

Zions Bank Economic Update

An Economy in Transition

Wasatch Back Economic Summit

May 22, 2023



Recession Scenarios

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

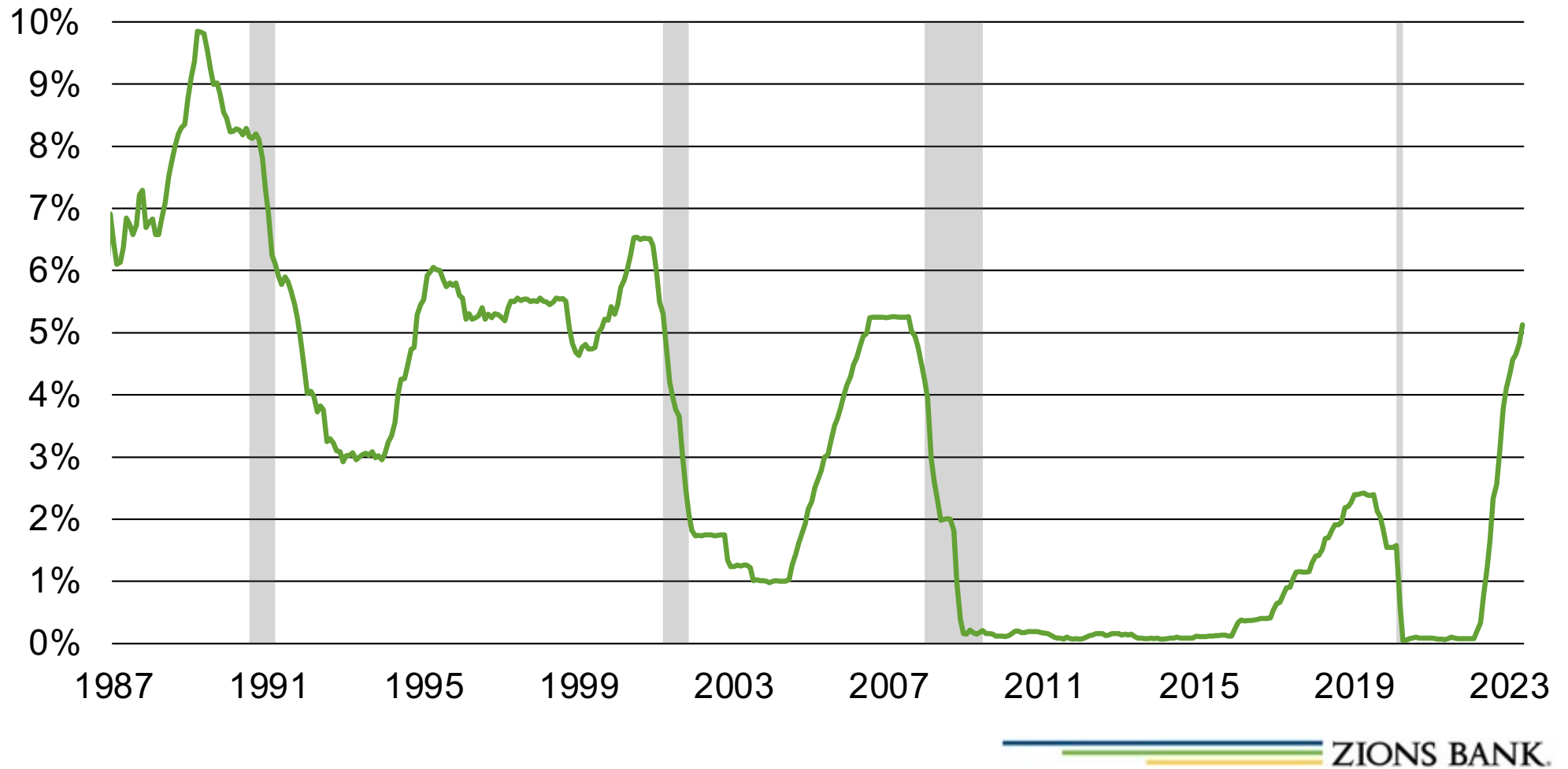
Even the Fed Doesn't Know What Will Happen

