

Zions Bank Economic Overview

Economic Outlook and Revenue Assessment Committee

- January 2, 2020



Looking Back a Year

- Equity markets were dropping
- Yield curve inversion created by Fed rate increases
- Government shutdown
- Trade war with China and uncertainty over USMCA
- Inflation pressure mounted

Equity Markets Reach New Highs

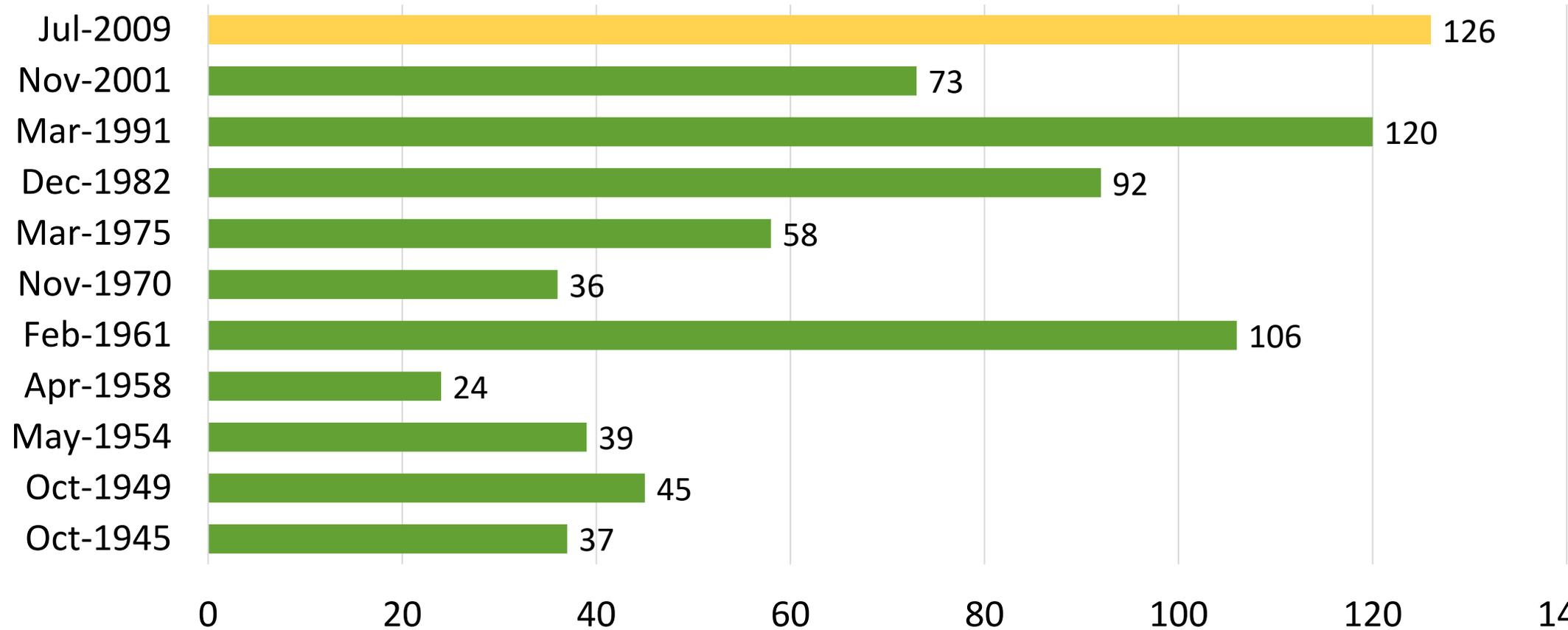
Dow Jones Industrial Average



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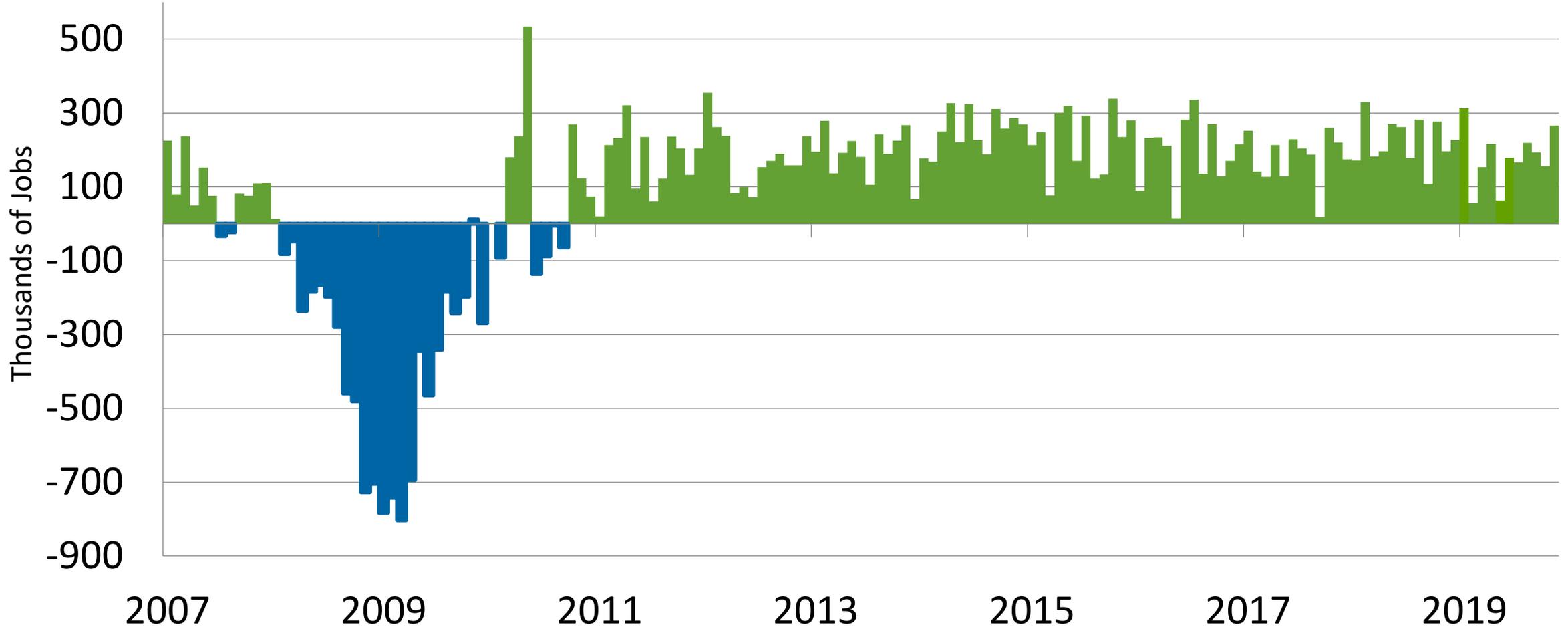
Longest Economic Expansion on Record

Duration of Economic Expansion by Months



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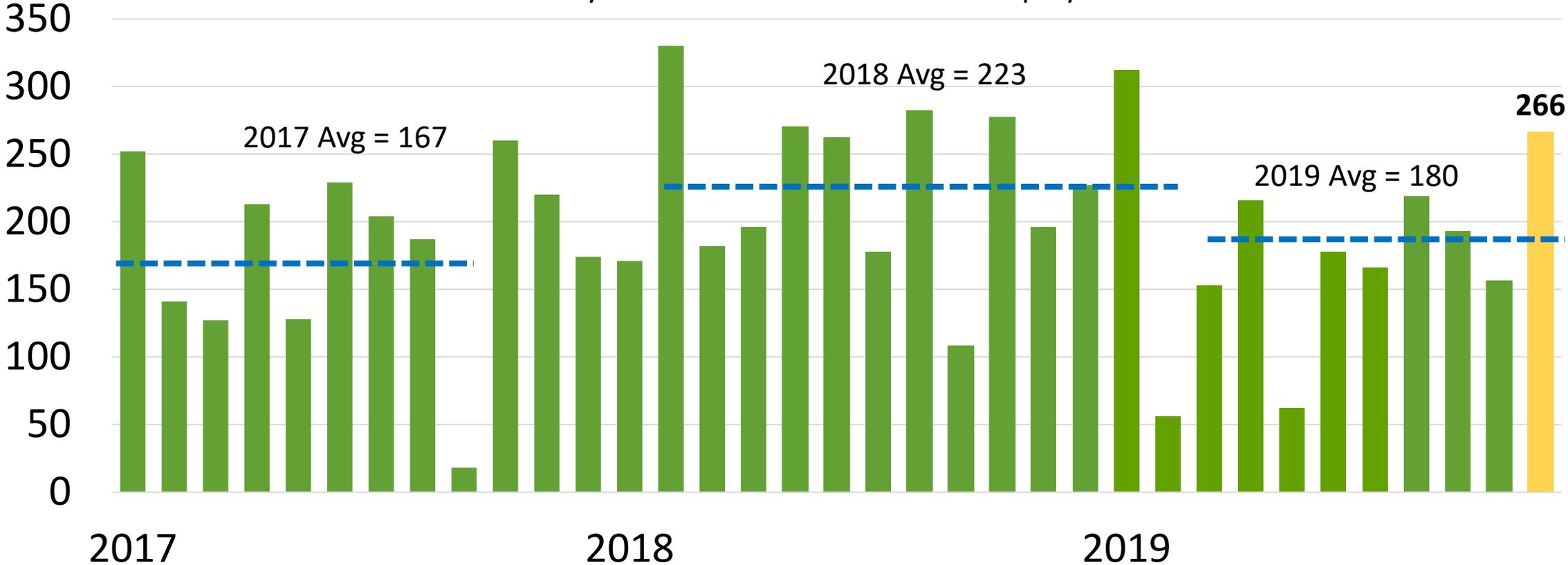
110 Consecutive Months of Job Creation



