

2021

# 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

# 2021 Economic Report to the Governor

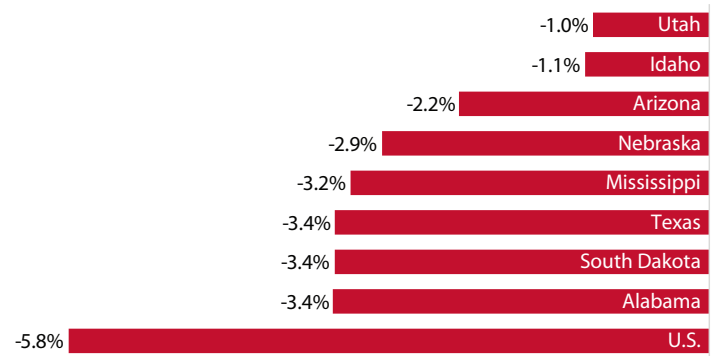
Utah's decade long expansion, the longest on record, ended in 2020 with the emergence of COVID-19. The public health crisis presented the greatest challenge to the Utah economy since the Great Recession. In the early spring, the forecast for 2020 was bleak as the unemployment rate in April climbed to roughly 10%. But as the year unfolded, the resiliency of the Utah economy was on full display. By November, Utah's year-over employment was down -0.2%, one of the smallest employment declines of any state, and the unemployment rate had dropped to 4.3%. Nationwide employment was -6.0% and the unemployment rate was 6.7%.

Although the job market in Utah has fared better than in any other state, not all industries escaped the impact of COVID-19. Tourism has been hard hit, with national park visits down 32%. Bryce Canyon suffered the worst decline with a drop of 32% in visitations. Third-quarter data for accommodations services (hotels and motels) show a drop of 22% in lodging. Restaurants and fast food establishments have also been hurt, but the impact appears to be less than expected. Take-out and delivery have given some buffer to sit-down restaurants. Retail sales activity overall has been surprisingly strong. The 2020 forecast for taxable retail sales shows an increase of 13.3%, with building and garden establishments and grocery stores particularly strong.

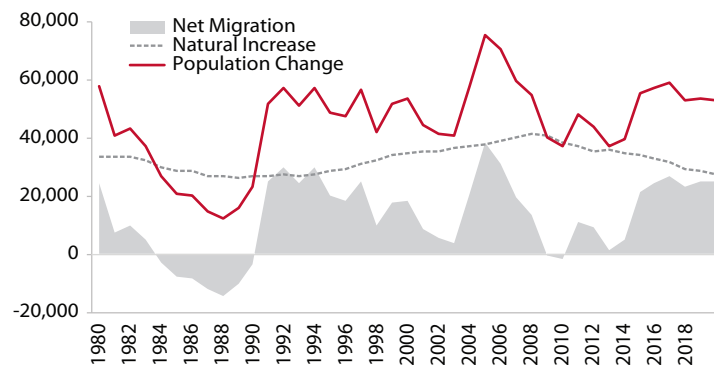
## Utah's Employment Change by Level and Percent by Industry 2019–2020



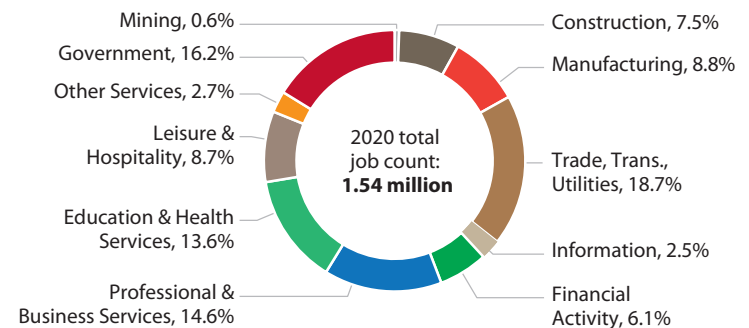
## States with Smallest Job Contraction, 2019–2020



