

2020

ECONOMIC
REPORT
to the
GOVERNOR
.....
HIGHLIGHTS



PREPARED BY THE
UTAH ECONOMIC COUNCIL

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

2020 Economic Report to the Governor

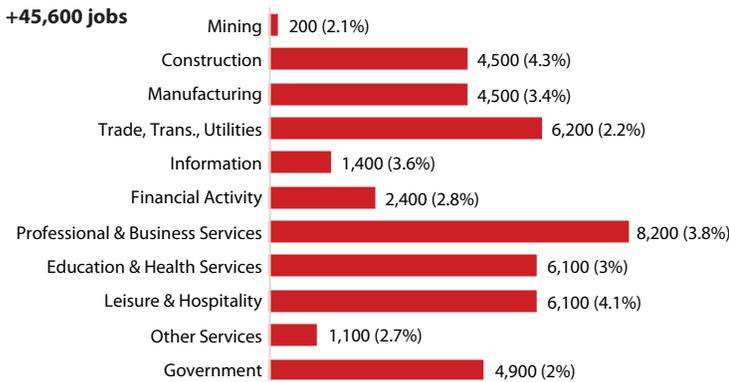
The Utah economy continues to prosper. Like the nation, the state's decade-long economic expansion became the longest on record in 2019. Every major industrial sector expanded over the last year, adding 45,600 new jobs to the economy. The annual employment growth rate of 3.0 percent in 2019 was at the state's long-term average and among the strongest in the nation.

Fueled by record-level residential and near-record commercial activity, Utah's construction sector added 4,500 jobs and posted the state's fastest pace of job growth in 2019, 4.3 percent. The boom in the multifamily sector, primarily apartment construction,

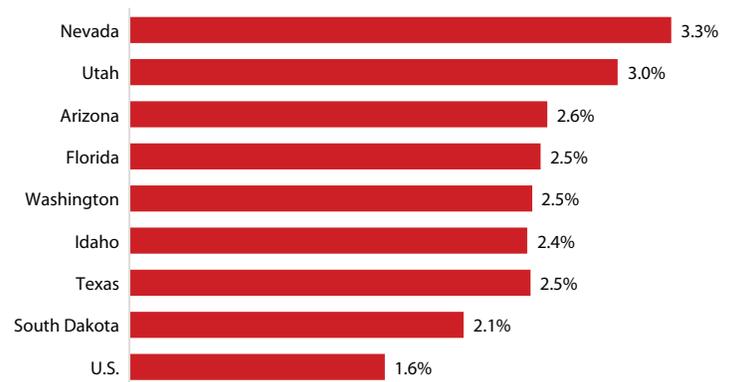
drove a 10.9 percent increase in the value of all permit-authorized residential construction to \$5.7 billion. The value of permit-authorized nonresidential construction grew 6.2 percent in 2019 to \$2.3 billion, the highest posting since 2016's \$2.7 billion.

Low unemployment and rising wages for Utahns, along with an increase in travel and tourism activity, supported strong job growth of 4.1 percent in the state's leisure and hospitality sector over the past year. Above-average snowfall and an extended 2018-2019 ski season led to a record \$1.4 billion in skier spending. With increased marketing emphasis on places to visit in addition to the Mighty 5®

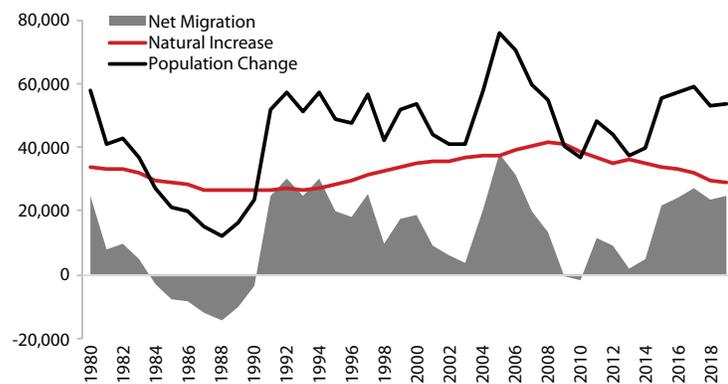
Utah Employment Growth, Level and Percent, 2018–2019



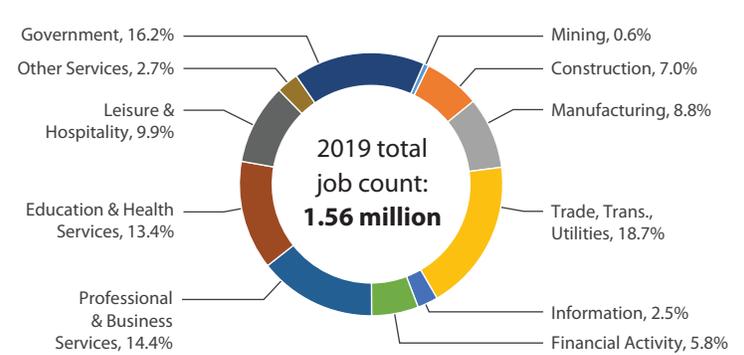
States with Strongest Job Growth, 2018–2019