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Job Creation Remains Strong

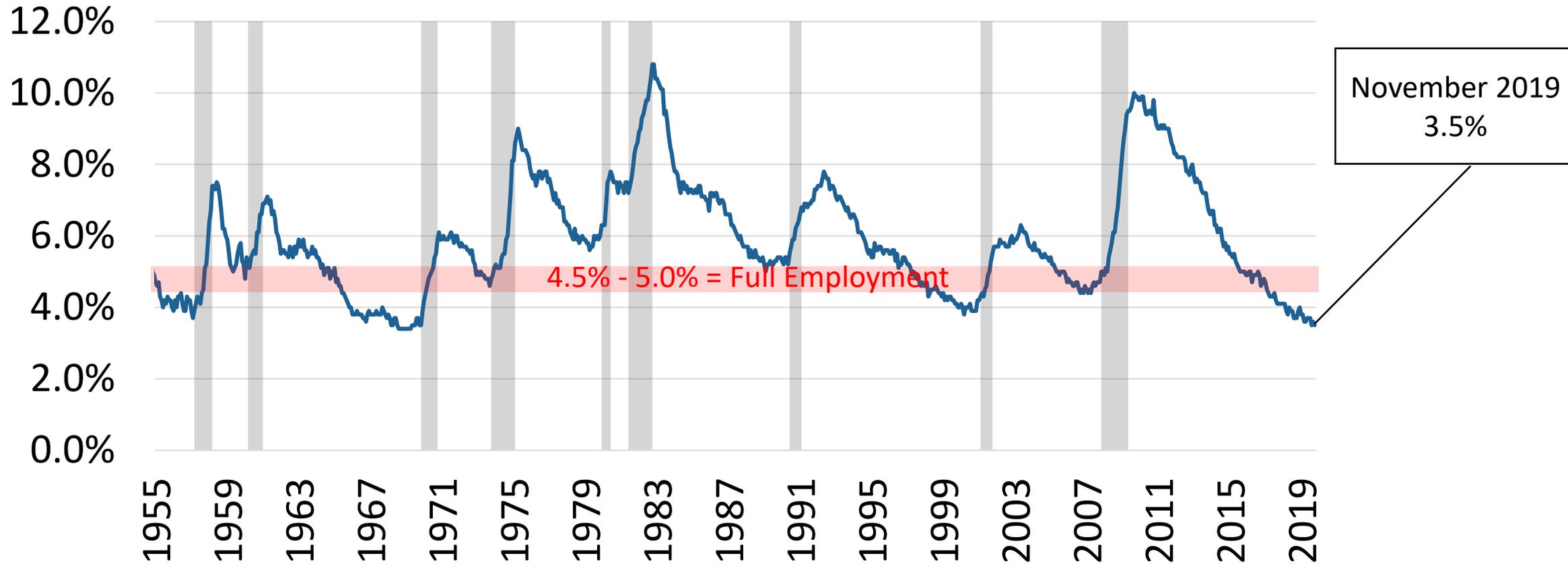
Monthly Job Creation: Thousands of Employees



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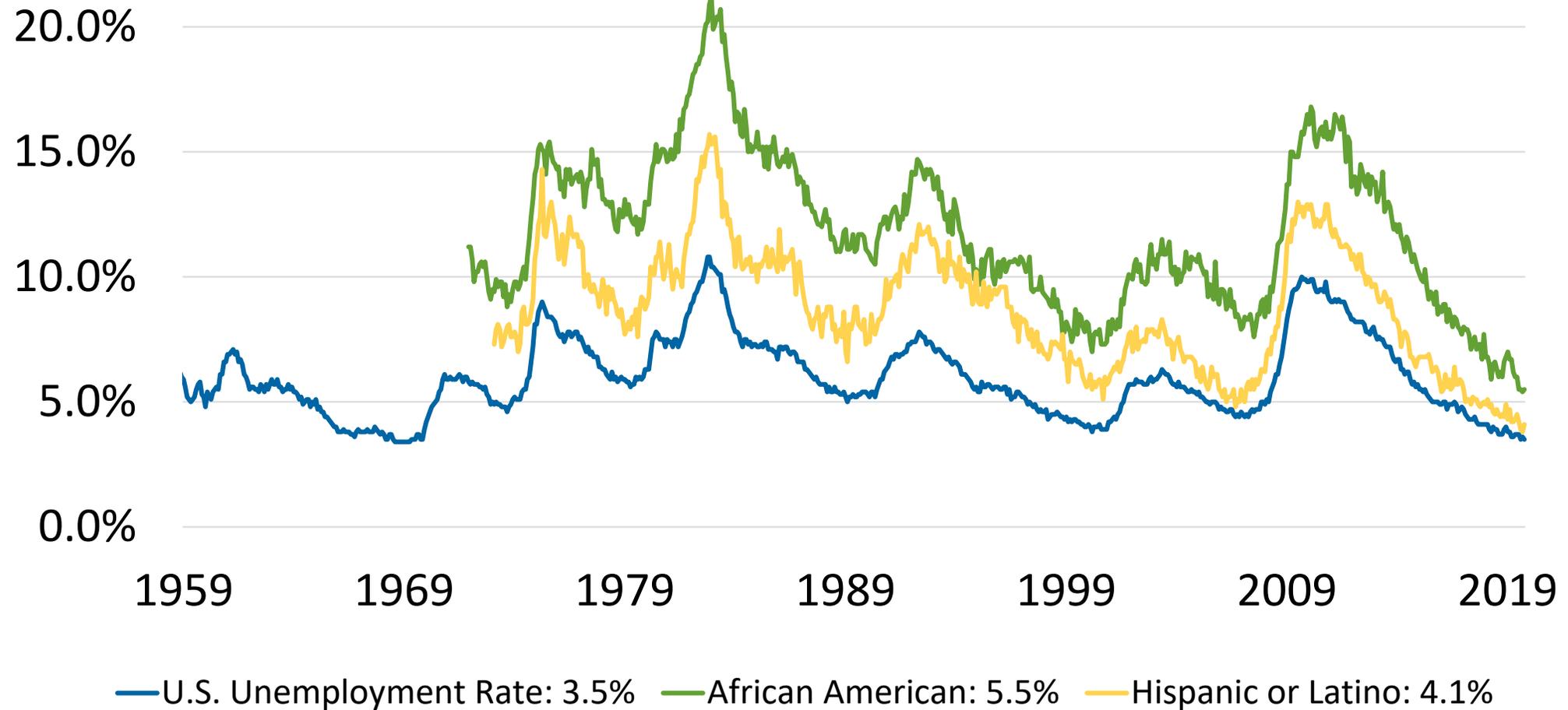
Source: Bureau of Labor Statistics

