

Zions Bank Economic Overview

Navigating a Murky Economic Frontier

Rental Housing Association of Utah

September 27, 2024

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slido



How do you feel about the economy?

① Start presenting to display the poll results on this slide.

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How Do Voters Feel About the Economy?

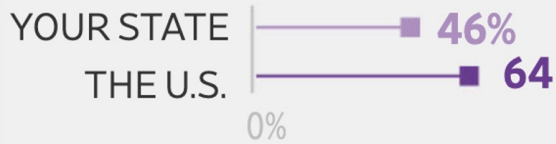
Views of the economy...



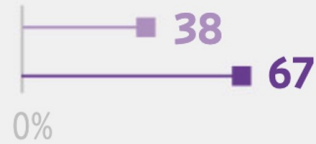
How Do Voters Feel About the Economy?

Those who say the strength of the economy is 'not so good/poor' in...

Arizona



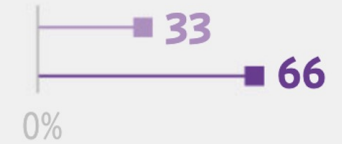
Georgia



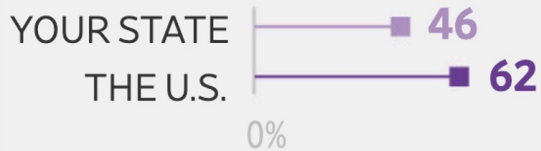
Michigan



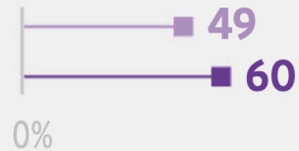
North Carolina



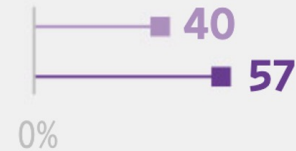
Nevada



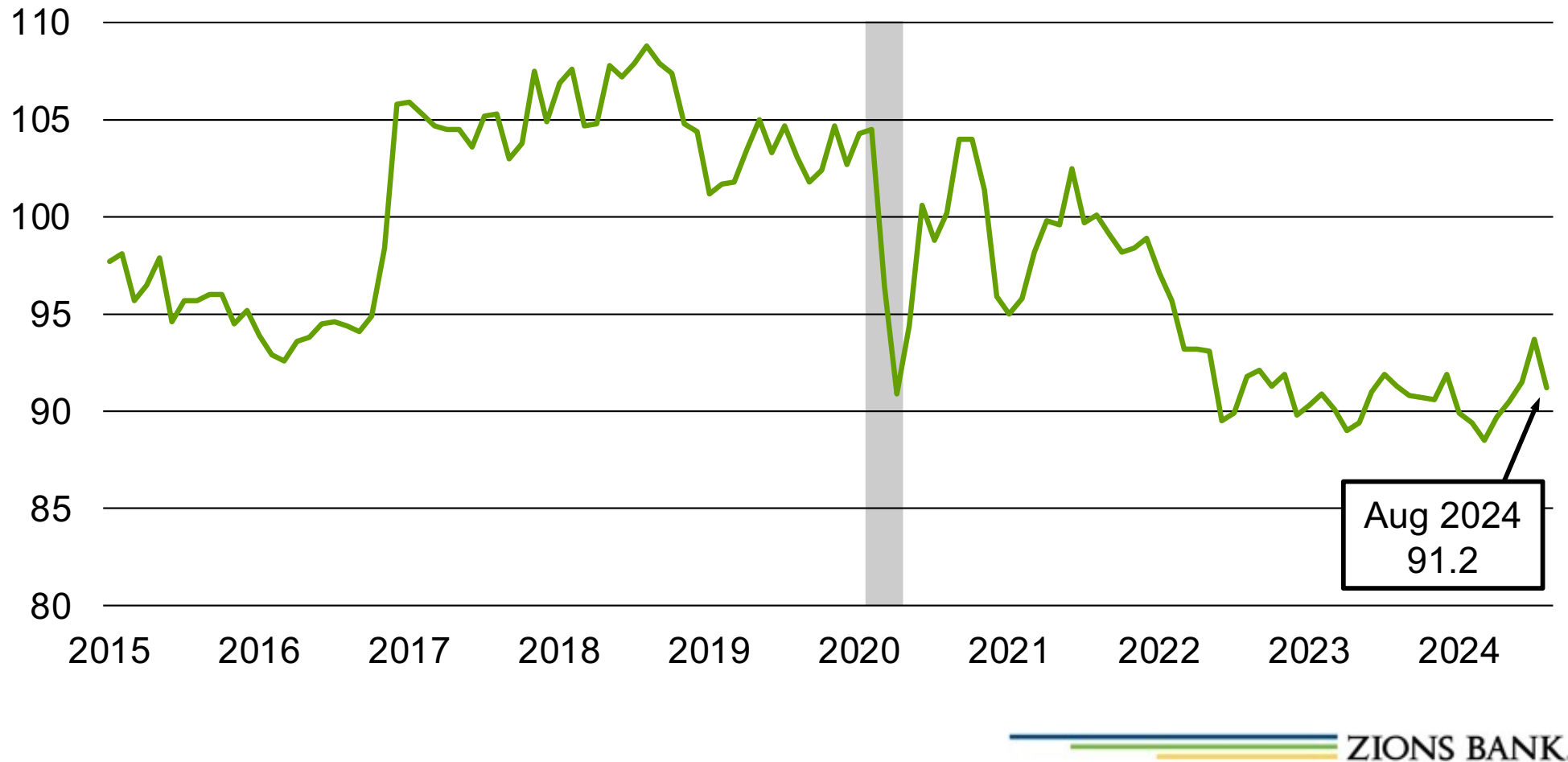
Pennsylvania



Wisconsin



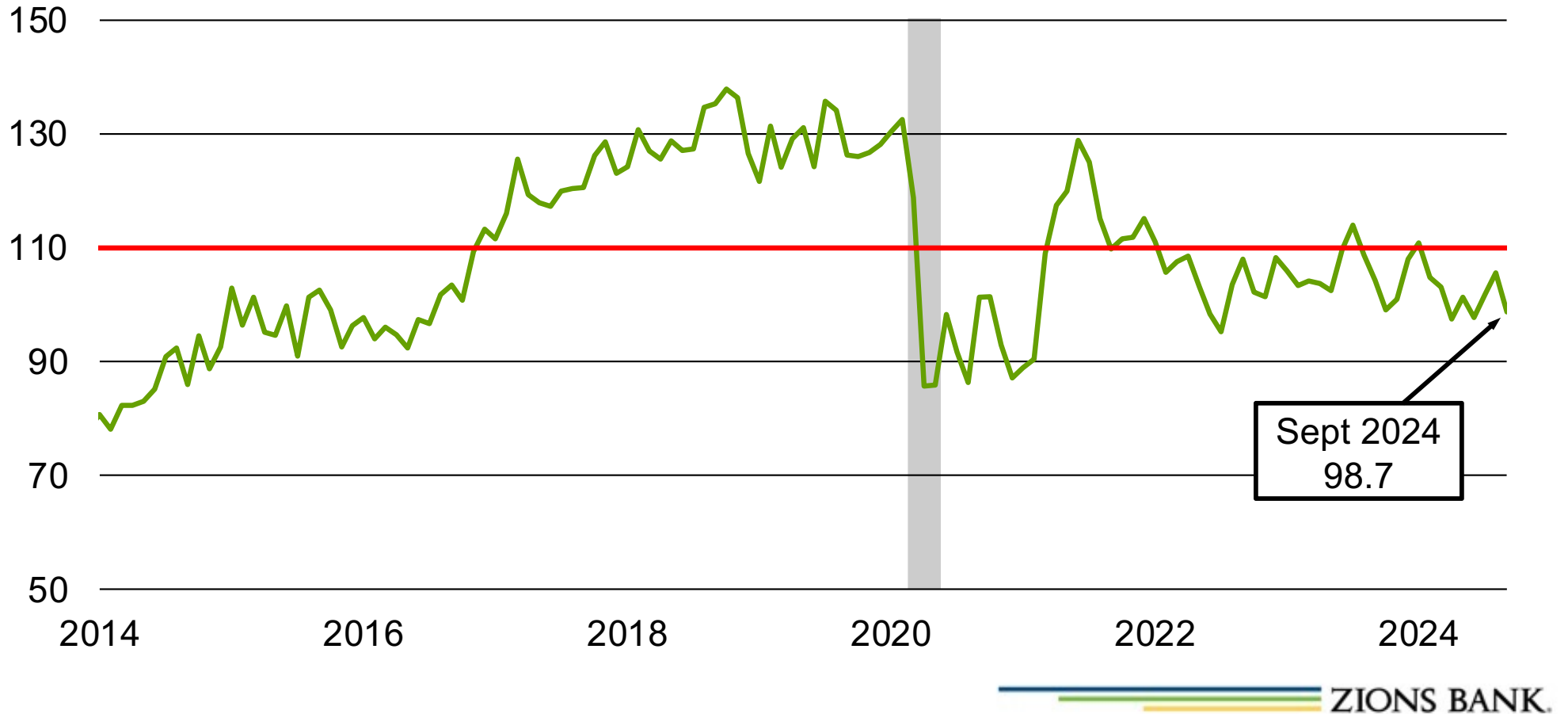
Small Businesses Optimism Dropped in August



Source: National Federation of Independent Business

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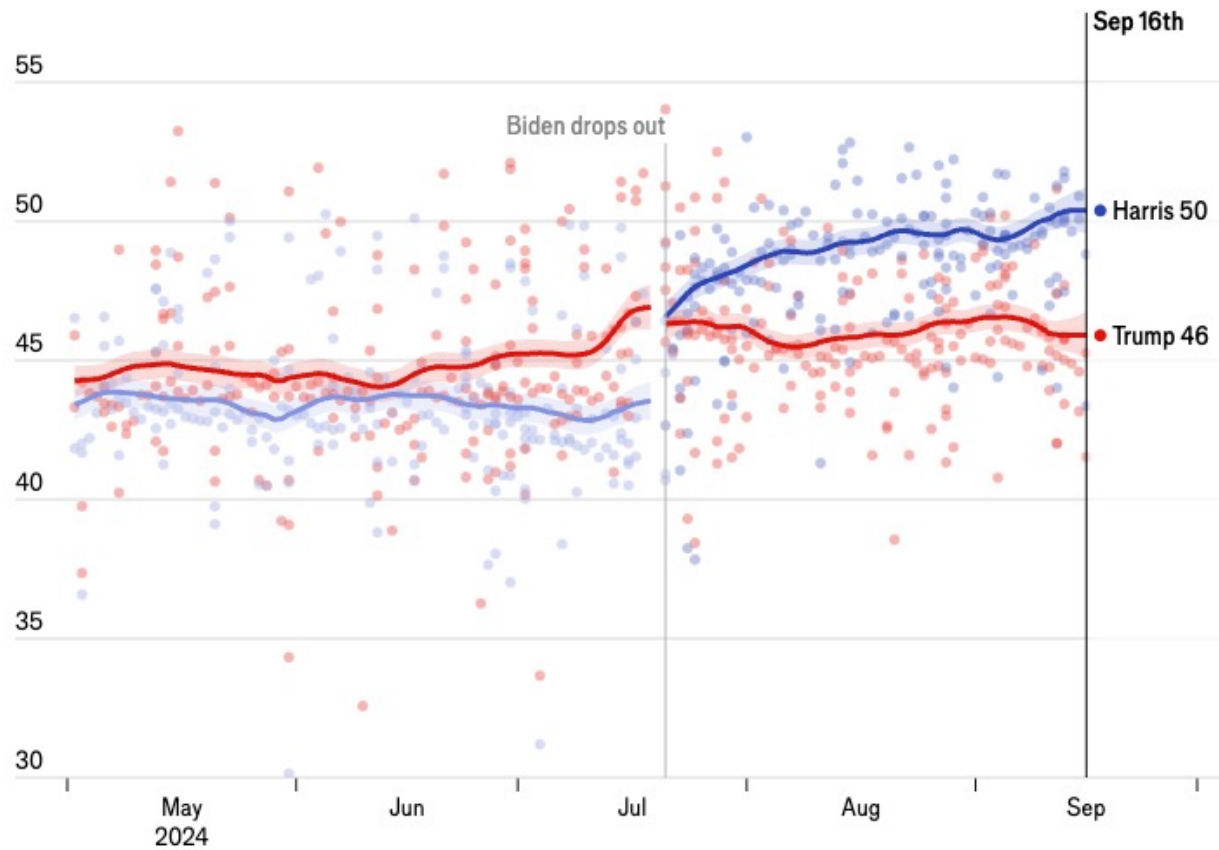
Consumer Confidence Dropped in September



