

Zions Bank Economic Overview

Economic Outlook and Revenue Assessment Cmt

2023 Economic Outlook

January 6, 2023



Recession Scenarios

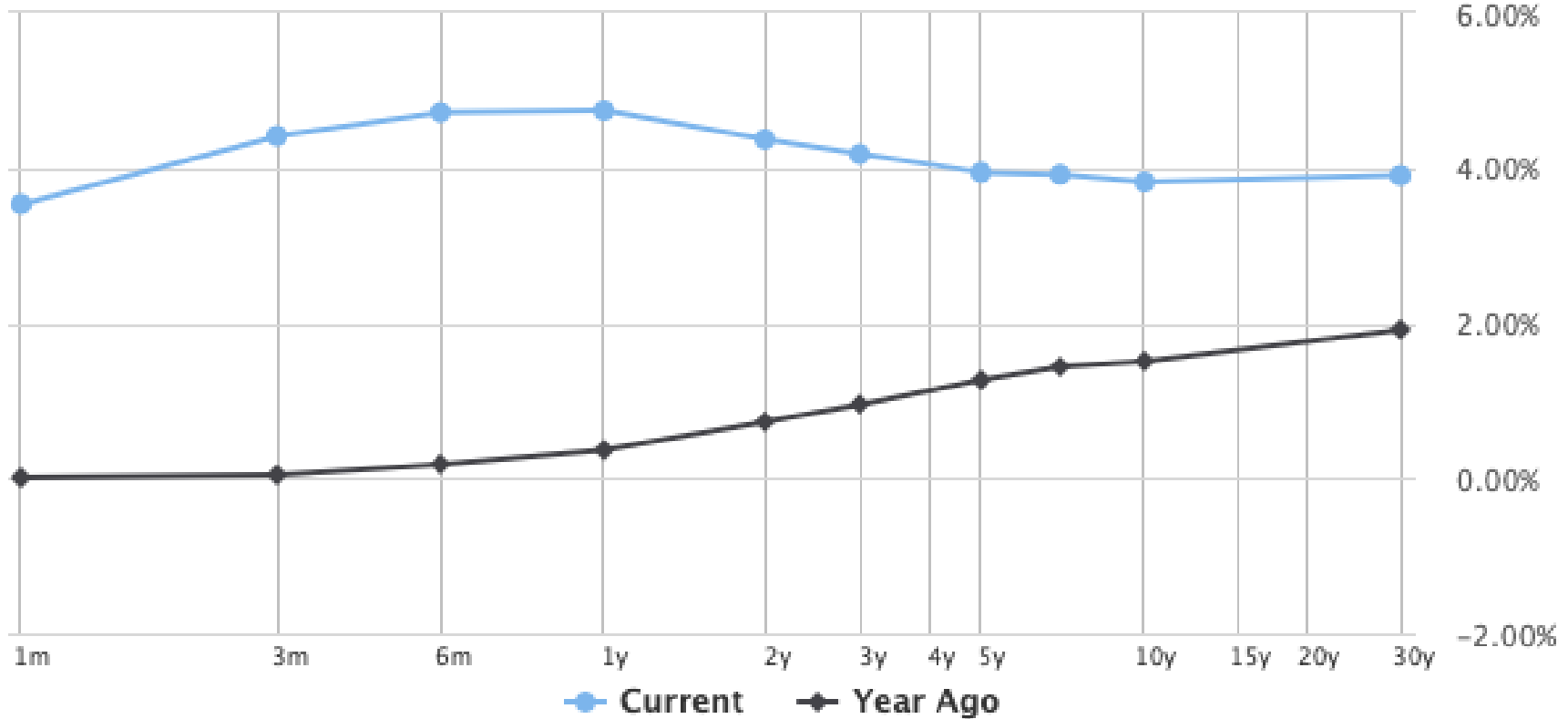
1. The U.S. economy is currently in a recession
2. The U.S. economy is not currently in a recession, but one will happen in the next 12 months
3. The U.S. economy is slowing but will avoid a recession

Even the Fed Doesn't Know What Will Happen

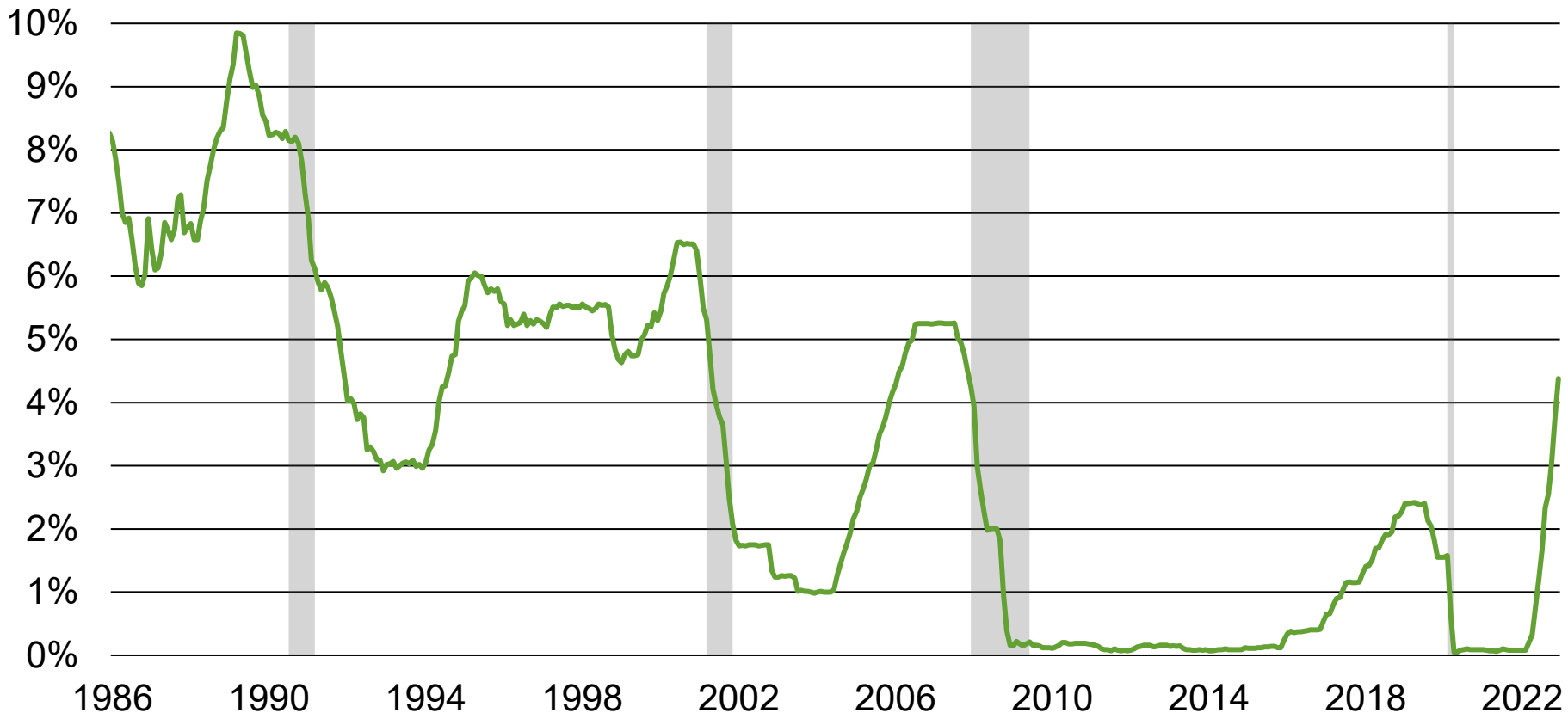
"I think no one knows whether there's going to be a recession or not. And if so, how bad that recession would be."