US Unemployment Rate At Lowest Level in 50 Years



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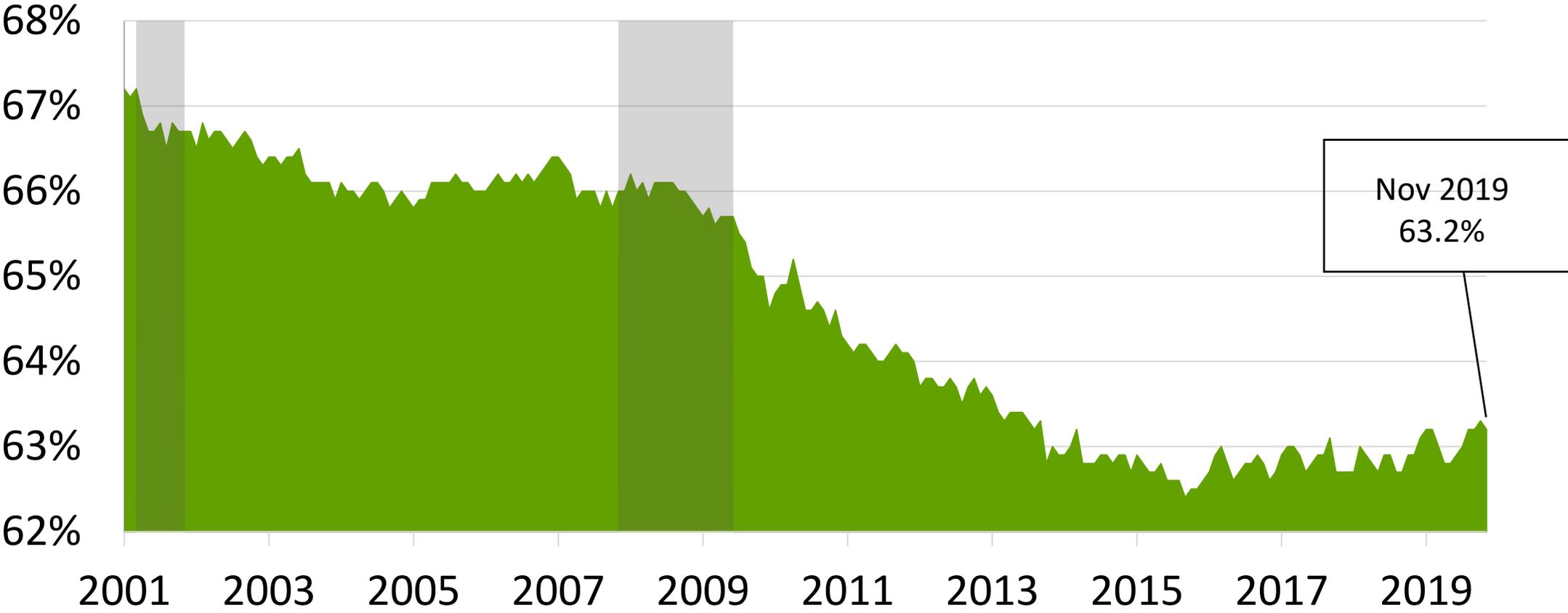
Unemployment Hitting Record Lows



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Labor Force Participation Highest Since 2013

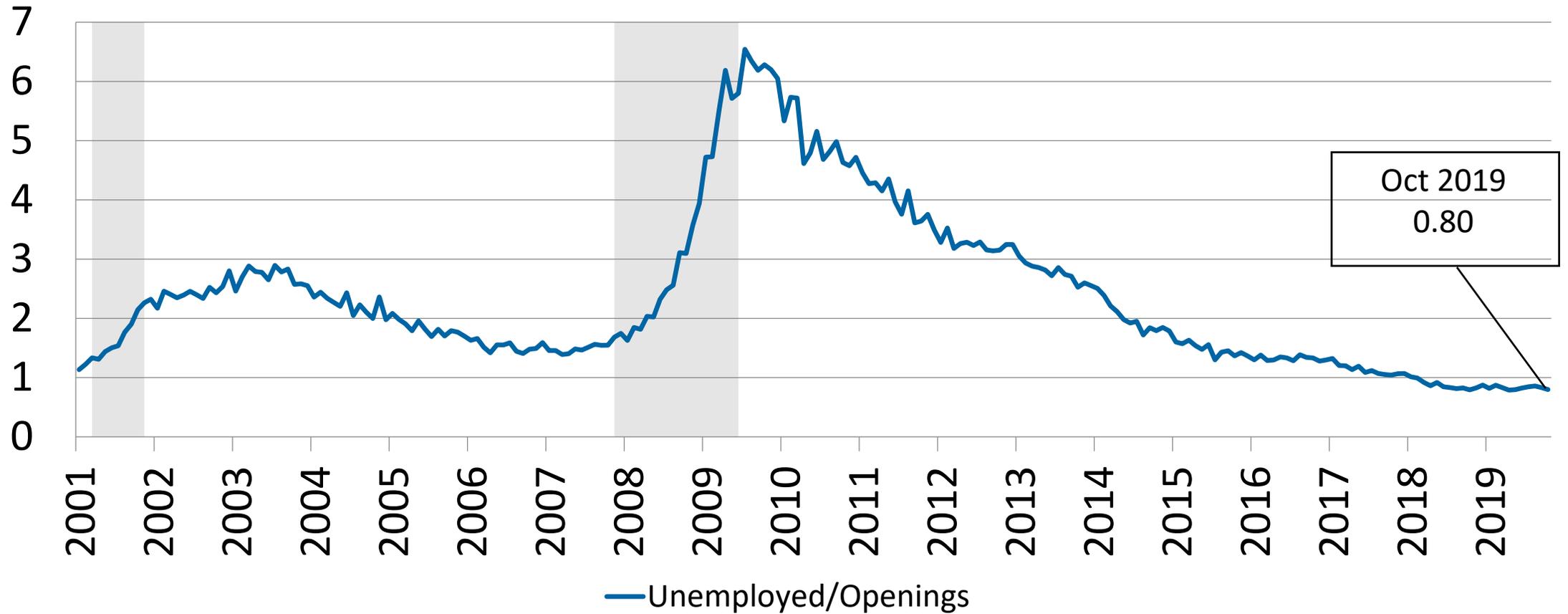
U.S. Labor Force Participation Rate



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Source: Bureau of Labor Statistics

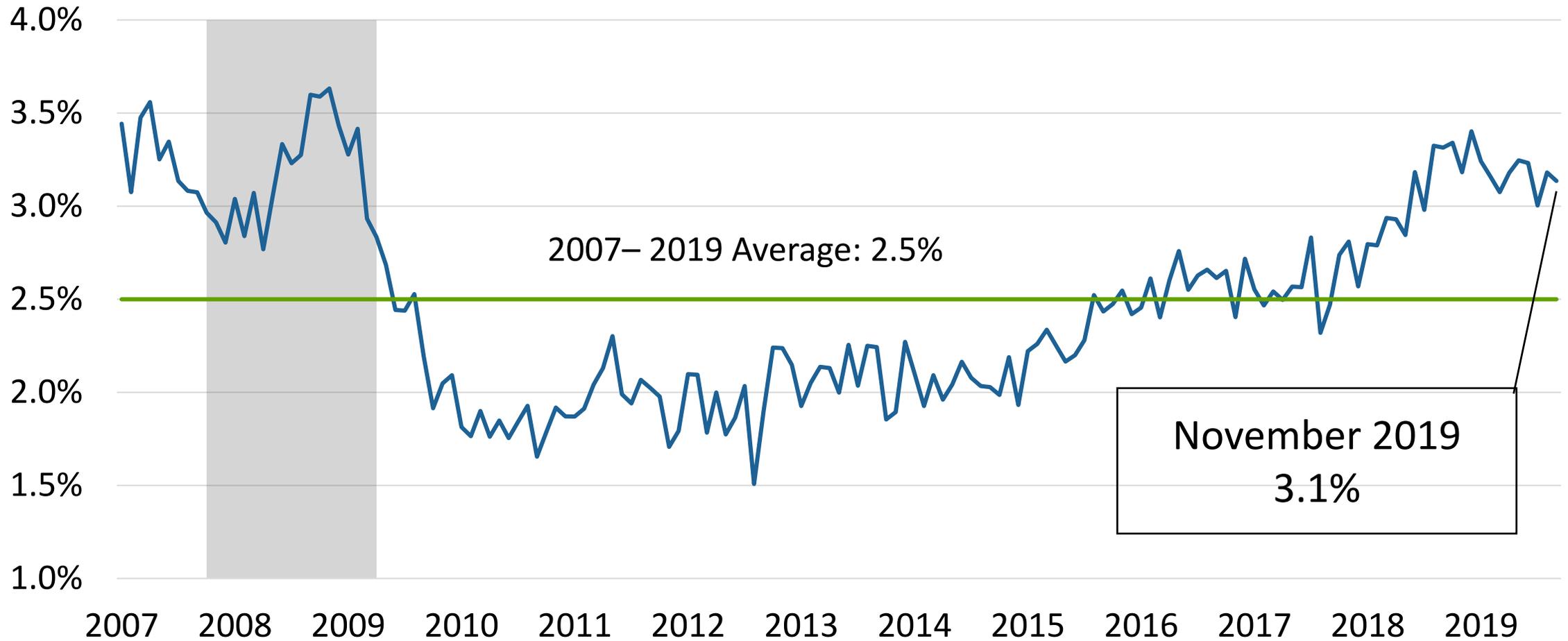
Fewer than One Unemployed Worker Per Job Opening