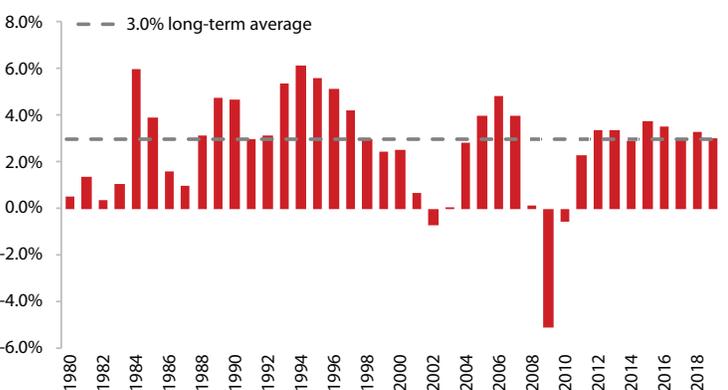
Utah Components of Population Change



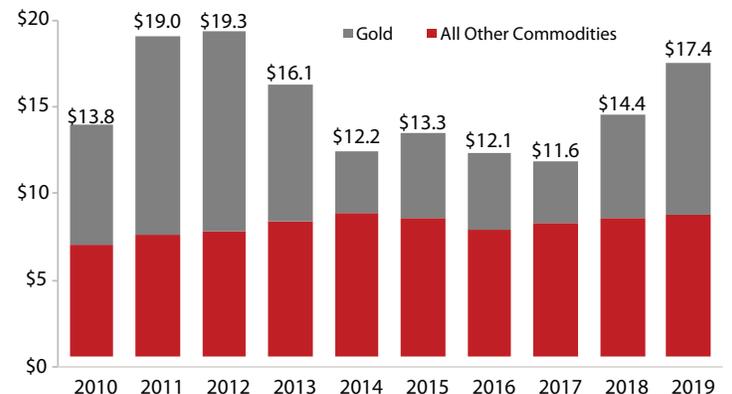
Total Share of Utah Jobs by Sector, 2019



Utah Annual Job Growth History



Utah International Exports, \$ billions



national parks, Utah's state parks hosted a record number of visitors in 2019.

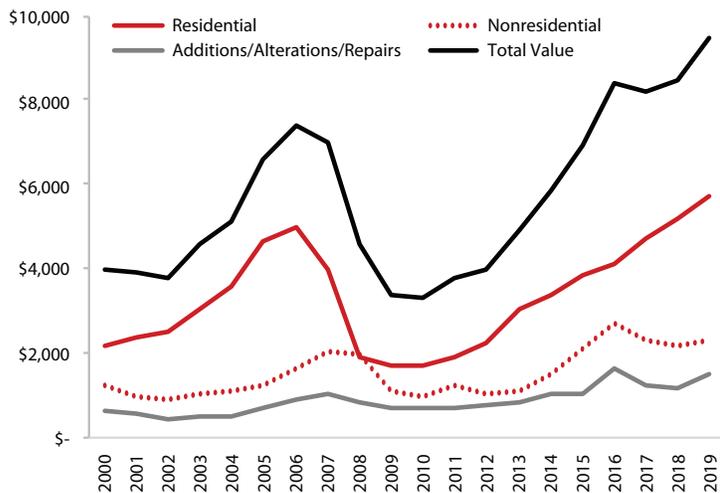
Utah's population grew by 53,600 to reach 3.2 million in 2019. About 47 percent of this growth came from net in-migration as people moved to the state to take advantage of economic opportunity. Natural increase continued to generate the majority of growth, 53 percent, despite births dropping to the lowest level since 2000.

The consensus forecast predicts increasing uncertainty and moderation, but still healthy growth for the Utah economy.