— Fed Chairman Jerome Powell

Treasury Yield Curve Inverted



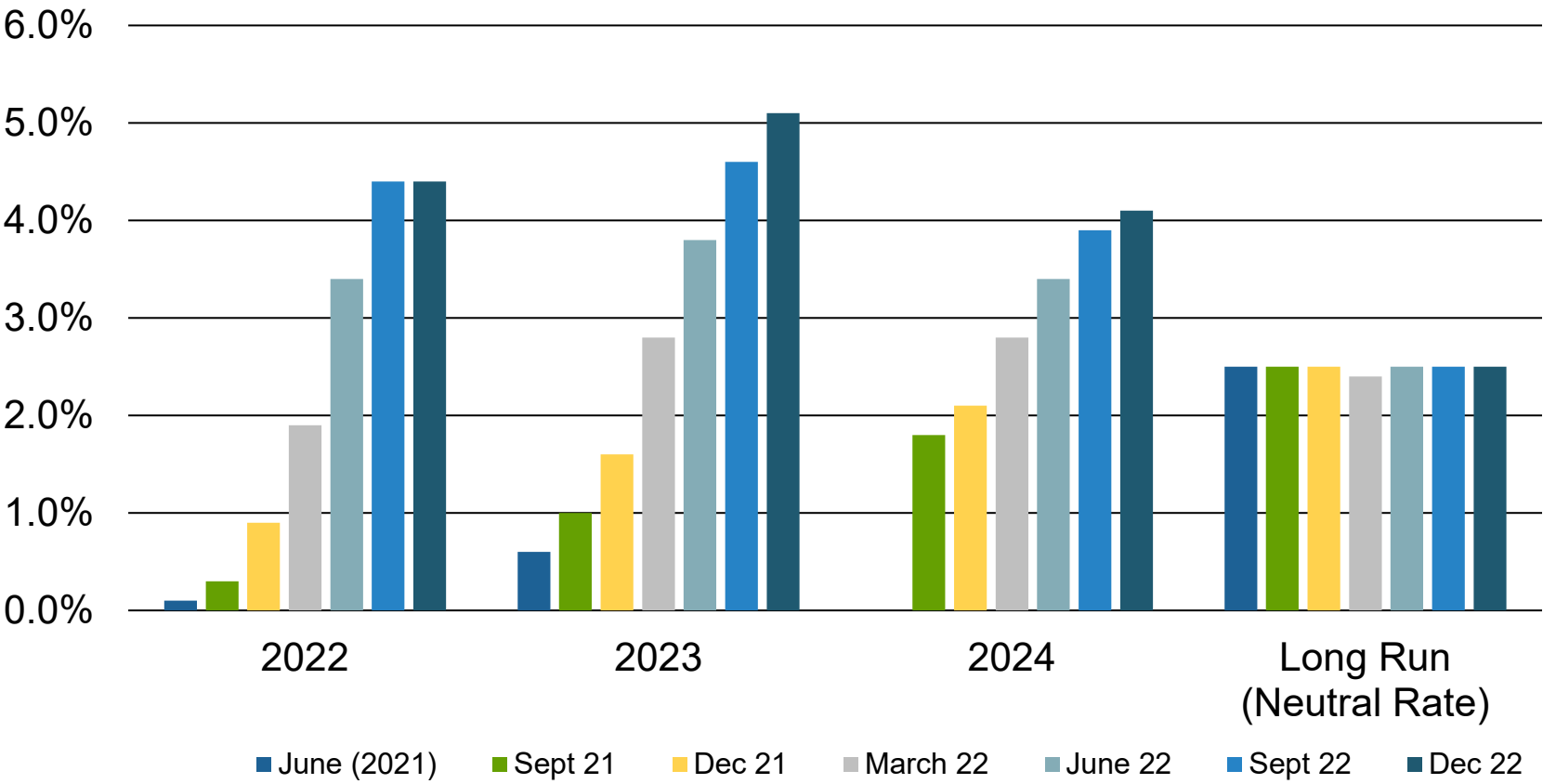
Fed Interest Rate Increases Continue



ZIONS BANK.

