

Economic Insights

Utah and Salt Lake County

Salt Lake County Council
October 18, 2022

INFORMED DECISIONS™

Summary

- We face a **serious** and **complex** economic reality filled with **mixed signals** created by the **unwinding of the pandemic**.
- Utah and Salt Lake County are **better positioned** than most other areas.
- The **FED'S red alert** creates compounding **tradeoffs**.
- Pay attention to **housing** as a **bellwether economic issue**.

Structural Economic Changes

1. Behavioral changes

- Changes in preferences (work from anywhere, business travel, education, etc.)
- De-globalization/reshoring and shortening of supply chains

2. Technological advancements

- Ubiquitous broadband
- Tech-enabled services (online education, remote sales, telehealth, etc.)

3. Demographic changes

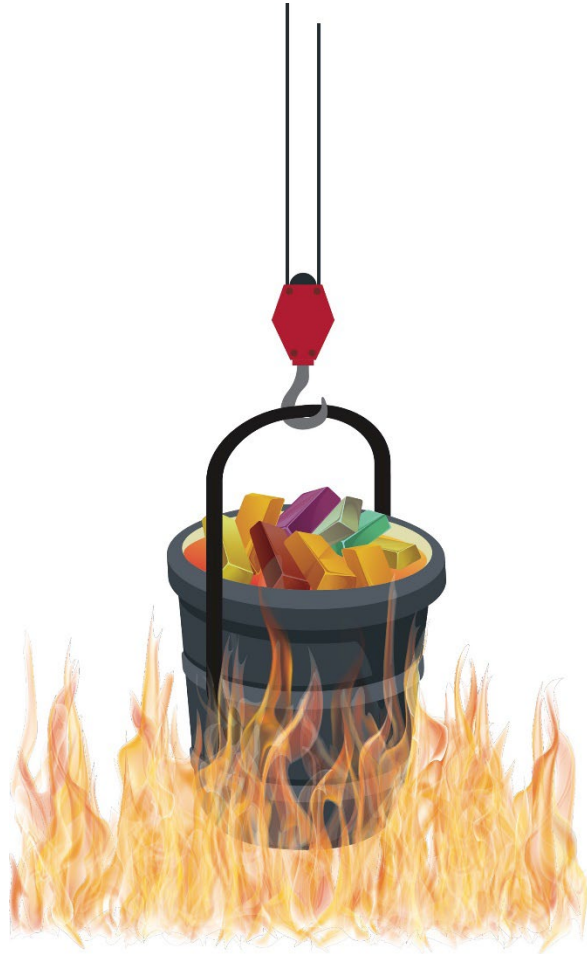
- Migration (Zoom Towns/quality of life)
- Aging population

4. New paradigms

- Mental health
- Women in the workforce/pink recession
- Commercial real estate
- Business travel

Source: Kem C. Gardner Policy Institute

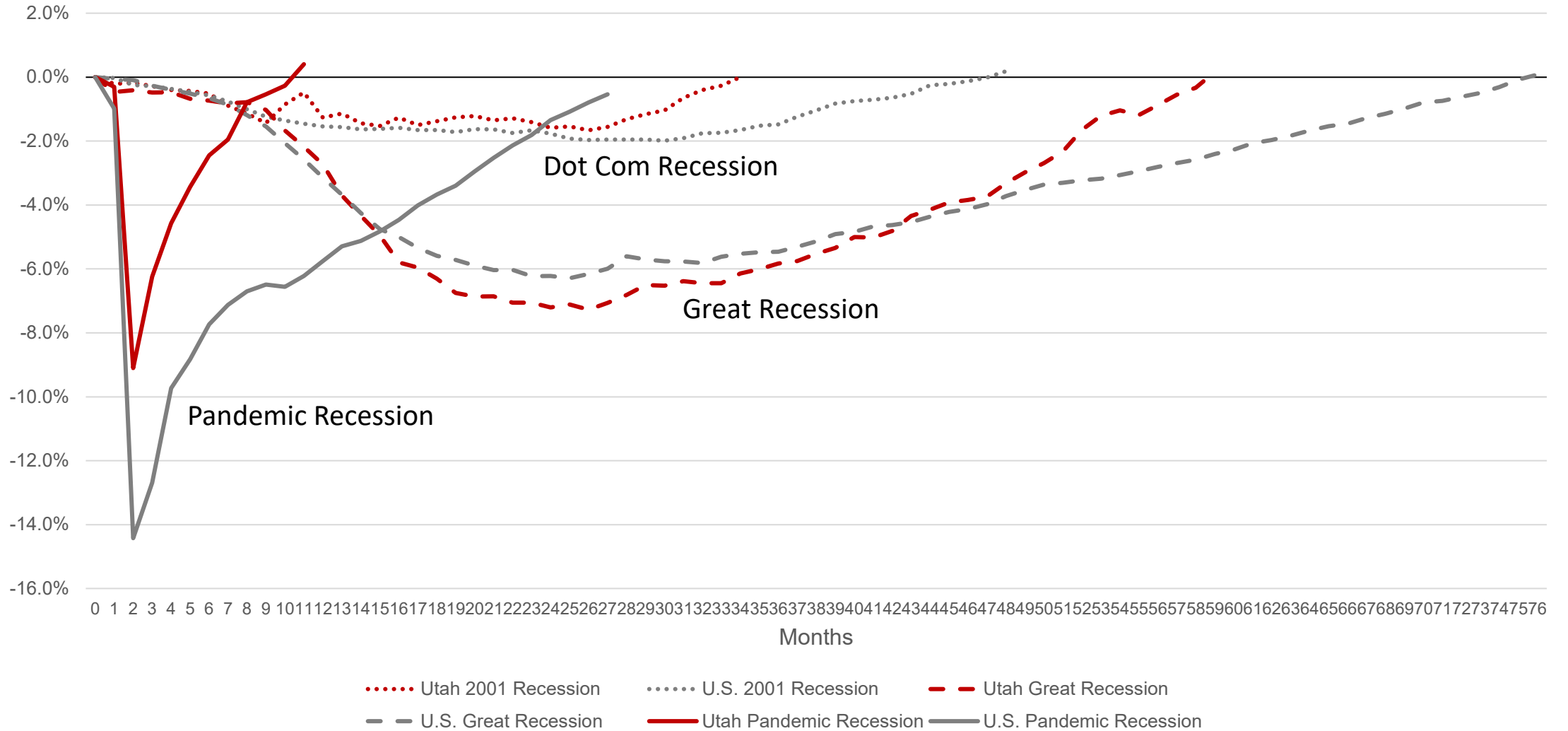
Economic Outlook Scenarios



- Soft landing
- Mild and short-/medium-length recession
- Severe and long recession