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Wage Growth Tapering

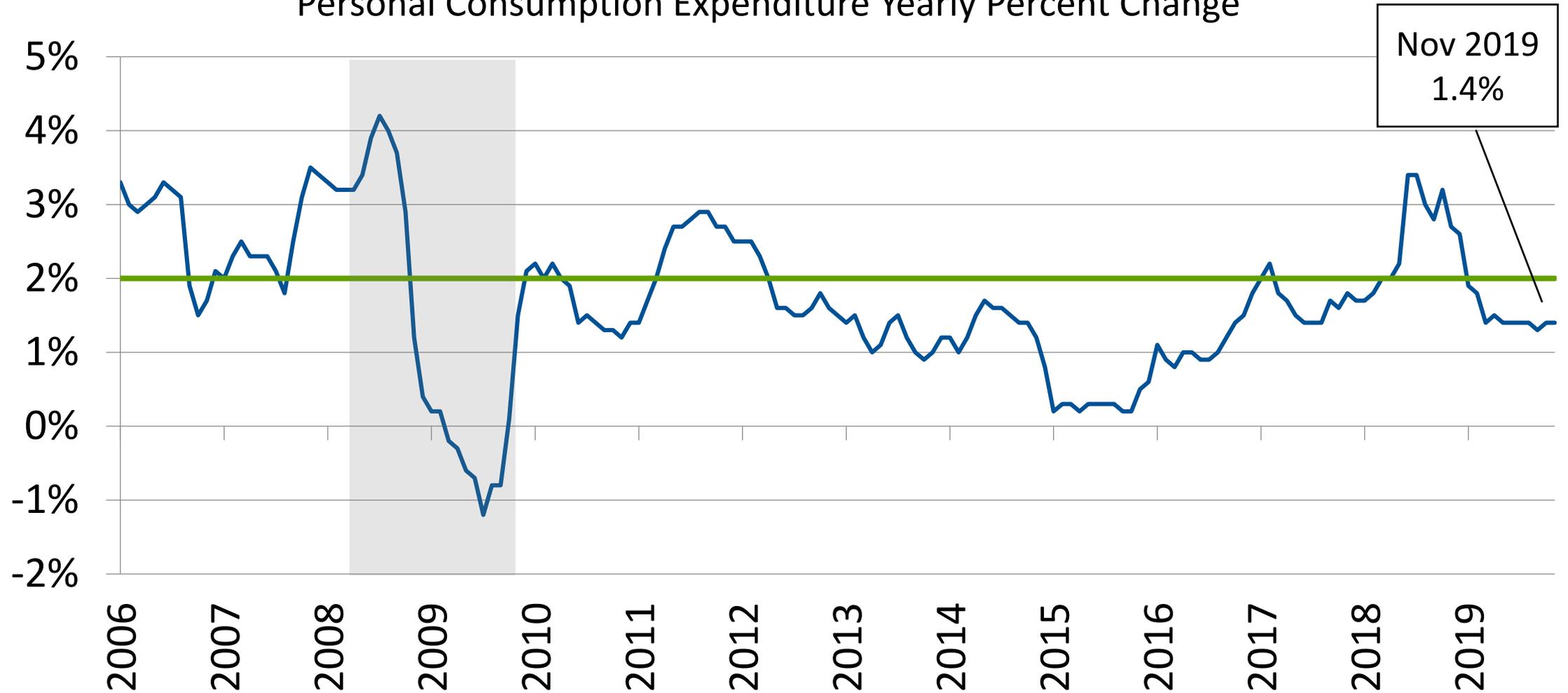
Wage Growth: Percent Change from Year Before



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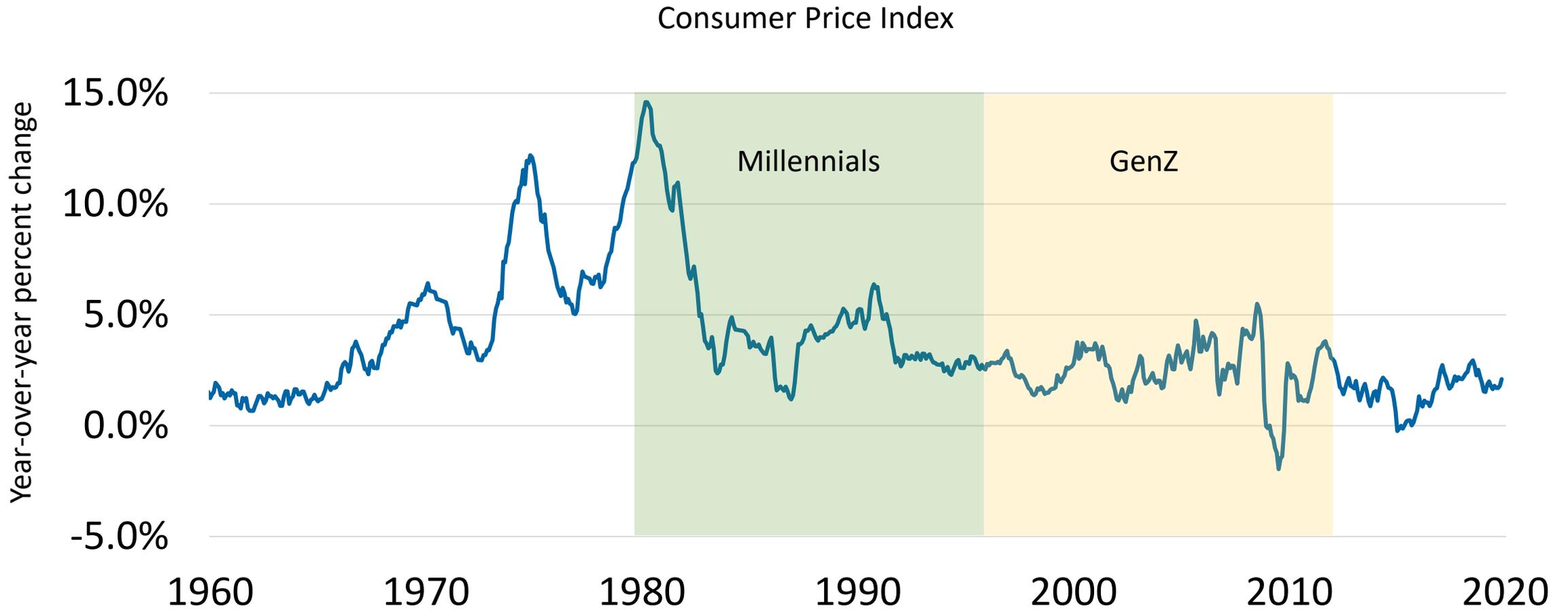
Inflation is Below the Fed's 2% Goal

Personal Consumption Expenditure Yearly Percent Change



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Inflation? What's That?



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Services Sector Remains Solid