Source: Federal Reserve Board of Governors

Fed Funds Rate Expectations Changed Dramatically

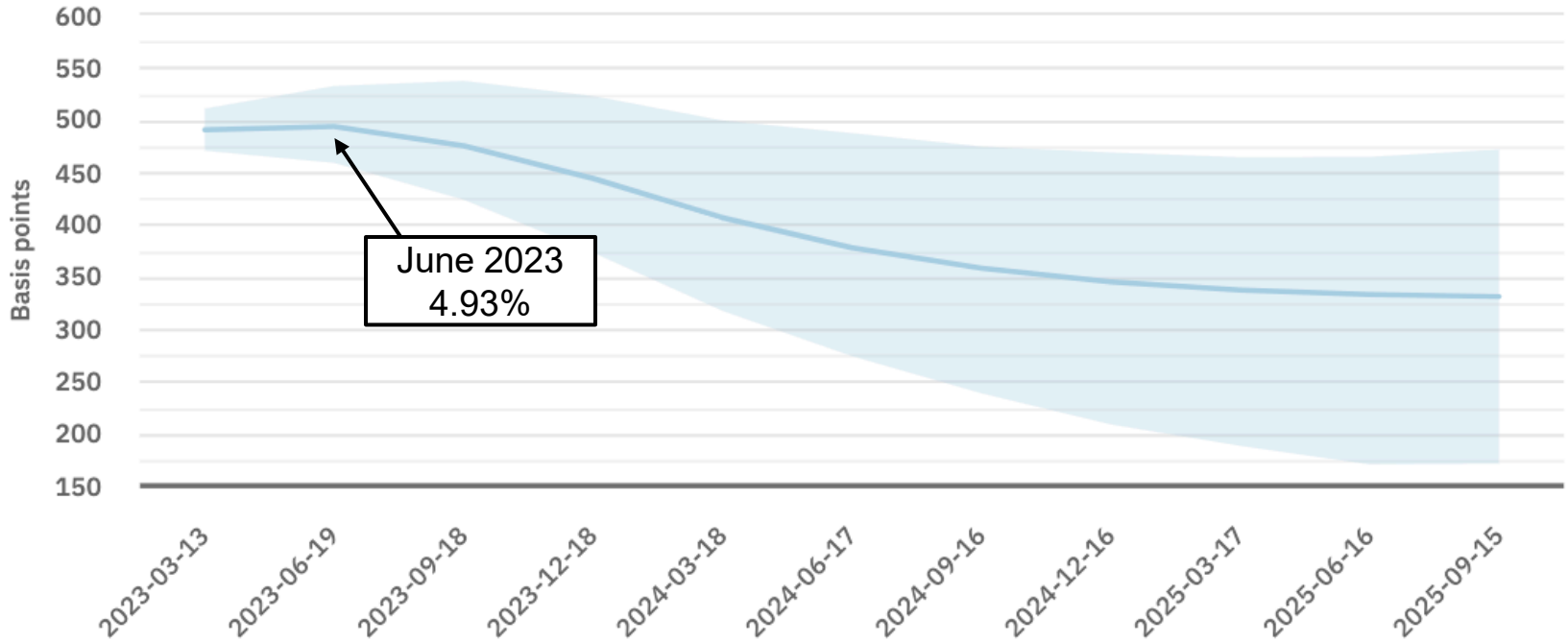


Source: Federal Reserve Board of Governors

Markets Expect More Rate Increases

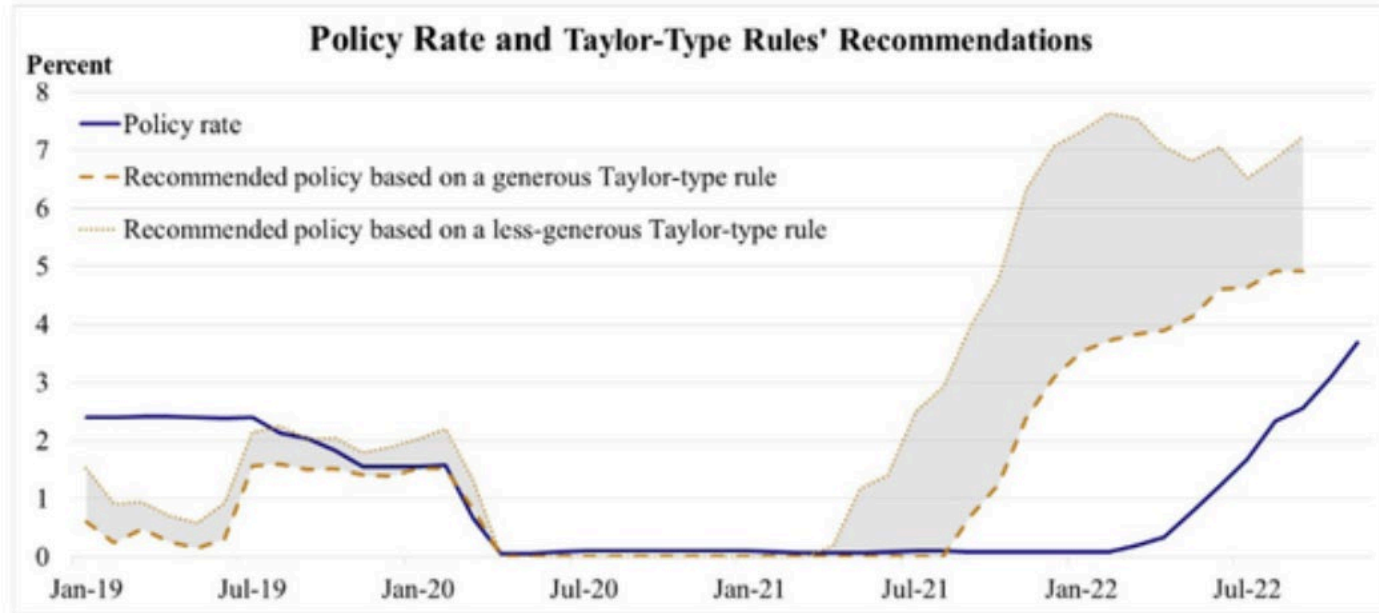
The Expected Future Path of the Three-Month Average Fed Funds Rate