Jobs Recovery by Recent Recessions

Decline and duration of job losses

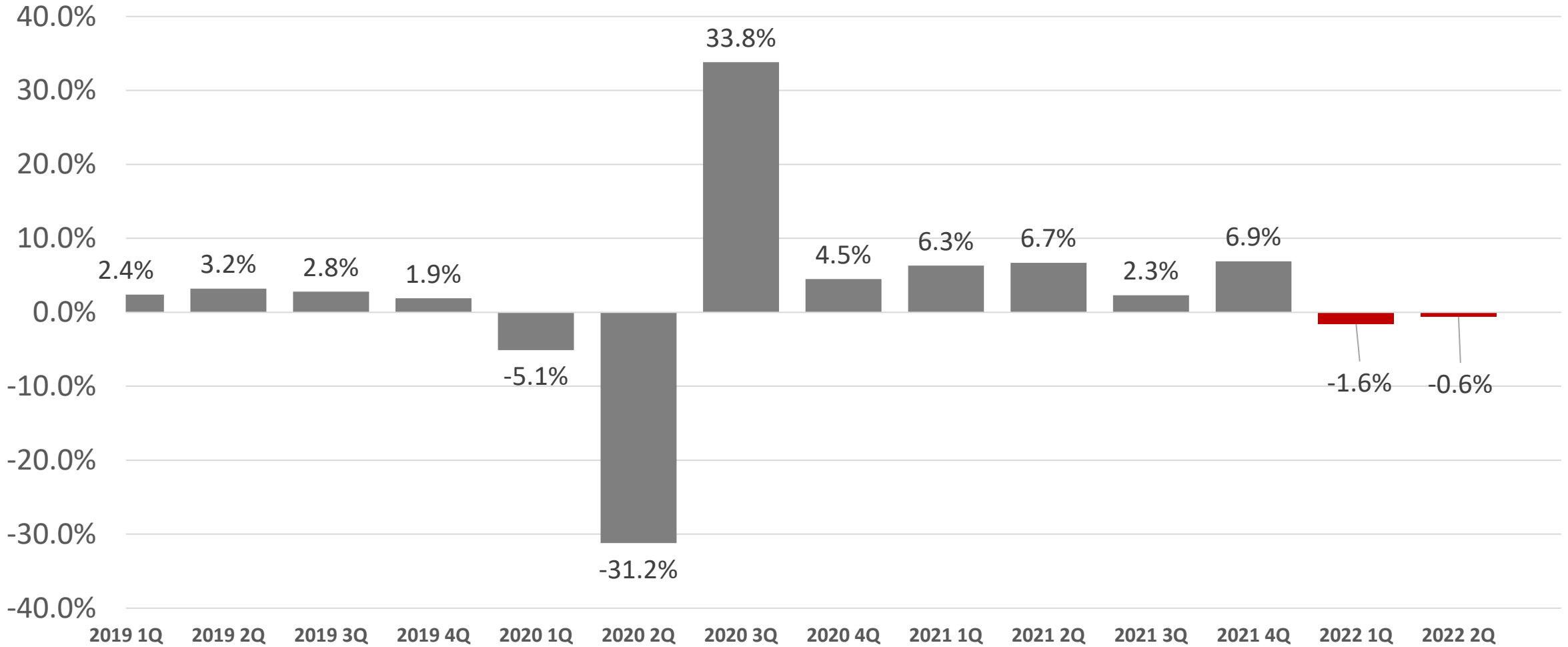


Source: Utah Governor's Office of Planning and Budget and Bureau of Labor Statistics (BLS)

A Mixed-Signal Economy in a Well Positioned State

U.S. Quarter-Over GDP Growth

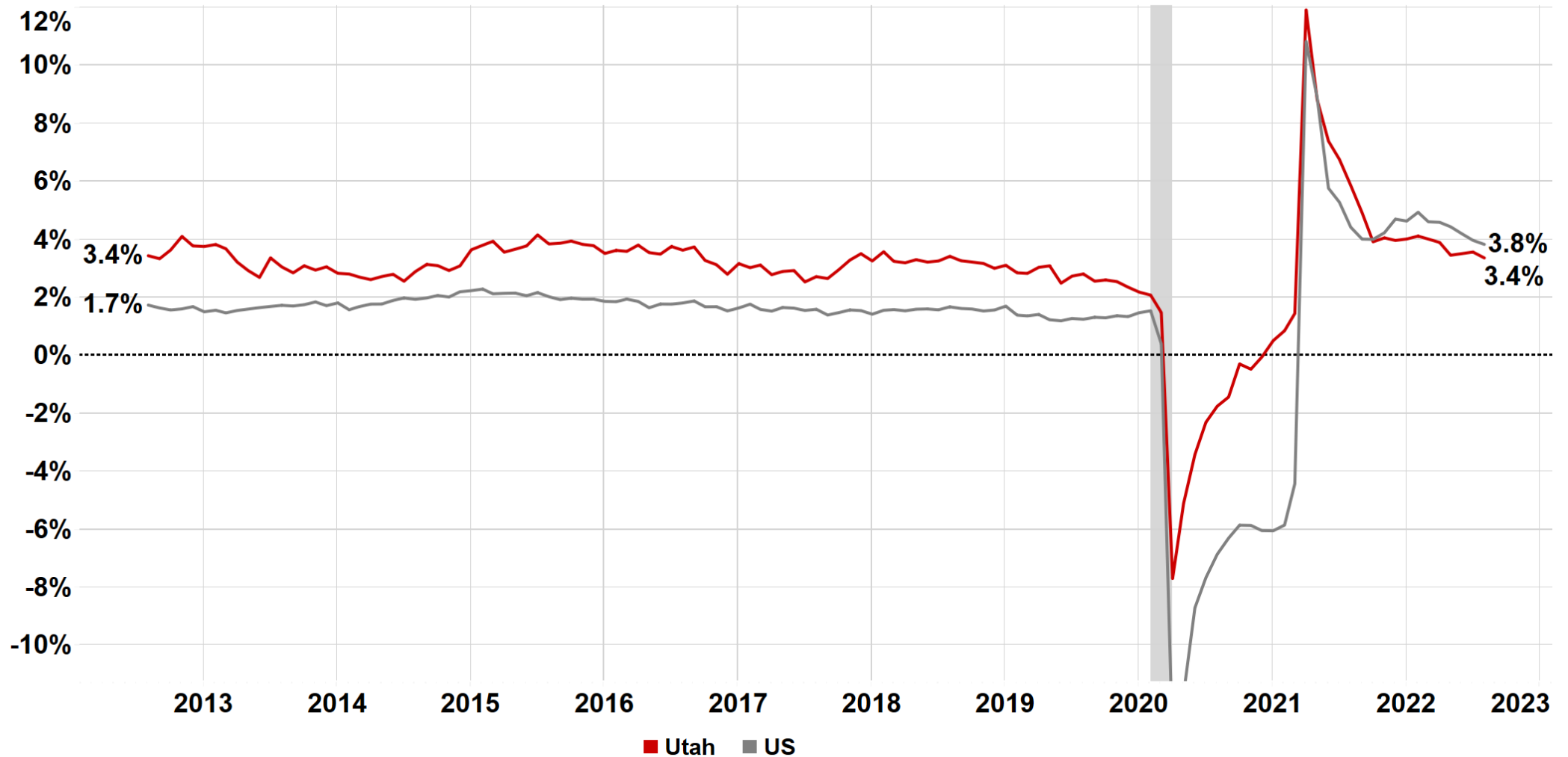
Seasonally adjusted annual rate



Source: Bureau of Economic Analysis

Job Growth

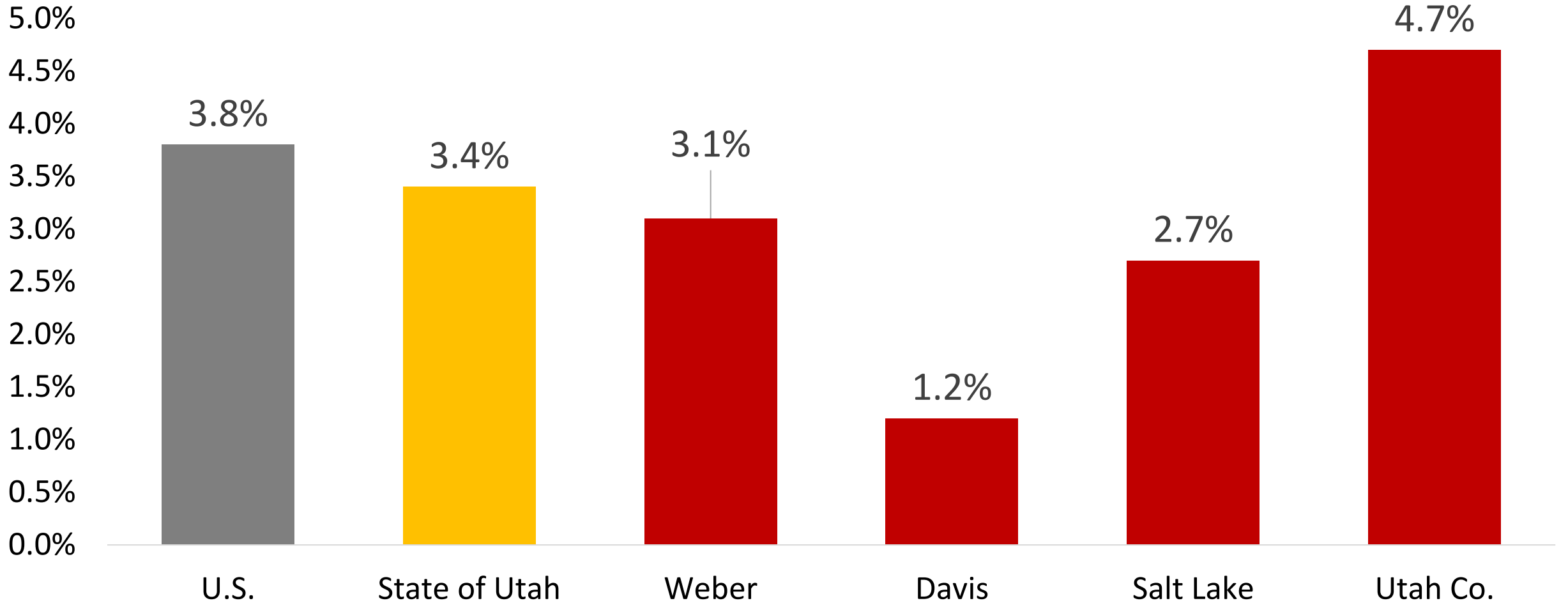
Year-over percent change in nonfarm jobs, August 2012-August 2022