"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

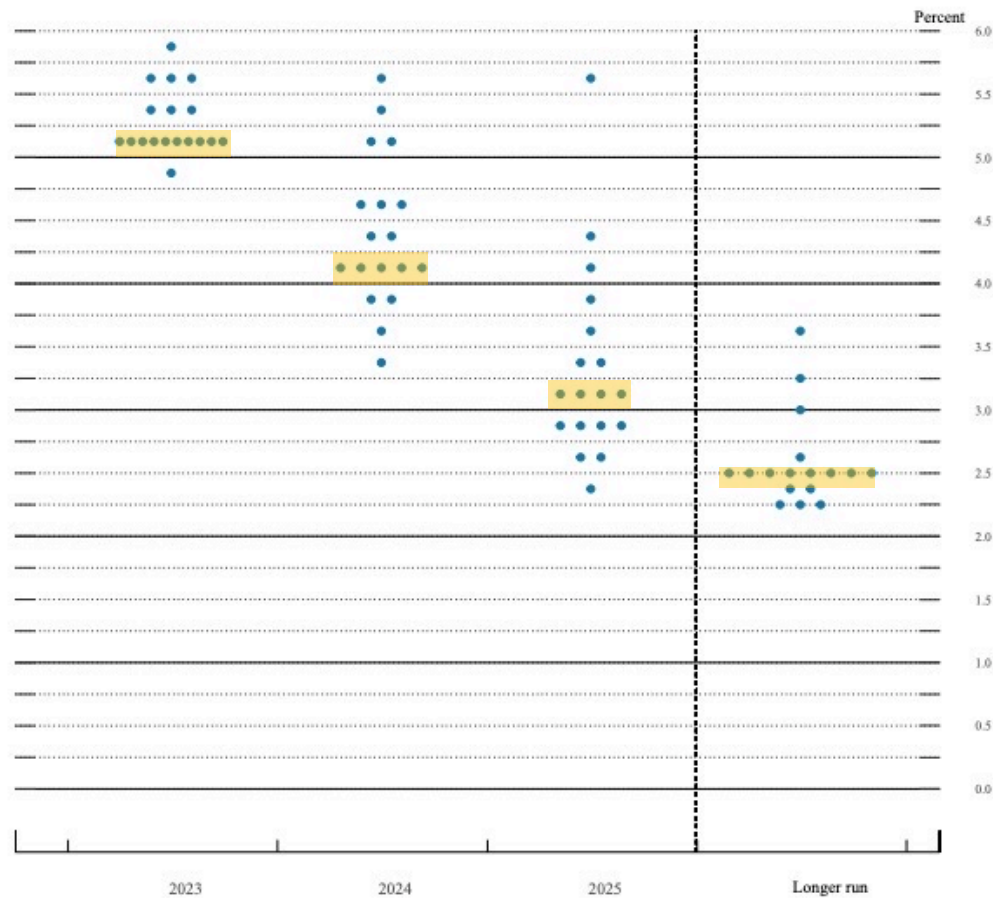
Source: Wall Street Journal

Fed Interest Rate Highest Since 2007



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

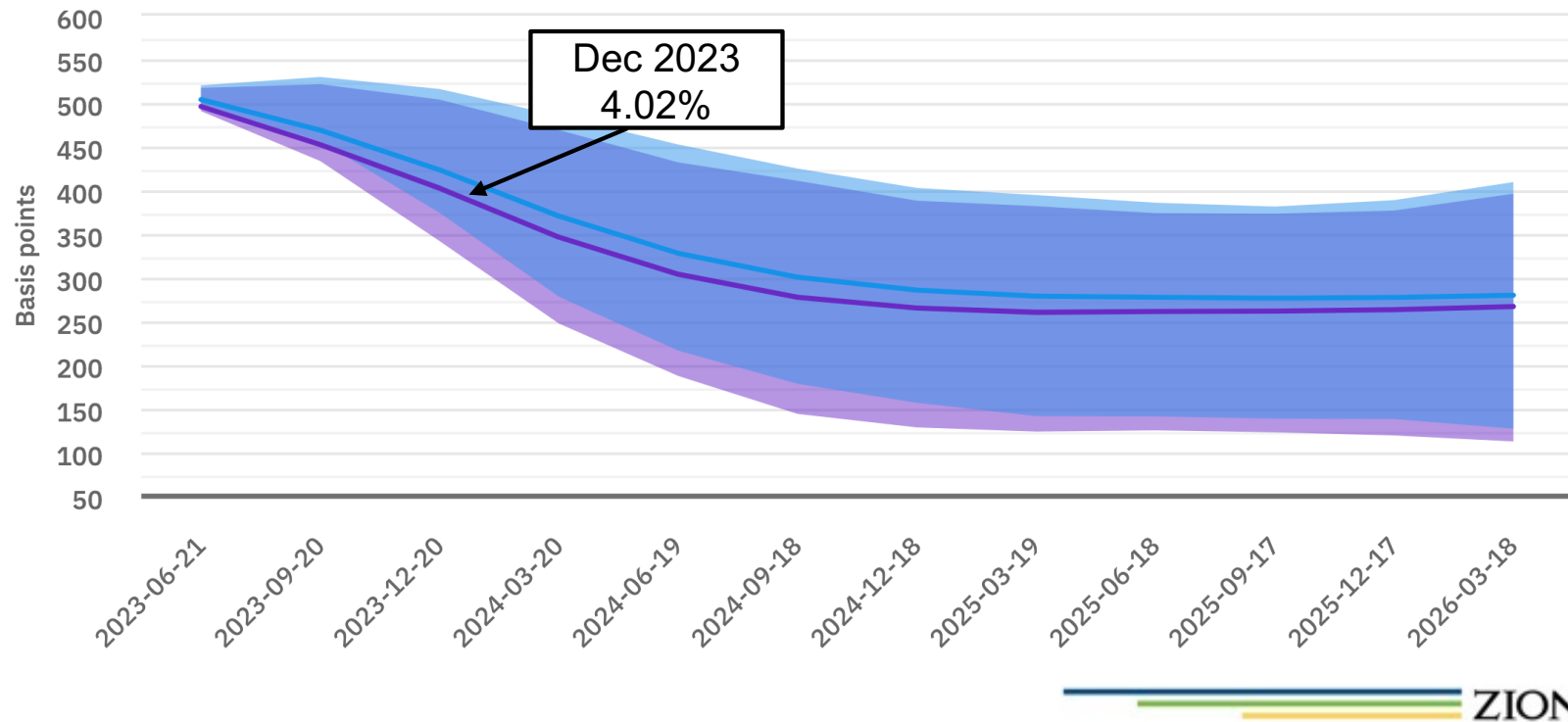
Fed Indicates Pause in Rate Increases



Market Expects Rate Cuts

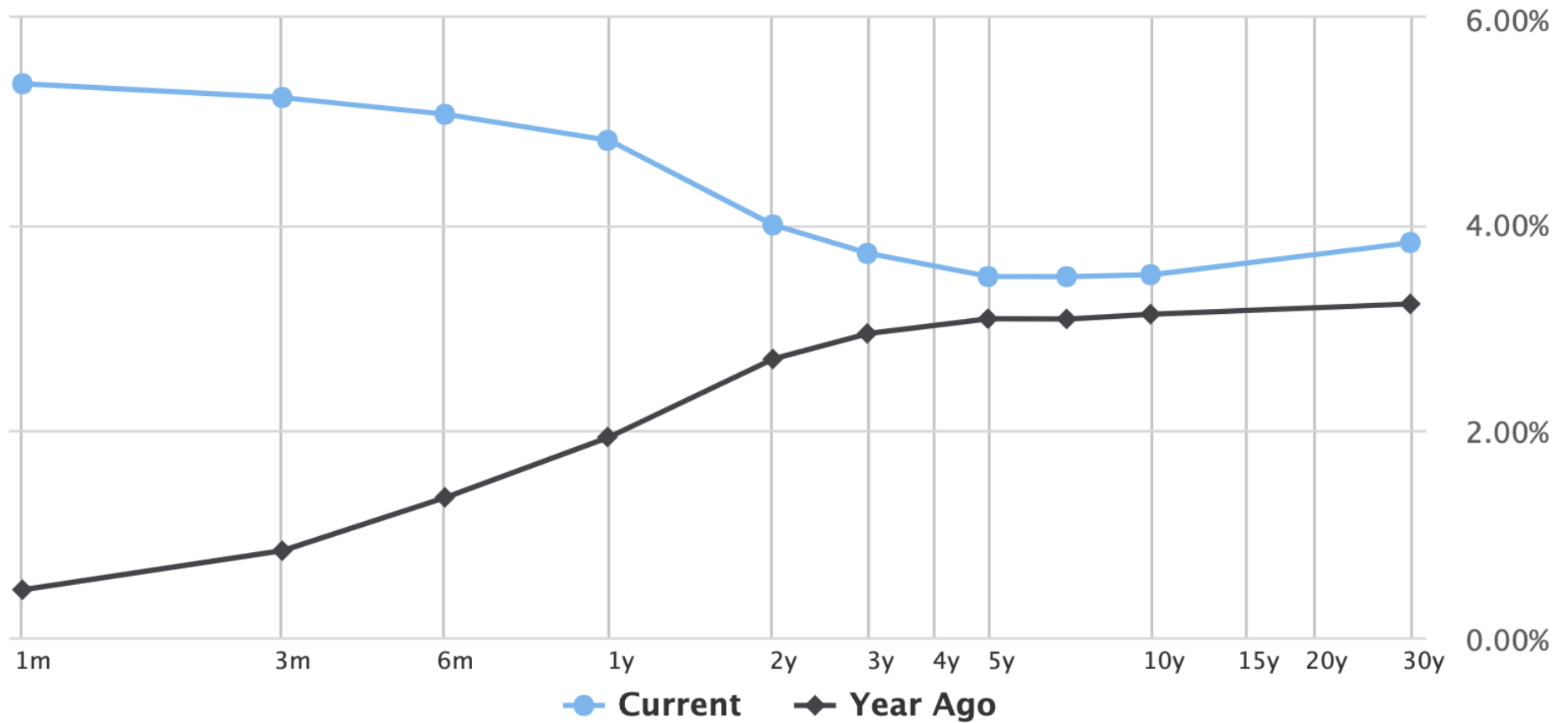
The Expected Future Path of the Three-Month Average Fed Funds Rate

Current target range: 25–50 basis points



Source: Federal Reserve Bank of Atlanta

Treasury Yield Curve Inverted



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Source: Wall Street Journal

Too Soon To Tell...

"Events in the banking system over the past two weeks are likely to result in tighter credit conditions for households and businesses, which would in turn affect economic outcomes. It is too soon to determine the extent of these effects, and therefore too soon to tell how monetary policy should respond."

— Federal Reserve Chairman Jerome Powell

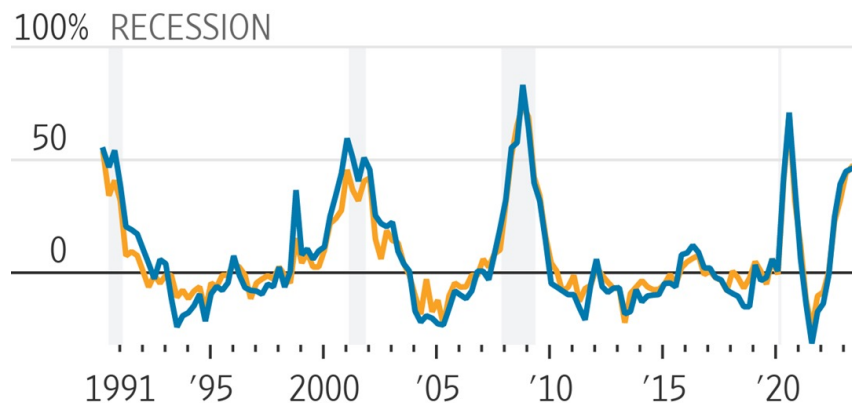




Credit Supply and Demand Tightening

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

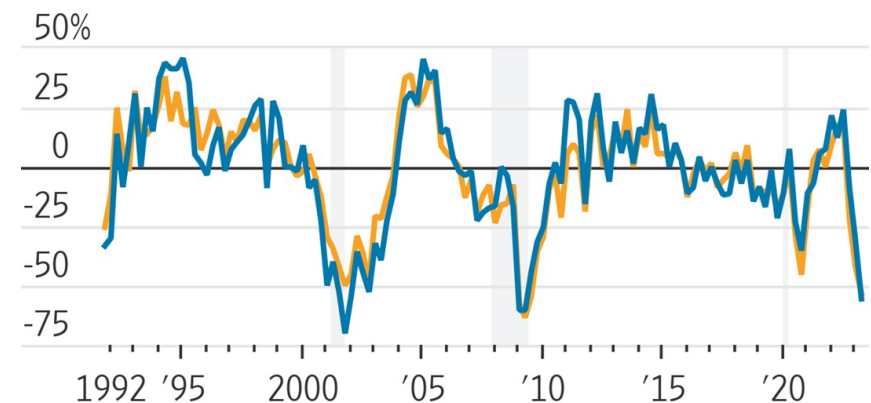
- Large- and middle-market firms
- Small firms



Source: Federal Reserve via the St. Louis Fed

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

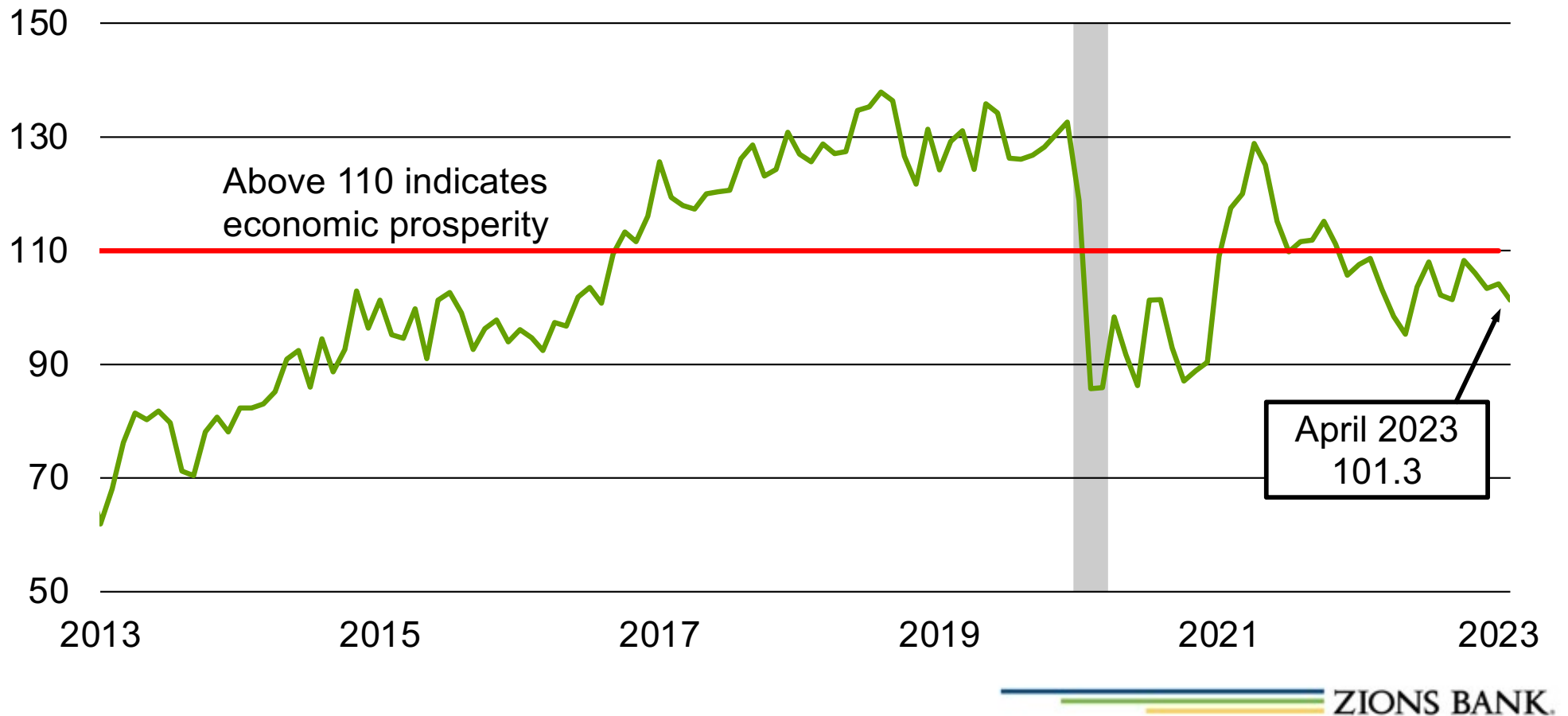
- Large- and middle-market firms
- Small firms



Source: Federal Reserve via the St. Louis Fed

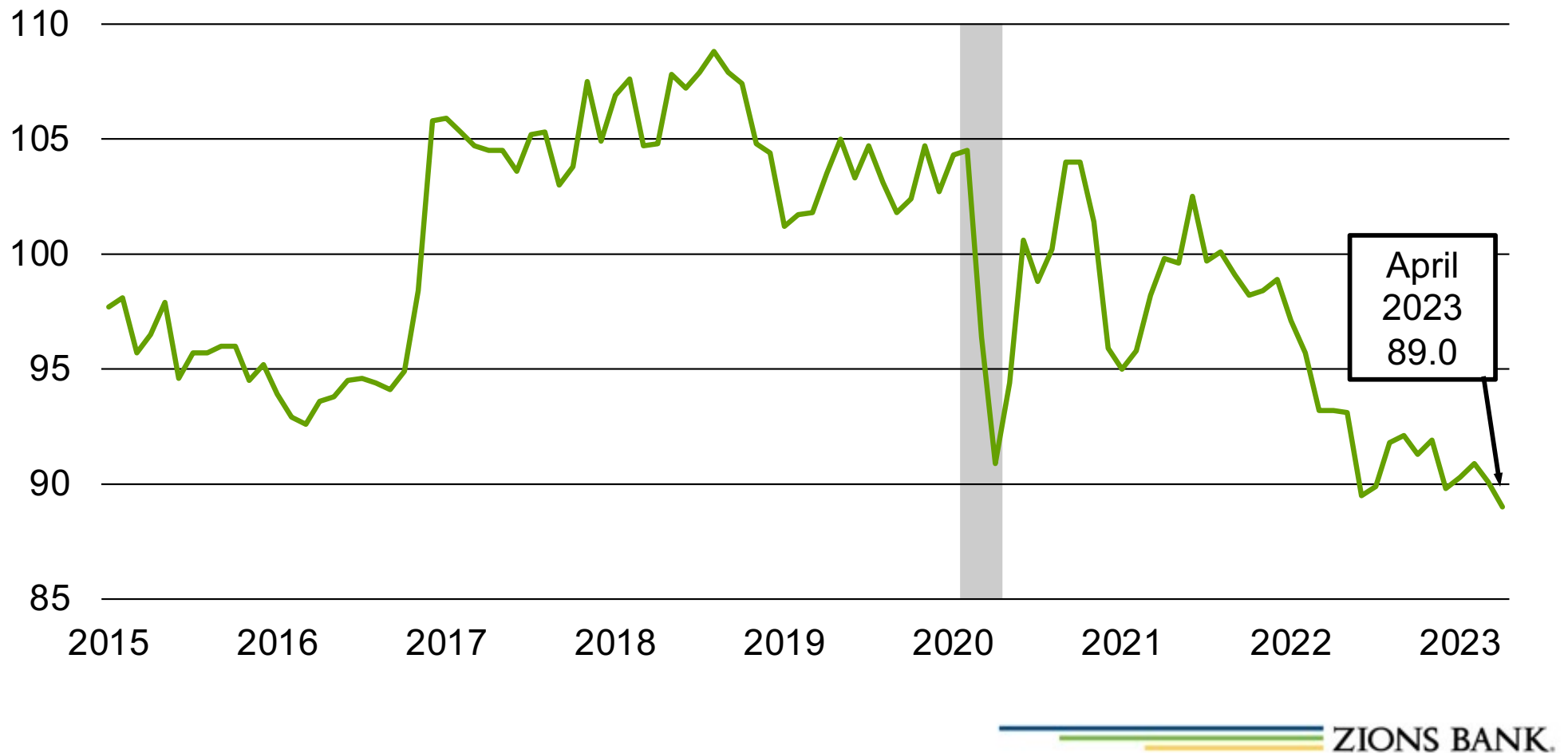
Sources: Wall Street Journal; Federal Reserve Bank of St Louis

