

2018

ECONOMIC  
REPORT  
*to the*  
GOVERNOR

HIGHLIGHTS



PREPARED BY THE  
UTAH ECONOMIC COUNCIL

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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 2017, contributing a total of 43,500 new jobs over the year. An annual employment growth rate of 3.1 percent is on par with the state's long-term average and among the strongest in the nation.

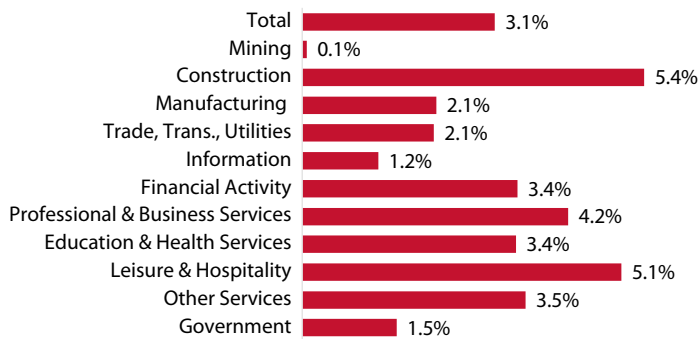
Utah's construction sector posted the highest job growth in 2017, 5.4 percent, fueled by both robust residential and commercial activity. The value of permit authorized nonresidential construction was \$2.4 billion in 2017 led by a record setting \$520 million in new office construction.

The demand for construction workers will increase in 2018 with major public and private construction projects underway including the \$3 billion redevelopment of the Salt Lake International Airport; the new \$600 million state prison; the 855,000 square foot Amazon fulfillment center; \$1 billion in state road construction (2018-2020); and the start of \$600 million in voter approved public school construction.

