

2017

ECONOMIC  
REPORT  
*to the*  
GOVERNOR  
.....  
HIGHLIGHTS



PREPARED BY THE  
UTAH ECONOMIC COUNCIL

.....  
A collaborative endeavor of the David Eccles School of Business and  
Governor's Office of Management and Budget

The Utah economy remains healthy. Every major industrial sector expanded in 2016, contributing a total of 49,500 new jobs over the year. An annual employment growth rate of 3.6 percent was above the state’s long-term average and among the strongest in the nation.

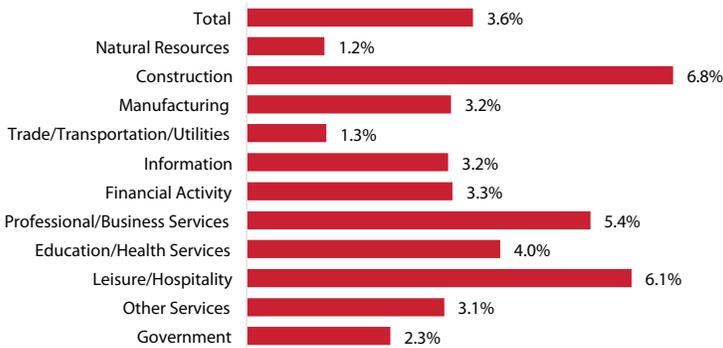
Utah’s construction sector posted the highest job growth in 2016, 6.8 percent, fueled by both robust residential and commercial activity. The value of commercial construction reached a record \$2.5 billion in 2016, with major projects

across the state like the expansion of the Dixie Regional Medical Center in St. George, the expansion of the Utah Valley Hospital in Provo, and a 1,700-acre solar plant in Delta. Low unemployment and rising wages for Utahns, along with growth in travel and tourism activity – Utah’s ski resorts and national parks hosted a record number of visitors in 2016 – contributed to exceptionally strong job growth of 6.1 percent in the state’s leisure and hospitality sector over the past year.