Source: The Conference Board

Trump vs Biden vs Harris

Voting intention, %

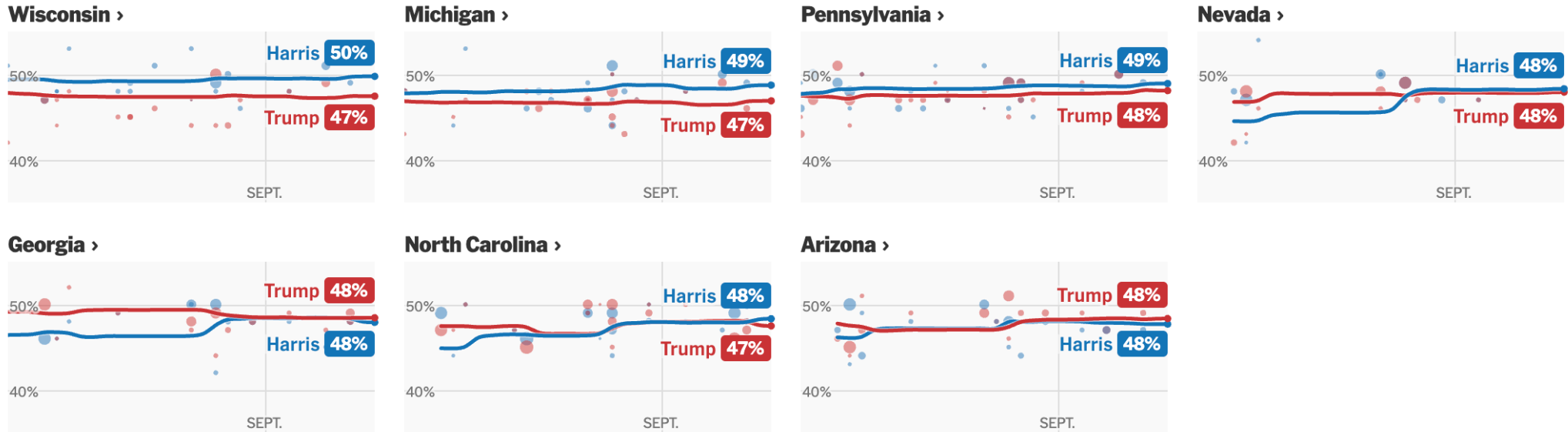


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Source: The Economist

Swing State Polling Remains Tight

New York Times swing state polling averages



By The New York Times

Source: New York Times



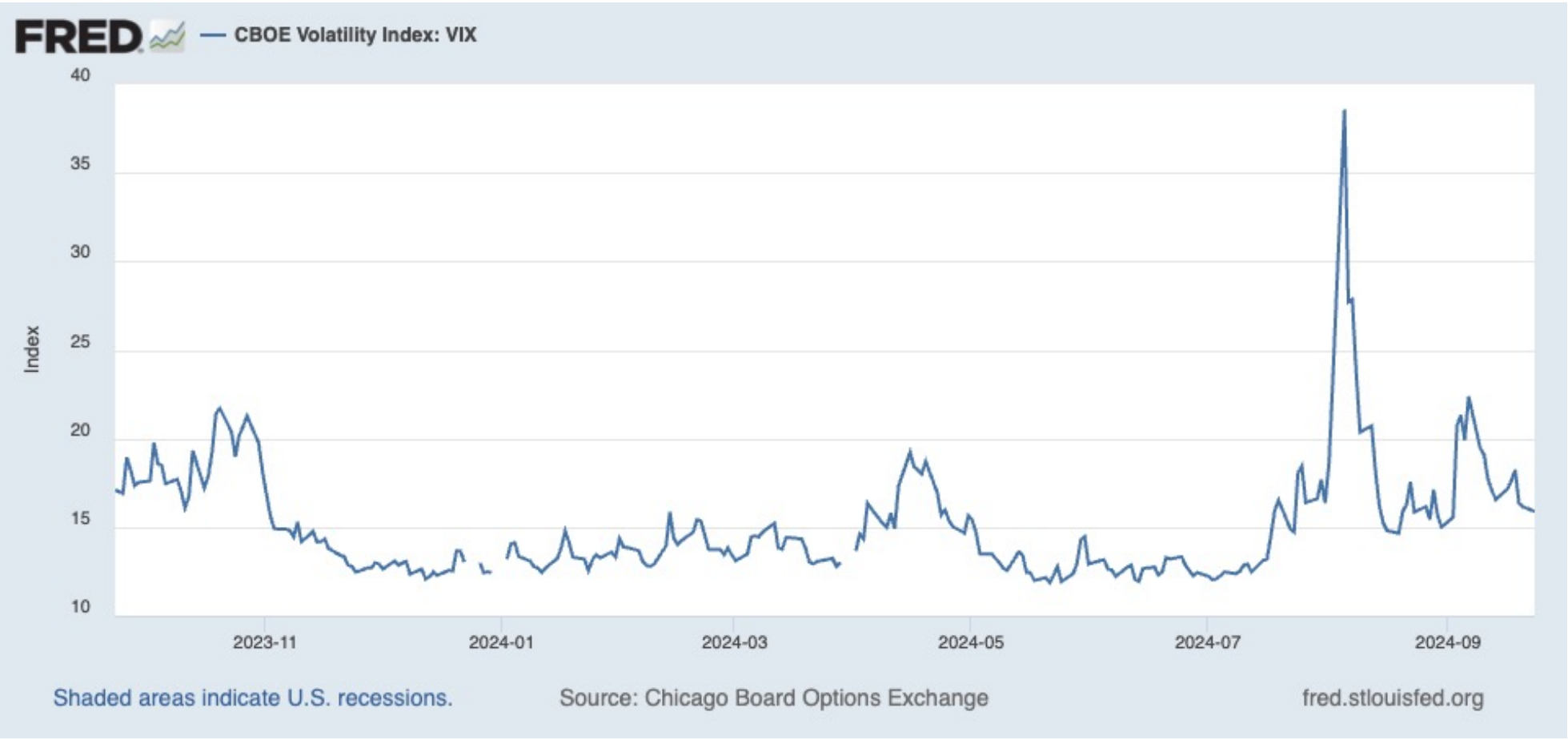
Can We Trust the Polls?

	POLLING LEADER	IF POLLS MISS LIKE THEY DID IN ...	
		2022	2020
National	+3 Harris	+2 Harris	+1 Trump
Wisconsin	+3 Harris	+5 Harris	+7 Trump
Nevada	+2 Harris	+4 Harris	+2 Trump
Michigan	+1 Harris	+7 Harris	+4 Trump
Pennsylvania	+1 Harris	+6 Harris	+4 Trump
North Carolina	+1 Harris	+2 Harris	+3 Trump
Arizona	Even	+3 Harris	+3 Trump
Georgia	+1 Trump	+1 Trump	+2 Trump

Includes polling as of Sept. 16. See the latest polling averages »



Market Volatility is Elevated

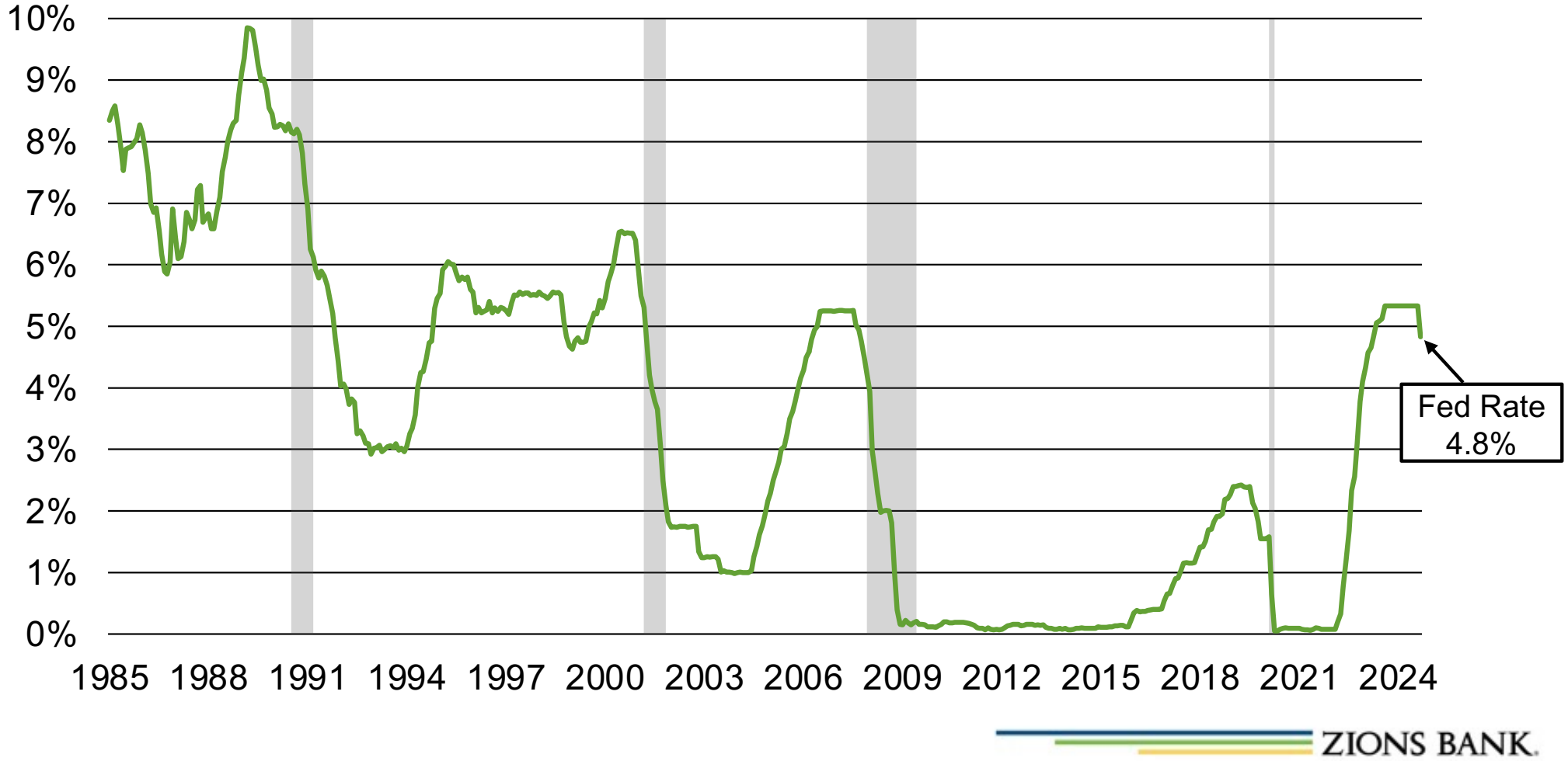


Source: FRED

“The time has come
for policy to adjust.”