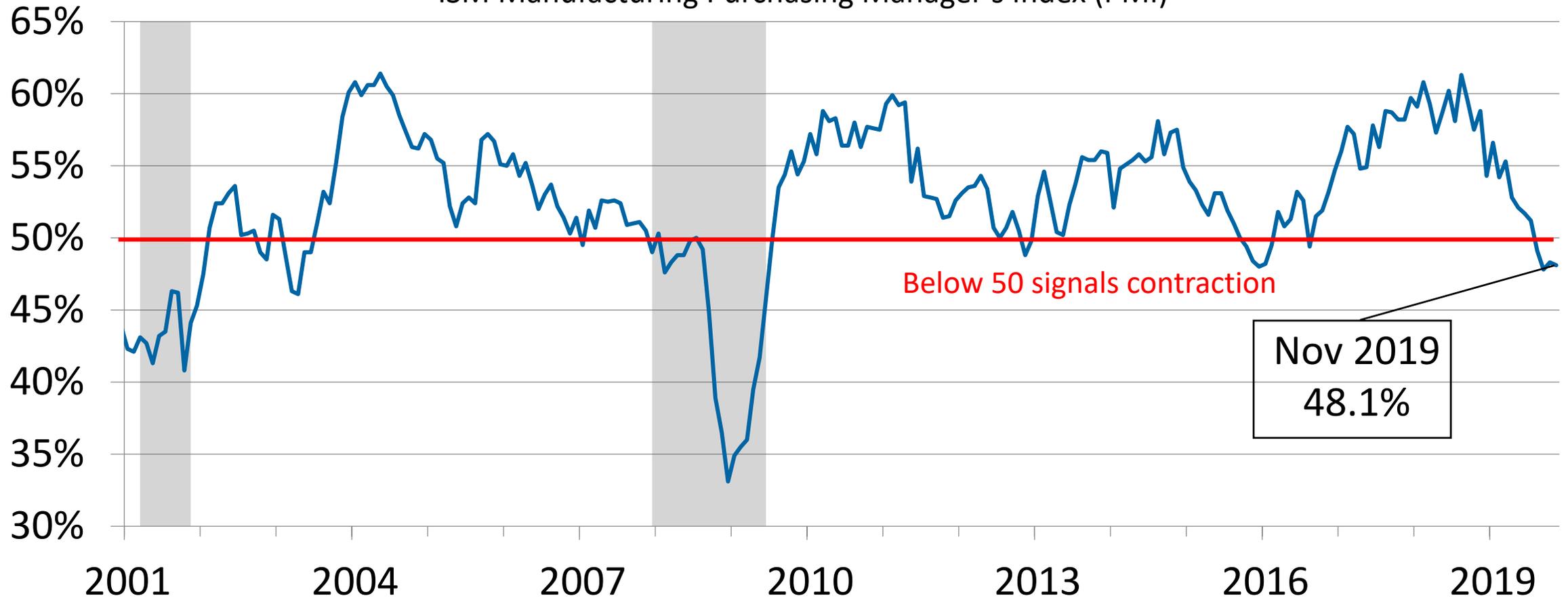
ISM Non-Manufacturing Purchasing Manager's Index (PMI)



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Manufacturing Sector Contracting

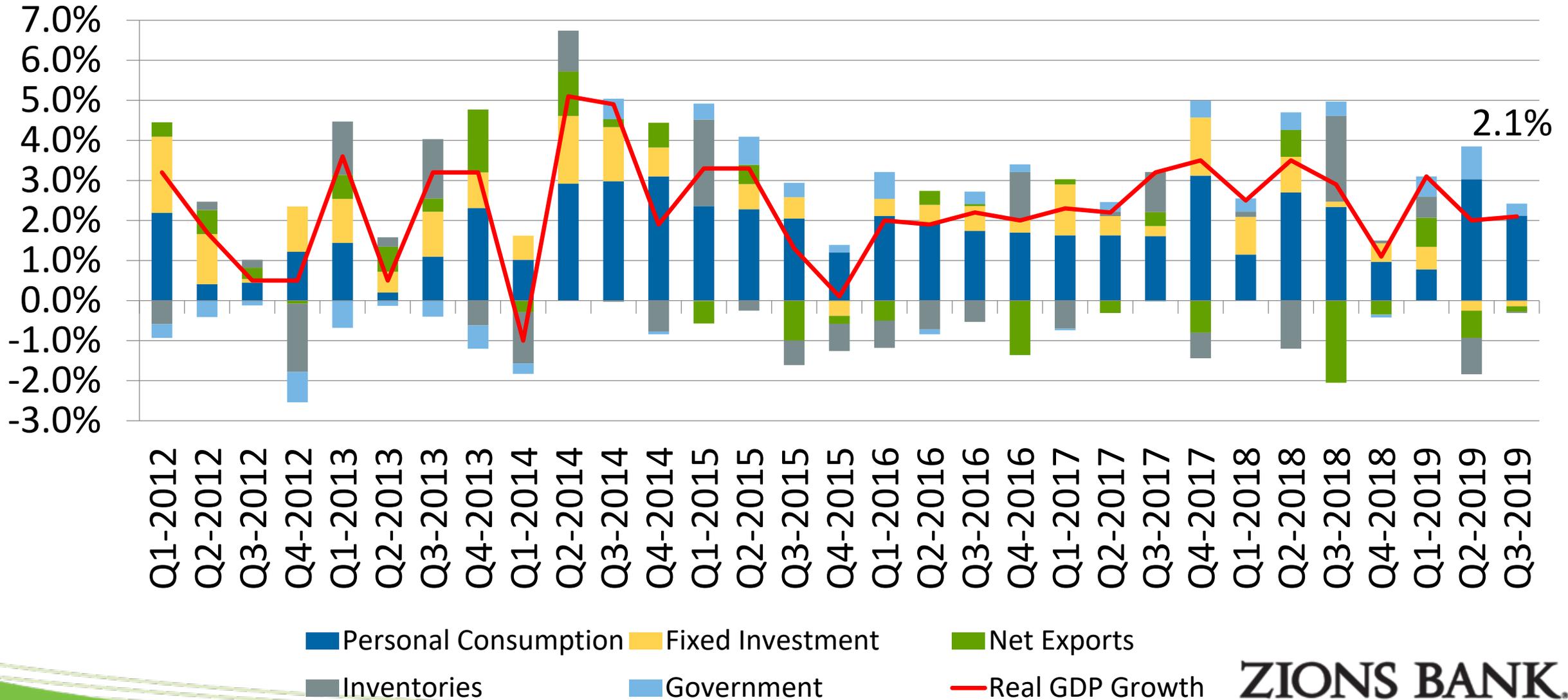
ISM Manufacturing Purchasing Manager's Index (PMI)



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Economic Growth Slowed in Q3 2019

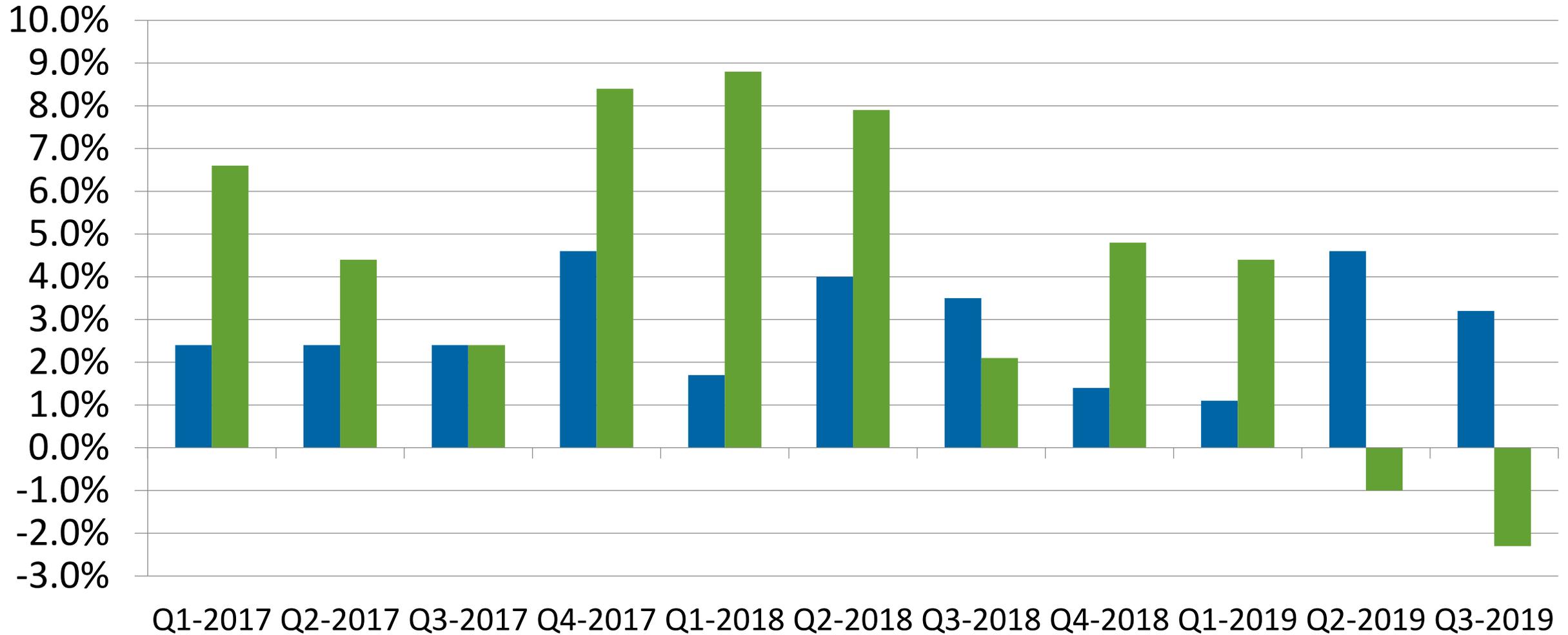
Gross Domestic Product



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Consumer Spending vs Business Investment