Utah’s population surpassed the 3 million milestone in

Utah Nonfarm Industry Profiles 2016

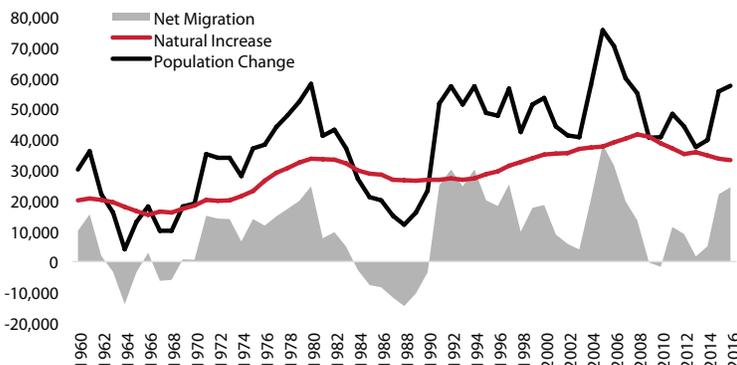
Employment Percent Change



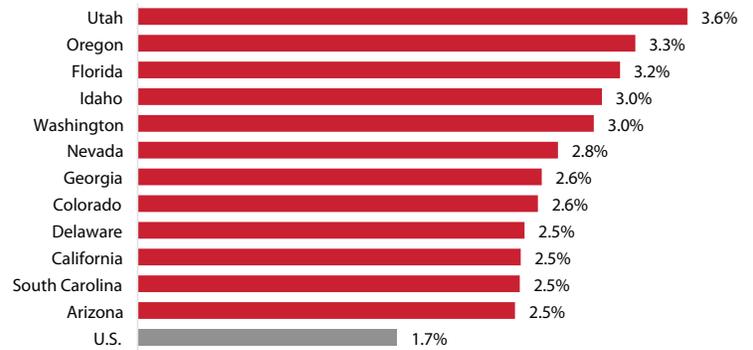
Employment Numeric Change



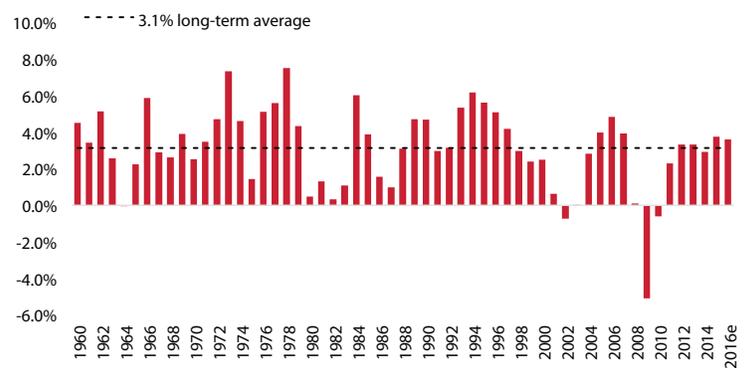
Utah Components of Population Change



States with Strongest Job Growth 2016



Utah Job Growth



Utah Demographic Profile

	Utah	U.S.
Fastest population growth (2015 - 2016)	2.0%	0.7%
Highest fertility rate (2015)	2.29	1.84
Youngest median age (2015)	30.7	37.8
Persons under 18 years (2015) (Utah ranks 1st)	30.5%	22.9%
Persons 65 years and over (2015) (Utah ranks 49th)	10.3%	14.9%
Largest household size (2015)	3.17	2.65
Life expectancy (2010) (Utah ranks 10th)	80.2	78.9

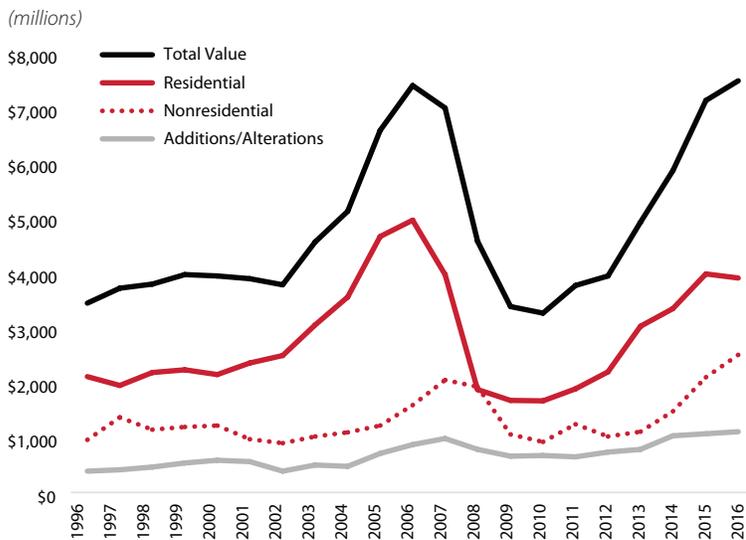
2016, with the highest annual growth in the nation of 2.0 percent. Net in-migration of just over 24,000 was the most in 10 years and contributed to 40 percent of the state’s total population growth.

The consensus forecast predicts moderating – but still healthy – job and wage growth, low unemployment, and increased net in-migration in 2017. Internal risks to the Utah economy this year and beyond include the supply of workers, education warning signs, and air quality. Potential federal

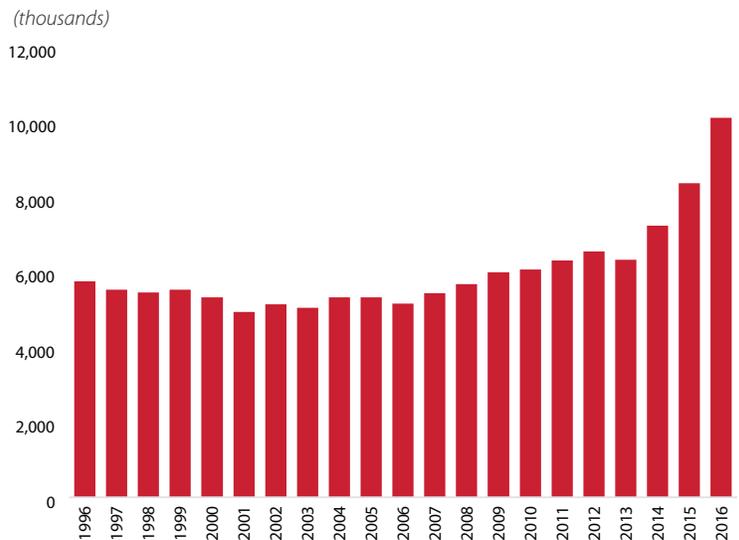
trade policy changes, normalization of monetary policy, and geopolitical instability could also present challenges.

