



Utah Economic Update

November 16, 2017

INFORMED DECISIONS™

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Our Mission: *To develop and share economic, demographic and public policy data and research that help individuals and the community make informed decisions.*

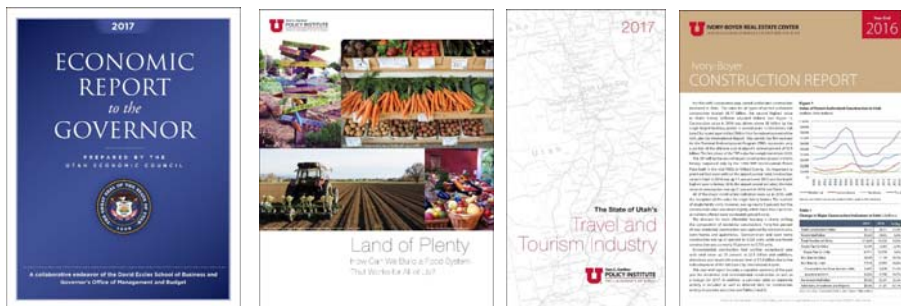
Our Vision: *To be a vital gathering place and center for independent economic, demographic and public policy thought leadership.*



INFORMED DECISIONS™



Work Product Examples



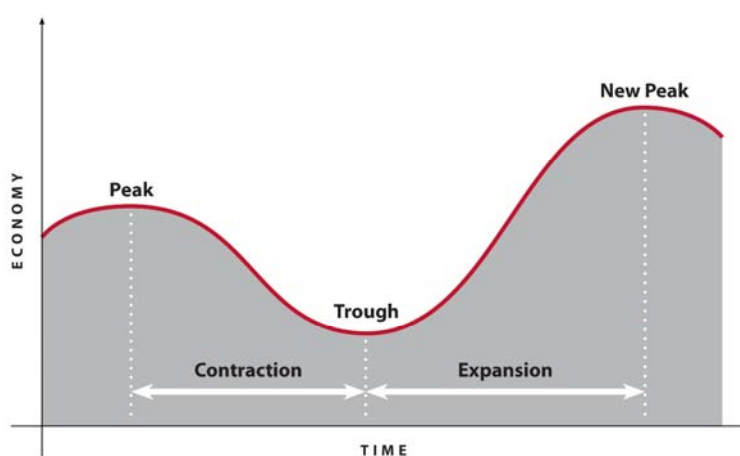


Economic Update

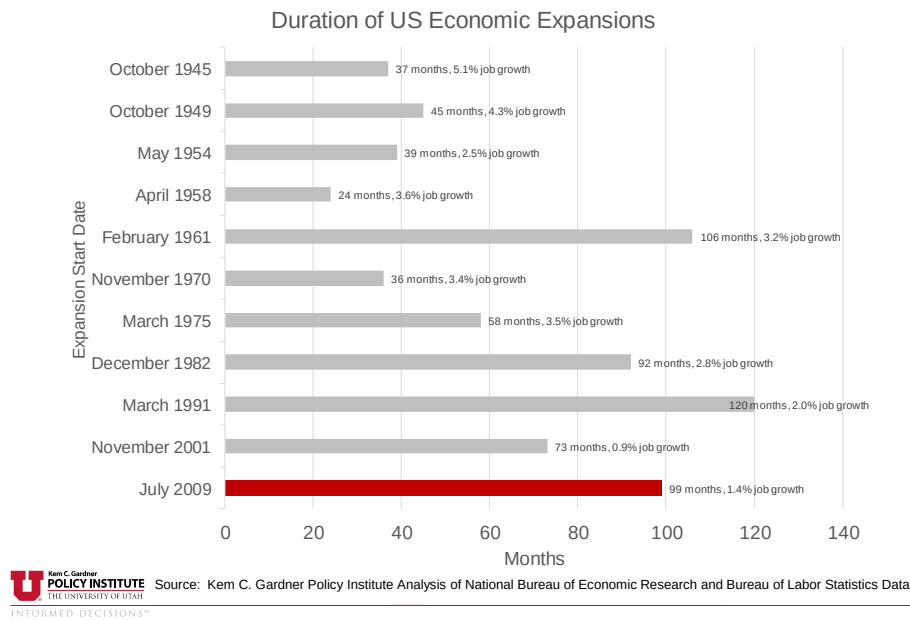
- US Economy
- Utah Economy



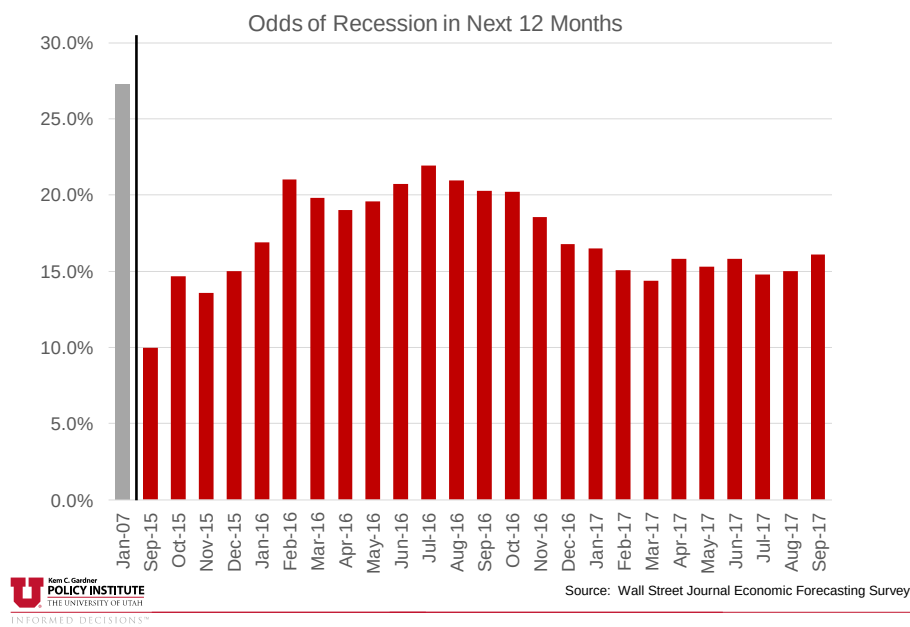
Anatomy of a Business Cycle



Current Expansion: **99 Months and Counting...**

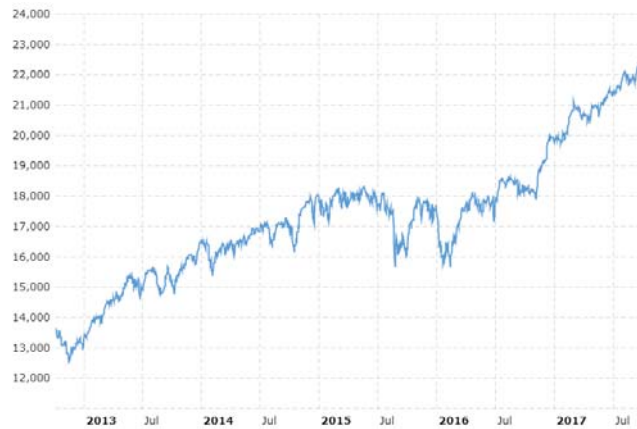


Recession Risks Decreasing (?)



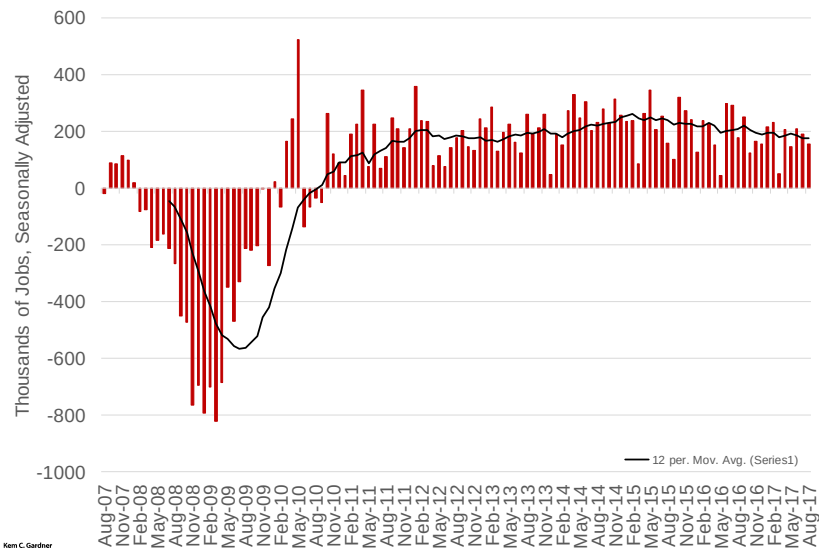
Bull market carries on

Dow Jones Industrial Average

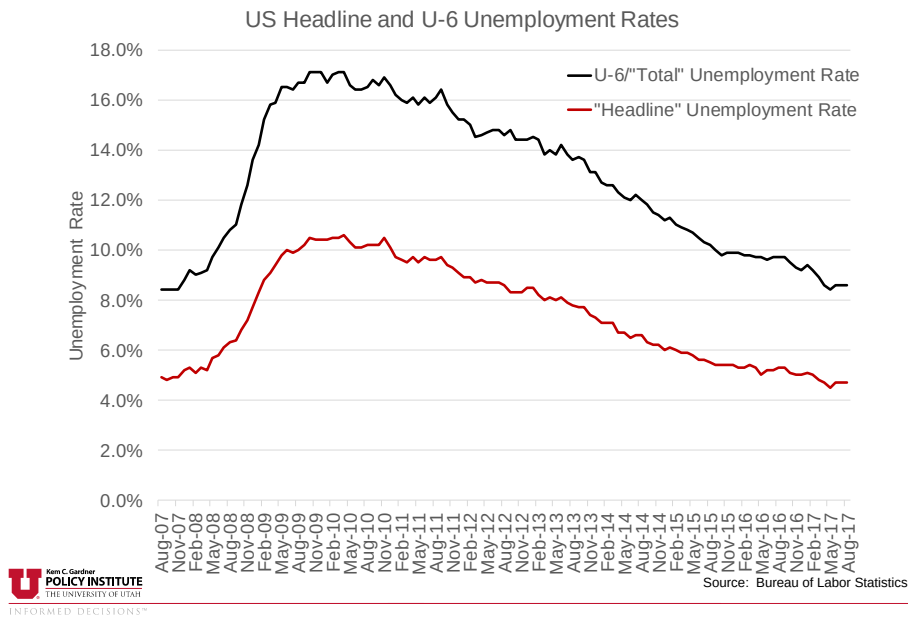


Latest US Job Growth Steady...