Consumer Confidence Dropping



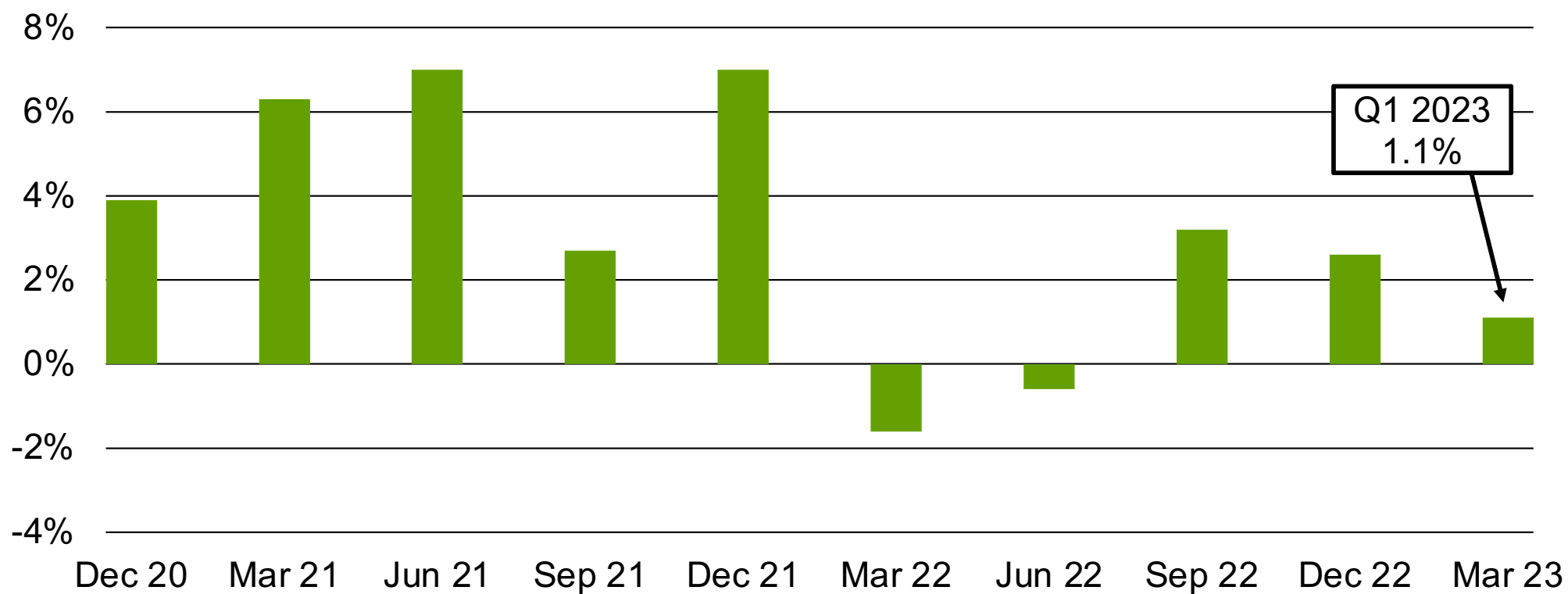
Source: The Conference Board

Small Business Optimism At New Low



Source: National Federation of Independent Business

GDP Slowed in the First Quarter



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

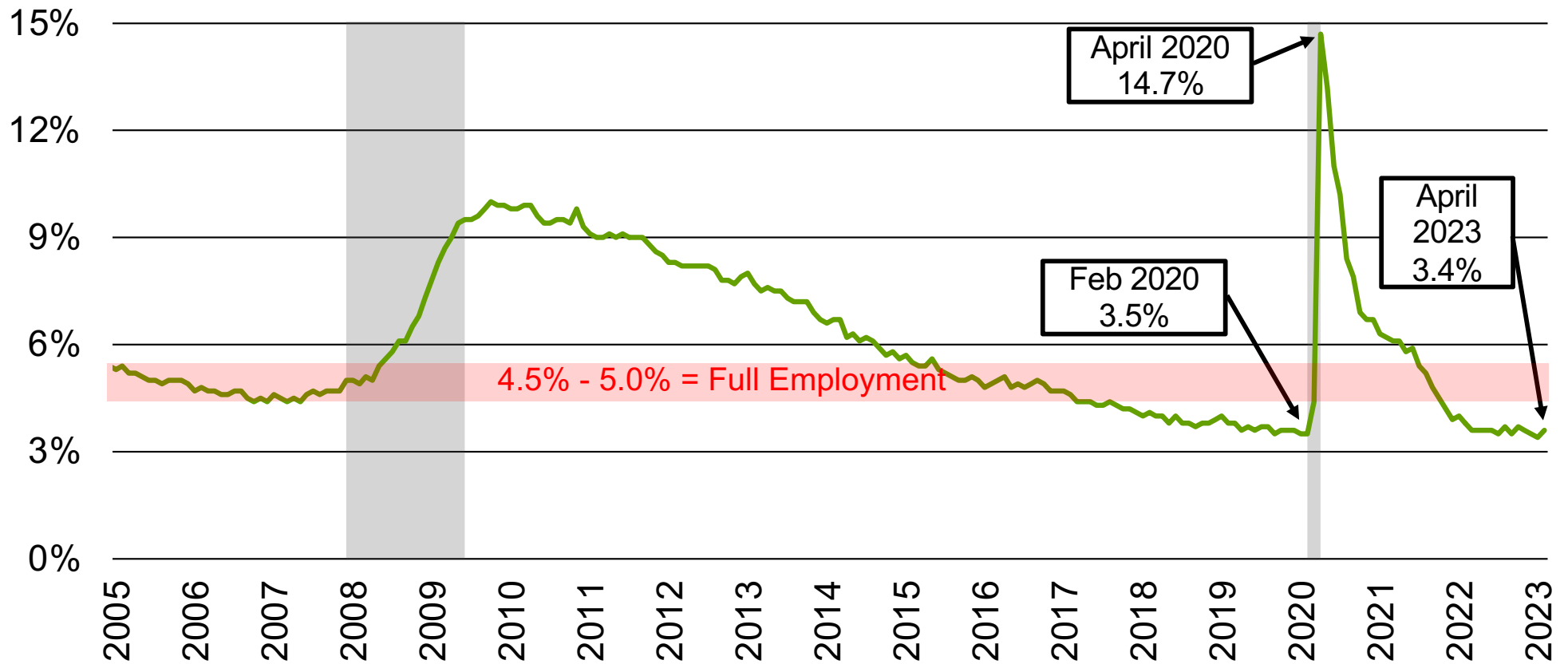
April Employment Indicators

Indicator	Previous Month	Forecast	Actual
Total Nonfarm Payrolls	236,000	178,000	253,000
Unemployment Rate	3.5%	3.6%	3.4%
Underemployment Rate	6.7%	-	6.6%
Private Payrolls	123,000	153,000	230,000
Annual Average Hourly Wage Growth	4.3%	4.2%	4.4%
Labor Force Participation	62.6%	-	62.6%



