Zions Bank Economic Overview

Economic Outlook & Revenue Assessment Committee

January 7, 2021

The COVID-19 Pandemic is a Black Swan Event

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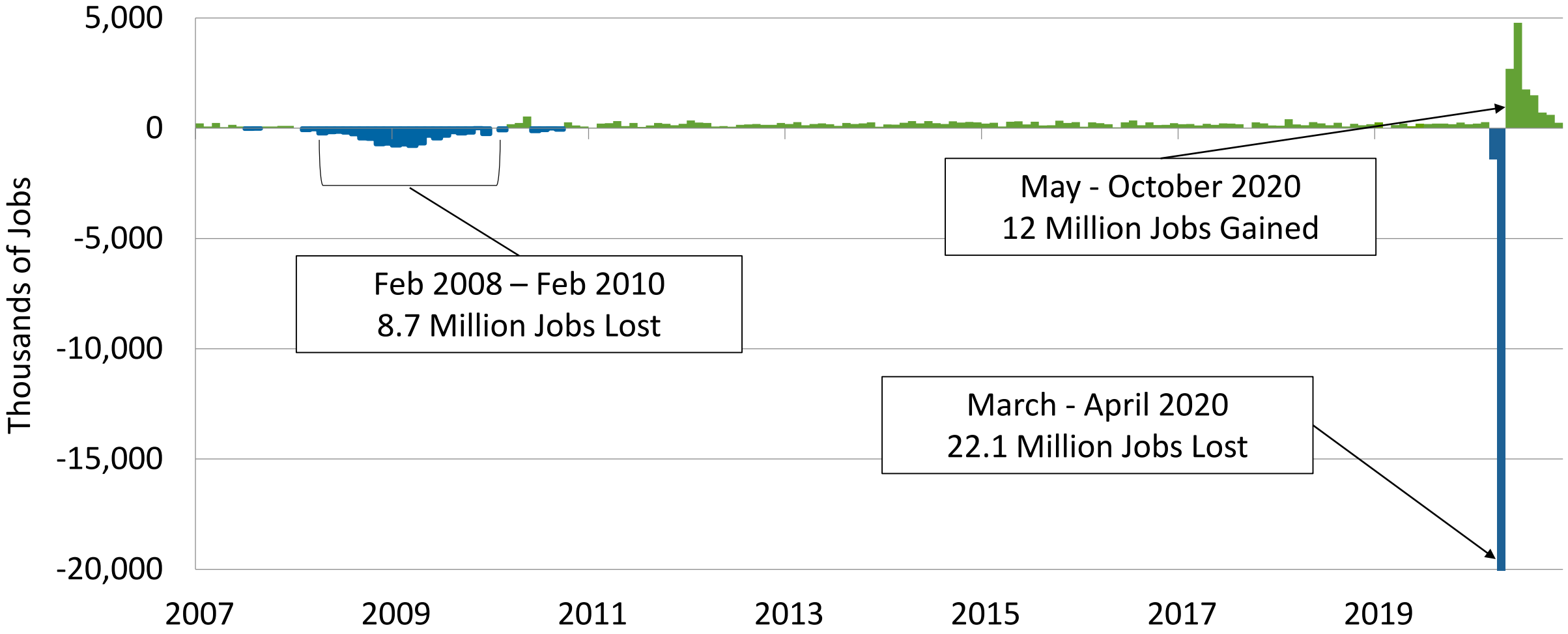
Large Swings in Job Trends



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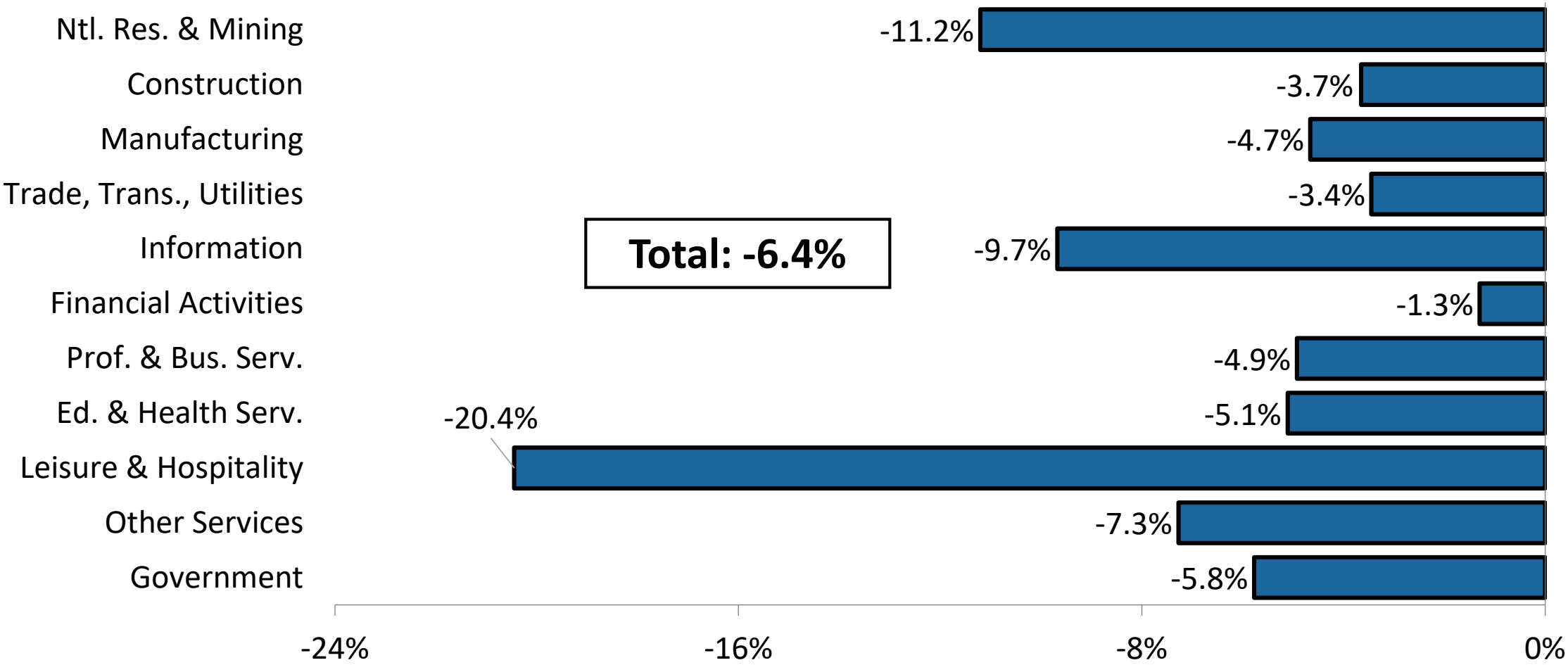
Source: Bureau of Labor Statistics

All Major Industries Have Been Hit

Percent Change in National Employment by Industry: February 2020 to November 2020



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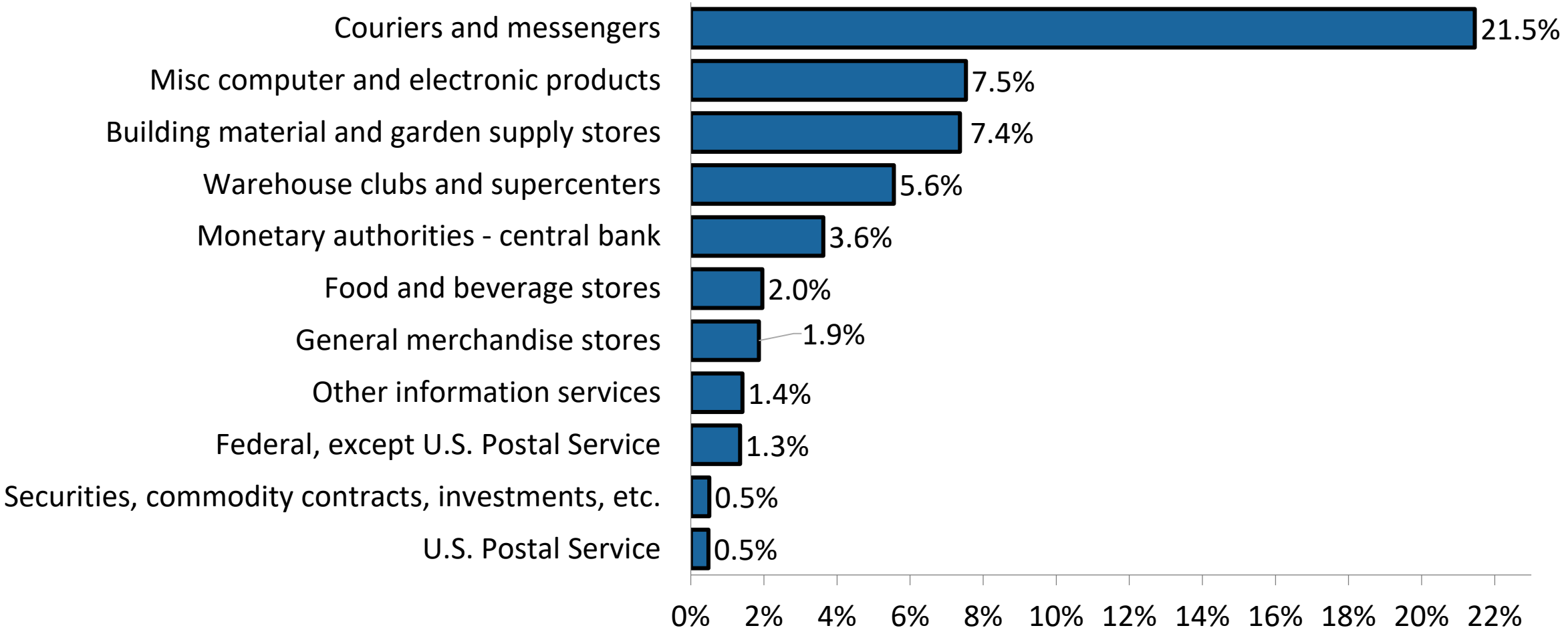
Source: Bureau of Labor Statistics