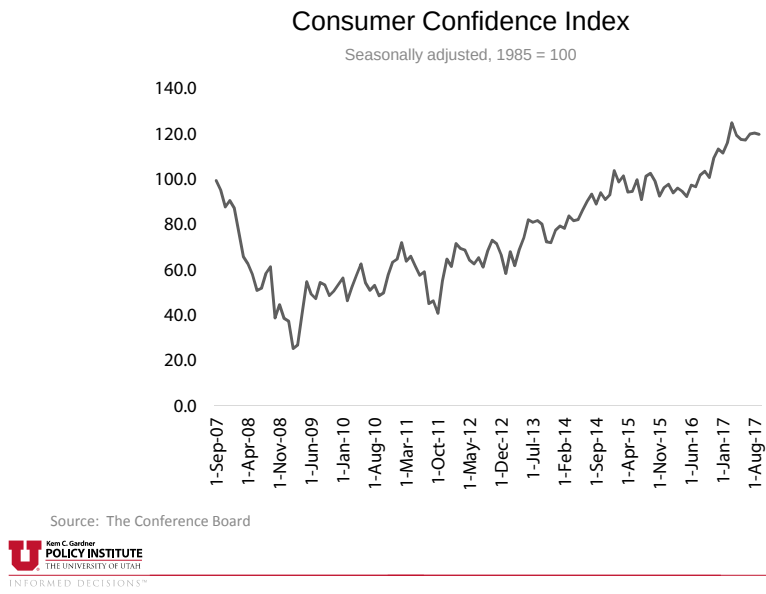
Monthly Change in US Employment



Ranks of Unemployed Shrinking

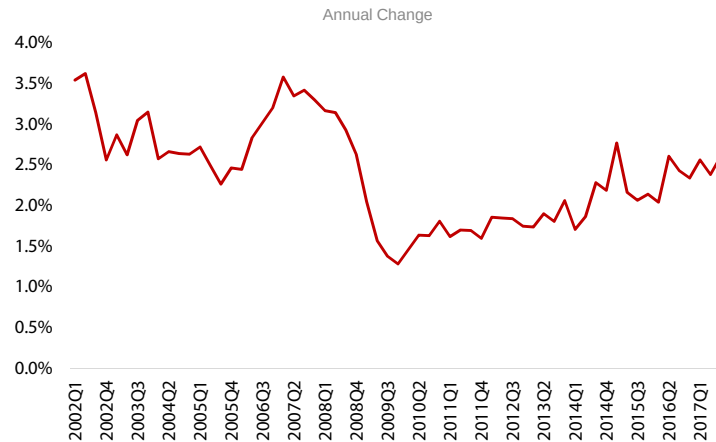


Consumer confidence at a 10-year high



Wage growth finally picking up...

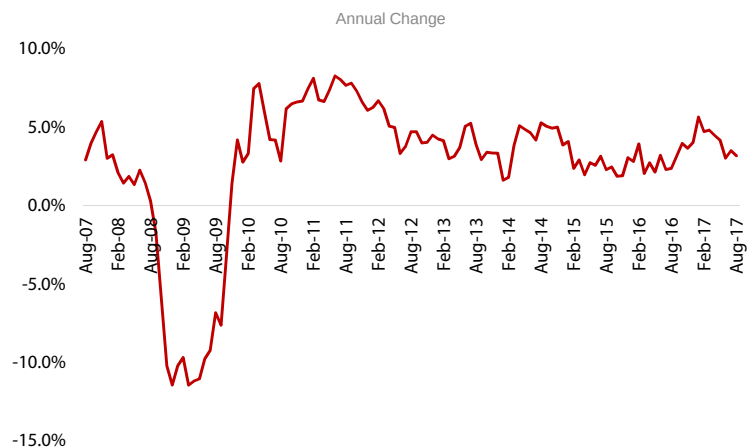
Growth in the Employment Cost Index, Private Sector Wages & Salaries



Source: US Bureau of Labor Statistics

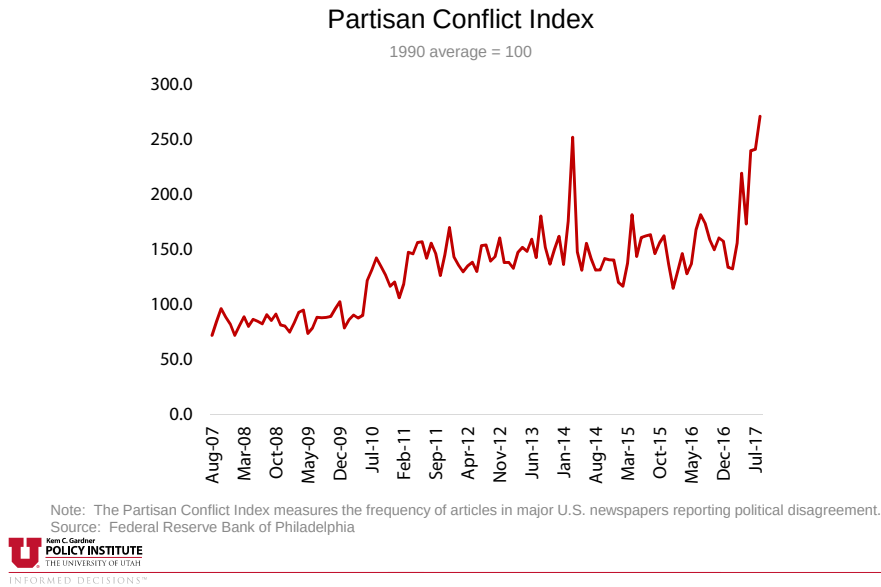
Consumer spending lackluster...

Retail Sales Growth



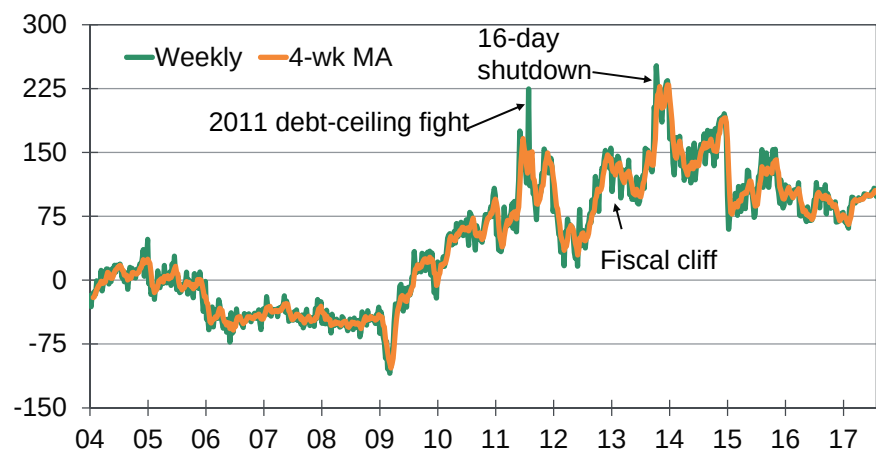
Source: US Census Bureau Monthly Retail Trade and Food Services

Partisan conflict also at a 10-year high...