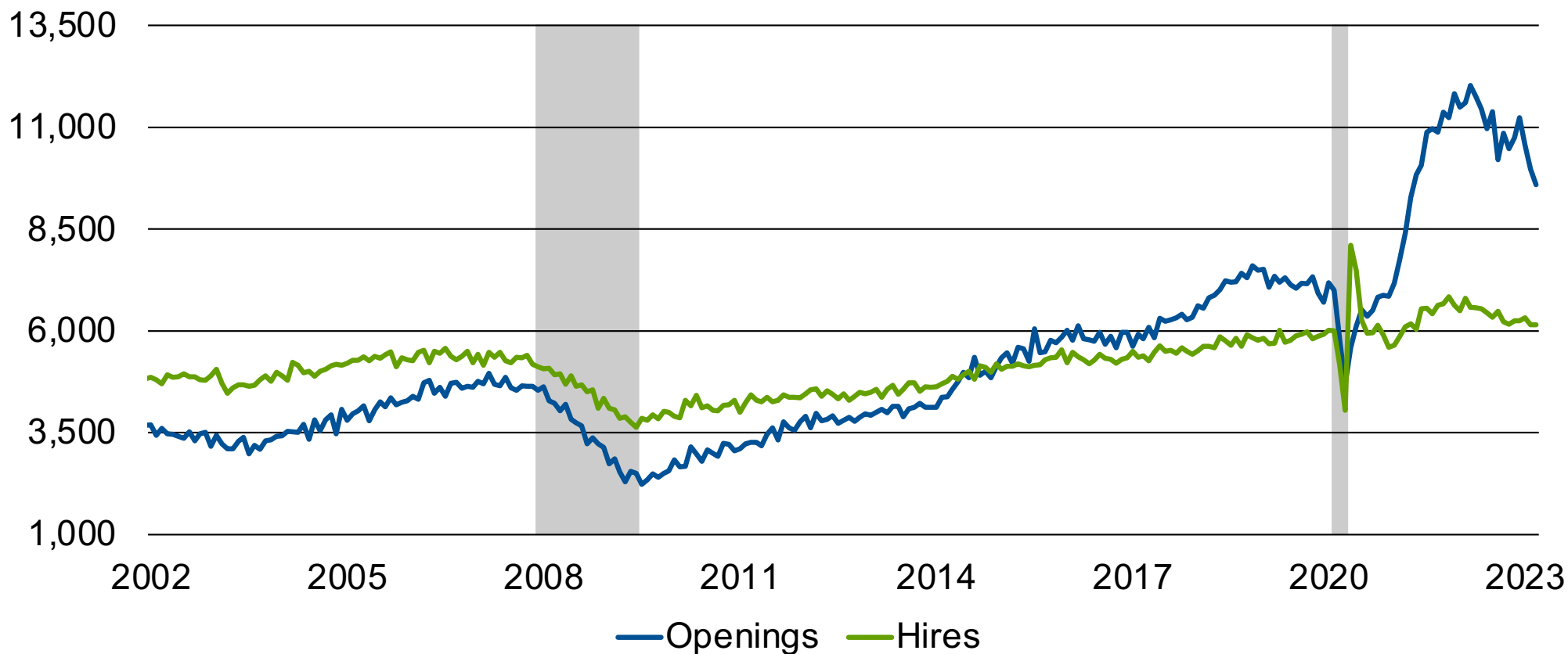
Source: U.S. Bureau of Labor Statistics

Unemployment Rate Dropped in April



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

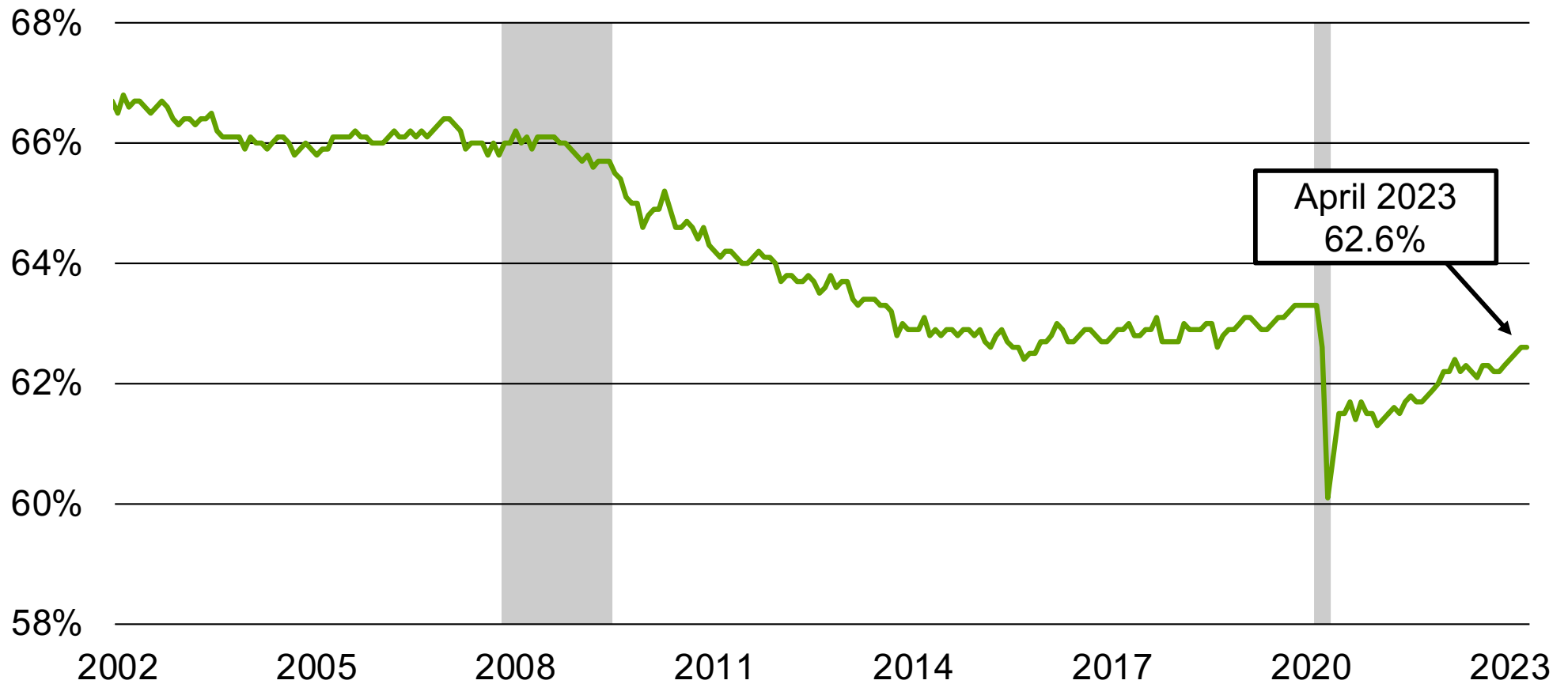
Job Openings Outnumber Hires by 3.4 Million



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

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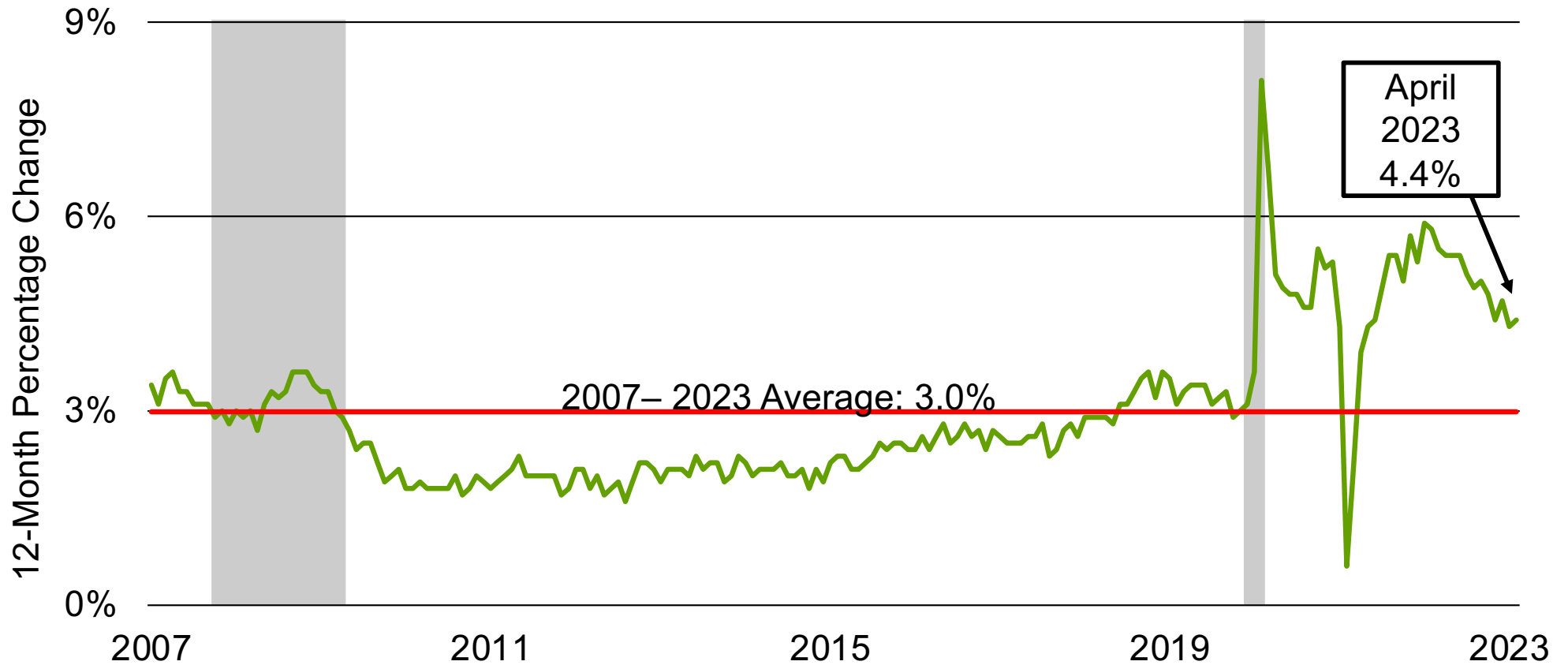
Labor Force Participation Unchanged in April



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

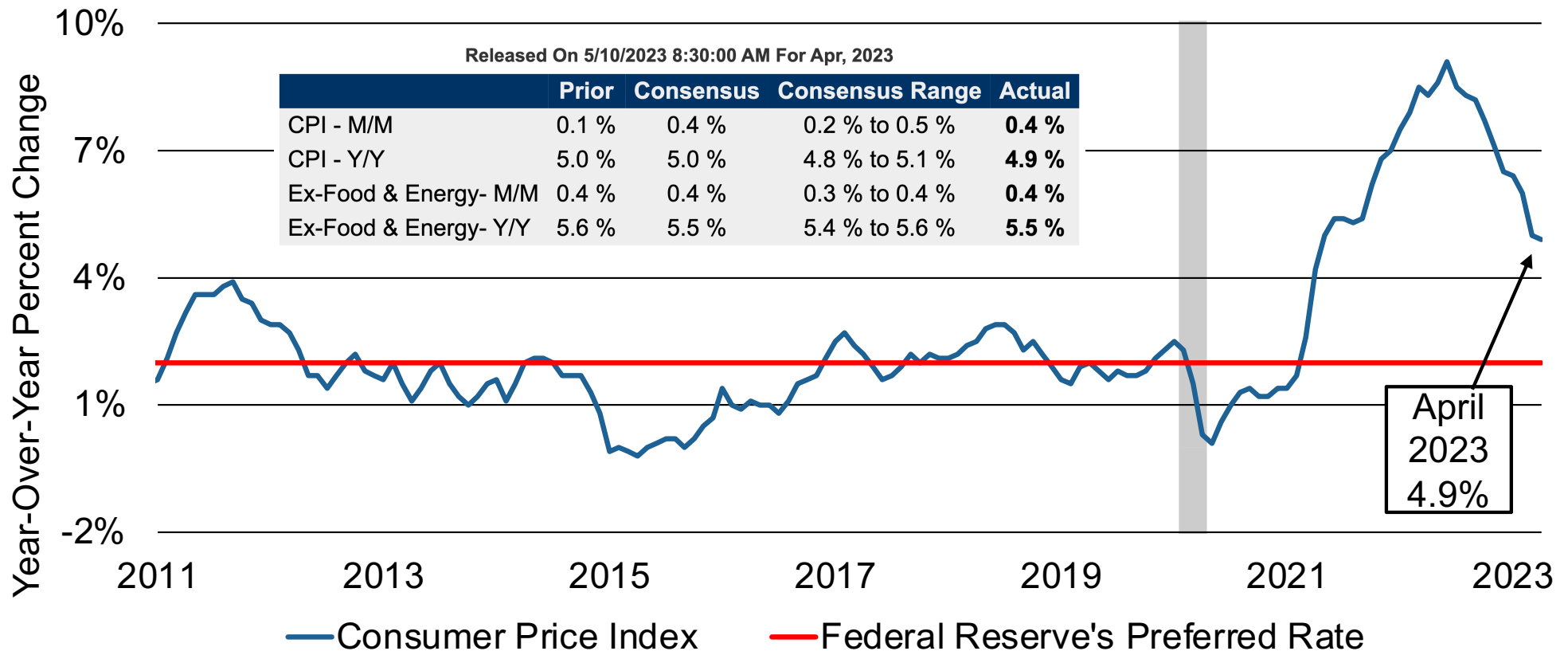
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Wage Inflation Increased in April



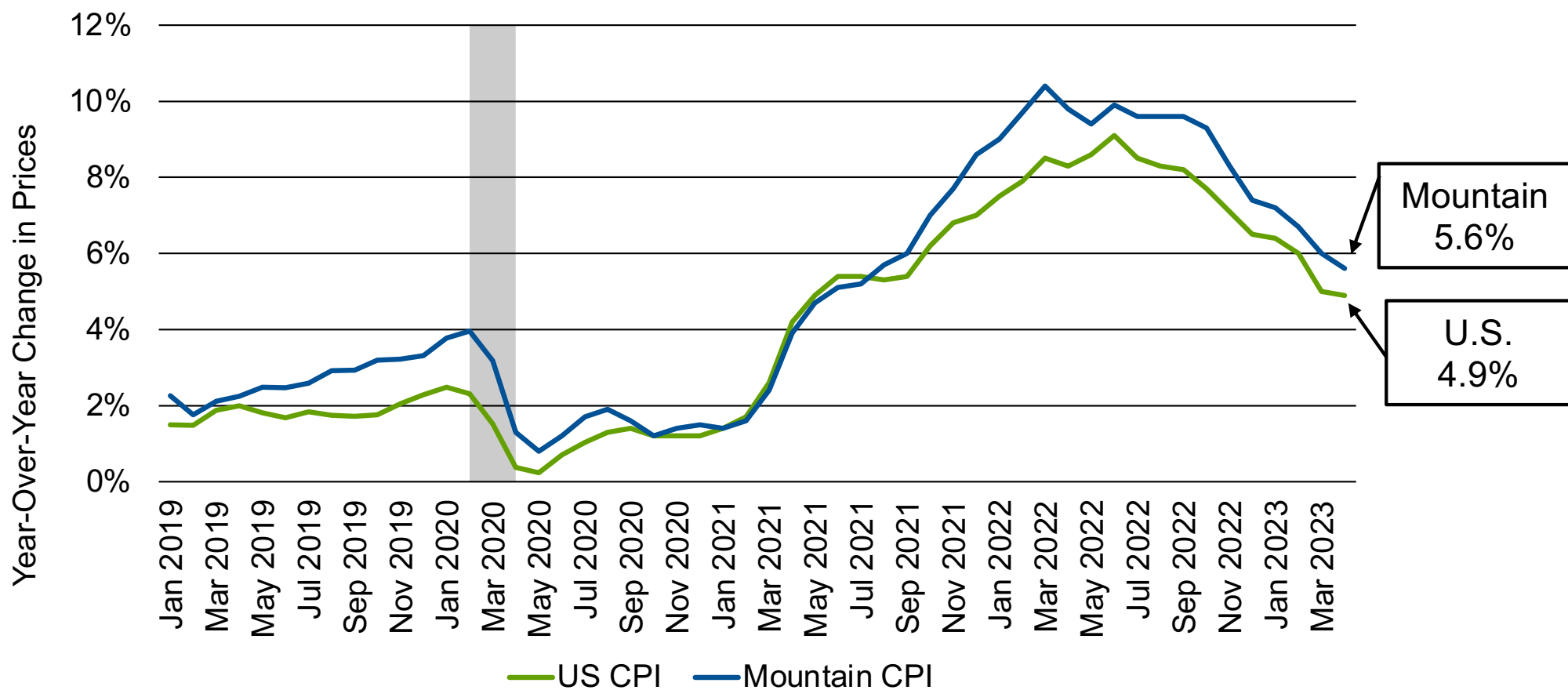
Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