… But Some Sectors are Thriving

Percent Change Employment: February 2020 to November 2020



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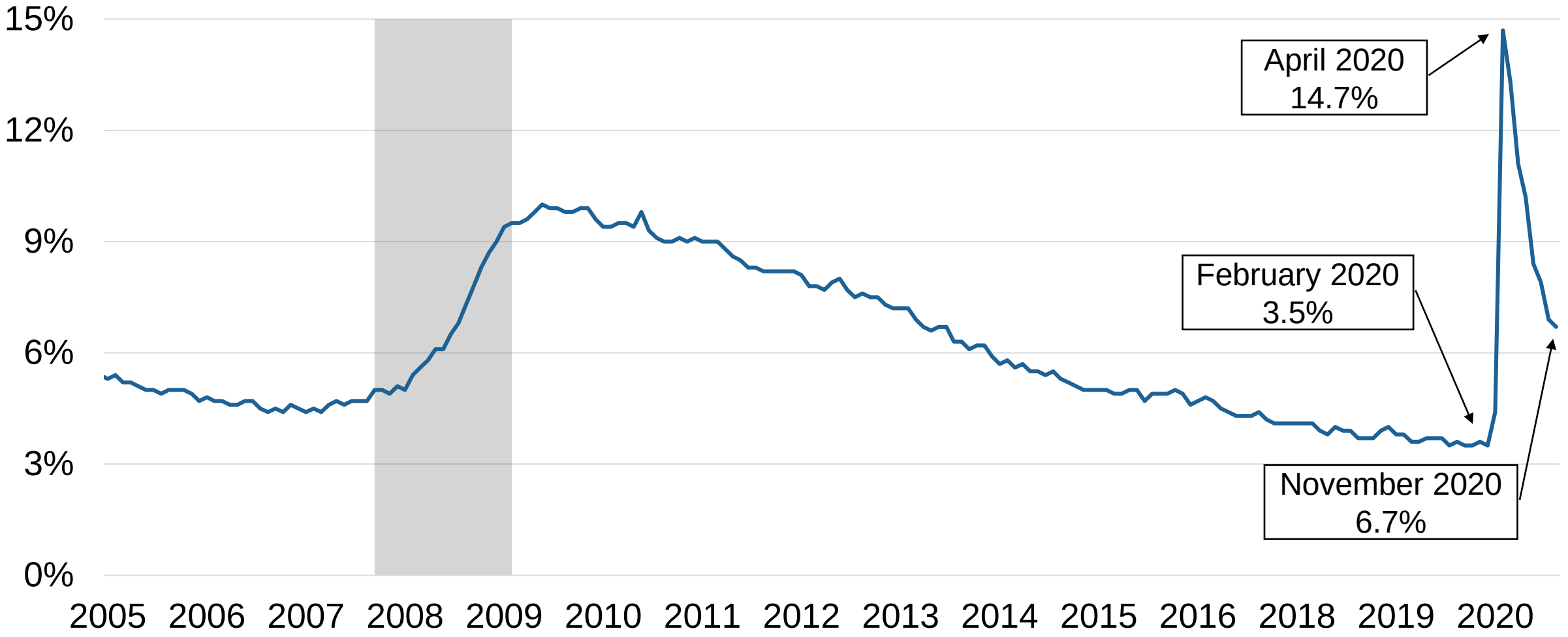
Source: Bureau of Labor Statistics

US Unemployment Dropping but Remains High



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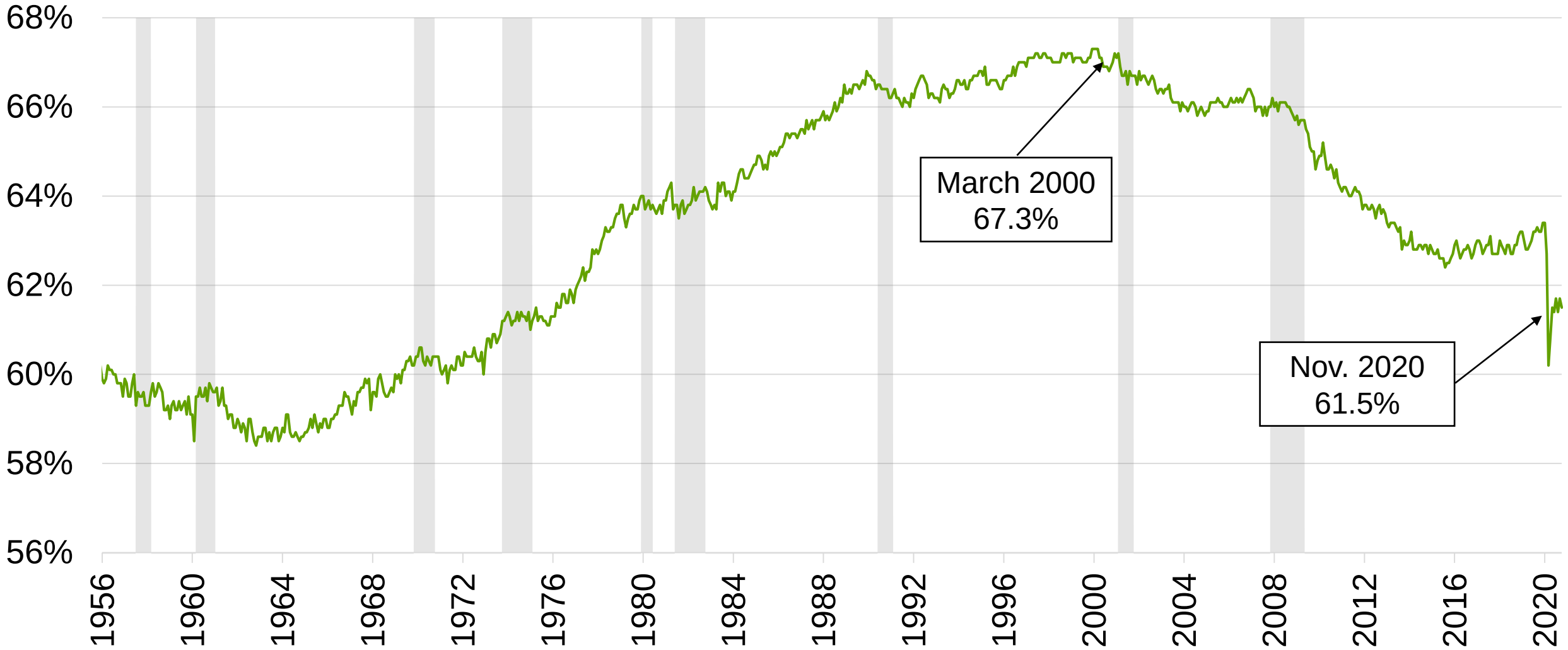
Source: U.S. Bureau of Labor Statistics

Labor Force Participation Lowest Since 1976



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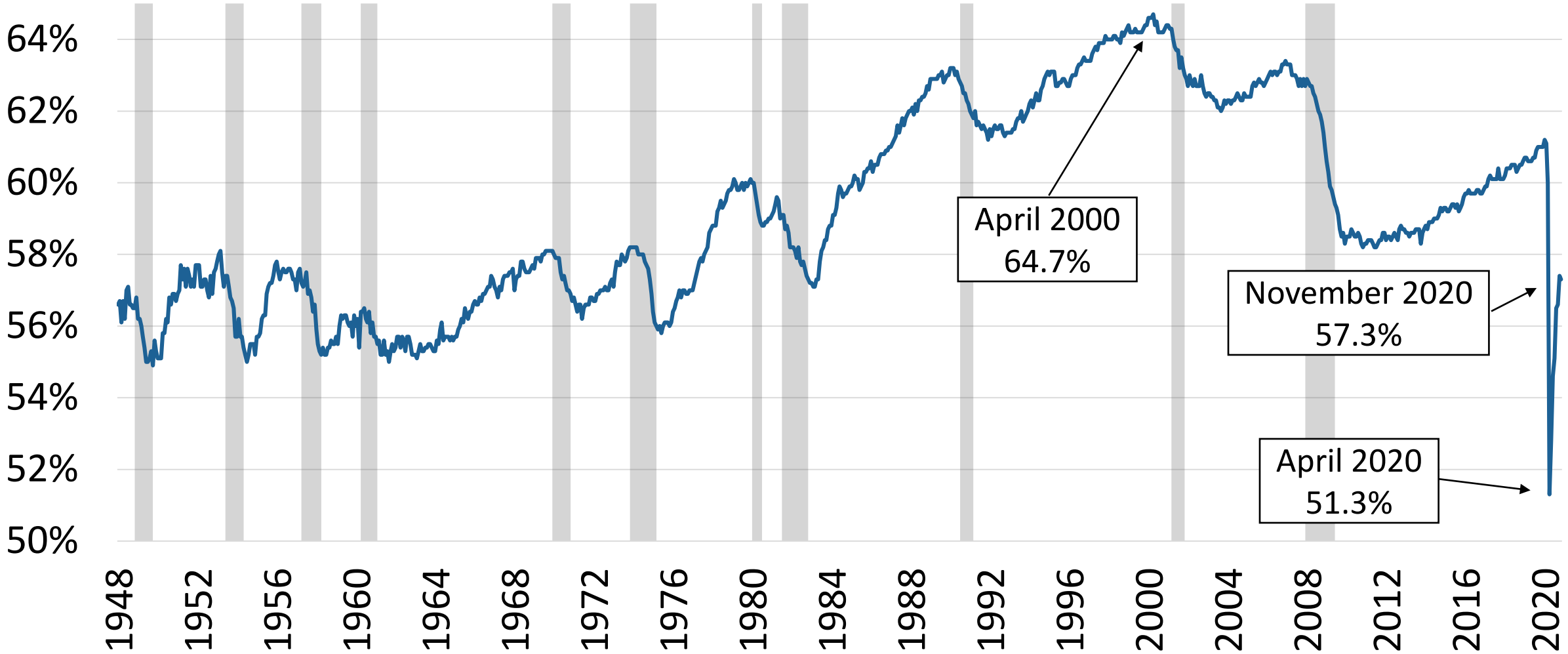
Source: Bureau of Labor Statistics

