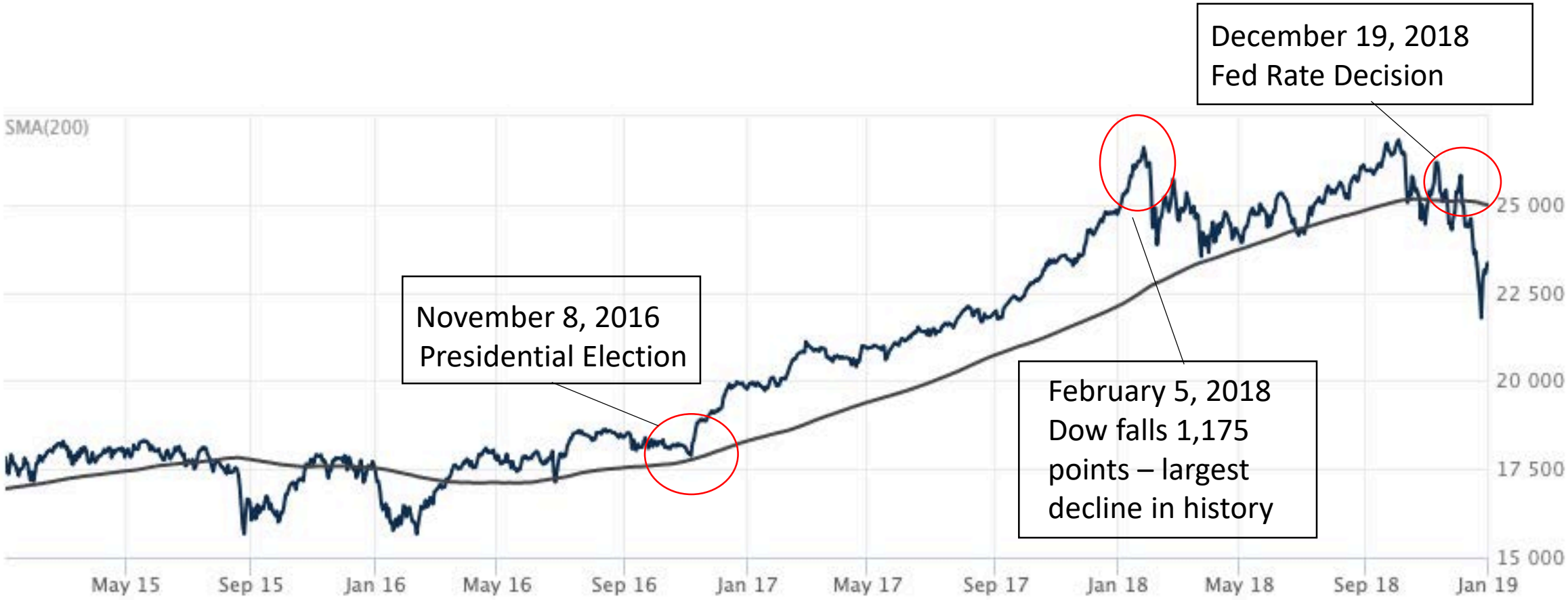
Zions Bank Economic Overview

Economic Outlook
and Revenue Assessment Committee

- January 4, 2019

Volatility in the Stock Market



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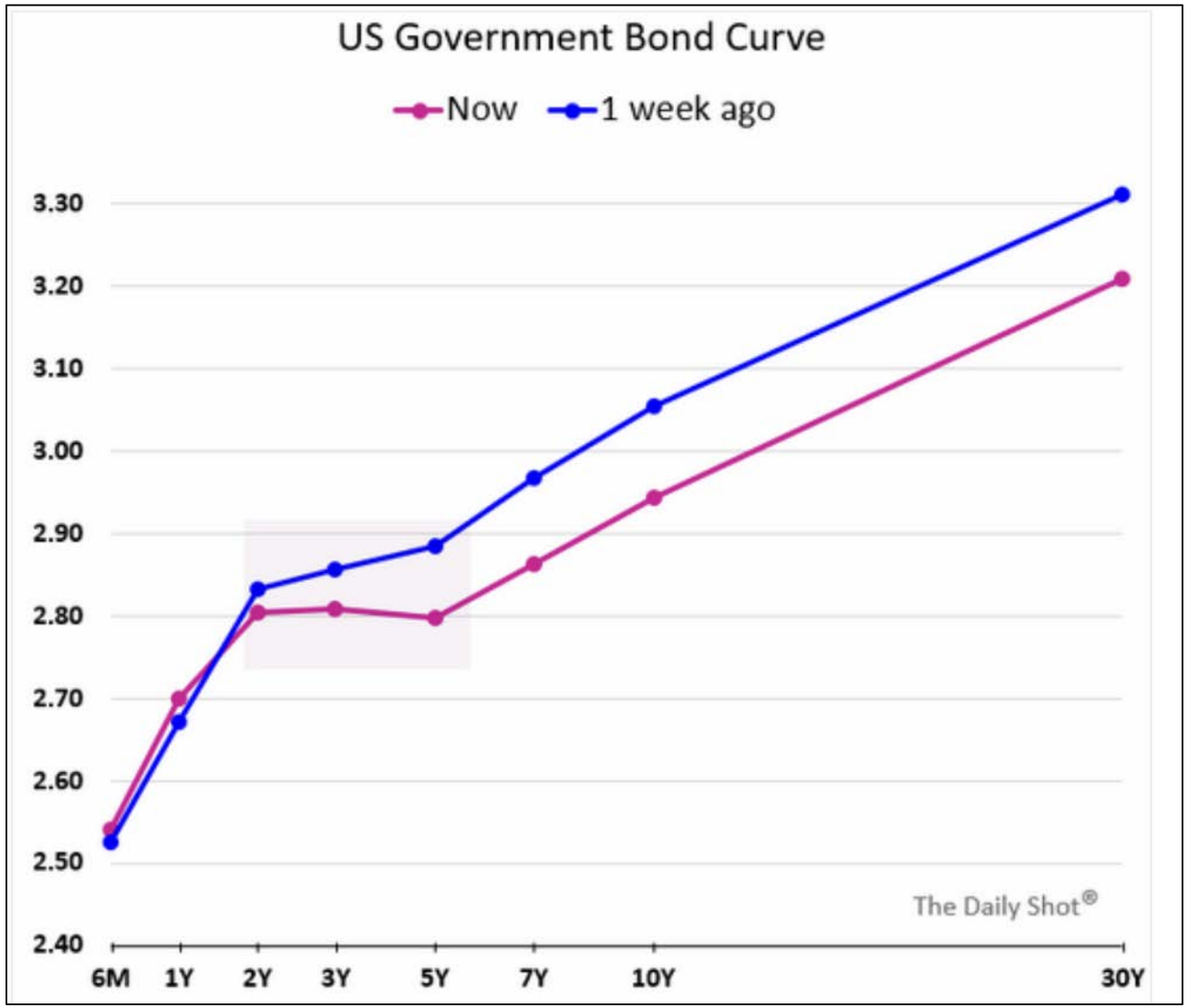
Source: Wall Street Journal