Source: Bureau of Labor Statistics

Job Growth

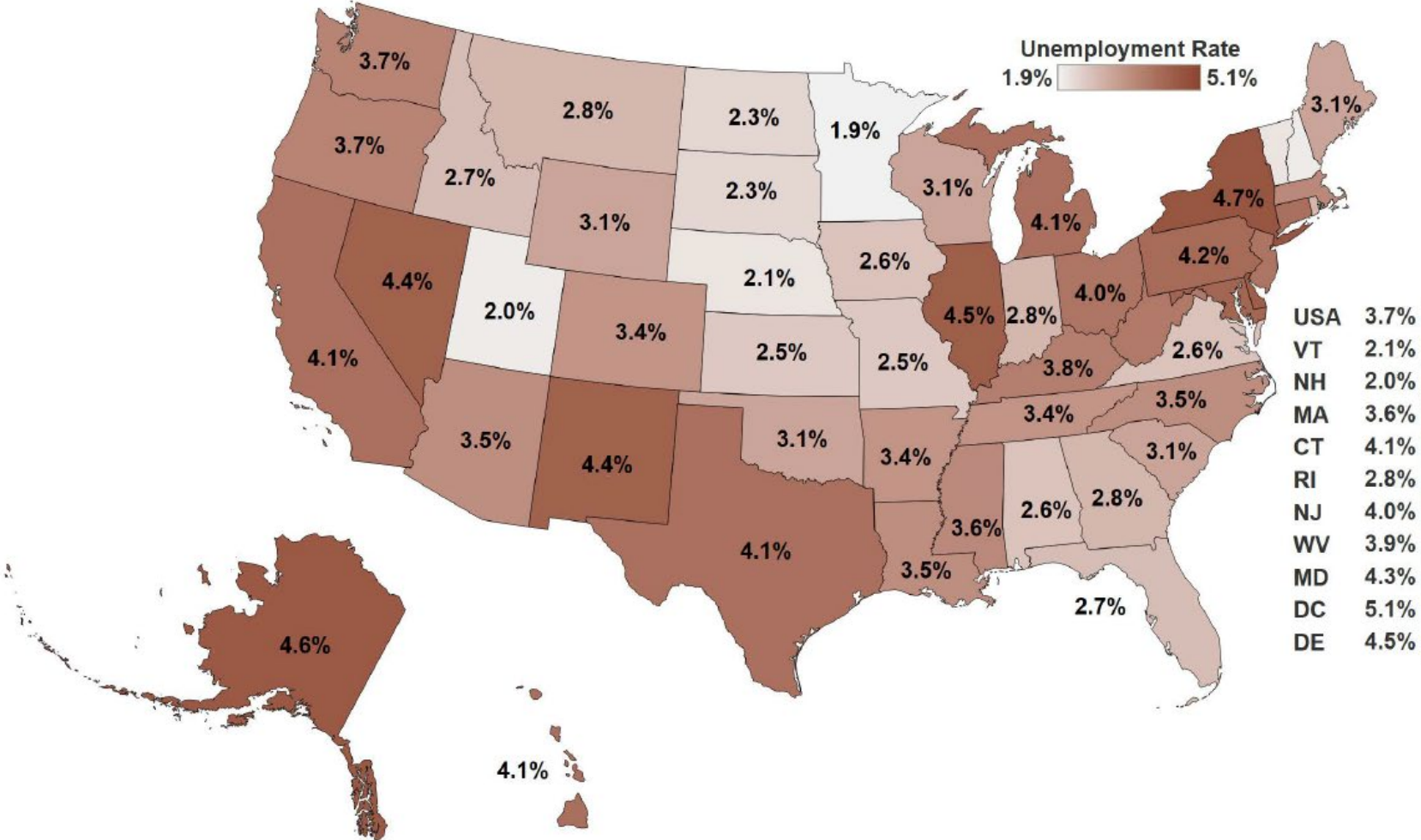
August 2021-2022, Not Seasonally Adjusted