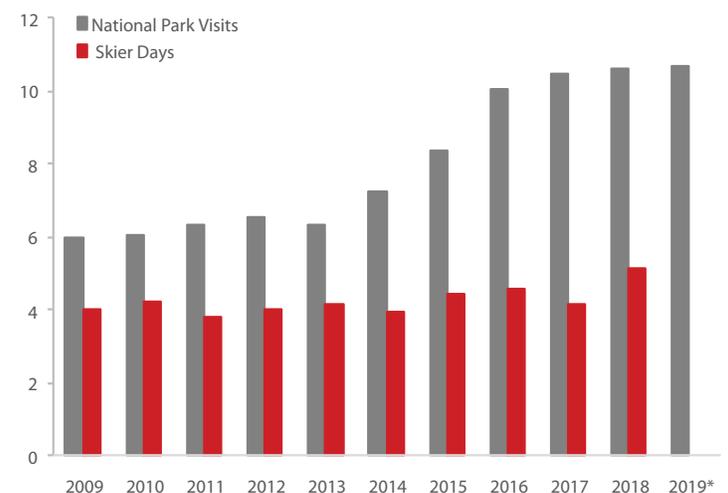
Internal risks in 2020 and beyond include a tight labor market, increasing costs, housing affordability, declining fertility rates, and air quality. Externally, a late U.S. business cycle, trade tensions, and geopolitical instability add risk to the forecast.

State tax cuts and infrastructure spending present an upside risk for the 2020 Utah economy. Favorable demographics, a supportive business climate, and economic diversity will continue to advantage the economy. As long as major risks to the national expansion are not realized, Utah's economy will once again be one of the top performing economies in the nation in 2020.

Utah Value of New Construction, \$ millions



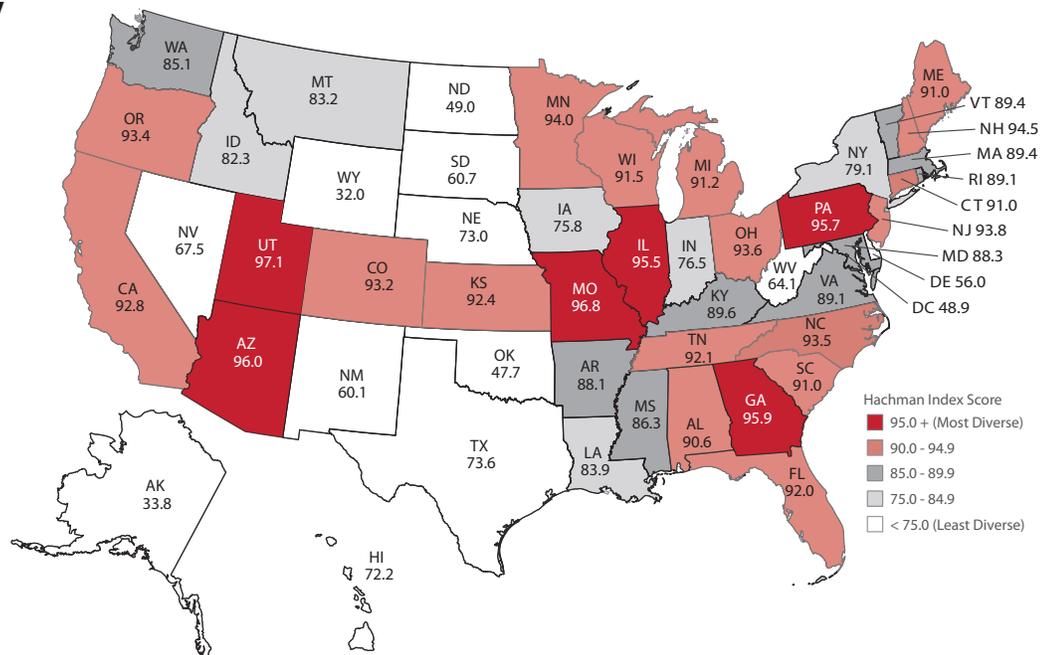
Utah National Park and Skier Visits, millions



*2019 skier days will be released in June 2020. Skier days include season that begins with year shown (e.g. 2018 = 2018-2019 ski season).

Hachman Index of Economic Diversity

According to the Hachman Index, a measure of economic diversity, Utah and Missouri led the nation in economic diversity in 2018 with scores of 97.1 and 96.8, respectively, based on gross domestic product by industry. A higher score, closer to 100, indicates more economic diversity. A timely example of the advantage of diversity is the impact of globalization and tariffs on state economies. Those states with employment concentrations in auto, textiles, or steel production experienced severe job losses. In contrast, Utah's economic diversity provided added protection from the negative impacts of tariffs.



Note: All 2019 data is estimated.

Sources: Kem C. Gardner Policy Institute; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. National Park Service; Ski Utah; Utah Economic Council; U.S. Census Bureau; and Utah Population Committee.