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 2017 –

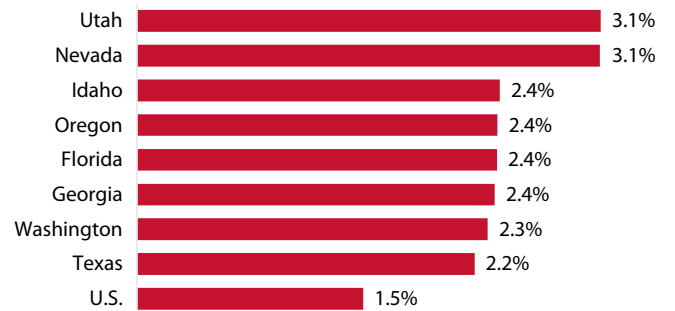
### Employment Growth

2016–2017

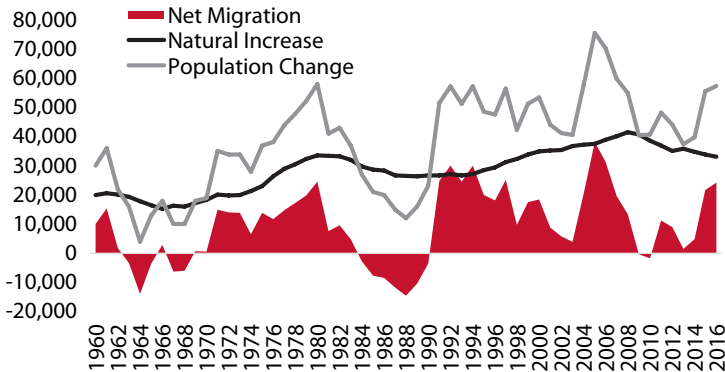


### States with Strongest Job Growth

2016–2017

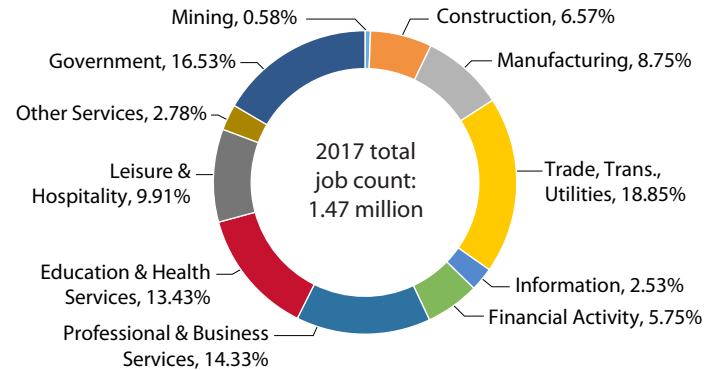


### Utah Components of Population Change

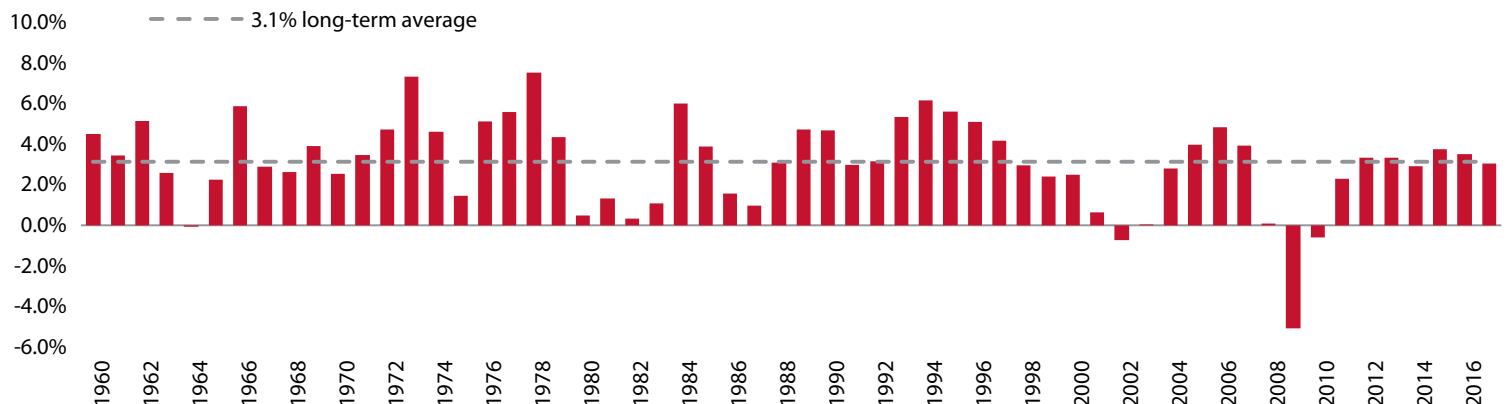


### Total Utah Jobs

2017



### Utah Annual Job Growth History



contributed to exceptionally strong job growth of 5.1 percent in the state’s leisure and hospitality sector over the past year.

Utah’s population surpassed the three million milestone in 2016. Utah is currently the third fastest in population growth in the nation at 1.9 percent (behind Idaho and Nevada). Net in-migration of almost 27,000 in 2017 was the most since 2006 and contributed to 46 percent of the state’s total population growth.

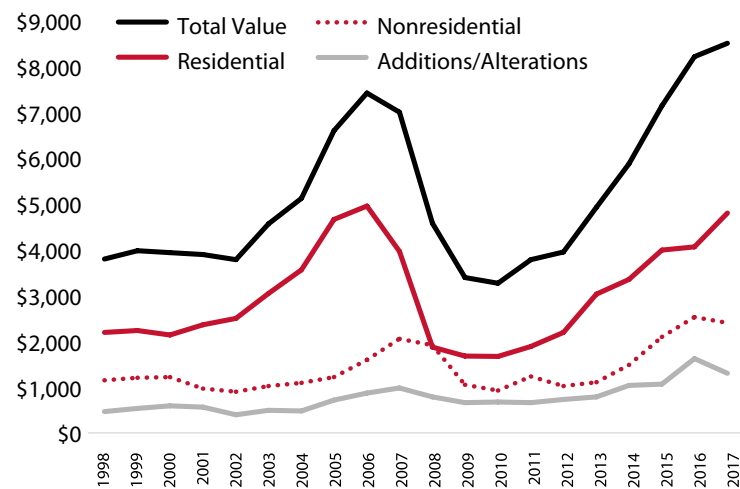
The consensus forecast predicts moderating – but still healthy – job and wage growth, low unemployment, and increased net in-migration in 2018. Internal risks to the Utah economy this

year and beyond include the supply of workers, increasing costs, increasing interest rates, air quality, and housing affordability. A late business cycle may also present challenges in the upcoming year. Economists will also monitor the impact of federal tax reform.