Source: Bureau of Labor Statistics

Unemployment Rate

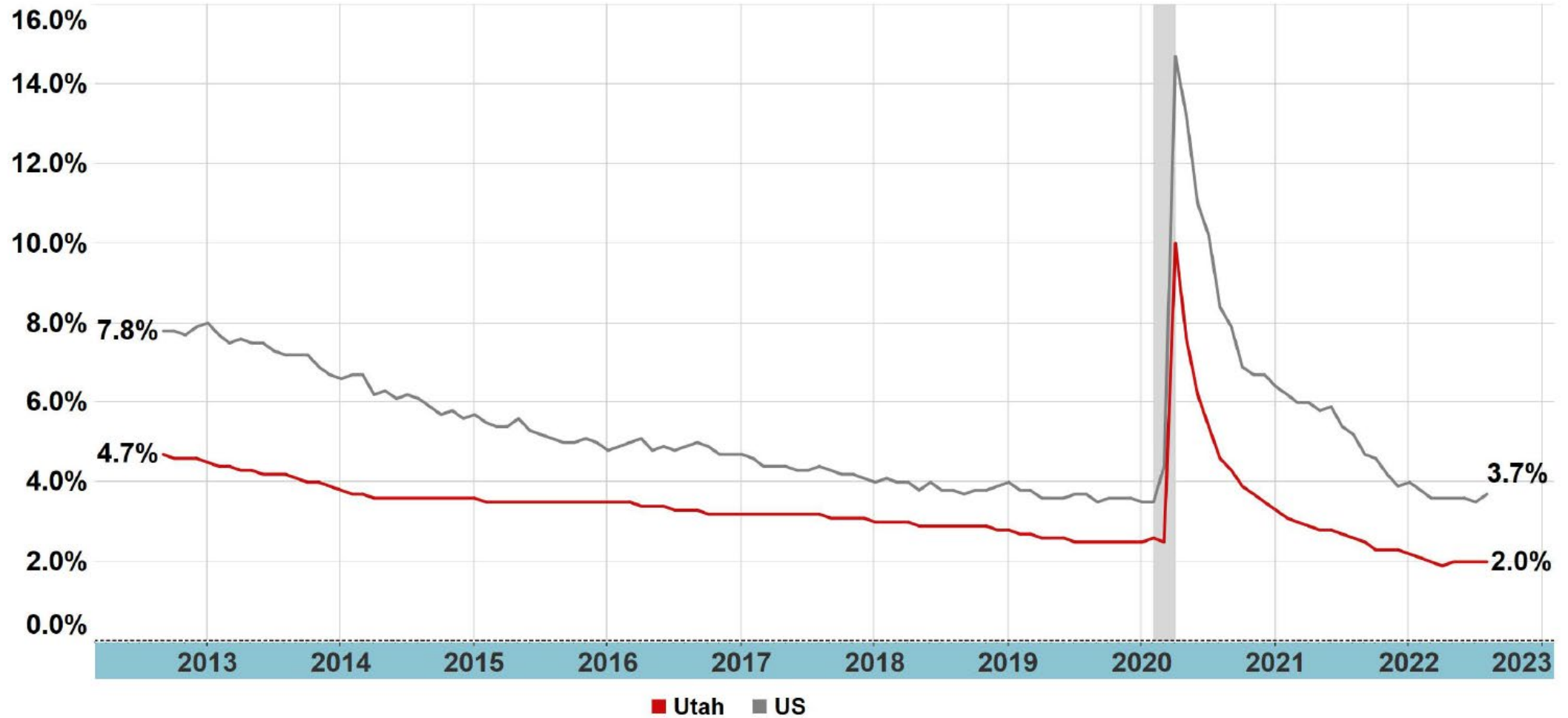
August 2022



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

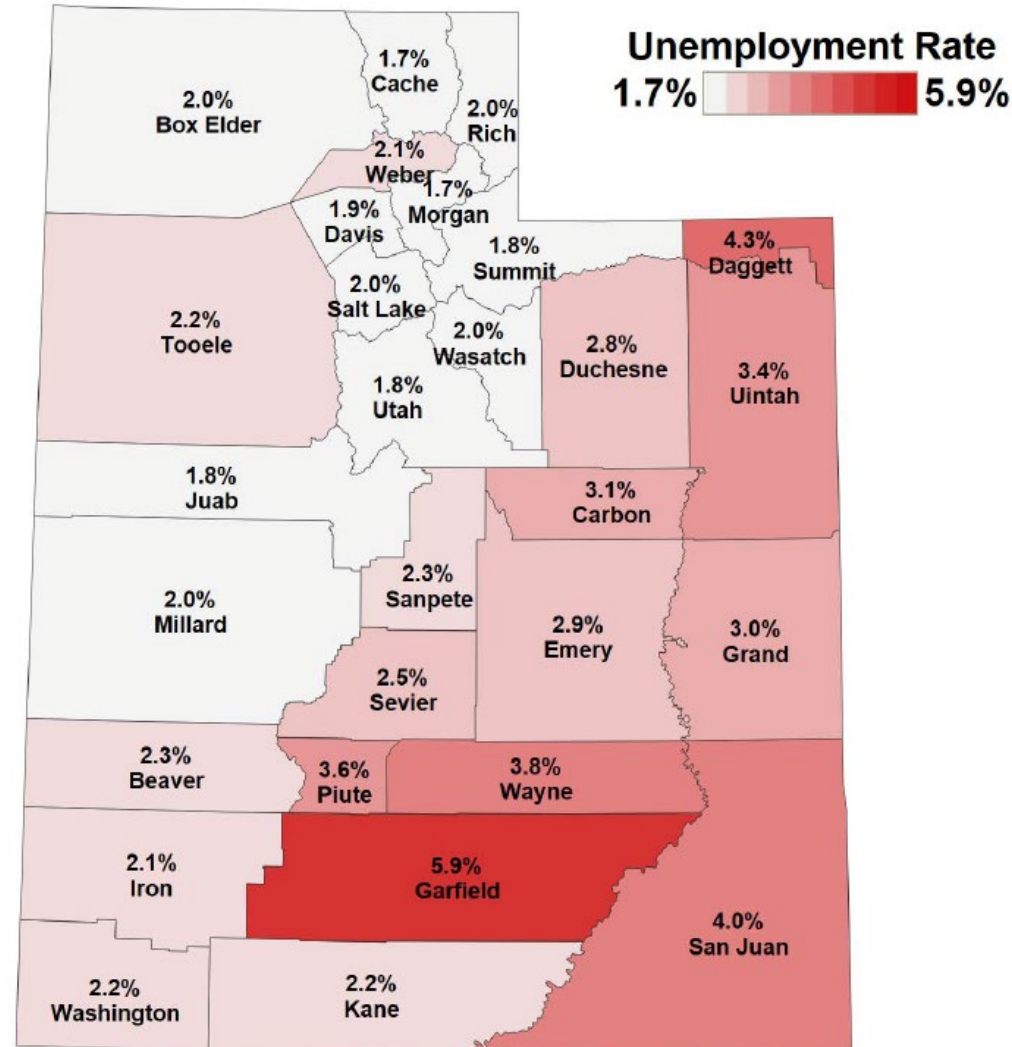
Seasonally adjusted



Source: Bureau of Labor Statistics

Unemployment Rate

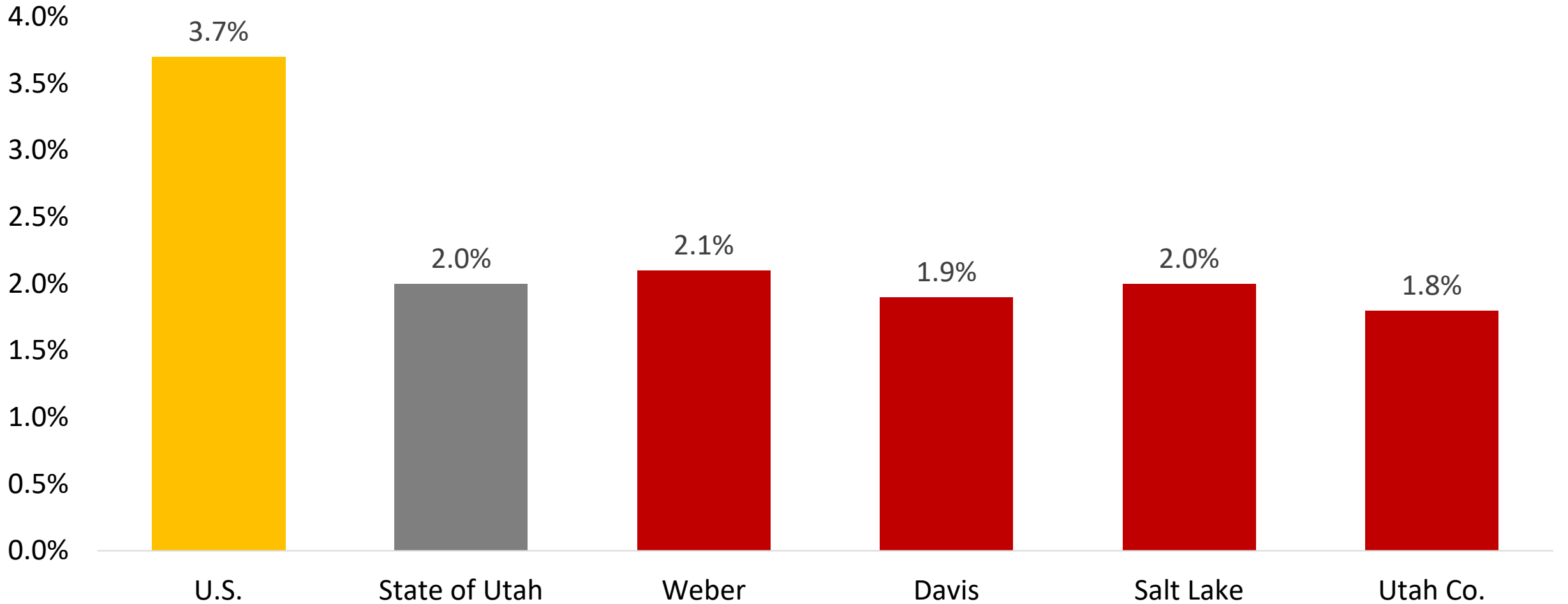
August 2022, Seasonally Adjusted



Source: Utah Dept. of Workforce Services