Percent change from preceding period



■ Consumer Spending (PCE) ■ Business Investment

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Dollar Index Declining From All Time High

Trade Weighted Dollar Index



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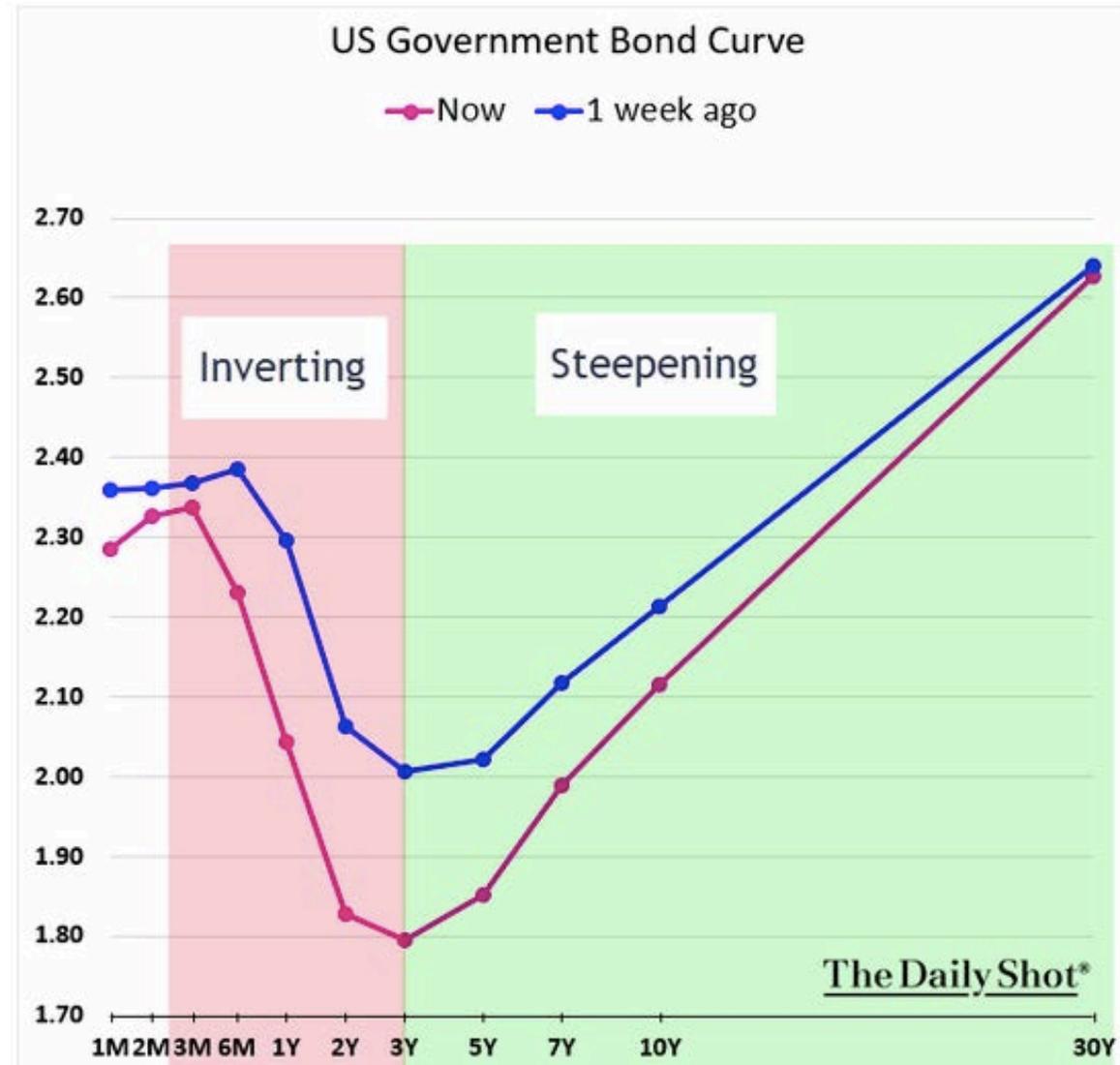
Oil Prices Remain Low



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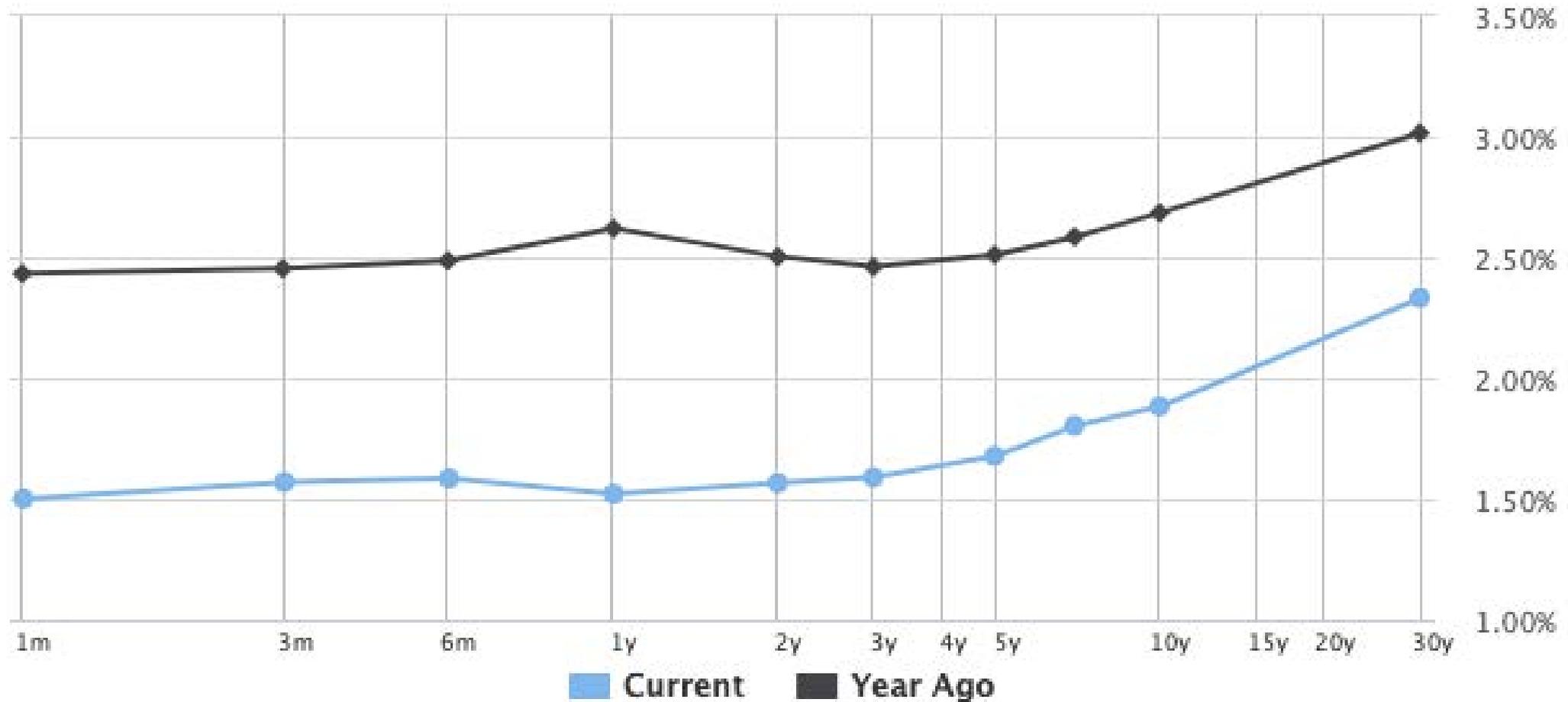
2019 Saw Deep Yield Curve Inversion