Employment to Population Ratio Improving but Still Lower



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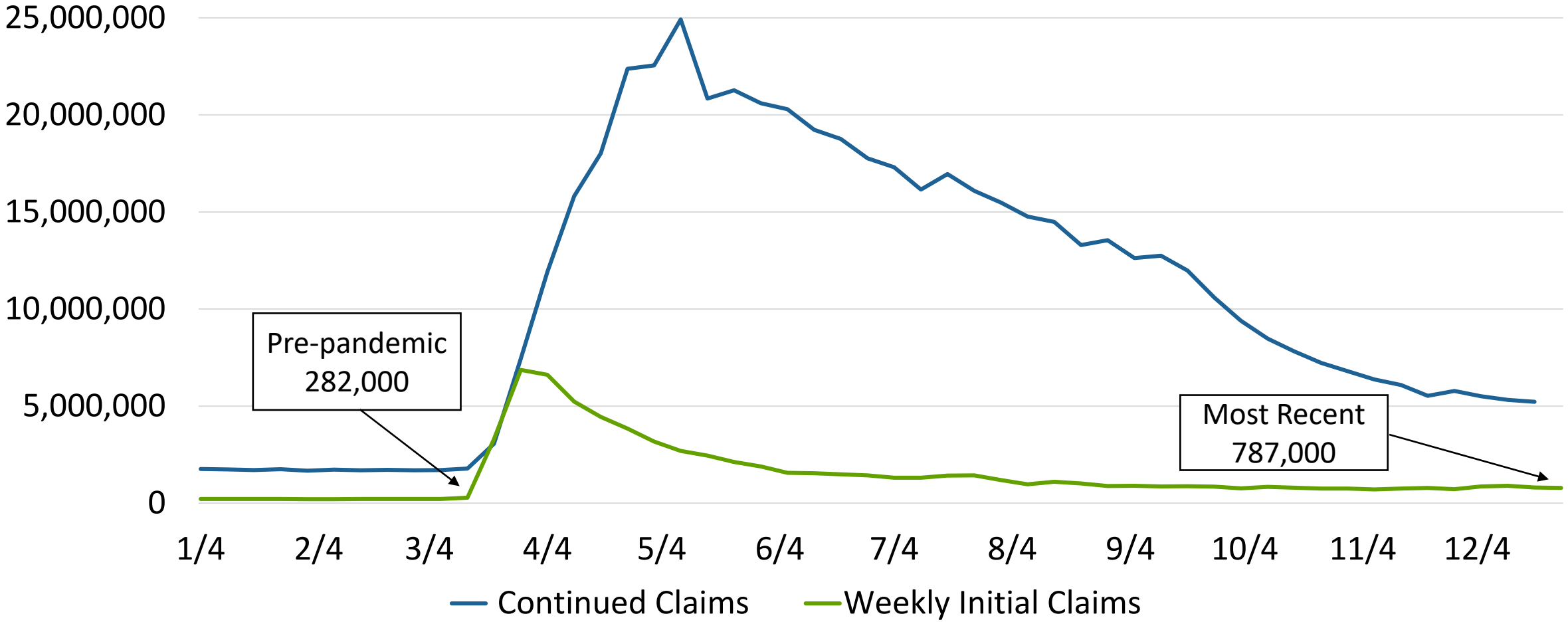
Source: U.S. Bureau of Labor Statistics

US Unemployment Claims Remain Elevated



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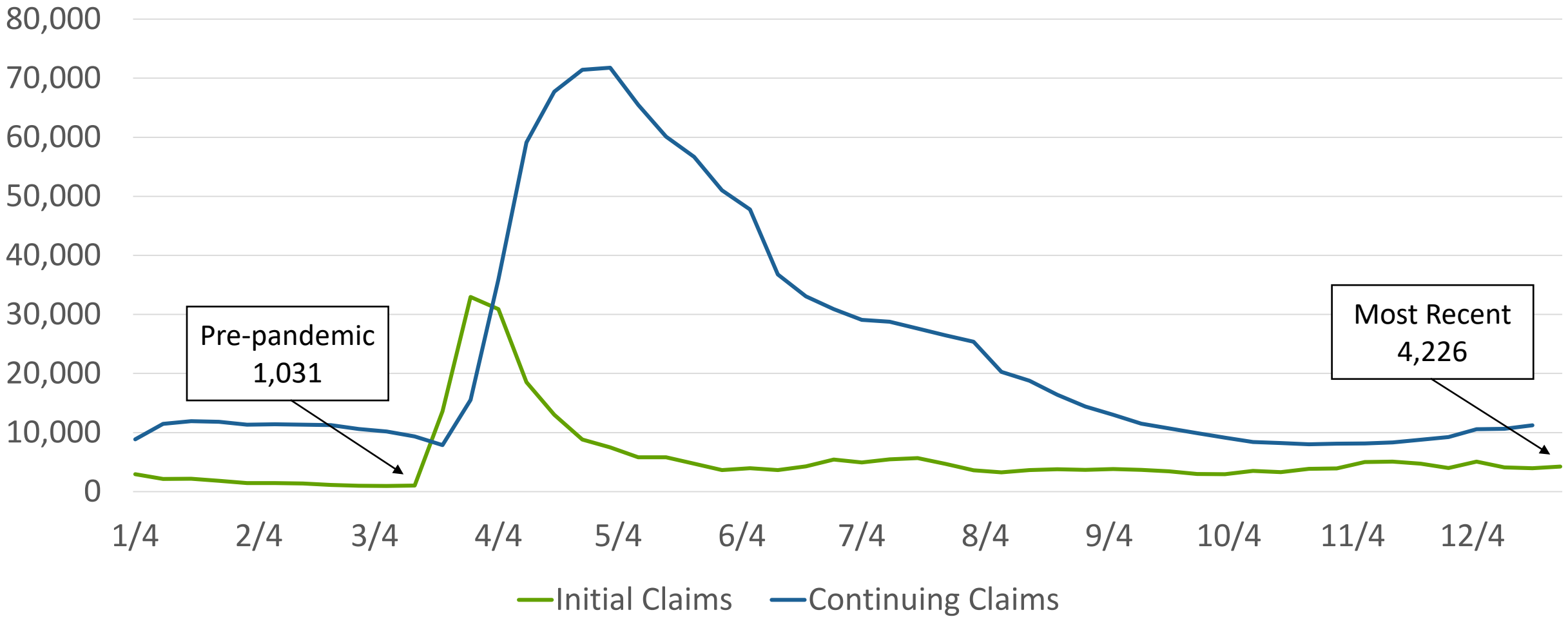
Source: US Bureau of Labor Statistics

Idaho Continuing Unemployment Claims Increasing



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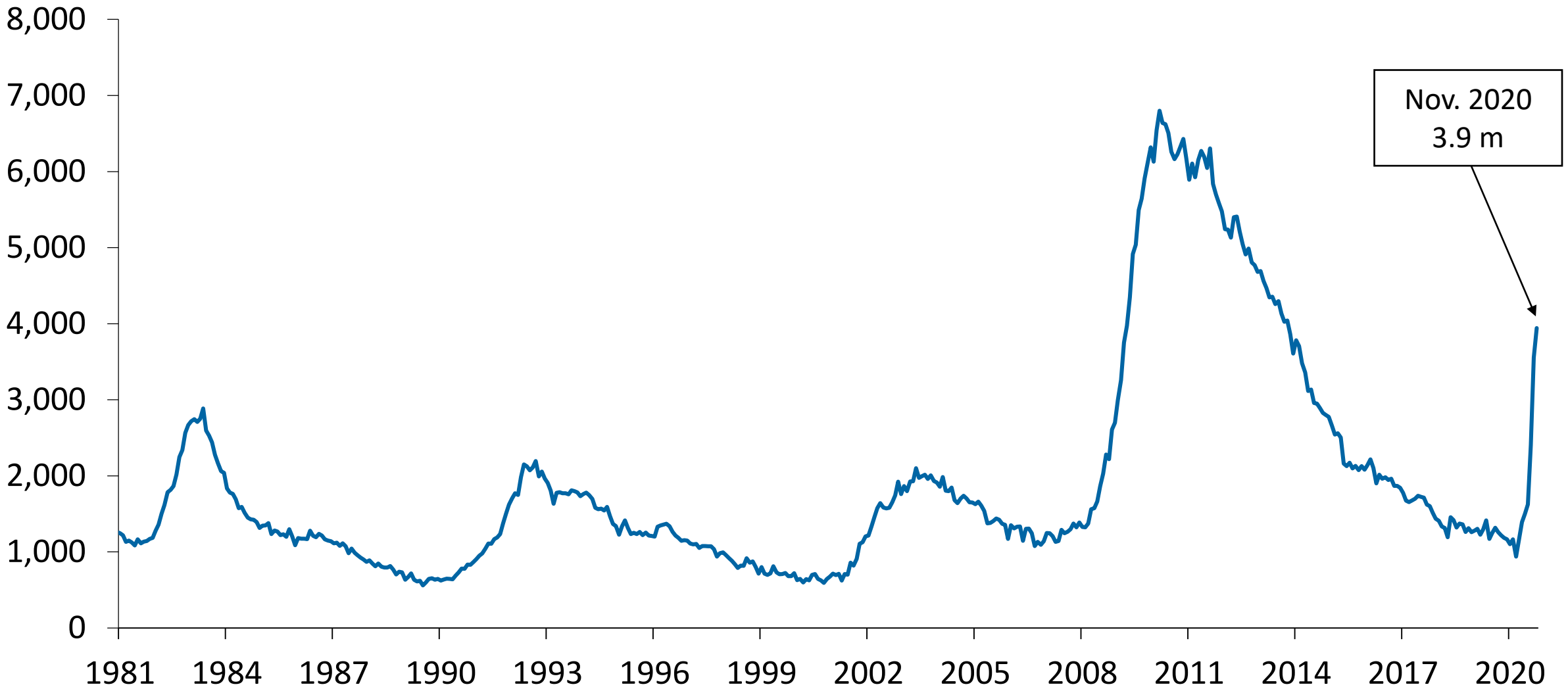
Sources: Idaho Department of Labor