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



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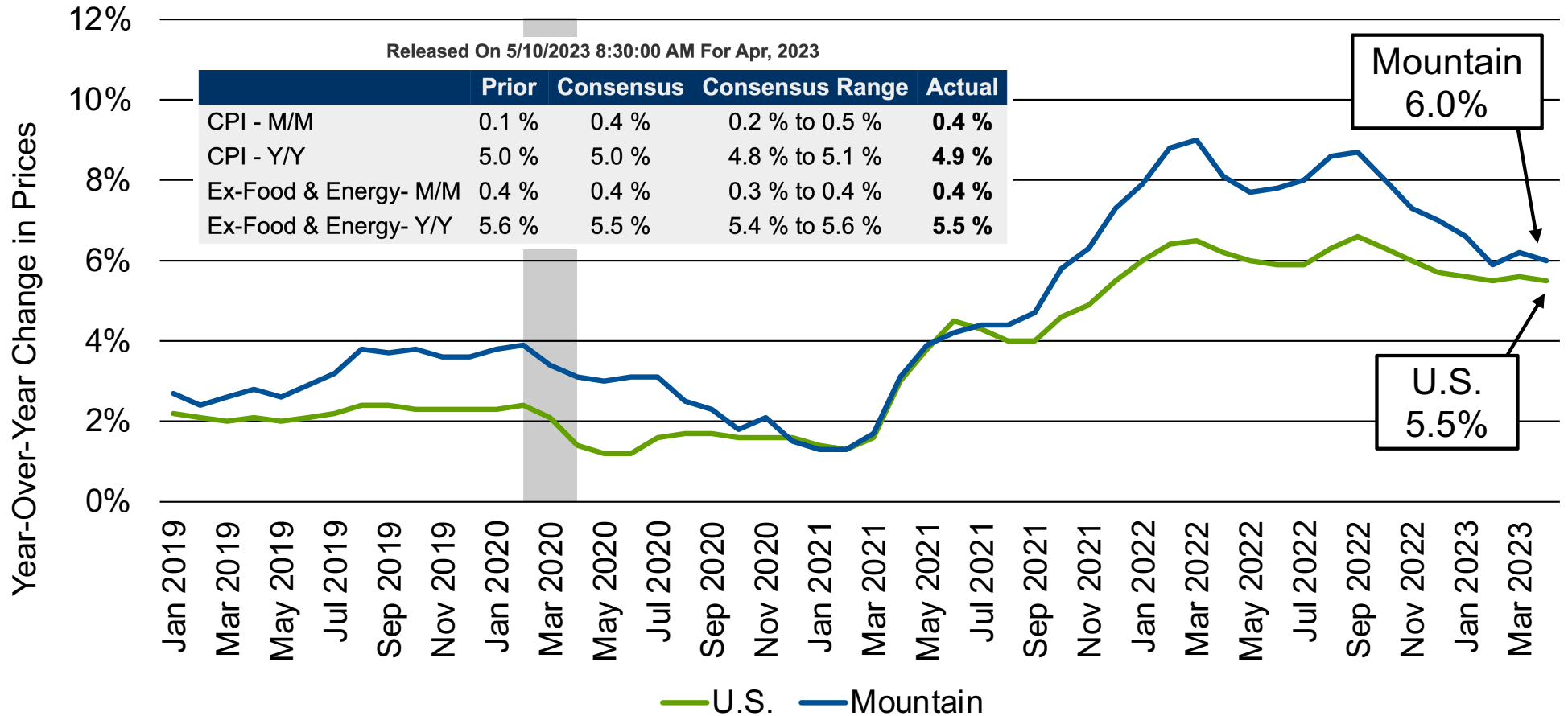
Mountain State Inflation Above National Average



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)



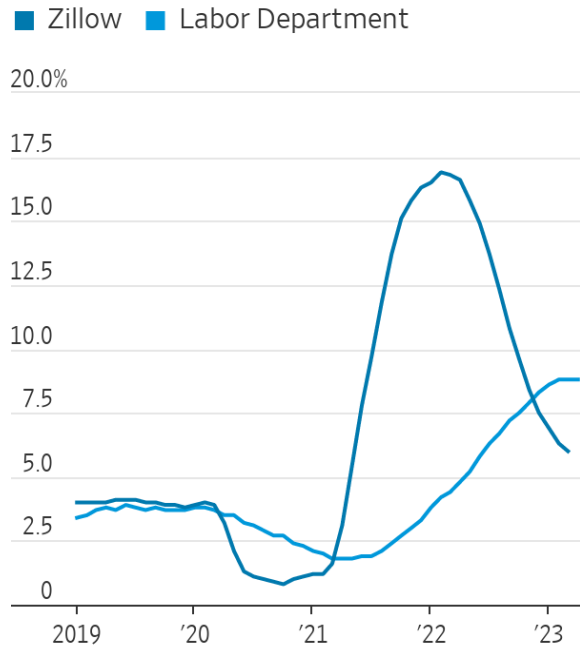
Source: U.S. Bureau of Labor Statistics

Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

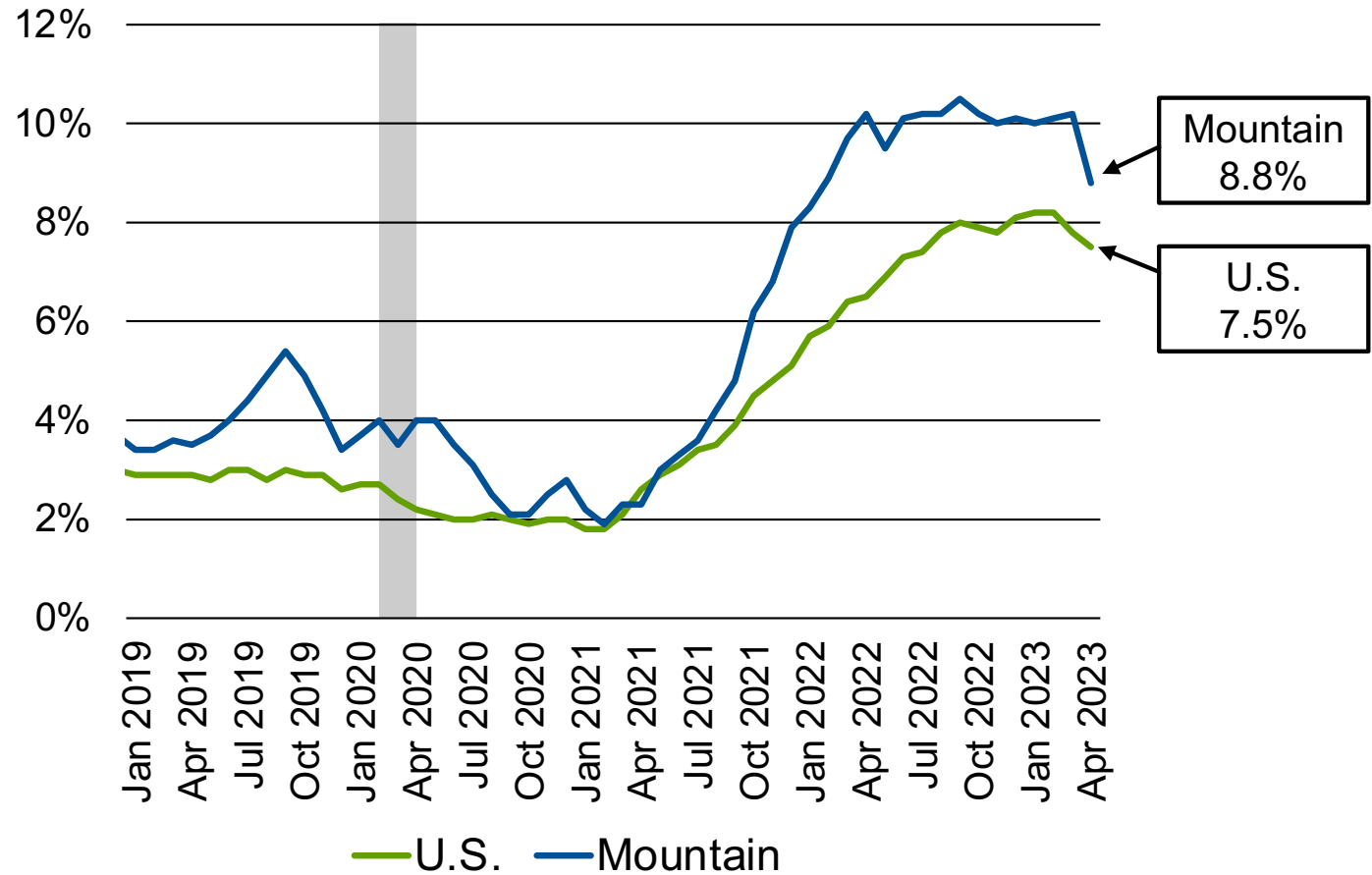
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Housing Inflation Slowing

Change in rent prices from a year earlier

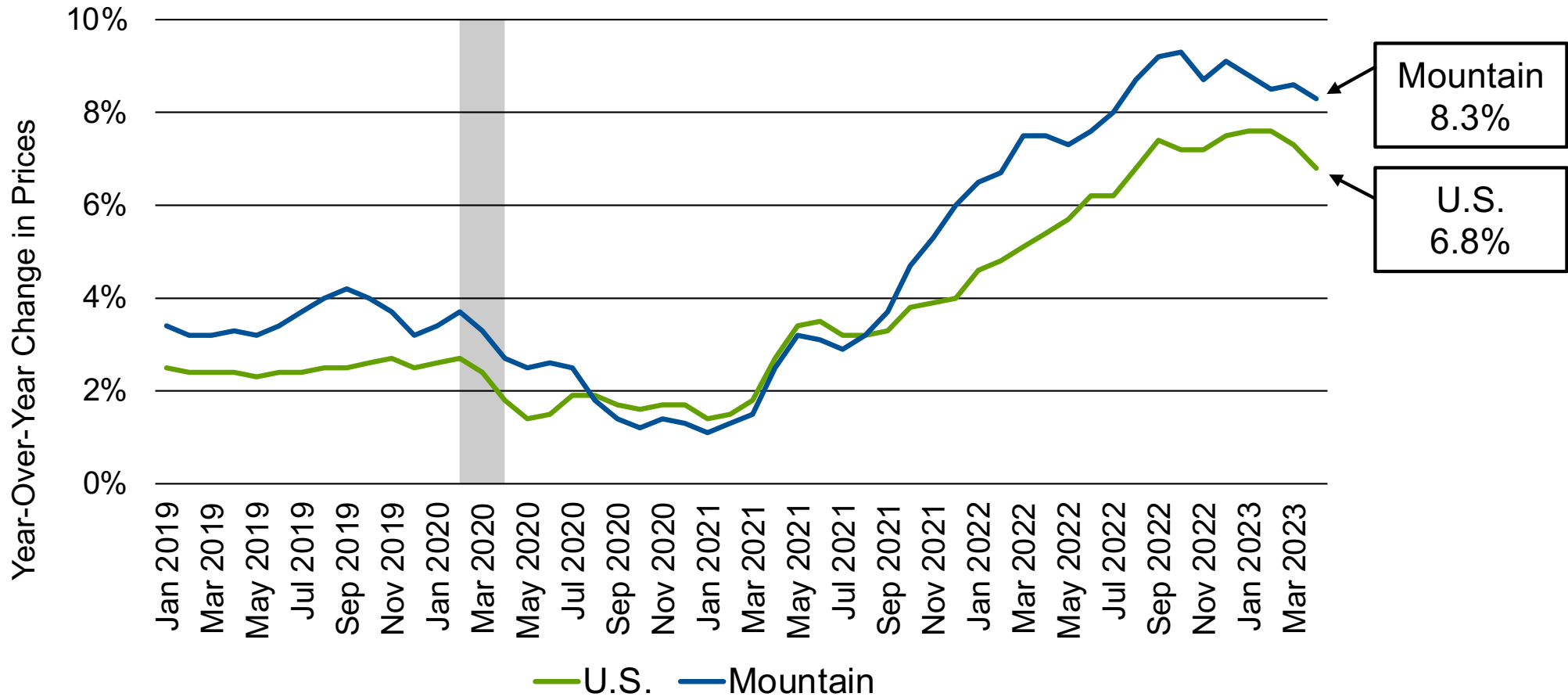


Source: Zillow; Labor Department



Sources: Wall Street Journal; U.S. Bureau of Labor Statistics
Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