June 7, 2019



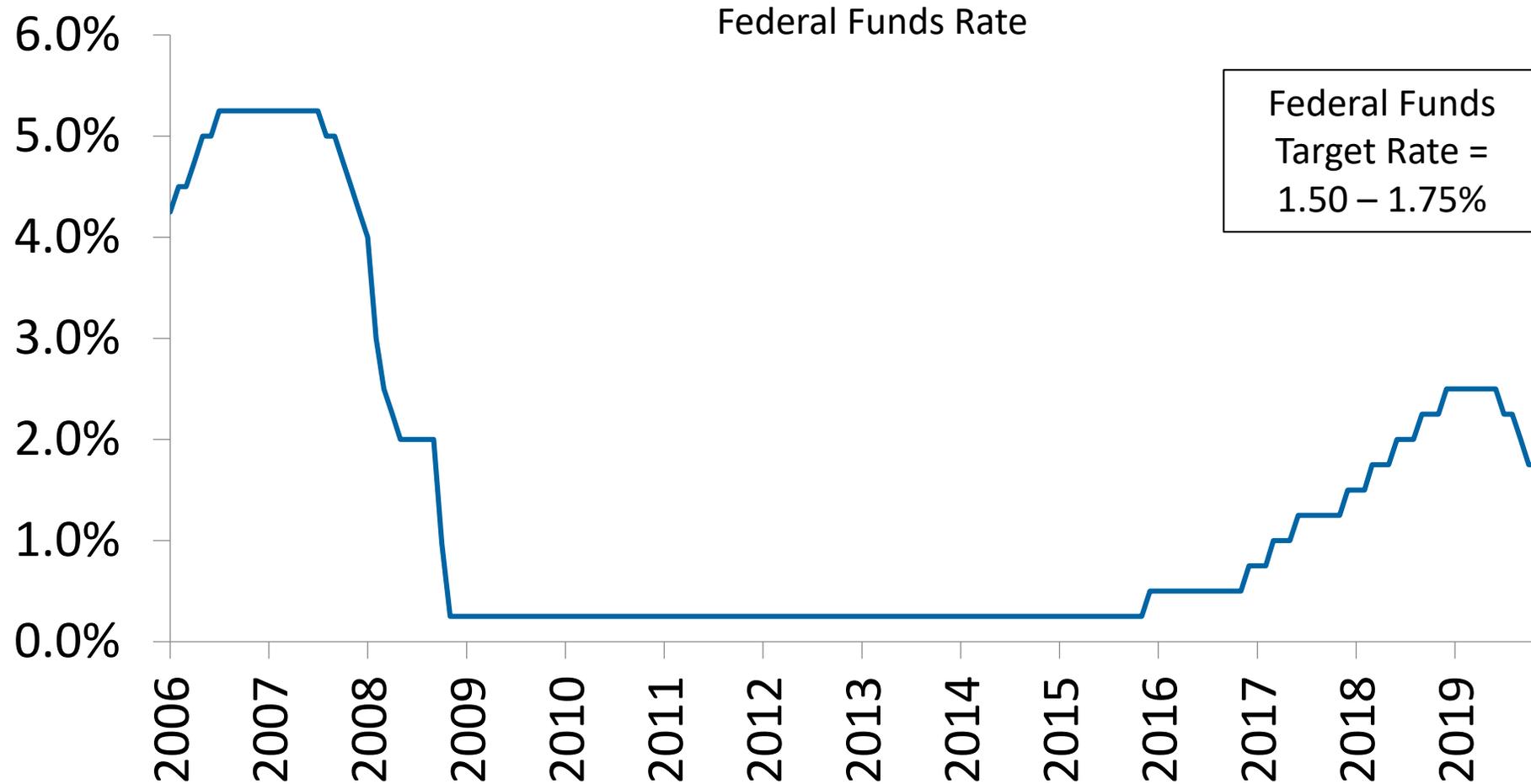
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The Inverted Yield Curve Has Largely Gone Away



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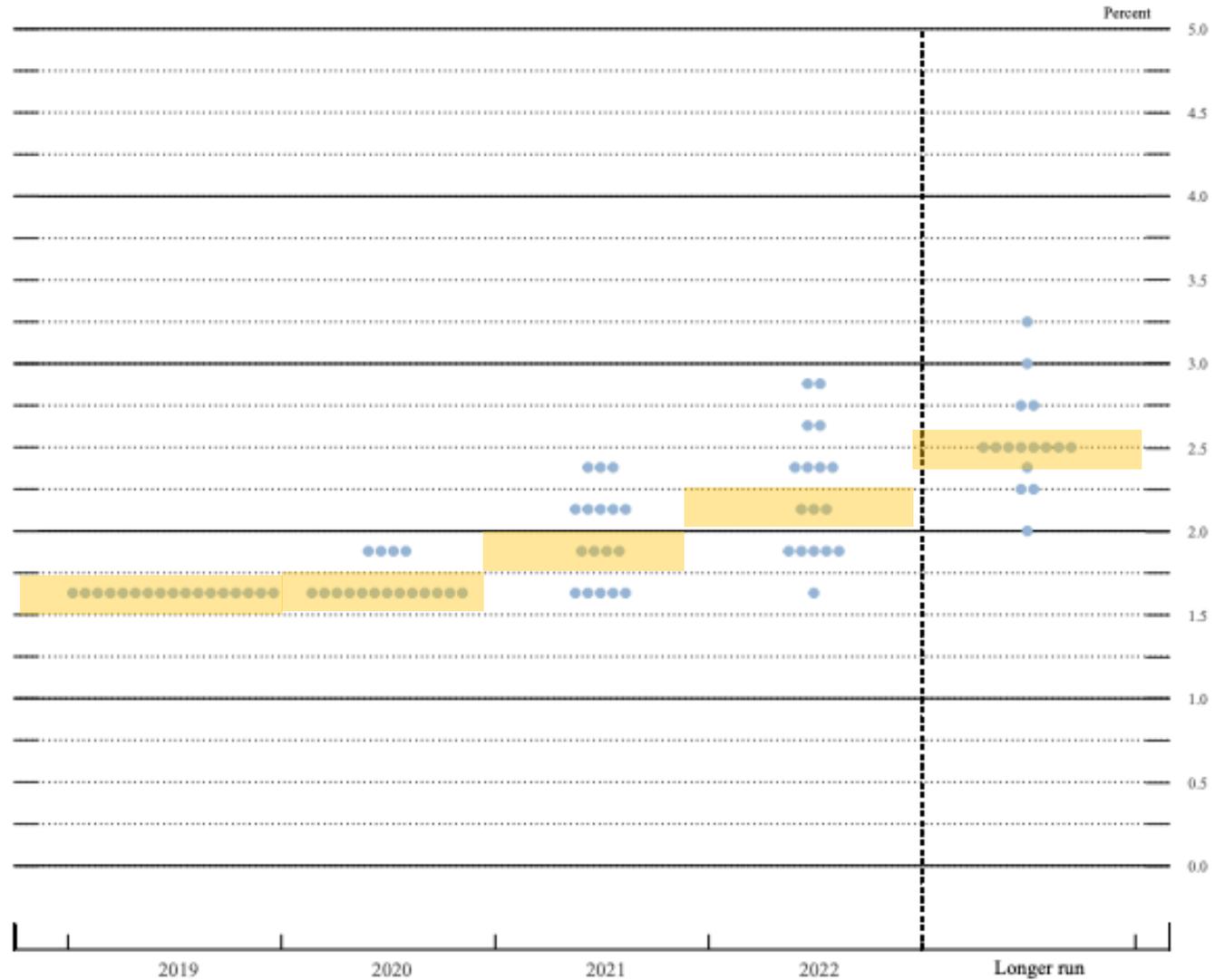
Fed Cut Rates Three Times in 2019



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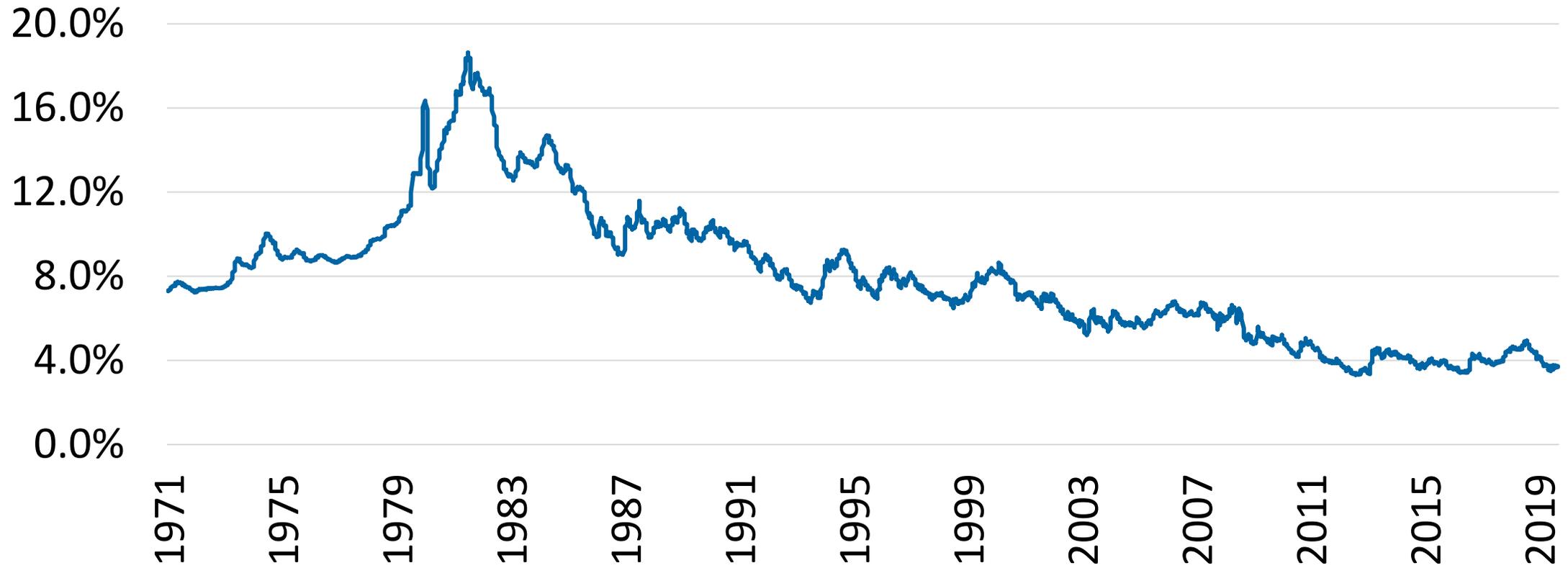
Federal Funds Rate Forecast