An Inverted Yield Curve…

December 4, 2018



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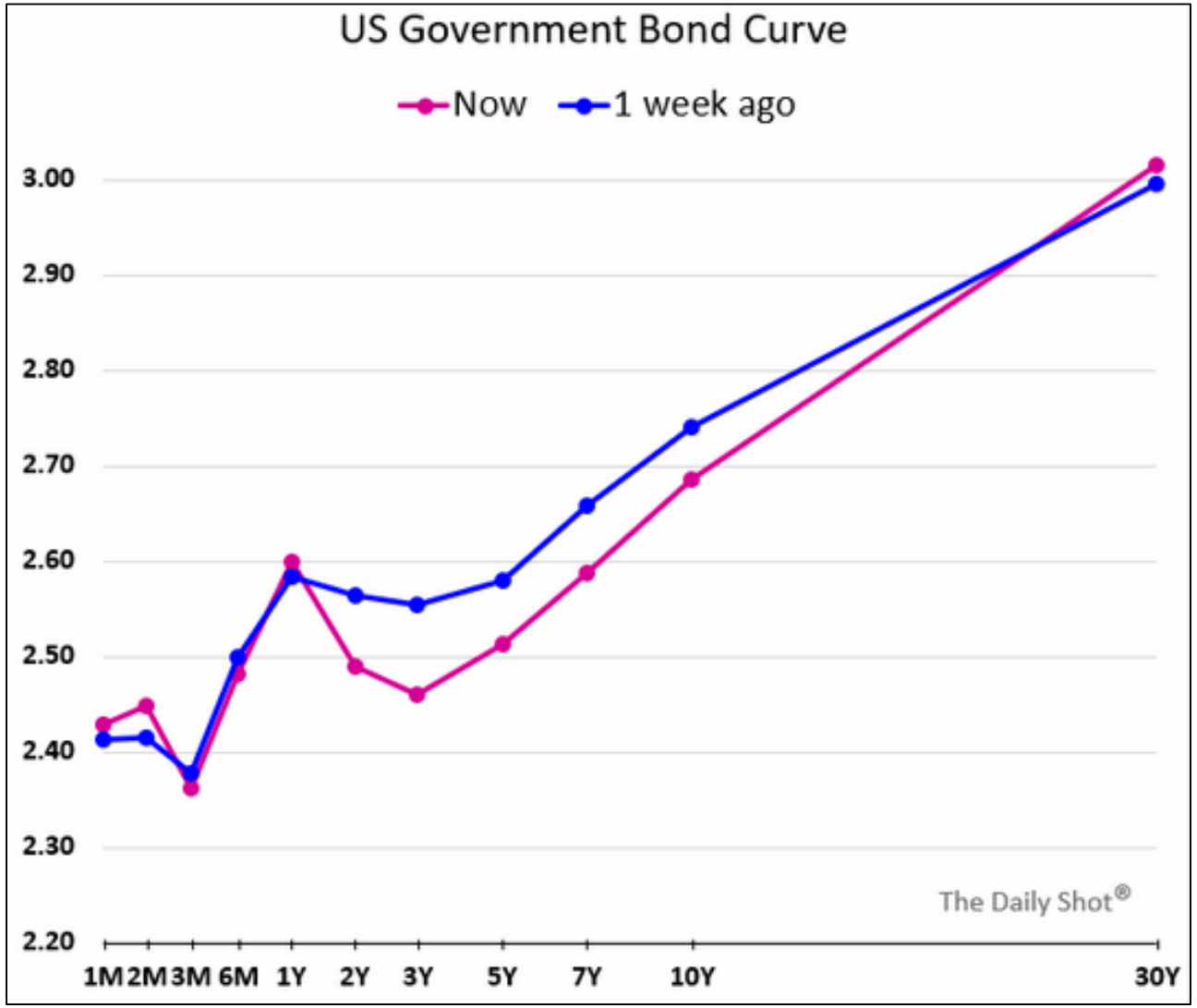
Source: Wall Street Journal

… Turning into a Distorted Yield Curve

January 2, 2019



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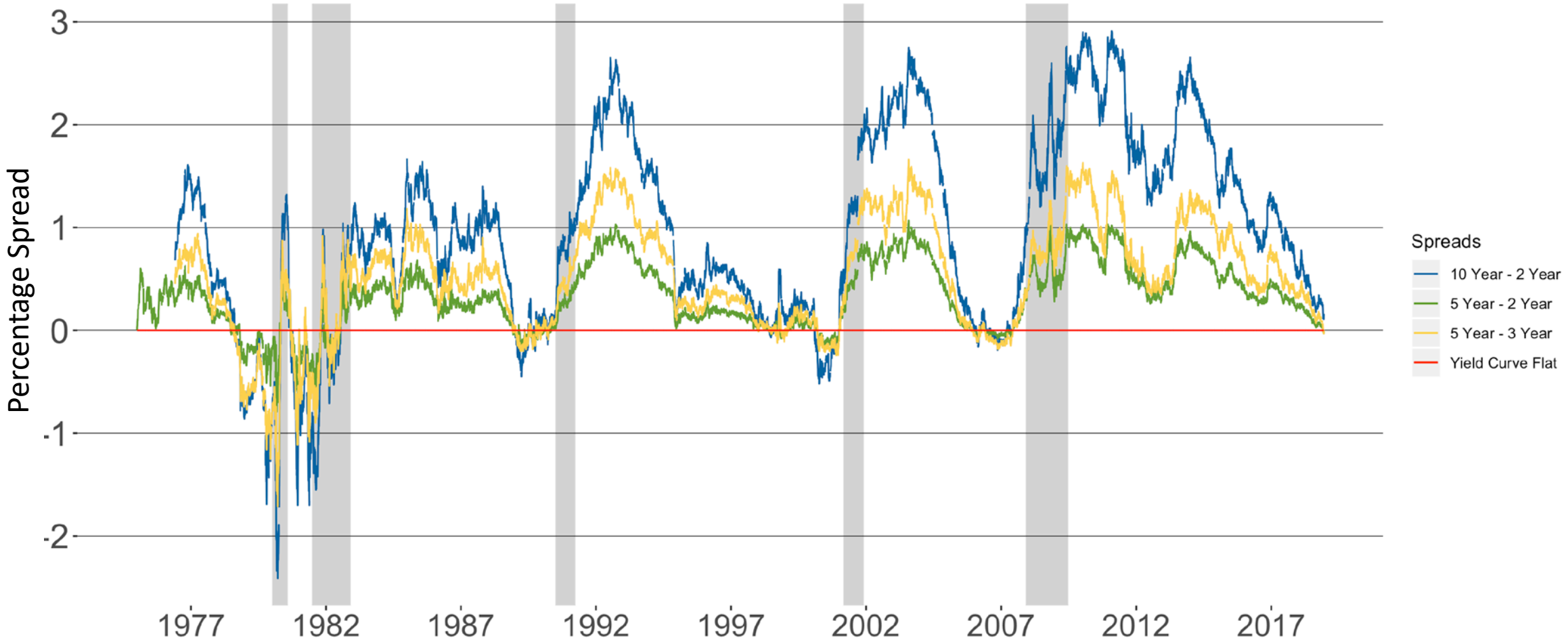
Source: Wall Street Journal

Segments of the Yield Curve Have Inverted Pointing Towards a Potential Recession?

Daily Treasury Yield Spreads from 1975 to Present



Source: Federal Reserve Bank of St. Louis

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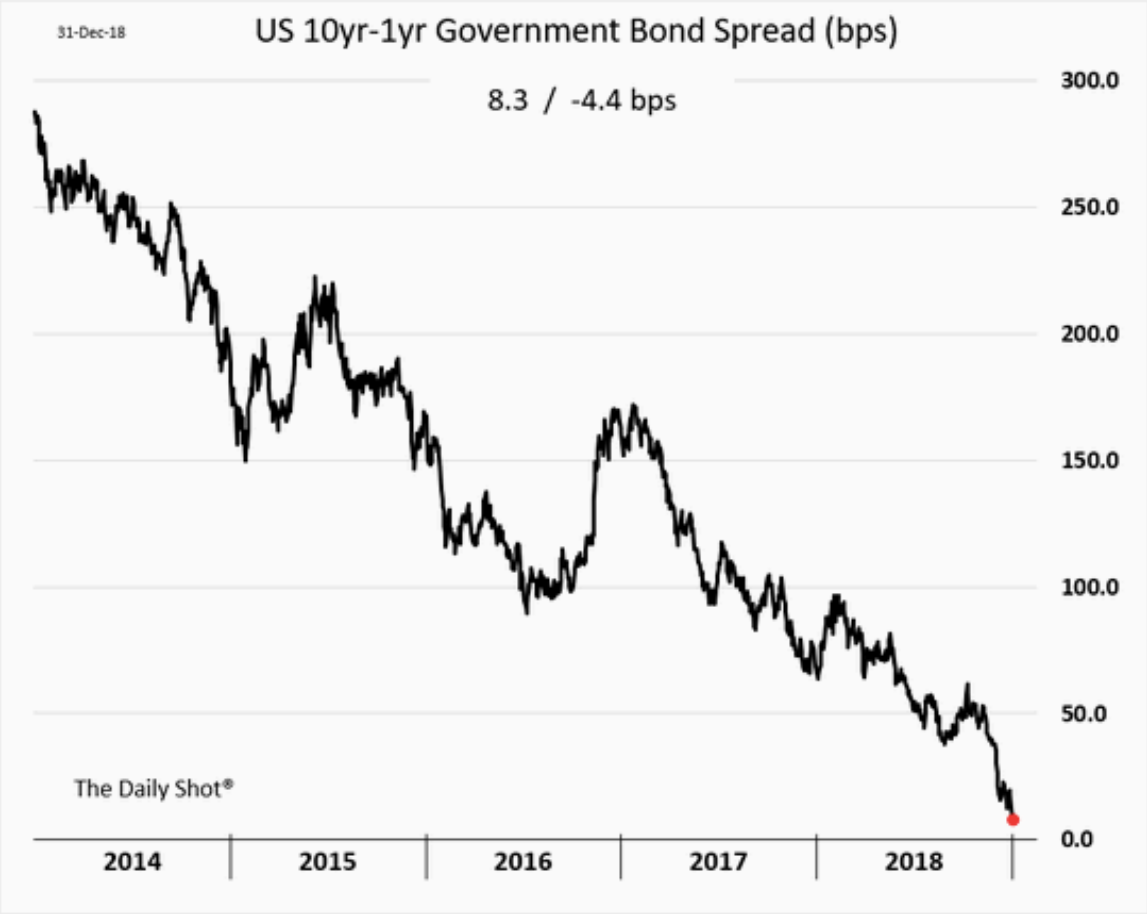
Yield Curve Inversions Spreading

The 10yr - 1yr spread is rapidly approaching zero.