Long-Term Unemployment Increasing



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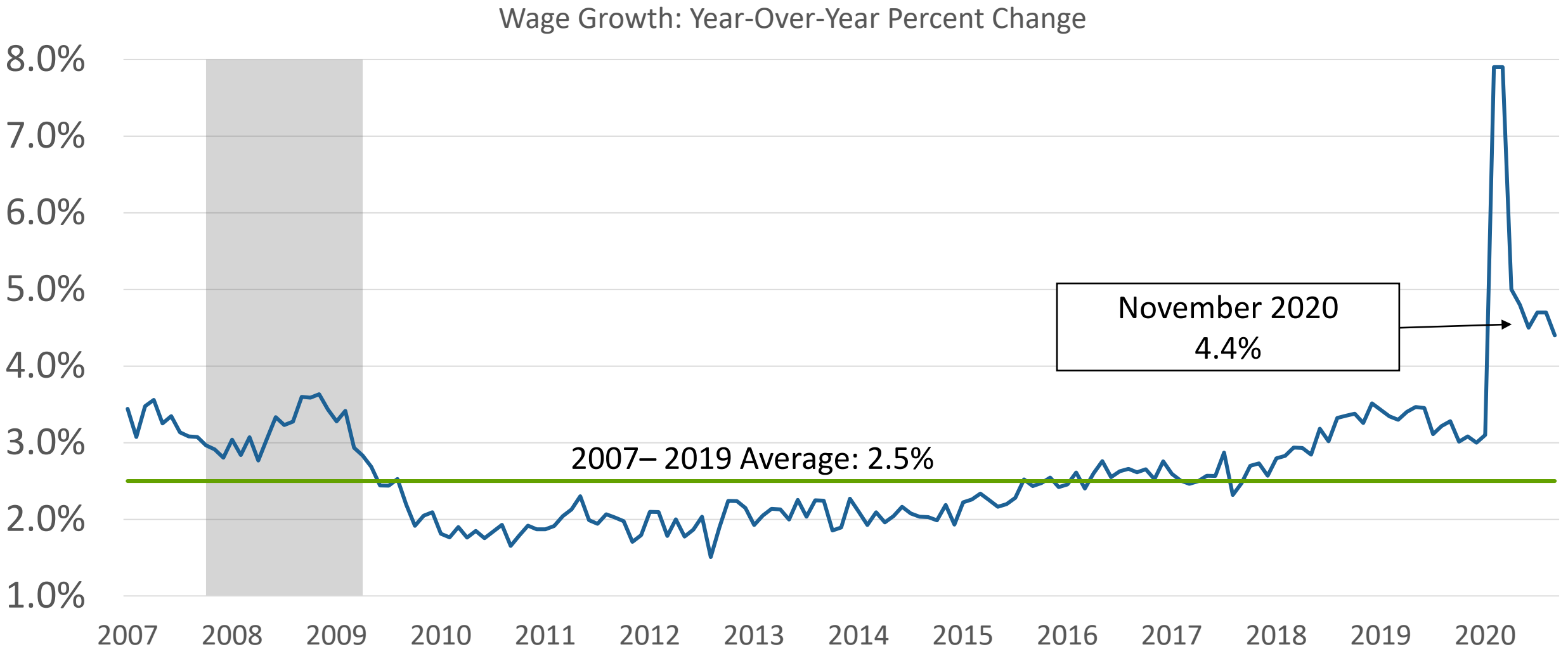
Source: Bureau of Labor Statistics

Wage Growth Shows Low Income Job Loss



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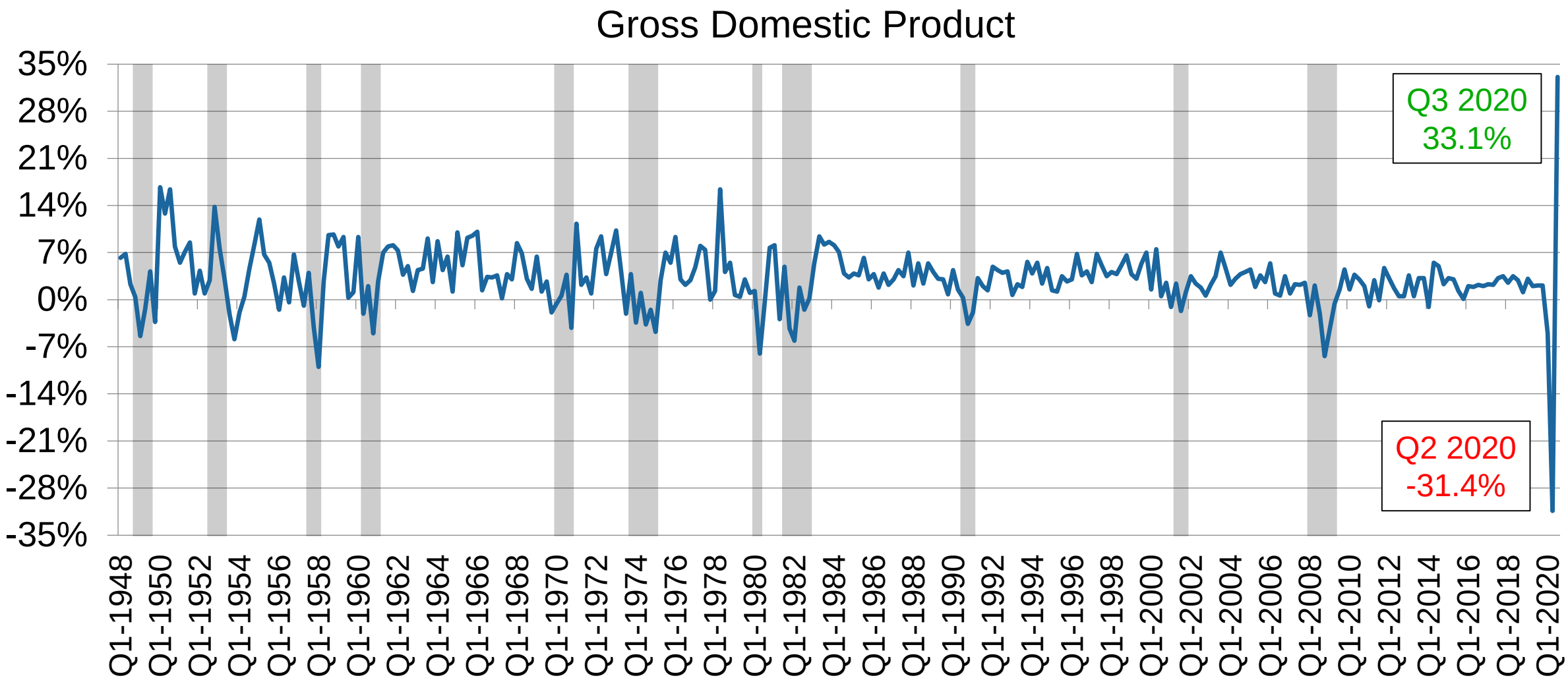
Source: Bureau of Labor Statistics