Unemployment Rate

August 2022, Seasonally Adjusted

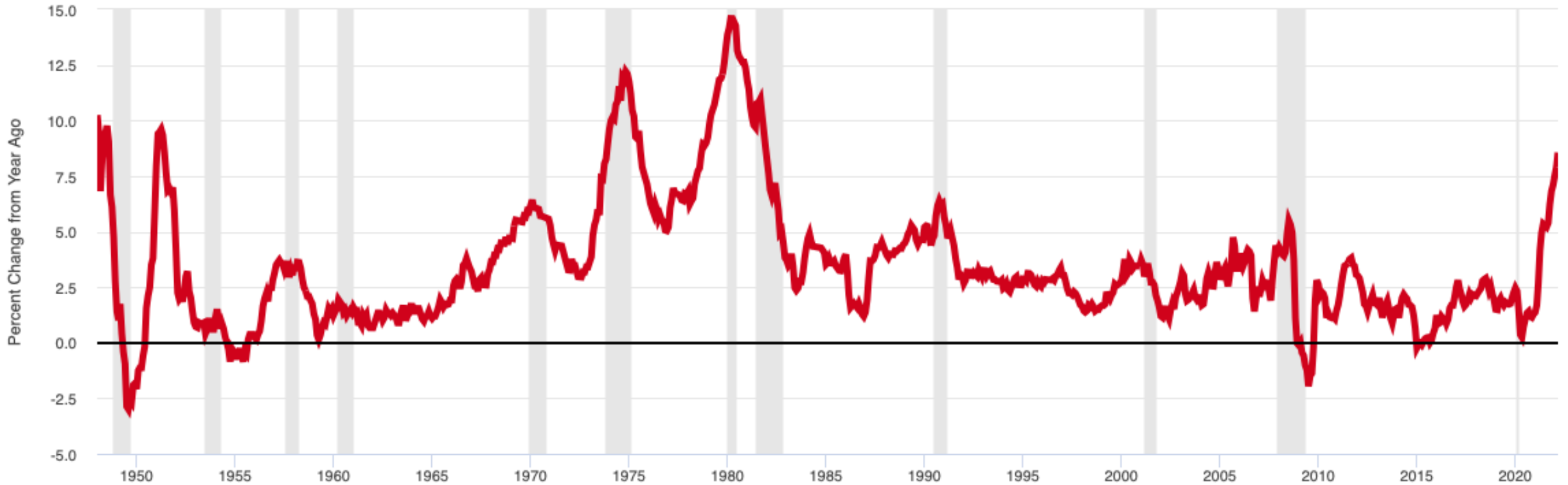


Source: Bureau of Labor Statistics

FED Red Alert

Inflation's Sting

Consumer price index for all urban consumers: All items in U.S. city average



Shaded areas indicate U.S. recessions.

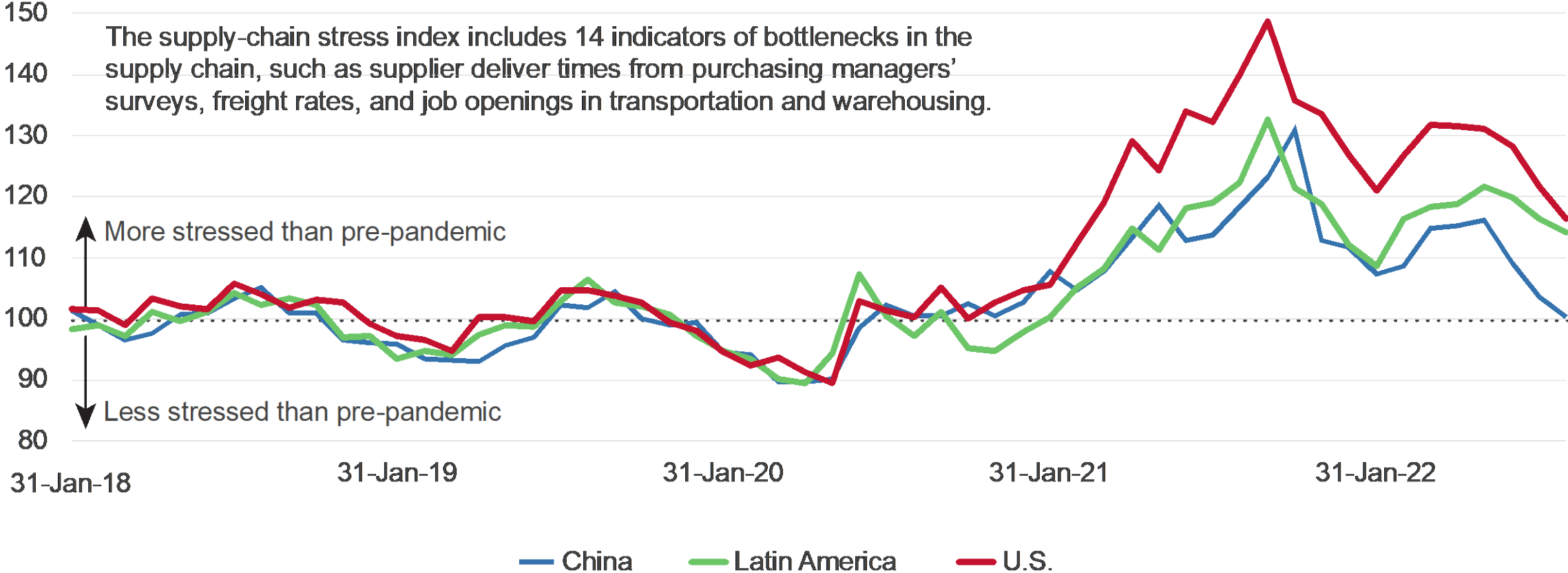
Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org