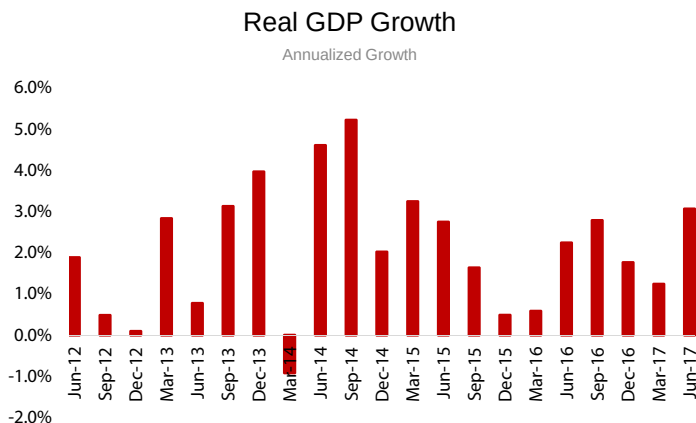
Fiscal uncertainty is high

Fiscal policy uncertainty, 2004-2005=0



Source: Moody's Analytics

“Unspectacular” GDP Growth



Source: US Bureau of Economic Analysis

Recession “NECESSARY CONDITIONS:”

- ✓ Significant economic “fault line” mirrored in the financial system

Student Loans?

Multi-family Mortgage Lending?

Recession “NECESSARY CONDITIONS:”

✓ Surpass full employment

Signs of Full Employment in the U.S.

Metric	Current	Needed for full employment	
U-3 unemployment rate	4.4%	Between 4.5% and 5%	✓
U-6 unemployment rate	8.6%	Sub-9%	✓
U-6 underemployed per open job position	2.6	2.5 to 3	✓
Long-term unemployed as a share of unemployed	22.6%	15% to 20%	X
Those not in the labor force but want a job as a share of the labor force	3.6%	Between 3% and 3.5%	X
Yr-over-yr growth in the ECI for wages	2.6%	Between 3% and 3.5%	X
Prime-age employment-to-population ratio	78.6%	80%	X

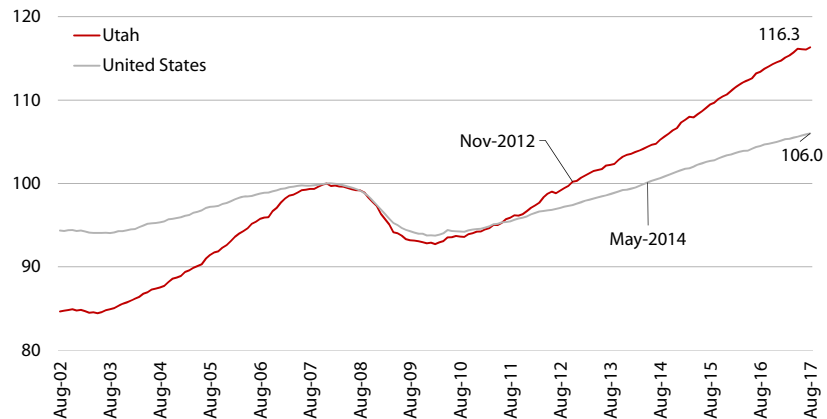
Sources: BLS, Moody's Analytics

Economic Update

- US Economy
- **Utah Economy**

Utah near two years ahead of nation in expansion

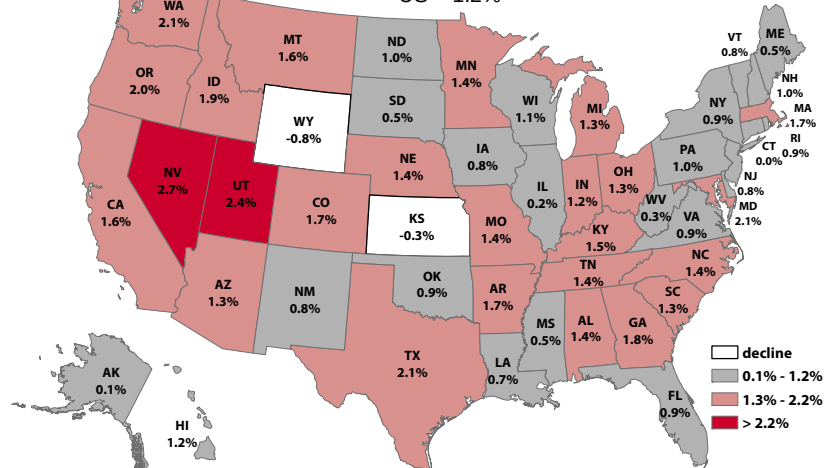
Utah and U.S. Jobs Index



Source: Kem C. Gardner Policy Institute Analysis of Bureau of Labor Statistics data

Strongest Job Growth in the Nation

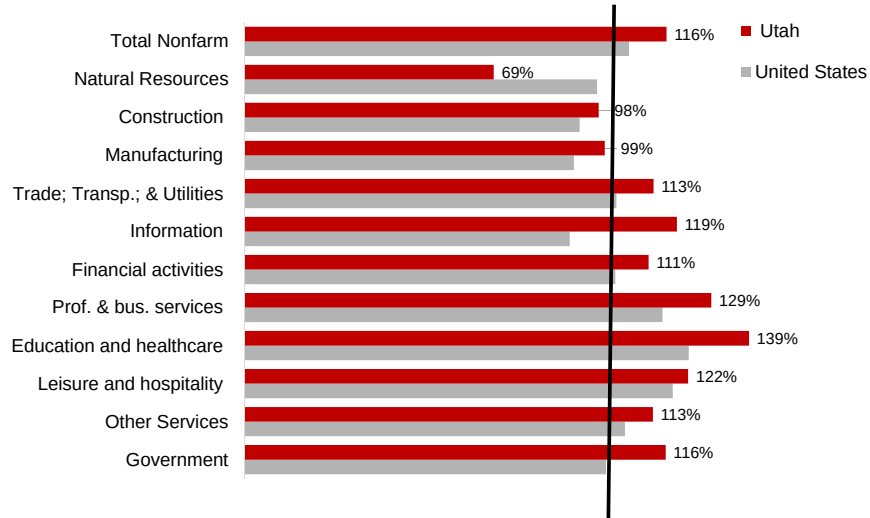
Change in Jobs, September 2016 – September 2017
US = 1.2%