Economic Indicators for Utah and the United States, December 2019

DEMOGRAPHICS	UNITS	2017	2018	2019	2020	PERCENT CHANGE		
		ACTUAL	ACTUAL	ESTIMATE	FORECAST	17-18	18-19	19-20
U.S. July 1st Population	Millions	326	328	330	332	0.6	0.7	0.7
Utah July 1st Population	Thousands	3,114	3,167	3,220	3,274	1.7	1.7	1.7
Utah Net Migration	Thousands	27.0	23.2	23.3	24.8	-14.0	0.3	6.6
Utah Households	Thousands	1,038	1,061	1,086	1,112	2.2	2.4	2.4
EMPLOYMENT AND WAGES								
U.S. Nonfarm Employment (BLS)	Millions	146.6	149.1	151.4	153.2	1.7	1.6	1.2
U.S. Unemployment Rate (BLS)	Percent	4.4	3.9	3.7	3.5			
U.S. Total Nonfarm Wages (BLS)	Billion Dollars	7,968	8,367	8,774	9,137	5.0	4.9	4.1
U.S. Average Annual Pay (BLS)	Dollars	54,348	56,130	57,959	59,662	3.3	3.3	2.9
U.S. Personal Income (BEA)	Billion Dollars	16,879	17,819	18,620	19,301	5.6	4.5	3.7
Utah Nonfarm Employment (DWS)	Thousands	1,469	1,517	1,563	1,605	3.3	3.0	2.7
Utah Unemployment Rate (DWS)	Percent	3.3	3.1	2.7	2.5			
Utah Total Nonfarm Wages (DWS)	Million Dollars	67,174	72,277	77,214	82,867	7.6	6.8	7.3
Utah Average Annual Pay (DWS)	Dollars	45,728	47,630	49,401	51,624	4.2	3.7	4.5
Utah Personal Income (BEA)	Million Dollars	136,544	146,423	155,244	164,559	7.2	6.0	6.0
PRODUCTION AND SALES								
U.S. Real Gross Domestic Product	Billion Chained \$2012	18,108	18,638	19,068	19,462	2.9	2.3	2.1
U.S. Real Exports	Billion Chained \$2012	2,459	2,533	2,524	2,560	3.0	-0.3	1.4
U.S. Retail Sales	Billion Dollars	5,747	6,023	6,242	6,475	4.8	3.6	3.7
Utah Exports (NAICS, Census)	Million Dollars	11,583.0	14,388	16,541	19,773	24.2	15.0	19.5
Utah All Taxable Sales	Million Dollars	61,032	64,983	67,842	71,343	6.5	4.4	5.2
REAL ESTATE AND CONSTRUCTION								
U.S. Private Residential Investment	Billion Dollars	756	787	797	831	4.1	1.4	4.2
U.S. Nonresidential Structures	Billion Dollars	587	633	624	612	7.9	-1.4	-2.0
U.S. Purchase-only Home Price Index	1991Q1 = 100	245	261	274	285	6.6	5.1	3.8
Utah Dwelling Unit Permits	Thousands	22.9	24.2	26.9	26.0	5.8	11.2	-3.3
Utah Residential Permit Value	Million Dollars	4,653	5,152	5,700	5,800	10.7	10.6	1.8
Utah Nonresidential Permit Value	Million Dollars	2,268	2,166	2,250	2,000	-4.5	3.9	-11.1
Utah Purchase-only Home Price Index	1991Q1 = 100	446	493	528	561	10.5	7.1	6.3
ENERGY PRODUCTION AND PRICES								
West Texas Intermediate Crude Oil	\$ Per Barrel	51.0	64.9	56.7	52.0	27.4	-12.6	-8.3
Utah Coal Production	Million Tons	14.4	13.8	15.5	16.5	-4.2	12.3	6.5
Utah Coal Prices	\$ Per Short Ton	34.2	33.0	34.0	35.0	-3.5	3.0	2.9
Utah Crude Oil Production	Million Barrels	34.4	37.0	36.9	36.5	7.6	-0.3	-1.1
Utah Oil Prices	\$ Per Barrel	44.2	57.1	48.0	47.0	29.2	-15.9	-2.1
Utah Natural Gas Production Sales	Billion Cubic Feet	278	250	235	224	-10.1	-6.0	-4.7
Utah Natural Gas Prices	\$ Per MCF	2.72	2.77	2.80	2.50	1.8	1.1	-10.7
Utah Copper Mined Production	Million Pounds	334	466	425	440	39.5	-8.8	3.5
Utah Copper Prices	\$ Per Pound	2.85	3.00	2.72	2.65	5.3	-9.3	-2.6
PRICES, INFLATION, AND INTEREST RATES								
U.S. CPI Urban Consumers	1982-84 = 100	245	251	256	260	2.4	1.8	1.8
U.S. Federal Funds Rate	Effective Rate	1.00	1.83	2.17	1.63			
U.S. 3-Month Treasury Bills	Discount Rate	0.93	1.94	2.06	1.54			
U.S. 10-Year Treasury Notes	Yield (%)	2.33	2.91	2.14	2.12			
30-Year Fixed Mortgage Rate	Percent	3.99	4.54	3.93	3.92			

Sources: Utah Economic Council, State of Utah Revenue Assumptions Working Group, IHS Markit, and Kem C. Gardner Policy Institute.

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