- Jerome Powell

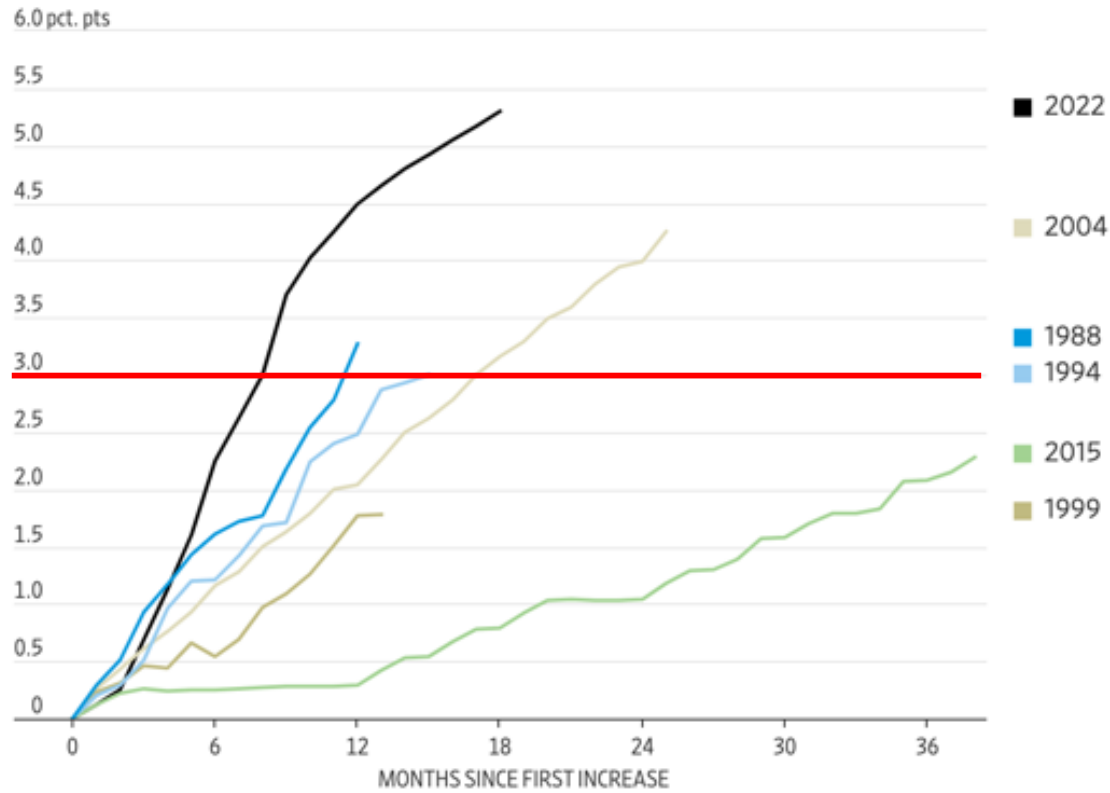
Federal Reserve Pivot to Rate Cuts



Source: Federal Reserve Board of Governors

Fed Rate Increases Most Aggressive in Decades

Cumulative change in federal-funds rate since start of initial rate increase

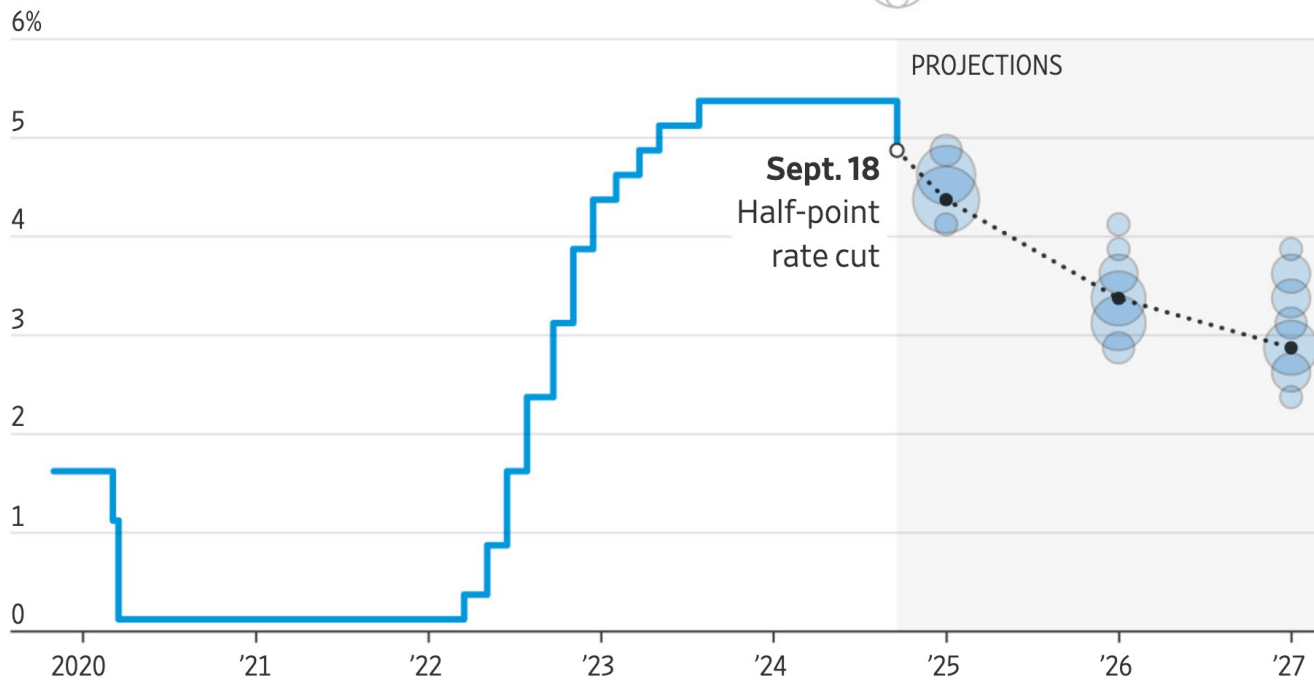


Neutral Rate
2.9%

Federal Reserve Begins Rate Cuts

Federal-funds rate with Fed projections

Projected by:  Nine Fed officials
 Median

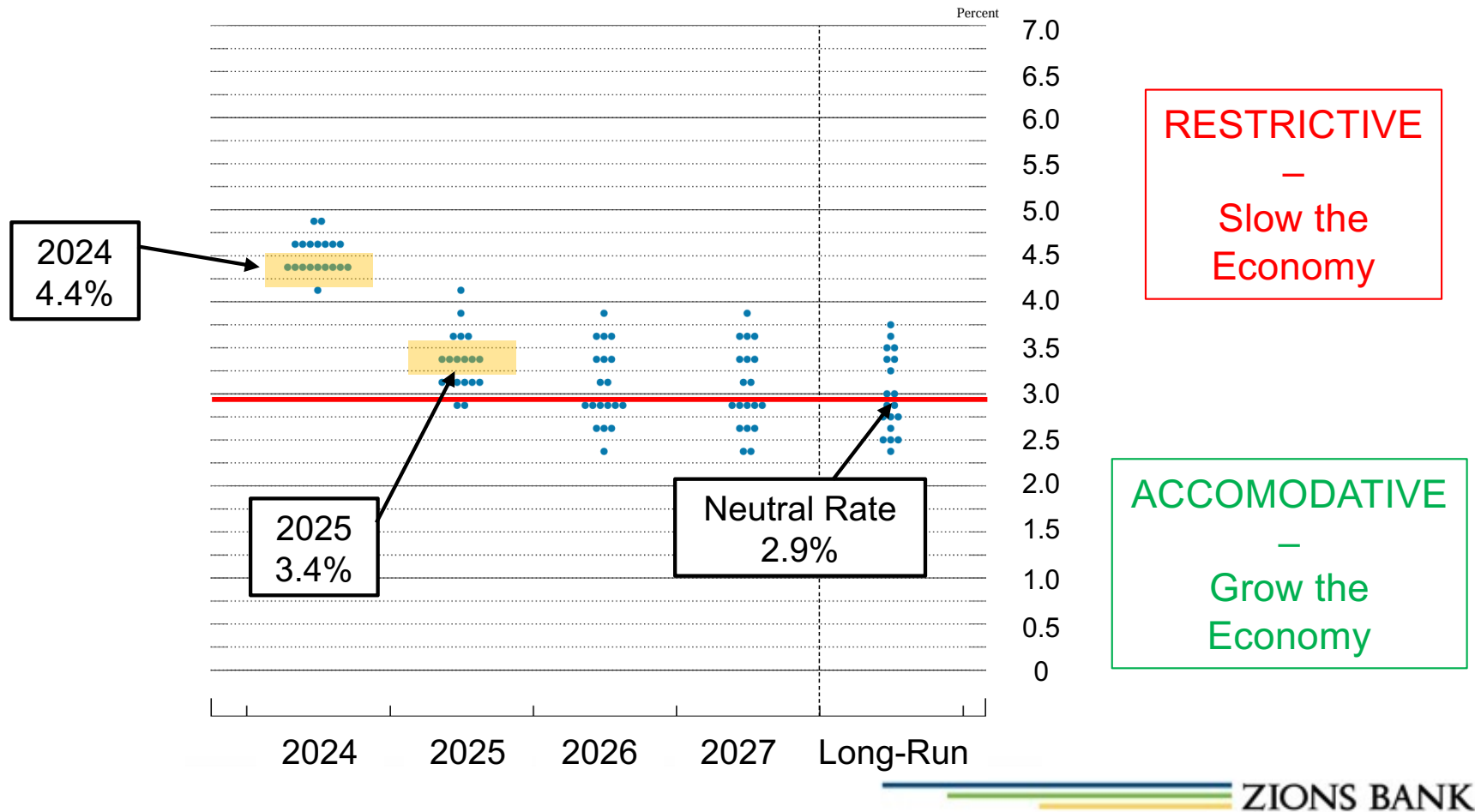


Note: Chart shows midpoint of the target range.
Source: Federal Reserve

Peter Santilli/WSJ



Fed Forecast After September 2024 Meeting

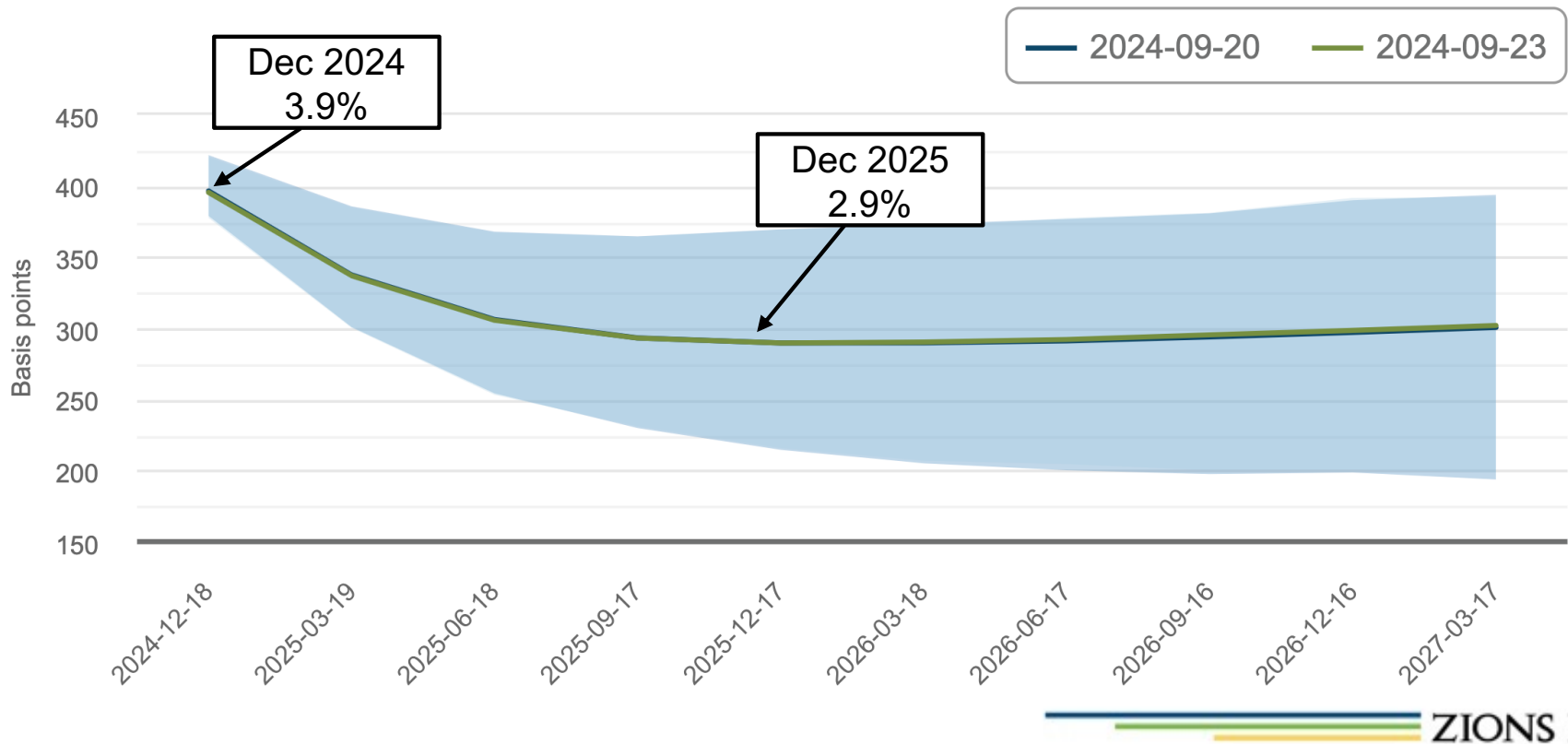


Source: Board of Governors of the Federal Reserve System

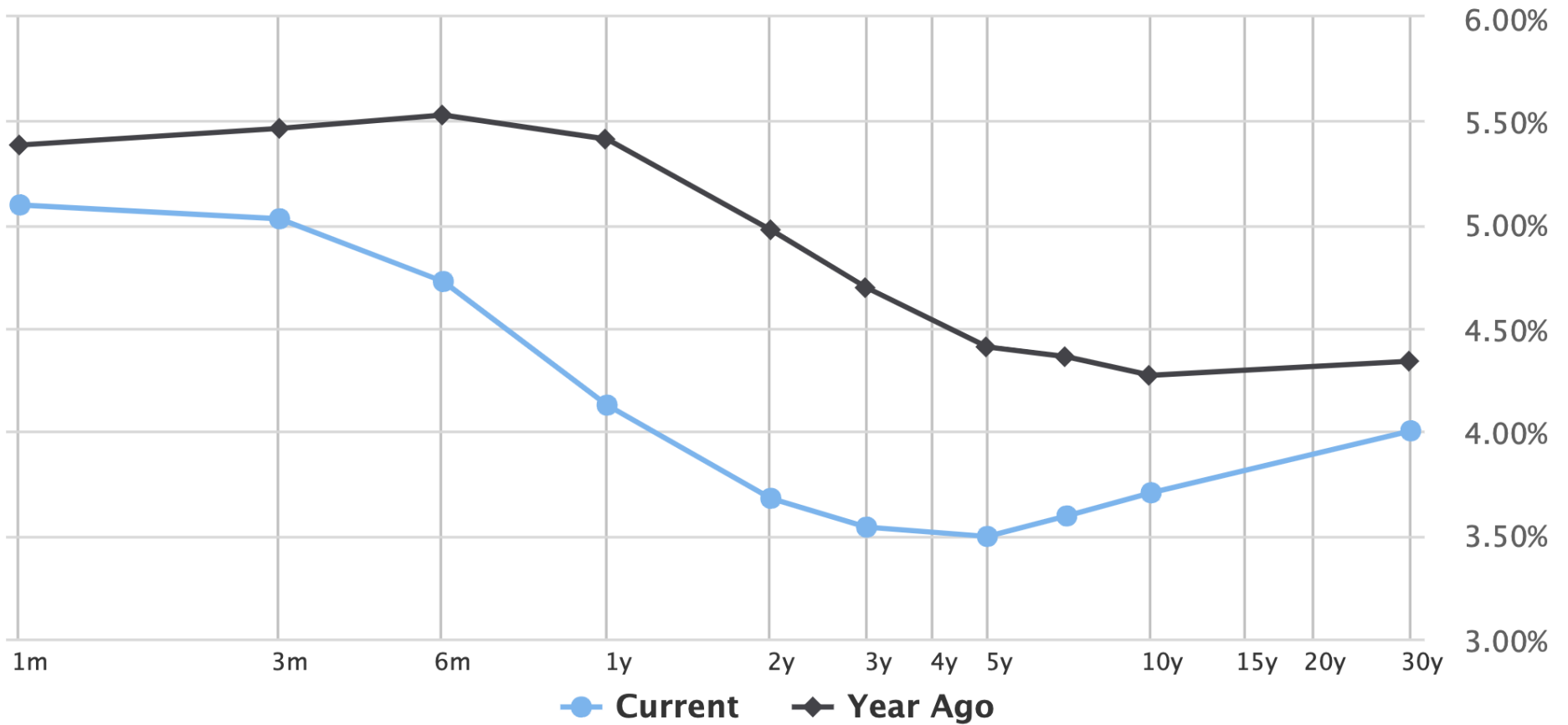
Markets Expect Deeper Rate Cuts

The Expected Three-Month Average SOFR Path

Current target range: 475 - 500 basis points



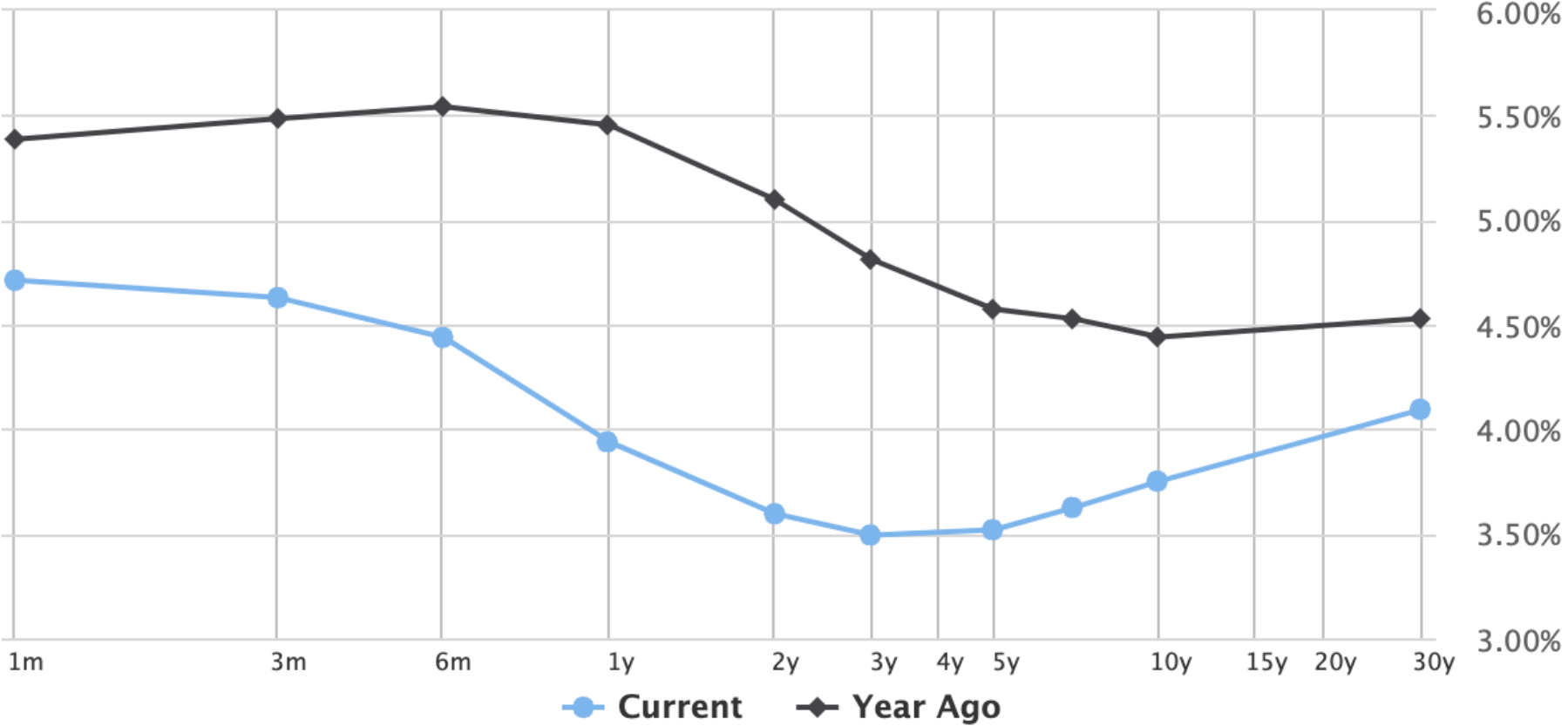
Treasury Yield Curve **Before** September 2024 Meeting