Source: Bureau of Labor Statistics

Broad-based Expansion

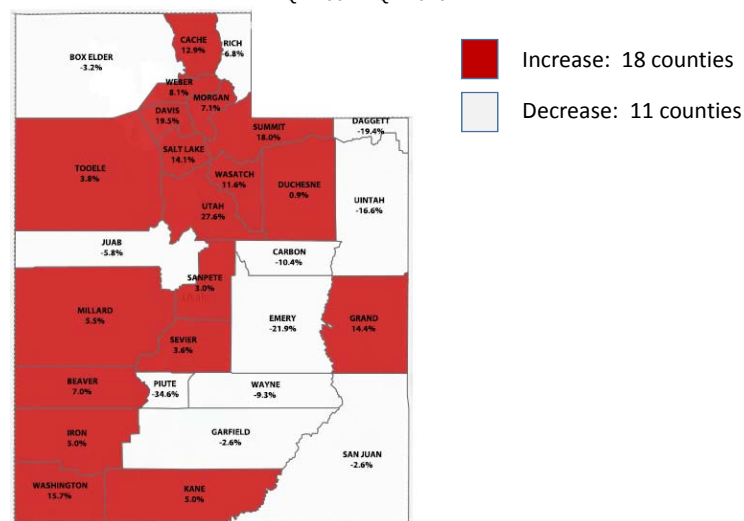
Employment as a Percent of 2007 Peak
Utah and the United States, August 2017



Source: Kem C. Gardner Policy Institute analysis of Bureau of Labor Statistics data

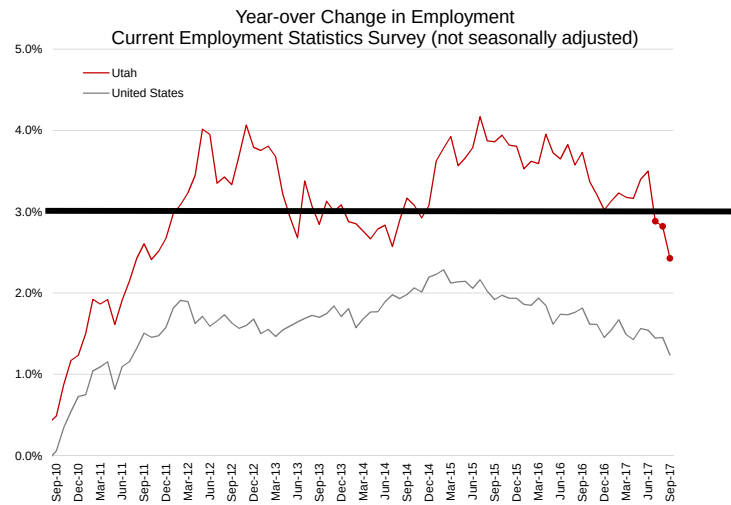
Not-so-broad-based Expansion...

Employment Change Since 2007 Peak
Q4 2007 – Q4 2016

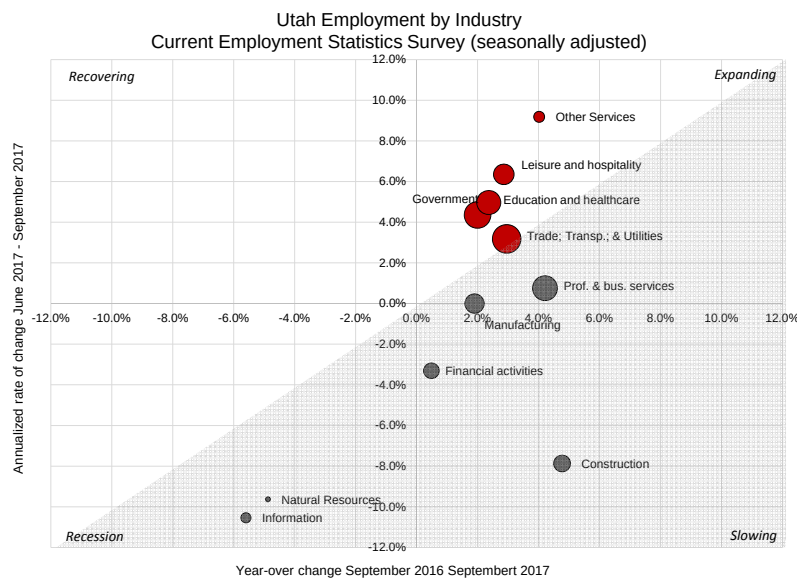


Source: Kem C. Gardner Policy Institute analysis of Bureau of Labor Statistics data

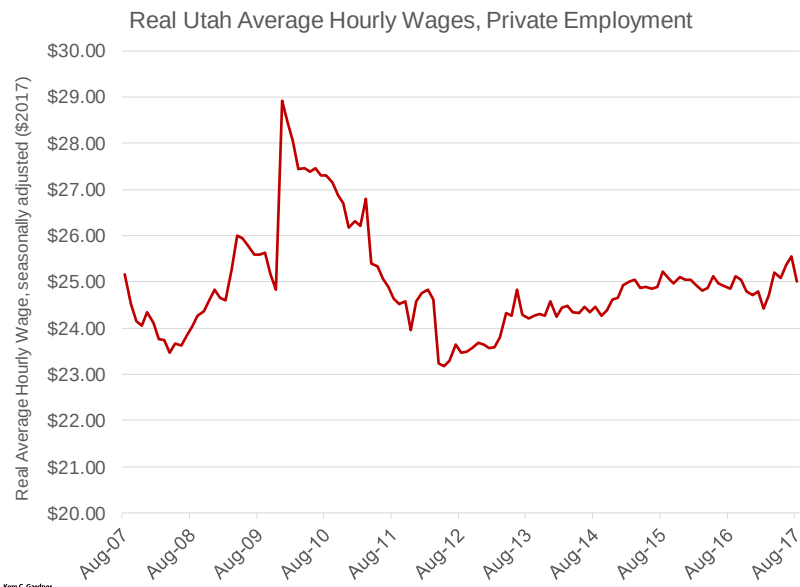
New Trend - Sub-3% Job Growth?



New Trend - Sub-3% Job Growth?



Where's the wage growth?