Demographic advantages, an appealing business climate, and increasing labor force participation will continue to be an advantage for the Utah economy. All going well, Utah’s economy will once again be one of the top performing economies in the nation in 2018, albeit at a slower rate.

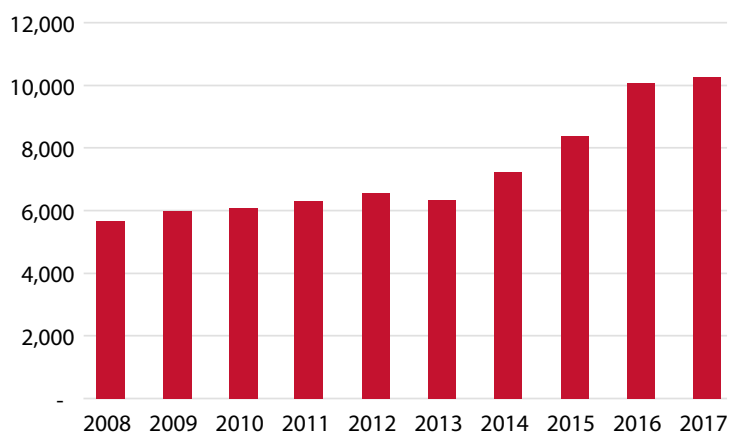
### Utah Value of New Construction

(\$ millions)



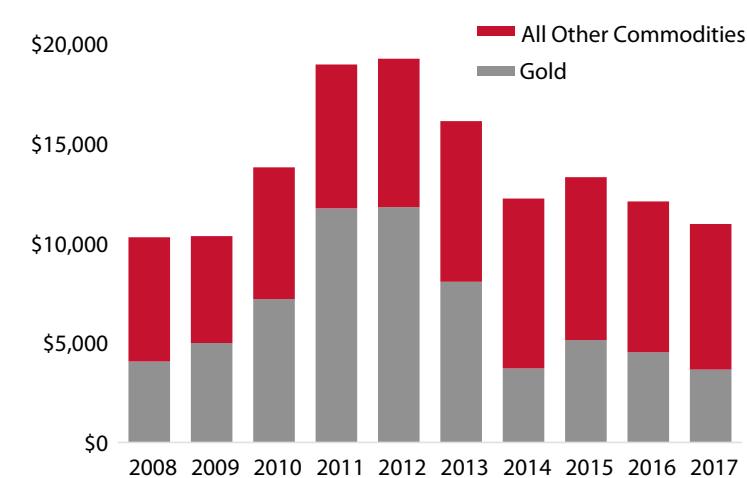
### Utah National Park and Skier Visits

(thousands)



### Utah International Trade

(\$ millions)



### 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
Expansionary fiscal policy; synchronized global economic growth

### Economic Headwinds

Supply of workers
Increasing costs
Increasing interest rates
Air quality
Housing affordability
Late business cycle

Notes: 2017 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; 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	2015	2016	2017	2018	PERCENT CHANGE		
		ACTUAL	ACTUAL	ESTIMATE	FORECAST	15-16	16-17	17-18
<b>PRODUCTION AND SPENDING</b>								
U.S. Real Gross Domestic Product	Billion Chained \$2009	16,471.5	16,716.2	17,070.3	17,547.5	1.5	2.1	2.8
U.S. Real Exports	Billion Chained \$2009	2,127.1	2,120.1	2,192.7	2,277.7	-0.3	3.4	3.9
Utah Exports (NAICS, Census)	Million Dollars	13,307.2	12,073.8	12,505.0	12,997.6	-9.3	3.6	3.9
Utah Coal Production	Million Tons	14.5	14.0	14.2	14.5	-3.7	1.6	2.1
Utah Crude Oil Production	Million Barrels	37.1	30.5	33.1	35.0	-17.8	8.5	5.7
Utah Natural Gas Production Sales	Billion Cubic Feet	359.8	318.0	260.0	235.0	-11.6	-18.2	-9.6
Utah Copper Mined Production	Million Pounds	220.6	347.4	397.0	413.5	57.5	14.3	4.2