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Source: Wall Street Journal

Treasury Yield Curve **After** September 2024 Meeting



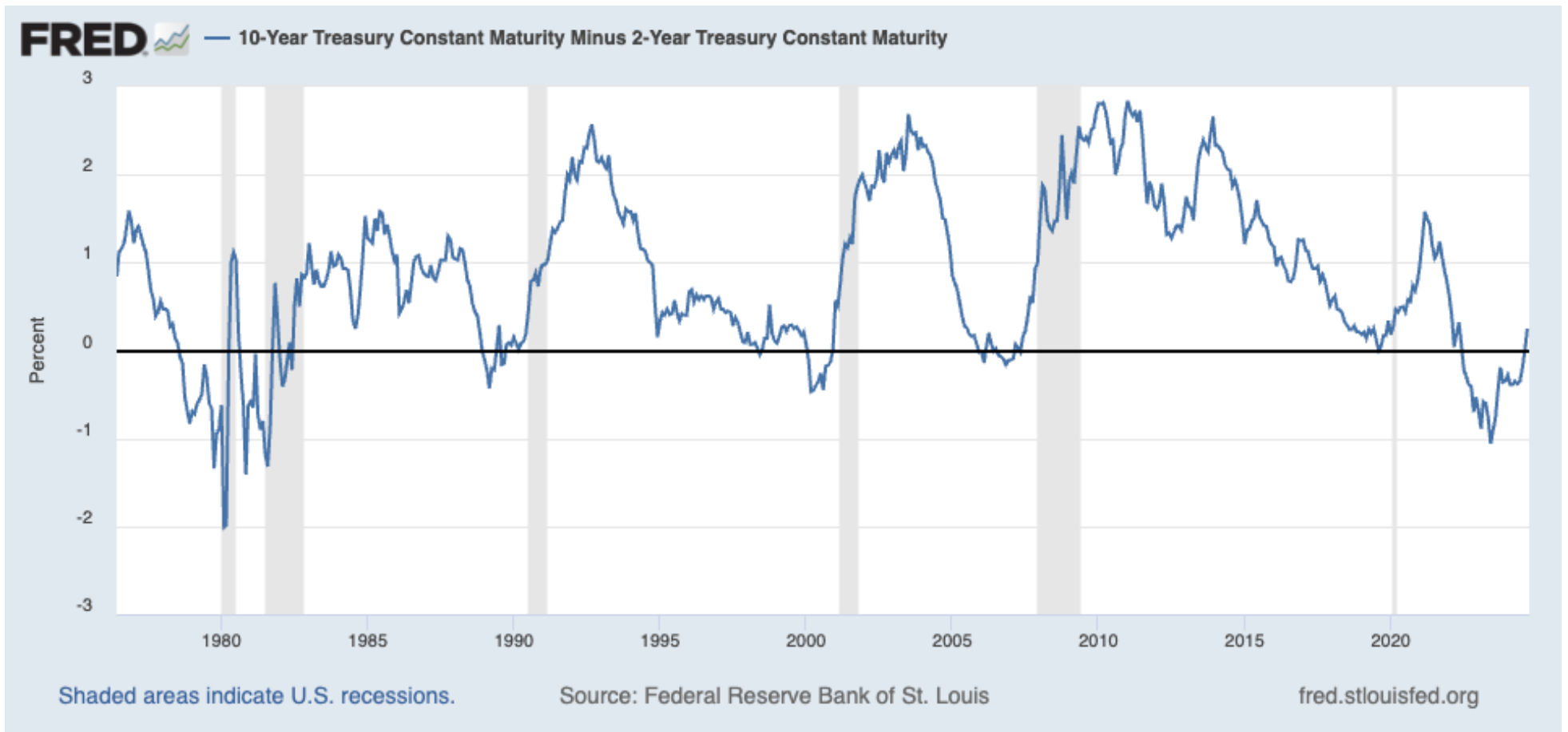
Source: Wall Street Journal

After Two Years Negative, Yield Curve Back Positive



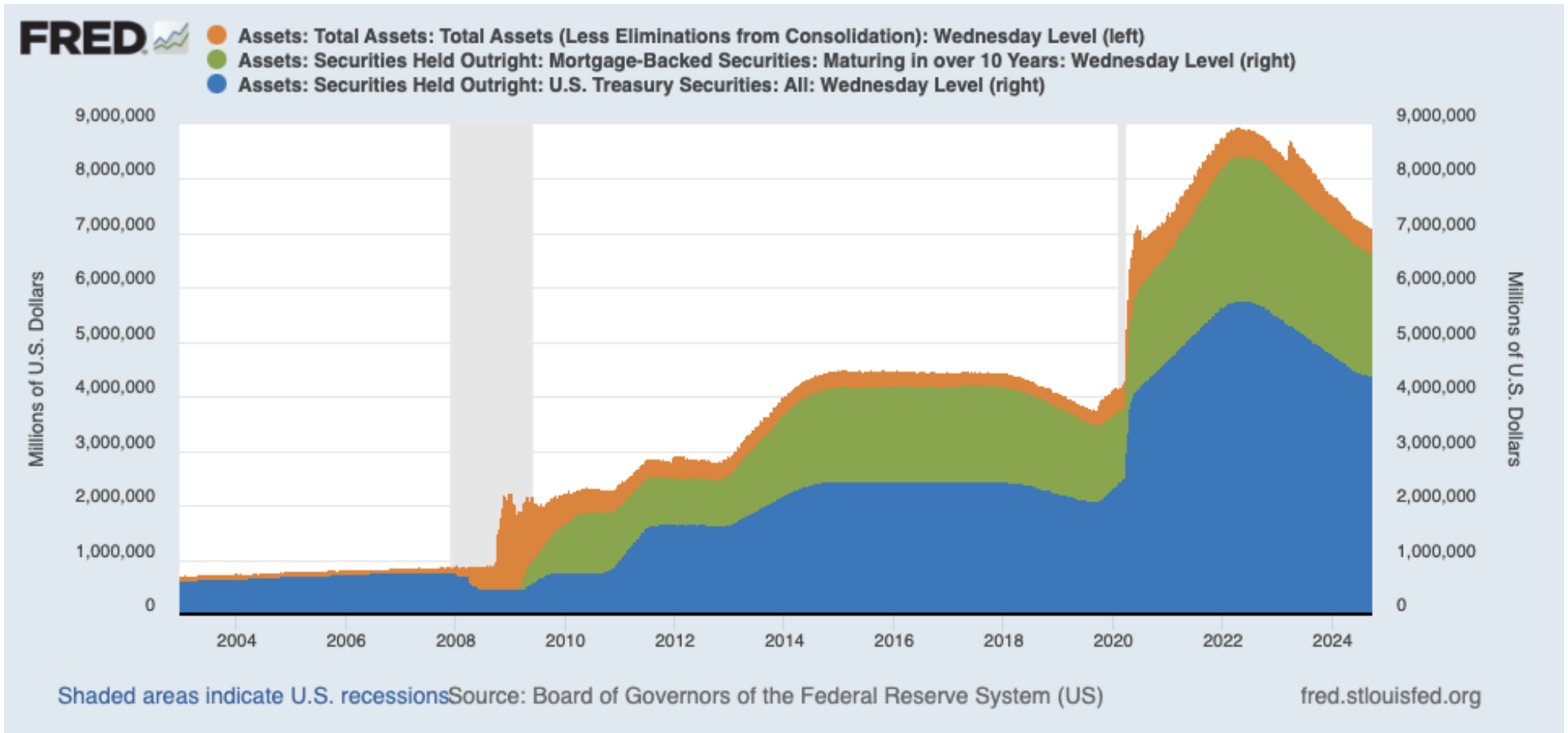
Source: Federal Reserve

Is the Yield Curve Signaling a Recession?



Source: Federal Reserve

Federal Reserve Shrinking Its Balance Sheet



Source: Federal Reserve Bank of St Louis

August 2024 Employment Indicators

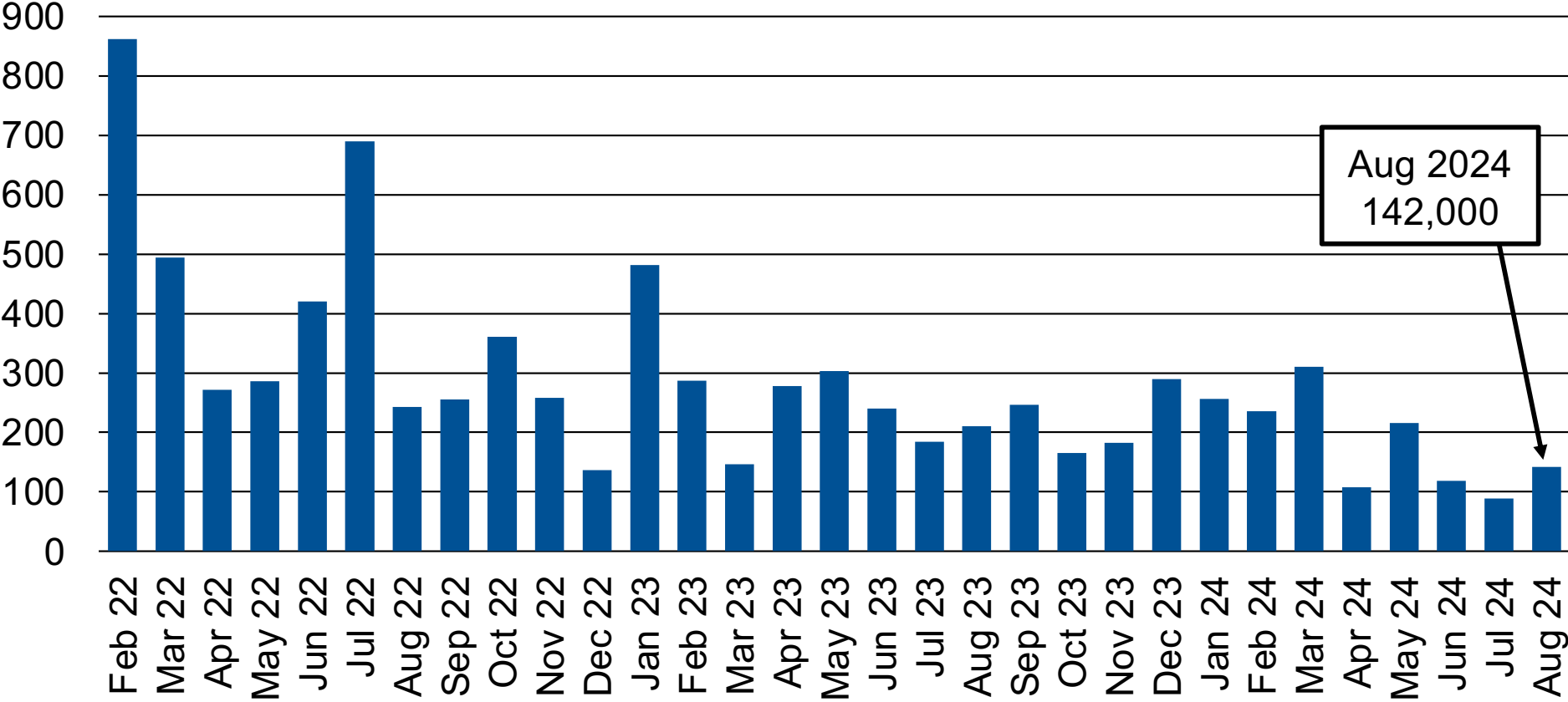
Indicator	Prior Month	Prior Revised	Consensus	Actual
Total Nonfarm Jobs	114,000	89,000	160,000	142,000
Unemployment Rate	4.3%	-	4.2%	4.2%
Labor Force Participation	62.7%	-	62.7%	62.7%
Average Hourly Earnings (M/M)	0.2%	-	0.3%	0.4%
Average Hourly Earnings (Y/Y)	3.6%	3.7%	-	3.8%