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Source: Wall Street Journal

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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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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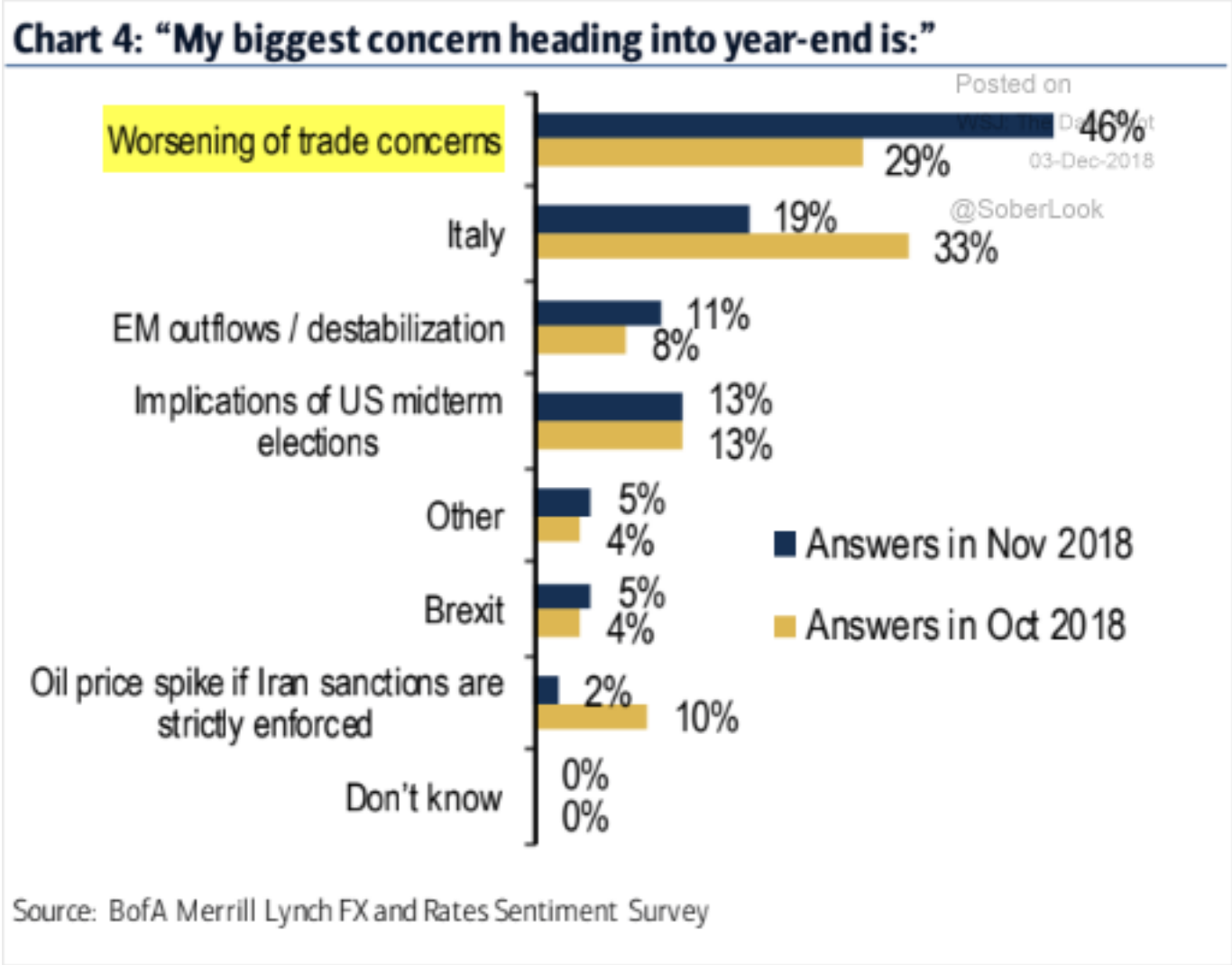
Source: Wall Street journal

Trade War Concerns Increasing



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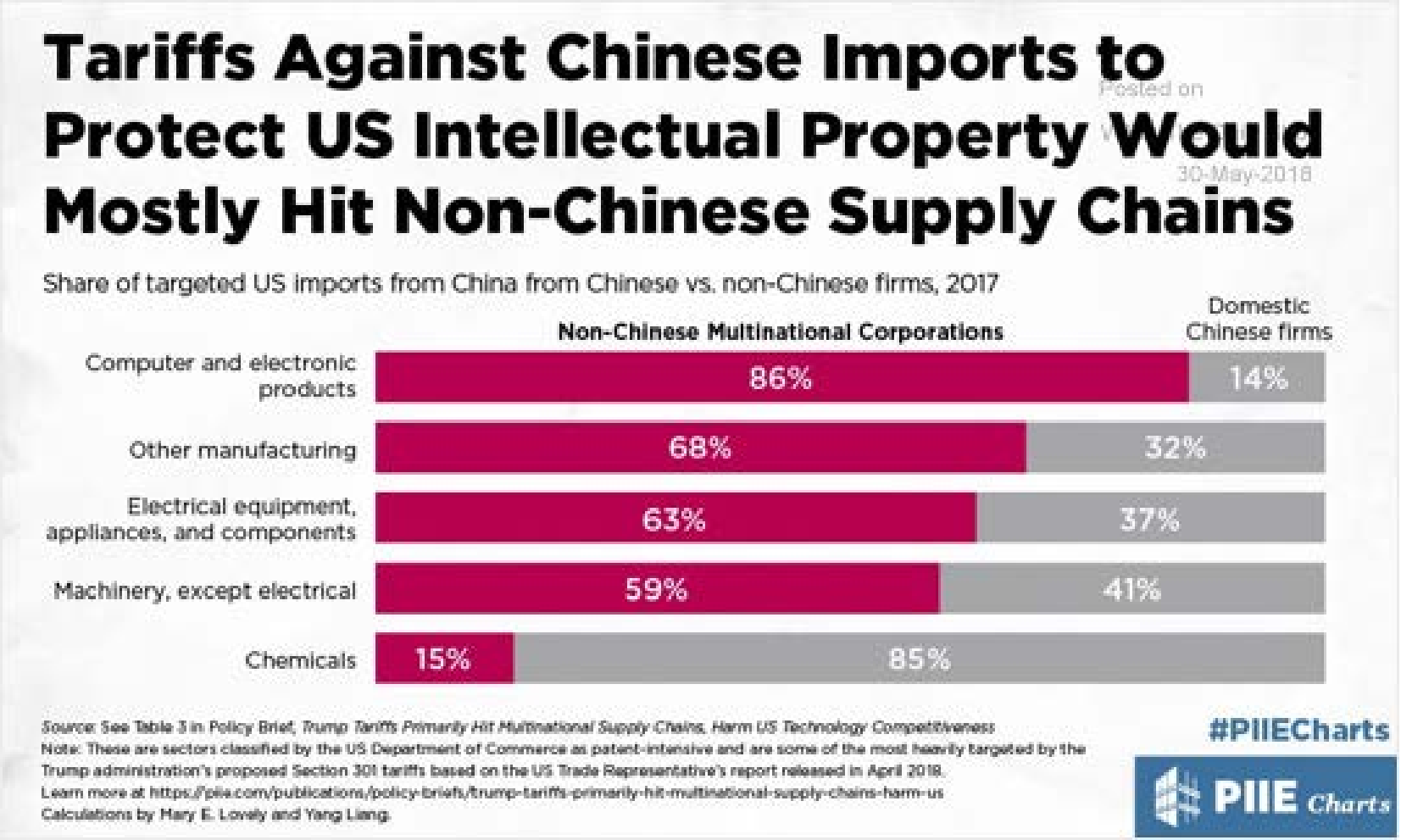
Source: Wall Street journal