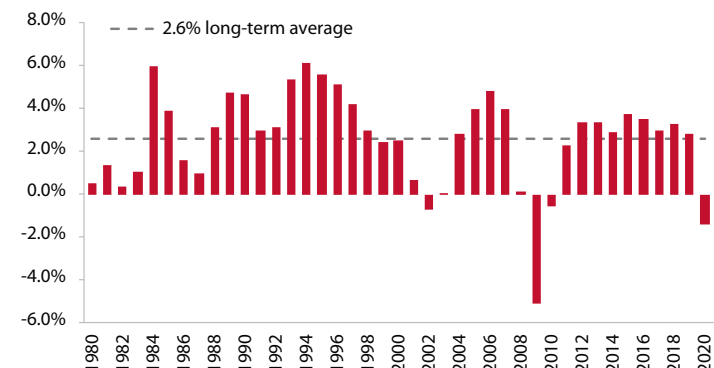
## Utah Components of Population Change



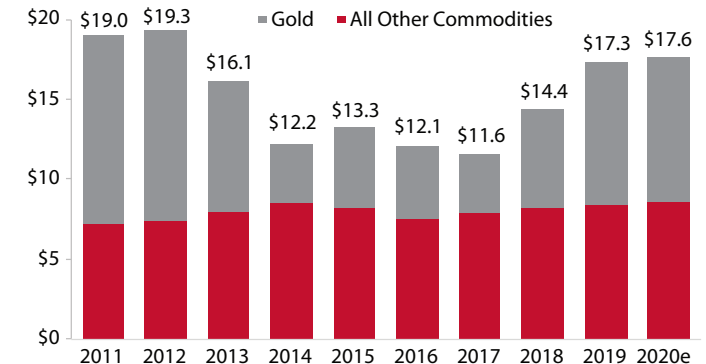
## Total Share of Utah Jobs by Sector, 2020



## Utah Annual Job Growth History



## Utah International Exports, \$ billions



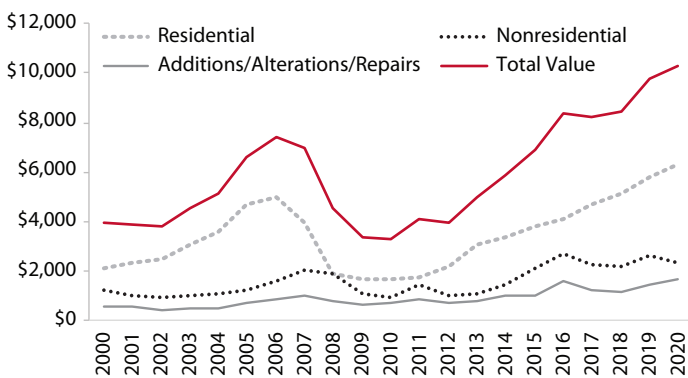
# 2020: Historically challenging year      2021: Poised for a strong recovery

Utah exports in 2020 are forecast to reach \$17.6 billion, the third-highest year on record. Notably, the value of other export commodities (excludes gold) at \$8.7 billion will be the highest ever, with electronics and agricultural products among Utah's major export products. The forecast for residential construction shows a record of 30,745 dwelling units, surpassing the previous record high of 28,285 in 2005. The value of residential construction will top \$6.3 billion. The housing boom in apartments and condominiums continues, and single-family construction will have the best year since 2006. Housing demand has not slowed with COVID-19, as historically low mortgage rates attract buyers to the market. The strong demand has pushed up housing

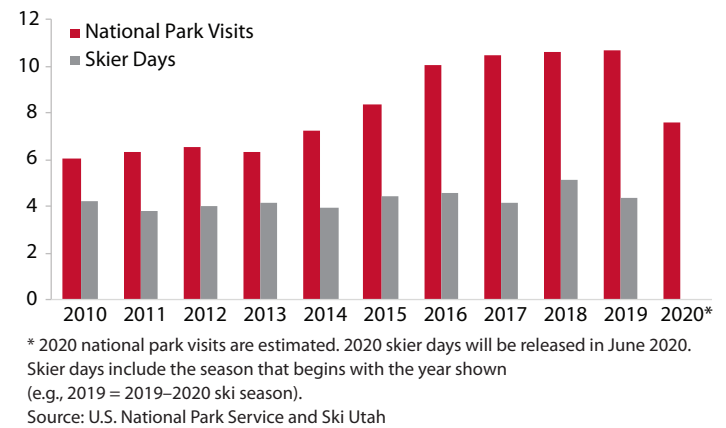
prices. The median sales price of a single-family home in Utah will be up by 11% to \$385,000 in 2020. The construction boom includes nonresidential construction with \$2.3 billion in value in 2020. The total value of permit authorized construction (residential, nonresidential, and additions, alteration and repairs) will be \$10.3 billion in 2020, a record year as well.