The Largest Quarterly GDP Increase on Record



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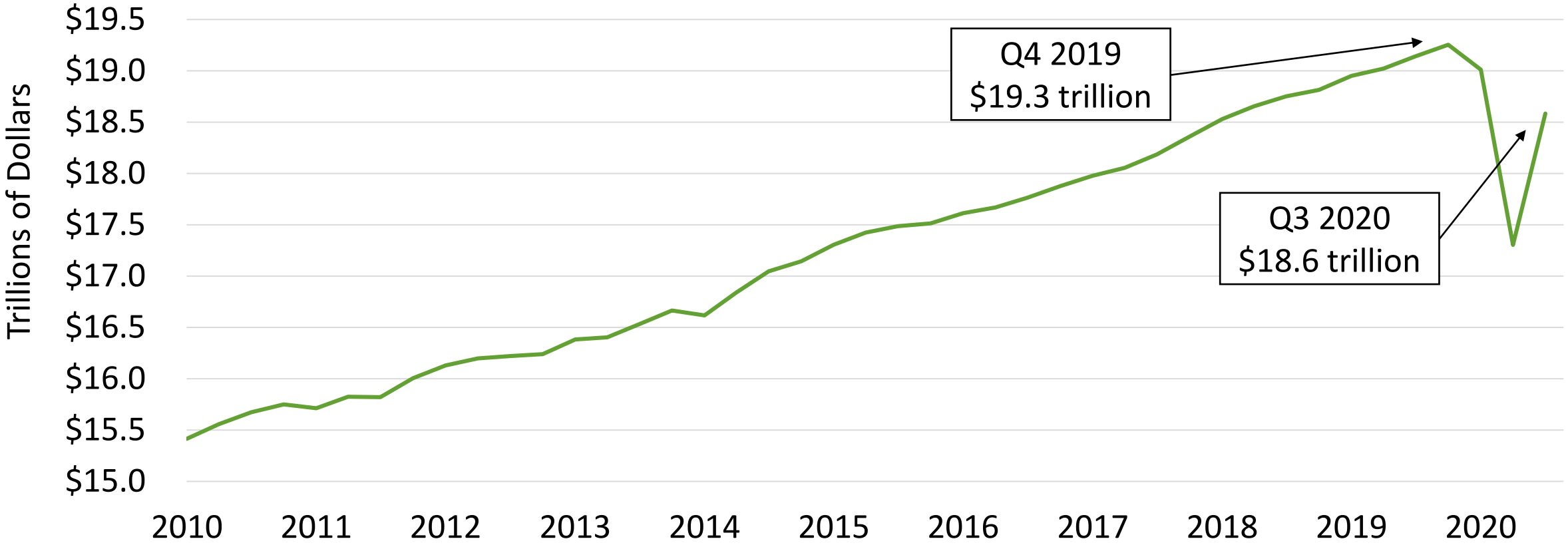
Source: Bureau of Economic Analysis

GDP Has Not Returned to Pre-Crisis Levels



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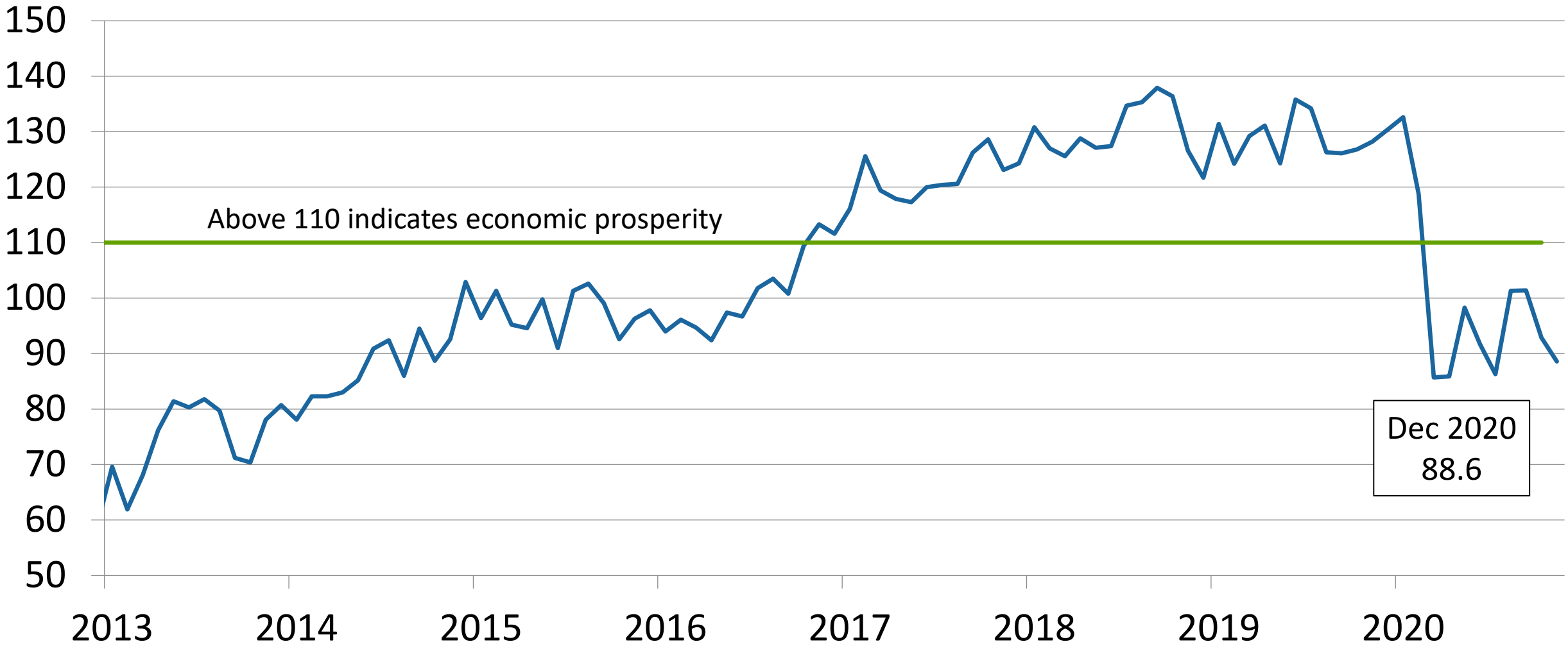
Source: Bureau of Economic Analysis

Consumer Confidence Near 12-Month Lows



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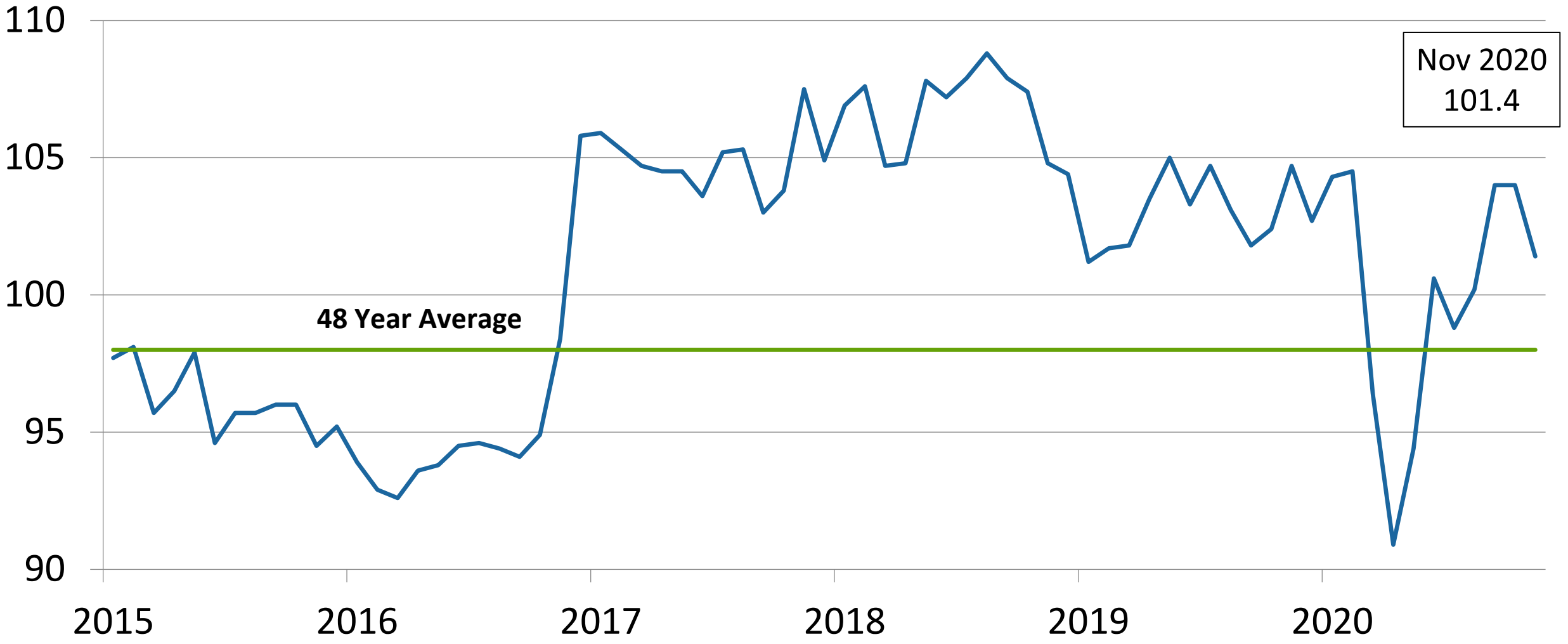
Source: The Conference Board

Small Business Optimism Lower Than 2019 Levels



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Source: NFIB Small Business Optimism Index