Economic Protectionism Increases Costs



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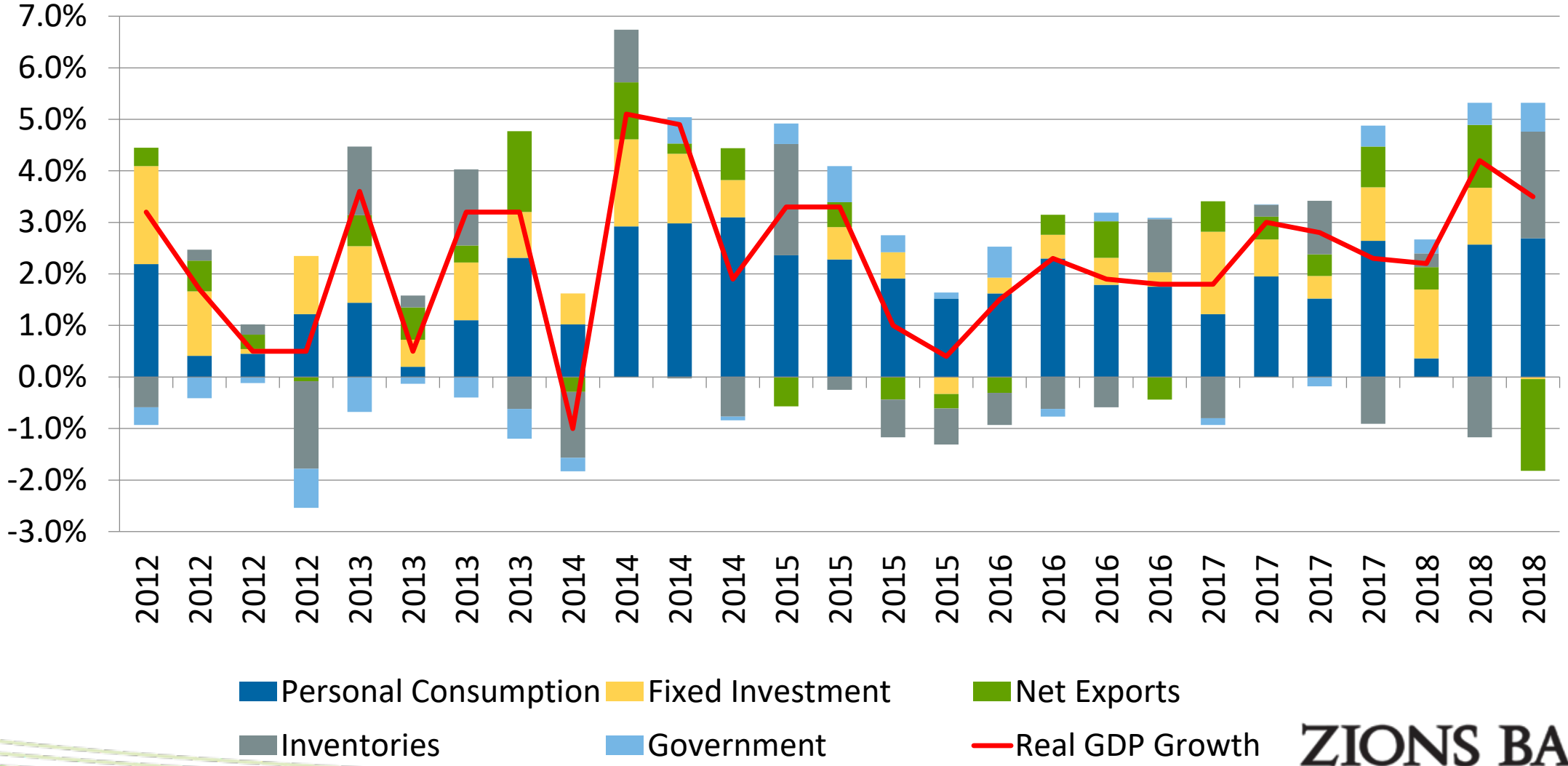
Source: Wall Street Journal

Economic Growth Strong in 2018

Gross Domestic Product



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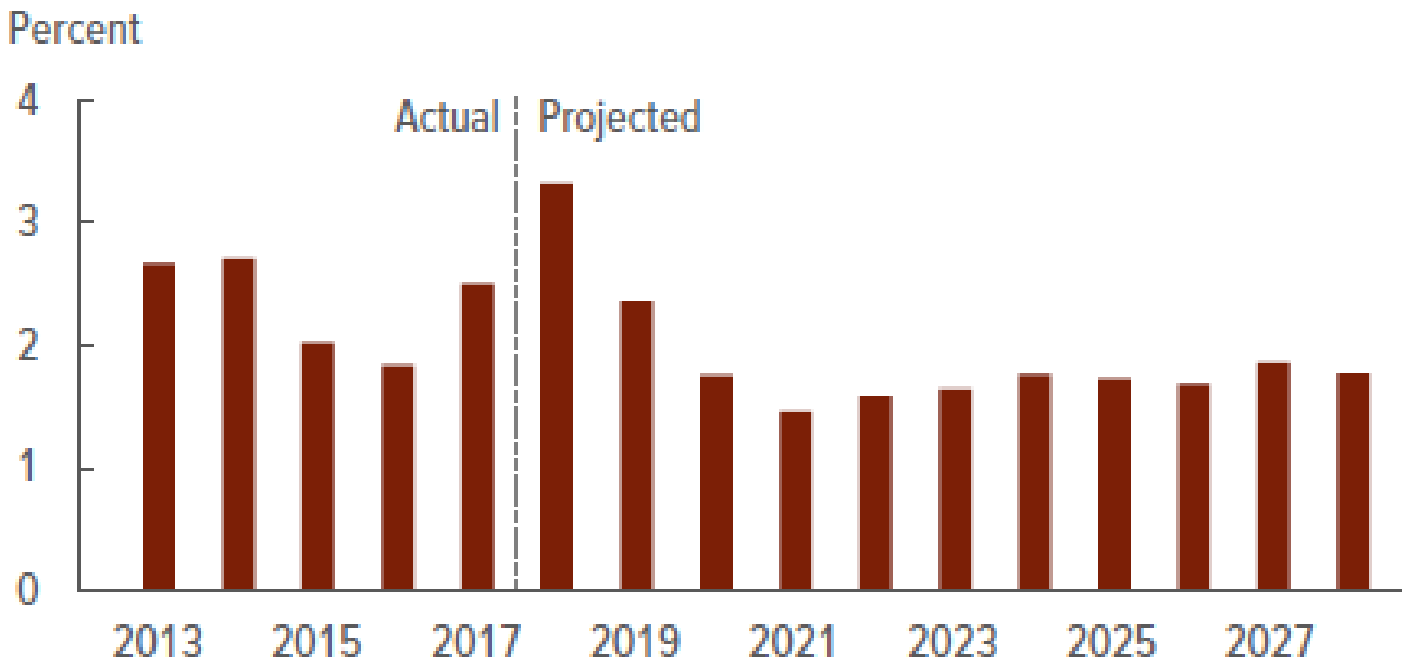
Source: Bureau of Economic Analysis