Source: Bureau of Labor Statistics

Supply Chain Stress Index

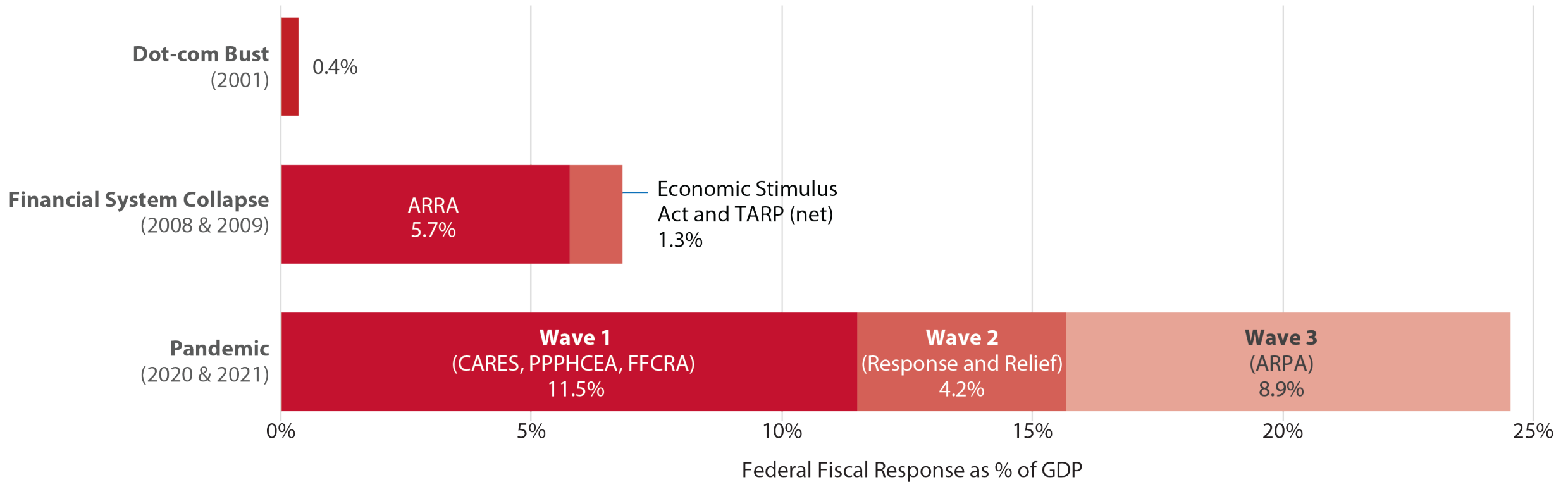
2019 Q4 = 100



Source: Moody's Analytics

Federal Fiscal Support Comparables

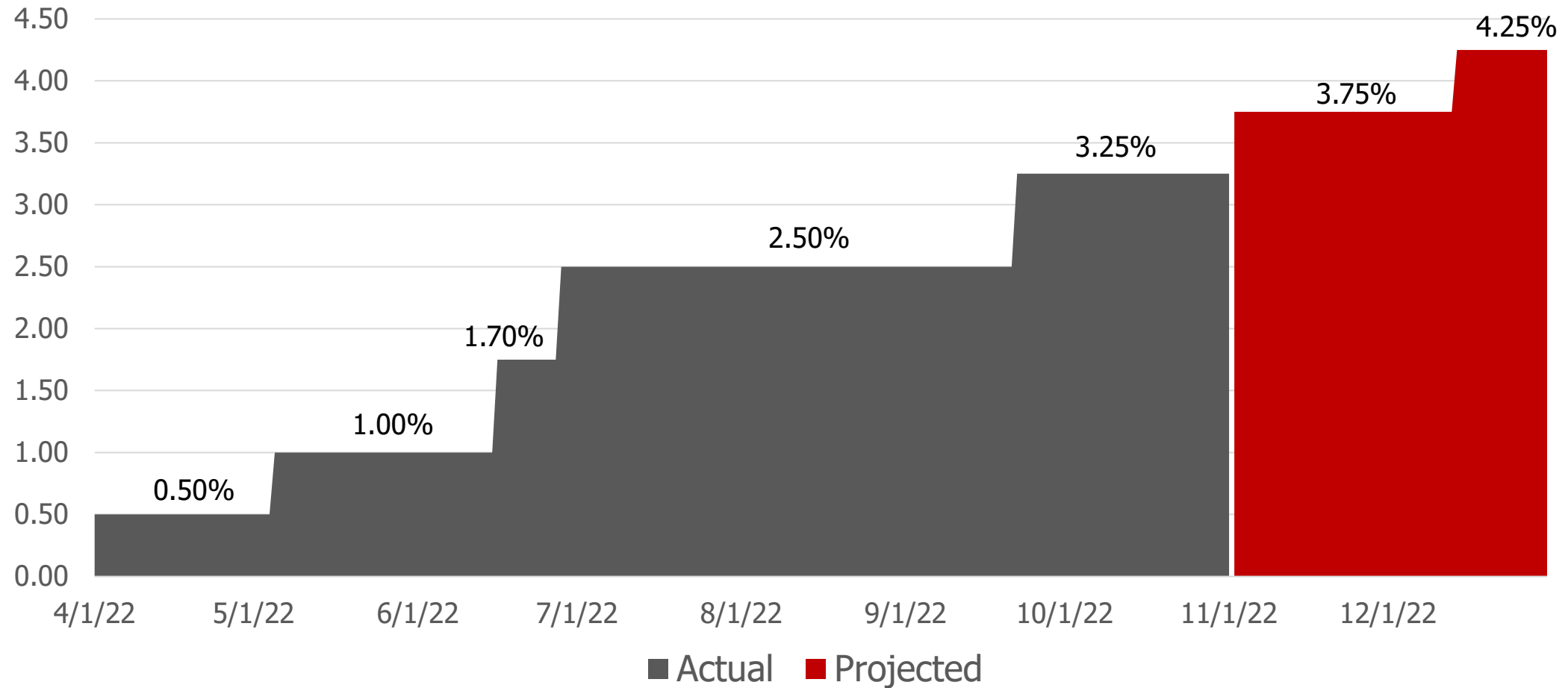
2019 Q4 = 100



Source: Congressional Budget Office and National Bureau of Economic Research

The FED is Only Part Way There

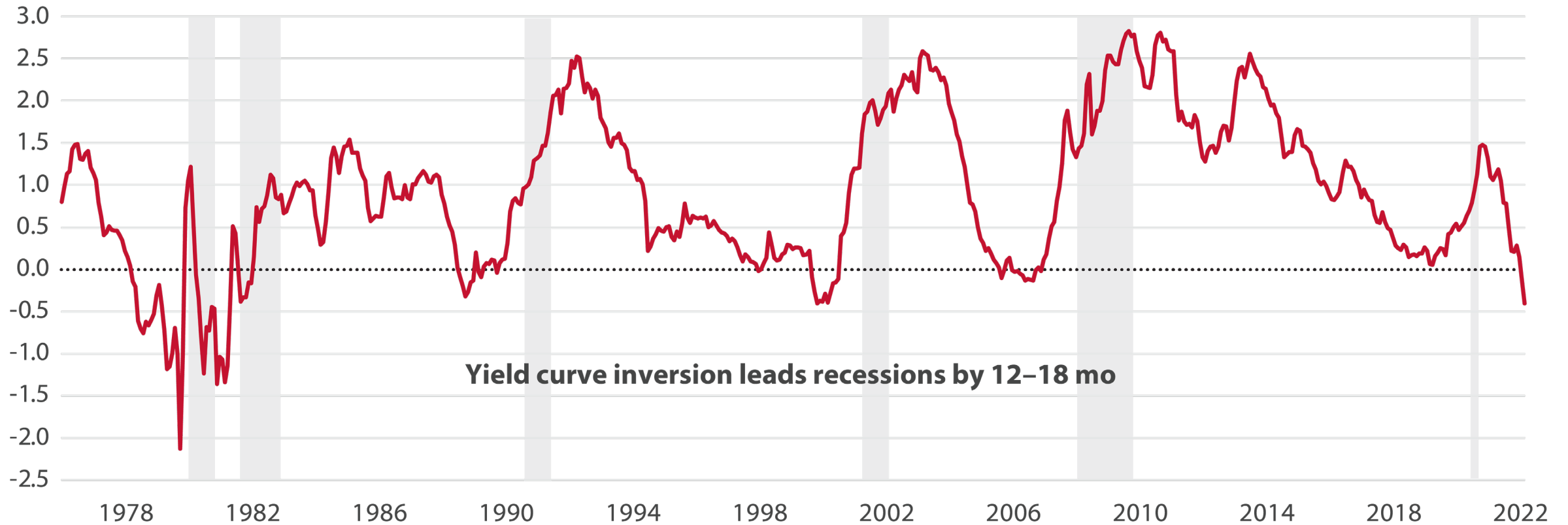
Rate hiking cycle, upper bound federal funds rate