Personal Savings Rate Dropping but Remains Elevated

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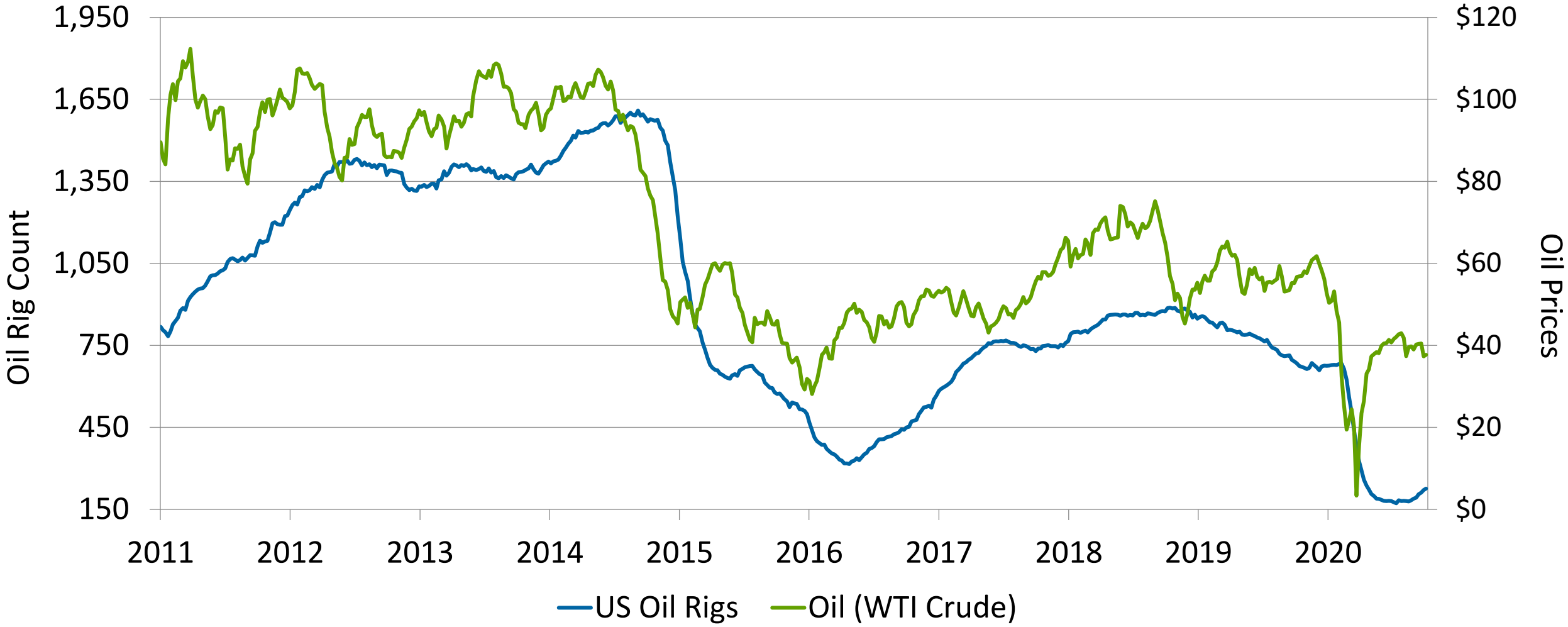
Source: Federal Reserve Bank of St. Louis

Oil Demand Drop Causes Extraction to Drop



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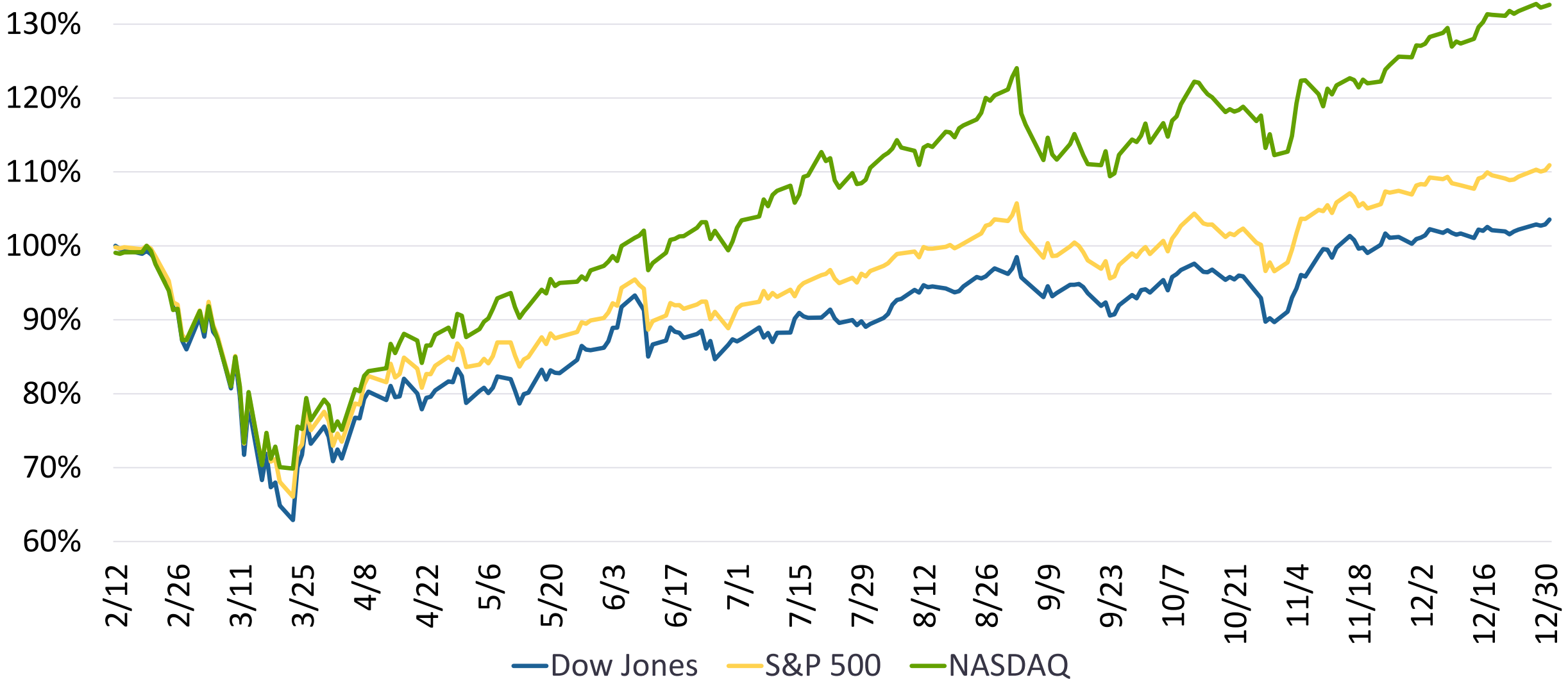
Sources: Baker Hughes and U.S. Energy Information Administration

Equity Markets At All-time Highs



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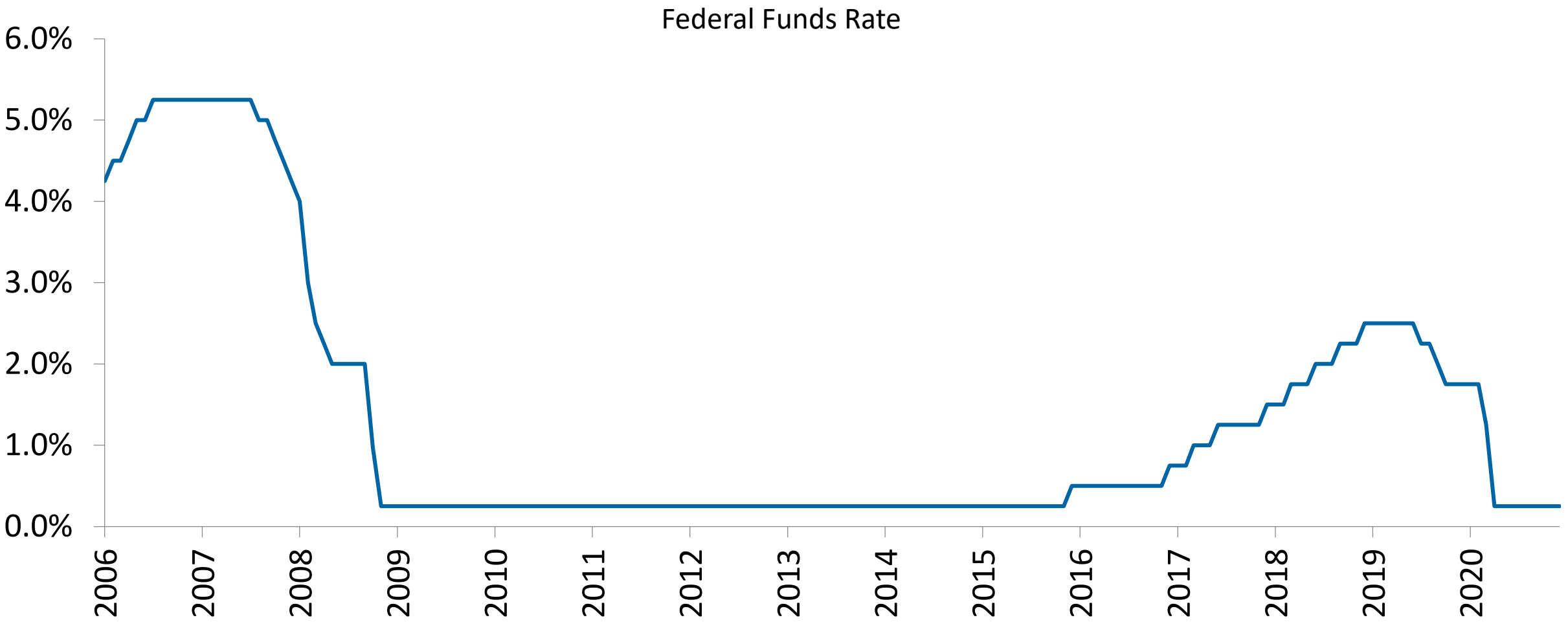
Source: Wall Street Journal