Current target range: 425 - 450 basis points



The Fed Might Get Even More Aggressive

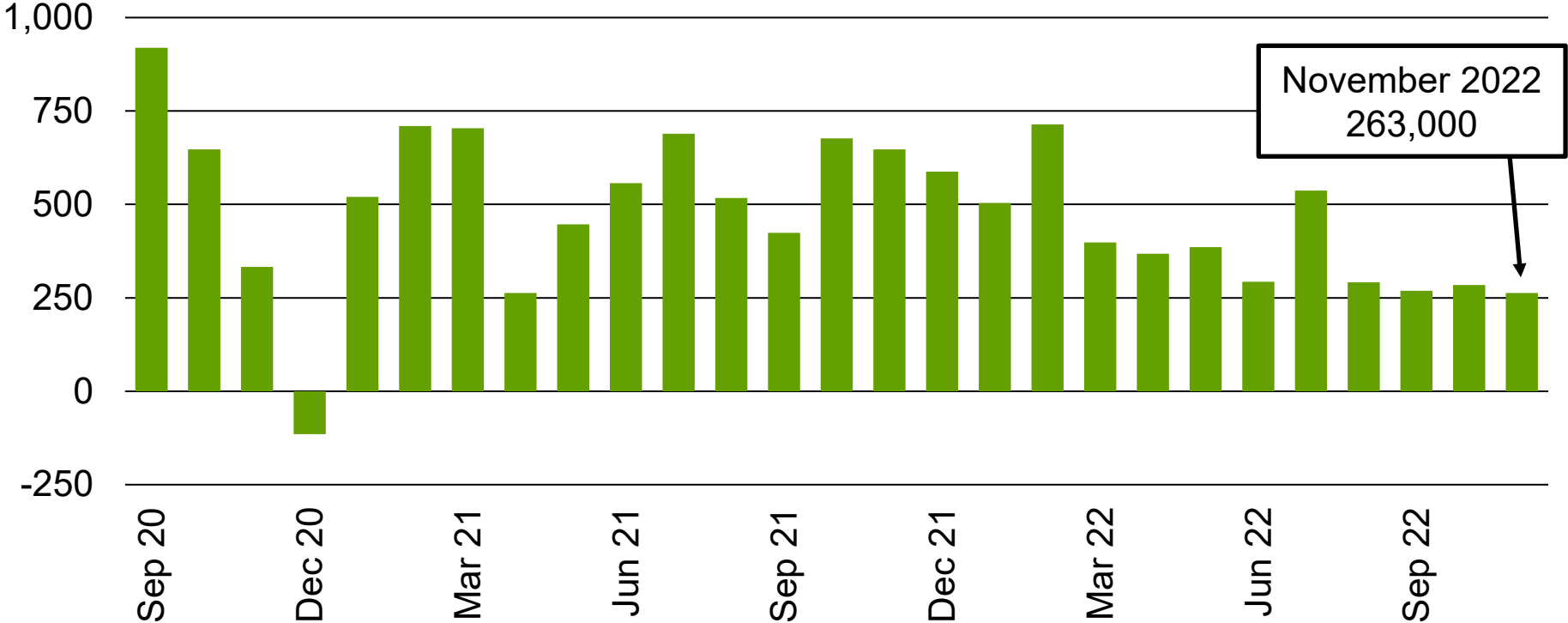
The sufficiently restrictive zone



Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of Dallas, Federal Reserve Bank of New York and author's calculations. Last observations: September 2022 and November 2022.