Demographic advantages, an appealing business climate, and increasing labor force participation will continue to be an advantage for the Utah economy. Potential expansionary federal fiscal policy including tax cuts and infrastructure spending also present an upside risk. All going well, Utah’s economy will once again be one of the top performing economies in the nation in 2017.

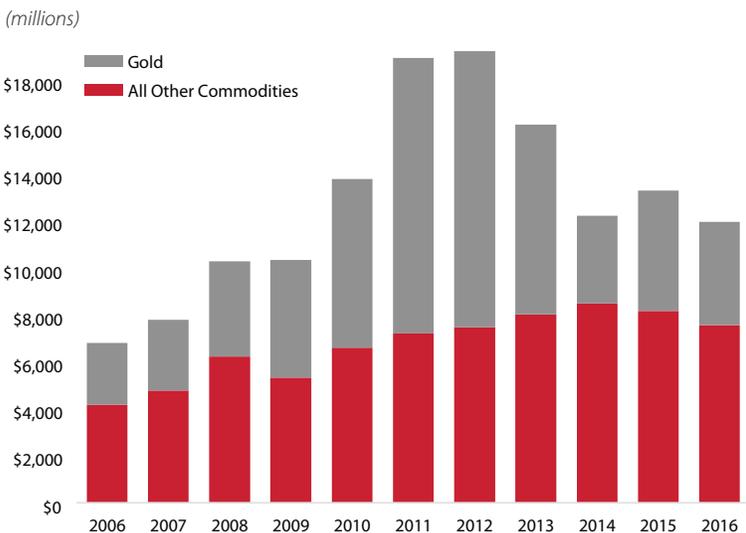
### Utah Value of New Construction



### Utah National Park Visits



### Utah International Trade



Economic Tailwinds
Unique demographic profile
Relatively low cost of living
Business-friendly economic climate
Transportation networks (“Crossroads of the West”)
Wage growth and improving labor force participation
Potential expansionary federal fiscal policy

Economic Headwinds
Supply of workers
Education warning signs
Air quality
Potential federal trade policy changes
Normalization of monetary policy
Geopolitical instability

Note: 2016 figures are estimated.

Sources: David Eccles School of Business, University of Utah; Kem C. Gardner Policy Institute; U.S. Bureau of Labor Statistics; State of Utah Revenue Assumptions Working Group; Utah Department of Workforce Services; Moody’s Analytics; IHS Global Insight; National Vital Statistics Reports; U.S. Census Bureau; Utah Economic Council