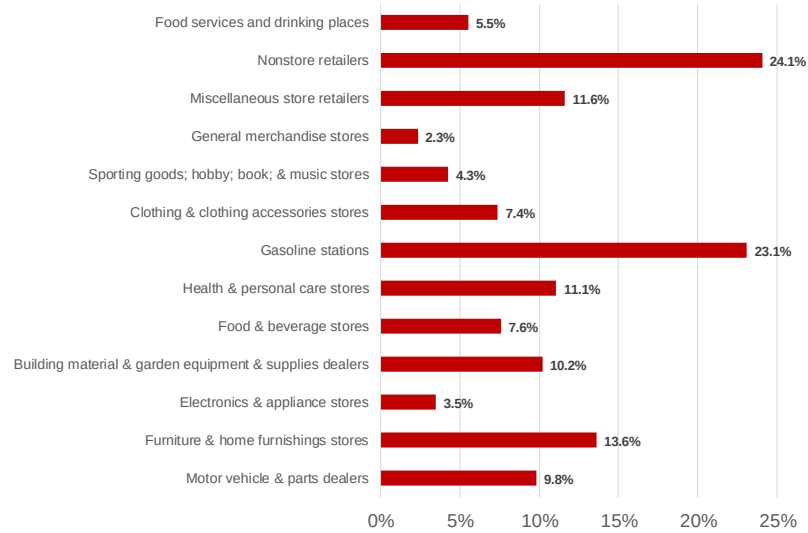


Utah Retail Sales Growth Stronger than US



Utah Retail Sales Growth Across All Sectors

Retail Sales Change: Q2 2016 - Q2 2017

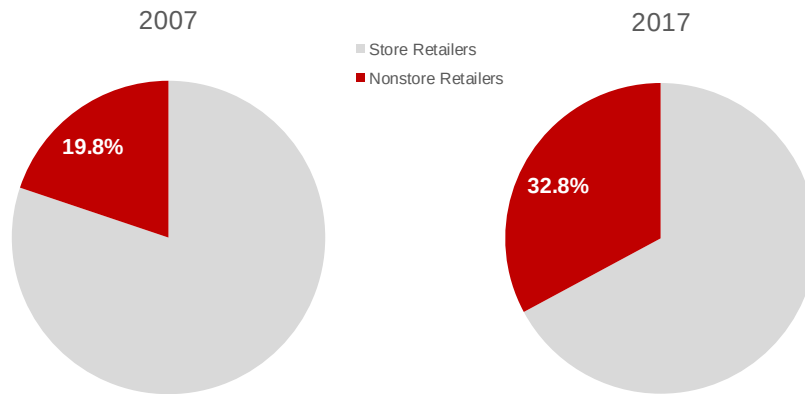


Source: U.S. Census Bureau Survey of Retail Trade and Moody's Analytics



A third of retail sales outside of a store

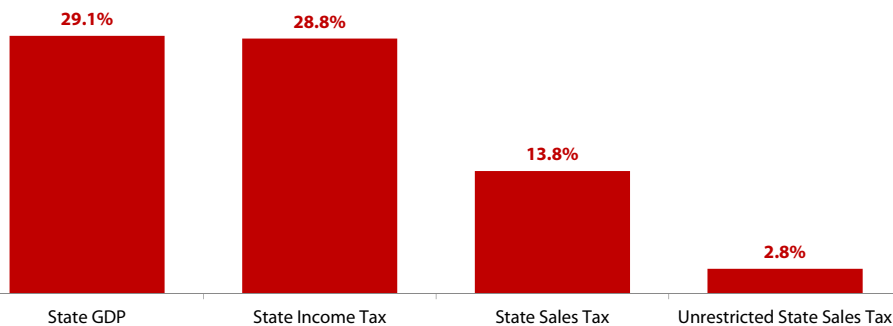
Allocation of Utah Retail Sales: 2007 v. 2017



Note: Analysis excludes motor vehicle and parts dealers, food and beverage stores, and gas stations.
Source: Kern. C. Gardner Policy Institute analysis of U.S. Census Bureau Survey of Retail Trade and Moody's Analytics data

Utah sales tax collections fail to keep pace with economic growth

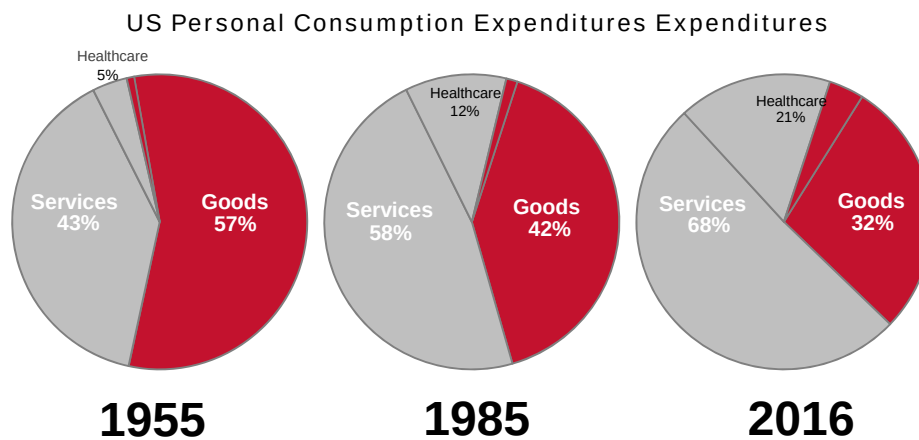
Growth in Utah Gross Domestic Product and major state taxes, 2009-2016



Notes: GDP is measured by the calendar year; taxes are measured by the fiscal year. Data are adjusted for population growth.
Source: Gardner Policy Institute analysis of Bureau of Economic Analysis, Bureau of Labor Statistics, and Utah State Tax Commission data