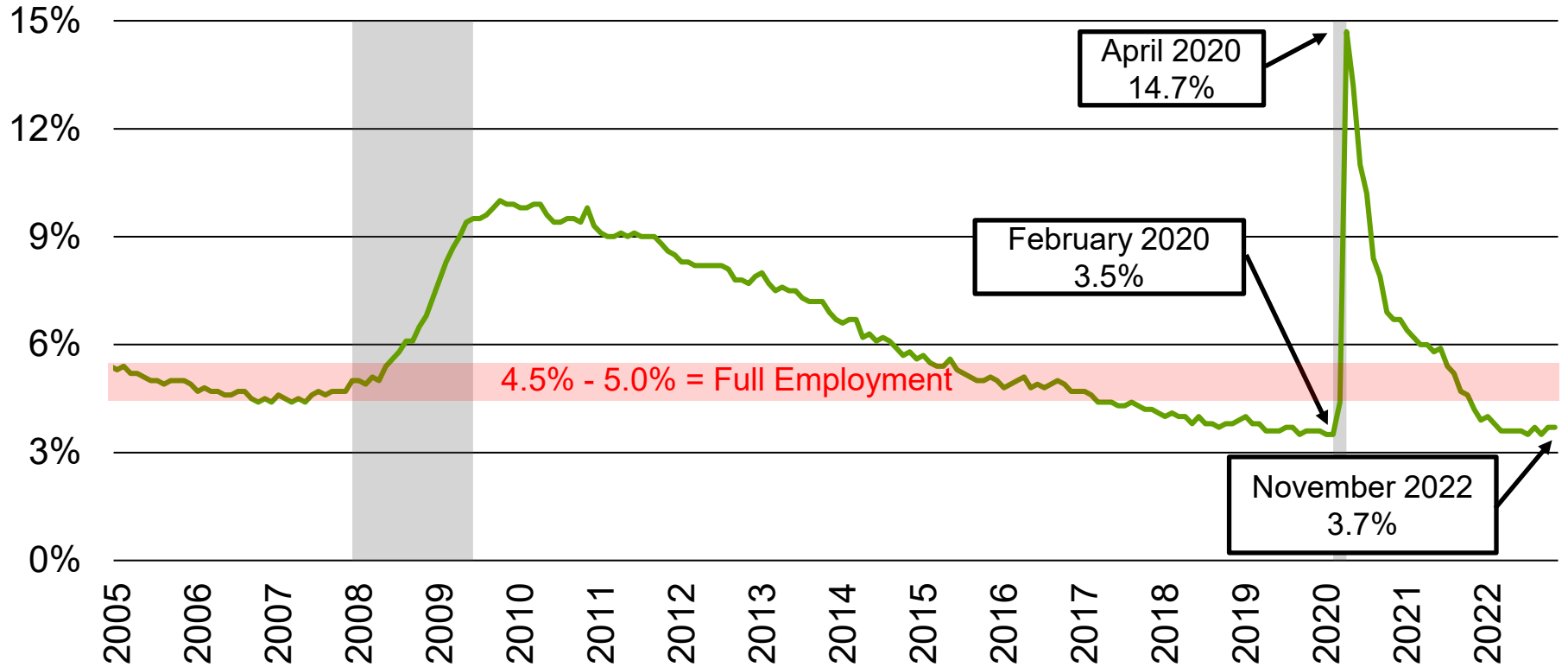
U.S. Job Growth Strong in November

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

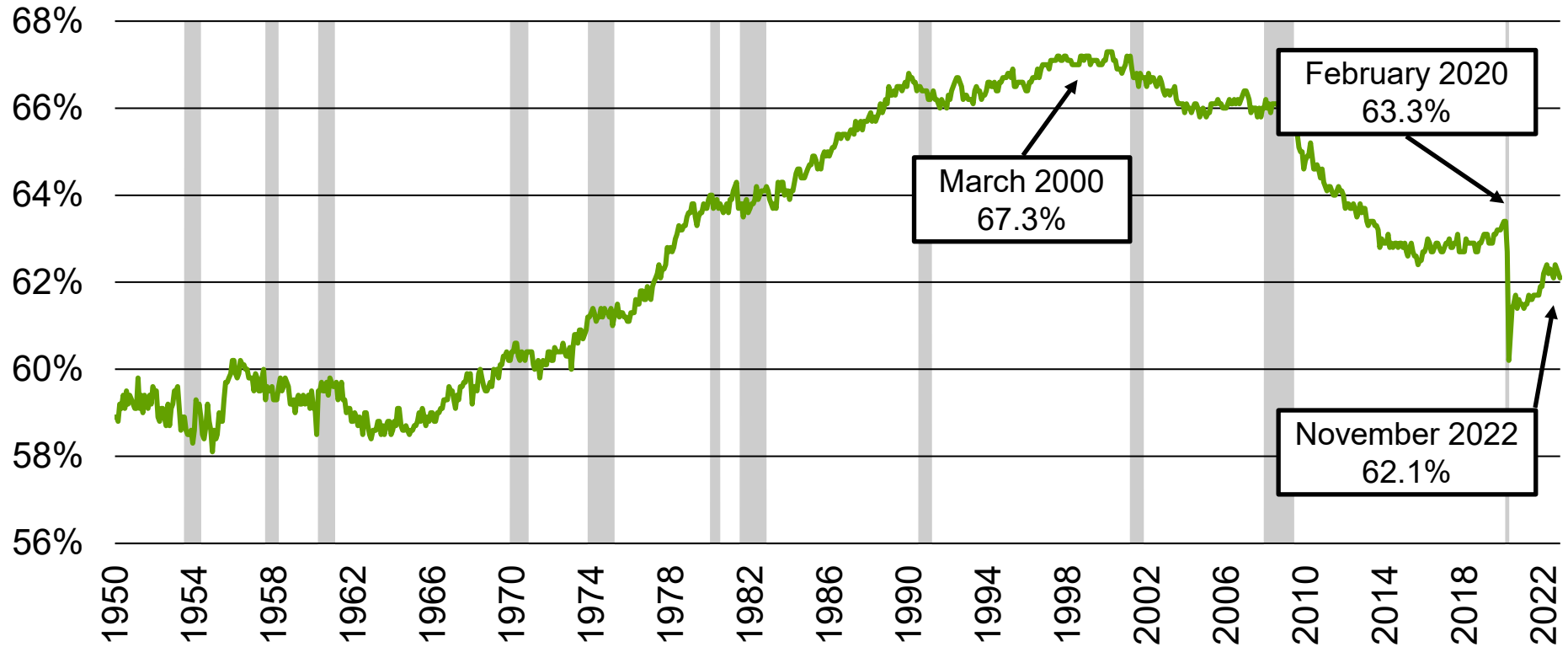


Source: U.S. Bureau of Labor Statistics

Unemployment Rate Still Very Low

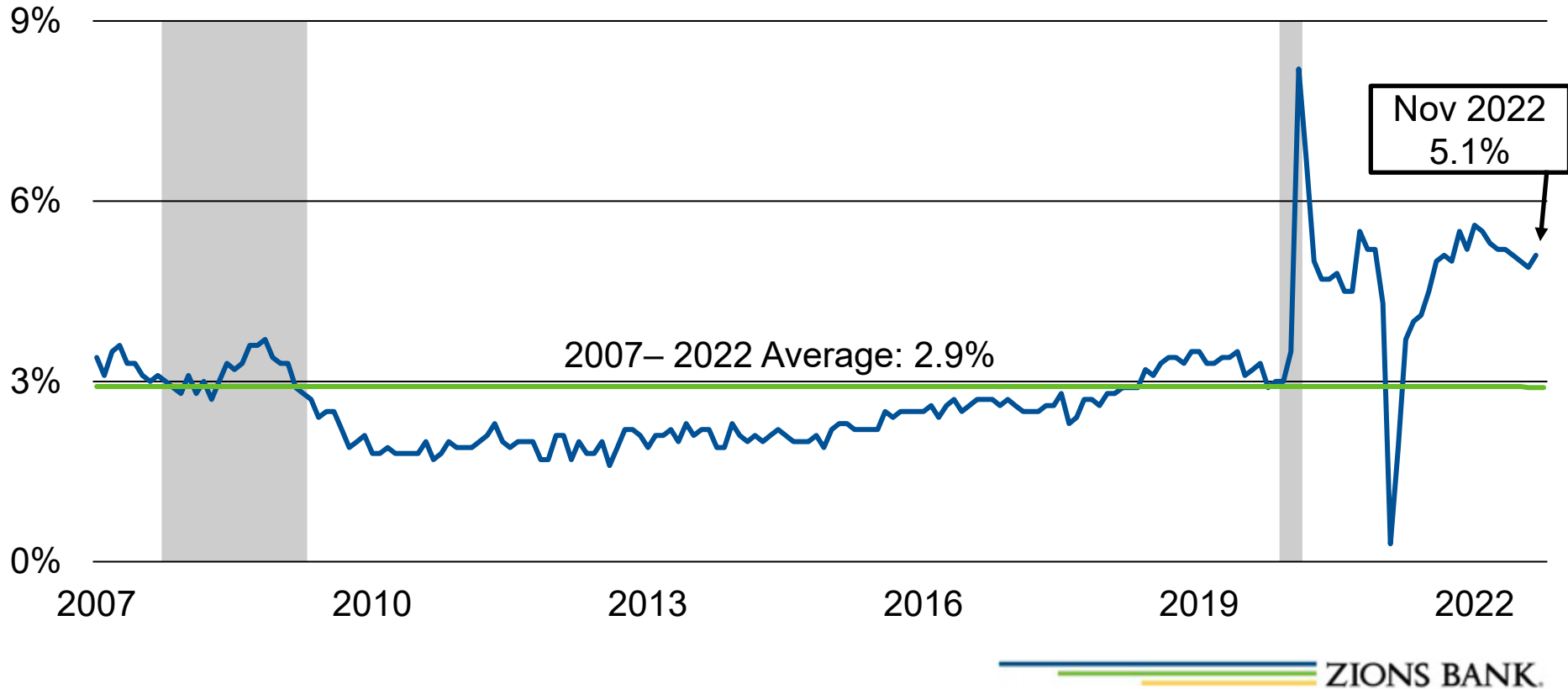


Labor Force Participation Hasn't Recovered From Pandemic

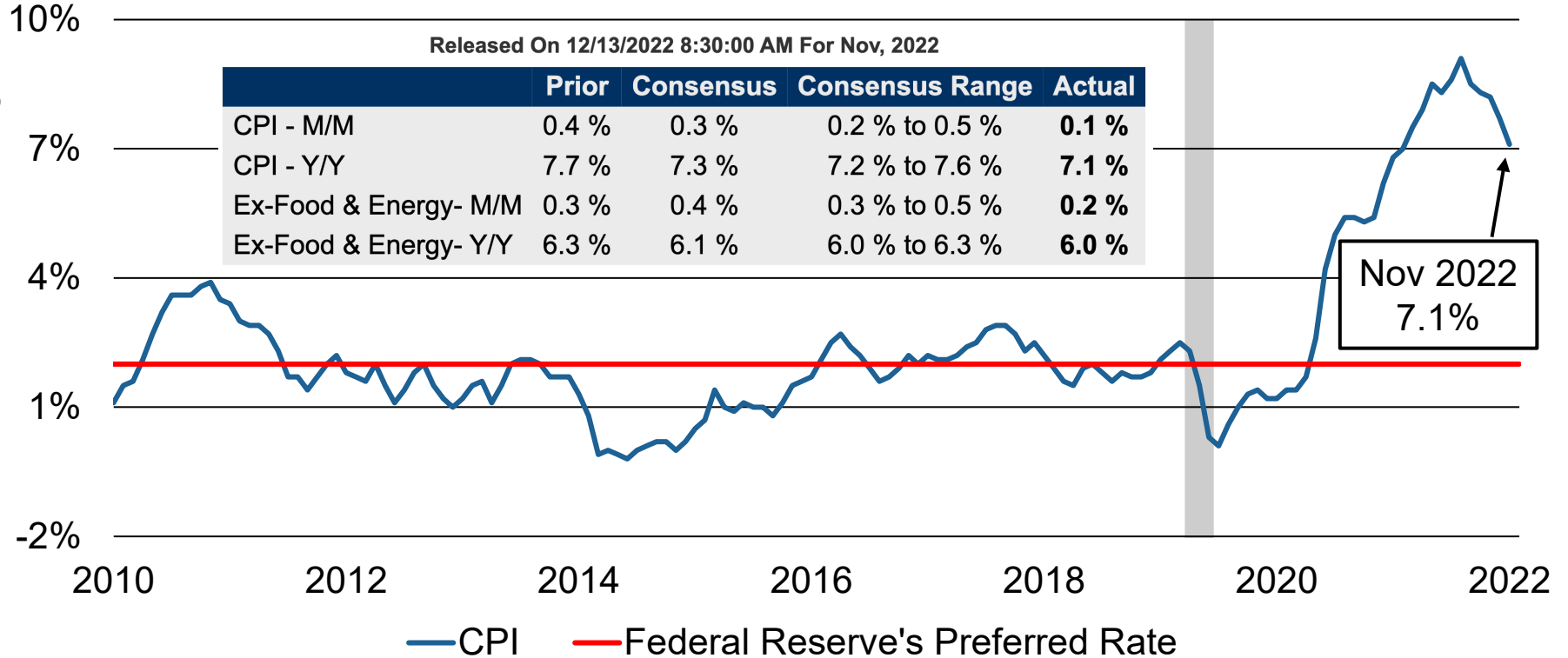


Wage Inflation Too High

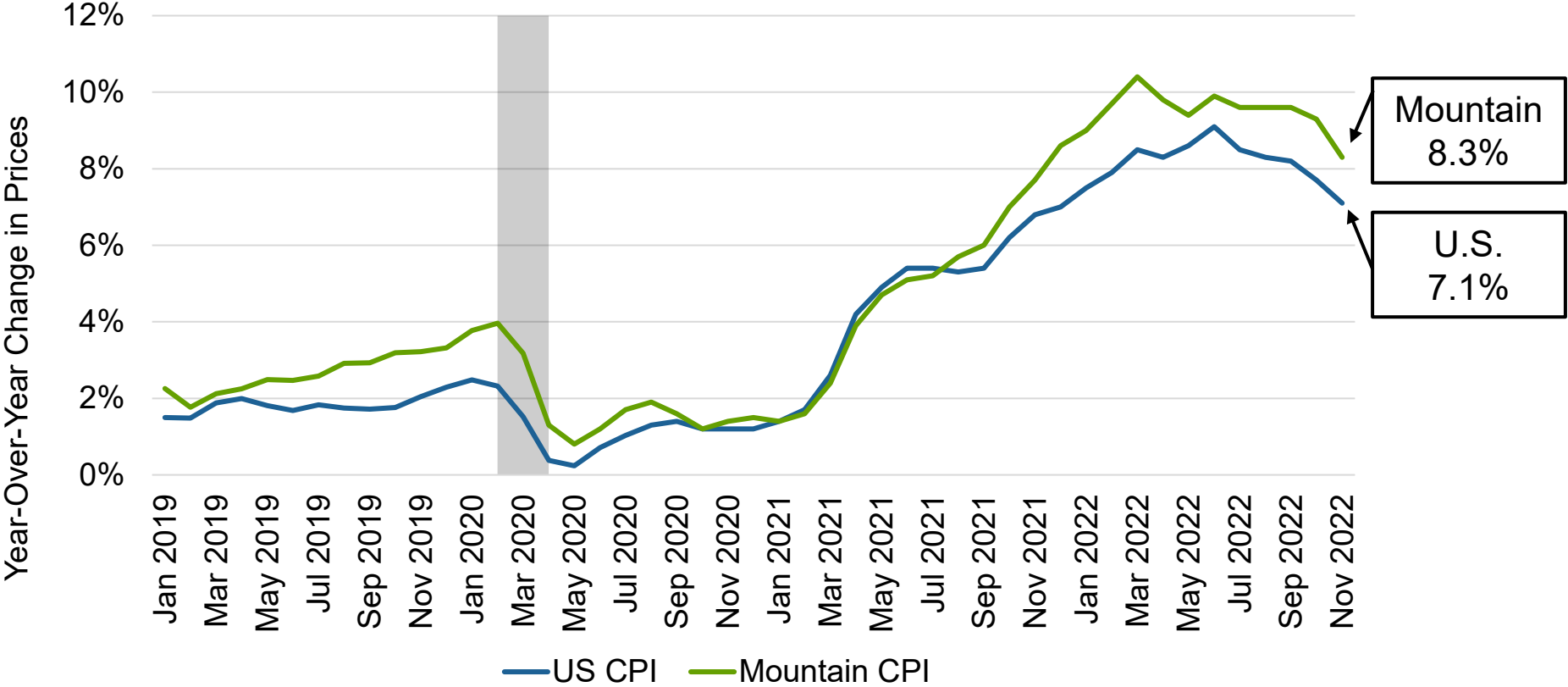
Year-Over-Year Percentage Change



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

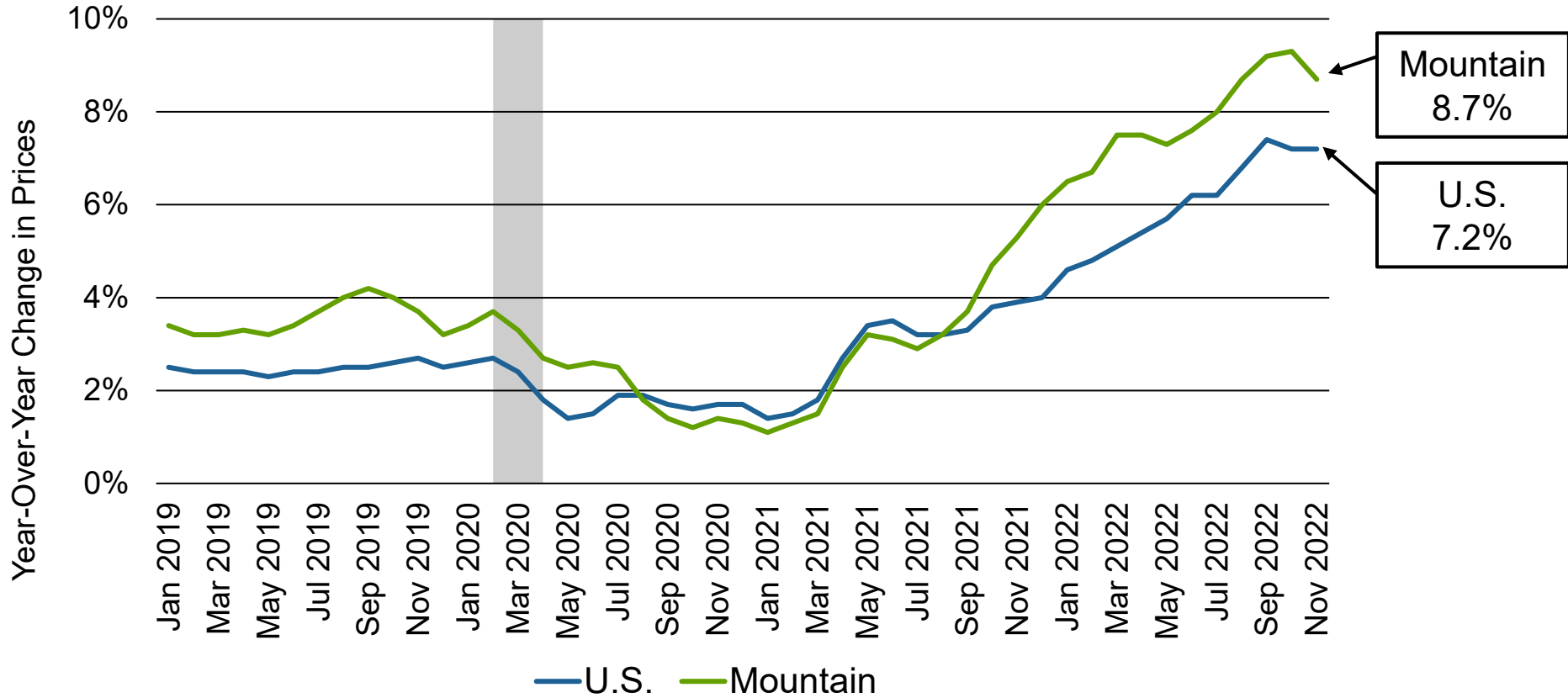