Tax Reform Projections Show a Spike Followed by a Slowdown in Economic Growth

1 Spurred by fiscal stimulus, **real GDP growth** is expected to be 3.3 percent this year and 2.4 percent next year.



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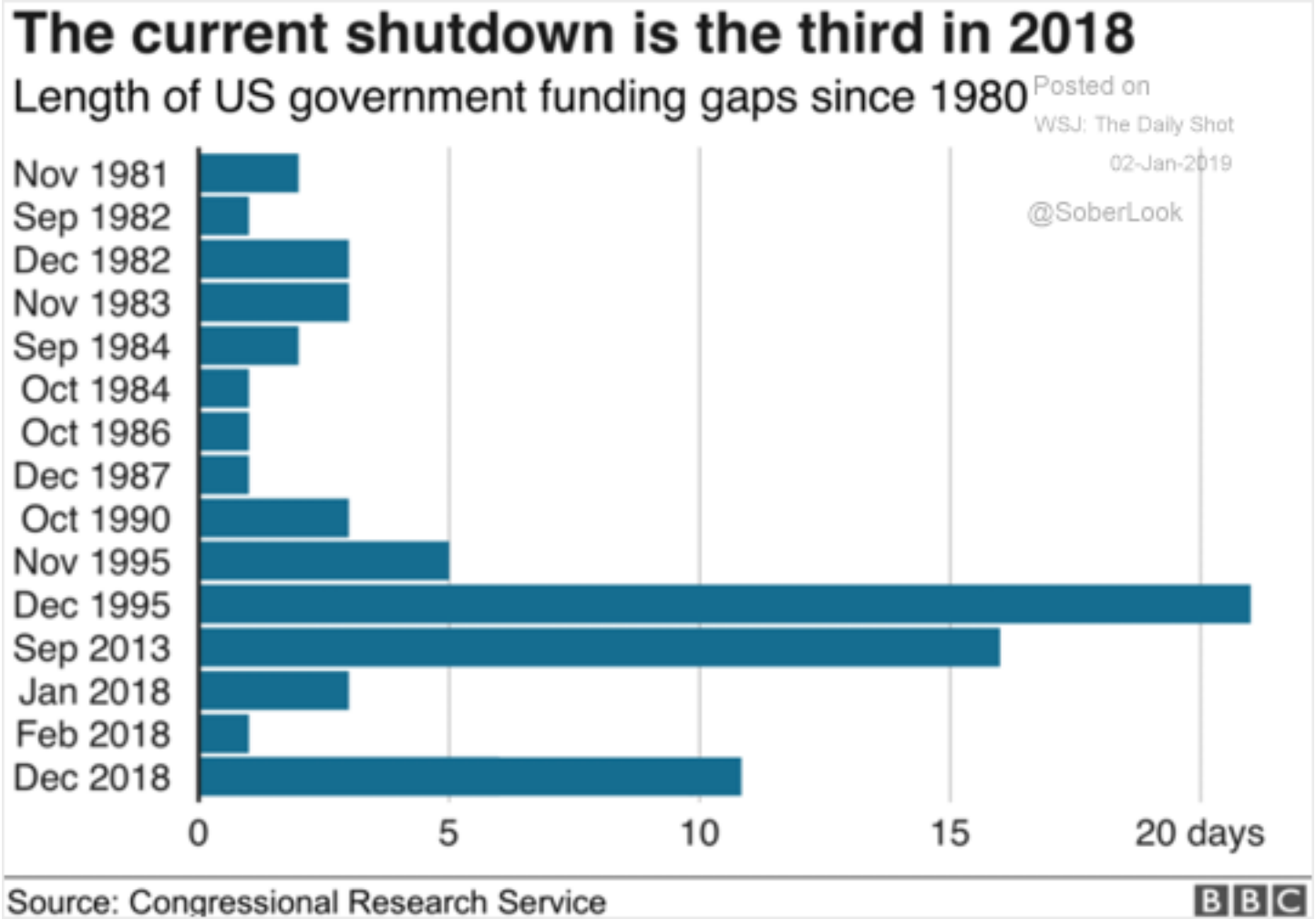
Source: Congressional Budget Office

Federal Government Shutdown Continues



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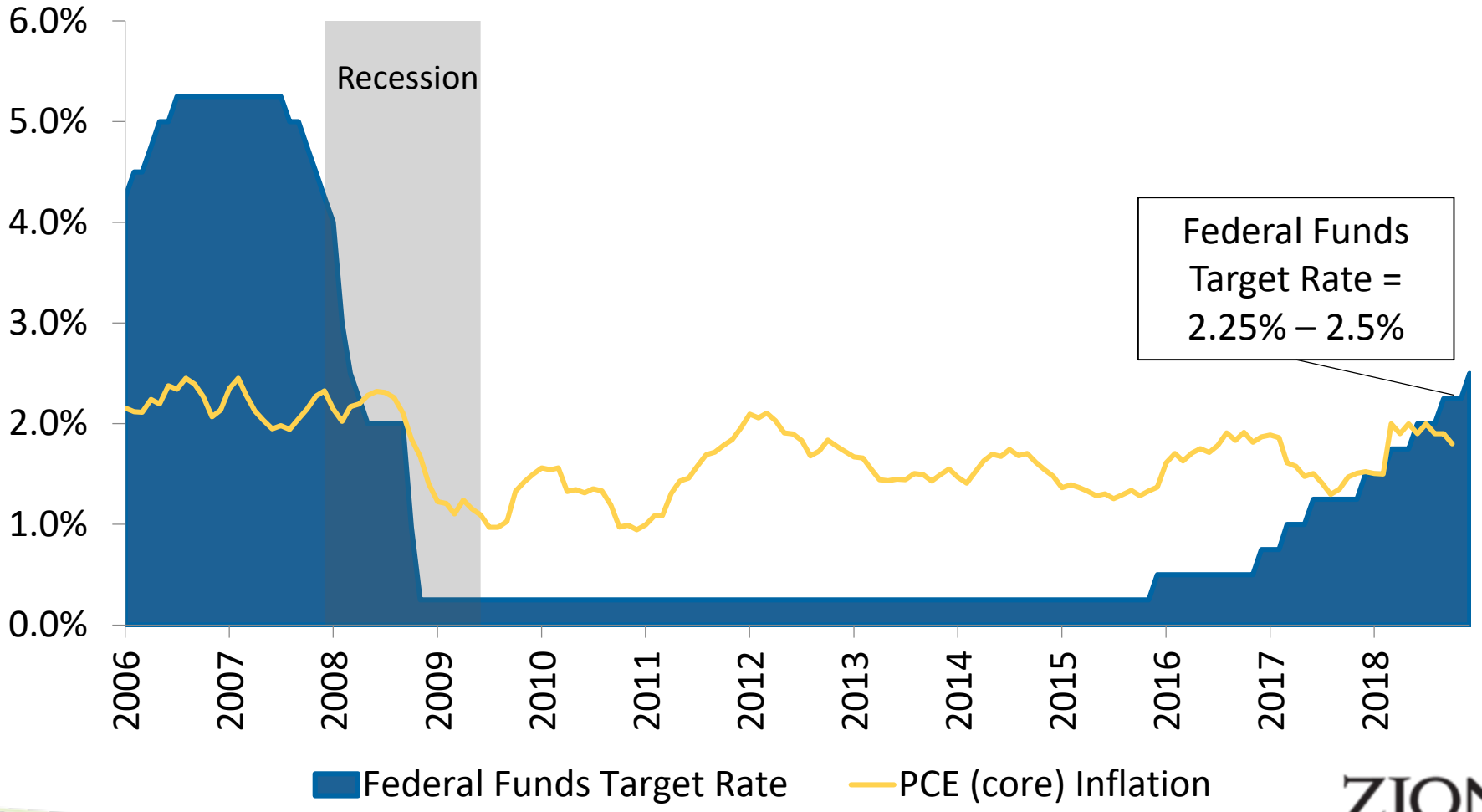
Source: Wall Street Journal

