The Utah Economy...
Utah Economy 2022

1. We are entering a new economic environment.

2. It’s serious and complicated.

3. Utah can build from a favorable position.

4. Our actions matter.
New Economic Environment

Who’s Right?
The Sting of Accelerating Inflation

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
No thank you California!

Gasoline prices approach $10/gallon in the Bear State

Source: Lew Cramer, CEO, Colliers International-Utah
Larry Summers, *Washington Post*
March 15, 2022

The Fed has not internalized the magnitude of its errors over the past year, is operating with an inappropriate and dangerous framework, and needs to take far stronger action to support price stability...The Fed’s current policy trajectory is likely to lead to stagflation, with average unemployment and inflation both averaging over 5 percent over the next few years — and ultimately to a major recession.
Jerome Powell, Federal Reserve Chairman
May 4, 2022

We need to do everything we can to restore stable prices as quickly and effectively as we can...We think we have a good chance to do it without a significant increase in unemployment or a really sharp slowdown.
Federal Funds Target Rate

Upper Bound

Source: Federal Reserve Board and Wells Fargo Economics
Labor Shortages Present a Huge Challenge

*Seasonally adjusted unemployment rate: Utah and U.S.*

Source: U.S. Bureau of Labor Statistics
Gracefully Normalizing Rates Will Be Tricky

*Difference between 10-yr Treasury and 2-yr Treasury yield, ppt*

Sources: Federal Reserve, Moody's Analytics
Supply Chain Shocks
Wildly Fluctuating Costs Wreak Havoc

Utah manufactured plywood (OSB) costs

Comparables
Gas $2.49 to $15.97
Car $40k to $257k
Housing $400k to $2.57m
Out of Reach
Do you believe future growth in Utah will make things better or worse?

Source: Envision Utah and Heart and Mind Strategies
Welcome to Zoom Town, Utah
Utah’s Gateway Communities

- Approximately 165 in Utah.
- Defined as communities...
  - 150 to 25,000 people.
  - Within 10 miles from the boundary of a national park, national monument, national forest, state park, or major water feature.
  - More than 15 miles from an urbanized area

Utah’s Balanced COVID-19 Response

States of Covid Performance
A new study compares outcomes on economy, education, and health

“...Utah ranks first by a considerable margin...” The Beehive State scored well across all three categories: fourth on the economy, fifth in education (as measured by lost days in school), and eighth in Covid mortality adjusted for a state population’s age and the prevalence of obesity and diabetes (leading co-morbidities for Covid deaths)...”
Utah’s Balanced COVID-19 Response
Utah ranks highest in combined score of health, education, and economy

Top five and bottom five states

When you focus on one problem, you lose perspective.
UTAH'S ECONOMIC OUTLOOK: NUMERO UNO...

...15 YEARS RUNNING
We understand the connection between social good and economic good.
Job Growth Rates
Utah and the U.S.

Source: U.S. Bureau of Labor Statistics
Unemployment Rates
Utah and the U.S.

Source: U.S. Bureau of Labor Statistics
Economic Strategies

1. First, do no harm.
2. Prepare for an economic re-sorting.
3. Take care of yourself and your people.
4. Care for those left behind.
5. Keep an eye on consumer confidence.
6. Invest wisely.
The Utah Economist

Rose Bowl...again!
Provo Airport soars
Reservations at Bear Lake
Quilts to Ukraine

APRIL 9 - 15, 2022
Think about every problem, every challenge, we face. The solution to each starts with education.
College Education Levels the Playing Field

U.S. mean child income rank at age 34 compared to parent’s rank: 1980-82 birth cohort

Source: Chetty et al., “Mobility report cards: The role of colleges in intergenerational mobility.”
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What to expect when no one is expecting
Don't over engineer your life
Hawks at the FED
To be perfect is to change often
APRIL 23 – 29, 2022

Thank You

Gratitude unlocks the fullness of life.

[Image of multiple faces]
The Utah Dream

Gov. Spencer Cox

Be a state where residents are happy, safe, healthy, and successful. A place where we can grow old surrounded by the people we love and live peaceably in the most beautiful state in America. A place where we realize the good that comes from doing things together as ONE UTAH.