Mountain State Inflation Above National Average



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

Services Price Inflation



Source: U.S. Bureau of Labor Statistics

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

U.S. Money Supply Increased By \$6 Trillion

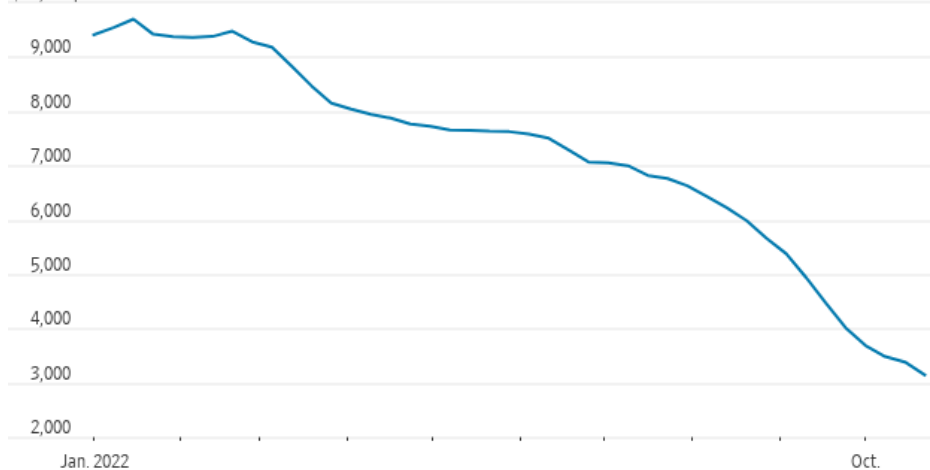


Shipping Container and Truck Transportation Prices Dropping

Sinking Shipping Rates

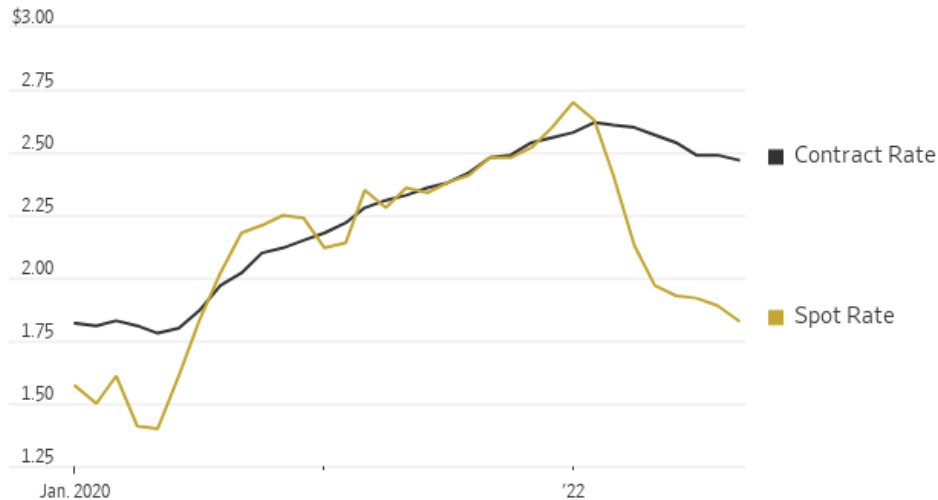
Drewry's World Container Index tracking spot rates

\$10,000 per 40-foot container



Source: Drewry Shipping Consultants