Federal Funds Target Rate Sees 9th Increase in 3 Years



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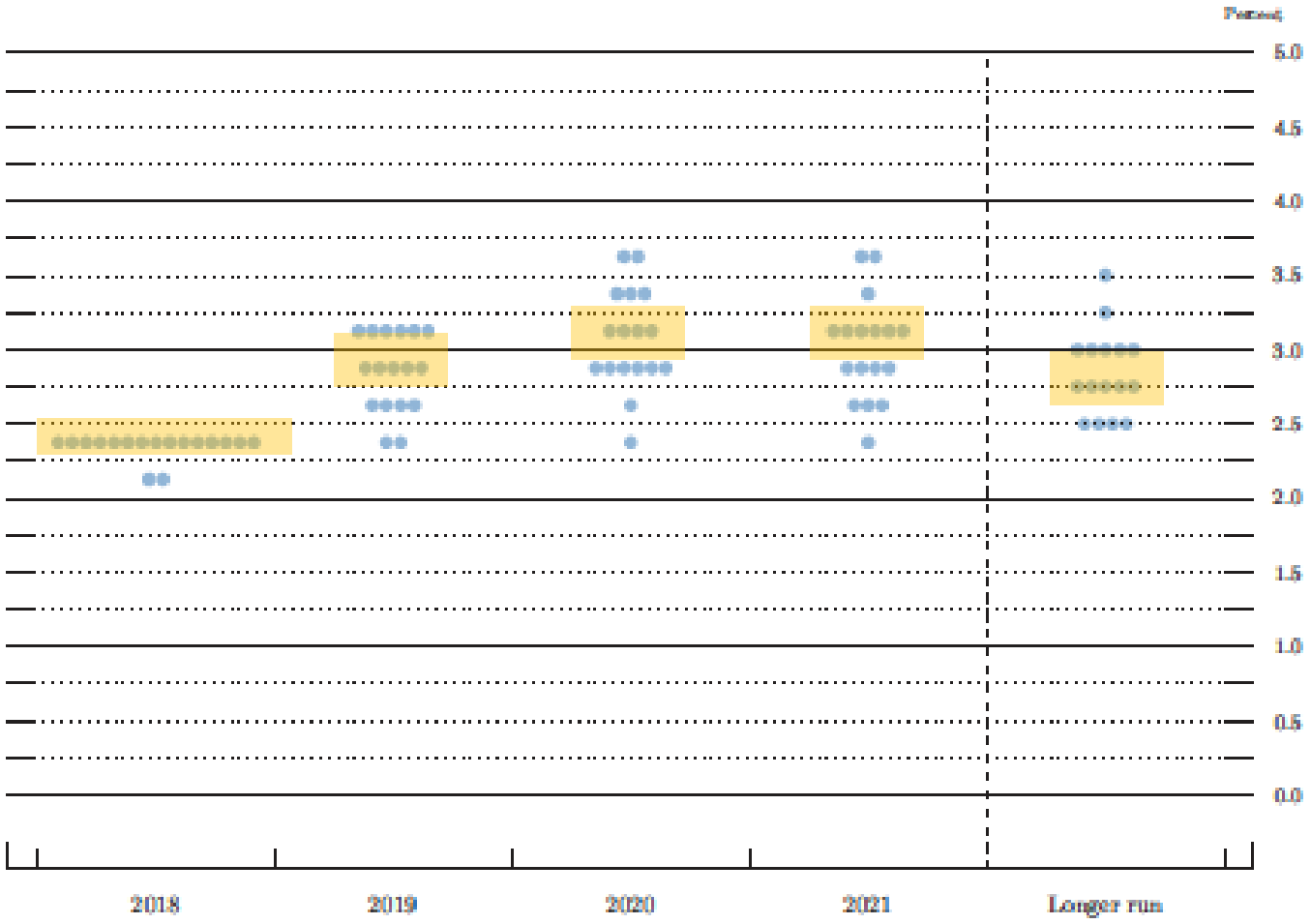
Source: Federal Reserve Board of Governors and BEA

Federal Funds Rate Forecast

(December 2018)



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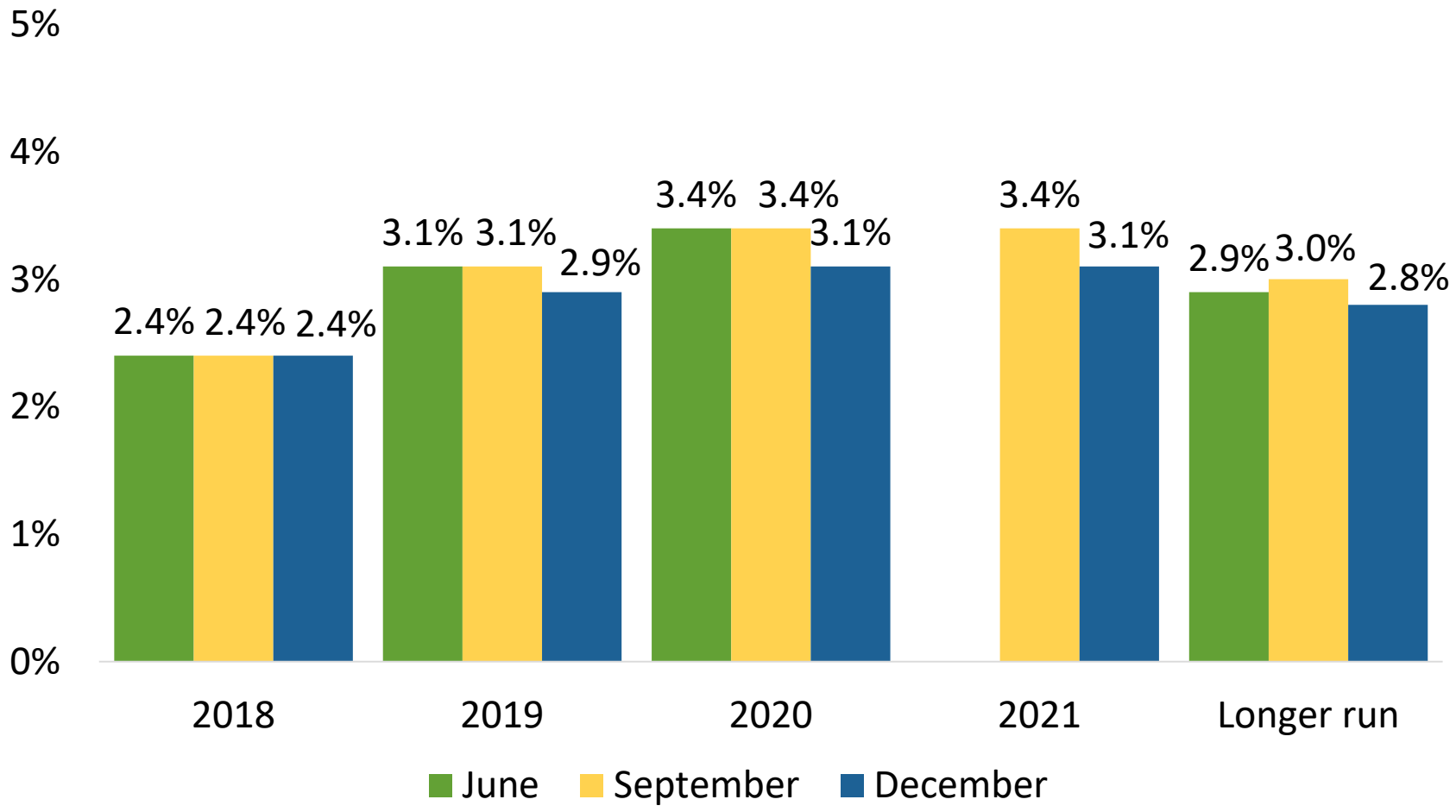
Source: Board of Governors of the Federal Reserve

Fed Projections Signal Fewer Rate Hikes



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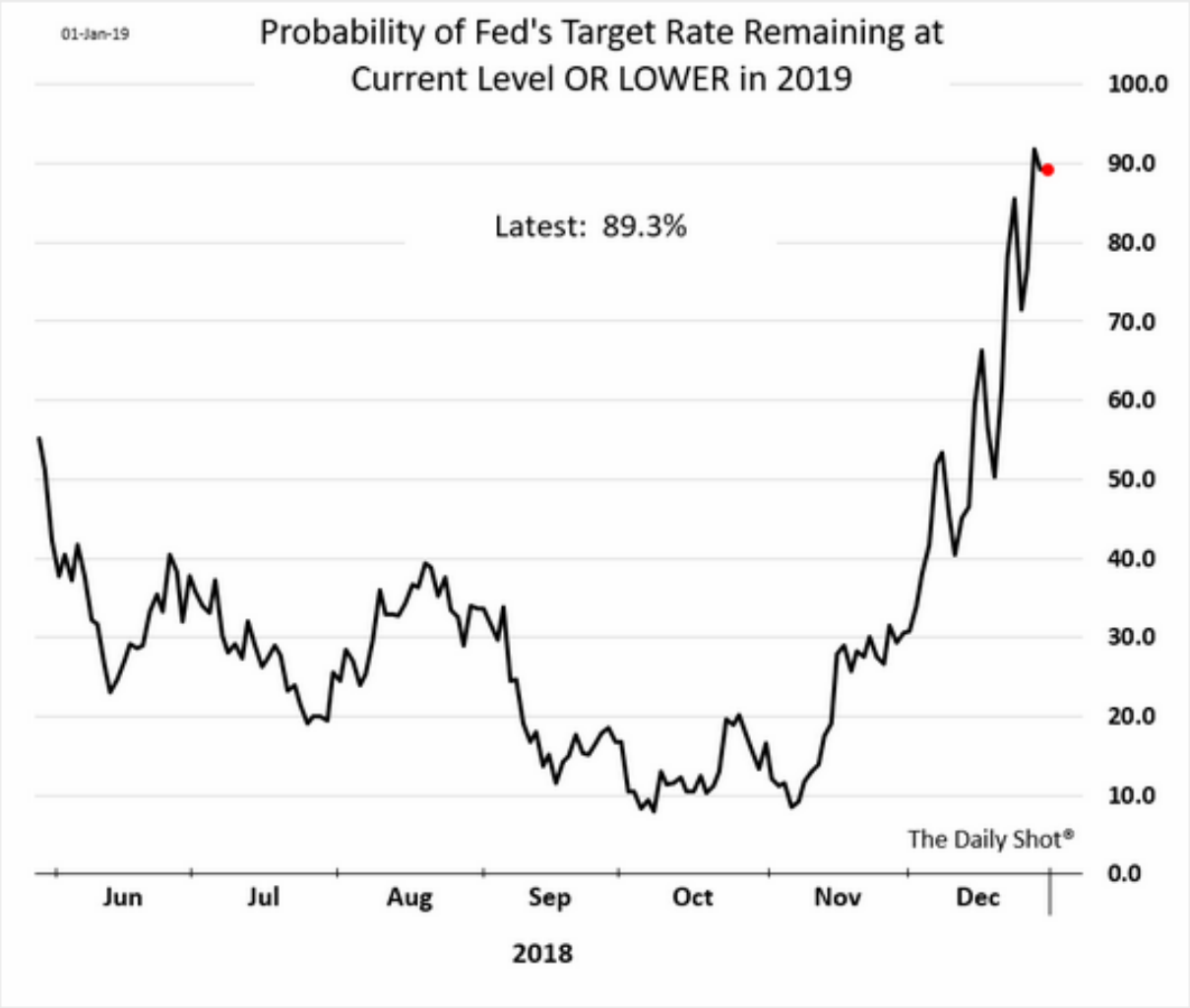
Source: Board of Governors of the Federal Reserve