Source: U.S. Bureau of Labor Statistics

Monthly U.S. Job Growth Accelerated in August

Nonfarm Payroll Change: Thousands of Employees

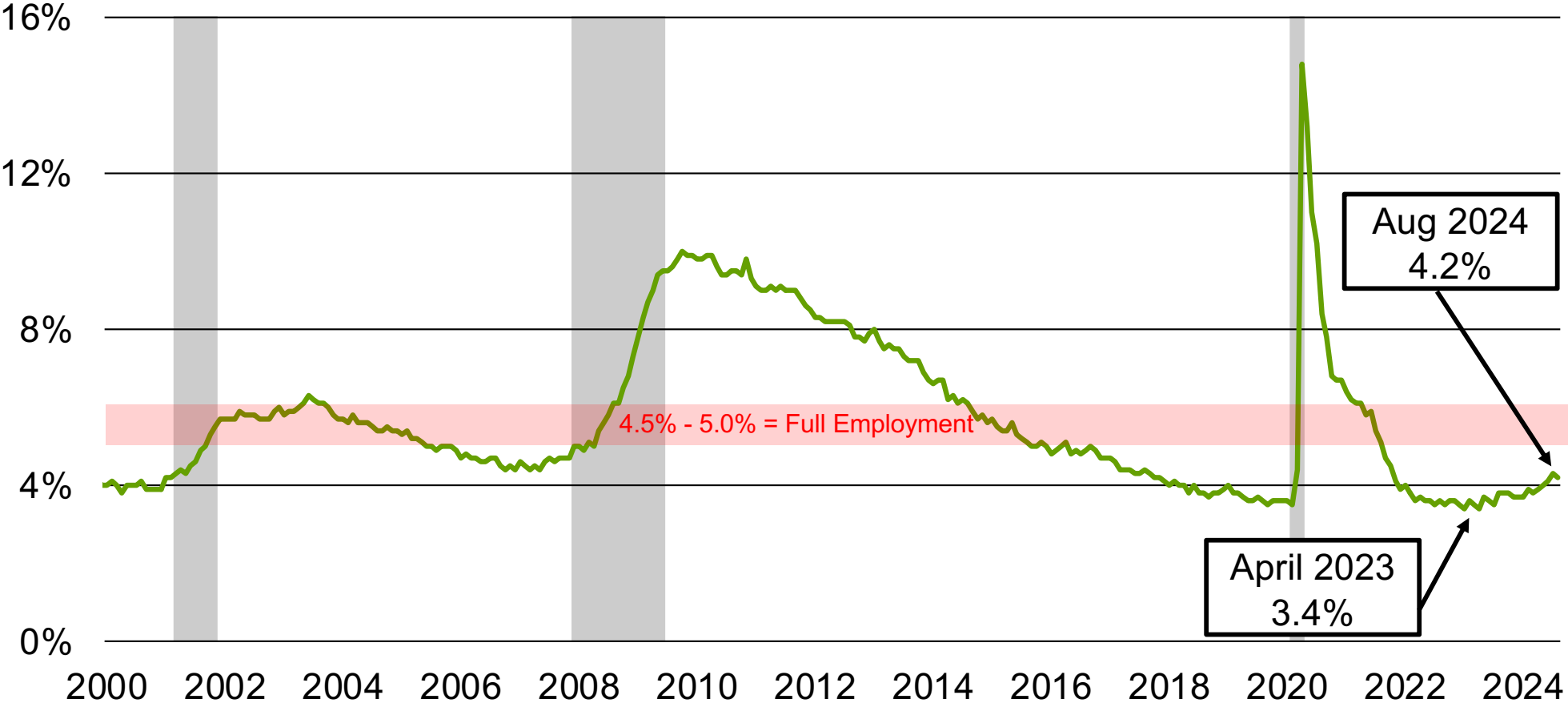


Aug 2024
142,000



Source: U.S. Bureau of Labor Statistics

U.S. Unemployment Rate Dropped in August



April 2023
3.4%

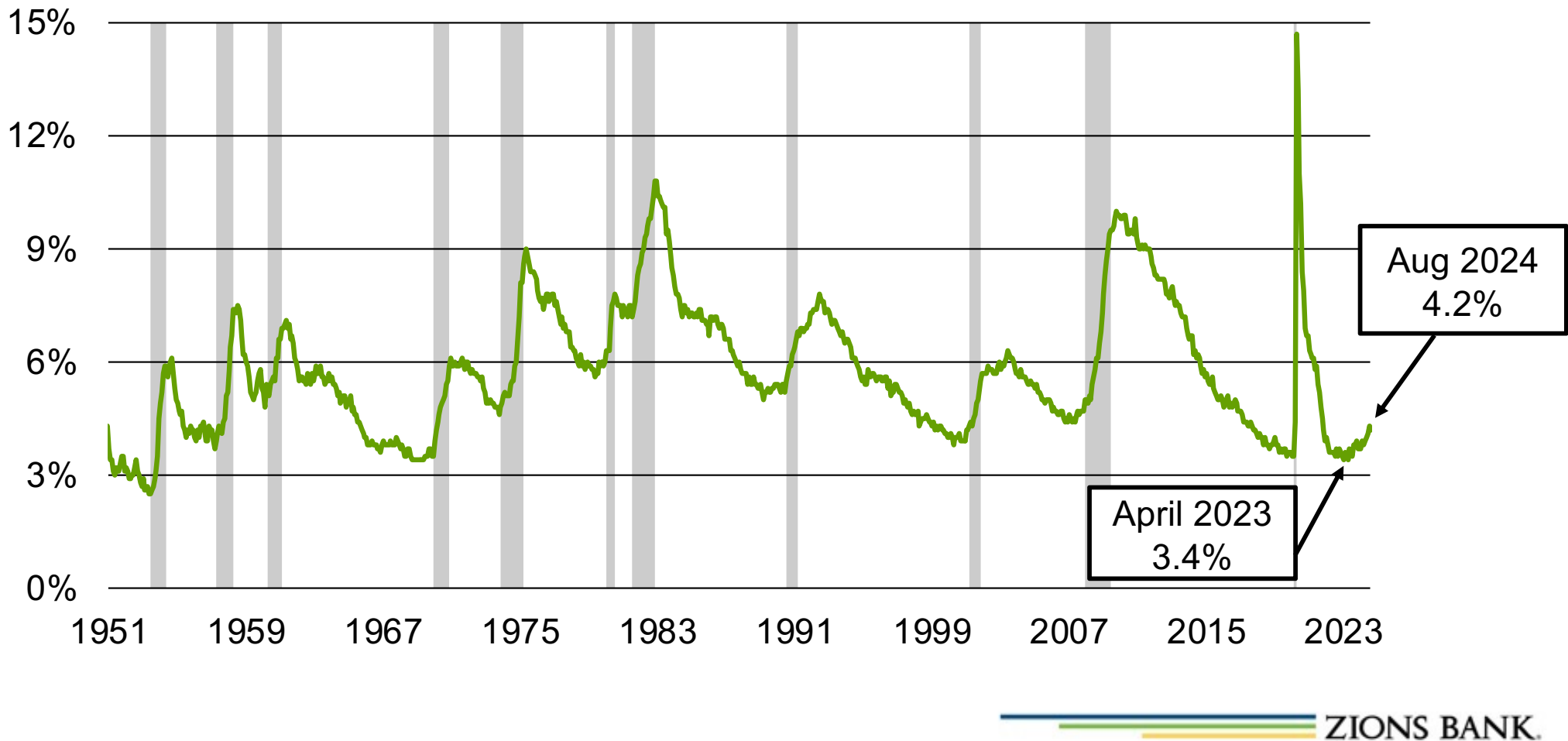
Aug 2024
4.2%

4.5% - 5.0% = Full Employment

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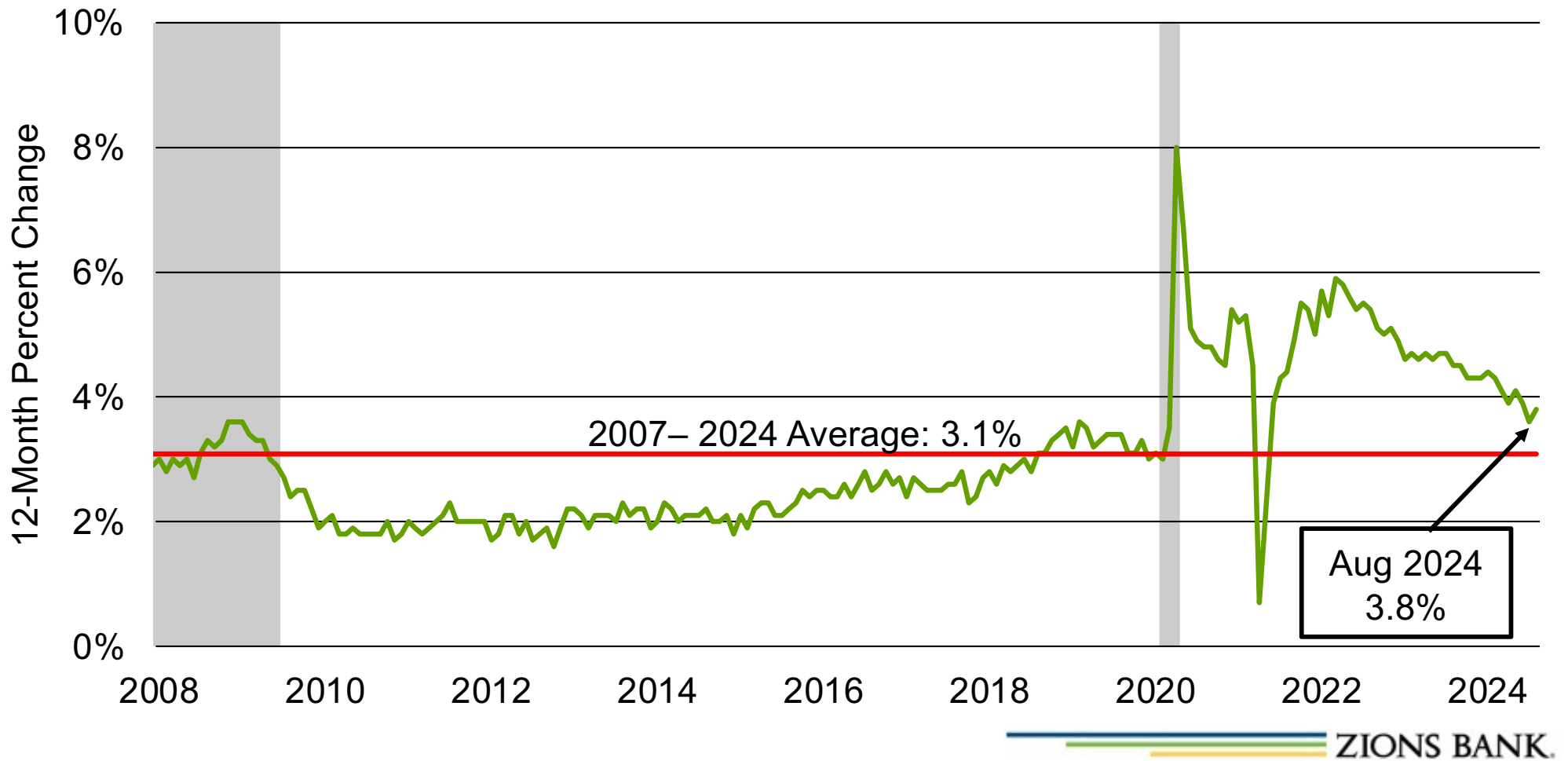
Source: U.S. Bureau of Labor Statistics