Services Price Inflation Still High



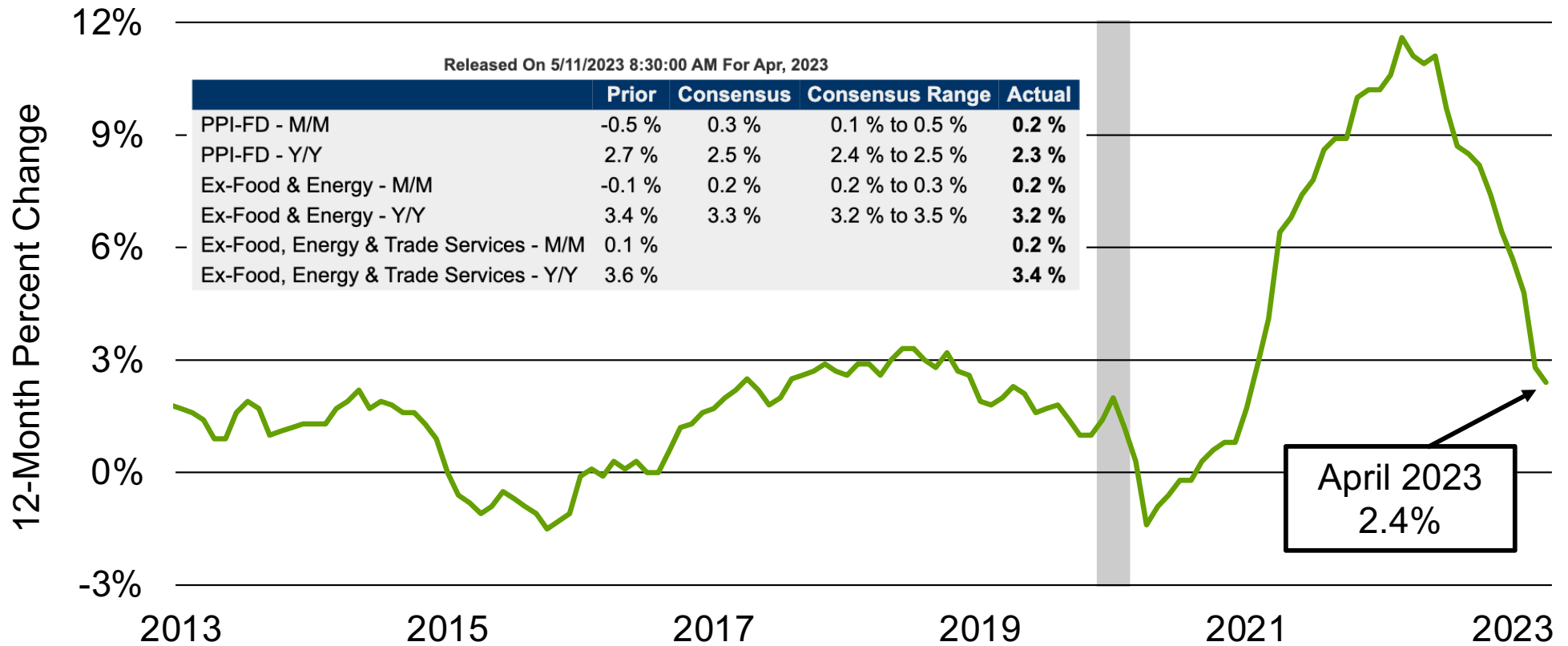
Source: U.S. Bureau of Labor Statistics

Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY

Producer Inflation Dropping

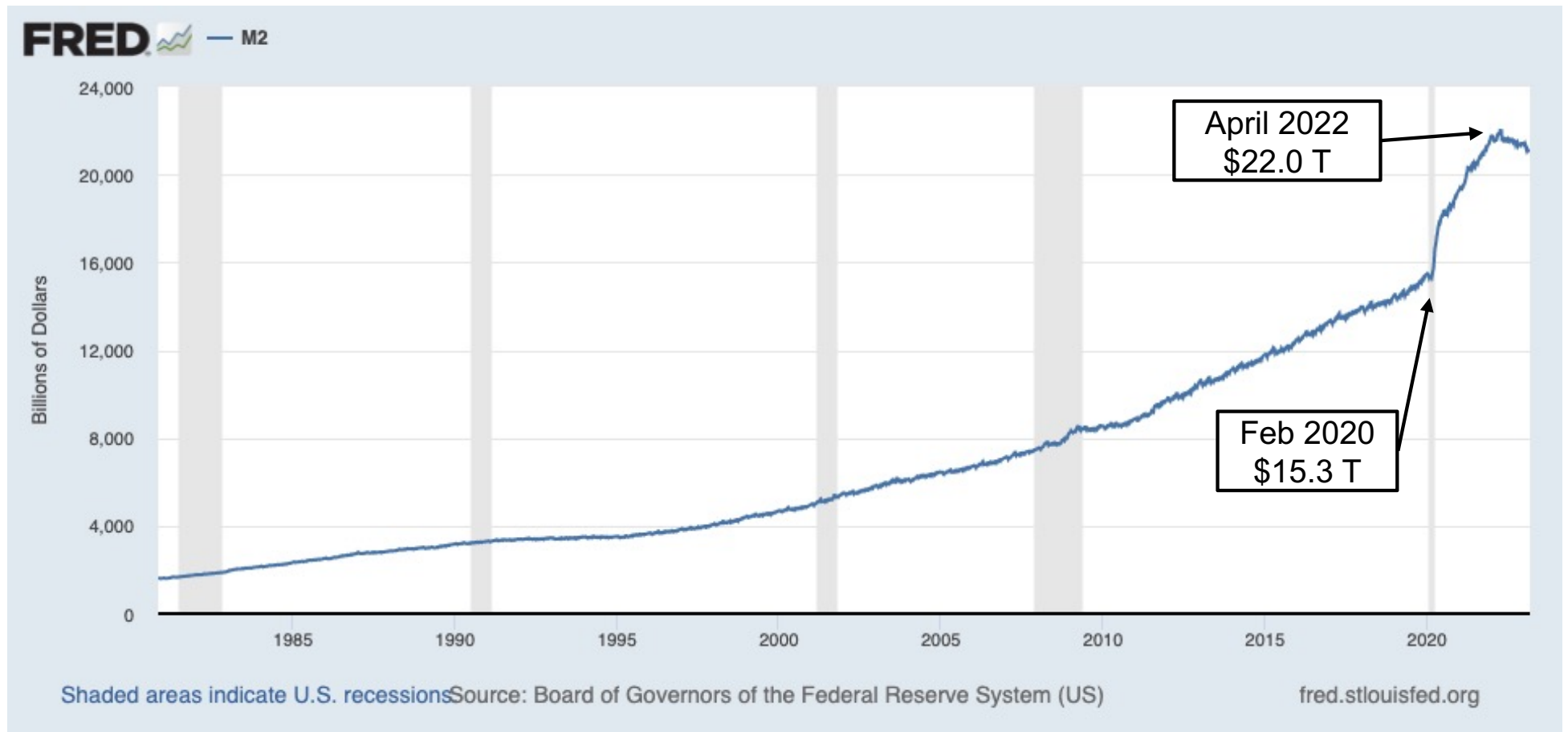
Released On 5/11/2023 8:30:00 AM For Apr, 2023

	Prior	Consensus	Consensus Range	Actual
PPI-FD - M/M	-0.5 %	0.3 %	0.1 % to 0.5 %	0.2 %
PPI-FD - Y/Y	2.7 %	2.5 %	2.4 % to 2.5 %	2.3 %
Ex-Food & Energy - M/M	-0.1 %	0.2 %	0.2 % to 0.3 %	0.2 %
Ex-Food & Energy - Y/Y	3.4 %	3.3 %	3.2 % to 3.5 %	3.2 %
Ex-Food, Energy & Trade Services - M/M	0.1 %			0.2 %
Ex-Food, Energy & Trade Services - Y/Y	3.6 %			3.4 %



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

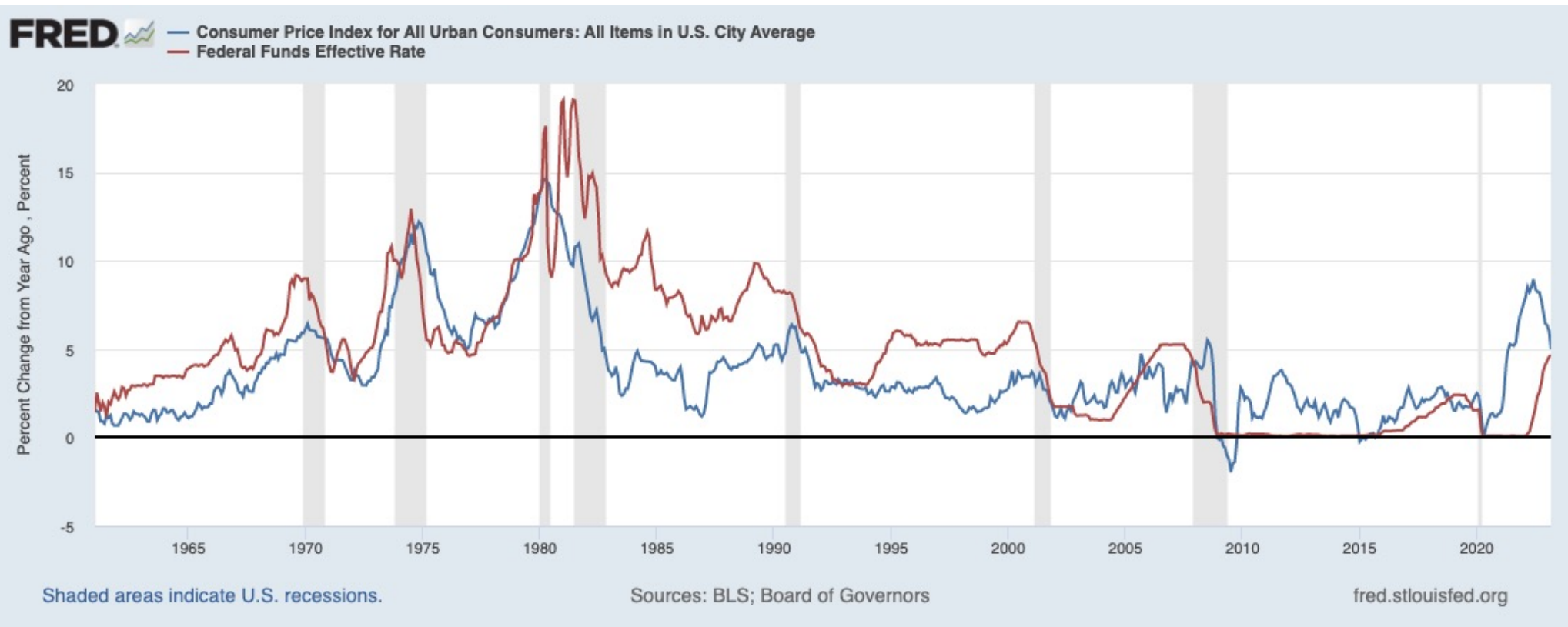
U.S. Money Supply Increased By \$6.7 Trillion



