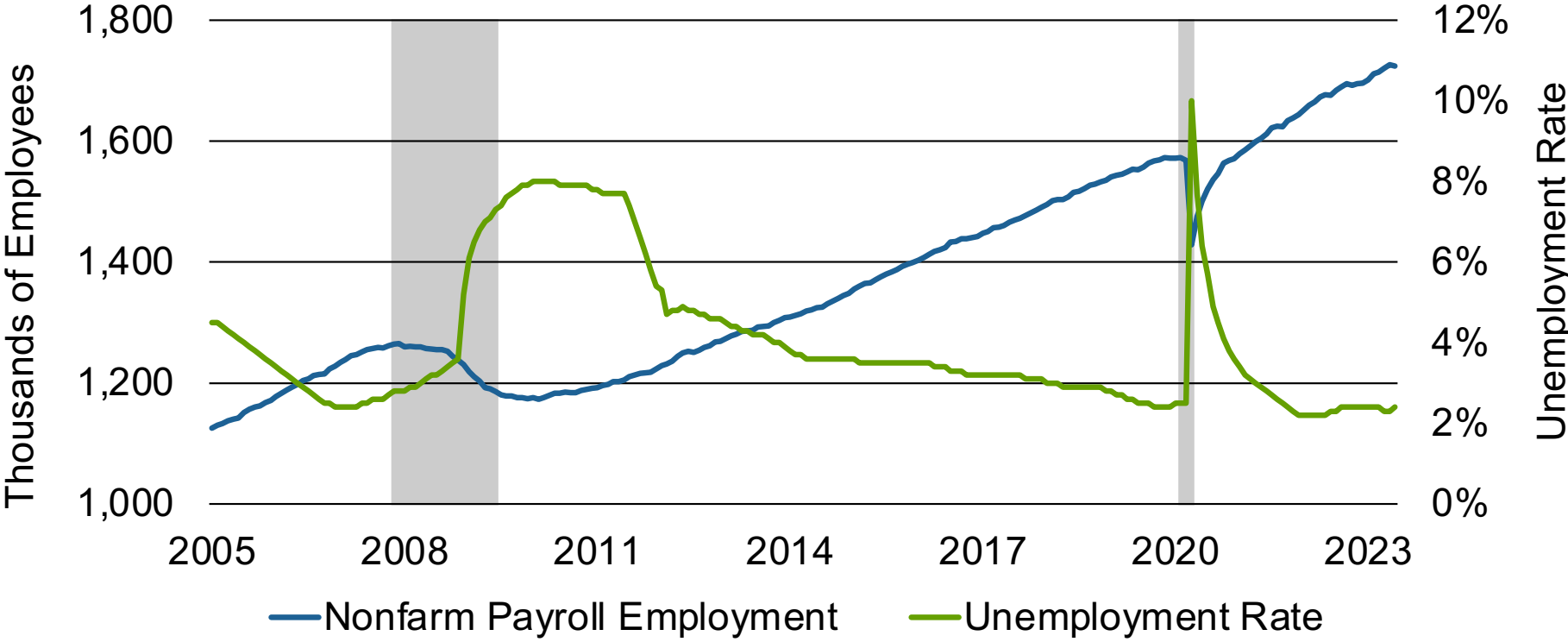
Quintile Percent Changes

- 3.0%+
- 2.7% to 3.0%
- 2.5% to 2.7%
- 2.3% to 2.5%
- Less than 2.3%



Source: Utah Department of Workforce Services
Seasonally Adjusted

Utah Nonfarm Employment and Unemployment Rate

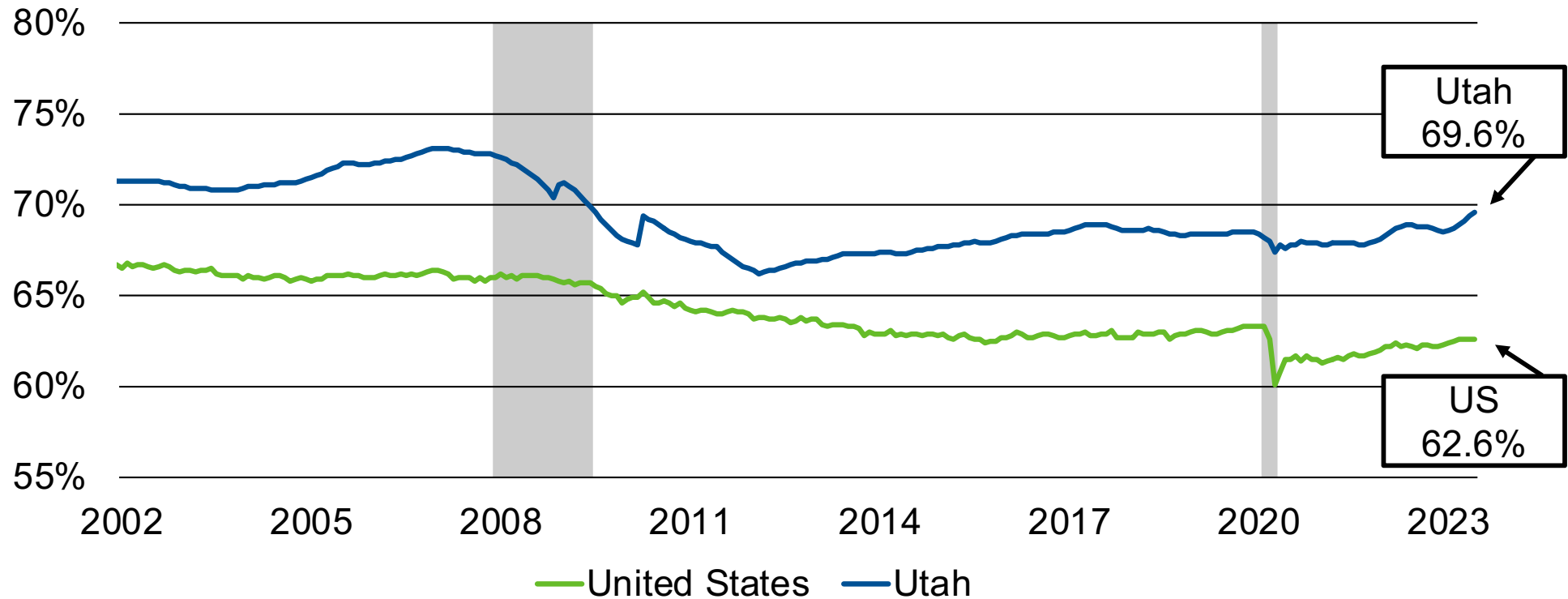


— Nonfarm Payroll Employment — Unemployment Rate

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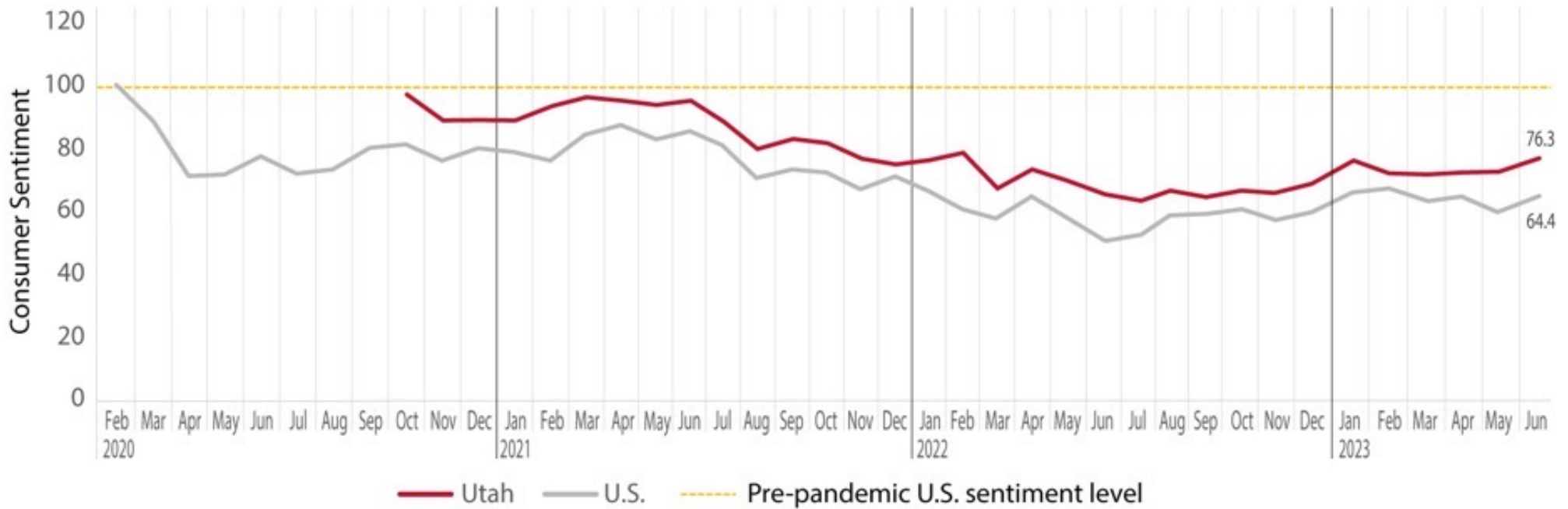
Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

Utah Labor Force Participation Much Higher Than US



Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

Utah Consumer Sentiment Moving Up



Sources: University of Michigan, University of Utah

2023 Economic Outlook

Economic Growth	Uncertain	
Interest Rates	Increasing	
Job Creation	Slowing	
Unemployment	Low	
Wage Inflation	Dropping but High	
Labor Force Participation	Too Low	
Consumer Confidence	Low but Increasing	
Inflation	Dropping but Too High	
Housing Prices	Mixed	
Mountain West Region	Resilient and Strong	
Green = Positive	Red = Negative	Blue = Neutral

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WE HAVEN'T FORGOTTEN
WHO KEEPS US IN BUSINESS®

Robert Spendlove

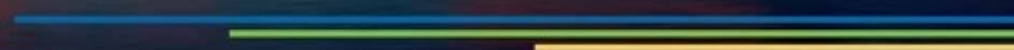
Senior Economist

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