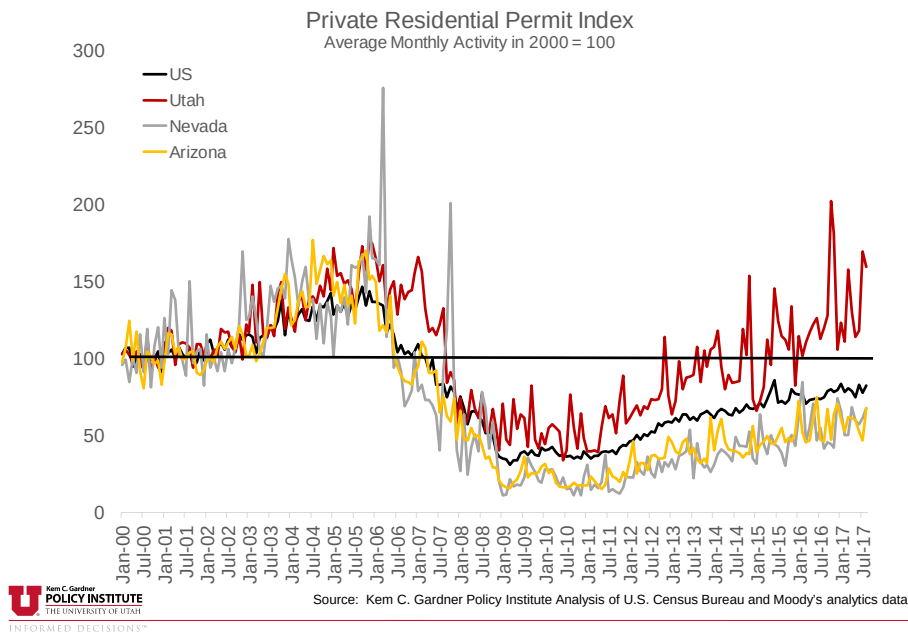
Remote sales are not the full story...



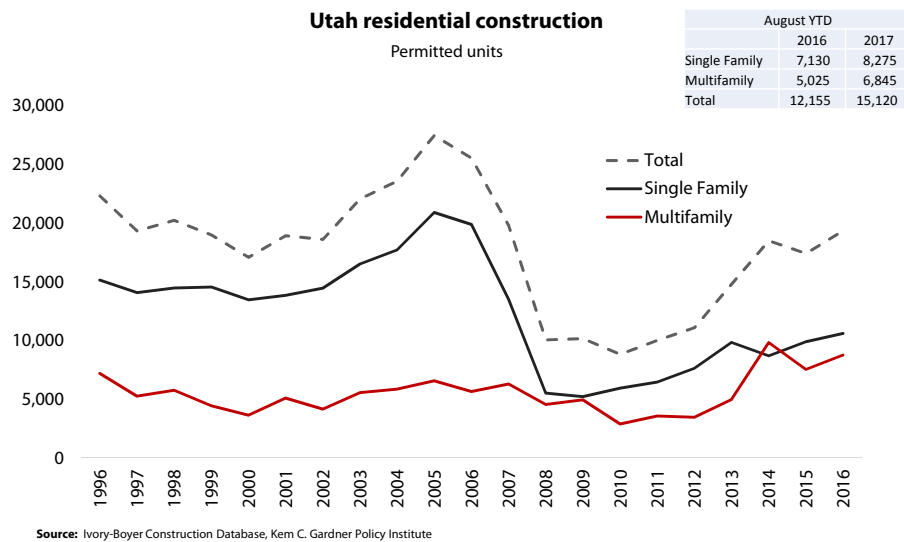
Note: Healthcare expenditures include services and pharmaceutical and medical goods

Source: Kem C. Gardner Policy Institute Analysis of U.S. Bureau of Economic Analysis National Income and Product Accounts (NIPA) data

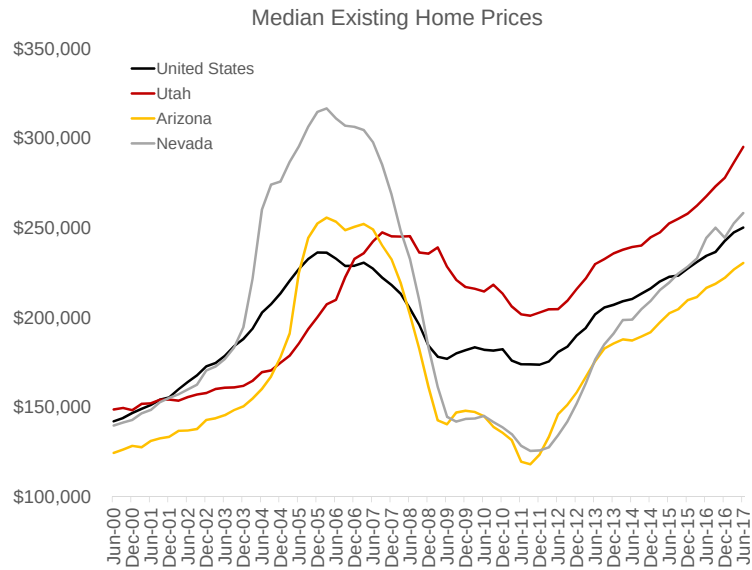
Pent-Up Demand Fueling Construction



Multifamily construction especially strong



Home prices have rebounded (and then some)



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Source: Moody's Analytics data