Markets Expect Fed to Pull Back on Rate Increases



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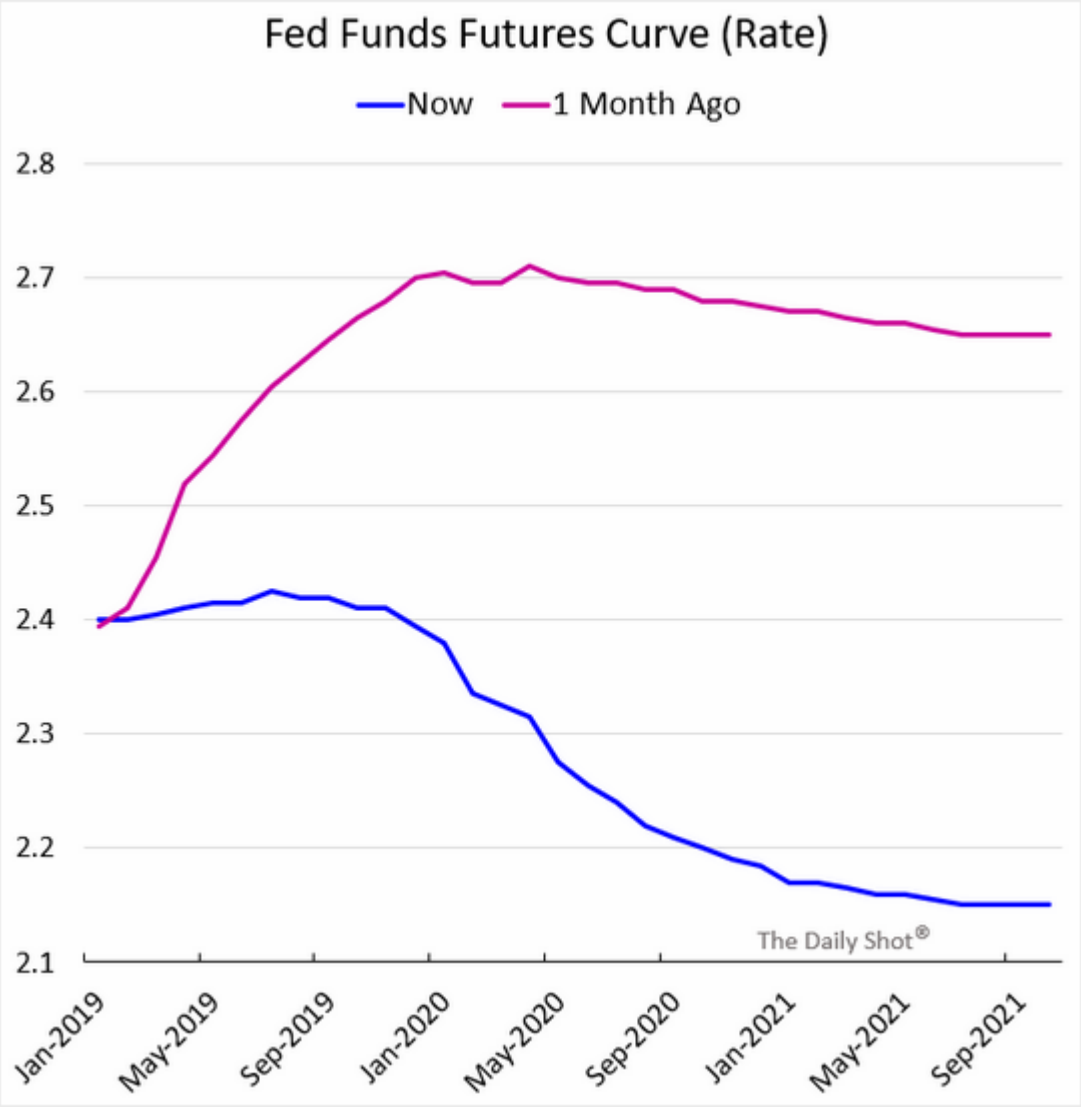
Source: Wall Street Journal

Markets Expect Fed to Pull Back on Rate Increases



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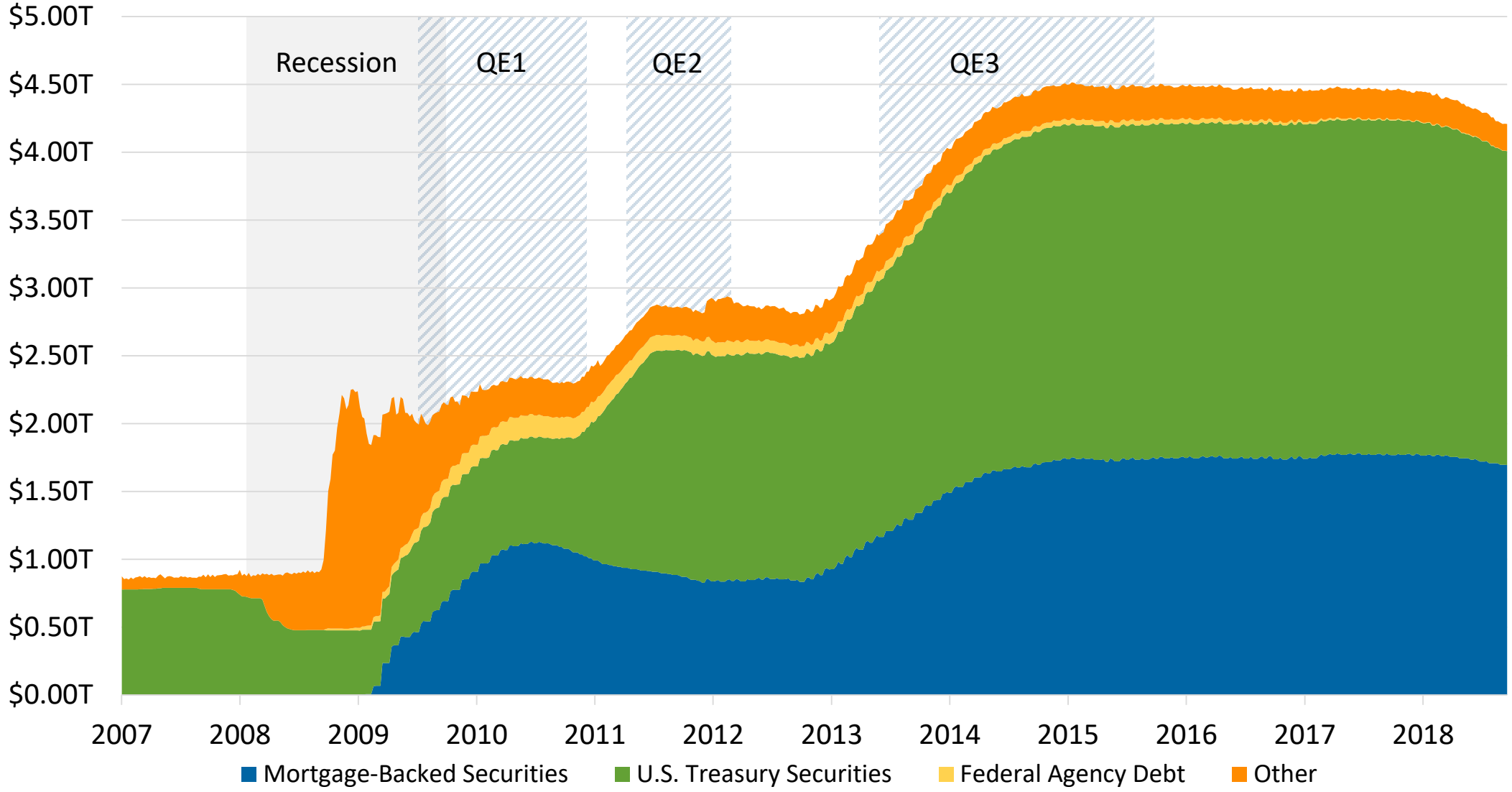
Source: Wall Street Journal