Fed Reserve to Keep Rates at Zero for an Extended Time



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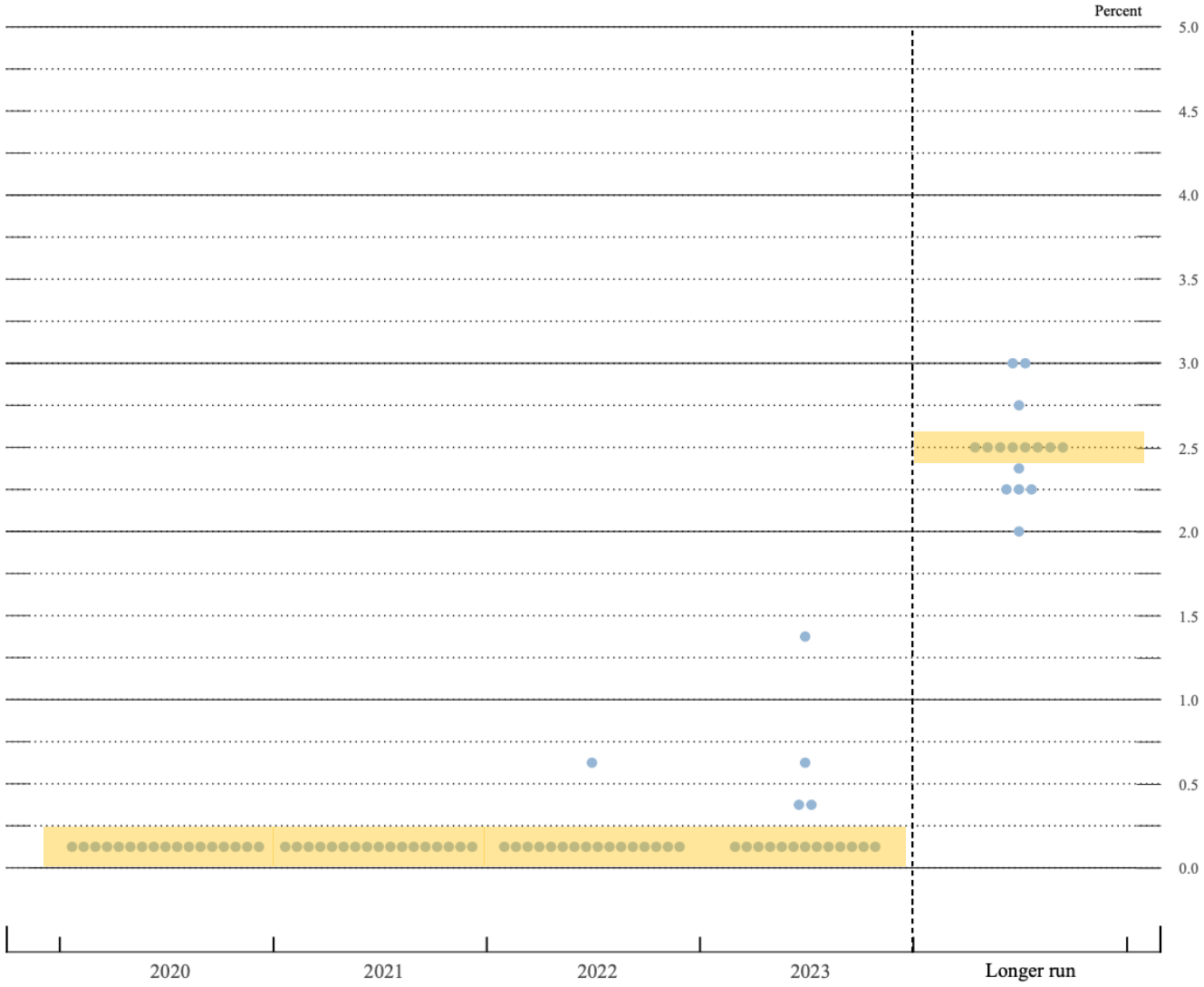
Source: Federal Reserve Board of Governors

Federal Funds Rate Expected to Stay Near Zero For Years

(September 2020)



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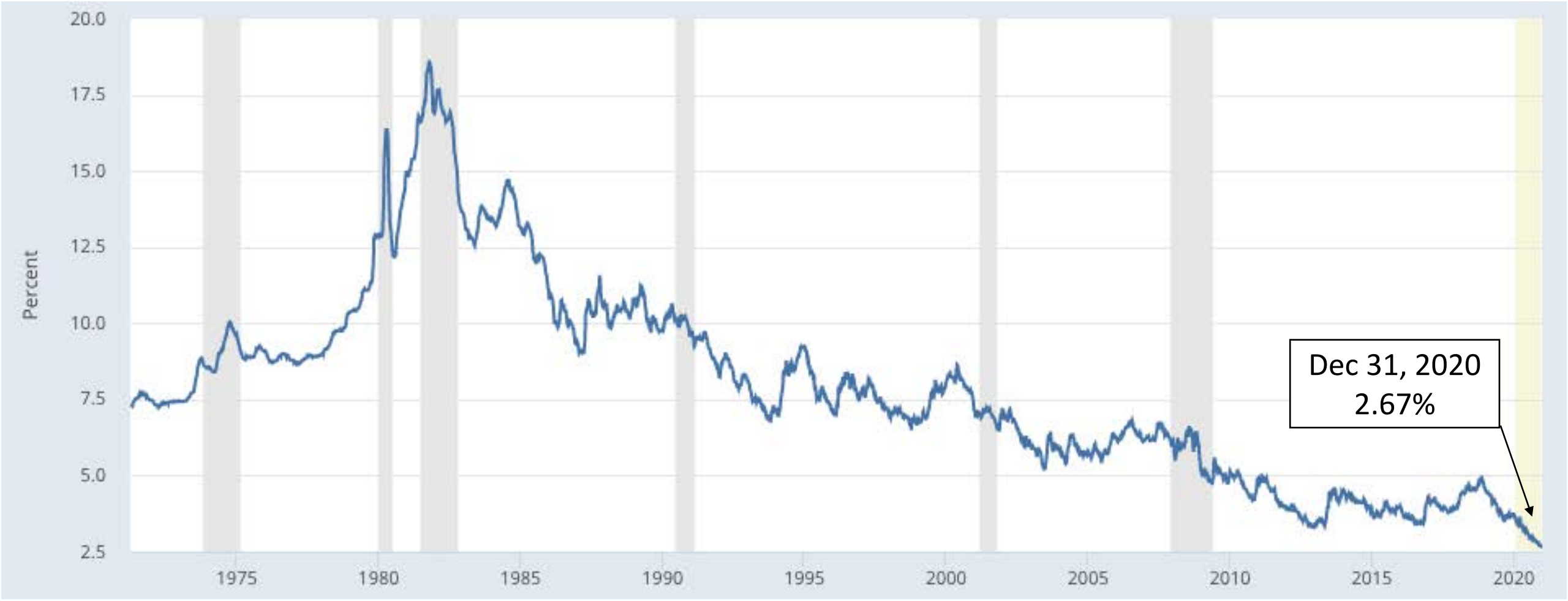
Source: Board of Governors of the Federal Reserve

30-Year Mortgage Rates Below 3%



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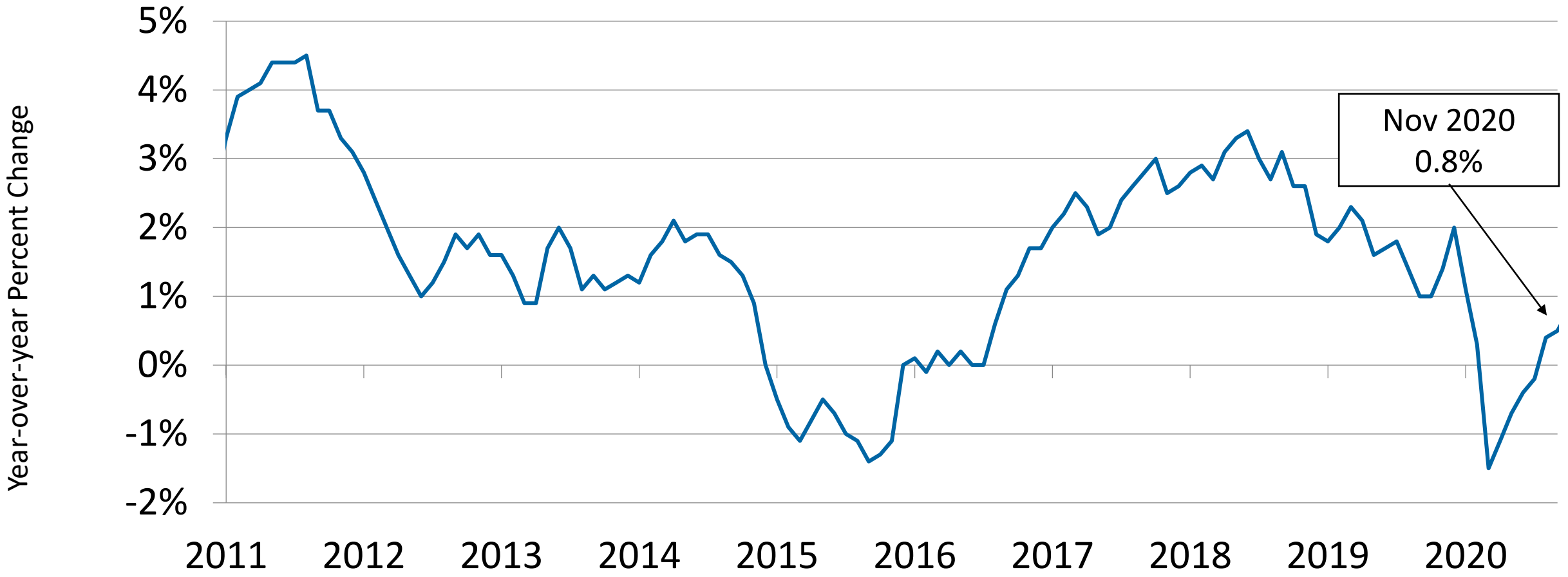
Source: Freddy Mac