Source: Kem C. Gardner Policy Institute and Federal Reserve

Treasury Yield Curve

Difference between 10-year and 2-year Treasury yield, ppt

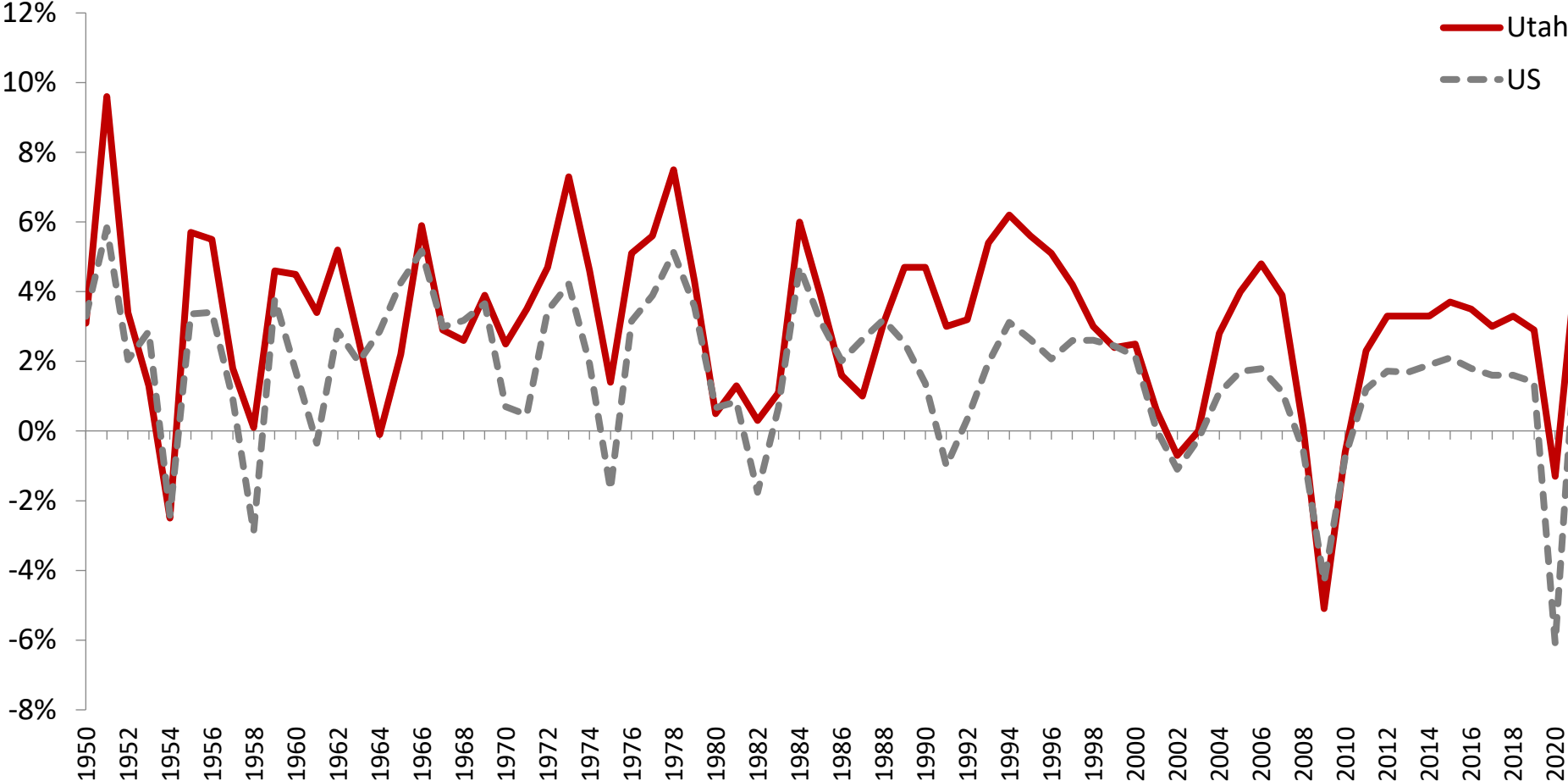


Yield curve inversion leads recessions by 12-18 mo

Source: Federal Reserve and Moody's Analytics

Job Growth Rates

Utah and the U.S.

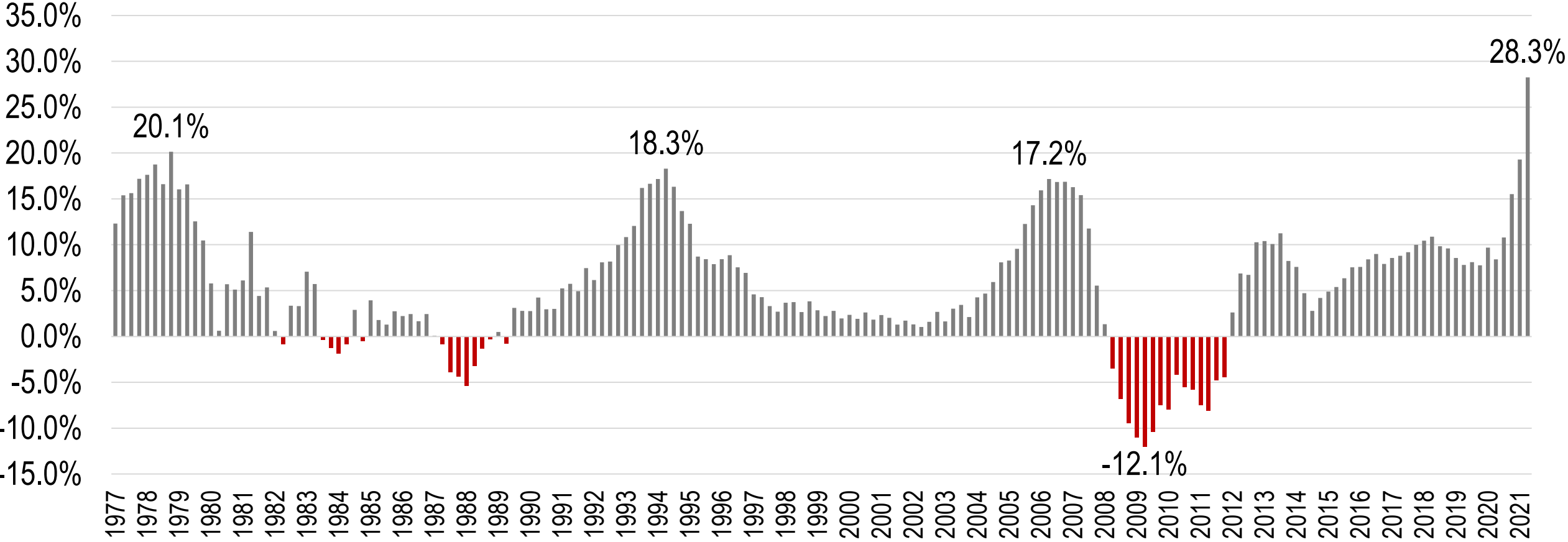


Source: U.S. Bureau of Labor Statistics

Pay Attention to Housing

Utah Housing Appreciation

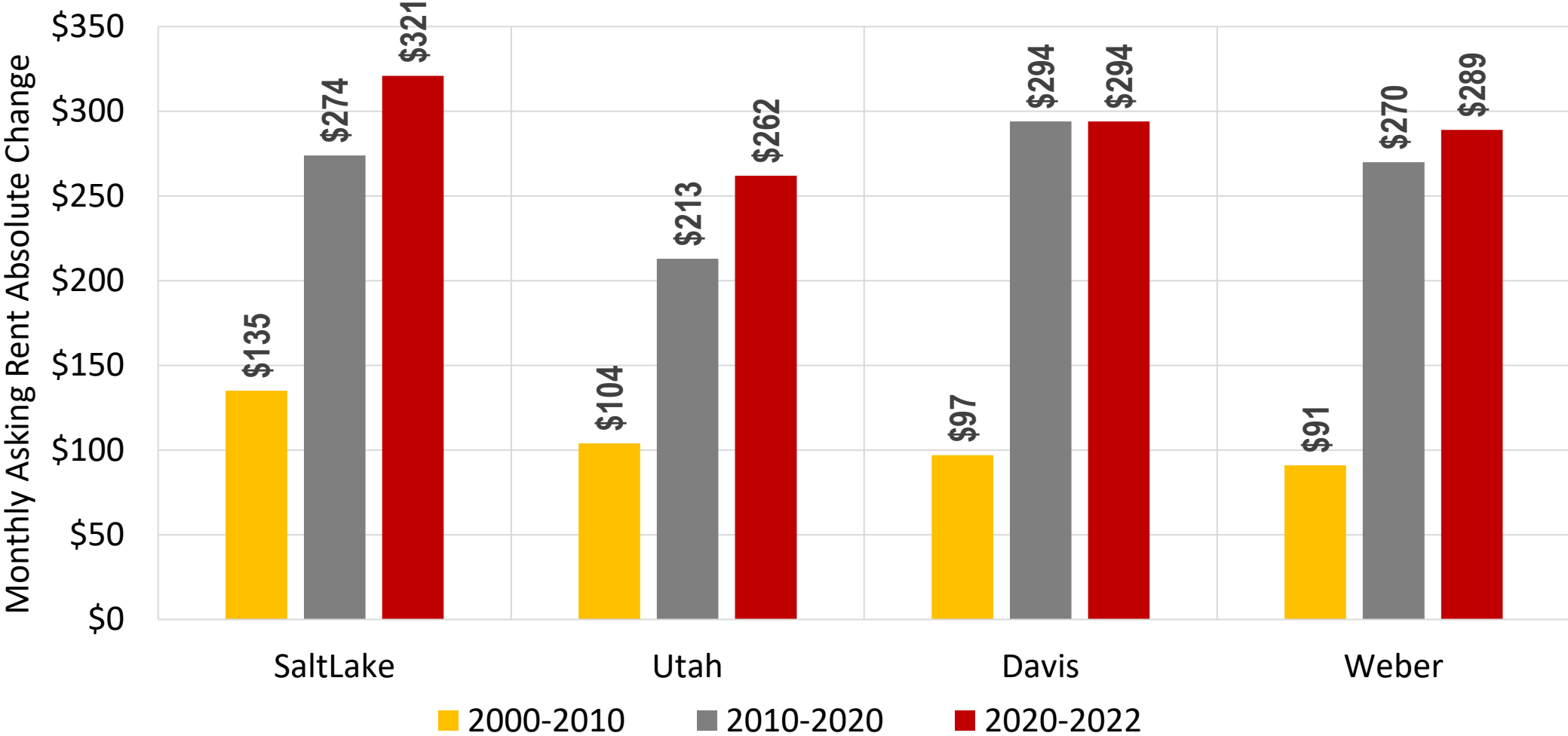
Year-Over quarterly % change in Housing Price Index