Source: Federal Reserve Bank of St Louis

Lessons Learned from the 1970s

Several Failed Attempts to Bring Down Inflation



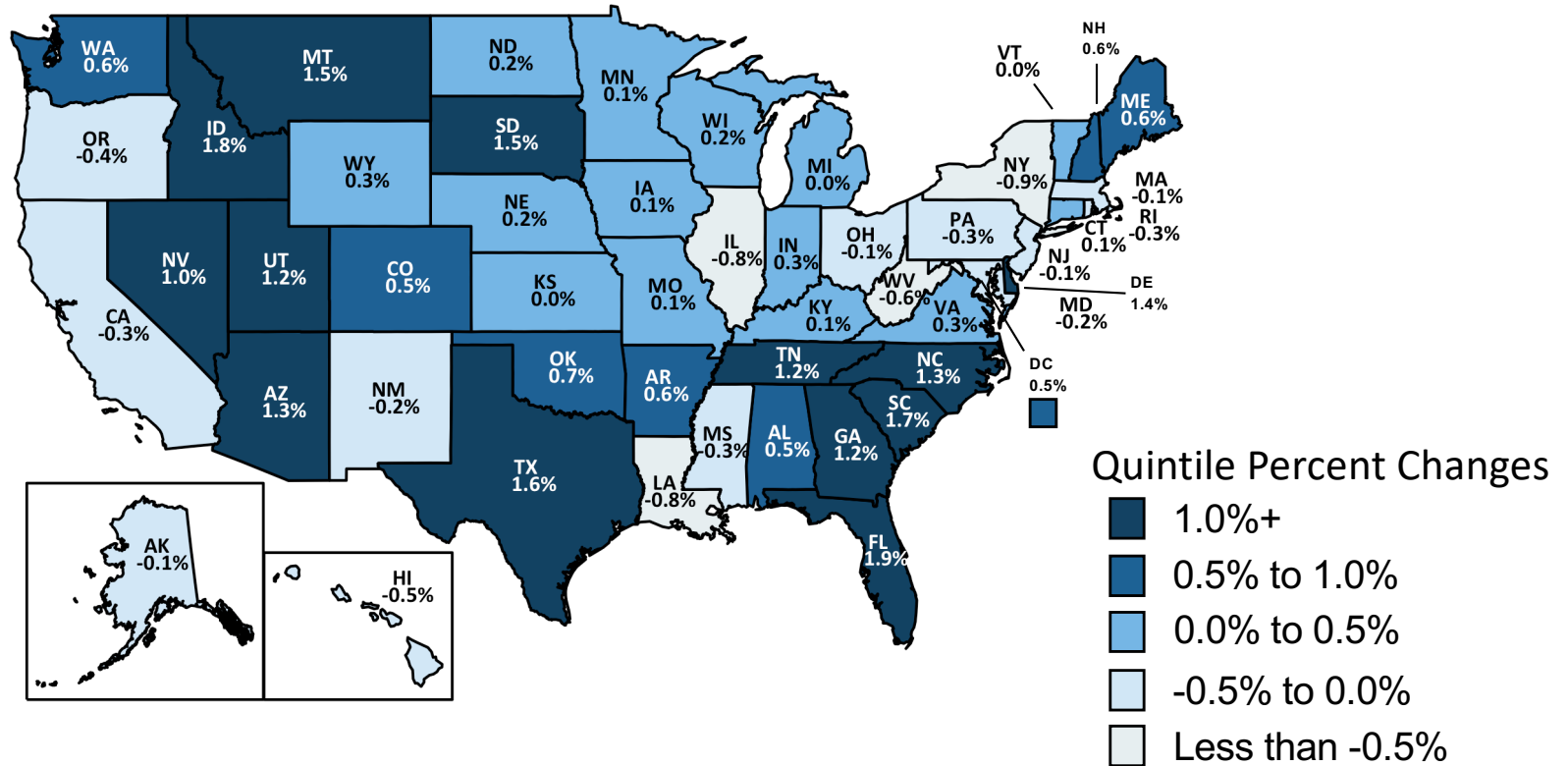
Source: Federal Reserve Bank of St Louis

Regional Economic Conditions

Large Differences in State Population Growth

Percent Change: 2021 – 2022

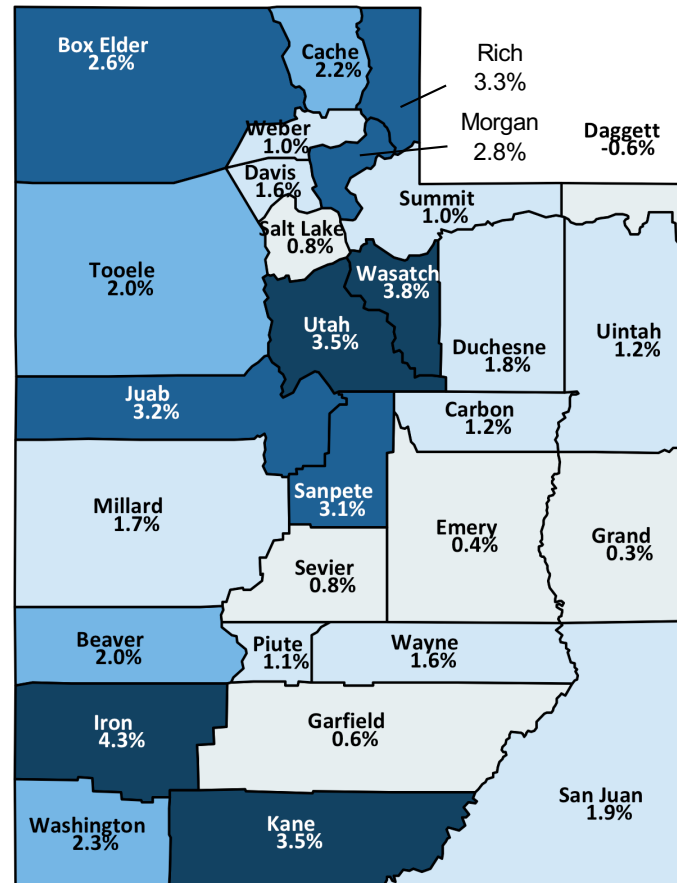
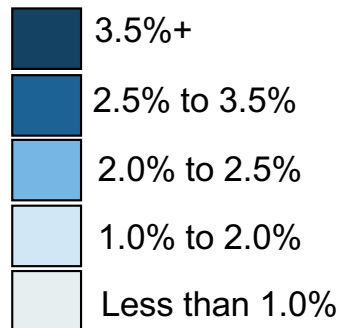
U.S. Rate = 0.4%



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Utah Population Growth Rates By County 2021 to 2022

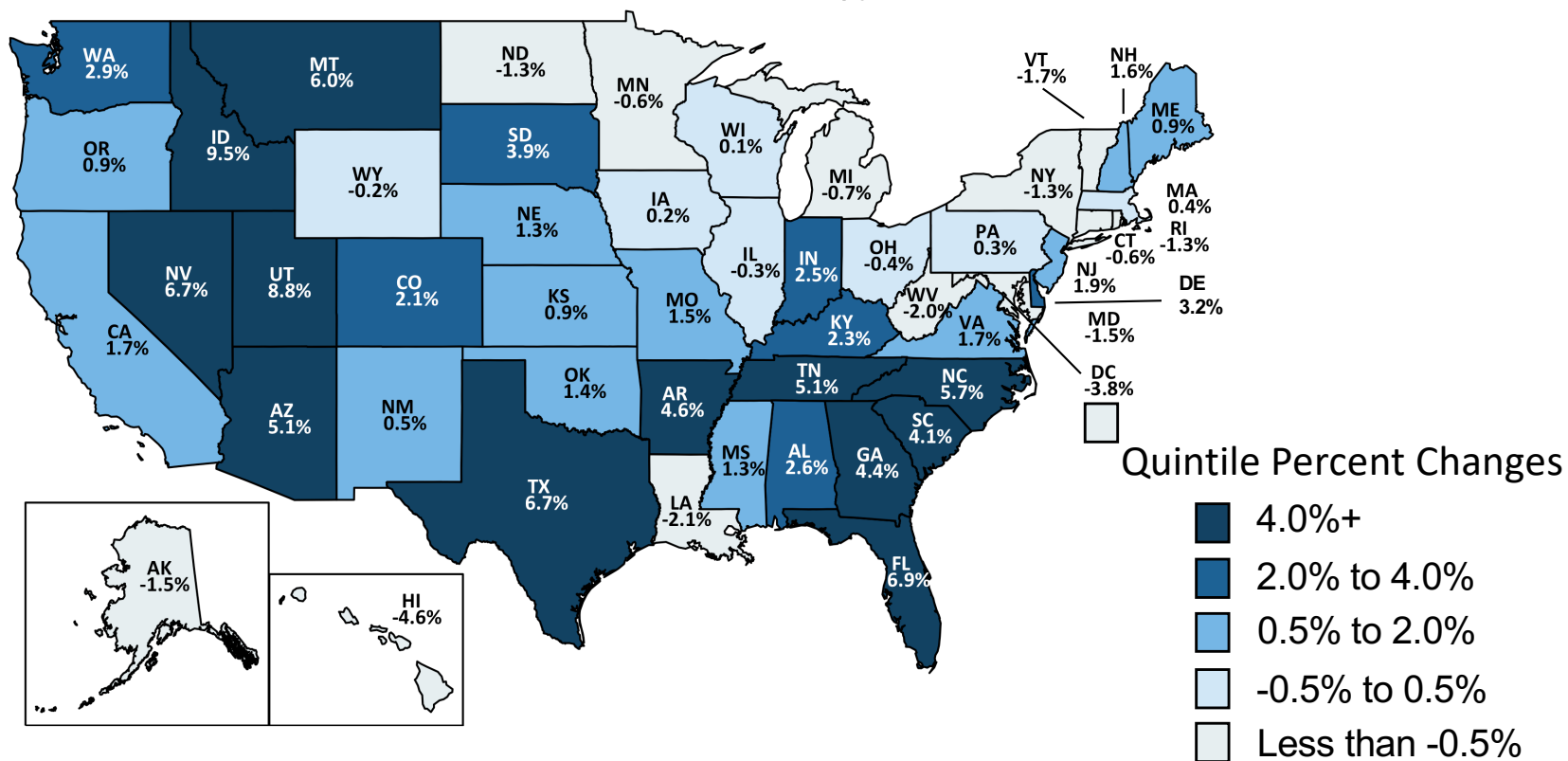
State Average = 1.8%



35 States Have Positive Job Growth Since Pre-COVID

February 2020 – March 2023

U.S. Growth Rate = 2.1%

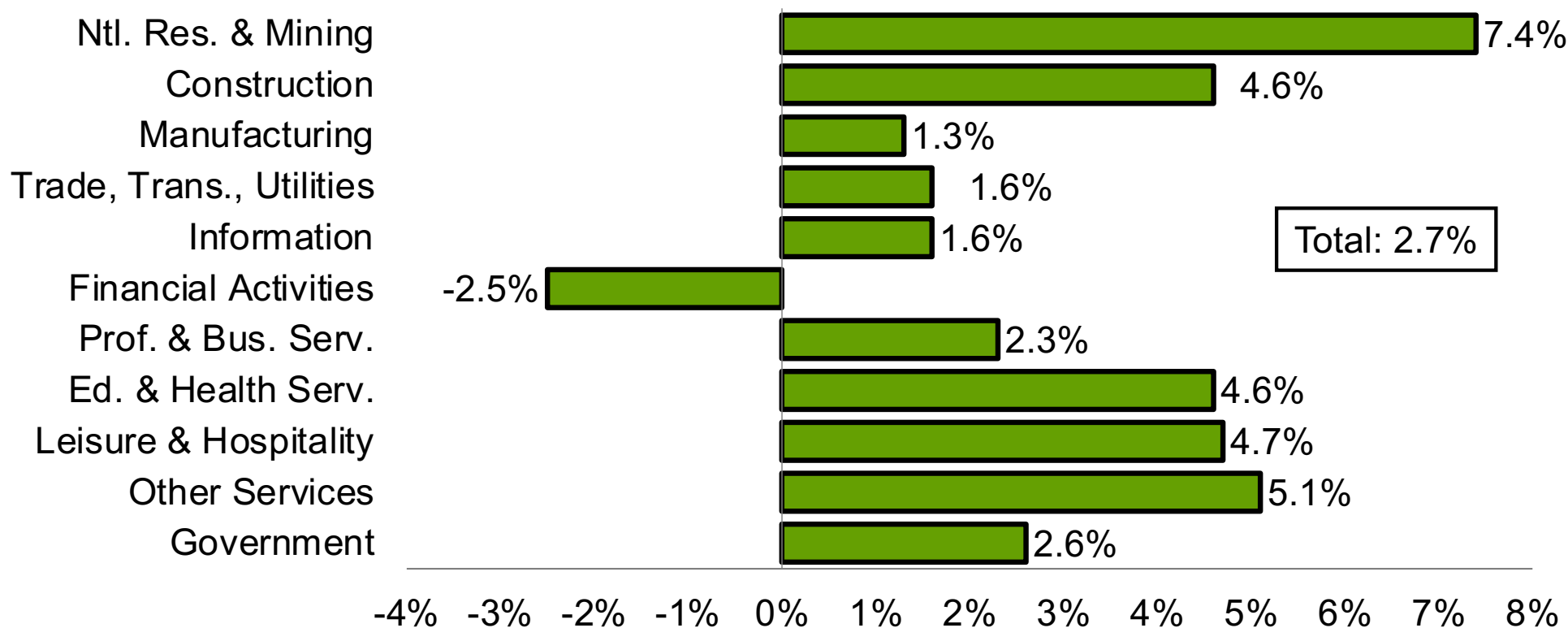


Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

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Most Utah Industries Grew Over the Past Year