Producer Price Index Remains Subdued



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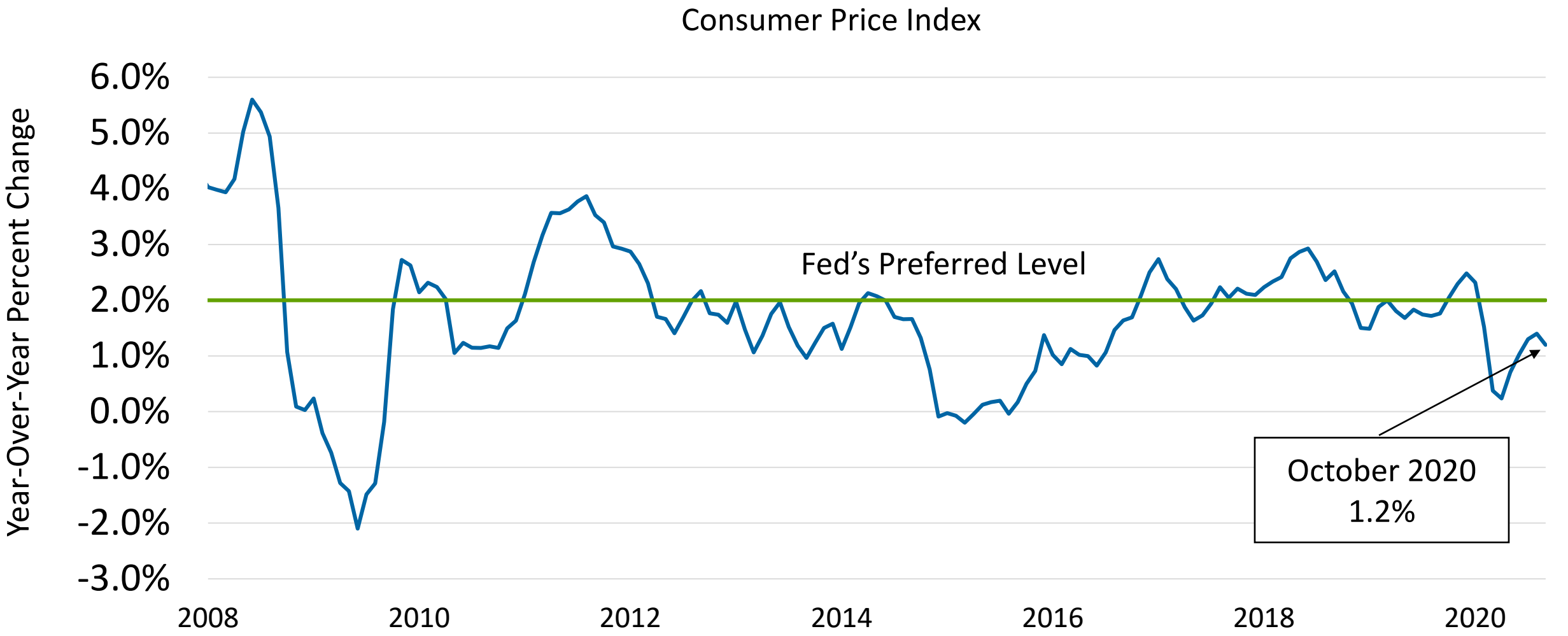
Source: Bureau of Labor Statistics

Inflation Below Target



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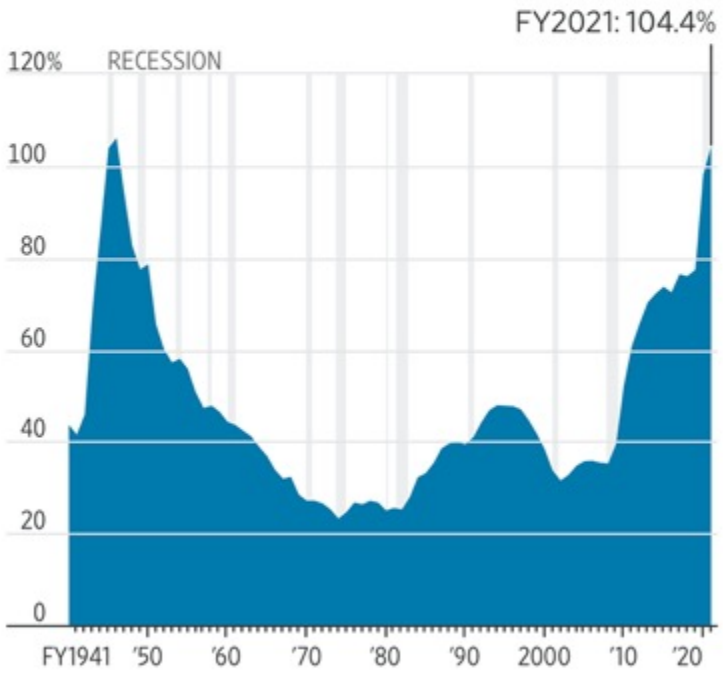
Source: Bureau of Labor Statistics

Rising National Debt a Concern

Borrowing Bounce

U.S. government debt is expected to exceed the size of the economy for fiscal year 2021.

U.S. federal debt as a share of GDP



Note: 2021 is an estimate

Sources: Office of Management and Budget, Wendy Edelberg

U.S. federal debt as a percentage of GDP

Source: Congressional Budget Office

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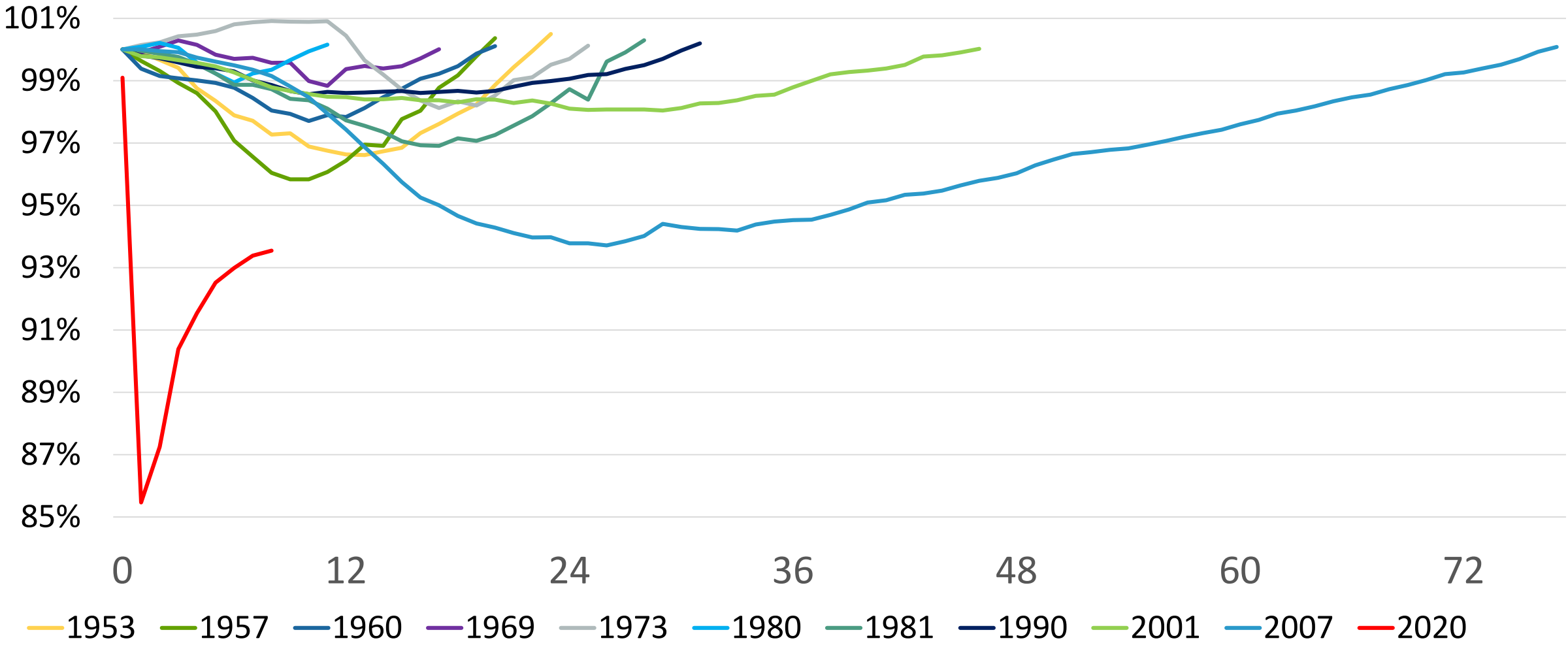
Source: Wall Street Journal

When Will the Economy Recover?

Number of Months to Reach the Previous Employment Peak After Recessions



Source: Zions Bank Analysis of Bureau of Labor Statistics Data

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What's Next?

- The contraction was dramatic and swift
- Economic growth will be constrained in early 2021, especially in sectors particularly impacted by the pandemic
- Continued federal and state support is essential
- Economic growth will accelerate as the vaccination rollout accelerates and markets can return to normal
- Regional and U.S. economies are fundamentally sound and will recover, but will look different than the pre-virus world

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WE HAVEN'T FORGOTTEN
WHO KEEPS US IN BUSINESS®

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