While the public health crisis has been tragic, the impact of the pandemic on the Utah economy has been much milder than initially expected. And a strong recovery is forecast for 2021, with employment increasing by 58,000 jobs, which would be the largest single-year increase in employment in Utah's history.

**Utah Value of New Construction, \$ millions**

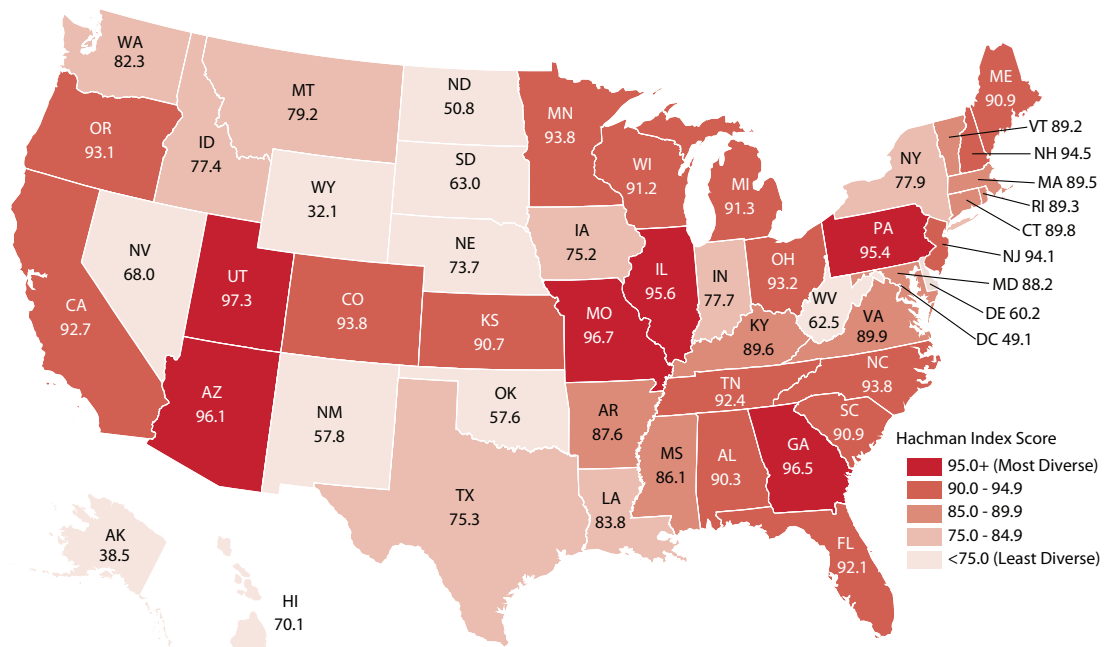


**Utah National Park and Skier Visits, millions**



## Economic Diversity, 2019

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 2020 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 2020