U.S. Unemployment Trending Up



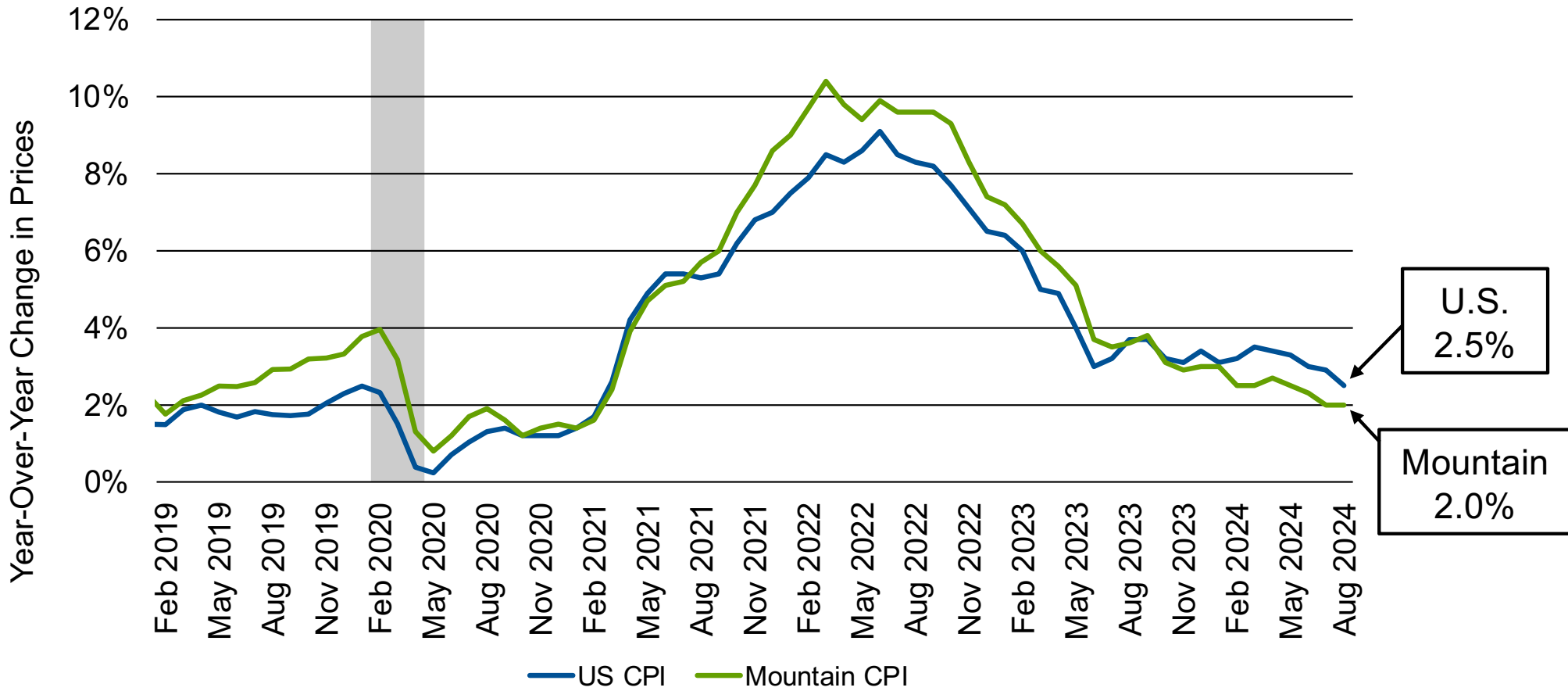
Source: U.S. Bureau of Labor Statistics

Wage Growth Accelerated in August



Source: U.S. Bureau of Labor Statistics

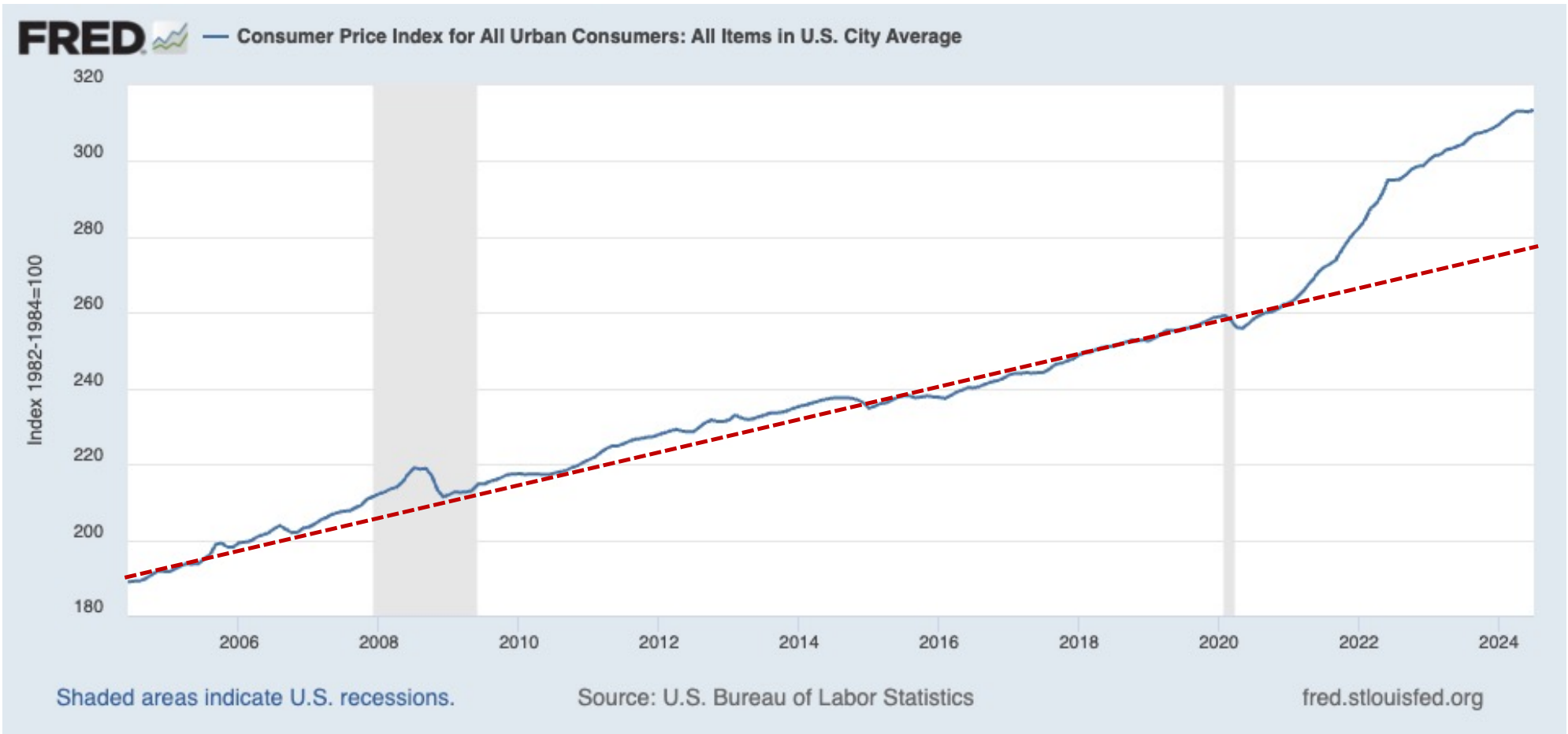
Inflation Slowed in August



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

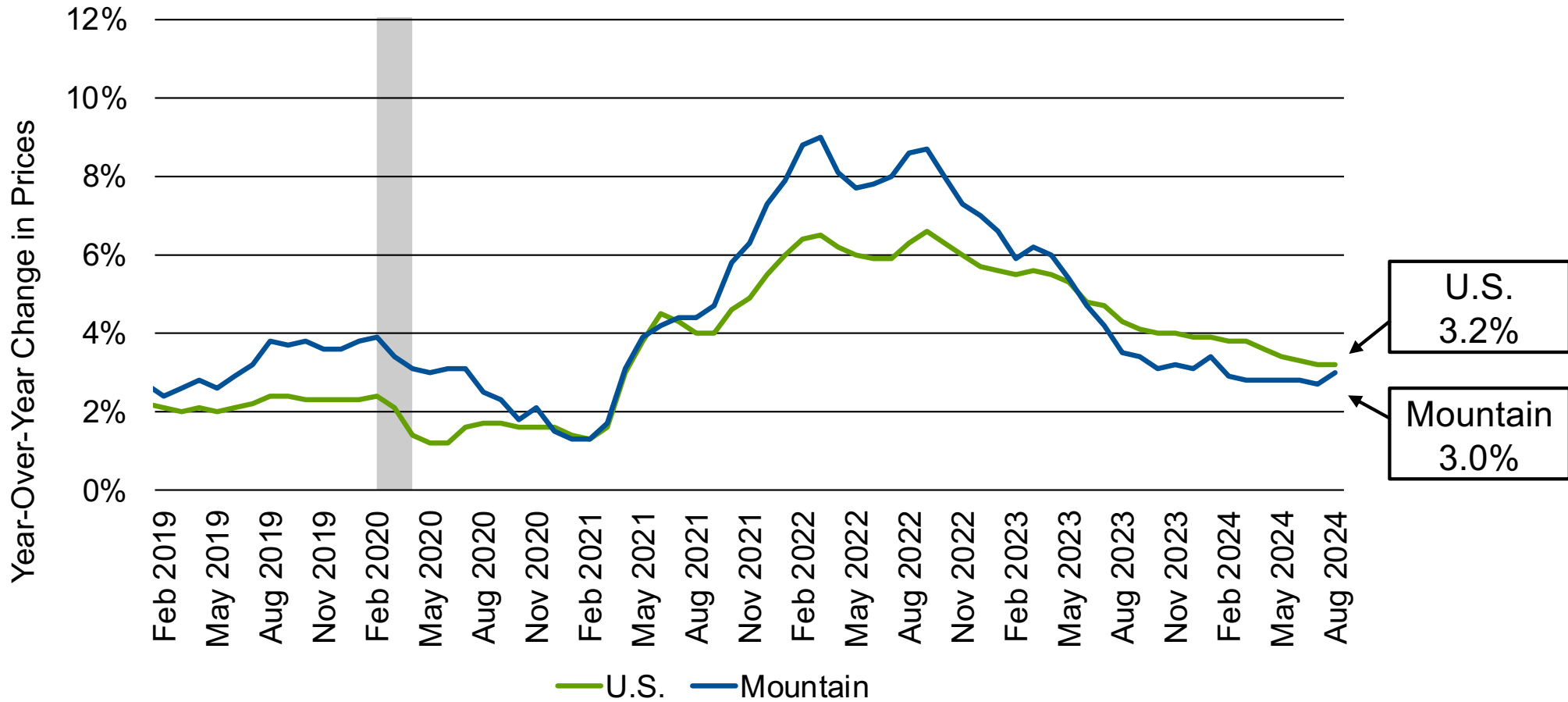


Consumer Prices Up 21% Since 2020



Source: Federal Reserve Bank of St Louis

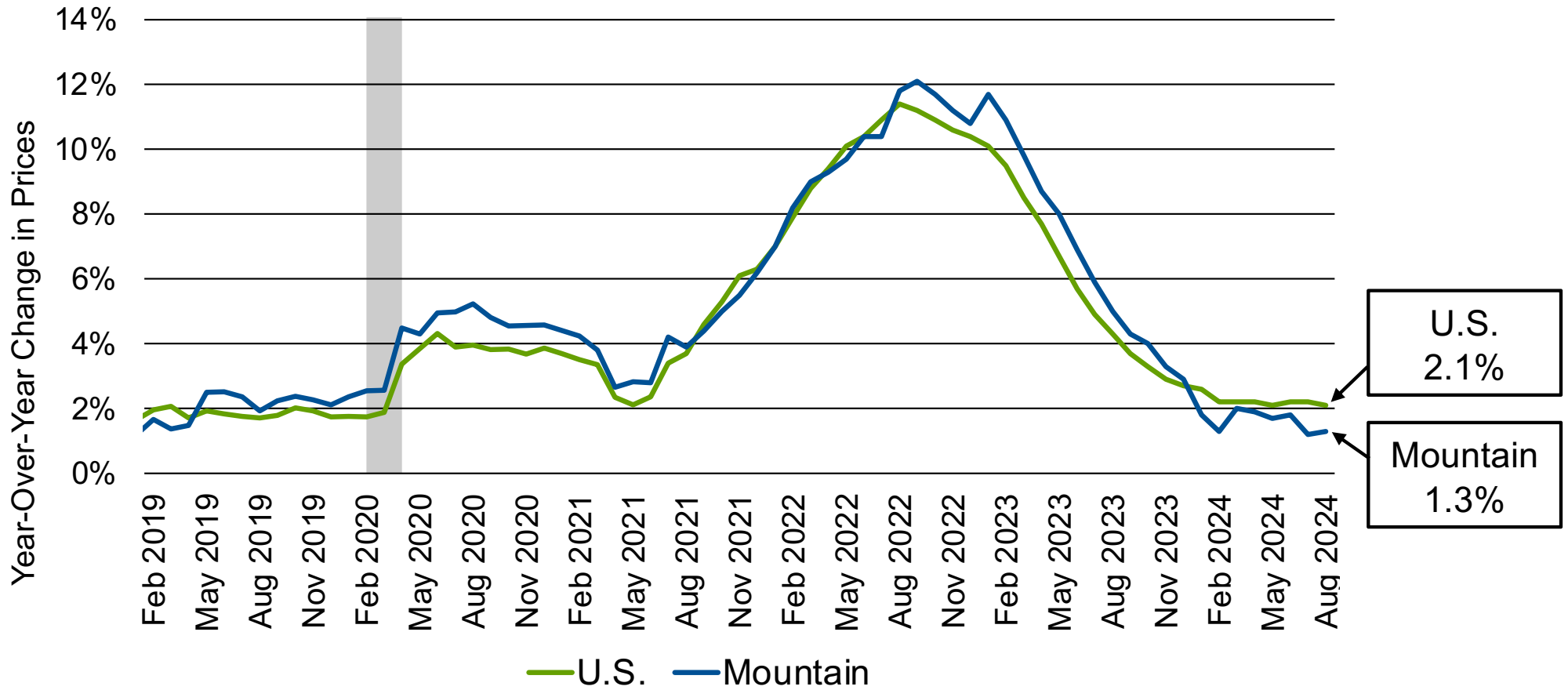
Core Inflation Still Too High



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



Food Price Inflation Back to Normal



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

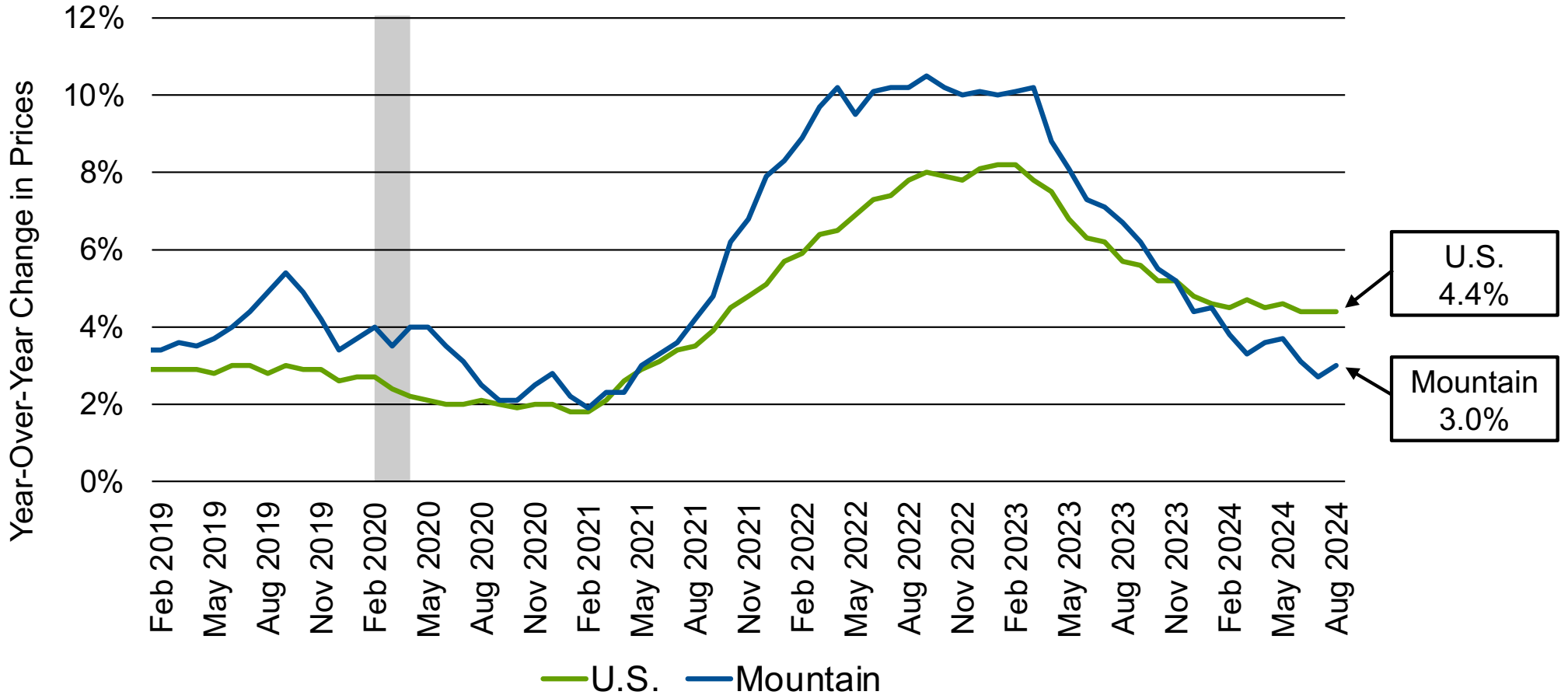
Motor Fuel Prices Lower Than One Year Ago



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

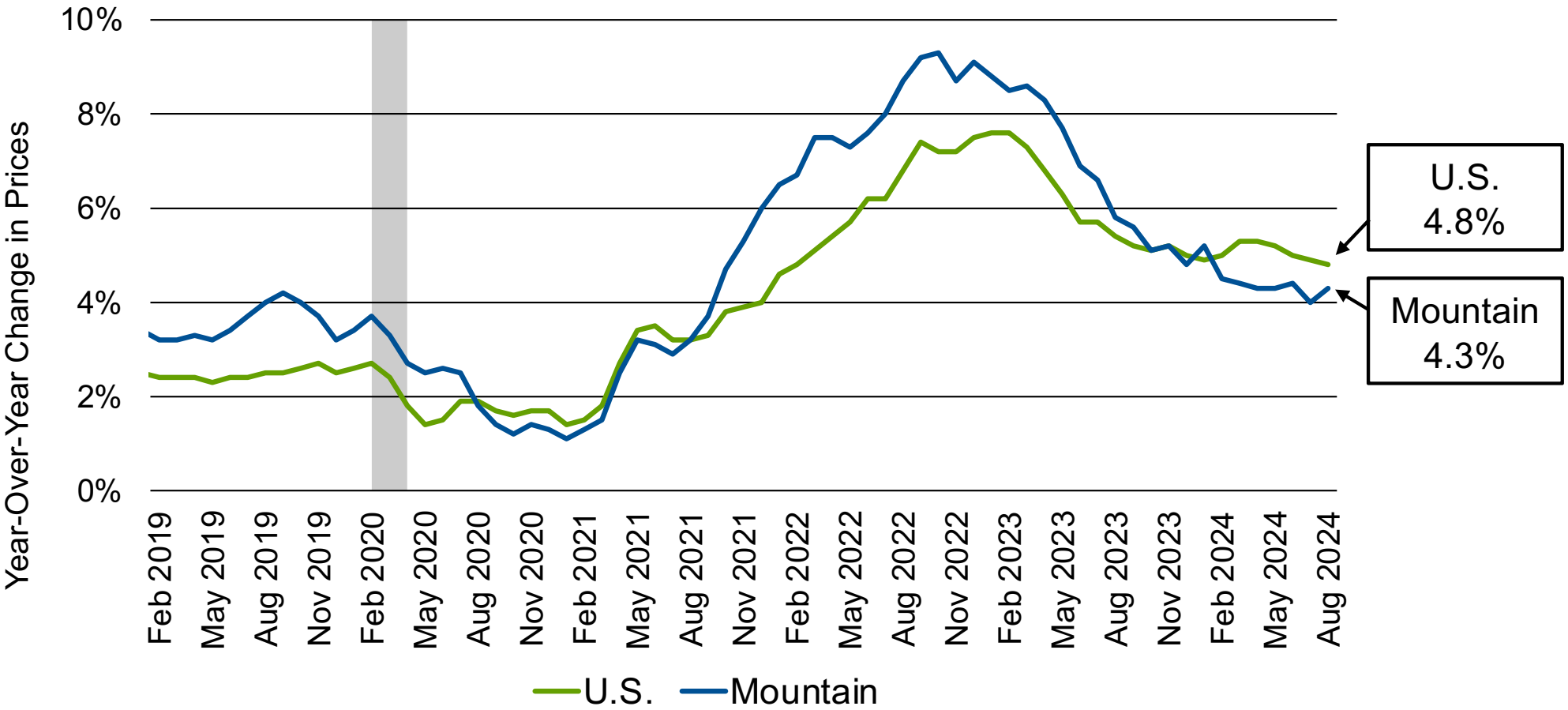


Housing Inflation Still Too High



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

Services Price Inflation Too High

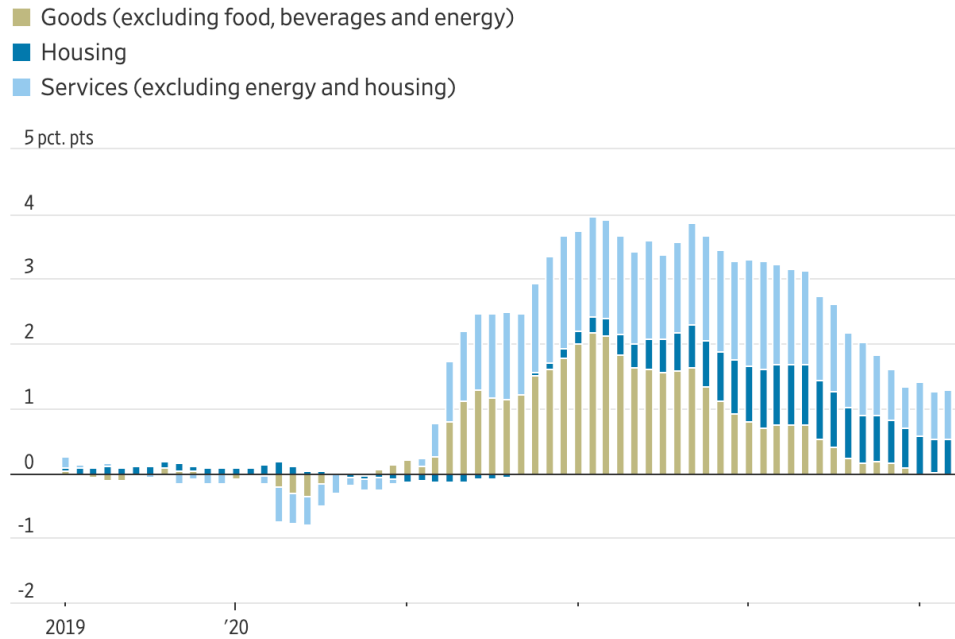


Source: U.S. Bureau of Labor Statistics
 Note: Mountain states include AZ, CO, ID, MT, NV, NM, UT, WY



Housing and Services Adding to Inflation Pressure

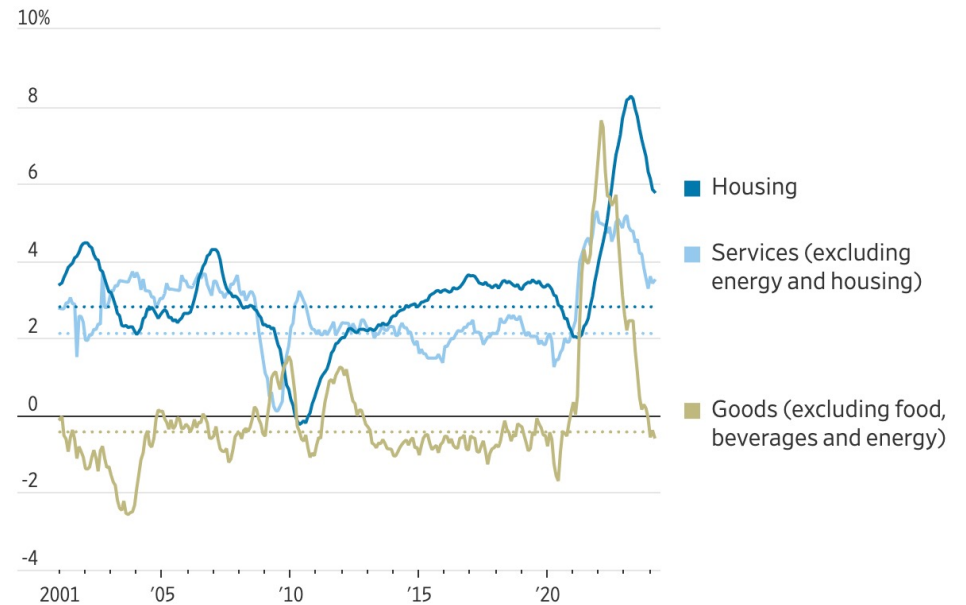
Contribution to core PCE inflation, difference from prepandemic trend



Note: Prepandemic trend is average from January 2011 to January 2020. Core PCE is the price index of personal-consumption expenditures, excluding food and energy.
Source: Commerce Department

Inflation has returned to its prepandemic trend for goods, but not for housing and nonhousing services