(December 2019)



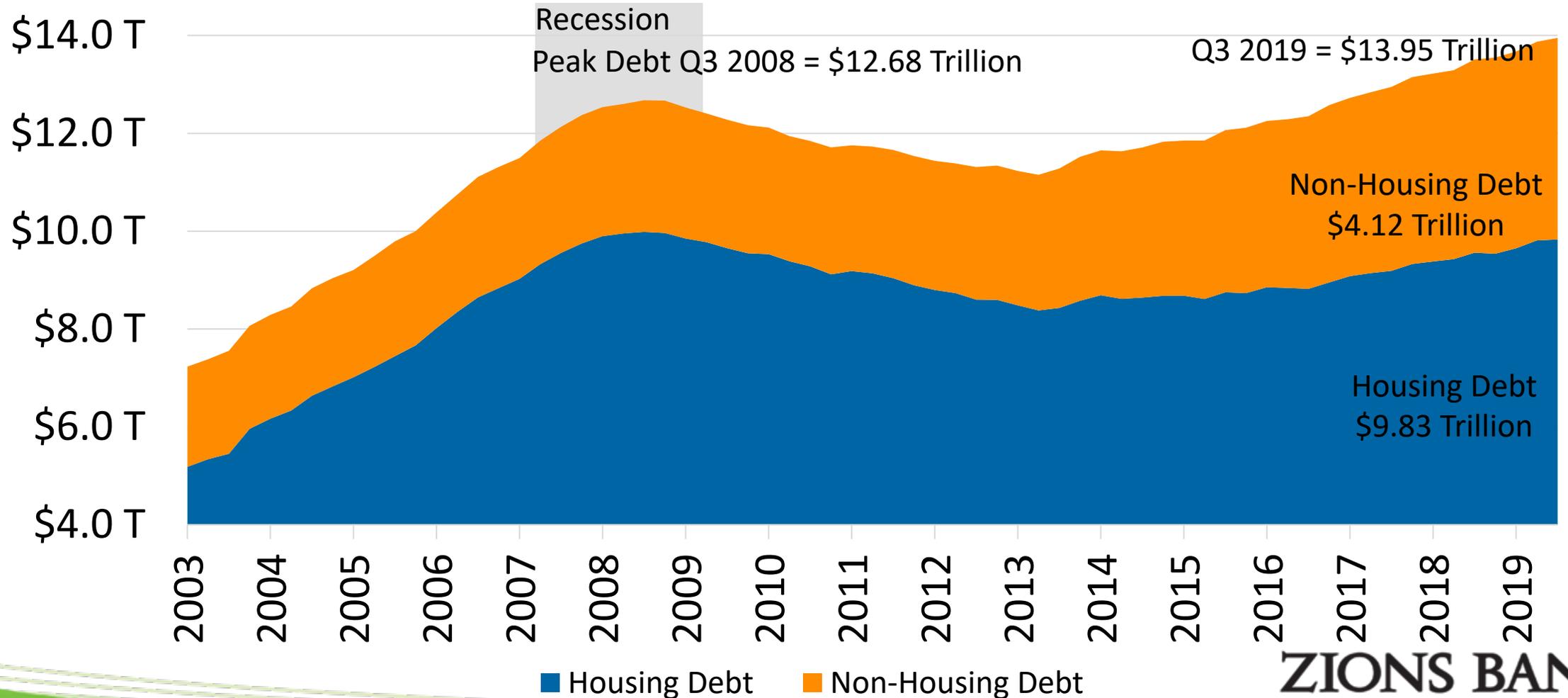
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Mortgage Rates Dropped Below 4% in 2019



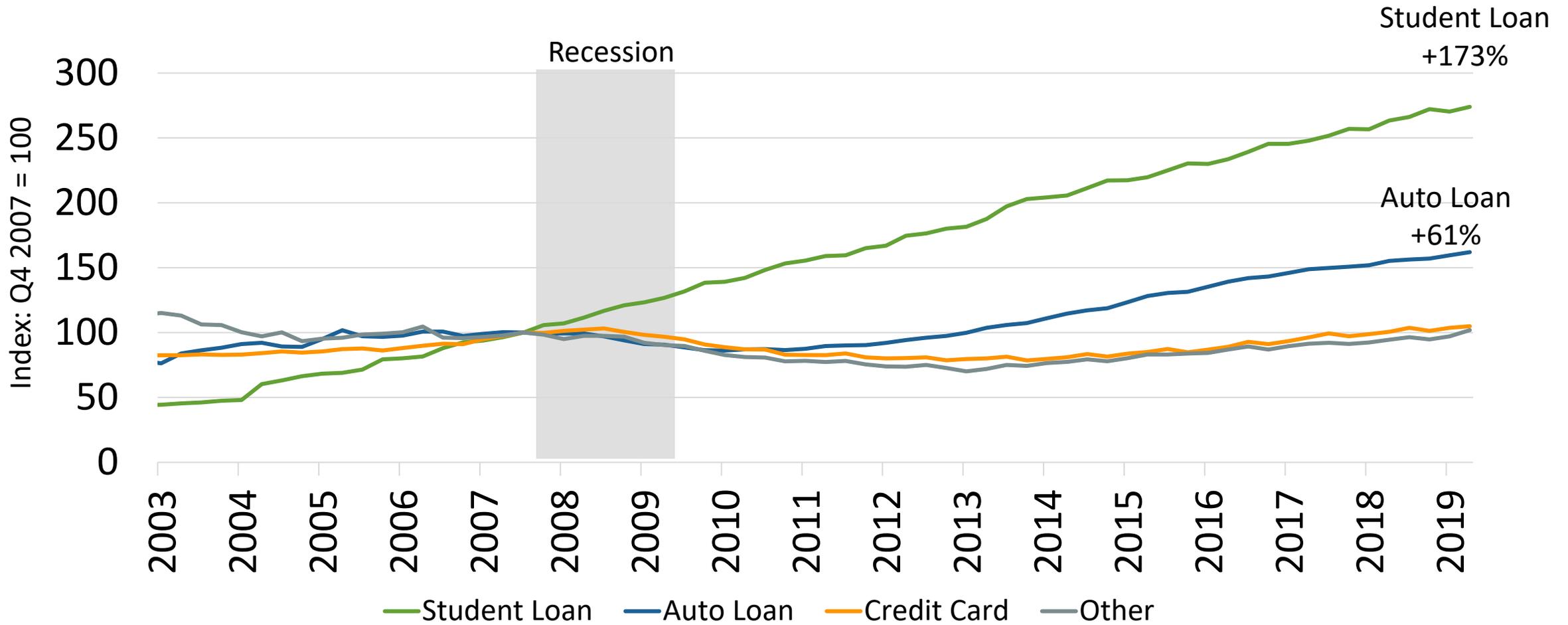
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Total Household Debt Reaches All-Time High



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



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Economic Summary and Outlook

- ↑ • US economic expansion longest in US history
- ↑ • Job growth and unemployment better than expectations
- ↓ • Wage growth and inflation continue to disappoint
- ↑ • Labor productivity looking good
- ↓ • Manufacturing activity and trade wars drag on growth
- ↔ • Interest rates on hold
- ↑ • Regional population and employment growth remains strong
- ↓ • Labor shortages in the West are becoming more pronounced
- ↓ • Rising debt levels create longer term risk

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