Source: FHFA

A Decade of Rent Increases in Two Years

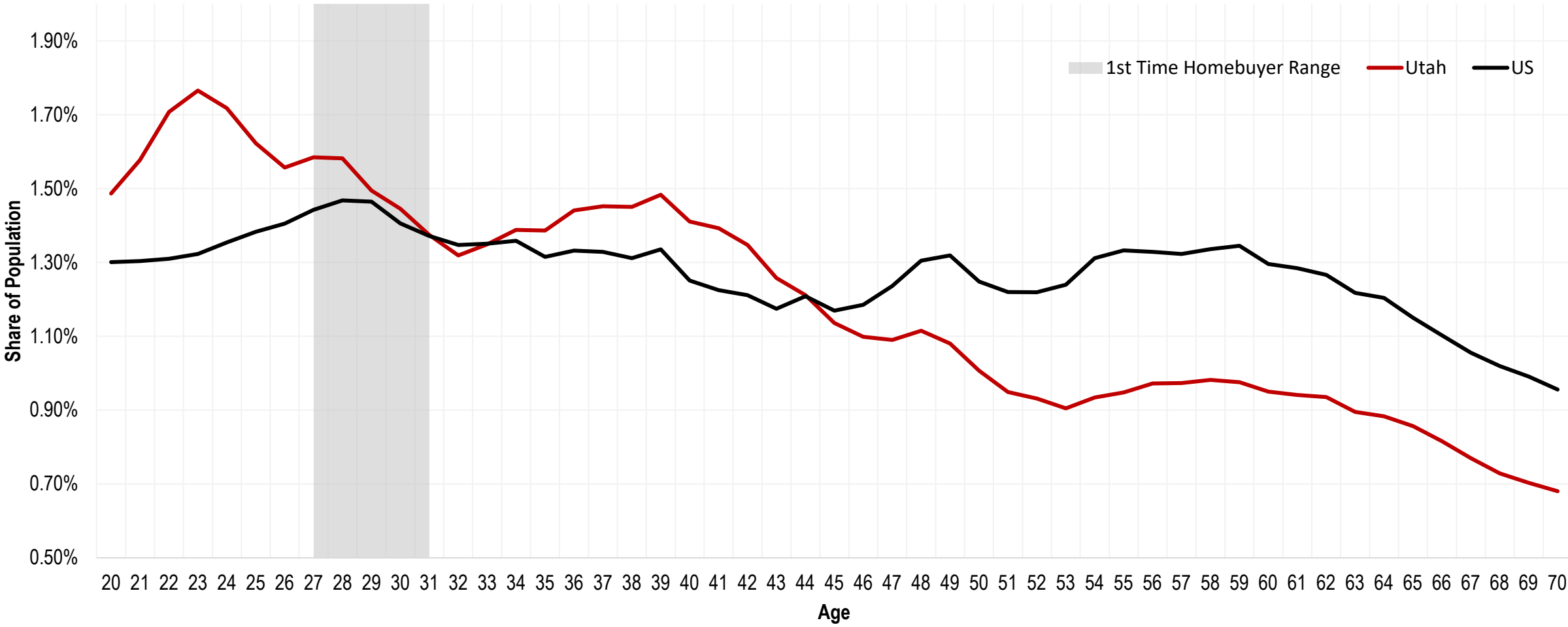
Absolute increase in monthly rent by county



Source: CoStar, Inc.

Housing Demand to Stay Strong for 2020's

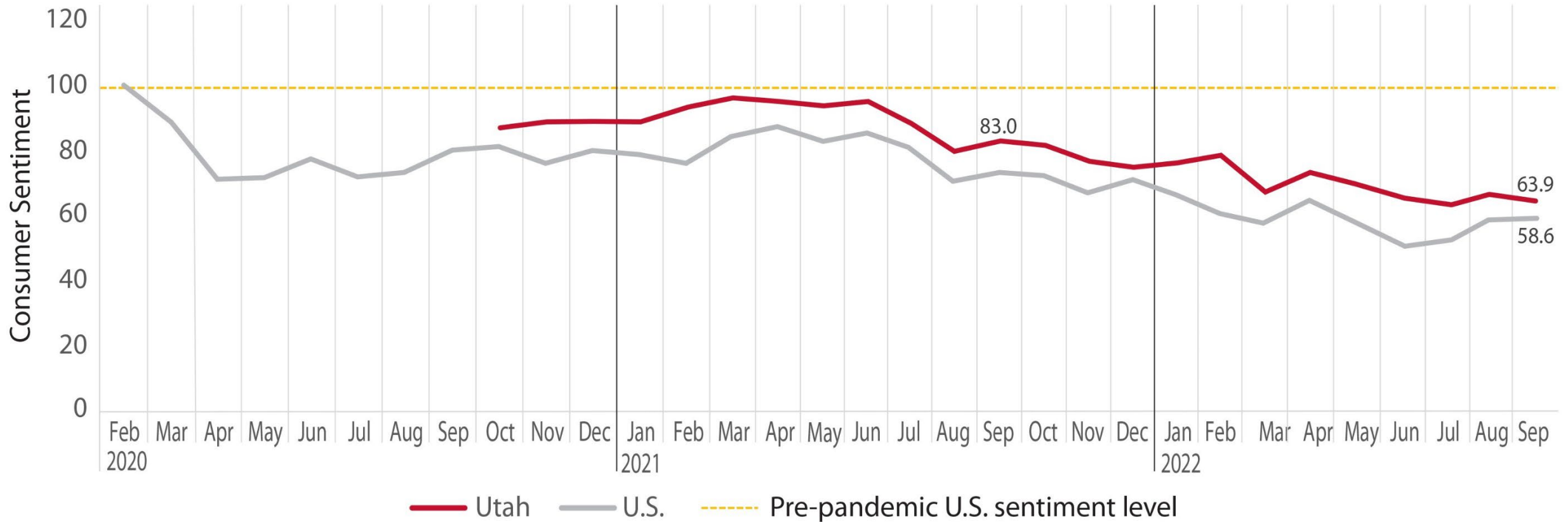
Share of Population by Age



Source: Kem C. Gardner Policy Institute

Consumer Sentiment

Utah and the U.S.



Source: Kem C. Gardner Policy Institute