Average monthly spot and contract rates in the truckload van market.

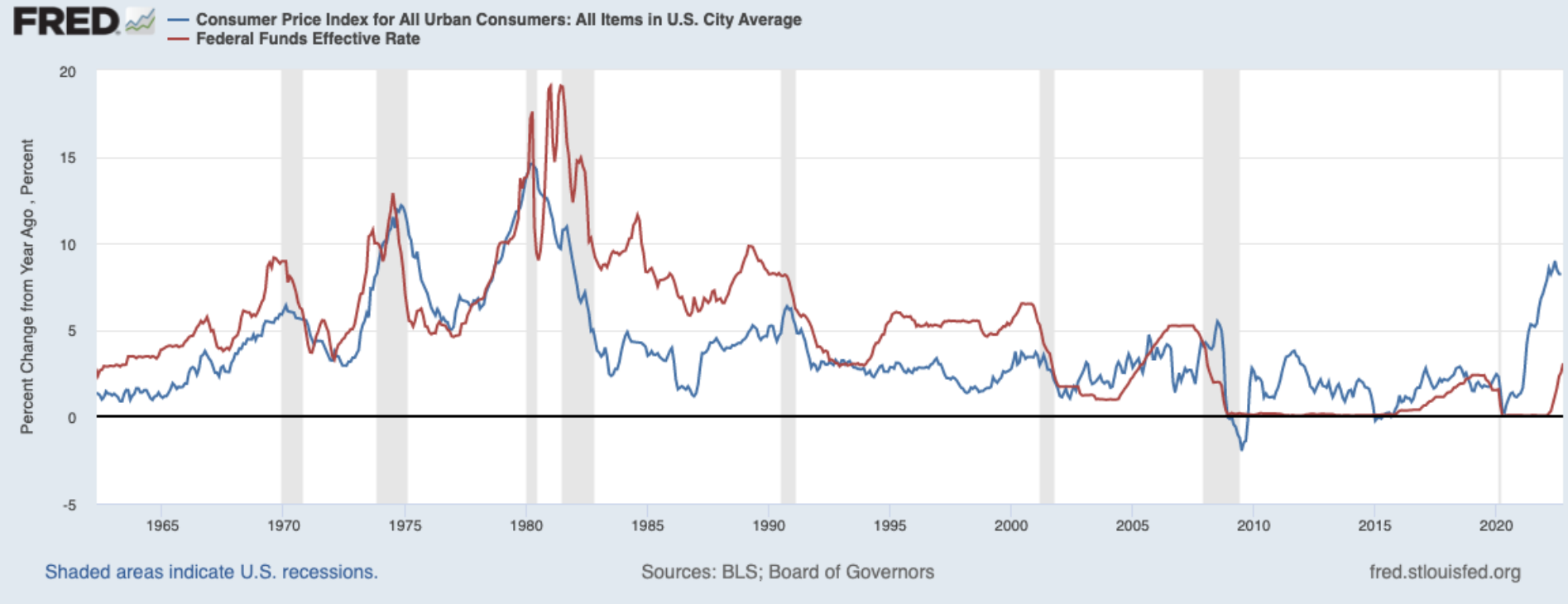


Note: Excludes fuel surcharges

Source: DAT Solutions

Lessons Learned from the 1970s

Several Failed Attempts to Bring Down Inflation



2023 Economic Outlook

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



ZIONS BANK®

WE HAVEN'T FORGOTTEN
WHO KEEPS US IN BUSINESS®

Robert Spendlove - Senior Economist

Robert.Spendlove@zionsbank.com

801-560-5394

For more information: www.zionsbank.com/economy

Zions Bank, A Division of Zions Bancorporation, N.A. Member FDIC.

Content is offered for informational purposes only and should not be construed as tax, legal, financial or business advice. Please contact a professional about your specific needs and advice. Content may contain trademarks or trade names owned by parties who are not affiliated with Zions Bancorporation, N.A. Use of such marks does not imply any sponsorship by or affiliation with third parties, and Zions Bancorporation, N.A. does not claim any ownership of or make representations about products and services offered under or associated with such marks.