### SALES AND CONSTRUCTION

U.S. Private Residential Investment	Billion Dollars	645.4	705.9	748.8	811.1	9.4	6.1	8.3
U.S. Nonresidential Structures	Billion Dollars	537.5	516.2	556.6	579.0	-4.0	7.8	4.0
U.S. Purchase-Only Home Price Index	1991Q1 = 100	219.8	233.3	247.1	255.9	6.1	5.9	3.6
U.S. Retail Sales	Billion Dollars	5,347.3	5,508.0	5,747.8	5,969.2	3.0	4.4	3.9
Utah Dwelling Unit Permits	Thousands	17.6	19.9	23.5	24.0	13.0	17.8	2.1
Utah Residential Permit Value	Million Dollars	3,982.4	4,053.6	4,600.0	4,700.0	1.8	13.5	2.2
Utah Nonresidential Permit	Million Dollars	2,097.5	2,528.9	2,200.0	1,900.0	20.6	-13.0	-13.6
Utah Purchase-Only Home Price Index	1991Q1 = 100	368.8	396.1	429.6	459.2	7.4	8.5	6.9
Utah Taxable Retail Sales	Million Dollars	27,801	29,303	31,600	33,197	5.4	7.8	5.1

### DEMOGRAPHICS

U.S. July 1st Population	Millions	321.5	323.7	325.9	328.5	0.7	0.7	0.8
Utah July 1st Population	Thousands	2,990.6	3,051.2	3,109.1	3,166.0	2.0	1.9	1.8
Utah Net Migration	Thousands	14.2	25.6	22.7	21.0			

### PRICES, INFLATION, AND INTEREST RATES

West Texas Intermediate Crude Oil	\$ Per Barrel	48.7	43.2	48.7	45.9	-11.3	12.8	-5.9
U.S. CPI Urban Consumers	1982-84 = 100	237.0	240.0	244.8	248.7	1.3	2.0	1.6
U.S. 3-Month Treasury Bills	Discount Rate	0.05	0.32	0.93	1.65			
U.S. 10-Year Treasury Notes	Yield (%)	2.14	1.84	2.35	3.12			
30 Year Mortgage Rate	Percent	3.85	3.65	4.05	4.91			
Utah Coal Prices	\$ Per Short Ton	34.5	34.5	36.0	38.0	0.0	4.3	5.6
Utah Oil Prices	\$ Per Barrel	40.7	40.7	36.9	43.5	0.0	-9.3	17.9
Utah Natural Gas Prices	\$ Per MCF	2.60	2.60	2.24	2.70	0.0	-13.8	20.5
Utah Copper Prices	\$ Per Pound	2.56	2.56	2.25	2.70	0.0	-12.1	20.0

### EMPLOYMENT AND WAGES\*

U.S. Nonfarm Employment	Millions	141.8	144.3	146.5	148.6	1.8	1.5	1.4
U.S. Average Annual Pay	Dollars	55,417	56,029	57,070	59,013	1.1	1.9	3.4
U.S. Total Nonfarm Wages	Billion Dollars	7,859	8,085	8,358	8,768	2.9	3.4	4.9
Utah Nonfarm Employment	Thousands	1,378	1,427	1,470	1,511	3.5	3.0	2.8
Utah Average Annual Pay	Dollars	43,522	44,461	46,808	48,118	2.2	5.3	2.8
Utah Total Nonfarm Wages	Million Dollars	59,962	63,419	69,103	72,701	5.8	9.0	5.2

### INCOME AND UNEMPLOYMENT

U.S. Personal Income	Billion Dollars	15,553	15,929	16,433	17,165	2.4	3.2	4.5
U.S. Unemployment Rate	Percent	5.3	4.9	4.4	4.1			
Utah Personal Income	Million Dollars	118,725	124,871	132,731	139,247	5.2	6.3	4.9
Utah Unemployment Rate	Percent	3.5	3.4	3.5	3.3			

\*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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