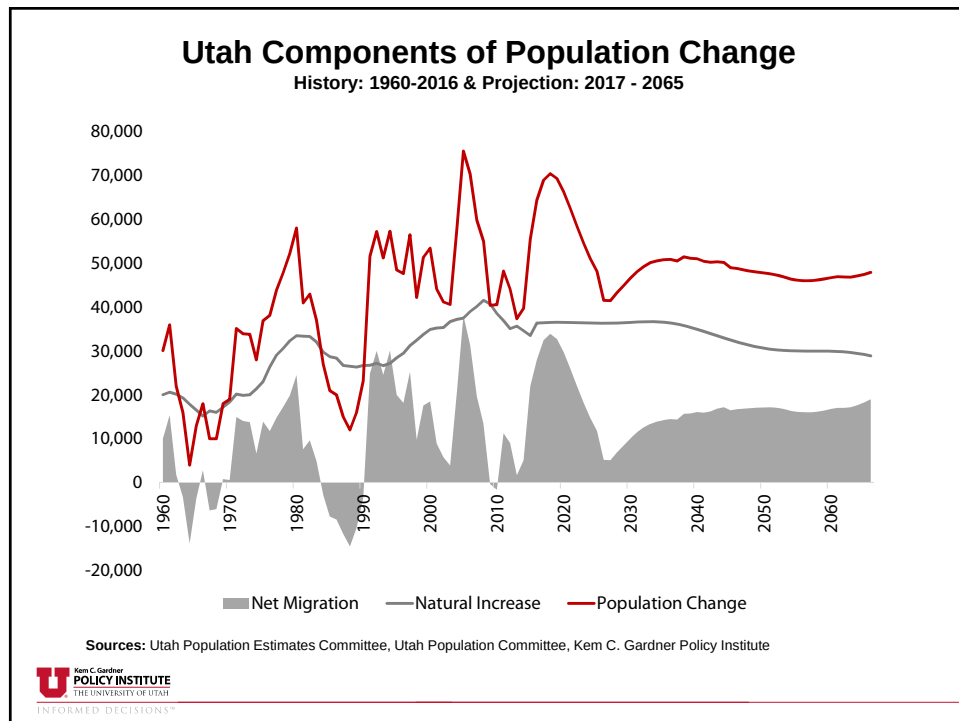
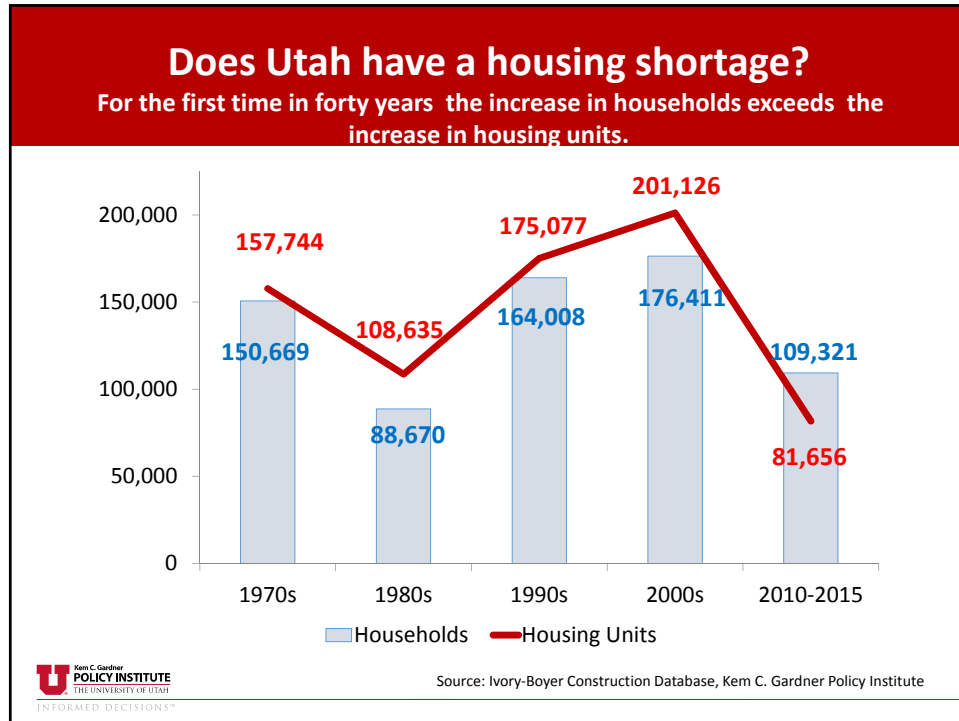
The Utah Economist

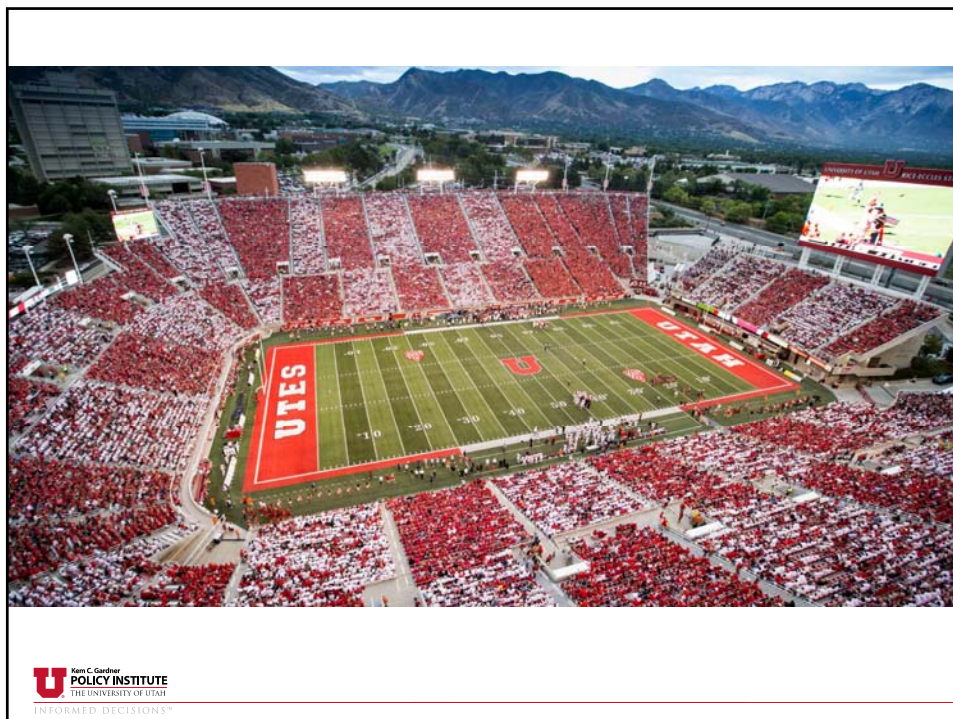
APRIL 16TH - 22ND 2016

Fertility rate at historic low
Teachers leaving the profession
We have to talk about coal
China comes to Utah – tourism out of Asia

Does Utah have a
HOUSING SHORTAGE?







Extraordinary Time

GLOBAL/NATIONAL

- Economic expansion 8 years old and counting
- Stock prices at record highs
- Revived global economy
- Full employment?
- Biggest risk...Washington, D.C.

LOCAL

- Tight labor market; rising wages
- Net in-migration
- Value of permit-authorized construction at record levels
- Non-residential construction at second highest ever
- Housing prices on the rise



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