DEMOGRAPHICS	UNITS	2018	2019	2020	2021	PERCENT CHANGE		
		ACTUAL	ACTUAL	ESTIMATE	FORECAST	18-19	19-20	20-21
U.S. July 1st Population	Millions	327	328	329	335	0.3%	0.3%	1.8%
Utah July 1st Population	Thousands	3,167	3,220	3,273	3,324	1.7%	1.6%	1.6%
Utah Net Migration	Thousands	23.2	25	25.3	25	7.8%	1.2%	-1.2%
Utah Households	Thousands	1,061	1,085	1,110	1,136	2.3%	2.3%	2.3%
EMPLOYMENT AND WAGES								
U.S. Nonfarm Employment (BLS)	Millions	148.9	150.9	142.6	147.4	1.3%	-5.5%	3.4%
U.S. Unemployment Rate (BLS)	Percent	3.9%	3.7%	8.2%	6.4%			
U.S. Total Nonfarm Wages (BLS)	Billion Dollars	8,894	9,309	9,286	9,841	4.7%	-0.2%	6.0%
U.S. Average Annual Pay (BLS)	Dollars	59,737	61,678	65,110	66,768	3.2%	5.6%	2.5%
U.S. Personal Income (BEA)	Billion Dollars	17,852	18,552	19,917	19,431	3.9%	7.4%	-2.4%
Utah Nonfarm Employment (DWS)	Thousands	1,517	1,560	1,538	1,596	2.8%	-1.4%	3.8%
Utah Unemployment Rate (DWS)	Percent	3.1%	2.6%	4.9%	4.0%			
Utah Total Nonfarm Wages (DWS)	Million Dollars	72,270	77,400	82,020	88,520	7.1%	6.0%	7.9%
Utah Average Annual Pay (DWS)	Dollars	47,627	49,623	53,336	55,462	4.2%	7.5%	4.0%
Utah Personal Income (BEA)	Million Dollars	148,241	156,896	170,732	173,413	5.8%	8.8%	1.6%
PRODUCTION AND SALES								
U.S. Real Gross Domestic Product	Billion Chained \$2012	18,688	19,092	18,415	19,091	2.2%	-3.5%	3.7%
U.S. Real Exports	Billion Chained \$2012	2,550	2,547	2,234	2,456	-0.1%	-12.3%	9.9%
U.S. Retail Sales	Billion Dollars	6,005	6,216	6,190	6,617	3.5%	-0.4%	6.9%
Utah Exports (NAICS, Census)	Million Dollars	14,390	17,339	17,638	20,052	20.5%	1.7%	13.7%
Utah All Taxable Sales	Million Dollars	64,963	68,923	72,894	77,475	6.1%	5.8%	6.3%
REAL ESTATE AND CONSTRUCTION								
U.S. Private Residential Investment	Billion Dollars	798	807	870	934	1.1%	7.8%	7.4%
U.S. Nonresidential Structures	Billion Dollars	631	650	587	563	3.0%	-9.7%	-4.1%
U.S. Purchase-only Home Price Index	1991Q1 = 100	260	273	289	306	5.0%	5.9%	5.9%
Utah Dwelling Unit Permits	Thousands	24,245	27,610	30,745	30,000	13.9%	11.4%	-2.4%
Utah Residential Permit Value	Million Dollars	5,152	5,800	6,330	6,150	12.6%	9.1%	-2.8%
Utah Nonresidential Permit Value	Million Dollars	2,166	2,596	2,334	2,000	19.9%	-10.1%	-14.3%
Utah Purchase-only Home Price Index	1991Q1 = 100	472	507	558	588	7.4%	10.1%	5.4%
ENERGY PRODUCTION AND PRICES								
West Texas Intermediate Crude Oil	\$ Per Barrel	64.9	57.0	38.7	46.0	-12.2%	-32.1%	18.9%
Utah Coal Production	Million Tons	13.8	14.3	13.5	14.5	3.6%	-5.6%	7.4%
Utah Coal Prices	\$ Per Short Ton	36.3	38.0	36.0	35.0	4.7%	-5.3%	-2.8%
Utah Crude Oil Production	Million Barrels	37.1	36.9	32	33.5	-0.5%	-13.3%	4.7%
Utah Oil Prices	\$ Per Barrel	56.9	48.3	33.0	37.0	-15.1%	-31.7%	12.1%
Utah Natural Gas Production Sales	Billion Cubic Feet	250	218	190	185	-12.8%	-12.8%	-2.6%
Utah Natural Gas Prices	\$ Per MCF	2.77	2.5	2	2.75	-9.7%	-20.0%	37.5%
Utah Copper Mined Production	Million Pounds	466	410	330	380	-12.0%	-19.5%	15.2%
Utah Copper Prices	\$ Per Pound	3	2.55	2.6	2.9	-15.0%	2.0%	11.5%
PRICES, INFLATION, AND INTEREST RATES								
U.S. CPI Urban Consumers	1982-84 = 100	251	256	259	266	2.0%	1.2%	2.7%
U.S. Federal Funds Rate	Effective Rate	1.83	2.16	0.38	0.1			
U.S. 3-Month Treasury Bills	Discount Rate	1.94	2.06	0.37	0.1			
U.S. 10-Year Treasury Notes	Yield (%)	2.91	2.14	0.85	0.9			
30-Year Fixed Mortgage Rate	Percent	4.54	3.94	3.18	3.09			

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

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Updated February 2, 2021

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