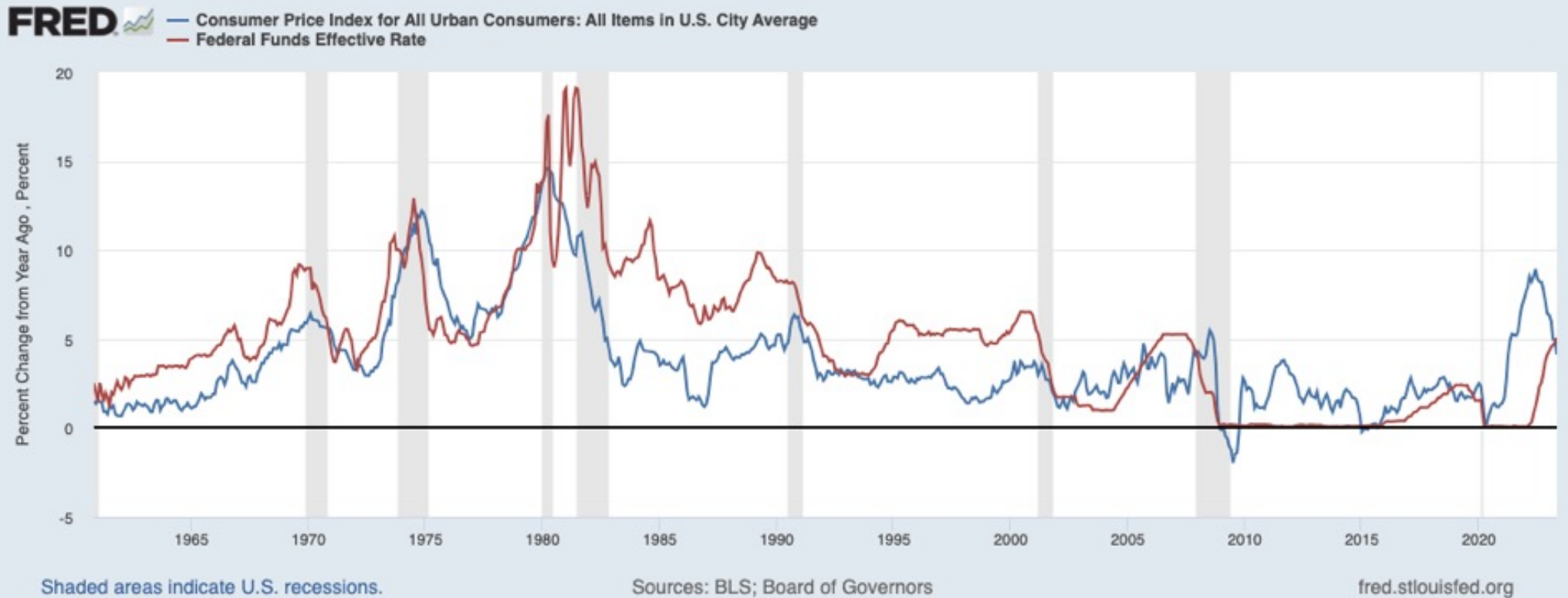
Twelve-month change in personal-consumption expenditures index



Note: Dotted lines show average inflation rate for each component from January 2011 to January 2020
Source: Commerce Department

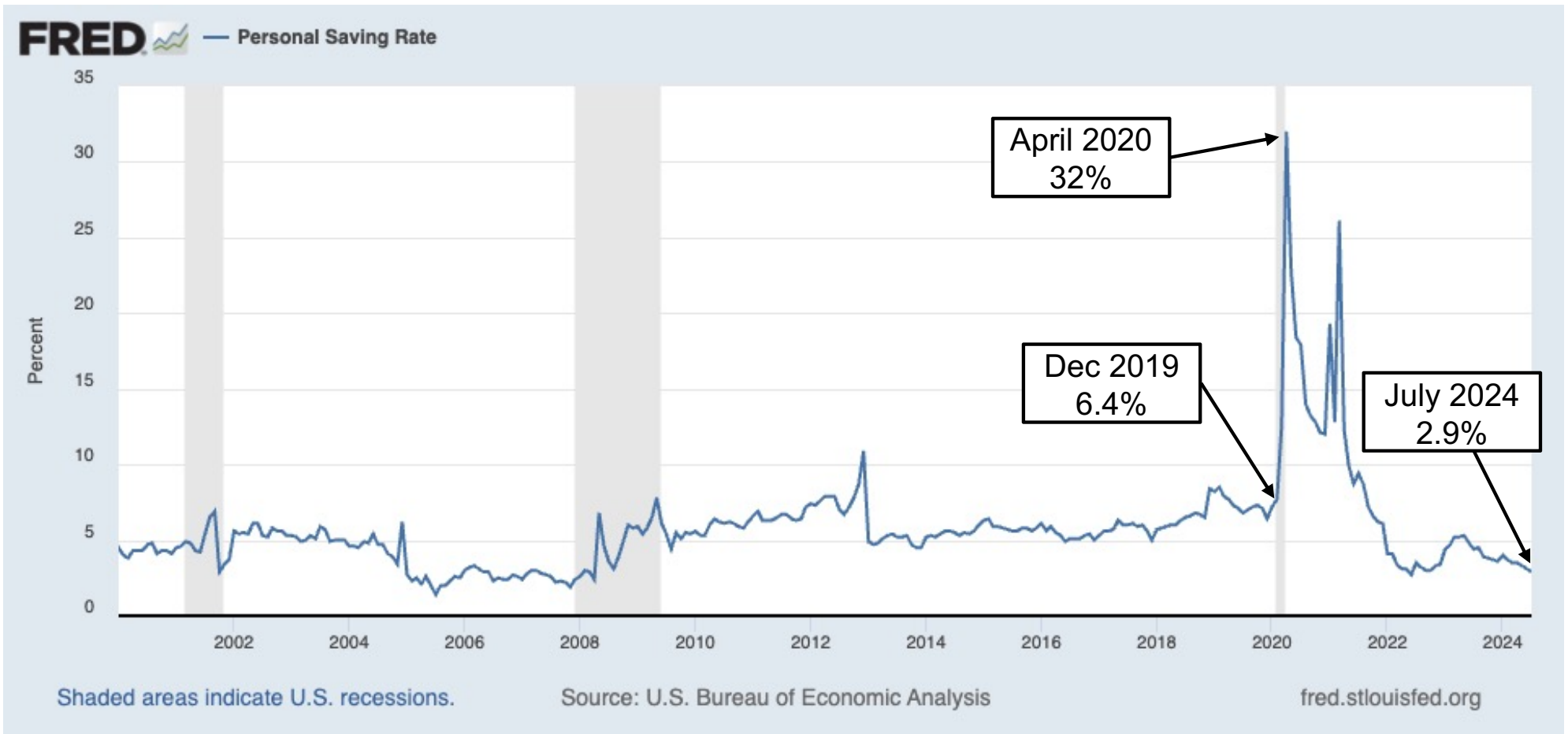
Lessons Learned from the 1970s

Several Failed Attempts to Bring Down Inflation



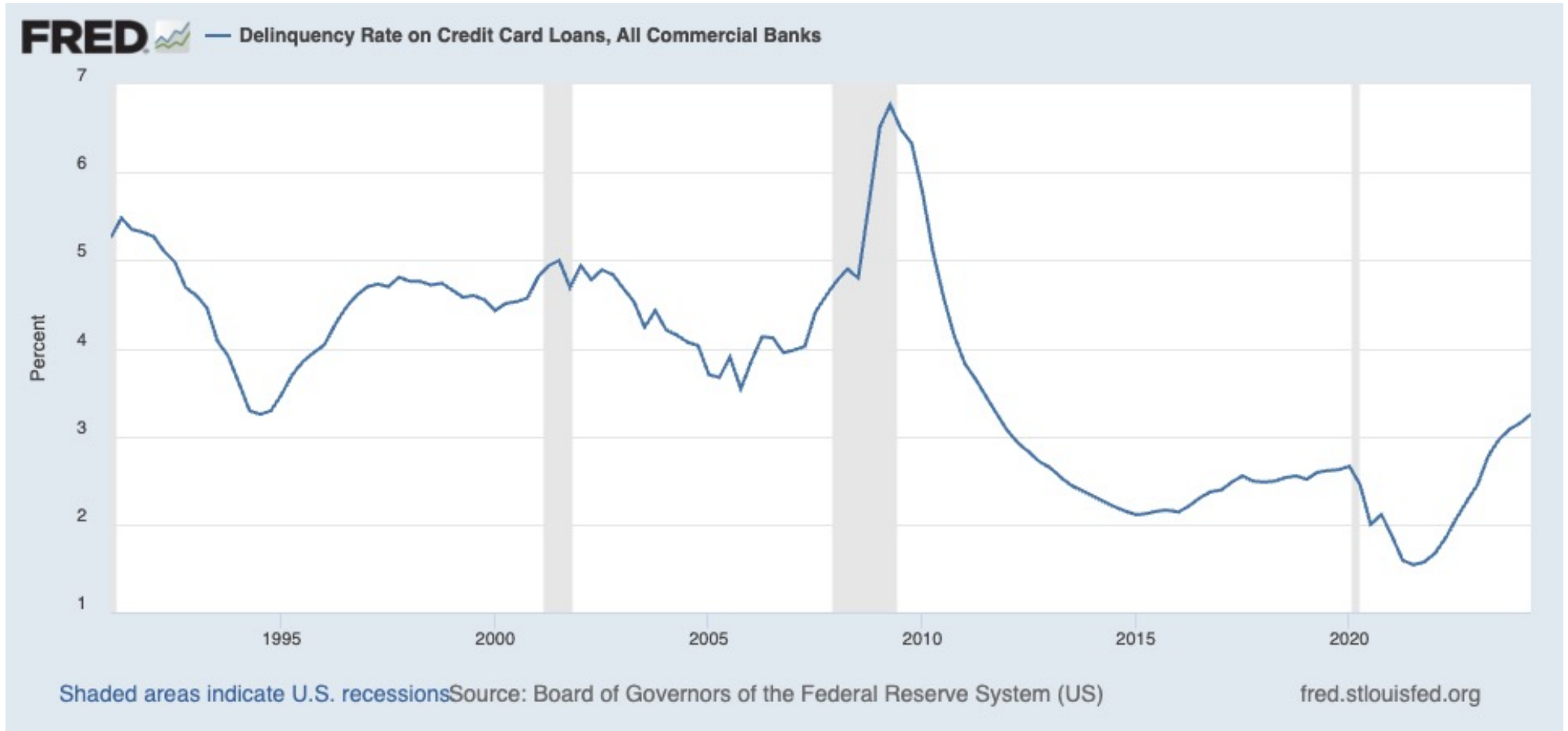
Source: Federal Reserve Bank of St Louis

Personal Saving Rate Lower than Before COVID



Source: Federal Reserve Bank of St Louis

Delinquent Debt Increasing As Consumers Get Tapped Out



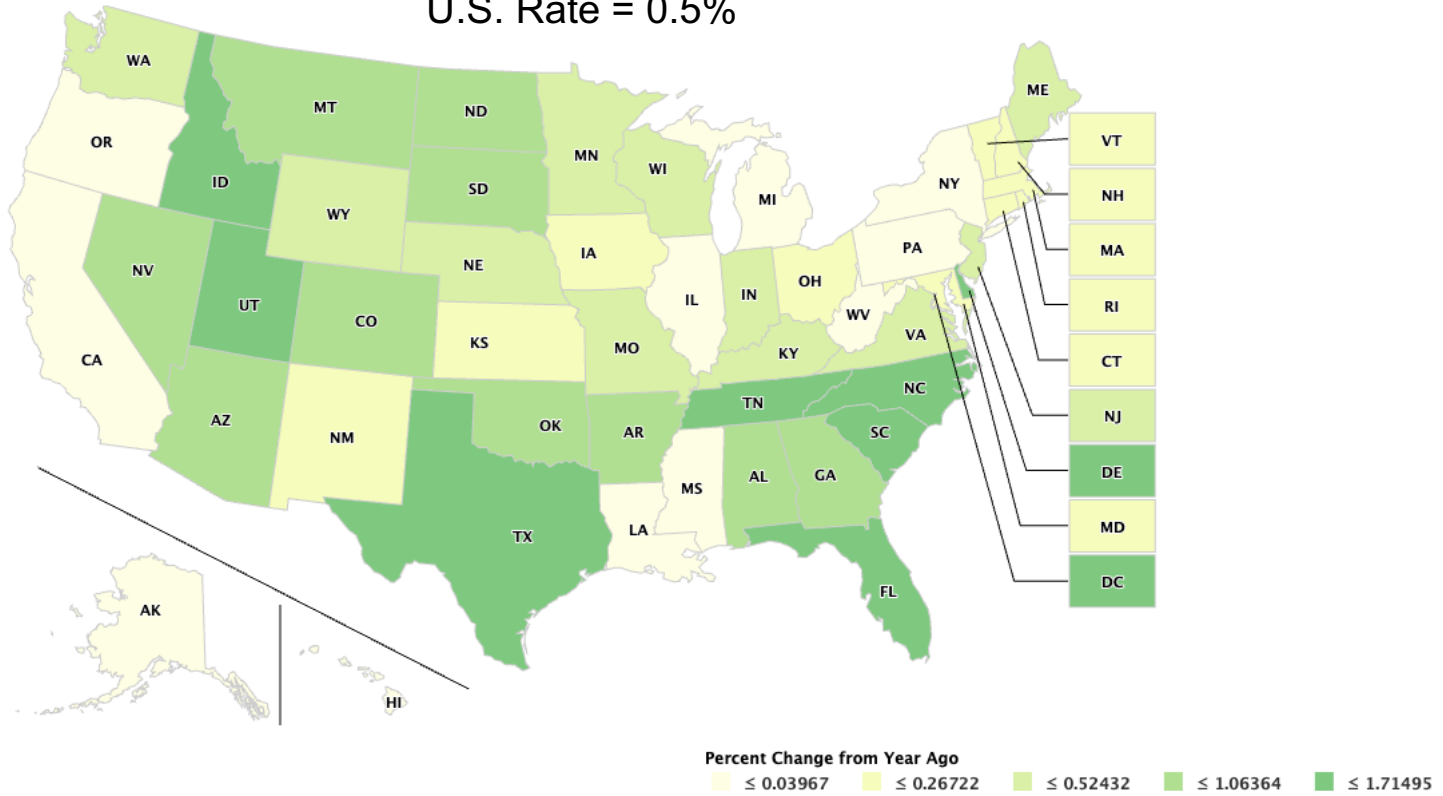
Source: Federal Reserve Bank of St Louis

Regional Economic Conditions

Shifting Population Around the U.S.