## Economic Indicators for Utah and the United States

	UNITS	2014	2015	2016	2017	PERCENT CHANGE		
		ACTUAL	ACTUAL	ESTIMATE	FORECAST	14-15	15-16	16-17
<b>PRODUCTION AND SPENDING</b>								
U.S. Real Gross Domestic Product	Billion Chained \$2009	15,982.3	16,397.2	16,652.2	17,034.6	2.6	1.6	2.3
U.S. Real Exports	Billion Chained \$2009	2,118.3	2,120.6	2,130.0	2,178.7	0.1	0.4	2.3
Utah Exports (NAICS, Census)	Million Dollars	12,224.2	13,307.2	12,502.7	12,790.2	8.9	-6.0	2.3
Utah Coal Production	Million Tons	17.9	14.5	14.1	15.5	-19.0	-2.8	9.9
Utah Crude Oil Production	Million Barrels	40.9	37.1	28.7	28.0	-9.3	-22.6	-2.4
Utah Natural Gas Production Sales	Billion Cubic Feet	385.5	359	310	300	-6.9	-13.6	-3.2
Utah Copper Mined Production	Million Pounds	467.8	220.6	330.9	380.5	-52.8	50.0	15.0
<b>SALES AND CONSTRUCTION</b>								
U.S. Private Residential Investment	Billion Dollars	570.0	651.9	704.5	752.5	14.4	8.1	6.8
U.S. Nonresidential Structures	Billion Dollars	530.7	507.3	493.1	535.3	-4.4	-2.8	8.6
U.S. Purchase-Only Home Price Index	1991Q1 = 100	209.2	220.9	233.5	243.8	5.6	5.7	4.4
U.S. Retail Sales	Billion Dollars	5,207.6	5,327.5	5,487.8	5,723.8	2.3	3.0	4.3
Utah Dwelling Unit Permits	Thousands	18.7	17.6	19.0	20.5	-6.0	7.8	7.9
Utah Residential Permit Value	Million Dollars	3,350.9	3,981.8	3,900.0	4,450.0	18.8	-2.1	14.1
Utah Nonresidential Permit	Million Dollars	1,478.9	2,096.0	2,500.0	1,900.0	41.7	19.3	-24.0
Utah Purchase-Only Home Price Index	1991Q1 = 100	296.6	315.8	343.0	370.4	6.5	8.6	8.0
Utah Taxable Retail Sales	Million Dollars	26,193	27,801	29,201	30,685	6.1	5.0	5.1
<b>DEMOGRAPHICS</b>								
U.S. July 1st Population	Millions	318.6	320.9	323.1	325.4	0.7	0.7	0.7
Utah July 1st Population	Thousands	2,941.9	2,997.4	3,054.8	3,123.8	1.9	1.9	2.3
Utah Net Migration	Thousands	5.1	22.0	24.3	32.5			
<b>PRICES, INFLATION AND INTEREST RATES</b>								
West Texas Intermediate Crude Oil	\$ Per Barrel	93.3	48.7	43.2	53.2	-47.8	-11.3	23.2
U.S. CPI Urban Consumers	1982-84 = 100	236.7	237.0	240.0	245.9	0.1	1.3	2.5
U.S. 3-Month Treasury Bills	Discount Rate	0.03	0.05	0.32	0.94			
U.S. 10-Year Treasury Notes	Yield (%)	2.54	2.14	1.83	2.53			
30 Year Mortgage Rate	Percent	4.17	3.85	3.64	4.29			
Utah Coal Prices	\$ Per Short Ton	35.6	35.0	36.0	38.0	-1.7	2.9	5.6
Utah Oil Prices	\$ Per Barrel	79.0	40.7	36.0	43.0	-48.5	-11.5	19.4
Utah Natural Gas Prices	\$ Per MCF	4.34	2.60	2.25	2.80	-40.1	-13.5	24.4
Utah Copper Prices	\$ Per Pound	3.20	2.50	2.15	2.20	-21.9	-14.0	2.3
<b>EMPLOYMENT AND WAGES*</b>								
U.S. Nonfarm Employment	Millions	136.6	139.5	141.9	143.8	2.1	1.7	1.3
U.S. Average Annual Pay	Dollars	51,364	52,942	54,228	56,335	3.1	2.4	3.9
U.S. Total Nonfarm Wages	Billion Dollars	7,017.0	7,384.9	7,696.6	8,098.5	5.2	4.2	5.2
Utah Nonfarm Employment	Thousands	1,328.1	1,377.9	1,427.2	1,472.1	3.7	3.6	3.1
Utah Average Annual Pay	Dollars	42,182	43,456	45,039	46,379	3.0	3.6	3.0
Utah Total Nonfarm Wages	Million Dollars	56,024.2	59,877.0	64,279.7	68,274.3	6.9	7.4	6.2
<b>INCOME AND UNEMPLOYMENT</b>								
U.S. Personal Income	Billion Dollars	14,802	15,464	15,988	16,712	4.5	3.4	4.5
U.S. Unemployment Rate	Percent	6.2	5.3	4.9	4.8			
Utah Personal Income	Million Dollars	110,844	117,764	124,510	130,912	6.2	5.7	5.1
Utah Unemployment Rate	Percent	3.8	3.5	3.5	3.5			

\*Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) concept of employment and wages

Sources: Utah Council of Economic Advisors, State of Utah Revenue Assumptions Working Group, IHS Global Insight, Kem C. Gardner Policy Institute

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