March 2022 to March 2023

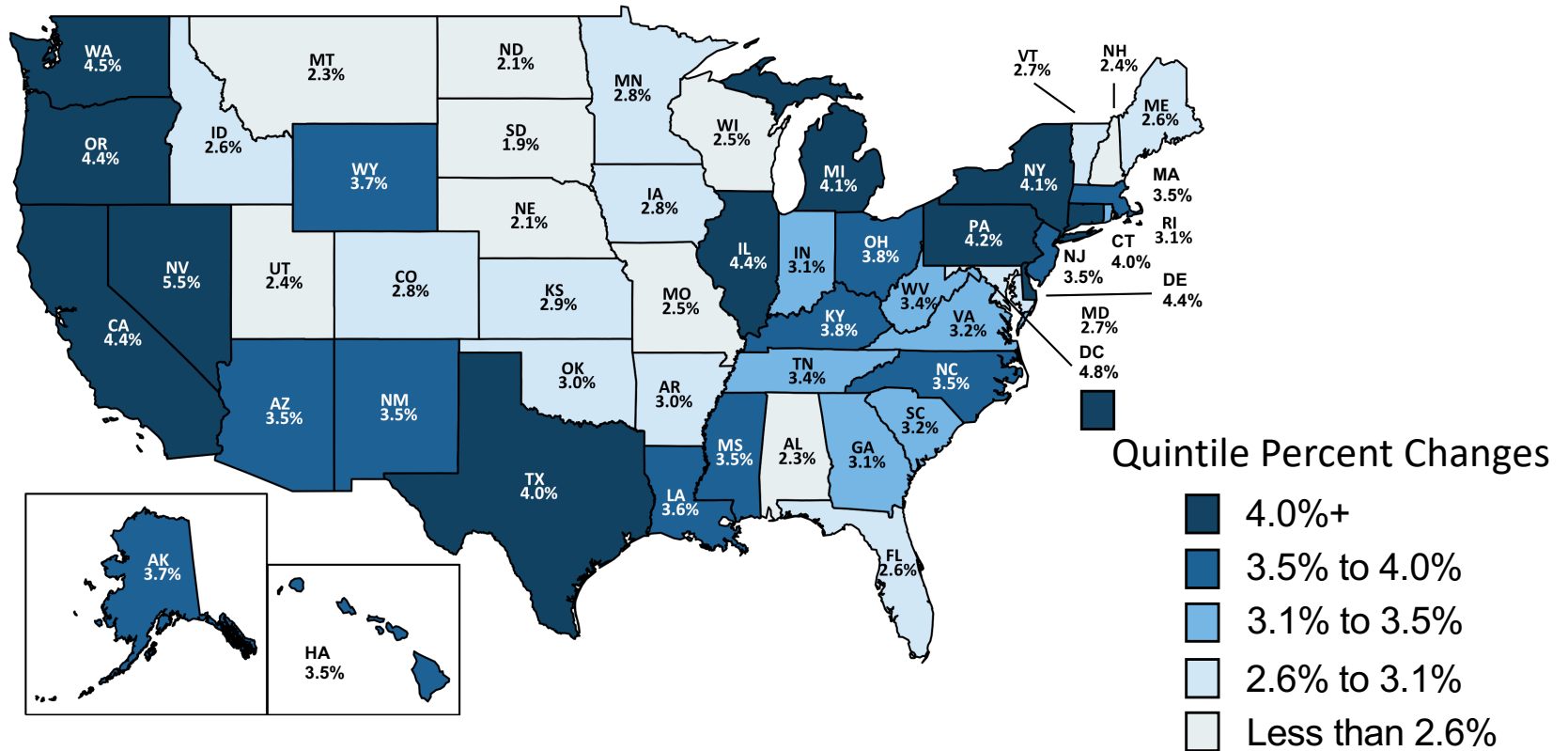


Source: Utah Department of Workforce Services
Not Seasonally Adjusted

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Utah Unemployment Among Lowest in the Nation

March 2023 U.S. Rate = 3.5%



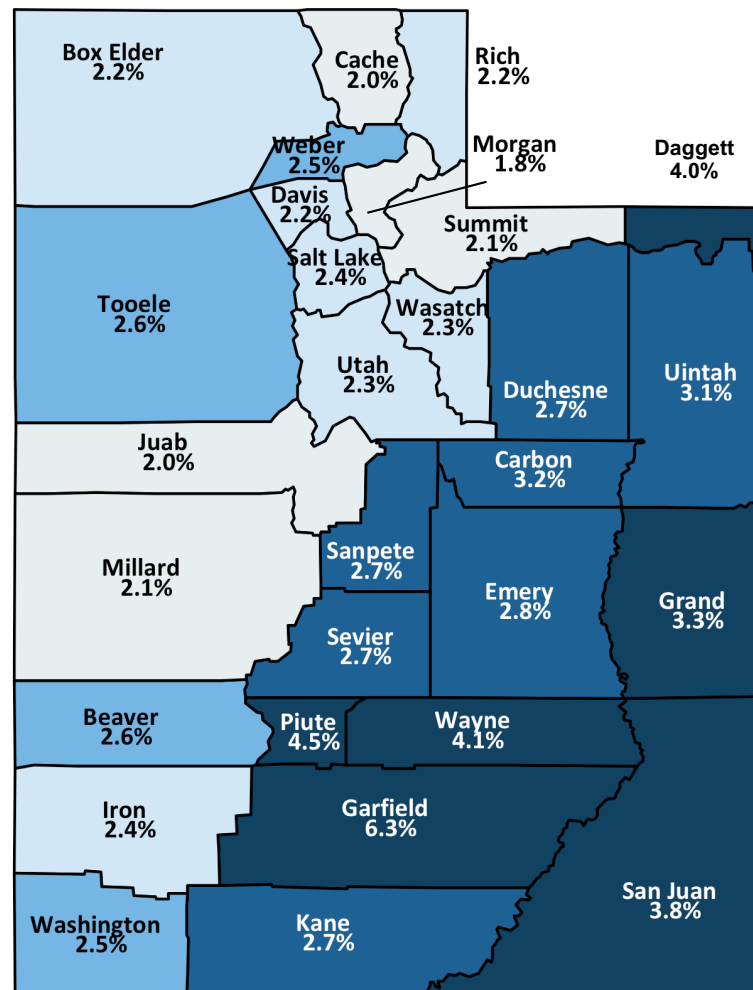
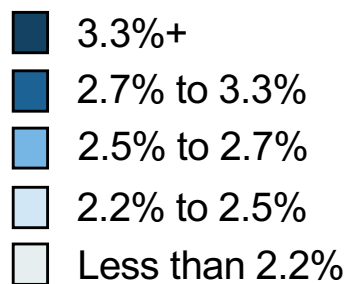
Source: U.S. Bureau of Labor Statistics
Seasonally Adjusted

Utah Unemployment Rates By County

March 2023

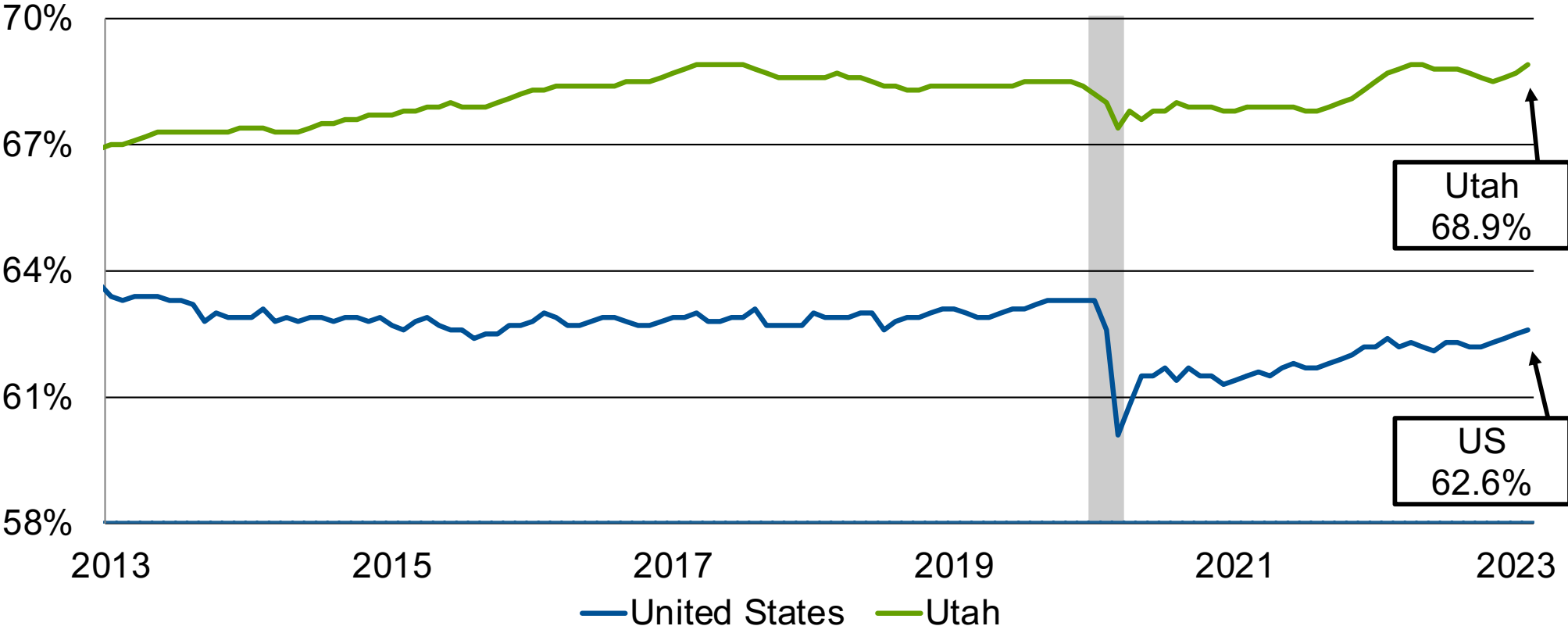
State Rate = 2.4%

Quintile Percent Changes



Source: Utah Department of Workforce Services
Seasonally Adjusted

Utah Labor Force Participation Much Higher Than US



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

Utah Ranked as the Best State in America

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

Source: U.S. News and World Report



2023 Economic Outlook

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

The background of the slide is a scenic photograph of a desert landscape. In the foreground, there is a calm body of water reflecting the sky. In the middle ground, several large, rugged rock formations with distinct horizontal layers of red and orange sandstone rise from the water's edge. The sky above is a clear, vibrant blue. The Zions Bank logo is positioned in the upper left, and contact information for Robert Spendlove is centered in the upper half. A disclaimer is located in the lower half, and decorative horizontal lines are at the bottom.

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WE HAVEN'T FORGOTTEN
WHO KEEPS US IN BUSINESS®

Robert Spendlove

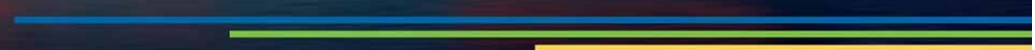
Senior Economist

Email: Robert.Spendlove@zionsbank.com

Phone: 801-560-5394

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