FRED 2023 Resident Population by State (Percent Change from Year Ago)

U.S. Rate = 0.5%




Source: U.S. Census Bureau

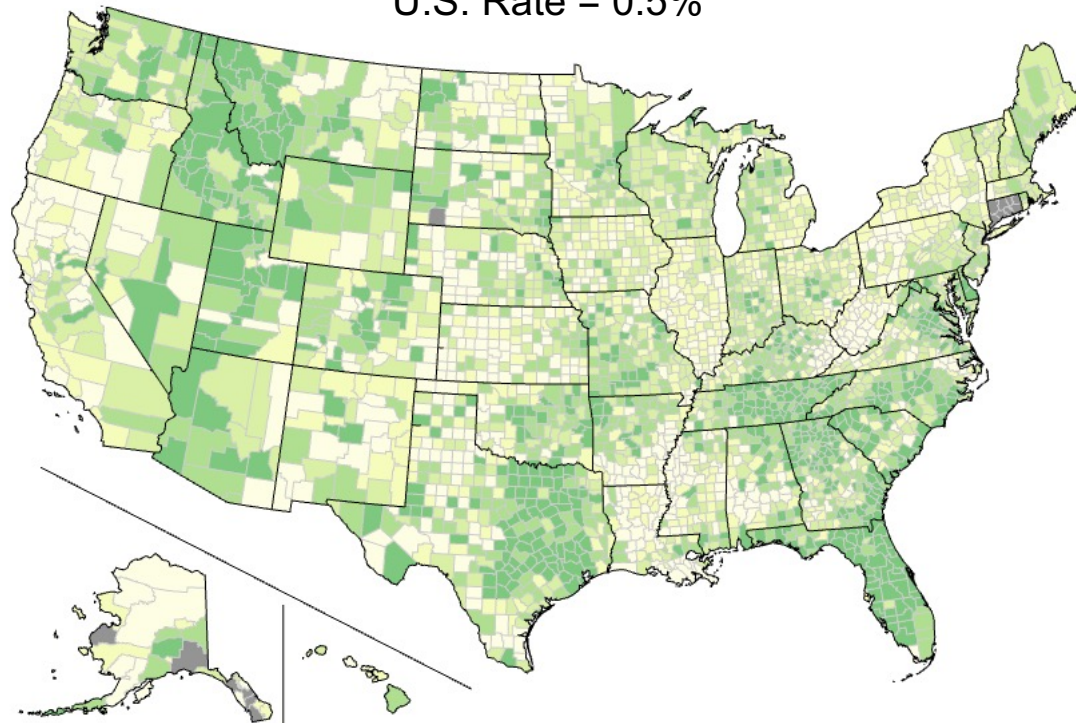


Source: Federal Reserve Bank of St. Louis

Population Change Around the Nation

FRED  2023 Resident Population by County (Percent Change from Year Ago)

U.S. Rate = 0.5%



Percent Change from Year Ago

≤ -0.54459 ≤ -0.01249 ≤ 0.4527 ≤ 1.0771 ≤ 7.57715

Source: U.S. Census Bureau

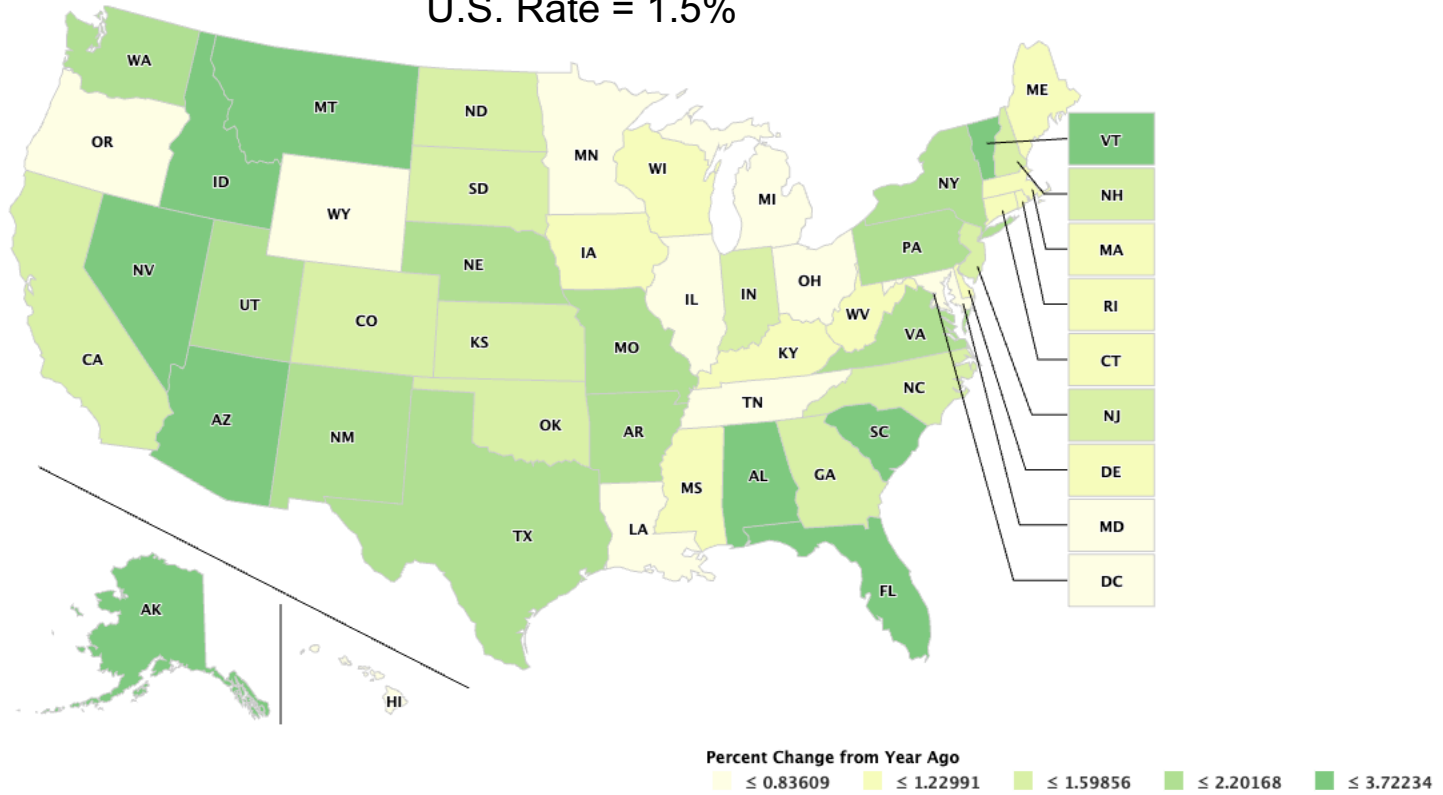


Source: Federal Reserve Bank of St. Louis

Employment Growth by State

FRED 2024 July All Employees: Total Nonfarm by State (Percent Change from Year Ago)

U.S. Rate = 1.5%



Source: U.S. Bureau of Labor Statistics

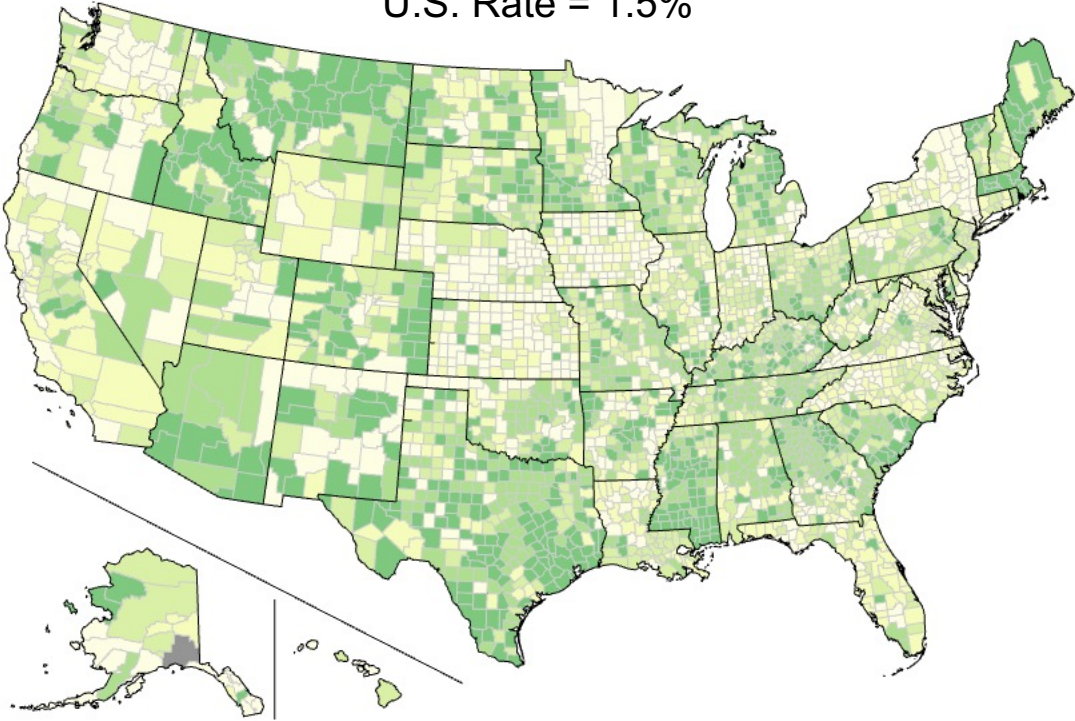


Source: Federal Reserve Bank of St Louis

Employment Growth by County

FRED 2024 July Employed Persons by County (Percent Change from Year Ago)

U.S. Rate = 1.5%



Percent Change from Year Ago
≤ -1.30195 ≤ -0.08666 ≤ 0.83529 ≤ 1.87295 ≤ 24.86828

Source: U.S. Bureau of Labor Statistics

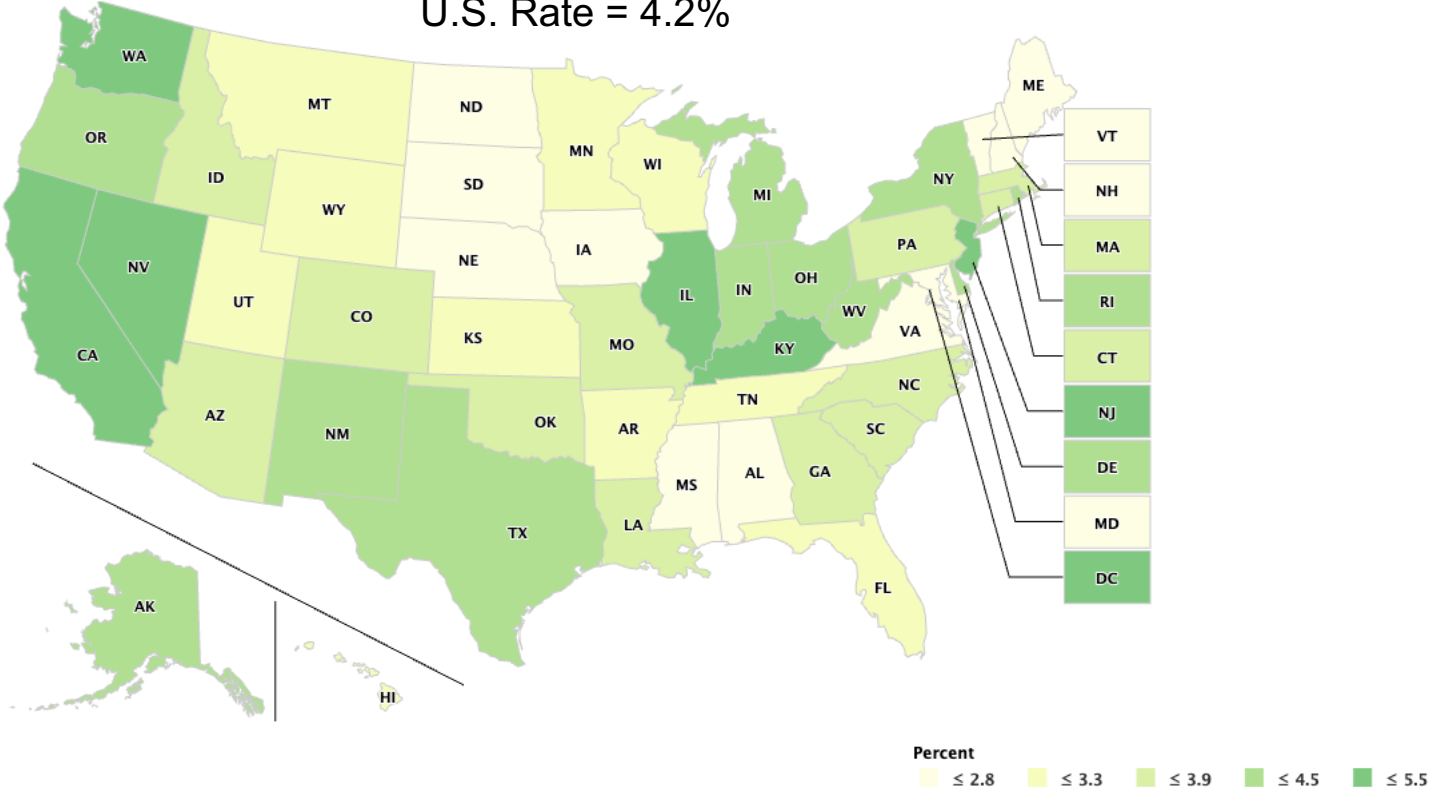


Source: U.S. Bureau of Labor Statistics

Unemployment By State

FRED 2024 July Unemployment Rate by State (Percent)

U.S. Rate = 4.2%



Source: U.S. Bureau of Labor Statistics

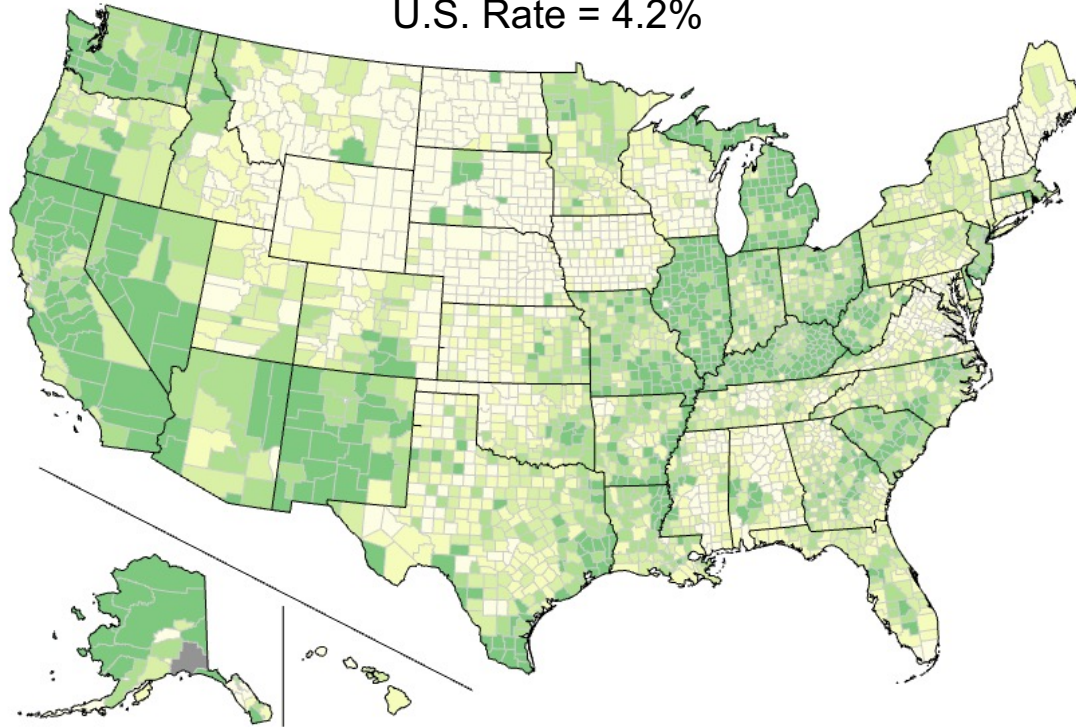


Source: U.S. Bureau of Labor Statistics

Unemployment By County

FRED  2024 July Unemployment Rate by County (Percent)

U.S. Rate = 4.2%



Percent
≤ 3.2 ≤ 3.9 ≤ 4.5 ≤ 5.3 ≤ 22.7

Source: U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics

Economic Outlook

1. Federal Reserve cutting rates
2. Inflation slowing
3. Labor market growth slowing
4. International uncertainty and elections add to volatility
5. The U.S. economy remains broadly resilient

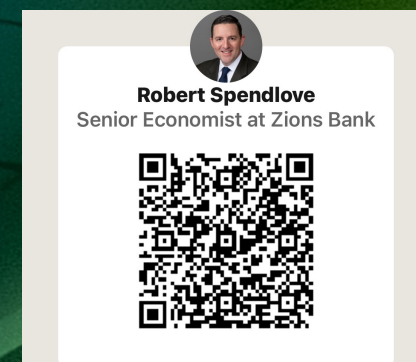
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WE HAVEN'T FORGOTTEN
WHO KEEPS US IN BUSINESS®

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