The Fed Reduces its Balance Sheet



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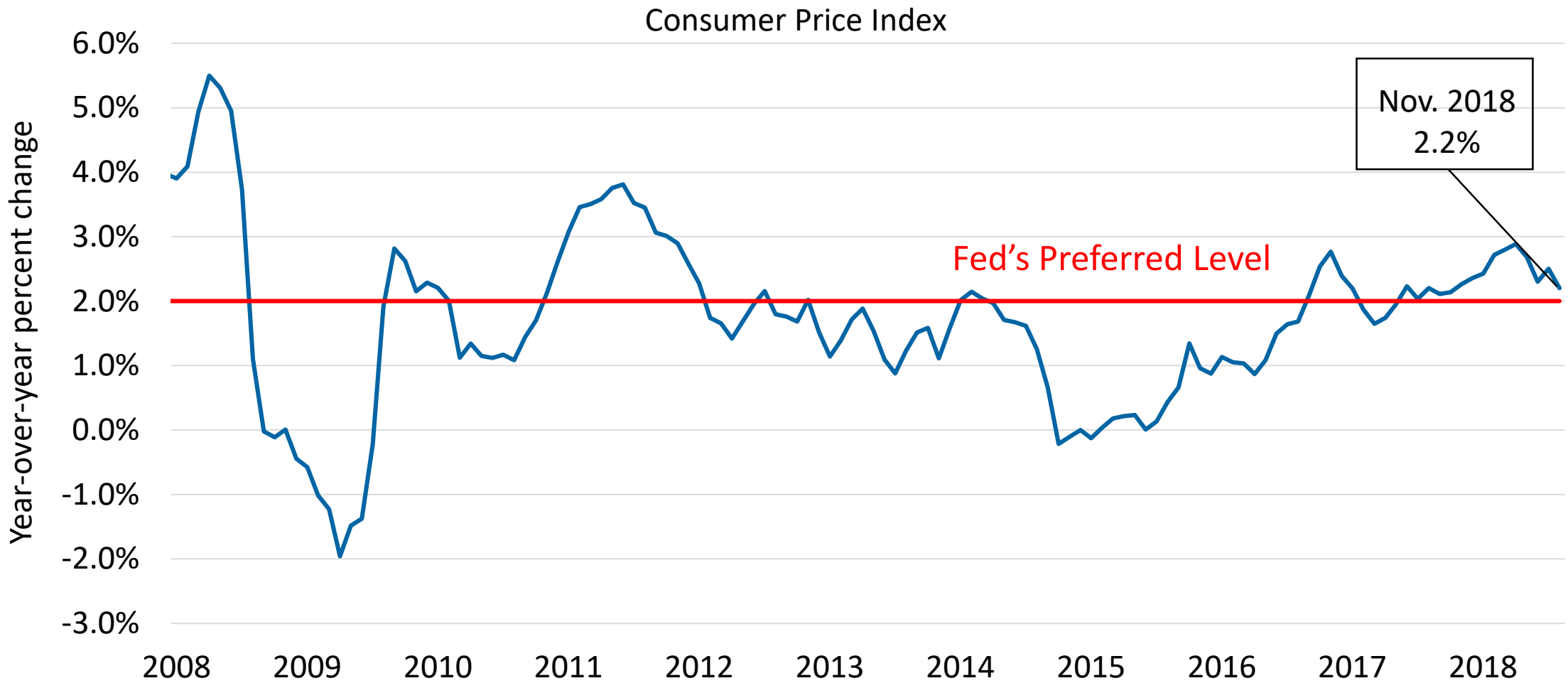
Source: Federal Reserve Bank of St. Louis

Inflation Remains Above 2%



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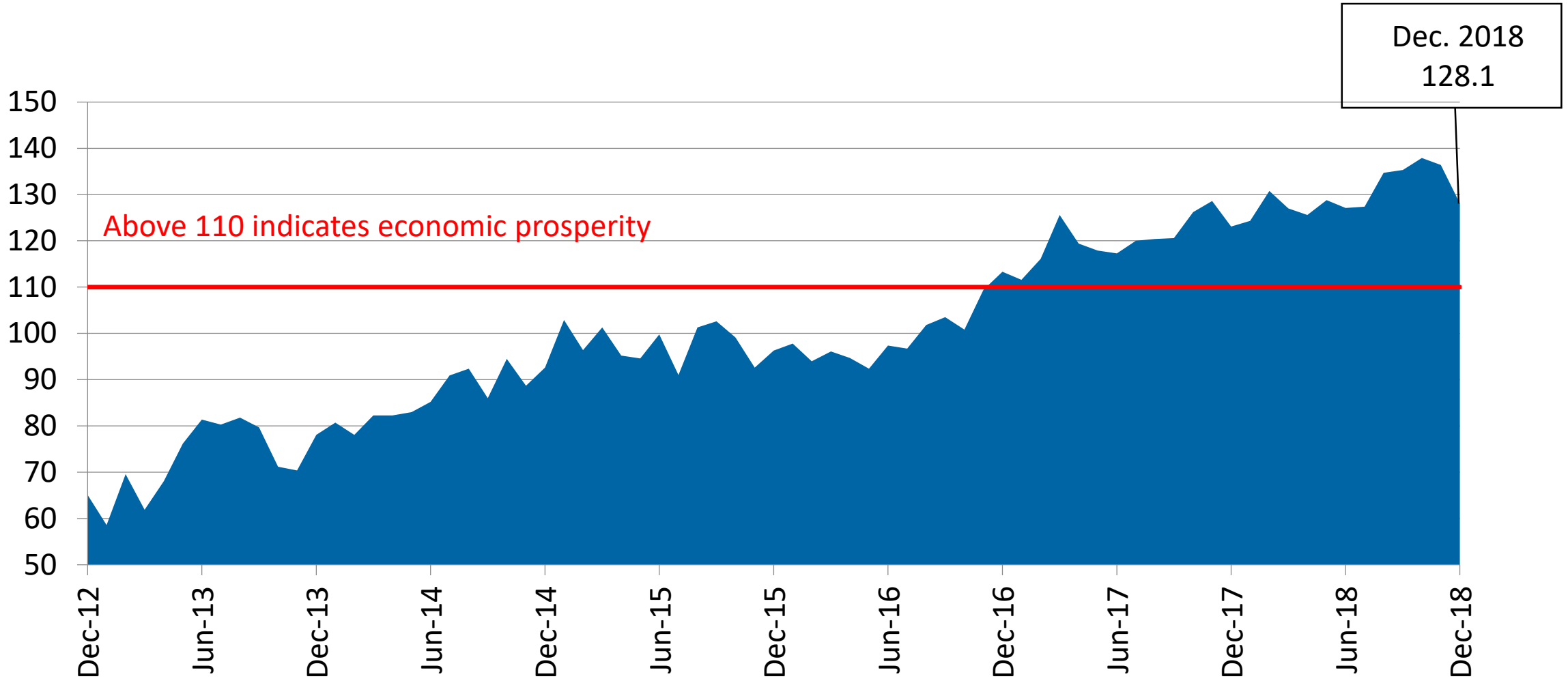
Source: Bureau of Labor Statistics

Consumer Confidence Declines, but Remains High



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Source: The Conference Board

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Robert Spendlove

Economic and Public Policy Officer

Email: Robert.Spendlove@zionsbank.com

Phone: 801-560-5394

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